

Sun TV Network Ltd.

BUY
CMP Rs423
TP Rs515

21 April 2011

Make hay, the Sun is shining bright...

Sun TV, the leader in India's largest entertainment market - South India, outpaced South Indian TV ad industry growth rate. In the Rs27bn South Indian TV ad market, Sun TV's ad revenue witnessed 30% CAGR over FY07-FY10 v/s 20% industry growth (Tamil, Telugu, Kannada & Malayalam). Its competitive position of premium pricing power and a 'must' platform for national and local advertisers underpins our belief that Sun TV will maintain its leading position and growth momentum.

Digitization to boost subscription revenue

We believe subscription revenue should grow at a robust pace due to increased level of digitization in DTH and digital cable segments. Subscription revenue saw a healthy 27% CAGR over FY07-FY10 led by strong thrust from the DTH segment. Favorable market pull factors would further assist in expanding the DTH subscriber base and fall in subscription revenue leakages will enhance cable revenue. We expect subscription to register 27% CAGR over FY10-FY13E.

Unique business model ensures strong margins and low risks

Sun TV's unique slot sale model has helped it to keep content cost at it's minimum. It sells it's prime time ad inventory for an upfront charge to content providers, ensuring revenue and protecting rising content cost without compromising on quality of the content. This successful model ensures robust margins and lowers business risks.

Robust financial growth

We expect Sun TV's revenue to deliver 19% CAGR during FY10-FY13E, owing to growth of 19% in ad revenue and 27% in subscription revenue. We see OPM at 76% and NPM at 38% for FY12E and FY13E. We believe the company's ROE and ROCE will remain strong at 31% and 46% over FY12E and FY13E respectively.

VALUATIONS AND RECOMMENDATION

With strong business growth, business model with lowest risk and highest margins in the industry, we believe Sun TV will continue to attract premium valuation vis-à-vis peers. At CMP, the stock trades at 18x FY13E EPS. We initiate coverage on the stock with a BUY recommendation and a target price of Rs515 based on 21.7x P/E to FY13E EPS, valuing the company at 1x PEG (FY10-FY13E).

KEY FINANCIALS		Rs mn				
	FY09	FY10	FY11E	FY12E	FY13E	
Net Sales	10,394	14,528	19,825	20,713	24,553	
YoY Gr. (%)	19.5	39.8	36.5	4.5	18.5	
Op. Profit	7,368	10,909	15,647	15,828	18,785	
Op. Margin (%)	70.9	75.1	78.9	76.4	76.5	
Adj. Net Profit	3,683	5,199	7,720	7,798	9,380	
YoY Gr. (%)	12.7	41.2	48.5	1.0	20.3	
KEY RATIOS						
Dil. EPS (Rs)	9.3	13.2	19.6	19.8	23.8	
ROCE (%)	34.1	41.5	51.1	45.2	46.2	
ROE (%)	23.4	28.3	35.5	30.3	31.0	
PER (x)	45.3	32.1	21.6	21.4	17.8	
EV/Sales (x)	15.8	11.2	8.2	7.7	6.5	
Ev/EBDITA (x)	22.2	14.9	10.4	10.1	8.5	

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STOCK DATA

Market Cap	Rs166.7bn.
Book Value per share	Rs 50.1
Eq Shares O/S (F.V. Rs5)	394 mn.
Free Float	23%
Avg Traded Value (6 mnths)	Rs209.5mn
52 week High/Low	Rs556.5/370.6
Bloomberg Code	SUNTV:IN
Reuters Code	SUTV.BO

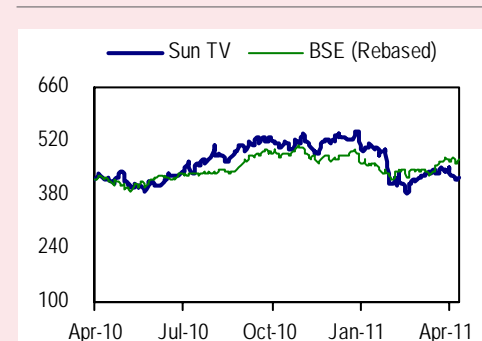
TOP SHAREHOLDERS

Name	% holding
A Indira Anand	2.2
Bharathi Kovelamudi	2.9
Selvam Selvi	2.0
Shanmugamsundaram Selvam	1.8

PERFORMANCE (%)

	1M	3M	12M
Absolute	(3.7)	(15.9)	0.6
Relative	(8.3)	(16.5)	(8.1)

RELATIVE PERFORMANCE



Initiating Coverage

Investment rationale

Dominance in the South Indian Ad Market

Sun TV one of the biggest broadcasters, has a dominant presence in the largest entertainment market – South India. Sun TV outpaced the South Indian Industry growth rate. Over FY07-FY10, Sun TV's ad revenue augmented 30% CAGR, whereas the Rs27bn South Indian (Tamil, Telugu, Malayalam and Kannada) ad market has been growing at 20%. Sun TV's competitive position in terms of premium pricing power and a strong platform it offers the national and local advertisers underpins our belief that the company will maintain its leading position and growth momentum.

Exhibit 1- South India Advertisement Market Share

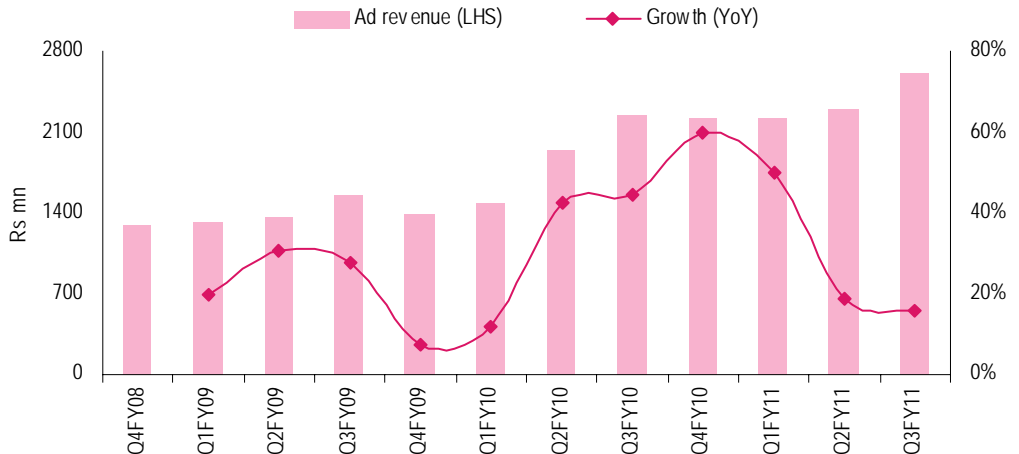
	South India				Total South
	Tamil	Telugu	Kannada	Malayalam	
Ad Market size CY09 (Rs bn)	9	7	3	3.5	22.5
Ad Market size CY10 (Rs bn)	10	7	5	5	27
YoY growth (%)	11%	0%	67%	43%	20%
No. of Channels (approx.)	38	36	21	25	120
Sun TV Channels	6	6	6	2	20
Viewer ship share of top 3 players	88%	78%	77%	94%	
Viewer ship share of Sun TV channels	70%	40%	42%	34%	

Sun TV's ad market share is 35% of the total South Indian 27bn TV ad market...

Source: Company, FICCI-KPMG 2011, PINC Research

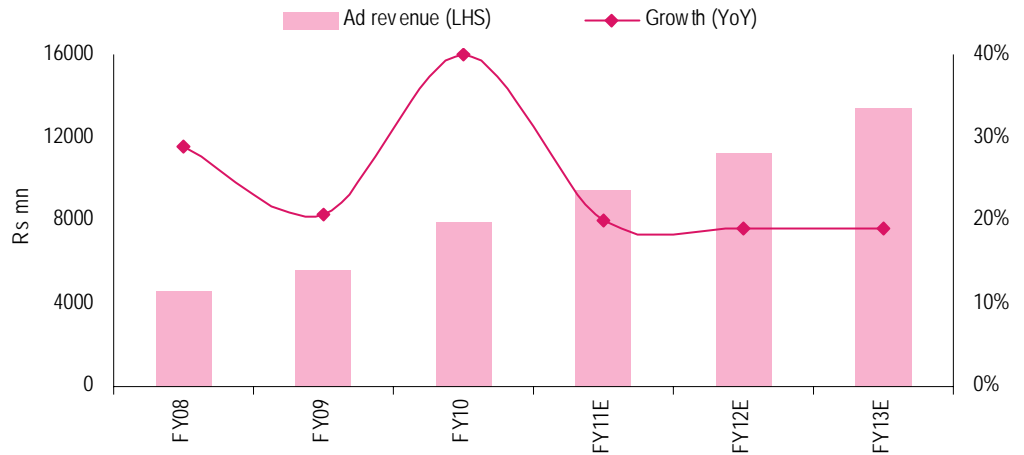
We believe the regional TV ad market growth will outpace the national TV ad market as the potential of growth in consumption of various products is greater in regional markets. Thus, Sun TV being the number one broadcaster in the most attractive key markets of South India – Tamil Nadu, Andhra Pradesh, Kerala and Karnataka, will benefit the most. Moreover its pole position in majority of the south markets makes it vital for any advertiser. With a strong lead in Southern markets, we see the company sustain its current ad growth traction. We estimate 19% CAGR over FY10-FY13E under the current economic scenario.

Exhibit 2- Strong Ad revenue growth posted



Source: Company, PINC Research

Exhibit 3- Double digit Ad Revenue growth expected going forward...

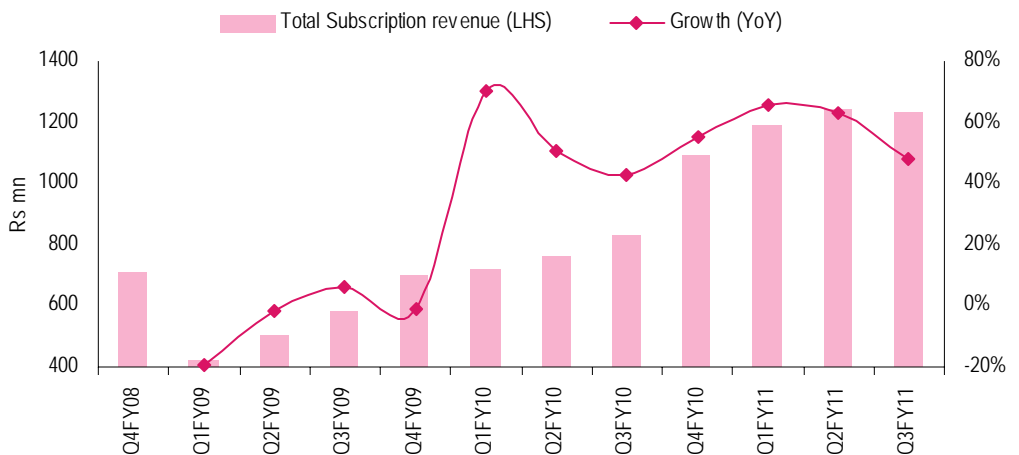


Source: Company, PINC Research

Digitization to boost subscription revenue

We believe subscription revenue should grow at a robust pace due to increased level of digitization in the DTH and digital cable segments. Subscription revenue observed a stolid 27% CAGR over FY07-FY10 led by strong thrust from the DTH (73% YoY 9MFY11) and cable segment (43% YoY 9MFY11). Favorable market pull factors would further assist in expanding the DTH subscriber base and fall in subscription revenue leakages. We expect subscription growth to stay high at 27% CAGR over FY10-FY13E.

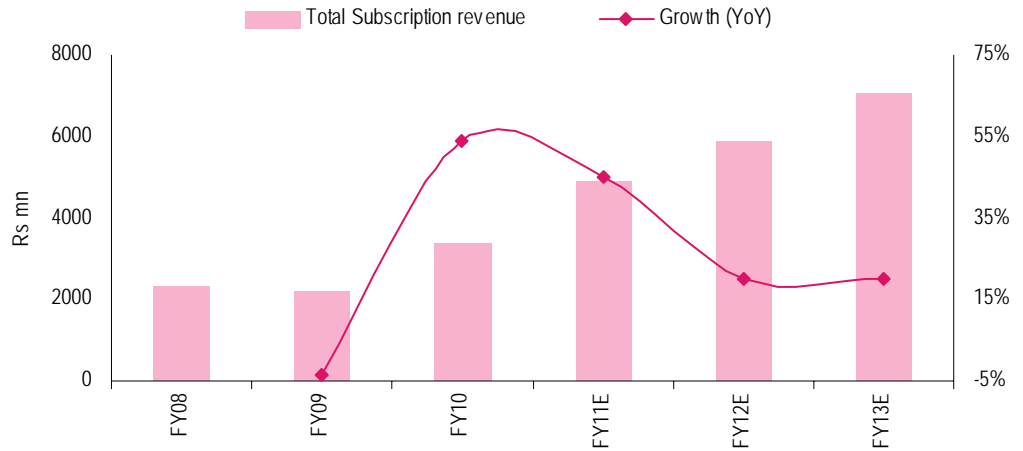
Exhibit 4- Quarterly Subscription Revenue trend



Source: Company, PINC Research

Exhibit 5- Robust Subscription Revenue growth expected...

Subscription revenue registered a 27% CAGR over FY07-FY10...



Source: Company, PINC Research

DTH revenue: An immense opportunity...

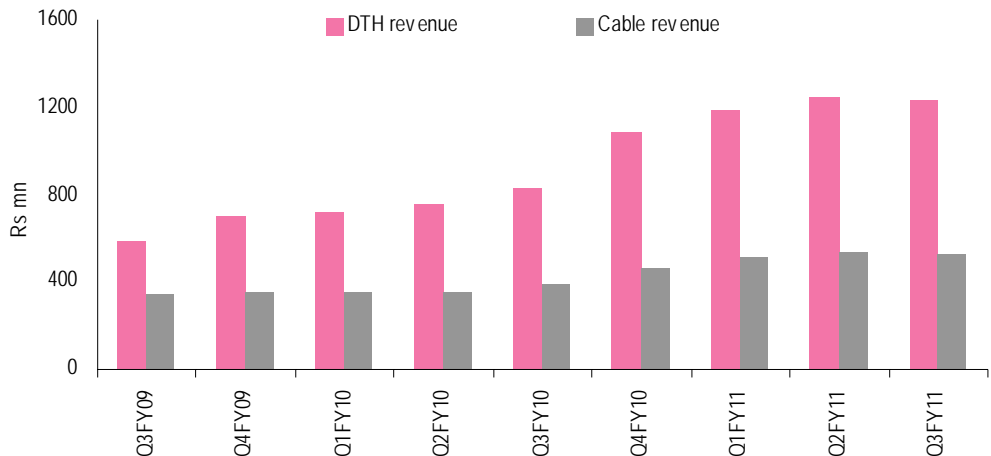
Subscriber base increased from 1.1mn in FY08 to current base of 6.7mn subscribers...

Sun TV being one of the largest Indian broadcasters has benefited from increasing penetration of digital distribution. Moreover, its favorable position in South India provides it an additional advantage. More than 60% of its DTH revenue is from Sun Direct (a promoter group company), a major player in the South Indian market. Its subscriber base has grown from 1.1mn in FY08 to 6.7mn in Q3FY11, a whopping increase of more than 5x in a 30.6mn subscriber market. Given the tremendous opportunity of further penetration of DTH services in the current markets of Sun TV, we expect this segment to grow at 32% CAGR during FY10-13E and contribute 18% to the overall top line in FY13E.

Cable Revenue: To grow further...

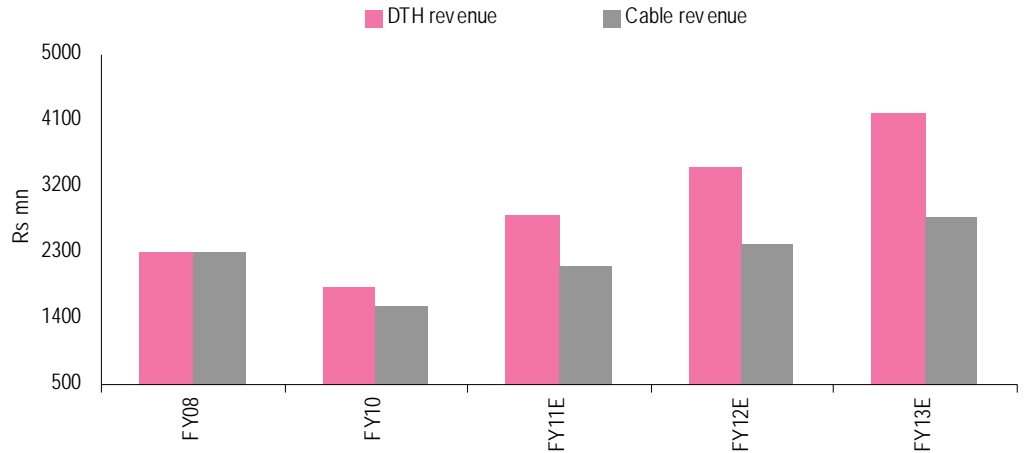
The company has delivered moderately strong cable revenue growth despite under-reporting of subscribers' base and subscription revenue leakages (43% YoY growth during 9MFY11). We believe tough competition from DTH operators would help in checking subscription revenue leakages and enable the company to sustain its growth rate. We expect this segment to deliver 21% CAGR over FY10-FY13E.

Exhibit 6- Sustainable Cable Revenues vs Dynamic DTH Revenues



Source: Company, PINC Research

Exhibit 7- Strong growth ahead for both DTH and Cable



Source: Company, PINC Research

International Subscription: Expanding presence outside India..

Sun TV already has presence in countries like Malaysia, Singapore, Canada, Sri Lanka, the UK, South Africa, Australia, Europe and the US. Further penetration into new markets and steady growth in current markets would augment its international subscription revenue.

Unique business model ensures strong margins and low risks

Its unique slot-sale model has helped it keep content cost at the minimum. The prime time ad inventory is sold at an upfront charge to content providers ensuring revenue and protecting the rising content cost without compromising the quality of the content. The remaining ad slots are monetized by the company through its strong position in the market. This successful model ensures robust margins and lowers business risks. Sun TV holds the right to shift the content to a non-prime band if the content does not perform in keeping with expectations and terminate the contract if the program is unsuccessful. The discarded content/program cannot be telecast on any other channel for at least two years after rejection.

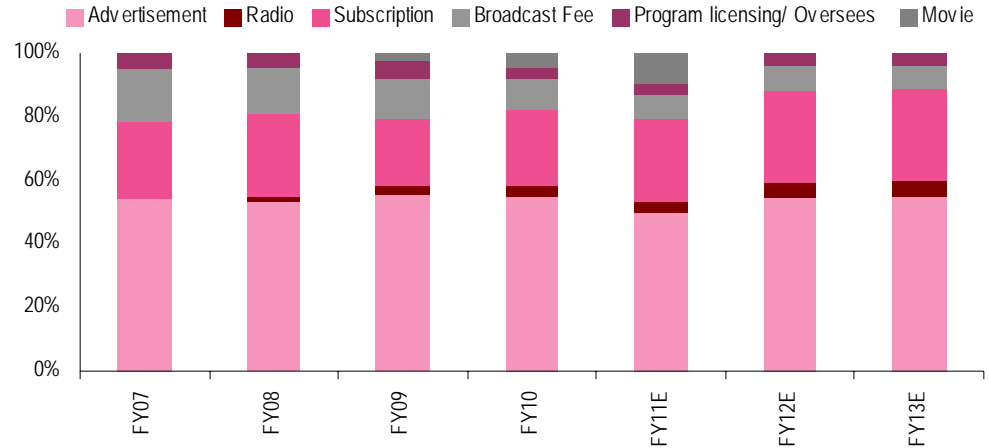
Hike in ad rates and broadcast fee

Sun TV increased its ad rates effective from FY12 for its flagship channel Sun TV and other Tamil channels from 8% to 32%, for its flagship Telugu channels Gemini TV of 6-13% and other Telugu channels at 9-43%, for Malayalam and Kannada channels ranging from 6% to 33% and 5-13% respectively. Broadcasting fee for different channels charged from content producers will be increased in line with the ad rate hike for the respective channels.

Robust financials growth

We expect Sun TV's revenue to post 19% CAGR during FY10-FY13E, led by 19% growth in ad revenue, 27% in subscription revenue and 11% in broadcast fee over the same period. We see OPM at 76% and NPM at 38% for FY12E and FY13E. With strong business growth from all business verticals, we believe company's ROE and ROCE to remain moderately strong at 31% and 46% in FY12E and FY13E respectively.

Exhibit 8- Revenue Share

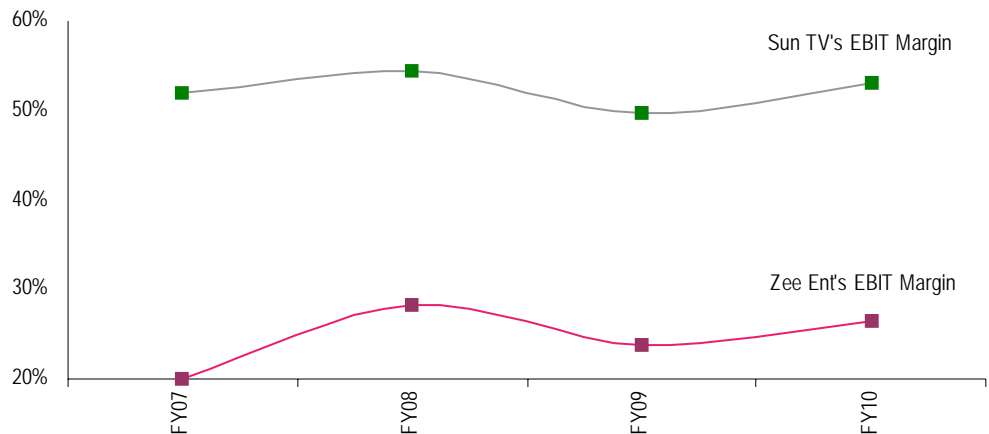


Source: Company, PINC Research

Sun TV's unique slot sale model helps to keep the content cost at its minimum. Sun TV writes off its broadcasting and satellite rights under depreciation, so it is ideal to compare its profitability with competitors at the EBIT margin level. Sun TV enjoys 55% EBIT as compared to 27% of Zee Entertainment Ltd.

Exhibit 9- Higher EBIT margin compared to its competitor

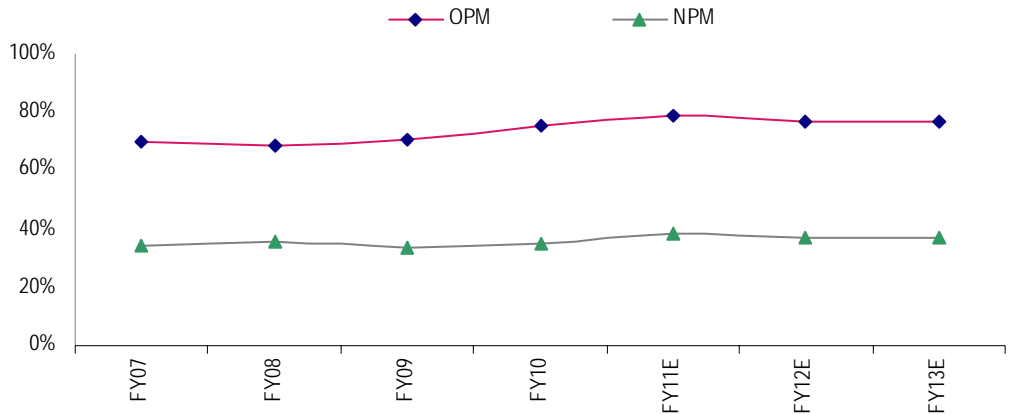
Sun TV enjoys superior EBIT margins in comparison to Zee Entertainment...



Source: Company, PINC Research

Exhibit 10- Profitability Margins

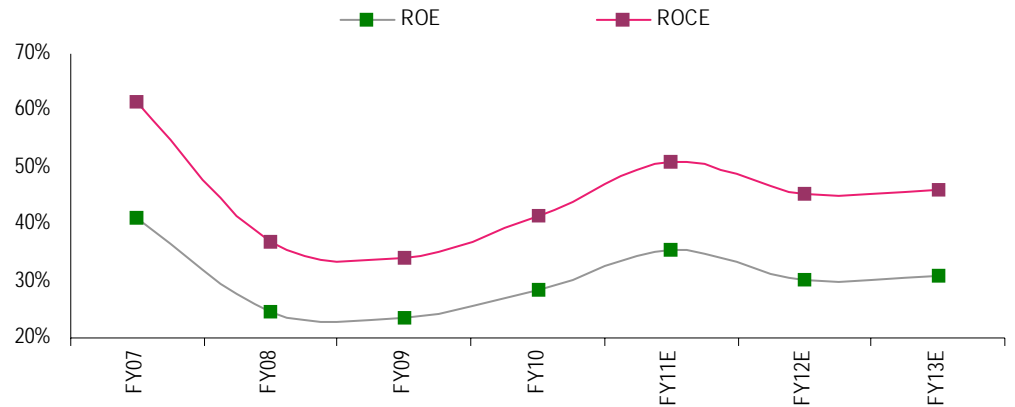
OPM and NPM to remain strong at 76% and 38% respectively...



Source: Company, PINC Research

With strong financials, healthy margins and low capex requirement, we believe that the company will maintain robust return ratios with ROE of 31% and ROCE of 46% during FY12E and FY13E.

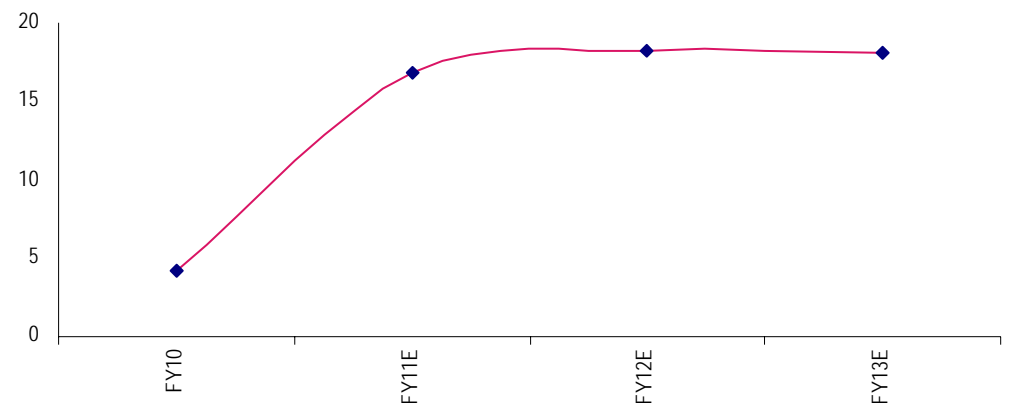
Exhibit 11- Return Ratios



Source: Company, PINC Research

Sun TV generates healthy cashflows every year. In FY10, cashflows were as high as Rs8bn with no major capex and low operating costs (~38% of operating cashflows) thus reducing the debt requirement.

Exhibit 12- FCF/Share (Rs)



Source: Company, PINC Research

Valuations

We believe with leadership position in the South, potential for strong business growth ahead with the least risky business model and given the highest margins in the industry, Sun TV will maintain its dominance and attract premium valuation among peers. At CMP, the stock trades at 18x FY13E EPS. We initiate coverage on the stock with a BUY recommendation and target price of Rs515 based on P/E of 21.7x FY13E EPS and value the company at 1x PEG (FY10-FY13E).

Exhibit 13- Valuation Basis

	FY10	FY11E	FY12E	FY13E
EPS (Rs)	13	19	20	24
YoY (%)	41	48	5	17
3yr CAGR (%)				21.7
Target PEG multiple (x)				1
Hence Target P/E (x)				21.7
Target Price on FY13 EPS (Rs)				515

Source: PINC Research

Key risks

1. Increased competition

South India is a lucrative market and hence has attracted many players. Zee Ltd has increased focus in the South Indian market through dedicated channels. Intensifying competition may impact popularity of the channels and lead to increase in operating expenses, content cost, and employee costs.

Competitive Scenario in South India

Eenadu Television Network

ETV Network is one of the leading satellite television networks in India running 12 regional language news and entertainment channels. ETV is the major news reporting channel group in India. Controlled by News Today Private Limited, the channels telecasts news between entertainment programs. ETV has four Hindi channels in Madhya Pradesh, Uttar Pradesh, Bihar and Rajasthan, seven regional entertainment channels in Telugu, Kannada, Bangla, Oriya, Marathi, Urdu, and Gujarati, and a 24-hour news channel in Telugu. ETV Telugu and ETV Bangla offer digital entertainment to Indians living in the US.

ETV Telugu is second in the Tamil GEC market and it maintains ~20% market share (TAM) in the region.

Star Jupiter Entertainment Television Ltd

A joint venture between Star and Jupiter Entertainment, Star Jupiter Entertainment Television Ltd. operates as a subsidiary of Star India Private Limited. The company has a major stake in Asianet Communications Limited (ACL) which currently broadcasts channels in Kannada (Suvarna), Telugu (Sitara) and Malayalam (Asianet, Asianet Plus). Vijay, the Tamil general entertainment channel is also under the joint venture now.

Asianet is the leader in the Malayalam GEC market with a dominant viewership share of 50% (TAM). Suvarna has around 23% viewership in Kannada, at second position after Udaya TV.

Zee Entertainment Enterprises Ltd

Zee Entertainment Enterprises Ltd. is one of the largest Indian media and entertainment companies. It is a subsidiary of the Turner Group operating more than 24 television channels and a movie production company. The company also has a strong presence in the regional language sphere with channels such as Zee Marathi, Zee Bangla, Zee Telugu, Zee Kannada, Zee Talkies. It is among the largest producers and aggregators of Hindi programming in the world with a vast library of over 80,000 hours of television content.

Zee also owns a majority stake (51%) in ETC Networks and a 95% stake in Taj Television TEN Sports. It has expanded operations abroad, offering several of its channels in the UK, US, Africa and Asia. Through its strong presence worldwide, Zee entertains over 500 million viewers across 167 countries.

Zee Telugu and Zee Kannada have 18% and 13% viewership share and rank third and fourth respectively in the genres they operate.

2. Lower-than-expected ad and subscription revenue - impact on our assumptions

A slow down in the expected growth of digitization of cable can lower the expected subscription revenues. Growth in the subscriber base is highly dependant on digitization which will bring about addressability and help in recording the actual subscriber base.

The rapid entry of new player with niche content, may hamper Sun TV's competitive advantage and thus lower our expected advertisement revenues in the long run.

Company Profile

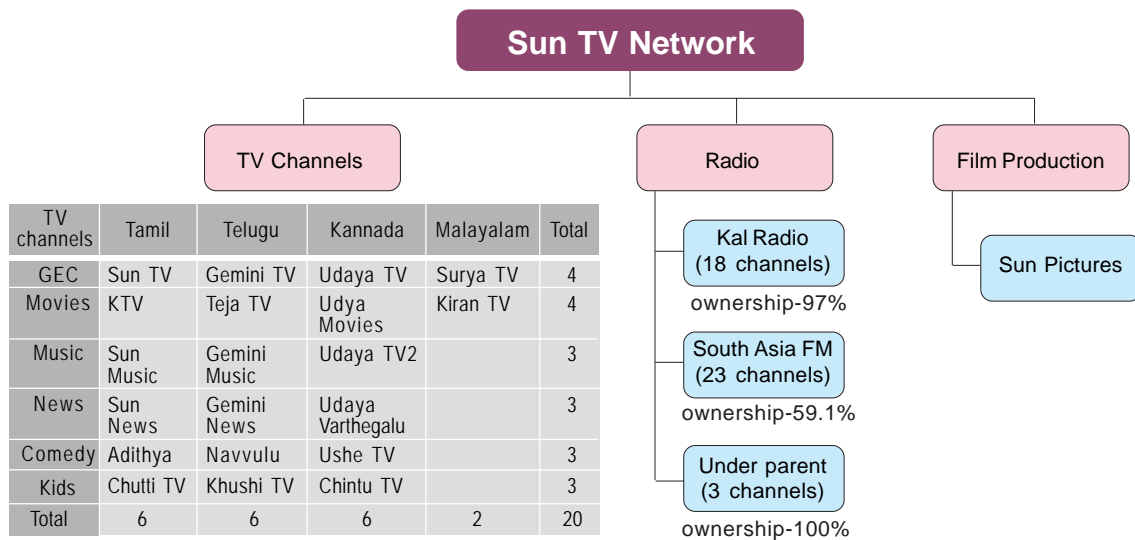
Chennai-headquartered Sun TV Network Limited is part of the SUN Network Group. It is into the business of broadcasting TV and radio channels and movies production/distribution. It reaches more than 95 mn households in India and is available in 27 countries. A leader in the South Indian market, it operates 20 TV channels in Tamil, Telugu, Kannada and Malayalam in 6 genres – General Entertainment Category (GEC) News, Music, Movies, Kids and Comedy. It also airs 44 FM radio stations along with its subsidiaries, Kal Radio and South Asia FM having the largest radio network across India. It also has a movie production/distribution division, Sun Pictures, which distributes Tamil movies. Sun TV Network Europe, another fully-owned subsidiary, broadcasts and distributes Sun TV channels in the UK and Europe.

Promoter Background

Promoters of Sun Group, the Maran family, hold 77% of the shareholding in Sun TV Network. They have deep presence in cable distribution segment through various group companies - Sun Direct (one of the foremost DTH players in India) and cable in Tamil Nadu market.

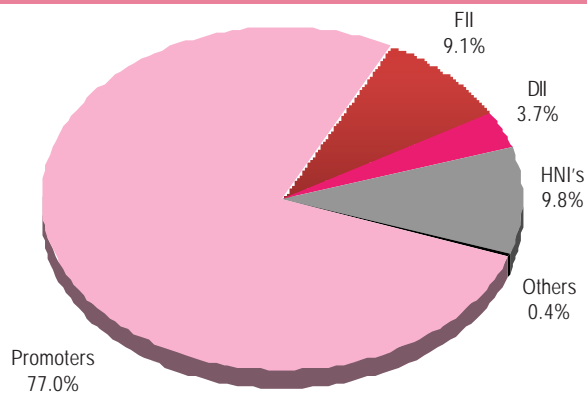
Kalanithi Maran - The Chairman and Managing Director of Sun Network, he is the son of the Former Union Minister of commerce Murasoli Maran and the brother of India's textile minister Dayanidhi Maran. His wife is the Joint Managing Director of Sun Network.

Exhibit 14- Company Overview



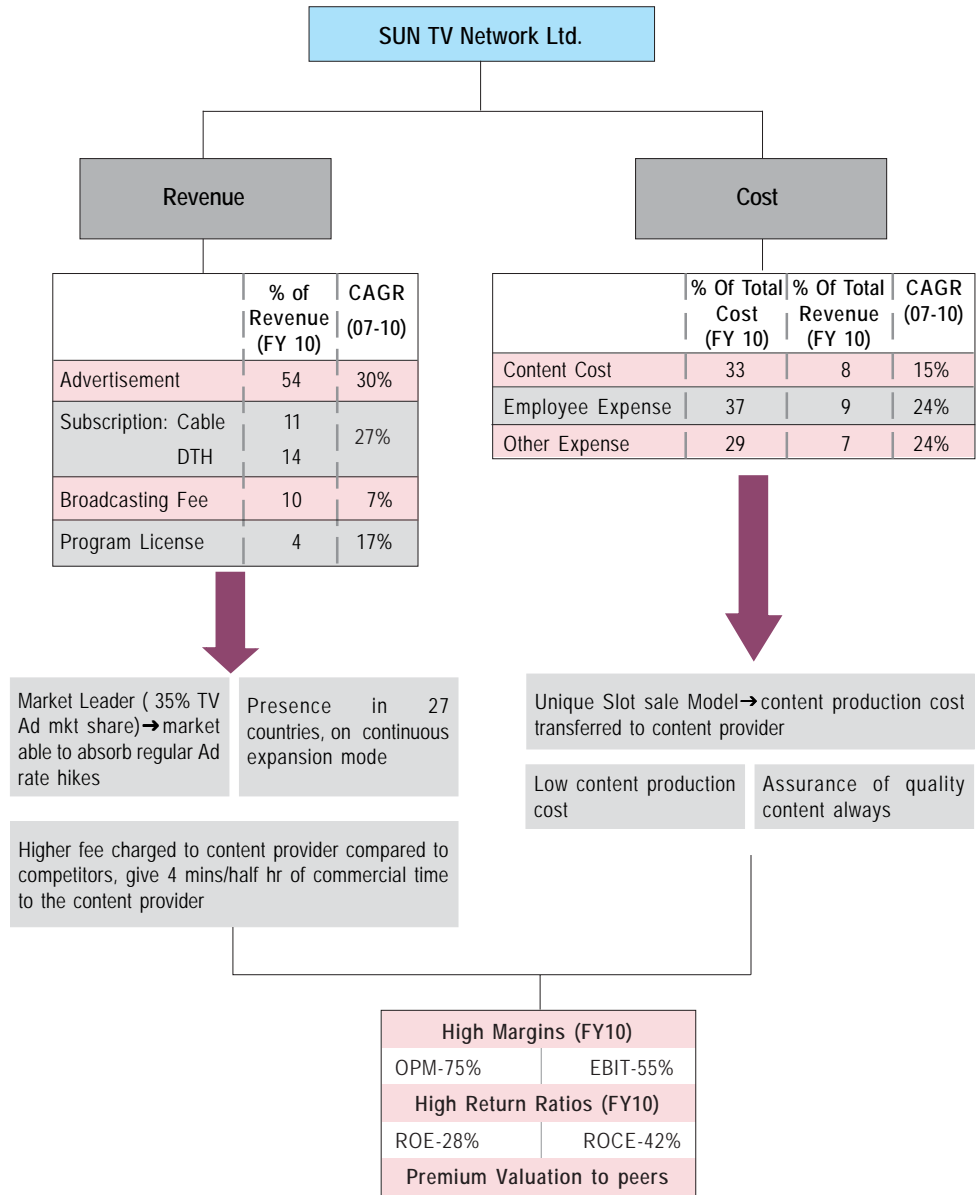
Source: Company, PINC Research

Exhibit 15- Shareholding Pattern



Source: Company, PINC Research

Exhibit 16- Business Model



Source: Company, PINC Research

Revenue drivers

TV Advertising revenue (54% of Total Revenue)

The total south Indian TV advertising market is estimated at Rs27bn (KPMG 2011), of which Tamil language has the highest ad market share of ~37% (Rs10bn) followed by Telugu, Malayalam and Kannada with 26%, 18.5% and 18.5% respectively. Sun TV has ~35% market share of the total South Indian ad market. Tamil and Malayalam contribute 60% of revenue and Telugu and Kannada constitute 40% of revenue.

Broadcasting revenue/slot sale revenue (9% of Total Revenue)

A unique and differentiated model helps achieve robust margins by keeping content cost off the books. Here Sun TV sells most of the prime time slots on a sponsored programming model where airtime (67% of the commercial time) is sold to content producers in return for a fixed telecast fee and the remaining 33% of commercial time is retained by the company. For half hour programming, a fixed fee of Rs0.15–0.2 mn is charged to content producers and out of total 6 minutes of commercial time per half hour, 4 minutes are given to the content provider. The company retains the remaining 2 minutes of commercial time. Further, the fixed fee is received a week in advance, which prevents delay in payment and incidence of bad debtors. With the programming risk being solely with the content provider, it forces them to maintain and improve quality of content to earn higher ad rates and upside from higher TRP ratings. However, Sun TV has the right to shift the content to a non-prime band if the content does not perform as per expectations or terminate the contract if the program is unsuccessful. The discarded content/program cannot be telecast on any other channel for at least two years after rejection.

Subscription Revenue (24% of Total Revenue)

Cable (46% of Subscription Revenue)

The analog cable industry is still a disorganized market with lack of transparency from the side of the LCOs. Subscriber declaration levels are only 20% of the actual subscriber base. Thus money is locked with the cable operators. Efforts are being made by the government to digitize the cable TV industry and bring in addressability. This move will benefit Sun TV and enhance its subscriber numbers and increase subscription revenue. SUN TV's revenue from cable is expected to deliver 21% CAGR over FY10-FY13E.

DTH (54% of Subscription Revenue)

With the subscriber base crossing 6.7mn, revenue from DTH witnessed growth of 73% YoY(9MFY11). Moreover, its favorable position in south India provides it an additional advantage. More than 60% of its DTH revenue comes from Sun Direct (a promoter group company), a major player in the south Indian market.

Overseas revenue/programming revenue (4% of Total Revenue)

Sun TV Network is spread across North America, Canada, UK, Singapore, Malaysia, Sri Lanka, parts of South Africa and the Middle East. It has further expanded in some markets. In North America, it has expanded from DTH to acquire cable rights and grow ad revenue in partnership with Global Media Management LLC and World Media Connect LLC.

This will lead to a larger subscriber base from the current 0.5mn subscribers from U.S and augment revenues. Sun TV is also expanding into IPTV in Europe, parts of North America and Canada. We expect overseas revenue to deliver 20% CAGR over FY10-FY13E.

Movies (5% of Total Revenue)

Sun TV's movies arm, Sun Pictures, is solely into the distribution of Tamil films. Its single home production movie was Endhiran. Most movies are mid-sized and overall budget has been maintained.

Radio (4% of Total Revenue)

Sun TV is one of the largest in radio broadcasters in India through its subsidiaries with 44 licenses. Being in its nascent stages it contributed 4% to the over all top-line in FY10. As a revenue driver this segment is still evolving, over the past 3yrs it grew by 282% CAGR from Rs10mn in FY07 to Rs562 mn in FY10. As per management expectations Kal Radio will be PAT positive whilst South Asia FM will be EBIT positive with minimal negative PAT in FY11. Phase III licensing of radio will facilitate the company to expand its footprint further. Going forward we expect Radio segment to grow at 25% CAGR over FY10-FY13E and contribute 5% to sales in FY13E.

Cost Drivers**Content Cost (33% of Total Cost)**

The unique slot model of Sun TV ensures that the company incurs minimal content production cost as most of the content is produced by outside producers. Further, unlike other broadcasters who have a commissioned model that entails buying content from producer, Sun TV sells the time slot on its channels to producers. This minimizes content costs tremendously.

Employee Cost (37% of Total Cost)

Employee cost witnessed 24% CAGR over FY07-FY10. Directors remuneration garners the largest chunk with 55% of the total employee costs as compared to employee salaries which is 39% of the share. We expect employee cost to rise at a CAGR of 24% over FY10-FY13E.

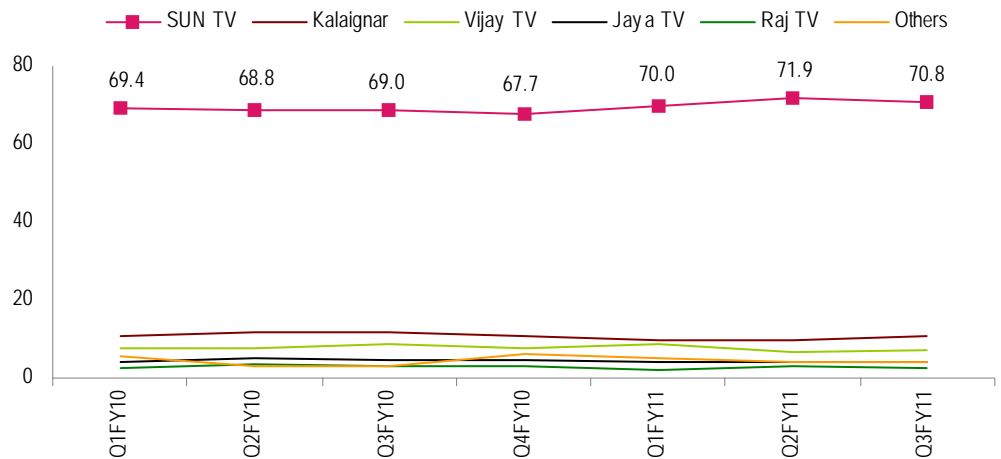
Sun TV's Competitive Viewership Position

Tamil Market Channel Share

SUN TV is the most viewed and popular channel in the Tamil GEC segment. It is the leader and trend setter for all Tamil channels. Due to its dominant market share, SUN TV commands a higher ad rate, which enhances its revenue potential. The next closest player Kalaignar TV has a mere 10.7% share. Star-owned Vijay TV, which has 7.2% share, is continuously striving to become the no. 2 player in the Tamil GEC market. GEC garners 64% share of the tamil market.

Top 5 programs of Tamil GEC are from Sun TV, four in fiction and one in the movie slot.

Exhibit 17- Tamil GEC viewership share (%)



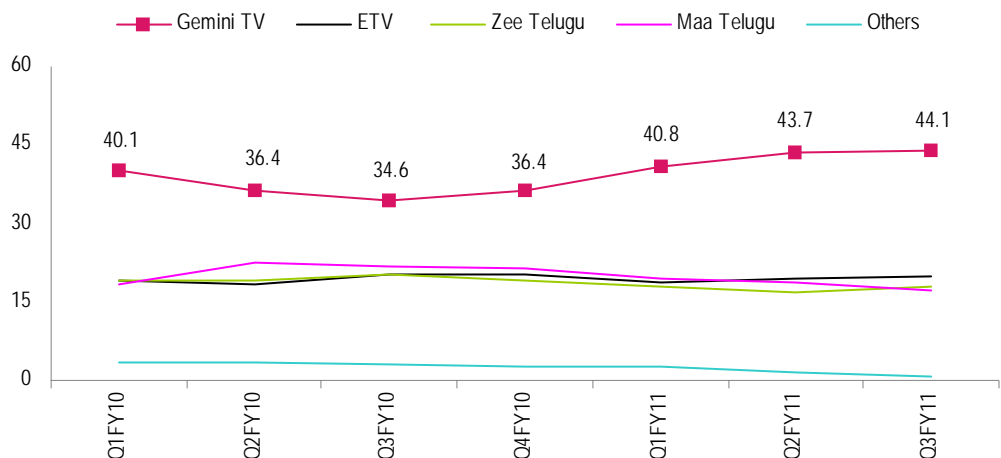
Source: TAM, PINC Research

Telugu Market Channel Share

Gemini TV continues to retain it's No. 1 position with increased viewership numbers in the past two quarters. Its large movie library helps attract a larger no. of viewers. Addition of non-fiction reality shows has pushed up TRPs, leading to a rise in viewership.

Out of the top five Telugu GEC programs, four are of Gemini TV, three in fiction and one in the feature film slot.

Exhibit 18- Telugu GEC viewership share (%)



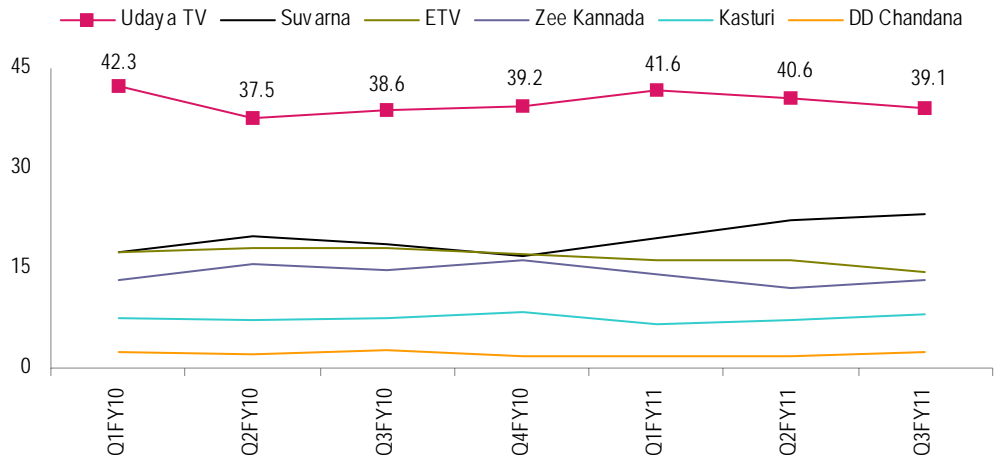
Source: TAM, PINC Research

Kannada Market Channel Share

Udaya TV has always been the top player in the Kannada GEC market. With a blend of news programs along with fiction serials, it has been the leader. A decline in viewership is seen with increased competition from Star Jupiter’s Suvarna TV, which is gaining viewership due to its addition of a dedicated Tulu slot catering to niche Tulu-speaking people.

Of the top five GEC Kannada programs , four belong to Udaya TV, three in fiction and one in the movie slot. Suvarna’s reality show is also among the top five.

Exhibit 19- Kannada GEC viewership share (%)



Source: TAM, PINC Research

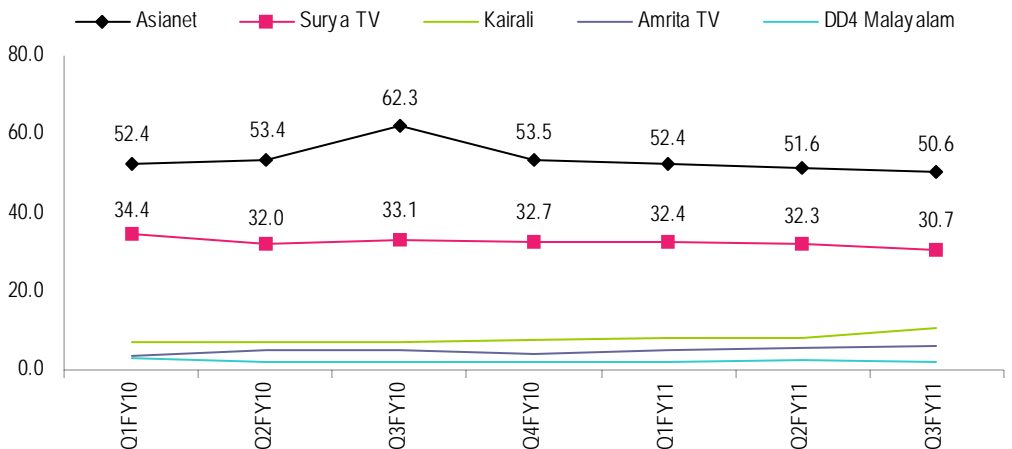
Malayalam Market Channel Share

Asianet continues to be the leader in Malayalam GEC but its viewership is slowly decreasing due to increased competition from Surya TV.

Non-fiction shows have a high amount of viewership in the Malayalam GEC market. Asianet banks heavily on its non-fiction reality shows for viewership. Surya TV is striving hard to gain higher market share by offering more movies, news-based programs and game shows to its viewers. GEC garners 77% share of Malayalam market.

Of the top five programs in Malayalam GEC, four programs comprising a combination of fiction and non-fiction shows belong to Asianet. Surya TV’s reality show is also among the top five.

Exhibit 20- Malayalam GEC viewership share (%)



Source: TAM, PINC Research

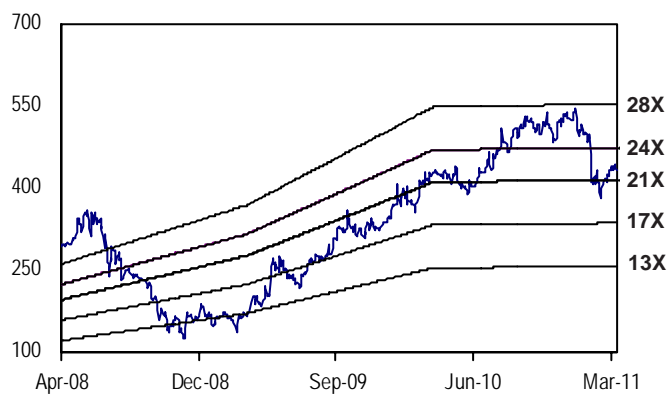
Income Statement	FY09	FY10	FY11E	FY12E	FY13E
Net sales	10,394	14,528	19,825	20,713	24,553
Growth (%)	19.5	39.8	36.5	4.5	18.5
Gross profit	8,125	11,962	16,864	17,281	20,500
Other operating charges	757	1,053	1,217	1,453	1,715
EBITDA	7,368	10,909	15,647	15,828	18,785
Growth (%)	23.3	48.7	43.4	1.2	18.7
Depreciation	2,205	3,209	4,654	4,533	5,221
Other income	668	350	400	500	625
EBIT	5,831	8,049	11,393	11,795	14,189
Interest paid	138	49	50	52	55
PBT (before E/o items)	5,693	8,000	11,343	11,743	14,134
Tax Provision	2,293	2,991	3,743	3,875	4,664
E/o loss / (Income)	-	-	-	-	-
Net profit	3,400	5,009	7,600	7,868	9,470
Adj. net profit (Including MI)	3,683	5,199	7,720	7,798	9,380
Growth (%)	12.7	41.2	48.5	1.0	20.3
Diluted EPS (Rs)	9	13	20	20	24
Diluted EPS Growth (%)	13.1	41.0	48.7	1.0	20.3

Cash Flow Statement	FY09	FY10	FY11E	FY12E	FY13E
Pre-tax profit	5,693	8,000	11,343	11,743	14,134
Depreciation/Amortisation	2,205	3,209	4,654	4,533	5,221
Total tax paid	(2,017)	(2,811)	(3,743)	(3,875)	(4,664)
Chg in working capital	413	(892)	(1,559)	(289)	(1,272)
Other operating activities	(419)	(35)	(168)	(18)	(95)
Cash flow from oper. (a)	5,875	7,471	10,527	12,094	13,323
Capital expenditure	(7,085)	(5,825)	(3,852)	(4,700)	(6,000)
Chg in investments	(5,337)	(4,619)	(3,421)	(1,000)	(2,500)
Other investing activities	8,706	3,899	(1)	-	50
Cash flow from inv. (b)	(3,715)	(6,545)	(7,273)	(5,700)	(8,450)
Free cash flow (a+b)	2,160	927	3,254	6,394	4,873
Equity raised/(repaid)	-	1,066	-	-	-
Debt raised/(repaid)	6	(709)	(1)	-	-
Change in Minorities Interest	-	-	-	-	-
Dividend (incl. tax)	(1,844)	(1,153)	(3,688)	(3,919)	(4,149)
Other financing activities	(312)	(43)	(50)	(52)	(55)
Cash flow from fin. (c)	(2,150)	(838)	(3,740)	(3,971)	(4,204)
Net chg in cash (a+b+c)	10	88	(485)	2,423	669

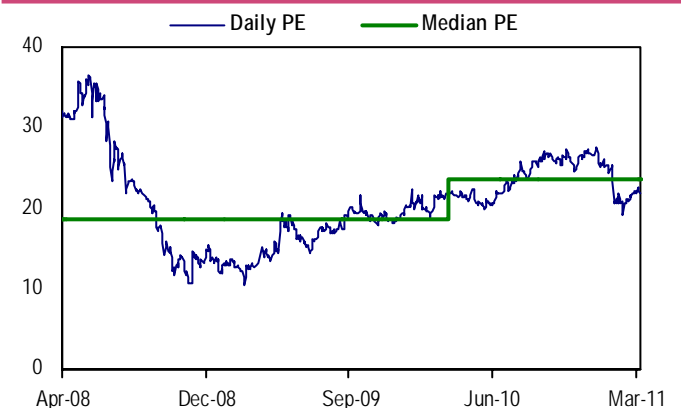
Balance Sheet	FY09	FY10	FY11E	FY12E	FY13E
Equity Share capital	1,970	1,970	1,970	1,970	1,970
Reserves & surplus	10,328	12,167	16,199	20,078	25,308
Shareholders' funds	17,016	19,734	23,765	27,644	32,875
Minorities interests	385	371	385	412	472
Total Debt	716	1	-	-	-
Capital Employed	18,117	20,106	24,150	28,056	33,347
Net fixed assets	9,718	12,126	11,324	11,491	12,270
Net Other Current Assets	2,968	1,372	2,930	3,219	4,492
Cash & Cash Eq.	3,654	4,367	3,896	6,346	7,085
Investments	2,038	2,580	6,000	7,000	9,500
Net Deferred Tax Assets	(261)	(339)	-	-	-
Total assets	18,117	20,106	24,150	28,056	33,347

Key Ratios	FY09	FY10	FY11E	FY12E	FY13E
OPM (%)	70.9	75.1	78.9	76.4	76.5
Net margin (%)	33.3	34.9	38.2	36.8	37.3
Yield (%)	0.6	1.7	1.8	1.9	2.0
Debt/Equity (x)	-	-	-	-	-
Net Working Capital (days)	233	144	126	169	172
Asset turnover (x)	0.7	0.8	0.8	0.7	0.7
ROCE (%)	34.1	41.5	51.1	45.2	46.2
ROE (%)	23.4	28.3	35.5	30.3	31.0
EV/Net sales (x)	15.8	11.2	8.2	7.7	6.5
EV/EBITDA (x)	22.2	14.9	10.4	10.1	8.5
PER (x)	45.3	32.1	21.6	21.4	17.8
Price/Book (x)	10	8	7	6	5

1-Year forward P/E Band



Median PE v/s Daily PE



T E A M

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