

DEN NETWORKS

Cable revenue strong; Broadband ARPU disappoints

India Equity Research | Media

DEN Networks (DEN) reported below estimates Q4FY18 revenue and EBITDA, which were largely flat YoY. Key positives: i) 11.5% YoY spurt in cable subscription revenue; and ii) 27.9% YoY decline in employee expenses and 11.7% YoY drop in SGA costs due to cost rationalisation efforts. Key negatives: i) 27.3% YoY fall in broadband subscription revenue due to lower ARPU (fell 22.9% YoY); and ii) EBITDA margin fell to 18% (down 600bps QoQ) impacted by higher content and SGA costs. We expect digitisation of phase III & IV markets to hold DEN in good stead. However, on-the-ground execution, adequate infrastructure to implement the TV tariff order and getting fair share from LCOs will be key monitorables. Maintain 'HOLD'.

Net realisation sustains; broadband ARPU weak

While ARPU (excluding taxes) improved 1.7% QoQ in Phase I to INR122, it remained flat QoQ in Phase II markets to INR96. The company reported 6.3% QoQ growth in Phase III ARPU. **Broadband ARPU fell 17% YoY in FY18 impacted by intense competition from telecom players.** We expect DEN's broadband ARPU to remain under pressure due to aggressive competition from Rjio (**exit broadband ARPU in FY19 and FY20 estimated at INR600/month versus INR632/month in FY18**).

Q4FY18 conference call: Key takeaways

i) Management believes that cable monetisation has just started as Phase III realisations are moving towards Phase II ARPUs, Phase II realisations are inching up to align with Phase I, while Phase I ARPUs continues to trend upwards.; ii) the company's **active subscribers stand at 8.4mn**; iii) the content deal with Star is up for negotiation in January 2019; iv) DEN plans to roll out its **broadband network in 100 cities** covering 10 states in FY19.

Outlook and valuations: Challenging times; maintain 'HOLD'

We cut our numbers due to heightened competition in broadband from Rjio, however we remain positive on DEN over long term. **Monetisation of Phase III and IV markets (~50% of DEN's existing subscribers are in these markets), successful implementation of HD boxes, fixed line broadband opportunity and slowdown in broadband are key monitorables.** We maintain 'HOLD/SP'. We assign target multiple of 6x FY20E EV/EBITDA to arrive at target price of INR111. At CMP, the stock trades at 5.1x FY20E EV/EBITDA.

EDELWEISS 4D RATINGS

Absolute Rating	HOLD
Rating Relative to Sector	Performer
Risk Rating Relative to Sector	High
Sector Relative to Market	Overweight

MARKET DATA (R: DENN.BO, B: DEN IN)

CMP	: INR 95
Target Price	: INR 111
52-week range (INR)	: 150 / 65
Share in issue (mn)	: 195.8
M cap (INR bn/USD mn)	: 19 / 290
Avg. Daily Vol.BSE/NSE('000)	: 637.3

SHARE HOLDING PATTERN (%)

	Current	Q3FY18	Q2FY18
Promoters *	36.5	36.5	36.5
MF's, FI's & BK's	29.6	29.9	29.9
FII's	17.7	16.9	17.5
Others	16.2	16.7	16.2
* Promoters pledged shares (% of share in issue)	:	NIL	

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Media Index
1 month	(6.9)	0.7	(5.1)
3 months	(7.3)	1.4	(2.9)
12 months	0.8	12.4	1.6

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Financials

(INR mn)

Year to March	Q4FY18	Q4FY17	% change	Q3FY18	% change	FY18	FY19E	FY20E
Revenue	3,150	3,172	(0.7)	3,282	(4.0)	12,851	14,223	15,915
EBITDA	568	565	0.7	788	(27.9)	2,783	3,164	3,596
Adj. Profit	(100)	(299)	66.4	17	NM	(170)	100	363
Adj. Dil. EPS	(0.5)	(1.5)		0.1		(0.9)	0.5	1.9
EV/EBITDA (x)						7.8	6.3	5.1
ROAE (%)						(1.8)	1.1	4.0

Table 1: Trends at a glance

	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18
Phase 3 subscribers (mn)	4.40	4.80	5.10	5.30	5.58	5.60	5.90	NA	NA
Phase 1 ARPU	96	101	95	111	117	109	117	120	122
Phase 2 ARPU	72	73	77	81	85	87	90	96	96
Phase 3 ARPU	-	36	46	57	62	57	61	64	68
Phase 4 ARPU	NA	12	23	25	46	34	46	56	53
Total revenue (INR mn)	2,664	2,689	2,724	2,988	3,172	3,141	3,278	3,282	3,150
EBITDA (INR mn)	(298)	433	288	503	565	611	816	788	568
EBITDA ex-activation (INR mn)	(468)	73	238	283	335	381	456	438	328
Subscription revenues (INR mn)	1,180	1,110	1,320	1,440	1,570	1,540	1,640	1,740	1,750
Carriage revenues (INR mn)	810	870	860	890	890	890	880	850	830
Activation revenues (INR mn)	170	360	50	220	230	230	360	350	240
Content cost (INR mn)	1,086	1,125	1,183	1,193	1,233	1,308	1,325	1,346	1,420
Broadband ARPU (INR)	780	780	775	752	733	725	664	579	565
Content cost (% of revenues)	40.7	41.8	43.4	39.9	38.9	41.6	40.4	41.0	45.1
EBITDA margins (%)	(11.2)	16.1	10.6	16.8	17.8	19.4	24.9	24.0	18.0
EBITDA margins ex-activation (%)	(18.8)	3.1	8.9	10.2	11.4	13.1	15.6	14.9	11.3
QoQ growth									
Phase 1 ARPU	2.1	5.2	(5.9)	16.8	5.4	(6.8)	7.3	2.6	1.7
Phase 2 ARPU	1.4	1.4	5.5	5.2	4.9	2.4	3.4	6.7	-
Phase 3 ARPU			27.8	23.9	8.8	(8.1)	7.0	4.9	6.3
Phase 4 ARPU			91.7	8.7	84.0	(26.1)	35.3	21.7	(5.4)
Subscription revenues	22.9	(5.9)	18.9	9.1	9.0	(1.9)	6.5	6.1	0.6
Carriage revenues	(9.0)	7.4	(1.1)	3.5	-	-	(1.1)	(3.4)	(2.4)
Activation revenues	13.3	111.8	(86.1)	340.0	4.5	-	56.5	(2.8)	(31.4)
Content cost	(6.2)	3.6	5.1	0.9	3.4	6.1	1.3	1.6	5.5

Source: Company, Edelweiss research

Q4FY18 conference call: key takeaways

Guidance

- Going ahead, the company's focus is going to be on increasing collections from Phase III and IV.

Net realisation

- The company's reported ARPU (including taxes) stood at INR144 in Phase I markets; INR113 in Phase II markets; INR78 in Phase III markets and INR66 in Phase IV markets in Q4FY18.
- It reported ARPU (including taxes) of INR142 in Phase I markets; INR113 in Phase II markets; INR76 in Phase III markets and INR66 in Phase IV markets in Q3FY18.
- Phase III ARPU has seen a remarkable growth and is catching up with Phase I and II markets.
- Collection efficiency for the quarter was 91%.
- The reason for the drop in collection efficiency was the content issue with ZEE and since this content was denied to customers, the company chose to defer collection.

Subscription

- Subscription revenue increased to INR1,750mn in Q4FY18 from INR1,570mn in Q4FY17.
- The company has an active paying subscriber base of 8.4mn.

- The management believes that cable monetization has just started as Phase III realisations are moving towards Phase II ARPUs, Phase II realisations inching up to align with Phase I while Phase I ARPUs continues to trend upwards.
- It is not planning to increase the volume unless it receives proper share of the subscription revenue from LCOs.
- The company is planning to hike the subscription rate in order to pass on the increase in content cost to subscribers.
- 75,000 set up boxes seeded in Q4FY18.

HD Boxes

- The company is focusing on HD box penetration.
- The conversion of SD subscribers to HD subscribers will lead to growth in the subscription revenue and the company is planning to convert 10% of its SD subscribers to HD.
- The cost for HD box is around INR1,500 and the company is not planning to provide any subsidy for HD boxes.

Capex

- Capex for FY18 was INR1.4bn, of which ~INR140mn was for broadband business.

Content deals

- Mostly, all the content deals are closed for the next 12 months.
- Only the content deal with Star is up for negotiation in January 2019.
- Content cost is expected to increase by ~15% in FY19.
- No additional cost incurred for HD boxes as the content deals include the cost of HD content.

Broadband

- ARPU for the quarter was INR565 per month.
- The company is planning to roll out its networks in 100 cities covering 10 states in FY19.
- ARPU for these new cities will be ~INR550 per month.
- Broadband subscribers base is 107,000.
- Data consumption per subscriber is ~85-90 GB.
- The company was able to reduce loss of the broadband business due to cost rationalization.
- DEN intends to tap the high potential broadband market by capitalising on its existing cable TV infrastructure and providing hi-speed fixed broadband internet.

Other key takeaways

- The net debt has reduced to INR1570mn.
- Current STB inventory is 100,000 units.
- It believes that the fixed Line broadband opportunity will be the growth driver for the company going forward as only 18mn Indian households have FLBB connection, against this CATV already has 103.5mn households' connected via existing cable/fibre.
- During the quarter, DEN has undertaken successful field trials of new generation android boxes by providing high quality 4k services, graphic rich interactive games, voice search using mobile app and content sharing.

Outlook and valuations: Challenging times; maintain 'HOLD'

DEN has managed to build a subscriber base of ~13mn, amongst the highest in industry in a short span of time. The company has been in consolidation mode having made secondary acquisitions (similar to US major, Comcast's strategy). Hike in FDI limit has also opened the door to rope in a strategic foreign partner. Apart from its digital base of ~5mn in Phase I and II, DEN's total subscriber base in Phase III and IV stands at a high ~8mn. Besides, TDSAT setting aside the 27.5% tariff hike in non-CAS areas could provide some relief.

We cut our numbers due to heightened competition in broadband from Rjio, however we remain positive on DEN over long term. Monetisation of Phase III and IV markets (~50% of DEN's existing subscribers are in these markets), successful implementation of HD boxes, fixed line broadband opportunity and slowdown in broadband are key monitorables. We maintain '**HOLD/SP**'. We assign target multiple of 6x FY20E EV/EBITDA to arrive at target price of INR111. At CMP, the stock trades at 5.1x FY20E EV/EBITDA.

Financial snapshot

(INR mn)

Year to March	Q4FY18	Q4FY17	% change	Q3FY18	% change	FY18	FY19E	FY20E
Net revenues	3,150	3,172	(0.7)	3,282	(4.0)	12,851	14,223	15,915
Pay channel cost	1,420	1,233	15.2	1,346	5.5	5,398	6,046	6,892
Staff costs	231	321	(27.9)	257	(10.1)	1,080	1,199	1,331
Other operating expenses	930	1,053	(11.7)	891	4.4	3,590	3,815	4,096
Total expenditure	2,581	2,607	(1.0)	2,494	3.5	10,068	11,059	12,319
EBITDA	568	565	0.7	788	(27.9)	2,783	3,164	3,596
Depreciation	623	742	(16.1)	609	2.2	2,486	2,549	2,753
EBIT	(54)	(177)	NA	179	NA	297	615	843
Interest	194	93	108.2	149	30.3	661	700	675
Other income	78	115	(32.7)	67	15.8	299	300	325
Add: Prior period items								
Profit before tax	(171)	(461)	NA	97	NA	(66)	215	493
Provision for taxes	(111)	173	NA	80	NA	100	115	130
Minority interest								
Associate profit share	(41)	29	NA	-	NA	(6)	-	-
Add: Exceptional items		(306)	(100.0)			(1)		
Reported net profit	(100)	(605)	NA	17	NA	(171)	100	363
Adjusted Profit	(100)	(299)	NA	17	NA	(170)	100	363
Diluted shares (mn)	194	194		194		194	194	194
Adjusted Diluted EPS	(0.5)	(1.5)	NA	0.1	NA	(0.9)	0.5	1.9
EV/EBITDA (x)	-	-		-		7.8	6.3	5.1
ROAE (%)	-	-		-		(1.8)	1.1	4.0
Tax Rate	65.2	(37.4)		82.0		(151.8)	53.5	26.4
Pay channel cost	45.1	38.9		41.0		42.0	42.5	43.3
Employee cost	7.3	10.1		7.8		8.4	8.4	8.4
Other operating expenses	29.5	33.2		27.1		27.9	26.8	25.7
EBITDA	18.0	17.8		24.0		21.7	22.2	22.6
Reported net profit	(3.2)	(9.4)		0.5		(1.3)	0.7	2.3

Change in Estimates

	FY19E			FY20E			Comments
	New	Old	% change	New	Old	% change	
Net Revenue	14,223	15,206	(6.5)	15,915	17,534	(9.2)	Revenue pruned because of increased competition in broadband because of Rjio.
EBITDA	3,164	3,437	(7.9)	3,596	4,004	(10.2)	
EBITDA Margin	22.2	22.6		22.6	22.8		
Adjusted PAT	100	(269)	NM	363	59	NA	
Net Profit Margin	0.7	(1.8)		2.3	0.3		
Capex	1,250	1,000	25.0	1,250	1,000	25.0	

Company Description

DEN Networks is one of the leading Multiple System Operators (MSO) in the Indian TV Distribution Industry, with ~13mn subscribers and providing services in Delhi and selected cities of Uttar Pradesh, Rajasthan, Haryana, Gujarat, Maharashtra, Karnataka, Madhya Pradesh, Uttarakhand and Kerala. DEN continues to expand its presence in India and has entered key cities of West Bengal, Jharkhand and Bihar. DEN has a presence in 115 cities and towns. DEN has a strong presence in all high penetration Indian markets. 100% of the homes passed are digital-ready and only require additional set top boxes. Incorporated in July 2007, DEN is promoted by Sameer Manchanda, who has an association with the Indian TV industry for over 2 decades. With an experienced management team, DEN's growth strategy has been to acquire majority interests in smaller MSOs and consolidate its position. In 2010, DEN became the first MSO to post a positive PAT. DEN's digital cable TV service is compliant with TRAI's Quality of Service regulations. DEN's digital cable TV service is backed by 19 digital headends. DEN has also installed an efficient customer service platform to provide timely and effective customer care facilities to its subscribers.

Investment Theme

DEN is one of the best placed MSOs to capitalise on the huge opportunity thrown up by mandatory digitisation. In a short span of time, DEN garnered a subscriber universe of ~13mn, amongst the highest in the industry and is also the first national MSO to turn profitable. DEN intends to tap the high potential broadband market by capitalising on its existing cable TV infrastructure and providing hi-speed fixed broadband internet. However the road ahead will be challenging on multiple accounts such as losses coming from broadband, heightened competition from Rjio and other telecom players and TV commerce business.

Key Risks

- DTH players can leverage on first mover, stronger brand
- Carriage and placement revenues may fall post-digitisation
- Intense competition may limit ARPU growth
- Loss of subscribers if LCOs switch loyalties
- Heightened competition from Rjio and other telecom players

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	3.6	4.5	5.0
Repo rate (exit rate)	6.3	6.0	6.0	6.5
USD/INR (Avg)	67.1	64.5	66.0	66.0
Company				
Int rate on debt (%)	8.2	11.3	12.1	11.9
Digital sub adds (mn)	1	1	1	-
Broadband subs (mn)	0.2	0.2	0.3	0.3
Placement rev growth (%)	(5.4)	-	-	-
Broadband rev (% of rev)	7.0	5.8	5.6	5.0
Cost assumptions				
Paychannelcost(% of rev)	40.9	42.0	42.5	43.3
Personnel cost(% of rev)	10.7	8.4	8.4	8.4
Debtor days	79	77	77	77
Payable days	239	229	229	229
Capex (INR mn)	1,127	500	1,450	1,450
Dep. (% gross block)	17.1	16.0	14.0	14.0

Income statement

(INR mn)

Year to March	FY17	FY18	FY19E	FY20E
Net revenue	11,573	12,851	14,223	15,915
Pay channel cost	4,733	5,398	6,046	6,892
Employee costs	1,234	1,080	1,199	1,331
Operating expenses	3,819	3,590	3,815	4,096
Total operating expenses	9,785	10,068	11,059	12,319
EBITDA	1,788	2,783	3,164	3,596
Depreciation	2,775	2,486	2,549	2,753
EBIT	(987)	297	615	843
Less: Interest Expense	652	661	700	675
Add: Other income	409.2	298.8	300.00	325.00
Profit Before Tax	(1,536)	(66)	215	493
Less: Provision for Tax	330	100	115	130
Add: Exceptional items	(307)	(1)	-	-
Associate profit share	(30)	(6)	-	-
Reported Profit	(1,896)	(171)	100	363
Exceptional Items	(307)	(1)	-	-
Adjusted Profit	(1,589)	(170)	100	363
Shares o/s (mn)	194	194	194	194
Adjusted Basic EPS	(8.2)	(0.9)	0.5	1.9
Diluted shares o/s (mn)	194	194	194	194
Adjusted Diluted EPS	(8.2)	(0.9)	0.5	1.9
Adjusted Cash EPS	6.1	11.9	13.7	16.1

Common size metrics

Year to March	FY17	FY18	FY19E	FY20E
S G & A expenses	33.0	27.9	26.8	25.7
Programming/content cost	40.9	42.0	42.5	43.3
EBITDA margins	15.5	21.7	22.2	22.6
Net Profit margins	(13.7)	(1.3)	0.7	2.3

Growth ratios (%)

Year to March	FY17	FY18	FY19E	FY20E
Revenues	22.1	11.0	10.7	11.9
EBITDA	(259.5)	55.6	13.7	13.7
Adjusted Profit	56.6	89.3	158.9	262.7
EPS	60.3	89.3	158.9	262.7

Balance sheet		(INR mn)			
As on 31st March	FY17	FY18	FY19E	FY20E	
Share capital	1,936	1,953	1,953	1,953	
Reserves & Surplus	7,180	5,907	6,007	6,370	
Shareholders' funds	9,116	7,860	7,960	8,323	
Minority Interest	896	1,039	1,039	1,039	
Long term borrowings	1,885	3,145	3,200	3,250	
Short term borrowings	3,966	2,740	2,500	2,400	
Total Borrowings	5,851	5,885	5,700	5,650	
Long Term Liabilities	4,004	3,625	3,295	3,198	
Def. Tax Liability (net)	(1,997)	(929)	(929)	(929)	
Sources of funds	17,870	17,481	17,065	17,282	
Gross Block	15,930	15,980	17,230	18,480	
Net Block	11,267	10,076	7,598	6,260	
Capital work in progress	454	504	504	504	
Intangible Assets	2,625	1,782	2,289	2,323	
Total Fixed Assets	14,346	12,362	10,391	9,088	
Cash and Equivalentents	3,526	3,714	5,246	6,660	
Sundry Debtors	2,402	3,023	3,002	3,359	
Loans & Advances	1,826	1,903	2,000	2,050	
Other Current Assets	986	1,641	1,924	2,124	
Current Assets (ex cash)	5,214	6,567	6,926	7,533	
Trade payable	3,329	3,454	3,798	4,330	
Other Current Liab	1,887	1,708	1,699	1,669	
Total Current Liab	5,216	5,162	5,497	5,999	
Net Curr Assets-ex cash	(2)	1,405	1,429	1,534	
Uses of funds	17,870	17,481	17,065	17,282	
BVPS (INR)	47.0	40.5	41.0	42.9	

Free cash flow		(INR mn)			
Year to March	FY17	FY18	FY19E	FY20E	
Reported Profit	(1,896)	(171)	100	363	
Add: Depreciation	2,775	2,486	2,549	2,753	
Interest (Net of Tax)	652	661	700	675	
Others	130	(298)	(300)	(325)	
Less: Changes in WC	(333)	597	(356)	(145)	
Operating cash flow	1,994	2,081	3,405	3,611	
Less: Capex	977	100	1,250	1,250	
Free Cash Flow	1,017	1,981	2,155	2,361	

Cash flow metrics		FY17	FY18	FY19E	FY20E
Year to March					
Operating cash flow		1,994	2,081	3,405	3,611
Financing cash flow		(2,776)	(626)	(885)	(725)
Investing cash flow		(3)	(464)	(1,220)	(1,175)
Net cash Flow		(785)	991	1,300	1,711
Capex		(977)	(100)	(1,250)	(1,250)

Profitability and efficiency ratios

Year to March	FY17	FY18	FY19E	FY20E
ROACE (%)	(3.2)	3.9	6.2	7.9
ROAE (%)	(15.6)	(1.8)	1.1	4.0
Debtors Days	79	77	77	77
Payable Days	239	229	229	229
Cash Conversion Cycle	(160)	(152)	(152)	(152)
Current Ratio	1.7	2.0	2.2	2.4
Gross Debt/EBITDA	3.3	2.1	1.8	1.6
Gross Debt/Equity	0.6	0.7	0.6	0.6
Adjusted Debt/Equity	0.6	0.7	0.6	0.6
Interest Coverage Ratio	(1.5)	0.4	0.9	1.2

Operating ratios

Year to March	FY17	FY18	FY19E	FY20E
Total Asset Turnover	0.6	0.7	0.8	0.9
Fixed Asset Turnover	0.8	1.0	1.3	1.7
Equity Turnover	1.1	1.4	1.6	1.7

Valuation parameters

Year to March	FY17	FY18	FY19E	FY20E
Adj. Diluted EPS (INR)	(8.2)	(0.9)	0.5	1.9
Y-o-Y growth (%)	60.3	89.3	158.9	262.7
Adjusted Cash EPS (INR)	6.1	11.9	13.7	16.1
Diluted P/E (x)	(11.9)	(111.7)	189.6	52.3
P/B (x)	2.0	2.3	2.3	2.2
EV / Sales (x)	1.9	1.7	1.4	1.2
EV / EBITDA (x)	12.1	7.8	6.3	5.1

Additional Data

Directors Data

Mr. Sameer Manchanda	Chairman & MD	Mr. Shahzaad Siraj Dalal	Nominee Director
Mr. Krishna Kumar	Alternate Director to Mr. Shahzaad Siraj Dalal	Mr. Ajaya Chand	Non Executive, Independent Director
Mr. Robindra Sharma	Non Executive, Independent Director	Mr. Atul Sharma	Non Executive, Independent Director
Mr. Ankur Sahu	Additional Director	Mr. Vishal Bakshi	Alternate Director
M G Azhar	Executive Director		

Auditors - M/s. Deloitte Haskins & Sells

Holding – Top10

	Perc. Holding		Perc. Holding
Broad Street Inv Singapr Pte Ltd	21.37	Lucid Systems Pvt Ltd	8.17
Standard Chartered	2.98	Verve Engineering Pvt Ltd	2.31
Acacia Partners Lp	2.26	Baron Emerging Mrkts Fund	1.92
The Spruce House	1.9	Msd India Fund Ltd	1.86
Acacia Institutional Partners Lp	1.86	Vanguard Group	1.82

**as per last available data*

Bulk Deals

Data	Acquired / Seller	B/S	Qty Traded	Price
05 Apr 2018	Government Pension Fund Global	Buy	1834784	104.00
29 Nov 2017	Norges Bank On Account Of The Government Pension Fund Global	Buy	2388209	92.75
29 Nov 2017	The Spruce House Partnership Lp	Sell	2948000	92.76

**in last one year*

Insider Trades

Reporting Data	Acquired / Seller	B/S	Qty Traded
19 Feb 2018	MOHAMMAD GHULAM AZHAR	Sell	296231.00
15 Sep 2017	MOHAMMAD GHULAM AZHAR	Sell	247064.00

**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
16-May-18	DB Corp	Ad growth recovers; investing in circulation; <i>Result Update</i>	265	Buy
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

Distribution of Ratings / Market Cap

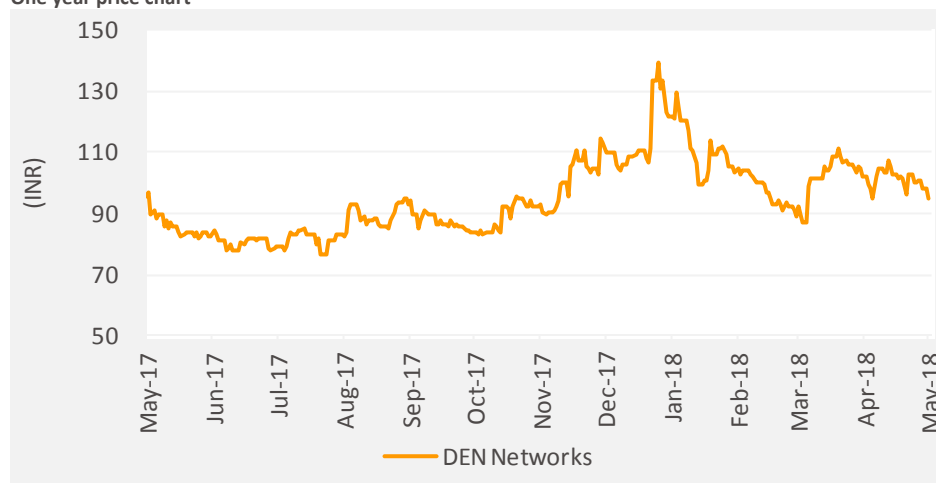
Edelweiss Research Coverage Universe

	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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