

HINDUSTAN MEDIA VENTURES LTD.

Result Update

CMP	267
Target Price	330
Previous Target Price	-
Upside	24%
Change from Previous	-

Market Data

BSE Code	533217
NSE Symbol	HMVL
52wk Range H/L	302/200
Mkt Capital (Rs Cr)	1,952
Av. Volume	9236
Nifty	7404

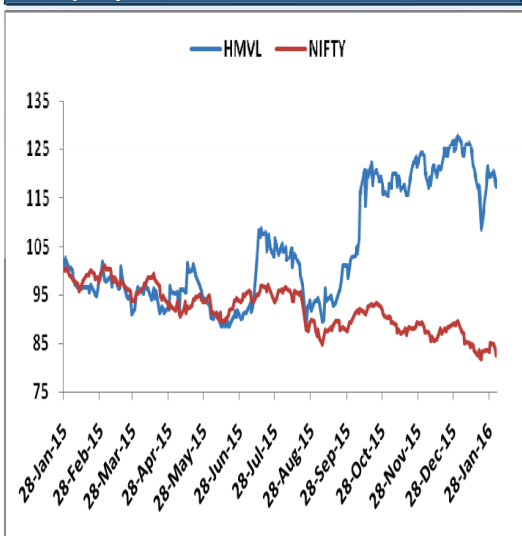
Stock Performance

	1Month	3 Month	1Year
Absolute	-8.1	14.3	16.8
Rel.to Nifty	-0.5	21.7	33.1

Share Holding Pattern-%

	2QFY16	1QFY16	4QFY15
Promoters	74.91	74.91	74.92
Public	25.09	25.09	25.08
Others	-	-	-
Total	100	100	100

Company Vs NIFTY



Strong Topline Growth

HMVL reported a strong topline growth of 16% YoY to Rs 240 Cr for the 3QFY16 was primarily due to strong growth in advertising and circulation revenue. Growth was powered by a good festive season that fuelled advertising spends across most sectors, state elections in Bihar as well as HMVL's internal initiatives. Strong operating performance led to a higher PAT growth of 28.2% YoY.

Strong growth in Advertising and Circulation revenue

Advertising revenue increased by 19% YoY to Rs 181 Cr primarily due to :

- > Increase in advertising volumes
- > Good festive season
- > State elections in Bihar
- > HMVL's internal initiatives

Circulation revenue increased by 6.3% YoY to Rs 54 Cr primarily due to :

- > Higher circulation volume
- > Higher net realisation per copy

Higher PAT growth led by Strong Operating Performance

On the operating front the company's performance was strong which in turn led to a higher PAT growth. The company reported strong operating performance on account of lower cost of its key raw material Newsprint which led to a strong PAT growth of 28% YoY to Rs 47 Cr. The operating profit for the quarter was up 50% YoY to Rs 60 Cr.

Key Highlights of 3QFY16

- > Total revenue up by 12.8% YoY at Rs 251.6 Cr from Rs 223 Cr.
- > EBITDA increased by 26.8% YoY to Rs 71 Cr from Rs 56 Cr.
- > Other Income decline 31% YoY due to yield increase during the quarter.
- > 25.3% YoY increase in employee costs on account of impact of annual increments and hirings in Haldwani.
- > 31.4% increase in sales and promotion costs to support Haldwani launch and higher revenue in the quarter.
- > Strong balance sheet position with Net Cash of Rs 663.8 Cr.

Outlook and Valuation

The company at CMP Rs 267 is trading at 10 x times of one year forward eps of Rs 24.40 and in light of good results and management view we recommend BUY for stock with TP Rs 330.

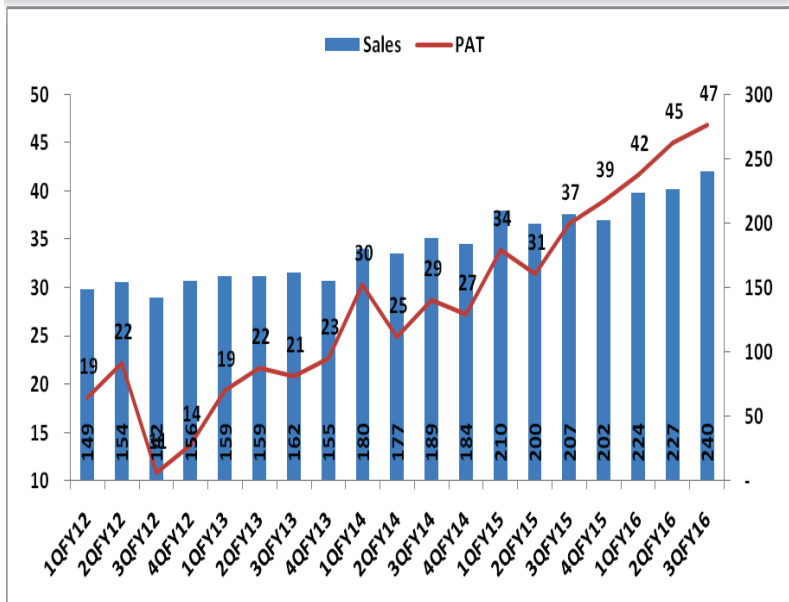
Financials	FY12	FY13	FY14	FY15	FY16E
Sales	597	636	730	819	926
EBITDA	95	113	151	166	225
Net Profit	65	85	111	141	179
EBITDA%	16.0%	17.7%	20.7%	20.3%	24.3%
P/E	16.0	13.1	10.8	11.0	9.0

(Source: Company/Eastwind)

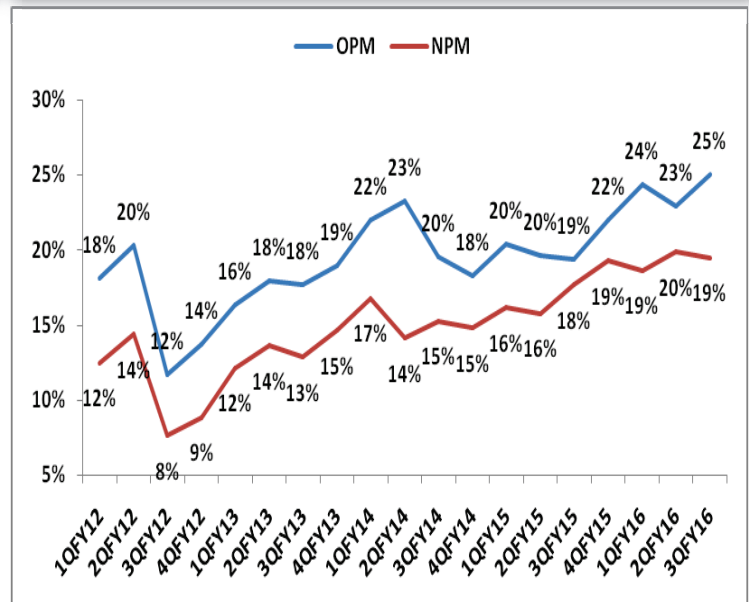
Concall Highlights

- >The company continue to strengthen its presence in UP and Uttarakhand and retain its leadership market position in Bihar & Jharkhand. UP grew by 26% while Bihar & Jharkhand grew by 16% during the quarter.
- >The company launch Haldwani this quarter where 8500 copies was sold which shows its impact on employee cost and will continue to impact for the coming quarter.
- >The company is actively looking for organic growth.
- >The Capex for the quarter is Rs 15 Cr and for the full year is Rs 20 Cr. The mgt guided that Capex for the FY17 will remain same as FY16.
- >Expecting sustainable 2-3% margin improvement for next 2 year.
- >Dollar appreciation may affect newsprint prices.

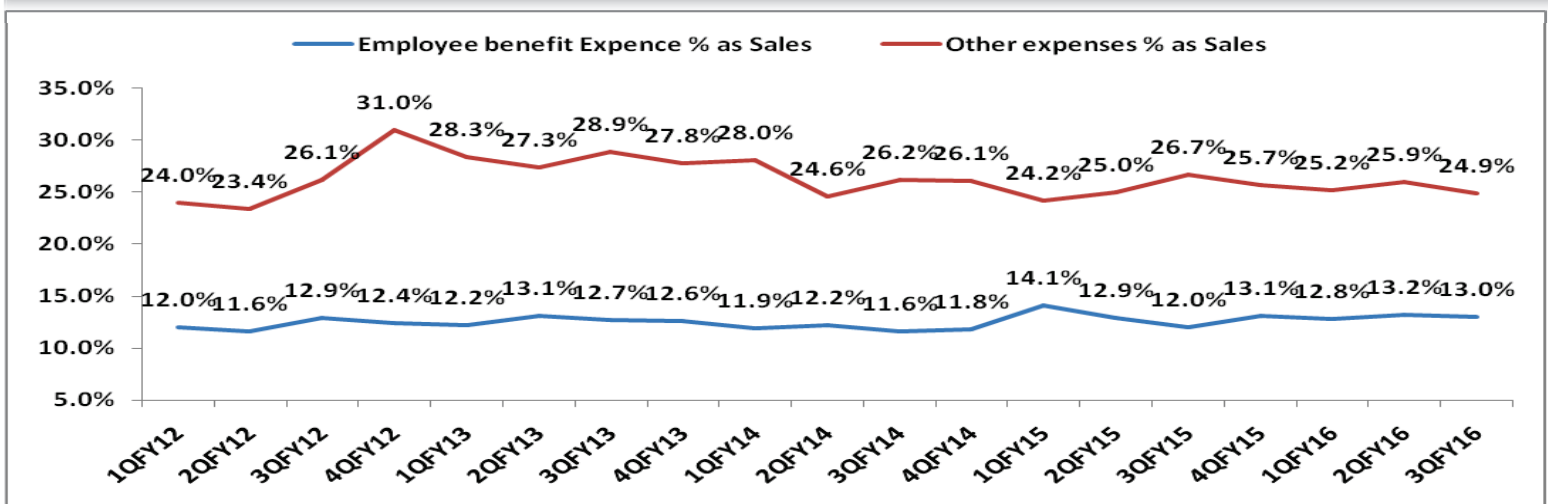
Sales and PAT growth



NPM and OPM



Employee cost and Other expenses as % of sales



Financials Snap Shot

INCOME STATEMENT					RATIOS				
	FY13	FY14	FY15	FY16E		FY13	FY14	FY15	FY16E
Revenue (Net of Excise D	636	730	819	926	EPS	11.5	15.2	19.2	24.4
Other Income	28	31	56	53	Book Value	69.3	83.0	100.6	123.6
Total Revenue	665	760	875	979	DPS	1.4	1.4	1.4	1.4
COGS	265	301	338	347	Payout (incl. Div. Tax.)	12%	9%	7%	6%
GPM	1	1	1	1	Valuation(x)				
Other Expenses	179	191	208	235	P/E	13.1	10.8	11.0	9.0
EBITDA	113	151	166	225	Price / Book Value	2.2	2.0	2.1	1.8
EBITDA Margin (%)	18%	21%	20%	24%	Dividend Yield (%)	0.92%	0.86%	0.66%	0.64%
Depreciation	22	22	24	23	Profitability Ratios				
EBIT	91	130	142	202	RoE	17%	18%	19%	20%
Interest	5	6	11	11	RoCE	18%	21%	19%	22%
PBT	114	155	188	244	Turnover Ratios				
Tax	30	43	47	65	Asset Turnover (x)	1.0	0.9	0.8	0.7
Tax Rate (%)	26%	28%	25%	27%	Debtors (No. of Days)	45.4	46.7	47.8	47.8
Reported PAT	85	111	141	179	Inventory (No. of Days)	44.7	40.0	48.5	52.0
Dividend Paid	10	10	10	10	Creditors (No. of Days)	34.6	38.1	43.3	45.0
No. of Shares	7	7	7	7	Net Debt/Equity (x)	0.00	0.00	0.00	0.00
Source: Eastwind/Company					Source: Eastwind/Company				

BALANCE SHEET									
	FY13	FY14	FY15	FY16E		FY13	FY14	FY15	FY16E
Share Capital	73	73	73	73	OP/(Loss) before Tax	114	155	188	244
Reserves	435	536	665	834	Depreciation	22	22	24	23
Net Worth	508	609	739	907	Direct Taxes Paid	(28)	(43)	(40)	(65)
Long term Debt	0	0	0	0	Operating profit before w	121	155	172	278
Short term Debt	3	20	98	118	CF from Op. Activity	81	113	138	230
Deferred Tax	7	6	6	6		(230)	(275)	(398)	(184)
Total Capital Employed	508	609	739	907	Capital expenditure on fix	(8)	(43)	(16)	(17)
Net Fixed Assets	179	180	183	177	CF from Inv. Activity	(57)	(117)	(182)	(211)
Capital WIP	1	11	3	3	Repayment of Long Term	0	0	0	0
Debtors	79	93	107	121	Interest Paid	(5)	(5)	(9)	(11)
Cash & Bank Balances	28	26	40	65	Divd Paid (incl Tax)	(10)	(10)	(10)	(10)
Trade payables	60	76	97	114	CF from Fin. Activity	(38)	2	58	(2)
Total Provisions	12	12	22	30	Inc/(Dec) in Cash	(15)	(2)	14	18
Net Current Assets	205	299	145	153	Add: Opening Balance	44	28	26	40
Total Assets	629	774	1021	1253	Closing Balance	28	26	40	57
Source: Eastwind/Company					Source: Eastwind/Company				