

Dish TV

Buy | Rs. 42

- Dish TV, a Zee Group Company is the market leader and a serious player in the Direct-To-Home (DTH) business. Its market share, 27% is way ahead of the nearest competitor.
- Company is focusing now on profitable growth rather than aggressive subscriber acquisitions, which is good for shareholders in a maturing – but still growing industry. DTH is a futuristic business and much superior in technology compared to cable, which is the main competitor.
- Dish TV expects to generate FCF (Free Cash Flow) of around Rs.250 Cr in current year and reduce debt significantly. During FY-13, company reported a loss of Rs.65 Cr on revenue of Rs.2279 Cr, after providing for depreciation and amortization expense of Rs.628 Cr., which is likely to peak out at around Rs.650 Cr in the current year. Management expects a maiden net profit in Q4.
- Current ARPU (average revenue per user) of Rs.167 is expected to improve significantly in the coming years. Dish TV is a major beneficiary of the ongoing Digitization. Phase1 of digitization yielded better than expected results for the company.
- Stock price has fallen sharply recently from Rs.70 to Rs.40, due to its over-bought and over researched status. Over 50 foreign and domestic funds are tracking Dish TV! Rupee depreciation could be the recent trigger for the price fall, as it has a negative impact on the company due to higher equipment cost and transponder charges.
- We expect the stock price to cross Rs.70 within 12 - 18 months, supported by the profitability and other fundamentals of Dish TV and an improvement in market sentiment on mid-cap value investing.

Stock Data

Market Cap (Cr):	4470
Year high:	85
Year Low:	40

Shareholding Pattern

Promoter:	63.55%
FII's:	13.03%
DII:	4.35%
Public:	19.07%

Financial Performance

	FY12	FY13
Revenue	2050	2279
Net Profit	-133	-65
EPS	---	---

Key Financial Data

Debt (Rs Cr)	1633
Investments (Rs Cr)	278
Cash (Rs Cr)	365