

## Accumulate

### Weak performance, bleak outlook!

- Sun TV's Q1FY22 was below estimates led by weak advertising (-35% vs. Q1FY20) and subscription revenue growth (-8.3/-5.2% YoY/QoQ). PAT was in-line led by change in movie amortization policy (Rs 0.7/0.5bn benefit at EBIT/APAT). It is not a great move. Dividend too was modest Rs 3.75/sh (Rs 1.5bn outgo) vs. C&CE of Rs 39bn.
- Sun intends to step-up focus on movie production (~Rs 6bn investment) and non-fiction shows across genres. It remains committed of acceleration of investments in digital business from future-proofing perspective mostly in FY23 vs. FY22 earlier. There had been disconnect and delays in intent vs. execution on digital several times. Delivery on digital would be critical.
- Our revenue/EBITDA estimate declines by 6/9% respectively over FY22-24. Our PAT estimates are largely unchanged on accounting policy change. In the short-term led by weak prognosis, we expect Sun TV to go through time and/or price correction till will see tangible results on revival in ad growth momentum and improved dividend payouts. That said, Sun TV is currently trading at an attractive 13/11.5/11x FY22/23/24E EPS. Sun's strong BS (C&CE at ~20% of Mcap), leadership position in Southern markets, gradual step-up in investments and macro revival drives comfort. Reiterate Accumulate with TP of Rs 601 @ 13x Jun-23E EPS (earlier Rs 625 @ 14x Jun-23E).

### Ad and subscription disappoints; accounting change 'Unwelcome'

Sun TV Q1FY22 broadcast business revenue/EBIT/APAT were -18/-22/+11% vs. Q1FY20 (pre-covid). Sun's ad revenue declined by 35% vs. Q1FY20. Subscription was up 6% vs Q1FY20 but -8.3/-5.2% YoY/QoQ.

APAT was in-line as Sun changed its conservative movie amortization policy from upfront on first telecast to over four years (30/30/20/20%). Sun had been conservative on this front but was appreciable. It is an unwelcome move. We believe this is in backdrop of profitability pressures. We estimate Sun's unamortized inventory to rise by ~Rs 15-20bn over 4-5 years' period and normalization of movie amortization costs from sixth year only.

### Q1FY22 Result (Rs Mn)

Particulars	Q1FY22	Q1FY21	YoY (%)	Q4FY21	QoQ (%)
Revenue	8,101	6,061	33.7	7,820	3.6
Total Expense	3,151	1,896	66.2	2,352	34.0
EBITDA	4,950	4,165	18.8	5,468	(9.5)
Depreciation	331	1,455	(77.3)	766	(56.9)
EBIT	4,619	2,710	70.4	4,702	(1.8)
Other Income	561	1,086	(48.4)	506	10.8
Interest	10	18	(42.9)	172	(94.1)
EBT	5,170	3,779	36.8	5,036	2.7
Tax	1,272	951	33.8	537	136.9
RPAT	3,898	2,828	37.8	4,499	(13.4)
APAT	3,898	2,828	37.8	3,863	0.9
			(bps)		(bps)
Gross Margin (%)	82.9	88.9	(606)	85.5	(263)
EBITDA Margin (%)	61.1	68.7	(762)	69.9	(882)
NPM (%)	48.1	46.7	145	57.5	(942)
Tax Rate (%)	24.6	25.2	(56)	10.7	1394
EBIT Margin (%)	57.0	44.7	1230	60.1	(311)

CMP	Rs 525		
Target / Upside	Rs 601 / 14%		
NIFTY	16,364		
<b>Scrip Details</b>			
Equity / FV	Rs 1,970mn / Rs 5		
Market Cap	Rs 207bn		
	USD 2.8bn		
52-week High/Low	Rs 587/ 395		
Avg. Volume (no)	2,469,390		
Bloom Code	SUNTV IN		
<b>Price Performance</b>			
1M	3M	12M	
Absolute (%)	(1)	1	31
Rel to NIFTY (%)	(4)	(11)	(15)

### Shareholding Pattern

	Dec'20	Mar'21	Jun'21
Promoters	75.0	75.0	75.0
MF/Banks/FIs	6.2	5.2	5.2
FIs	9.4	9.0	9.0
Public / Others	9.4	10.8	10.8

### Valuation (x)

	FY22E	FY23E	FY24E
P/E	12.7	11.5	11.0
EV/EBITDA	7.8	6.8	5.8
ROE (%)	22.0	22.5	20.3
RoACE (%)	22.3	22.5	20.2

### Estimates (Rs mn)

	FY22E	FY23E	FY24E
Revenue	34,158	37,870	40,525
EBITDA	21,713	24,458	26,029
PAT	16,257	18,015	18,829
EPS (Rs.)	41.3	45.7	47.8

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**Exhibit 1: Actual vs. Estimates table**

Particulars	Actual	Estimates	Var (%)	Remarks
Revenue (Rs Mn)	8,101	9,119	(11.2)	
- Broadcast	6,862	7,305	(6.1)	
- IPL	1,239	1,814	(31.7)	Sun TV's core broadcast business operating performance was below estimates led by lower advertising and subscription revenues.
EBITDA (Rs Mn)	4,950	5,434	(8.9)	
- Broadcast	4,488	5,025	(10.7)	
- IPL	462	409	12.9	APAT was higher than estimate led by lower movie-amortization led by change in accounting policy from upfront to over 4-years
EBITDA Margin (%)	61.1	59.6	(151)	
APAT (Rs Mn)	3,898	3,897	0.0	
APAT Margin (%)	48.1	42.7	(538)	

Source: DART, Company

**Exhibit 2: Change in Estimates**

Particulars	FY22E			FY23E			FY24E			Comments
	New	Old	Chg %	New	Old	Chg %	New	Old	Chg %	
Revenue (Rs Mn)	34,158	35,906	(4.9)	37,870	40,342	(6.1)	40,525	43,149	(6.1)	Decline in revenue and EBITDA led by weak short-term outlook
EBITDA (Rs Mn)	21,713	23,309	(6.8)	24,458	26,724	(8.5)	26,029	28,437	(8.5)	
EBITDA Margin (%)	63.6	64.9	(135)	64.6	66.2	(166)	64.2	65.9	(167)	Nominal change in APAT due to D&A policy change
APAT (Rs Mn)	16,257	15,930	2.1	18,015	17,249	4.4	18,829	18,534	1.6	
APAT Margin (%)	47.6	44.4	323	47.6	41.6	597	46.5	43.0	351	

Source: DART, Company

## Other key takeaways

### Subscription revenues – consistent double-digit growth

- Contrary to Q4FY21 outlook of consistent double digit growth, Sun TV management sounded cautious on subscription revenue growth led by delay in closure of certain contracts and NTO 2.0 implementation.
- Management Q4FY21 optimism was driven by that Sun has consistently delivered double-digit subscription revenue growth and remain hopeful of the same led by analogue to digital conversion and improvement in pricing. 20% of the total market size (3-4mn subscribers approx) is still on analogue.

### Update on original content and market share

- Sun has gained ~500bps market share in Tamil from 37% to 42% in Q4FY21 and market share was stable in Q1FY22. It intent to gain further share to its historic levels of ~50% by step-up in content investments. Market share gains have been largely through fiction programming during prime-time hours.
- Company has lined-up international format non-fiction shows in Telugu and Malayalam market to gain market share. Each show of ~40-50 episodes would entail an investment of ~Rs 200-250mn. Sun has currently planned for one show each in Telugu and Malayalam. It also intent to step-up investments on big ticket movies in this market.
- Overall market share in Tamil and Kannada is trending well.

### Spend on movies acquisitions / productions

- Sun guides ~Rs 2bn (vs. Rs 3.5/2.5bn earlier) investments on broadcast satellite rights for movies in FY22 on account of delay in movie production led by second wave of Covid. In FY21, Sun spent ~ Rs 2.1bn in cash and charged ~Rs 2.8bn in P&L.
- But, it has stepped-up its investments on movie productions to ~Rs 6bn (committed for five movies in FY22) starting Q3FY21. It had guided an overall spend of ~Rs 12bn over FY22/23. Out of this, five movies are already under various stages viz. scheduling of shoots, production, post-production etc.
- Movies is the key genre in the Southern market. Home movie production enables Sun to earn a modest 15-20% return. On top of that, Sun retains the broadcast as well as digital rights. Theatrical release followed by broadcast on satellite television and then on digital is the order that Sun will follow. Nevertheless, it will evaluate the position closer to the date depending upon consumer response in theatres to decide whether to go directly on digital.

### Digital Business

- 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. However, there has been persistent delay in investment in digital business by Sun.
- Sun TV currently has 23.5mn MAUs in SunNxt. Many of them are through tie-ups with telcos and other OTT players. Organic subscriber is small.

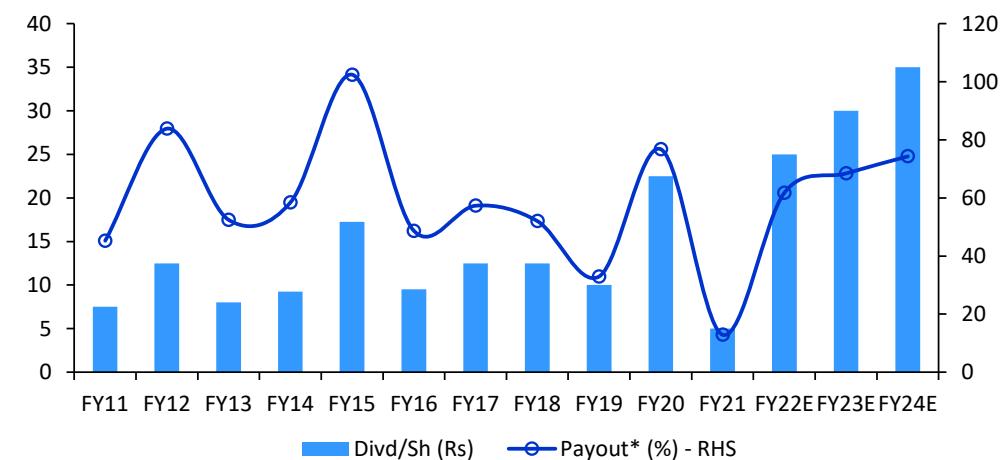
### Modest dividend disappointment

Sun's Rs 5 dividend (1% yield) in FY21 was a disappointment. Sun has a net cash of ~Rs 39bn. This is especially owing to assurance of higher payout/buyback earlier. Management has stated of it taking up the matter with Board and Promoters to increase the payout as earlier. Sun management was severely criticized for this in Q4FY21. Despite the same, Sun declared interim dividend of Rs 3.75/sh (Rs 1.5bn outgo) which is poor.

Management stated that they will maintain pay-out ratio between 45-85% of PAT (avg around 60-65%). In this backdrop we should see step-up in payments in future quarter and this would be critical.

### Exhibit 3: Sun TV's dividend payout history

*Modest dividend payment in FY21 despite healthy cash balance of Rs 39bn (~Rs 100/sh) was a disappointment*



Source: DART, Company \* Payout is including Dividend distribution tax in the years applicable

**Exhibit 4: Quarterly P&L (Television business) - Standalone**

Rs Mn	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	YoY (%)	QoQ (%)
<b>Revenue</b>	<b>6,061</b>	<b>7,108</b>	<b>7,629</b>	<b>7,820</b>	<b>6,862</b>	<b>13.2</b>	<b>(12.3)</b>
Cost of revenues	671	1,002	1,224	1,134	1,140	70.0	0.5
Employee expenses	731	724	673	670	681	(6.9)	1.7
SG&A expenses	495	497	523	549	554	11.9	0.9
<b>Total Operating cost</b>	<b>1,896</b>	<b>2,223</b>	<b>2,420</b>	<b>2,352</b>	<b>2,374</b>	<b>25.2</b>	<b>0.9</b>
<b>EBITDA</b>	<b>4,165</b>	<b>4,885</b>	<b>5,209</b>	<b>5,468</b>	<b>4,488</b>	<b>7.8</b>	<b>(17.9)</b>
D&A	1,455	913	687	766	331	(77.3)	(56.9)
<b>EBIT</b>	<b>2,710</b>	<b>3,972</b>	<b>4,522</b>	<b>4,702</b>	<b>4,157</b>	<b>53.4</b>	<b>(11.6)</b>
Interest expenses	18	16	15	172	10	(42.9)	(94.1)
Other income	1,086	516	621	506	561	(48.4)	10.8
<b>PBT</b>	<b>3,779</b>	<b>4,472</b>	<b>5,129</b>	<b>5,036</b>	<b>4,708</b>	<b>24.6</b>	<b>(6.5)</b>
Tax	951	1,114	1,309	537	1,156	21.6	115.4
<b>RPAT</b>	<b>2,828</b>	<b>3,357</b>	<b>3,820</b>	<b>4,499</b>	<b>3,551</b>	<b>25.6</b>	<b>(21.1)</b>
<b>APAT</b>	<b>2,828</b>	<b>3,357</b>	<b>3,820</b>	<b>3,863</b>	<b>3,898</b>	<b>37.8</b>	<b>0.9</b>
<b>AEPS (Rs)</b>	<b>7.2</b>	<b>8.5</b>	<b>9.7</b>	<b>9.8</b>	<b>9.9</b>	<b>37.8</b>	<b>0.9</b>

Source: DART, Company

**Exhibit 5: Margin Profile**

% of revenue	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	YoY (bps)	QoQ (bps)
Cost of revenues	11.1	14.1	16.0	14.5	16.6	555	211
Employee expenses	12.1	10.2	8.8	8.6	9.9	(214)	136
SG&A expenses	8.2	7.0	6.9	7.0	8.1	(10)	105
<b>Operating cost</b>	<b>31.3</b>	<b>31.3</b>	<b>31.7</b>	<b>30.1</b>	<b>34.6</b>	<b>331</b>	<b>452</b>
<b>EBITDA</b>	<b>68.7</b>	<b>68.7</b>	<b>68.3</b>	<b>69.9</b>	<b>65.4</b>	<b>(331)</b>	<b>(452)</b>
D&A	24.0	12.8	9.0	9.8	4.8	(1,918)	(498)
<b>EBIT</b>	<b>44.7</b>	<b>55.9</b>	<b>59.3</b>	<b>60.1</b>	<b>60.6</b>	<b>1,587</b>	<b>46</b>
Interest expenses	0.3	0.2	0.2	2.2	0.1	(14)	(205)
Other income	17.9	7.3	8.1	6.5	8.2	(975)	170
<b>PBT</b>	<b>62.3</b>	<b>62.9</b>	<b>67.2</b>	<b>64.4</b>	<b>68.6</b>	<b>626</b>	<b>421</b>
Tax	15.7	15.7	17.2	6.9	16.9	117	999
<b>APAT</b>	<b>46.7</b>	<b>47.2</b>	<b>50.1</b>	<b>49.4</b>	<b>56.8</b>	<b>1,014</b>	<b>740</b>
<b>Tax as % of PBT</b>	<b>25.2</b>	<b>24.9</b>	<b>25.5</b>	<b>10.7</b>	<b>24.6</b>	<b>(59)</b>	<b>1,390</b>

Source: DART, Company

**Exhibit 6: Revenue break-up (Television business)**

	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	% chg YoY	% chg QoQ
<b>Advertising</b>	<b>1,260</b>	<b>2,450</b>	<b>3,090</b>	<b>3,170</b>	<b>2,456</b>	<b>94.9</b>	<b>(22.5)</b>
Analogue	2,260	1,950	2,001	2,100	2,010	(11.1)	(4.3)
DTH	2,160	2,320	2,240	2,180	2,140	(0.9)	(1.8)
<b>Domestic subscription</b>	<b>4,420</b>	<b>4,270</b>	<b>4,241</b>	<b>4,280</b>	<b>4,150</b>	<b>(6.1)</b>	<b>(3.0)</b>
International	380	370	290	360	250	(34.2)	(30.6)
Subscription rev	<b>4,800</b>	<b>4,640</b>	<b>4,531</b>	<b>4,640</b>	<b>4,400</b>	<b>(8.3)</b>	<b>(5.2)</b>
Others (incl Sun Pictures)	1	18	4	6	2	100.0	(66.1)
<b>Total revenue</b>	<b>6,061</b>	<b>7,108</b>	<b>7,625</b>	<b>7,816</b>	<b>6,858</b>	<b>13.1</b>	<b>(12.3)</b>

Source: DART, Company

**Exhibit 7: Key Assumptions - Consolidated**

Particulars	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
<b>Television</b>										
Advertising	12,512	13,286	12,724	13,962	14,922	13,645	9,970	12,160	14,219	15,285
Subscription Domestic	7,385	8,171	9,450	11,390	13,213	15,606	17,211	17,520	19,067	20,376
- DTH	5,262	5,865	6,570	7,500	8,523	8,256	8,900	9,002	9,792	10,463
- Cable	2,123	2,306	2,880	3,890	4,690	7,350	8,311	8,518	9,276	9,913
Subscription International	1,370	1,411	1,540	1,680	1,770	1,638	1,400	1,082	1,017	939
Subscription Total	8,755	9,582	10,990	13,070	14,983	17,244	18,611	18,603	20,084	21,314
Others	28	121	428	182	2,289	711	41	28	32	37
<b>Total Revenue</b>	<b>21,296</b>	<b>22,989</b>	<b>24,142</b>	<b>27,215</b>	<b>32,194</b>	<b>31,600</b>	<b>28,621</b>	<b>30,791</b>	<b>34,335</b>	<b>36,636</b>
EBITDA	16,594	17,528	17,679	19,839	23,446	21,300	19,726	20,662	23,379	24,783
EBIT	10,719	12,678	13,769	15,444	16,979	14,507	15,906	19,009	20,970	21,640
<b>IPL</b>										
Revenue	1,140	963	1,440	1,433	4,439	2,444	2,545	2,478	2,478	2,726
EBITDA	(445)	(569)	(318)	(227)	2,198	1,060	934	924	863	1,000
<b>Radio</b>										
Revenue	1,518	784	875	982	1,193	1,371	603	889	1,057	1,163
EBITDA	624	368	337	425	423	394	42	128	215	247
EBIT	345	252	243	320	261	186	(176)	(76)	(5)	11
<b>Consolidated</b>										
Revenue	23,954	24,736	26,457	29,630	37,825	35,415	31,769	34,158	37,870	40,525
EBITDA	16,772	17,327	17,698	20,037	26,066	22,755	20,702	21,713	24,458	26,029
EBIT	10,619	12,360	13,694	15,538	19,438	15,753	16,663	19,856	21,828	22,651
APAT	7,961	9,223	10,307	11,355	14,336	13,855	14,536	16,257	18,015	18,829
AEPS (Rs)	20.2	23.4	26.2	28.8	36.4	35.2	36.9	41.3	45.7	47.8

Change YoY %	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
<b>Television</b>										
Advertising	4.7	6.2	(4.2)	9.7	6.9	(8.6)	(26.9)	22.0	16.9	7.5
Subscription Domestic	14.7	10.6	15.7	20.5	16.0	18.1	10.3	1.8	8.8	6.9
- DTH	17.5	11.5	12.0	14.2	13.6	(3.1)	7.8	1.1	8.8	6.9
- Cable	8.5	8.6	24.9	35.1	20.6	56.7	13.1	2.5	8.9	6.9
Subscription International	9.3	3.0	9.1	9.1	5.4	(7.5)	(14.5)	(22.7)	(6.1)	(7.7)
Subscription Total	13.8	9.4	14.7	18.9	14.6	15.1	7.9	(0.0)	8.0	6.1
Others	(90.0)	330.7	254.4	(57.5)	1,157.6	(68.9)	(94.3)	(30.1)	12.8	14.0
<b>Total Revenue</b>	<b>6.9</b>	<b>8.0</b>	<b>5.0</b>	<b>12.7</b>	<b>18.3</b>	<b>(1.8)</b>	<b>(9.4)</b>	<b>7.6</b>	<b>11.5</b>	<b>6.7</b>
EBITDA	10.6	5.6	0.9	12.2	18.2	(9.1)	(7.4)	4.7	13.2	6.0
EBIT	2.4	18.3	8.6	12.2	9.9	(14.6)	9.6	19.5	10.3	3.2
<b>IPL</b>										
Revenue	8.5	(15.6)	49.6	(0.5)	209.7	(44.9)	4.1	(2.6)	-	10.0
EBITDA	22.3	27.9	(44.1)	(28.6)	(1,068.5)	(51.8)	(11.9)	(1.1)	(6.6)	15.9
<b>Radio</b>										
Revenue	19.6	(48.3)	11.5	12.3	21.4	14.9	(56.0)	47.5	18.9	10.0
EBITDA	34.8	(40.9)	(8.5)	26.1	(0.6)	(6.7)	(89.4)	205.2	68.7	14.5
EBIT	61.6	(27.1)	(3.5)	31.9	(18.4)	(29.0)	(194.8)	(56.5)	(93.8)	(320.3)
<b>Consolidated</b>										
Revenue	7.7	3.3	7.0	12.0	27.7	(6.4)	(10.3)	7.5	10.9	7.0
EBITDA	11.1	3.3	2.1	13.2	30.1	(12.7)	(9.0)	4.9	12.6	6.4
EBIT	3.0	16.4	10.8	13.5	25.1	(19.0)	5.8	19.2	9.9	3.8
APAT	5.2	15.9	11.7	10.2	26.3	(3.4)	4.9	6.6	10.8	4.5
AEPS (Rs)	5.2	15.9	11.7	10.2	26.3	(3.4)	4.9	6.6	10.8	4.5

Margin (%)	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
<b>Television</b>										
EBITDA	77.9	76.2	73.2	72.9	72.8	67.4	68.9	67.1	68.1	67.6
EBIT	50.3	55.1	57.0	56.7	52.7	45.9	55.6	61.7	61.1	59.1
<b>IPL</b>										
EBITDA	(39.0)	(59.1)	(22.1)	(15.8)	49.5	43.4	36.7	37.3	34.8	36.7
<b>Radio</b>										
EBITDA	41.1	47.0	38.6	43.3	35.4	28.8	6.9	14.3	20.4	21.2
EBIT	22.7	32.1	27.7	32.6	21.9	13.5	(29.2)	(8.6)	(0.5)	0.9
<b>Consolidated</b>										
EBITDA	70.0	70.0	66.9	67.6	68.9	64.3	65.2	63.6	64.6	64.2
EBIT	44.3	50.0	51.8	52.4	51.4	44.5	52.5	58.1	57.6	55.9
APAT	33.2	37.3	39.0	38.3	37.9	39.1	45.8	47.6	47.6	46.5

Source: DART, Company

#### Exhibit 8: Target price sensitivity to PE multiple

PE / EPS ----->	FY22E	FY23E	FY24E
PE / EPS ----->	<b>41.3</b>	<b>45.7</b>	<b>47.8</b>
8	330	366	382
10	413	457	478
12	495	549	573
14	578	640	669
16	660	731	764
18	743	823	860

Source: DART

**Profit and Loss Account**

(Rs Mn)	FY21A	FY22E	FY23E	FY24E
<b>Revenue</b>	<b>31,769</b>	<b>34,158</b>	<b>37,870</b>	<b>40,525</b>
<b>Total Expense</b>	<b>11,067</b>	<b>12,445</b>	<b>13,413</b>	<b>14,495</b>
COGS	4,713	5,843	6,389	6,977
Employees Cost	3,069	3,049	3,242	3,439
Other expenses	3,285	3,553	3,782	4,079
<b>EBIDTA</b>	<b>20,702</b>	<b>21,713</b>	<b>24,458</b>	<b>26,029</b>
Depreciation	4,038	1,857	2,630	3,378
<b>EBIT</b>	<b>16,663</b>	<b>19,856</b>	<b>21,828</b>	<b>22,651</b>
Interest	269	265	281	267
Other Income	3,082	2,445	2,636	2,839
Exc. / E.O. items	0	0	0	0
<b>EBT</b>	<b>19,477</b>	<b>22,036</b>	<b>24,183</b>	<b>25,224</b>
Tax	4,158	5,702	6,329	6,616
RPAT	15,255	16,257	18,015	18,829
Minority Interest	0	0	0	0
<b>Profit/Loss share of associates</b>	<b>(64)</b>	<b>(76)</b>	<b>161</b>	<b>221</b>
<b>APAT</b>	<b>15,255</b>	<b>16,257</b>	<b>18,015</b>	<b>18,829</b>

**Balance Sheet**

(Rs Mn)	FY21A	FY22E	FY23E	FY24E
<b>Sources of Funds</b>				
Equity Capital	1,970	1,970	1,970	1,970
Minority Interest	50	54	58	62
Reserves & Surplus	68,567	74,974	81,168	99,998
<b>Net Worth</b>	<b>70,537</b>	<b>76,944</b>	<b>83,139</b>	<b>101,968</b>
Total Debt	0	0	0	0
Net Deferred Tax Liability	598	629	661	694
<b>Total Capital Employed</b>	<b>71,185</b>	<b>77,626</b>	<b>83,857</b>	<b>102,724</b>

**Applications of Funds**

Net Block	<b>13,759</b>	<b>13,155</b>	<b>13,265</b>	<b>13,389</b>
CWIP	1,463	1,317	1,185	1,067
Investments	12,162	10,527	9,760	9,438
<b>Current Assets, Loans &amp; Advances</b>	<b>52,081</b>	<b>61,321</b>	<b>68,775</b>	<b>88,415</b>
Inventories	0	3,122	6,185	8,622
Receivables	14,339	15,137	16,471	17,292
Cash and Bank Balances	10,718	12,287	13,807	28,572
Loans and Advances	0	0	0	0
Other Current Assets	2,907	5,453	5,725	6,012
<b>Less: Current Liabilities &amp; Provisions</b>	<b>8,279</b>	<b>8,693</b>	<b>9,128</b>	<b>9,584</b>
Payables	2,738	2,875	3,018	3,169
Other Current Liabilities	5,542	5,819	6,110	6,415
<i>sub total</i>				
Net Current Assets	43,801	52,627	59,647	78,831
<b>Total Assets</b>	<b>71,185</b>	<b>77,626</b>	<b>83,857</b>	<b>102,724</b>

E – Estimates

**Important Ratios**

Particulars	FY21A	FY22E	FY23E	FY24E
<b>(A) Margins (%)</b>				
Gross Profit Margin	85.2	82.9	83.1	82.8
EBIDTA Margin	65.2	63.6	64.6	64.2
EBIT Margin	52.5	58.1	57.6	55.9
Tax rate	21.3	25.9	26.2	26.2
Net Profit Margin	48.0	47.6	47.6	46.5
<b>(B) As Percentage of Net Sales (%)</b>				
COGS	14.8	17.1	16.9	17.2
Employee	9.7	8.9	8.6	8.5
Other	10.3	10.4	10.0	10.1
<b>(C) Measure of Financial Status</b>				
Gross Debt / Equity	0.0	0.0	0.0	0.0
Interest Coverage	62.0	74.9	77.8	84.9
Inventory days	0	33	60	78
Debtors days	165	162	159	156
Average Cost of Debt				
Payable days	31	31	29	29
Working Capital days	503	562	575	710
FA T/O	2.3	2.6	2.9	3.0
<b>(D) Measures of Investment</b>				
AEPS (Rs)	38.7	41.3	45.7	47.8
CEPS (Rs)	49.0	46.0	52.4	56.4
DPS (Rs)	5.0	25.0	30.0	35.0
Dividend Payout (%)	12.9	60.6	65.6	73.3
BVPS (Rs)	179.0	195.3	211.0	258.7
RoANW (%)	23.9	22.0	22.5	20.3
RoACE (%)	24.0	22.3	22.5	20.2
RoAIC (%)	29.7	31.6	32.2	31.4
<b>(E) Valuation Ratios</b>				
CMP (Rs)	525	525	525	525
P/E	13.6	12.7	11.5	11.0
Mcap (Rs Mn)	207,030	207,030	207,030	207,030
MCap/ Sales	6.5	6.1	5.5	5.1
EV	172,196	169,421	166,636	150,541
EV/Sales	5.4	5.0	4.4	3.7
EV/EBITDA	8.3	7.8	6.8	5.8
P/BV	2.9	2.7	2.5	2.0
Dividend Yield (%)	1.0	4.8	5.7	6.7
<b>(F) Growth Rate (%)</b>				
Revenue	(10.3)	7.5	10.9	7.0
EBITDA	(9.0)	4.9	12.6	6.4
EBIT	5.8	19.2	9.9	3.8
PBT	6.8	13.1	9.7	4.3
APAT	10.1	6.6	10.8	4.5
EPS	10.1	6.6	10.8	4.5

**Cash Flow**

(Rs Mn)	FY21A	FY22E	FY23E	FY24E
CFO	20,199	12,063	16,410	19,119
CFI	(10,166)	561	(1,805)	(3,024)
CFF	(1,959)	(9,850)	(11,820)	0
FCFF	17,424	10,955	13,802	15,736
Opening Cash	26,761	34,834	37,609	40,394
Closing Cash	34,834	37,609	40,394	56,489

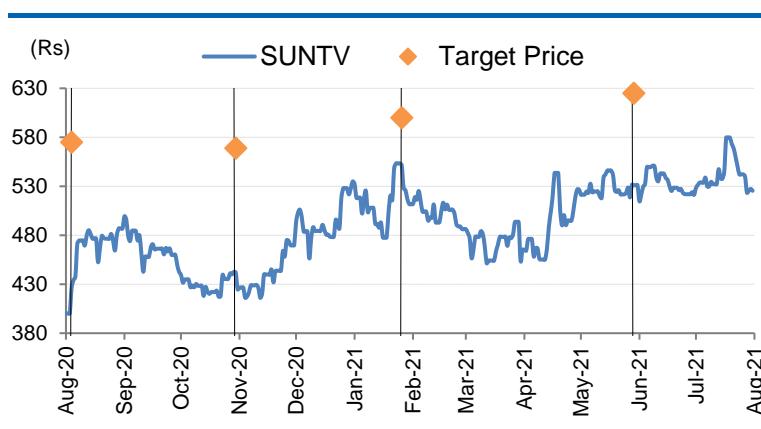
E – Estimates

### DART RATING MATRIX

Total Return Expectation (12 Months)

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

### Rating and Target Price History



Month	Rating	TP (Rs.)	Price (Rs.)
Aug-20	BUY	575	426
Nov-20	BUY	569	442
Feb-21	Accumulate	600	551
Jun-21	Accumulate	625	531

\*Price as on recommendation date

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