



Eros International Media Ltd

16 November 2011

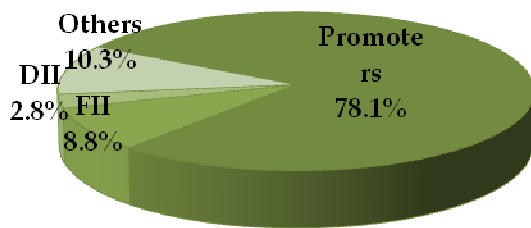
Buy

Industry	Media
CMP (INR)	249
Target (INR)	300
52 week High/Low (INR)	277/124
Market Cap (INR BN)	22.8
3M Avg. Daily Volumes (000)	544.6
P/E (FY12e)	14.8x

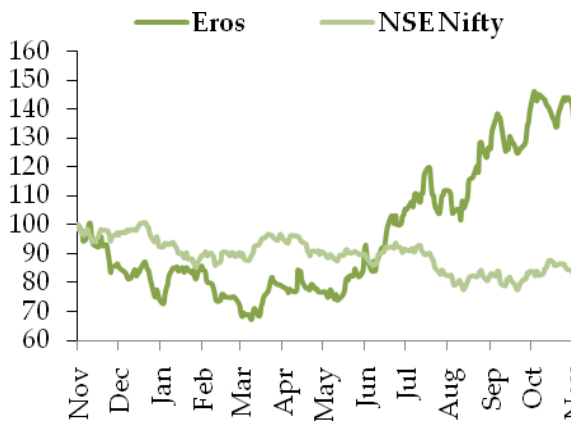
Q2FY12 Result Highlights

The Eros International Media Ltd (EIML) numbers were little disappointing, the company reported 6.3% decrease in revenue from INR 1866 mn in 2QFY11 to INR 1748 mn in 2QFY12. The decrease in the revenue was due to one of catalogue monetization deal in Ayngaran International (Tamil production and overseas distribution business) in the corresponding quarter pervious year. EBITDA also witnessed an decrease of 15%, with margins declining from 30% in 2QFY11 to 27% in 2QFY12. This decline was also due to catalogue monetizations which generally are high margins deals and increase in other expenditure. PAT also witnessed decrease in the 39.7% due to Forex loss of INR 53.6 mn and increase in the tax rate to ~29% from ~13% in 2QFY11. The quarter saw the release of "Murder 2", "Zindagi Na Milegi Dobara" (ZNMD), "Bol" and "Mausam".

Shareholding Pattern (%)



Stock Performance



- During H1 FY2012 EIML released of 42 films across various languages. Film releases include 12 in Hindi, 28 in Tamil and 2 in other regional languages
- Ra.One – was released in Diwali and has delivered magnificent performance. Till date, world wide gross box office collection stood at INR. 2.21 bn. The movie was released in 3QFY12.
- The company has added at least 10 high profile movies to the future release pipeline, which include Housefull 2, „Tanu Weds Manu 2 and Khiladi 786.
- Rockstar has in its first weekend reported a worldwide gross box office collection of INR 640 mn. Moreover, 3QFY12 will include satellite rights Zindagi Na Milegi Dobara. Further, the company has another big release "Desi Boyz" lined up for release in end November 2011

Performance (%)

	1M	3M	12M
Eros	-1.6%	22.9%	37.2%
NSE Nifty	-1.2%	-0.1%	-17.2%

* Source: Bloomberg, Unicon Research

Outlook & Valuation

At the CMP the stock trades at PE multiple of 14.8 x and 11.6x for FY12E and FY13E respectively. The company has a strong business model with management ability to execute projects. Given the revenue visibility from future movie slate and growing non theatrical revenue, we believe the company is well placed to take advantage of growing media penetration in the country. Moreover, Q3FY12 is expected to be strong quarter for the company given the performance of movies. Further, the company has another big release "Desi Boyz" lined up for release in end November 2011. We maintain BUY on the stock for a target price of INR 300.

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Financials

(INR in mn)

	Q2FY12	Q2FY11	Y-o-Y	Q1FY12	Q-o-Q
Net Revenue	1748.0	1866.2	-6.3	1538.1	13.6
Operating Exp.	1275.2	1307.5	-2.5	1239.3	2.9
EBITDA	472.8	558.7	-15.4	298.8	58.2
<i>EBITDA (%)</i>	27.0	29.9	-289 bps	19.4	762 bps
Depreciation	14.3	8.7	64.4	14	2.9
Other Income	7.5	0.9	733.3	84	-91.1
EBIT	466.0	550.9	-15.4	369.0	26.3
<i>EBIT (%)</i>	26.7	29.5	-286 bps	24.0	267 bps
Interest	33.5	35.2	-4.8	31	7.0
Exchange difference (net)	-58.6	12.7	-561.4	-	-
PBT	373.9	528.4	-29.2	337.7	10.7
Tax Provision	107.2	72.2	48.5	104.6	2.5
<i>Tax Rate (%)</i>	28.7	13.7	1501 bps	31.0	-230 bps
PAT	266.7	456.2	-41.5	233.1	14.4
<i>Reported PAT (%)</i>	15.3	24.4	-919 bps	15.2	10 bps
<i>Minority interest (MI)</i>	-6.8	2.5	-372.0	16.5	-141.2
<i>PAT after MI</i>	273.5	453.7	-39.7	216.6	26.3
EPS	2.99	4.96	-39.7	2.37	26.3

Source: Company, Unicon Research

*Consolidated



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Unicon Investment Ranking Methodology

Rating	Buy	Accumulate	Hold	Reduce	Sell
Return Range	>= 20%	10% to 20%	-10% to 10%	-10% to -20%	<= -20%

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