

Weak performance; FY20 to be better...

TV Today reported a weak set of numbers as the dual impact of new tariff order (NTO) and pre-emptive volume cut to improve ad volume led to a steep decline in TV broadcasting revenues of 11% YoY to ₹ 141.5 crore. We note that this was a steeper decline than Zee Media and TV18 (business, national news) that reported 3.9% YoY and 1% YoY revenue decline for the quarter, respectively, due to NTO impact. The overall topline at ₹ 165.7 crore was down 8.6% YoY. The performance of the radio business was also weak as it reported ~32% YoY revenue decline (albeit on a small base) to ₹ 4.7 crore. Digital revenues grew 24% YoY to ₹ 19.5 crore. Given the weak topline show, the margins declined by 1000 bps YoY to 18.8%.

Maintains BARC leadership notwithstanding competition

TV broadcasting revenue growth for FY19 was flattish (1% YoY). The company indicated that apart from NTO impact, weaker TV broadcasting performance was mainly due to pre-emptive clamp down of ad inventory (20% in Q4) in the last two quarters largely to enrich viewership experience as well as (possibly) to counter competition (including Republic Bharat launch). We highlight that recent BARC viewership suggests no major dent to its rating. It has maintained its leadership position. We are now baking in 11.6% CAGR TV broadcasting revenue in FY19-21E as we expect growth to return in FY20 on elections led political ad boost.

To transfer radio business to wholly-owned subsidiary

The company has decided to withdraw the application of its proposed sale of radio business (three stations of Delhi, Mumbai and Kolkata) to ENIL as it has not yet received approval from MIB. The company has now decided to demerge the radio business and subsequently transferred it to a wholly owned subsidiary. We estimate 10.6% CAGR revenue growth for the radio business in FY19-21E. We bake in EBITDA margin estimates of 29% in FY20 and 29.5% in FY21, respectively, vs. 26.9% in FY19, largely on the back of an improved broadcasting segment performance.

Valuation & Outlook

TV Today has maintained its leadership in the Hindi news segment across cycles and enjoys a strong balance sheet with net cash of ~ ₹ 287 crore. The TV news broadcasting growth, going ahead, is expected to be strong on political advertisement related benefits and also on a favourable base. The stock has corrected ~30% in the last six months and offers favourable risk reward. We roll over our valuations to FY21 valuing it at 12x FY21E P/E vs. 13x FY20E earlier to arrive at a target price ₹ 340/share (vs. ₹ 350 earlier). We upgrade the stock from HOLD to **BUY**.



Particulars

Particulars	Amount
Market Capitalization	₹ 1622.6 Crore
Total Debt (FY19)	₹ 3.1 Crore
Cash (FY19)	₹ 290.8 Crore
EV	₹ 1334.9 Crore
52 week H/L	558/ 313
Equity capital	29.8
Face value	5.0

Key Highlights

- Witnessed 11% YoY decline in TV broadcasting revenues owing to dual impact of new tariff order (NTO) and pre-emptive volume cut to improve ad volume
- Application withdrawn from MIB for radio business sale to ENIL for not receiving approval
- We upgrade from HOLD to BUY valuing it at 12x FY21E P/E vs. 13x FY20E earlier to arrive at a target price ₹ 340/share (vs. ₹ 350 earlier)

Research Analyst

Bhupendra Tiwary
bhupendra.tiwary@icicisecurities.com

Sameer Pardikar
sameer.pardikar@icicisecurities.com

Key Financial Summary

(Year-end March)	FY17	FY18	FY19	FY20E	FY21E	CAGR (FY19-21E)
Net Sales (₹ crore)	652.3	720.9	742.2	829.1	907.8	10.6
EBITDA (₹ crore)	162.6	207.6	199.6	240.1	267.5	15.8
Net Profit (₹ crore)	102.2	118.9	131.4	154.3	169.0	13.4
EPS (₹)	17.1	19.9	22.0	25.9	28.3	
P/E (x)	15.9	13.6	12.3	10.5	9.6	
Price / Book (x)	2.8	2.5	2.1	1.8	1.5	
EV/EBITDA (x)	8.4	6.9	6.7	5.0	4.0	
RoCE (%)	26.0	30.4	26.2	26.2	25.2	
RoE (%)	16.6	19.3	16.9	16.8	16.0	

Source: Company, ICICI Direct Research

Exhibit 1: Variance Analysis

	Q4FY19	Q4FY19E	Q4FY18	Q3FY19	YoY (%)	QoQ (%)	Comments
Revenue	165.7	196.6	181.1	199.4	-8.6	-16.9	Revenue growth was lower on account of lower than anticipated broadcasting revenues, impacted by hiccups from new tariff order implementation and ad inventory cut
Other Income	15.0	6.5	8.2	6.6	82.4	128.0	
Employee Expenses	52.0	55.0	49.3	55.4	5.4	-6.2	
Advertising and Promotion expense	0.0	0.0	0.0	0.0	0.0	0.0	
Other Expenses	62.0	62.9	87.6	93.6	-29.2	-33.8	
Production Cost	20.6	21.6	16.8	19.8	22.8	4.0	
EBITDA	31.1	57.0	52.3	61.6	-40.5	-49.5	Topline miss led to lower EBITDA
EBITDA Margin (%)	18.8	29.0	28.9	30.9	-1009 bps	-1210 bps	
Depreciation	7.9	8.2	7.7	7.7	3.4	3.0	
Interest	0.2	0.4	0.4	0.1	-62.0	194.2	
Exceptional Items	4.0	0.0	0.0	0.0	NM	NM	
Total Tax	13.8	19.2	19.8	21.2	-30.5	-35.1	
Adj PAT	22.6	35.7	32.6	39.2	-30.7	-42.4	Weaker than anticipated operating performance led to lower bottomline

Key Metrics

Broadcasting revenue growth (%)	-10.8	8.2	-1.5	4.0
Radio Ad revenue growth (%)	-31.9	2.7	84.0	11.6

Source: Company, ICICI Direct Research

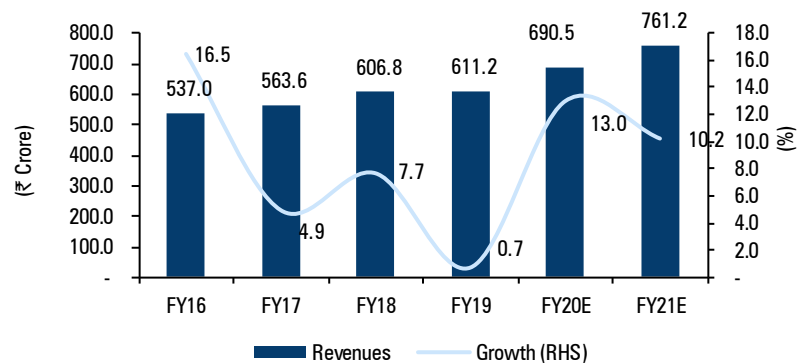
Exhibit 2: Change in estimates

(₹ Crore)	FY20E			FY21E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	835.7	829.1	-0.8	906.1	907.8	0.2	Incorporate radio revenues but lower broadcasting growth expectations
EBITDA	258.3	240.1	-7.0	280.7	267.5	-4.7	
EBITDA Margin (%)	30.9	29.0	-195 bps	31.0	29.5	-151 bps	Lower our margins expectations to factor radio back into numbers
PAT	160.7	154.3	-4.0	172.5	169.0	-2.0	
EPS (₹)	26.9	25.9	-3.8	28.9	28.3	-2.0	

Source: Company, ICICI Direct Research

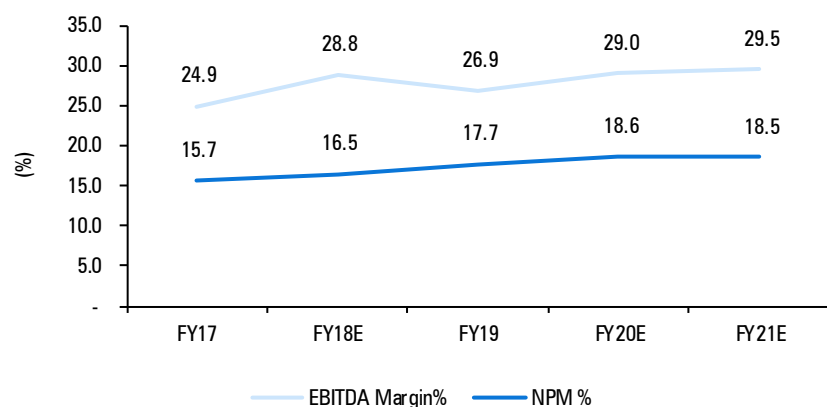
Story in Charts

Exhibit 3: TV broadcasting revenue trend



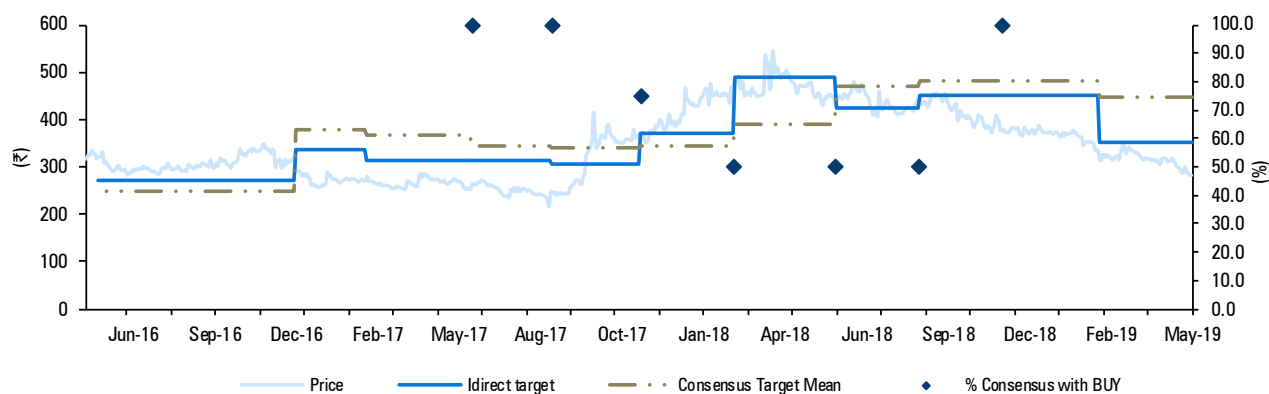
Source: Company, ICICI Direct Research

Exhibit 4: EBITDA and PAT margin trend



Source: Company, ICICI Direct Research

Exhibit 5: Recommendation History vs. Consensus



Source: Bloomberg, Company, ICICI Direct Research

Exhibit 6: Top 10 shareholders

No	Investor Name	Latest Filing Date	% O/S	Position	Position Change
1	India Today Group	31-03-2019	56.91	33.95M	0.0
2	HDFC Asset Management Co., Ltd.	31-03-2019	6.81	4.07M	+0.73M
3	Steinberg Asset Management, LLC	31-03-2019	6.62	3.95M	+0.05M
4	SBI Funds Management Pvt. Ltd.	31-03-2019	4.23	2.53M	-0.28M
5	Franklin Templeton Asset Management (India) Pvt. Ltd.	31-03-2019	3.87	2.31M	+0.60M
6	Kotak Mahindra Asset Management Company Ltd.	31-03-2019	2.74	1.64M	-0.18M
7	Damani Estates & Finance Pvt. Ltd.	31-03-2019	1.50	0.90M	0.0
8	Damani (Ramesh)	31-12-2018	1.18	0.70M	-0.03M
9	Dimensional Fund Advisors, L.P.	31-03-2019	0.95	0.56M	0.0
10	Purie (Aroon)	31-03-2019	0.60	0.36M	0.0

Source: Reuters, ICICI Direct Research

Exhibit 7: Recent Activity

Buys			Sells		
Investor Name	Value	Shares	Investor Name	Value	Shares
HDFC Asset Management Co., Ltd.	+3.36M	+0.73M	SBI Funds Management Pvt. Ltd.	-1.30M	-0.28M
Franklin Templeton Asset Management (India) Pvt. Ltd.	+2.75M	+0.60M	Kotak Mahindra Asset Management Company Ltd.	-0.82M	-0.18M
Steinberg Asset Management, LLC	+0.21M	+0.05M	Union Asset Management Company Private Limited	-0.16M	-0.04M
Mellon Investments Corporation	+0.01M	+0.00M	Damani (Ramesh)	-0.18M	-0.03M
Van Eck Associates Corporation	+0.00M	+0.00M			

Source: Reuters, ICICI Direct Research

Exhibit 8: Shareholding Pattern

(in %)	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Promoter	57.42	57.42	57.42	57.41	57.52
FII	12.00	10.82	11.39	12.02	11.67
DII	10.81	13.22	13.67	14.36	15.31
Others	19.77	18.54	17.52	16.21	15.50

Source: Company, ICICI Direct Research

Financial summary

Exhibit 9: Profit and loss statement ₹ crore				
(Year-end March)	FY18	FY19	FY20E	FY21E
Total operating Income	720.9	742.2	829.1	907.8
Growth (%)	10.5	3.0	11.7	9.5
Employee Expenses	202.5	222.7	247.2	265.3
Production Cost	76.3	79.2	88.1	86.5
Other Expenses	231.7	237.5	253.7	288.4
Total Operating Expenditure	510.5	539.4	589.0	640.2
EBITDA	210.4	202.8	240.1	267.5
Growth (%)	29.4	-3.6	18.4	11.4
Depreciation	31.4	31.5	34.8	38.1
Interest	3.7	0.8	2.0	4.0
Other Income	24.7	36.7	36.0	37.5
Exceptional Items	13.8	0.0	0.0	0.0
PBT	186.2	207.2	239.3	262.9
Minority Interest	0.0	0.0	0.0	0.0
PAT from Associates	0.0	0.0	0.0	0.0
Total Tax	64.5	72.5	84.9	93.9
PAT	121.7	134.7	154.3	169.0
Growth (%)	19.1	10.6	14.6	9.5
Adjusted PAT	135.5	134.7	154.3	169.0
Growth (%)		-0.6	14.6	9.5
EPS (₹)	19.9	22.0	25.9	28.3

Source: Company, ICICI Direct Research

Exhibit 10: Cash flow statement ₹ crore				
(Year-end March)	FY18	FY19	FY20E	FY21E
Profit after Tax	118.9	131.4	154.3	169.0
Add: Depreciation	31.4	31.5	34.8	38.1
Add: Interest Paid	3.7	0.8	2.0	4.0
(Inc)/dec in Current Assets	-8.4	-107.1	-45.5	-35.3
Inc/(dec) in CL and Provisions	-1.0	-0.8	20.1	18.2
Others	0.0	0.0	0.0	0.0
CF from operating activities	144.8	55.9	165.7	194.0
(Inc)/dec in Investments	-71.5	72.4	0.0	0.0
(Inc)/dec in Fixed Assets	-82.8	-22.9	-25.0	-25.0
Others	0.9	-0.6	0.0	0.0
CF from investing activities	-153.4	48.9	-25.0	-25.0
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	-13.0	3.1	0.0	0.0
Less: Interest Paid	3.7	0.8	2.0	4.0
Less: Dividend and dividend tax	-27.9	-27.9	-15.7	-27.9
Others	-17.8	10.5	-4.0	-8.0
CF from financing activities	-55.0	-13.4	-17.7	-31.9
Net Cash flow	-63.7	91.4	123.0	137.0
Opening Cash	263.1	199.5	290.8	413.9
Closing Cash	199.5	290.8	413.9	550.9

Source: Company, ICICI Direct Research

Exhibit 11: Balance sheet ₹ crore				
(Year-end March)	FY18	FY19	FY20E	FY21E
Liabilities				
Equity Capital	29.8	29.8	29.8	29.8
Preference Share Capital	0.0	0.0	0.0	0.0
Reserve and Surplus	631.9	747.5	886.2	1,027.2
Total Shareholders funds	661.7	777.4	916.0	1,057.1
Total Debt	0.0	3.1	3.1	3.1
Others	0.2	0.8	0.8	0.8
Total Liabilities	661.8	781.3	920.0	1,061.0
Assets				
Gross Block	536.1	555.5	580.5	605.5
Less: Acc Depreciation	281.7	313.2	348.0	386.1
Net Block	254.4	242.3	232.5	219.4
Capital WIP	0.6	4.0	4.0	4.0
Total Fixed Assets	255.0	246.4	236.5	223.4
Investments	107.7	35.2	35.2	35.2
Inventory	1.7	2.5	2.5	2.5
Debtors	184.9	184.6	213.5	233.8
Loans and Advances	0.3	0.2	0.3	0.3
Other Current Assets	35.2	141.8	158.4	173.5
Cash	199.5	290.8	413.9	550.9
Total Current Assets	421.5	620.0	788.6	960.9
Creditors	86.7	80.5	89.9	98.4
Provisions	7.4	7.0	7.8	8.6
Other current liabilities	78.3	84.1	94.0	102.9
Total Current Liabilities	172.4	171.6	191.7	209.9
Net Current Assets	249.1	448.4	596.9	751.1
Other non current assets	50.0	51.3	51.3	51.3
Application of Funds	661.8	781.3	920.0	1,061.0

Source: Company, ICICI Direct Research

Exhibit 12: Key ratios ₹ crore				
(Year-end March)	FY18	FY19	FY20E	FY21E
Per share data (₹)				
EPS	19.9	22.0	25.9	28.3
Adjusted EPS	21.4	22.0	25.9	28.3
BV	110.9	130.3	153.6	177.2
DPS	4.7	4.7	2.6	4.7
Cash Per Share	33.4	48.8	69.4	92.3
Operating Ratios (%)				
EBITDA Margin	28.8	26.9	29.0	29.5
PBT / Total Operating income	24.4	22.6	24.8	25.3
PAT Margin	17.7	17.7	18.6	18.6
Inventory days	0.9	1.2	1.1	1.0
Debtor days	93.6	90.8	94.0	94.0
Creditor days	43.9	39.6	39.6	39.6
Return Ratios (%)				
RoE	19.3	16.9	16.8	16.0
RoCE	30.4	26.2	26.2	25.2
RoIC	36.0	32.4	37.7	41.1
Valuation Ratios (x)				
P/E	13.6	12.3	10.5	9.6
EV / EBITDA	6.9	6.7	5.0	4.0
EV / Net Sales	2.0	1.8	1.5	1.2
Market Cap / Sales	2.3	2.2	2.0	1.8
Price to Book Value	2.5	2.1	1.8	1.5
Solvency Ratios				
Debt/EBITDA	0.0	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	2.4	3.8	3.8	3.8
Quick Ratio	2.3	3.7	3.8	3.8

Source: Company, ICICI Direct Research

Exhibit 13: ICICI Direct Coverage Universe (Media)

Sector / Company	CMP (₹)	TP (₹)	Rating	M Cap (₹ cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
					FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E
DB Corp (DBCORP)	195	210	Hold	3,585	15.7	20.1	21.0	12.4	9.7	9.3	6.9	5.5	4.9	23.0	21.0	26.2	16.3	15.0	18.6
ENIL (ENTNET)	469	630	Buy	2,234	10.7	17.4	24.1	43.6	27.0	19.5	14.8	10.6	7.4	6.2	8.9	12.5	3.5	5.5	8.2
Inox Leisure (INOX)	327	385	Buy	3,355	13.0	14.6	18.4	25.1	22.4	17.8	11.2	10.0	8.0	13.2	19.6	18.5	10.6	14.2	13.5
PVR (PVRLIM)	1,796	1,910	Hold	8,391	39.2	45.1	60.5	45.8	39.8	29.7	16.4	14.3	11.8	14.7	13.8	14.5	11.5	14.8	14.7
Sun TV (SUNTV)	546	605	Hold	21,517	36.9	36.9	40.4	14.8	14.8	13.5	7.3	6.8	6.0	35.5	38.8	33.6	24.2	26.1	22.5
TV Today (TVTNET)	272	340	Buy	1,623	22.0	25.9	28.3	12.3	10.5	9.6	6.7	5.0	4.0	30.4	26.2	26.2	19.3	16.9	16.8
ZEE Ent. (ZEEENT)	348	410	Hold	33,432	16.2	17.9	20.5	21.5	19.5	17.0	11.9	10.6	8.9	25.6	24.8	23.3	15.3	15.1	14.5

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavors to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

I/We, Bhupendra Tiwary, MBA, Sameer Pardikar, MBA, Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities Limited is a SEBI registered Research Analyst with SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.