

***Investor***

***Briefing***

***SITI CABLE***

*06*

*08*

2015

***ShareTipsInfo.com***

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**SECTOR: Media & Ent..**

<b>Sensex:</b>	28,262.86
<b>CMP (Rs):</b>	35.50
<b>Target price (Rs):</b>	45 & 55
<b>52 Week h/l (Rs):</b>	39.25/24.70
<b>FV (RS)</b>	1.00
<b>Market cap ( cr):</b>	2,405.60
<b>Avg volume(Nse)</b>	99024
<b>Industry P/E</b>	46.38
<b>P/E</b>	-19.59
<b>EPS</b>	-----
<b>BSE code:</b>	532795
<b>NSE code:</b>	SITICABLE

Prices as on 06 Aug, 2015

**Shareholding pattern**

<b>June '15</b>	(%)
<b>Promoters</b>	66.0
<b>Institutions</b>	20.6
<b>Public &amp; others</b>	13.4

**Performance rel. to sensex**

	Opm%	Npm %	EPS
<b>SITICABLE</b>	19.14	-4.70	0.02
<b>ZEEL</b>	33.14	20.98	1.74
<b>DEN</b>	-0.98	-23.06	-2.67
<b>TV 18</b>	13.00	7.03	-0.05

**Company Overview:**

*SITI Cable Network Limited is a part of the Essel Group, which is one of India's leading business houses with a diverse portfolio of assets in media, packaging, entertainment, technology-enabled services, infrastructure development and education. SITI Cable Network one of India's leading Multi System Operator (MSO). With 61 analog and 15 digital head ends and a network of more than 14,600 Kms of optical fibre and coaxial cable, it provides its cable services in India's 130 key cities and the adjoining areas, reaching out to over 10.5 million cable universe.*

**Development Growth:**

SITI Cable has been unique in its activities and actions that have brought success and patronage its way over the years. In the last two decades, SITI Cable has climbed up the ladder of success by holding on to few basic fundamentals.

Its fundamentals include being transparent in actions and strong in reactions to the market and changing technologies. SITI took it in its stride to take along its Associates, grow in profit and provide best-in-class television viewing experience to its consumers. With LCOs and Broadcasters also growing alongside, the growth was in itself unique.

**Media & Entertainment Industry:**

Indian Media and Entertainment (M&E) industry is one of the most versatile and vibrant industries of the world. It ranks amongst top three in the world with USA and China. As per FICCI-KPMG Indian Media & Entertainment Industry, India's M&E industry reaches 161 million TV households today and is growing tremendously.

The Indian M&E industry grew from INR 821 billion in 2012 to INR 918 billion in 2013, registering an overall growth of 11.9 percent. It has the potential to grow at 14.2 per cent to more than ` 1.78 trillion (US\$ 29.61 billion) in the next four years. With growing population and consumer preferences thereof, the potential for the industry has a long way to go.

### **PERFORMANCE HIGHLIGHTS:**

During 2014-15 fiscal, Siti Cable Network has reported a consolidated total income from operations of Rs 256.01 crore and a net loss of Rs 34.13 crore for the quarter ended Mar '15. Siti Cable shares closed at 35.25 on May 29, 2015 (NSE) and has given 25.89% returns over the last 6 months and 51.29% over the last 12 months.

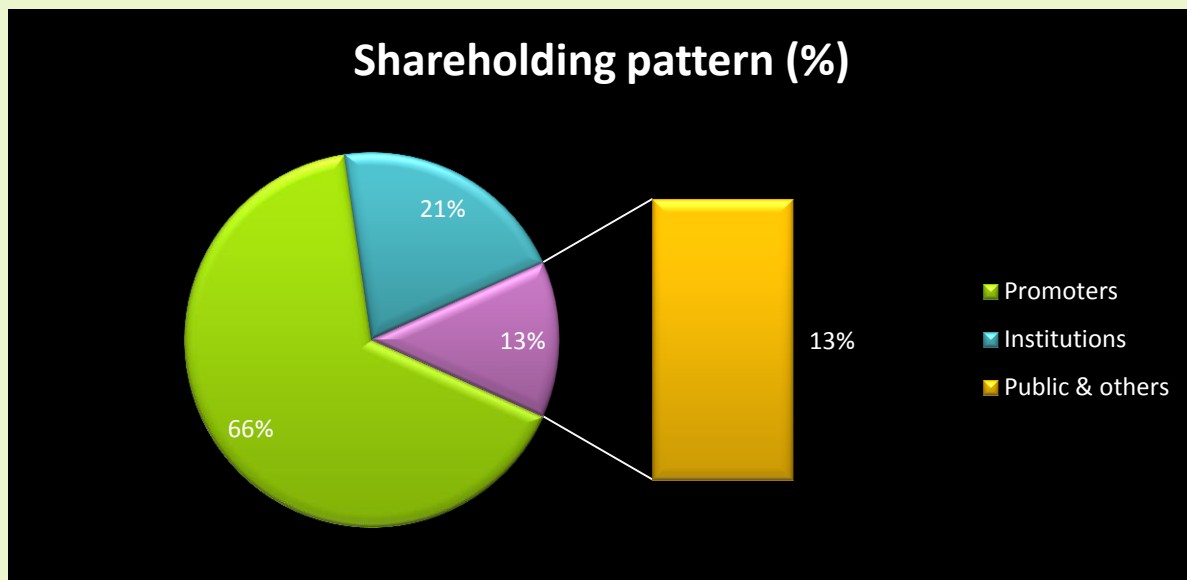
#### **Sector Line:**

Cables form one of the basic inputs for the industrial sector as a whole. Cables & wires are primarily made of copper, aluminium or other non-ferrous materials. Cables find its application in industries like power, steel, cement, refineries, petro-chemicals, fertilizers and communication sector as well as railways including metro rail. The Cable Industry is de-licensed with approval for Foreign Direct Investment up to 100 percent. The Industrial users mainly comprise of Power, Communication, Cement, Steel, Railways & Petro-Chemicals sectors. Power cables are divided into high, medium and low-tension cables.

#### **Investment Argument:**

Today Siti Cable have a strong network of 9500 LCOs across 80 cities who are working closely with them. They are consistently working towards bettering their after sales services and introducing value added services like Broadband, HD Services & Video On Demand, to ensure their consumers better deliveries.

The industry has successfully managed the roll out of Digital Addressable System (DAS) across both phases and is in process of initiating Phase-III and IV across the country.





### **HIGHLIGHTS THE FACT:**

- 1) Siti Cable have a strong network of 9500 LCOs across 80 cities who are working closely with them.
- 2) The latest book value of the company is Rs -3.08 per share. At current value, the price-to-book value of the company was -11.62.
- 3) Total analogue and digital subscriber base for Siti Cable is about 10.5 million currently and we are at about 4.8 million digital subscriber base. So, this USD 100 million will take us through the entire digitisation by the time they complete the phase-three digitisation by March '16.
- 4) They are also rolling out broadband in various cities, so this will go both towards phase-3 as well as towards the rollout of the broadband over the period of next one year or so.
- 5) The Cable Industry is de-licensed with approval for Foreign Direct Investment up to 100 percent.

### **TECHNICALLY VIEW:**

*The stock is currently trading above 50 days and 100 days, moving average that is all about good bullish & uptrend signal on daily base. RSI & MFI is present at 69 and 80 respectively, which is side ways & showing the uptrend formation for the short term period. The stock is currently in uptrend and now some more upside is expecting with major support is found 30 level. MACD line is greater then signal line 10 day Avg Volume is very high.*

### **VALUATION & OUTLOOK:**

*SITI Cable's strong and sustained earnings visibility on the back of 18-22% growth expected in the domestic specialty cable industry over the next decade. On the other hand its earnings growth expectation of 20-25% for Cables sector over the next year, We value the company on sustaining growth potential is very coming months.*

### **CONCLUSION:**

Given sustained short-term earnings growth potential, we value Siti Cable on the basis at Rs 35/sh, implying a P/E multiple of 0.02x on FY16E and 0.05x FY17. Current valuations at 0.02x FY16E and 19.6x FY17E appear attractive – BUY

We retain our Buy recommend in this script with a price target of Rs 45 and plus after this, in the short term outlook (2-3 months). So Entry would be around 35 and 34.50 as recomanded in this counter.

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