

Sun TV Network

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	SUNTV IN
Equity Shares (m)	394
M.Cap.(INRb)/(USD\$)	227.2 / 3.1
52-Week Range (INR)	611 / 410
1, 6, 12 Rel. Per (%)	6/-7/-12
12M Avg Val (INR M)	1497

Financials & Valuations (INR b)

INRb	FY21	FY22E	FY23E	FY24E
Sales	31.2	35.4	40.7	42.7
EBITDA	20.7	23.4	26.7	26.9
Adj. PAT	15.2	17.4	18.4	18.9
EBITDA Margin (%)	66.3	65.9	65.5	63.1
Adj. EPS (INR)	38.6	44.2	46.7	48.0
EPS Gr. (%)	10.8	14.6	5.6	2.9
BV/Sh. (INR)	176.3	197.5	218.7	239.1

Ratios

Net D:E	-0.7	-0.6	-0.7	-0.7
RoE (%)	24.2	23.7	22.4	20.1
RoCE (%)	24.5	23.9	22.5	NA
Payout (%)	15.0	52.2	54.4	57.7

Valuations

P/E (x)	15.0	13.1	12.4	12.1
P/B (x)	3.3	2.9	2.6	2.4
EV/EBITDA (x)	9.1	8.1	6.6	6.2
Div. Yield (%)	0.9	3.5	3.8	4.1
FCF Yield (%)	6.4	5.3	9.1	10.1

Shareholding pattern (%)

As On	Sep-21	Jun-21	Sep-20
Promoter	75.0	75.0	75.0
DII	3.3	3.6	5.3
FII	8.1	7.7	10.9
Others	13.6	13.6	8.9

FII Includes depository receipts

CMP: INR577 TP: INR670 (+16%) Buy

Healthy recovery in place; investments in OTT hold key

- Sun TV (SUNTV) reported in-line nos – revenue/PAT was up 10%/14% YoY, with ad revenues reaching pre-pandemic (2QFY20) levels and delayed benefit from the IPL offering spillover. This was offset by a sluggish subscription revenue run-rate.
- Our FY23E/FY24E estimates are largely maintained; we build in a 6% CAGR over FY20–23E. The recent upbeat valuation for the new IPL team auction makes the stock valuation compelling at below 10x on Sept'23E. Along with intensifying content investments to win market share, this is a key positive. However, delayed investments in OTT remain a concern. We maintain a Buy rating.

Rev/PAT up 34%/38% YoY (below est); INR3.75 dividend announced

- SUNTV's 2QFY22 revenues increased 9.6% YoY to INR8.3b (in-line), with advertising revenue increasing 40% YoY to INR3.4b – revenues reached the pre-pandemic levels of INR3.4b as of 2QFY20. Subscription revenue declined 4.5%. Overall revenues exceeded pre-pandemic levels and were up 7% v/s pre-COVID levels of 2QFY20. This was largely attributable to the spillover of delayed IPL revenues of INR520m.
- Thus, EBITDA came in at INR5.2b, up 3.7% YoY (in-line), aided by revenue growth. EBITDA margins stood at 62.8% (down 350bps YoY). Production/SG&A costs were up 34%/31% YoY (incl. INR103.2m towards IPL franchise fees), which led to overall opex increasing 21.2% YoY.
- EBITDA came in at INR4.9b, up 18.8% YoY (11% miss), aided by strong revenue growth. However, it was partly offset by opex increasing 66% YoY, primarily led by the IPL. EBITDA margins stood at 61.1% (down 760bps YoY).
- Finance costs increased due to INR225.8m interest on income tax. Adjusted for such cost, finance costs were down 40.4% YoY to just INR9m. Other income was up 28% YoY, while dep cost was significantly lower YoY at 61%. This was potentially attributable to a) limited movie releases and b) a change in the amortization policy of movies last quarter – from the earlier policy of a 100% write-off in the first year to a far more liberal current write-off ratio of 30:30:20:20 over four years.
- Therefore, net profit increased 13.7% YoY to INR3.9b. It declared an interim dividend of INR2.5/share.

Key takeaways from management interaction

- Ad/Subs growth outlook: The de-growth in ad revenues in 1HFY22 would be neutralized in 2HFY22. Subscription revenue would grow in the double digits for FY22, aided by the sale of digital rights and contract renewals.
- It plans to invest more than INR2.5b annually in movies, in addition to INR4.5–5b in purchasing satellite rights.
- Sun Next OTT: Investments towards original content for OTT are expected to happen post Mar'22 as the company focuses on the existing movie production lineup.
- Payout policy: It expects the payout ratio to reach historical levels of ~50%. There are no plans for a buyback.

Valuation and view

- Our FY23E/FY24E estimates are largely maintained; we build in a 6% CAGR over FY20–23E. After calling off the double-digit subscription growth guidance last quarter, it indicated that with the 2HFY22 subscription growth contribution from OTT and Others, it should achieve double-digit growth in the second half.
- Intensifying content investment towards multiple non-fictional shows in the southern market, along with fictional shows during prime time, would maintain the growth momentum in viewership.
- Sun TV's healthy liquidity, with net cash of over INR32.3b presently, offers room to intensify investments in the linear as well as OTT space – along with high dividend payout potential (45–85% payout policy) and low valuation offer support. Furthermore, adjusted for the recent high auction price from the new IPL teams, the stock is at below 10x on a Sep'23E basis.
- However, an inherent risk is that while investments in movie production have delayed OTT investments by two years (now guided for FY23), the monetization of the existing library remains a key concern as it has a risk of further delay.
- We value the stock on P/E of 14x on Sept'23E to arrive at Target Price of INR670. We maintain a Buy rating.

Standalone - Quarterly Earning Model

Y/E March	(INR m)										
	FY21				FY22E				FY21	FY22E	Est Var (%)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	2Q		
Revenue	6,061	7,562	9,723	7,820	8,101	8,287	9,464	9,581	31,166	8,454	-2
YoY Change (%)	-43.9	-2.3	19.3	6.4	33.7	9.6	-2.7	22.5	-8.5	11.8	
Total Expenditure	1,896	2,541	3,717	2,352	3,151	3,081	2,888	2,960	10,506	3,147	-2
EBITDA	4,165	5,020	6,007	5,468	4,950	5,206	6,576	6,621	20,660	5,307	-2
YoY Change (%)	-39.0	7.1	3.5	8.6	18.8	3.7	9.5	21.1	-7.6	5.7	-35
Depreciation	1,455	913	687	766	331	355	861	868	3,821	541	-34
Interest	18	16	15	172	10	235	10	10	220	19	1,109
Other Income	1,086	516	621	506	561	660	649	728	2,729	601	10
PBT	3,779	4,607	5,926	5,036	5,170	5,276	6,354	6,471	19,348	5,348	-1
Tax	951	1,148	1,508	537	1,272	1,343	1,599	1,628	4,144	1,345	
Rate (%)	25.2	24.9	25.4	10.7	24.6	25.4	25.2	25.2	21.4	25.2	
Reported PAT	2,828	3,459	4,418	4,499	3,898	3,933	4,755	4,843	15,204	4,002	-2
YoY Change (%)	-25.9	-5.6	18.3	80.0	37.8	13.7	7.6	7.7	10.8	15.7	

E: MOFSL Estimates

Segmental revenue and other highlights

- Total ad revenues rose 39.7% YoY to INR3.4b.
- Domestic subscription revenues declined 4.5% YoY to INR4.1b. The management has reiterated its subscription double-digit growth guidance for FY22.
- International subscription revenues fell 32.4% YoY to INR250m. The decline in international subscriptions was attributable to the shift from local DTH / cable subscriptions to OTT.

Exhibit 1: Valuation based on FY23E EPS

Valuation	Sept'23
EPS (INR)	47
PE multiple (x)	14
Target Price (INR)	670
CMP (INR)	580
Upside (%)	16%

Source: Company, MOFSL



Key takeaways from management interaction

Key highlights

- Ad/Subs growth outlook: The de-growth in ad revenues in 1HFY22 would be neutralized in 2HFY22. Subscription revenue would grow in the double digits for FY22, aided by the sale of digital rights and contract renewals.
- It plans to invest more than INR2.5b annually in movies, in addition to INR4.5–5b in purchasing satellite rights.
- Sun Next OTT: Investments towards original content for OTT is expected to take place post Mar'22 as company focuses on existing movie production line up.
- Payout policy: It expects the payout ratio to reach historical levels of ~50%. There are no plans for a buyback.

DETAILED NOTES

Business performance

- Finance costs: Finance costs during the quarter consisted of INR225.8m towards interest on IT.
- Segmental revenue stood as follows:
 - Advertising: INR3.4b
 - Broadcasting: INR20m
 - International subscription: INR250m
 - Pay channel / Digital: INR1.9b
 - DTH: INR2.1b
 - IPL: INR520m
- **Depreciation/Amortization**
 - Depreciation/Amortization for the quarter stood at INR264m/INR89.9m.
 - The management expects amortization costs to remain subdued over the short term as the movie lineup is yet to return to normal levels.
- **Programming costs**
 - The management expects programming costs to remain steady at the current run-rate of INR550–600m.

Subscription revenues

- 1HFY22 revenues were largely impacted on account of uncertainty around contract renewals and the non-recognition of revenues from a large distributor.
- The management expects revenues to rebound from 3QFY22 on the back of contract renewals with distributors as well as digital revenue.
- The company expects decent double-digit growth in subscription revenues for FY22.
- While the implementation of the New Tariff Order (NTO 2.0) is expected to be completed by Dec'21, the company does not expect any major impact on subscription revenues.
- The company expects international subscription revenues to move from local DTH to Sun NXT.

Advertisement revenues

- The company is seeing MoM improvement in ad revenues, with good traction from the Retail and E-Commerce segments, while FMCG remains under pressure.
- The management expects the de-growth in ad revenues in 1HFY22 to be neutralized in 2HFY22.
- The company is seeing strong ad spends from new-gen companies that are moving towards IPOs.

Sun NXT OTT

- It does not plan to spend significantly on OTT original content until March 2022 as the focus would be on completing ongoing projects.
- The platform now has ~24.5m subscribers on the basis of recycled content.
- Investments in original content are expected to be in the range of INR1.5–2b annually.

IPL revenues

- The management expects a small share of revenue from the IPL in 3QFY22.
- Revenues from the segment declined YoY, largely due to deterioration in team rankings.
- It expects to see some normalcy in sponsorship and ticket sales from next year.
- The company has no plans for a spin-off or IPO of the franchise over the near term, but would continue to look at appropriate opportunities for value unlocking.

Other highlights

- Despite capacity restrictions being relaxed, the company expects the frequency of releases to take time to return to normal.
- The Rajinikanth starrer released recently has met with good response, and the company has a strong pipeline of big-ticket movies starring Suriya, Dhanush, and Vijay Sethupathy.
- The company plans to invest more than INR2.5b in movies annually, in addition to INR4.5–5b towards satellite rights purchases.
- Payout policy: While there are no plans for a buyback, the company plans to take the payout ratio at historical levels of ~50%.
- The company expects margins in the Bangla segment to achieve breakeven from FY23, while investments in Marathi Channel would continue.

Exhibit 2: Quarterly performance (INR m)

INR m	2QFY21	1QFY22E	2QFY22	YoY%	QoQ%	2QFY22E	v/s est (%)
Revenue	7,562	8,101	8,287	9.6	2.3	8,454	-2.0
Operating expenditure	2,541	3,151	3,081	21.2	-2.2	3,147	-2.1
EBITDA	5,020	4,950	5,206	3.7	5.2	5,307	-1.9
<i>EBITDA margin (%)</i>	<i>66.4</i>	<i>61.1</i>	<i>62.8</i>	<i>-357bps</i>	<i>172bps</i>	<i>62.8</i>	<i>5bps</i>
Depreciation & amortization	913	331	355	-61.1	7.3	541	-34.4
EBIT	4,108	4,619	4,851	18.1	5.0	4,766	1.8
Interest	16	10	235	1,407.1	2,227.7	19	1,108.7
Other income	516	561	660	28.0	17.7	601	9.7
PBT	4,607	5,170	5,276	14.5	2.1	5,348	-1.3
Tax	1,148	1,272	1,343	16.9	5.6	1,345	-0.2
<i>Effective tax rate (%)</i>	<i>24.9</i>	<i>24.6</i>	<i>25.4</i>	<i>53bps</i>	<i>84bps</i>	<i>25.2</i>	<i>29bps</i>
PAT	3,459	3,898	3,933	13.7	0.9	4,002	-1.7
Adjusted PAT	3,459	3,898	3,933	13.7	0.9	4,002	-1.7

Revenue Breakup	2QFY21	1QFY22E	2QFY22	YoY%	QoQ%	2QFY22E	v/s est (%)
Advertising	2,446	2,444	3,418	39.7	39.9	3,033	12.7
Broadcasting	4.4	20	20	354.5	0.0	17	17.0
Total Advertising & Broadcasting	2,450	2,464	3,438	40.3	39.5	3,050	12.7
International subscription	370	250	250	-32.4	0.0	333	-24.9
<u>Domestic Subscription</u>	<u>4,270</u>	<u>4,150</u>	<u>4,080</u>	<u>-4.5</u>	<u>-1.7</u>	<u>4,419</u>	<u>-7.7</u>
- Domestic Cable	1,950	2,010	1,930	-1.0	-4.0	2,145	-10.0
- DTH	2,320	2,140	2,150	-7.3	0.5	2,274	-5.4
Total Subscription revenue	4,640	4,400	4,330	-6.7	-1.6	4,752	-8.9
Films, IPL and Others	471	1,237	520	10.4	-58.0	652	NM
Total	7,562	8,101	8,288	9.6	2.3	8,454	-2.0

Source: MOFSL, Company

Exhibit 3: Breakup of operating expenses (INR m)

Operating Cost	2QFY21	1QFY22E	2QFY22	YoY%	QoQ%	2QFY22E	v/s est (%)
Production cost	1002	1140	1,341	33.8	17.7	1,551	-13.5
Employee cost	724	681	676	-6.6	-0.7	709	-4.7
Other exp	815	1331	1064	30.5	-20.1	887	19.9
Total Operating expenses	2,541	3,151	3,081	21.2	-2.2	3,147	-2.1

Source: MOFSL, Company

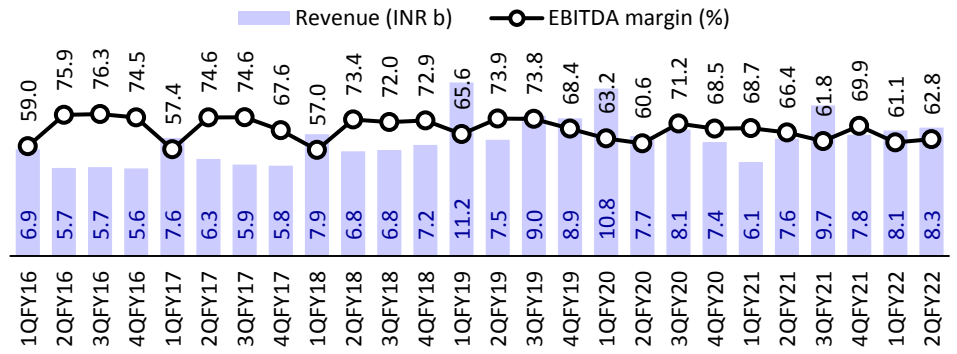
Exhibit 4: Estimate change summary

	FY22E	FY23E
Advst Revenue (INR b)		
Old	12.8	14.0
Actual/New	12.8	14.3
<i>Change (%)</i>	<i>0.1</i>	<i>1.9</i>
Subscription Revenue (INR b)		
Old	19.3	20.7
Actual/New	19.2	20.7
<i>Change (%)</i>	<i>-0.3</i>	<i>-0.2</i>
Revenue (INR b)		
Old	36.1	39.5
Actual/New	35.4	40.7
<i>Change (%)</i>	<i>-1.9</i>	<i>3.1</i>
EBITDA (INR b)		
Old	23.9	25.2
Actual/New	23.4	26.7
<i>Change (%)</i>	<i>-2.4</i>	<i>5.8</i>
EBITDA margin (%)		
Old	66.3	63.8
Actual/New	65.9	65.5
<i>Change (bp)</i>	<i>-34.4</i>	<i>170.6</i>
PAT (INR b)		
Old	17.9	18.9
Actual/New	17.4	18.4
<i>Change (%)</i>	<i>-2.4</i>	<i>-2.7</i>
EPS (INR)		
Old	45.3	48.0
Actual/New	44.2	46.7
<i>Change (%)</i>	<i>-2.4</i>	<i>-2.7</i>

Source: MOFSL, Company

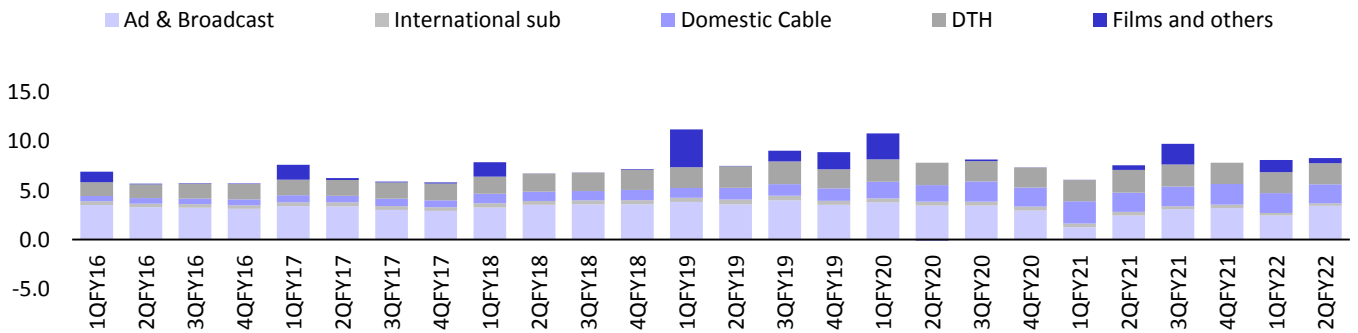
Story in charts

Exhibit 5: Standalone revenue up 9.6% YoY



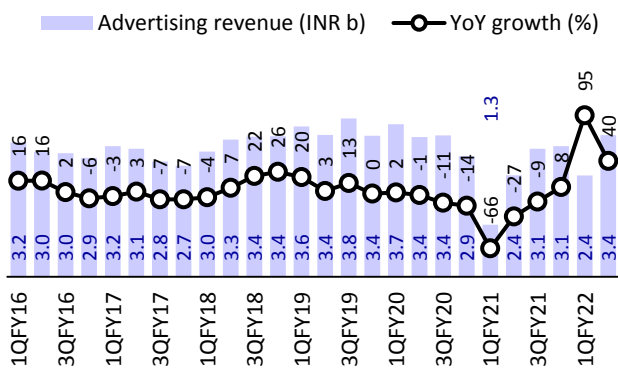
Source: MOFSL, Company

Exhibit 6: Trend in revenue mix (INR b)



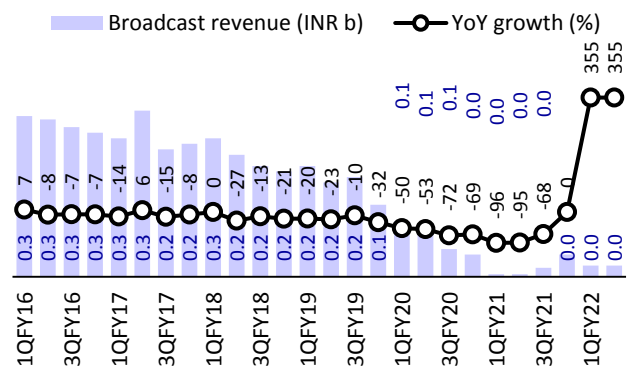
Source: MOFSL, Company

Exhibit 7: Ad revenue trend



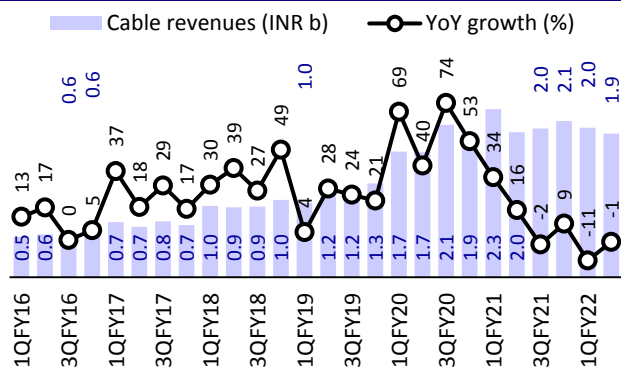
Source: MOFSL, Company

Exhibit 8: Broadcasting revenue trend



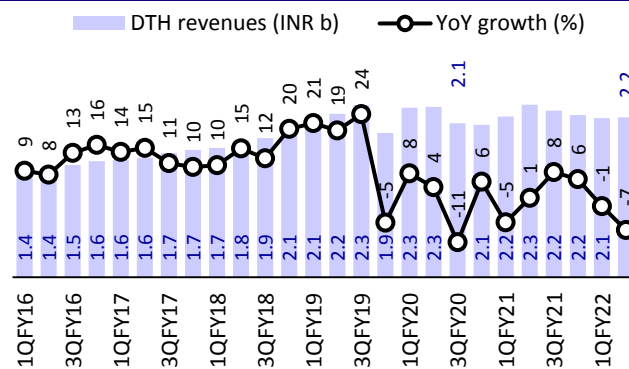
Source: MOFSL, Company

Exhibit 9: Cable revenue trend



Source: MOFSL, Company

Exhibit 10: DTH revenue trend



Source: MOFSL, Company

Exhibit 11: Earnings snapshot

INR b	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Ad revenue (INR b)	12.1	11.7	13.1	14.3	13.4	9.9	12.7	14.2
YoY growth (%)	7	-3	12	9	-6	-26	28	12
Broadcast revenue (INR b)	1.1	1.0	0.9	0.7	0.3	0.1	0.1	0.1
YoY growth (%)	-3	-8	-16	-13	-64	-76	23	5
Ad and broadcast revenue (INR b)	13.2	12.7	14.0	15.0	13.6	10.0	12.8	14.3
YoY growth (%)	6	-4	10	8	-9	-27	28	12
DTH revenue (INR b)	5.9	6.6	7.5	8.6	8.7	8.9	9.3	10.1
YoY growth (%)	11	12	14	14	1	2	5	8
Cable revenue (INR b)	2.3	2.9	3.9	4.6	7.4	8.3	8.8	9.5
YoY growth (%)	8	25	36	19	58	13	6	8
International revenue (INR b)	1.4	1.7	1.7	1.8	1.6	1.4	1.1	1.1
YoY growth (%)	2	23	-3	7	-8	-15	-22	0
Total Subscription revenue (INR b)	9.6	11.2	13.1	15.0	17.3	18.6	19.2	20.7
YoY growth (%)	9	17	17	15	15	8	3	8
Films, IPL and other revenue (INR b)	1.2	1.7	1.6	6.6	2.7	2.5	3.4	5.7
YoY (%)	0	45	-7	318	-59	-6	34	67
Total Revenue (INR b)	24.0	25.6	28.6	36.6	34.0	31.2	35.4	40.7
YoY (%)	7	7	12	28	-7	-8	14	15
EBITDA	17.0	17.4	19.6	25.6	22.4	20.7	23.4	26.7
YoY (%)	5	2	13	31	-13	-8	13	14
EBITDA margin (%)	70.8	67.9	68.5	70.0	65.7	66.3	65.9	65.5
Revenue mix (%)								
Ad and broadcast revenue	55	50	49	41	40	32	36	35
Subscription revenue	40	44	46	41	51	60	54	51
DTH	24	26	26	23	26	29	26	25
Cable	10	11	14	13	22	27	25	23
International revenue	6	7	6	5	5	4	3	3
Films, IPL and other revenue	5	7	6	18	8	8	10	14
Domestic revenue	85	85	87	88	93	92	94	95
International revenue	15	15	13	12	7	8	6	5

Source: MOFSL, Company

Financials and valuations

Standalone - Income statement

(INR m)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Total Income from Operations	23,952	25,583	28,625	36,633	34,044	31,166	35,434	40,682	42,650
Change (%)	6.8	6.8	11.9	28.0	-7.1	-8.5	13.7	14.8	NA
Production Costs	1,815	2,165	2,862	4,202	5,456	4,030	5,456	6,547	7,529
Employees Cost	2,359	2,563	2,941	3,006	2,924	2,797	2,825	3,107	3,325
Other Expenses	2,818	3,485	3,227	3,781	3,304	3,665	3,800	4,370	4,894
Total Expenditure	6,992	8,213	9,030	10,990	11,684	10,492	12,080	14,024	15,748
% of Sales	29.2	32.1	31.5	30.0	34.3	33.7	34.1	34.5	36.9
EBITDA	16,961	17,370	19,595	25,643	22,361	20,674	23,353	26,658	26,903
Margin (%)	70.8	67.9	68.5	70.0	65.7	66.3	65.9	65.5	63.1
Depreciation	4,850	3,911	4,397	6,467	6,793	3,821	2,414	5,061	5,080
EBIT	12,110	13,458	15,198	19,176	15,567	16,853	20,939	21,597	21,822
Int. and Finance Charges	22	10	11	17	78	220	265	40	40
Other Income	1,075	1,456	1,397	2,200	2,489	2,714	2,598	3,031	3,514
PBT bef. EO Exp.	13,164	14,903	16,584	21,359	17,979	19,348	23,271	24,588	25,296
EO Items	180	0	0	0	0	0	0	0	0
PBT after EO Exp.	13,344	14,903	16,584	21,359	17,979	19,348	23,271	24,588	25,296
Total Tax	4,646	5,109	5,654	7,411	4,261	4,144	5,841	6,186	6,364
Tax Rate (%)	34.8	34.3	34.1	34.7	23.7	21.4	25.1	25.2	25.2
Reported PAT	8,698	9,794	10,930	13,949	13,718	15,204	17,430	18,402	18,932
Adjusted PAT	8,581	9,794	10,930	13,949	13,718	15,204	17,430	18,402	18,932
Change (%)	16.4	14.1	11.6	27.6	-1.7	10.8	14.6	5.6	NA
Margin (%)	35.8	38.3	38.2	38.1	40.3	48.8	49.2	45.2	44.4

Standalone - Balance Sheet

(INR m)

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Equity Share Capital	1,970	1,970	1,970	1,970	1,970	1,970	1,970	1,970	1,970
Total Reserves	33,206	38,247	44,430	52,435	54,271	67,520	75,846	84,234	92,242
Net Worth	35,176	40,218	46,401	54,405	56,241	69,490	77,816	86,204	94,212
Total Loans	0	0	0	0	0	0	0	0	0
Deferred Tax Liabilities	219	556	770	1,056	851	0	0	0	0
Capital Employed	35,396	40,773	47,170	55,461	57,092	69,490	77,816	86,204	94,212
Gross Block	15,418	19,203	22,972	28,402	35,302	37,337	41,337	45,337	49,337
Less: Accum. Deprn.	7,089	8,183	12,579	19,046	25,839	29,660	32,074	37,136	42,216
Net Fixed Assets	8,330	11,021	10,393	9,356	9,463	7,678	9,263	8,202	7,121
Capital WIP	6	15	442	133	663	1,463	1,463	1,463	1,463
Total Investments	8,508	14,540	24,121	30,505	29,490	37,641	37,641	37,641	37,641
Curr. Assets, Loans&Adv.	20,980	17,924	16,949	20,700	23,552	30,995	34,836	45,083	54,470
Account Receivables	7,329	7,238	10,084	10,790	13,100	13,944	15,532	16,719	16,359
Cash and Bank Balance	7,877	7,385	3,071	4,709	5,288	8,753	12,023	21,120	30,517
Loans and Advances	5,763	3,292	3,791	5,199	5,164	8,298	7,267	7,228	7,578
Curr. Liability & Prov.	2,428	2,726	4,734	5,233	6,074	8,287	5,387	6,184	6,484
Account Payables	383	497	577	1,986	2,771	2,594	2,427	2,786	2,921
Other Current Liabilities	1,906	2,034	4,000	3,073	3,094	3,290	2,728	3,132	3,284
Provisions	139	195	157	174	209	2,402	231	266	278
Net Current Assets	18,552	15,198	12,215	15,468	17,477	22,709	29,449	38,899	47,987
Appl. of Funds	35,396	40,773	47,170	55,461	57,092	69,490	77,816	86,204	94,212

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Basic (INR)									
EPS	21.8	24.9	27.7	35.4	34.8	38.6	44.2	46.7	48.0
Cash EPS	34.1	34.8	38.9	51.8	52.0	48.3	50.4	59.5	60.9
BV/Share	89.3	102.1	117.7	138.1	142.7	176.3	197.5	218.7	239.1
DPS	15.5	10.0	10.0	12.5	25.0	5.0	20.0	22.0	24.0
Payout (%)	84.3	48.4	43.4	40.8	82.9	15.0	52.2	54.4	57.7
Valuation (x)									
P/E	26.6	23.3	20.9	16.4	16.6	15.0	13.1	12.4	12.1
Cash P/E	17.0	16.7	14.9	11.2	11.1	12.0	11.5	9.7	9.5
P/BV	6.5	5.7	4.9	4.2	4.1	3.3	2.9	2.6	2.4
EV/Sales	9.1	8.4	7.3	5.5	5.9	6.1	5.3	4.3	3.9
EV/EBITDA	12.9	12.3	10.6	7.8	9.0	9.1	8.1	6.6	6.2
Dividend Yield (%)	2.7	1.7	1.7	2.2	4.3	0.9	3.5	3.8	4.1
FCF per share	22.4	23.5	21.5	31.2	24.2	30.8	25.5	40.9	42.7
Return Ratios (%)									
RoE	24.9	26.0	25.2	27.7	24.8	24.2	23.7	22.4	20.1
RoCE	24.9	26.0	25.3	27.7	24.9	24.5	23.9	22.5	NA
RoIC	40.3	46.7	52.2	63.2	56.9	61.2	64.9	61.4	NA
Working Capital Ratios									
Fixed Asset Turnover (x)	1.6	1.3	1.2	1.3	1.0	0.8	0.9	0.9	0.9
Asset Turnover (x)	0.7	0.6	0.6	0.7	0.6	0.4	0.5	0.5	0.5
Inventory (Days)	0	0	0	0	0	0	0	0	0
Debtor (Days)	112	103	129	108	140	163	160	150	140
Creditor (Days)	6	7	7	20	30	30	25	25	25
Leverage Ratio (x)									
Current Ratio	8.6	6.6	3.6	4.0	3.9	3.7	6.5	7.3	8.4
Net Debt/Equity	-0.5	-0.5	-0.6	-0.6	-0.6	-0.7	-0.6	-0.7	-0.7

Standalone - Cash Flow Statement

Y/E March	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
(INR m)									
OP/(Loss) before Tax	13,163	14,904	16,584	21,359	17,989	19,348	23,271	24,588	25,296
Depreciation	4,850	3,911	4,397	6,467	6,793	3,821	2,414	5,061	5,080
Interest & Finance Charges	22	10	11	17	78	220	265	40	40
Direct Taxes Paid	-4,550	-4,877	-5,409	-7,226	-4,254	-5,379	-5,841	-6,186	-6,364
(Inc)/Dec in WC	-260	-14	-1,086	-848	-2,618	-1,546	-3,471	-352	308
CF from Operations	13,225	13,934	14,497	19,769	17,988	16,463	16,639	23,151	24,360
Others	-665	-1,027	-1,059	-1,997	-1,885	-2,019	-2,598	-3,031	-3,514
CF from Operating incl EO	12,560	12,907	13,438	17,772	16,103	14,444	14,041	20,120	20,847
(Inc)/Dec in FA	-3,713	-3,658	-4,977	-5,479	-6,579	-2,291	-4,000	-4,000	-4,000
Free Cash Flow	8,847	9,249	8,460	12,293	9,524	12,154	10,041	16,120	16,847
(Pur)/Sale of Investments	213	-4,774	-9,083	-5,654	1,091	-7,587	0	0	0
Others	-93	1,301	1,403	482	1,814	-1,542	2,598	3,031	3,514
CF from Investments	-3,592	-7,132	-12,658	-10,651	-3,675	-11,419	-1,402	-969	-486
Issue of Shares	0	0	0	0	0	0	0	0	0
Inc/(Dec) in Debt	0	0	0	0	0	0	0	0	0
Interest Paid	-20	-10	-11	-17	-291	-465	-265	-40	-40
Dividend Paid	-7,352	-4,743	-4,743	-5,939	-11,877	-1,970	-9,103	-10,014	-10,924
Others	0	0	0	0	17	0	0	0	0
CF from Fin. Activity	-7,372	-4,753	-4,754	-5,955	-12,151	-2,435	-9,369	-10,054	-10,964
Inc/Dec of Cash	1,597	1,022	-3,969	1,164	278	588	3,270	9,097	9,396
Opening Balance	3,932	5,529	6,551	2,583	3,747	4,025	4,613	7,883	16,980
Closing Balance	5,529	6,551	2,583	3,746	4,025	4,613	7,883	16,980	26,376
Other bank balance	2,346	833	488	962	1,263	4,140	4,140	4,140	4,140
Closing Balance (incl other bank bal)	7,875	7,385	3,071	4,708	5,288	8,753	12,023	21,120	30,517

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Investment Rating	Expected return (over 12-month)
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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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