

Getting the mojo back!

- Sun TV's (SUTV) Q1FY21 was healthy led by 18/11% YoY/QoQ growth in subscription revenue. Outlook remains upbeat with guidance for double-digit subscription revenue growth in FY21/FY22. This is in spite of potential negative impact if any from NTO 2.0. We remain conservative in our estimates. Acceleration of investments in digital business from future-proofing perspective was key highlight. But, there had been disconnect and delays in intent and execution. Thus delivery would be crucial. Management expect to maintain FY20 PAT in FY21. We believe this is feasible. Ad revenue de-growth of 67% YoY (Q1FY20 –xx%) despite market share gains in trailing 6-9 months was a disappointment.
- SUTV is currently trading at an attractive 13/10.5x FY21/22E EPS with attractive dividend yield of ~4% with strong BS (C&CE at ~19% of Mcap) and leadership position in Southern markets. BUY with TP of Rs 575 @ 14x Jun-22E EPS.

Q1FY21 financial performance

SUTV Q1FY21 revenue/EBITDA/APAT declined by -27.5/-27.9/-48.4/-25.9% YoY. PAT decline was lower than EBIT due to higher other income. This was on account of MTM gain on treasury investments and interest on IT refund. Performance would have been better but for ~Rs 140mn bad debt provisions on account of Covid. Ad revenue declined by steep 67% YoY. Domestic subscription rev was +18% YoY and +11% QoQ. Subscription revs (ex-digital) too grew in low double-digit.

Rejuvenated focus on digital – key positive

Digital business (SunNxt) is throwing back healthy cash flows for Sun TV. Mgmt intends to re-invest the same and step-up content investments as situation normalizes. This is a structural positive and may warrant higher-multiple. Sun's under-investment in future-proofing digital business had been a key investor concern. Sun had earlier guided for Rs 1.5bn investments (Rs 0.5bn in H2FY20 and Rs 1bn in FY21). Mgmt targets to invest a higher sum and will come back with more details and strategy by next quarter. Execution and delivery will be the key.

Q1FY21 Result (Rs Mn)

| Particulars | Q1FY21 | Q1FY20 | YoY (%) | Q4FY20 | QoQ (%) |
|-------------------|--------|--------|---------|--------|---------|
| Revenue | 6,061 | 10,804 | (43.9) | 7,352 | (17.6) |
| Total Expense | 1,896 | 3,969 | (52.2) | 2,317 | (18.1) |
| EBITDA | 4,165 | 6,834 | (39.1) | 5,035 | (17.3) |
| Depreciation | 1,455 | 1,585 | (8.2) | 2,328 | (37.5) |
| EBIT | 2,710 | 5,250 | (48.4) | 2,707 | 0.1 |
| Other Income | 1,086 | 562 | 93.3 | 570 | 90.4 |
| Interest | 18 | 21 | (14.9) | 19 | (4.8) |
| EBT | 3,779 | 5,791 | (34.7) | 3,259 | 16.0 |
| Tax | 951 | 1,972 | (51.8) | 759 | 25.3 |
| RPAT | 2,828 | 3,819 | (25.9) | 2,500 | 13.1 |
| APAT | 2,828 | 3,819 | (25.9) | 2,500 | 13.1 |
| | | | (bps) | | (bps) |
| Gross Margin (%) | 88.9 | 82.6 | 631 | 87.5 | 148 |
| EBITDA Margin (%) | 68.7 | 63.3 | 546 | 68.5 | 23 |
| NPM (%) | 46.7 | 35.3 | 1131 | 34.0 | 1265 |
| Tax Rate (%) | 25.2 | 34.1 | (890) | 23.3 | 188 |
| EBIT Margin (%) | 44.7 | 48.6 | (387) | 36.8 | 790 |

| | |
|-----------------|--------------|
| CMP | Rs 426 |
| Target / Upside | Rs 575 / 35% |
| BSE Sensex | 38,087 |
| NSE Nifty | 11,178 |

Scrip Details

| | |
|------------------|-------------------|
| Equity / FV | Rs 1,970mn / Rs 1 |
| Market Cap | Rs 168bn |
| | US\$ 2bn |
| 52-week High/Low | Rs 551/Rs 260 |
| Avg. Volume (no) | 2,710,900 |
| NSE Symbol | SUNTV |
| Bloomberg Code | SUNTV IN |

Shareholding Pattern Jun'20(%)

| | |
|-----------------|------|
| Promoters | 75.0 |
| MF/Banks/FIs | 5.6 |
| FIs | 10.3 |
| Public / Others | 9.1 |

Valuation (x)

| | FY21E | FY22E | FY23E |
|-----------|-------|-------|-------|
| P/E | 13.0 | 10.6 | 9.8 |
| EV/EBITDA | 6.4 | 5.1 | 4.5 |
| ROE (%) | 21.6 | 24.3 | 24.2 |
| RoACE (%) | 21.7 | 23.9 | 23.7 |

Estimates (Rs mn)

| | FY21E | FY22E | FY23E |
|-----------|--------|--------|--------|
| Revenue | 31,949 | 37,597 | 40,211 |
| EBITDA | 20,967 | 25,298 | 27,078 |
| PAT | 12,894 | 15,871 | 17,182 |
| EPS (Rs.) | 32.7 | 40.3 | 43.6 |

VP Research: Himanshu Shah
Tel: +91 22 4096 9737

E-mail: himanshu.shah@dolatcapital.com

Other key takeaways

Subscription – savings grace

- Management expects to maintain FY20 PBT in FY21. This will be driven by IPL as uncertainty recedes, higher other income, subscription revenues and lower amortization costs.
- Sun management believes the subscription revenues to improve further in Q2 as DTH segment was impacted in Q1 due to non-availability of recharges especially in TN. It remains confident that there is substantial headroom to improve prices and thus drive growth.
- Subscription revenue growth to be in double-digit both in FY21 and FY22. This is irrespective of outcome on NTO 2.0. Matter is likely to be heard by HC on 24th Aug. Both Zee and Sun has witnessed healthy subscription revenue growth in FY20. Disappointment from NTO 2.0 could be a potential dampener. Both the managements have stated that nowhere in the world the pricing of content is regulated which in turn impacts the creativity or buying of rights entitlements in case of sporting events.

Advertising – recovering fast

- Overall TV advertising has bounced back well. Ads on newspaper is also coming whereas Radio will be the last to revive.
- Sun hasn't reduced the advertising rates but lowered volumes which it is hopeful of gradual recovery with increase in its viewership share in trailing 6-9 months, on-set of festive season and revival in economic activity.

Regional mix of revenues

- For industry, Tamilnadu is 45% of south Ad market, 25-30% is Telugu, Kannada 15-16% and Kerala 10% advertising revenues. SUTV's revenue break-up would also be similar to industry.

Update on original content

- Original programming is at 80-90% of the pre-covid levels. Non-fiction shows have not started due to certain restrictions. In prime-time original programming is at 100% and non-prime time it is 4 out of 6 slots.
- Prime-time is entirely commissioned basis with original content belonging to Sun. Only 2-3 slots are on slot sale basis.

Spend on movie acquisitions

- Sun guides ~Rs 3-4bn investments on broadcast satellite rights for movies and ~Rs 1-2.5bn investments on home movie productions.

Healthy cash-flows

- Sun's C&CE as of Jun'20 stood at Rs 30bn (19% of Mcap) vs. Rs 28bn as of Mar'20.

Exhibit 1: Quarterly P&L (Television business) - Standalone

| Rs Mn | Q1FY20 | Q2FY20 | Q3FY20 | Q4FY20 | Q1FY21 | YoY (%) | QoQ (%) |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Revenue | 8,360 | 7,739 | 8,150 | 7,352 | 6,061 | (27.5) | (17.6) |
| Cost of revenues | 1,414 | 1,551 | 1,106 | 922 | 671 | (52.6) | (27.3) |
| Employee expenses | 735 | 748 | 710 | 731 | 731 | (0.5) | (0.0) |
| SG&A expenses | 437 | 753 | 531 | 663 | 495 | 13.3 | (25.4) |
| Total Operating cost | 2,585 | 3,052 | 2,346 | 2,317 | 1,896 | (26.7) | (18.1) |
| EBITDA | 5,774 | 4,687 | 5,804 | 5,035 | 4,165 | (27.9) | (17.3) |
| D&A | 1,585 | 1,444 | 1,436 | 2,328 | 1,455 | (8.2) | (37.5) |
| EBIT | 5,250 | 3,243 | 4,367 | 2,707 | 2,710 | (48.4) | 0.1 |
| Interest expenses | 21 | 20 | 19 | 19 | 18 | (14.9) | (4.8) |
| Other income | 562 | 721 | 636 | 570 | 1,086 | 93.3 | 90.4 |
| PBT | 5,791 | 3,945 | 4,985 | 3,259 | 3,779 | (34.7) | 16.0 |
| Tax | 1,972 | 280 | 1,250 | 759 | 951 | (51.8) | 25.3 |
| PAT | 3,819 | 3,665 | 3,735 | 2,500 | 2,828 | (25.9) | 13.1 |
| AEPS (Rs) | 9.7 | 9.3 | 9.5 | 6.3 | 7.2 | (25.9) | 13.1 |

Source: DART, Company

Exhibit 2: Margin Profile

| % of revenue | Q1FY20 | Q2FY20 | Q3FY20 | Q4FY20 | Q1FY21 | YoY (bps) | QoQ (bps) |
|-------------------|-------------|-------------|-------------|-------------|-------------|----------------|--------------|
| Cost of revenues | 16.9 | 20.0 | 13.6 | 12.5 | 11.1 | (585) | (148) |
| Employee expenses | 8.8 | 9.7 | 8.7 | 9.9 | 12.1 | 327 | 211 |
| SG&A expenses | 5.2 | 9.7 | 6.5 | 9.0 | 8.2 | 294 | (86) |
| Operating cost | 30.9 | 39.4 | 28.8 | 31.5 | 31.3 | 36 | (23) |
| EBITDA | 69.1 | 60.6 | 71.2 | 68.5 | 68.7 | (36) | 23 |
| D&A | 19.0 | 18.7 | 17.6 | 31.7 | 24.0 | 504 | (767) |
| EBIT | 62.8 | 41.9 | 53.6 | 36.8 | 44.7 | (1,808) | 790 |
| Interest expenses | 0.2 | 0.3 | 0.2 | 0.3 | 0.3 | 4 | 4 |
| Other income | 6.7 | 9.3 | 7.8 | 7.8 | 17.9 | 1,120 | 1,016 |
| PBT | 69.3 | 51.0 | 61.2 | 44.3 | 62.3 | (693) | 1,802 |
| Tax | 23.6 | 3.6 | 15.3 | 10.3 | 15.7 | (791) | 537 |
| PAT | 45.7 | 47.4 | 45.8 | 34.0 | 46.7 | 98 | 1,265 |

Source: DART, Company

Exhibit 3: Revenue break-up (Television business)

| | Q1FY20 | Q2FY20 | Q3FY20 | Q4FY20 | Q1FY21 | % chg YoY | % chg QoQ |
|------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Advertising | 3,782 | 3,450 | 3,460 | 2,953 | 1,260 | (66.7) | (57.3) |
| Analogue | 1,690 | 1,680 | 2,050 | 1,930 | 2,260 | 33.7 | 17.1 |
| DTH | 2,060 | 2,076 | 2,070 | 2,050 | 2,160 | 4.9 | 5.4 |
| Domestic subscription | 3,750 | 3,756 | 4,120 | 3,980 | 4,420 | 17.9 | 11.1 |
| International | 408 | 410 | 410 | 410 | 380 | (6.9) | (7.3) |
| Subscription rev | 4,158 | 4,166 | 4,530 | 4,390 | 4,800 | 15.4 | 9.3 |
| Others (incl Sun Pictures) | 420 | 123 | 160 | 9 | 1 | (99.8) | (88.4) |
| Total revenue | 8,360 | 7,739 | 8,150 | 7,352 | 6,061 | (27.5) | (17.6) |

Source: DART, Company

Exhibit 4: Key assumptions table

| | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21E | FY22E | FY23E |
|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Television | | | | | | | | | | |
| Advertising | 11,947 | 12,512 | 13,286 | 12,724 | 13,962 | 14,922 | 13,645 | 9,672 | 12,824 | 13,914 |
| Subscription Domestic | 6,437 | 7,385 | 8,171 | 9,450 | 11,390 | 13,213 | 15,606 | 17,935 | 18,944 | 20,160 |
| - DTH | 4,480 | 5,262 | 5,865 | 6,570 | 7,500 | 8,523 | 8,256 | 8,891 | 9,414 | 10,020 |
| - Cable | 1,957 | 2,123 | 2,306 | 2,880 | 3,890 | 4,690 | 7,350 | 9,044 | 9,530 | 10,141 |
| Subscription International | 1,253 | 1,370 | 1,411 | 1,540 | 1,680 | 1,770 | 1,638 | 1,623 | 1,572 | 1,451 |
| Subscription Total | 7,691 | 8,755 | 9,582 | 10,990 | 13,070 | 14,983 | 17,244 | 19,558 | 20,516 | 21,612 |
| Others | 280 | 28 | 121 | 428 | 182 | 2,289 | 711 | 320 | 375 | 416 |
| Total Revenue | 19,917 | 21,296 | 22,989 | 24,142 | 27,215 | 32,194 | 31,600 | 29,550 | 33,715 | 35,941 |
| EBITDA | 14,998 | 16,594 | 17,528 | 17,679 | 19,839 | 23,446 | 21,300 | 20,595 | 24,053 | 25,663 |
| EBIT | 10,465 | 10,719 | 12,678 | 13,769 | 15,444 | 16,979 | 14,507 | 14,525 | 17,427 | 18,706 |
| IPL | | | | | | | | | | |
| Revenue | 1,051 | 1,140 | 963 | 1,440 | 1,433 | 4,439 | 2,444 | 1,814 | 2,722 | 2,994 |
| EBITDA | (364) | (445) | (569) | (318) | (227) | 2,198 | 1,060 | 373 | 845 | 987 |
| Radio | | | | | | | | | | |
| Revenue | 1,268 | 1,518 | 784 | 875 | 982 | 1,193 | 1,371 | 584 | 1,160 | 1,277 |
| EBITDA | 463 | 624 | 368 | 337 | 425 | 423 | 394 | (1) | 401 | 428 |
| EBIT | 213 | 345 | 252 | 243 | 320 | 261 | 186 | (225) | 160 | 171 |
| Consolidated | | | | | | | | | | |
| Revenue | 22,236 | 23,954 | 24,736 | 26,457 | 29,630 | 37,825 | 35,415 | 31,949 | 37,597 | 40,211 |
| EBITDA | 15,097 | 16,772 | 17,327 | 17,698 | 20,037 | 26,066 | 22,755 | 20,967 | 25,298 | 27,078 |
| EBIT | 10,314 | 10,619 | 12,360 | 13,694 | 15,538 | 19,438 | 15,753 | 14,673 | 18,432 | 19,864 |
| APAT | 7,568 | 7,961 | 9,223 | 10,307 | 11,355 | 14,336 | 13,855 | 12,894 | 15,871 | 17,182 |
| AEPS (Rs) | 19.2 | 20.2 | 23.4 | 26.2 | 28.8 | 36.4 | 35.2 | 32.7 | 40.3 | 43.6 |
| Change YoY (%) | | | | | | | | | | |
| Television | | | | | | | | | | |
| Advertising | | 4.7 | 6.2 | (4.2) | 9.7 | 6.9 | (8.6) | (29.1) | 32.6 | 8.5 |
| Subscription Domestic | | 14.7 | 10.6 | 15.7 | 20.5 | 16.0 | 18.1 | 14.9 | 5.6 | 6.4 |
| - DTH | | 17.5 | 11.5 | 12.0 | 14.2 | 13.6 | (3.1) | 7.7 | 5.9 | 6.4 |
| - Cable | | 8.5 | 8.6 | 24.9 | 35.1 | 20.6 | 56.7 | 23.0 | 5.4 | 6.4 |
| Subscription International | | 9.3 | 3.0 | 9.1 | 9.1 | 5.4 | (7.5) | (0.9) | (3.2) | (7.7) |
| Subscription Total | | 13.8 | 9.4 | 14.7 | 18.9 | 14.6 | 15.1 | 13.4 | 4.9 | 5.3 |
| Others | | (90.0) | 330.7 | 254.4 | (57.5) | 1,157.6 | (68.9) | (55.0) | 17.1 | 10.8 |
| Total Revenue | | 6.9 | 8.0 | 5.0 | 12.7 | 18.3 | (1.8) | (6.5) | 14.1 | 6.6 |
| EBITDA | | 10.6 | 5.6 | 0.9 | 12.2 | 18.2 | (9.1) | (3.3) | 16.8 | 6.7 |
| EBIT | | 2.4 | 18.3 | 8.6 | 12.2 | 9.9 | (14.6) | 0.1 | 20.0 | 7.3 |
| IPL | | | | | | | | | | |
| Revenue | | 8.5 | (15.6) | 49.6 | (0.5) | 209.7 | (44.9) | (25.8) | 50.0 | 10.0 |
| EBITDA | | 22.3 | 27.9 | (44.1) | (28.6) | Nmf | (51.8) | (64.8) | 126.4 | 16.9 |
| Radio | | | | | | | | | | |
| Revenue | | 19.6 | (48.3) | 11.5 | 12.3 | 21.4 | 14.9 | (57.4) | 98.6 | 10.0 |
| EBITDA | | 34.8 | (40.9) | (8.5) | 26.1 | (0.6) | (6.7) | (100.2) | Nmf | 6.7 |
| EBIT | | 61.6 | (27.1) | (3.5) | 31.9 | (18.4) | (29.0) | (221.4) | (171.0) | 6.9 |
| Consolidated | | | | | | | | | | |
| Revenue | | 7.7 | 3.3 | 7.0 | 12.0 | 27.7 | (6.4) | (9.8) | 17.7 | 7.0 |
| EBITDA | | 11.1 | 3.3 | 2.1 | 13.2 | 30.1 | (12.7) | (7.9) | 20.7 | 7.0 |
| EBIT | | 3.0 | 16.4 | 10.8 | 13.5 | 25.1 | (19.0) | (6.9) | 25.6 | 7.8 |
| APAT | | 5.2 | 15.9 | 11.7 | 10.2 | 26.3 | (3.4) | (6.9) | 23.1 | 8.3 |
| AEPS (Rs) | | 5.2 | 15.9 | 11.7 | 10.2 | 26.3 | (3.4) | (6.9) | 23.1 | 8.3 |

| Margin (%) | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21E | FY22E | FY23E |
|---------------------|--------|--------|--------|--------|--------|------|------|--------|-------|-------|
| Television | | | | | | | | | | |
| EBITDA | 75.3 | 77.9 | 76.2 | 73.2 | 72.9 | 72.8 | 67.4 | 69.7 | 71.3 | 71.4 |
| EBIT | 52.5 | 50.3 | 55.1 | 57.0 | 56.7 | 52.7 | 45.9 | 49.2 | 51.7 | 52.0 |
| IPL | | | | | | | | | | |
| EBITDA | (34.6) | (39.0) | (59.1) | (22.1) | (15.8) | 49.5 | 43.4 | 20.6 | 31.0 | 33.0 |
| Radio | | | | | | | | | | |
| EBITDA | 36.5 | 41.1 | 47.0 | 38.6 | 43.3 | 35.4 | 28.8 | (0.1) | 34.5 | 33.5 |
| EBIT | 16.8 | 22.7 | 32.1 | 27.7 | 32.6 | 21.9 | 13.5 | (38.6) | 13.8 | 13.4 |
| Consolidated | | | | | | | | | | |
| EBITDA | 67.9 | 70.0 | 70.0 | 66.9 | 67.6 | 68.9 | 64.3 | 65.6 | 67.3 | 67.3 |
| EBIT | 46.4 | 44.3 | 50.0 | 51.8 | 52.4 | 51.4 | 44.5 | 45.9 | 49.0 | 49.4 |
| APAT | 34.0 | 33.2 | 37.3 | 39.0 | 38.3 | 37.9 | 39.1 | 40.4 | 42.2 | 42.7 |

Source: DART, Company

Exhibit 5: Target price sensitivity to PE multiple

| EPS -----> | 32.7 | 40.3 | 43.6 |
|------------|-------------|-------------|-------------|
| PE | FY21 | FY22 | FY23 |
| 8 | 262 | 322 | 349 |
| 10 | 327 | 403 | 436 |
| 12 | 393 | 483 | 523 |
| 14 | 458 | 564 | 610 |
| 16 | 524 | 644 | 698 |

Source: DART

Profit and Loss Account

| (Rs Mn) | FY20A | FY21E | FY22E | FY23E |
|--|---------------|---------------|---------------|---------------|
| Revenue | 35,415 | 31,949 | 37,597 | 40,211 |
| Total Expense | 12,660 | 10,982 | 12,298 | 13,133 |
| COGS | 5,947 | 4,331 | 4,682 | 4,959 |
| Employees Cost | 3,232 | 3,280 | 3,495 | 3,712 |
| Other expenses | 3,481 | 3,371 | 4,121 | 4,463 |
| EBIDTA | 22,755 | 20,967 | 25,298 | 27,078 |
| Depreciation | 7,002 | 6,294 | 6,866 | 7,214 |
| EBIT | 15,753 | 14,673 | 18,432 | 19,864 |
| Interest | 127 | 127 | 123 | 107 |
| Other Income | 2,612 | 3,271 | 3,151 | 3,396 |
| Exc. / E.O. items | 0 | 0 | 0 | 0 |
| EBT | 18,237 | 17,818 | 21,460 | 23,153 |
| Tax | 4,340 | 4,578 | 5,576 | 6,037 |
| RPAT | 13,855 | 12,894 | 15,871 | 17,182 |
| Minority Interest | 0 | 0 | 0 | 0 |
| Profit/Loss share of associates | (42) | (346) | (13) | 66 |
| APAT | 13,855 | 12,894 | 15,871 | 17,182 |

Balance Sheet

| (Rs Mn) | FY20A | FY21E | FY22E | FY23E |
|-------------------------------|---------------|---------------|---------------|---------------|
| Sources of Funds | | | | |
| Equity Capital | 1,970 | 1,970 | 1,970 | 1,970 |
| Minority Interest | 48 | 52 | 56 | 60 |
| Reserves & Surplus | 55,271 | 60,285 | 66,306 | 71,668 |
| Net Worth | 57,241 | 62,255 | 68,277 | 73,639 |
| Total Debt | 0 | 0 | 0 | 0 |
| Net Deferred Tax Liability | 1,677 | 1,702 | 1,729 | 1,759 |
| Total Capital Employed | 58,965 | 64,008 | 70,061 | 75,457 |

Applications of Funds

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Net Block | 15,822 | 14,571 | 13,737 | 12,611 |
| CWIP | 663 | 597 | 537 | 483 |
| Investments | 5,847 | 6,045 | 6,269 | 6,519 |
| Current Assets, Loans & Advances | 42,744 | 48,723 | 55,742 | 62,378 |
| Inventories | 0 | 2 | 2 | 0 |
| Receivables | 13,672 | 11,669 | 13,423 | 14,026 |
| Cash and Bank Balances | 7,032 | 13,794 | 17,897 | 22,711 |
| Loans and Advances | 0 | 0 | 0 | 0 |
| Other Current Assets | 2,311 | 2,542 | 2,669 | 2,802 |
| Less: Current Liabilities & Provisions | 6,110 | 5,927 | 6,223 | 6,534 |
| Payables | 3,167 | 3,072 | 3,225 | 3,386 |
| Other Current Liabilities | 2,944 | 2,855 | 2,998 | 3,148 |
| <i>sub total</i> | | | | |
| Net Current Assets | 36,634 | 42,796 | 49,518 | 55,844 |
| Total Assets | 58,965 | 64,008 | 70,061 | 75,457 |

E – Estimates

Important Ratios

| Particulars | FY20A | FY21E | FY22E | FY23E |
|---|---------|---------|---------|---------|
| (A) Margins (%) | | | | |
| Gross Profit Margin | 83.2 | 86.4 | 87.5 | 87.7 |
| EBIDTA Margin | 64.3 | 65.6 | 67.3 | 67.3 |
| EBIT Margin | 44.5 | 45.9 | 49.0 | 49.4 |
| Tax rate | 23.8 | 25.7 | 26.0 | 26.1 |
| Net Profit Margin | 39.1 | 40.4 | 42.2 | 42.7 |
| (B) As Percentage of Net Sales (%) | | | | |
| COGS | 16.8 | 13.6 | 12.5 | 12.3 |
| Employee | 9.1 | 10.3 | 9.3 | 9.2 |
| Other | 9.8 | 10.5 | 11.0 | 11.1 |
| (C) Measure of Financial Status | | | | |
| Gross Debt / Equity | 0.0 | 0.0 | 0.0 | 0.0 |
| Interest Coverage | 123.6 | 115.9 | 150.1 | 186.0 |
| Inventory days | 0 | 0 | 0 | 0 |
| Debtors days | 141 | 133 | 130 | 127 |
| Average Cost of Debt | | | | |
| Payable days | 33 | 35 | 31 | 31 |
| Working Capital days | 378 | 489 | 481 | 507 |
| FA T/O | 2.2 | 2.2 | 2.7 | 3.2 |
| (D) Measures of Investment | | | | |
| AEPS (Rs) | 35.2 | 32.7 | 40.3 | 43.6 |
| CEPS (Rs) | 52.9 | 48.7 | 57.7 | 61.9 |
| DPS (Rs) | 22.5 | 20.0 | 25.0 | 30.0 |
| Dividend Payout (%) | 64.0 | 61.1 | 62.1 | 68.8 |
| BVPS (Rs) | 145.3 | 158.0 | 173.3 | 186.9 |
| RoANW (%) | 24.6 | 21.6 | 24.3 | 24.2 |
| RoACE (%) | 24.3 | 21.7 | 23.9 | 23.7 |
| RoAIC (%) | 30.7 | 28.7 | 36.0 | 37.9 |
| (E) Valuation Ratios | | | | |
| CMP (Rs) | 426 | 426 | 426 | 426 |
| P/E | 12.1 | 13.0 | 10.6 | 9.8 |
| Mcap (Rs Mn) | 167,977 | 167,977 | 167,977 | 167,977 |
| MCap/ Sales | 4.7 | 5.3 | 4.5 | 4.2 |
| EV | 141,216 | 133,467 | 128,329 | 122,426 |
| EV/Sales | 4.0 | 4.2 | 3.4 | 3.0 |
| EV/EBITDA | 6.2 | 6.4 | 5.1 | 4.5 |
| P/BV | 2.9 | 2.7 | 2.5 | 2.3 |
| Dividend Yield (%) | 5.3 | 4.7 | 5.9 | 7.0 |
| (F) Growth Rate (%) | | | | |
| Revenue | (6.4) | (9.8) | 17.7 | 7.0 |
| EBITDA | (12.7) | (7.9) | 20.7 | 7.0 |
| EBIT | (19.0) | (6.9) | 25.6 | 7.8 |
| PBT | (15.9) | (2.3) | 20.4 | 7.9 |
| APAT | (3.4) | (6.9) | 23.1 | 8.3 |
| EPS | (3.4) | (6.9) | 23.1 | 8.3 |

Cash Flow

| (Rs Mn) | FY20A | FY21E | FY22E | FY23E |
|--------------|----------|---------|---------|----------|
| CFO | 19,076 | 20,775 | 21,153 | 23,973 |
| CFI | (7,301) | (5,146) | (6,165) | (6,251) |
| CFF | (11,879) | (7,880) | (9,850) | (11,820) |
| FCFF | 11,251 | 15,799 | 15,180 | 17,939 |
| Opening Cash | 26,865 | 26,761 | 34,510 | 39,648 |
| Closing Cash | 26,761 | 34,510 | 39,648 | 45,550 |

E – Estimates

DART RATING MATRIX

Total Return Expectation (12 Months)

| | |
|-------------------|------------------|
| Buy | > 20% |
| Accumulate | 10 to 20% |
| Reduce | 0 to 10% |
| Sell | < 0% |

DART Team

| | | | |
|--------------------|--------------------------|--------------------------------|------------------------|
| Purvag Shah | Managing Director | purvag@dolatcapital.com | +9122 4096 9747 |
|--------------------|--------------------------|--------------------------------|------------------------|

| | | | |
|--------------------------|-------------------------|------------------------------|------------------------|
| Amit Khurana, CFA | Head of Equities | amit@dolatcapital.com | +9122 4096 9745 |
|--------------------------|-------------------------|------------------------------|------------------------|

CONTACT DETAILS

| Equity Sales | Designation | E-mail | Direct Lines |
|-----------------------|--|-------------------------------|---------------------|
| Dinesh Bajaj | VP - Equity Sales | dineshb@dolatcapital.com | +9122 4096 9709 |
| Kapil Yadav | VP - Equity Sales | kapil@dolatcapital.com | +9122 4096 9735 |
| Yomika Agarwal | VP - Equity Sales | yomika@dolatcapital.com | +9122 4096 9772 |
| Jubbin Shah | VP - Derivatives Sales | jubbins@dolatcapital.com | +9122 4096 9779 |
| Ashwani Kandoi | AVP - Equity Sales | ashwanik@dolatcapital.com | +9122 4096 9725 |
| Lekha Nahar | AVP - Equity Sales | lekhan@dolatcapital.com | +9122 4096 9740 |
| Equity Trading | Designation | E-mail | |
| P. Sridhar | SVP and Head of Sales Trading | sridhar@dolatcapital.com | +9122 4096 9728 |
| Chandrakant Ware | VP - Sales Trading | chandrakant@dolatcapital.com | +9122 4096 9707 |
| Shirish Thakkar | VP - Head Domestic Derivatives Sales Trading | shirisht@dolatcapital.com | +9122 4096 9702 |
| Kartik Mehta | Asia Head Derivatives | kartikm@dolatcapital.com | +9122 4096 9715 |
| Dinesh Mehta | Co- Head Asia Derivatives | dinesh.mehta@dolatcapital.com | +9122 4096 9765 |
| Bhavin Mehta | VP - Derivatives Strategist | bhavinm@dolatcapital.com | +9122 4096 9705 |

Dolat Capital Market Private Limited.

Sunshine Tower, 28th Floor, Senapati Bapat Marg, Dadar (West), Mumbai 400013

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Dolat Capital Market Private Limited.

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SEBI Registration No: BSE - INB010710052 & INF010710052, NSE - INB230710031& INF230710031, Research: INH000000685

Registered office: Office No. 141, Centre Point, Somnath, Daman – 396 210, Daman & Diu

Board: +9122 40969700 | Fax: +9122 22651278 | Email: research@dolatcapital.com | www.dolatresearch.com
