

UTI Mutual Fund

Dated:18th September 2019

Update on debt exposures of Reliance Broadcast Networks Limited (RBNL)

Company Description:

Reliance Broadcast Networks Limited(RBNL) is a multi-media entertainment company with earlier presence across radio broadcasting (92.7 Big FM), television broadcasting (Big Magic) and television content production (BIG productions); Currently the company's focus remains on FM broadcasting. RBNL operates the FM radio network with 58 stations on a Pan-India basis. The FM network enjoys complete coverage in UP, Bihar, Jharkhand, Maharashtra & Northeast. Recently, Music Broadcast Limited(MBL)- part of the Jagran Prakashan Group (JPG) has announced intention to take controlling stake in RBNL subject to regulatory approvals.

Rating Updates:

CARE Ratings has downgraded the rating of RBNL to CARE D from CARE BB on 17th September 2019.

Rationale for Valuation

AMFI appointed valuation agencies have provided a standard haircut matrix for below investment grade securities based on the rating, industry, security and seniority. As per the external rating agencies matrix, the haircut applicable for RBNL's senior secured NCDs is 50% as it is rated D and classified by the external agencies as a Financial Institution.

The Existing exposure (as given in the annexure) is backed by the pledge of shares of Reliance Nippon Asset Management Company Limited (RNAM), which are to be acquired by Nippon Life Insurance(NLI) (as a part of its increase its shareholding in RNAM up to the maximum permissible limit of 75%)) at the price equivalent to the open offer price. As the mechanism of payment and price calculations w.r.t the shares pledged to UTI MF is pre-decided, UTI MF is not exposed to any material price/ market risk and will be paid as soon as all approvals for NLI are in place. At present the securities are valued at 90% of the face value plus premium. Hence we feel that the current markdown to 90% of Face Value plus premium on these outstanding NCD's is fair, despite the adverse rating movements- given the certainty of payments in the short-term.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully

Disclaimer: The information contained in this document is for general purposes only and is not an offer to sell or a solicitation to buy/ sell any mutual fund units / securities. The information / data here in alone are not sufficient and should not be used for the development or implementation of an investment strategy. The same should not be construed as investment advice to any party. This note is relied on the information available in the above stated sources. The statements contained herein are based on our current views and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. The above should not be construed as an investment advice or a research report or a recommendation by UTI Mutual Fund / AMC to buy or sell the stock or any other security covered under the respective sector.

Annexure: Impact on Valuation – September 18,2019

Scheme Name	ISIN	Issuer	Rating	Price at which the security is valued (% of Face Value)	Price post haircut provided by valuation agencies (% of Face Value)	Impact in Rs. Crore	As % of AUM
UTI - Credit Risk Fund	INE445K07130	RELIANCE BROADCAST NETWORK LTD.	CARE D	90%	50%	8.26	0.28%
UTI - Credit Risk Fund	INE445K07122	RELIANCE BROADCAST NETWORK LTD.	CARE D	90%	50%	9.17	0.31%
UTI - Medium Term Fund	INE445K07130	RELIANCE BROADCAST NETWORK LTD.	CARE D	90%	50%	0.92	0.32%