

DB CORP

Ad growth recovers; investing in circulation

India Equity Research | Media

DB Corp's (DBCL) Q4FY18 revenue came in line. However, EBITDA belied our estimate due to 20.5% YoY jump in raw material cost led by increase in newsprint price and expansion drive in Bihar & Gujarat. Key positives: (i) 8.8% YoY ad revenue spurt aided 80% by volume and 20% by yield; and (ii) 8.5% YoY increase in circulation revenue largely on account of volume spurt driven by the circulation expansion strategy. Key negatives: (a) mature editions' EBITDA margin fell to 24.2% (26.7% in base); and (b) muted digital revenue for fourth consecutive quarter. On the sector front, while FMCG, education and BFSI recovered, real estate and automobiles underperformed. The expected hike in newsprint cost in ensuing quarters remains a key monitorable. Going ahead, election benefit in core markets, IRS 2018 numbers and monetisation of expansion efforts in Bihar are envisaged to aid growth in DBCL's ad revenue. However, due to higher COGS, we prune FY20E target multiple to 15x (from 16x) to arrive at revised TP of INR341 (earlier INR440). We maintain 'BUY/SO'.

Ad growth recovers; circulation healthy

Print ad revenue grew 8.8% YoY largely due to volume spurt. DBCL's circulation growth sustained healthy run—8.5% YoY due to circulation expansion strategy. We expect ad growth to pick up in FY19 aided by Centre and state elections (**our estimate: 10% YoY in FY19**). Radio ad revenue grew 9.7% YoY (**our estimate: 12% YoY in FY19**).

Q4FY18 conference call: Key takeaways

(1) Dainik Bhaskar has expanded its reach in Bihar to 38 districts with around 700,000 copies; (2) ad revenue grew 8.8% YoY – 80% of which was volume driven and balance 20% because of yield; and (3) the newly launched stations have broken even in Q4FY18 and will start contributing to EBITDA going forward.

Outlook and valuations: Positive; maintain 'BUY'

We expect higher ad spends in the FMCG sector (due to volume growth recovery), elections in core markets & Centre, successful Bihar expansion drive and ad spends in real estate sector (due to RERA), to aid DBCL. However, due to higher COGS, we prune FY20E target multiple to 15x (from 16x) to arrive at revised TP of INR341 (earlier INR440). At CMP, the stock trades at 12.9x FY19E and 11.7x FY20E EPS. We maintain 'BUY/SO'.

Financials		(INR mn)						
Year to March	Q4FY18	Q4FY17	% change	Q3FY18	% change	FY18	FY19E	FY20E
Revenue	5,673	5,171	9.7	5,986	(5.2)	23,285	25,648	28,126
EBITDA	979	1,122	(12.8)	1,396	(29.8)	5,638	6,674	7,319
Adjusted Profit	571	642	(11.1)	781	(26.9)	3,240	3,768	4,178
Adj. Diluted EPS	3.1	3.5	(11.2)	4.2	(26.9)	17.6	20.5	22.7
Diluted P/E (x)						15.1	12.9	11.7
EV/EBITDA (x)						18.4	18.5	18.4

EDELWEISS 4D RATINGS	
Absolute Rating	BUY
Rating Relative to Sector	Outperform
Risk Rating Relative to Sector	Medium
Sector Relative to Market	Overweight

MARKET DATA (R: DBCL.BO, B: DBCL IN)

CMP	: INR 265
Target Price	: INR 341
52-week range (INR)	: 394 / 262
Share in issue (mn)	: 184.0
M cap (INR bn/USD mn)	: 49 / 741
Avg. Daily Vol.BSE/NSE('000)	: 118.7

SHARE HOLDING PATTERN (%)

	Current	Q3FY18	Q2FY18
Promoters *	69.8	69.8	69.8
MF's, FI's & BK's	6.0	6.0	7.3
FII's	16.7	16.7	15.6
Others	7.4	7.4	7.2
* Promoters pledged shares (% of share in issue)			NIL

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Media Index
1 month	(15.6)	2.0	4.8
3 months	(18.4)	2.8	4.3
12 months	(26.3)	12.9	63.1

Abneesh Roy
+91 22 6620 3141
abneesh.roy@edelweissfin.com

Monit Vyas
+91 22 6623 3463
monit.vyas@edelweissfin.com

Alok Shah
+91 22 6620 3040
alok.shah@edelweissfin.com

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Table 1: Trends at a glance

(INR mn)	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18
Print ad revenues	3,182	3,734	3,303	4,006	3,097	3,903	3,503	3,775	3,370
Circulation revenues	1,136	1,176	1,179	1,243	1,217	1,234	1,273	1,319	1,320
Mature edition revenues	4,369	5,186	4,730	5,599	4,581	5,386	5,072	5,303	4,995
Emerging editions revenues	477	155	161	186	169	194	197	234	260
Radio ad revenues	298	281	299	363	330	312	349	336	362
Digital revenues	119	123	140	162	142	121	123	154	131
EBITDA	1,159	1,812	1,505	1,982	1,122	1,864	1,399	1,396	979
Growth rate (%)									
Print ad growth	(0.3)	20.2	7.3	2.4	(2.7)	4.5	6.1	(5.8)	8.8
Circulation revenue growth	15.3	15.1	11.5	8.9	7.1	4.9	8.0	6.1	8.5
Mature edition revenues	19.0	26.2	17.0	14.5	4.9	3.9	7.2	(5.3)	9.0
Emerging editions revenues	(48.7)	(59.7)	(64.4)	(67.3)	(64.6)	25.2	22.4	25.8	53.8
Radio ad revenues	11.2	30.7	24.6	12.4	10.7	11.0	16.7	(7.4)	9.7
Digital revenues	32.9	33.7	20.7	31.7	19.2	(1.6)	(12.1)	(4.9)	(7.6)
EBITDA	(3.0)	51.6	38.5	4.5	(3.2)	2.9	(7.1)	(29.6)	(12.8)
% of revenue									
Raw material cost	31.0	27.8	30.3	28.2	31.1	28.7	31.4	31.4	34.1
EBITDA margins	22.7	31.5	27.9	31.6	21.7	31.4	24.6	23.3	17.3
PAT margins	11.9	18.1	16.4	18.8	12.4	18.5	13.8	13.0	10.1

Source: Company, Edelweiss research

Q4FY18 conference call: Key takeaways

Circulation revenue

- Circulation revenue grew 8.5% YoY, largely an outcome of volume growth driven by the circulation expansion strategy.
- Circulation expansion strategy has delivered excellent growth of almost 18% in nine months from around 5.1mn copies in June 2017 end to around 5.96mn copies in March 2018 end, an increase of almost 900,000 copies.
- Key additions have come from Gujarat, Bihar and Rajasthan.
- Dainik Bhaskar has expanded its reach in Bihar to 38 districts with around 700,000 copies.
- DBCL maintained leadership in legacy markets of MP, Chhattisgarh, Chandigarh, Punjab, Haryana, urban Rajasthan and urban Gujarat.
- Circulation strategy was complemented by strong editorial and product enrichment efforts along with unique and impactful reader engagement initiatives.

Print ad revenue

- Ad revenue grew 8.8% YoY – 80% of which was volume driven and the other 20% because of yield.
- The ad growth in FY19 is also expected to have similar volume yield mix as FY18.
- Local and national advertisers have contributed equally to the ad growth.
- Government contribution to ad revenue stands at around 15% of total ad revenue.
- Management believes the ad revenue will report double digit growth in FY19 provided sectors such as FMCG, real estate and automobile clock double digit growth.

Capex

- Capex for FY18 stood at INR1610mn, major part of which was towards the circulation expansion strategy.
- The company does not have plans for large capex next year as it is not planning to enter any new market in FY19.
- Maintenance capex for next year is pegged at INR600mn.

Newsprint business

- Newsprint cost is expected to increase by 12-15% in coming quarters.
- The company expects newsprint cost to normalize after two to three quarters.
- The contracts for procuring newsprint are as short as two-three quarters and the company will benefit from any future reduction in newsprint cost.
- It has taken some cost rationalization steps in order to reduce the impact of hike in newsprint cost.

Radio

- Radio advertising revenue grew 9.7% YoY.
- The company is expected to maintain the growth momentum in existing stations.
- It is the largest player in rest of Maharashtra and continues to be No. 1 in Chandigarh, Haryana, Punjab, Rajasthan, Madhya Pradesh and Chhattisgarh.
- The newly launched stations have broken even in Q4FY18 and will start contributing to EBITDA going forward.

Digital

- www.Dainikbhasker.com continued to stay at No. 1 spot in Hindi news.
- Divya Bhaskar in Gujarati www.divyabhaskar.com continues to be the largest news site in Gujarati.
- DBCL has changed its strategy and is looking to acquire direct traffic to its websites and apps and not via other social platforms.
- It is focusing on new content strategy to attract direct traffic.
- The company believes doing so will help it build loyal users.
- Unique Visitors (UV) for March 2018 were 74mn.
- Page Views (PV) for March 2018 were 1bn.
- Mobile applications: 12.3mn app downloads for Dainik Bhaskar & Divya Bhaskar.

IRS

- IRS helped bust the myth that the print media is not growing and has helped to imbibe confidence in advertisers.
- The company believes IRS has restored the confidence of the advertisers in print media and the benefit from it in terms of yield increase will reflect in coming quarters.
- The next IRS report is expected to be out in December, which will help DBCL assess its performance in new markets.

Margin

- Margin could be impacted due to increase in newsprint cost in H1FY19.

Other takeaways

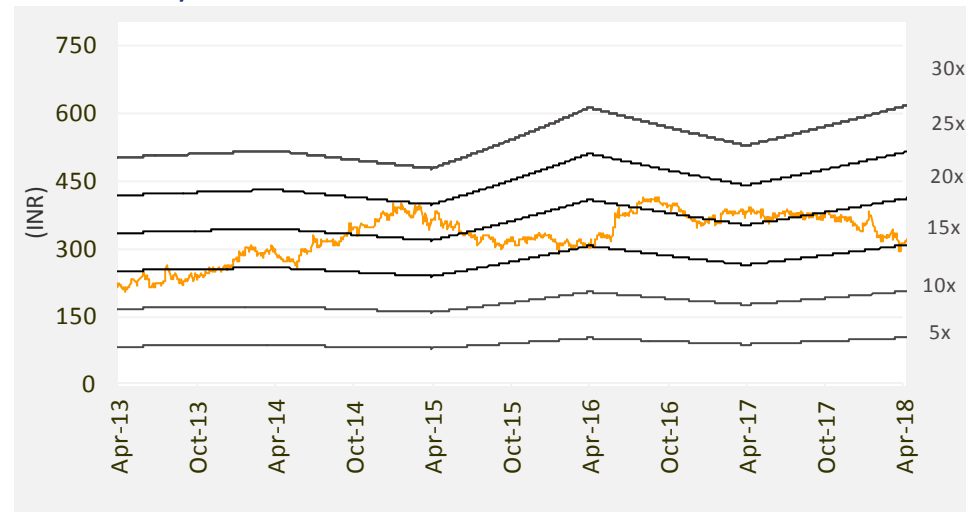
- The company will pay out the excess cash lying in the balance sheet to stakeholders.

Outlook and valuations: Positive; maintain 'BUY'

While DBCL remains one of the best plays in the domestic print space, it is ramping up in the digital domain as well. The company is growing its footprint in Maharashtra, Bihar and Jharkhand with an eye on higher circulation revenue, even as its dominance in Madhya Pradesh, Chhattisgarh and Rajasthan will bolster ad revenue. Since its ad revenues are heavily dependent (~24-26%) on interest rate-sensitive sectors like BFSI, auto, real estate and consumer durables, interest rate cut by RBI is envisaged to aid ad growth.

We expect higher ad spends in the FMCG sector (due to volume growth recovery), elections in core markets & Centre, successful Bihar expansion drive and ad spends in real estate sector (due to RERA), to aid DBCL. However, due to higher COGS, we prune FY20E target multiple to 15x (from 16x) to arrive at revised TP of INR341 (earlier INR440). At CMP, the stock trades at 12.9x FY19E and 11.7x FY20E EPS. We maintain 'BUY/SO'.

Chart 1: DBCL P/E



Source: Bloomberg, Edelweiss research

Financial snapshot

(INR mn)

Year to March	Q4FY18	Q4FY17	% change	Q3FY18	% change	FY18	FY19E	FY20E
Net revenues	5,673	5,171	9.7	5,986	(5.2)	23,285	25,648	28,126
Raw material consumption	1,935	1,606	20.5	1,879	3.0	7,307	7,757	8,470
Employee expenses	1,095	1,052	4.1	1,091	0.3	4,364	4,856	5,342
Other expenses	1,664	1,391	19.6	1,620	2.7	5,976	6,361	6,995
Total expenditure	4,694	4,049	15.9	4,590	2.3	17,647	18,973	20,807
EBITDA	979	1,122	(12.8)	1,396	(29.8)	5,638	6,674	7,319
Depreciation	243	218	11.3	232	4.4	924	975	1,004
EBIT	737	904	(18.6)	1,163	(36.7)	4,714	5,699	6,315
Other income	72	51	41.7	39	85.2	238	256	281
Interest	20	5	317.6	11	80.3	67	68	68
Add: Prior period items								
Add: Exceptional items								
Profit before tax	789	950	(17.0)	1,191	(33.8)	4,885	5,887	6,528
Provision for taxes	218	309	(29.4)	410	(46.9)	1,645	2,119	2,350
Minority interest								
Associate profit share								
Reported net profit	571	642	(11.1)	781	(26.9)	3,240	3,768	4,178
Adjusted Profit	571	642	(11.1)	781	(26.9)	3,240	3,768	4,178
Diluted shares (mn)	184	184		184		184	184	184
Adjusted Diluted EPS	3.1	3.5	(11.2)	4.2	(26.9)	17.6	20.5	22.7
Diluted P/E (x)	-	-		-		15.1	12.9	11.7
EV/EBITDA (x)	-	-		-		8.3	6.8	5.8
ROAE (%)	-	-		-		18.4	18.5	18.4
Raw material	34.1	31.1		31.4		31.4	30.2	30.1
Employee cost	19.3	20.3		18.2		18.7	18.9	19.0
Other expenditure	29.3	26.9		27.1		25.7	24.8	24.9
EBITDA	17.3	21.7		23.3		24.2	26.0	26.0
Adjusted net profit	10.1	12.4		13.0		13.9	14.7	14.9

Change in Estimates

	FY19E			FY20E			Comments
	New	Old	% change	New	Old	% change	
Net Revenue	25,648	26,317	(2.5)	28,126	28,864	(2.6)	
EBITDA	6,674	7,794	(14.4)	7,319	8,667	(15.6)	
EBITDA Margin	26.0	29.6		26.0	30.0		
Adjusted Profit	3,768	4,503	(16.3)	4,178	5,046	(17.2)	
After Tax							
Net Profit Margin	14.7	17.1		14.9	17.5		
Capex	1,150	850	35.3	850	850	0.0	

Company Description

DBCL is a leading media conglomerate with strong focus on the fast growing tier II and III cities. It publishes 7 newspapers with Dainik Bhaskar 40 editions, Divya Bhaskar 7 editions, & Dainik Divya Marathi 7 editions, ~208 sub editions in 4 languages (Hindi, Gujarati, Marathi and English), 3 magazines, 30 radio stations and 4 online properties. Apart from print segment, the company is also present in radio and digital segments. In radio, it operates through its brand 'MY FM 94.3'. DBCL also has presence in the online news portal - dainikbhaskar.com, divyabhaskar.com and dailybhaskar.com are the company's online news portal.

Investment Theme

While DBCL remains one of the best plays in the Indian print space, it is ramping up in the digital domain too. The company is growing its footprint in Maharashtra, Bihar and Jharkhand with an eye on higher circulation revenues, even as its dominance in Madhya Pradesh, Chhattisgarh and Rajasthan will bolster ad revenues. Further, circulation revenue is clocking 15% YoY growth in last 2-3 years ahead of the industry growth. DBCL leverages its extensive network of sub-editions to tap the local ads. Since the company's ad revenues are heavily dependent on interest rate-sensitive sectors like BFSI, auto, real estate and consumer durables, any interest rate cut by the RBI will aid ad growth.

Key Risks

- Slow GDP growth may hamper ad growth
- Any escalation in newsprint prices could impact profitability
- Further depreciation of INR will increase forex losses

Financial Statements

Key Assumptions

Year to March	FY17	FY18	FY19E	FY20E
Macro				
GDP(Y-o-Y %)	6.6	6.5	7.1	7.6
Inflation (Avg)	4.5	3.8	4.5	5.0
Repo rate (exit rate)	6.3	6.0	6.0	6.5
USD/INR (Avg)	67.1	64.5	65.0	66.0
Sector				
Print industry ad growth (%)	9.0	9.0	9.0	9.0
Print industry circulation growth (%)	6.0	6.0	6.0	6.0
Company				
Int rate on debt (%)	5.7	7.0	7.0	7.0
Sales assumptions				
Print ad revenue growth (%)	6.5	3.5	10.0	10.0
Radio ad revenue growth (%)	18.2	10.0	12.0	12.0
Digital ad growth (%)	23.7	(5.0)	10.0	10.0
Total ad growth (%)	7.9	3.7	10.2	10.2
Net realisation increase (%)	9.4	1.0	6.0	3.0
No. of copies sold growth (%)	1.5	5.0	1.0	5.0
Print circulation revenue growth (%)	10.2	3.0	9.7	8.2
Cost assumptions				
Pagination growth (%)	0.8	(0.9)	-	-
Newsprint usage growth (%)	2.2	3.7	1.0	5.0
Increase in newsprint costs (%)	6.8	6.7	10.0	9.2
Personnel cost(% of rev)	19.0	18.9	18.9	19.0
Financial assumptions				
Cash conversion cycle	98	98	98	98
Debtor days	64	64	64	64
Inventory days	101	101	101	101
Payable days	68	68	68	68
Dep. (% gross block)	6.1	6.0	6.0	5.9
Tax rate (%)	33.7	35.5	36.0	36.0

Income statement

(INR mn)

Year to March	FY17	FY18	FY19E	FY20E
Net revenue	22,580	23,285	25,648	28,126
Direct costs	6,609	7,307	7,757	8,470
Employee costs	4,286	4,364	4,856	5,342
Total SG&A expenses	5,264	5,976	6,361	6,995
Total operating expenses	16,158	17,647	18,973	20,807
EBITDA	6,422	5,638	6,674	7,319
Depreciation	863	924	975	1,004
EBIT	5,559	4,714	5,699	6,315
Add: Other income	169.69	237.54	256.48	281.26
Less: Interest Expense	74	67	68	68
Profit Before Tax	5,654	4,885	5,887	6,528
Less: Provision for Tax	1,907	1,645	2,119	2,350
Reported Profit	3,748	3,240	3,768	4,178
Adjusted Profit	3,748	3,240	3,768	4,178
Shares o /s (mn)	184	184	184	184
Diluted shares o/s (mn)	184	184	184	184
Adjusted Diluted EPS	20.4	17.6	20.5	22.7
Dividend per share (DPS)	8.3	1.8	7.2	8.0
Dividend Payout Ratio(%)	48.7	12.0	42.1	42.1

Common size metrics

Year to March	FY17	FY18	FY19E	FY20E
S G & A expenses	23.3	25.7	24.8	24.9
Direct Cost	29.3	31.4	30.2	30.1
EBITDA margins	28.4	24.2	26.0	26.0
Net Profit margins	16.6	13.9	14.7	14.9

Growth ratios (%)

Year to March	FY17	FY18	FY19E	FY20E
Revenues	10.2	3.1	10.1	9.7
EBITDA	20.1	(12.2)	18.4	9.7
Adjusted Profit	28.3	(13.6)	16.3	10.9
EPS	28.3	(13.7)	16.3	10.9

Balance sheet		(INR mn)			
As on 31st March	FY17	FY18	FY19E	FY20E	
Share capital	1,839	1,840	1,840	1,840	
Reserves & Surplus	14,105	17,451	19,631	22,049	
Shareholders' funds	15,944	19,291	21,472	23,889	
Short term borrowings	561	449	449	449	
Long term borrowings	486	528	528	528	
Total Borrowings	1,047	976	976	976	
Long Term Liabilities	338	92	92	92	
Def. Tax Liability (net)	788	804	804	804	
Sources of funds	18,117	21,163	23,344	25,762	
Gross Block	12,654	13,504	14,504	15,204	
Net Block	7,942	8,940	8,111	7,914	
Capital work in progress	214	213	214	214	
Intangible Assets	1,161	1,077	1,258	1,301	
Total Fixed Assets	9,316	10,229	9,583	9,429	
Non current investments	414	717	717	717	
Cash and Equivalents	1,744	3,219	4,671	7,398	
Inventories	1,987	1,599	2,236	2,457	
Sundry Debtors	4,177	5,418	5,009	4,894	
Loans & Advances	617	324	324	324	
Other Current Assets	2,525	2,848	2,848	2,848	
Current Assets (ex cash)	9,307	10,190	10,418	10,524	
Trade payable	1,276	2,591	1,443	1,705	
Other Current Liab	1,388	601	601	601	
Total Current Liab	2,664	3,192	2,044	2,305	
Net Curr Assets-ex cash	6,643	6,998	8,374	8,218	
Uses of funds	18,117	21,163	23,344	25,762	
BVPS (INR)	86.8	104.8	116.7	129.8	

Free cash flow		(INR mn)			
Year to March	FY17	FY18	FY19E	FY20E	
Reported Profit	3,748	3,240	3,768	4,178	
Add: Depreciation	863	924	975	1,004	
Interest (Net of Tax)	49	43	44	44	
Others	(147)	(214)	(232)	(257)	
Less: Changes in WC	1,198	601	1,376	(155)	
Operating cash flow	3,315	3,391	3,179	5,124	
Less: Capex	517	1,000	1,150	850	
Free Cash Flow	2,797	2,391	2,029	4,274	

Peer comparison valuation

Name	Market cap (USD mn)	Diluted P/E (X)		EV / EBITDA (X)		ROAE (%)	
		FY19E	FY20E	FY19E	FY20E	FY19E	FY20E
DB Corp	741	12.9	11.7	6.8	5.8	18.5	18.4
Dish TV India	1,874	-	-	7.0	6.0	17.5	16.1
Jagran Prakashan	761	12.8	10.9	6.7	5.6	15.5	17.2
PVR	973	33.2	25.9	13.6	11.1	17.2	18.7
Sun TV Network	5,605	28.5	25.7	15.9	14.1	26.7	25.6
Zee Entertainment Enterprises	8,088	34.2	27.1	22.0	17.0	19.6	20.9

Source: Edelweiss research

Cash flow metrics					
Year to March	FY17	FY18	FY19E	FY20E	
Operating cash flow	3,315	3,391	3,179	5,124	
Investing cash flow	(34)	(1,065)	(894)	(569)	
Financing cash flow	(2,436)	(527)	(1,656)	(1,828)	
Net cash Flow	845	1,800	630	2,727	
Capex	(517)	(1,000)	(1,150)	(850)	
Dividend paid	(1,825)	(390)	(1,587)	(1,760)	

Profitability and efficiency ratios

Year to March	FY17	FY18	FY19E	FY20E
ROAE (%)	25.1	18.4	18.5	18.4
ROACE (%)	35.2	26.6	27.9	27.9
Debtors Days	64	64	64	64
Payable Days	68	68	68	68
Cash Conversion Cycle	98	98	98	98
Current Ratio	4.1	4.2	7.4	7.8
Gross Debt/EBITDA	0.2	0.2	0.1	0.1
Gross Debt/Equity	0.1	0.1	-	-
Adjusted Debt/Equity	0.1	0.1	-	-
Interest Coverage Ratio	74.6	70.4	83.4	92.4

Operating ratios

Year to March	FY17	FY18	FY19E	FY20E
Total Asset Turnover	1.3	1.2	1.2	1.1
Fixed Asset Turnover	2.5	2.4	2.6	3.0
Equity Turnover	1.5	1.3	1.3	1.2

Valuation parameters

Year to March	FY17	FY18	FY19E	FY20E
Adj. Diluted EPS (INR)	20.4	17.6	20.5	22.7
Y-o-Y growth (%)	28.3	(13.7)	16.3	10.9
Adjusted Cash EPS (INR)	25.1	22.6	25.8	28.2
Diluted P/E (x)	13.0	15.1	12.9	11.7
P/B (x)	3.1	2.5	2.3	2.0
EV / Sales (x)	2.1	2.0	1.8	1.5
EV / EBITDA (x)	7.5	8.3	6.8	5.8
Dividend Yield (%)	3.1	0.7	2.7	3.0

Additional Data

Directors Data

Mr. Pawan Agarwal	Deputy Managing Director	Mr. Harish Bijoor	Non-Executive Independent Directors
Mr. Sudhir Agarwal	Managing Director	Mr. Girish Agarwal	Non-Executive Director
Mr. Piyush Pandey	Non-Executive Independent Directors	Mr. Ashwani Kumar Singhal	Non-Executive Independent Directors
Ms. Anupriya Acharya	Non Executive Independent Director		

Auditors - S. R. Batliboi & Associates LLP

**as per last annual report*

Holding - Top 10

	Perc. Holding		Perc. Holding
Nalanda India Equity Fund	8.15	Fund Hdfc Small Cap	3.45
Hdfc Asset Management Co Ltd	3.45	Amansa Capital Pvt Ltd	2.96
Icici Prudential Life Insurance	2.94	Gic Private Limited	1.40
Fil Limited	1.28	Fid Funds Mauritius Ltd	1.22
Ocean Dial Gateway To India	1.04	Kotak Mahindra	1.02

**as per last available data*

Bulk Deals

Data	Acquired / Seller	B/S	Qty Traded	Price
No Data Available				

**in last one year*

Insider Trades

Reporting Data	Acquired / Seller	B/S	Qty Traded
No Data Available			

**in last one year*

Company	Absolute reco	Relative reco	Relative risk	Company	Absolute reco	Relative reco	Relative Risk
DB Corp	BUY	SO	M	DEN Networks	HOLD	SP	H
Dish TV India	BUY	SP	M	Hathway Cable & Datacom	BUY	SP	M
Jagran Prakashan	BUY	SP	M	PVR	BUY	SO	M
Sun TV Network	BUY	SO	H	Zee Entertainment Enterprises	BUY	SO	M

ABSOLUTE RATING

Ratings	Expected absolute returns over 12 months
Buy	More than 15%
Hold	Between 15% and - 5%
Reduce	Less than -5%

RELATIVE RETURNS RATING

Ratings	Criteria
Sector Outperformer (SO)	Stock return > 1.25 x Sector return
Sector Performer (SP)	Stock return > 0.75 x Sector return
	Stock return < 1.25 x Sector return
Sector Underperformer (SU)	Stock return < 0.75 x Sector return

Sector return is market cap weighted average return for the coverage universe within the sector

RELATIVE RISK RATING

Ratings	Criteria
Low (L)	Bottom 1/3rd percentile in the sector
Medium (M)	Middle 1/3rd percentile in the sector
High (H)	Top 1/3rd percentile in the sector

Risk ratings are based on Edelweiss risk model

SECTOR RATING

Ratings	Criteria
Overweight (OW)	Sector return > 1.25 x Nifty return
Equalweight (EW)	Sector return > 0.75 x Nifty return
	Sector return < 1.25 x Nifty return
Underweight (UW)	Sector return < 0.75 x Nifty return



Edelweiss Securities Limited, Edelweiss House, off C.S.T. Road, Kalina, Mumbai – 400 098.

Board: (91-22) 4009 4400, Email: research@edelweissfin.com

Aditya Narain

Head of Research

aditya.narain@edelweissfin.com

Coverage group(s) of stocks by primary analyst(s): Media

DB Corp, DEN Networks, Dish TV India, Hathway Cable & Datacom, Jagran Prakashan, PVR, Sun TV Network, Zee Entertainment Enterprises

Recent Research

Date	Company	Title	Price (INR)	Recos
11-May-18	Sun TV Network	All-round good show; IPL an additional trigger; <i>Result Update</i>	868	Buy
10-May-18	Zee Entertainment Enterprises	Robust ad growth; investing in the future; <i>Result Update</i>	588	Buy
07-May-18	PVR	Ad growth recoups on blockbuster content; <i>Result Update</i>	1,425	Buy

Distribution of Ratings / Market Cap

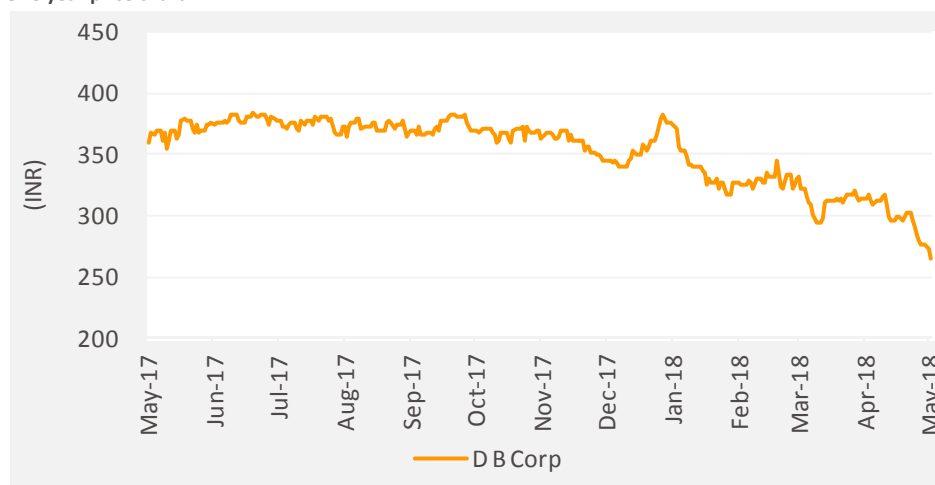
Edelweiss Research Coverage Universe

	Buy	Hold	Reduce	Total
Rating Distribution*	161	67	11	240
* 1stocks under review				
	> 50bn	Between 10bn and 50 bn	< 10bn	
Market Cap (INR)	156	62	11	

Rating Interpretation

Rating	Expected to
Buy	appreciate more than 15% over a 12-month period
Hold	appreciate up to 15% over a 12-month period
Reduce	depreciate more than 5% over a 12-month period

One year price chart



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