

Bodhi Tree Multimedia Ltd.

SSIS IPO GRADE 3.75/5 (Above Average)
7th October, 2020

Rating Overview

Based in Mumbai, Bodhi Tree Multimedia Ltd. was incorporated quite recently, in 2013. Production of digital media content for various entities is the company's primary business line. The company is engaged in producing content for films, televisions, and digital OTT platforms as well.

In addition to focusing on Hindi General Entertainment Channels (GEC), the company is also involved in the production of regional content in a host of different languages including Tamil, Bengali, Marathi, and Gujarati, among others. The clientele for Bodhi Tree Multimedia Ltd. is vast and diverse and includes big names in the entertainment industry such as Netflix, Amazon, Zee, Star TV, Viacom, Sun, and Disney.

With more than 30 successful shows and 1000+ hours of digital media content in its kitty, the company has grown quite strong in the entertainment space within just a short period of time. Over the last two financial years, the company's revenue has grown tremendously and has been able to generate an average profit of around Rs. 363 lakhs.

If we annualize FY21 earnings and attribute it on fully diluted post issue equity capital, then the asking price is at a P/E of around 15.42, making it an aggressively priced issue. Our overall fundamental rating of Bodhi Tree is Above Average Financials. The offer price is costly in comparison to the growth prospects of the company. We initiate a subscribe recommendation for cash surplus risk savvy investors for long term gains, others may avoid.

Note: The analyst has no plans of subscribing to the offer and does not hold any shares in the company prior to, or at the time of writing this review.

Business Overview

Bodhi Tree Multimedia Ltd. (BTML) is created with the main objects of -' to carry on in India and abroad the business of making of Small or Big Films either for General Public Viewing or Television, TV Serials for any TV Channels in India or abroad either alone or in collaboration with others, Creation, Manufacturing, Consultants etc. of different type of Contents like Text, Audio, Video Content used in all types of communication carriers,

develop, create, conceptualize, advise any commercial dissemination of Content/information (Content Films and/or Serials etc.) by various types of modes available now and in future based on Telephone, T.V., Cable, Mobile network and any other types of media available in India or abroad either for itself or for any other client'. BTML is working on a B2B model and provides the content to entertainment channels, websites, digital media in Hindi and other multiple regional languages. Since its inception, it has produces 30+ shows with 1000+ hours' content..

Financial Performance

On the financial performance front, for the last four fiscals, BTML has posted turnover/net profits / - (Loss) of Rs. 11.31 cr. / Rs. - (2.22) cr. (FY17), Rs. 17.29 cr. / Rs. - (3.34) cr. (FY18), Rs. 38.63 cr. / Rs. 0.36 cr. (FY19) and Rs. 27.47 cr. / Rs. 3.66 cr. (FY20). **On a consolidated basis, for the first five months of the current fiscal, BTML has reported a net profit of Rs. 0.32 cr. on a turnover of Rs. 4.86 cr. As on August 31, 2020, trade receivables and payables outstanding were Rs. 4.65 cr. and Rs. 5.32 cr. that indicates some window dressing in the accounting data.**

For the last three fiscals, BTML has posted an average negative EPS and an average negative RoNW. The issue is priced at a P/BV of 9.83 based on its NAV of Rs. 9.66 as on August 31, 2020, and at P/BV of 2.61 based on post issue NAV of Rs. 36.39., thus the issue appears highly-priced. If we annualize FY21 earnings and attribute it on fully diluted post issue equity capital, then asking price is at a P/E of around 15.42, making it aggressively priced issue.

Summary of financial Information				
Particulars	For the year/period ended (Rs in Million)			
	31-Mar-20	31-Mar-19	31-Mar-18	31-Mar-17
Total Assets	1,498.34	1,203.81	595.83	231.27
Total Revenue	2,746.52	3,863.35	1,728.87	1,130.76
Profit After Tax	365.58	36.13	(334.05)	(221.76)

Issue Details

To meet its plans for working capital (Rs. 2.50 cr.) and general corpus fund (Rs. 0.50 cr.), BTML is coming out with a maiden IPO of 390000 equity shares of Rs.10 each at a fixed price of Rs. 95 per share to mobilize Rs. 3.71 cr. The issue opens for subscription on October 09, 2020, and will close on October 13, 2020. Minimum application is to be made for 1200 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on NSE SME Emerge platform.

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Issue constitutes 31.20% of the post issue paid-up capital of the company. The company will be

spending Rs. 0.71 cr. for this IPO process. This indicates a fully structured model of this issue proceedings.

The issue is solely lead managed by Shreni Shares Pvt. Ltd. while Bigshare Services Pvt. Ltd. is the registrar to the issue. Shreni Shares Pvt. Ltd. is also acting as a Market Maker for this company. Having issued initial equity at par, it allotted on preferential basis 600000 shares at par in August 2020. The company has issued 250000 rights shares at a price of Rs. 100 per share in March 2020.

The average cost of acquisition of shares by the promoters is Rs. 10.00 and Rs. 36.32 per share. Post issue, BTML's current paid-up equity capital of Rs. 0.86 cr. will stand enhanced to Rs. 1.25 cr. With this IPO, the company is looking for a market cap of Rs. 11.88 cr.

Application Dates	Oct 9, 2020 – Oct 13, 2020
Issue Type	Book Built Issue IPO
Face Value	₹10 per equity share
IPO Price	₹95 per equity share
Market Lot	1200 Shares
Listing At	BSE, NSE
Issue Size	[.] Eq Shares of ₹10 (Up to ₹3.71 Cr)

Issue Timeline

Basis of Allotment Date	Oct 16, 2020
Initiation of Refunds	Oct 19, 2020
Credit of Shares to Demat Account	Oct 13, 2020
IPO Listing Date	Oct 21, 2020

Investment Strategy

BTML has carried forward losses. Last seventeen months performance with super profit and sustainability of the same going forward raises major concern. Company's receivables and payables are exorbitantly high. Currently, this segment is facing tough competition coupled with downturns following COVID-19 pandemic. Post issue equity capital indicates long gestation for migration to the main board. Considering all these, investors may give a "MISS" to this highly-priced offer.