

28 February, 2017

**MUSIC BROADCAST LTD**  
Recommendation : May Subscribe

Music Broadcast Private Limited was incorporated on November 4, 1999, at Kolkata. The firm operates their radio stations under the name of brand "Radio City". As on November 25, 2016, they have radio stations in 29 cities of India. In India, they are present in 12 out of the top 15 cities by population. As on March 31st, 2016, their radio stations reached out to over 49.60 million listeners in 23 cities covered by AZ Research. They also have sales alliance with ITM Software & Entertainment Private Limited ("ITM") which operates "Suno Lemon 91.9 FM" in Gwalior and Ananda Offset Private Limited ("AOPL") which operates "Friends 91.9 FM" in Kolkata. They also operate their online web radio "Fun Ka Antenna" on their web portal ("Planet Radio City"), which was launched in 2010. The firm operates as a subsidiary of **Jagran Prakashan Limited**. JPL is one of the leading media and communications groups in India with interests spanning across print, radio, digital, out of home and brand activations.

**Issue Snapshot**

Issue Open	06 March, 2017
Issue Close	08 March, 2017
Issue Type	Book Build Issue
Price Band	324-333
Issue Size (approx)	Fresh Issue – Rs 400Cr Offer for Sale – Rs 88Cr
Minimum Application	45 share (Rs 14985)
Listing	NSE & BSE
Face Value	10/- per share
QIBs	50% of Net Issue
Non Institutional	15% of Net Issue
Retail	35% of Net Issue

**Object of the Issue**

- Redemption of Listed NCDs
- Early redemption of the JPL NCDs and repayment/pre-payment of JPL ICDs and
- General corporate purposes

**Investment Rationale**

- Strong leadership position and pan-India presence in the radio industry which is poised for growth
- Popular content coupled with strong sales capability
- Effective and efficient internal operational systems and human resource management
- Experienced and qualified management team and are part of the Jagran group, a leading media group in India
- Capitalize on the growth Opportunities in radio Industry
- Expanding to new market with a focus on profitability.
- Increasing Listenership by constantly developing quality content
- Increase in revenue from market in which they operate Radio Mantra Stations
- Diversification of business & transformation to an audio entertainment Company

**Peer Comparison (in Cr)**

Particulars	Music Broadcast	Entertainment Network
Total Income	232.4	508.60
EBITDA	91.80	184.48
PAT	42.50	100.00
Face Value	10	10
Net Worth	107.39	768.84
CMP	333*	813
Market Capitalization	1700	3875
EPS	9.97	21
Book Value	24.51	161.30
P/BV Ratio	13.58	5.04
PE Ratio	33.4	38.7



Key Ratio			
Particular	FY 16	FY15	FY14
EPS	9.95	11.23	5.8
BVPS	24.51	13.69	2.53
RONW	39.57	80.15	42.13
Debt Equity Ratio	2.16	4.94	9.9
Current Ratio	0.97	6.6	2.02
PE Ratio	33.47	29.65	57.41

## Valuations

From April to September, they earned revenue of 1,382.13 million, Rs.455.09 million EBITDA and 297.56 million as profit. They generate CAGR of 20.45%, 32.40% and 54.09%, respectively between FY13 and FY16. There is only one listed competition namely Entertainment Network(India) Ltd, which is owned by Times group and is better known by its brand name Radio Mirchi. The EPS of ENI is Rs 21 based on which the P/E is around 38.7. Compared to this, Music broadcast has a P/E of around 33.4. Company is looking quiet overvalued at issue price on comparison with peer on P/BV ratio. We recommend Risk Taker Investor May SUBSCRIBE to the issue & Risk averse Investor may avoid the issue.

Summary of financial Information						
Particulars	For the year/period ended (in Rs. Cr)					
	30-Sep-16	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
Total Assets	527.83	485.29	397.73	169.96	170.78	180.8.3
Total Revenue	138.21	245.51	207.51	157.27	140.51	124.80
Profit After Tax (PAT)	29.76	42.51	47.06	24.33	11.62	-2.17