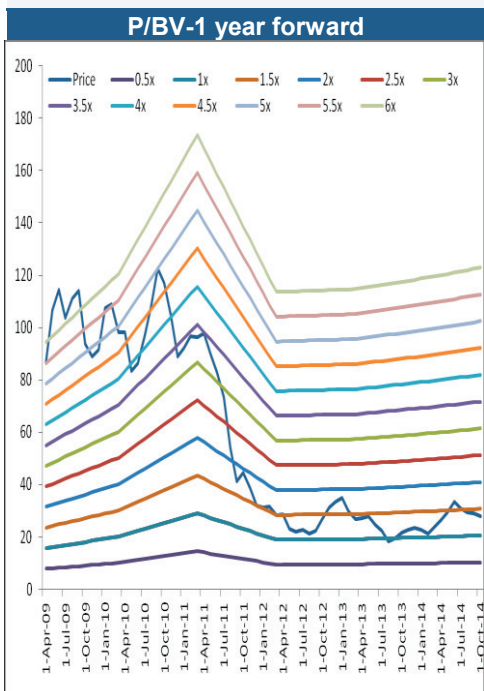


Result update	BUY
CMP	29
Target Price	35
Previous Target Price	-
Upside	21%
Change from Previous	-

Market Data	
BSE Code	532800
NSE Symbol	TV18BRDCST
52wk Range H/L	38/19
Mkt Capital (Rs Cr)	4894
Average Daily Volume	2600000
Nifty	7884

Stock Performance	1M	1yr	YTD
Absolute	-2.7	32.5	-
Rel. to Nift	0.0	3.2	-

Share Holding Pattern-%	Current	4QFY14	3QFY14
Promoters	57.04	57.04	57.0
FII	10.2	11.0	10.6
DII	1.74	1.35	1.54
Others	31.04	30.64	30.83



Result update:

TV18brdcst has reported a decent set of numbers for 2QFY15. The company's revenue grew by 15% (yoy) to 554 cr led by better performance of its media operations and PAT grew by 207% led by reduction in promotion and advertising expenses. Its EBITDA grew by 44% (yoy) to 57 cr. The company's EBITDA margin improved by 208 bps to 10.24% due to reduction of advertising expenses and PAT margin improved by 489 bps led by reduction in interest cost. Its interest cost reduced by 3.4 cr this quarter. The company has reduced 12.64 cr of debt this quarter.

Segment analysis:

The company's revenue from media operations has increased by 24% (yoy) to 534 cr. It revenue from Film Production and Distribution de grew by 68% (yoy) to 19.85 cr. EBIT margin from media operations improved by 310 bps to 9.5%.

About the company:

TV18 Broadcast Ltd is one of India's popular television broadcasting networks. It includes one of India's leading news networks comprising channels such as CNBC, CNBC Awaaz, CNBC-TV18 Prime HD, CNN-IBN, IBN7 and IBN-Lokmat. TV18 also operates a joint venture with Viacom, called Viacom18, which houses a portfolio of popular entertainment channels – Colors, Colors HD, Rishtey, MTV, MTV Indies, SONIC, Comedy Central, VH1, Nick, Nick Jr. and Nick Teen and Viacom18 Motion Pictures, the group's film entertainment business.

Catalysts:

1. **Digitization a game changer:** Aided by digitization and consequent increase in ARPU, the share of subscription revenue to total industry revenue is expected to increase significantly in the coming year. As second phase of digitization has completed, we expect that this will improve company's subscription revenue going forward.

2. **Benefit of Lower carriage cost:** We expect that digitization will reduce carriage cost by 15-20%, which will directly help the company because carriage cost accounts for substantial part of the revenue of the company. This will increase company profitability without any investment.

View and Valuation:

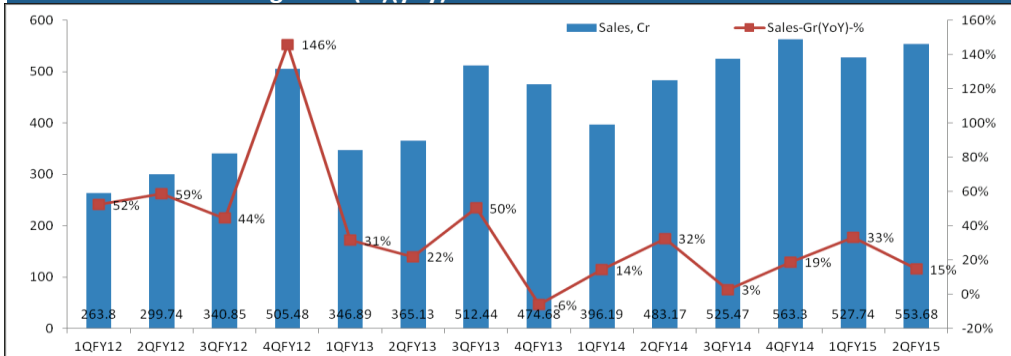
TV18BRDCST is expected to benefit from increased subscription revenue through more transparency and addressable reporting of subscription revenue. As a major beneficiary leading to lower carriage fees paid by broadcasters and increase in subscription revenues led by positive sentiments toward the business environments, TV18 BRDCST looks attractive. Keeping view of 2QFY15 performance we are bullish on this stock. We have "BUY" view on the stock with a target price of Rs 35. At a CMP of Rs. 29, stock trades at 1.31x FY16E BV.

Financials	2QFY15	1QFY15	(QoQ)-%	2QFY14	Rs, Cr
Revenue	553.68	527.74	4.9%	483.17	(YoY)-%
EBITDA	56.72	47.72	19%	39.46	44%
PAT	43.24	9.12	374%	14.1	207%
EBITDA Margin	10.2%	9.0%	120 bps	8.2%	208 bps
PAT Margin	7.8%	1.7%	608 bps	2.92%	489 bps

(Source: Company/Eastwind)

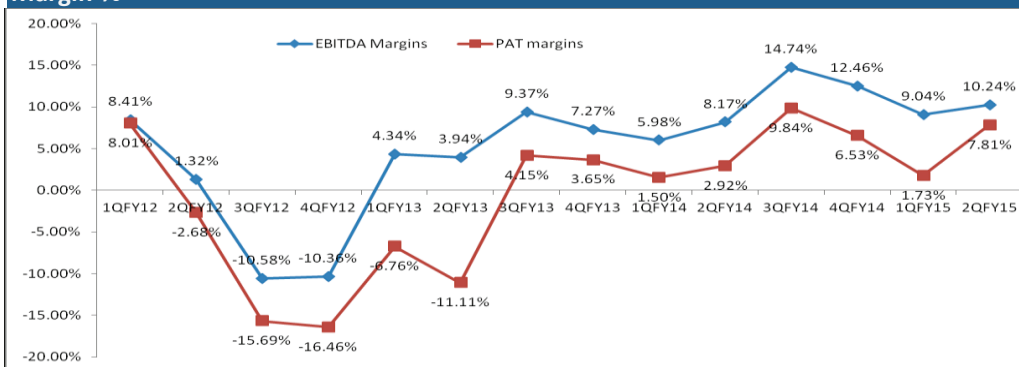
TV18BRDCST

Sales and Sales growth(%) (yoy)



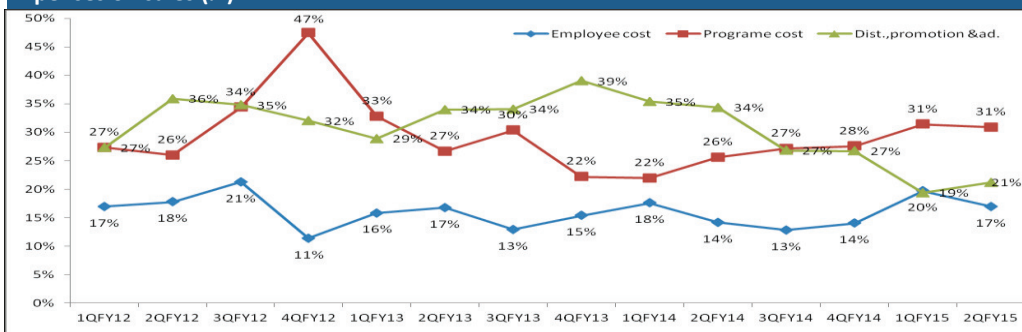
(Source: Company/Eastwind)

Margin-%



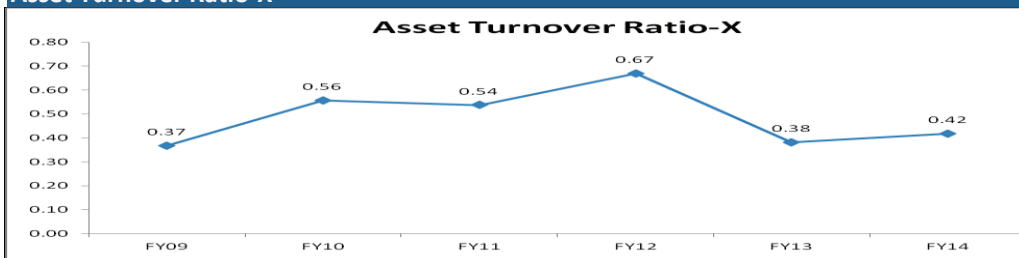
(Source: Company/Eastwind)

Expenses on sales (%)



(Source: Company/Eastwind)

Asset Turnover Ratio-X



(Source: Company/Eastwind)

TV18BRDCST

Financials							
Rs,cr	FY10	FY11	FY12	FY13	FY14	FY15E	FY16E
Sales	604	809	1410	1699	1968	2260	2430
Programming cost	182	289	507	472	509	547	559
Employee Cost	113	121	228	255	285	328	352
Distri.,advertising & Promotion	196	218	460	584	597	678	729
Other expenses	211	139	277	276	367	425	462
Total expenses	702	767	1472	1587	1757	1978	2102
EBITDA	-99	42	-62	112	211	283	328
Depreciation and Amortisation	19	18	34	42	56	62	66
Other Income	55	14	86	44	32	36	49
EBIT	-117	24	-96	70	155	221	263
Interest	48	51	120	144	61	58	56
PBT	-109	-13	-130	-30	127	199	255
Tax Exp	0	4	6	13	14	30	46
PAT	-110	-17	-136	-42	113	169	209
Growth-% (YoY)							
Sales	230.3%	34.1%	74.2%	20.5%	15.8%	14.8%	7.5%
EBITDA	-73.3%	142.5%	-248.7%	279.8%	88.1%	34.1%	16.2%
PAT	-19.1%	84.1%	-678.5%	68.8%	367.6%	49.8%	23.4%
Expenses on Sales-%							
Programming cost	30.2%	35.7%	36.0%	27.8%	25.8%	24.2%	23.0%
Employee Cost	18.7%	15.0%	16.2%	15.0%	14.5%	14.5%	14.5%
Distri.,advertising & Promotion	32.5%	26.9%	32.6%	34.4%	30.4%	30.0%	30.0%
Other expenses	34.9%	17.2%	19.7%	16.2%	18.6%	18.8%	19.0%
Tax rate	0.01%	0.54%	0.41%	0.74%	0.70%	1.32%	1.89%
Margin-%							
EBITDA	-16.3%	5.2%	-4.4%	6.6%	10.7%	12.5%	13.5%
EBIT	-19.4%	3.0%	-6.8%	4.1%	7.9%	9.8%	10.8%
PAT	-18.2%	-2.2%	-9.6%	-2.5%	5.7%	7.5%	8.6%
Valuation:							
CMP	102	99	54	27	32	29	29
No of Share	18.17	23.79	36.21	171.17	171.17	171.17	171.17
NW	364.85	688	686	3272	3410	3579	3778
EPS	-6.03	-0.73	-3.74	-0.25	0.66	0.99	1.22
BVPS	20.1	28.9	18.9	19.1	19.9	20.9	22.1
RoE-%	-30.0%	-2.5%	-19.8%	-1.3%	3.3%	4.7%	5.5%
P/BV	5.10	3.43	2.83	1.41	1.61	1.39	1.31
P/E	-	-	-	-	48.47	29.32	23.76

(Source: Company/Eastwind)