




Sun TV Network

Estimate change 
TP change 
Rating change 

Bloomberg	SUNTV IN
Equity Shares (m)	394
M.Cap.(INRb)/(USDb)	167.8 / 2
52-Week Range (INR)	568 / 394
1, 6, 12 Rel. Per (%)	-2/-11/-10
12M Avg Val (INR M)	456

Financials & Valuations (INR b)

Y/E Mar	FY23	FY24E	FY25E
Sales	36.6	38.6	41.3
EBITDA	23.5	24.7	26.4
Adj. PAT	16.7	17.1	18.5
EBITDA Margin (%)	64.2	63.8	63.9
Adj. EPS (INR)	42.5	43.4	46.9
EPS Gr. (%)	1.8	2.0	8.2
BV/Sh. (INR)	231.9	247.5	264.4

Ratios

Net D:E	-0.7	-0.7	-0.7
RoE (%)	19.5	17.5	17.7
RoCE (%)	19.5	18.1	18.4
Payout (%)	59.8	63.9	64.0

Valuations

P/E (x)	10.0	9.8	9.1
P/B (x)	1.8	1.7	1.6
EV/EBITDA (x)	5.6	4.5	5.8
Div. Yield (%)	5.2	5.6	6.1
FCF Yield (%)	10.3	6.8	9.0

Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	75.0	75.0	75.0
DII	3.6	3.8	4.2
FII	10.6	10.4	9.2
Others	10.8	10.8	11.6
FII Includes depository receipts			

CMP: INR426

TP: INR510 (+20%)

Buy

Weak revenue growth keeps profitability under pressure

- SUNTV reported an EBITDA/PAT decline of 12%/10% YoY to INR4.9b/INR3.7b (10%/5% miss), adversely impacted by a decline in revenue and higher opex. PAT declined 10% YoY, partially offset by higher 'other income' growth.
- Continued risk of market share loss and strong competition from deep-pocketed OTT players continue to remain a key concern. However, the recovery within the ad revenue segment, coupled with the easing inflationary pressures could aid revenue growth in the future. This, along with a favorable valuation for the new IPL team at the recently concluded auction, makes the stock's valuation compelling at 5.8x EV/EBITDA on a FY25 basis. **We reiterate our BUY rating with a TP of INR490.**

EBITDA/PAT down 12%/10% YoY (miss), dragged by lower revenues and higher opex

- Revenues declined 2.3% YoY at INR8b (in line), dragged by domestic subscription revenues, while ad revenues remained flat YoY.
- Advertisement revenue at INR3.3b remained flat YoY. While domestic subscription revenues declined 2.4% YoY to INR4.1b.
- Total opex grew 17% YoY to INR3.3b (10% above est.). Out of which, production costs grew 8.8% YoY to INR1.5b (7% above est.). Other expenses grew 40.4% on a YoY basis to INR1.1b (23% above est.). This was mainly on account of inclusion of IPL franchisee fee cost of INR164.8m in 4QFY23 v/s INR49.4m in 4QFY22.
- EBITDA therefore declined 11.9% YoY to INR4.9b (10% miss) dragged by lower revenues and higher opex.
- Adjusted for IPL costs, core EBITDA was down 10% at INR5b, with a margin of 62% for 4QFY23. Pre-Covid margins stood at 68.5% for 4QFY20.
- PAT saw a modest decline of 9.5% YoY to INR3.7b (5% miss). This decrease was partially offset by 'other income', which grew 50.3% YoY to INR808m.
- The company continues to remain debt free, with a net cash (excl Lease) of INR40b.

Valuation and view

- The continued investment on multiple non-fiction shows in South India and on primetime fiction shows is expected to sustain the growth momentum in viewership.
- SUNTV's healthy liquidity and a cash balance of INR4.9b as on Mar'23 offers room to intensify investments within the linear and hyper competitive OTT space. This, along with a healthy dividend payout potential and a reasonable valuation, offers support to the stock.
- One of the key risks within the rapidly growing OTT space is the delayed investments in OTT, as the focus continues to be on movie production and monetizing the existing content library.
- Recovery in ad spends continues to remain a key monitorable.
- We expect a revenue/PAT CAGR of 5%/5% over FY23-25, on the back of lower revenue growth visibility.
- We value the stock at 11x FY25E P/E to arrive at our TP of INR510. **We reiterate our BUY rating on the stock.**

Standalone - Quarterly Earnings Model

(INR m)

Y/E March	FY22				FY23				FY22	FY23	FY23	Est Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Revenue	8,101	8,287	10,331	8,330	11,939	7,964	8,575	8,135	35,049	36,614	8,401	-3
YoY Change (%)	33.7	9.6	6.2	6.5	47.4	-3.9	-17.0	-2.3	12.5	4.5	0.8	
Total Expenditure	3,151	3,081	3,112	2,797	4,301	2,717	2,844	3,259	12,141	13,121	2,960	10
EBITDA	4,950	5,206	7,219	5,533	7,638	5,248	5,731	4,876	22,907	23,493	5,440	-10
YoY Change (%)	18.8	3.7	20.2	1.2	54.3	0.8	-20.6	-11.9	10.9	2.6	-1.7	
Depreciation	331	355	1,533	648	2,079	755	1,092	752	2,867	4,678	703	7
Interest	10	235	8	34	14	13	11	15	287	54	10	47
Other Income	561	660	420	538	1,009	861	942	808	2,178	3,620	438	85
PBT	5,170	5,276	6,098	5,388	6,554	5,341	5,569	4,917	21,932	22,381	5,166	-5
Tax	1,272	1,343	1,524	1,345	1,637	1,334	1,406	1,259	5,483	5,636	1,300	
Rate (%)	24.6	25.4	25.0	25.0	25.0	25.0	25.2	25.6	25.0	25.2	25.2	
Reported PAT	3,898	3,933	4,574	4,044	4,917	4,007	4,163	3,658	16,448	16,745	3,866	-5
YoY Change (%)	37.8	13.7	3.5	-10.1	26.1	1.9	-9.0	-9.5	8.2	1.8	-4.4	

E: MOFSL Estimates

Exhibit 1: Valuation based on FY24E EPS

Valuation	March'25
EPS (INR)	47
PE multiple (x)	11
Target Price (INR)	510
CMP (INR)	426
Upside (%)	20%

Source: Company, MOFSL

Exhibit 2: Quarterly performance (INR m)

INR m	4QFY22	3QFY23	4QFY23	YoY%	QoQ%	4QFY23E	v/s est (%)
Revenue	8,330	8,575	8,135	-2.3	-5.1	8,401	-3.2
Operating expenditure	2,797	2,844	3,259	16.5	14.6	2,960	10.1
EBITDA	5,533	5,731	4,876	-11.9	-14.9	5,440	-10.4
EBITDA margin (%)	66.4	66.8	59.9	-649bps	-689bps	64.8	-483bps
Depreciation & amortization	648	1,092	752	16.0	-31.1	703	7.0
EBIT	4,885	4,639	4,124	-15.6	-11.1	4,738	-13.0
Interest	34	11	15	-57.0	28.9	10	47.0
Other income	538	942	808	50.3	-14.2	438	84.6
PBT	5,388	5,569	4,917	-8.7	-11.7	5,166	-4.8
Tax	1,345	1,406	1,259	-6.4	-10.4	1,300	-3.1
Effective tax rate (%)	25.0	25.2	25.6	65bps	36bps	25.2	44bps
PAT	4,044	4,163	3,658	-9.5	-12.1	3,866	-5.4
Adjusted PAT	4,044	4,163	3,658	-9.5	-12.1	3,866	-5.4

Source: MOFSL, Company

Exhibit 3: Breakup of operating expenses (INR m)

Operating Cost	4QFY22	3QFY23	4QFY23	YoY%	QoQ%	4QFY23E	v/s est (%)
Production cost	1380	1604	1,501	8.8	-6.4	1,397	7.4
Employee cost	654	682	687	5.1	0.8	696	-1.3
Other exp	763	559	1072	40.4	91.7	867	23.5
Total Operating expenses	2,797	2,844	3,259	16.5	14.6	2,960	10.1

Source: MOFSL, Company

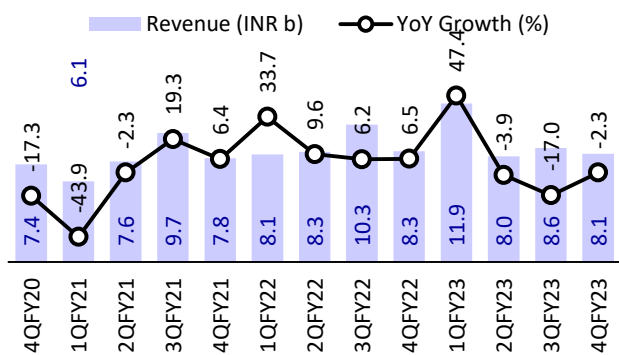
Exhibit 4: Estimate change summary

	FY24E	FY25E
Advt Revenue (INRb)		
Old	15.3	16.6
Actual/New	15.0	16.4
Change (%)	-1.5	-1.5
Subscription Revenue (INRb)		
Old	19.3	20.4
Actual/New	18.2	19.4
Change (%)	-6.0	-5.2
Revenue (INRb)		
Old	39.0	41.5
Actual/New	38.6	41.3
Change (%)	-0.9	-0.5
EBITDA (INRb)		
Old	25.1	26.4
Actual/New	24.7	26.4
Change (%)	-1.6	0.0
EBITDA margin (%)		
Old	64.3	63.6
Actual/New	63.8	63.9
Change (bp)	-47.0	34.6
PAT (INRb)		
Old	17.5	18.9
Actual/New	17.1	18.5
Change (%)	-2.3	-2.0
EPS (INR)		
Old	44.4	47.9
Actual/New	43.4	46.9
Change (%)	-2.3	-2.0

Source: MOFSL, Company

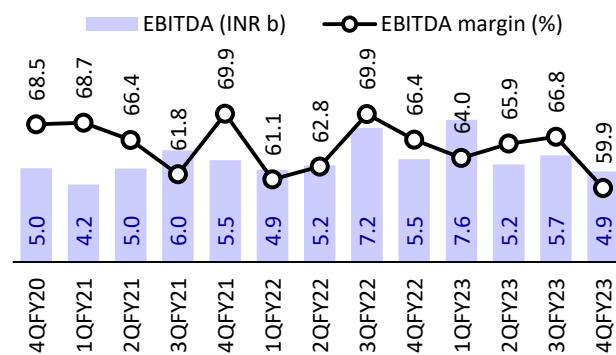
Story in charts

Exhibit 5: Revenues decline 2.3% YoY



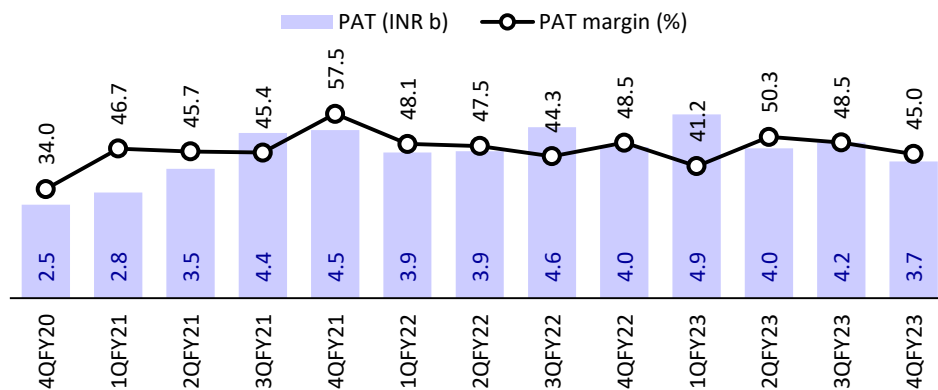
Source: MOFSL, Company

Exhibit 6: EBITDA margins decline YoY



Source: MOFSL, Company

Exhibit 7: PAT declines YoY, impacted by higher opex



Source: MOFSL, Company

Financials and valuations

Standalone - Income Statement

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Total Income from Operations	28,625	36,633	34,044	31,166	35,049	36,614	38,639	41,287
Change (%)	11.9	28.0	-7.1	-8.5	12.5	4.5	5.5	6.9
Production Costs	2,862	4,202	5,456	4,030	5,450	6,099	6,465	6,853
Employees Cost	2,941	3,006	2,924	2,797	2,674	2,746	2,938	3,144
Other Expenses	3,227	3,781	3,304	3,665	4,287	4,276	4,576	4,896
Total Expenditure	9,030	10,990	11,684	10,492	12,411	13,121	13,978	14,892
% of Sales	31.5	30.0	34.3	33.7	35.4	35.8	36.2	36.1
EBITDA	19,595	25,643	22,361	20,674	22,638	23,493	24,661	26,395
Margin (%)	68.5	70.0	65.7	66.3	64.6	64.2	63.8	63.9
Depreciation	4,397	6,467	6,793	3,821	2,867	4,678	5,207	5,587
EBIT	15,198	19,176	15,567	16,853	19,771	18,815	19,454	20,807
Int. and Finance Charges	11	17	78	220	287	54	54	54
Other Income	1,397	2,200	2,489	2,714	2,448	3,620	3,428	3,943
PBT bef. EO Exp.	16,584	21,359	17,979	19,348	21,931	22,381	22,828	24,697
EO Items	0	0	0	0	0	0	0	0
PBT after EO Exp.	16,584	21,359	17,979	19,348	21,931	22,381	22,828	24,697
Total Tax	5,654	7,411	4,261	4,144	5,483	5,636	5,743	6,214
Tax Rate (%)	34.1	34.7	23.7	21.4	25.0	25.2	25.2	25.2
Reported PAT	10,930	13,949	13,718	15,204	16,448	16,745	17,085	18,483
Adjusted PAT	10,930	13,949	13,718	15,204	16,448	16,745	17,085	18,483
Change (%)	11.6	27.6	-1.7	10.8	8.2	1.8	2.0	8.2
Margin (%)	38.2	38.1	40.3	48.8	46.9	45.7	44.2	44.8

Standalone - Balance Sheet

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	1,970	1,970	1,970	1,970	1,970	1,970	1,970	1,970
Total Reserves	44,430	52,435	54,271	67,520	78,562	89,411	95,572	1,02,220
Net Worth	46,401	54,405	56,241	69,490	80,532	91,381	97,542	1,04,191
Total Loans	0	0	0	0	0	0	0	0
Deferred Tax Liabilities	770	1,056	851	0	0	0	0	0
Capital Employed	47,170	55,461	57,092	69,490	80,532	91,381	97,542	1,04,191
Gross Block	22,972	28,402	35,302	37,337	48,854	53,116	57,116	61,116
Less: Accum. Deprn.	12,579	19,046	25,839	29,660	32,527	37,205	42,412	47,999
Net Fixed Assets	10,393	9,356	9,463	7,678	16,327	15,911	14,704	13,117
Capital WIP	442	133	663	1,463	2,441	1,313	1,313	1,313
Total Investments	24,121	30,505	29,490	37,641	38,267	56,308	56,308	56,308
Curr. Assets, Loans&Adv.	16,949	20,700	23,552	30,995	30,299	26,015	30,562	39,164
Account Receivables	10,084	10,790	13,100	13,944	13,945	14,360	14,821	15,836
Cash and Bank Balance	3,071	4,709	5,288	8,753	9,175	4,917	8,861	15,976
Loans and Advances	3,791	5,199	5,164	8,298	7,179	6,738	6,865	7,336
Curr. Liability & Prov.	4,734	5,233	6,074	8,287	6,801	8,166	5,345	5,711
Account Payables	577	1,986	2,771	2,594	2,036	2,334	2,117	2,262
Other Current Liabilities	4,000	3,073	3,094	3,290	4,570	5,631	2,975	3,179
Provisions	157	174	209	2,402	195	201	252	270
Net Current Assets	12,215	15,468	17,477	22,709	23,498	17,850	25,217	33,454
Appl. of Funds	47,170	55,461	57,092	69,490	80,532	91,381	97,542	1,04,191

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Basic (INR)								
EPS	27.7	35.4	34.8	38.6	41.7	42.5	43.4	46.9
Cash EPS	38.9	51.8	52.0	48.3	49.0	54.4	56.6	61.1
BV/Share	117.7	138.1	142.7	176.3	204.4	231.9	247.5	264.4
DPS	10.0	12.5	25.0	5.0	20.0	22.0	24.0	26.0
Payout (%)	43.4	40.8	82.9	15.0	55.3	59.8	63.9	64.0
Valuation (x)								
P/E	15.4	12.0	12.2	11.0	10.2	10.0	9.8	9.1
Cash P/E	11.0	8.2	8.2	8.8	8.7	7.8	7.5	7.0
P/BV	3.6	3.1	3.0	2.4	2.1	1.8	1.7	1.6
EV/Sales	5.2	3.8	4.1	4.1	3.8	3.6	2.8	3.7
EV/EBITDA	7.5	5.5	6.3	6.2	5.8	5.6	4.5	5.8
Dividend Yield (%)	2.3	2.9	5.9	1.2	4.7	5.2	5.6	6.1
FCF per share	21.5	31.2	24.2	30.8	12.3	44.0	29.2	38.2
Return Ratios (%)								
RoE	25.2	27.7	24.8	24.2	21.9	19.5	17.5	17.7
RoCE	25.3	27.7	24.9	24.5	22.2	19.5	18.1	18.4
RoIC	52.2	63.2	56.9	61.2	56.7	47.3	48.6	50.5
Working Capital Ratios								
Fixed Asset Turnover (x)	1.2	1.3	1.0	0.8	0.7	0.7	0.7	0.7
Asset Turnover (x)	0.6	0.7	0.6	0.4	0.4	0.4	0.4	0.4
Inventory (Days)	0	0	0	0	0	0	0	0
Debtor (Days)	129	108	140	163	145	143	140	140
Creditor (Days)	7	20	30	30	21	23	20	20
Leverage Ratio (x)								
Current Ratio	3.6	4.0	3.9	3.7	4.5	3.2	5.7	6.9
Net Debt/Equity	-0.6	-0.6	-0.6	-0.7	-0.6	-0.7	-0.7	-0.7

Standalone - Cash Flow Statement

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
(INR m)								
OP/(Loss) before Tax	16,584	21,359	17,989	19,348	21,931	22,381	22,828	24,697
Depreciation	4,397	6,467	6,793	3,821	2,867	4,678	5,207	5,587
Interest & Finance Charges	11	17	78	220	287	54	54	54
Direct Taxes Paid	-5,409	-7,226	-4,254	-5,379	-6,908	-5,706	-5,743	-6,214
(Inc)/Dec in WC	-1,086	-848	-2,618	-1,546	-538	2,516	-3,425	-1,121
CF from Operations	14,497	19,769	17,988	16,463	17,639	23,924	18,921	23,003
Others	-1,059	-1,997	-1,885	-2,019	-1,499	-3,352	-3,428	-3,943
CF from Operating incl EO	13,438	17,772	16,103	14,444	16,140	20,572	15,493	19,060
(Inc)/Dec in FA	-4,977	-5,479	-6,579	-2,291	-11,292	-3,219	-4,000	-4,000
Free Cash Flow	8,460	12,293	9,524	12,154	4,848	17,352	11,493	15,060
(Pur)/Sale of Investments	-9,083	-5,654	1,091	-7,587	-923	-13,799	0	0
Others	1,403	482	1,814	-1,542	2,515	1,774	3,428	3,943
CF from Investments	-12,658	-10,651	-3,675	-11,419	-9,701	-15,245	-572	-57
Issue of Shares	0	0	0	0	0	0	0	0
Inc/(Dec) in Debt	0	0	0	0	0	0	0	0
Interest Paid	-11	-17	-291	-465	-542	-301	-54	-54
Dividend Paid	-4,743	-5,939	-11,877	-1,970	-5,419	-5,911	-10,924	-11,834
Others	0	0	17	0	0	0	0	0
CF from Fin. Activity	-4,754	-5,955	-12,151	-2,435	-5,961	-6,213	-10,978	-11,888
Inc/Dec of Cash	-3,969	1,164	278	588	487	-886	3,943	7,115
Opening Balance	6,551	2,583	3,747	4,025	4,613	5,099	4,214	8,157
Closing Balance	2,583	3,746	4,025	4,613	5,100	4,214	8,157	15,272
Other bank balance	488	963	1,263	4,140	4,076	704	704	704
Closing Balance (incl other bank bal)	3,071	4,709	5,288	8,753	9,175	4,917	8,861	15,976

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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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Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

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