

"A man is
great by
deeds, not by
birth"

-Chanakya

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INDIAN INSTITUTE OF MANAGEMENT KOZHIKODE



Case Study

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Madhyamam Broadcasting Ltd.

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Madhyamam Broadcasting Ltd.

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Abstract

This case is based on a real-life situation in Madhyamam Broadcasting Limited (MBL), a new venture of the Calicut based media group, Madhyamam. In 2011, Sajid, Deputy CEO of the newly formed company prepares to make financial projections to justify feasibility of the new malyalam news channel as he is faced with challenges to make estimates which make the project attractive and at the same time practical and credible.

Set in an interesting industry like broadcasting, the case also provides a very different internal context. Based on the rich market data such as advertising spends, commercial time, competitive scenario in the region, students are expected to forecast revenue. Students are also challenged to use benchmark data of competitors to estimate hurdle rate, capex and operating costs. Estimation of initial investments are also required to be made.

Using the processed financial data and projections, students are required to prepare Discounted Cash Flows (DCF), NPV (Net Present Value) and IRR (Internal rate of Return) for the broadcast channel project. They learn to build alternate scenarios to deal with decisions under uncertainty.

Interestingly, the case provides several opportunities to have qualitative discussions helping students of finance realize the value of analyzing the company policies and values, business situation, market environment and competitive financial information in valuation and project finance beyond number crunching.

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