

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
35,536	10,807
Bloomberg	SUNTV IN
Equity Shares (m)	394
M.Cap.(INRb)/(USDb)	383.2 / 6.0
52-Week Range (INR)	1097 / 652
1, 6, 12 Rel. Per (%)	-7/-8/-22
Avg Val, INRm	1263.0
Free float (%)	25.0

**CMP: INR865      TP: INR1,200(+39%)      Buy**

## Stellar performance; Upbeat outlook

- Strong revenue drives EBITDA:** Standalone revenue grew 23% YoY to INR7.2b (3% beat), driven by strong 26% ad revenue growth and 28% domestic subscription revenue growth. EBITDA surged 33% YoY to INR5.2b, with the margin expanding 530bp YoY to 72.9%. However, a steep rise in depreciation expense restricted PAT to INR2.9b (+23% YoY). Cable/DTH revenue surged 49%/20% YoY to INR1b/INR2.1b, mainly led by higher ARPU (from digitization of the TN market). For FY18, standalone revenue/EBITDA grew 12%/13% YoY to INR28.6b/19.6b (1% beat), while PAT rose 12% to INR10.9b (in-line).
- Concall highlights: (1)** Management indicated that incremental subscription revenue from digitization in Tamil Nadu would surpass INR3b. Expect domestic subscription revenue to grow at 20-25% in FY19. **(2)** EBITDA margin should improve in FY19, driven by a) IPL biz turning profitable and b) increasing mix of subscription revenue. **(3)** Expects to foray into one new regional market in FY19.
- Multiple levers for growth:** We expect domestic subscription revenue CAGR of 17% over FY18-20, primarily led by higher ARPU, which is largely due to digitization of ~10m analog subscribers (~50% of the TN market). Ad revenue should witness strong momentum, led by a healthy ad outlook, a steady shift to the commission model in the TN market and a consistent healthy viewership share. Subsequently, we expect 12% ad revenue CAGR over FY18-20. IPL business turning profitable in FY19E is further expected to bolster earnings growth. We largely maintain our estimates – 16% revenue CAGR and 17%/21% EBITDA/PAT CAGR over FY18-20.
- Valuation view:** SUNTV is trading at 24.7x/21.3x FY19/20E EPS, and is valued at ~30-35% discount to ZEE. We believe PAT CAGR of 21% over FY18-20, coupled with a steady increase in RoCE to 30%, should help reduce the valuation gap. We value the stock at 30x (~15% discount to ZEE) FY20E EPS of INR41, arriving at a revised TP of INR1,200 (prior: INR1,225). Maintain **Buy**.

### Financials & Valuations (INR b)

Y/E Mar	2018	2019E	2020E
Net Sales	28.6	33.8	38.3
EBITDA	19.6	23.6	26.7
PAT	10.9	13.8	16.0
EPS (INR)	27.7	35.0	40.6
Gr. (%)	11.6	26.2	15.9
BV/Sh (INR)	117.7	128.5	141.4
RoE (%)	25.2	28.4	30.1
RoCE (%)	25.3	28.5	30.1
P/E (x)	31.2	24.7	21.3
P/BV (x)	7.3	6.7	6.1
EV/EBITDA (x)	16.4	13.4	11.6

<b>Estimate change</b>	↔
<b>TP change</b>	↔
<b>Rating change</b>	↔

### Standalone - Quarterly Earning Model

Y/E March	FY17				FY18				FY17	FY18	4Q FY18E	Est Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>7,608</b>	<b>6,255</b>	<b>5,894</b>	<b>5,825</b>	<b>7,863</b>	<b>6,759</b>	<b>6,833</b>	<b>7,170</b>	<b>25,583</b>	<b>28,625</b>	<b>6,947</b>	<b>3</b>
YoY Change (%)	10.4	10.2	2.8	3.1	3.4	8.1	15.9	23.1	6.8	11.9	19.3	
Total Expenditure	3,244	1,592	1,497	1,889	3,380	1,798	1,912	1,946	8,221	9,036	1,938	0
<b>EBITDA</b>	<b>4,364</b>	<b>4,663</b>	<b>4,397</b>	<b>3,936</b>	<b>4,484</b>	<b>4,961</b>	<b>4,920</b>	<b>5,224</b>	<b>17,361</b>	<b>19,589</b>	<b>5,009</b>	<b>4</b>
Margins (%)	57.4	74.6	74.6	67.6	57.0	73.4	72.0	72.9	67.9	68.4	72.1	76.6
Depreciation	1,008	1,030	1,107	767	1,035	1,027	1,145	1,190	3,911	4,397	957	24
Interest	1	2	7	2	1	1	1	9	13	11	3	155
Other Income	216	488	389	374	371	372	291	368	1,466	1,402	360	2
<b>PBT</b>	<b>3,571</b>	<b>4,119</b>	<b>3,673</b>	<b>3,541</b>	<b>3,819</b>	<b>4,306</b>	<b>4,066</b>	<b>4,393</b>	<b>14,904</b>	<b>16,584</b>	<b>4,408</b>	<b>0</b>
Tax	1,240	1,415	1,272	1,182	1,302	1,459	1,397	1,496	5,109	5,654	1,511	
Rate (%)	34.7	34.4	34.6	33.4	34.1	33.9	34.3	34.0	34.3	34.1	34.3	
<b>Reported PAT</b>	<b>2,331</b>	<b>2,704</b>	<b>2,401</b>	<b>2,359</b>	<b>2,516</b>	<b>2,847</b>	<b>2,670</b>	<b>2,898</b>	<b>9,794</b>	<b>10,930</b>	<b>2,898</b>	<b>0</b>
<b>Adj PAT</b>	<b>2,331</b>	<b>2,704</b>	<b>2,401</b>	<b>2,359</b>	<b>2,516</b>	<b>2,847</b>	<b>2,670</b>	<b>2,898</b>	<b>9,794</b>	<b>10,930</b>	<b>2,898</b>	<b>0</b>
YoY Change (%)	19.0	21.7	11.0	5.4	8.0	5.3	11.2	22.8	14.2	11.6	22.8	
Margins (%)	30.6	43.2	40.7	40.5	32.0	42.1	39.1	40.4	38.3	38.2	41.7	-129.6

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

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**Valuation and view**

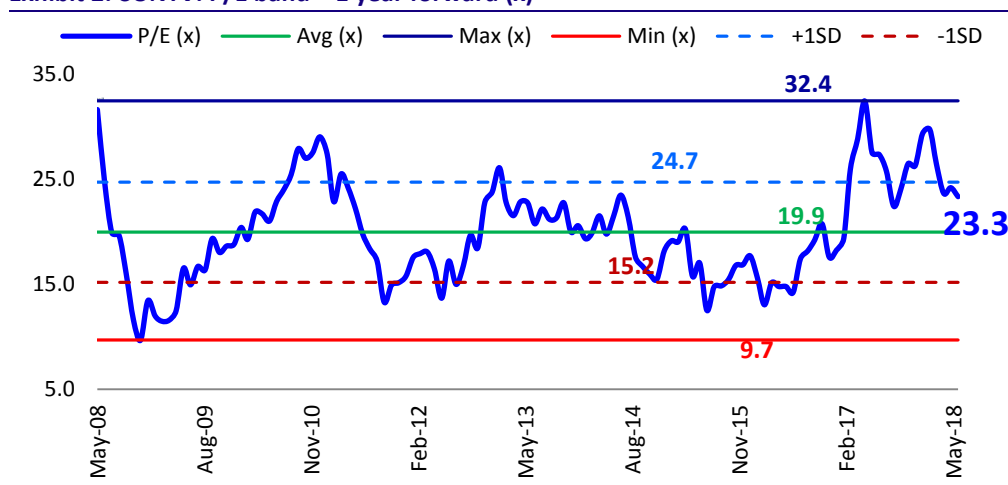
- We expect revenue/EBITDA CAGR of 16%/17% and PAT CAGR of 21% over FY18-20. This is primarily on the back of strong ad and subscription revenue. We expect 12% CAGR in ad revenue, led by healthy viewership across south genres and a strong content focus. Furthermore, digitization-led APRU growth should drive domestic subscription revenues (17% CAGR over FY18-20E).
- We expect SUNTV to garner ~30% RoCE by FY20.
- SUNTV is trading at 24.7x/21.3x FY19/20E EPS, and is valued at ~30-35% discount to ZEE. We believe PAT CAGR of 21% over FY18-20, coupled with a steady increase in RoCE to 30%, should help reduce the valuation gap. We value the stock at 30x (~15% discount to ZEE) FY20E EPS of INR41, arriving at a revised TP of INR1,200 (prior: INR1,225). Maintain **Buy**.

**Exhibit 1: Valuation based on FY20 EPS**

Particulars	FY20
EPS (INR)	41
PE multiple (x)	30
Target Price (INR)	1,200
CMP (INR)	865
Upside (%)	39%

Source: Company, MOSL

**Exhibit 2: SUNTV: P/E band – 1 year forward (x)**



Source: Bloomberg, MOSL

**Exhibit 3: Quarterly Performance (INR m)**

INR m	4QFY17	3QFY18	4QFY18	YoY%	QoQ%	4QFY18E	v/s est (%)
<b>Revenue</b>	<b>5,825</b>	<b>6,833</b>	<b>7,170</b>	<b>23.1</b>	<b>4.9</b>	<b>6,947</b>	<b>3.2</b>
Operating expenditure	1,889	1,912	1,946	3.0	1.7	1,938	0.4
<b>EBITDA</b>	<b>3,936</b>	<b>4,920</b>	<b>5,224</b>	<b>32.7</b>	<b>6.2</b>	<b>5,009</b>	<b>4.3</b>
EBITDA margin (%)	67.6	72.0	72.9	529bps	85bps	72.1	77bps
Depreciation & amortization	767	1,145	1,190	55.3	4.0	957	24.4
<b>EBIT</b>	<b>3,170</b>	<b>3,776</b>	<b>4,034</b>	<b>27.2</b>	<b>6.8</b>	<b>4,052</b>	<b>-0.4</b>
Interest	2	1	9	319.0	1,366.7	3	155.1
Other income	374	291	368	-1.4	26.6	360	2.3
Exceptional item	0	0	0			0	
<b>PBT</b>	<b>3,541</b>	<b>4,066</b>	<b>4,393</b>	<b>24.1</b>	<b>8.0</b>	<b>4,408</b>	<b>-0.3</b>
Tax	1,182	1,397	1,496	26.5	7.1	1,511	-1.0
Effective tax rate (%)	33.4	34.3	34.0	66bps	-30bps	34.3	-22bps
<b>PAT</b>	<b>2,359</b>	<b>2,670</b>	<b>2,898</b>	<b>22.8</b>	<b>8.5</b>	<b>2,898</b>	<b>0.0</b>
<b>Revenue Breakup</b>							
Advertising	2,680	3,380	3,390	26.5	0.3		
Broadcasting	240	200	190	-20.8	-5.0		
<b>Total Advertising &amp; Broadcasting</b>	<b>2,920</b>	<b>3,580</b>	<b>3,580</b>	<b>22.6</b>	<b>0.0</b>	<b>3,544</b>	<b>1.0</b>
International subscription	370	410	430	16.2	4.9	413	4.1
<b>Domestic Subscription</b>							
- Domestic Cable	700	949	1,040	48.6	9.6	986	5.4
- DTH	1,710	1,870	2,050	19.9	9.6	1,908	7.4
Total domestic subscription	2,410	2,819	3,090	28.2	9.6	2,895	6.7
<b>Total Subscription revenue</b>	<b>2,780</b>	<b>3,229</b>	<b>3,520</b>	<b>26.6</b>	<b>9.0</b>	<b>3,308</b>	<b>6.4</b>
Films and Others	125	24	70	-44.4	192.0	96	-27.5
<b>Total</b>	<b>5,825</b>	<b>6,833</b>	<b>7,170</b>	<b>23.1</b>	<b>4.9</b>	<b>6,947</b>	<b>3.2</b>
<b>Operating Cost</b>							
Production cost	617	811	727	17.8	-10.3	821	-11.4
Employee cost	643	722	761	18.4	5.4	729	4.4
Other exp	628	380	457	-27.2	20.4	389	17.6
<b>Total Operating expenses</b>	<b>1,889</b>	<b>1,912</b>	<b>1,946</b>	<b>3.0</b>	<b>1.7</b>	<b>1,938</b>	<b>0.4</b>

Source: MOSL, Company

**4QFY18 Earnings Call Highlights****Key takeaways**

- Management indicated that incremental subscription revenue from digitization in Tamil Nadu would surpass INR3b. Expect domestic subscription revenue to grow at 20-25% in FY19.
- EBITDA margins in FY19 should improve, driven by 1) IPL biz turning profitable and 2) increasing mix of subscription revenue.
- Expect to foray into one new regional market in FY19.
- At present, TN market has ~9-10m analog subscribers, and of the other 10m, 4-5m are digital cable subscribers and ~5m are DTH subscribers. Management does not foresee any impact from FreeDish.
- Management hinted that Colors Tamil should not have any major impact on viewership.

**4QFY18 performance**

- Management hinted that Colors Tamil should not have any major impact on viewership. Currently, SUNTV has more than 50% viewership (GEC and non GEC).
- Revenue break-up: Advertising revenue stood at INR3,390m, broadcasting revenue at INR190m, International subscription revenue at INR430m, Cable

revenue at INR1,040m, DTH revenue at INR2,050m and other operating income at INR35m.

- Of 25% growth in ad revenue, 10% is from high yield, while 15% was led by higher inventory utilization.
- Growth in subscription revenue is largely driven by growth in TN market.
- Drop in content cost in 4QFY18 vis-à-vis 3QFY18 is due to specific programming for Diwali.
- Cash balance as on Mar-18 stood at INR18b.
- During the quarter, a few arrangements with ARASU got concluded.
- Depreciation for the quarter stood at INR170m, while amortization stood at INR1,020m.
- On Sun TV channel, ~80% slots are still on PPP model.

### Industry

- At present, TN market has ~9-10m analog subscribers, and of the other 10m subscribers, 4-5m are digital cable subscribers and ~5m are DTH subscribers. Management does not foresee any impact from FreeDish.
- APRU from the end customer in TN market is ~INR150 and above.
- IPL has been creating a dent in regional market viewership. However, post IPL, the viewership should revert back to normal levels.

### Business outlook

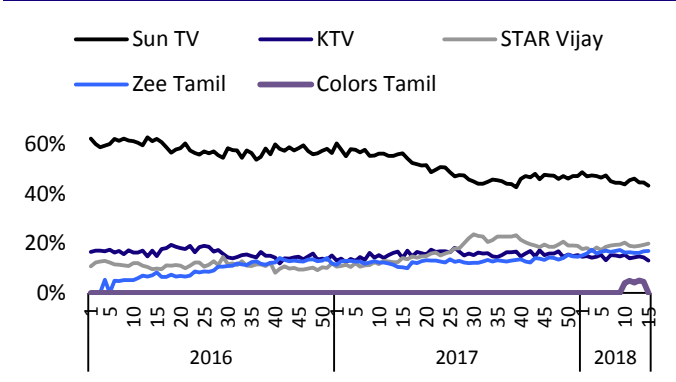
- Management indicated that incremental subscription revenue from digitization in Tamil Nadu would surpass INR3b. Domestic subscription revenue is expected to grow at 20-25% in FY19.
- EBITDA margins in FY19 should improve driven by 1) IPL biz turning profitable and 2) increasing mix of subscription revenue.
- Investment in movies in FY19 is expected to be in the range of INR4-4.25b.
- SUNTV plans to foray into one new regional market in FY19.
- SUNTV has no plans to overcome Big Boss by launch of any reality content and continues to focus on fiction content.
- TN is witnessing a strong uptick in digitization. Management expects substantial portion of Tamil Nadu market to get digitized by CY19.
- In 1QFY19, 1 prime time slot and 2 non-prime time slots got shifted to commission model. Expect 1 more slot to get shifted in 2QFY19.
- To ramp-up viewership, high production value fiction content (which will run for a couple of years) have been lined up and is expected to get launched only from 2QFY19, i.e post IPL.
- SUNTV would continue to charge for SUN Next, rather than providing free content. Also, management has no plans to make any major investment for original content on OTT platform.
- Management plans to keep the payout ratios high.

**Exhibit 4: Estimate change summary**

	FY18	FY19E	FY20E
<b>Revenue (INR b)</b>			
Old	28.4	33.6	38.5
Actual/New	28.6	33.8	38.3
Change (%)	0.8	0.4	-0.4
<b>EBITDA (INR b)</b>			
Old	19.4	23.4	26.9
Actual/New	19.6	23.6	26.7
Change (%)	1.1	0.6	-0.7
<b>EBITDA margin (%)</b>			
Old	68.2	69.6	69.9
Actual/New	68.5	69.8	69.7
Change (bp)	24.3	13.9	-24.8
<b>PAT (INR b)</b>			
Old	10.9	14.1	16.7
Actual/New	10.9	13.8	16.0
Change (%)	0.0	-2.2	-4.5
<b>EPS (INR)</b>			
Old	27.7	35.8	42.5
Actual/New	27.7	35.0	40.6
Change (%)	0.0	-2.2	-4.5

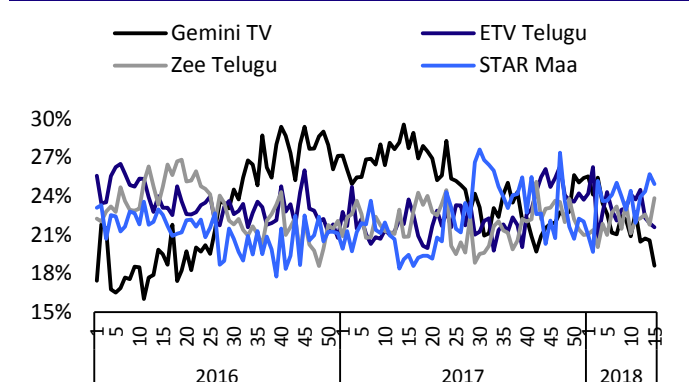
Source: MOSL, Company

**Exhibit 5: Sun TV maintains leadership in Tamil genre (weekly)**



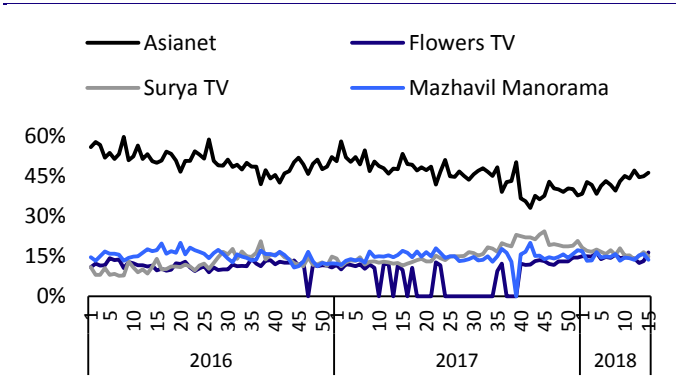
Source: BARC, MOSL

**Exhibit 6: Telugu remains fiercely competitive (weekly)**



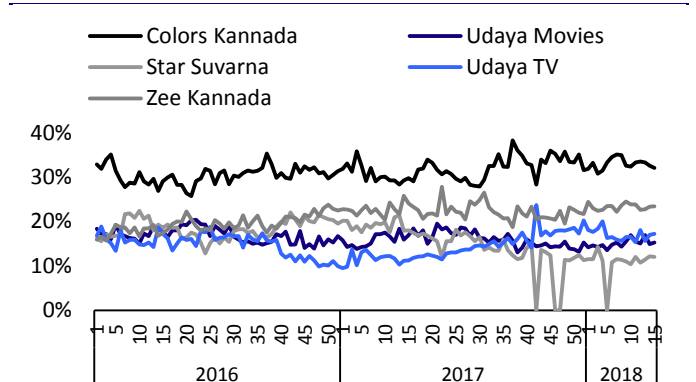
Source: BARC, MOSL

**Exhibit 7: Surya TV stands 2<sup>nd</sup> in Malayalam (weekly)**



Source: BARC, MOSL

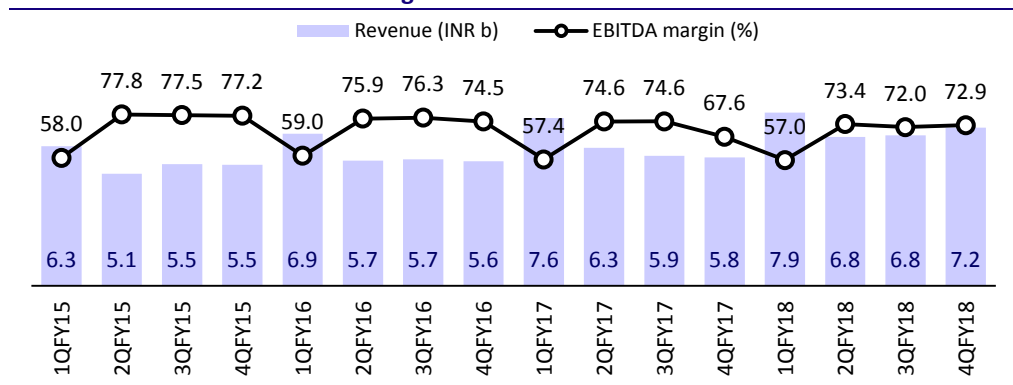
**Exhibit 8: Udaya stands 3<sup>rd</sup> in Kannada (weekly)**



Source: BARC, MOSL

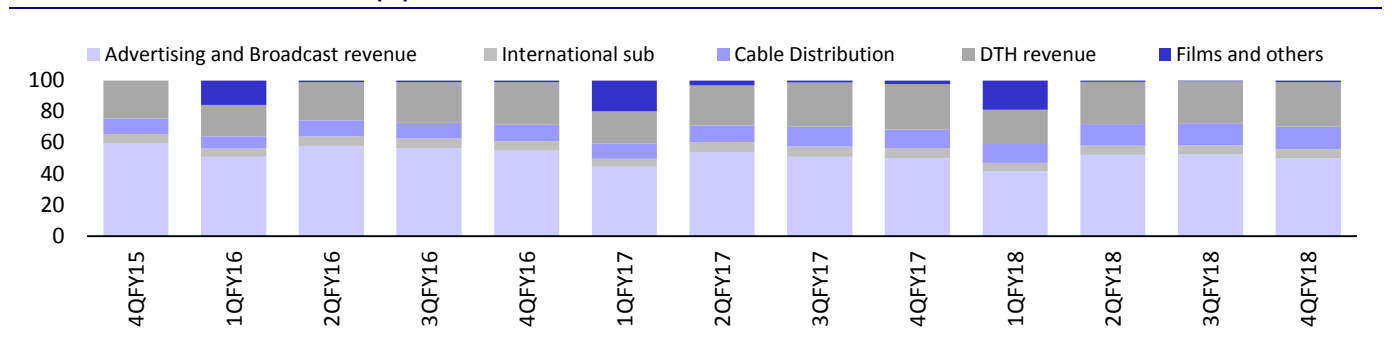
## Story in charts

**Exhibit 9: Revenue and EBITDA margin trend**



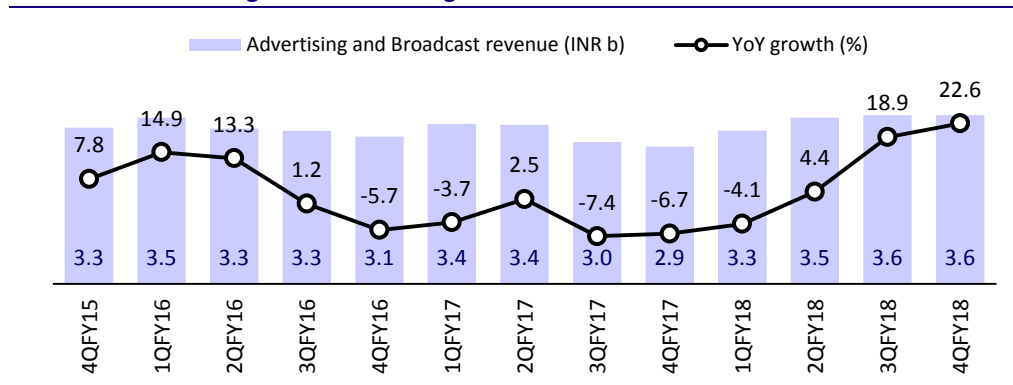
Source: MOSL, Company

**Exhibit 10: Trend in revenue mix (%)**



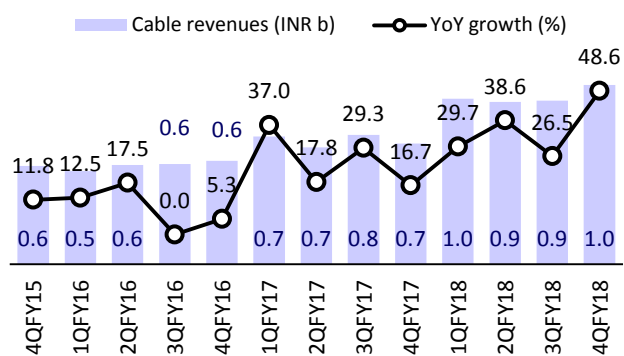
Source: MOSL, Company

**Exhibit 11: Advertising and broadcasting revenue trend**



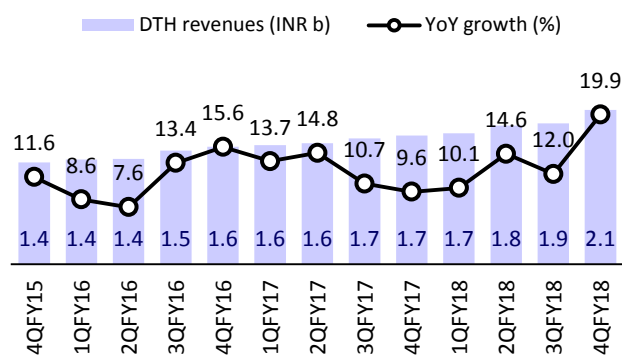
Source: MOSL, Company

Exhibit 12: Cable revenue trend



Source: MOSL, Company

Exhibit 13: DTH revenue trend



Source: MOSL, Company

Exhibit 14: Sun TV: A Snapshot (INR b)

Particulars	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
<b>Ad and broadcast revenue (INR b)</b>	<b>11.9</b>	<b>12.5</b>	<b>13.2</b>	<b>12.7</b>	<b>14.0</b>	<b>15.7</b>	<b>17.6</b>
YoY growth (%)	0	5	6	-4	10	12	13
DTH revenue (INR b)	4.5	5.3	5.9	6.6	7.5	8.8	10.3
YoY growth (%)	20	17	11	12	14	17	17
Cable revenue (INR b)	2.0	2.1	2.3	2.9	3.9	4.6	5.3
YoY growth (%)	41	8	8	25	36	17	17
International revenue (INR b)	1.2	1.4	1.4	1.7	1.7	1.8	2.0
YoY growth (%)	21	10	2	23	-3	9	9
<b>Total Subscription revenue (INR b)</b>	<b>7.7</b>	<b>8.8</b>	<b>9.6</b>	<b>11.2</b>	<b>13.1</b>	<b>15.2</b>	<b>17.6</b>
YoY growth (%)	25	14	9	17	17	16	16
Films, IPL and other revenue (INR b)	1.3	1.2	1.2	1.7	1.6	3.0	3.1
YoY growth (%)	1,336	-11	0	45	-6	84	4
<b>Total Revenue (INR b)</b>	<b>21.0</b>	<b>22.4</b>	<b>24.0</b>	<b>25.6</b>	<b>28.6</b>	<b>33.8</b>	<b>38.3</b>
YoY growth (%)	15	7	7	7	12	18	13
<b>EBITDA</b>	<b>14.6</b>	<b>16.1</b>	<b>17.0</b>	<b>17.4</b>	<b>19.6</b>	<b>23.6</b>	<b>26.7</b>
YoY growth (%)	6	10	5	2	13	20	13
<b>EBITDA margin (%)</b>	<b>69.8</b>	<b>72.0</b>	<b>70.8</b>	<b>67.9</b>	<b>68.5</b>	<b>69.8</b>	<b>69.7</b>
<b>Revenue mix (%)</b>							
<b>Ad and broadcast revenue</b>	<b>57</b>	<b>56</b>	<b>55</b>	<b>50</b>	<b>49</b>	<b>46</b>	<b>46</b>
<b>Subscription revenue</b>	<b>37</b>	<b>39</b>	<b>40</b>	<b>44</b>	<b>46</b>	<b>45</b>	<b>46</b>
- DTH	21	23	24	26	26	26	27
- Analog	9	9	10	11	14	13	14
- International	6	6	6	7	6	5	5
<b>Films, IPL and other revenue</b>	<b>6</b>	<b>5</b>	<b>5</b>	<b>7</b>	<b>6</b>	<b>9</b>	<b>8</b>

Source: MOSL, Company

## Financials and Valuations

### Standalone - Income Statement

(INR m)

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
<b>Total Income from Operations</b>	<b>18,176</b>	<b>20,968</b>	<b>22,431</b>	<b>23,952</b>	<b>25,582</b>	<b>28,625</b>	<b>33,788</b>	<b>38,317</b>
Change (%)	3.4	15.4	7.0	6.8	6.8	11.9	18.0	13.4
Production Costs	1,552	1,851	1,692	1,815	2,165	2,862	3,491	4,329
Employees Cost	1,771	1,925	2,037	2,359	2,563	2,941	3,235	3,559
Other Expenses	1,085	2,557	2,558	2,818	3,485	3,227	3,485	3,729
<b>Total Expenditure</b>	<b>4,407</b>	<b>6,334</b>	<b>6,288</b>	<b>6,992</b>	<b>8,213</b>	<b>9,030</b>	<b>10,212</b>	<b>11,617</b>
% of Sales	24.2	30.2	28.0	29.2	32.1	31.5	30.2	30.3
<b>EBITDA</b>	<b>13,769</b>	<b>14,634</b>	<b>16,143</b>	<b>16,961</b>	<b>17,370</b>	<b>19,595</b>	<b>23,576</b>	<b>26,700</b>
Margin (%)	75.8	69.8	72.0	70.8	67.9	68.5	69.8	69.7
Depreciation	4,132	4,533	5,878	4,850	3,911	4,397	4,674	5,058
<b>EBIT</b>	<b>9,637</b>	<b>10,100</b>	<b>10,265</b>	<b>12,110</b>	<b>13,458</b>	<b>15,198</b>	<b>18,902</b>	<b>21,641</b>
Int. and Finance Charges	48	45	30	22	10	11	11	11
Other Income	550	792	879	1,075	1,456	1,397	2,105	2,707
<b>PBT bef. EO Exp.</b>	<b>10,139</b>	<b>10,847</b>	<b>11,114</b>	<b>13,164</b>	<b>14,903</b>	<b>16,584</b>	<b>20,997</b>	<b>24,338</b>
EO Items	-2	0	0	180	0	0	0	0
<b>PBT after EO Exp.</b>	<b>10,138</b>	<b>10,847</b>	<b>11,114</b>	<b>13,344</b>	<b>14,903</b>	<b>16,584</b>	<b>20,997</b>	<b>24,338</b>
Total Tax	3,306	3,678	3,746	4,646	5,109	5,654	7,198	8,344
Tax Rate (%)	32.6	33.9	33.7	34.8	34.3	34.1	34.3	34.3
<b>Reported PAT</b>	<b>6,832</b>	<b>7,170</b>	<b>7,369</b>	<b>8,698</b>	<b>9,794</b>	<b>10,930</b>	<b>13,798</b>	<b>15,994</b>
<b>Adjusted PAT</b>	<b>6,833</b>	<b>7,170</b>	<b>7,369</b>	<b>8,581</b>	<b>9,794</b>	<b>10,930</b>	<b>13,798</b>	<b>15,994</b>
Change (%)	-1.6	4.9	2.8	16.4	14.1	11.6	26.2	15.9
Margin (%)	37.6	34.2	32.9	35.8	38.3	38.2	40.8	41.7

### Standalone - Balance Sheet

(INR m)

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
Equity Share Capital	1,970	1,970	1,970	1,970	1,970	1,970	1,970	1,970
Total Reserves	26,958	29,748	31,827	33,206	38,247	44,430	48,670	53,740
<b>Net Worth</b>	<b>28,929</b>	<b>31,718</b>	<b>33,797</b>	<b>35,176</b>	<b>40,218</b>	<b>46,401</b>	<b>50,640</b>	<b>55,710</b>
Total Loans	0	0	0	0	0	0	0	0
Deferred Tax Liabilities	284	260	221	219	556	770	770	770
<b>Capital Employed</b>	<b>29,213</b>	<b>31,978</b>	<b>34,018</b>	<b>35,396</b>	<b>40,773</b>	<b>47,170</b>	<b>51,410</b>	<b>56,480</b>
Gross Block	28,445	33,240	38,306	15,418	19,203	22,972	26,472	29,972
Less: Accum. Deprn.	22,250	20,820	27,563	7,089	8,183	12,579	17,254	22,312
<b>Net Fixed Assets</b>	<b>6,195</b>	<b>12,420</b>	<b>10,743</b>	<b>8,330</b>	<b>11,021</b>	<b>10,393</b>	<b>9,219</b>	<b>7,660</b>
Capital WIP	6,036	4	5	6	15	442	442	442
<b>Total Investments</b>	<b>4,678</b>	<b>6,767</b>	<b>6,936</b>	<b>8,508</b>	<b>14,540</b>	<b>24,121</b>	<b>24,121</b>	<b>24,121</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>15,110</b>	<b>15,596</b>	<b>18,224</b>	<b>20,980</b>	<b>17,924</b>	<b>16,949</b>	<b>21,032</b>	<b>28,117</b>
Account Receivables	5,353	5,706	6,835	7,329	7,238	10,084	9,186	10,456
Cash and Bank Balance	3,885	5,620	6,904	7,877	7,385	3,071	7,588	12,832
Loans and Advances	5,867	4,264	4,480	5,763	3,292	3,791	4,245	4,813
<b>Curr. Liability &amp; Prov.</b>	<b>2,806</b>	<b>2,808</b>	<b>1,890</b>	<b>2,428</b>	<b>2,726</b>	<b>4,734</b>	<b>3,403</b>	<b>3,859</b>
Account Payables	296	318	375	383	497	577	581	659
Other Current Liabilities	1,556	1,388	1,448	1,906	2,034	4,000	2,602	2,950
Provisions	954	1,102	68	139	195	157	221	250
<b>Net Current Assets</b>	<b>12,304</b>	<b>12,787</b>	<b>16,334</b>	<b>18,552</b>	<b>15,198</b>	<b>12,215</b>	<b>17,629</b>	<b>24,258</b>
<b>Appl. of Funds</b>	<b>29,213</b>	<b>31,978</b>	<b>34,018</b>	<b>35,396</b>	<b>40,773</b>	<b>47,170</b>	<b>51,410</b>	<b>56,480</b>

E: MOSL Estimates



## Financials and Valuations

### Ratios

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>17.3</b>	<b>18.2</b>	<b>18.7</b>	<b>21.8</b>	<b>24.9</b>	<b>27.7</b>	<b>35.0</b>	<b>40.6</b>
Cash EPS	27.8	29.7	33.6	34.1	34.8	38.9	46.9	53.4
BV/Share	73.4	80.5	85.8	89.3	102.1	117.7	128.5	141.4
DPS	9.5	9.5	11.3	15.5	10.0	0.0	21.0	24.0
Payout (%)	63.3	60.3	69.5	84.3	46.5	0.0	69.3	68.3
<b>Valuation (x)</b>								
P/E			46.2	39.7	34.8	31.2	24.7	21.3
Cash P/E			25.7	25.4	24.9	22.2	18.4	16.2
P/BV			10.1	9.7	8.5	7.3	6.7	6.1
EV/Sales			14.6	13.8	12.7	11.2	9.4	8.1
EV/EBITDA			20.2	19.5	18.8	16.4	13.4	11.6
Dividend Yield (%)	1.0	1.0	1.3	1.8	1.2	0.0	2.4	2.8
FCF per share	11.0	18.5	17.8	22.4	23.5	21.4	30.4	34.2
<b>Return Ratios (%)</b>								
RoE	24.7	23.6	22.5	24.9	26.0	25.2	28.4	30.1
RoCE	24.8	23.7	22.6	24.9	26.0	25.3	28.5	30.1
RoIC	46.8	39.0	34.2	40.3	46.7	52.2	64.0	74.2
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	0.6	0.6	0.6	1.6	1.3	1.2	1.3	1.3
Asset Turnover (x)	0.6	0.7	0.7	0.7	0.6	0.6	0.7	0.7
Inventory (Days)	0	0	0	0	0	0	0	0
Debtor (Days)	107	99	111	112	103	129	99	100
Creditor (Days)	6	6	6	6	7	7	6	6
<b>Leverage Ratio (x)</b>								
Current Ratio	5.4	5.6	9.6	8.6	6.6	3.6	6.2	7.3
Net Debt/Equity	-0.3	-0.4	-0.4	-0.5	-0.5	-0.6	-0.6	-0.7

### Standalone - Cash Flow Statement

(INR m)

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
OP/(Loss) before Tax	10,139	10,847	11,120	13,163	14,904	16,584	20,997	24,338
Depreciation	4,132	4,533	5,878	4,850	3,911	4,397	4,674	5,058
Interest & Finance Charges	43	43	18	22	10	11	11	11
Direct Taxes Paid	-4,062	-2,810	-3,761	-4,550	-4,877	-5,654	-7,198	-8,344
(Inc)/Dec in WC	-1,738	-588	-1,174	-260	-14	-1,117	-897	-1,384
<b>CF from Operations</b>	<b>8,515</b>	<b>12,025</b>	<b>12,080</b>	<b>13,225</b>	<b>13,934</b>	<b>14,221</b>	<b>17,586</b>	<b>19,679</b>
Others	-157	-440	-673	-665	-1,027	-1,592	-2,105	-2,707
<b>CF from Operating incl EO</b>	<b>8,358</b>	<b>11,585</b>	<b>11,407</b>	<b>12,560</b>	<b>12,907</b>	<b>12,629</b>	<b>15,481</b>	<b>16,971</b>
(Inc)/Dec in FA	-4,029	-4,295	-4,375	-3,713	-3,658	-4,203	-3,500	-3,500
<b>Free Cash Flow</b>	<b>4,329</b>	<b>7,290</b>	<b>7,033</b>	<b>8,847</b>	<b>9,249</b>	<b>8,426</b>	<b>11,981</b>	<b>13,471</b>
(Pur)/Sale of Investments	37	-2,088	-169	213	-4,774	-9,574	0	0
Others	443	841	768	-715	-214	1,397	2,105	2,707
<b>CF from Investments</b>	<b>-3,549</b>	<b>-5,542</b>	<b>-3,775</b>	<b>-4,214</b>	<b>-8,646</b>	<b>-12,381</b>	<b>-1,395</b>	<b>-793</b>
Issue of Shares	0	0	0	0	0	0	0	0
Inc/(Dec) in Debt	0	0	0	0	0	0	0	0
Interest Paid	-43	-43	-18	-20	-10	-11	-11	-11
Dividend Paid	-3,779	-4,265	-6,331	-7,352	-4,743	-4,552	-9,559	-10,924
Others	0	0	0	0	0	0	0	0
<b>CF from Fin. Activity</b>	<b>-3,822</b>	<b>-4,308</b>	<b>-6,348</b>	<b>-7,372</b>	<b>-4,753</b>	<b>-4,562</b>	<b>-9,569</b>	<b>-10,935</b>
<b>Inc/Dec of Cash</b>	<b>987</b>	<b>1,735</b>	<b>1,284</b>	<b>973</b>	<b>-492</b>	<b>-4,313</b>	<b>4,517</b>	<b>5,244</b>
Opening Balance	2,898	3,885	5,620	6,904	7,877	7,385	3,071	7,588
<b>Closing Balance</b>	<b>3,885</b>	<b>5,620</b>	<b>6,904</b>	<b>7,877</b>	<b>7,385</b>	<b>3,071</b>	<b>7,588</b>	<b>12,832</b>

## Explanation of Investment Rating

### Investment Rating

BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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