

Rating: HOLD | CMP: Rs23 | TP: Rs24

May 25, 2022

## Q4FY22 Result Update

☑ Change in Estimates | ■ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY23E	FY24E	FY23E	FY24E
Rating	HOLD		HOLD	
Target Price	24		24	
Sales (Rs. m)	2,201	2,463	2,371	2,660
% Chng.	(7.2)	(7.4)		
EBITDA (Rs. m)	704	845	830	958
% Chng.	(15.1)	(11.8)		
EPS (Rs.)	1.0	1.2	1.2	1.5
% Chng.	(21.1)	(17.6)		

### Key Financials - Standalone

Y/e Mar	FY21	FY22	FY23E	FY24E
Sales (Rs. m)	1,276	1,684	2,201	2,463
EBITDA (Rs. m)	(112)	110	704	845
Margin (%)	(8.8)	6.5	32.0	34.3
PAT (Rs. m)	(242)	(57)	340	417
EPS (Rs.)	(0.7)	(0.2)	1.0	1.2
Gr. (%)	NA	NA	NA	22.5
DPS (Rs.)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	NA	NA	5.3	6.1
RoCE (%)	NA	NA	5.5	6.9
EV/Sales (x)	4.9	4.5	3.3	2.7
EV/EBITDA (x)	NA	68.8	10.3	7.9
PE (x)	NA	NA	23.3	19.0
P/BV (x)	1.3	1.3	1.2	1.2

### Key Data MUSI.BO | RADIOCIT IN

52-W High / Low	Rs.30 / Rs.21
Sensex / Nifty	53,749 / 16,026
Market Cap	Rs.8bn/ \$ 102m
Shares Outstanding	346m
3M Avg. Daily Value	Rs.12.95m

### Shareholding Pattern (%)

Promoter's	74.05
Foreign	0.16
Domestic Institution	5.47
Public & Others	20.31
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(9.5)	(1.7)	(3.4)
Relative	(4.7)	7.5	(9.0)

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## Yield recovery holds key

### Quick Pointers:

- Blended inventory utilization was ~70-75% in 4QFY22.
- Radio City's ad-volumes (top 15 markets) increased 9% YoY in 4QFY22. In comparison, industry ad-volumes were up 17% YoY.

**We cut our FY23E/FY24E EBITDA estimates by 15%/12% respectively as yields which are at ~35-40% discount as compared to pre-COVID levels may take longer to recover. However, ad-volumes have shown signs of improvement with inventory utilization of 26%/54%/77%/75% in 1Q/2Q/3Q/4Q respectively which is encouraging. We believe MBL has fared well in this challenging environment with 1) volume market share of 21% in FY22 across main frequencies and 2) 2nd highest client count share of 41% in the industry in 4QFY22.**

**We retain our HOLD rating given 1) strong liquidity position (Rs2,640mn of cash balance as on FY22) 2) stringent focus on cost control and 3) new initiatives taken (long term deals, digital & content integration exercises) to boost sales in this environment (contributed Rs148mn to sales in 4QFY22). Our TP (50% weight to DCF and EV/EBITDA methodology) remains intact at Rs24. We value the stock at 5.5x FY24 EBITDA.**

**Ad-volumes growth lower than the industry:** Revenue increased 8.3% YoY to Rs460mn (PLe of Rs426mn). While Radio City's ad-volumes (top 15 markets) increased 9% YoY, it was lower than the industry growth of 17% YoY as tactical discounts were withdrawn thereby impacting volumes. Except for FMCG & government sector, ad-volumes across most categories like real estate, finance, pharma & auto witnessed strong growth in 4QFY22.

**PAT turns negative due to higher provisioning:** EBITDA declined 34.8% YoY to Rs19mn (PLe of Rs57mn) with a margin of 4.1% (PLe of 13.4%) as against 6.8% in 4QFY21. PAT loss stood at Rs21mn (PLe loss of Rs3mn) versus a loss of Rs39mn in 4QFY21. There was additional provisioning of Rs45mn (part of other expenses) relating to receivables in 4QFY22. Adjusting for this, EBITDA/PAT came in at Rs64mn/Rs24mnn with 13.9%/5.3% margin respectively.

**Con-call highlights:** 1) Revenue in March 2022 was ~Rs180mn. Similar run rate is likely to be maintained going forward. 2) There was a revenue loss of Rs40-50mn in 4QFY22 due to Omicron. 3) Revenue contribution from Legacy/Batch-1 stations was ~85%/~15%. 4) Revenue share of digital business was ~6%. 5) New revenue opportunities contributed Rs148mn. 6) Other expenses increased due to receivable provisioning of Rs45mn in 4QFY22. In FY22, provisions stood at Rs60mn. 7) Blended utilization was 70-75% in 4QFY22. 8) Yields are at 60-65% of pre-COVID levels. 9) Employee cost is expected to be in the range of Rs140-150mn on quarterly basis. 10) Ad revenue breakup from local/national advertisers is 65%/35% respectively. 11) Revenue in 1QFY23 is expected to be similar to 4QFY22.

**Exhibit 1: Q4FY22 Result Overview (Rs mn)**

Y/e March	Q4FY22	Q4FY21	YoY gr.	Q3FY22	QoQ gr.	FY22	FY21	YoY gr.
<b>Net Sales</b>	<b>460</b>	<b>425</b>	<b>8.3%</b>	<b>599</b>	<b>-23.2%</b>	<b>1,684</b>	<b>1,276</b>	<b>32.0%</b>
License fees	48	48	0.7%	50	-3.2%	191	186	2.6%
<i>As a % of sales</i>	<i>10.4%</i>	<i>11.2%</i>		<i>8.3%</i>		<i>11.3%</i>	<i>14.6%</i>	
Employee expenses	143	122	17.0%	135	6.1%	531	474	12.0%
<i>As a % of sales</i>	<i>31.0%</i>	<i>28.7%</i>		<i>22.5%</i>		<i>31.5%</i>	<i>37.2%</i>	
Other expenses	250	226	10.8%	237	5.7%	852	728	17.0%
<i>As a % of sales</i>	<i>54.4%</i>	<i>53.2%</i>		<i>39.5%</i>		<i>50.6%</i>	<i>57.1%</i>	
Expenditure	441	396	11.5%	421	4.8%	1574	1388	13.4%
<b>EBITDA</b>	<b>19</b>	<b>29</b>	<b>-34.8%</b>	<b>178</b>	<b>-89.4%</b>	<b>110</b>	<b>(112)</b>	<b>NM</b>
<i>EBITDA Margin</i>	<i>4.1%</i>	<i>6.8%</i>		<i>29.7%</i>		<i>6.5%</i>	<i>NM</i>	
Depreciation	82	82	-0.6%	82	-0.5%	327	332	-1.5%
<b>EBIT</b>	<b>(63)</b>	<b>(53)</b>	<b>NM</b>	<b>96</b>	<b>NM</b>	<b>(217)</b>	<b>(445)</b>	<b>NM</b>
<i>EBIT Margin</i>	<i>NM</i>	<i>NM</i>		<i>16.0%</i>		<i>NM</i>	<i>NM</i>	
Interest	6	7	-11.6%	7	-1.8%	26	32	-18.1%
Other income	42	23	87.8%	39	9.5%	168	149	12.6%
<b>PBT</b>	<b>(27)</b>	<b>(38)</b>	<b>NM</b>	<b>128</b>	<b>NM</b>	<b>(76)</b>	<b>(328)</b>	<b>NM</b>
Tax	(6)	1	NM	38	NM	(19)	(86)	NM
<i>Tax Rate</i>	<i>NM</i>	<i>NM</i>		<i>29.7%</i>		<i>NM</i>	<i>NM</i>	
Other comprehensive income	(3)	1	NM	-	NM	(5)	22	NM
<b>PAT</b>	<b>(24)</b>	<b>(38)</b>	<b>NM</b>	<b>90</b>	<b>NM</b>	<b>(62)</b>	<b>(220)</b>	<b>NM</b>
<i>PAT Margin</i>	<i>NM</i>	<i>NM</i>		<i>15.0%</i>		<i>NM</i>	<i>NM</i>	
<b>EPS (Rs)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>NM</b>	<b>0.3</b>	<b>NM</b>	<b>(0.2)</b>	<b>(0.7)</b>	<b>NM</b>

Source: Company, PL

**Exhibit 2: EV/EBITDA valuation**

Particulars (Rs mn)	FY24E
EV/EBITDA	5.5
EBITDA	845
EV	4,646
Less: Debt	194
Add: Cash & Investments	3,331
Equity Value	7,782
No of shares	346
Per share value	23

Source: PL Note: Lease liability is considered as debt

**Exhibit 3: DCF cash flow assumptions**

Particulars	Rs mn
PV of cash flow	6,370
Less: Debt	194
Add: Cash	261
Add: Investments	2,191
Net Asset Value	8,627
No of shares	346
Per share value (Rs)	25

Source: PL Note: Lease liability is considered as debt

**Exhibit 4: Weighted average valuation**

<b>Particulars (Rs)</b>	<b>Weight assigned</b>	<b>Target price</b>	<b>Weighted average target price</b>
EV/EBITDA approach	50%	23	11
DCF approach	50%	25	12
Weighted average target price			24

Source: PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
<b>Net Revenues</b>	<b>1,276</b>	<b>1,684</b>	<b>2,201</b>	<b>2,463</b>
YoY gr. (%)	(48.5)	32.0	30.7	11.9
Cost of Goods Sold	-	-	-	-
Employee Cost	474	531	517	542
Other Expenses	914	1,043	980	1,076
<b>EBITDA</b>	<b>(112)</b>	<b>110</b>	<b>704</b>	<b>845</b>
YoY gr. (%)	NA	NA	538.9	19.9
Margin (%)	NA	6.5	32.0	34.3
Depreciation and Amortization	332	327	355	374
<b>EBIT</b>	<b>(445)</b>	<b>(217)</b>	<b>349</b>	<b>471</b>
Margin (%)	NA	NA	15.9	19.1
Net Interest	32	26	48	54
Other Income	149	168	154	140
<b>Profit Before Tax</b>	<b>(328)</b>	<b>(76)</b>	<b>455</b>	<b>557</b>
Margin (%)	NA	NA	20.7	22.6
Total Tax	(86)	(19)	115	140
Effective tax rate (%)	26.2	24.6	25.2	25.2
<b>Profit after tax</b>	<b>(242)</b>	<b>(57)</b>	<b>340</b>	<b>417</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>(242)</b>	<b>(57)</b>	<b>340</b>	<b>417</b>
YoY gr. (%)	NA	NA	NA	22.5
Margin (%)	NA	NA	15.4	16.9
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>(242)</b>	<b>(57)</b>	<b>340</b>	<b>417</b>
YoY gr. (%)	NA	NA	NA	22.5
Margin (%)	NA	NA	15.4	16.9
Other Comprehensive Income	22	(5)	-	-
Total Comprehensive Income	(220)	(62)	340	417
<b>Equity Shares O/s (m)</b>	<b>346</b>	<b>346</b>	<b>346</b>	<b>346</b>
<b>EPS (Rs)</b>	<b>(0.7)</b>	<b>(0.2)</b>	<b>1.0</b>	<b>1.2</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>4,277</b>	<b>4,325</b>	<b>4,463</b>	<b>4,619</b>
Tangibles	1,176	1,223	1,355	1,503
Intangibles	3,101	3,102	3,109	3,116
<b>Acc: Dep / Amortization</b>	<b>1,448</b>	<b>1,775</b>	<b>2,130</b>	<b>2,504</b>
Tangibles	279	399	547	714
Intangibles	1,168	1,376	1,583	1,791
<b>Net fixed assets</b>	<b>2,829</b>	<b>2,550</b>	<b>2,333</b>	<b>2,114</b>
Tangibles	896	823	807	789
Intangibles	1,933	1,727	1,526	1,326
Capital Work In Progress	-	-	-	-
Goodwill	-	-	-	-
Non-Current Investments	538	2,165	2,188	2,145
Net Deferred tax assets	177	197	136	123
Other Non-Current Assets	104	103	123	141
<b>Current Assets</b>				
Investments	1,609	268	268	268
Inventories	-	-	-	-
Trade receivables	773	756	965	1,080
Cash & Bank Balance	304	261	620	1,140
Other Current Assets	212	179	220	246
<b>Total Assets</b>	<b>6,567</b>	<b>6,541</b>	<b>6,907</b>	<b>7,330</b>
<b>Equity</b>				
Equity Share Capital	691	691	691	691
Other Equity	5,406	5,345	5,685	6,101
<b>Total Network</b>	<b>6,098</b>	<b>6,036</b>	<b>6,376</b>	<b>6,793</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	234	194	194	194
Provisions	-	-	-	-
Other non current liabilities	14	19	17	16
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	122	164	185	199
Other current liabilities	100	127	136	127
<b>Total Equity &amp; Liabilities</b>	<b>6,567</b>	<b>6,541</b>	<b>6,907</b>	<b>7,330</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY21	FY22	FY23E	FY24E
PBT	(328)	(76)	455	557
Add. Depreciation	332	327	355	374
Add. Interest	32	26	48	54
Less Financial Other Income	149	168	154	140
Add. Other	(112)	(104)	60	15
Op. profit before WC changes	(75)	174	919	1,001
Net Changes-WC	149	57	(248)	(158)
Direct tax	(20)	(4)	(115)	(140)
<b>Net cash from Op. activities</b>	<b>55</b>	<b>227</b>	<b>556</b>	<b>703</b>
Capital expenditures	(2)	(31)	(139)	(155)
Interest / Dividend Income	-	-	-	-
Others	40	(145)	(15)	24
<b>Net Cash from Inv. activities</b>	<b>38</b>	<b>(176)</b>	<b>(154)</b>	<b>(132)</b>
Issue of share cap. / premium	-	-	-	-
Debt changes	-	-	-	-
Dividend paid	-	-	-	-
Interest paid	(32)	(26)	(48)	(54)
Others	(38)	(47)	5	3
<b>Net cash from Fin. activities</b>	<b>(70)</b>	<b>(74)</b>	<b>(44)</b>	<b>(51)</b>
<b>Net change in cash</b>	<b>23</b>	<b>(23)</b>	<b>359</b>	<b>520</b>
Free Cash Flow	602	1,661	264	417

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY21	FY22	FY23E	FY24E
<b>Per Share(Rs)</b>				
EPS	(0.7)	(0.2)	1.0	1.2
CEPS	0.3	0.8	2.0	2.3
BVPS	17.6	17.5	18.4	19.6
FCF	1.7	4.8	0.8	1.2
DPS	-	-	-	-
<b>Return Ratio(%)</b>				
RoCE	NA	NA	5.5	6.9
ROIC	NA	1.7	10.2	11.5
RoE	NA	NA	5.3	6.1
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.3)	(0.1)	(0.1)	(0.2)
Net Working Capital (Days)	186	128	129	130
<b>Valuation(x)</b>				
PER	NA	NA	23.3	19.0
P/B	1.3	1.3	1.2	1.2
P/CEPS	87.6	29.3	11.4	10.0
EV/EBITDA	NA	68.8	10.3	7.9
EV/Sales	4.9	4.5	3.3	2.7
Dividend Yield (%)	-	-	-	-

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q1FY22	Q2FY22	Q3FY22	Q4FY22
<b>Net Revenue</b>	<b>205</b>	<b>420</b>	<b>599</b>	<b>460</b>
YoY gr. (%)	42.6	39.8	47.3	8.3
Raw Material Expenses	-	-	-	-
<b>EBITDA</b>	<b>(132)</b>	<b>46</b>	<b>178</b>	<b>19</b>
YoY gr. (%)	NA	NA	327.7	(34.8)
Margin (%)	NA	10.9	29.7	4.1
Depreciation / Depletion	82	82	82	82
<b>EBIT</b>	<b>(214)</b>	<b>(36)</b>	<b>96</b>	<b>(63)</b>
Margin (%)	NA	NA	16.0	NA
Net Interest	7	7	7	6
Other Income	39	48	39	42
<b>Profit before Tax</b>	<b>(182)</b>	<b>5</b>	<b>128</b>	<b>(27)</b>
Margin (%)	NA	1.2	21.4	NA
Total Tax	(53)	2	38	(6)
Effective tax rate (%)	28.9	41.1	29.7	22.9
<b>Profit after Tax</b>	<b>(129)</b>	<b>3</b>	<b>90</b>	<b>(21)</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>(129)</b>	<b>3</b>	<b>90</b>	<b>(21)</b>
YoY gr. (%)	NA	NA	NA	NA
Margin (%)	NA	0.7	15.0	NA
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>(129)</b>	<b>3</b>	<b>90</b>	<b>(21)</b>
YoY gr. (%)	NA	NA	NA	NA
Margin (%)	NA	0.7	15.0	NA
Other Comprehensive Income	(1)	-	-	(3)
<b>Total Comprehensive Income</b>	<b>(131)</b>	<b>3</b>	<b>90</b>	<b>(24)</b>
Avg. Shares O/s (m)	346	346	346	346
<b>EPS (Rs)</b>	<b>(0.4)</b>	<b>-</b>	<b>0.3</b>	<b>(0.1)</b>

Source: Company Data, PL Research

**Price Chart**
**Recommendation History**


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Apr-22	Hold	24	26
2	25-Jan-22	Hold	24	25
3	10-Jan-22	Hold	24	24
4	22-Oct-21	Hold	24	25
5	07-Oct-21	Hold	24	24
6	26-Jul-21	Hold	24	25
7	07-Jul-21	UR	-	26

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Entertainment Network (India)	Hold	184	204
2	Indian Railway Catering and Tourism Corporation	Hold	727	791
3	Inox Leisure	BUY	681	493
4	Music Broadcast	Hold	24	26
5	Navneet Education	BUY	121	91
6	Nazara Technologies	BUY	1,747	1,248
7	PVR	BUY	2,227	1,706
8	S Chand and Company	BUY	159	114
9	Safari Industries (India)	BUY	1,288	898
10	V.I.P. Industries	BUY	817	598
11	Zee Entertainment Enterprises	BUY	413	286

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

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