



## RESULT UPDATE

# DISH TV INDIA

## Blockbuster start to the merged entity

India Equity Research | Media



Dish TV's (Dish) Q1FY19 sales and EBITDA increased by 8% QoQ and 39% QoQ, respectively. Key highlights: 1) 8.1% QoQ rise in subscription revenue due to incrementally higher HD viewership, lower package discounts and price hikes for a majority of recharge packages; 2) QoQ net subscriber additions were 0.3mn versus 0.2mn in Q4FY18; and 3) EBITDA margin spiked 748bps QoQ to 33.6% due to a high base on account of a one-off merger-related cost to the tune of INR600mn in Q4FY18, as well as backend, IT and infrastructure cost synergies materialising during the quarter. Potential catalysts: 1) cost synergies from the Videocon D2H merger (management guidance: INR5.1bn for FY19); and 2) a level playing field in the TV space in the wake of TRAI's tariff order. Maintain 'BUY'. However, impact of Jio GigaFiber is a key concern.

### HD penetration lifts ARPU; merger synergies materialising

ARPU for Q1FY19 rose to INR214 (from INR201 in the previous quarter) on the back of an increase in high definition (HD) subscriber base and lower discounts. As many as 44% of subscriber additions during the quarter were in the HD category. HD subscribers form a promising 17% of the total net base of the company. Besides, initial cost synergies from the merger materialized during the quarter. In fact, backend, IT and infrastructure synergies were the key contributors to 39% sequential EBITDA growth (management guidance: INR5.1bn in FY19). We believe Dish, now with a bigger subscriber base, is better placed to negotiate content cost with broadcasters.

### Q1FY19 conference call takeaways

Key takeaways: 1) incrementally higher HD viewership, lower discounts on packages and price hikes for most recharges lifted subscription revenue; 2) subscriber churn of 1%; and 3) subscription of a la carte offerings by as many as 2.4mn subscribers resulted in incremental revenue.

### Outlook and valuations: Positive; maintain 'BUY'

Following its merger with Videocon D2H, Dish commands 37% of the total market, implying enhanced economies of scale and thus greater bargaining power with broadcasters. Moreover, sharper focus on HD boxes and superior subscribers will drive up ARPU in our view. We maintain 'BUY/SP' with a target price of INR96 (8x FY20E EV/EBITDA). At CMP, the stock is trading at 7.2x FY19E and 6.3x FY20E EV/EBITDA.

Financials	(INR mn)							
Year to March	Q1FY19	Q1FY18	% change	Q4FY18	% change	FY18	FY19E	FY20E
Revenues	16,556	7,389	124.1	15,324	8.0	46,342	67,208	72,600
EBITDA	5,568	2,012	176.7	4,007	39.0	13,160	22,897	24,890
Adjusted Profit	255	(139)	NM	1,182	NM	(849)	2,546	3,416
Adj. diluted EPS	0.1	(0.1)		0.6		(0.5)	1.4	1.9
EV/EBITDA (x)						12.8	7.2	6.3

#### EDELWEISS 4D RATINGS

Absolute Rating	BUY
Rating Relative to Sector	Performer
Risk Rating Relative to Sector	Medium
Sector Relative to Market	Overweight

#### MARKET DATA (R: DSTV.BO, B: DITV IN)

CMP	: INR 74
Target Price	: INR 96
52-week range (INR)	: 87 / 64
Share in issue (mn)	: 1,841.2
M cap (INR bn/USD mn)	: 136 / 1,972
Avg. Daily Vol.BSE/NSE('000)	: 6,339.5

#### SHARE HOLDING PATTERN (%)

	Current	Q4FY18	Q3FY18
Promoters *	64.4	64.4	64.4
MF's, FI's & BK's	8.4	8.4	7.8
FII's	18.5	18.5	18.8
Others	8.7	8.7	8.9
* Promoters pledged shares (% of share in issue)	:	NIL	

#### PRICE PERFORMANCE (%)

	Stock	Nifty	EW Media Index
1 month	5.8	0.0	(3.1)
3 months	4.4	3.8	(5.0)
12 months	(8.3)	12.4	3.1

#### Abneesh Roy

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

#### Monit Vyas

+91 (22) 6623 3463  
Monit.Vyas@edelweissfin.com

July 11, 2018

Table 1: Trends at glance

	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18	Q1FY19
ARPU (INR)	165	162	152	135	148	149	144	201	214
Subscription revenue	7,282	7,288	6,921	6,205	6,917	7,049	14,430	13,771	14,893
Gross subscriber (mn)	22.5	23.1	23.7	24.3	25.0	25.5	26.2	NA	NA
Net subscriber (mn)	14.9	15.1	15.3	15.5	15.7	15.9	16.2	23.0	23.3
Net subscriber addition (mn)	0.40	0.26	0.20	0.16	0.19	0.19	0.25	0.20	0.30
Profit before tax	550	574	198	(291)	(302)	(272)	261	(667)	342
Free cash flow	627	791	490	160	108	NA	NA	NA	NA
Monthly churn rate (%)	0.70	0.80	0.90	0.90	1.00	0.80	0.80	NA	1.00
Gross debt (mn)	13,500	12,750	12,000	11,400	NA	12,100	NA	27,500	27,500
Net debt(mn)	7,000	6,250	6,050	6,850	6,900	7,750	8,100	22,000	22,000
<b>Growth rate (YoY)</b>									
Revenue	5.7	3.6	(3.0)	(11.4)	(5.1)	(3.9)	(1.0)	NA	NA
<b>% of revenue</b>									
EBITDA margin	33.5	34.1	31.8	26.9	27.2	28.9	27.1	26.1	33.6

Source: Edelweiss research

Notes: 1) From Q4FY18, all the numbers are adjusted for the merger.

2) Subscription revenue and PBT for Q3FY18 is after considering the merger.

## Q1FY19 conference call: Key takeaways

### FY19 guidance

- Capex of INR9bn
- Full benefit of merger synergies relating to content cost likely to flow in over the next few quarters
- Management remains optimistic of realizing merger-related synergies to the tune of INR5.1bn
- Further EBITDA margin acceleration possible over coming quarters
- Revenue growth of 7–8%

### OTT

- The company plans to be in the OTT space in the coming years.

### Subscription revenue

- Q1FY19 subscription revenue of Rs.14,893 million.
- Incrementally higher HD viewership, lower discounts on packages and price hikes for most recharge packages lifted subscription revenue during the quarter.
- The company has effected aggressive price hikes across subscription packs, except the Bharat pack.
- The full impact of price increase will show up in Q2FY19.
- Net subscriber additions of 0.3mn during the quarter were largely driven by a sports-heavy programming calendar.
- As many as 44% of all subscriber additions were in the HD category. In total, HD subscribers form a promising 17% of the total net base of the company.

### ARPU

- The company reported ARPU of INR214 in Q1FY19.
- Management believes that the ARPU increase is sustainable.

**Subscriber churn**

- The subscriber churn was 1% for the quarter.

**A la carte offerings**

- An *a la carte* pack is an add-on, which allows subscribers to watch individual/desired channels.
- A total of 2.4 million Dish subscribers have so far opted for *a la carte* offerings, resulting in incremental revenue.

**Merger and synergies**

- The post-merger subscriber split is 65% rural and 25% urban.
- Merger-related synergies yielded savings in employee costs.
- With integration across functions almost complete, initial cost synergies materialised during the quarter.
- Backend, IT and infrastructure synergies were the key contributors to 39% sequential EBITDA growth. The overall EBITDA margin jumped to 33.6% in Q1FY19 from 26.1% in Q4FY18.
- Part of the estimated synergies are going to be a result of more prudent programming costs.

**TRAI tariff order**

- Dish TV India Limited believes the regulation has potential to minimize discriminatory pricing by ensuring a level playing field between cable and DTH platforms.
- Dish TV was the first in the industry to voluntarily implement the tariff order (although partially) by offering *a la carte* channels at affordable prices.
- The company has a fixed-fee deal with broadcasters for a short term and is prepared to renegotiate deals with broadcasters once they declare MRPs in accordance with TRAI's tariff order.
- The company sees the TRAI tariff order as an opportunity for forging partnerships with broadcasters.

**Other key takeaways**

- Q1FY19 capex was INR1,900mn.
- Pack upgrades witnessed during the quarter.
- Forex loss of INR210mn in Q1FY19 was a one-off cost item.
- Lease revenue has been accounted for as per IND AS 115.
- For activating each set top box, the company gets INR925.
- Interest cost increased due to a one-time fee.
- Average interest cost is 8–8.5%.
- The company raised the set top box price by INR200.
- FCF for the quarter was INR1000mn.
- The company is targeting aggressive subscriber base expansion in south India.
- Gross debt: INR27.5bn; net debt: INR22bn
- Over the coming years, the tax rate will be on a MAT basis because of losses brought-forward in the merged entity.

### Outlook and valuations: Positive; maintain 'BUY'

Healthy subscriber addition over the past few quarters, higher share of HD and rising free cash flow continue to bolster our confidence. Dish TV is rightly focusing on HD subscribers and reducing churn, which will drive up ARPU. The company is also looking to enter the high potential OTT space. However, impact of Jio GigaFiber is a key concern.

Following its merger with Videocon D2H, Dish commands 37% of the total market, implying enhanced economies of scale and thus greater bargaining power with broadcasters. Moreover, sharper focus on HD boxes and superior subscribers will drive up ARPU in our view. We maintain '**BUY/SP**' with a target price of INR96 (8x FY20E EV/EBITDA). At CMP, the stock is trading at 7.2x FY19E and 6.3x FY20E EV/EBITDA..

## Financial snapshot

(INR mn)

Year to March	Q1FY19	Q1FY18	% change	Q4FY18	% change	FY18	FY19E	FY20E
Net revenues	16,556	7,389	124.1	15,324	8.0	46,342	67,208	72,600
Staff costs	577	388	48.6	669	(13.7)	2,096	3,037	3,356
Other operating expenses	10,412	4,988	108.7	10,649	(2.2)	31,085	41,273	44,354
Total expenditure	10,989	5,377	104.4	11,317	(2.9)	33,181	44,310	47,709
EBITDA	5,568	2,012	176.7	4,007	39.0	13,160	22,897	24,890
Depreciation	3,608	1,822	98.0	3,471	3.9	10,717	15,545	16,069
EBIT	1,959	190	931.7	535	266.1	2,443	7,352	8,822
Interest	1,775	590	201.1	1,329	33.5	3,964	5,000	5,300
Other income	157	98	60.5	127	23.5	542	1,029	1,070
Profit before tax	342	(302)	NA	(667)	NA	(979)	3,381	4,592
Provision for taxes	87	(162)	NA	(1,849)	NA	(130)	835	1,175
Add: Exceptional items								
Reported net profit	255	(139)	NA	1,182	NA	(849)	2,546	3,416
Adjusted Profit	255	(139)	NA	1,182	NA	(849)	2,546	3,416
Diluted shares (mn)	1,841	1,066		1,841		1,841	1,841	1,841
Adjusted Diluted EPS	0.1	(0.1)	NA	0.6	NA	(0.5)	1.4	1.9
EV/EBITDA (x)	-	-		-		12.8	7.2	6.3
Employee cost	3.5	5.3		4.4		4.5	4.5	4.6
Other operating expenses	9.5	16.6		12.8		13.4	11.7	12.3
EBITDA	33.6	27.2		26.1		28.4	34.1	34.3
Reported net profit	1.5	(1.9)		7.7		(1.8)	3.8	4.7

### Company Description

Dish TV India Limited is India's largest direct-to-home (DTH) Company with a subscriber base of more than 23 million. The Company is part of the Essel Group, an Indian multinational business conglomerate having diverse business presence across Media, Entertainment, Packaging, Infrastructure, Education, Precious Metals, Finance and Technology sectors. Dish TV India Limited owns multiple individual brands like Dish TV, Zing and d2h under its umbrella. The company benefits from multiple satellite platforms including NSS-6, Asiasat-5, SES-8, GSAT-15 and ST-2 and has a bandwidth capacity of 1422 MHz, the largest held by any DTH player in the country. Dish TV India Limited has on its platform more than 655 channels & services including 40 audio channels and 70 HD channels & services. The Company has a vast distribution network of over 4,000 distributors & around 400,000 dealers that span across 9,450 towns in the country. Dish TV India Limited is connected with its pan-India customer base through call-centres that are spread across 22 cities and are equipped to handle customer queries 24X7 in 12 different languages.

### Investment Theme

As the merger with Videocon D2H has been completed, Dish TV will have the benefit of economies of scale, lending it higher bargaining power with broadcasters and other stakeholders, and the cost synergies arising out of the merger will boost margin. With the impact of demonetisation behind, we expect ARPU to catapult as the company has prudently shifted focus on HD boxes and quality subscribers. Further the implementation of TRAI's tariff order will create a level playing field in the TV space. Innovations like launch of Zing brand for regional markets, likely entry in OTT space and reduction in debt further bolster our confidence.

### Key Risks

Competition from Jio GigaFiber and other DTH service providers.

Any adverse judgment in the ongoing DTH licence fee case in TDSAT.

Slowdown in subscriber additions.

Limited ARPU growth.

## 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	3.6	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
<b>Company</b>				
Sales assumptions				
Subscriber adds (mn)	1.0	0.9	0.9	0.8
Erstwhile ARPU (INR)	154	148	143	146
Sub rev (% of total rev)	91.9	93.9	93.5	93.4
<b>Cost assumptions</b>				
Cont cost (% of sub rev)	33.1	35.6	35.9	36.9
Sell & dis exp(% of rev)	10.3	10.7	11.0	10.7
License Fees (% of rev.)	7.2	7.9	8.1	8.3
Personnel cost(% of rev)	4.8	4.9	4.9	5.0
Adm & othr exp(% of rev)	4.9	5.1	5.1	5.0
Tran Lease exp(% of rev)	6.1	6.6	6.9	6.9
<b>Financial assumptions</b>				
Tax rate (%)	17.4	35.0	35.0	-
Debtor days	10	10	10	10
Inventory days	3	3	3	3
Payable days	51	51	51	51
Cash conversion cycle	(38)	(38)	(38)	(38)
Dep. (% gross block)	22.0	24.5	20.4	25.6

### Income statement

(INR mn)

Year to March	FY17	FY18	FY19E	FY20E
Net revenue	30,144	46,342	67,208	72,600
Prog/content costs	9,177	24,877	33,402	35,391
Employee costs	1,440	2,096	3,037	3,356
Total SG&A expenses	4,578	6,208	7,872	8,963
Total operating expenses	20,357	33,181	44,310	47,709
EBITDA	9,787	13,160	22,897	24,890
Depreciation	6,631	10,717	15,545	16,069
EBIT	3,156	2,443	7,352	8,822
Less: Interest Expense	2,239	3,964	5,000	5,300
Add: Other income	475.00	541.6	1,028.76	1,070.00
Profit Before Tax	1,335	(979)	3,381	4,592
Less: Provision for Tax	242	(130)	835	1,175
Add: Exceptional items	(57)	-	-	-
Reported Profit	1,093	(849)	2,546	3,416
Exceptional Items	(57)	-	-	-
Adjusted Profit	1,150	(849)	2,546	3,416
Shares o /s (mn)	1,065	1,841	1,841	1,841
Adjusted Basic EPS	1.1	(0.5)	1.4	1.9
Diluted shares o/s (mn)	1,065	1,841	1,841	1,841
Adjusted Diluted EPS	1.1	(0.5)	1.4	1.9
Adjusted Cash EPS	7.3	5.4	9.8	10.6

### Common size metrics

Year to March	FY17	FY18	FY19E	FY20E
Pay channel cost	30.4	53.7	49.7	48.7
Staff costs	4.8	4.5	4.5	4.6
EBITDA margins	32.5	28.4	34.1	34.3
Net Profit margins	3.8	(1.8)	3.8	4.7

### Growth ratios (%)

Year to March	FY17	FY18	FY19E	FY20E
Revenues	(1.5)	53.7	45.0	8.0
EBITDA	(4.5)	34.5	74.0	8.7

Balance sheet (INR mn)				
As on 31st March	FY17	FY18	FY19E	FY20E
Share capital	1,066	1,841	1,923	1,923
Reserves & Surplus	3,840	65,700	75,577	78,994
Shareholders' funds	4,906	67,541	77,500	80,916
Minority Interest	-	(181)	(181)	(181)
Long term borrowings	5,834	18,475	16,435	14,435
Short term borrowings	-	19,023	17,000	14,000
Total Borrowings	5,834	37,498	33,435	28,435
Long Term Liabilities	1,231	1,622	1,800	1,900
Def. Tax Liability (net)	(5,100)	(6,027)	(6,027)	(6,027)
<b>Sources of funds</b>	<b>6,871</b>	<b>100,454</b>	<b>106,528</b>	<b>105,045</b>
Gross Block	64,331	71,477	150,308	166,698
Net Block	19,080	36,338	45,777	45,848
Capital work in progress	7,868	6,781	3,500	1,500
Intangible Assets	123	85,511	85,511	85,511
Total Fixed Assets	27,071	128,630	134,788	132,859
Non current investments	1,500	1,500	1,500	1,500
Cash and Equivalents	3,066	4,135	4,345	6,291
Inventories	131	381	450	500
Sundry Debtors	870	3,020	3,200	3,300
Loans & Advances	4,755	831	800	500
Other Current Assets	117	7,349	7,845	7,995
Current Assets (ex cash)	5,873	11,580	12,295	12,295
Trade payable	1,711	6,702	6,900	7,200
Other Current Liab	28,928	38,689	39,500	40,700
Total Current Liab	30,639	45,391	46,400	47,900
Net Curr Assets-ex cash	(24,766)	(33,811)	(34,105)	(35,605)
<b>Uses of funds</b>	<b>6,871</b>	<b>100,454</b>	<b>106,528</b>	<b>105,045</b>
BVPS (INR)	4.6	36.7	42.1	43.9

Free cash flow (INR mn)				
Year to March	FY17	FY18	FY19E	FY20E
Reported Profit	1,093	(849)	2,546	3,416
Add: Depreciation	6,631	10,717	15,545	16,069
Interest (Net of Tax)	2,239	3,964	5,000	5,300
Others	(1,599)	(802)	(1,029)	(1,070)
Less: Changes in WC	160	1,297	2,421	(2,901)
Operating cash flow	8,204	11,733	19,642	26,616
Less: Capex	9,507	7,145	9,194	10,576
<b>Free Cash Flow</b>	<b>(1,304)</b>	<b>4,588</b>	<b>10,448</b>	<b>16,040</b>

## Peer comparison valuation

Name	Market cap (USD mn)	Diluted P/E (X)		EV / EBITDA (X)		EV / Sales (X)	
		FY19E	FY20E	FY19E	FY20E	FY19E	FY20E
Dish TV India	1,972	53.3	39.7	7.2	6.3	2.4	2.2
DEN Networks	169	114.9	31.7	4.1	3.2	1.4	1.2
Hathway Cable & Datacom	225	NA	NA	8.4	7.0	2.3	2.0
PVR	959	33.1	25.8	13.5	11.0	2.6	2.2
Sun TV Network	4,637	23.6	21.3	13.1	11.5	9.9	8.8
Zee Entertainment Enterprises	7,518	32.0	25.3	20.5	15.8	7.2	5.9

Source: Edelweiss research

Cash flow metrics				
Year to March	FY17	FY18	FY19E	FY20E
Operating cash flow	8,204	11,733	19,642	26,616
Financing cash flow	(1,145)	27,700	(344)	(10,300)
Investing cash flow	(6,235)	(7,920)	(10,785)	(13,420)
Net cash Flow	824	31,514	8,513	2,896
Capex	(9,507)	(7,145)	(9,194)	(10,576)

## Profitability and efficiency ratios

Year to March	FY17	FY18	FY19E	FY20E
ROACE (%)	27.0	5.2	7.8	9.0
ROAE (%)	26.4	(2.3)	3.5	4.3
Inventory Days	3	3	3	3
Debtors Days	8	8	8	8
Payable Days	44	44	44	44
Cash Conversion Cycle	(33)	(33)	(33)	(33)
Current Ratio	0.3	0.3	0.4	0.4
Gross Debt/EBITDA	0.6	2.8	1.5	1.1
Gross Debt/Equity	1.2	0.6	0.4	0.4
Adjusted Debt/Equity	1.2	0.6	0.4	0.4
Interest Coverage Ratio	1.4	0.6	1.5	1.7

## Operating ratios

Year to March	FY17	FY18	FY19E	FY20E
Total Asset Turnover	3.1	0.9	0.6	0.7
Fixed Asset Turnover	1.6	0.7	0.5	0.6
Equity Turnover	6.9	1.3	0.9	0.9

## Valuation parameters

Year to March	FY17	FY18	FY19E	FY20E
Adj. Diluted EPS (INR)	1.1	(0.5)	1.4	1.9
Adjusted Cash EPS (INR)	7.3	5.4	9.8	10.6
P/B (x)	16.0	2.0	1.7	1.7
EV / Sales (x)	2.7	3.6	2.4	2.2
EV / EBITDA (x)	8.3	12.8	7.2	6.3



## Additional Data

### Directors Data

Subhash Chandra	Non-Executive Chairman	Jawahar Lal Goel	Managing Director
Ashok Kurien	Non-Executive Director	Bhagwan Dass Narang	Independent Director
Arun Duggal	Independent Director	Eric Zinterhofer	Independent Director
Lakshmi Chand	Independent Director	Mintoo Bhandari	Non-Executive Nominee Director
Utsal Baijal	Alt.Director to Mintoo Bhandari	Dr. Rashmi Aggarwal	Independent Director

Auditors - M/s B S R & Co., Gurgaon

*\*as per last annual report*

### Holding – Top10

	Perc. Holding		Perc. Holding
Direct media dist	24.83	Catalyst trusteeship	7.46
World crest advisors	4.97	Artisan partners ltd	4.79
Veena investments	4.68	Direct media solution	4.18
Goel nishi	1.91	Artisan dev world	1.45
T rowe price group	1.42	Hdfc asset management	1.02

*\*in last one year*

### Bulk Deals

Data	Acquired / Seller	B/S	Qty Traded	Price
13 Jun 2018	RARE ENTERPRISES	BUY	13000000	71.30
07 Nov 2017	DOVETAIL INDIA FUND	Buy	1800000	78.70
07 Nov 2017	MORGAN STANLEY FRANCE SAS	Sell	1800000	78.70

*\*in last one year*

### Insider Trades

Reporting Data	Acquired / Seller	B/S	Qty Traded
12 Apr 2018	World Crest Advisors Llp	Buy	91500000.00

*\*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	HOLD	SP	M
Jagran Prakashan	HOLD	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](mailto:research@edelweissfin.com)

Aditya Narain

Head of Research

[aditya.narain@edelweissfin.com](mailto: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
29-Jun-18	Media	Ad growth to be robust; newsprint cost rise a fresh concern; <i>Q1FY19 Result Preview</i>		
31-May-18	Hathway Cable & Datacom	Broadband ARPU disappoints, cable performance muted; <i>Result Update</i>	27	Hold
30-May-18	Dish TV	Subscription revenue slips; merger benefits to accrue; <i>Result Update</i>	74	Buy

#### Distribution of Ratings / Market Cap

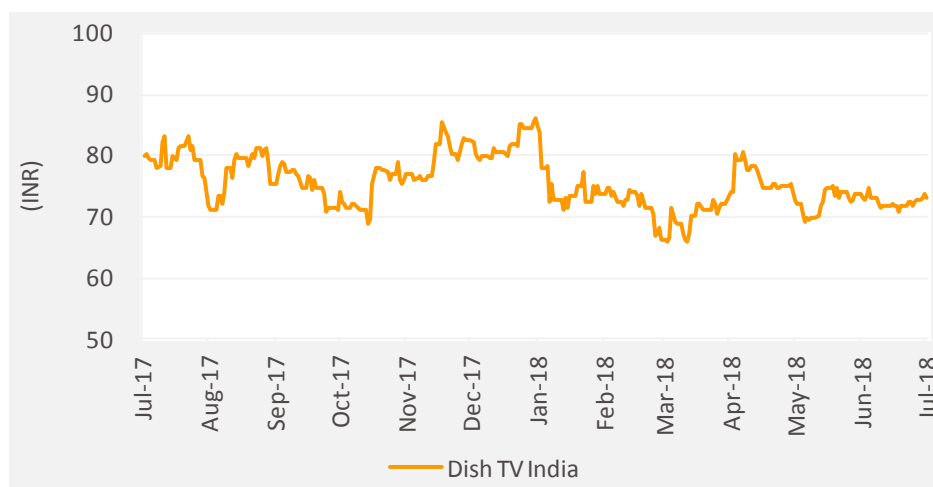
##### Edelweiss Research Coverage Universe

	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



**DISCLAIMER**

Edelweiss Securities Limited (“ESL” or “Research Entity”) is regulated by the Securities and Exchange Board of India (“SEBI”) and is licensed to carry on the business of broking, depository services and related activities. The business of ESL and its Associates (list available on [www.edelweissfin.com](http://www.edelweissfin.com)) are organized around five broad business groups – Credit including Housing and SME Finance, Commodities, Financial Markets, Asset Management and Life Insurance.

This Report has been prepared by Edelweiss Securities Limited in the capacity of a Research Analyst having SEBI Registration No. INH200000121 and distributed as per SEBI (Research Analysts) Regulations 2014. This report does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Securities as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 includes Financial Instruments and Currency Derivatives. The information contained herein is from publicly available data or other sources believed to be reliable. This report is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this report should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in Securities referred to in this document (including the merits and risks involved), and should consult his own advisors to determine the merits and risks of such investment. The investment discussed or views expressed may not be suitable for all investors.

This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. 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 ESL and associates / group companies to any registration or licensing requirements within such jurisdiction. The distribution of this report in certain jurisdictions may be restricted by law, and persons in whose possession this report comes, should observe, any such restrictions. The information given in this report is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. ESL reserves the right to make modifications and alterations to this statement as may be required from time to time. ESL or any of its associates / group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. ESL is committed to providing independent and transparent recommendation to its clients. Neither ESL nor any of its associates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including loss of revenue or lost profits that may arise from or in connection with the use of the information. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. Past performance is not necessarily a guide to future performance. The disclosures of interest statements incorporated in this report are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. The information provided in these reports remains, unless otherwise stated, the copyright of ESL. All layout, design, original artwork, concepts and other Intellectual Properties, remains the property and copyright of ESL and may not be used in any form or for any purpose whatsoever by any party without the express written permission of the copyright holders.

ESL shall not be liable for any delay or any other interruption which may occur in presenting the data due to any reason including network (Internet) reasons or snags in the system, break down of the system or any other equipment, server breakdown, maintenance shutdown, breakdown of communication services or inability of the ESL to present the data. In no event shall ESL be liable for any damages, including without limitation direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by the ESL through this report.

We offer our research services to clients as well as our prospects. Though this report is disseminated to all the customers simultaneously, not all customers may receive this report at the same time. We will not treat recipients as customers by virtue of their receiving this report.

ESL and its associates, officer, directors, and employees, research analyst (including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the Securities, mentioned herein or (b) be engaged in any other transaction involving such Securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company(ies) discussed herein or act as advisor or lender/borrower to such company(ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance. ESL may have proprietary long/short position in the above mentioned scrip(s) and therefore should be considered as interested. The views provided herein are general in nature and do not consider risk appetite or investment objective of any particular investor; readers are requested to take independent professional advice before investing. This should not be construed as invitation or solicitation to do business with ESL.

ESL or its associates may have received compensation from the subject company in the past 12 months. ESL or its associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. ESL or its associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. ESL or its associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. ESL or its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. Research analyst or his/her relative or ESL's associates may have financial interest in the subject company. ESL and/or its Group Companies, their Directors, affiliates and/or employees may have interests/ positions, financial or otherwise in the Securities/Currencies and other investment products mentioned in this report. ESL, its associates, research analyst and his/her relative may have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance.

Participants in foreign exchange transactions may incur risks arising from several factors, including the following: ( i) exchange rates can be volatile and are subject to large fluctuations; ( ii) the value of currencies may be affected by numerous market factors, including world and national economic, political and regulatory events, events in equity and debt markets and changes in interest rates; and (iii) currencies may be subject to devaluation or government imposed exchange controls which could affect the value of the currency. Investors in securities such as ADRs and Currency Derivatives, whose values are affected by the currency of an underlying security, effectively assume currency risk.

Research analyst has served as an officer, director or employee of subject Company: No

ESL has financial interest in the subject companies: No

ESL's Associates may have actual / beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report.

Research analyst or his/her relative has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report: No

ESL has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report: No

Subject company may have been client during twelve months preceding the date of distribution of the research report.

There were no instances of non-compliance by ESL on any matter related to the capital markets, resulting in significant and material disciplinary action during the last three years except that ESL had submitted an offer of settlement with Securities and Exchange commission, USA (SEC) and the same has been accepted by SEC without admitting or denying the findings in relation to their charges of non registration as a broker dealer.

A graph of daily closing prices of the securities is also available at [www.nseindia.com](http://www.nseindia.com)

#### **Analyst Certification:**

The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

#### **Additional Disclaimers**

##### **Disclaimer for U.S. Persons**

This research report is a product of Edelweiss Securities Limited, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Edelweiss Securities Limited only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Edelweiss Securities Limited has entered into an agreement with a U.S. registered broker-dealer, Edelweiss Financial Services Inc. ("EFSI"). Transactions in securities discussed in this research report should be effected through Edelweiss Financial Services Inc.

### **Disclaimer for U.K. Persons**

The contents of this research report have not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 ("FSMA").

In the United Kingdom, this research report is being distributed only to and is directed only at (a) persons who have professional experience in matters relating to investments falling within Article 19(5) of the FSMA (Financial Promotion) Order 2005 (the "Order"); (b) persons falling within Article 49(2)(a) to (d) of the Order (including high net worth companies and unincorporated associations); and (c) any other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons").

This research report must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this research report relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this research report or any of its contents. This research report must not be distributed, published, reproduced or disclosed (in whole or in part) by recipients to any other person.

### **Disclaimer for Canadian Persons**

This research report is a product of Edelweiss Securities Limited ("ESL"), which is the employer of the research analysts who have prepared the research report. The research analysts preparing the research report are resident outside the Canada and are not associated persons of any Canadian registered adviser and/or dealer and, therefore, the analysts are not subject to supervision by a Canadian registered adviser and/or dealer, and are not required to satisfy the regulatory licensing requirements of the Ontario Securities Commission, other Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and are not required to otherwise comply with Canadian rules or regulations regarding, among other things, the research analysts' business or relationship with a subject company or trading of securities by a research analyst.

This report is intended for distribution by ESL only to "Permitted Clients" (as defined in National Instrument 31-103 ("NI 31-103")) who are resident in the Province of Ontario, Canada (an "Ontario Permitted Client"). If the recipient of this report is not an Ontario Permitted Client, as specified above, then the recipient should not act upon this report and should return the report to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any Canadian person.

ESL is relying on an exemption from the adviser and/or dealer registration requirements under NI 31-103 available to certain international advisers and/or dealers. Please be advised that (i) ESL is not registered in the Province of Ontario to trade in securities nor is it registered in the Province of Ontario to provide advice with respect to securities; (ii) ESL's head office or principal place of business is located in India; (iii) all or substantially all of ESL's assets may be situated outside of Canada; (iv) there may be difficulty enforcing legal rights against ESL because of the above; and (v) the name and address of the ESL's agent for service of process in the Province of Ontario is: Bamac Services Inc., 181 Bay Street, Suite 2100, Toronto, Ontario M5J 2T3 Canada.

### **Disclaimer for Singapore Persons**

In Singapore, this report is being distributed by Edelweiss Investment Advisors Private Limited ("EIAPL") (Co. Reg. No. 201016306H) which is a holder of a capital markets services license and an exempt financial adviser in Singapore and (ii) solely to persons who qualify as "institutional investors" or "accredited investors" as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Pursuant to regulations 33, 34, 35 and 36 of the Financial Advisers Regulations ("FAR"), sections 25, 27 and 36 of the Financial Advisers Act, Chapter 110 of Singapore shall not apply to EIAPL when providing any financial advisory services to an accredited investor (as defined in regulation 36 of the FAR). Persons in Singapore should contact EIAPL in respect of any matter arising from, or in connection with this publication/communication. This report is not suitable for private investors.

Copyright 2009 Edelweiss Research (Edelweiss Securities Ltd). All rights reserved