

## PVR

## Ad growth recoups on blockbuster content

India Equity Research | Media

PVR's Q4FY18 revenue, EBITDA and PAT stood higher than our estimate, largely driven by increase in advertising income and ATP. Key positives: i) 31% YoY growth in LTL advertising income, the highest in past nine quarters; ii) 9% YoY LTL ATP growth; and iii) 11% YoY jump in LTL SPH. Key negative was the 2% YoY decline in LTL footfalls due to the dispute between digital service providers and producers in South India and non release of Padmaavat in some states. Though PVR had guided for ~67 new screens in FY18 (our estimate: 50 screens), delays in mall completion and regulatory approvals resulted in only 49 additions in FY18. Key monitorables: 1) rise in rental cost (due to competition); 2) PIL against Maharashtra government for carrying outside food inside theatres; and 3) LBT in Chennai. Initiatives like loyalty programme and technological upgradation of screens are long-term positives. Maintain 'BUY'.

### LTL footfalls decline marred by state specific issues

While LTL net box office collection jumped 10% YoY aided by 9% LTL YoY ATP increase, LTL footfall fell ~2% YoY due to the dispute between digital service providers and producers in South India and non release of Padmaavat in certain states. Ad growth stood at ~37% YoY and PVR is confident of clocking 15-20% YoY ad growth in FY19 (our estimate: 18% YoY). Overall, SPH rose 12% YoY.

### Q4FY18 conference call: Key takeaways

i) PVR is targeting 90 plus screen additions in FY19; ii) plans to obtain in-principle approval from members for raising debt up to INR10bn ensuring flexibility in case a takeover opportunity arises in future; iii) during the quarter all films were released post the agreement of an eight-week window with producers; and iv) PVR will incur capex of INR4-4.5bn in FY19.

### Outlook and valuations: Premium show; maintain 'BUY'

We remain enthused by PVR's pricing power and expect it to be key beneficiary of anticipated uptick in urban consumption. Screen expansion and movie line-ups are key monitorables. Rolling over to FY20E, we maintain 'BUY/SO' with TP of INR1,695 (31x FY20E EPS). At CMP, the stock trades at 33.4x FY19E and 26.1x FY20E EPS.

#### 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: PVRL.BO, B: PVRL IN)

CMP	: INR 1,425
Target Price	: INR 1,695
52-week range (INR)	: 1,604 / 1,142
Share in issue (mn)	: 46.7
M cap (INR bn/USD mn)	: 67 / 997
Avg. Daily Vol.BSE/NSE('000)	: 238.6

#### SHARE HOLDING PATTERN (%)

	Current	Q3FY18	Q2FY18
Promoters *	20.3	20.3	81.5
MF's, FI's & BK's	25.9	25.9	2.4
FII's	43.6	43.6	5.3
Others	10.3	10.3	10.8
* Promoters pledged shares (% of share in issue)	:		2.2

#### PRICE PERFORMANCE (%)

	Stock	Nifty	EW Media Index
1 month	13.1	4.8	0.3
3 months	9.5	(1.3)	(0.9)
12 months	(7.4)	13.4	3.9

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#### Financials

(INR mn)

Year to March	Q4FY18	Q4FY17	% change	Q3FY18	% change	FY18	FY19E	FY20E
Revenues	5,849	4,826	21.2	5,573	5.0	23,341	27,827	31,292
EBITDA	944	467	101.9	1,015	(7.0)	4,018	5,272	6,307
Adj. Profit	262	15	1694.5	289	(9.2)	1,253	1,994	2,552
Adj. dil. EPS	5.6	0.3		6.2		26.8	42.7	54.7
Diluted P/E (x)						53.1	33.4	26.1
ROAE (%)						12.0	17.2	18.7

Table 1: Trends at a glance

	Q3FY16	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18
Net box revenues (INR mn)	2,452	2,111	3,080	2,809	2,721	2,646	3,433	2,993	2,931	3,124
Ad revenues (INR mn)	693	454	515	624	784	527	674	688	867	720
F&B revenues (INR mn)	1,136	1,037	1,475	1,396	1,349	1,285	1,646	1,423	1,438	1,571
Comparable ATP (INR)	199	182	193	194	202	189	215	208	214	206
Comparable Footfalls (mn)	14.6	14.6	17.4	14.2	16.1	16.0	17.3	16.3	15.1	15.6
Comparable SPH (INR)	74	73	77	86	82	77	87	94	92	86
No. of screens	491	524	551	557	569	579	587	600	612	625
<b>Growth rate (%)</b>										
Net box revenues	6.3	33.7	15.5	5.5	11.0	25.4	11.5	6.6	7.7	18.1
Ad revenues	28.6	19.3	12.7	35.3	13.1	16.1	30.9	10.2	10.6	36.5
F&B revenues	12.9	49.9	13.7	16.8	18.8	23.9	11.6	1.9	6.6	22.3
<b>% of revenues</b>										
Employee cost	10.1	12.3	9.7	9.8	10.8	11.2	10.7	10.6	11.2	11.2
EBITDA margin	16.5	8.8	18.9	16.8	15.1	9.7	17.6	16.3	18.2	16.1
PAT margin	6.0	(1.5)	7.6	5.3	4.4	0.3	7.0	4.7	5.2	4.5

Source: Company, Edelweiss research

## Q4FY18 conference call: Key highlights

### Net box office performance

- Net box office collection jumped ~18% YoY aided by 10% YoY ATP increase, while footfalls grew ~5% YoY.
- LTL ATP growth stood at ~9% YoY.
- LTL footfalls dipped ~2% YoY.

### Food & beverages performance

- F&B revenue increased ~22% YoY, aided by 12% YoY SPH growth.
- LTL SPH growth stood at 11% YoY.

### Screen additions

- The company is targeting 90 plus screens additions in FY19.
- It added 49 screens in FY18.
- FY19 is expected to have significant uptick in screen roll out with 23 screens ready and awaiting licenses, 53 screens under fit-out and expected to be completed in next five-eight months and another 50-60 screens expected to be handed over for fit out in FY19.
- There is a shift of focus from residential property development to commercial property development, which will aid screen additions going forward.
- Majority of screen openings are in the South. Return on Capital (RoC) is highest in Tamil Nadu because of higher occupancy.

### Capital expenditure

- Annual capital expenditure (new screens plus maintenance and upgradation) for FY18 was INR3.5bn.
- Capital expenditure in FY18 was funded by internal accruals with no change in leverage.

- Capital expenditure for FY19 will be INR4-4.5bn.
- Payback on refurbishment capex is higher than new screen capex because the screens are in mature phase.
- Normal refurbishment cycle for screens is six-seven years.
- 18 properties were renovated in FY18 and 15 are expected to go under renovation next year.

#### *ATP growth*

- ATP is expected to grow along with inflation at 4-5% YoY in the long term.
- Addition of premium screens may further give a push to ATP growth.

#### *Convenience fee*

- The decline in convenience fee is because the agreement with Bookmyshow has entered its final phase, the terms of which are not favourable for PVR and also because the agreement with Justdial has expired.

#### *Premium screens*

- PVR is upgrading consumer experience. Consumers are willing to shell out more for better experience.
- Overall, it has 55 premium format screens.
- Average ticket price for a premium screen is double the normal screen.
- SPH for premium screens are also double the normal screen.

#### *Ad growth*

- PVR expects 15-20% YoY ad growth in FY19.
- The growth will be a result of improved yields and volume growth.

#### *Screening window*

- During the quarter all films were released post the agreement of an eight-week window with producers.
- The eight-week window is good enough for generating sustainable revenue.
- OTT helps producers monetise content in a better way and creates a positive cycle helping them to produce better and bigger movies.

#### *Other key takeaways*

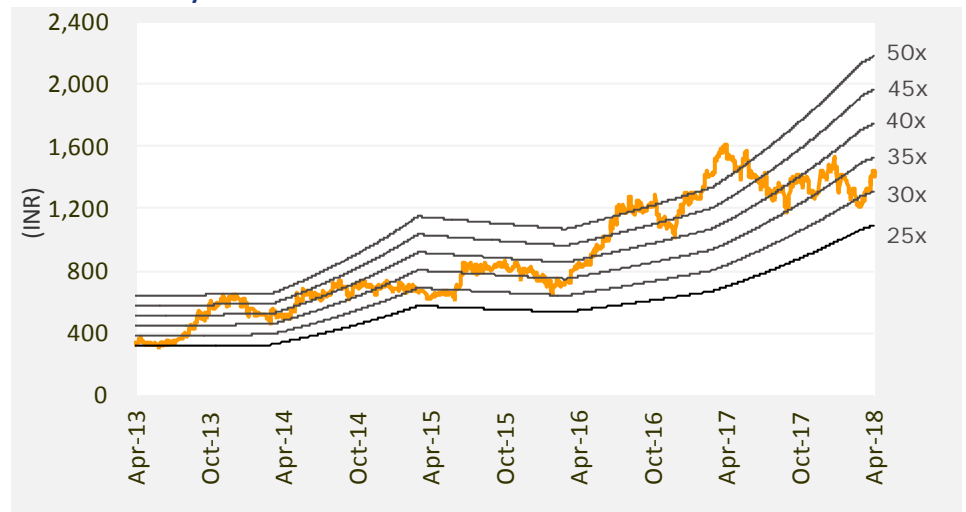
- Change in the billing cycle due to implementation of GST led to delayed collection of receivables increasing the incremental receivable at a higher proportion versus incremental advertisement revenue.
- Margins for mature properties are higher than the new properties.
- Margins vary according to specific locations rather than the broader tier1 and 2 classifications. Tier 3 screens are a small part of the portfolio.
- Tax breathers in Uttar Pradesh and Rajasthan are expected in the form of GST refunds as the respective state governments are expected to come out with the policies.

- PIL to carry outside food in the theatres is pending in the court and the government is expected to file the response in coming days.
- Phoenix Mill property in Mumbai is undergoing renovation and will be completed in few months.
- The company is planning to take in-principle approval from members for raising debt up to INR10bn ensuring flexibility to cash in on any takeover opportunity that arises in future.
- Gross margins – Box office – 50%  
Advertisement – 90%  
F&B– 75%
- Dispute regarding VPF fee in Tamil Nadu has been resolved and films are expected to be released in coming days.

**Outlook and valuations: Premium show; maintain ‘BUY’**

We remain enthused by PVR’s pricing power with regards ATP, F&B and advertising. We expect the company to be key beneficiary of the anticipated uptick in urban consumption. Obtaining in principal approval from members for raising debt upto INR10bn will ensure flexibility for PVR in case an opportunity for takeover arises in the future. Screen expansion and movie line up will be key monitorables. We maintain ‘BUY/SO’ with target price of INR1,695 (31x FY20E EPS).

**Chart 1: PVR’s 1-year forward PE band**



Source: Bloomberg, Edelweiss research

## Financial snapshot

(INR mn)

Year to March	Q4FY18	Q4FY17	% change	Q3FY18	% change	FY18	FY19E	FY20E
Net revenues	5,849	4,826	21.2	5,573	5.0	23,341	27,827	31,292
Exhibition cost	1,271	1,118	13.6	1,323	(3.9)	5,377	6,351	7,030
Cost of F&B	414	335	23.8	379	9.3	1,591	2,004	2,304
SG&A	1,506	1,362	10.6	1,240	21.4	5,703	6,762	7,322
Employee expenses	653	538	21.3	622	5.0	2,541	2,950	3,254
Rent expense	1,061	1,005	5.6	994	6.8	4,111	4,489	5,073
Total expenditure	4,905	4,358	12.5	4,557	7.6	19,323	22,554	24,984
EBITDA	944	467	101.9	1,015	(7.0)	4,018	5,272	6,307
Depreciation	394	363	8.6	386	1.9	1,537	1,757	2,022
EBIT	550	105	NA	629	(12.5)	2,481	3,516	4,285
Other income	75	171	(55.9)	32	134.9	313	400	450
Interest	210	216	(2.6)	212	(0.8)	837	840	800
Add: Prior period items								
Add: Exceptional items		(15)	NA			(6)		
Profit before tax	415	45	NA	449	(7.5)	1,952	3,076	3,935
Provision for taxes	153	45	NA	154	(0.3)	704	1,077	1,377
Minority interest	(3)	1	NA	3	NA	(7)	5	5
Associate profit share	(3)			(4)	NA	(7)		
Reported net profit	262	-	NA	289	(9.2)	1,247	1,994	2,552
Adjusted Profit	262	15	NA	289	(9.2)	1,253	1,994	2,552
Diluted shares (mn)	47	47		47		47	47	47
Adjusted Diluted EPS	5.6	0.3	NA	6.2	(9.6)	26.8	42.7	54.7
Diluted P/E (x)	-	-		-		53.2	33.4	26.1
ROAE (%)	-	-		-		12.0	17.2	18.7
Tax Rate	-	-		-		36.1	35.0	35.0
Exhibition cost (% of revenue)	21.7	23.2		23.7		23.0	22.8	22.5
Cost of F&B (% of revenue)	7.1	6.9		6.8		6.8	7.2	7.4
Employee cost	11.2	11.2		11.2		10.9	10.6	10.4
Rent	18.1	20.8		17.8		17.6	16.1	16.2
SG&A	25.7	28.2		22.3		24.4	24.3	23.4
EBITDA	16.1	9.7		18.2		17.2	18.9	20.2
Adjusted net profit	4.4	0.3		5.2		5.3	7.2	8.2

## Change in Estimates

	FY19E			FY20E			Comments
	New	Old	% change	New	Old	% change	
Net Revenue	27,827	27,898	(0.3)	31,292	31,373	(0.3)	
EBITDA	5,272	5,069	4.0	6,307	6,079	3.8	
EBITDA Margin	18.9	18.2		20.2	19.4		
Adjusted Profit After Tax	1,994	1,862	7.1	2,552	2,404	6.2	
Net Profit Margin	7.2	6.7		8.2	7.7		
Capex	2,670	2,670	0.0	2,720	2,720	0.0	

### Company Description

PVR was incorporated in 1995 pursuant to a JV with Village Roadshows, one of the largest cinema exhibition companies in the world. It opened its first multiplex in Delhi in 1997. In November 2002, Village Roadshows divested its stake in PVR as part of an overall strategy to rationalise its operations across 18 countries. Since then, PVR has come a long way and is presently one of the leading multiplex players in India with 625 screens across 134 properties. PVR is also present in the movie distribution business through its subsidiary PVR Pictures. It has also ventured into retail entertainment and management of food courts to diversify its revenue stream

### Investment Theme

PVR has 625 screens as of March 2018. The company plans to add 90 plus screens in FY19. With its primary focus on the movie exhibition business, PVR has decided to go slow in the bowling business and loss-making movie production business. Increasing 3D content will further enhance revenues. DT Cinemas acquisition is expected to create operating synergies going ahead.

### Key Risks

Unavailability of quality content

Slowdown in consumer discretionary spends

Delay in rollout of proposed multiplexes

Competition from other forms of entertainment

## Financial Statements

### Key Assumptions

Year to March	FY17	FY18	FY19E	FY20E
<b>Macro</b>				
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
<b>Company</b>				
Int rate on debt (%)	12.4	12.0	11.5	10.5
Sales assumptions	-	-	-	1
Ad revenue growth (%)	17.3	18.0	18.0	18.0
Average Ticket Price	196.0	205.8	216.1	224.7
Footfalls (mn)	75	77	87	93
F&B revenues (% of rev.)	23.1	22.3	24.3	24.9
SPH (INR)	81.0	-	-	-
Cost assumptions	1	1	1	2
F&B COGS (% of F&B rev)	24.2	26.7	25.8	25.8
Personnel cost(% of rev)	10.2	10.9	10.6	10.4
Rent exp (% of rev)	18.0	17.6	16.1	16.2
Capex (INR mn)	6,555	2,581	2,670	2,720
Financial assumptions	1	1	1	2
Cash conversion cycle	(83)	(83)	(83)	(83)
Debtor days	16	16	16	16
Inventory days	12	12	12	12
Payable days	111	111	111	111
Dep. (% gross block)	10.2	9.1	9.0	9.0
Tax rate (%)	36.3	36.0	35.0	35.0

### Income statement

(INR mn)

Year to March	FY17	FY18	FY19E	FY20E
Net revenue	21,628	23,341	27,827	31,292
Film exhibition cost	4,652	5,377	6,351	7,030
COGS of F&B	1,401	1,591	2,004	2,304
Employee costs	2,205	2,541	2,950	3,254
Rent expense	3,902	4,111	4,489	5,073
Total SG&A expenses	5,899	5,703	6,762	7,322
Total operating expenses	18,058	19,323	22,554	24,984
EBITDA	3,570	4,018	5,272	6,307
Depreciation	1,384	1,537	1,757	2,022
EBIT	2,186	2,481	3,516	4,285
Add: Other income	188.6	313.39	400.00	450.00
Less: Interest Expense	806	837	840	800
Add: Exceptional items	(41)	(6)	-	-
Profit Before Tax	1,528	1,952	3,076	3,935
Less: Provision for Tax	570	704	1,077	1,377
Less: Minority Interest	1	(7)	5	5
Associate profit share	-	(7)	-	-
Reported Profit	958	1,247	1,994	2,552
Exceptional Items	(41)	(6)	-	-
Adjusted Profit	999	1,253	1,994	2,552
Shares o/s (mn)	47	47	47	47
Diluted shares o/s (mn)	47	47	47	47
Adjusted Diluted EPS	21.4	26.8	42.7	54.7
Dividend per share (DPS)	2.0	2.5	4.0	5.1
Dividend Payout Ratio(%)	9.8	9.4	9.4	9.4

### Common size metrics

Year to March	FY17	FY18	FY19E	FY20E
Film exhibition cost	21.5	23.0	22.8	22.5
COGS of F&B	6.5	6.8	7.2	7.4
Staff costs	10.2	10.9	10.6	10.4
Rent expense	18.0	17.6	16.1	16.2
S G & A expenses	27.3	24.4	24.3	23.4
EBITDA margins	16.5	17.2	18.9	20.2
Net Profit margins	4.6	5.3	7.2	8.2

### Growth ratios (%)

Year to March	FY17	FY18	FY19E	FY20E
Revenues	15.0	7.9	19.2	12.5
EBITDA	10.2	12.6	31.2	19.6
Adjusted Profit	(8.9)	25.5	59.1	28.0
EPS	(8.9)	25.5	59.1	28.0

Balance sheet		(INR mn)			
As on 31st March	FY17	FY18	FY19E	FY20E	
Share capital	467	467	467	467	
Reserves & Surplus	9,183	10,286	12,055	14,318	
Shareholders' funds	9,650	10,754	12,522	14,786	
Minority Interest	405	8	14	19	
Short term borrowings	1,251	998	1,000	800	
Long term borrowings	6,050	5,616	7,000	6,500	
Total Borrowings	7,301	6,614	8,000	7,300	
Long Term Liabilities	71	100	100	100	
Def. Tax Liability (net)	(424)	(150)	(150)	(150)	
<b>Sources of funds</b>	<b>17,004</b>	<b>17,326</b>	<b>20,486</b>	<b>22,054</b>	
Gross Block	12,243	14,743	17,293	19,893	
Net Block	10,447	11,554	12,599	13,409	
Capital work in progress	1,056	1,017	1,017	1,017	
Intangible Assets	4,640	4,345	4,511	4,399	
Total Fixed Assets	16,143	16,915	18,127	18,825	
Non current investments	10	176	176	176	
Cash and Equivalents	309	339	2,493	3,595	
Inventories	190	198	347	262	
Sundry Debtors	1,021	1,556	1,236	1,390	
Loans & Advances	2,207	2,483	2,483	2,483	
Other Current Assets	1,945	1,666	1,666	1,666	
Current Assets (ex cash)	5,363	5,902	5,732	5,800	
Trade payable	1,976	2,511	2,548	2,847	
Other Current Liab	2,844	3,496	3,496	3,496	
Total Current Liab	4,821	6,007	6,044	6,343	
Net Curr Assets-ex cash	543	(104)	(312)	(542)	
<b>Uses of funds</b>	<b>17,004</b>	<b>17,326</b>	<b>20,486</b>	<b>22,054</b>	
BVPS (INR)	206.7	230.3	268.2	316.7	

Free cash flow		(INR mn)			
Year to March	FY17	FY18	FY19E	FY20E	
Reported Profit	958	1,247	1,994	2,552	
Add: Depreciation	1,384	1,537	1,757	2,022	
Interest (Net of Tax)	513	536	546	520	
Others	587	(12)	(101)	(165)	
Less: Changes in WC	246	(649)	(208)	(230)	
Operating cash flow	3,196	3,957	4,404	5,160	
Less: Capex	6,555	2,581	2,670	2,720	
<b>Free Cash Flow</b>	<b>(3,359)</b>	<b>1,376</b>	<b>1,734</b>	<b>2,440</b>	

## Peer comparison valuation

Name	Market cap (USD mn)	Diluted P/E (X)		EV / EBITDA (X)		ROAE (%)	
		FY19E	FY20E	FY19E	FY20E	FY19E	FY20E
PVR	997	33.4	26.1	13.7	11.1	17.2	18.7
DB Corp	831	12.3	11.0	6.6	5.6	23.9	23.7
DEN Networks	301	(74.1)	337.8	3.8	2.7	(2.9)	0.6
Jagran Prakashan	781	13.0	11.0	6.8	5.7	15.5	17.2
Sun TV Network	5,093	24.3	21.7	13.5	11.8	27.6	26.6
Zee Entertainment Enterprises	8,432	32.1	26.3	20.9	16.9	20.9	21.4

Source: Edelweiss research

Cash flow metrics		FY17	FY18	FY19E	FY20E
Year to March					
Operating cash flow		3,196	3,957	4,404	5,160
Investing cash flow		(6,321)	(2,269)	(2,270)	(2,270)
Financing cash flow		602	(1,665)	321	(1,789)
Net cash Flow		(2,523)	23	2,454	1,102
Capex		(6,555)	(2,581)	(2,670)	(2,720)
Dividend paid		(94)	(117)	(187)	(240)

## Profitability and efficiency ratios

Year to March	FY17	FY18	FY19E	FY20E
ROAE (%)	10.4	12.0	17.2	18.7
ROACE (%)	14.7	16.1	20.7	22.2
Debtors Days	16	16	16	16
Payable Days	111	111	111	111
Cash Conversion Cycle	(83)	(83)	(83)	(83)
Current Ratio	1.2	1.0	1.4	1.5
Gross Debt/EBITDA	2.0	1.6	1.5	1.2
Gross Debt/Equity	0.7	0.6	0.6	0.5
Adjusted Debt/Equity	0.7	0.6	0.6	0.5
Interest Coverage Ratio	2.7	3.0	4.2	5.4

## Operating ratios

Year to March	FY17	FY18	FY19E	FY20E
Total Asset Turnover	1.4	1.4	1.5	1.5
Fixed Asset Turnover	1.7	1.5	1.7	1.8
Equity Turnover	2.2	2.2	2.4	2.3

## Valuation parameters

Year to March	FY17	FY18	FY19E	FY20E
Adj. Diluted EPS (INR)	21.4	26.8	42.7	54.7
Y-o-Y growth (%)	(8.9)	25.5	59.1	28.0
Adjusted Cash EPS (INR)	51.0	59.8	80.3	98.0
Diluted P/E (x)	66.6	53.1	33.4	26.1
P/B (x)	6.9	6.2	5.3	4.5
EV / Sales (x)	3.4	3.1	2.6	2.2
EV / EBITDA (x)	20.7	18.1	13.7	11.1
Dividend Yield (%)	0.1	0.2	0.3	0.4

## Additional Data

### Directors Data

Ajay Bijli	Chairman, Managing Director	Sanjeev Kumar	Joint Managing Director
Vikram Bakshi	Non Executive, Independent	Sanjai Vohra	Non Executive, Independent
Sanjay Khanna	Non Executive, Independent	Renuka Ramnath	Non Executive, Non Independent
Amit Burman	Non Executive, Non Independent		

Auditors - S.R. Batliboi & Co.

*\*as per last annual report*

### Holding – Top10

	Perc. Holding		Perc. Holding
Bear Creek Investors Llc	7.67	GRAY BIRCH INV LTD	6.33
ARTISAN PARTNERS LTD PARTNERSHIP	5.50	ICICI PRUDENTIAL ASSET MGMT CO	4.50
PLENTY PVT EQ FUND I LTD	4.21	MULTIPLE PVT EQ FU I LTD	3.79
MORGAN STANLEY	3.40	PLENTY PVT EQUITY FII	2.98
BARON EMERGING MRKTS FUND	2.62	PARVEST EQUITY INDIA	2.43

*\*as per last available data*

### Bulk Deals

Data	Acquired / Seller	B/S	Qty Traded	Price
12 Mar 2018	Ajay Bijli	Buy	150000	1319.00
12 Mar 2018	Bijli) Ajay Bijli (Aamer Krishan	Sell	150000	1319.00

*\*in last one year*

### Insider Trades

Reporting Data	Acquired / Seller	B/S	Qty Traded
13 Mar 2018	Ajay Bijli	Buy	150000.00
13 Mar 2018	Aamer Krishan Bijli	Sell	150000.00

*\*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



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### 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
09-Apr-18	Media	Q4FY18: Content starts delivering, to spur ad growth; <i>Sector Update</i>		
03-Apr-18	Media	Ad recovers; margins soft due to investments; <i>Q4FY18 Result Preview</i>		
15-Feb-18	Hathway Cable & Datacom	Healthy broadband, cable performance; <i>Result Update</i>	40	Buy

#### Distribution of Ratings / Market Cap

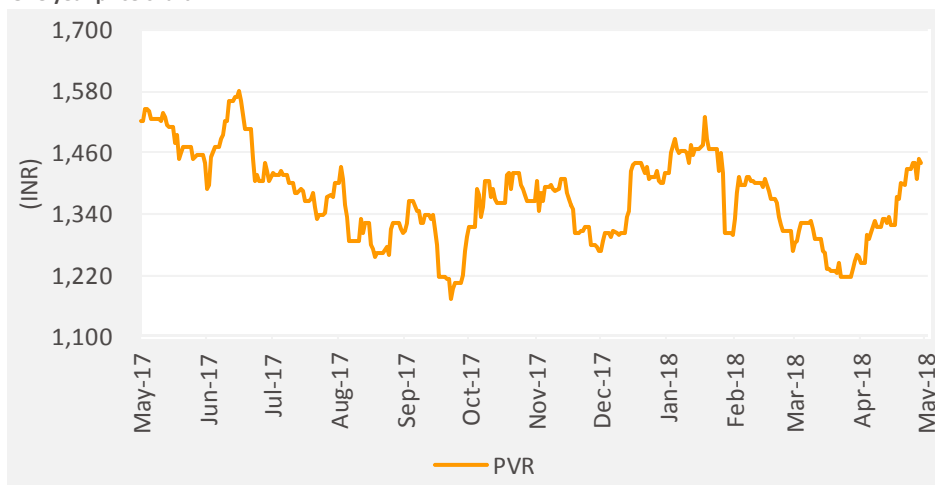
##### Edelweiss Research Coverage Universe

	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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