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 Industry : **Media**

Analyst:

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IPO Price : Rs.230-250
High Risk High Return

Scrip Scan		Key Data		Shareholding (post issue)	
					(%)
Face Value (INR)	10.00	No of Shares to be issued (mn)	4.20	Promoters	59.23
Premium (INR)	220-240	No of fresh shares issued (mn)	4.20	Public	40.77
Equity Capital (Rs.mn) (pre issue)	225.28	Total issue size (Rs.mn)	1050.0	Total	100.00
Equity Capital (Rs.mn) (post issue)	267.28	Issue Opens on	15th Jan'07		
Market Cap.*(Rs.bn)	6.68	Issue Closes on	18th Jan'07		
*(at cut-off price)		Listing	BSE, NSE		

Company Profile

- The company owns and operates one of India's leading 24-hour English language news and current affairs channel, CNN-IBN which was launched in Dec'05, within a short span of one year and has emerged as a market leader in English news genre with a market share of 37.55% according to TAM viewership data for the five weeks ended December 2, 2006.
- The company has an agreement with CNN for an exclusive, limited, non transferable right to use and reproduce the CNN name and principal logo and also have news services agreement with Turner for production and broadcasting services.
- Recently, the company acquired 49% stake in BK Fincap Private Limited, which is the holding company of Jagran TV Private Limited, which, in turn, owns IBN 7, 24-hour Hindi language news Effectively Global Broadcast News Limited now holds 45% stake in IBN 7 channel.
- After the arrangement, the company also owns 15% stake in Web18 Holdings Limited which operates moneycontrol.com, commoditiescontrol.com, yatra.com, jobstreet.com, tech2.com and some other web businesses.

Key Strengths

- The company's focus on quality content and exclusive agreement with CNN has helped it increase its market share to 37.55% and boost its brand recognition. Effectively, the company has managed to attract more than 200 advertisers till Sep '06.
- GBN is a part of TV18 group which owns CNBC TV 18, a market leader in business news channels genre. This creates synergies with TV18 as GBN has access to the marketing network of TV18, which is spread across the country and it can also leverage on the local journalistic expertise provided by TV 18.
- Company's alliance with CNN helps them to leverage on the coverage of global and local news for viewers in India.
- GBN holds 15% stake in Web 18 holdings which operates all the web based businesses of Network 18 group. We believe that these web-based ventures of the group are growing businesses and can be a major revenue driver for the group as well as for GBN.
- The company is backed by a strong management team, which has an experience of more than 10 years in the news broadcasting sector and has successfully established two business channels named CNBC TV18 and CNBC Awaaz and holds a combined market share of 61.75% in business news space.

About the issue

The issue proceeds will be used for expansion into Hindi news genre by investment in BK Fincap Private Limited, repayment of a loan of the company and for general corporate purposes. Out of the total consideration of Rs. 680 mn for acquiring Hindi news channel IBN 7, Rs. 336.5 mn has been paid till date. The remaining part of the consideration will be funded through the issue proceeds along with a contractual obligation to infuse funds amounting to Rs. 115 mn in BK Fincap Private Limited in the form of unsecured loans.

Particulars	Rs. in mn	%of Total
Further investment for expansion into Hindi news genre	458.5	43.7%
Repayment of a loan of company	250	23.8%
General corporate expenses	341.5	32.5%
Total	1050	100.0%

Industry Outlook & Conclusion

Indian news & current affairs broadcasting sector has witnessed a significant growth in recent years after liberalization of the laws and regulations governing the sector. The ad spends are growing at a faster pace and are expected to touch Rs. 105 billion by 2010 from current revenues of Rs. 55 billion (CAGR of 14%). The new initiatives of the government like CAS & DTH will prove as a boom for the sector in the form of higher subscription revenues which is very small currently, compared to ad revenues on account of under reporting by subscribers. We believe that this sector will be witnessing huge growth in the form of ad revenues as well as subscription revenues on the back of strong economy growth and increasing ad budgets by corporate India.

We believe that broadcasting companies would be able to maintain their quality of content and viewership would attract more revenues from the increasing pie of the ad revenues. CNN IBN has been successful to create its leadership position in English News genre and now it is working hard to make a mark in the Hindi News channel segment also. But ad revenues would depend upon their ability to maintain and sustain their quality, content & viewership. We understand the growth prospects as well as the concerns in the industry. We recommend investors with high risk appetite to subscribe to the issue with a long term perspective.

Financials

Particulars (Rs.mn)	March'06	Half Year ended Sep'06
Total Income	65.3	259.0
Production, Admin & Other costs	285.3	301.9
Personnel Expenses	191.8	152.1
Total Expenditure	477.1	454.0
Operating Profit	-411.8	-195.0
Interest & Finance Charges	15.8	34.3
Depreciation	34.1	25.3
PBT	-461.7	-254.6
Tax	3.6	3.4
Net Profit	-465.3	-258.0
Diluted Equity Capital	225.3	267.3
EPS	0	0

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