



Radaan Mediaworks India Ltd

Key Stock Indicators

| | | | | | |
|------------------------|---------|--|---------|-------------------------------------|--------|
| NSE Ticker : | RADAAN | CMP as on 22 Jul 2011-Rs/share : | 2.5 | Shares outstanding (mn) : | 54.2 |
| Bloomberg Ticker : | RMIL:IN | 52 week range up to 22 Jul 2011 (Rs)(H/L) : | 4.1/2.1 | Free Float (%) : | 48.6 |
| Face value per share : | 2.0 | Market Cap as on 22 Jul 2011 (Rs mn) : | 133 | Average daily volumes (12 months) : | 34,042 |
| Div.Yield (%) : | 0.0 | Enterprise Value as on 22 Jul 2011 (Rs mn) : | 159 | Beta (2 year) : | 0.8 |

Radaan Mediaworks India Limited (RMIL) is the leading production house in South India. The company produces television programmes, digital graphics and organises live events. RMIL programmes are telecast on all major channels in South India. The company produces content in Tamil, Telugu, Kannada, Malayalam and Sinhalese and has extended its business into Gujarati and Hindi. Its registered office and studio are located in Chennai.

KEY HIGHLIGHTS

Teleserials account for all revenue in FY10

During FY10, the company produced several TV programmes telecast on the Sun TV Network. The shows were primarily sponsored by/ or marketed to advertisers through independent marketing agencies. The company has alliances with major marketing agencies such as UTV Software Communications Ltd, Vision Time India Pvt Ltd and Century Communication Ltd. In FY10, the company produced the Tamil film *Jaggubhai* jointly with Zee Entertainment Enterprises Ltd (ZEEL). However, the film got leaked into the Internet before release and did not succeed at the box office. In FY10, the entire revenue came from teleserials; films did not contribute any revenue during the year.

Forays into Hindi, Gujarati productions

RMIL produces programmes across genres such as family drama, sitcoms, thrillers, format game shows, films, etc. Most of its content is produced in South Indian languages. However, the company has also produced programmes in Hindi and Gujarati. The company has produced the daily soap *Choti Maa* for Zee TV, in Hindi, and *Kanku Pagla* in Gujarati. The company plans to increase its footprint and target the North Indian audience.

KEY RISKS

- Non-availability of adequate skilled technicians
- No entry barriers for new entrants, thereby competition can be stiff
- Retention of talent
- Changing tastes of viewers/ audience
- Piracy problems

Stock Performances vis-à-vis market

| | Returns | | | |
|--------|---------|-----|-----|------|
| | YTD | 1-m | 3-m | 12-m |
| RADAAN | -27 | 9 | -2 | -14 |
| NIFTY | 6 | 7 | -4 | 4 |

Note:

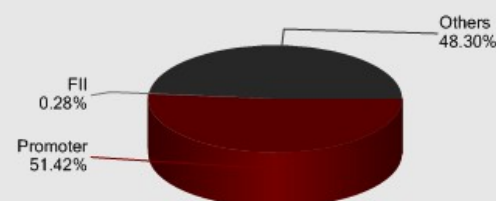
- 1) YTD returns are since Apr 1, 2010 to Jul 22, 2011.
- 2) 1-m, 3-m and 12-m returns are up to Jul 22, 2011

Key Financial Indicators

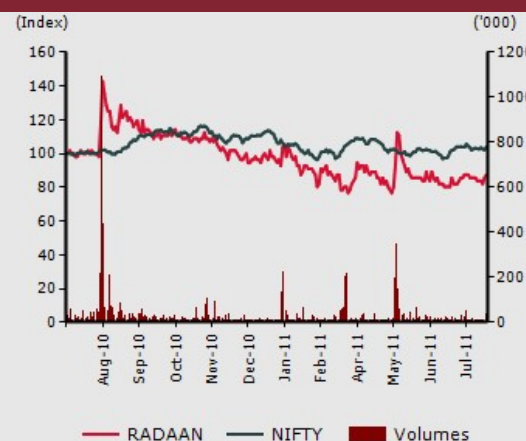
| | MAR-08 | MAR-09 | MAR-10 |
|--------------------|--------|--------|--------|
| Revenue (Rs mn) | 331.0 | 323.7 | 305.2 |
| EBITDA margins (%) | 7.9 | 6.6 | -14.9 |
| PAT (Rs mn) | 1.3 | -73.5 | -65.5 |
| PAT margins (%) | 0.4 | -22.7 | -21.5 |
| Gearing (x) | 0.3 | 0.5 | 0.2 |
| EPS (Rs/share) | - | -1.4 | -1.2 |
| PE (x) | 254.2 | n.m. | n.m. |
| P/BV (x) | 1.4 | 0.9 | 1.2 |
| RoCE (%) | 4.2 | n.m. | n.m. |
| RoE (%) | 0.6 | n.m. | n.m. |
| EV/EBITDA (x) | 14.7 | 10.0 | n.m. |

n.m. : Not meaningful

Shareholding (As on June 30, 2011)



Indexed price chart



Radaan Mediaworks India Ltd

BACKGROUND

RMIL is a media entertainment company and engaged mainly in production and marketing of film and TV programmes. The company was incorporated in September 1999 as Radaan Picture Pvt Ltd and subsequently renamed Raadan Mediaworks India Pvt Ltd. The company was converted into public limited company and given its current name in June 2002. It got listed on the BSE in December 2006.

RMIL is a leading TV content provider in South India, producing TV serials/ soaps in South Indian languages. The company operates in two business segments viz production of teleserials/ game shows and production of feature films. During FY10, the entire revenue came from teleserials. TV programmes produced by the company during the year include *Arase, Senthooora Poovae, Chelamay, Elavarasi, Chittamma, Jhansi, Ammayekaaparam, Aaradhana, Lakshmi Jhansiya Magalu* and *Lakshmi*. The company also released the movie *Jaggubhai* in FY10.

The company's studio facilities comprise of 13 post-production suites, seven for editing, one for film editing and five voice studios, including one RR and FX and one exclusively for ad posting and final mastering.

COMPETITIVE POSITION

Peer Comparison

| | Radaan Mediaworks India Ltd Mar-10 | Eros International Media Ltd Mar-09 | Mukta Arts Ltd. Mar-10 | Shree Ashtavinayak Cine Vision Ltd Mar-10 |
|--------------------|---|--|------------------------------|--|
| Revenue (Rs mn) | 305.2 | 6,269.4 | 1,093.3 | 2,432.9 |
| EBITDA margins (%) | -14.9 | 50.9 | -17.5 | 87.7 |
| PAT (Rs mn) | -65.5 | 747.5 | -306.4 | 65.8 |
| PAT margins (%) | -21.5 | 11.9 | -28.0 | 2.7 |
| Gearing (x) | 0.2 | 1.3 | 0.7 | 0.6 |
| EPS (Rs/share) | -1.2 | 146.6 | -13.6 | 0.1 |
| PE (x) | n.m. | 1.4 | n.m. | 57.0 |
| P/BV (x) | 1.2 | 0.6 | 1.4 | 0.7 |
| RoCE (%) | n.m. | 35.4 | n.m. | 8.1 |
| RoE (%) | n.m. | 60.8 | n.m. | 2.2 |
| EV/EBITDA (x) | n.m. | 0.9 | n.m. | 1.5 |

n.m: Not meaningful

FINANCIAL PROFILE

Top line falls as advertisement revenues decline in FY10

RMIL's top line dropped 5.7% year-on-year (y-o-y) to Rs 305.2 mn in FY10, from Rs 323.7 mn in FY09, as revenues from the teleserial and game show segment fell ~7%. The company incurred losses in the feature film segment due to high-budget film *Jaggubhai* failed at the box office after it was leaked on the Internet.

The company reported operating loss of Rs 45.4 mn in FY10 against an operating profit of Rs 21.4 mn in FY09, led by recognition of production expenses.

Net loss decreased y-o-y to Rs 65.5 mn in FY10 from Rs 73.5 mn in FY09, on account of decrease in interest and tax expenses. In FY09, the company had made provision for impairment of assets, which had affected bottom line for the year.

INDUSTRY PROFILE

Media and Entertainment

The Indian Media and Entertainment industry experienced a modest growth of 6 per cent in 2009 reaching a size of around Rs 613 billion. The industry went through a tough phase in 2009 due to the economic slowdown which resulted in a decline in ad spends. With improvement in macroeconomic environment and advertising budgets coming back on track, the Media & Entertainment industry has recovered reasonably. Subscription revenues, which maintained healthy growth during the slowdown period as well are also in growth trajectory, driven by the growing subscriber base for DTH and digital cable players and the increased penetration of print in regional markets.

Key Financial Indicators

| | Units | Mar-08 | Mar-09 | Mar-10 |
|----------------|------------|--------|--------|--------|
| Revenue | Rs million | 331.0 | 323.7 | 305.2 |
| EBITDA margins | Per cent | 7.9 | 6.6 | -14.9 |
| PAT | Rs million | 1.3 | -73.5 | -65.5 |
| PAT margins | Per cent | 0.4 | -22.7 | -21.5 |
| Revenue growth | Per cent | -27.3 | -2.2 | -5.7 |
| EBITDA growth | Per cent | -44.6 | -18.3 | n.m. |
| PAT growth | Per cent | -92.2 | n.m. | n.m. |
| Gearing | Times | 0.3 | 0.5 | 0.2 |
| RoCE | Per cent | 4.2 | n.m. | n.m. |
| RoE | Per cent | 0.6 | n.m. | n.m. |

ANNUAL RESULTS

Income statement

| (Rs million) | Mar-08 | Mar-09 | Mar-10 |
|-------------------------|--------------|--------------|--------------|
| Net Sales | 321.9 | 322.9 | 299.6 |
| Operating Income | 331.0 | 323.7 | 305.2 |
| EBITDA | 26.2 | 21.4 | -45.4 |
| EBITDA Margin | 7.9 | 6.6 | -14.9 |
| Depreciation | 13.2 | 13.5 | 13.7 |
| Interest | 10.3 | 14.0 | 9.5 |
| Other Income | -0.3 | -1.9 | 0.0 |
| PBT | 2.3 | -75.1 | -69.9 |
| PAT | 1.3 | -73.5 | -65.5 |
| PAT Margin | 0.4 | -22.7 | -21.5 |
| No.of shares(Mn No.) | 54.2 | 54.2 | 54.2 |
| Earning per share(EPS) | 0.0 | -1.4 | -1.2 |

Cash flow

| (Rs million) | Mar-08 | Mar-09 | Mar-10 |
|--|--------------|--------------|--------------|
| Pre-tax Profit | 2.3 | -8.0 | -68.6 |
| Total tax paid | -2.3 | -1.3 | 0.0 |
| Depreciation | 13.2 | 13.5 | 13.7 |
| Change in working capital | -29.5 | 58.7 | 99.7 |
| Cash flow from operating activities | -16.3 | 62.9 | 44.8 |
| Capital expenditure | -5.2 | -3.3 | -2.5 |
| Investments and others | 0.0 | 0.0 | 0.0 |
| Cash flow from investing activities | -5.2 | -3.3 | -2.5 |
| Equity raised/(repaid) | 0.0 | 0.0 | 0.0 |
| Debt raised/(repaid) | 18.6 | 9.8 | -52.4 |
| Dividend (incl. tax) | 0.0 | 0.0 | 0.0 |
| Others (incl extraordinary) | 0.0 | -67.1 | -1.3 |
| Cash flow from financing activities | 18.6 | -57.3 | -53.7 |
| Change in cash position | -2.9 | 2.3 | -11.4 |
| Opening cash | 13.0 | 10.2 | 12.5 |
| Closing cash | 10.2 | 12.5 | 1.0 |

n.m.: Not meaningful

QUARTERLY RESULTS

Profit and loss account

| (Rs million) | Mar-11 | % of Rev | Mar-10 | % of Rev | Dec-10 | % of Rev |
|----------------|--------------|--------------|--------------|---------------|-------------|--------------|
| No of Months | 3 | | 3 | | 3 | |
| Revenue | 105.4 | 100.0 | 67.7 | 100.0 | 80.0 | 100.0 |
| EBITDA | 5.2 | 4.9 | -71.6 | -105.7 | 7.8 | 9.7 |
| Interest | -3.0 | -2.8 | 2.6 | 3.8 | 0.0 | 0 |
| Depreciation | 3.6 | 3.4 | 3.4 | 5 | 3.4 | 4.2 |
| PBT | 4.6 | 4.4 | -81.1 | -119.9 | 4.3 | 5.3 |
| PAT | 3.7 | 3.5 | -76.7 | -113.3 | 3.2 | 4 |

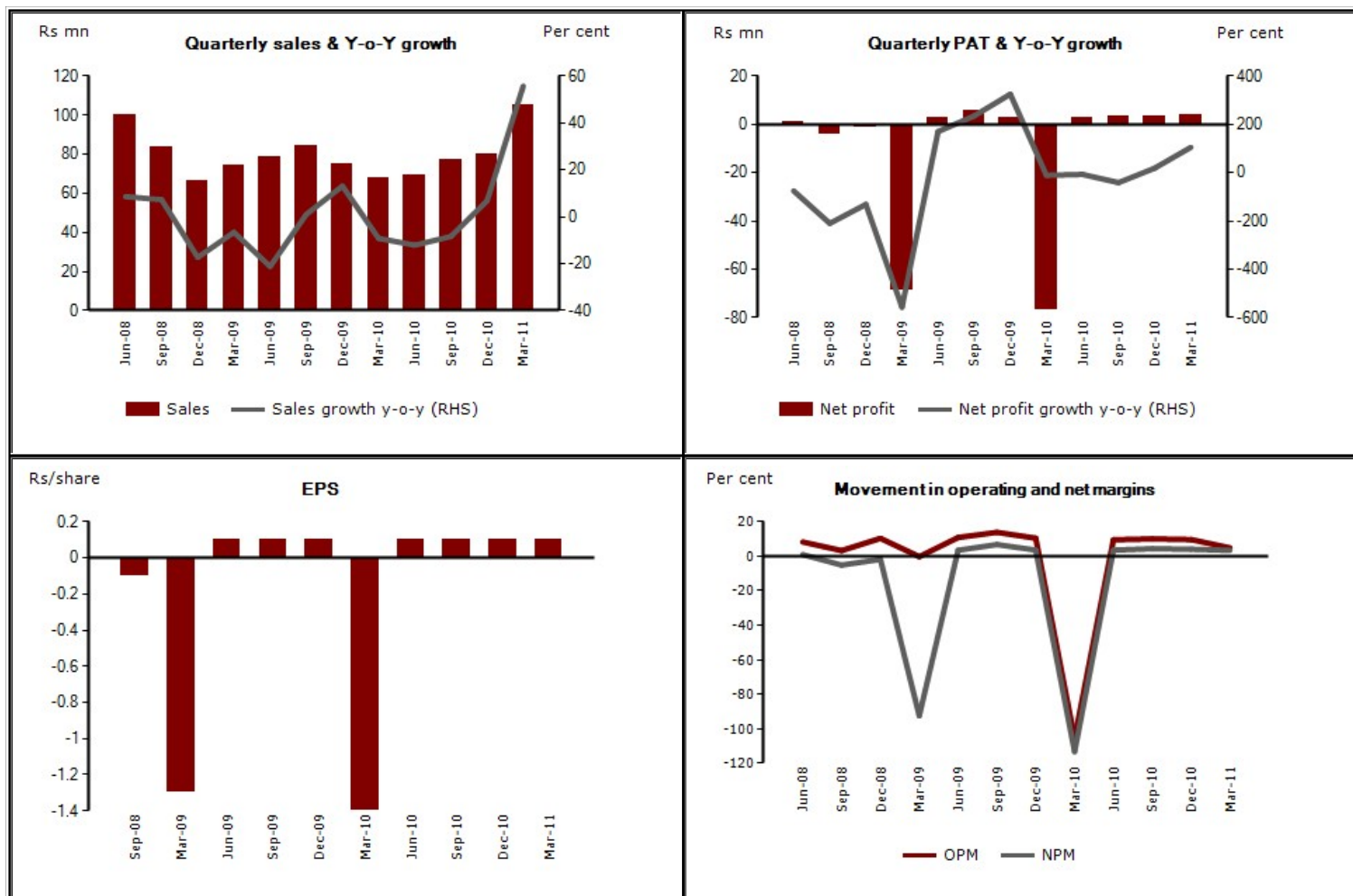
Balance Sheet

| (Rs million) | Mar-08 | Mar-09 | Mar-10 |
|---------------------------------|--------------|--------------|--------------|
| Equity share capital | 108.3 | 108.3 | 108.3 |
| Reserves and surplus | 122.0 | 57.7 | 1.3 |
| Tangible net worth | 230.4 | 166.0 | 109.6 |
| Deferred tax liability: asset | 18.7 | 15.7 | 11.3 |
| Long-term debt | 8.3 | 79.4 | 1.9 |
| Short-term-debt | 61.3 | 0.0 | 25.1 |
| Total debt | 69.6 | 79.4 | 27.0 |
| Current liabilities | 89.2 | 130.3 | 74.0 |
| Total provisions | 0.0 | 0.0 | 0.0 |
| Total liabilities | 407.9 | 391.4 | 221.9 |
| Gross block | 64.4 | 65.9 | 56.7 |
| Net fixed assets | 37.4 | 36.3 | 34.2 |
| Investments | 2.0 | 2.0 | 2.0 |
| Current assets | 368.5 | 353.2 | 185.7 |
| Receivables | 189.1 | 126.4 | 77.9 |
| Inventories | 54.2 | 159.4 | 64.1 |
| Cash | 10.2 | 12.5 | 1.0 |
| Total assets | 407.9 | 391.5 | 221.9 |

Ratios

| | Mar-08 | Mar-09 | Mar-10 |
|-------------------------------|--------|--------|--------|
| Revenue growth(%) | -27.3 | -2.2 | -5.7 |
| EBITDA growth(%) | -44.6 | -18.3 | n.m. |
| PAT growth(%) | -92.2 | n.m. | n.m. |
| EBITDA margins(%) | 7.9 | 6.6 | -14.9 |
| Tax Rate(%) | 99.1 | n.m. | - |
| PAT margins(%) | 0.4 | -22.7 | -21.5 |
| Dividend payout(%) | - | - | - |
| Dividend per share(Rs) | - | - | - |
| BV(Rs) | 4.3 | 3.1 | 2.0 |
| Return on Equity(%) | 0.6 | n.m. | n.m. |
| Return on Capital employed(%) | 4.2 | n.m. | n.m. |
| Gearing(x) | 0.3 | 0.5 | 0.2 |
| Interest coverage(x) | 2.5 | 1.5 | n.m. |
| Debt/EBITDA(x) | 2.7 | 3.7 | n.m. |
| Asset turnover(x) | 5.4 | 5.0 | 5.0 |
| Current ratio(x) | 2.4 | 2.7 | 1.9 |
| Gross current assets(days) | 392 | 375 | 193 |

FOCUS CHARTS AND TABLES



Shareholding pattern (Per cent)

| | Sep 2010 | Dec 2010 | Mar 2011 | Jun 2011 |
|-----------|----------|----------|----------|----------|
| Promoters | 51.4 | 51.4 | 51.4 | 51.4 |
| FII | 0.3 | 0.3 | 0.3 | 0.3 |
| DII | - | - | - | - |
| Others | 48.3 | 48.3 | 48.3 | 48.3 |

Board of Directors

| Directors Name | Designation |
|------------------------|-----------------------------|
| R. Radikaa | Chairman & Manging Director |
| P.K Raghu Kumar | Director |
| M.K Sinha | Director |
| R. Sarat Kumar | Director - Production |
| P.M Venkatasubramanian | Director |
| A. Krishnamoorthy | Director |

Additional Disclosure

This report has been sponsored by NSE - Investor Protection Fund Trust (NSEIPFT).

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