

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 ₹ 375 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



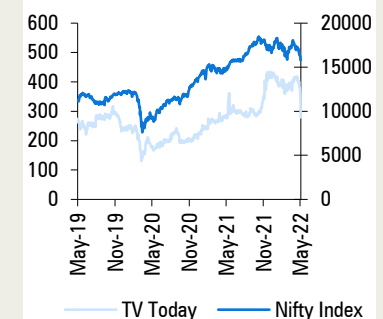
Particulars

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

Bhupendra Tiwary, CFA
bhupendra.tiwary@icicisecurities.com

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. 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

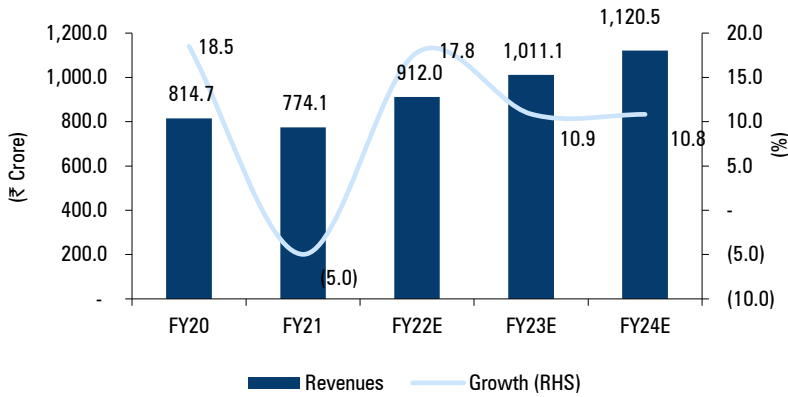
Exhibit 2: Change in estimates

(₹ 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

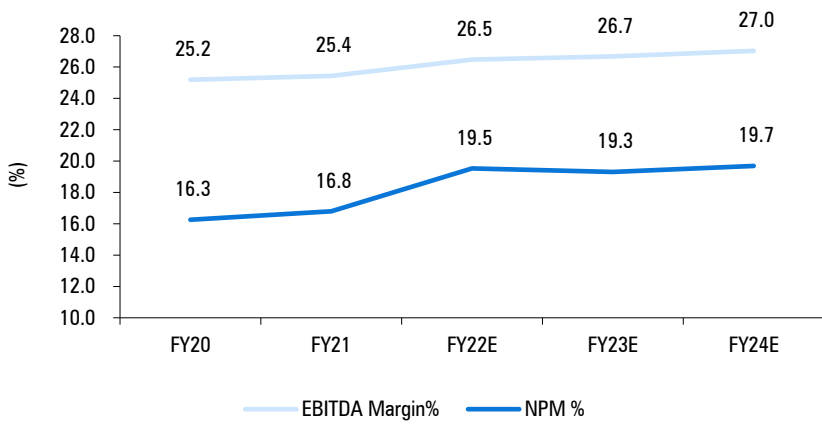
Story in charts

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	
Total operating Income	783.0	930.1	1031.1	1142.5	
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	
EBITDA	199.1	246.3	275.2	308.9	
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	
Adjusted PAT	131.5	181.7	199.2	225.0	
Growth (%)	-5.6	38.2	9.6	13.0	
EPS (₹)	22.0	30.5	33.4	37.7	

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	
CF from operating activities	187.4	250.5	242.2	274.2	
(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	
CF from investing activities	-51.7	-313.1	-25.0	-25.0	
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	
CF from financing activities	-15.5	-17.1	-20.9	-32.8	
Net Cash flow	120.3	-79.7	196.3	216.4	
Opening Cash	140.2	260.5	180.8	377.0	
Closing Cash	260.5	180.8	377.0	593.4	

Source: Company, ICICI Direct Research

Exhibit 7: Balance sheet		₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E	
Liabilities					
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	
Total Liabilities	1,005.2	1,185.4	1,366.7	1,561.8	
Assets					
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	
Application of Funds	1,005.2	1,185.4	1,366.7	1,561.8	

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios		₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E	
Per share data (₹)					
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	
Operating Ratios (%)					
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	
Return Ratios (%)					
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	
Valuation Ratios (x)					
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	
Solvency Ratios					
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

RATING RATIONALE

ICICI Direct endeavors to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

**ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruiti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com**

ANALYST CERTIFICATION

I/We, Bhupendra Tiwary, CFA, MBA, Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.