

Global Broadcast News Ltd.

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Issue Summary			
To be listed on	NSE and BSE	Issue opens	January 15, 2007
Issue price	Rs.230 - 250 per share (F.V. Rs.10)	Issue closes	January 18, 2007
Minimum Bid quantity	25 & in multiples of 25 thereof	Objects of the offer	Investment for expansion into Hindi News
Max. Bid Amount for retail	Rs. 100,000	Retail allocation	Minimum 30%

Investment Highlights

>> Global Broadcast News Ltd. owns and operates one of India's 24-hour English language news and current affairs channel, 'CNN-IBN'. CNN-IBN was launched in December, 2005 and has since its launch been ranked as India's No.2 English language news channel with an average weekly market share of 34.18%. (The market leader has 37.97%). The company is having an agreement with CNN for an exclusive, limited, non-transferable right to use and reproduce CNN name and principal logo.

>> Since the launch in December 2005, CNN-IBN's share in the English language news genre has increased from 18.75% to 34.18%. For the four weeks ended July 29, 2006 according to TAM viewership data CNN-IBN is the number one English language news channel in terms of viewership in almost all categories considered to be important by advertisers. For instance, according to TAM viewership data for the four weeks ended July 29, 2006 for the category of viewers who are between 15 and 35 years of age, the channel has a share of 37.74% as compared to 35.85% of its nearest competitor.

>> In the period between January 2006 and June 2006 the channel had more than 140 advertisers including brands such as Nokia, Hewlett Packard, Microsoft Corp, Tata Motors etc. 88.74% of the revenue generated by the channel is from advertising revenues. Increasing popularity of its channel will encourage more advertisers to advertise on its channel.

>> The company is part of the TV 18 group of companies which has over 10 years of experience in the news broadcasting sector. The TV 18 group currently has four other channels on air each focussing on specific market segments. Channels owned by TV 18 enjoy popularity in the business news segment. Further the channel is supported by CNN's extensive global news network. Its promoters, the TV 18 group have already set up two well established channels, CNBC TV 18 and Awaaz. CNBC TV 18 and Awaaz dominated the business news space with a combined average weekly market share of 61.23% for all individuals above 15 years of age.

Financial Performance		Uses and Source of Funds	
(Rs. Crores)	FY06	USES:	Rs. Crores
Income from Operations	5.92	Further investment for expansion into Hindi News	45.85
Other Income	0.61	Repayment of loan	25.00
Total Income	6.53	General corporate purposes	*
Total Expenditure	47.27	Total	70.85+ (*)
EBITDA	-40.74		
Depreciation	3.41		
Interest(Net of Income)	1.58		
PBT	-45.73		
Tax	0.36	SOURCES:	
PAT	-46.09	IPO (Lower Band)	96.60
		IPO (Upper Band)	105.00

Concerns

The company commenced its operations in June 2005 and made a net loss of Rs.46.09 crs during the ten month period ended March 31 2006. This is due to significant investments in technology and infrastructure made by the company for news gathering, production and distribution of its news channel. The channel faces significant competition from existing news channels like NDTV 24x7, Times Now and Headlines Today and potential entrants to the news broadcasting industry.

Recommendation

The entertainment industry is expected to grow annually at almost 19% to reach Rs 83.74 billion by 2010. CNN-IBN is a leading english channel in the country and it is expected to garner larger market share in future. The company will leverage from its tie-up with CNN. The company will show greater revenue visibility from FY 07 onwards with expectation that more advertising revenue will flow in.

We recommend subscription to the issue.

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