

## One-off costs mar profitability...

**About the stock:** TV Today Network (TV Today) is leading news company engaged in broadcasting operations. Part of the India Today Group, the company operates mainly in three segments—digital, television and radio broadcasting.

- It has consistently maintained its leadership in Hindi new segment across the last two decades.

**Q4FY22 Results:** TV Today's performance was weak.

- Topline came in at ₹ 242.3 crore, up 13% YoY. TV and other media (clubbed segment of broadcasting and digital) revenues came in ₹ 236.1 crore (up 11.5 % YoY). **We note that ad inventory at 14.5 minute/hour was cut down (from ₹ 17.5 min/hr) to improve viewership experience.** Radio revenues were at ₹ 6.1 crore, up 152% YoY growth on a washout base
- Reported EBITDA came in at ₹ 48.8 crore, down 1.9% YoY while EBITDA margins came in at 20.1% (down 307 bps YoY), **impacted by higher programming costs (up 34% YoY) and other expenses. We highlight that costs were higher by ~₹ 15 crore due to UP election & war coverage. Adjusted for the same, margins were healthy at 26.3%, up 300 bps YoY**
- Reported PAT at ₹ 35.9 crore was flattish YoY (vs. estimates of ₹ 55 crore) with lower margins dragging the bottomline

**What should investors do?** TV Today's share price has underperformed with the stock price return of merely ~8% over past five years.

- We upgrade from HOLD to **BUY** post sharp decline of 33% in last month. We believe that with stable double digit growth, healthy return ratio and operating leverage, current valuations (at 7.4x FY24 P/E) provide a margin of safety

**Target Price and Valuation:** We value TV Today at ₹ 380 i.e. 10x FY24E P/E.

**Key triggers for future price performance:**

- Viewership trend over medium term, as this will drive the ad revenue growth trajectory
- Digital segment expansion with new properties/inorganic acquisition

**Alternate Stock Idea:** Besides TV Today, we like Inox Leisure in the media space.

- A play strong content and consolidation
- BUY with a target price of ₹ 670

### Key Financial Summary

(Year-end March)	FY20	FY21	FY22	5 yr CAGR (FY17-22)	FY23E	FY24E	2 CAGR (FY22-24E)
Net Sales (₹ crore)	857.2	783.0	930.1	7.4	1,031.1	1,142.5	10.8
EBITDA (₹ crore)	215.9	199.1	246.3	8.7	275.2	308.9	12.0
Net Profit (₹ crore)	139.4	131.5	181.7	12.2	199.2	225.0	11.3
EPS (₹)	23.4	22.0	30.5		33.4	37.7	
P/E (x)	11.9	12.7	9.2		8.4	7.4	
Price / Book (x)	1.9	1.7	1.4		1.2	1.1	
EV/EBITDA (x)	7.1	7.1	6.0		4.7	3.5	
RoCE (%)	24.7	19.5	20.8		19.9	19.6	
RoE (%)	16.0	13.3	15.7		14.9	14.7	

Source: Company, ICICI Direct Research



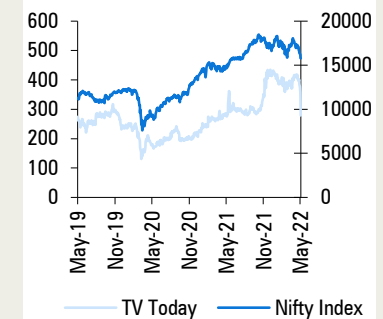
### Particulars

Particulars	Amount
Market Capitalization	₹ 1664 Crore
Total Debt (FY22)	₹ 0 Crore
Cash & Current Inv. (FY22)	₹ 811 Crore
EV	₹ 853 Crore
52 week H/L	460/ 272
Equity capital	29.8
Face value	5.0

### Shareholding pattern

	Jun-21	Sep-21	Dec-21	Mar-22
Promoters	58.5	58.5	58.5	58.5
DII	13.7	13.6	15.3	15.7
FII	7.0	6.0	4.7	4.4
Other	20.9	22.0	21.6	21.5

### Price Chart



### Key risks

**Key Risk:** (i) Loss in market leadership, (ii) Any slowdown in ad market

### Research Analyst

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## Key performance highlight and outlook

### Cutting down on inventory impacted growth

We note that ad inventory at 14.5 min/hr was cut down (from ₹ 17.5 min/hr) to improve viewership experience and stickiness. Thus, despite a war news heavy and UP election quarter, the growth was not spectacular. From this quarter onwards, no separate disclosures were given on digital and broadcasting. TV and other media (clubbed segment of broadcasting and digital) was introduced. TV and other media revenues came in ₹ 236.1 crore (up 11.5 % YoY). Going ahead we bake in ~11% revenue growth in TV and other media for both FY23E and FY24E., We expect stable EBITDA margins at 26.7%, 27% for FY23E, FY24E, respectively. We will watch for an increase in competitive intensity in the Hindi news space.

### TV rating resumed...

TV ratings for news channels have resumed from March 17, 2022. **Mumbai: The 13 weeks' historic data by Broadcast Audience Research Council (Barc) India indicated that Aaj Tak was leading the Hindi-speaking market (HSM) (U+R) from week 49 of 2021 till week 10 of 2022 in terms of market share. Aaj Tak garnered 25.5% of the market share amongst eight opt-in news channels that include TV9 Bharatvarsh, Republic Bharat, Zee News, News Nation, Zee Hindustan, DD News and News Nation.** It is pertinent to note that post resumption, TV 9 Bharatvarsh has emerged as the new No. 1. However, the News Broadcasters and Digital Association (NBDA) has raised concerns about glitches and irregularities in the viewership ratings released by BARC, as per [media reports](#). Thus, going ahead, key monitorable will be overall acceptance of the rating.

### Digital segment remains robust; radio recovers on low base

While the company did not share the digital and broadcasting breakup, we believe the digital pie continued to grow at 35-40%. We note that the company has done further addition of digital properties in FY22 and intend to add a few more, going ahead, which would provide further tailwind to their growth. Radio revenues were at ₹ 6.1 crore, up by 152% YoY on a washout base. We bake in 10% CAGR revenue growth in the radio business over FY22-24.

**When currency data for viewership was resumed by BARC, the acceptance, going ahead, will be key. We upgrade to BUY post a sharp decline of 33% in the last one month. The stable double digit growth, healthy return ratio and operating leverage and current valuations provides a margin of safety. We value TV Today at ₹ 375 i.e. 10x FY24E P/E.**

Exhibit 1: Variance Analysis

	Q4FY22	Q4FY22E	Q4FY21	Q3FY22	YoY (%)	QoQ (%)	Comments
Revenue	242.3	251.2	214.3	258.0	13.1	-6.1	Tad lower revenue growth as that ad inventory at 14.5 min/hr was cut down (from ₹ 17,5 min/hr) to improve viewership experience
Other Income	10.5	10.0	9.9	8.9	5.2	17.9	
Employee Expenses	72.4	72.8	61.2	69.8	18.4	3.7	
Advertising and Promotion expense	0.0	0.0	0.0	0.0	0.0	0.0	
Other Expenses	90.2	80.4	80.4	78.1	12.2	15.4	
Production Cost	30.9	22.6	23.0	24.4	34.4	27.0	
EBITDA	63.8	75.4	49.7	85.7	28.3	-25.6	
EBITDA Margin (%)	26.3	30.0	23.2	33.2	312 bps	-689 bps	We highlight that costs were higher by ~₹ 15 crore due to UP election & war coverage. Adjusted for the same, margins were healthy at 26.3%, up 300 bps YoY.
Depreciation	11.0	10.0	10.6	11.0	4.4	0.5	
Interest	0.6	1.0	0.8	1.0	-16.9	-34.7	
Exceptional Items	0.0	0.0	0.0	0.0	NM	NM	
Total Tax	11.7	19.3	12.1	21.1	-3.6	-44.7	
Adj PAT	35.9	55.1	36.2	61.5	-0.9	-41.7	

Source: Company, ICICI Direct Research

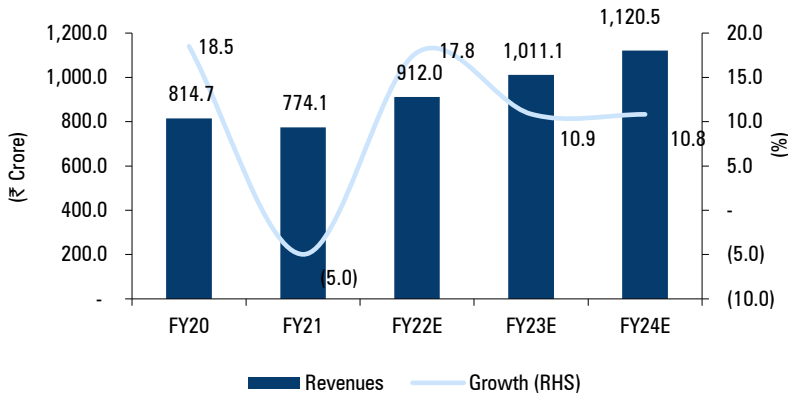
Exhibit 2: Change in estimates

(₹ Crore)	FY23E			FY24E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	1,033.5	1,031.1	-0.2	1,150.7	1,142.5	-0.7	Realign estimates
EBITDA	295.7	275.2	-6.9	329.3	308.9	-6.2	
EBITDA Margin (%)	28.6	26.7	-192 bps	28.6	27.0	-158 bps	
PAT	212.9	199.2	-6.4	241.3	225.0	-6.8	
EPS (₹)	35.7	33.4	-6.4	40.5	37.7	-6.8	

Source: Company, ICICI Direct Research

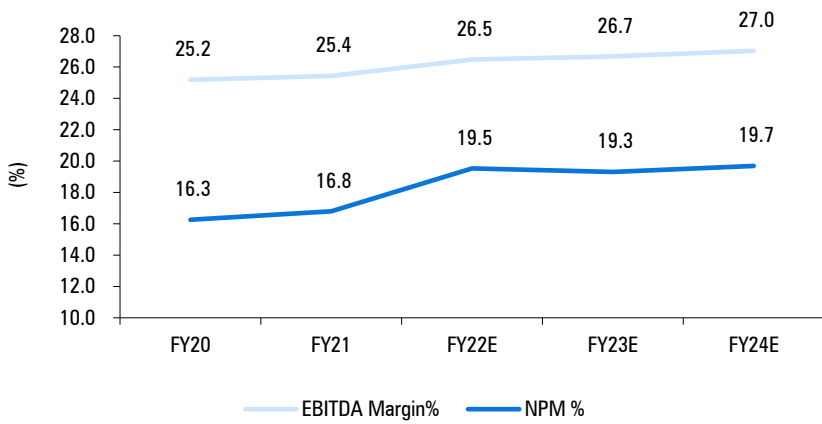
Story in charts

Exhibit 3: TV and other media revenue trend



Source: Company, ICICI Direct Research

Exhibit 4: EBITDA and PAT margin trend



Source: Company, ICICI Direct Research

## Financial summary

Exhibit 5: Profit and loss statement		₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E	
<b>Total operating Income</b>	<b>783.0</b>	<b>930.1</b>	<b>1031.1</b>	<b>1142.5</b>	
Growth (%)	(8.7)	18.8	10.9	10.8	
Employee Expenses	242.2	278.2	309.5	341.2	
Production Cost	76.7	92.6	103.1	114.3	
Other Expenses	264.8	313.0	343.3	378.2	
Total Operating Expenditure	583.7	683.8	755.9	833.6	
<b>EBITDA</b>	<b>199.1</b>	<b>246.3</b>	<b>275.2</b>	<b>308.9</b>	
Growth (%)	-7.8	23.7	11.7	12.3	
Depreciation	40.1	42.3	45.4	50.3	
Interest	2.4	2.6	3.0	3.0	
Other Income	37.1	42.2	42.0	48.0	
Exceptional Items	0.0	0.0	0.0	0.0	
PBT	193.6	243.5	268.8	303.6	
Minority Interest	0.0	0.0	0.0	0.0	
PAT from Associates	0.0	0.0	0.0	0.0	
Total Tax	62.1	61.8	69.6	78.6	
PAT	131.5	181.7	199.2	225.0	
Growth (%)	-5.6	38.2	9.6	13.0	
<b>Adjusted PAT</b>	<b>131.5</b>	<b>181.7</b>	<b>199.2</b>	<b>225.0</b>	
Growth (%)	-5.6	38.2	9.6	13.0	
<b>EPS (₹)</b>	<b>22.0</b>	<b>30.5</b>	<b>33.4</b>	<b>37.7</b>	

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement		₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E	
Profit after Tax	131.5	181.7	199.2	225.0	
Add: Depreciation	40.1	42.3	45.4	50.3	
Add: Interest Paid	2.4	2.6	3.0	3.0	
(Inc)/dec in Current Assets	8.6	1.0	-29.9	-31.1	
Inc/(dec) in CL and Provisions	4.7	22.8	24.5	27.1	
Others	0.0	0.0	0.0	0.0	
<b>CF from operating activities</b>	<b>187.4</b>	<b>250.5</b>	<b>242.2</b>	<b>274.2</b>	
(Inc)/dec in Investments	-33.7	-304.0	0.0	0.0	
(Inc)/dec in Fixed Assets	-23.5	-45.5	-25.0	-25.0	
Others	5.5	36.5	0.0	0.0	
<b>CF from investing activities</b>	<b>-51.7</b>	<b>-313.1</b>	<b>-25.0</b>	<b>-25.0</b>	
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0	
Inc/(dec) in loan funds	0.0	0.0	0.0	0.0	
Less: Interest Paid	2.4	2.6	3.0	3.0	
Less: Dividend and dividend tax	-13.4	-14.9	-17.9	-29.8	
Others	-4.5	-4.8	-6.0	-6.0	
<b>CF from financing activities</b>	<b>-15.5</b>	<b>-17.1</b>	<b>-20.9</b>	<b>-32.8</b>	
Net Cash flow	120.3	-79.7	196.3	216.4	
Opening Cash	140.2	260.5	180.8	377.0	
<b>Closing Cash</b>	<b>260.5</b>	<b>180.8</b>	<b>377.0</b>	<b>593.4</b>	

Source: Company, ICICI Direct Research

Exhibit 7: Balance sheet		₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E	
<b>Liabilities</b>					
Equity Capital	29.8	29.8	29.8	29.8	
Preference Share Capital	0.0	0.0	0.0	0.0	
Reserve and Surplus	960.7	1,128.0	1,309.2	1,504.4	
Total Shareholders funds	990.5	1,157.8	1,339.1	1,534.2	
Total Debt	0.0	0.0	0.0	0.0	
Others	14.6	27.6	27.6	27.6	
<b>Total Liabilities</b>	<b>1,005.2</b>	<b>1,185.4</b>	<b>1,366.7</b>	<b>1,561.8</b>	
<b>Assets</b>					
Gross Block	408.9	454.6	479.6	504.6	
Less: Acc Depreciation	187.1	229.4	274.8	325.0	
Net Block	221.9	225.2	204.8	179.6	
Capital WIP	1.3	1.2	1.2	1.2	
Total Fixed Assets	223.2	226.4	206.0	180.8	
Investments	369.9	673.9	673.9	673.9	
Inventory	0.0	0.0	0.0	0.0	
Debtors	199.4	192.0	214.7	237.9	
Loans and Advances	3.1	0.6	0.6	0.7	
Other Current Assets	56.5	65.4	72.5	80.4	
Cash	260.5	180.8	377.0	593.4	
Total Current Assets	519.4	438.7	664.9	912.4	
Creditors	82.4	102.7	113.9	126.2	
Provisions	4.0	2.1	2.4	2.6	
Other current liabilities	116.9	121.1	134.3	148.8	
Total Current Liabilities	203.2	226.0	250.5	277.6	
Net Current Assets	316.2	212.7	414.4	634.8	
Other non current assets	95.8	72.3	72.3	72.3	
<b>Application of Funds</b>	<b>1,005.2</b>	<b>1,185.4</b>	<b>1,366.7</b>	<b>1,561.8</b>	

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios		₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E	
<b>Per share data (₹)</b>					
EPS	22.0	30.5	33.4	37.7	
Adjusted EPS	22.0	30.5	33.4	37.7	
BV	166.0	194.1	224.5	257.2	
DPS	2.3	2.5	3.0	5.0	
Cash Per Share	43.7	30.3	63.2	99.5	
<b>Operating Ratios (%)</b>					
EBITDA Margin	25.4	26.5	26.7	27.0	
PBT / Total Operating income	20.3	21.9	22.3	22.6	
PAT Margin	16.8	19.5	19.3	19.7	
Inventory days	0.0	0.0	0.0	0.0	
Debtor days	92.9	75.3	76.0	76.0	
Creditor days	38.4	40.3	40.3	40.3	
<b>Return Ratios (%)</b>					
RoE	13.3	15.7	14.9	14.7	
RoCE	19.5	20.8	19.9	19.6	
RoIC	20.8	19.4	21.9	24.8	
<b>Valuation Ratios (x)</b>					
P/E	12.6	9.1	8.3	7.4	
EV / EBITDA	7.0	6.0	4.7	3.4	
EV / Net Sales	1.8	1.6	1.2	0.9	
Market Cap / Sales	2.1	1.8	1.6	1.5	
Price to Book Value	1.7	1.4	1.2	1.1	
<b>Solvency Ratios</b>					
Debt/EBITDA	0.0	0.0	0.0	0.0	
Debt / Equity	0.0	0.0	0.0	0.0	
Current Ratio	3.0	2.5	2.5	2.5	
Quick Ratio	3.0	2.5	2.5	2.5	

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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