



## Network18

Sharekhan Special

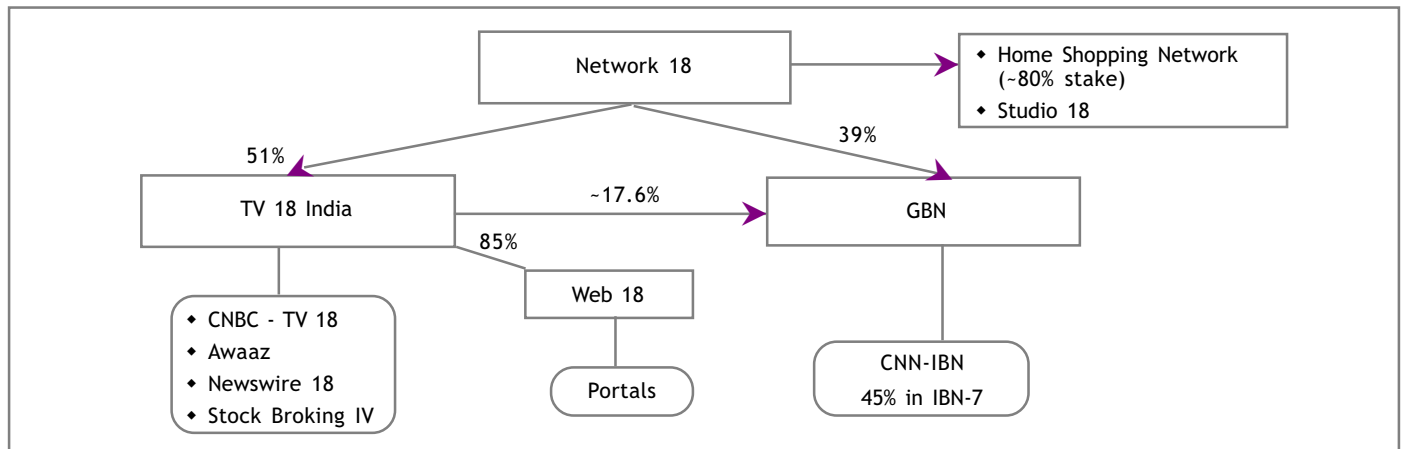
### Listing of Network18

Pursuant to the restructuring, Network18, the holding company of the TV18 group will get listed on the bourses on February 2, 2007. This completes the last leg of restructuring of the group that was necessary to comply with the regulatory guidelines.

#### Restructuring—flashback

The TV18 group has restructured its various media properties in the television and Internet spaces. As part of the restructuring, Network-18 is the holding company for the group (to be listed on February 2, 2007). The group's broadcasting properties are arranged under two entities. TV18 India has its two business news channels CNBC TV18 and Awaaz while the general news and current affairs channels CNN-IBN and IBN-7 (45% stake) come under Global Broadcast News (GBN) (the company will be raising Rs105 crore through a public issue) to be listed in February 2007. All the Internet properties of the group come under Web18 with TV18 India and GBN holding 85% and 15% respectively in Web18. In addition to this TV18 India also has the recently acquired Crisil Market Wire (renamed as 'Newswire18') and a ~40% stake in the broking joint venture (JV) formed with Ambit Capital and Centurion Bank of Punjab. The holding company Network18 has a 51% stake in TV18 India and is expected to have a ~39% stake in GBN (post-GBN's IPO) whereas, TV18 India will have a ~17.6% stake in GBN. Network18 also has Studio 18 (the film production venture) and an ~80% stake in Home Shopping Network (HSN).

#### TV18 group structure



In lieu of every 10 shares held in TV18 the shareholder has been allotted 14 shares of TV18 India and 12 shares of Network18.

#### Valuation table

Particulars	(Rs cr)	Comments
51% in TV18	1,703	At CMP of Rs635
39% in GBN	277	At fair value of Rs270 #
Studio 18 & ~80% in HSN	161	Valued in the range of \$25-50mn
Total value	2,142	
20% holding company discount	1,713	
No of shares	4.99	
<b>Fair value per share (Rs)</b>	<b>343</b>	

# A possible higher price post-listing would transpire into a better valuation for Network18. Buying interest from the foreign investors (not permitted to invest in the GBN IPO) is a probable trigger for the GBN scrip.

#### Valuation and view

Network18 owns the hottest properties in the Indian media space. The proven abilities of the management in initiating new ventures, partnering with the best global brands, scaling them to competitive levels and monetising its properties makes us all the more bullish on the prospects of the group. With Network18's presence across the news genres, endeavour to diversify its web universe, announcement of the foray into film production and the hot broking market, the company presents a unique opportunity to own the best in the media space.

We expect Network18 to list in a range of Rs320-355 per share.

The author doesn't hold any investment in any of the companies mentioned in the article.

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