

IPO Details		Company Background					
Opening Date	Mar 27, 2024	<ul style="list-style-type: none"> ○ Radiowalla Network Limited was originally incorporated in the year 2010 and has its registered office in Bangalore, Karnataka, India. ○ The company is in the business of Customer engagement services which includes in-store radio services (exclusive radio channel for a brand) on a subscription model basis, corporate radio (private radio channels for employee engagement in the organisation) and advertisement services which include digital signage solution, content management services and point of purchase advertising to clients. ○ Company exclusively caters to the business-to-business (B2B) sector. ○ As on the date of Prospectus, the Company had 54 employees on its payroll. 					
Closing Date	Apr 02, 2024						
Stock Exchange	NSE SME						
Lot Size	1600 Shares						
Issue Price	₹72 to ₹76 per share						
Issue Size	Aggregating up to 14.25 Cr.						
Fresh Issue	Aggregating up to 14.25 Cr.						
Offer for Sale	-						
Application Amount (Price at upper Band)	₹ 121,600						
IPO Objective							
1. To meet out the expenses for Investment in Technology.							
2. To meet out the Capital Expenditure for the Company.							
3. To meet Working Capital requirements.							
4. General corporate purposes.							
5. To meet out the Issue Expenses.							
Pre-Issue Shareholding			Market Capitalization		(In Cr.)		
Category	No. of Shares	% of Total Shares	Pre-Issue	Post-Issue			
Promoter & Promoter Group	28,86,477	55.80%	₹ 39	₹ 54			
Public	22,86,559	44.20%					
Promoter of the Company			Financial Summary				
1. Anil Srivatsa			For the Period Ended	Mar-21	Mar-22	Mar-23	Oct-23
2. Gurneet Kaur Bhatia			Total Assets	530.81	527.53	813.53	883.29
3. Harvinderjit Singh Bhatia			Net Assets	-10.65	36.37	335.08	552.75
			Total Borrowing	83.04	69.64	78.74	52.05
			Total Revenue	589.54	1,050.12	1,402.89	871.99
			Profit After Tax	10.18	47.01	102.18	113.99
Competitive Strengths			Tentative Timeline				
1. Adapt and experienced management team.			Opening Date	Mar 27, 2024			
2. Global Presence.			Closing Date	Apr 02, 2024			
3. Multi- Lingual Content.			Basis of Allotment	Apr 03, 2024			
4. Empanelment with Directorate of Advertising and Visual Publicity (DAVP) which has now integrated into Central Bureau of Communication (CBC).			Initiation of Refunds	Apr 04, 2024			
5. Understanding client preferences and service upgradation.			Credit of Shares to Demat	Apr 04, 2024			
6. Established client base and partnerships with major retailers.			Listing Date	Apr 05, 2024			
7. Established operations and proven track record.							

Company Background and Analysis

Radiowalla Network Limited was incorporated on July 30, 2010. The company is in the business of customer engagement services which include in-store radio services (exclusive radio channel for a brand) on a subscription model basis, corporate radio (private radio channels for employee engagement in organisation) and advertisement services which include digital signage solutions, and content management services.

The business operates under a Business-to-Business (B2B) model. The company has two business verticals –

1. Radio Engagement Solutions and Subscription services – Under this vertical, the company focuses on enhancing customer and employee engagement by providing audio services to retailers, malls, corporates etc.
Under this, the company offers services such as
 - a) In-Store Radio Services – The company also provides Features such as After Sale Services
 - b) Corporate Radio Services.

2. Advertisement Solutions – The company provides advertisement solutions tailored to meet the needs of both businesses operating within the e-commerce industry and various Government Sectors. The company delivers a range of services such as –
 - a) Audio Advertisement Solutions –the company provides Point-of-Sale audio advertising solutions, with a notable presence in grocery store chains like Reliance Value Formats, More Supermarkets and Hypermarkets, Spencers, and Spar.
 - b) Visual Advertisement Solutions – Under this the company offers services such as Digital Home Advertising, and Static Branding Opportunities.

Geographical revenue bifurcation is as follows -

(Amt in Lakhs)

Particulars	Mar-21		Mar-22		Mar-23		Oct-23	
	Amt	%	Amt	%	Amt	%	Amt	%
India	583.96	99.81	944.12	89.92	1,197.02	85.53	739.30	84.79
Total Domestic Sales	583.96	99.81	944.12	89.92	1,197.02	85.53	739.30	84.79
Singapore	-	-	58.81	5.60	46.75	3.34	-	-
Dubai MENA	-	-	45.77	4.36	155.69	11.13	107.61	12.34
Mexico	-	-	-	-	-	-	24.96	2.86
Sri Lanka	1.09	0.19	1.20	0.11	-	-	-	-
Total International Sales	1.09	0.19	105.78	10.08	202.44	14.47	132.57	15.21
Total	585.05	100.00	1,049.90	100.00	1,399.46	100.00	871.87	100.00

To conclude, the company has vast experience in the industry in which the company operates. It is a corporate healthcare company with a strong foothold in under-penetrated and densely populated healthcare delivery markets.

Business Strategies

1. Expand the international presence –

The company is proposing to expand its business operations in the international markets. The company's objective is to establish a robust international presence, tapping into diverse markets and securing sustainable growth for the company.

2. Embracing new technologies –

The Company is proposing to invest in technology by establishing an AI-based platform enabling them to strategically reach customers across varied geographies and market segments.

3. Creating a strong marketing and promotion strategy –

The Company intends to expand its partnership with other industrial bodies such as the National Restaurant Association of India, Images Group and various other industry and media bodies engaged with offline retail. The company intends to also participate in events outside India to showcase the service offering to expand its international footprint.

4. Customer-centric Approach –

The company focuses on a customer-centric approach, which places the customer at the core of every business decision and interaction. In this strategy, the company understand and fulfil the unique needs and preferences of customers. It involves actively listening to customer feedback, analysing their behaviours, and tailoring products, services, and experiences to meet their expectations.

Competitive Scenario and Peer Mapping

Competition

The company operates in a highly competitive, and fragmented market. The company face significant competition from local or regional and international players in the business segments and geographical markets in which the company operates. The company has fewer entry barriers increasing the competition. The bargaining power with the consumers is slightly higher in the industry in which the company operates in.

Peer Analysis

As per the offer document, the company believes they do not have any listed peers for comparison.

Industry Overview

Exhibit 1: Digital Advertising

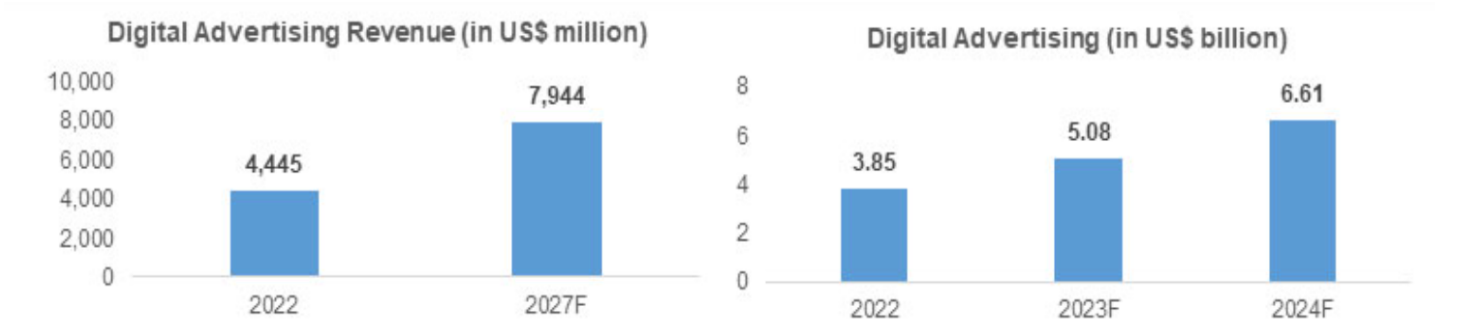
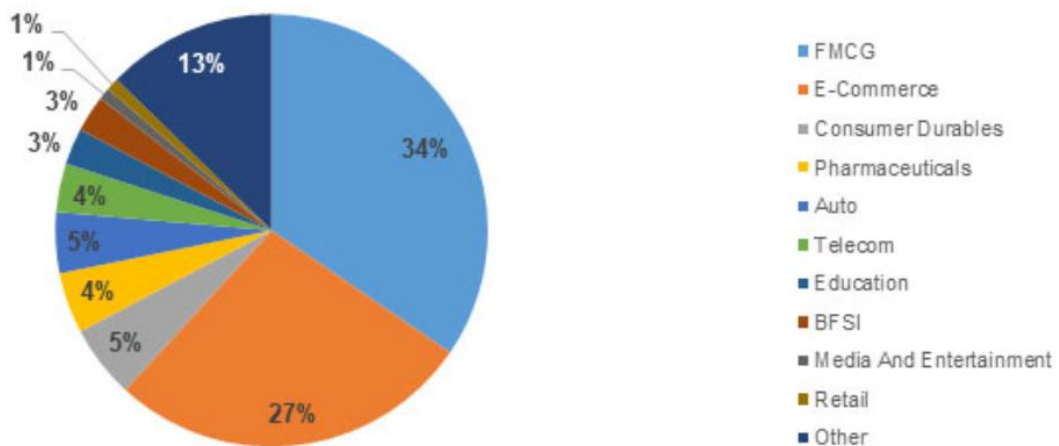


Exhibit 2: Digital Media Spends across Industry Verticals.



(Source: ibef.org)

Indian Advertisement Solution Industry

With its developing economy, India provides advertisers with several opportunities to sell their services and products through the region's expanding media platforms. Economic expansion in India has also increased the purchasing power of a sizable segment of the population, resulting in a more affluent and brand-conscious consumer base. As a result, businesses are focusing on building a strong brand image for themselves through extensive advertising. The advertisement sector in India has been digitally disrupted in the previous decade as the number of individuals utilising smartphones and internet services has increased dramatically. This resulted in the rise of a number of consumer internet models and industries with enormous potential for digital advertising.

Digital advertising is anticipated to expand at a modest rate of 8–10% in the fiscal year 2022-23. However, as economic tailwinds kick up in 2023-24, the digital ad expenditure is predicted to more than double to US\$ 21 billion by 2027-28. Global internet advertising market growth declined from 30.8% in 2021 to 8.1% in 2022, resulting in a total market value of US\$ 484 billion for the year. In contrast, India's internet advertising market expanded 35.3%, from US\$ 3.3 billion in 2021 to US\$ 4.4 billion in 2022, making it one of the fastest growing in the world. The internet advertising market in India is predicted to develop at a CAGR of 12.3%, with total revenue reaching US\$ 7.9 billion by 2027.

In an effort to counter the hegemony of large IT companies in the US, the Indian government is working to ensure that the Internet advertising market is competitive. Additionally, India intends to tighten internet governance with the upcoming Digital India Act. Furthermore, the Indian government has made a concerted effort to make digital media accessible to everybody. The Digital India project is promoting the development of digital infrastructure, corporate transformation, and digital commerce through a variety of applications, including the Unified Payments Interface (UPI), Aadhaar, Open Network for Digital Commerce (ONDC), and Government e-Marketplace (GeM).

The country is a mobile-first market, with 782 million mobile internet subscribers in 2022. The outdoor advertising business in India is also fast developing. Over the projected period, it will outperform every other OOH market worldwide, growing at a CAGR of 9.9%. In 2022, digital advertising is expected to increase by 52% year on year. By 2027, India will be the fourth-largest TV advertising market in the world, trailing only the United States, Japan, and China.

By 2027, mobile internet advertising will account for 73% of internet advertising income in India. The FMCG segment contributes 38% (Rs. 11,403 crore (US\$ 1.37 billion)) and has gained 28% over the previous year. This is followed by the e-commerce segment, which contributes 20% (Rs. 5,982 crore (US\$ 719.43 million)) to India's digital media business. When compared to the previous year, the contribution of the e-commerce segment has nearly tripled.

(Source: ibef.org)

Key Managerial Personnel

Harvinderjit Singh Bhatia, aged 57 years, is one of the Promoters, Chief Executive Officer, Chief Financial Officer and Director of the Company. He has more than 30 years of experience in management, finance and consulting. He is a Chartered Accountant. He also holds an Executive master's in international Trade.

Anil Srivatsa, aged 55 years, is one of the Promoters and the Executive Director of the Company. He has an MS in Study Telecommunications. He has more than 30 years of experience in the Radio and Digital Media industry. He has previously served as a Chief Executive Officer of Kings XI Punjab, and as the Chief Operating Officer of Radio Today Broadcasting in India.

Gurneet Kaur Bhatia, aged 53 years, is one of the Promoters and Non-Executive Director of the Company. She has done a Masters of Home Science [Textiles and Clothing]. She has an experience of nearly 20 years in Education and Upskilling sectors. She is the designated partner of Wordaholix Mindfield LLP. WordaholixScrabble Academy has been training children and adults to play competitive Scrabble for the last 16 years.

Neeraj Jain, aged 61 years, is the Independent Director of the Company. He is Chartered Accountant and secured All India Rank 33. He has Management experience of 30 + Years. He has an investing experience of over 7 years as part of the founding team of the angel group.

Sunil Lulla, aged 62 years, is the Independent Director of the Company. He has completed MBA in Marketing and having experience of 38 years in the field of Media, Advertising, Television Broadcasting and Research. He is the Founder and Chief Evangelist of The Linus Adventures (TLA), which assists Promoters and CEOs in scaling their business and in creating leadership brands.

To conclude, the company has four promoters, out which three are individual promoters and all three promoters have vast experience in the industry the company operates in. The Remaining Directors of the company also have good knowledge and experience in their respective fields which helps in the overall growth of the company.

Financial Snapshot

Profit and Loss Statement				
(In lakhs.)				
Particulars	FY 21	FY 22	FY 23	Oct-23
Revenue from Operations	585.05	1,049.91	1,399.47	871.86
Other Income	4.5	0.21	3.43	0.13
Total Income	589.55	1,050.12	1,402.90	871.99
Expenses				
Cost of Material Consumed	191.98	522.14	668.68	360.15
Employee benefits expense	306.02	391.45	482.52	305.11
Finance Costs	17.74	14.8	16.15	10.31
Depreciation and Amortization expense	11.96	14.3	27.81	23.41
Other expenses	61.11	62.85	99.51	63.74
Total Expenses	588.81	1,005.54	1,294.67	762.72
Earnings Before Interest, Taxes, Depreciation & Amortization	25.94	73.47	148.76	142.86
EBITDA Margin	4.43%	7.00%	10.63%	16.39%
Profit/(Loss) before tax	0.74	44.58	108.23	109.27
Tax Expense				
Current Tax				
Deferred Tax Expense / (credit)	-9.45	-2.43	6.05	-4.72
Total Tax Expense	-9.45	-2.43	6.05	-4.72
Profit/(Loss) for the year	10.19	47.01	102.18	113.99
Net Profit Margin	1.73%	4.48%	7.28%	13.07%

Balance Sheet				
(In lakhs.)				
Particulars	FY 21	FY 22	FY 23	Oct-23
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	141.66	139.49	221.7	232.15
Right of Use Assets	32.06	28.10	24.13	21.82
Financial Assets				
Other Finance Assets	1.69	1.87	2.07	3.19
Other non-current assets	2.15	1.88	1.62	1.46
Deferred Tax Asset (Net)	9.45	11.88	5.83	10.55
Total Non-Current assets	187.01	183.22	255.35	269.17
Current Assets				
Financial Assets				
Trade Receivables	265.52	255.62	446.93	362.15
Cash and Cash Equivalents	30.4	2.23	2.18	115.79
Other current assets	47.88	86.46	109.07	136.18
Total Current assets	343.80	344.31	558.18	614.12
Total Assets	530.81	527.53	813.53	883.29
EQUITY AND LIABILITIES				
Equity				
Share Capital	42.14	42.14	42.14	47.03
Other Equity	-52.78	-5.77	292.94	505.73
Total Equity	-10.64	36.37	335.08	552.76

Balance Sheet					(In lakhs.)
Liabilities					
Non-current liabilities					
Financial Liabilities					
Borrowings	19.75	15.99	11.73		9.08
Lease liabilities	31.93	29.6	26.45		24.36
Provisions	23.69	44.95	57.12		73.3
Total Non-current liabilities	75.37	90.54	95.30		106.74
Current liabilities					
Financial Liabilities					
Borrowings	63.29	53.65	67.01		42.97
Trade Payables					
i) total outstanding dues of micro-enterprises and small enterprises	11.74	1.98	79.97		0.2
ii) total outstanding dues of creditors other than micro-enterprises and small enterprises	22.15	37.36	26.50		46.80
Other current liabilities	368.9	307.63	209.67		133.82
Total Current liabilities	466.08	400.62	383.15		223.79
Total Liabilities	541.45	491.16	478.45		330.53
Total Equity and Liabilities	530.81	527.53	813.53		883.29

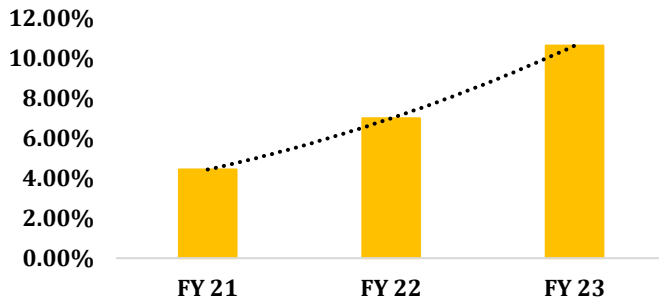
Cash Flow Statement					(In lakhs.)
Particulars	FY 21	FY 22	FY 23		Oct-23
Net Cash Flow from Operating Activities	41.05	9.57	110.99		80.99
Net Cash Flow from Investing Activities	0.71	-7.95	-102.64		-31.42
Net Cash Flow from Financing Activities	-19.43	-29.78	-8.4		64.04

Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Oct-23*
Per Share Data				
Diluted EPS	2.41	11.16	24.25	1.99
BV per share	-0.15	0.52	4.75	22.88
Operating Ratios				
EBITDA Margins	4.43%	7.00%	10.63%	16.39%
PAT Margins	1.73%	4.48%	7.28%	9.37%
Debtor days	165.65	88.87	116.57	88.89
Return Ratios				
RoCE	22%	47%	28%	13%
RoE	-96%	129%	30%	9%
Valuation Ratios (x)				
EV/EBITDA	1.62	1.41	2.77	6.32
Market Cap / Sales	9.16	5.10	3.83	3.58
P/E	31.54	6.81	3.13	38.23
Price to Book Value	-503.45	147.28	15.99	3.32
Solvency Ratios				
Debt / Equity	-7.80	1.91	0.23	0.09
Current Ratio	0.74	0.86	1.46	2.74
Quick Ratio	0.74	0.86	1.46	2.74
Asset Turnover	1.10	1.99	1.72	0.99
Interest Coverage Ratio	0.79	4.00	7.49	11.59

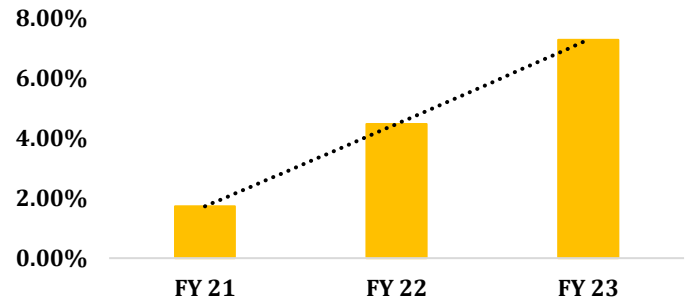
*Annualized Figures

Financial Charts

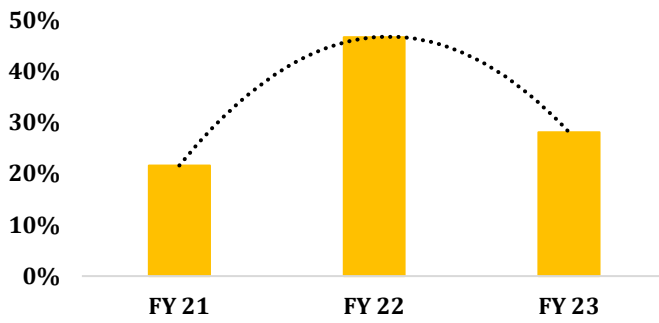
EBITDA Margin



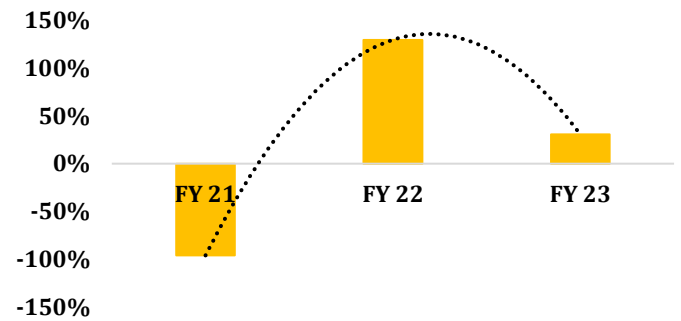
Net Profit Margin



Return On Capital Employed



Return on Equity



Key Risk Factors

1. The company has outstanding litigation pending against the Promoters amounting to Rs. 3,798.69 lakhs which, if determined adversely, could affect the business, results of operations and financial condition.
2. The company's group entities have incurred losses in the past and may incur losses in the future.

Track Record of Lead Manager

The lead manager to the issue is Narnolia Financial Services Limited. A table has been set below highlighting the details of the IPO of the recent companies handled by the Lead Manager in recent times –

Narnolia Financial Services Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Addictive Learning Technology Limited	60.16	140.00	January 30, 2024	227.00
2.	Akanksha Power and Infrastructure Limited	27.49	55.00	January 03, 2024	813.00
3.	Supreme Power Equipment Limited	46.67	65.00	December 29, 2023	128.00
4.	WomanCart Limited	9.56	86.00	October 27, 2023	120.00
5.	Inspire Films Limited	21.23	59.00	October 05, 2023	32.2
6.	Cellecor Gadgets Limited	50.77	92.00	September 28, 2023	220.00
7.	Yudiz Solutions Limited	44.84	165.00	August 17, 2023	72.7
8.	Drone Destination Limited	44.20	65.00	July 21, 2023	136.00

The company has had 8 mandates in the past three years (including the current year)

*CMP for the above-mentioned companies is taken as of 1st April 2024.

As per the offer document, from the above-mentioned mandates, all the mandates are opened at a premium, on the listing date.

Recommendation

The company has been in the industry since 2010 and thus has good experience in the industry. The company has had growth in its top line and bottom line of its financials. The management outlook of the company is good.

The P/E on a post-IPO and annualized basis is around 38.23 times which makes it highly priced by looking at the performance of the company.

The company operates in a fragmented market. The company has seen an increase in the revenue generation over the years. The company also has certain risk factors such as high litigations which may impact the operations of the business details of which are mentioned in the 'Risk Factor' sheet of this report. Therefore, at the given P/E **Risk Averse - Should Wait Risk Seekers - Should Apply** to this IPO.

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