

# Radio City to Buy 40 Stations From Big FM for ₹1,050 crore

Music Broadcast to initially acquire 24% in Reliance Broadcast Network via pref allotment

## Our Bureau

**Mumbai:** Music Broadcast Ltd (MBL), a subsidiary of Jagran Prakashan, will acquire Reliance Broadcast Network (RBN), which houses private FM brand Big FM, in a two-part deal for ₹1,050 crore.

ET first reported that Anil Ambani-owned company has found a new buyer in Jagran Prakashan and the possible valuation of up to ₹1,200 crore.

MBL owns rival FM brand Radio City, which operates 39 stations. Big FM has 58 operational stations, out of which MBL will acquire 40 as under the grant of permission agreement (GOPA) of the Information and broadcasting ministry. MBL cannot buy remaining 18 stations, which operate in Radio City's existing cities.

"We have made a simple structure basis of the GOPA of the Information and broadcasting ministry," Apurva Purohit, director, MBL, told ET. "Subject to necessary approvals, we will acquire 40 stations for entire valuation of about ₹1,050 crore. This will make MBL the largest private FM company in India in terms of

## A New Tune

**Music Broadcast** (MBL) owns Radio City, operates **39** stations

**Reliance Broadcast** Network (RBN) houses Big FM, operates **58** stations



Acquisition to make MBL largest pvt. FM co in India

- No of stations: **79**
- Reach: **69** cities



MBL will acquire **40** stations

Under GOPA, MBL can't buy remaining **18** stations, which operate in Radio City's existing cities

## The Agreement

MBL to initially acquire **24%** in RBN by way of pref allotment for **₹202 cr**

On receipt of regulatory nods, MBL will acquire entire stake held by promoters of RBN

number of stations (79), reach (69 cities) and pure play radio revenues."

As part of the agreement, MBL will initially acquire 24% in RBN, the terms of which are being finalised, by way of a preferential allotment for ₹202 crore. Further, on receipt of all regulatory approvals, MBL will acquire the entire stake held by the promoters of RBN at an enterprise value of Rs1050 crore after making adjustments for variations, on the basis of audited accounts for the year ended March 31,

2019, the company said.

Purohit added that after acquisition of 24% stake, the company will file for necessary approvals and once the three-year lock-in of some of the stations expires in March 2020, the acquisition will be triggered.

"Initial funds will come from MBL's internal accruals. The entire transaction is expected to close in first quarter of FY2021," she said.

After the acquisition, while RBN will become a subsidiary of MBL and the company has no plans to re-

brand Big FM. "Big FM, we believe, is a powerful and leader brand in its own right and has a high recall value. It will continue to run independently. We believe Radio City's TG and genre and Big FM's are different and complementary to each other," Purohit said.

Meanwhile, Reliance Capital, part of Anil Ambani's Reliance ADAG, said in addition, the company will receive an estimated ₹150 crore from the disposal of other assets of RBN (remaining 18 channels), which do not form part of the transaction with MBL, in accordance with the regulations.

ET reported that the transaction will reduce Reliance Capital's outstanding debt by around ₹1,200 crore.

"This transaction is part of our overall strategy to reduce exposure in non-core businesses and will reduce Reliance Capital's debt by an estimated ₹1,200 crore. Together with the recently announced stake sale in Reliance Nippon Asset Management for ₹6,000 crore and other ongoing monetisation plans, we expect Reliance Capital's debt to reduce by ₹12,000 crore (nearly 70%) in the current financial year," said Amit Bapna, CFO, Reliance Capital.