

TV Today Network

India | Media & Entertainment | Result Update



Muted quarter

13 February 2025

TV Today Network (TVTN IN) posted a subdued Q3 as TV and media operations declined by double-digits, led by a slowdown in overall ad demand and lower ad volumes from the government. EBITDA margin loss was led by lower benefits from operating leverage, hit by higher production and employee cost. TVTN closed its Radio business, which had been contributing to EBIT losses. With major election events behind, we cut EPS estimates by 29.2%/16.2% for FY26E/27E to arrive at a pared SoTP-TP of INR 200. TVTN has fallen 11% in three months and is trading at ~5% TTM dividend yield. Maintain Accumulate.

TV segment – Muted show: Revenue from television and other media operations declined by 10.2% YoY to INR 2.3bn, and as per our assessment, core TV may have declined 12.9% YoY. The drop was due to waning base of general elections last year and overall slowdown in ad spend environment in the TV industry (ad revenue for Sun TV/Zee Enterprises down 6.4%/8.4% YoY in Q3). Expect sluggish Q4 and Q1FY26 on election base last year. TVTN's niche is news channels (*Aaj Tak, India Today, GNT* etc.). With key events behind – general/state elections in the Hindi belt, except Bihar (CY25 end) – expect a muted 1% YoY revenue CAGR for the segment. Expect core-TV to remain flat (FY25E). We estimate the digital segment to have grown at a steady pace in Q3.

Elevated costs pared EBITDA margin: EBITDA margin was below estimates at 4.6% in Q3 (from 15.7% last year). The margin drop (YoY) was led by: a) a 128bps YoY loss in gross margin led by a surge in production costs and b) higher-than-anticipated employee cost and other expenses (42.3% of sales in Q3 as against 34.8% a year ago). Lower benefits of operating leverage, sticky production cost may weigh down margins.

Radio segment closed; focus on core: In January, the board approved the closure of the Radio business due to its evolved nature and increased focus on TV broadcasting business. The segment's salience to total revenue was just 1.7% (FY24). However, it contributed to a loss of INR 195mn to TVTN's net worth. The radio segment posted a muted 2.2% revenue CAGR in FY20-24. Through 9MFY25, EBIT losses from the Radio segment at INR 116mn dragged down system EBIT by ~13%. Expect incremental loss savings to be offset by abating drag from lower margin (on low operating leverage). We cut revenue estimates for the Radio segment to nil for FY26/27E.

Maintain Accumulate; TP pared to INR 200: Q3 was below estimated on subdued TV segment. With a cloudy outlook for TV broadcasting and factoring in closure of the Radio segment, we cut revenue estimates by 3.2%/6.3% for FY26E/27E. On lower operating leverage benefits impacting margins, we cut EPS estimates by 10.5%/11.4% in FY26E/27E (including incremental radio loss savings). As we roll over to FY27E, we arrive at a pared TP of INR 200 (from INR 230). We value TVTN's core TV segment at 10x P/E FY27E, digital segment at 2x price/sales and cash at INR 107 per share. TVTN has fallen 11% in three months and is trading at ~5% TTM dividend yield. Maintain Accumulate.

Key Financials

YE March	FY23	FY24	FY25E	FY26E	FY27E
Revenue (INR mn)	8,782	9,521	9,847	9,388	9,584
YoY (%)	(46.0)	8.4	3.4	(4.7)	2.1
EBITDA (INR mn)	1,313	890	1,044	1,183	1,438
EBITDA margin (%)	14.9	9.3	10.6	12.6	15.0
Adj PAT (INR mn)	981	613	765	839	1,053
YoY (%)	(46.0)	(37.5)	24.7	9.7	25.5
Fully DEPS (INR)	14.8	9.4	12.8	14.0	17.6
RoE (%)	8.9	6.6	8.7	9.1	10.8
RoCE (%)	8.8	5.4	7.1	7.9	9.6
P/E (x)	11.5	18.0	13.3	12.1	9.6
EV/EBITDA (x)	7.2	8.6	7.1	5.7	4.2

Note: Pricing as on 13 February 2025; Source: Company, Elara Securities Estimate

Rating: **Accumulate**

Target Price: **INR 200**

Upside: **19%**

CMP: **INR 168**

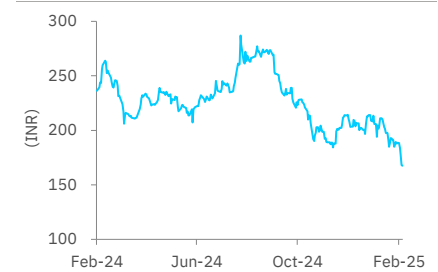
As on 13 February 2025

Key data

Bloomberg	TVTN IN
Reuters Code	TVTO.NS
Shares outstanding (mn)	60
Market cap (INR bn/USD mn)	10/115
Enterprise Value (INR bn/USD mn)	7/81
Avg daily volume 3M (INR mn/USD mn)	30/0
52 week high/low	308/166
Free float (%)	42

Note: as on 13 February 2025; Source: Bloomberg

Price chart



Source: Bloomberg

Shareholding (%)	Q4	Q1	Q2	Q3
	FY24	FY25	FY25	FY25
Promoter	58.5	58.5	58.5	58.5
% Pledged	-	-	-	-
FII	1.6	1.6	3.7	3.8
DII	13.2	13.4	11.8	11.5
Others	26.7	26.5	26.0	26.2

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(2.2)	(4.6)	5.9
TV Today Network	(11.5)	(36.0)	(31.4)
NSE Mid-cap	(5.4)	(10.5)	6.4
NSE Small-cap	(8.5)	(12.2)	2.1

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Financials (YE March)

Income Statement (INR mn)	FY23	FY24	FY25E	FY26E	FY27E
Net Revenues	8,782	9,521	9,847	9,388	9,584
EBITDA	1,313	890	1,044	1,183	1,438
Add:- Non operating Income	436	378	424	414	475
OPBIDTA	1,748	1,268	1,468	1,597	1,913
Less :- Depreciation & Amortization	413	414	396	437	470
EBIT	1,336	854	1,072	1,159	1,443
Less:- Interest Expenses	33	34	39	41	39
PBT	1,302	820	1,033	1,118	1,404
Less :- Taxes	321	207	269	280	351
Adjusted PAT	981	613	765	839	1,053
Add/(Less): - Extra ordinary exp/(Inc)	(99)	(49)	-	-	-
Reported PAT	882	564	765	839	1,053
Balance Sheet (INR mn)	FY23	FY24	FY25E	FY26E	FY27E
Share Capital	298	298	298	298	298
Reserves	7,986	8,376	8,633	9,113	9,808
Trade Payables	998	991	1,041	977	967
Other liabilities	1,445	1,602	1,614	1,597	1,604
Total Equity & Liabilities	10,727	11,267	11,586	11,986	12,678
Fixed Assets	1,829	1,631	1,584	1,497	1,377
Investments	1	1	1	1	1
Trade Receivables	2,122	2,764	2,859	2,725	2,782
Cash & other bank balances	638	2,497	2,758	3,393	4,141
Other assets	6,137	4,374	4,384	4,370	4,376
Total Assets	10,727	11,267	11,586	11,986	12,678
Cash Flow Statement (INR mn)	FY23	FY24	FY25E	FY26E	FY27E
Operating Cash Flow	407	152	733	970	1,020
Less:- Capex	(320)	(190)	(350)	(350)	(350)
Free Cash Flow	88	(38)	383	620	670
Investing Cash Flow	3,713	350	74	64	125
Financing Cash Flow	(4,267)	(281)	(546)	(399)	(397)
Net change in Cash	(147)	221	261	635	748
Opening Cash	284	137	357	618	1,253
Closing Cash	137	358	618	1,253	2,001
Ratio Analysis	FY23	FY24	FY25E	FY26E	FY27E
Income Statement Ratios (%)					
Revenue Growth	(5.6)	8.4	3.4	(4.7)	2.1
EBITDA Growth	(46.3)	(32.2)	17.3	13.3	21.5
PAT Growth	(46.0)	(37.5)	24.7	9.7	25.5
EBITDA Margin	14.9	9.3	10.6	12.6	15.0
PAT Margin	10.0	5.9	7.8	8.9	11.0
Return & Liquidity Ratios					
ROE (%)	8.9	6.6	8.7	9.1	10.8
ROCE (%)	8.8	5.4	7.1	7.9	9.6
Per Share data & Valuation Ratios					
Diluted EPS (INR/Share)	14.8	9.4	12.8	14.0	17.6
EPS Growth (%)	(46.0)	(37.5)	24.7	9.7	25.5
P/E Ratio (x)	11.3	17.7	13.1	11.9	9.5
EV/EBITDA (x)	7.1	8.4	6.9	5.6	4.1
EV/Sales (x)	1.1	0.8	0.7	0.7	0.6
BVPS (INR)	138.8	145.3	149.6	157.6	169.3
Price/Book (x)	1.2	1.2	1.1	1.1	1.0

Note: Pricing as on 13 February 2025; Source: Company, Elara Securities Estimate

We expect a revenue CAGR of 0.2% in FY24-27E

We expect EBITDA margin to be 15.0% by FY27E

Quarterly financials

Consolidated (INR mn)	Q3FY25	Q3FY24	YoY (%)	Q2FY25	QoQ (%)	Q3FY25E	Variance (%)
Revenue	2,368	2,627	(9.9)	2,068	14.5	2,589	(8.5)
EBITDA	109	411	(73.6)	90	20.9	375	(71.0)
EBITDA margin	4.6	15.7	(1106) bps	4.3	24 bps	14.5	(991) bps
Depreciation	94	106	(11.0)	94	0.5	94	0.1
Interest cost	8	9	(14.6)	8	(1.3)	8	(5.0)
Other income	113	96	17.3	126	(10.2)	98	15.4
PBT	120	393	(69.4)	115	4.8	371	(67.7)
Tax	33	102	(68.0)	32	2.2	93	(64.9)
Effective tax rate (%)	27.1	25.9		27.8		25.0	
PAT	88	291	(70.0)	83	5.8	279	(68.6)
Adj. PAT	88	291	(70.0)	83	5.8	279	(68.6)
Adj. EPS (INR)	1.5	4.9	(70.0)	1.4	5.8	4.7	(68.6)

Source: Company, Elara Securities Estimate

Exhibit 1: Valuation summary

(INR mn)	FY27E
TV segment	
PAT	176
Multiple (x)	10
Market cap of TV segment	1,670
Digital segment	
Revenue	2,682
Multiple (x)	2
Market cap of digital segment	4,023
Cash in hand	6,432
Equity value	12,124
No. of shares (mn)	59.7
TP (INR)	200
CMP (INR)	168
Upside (%)	19%

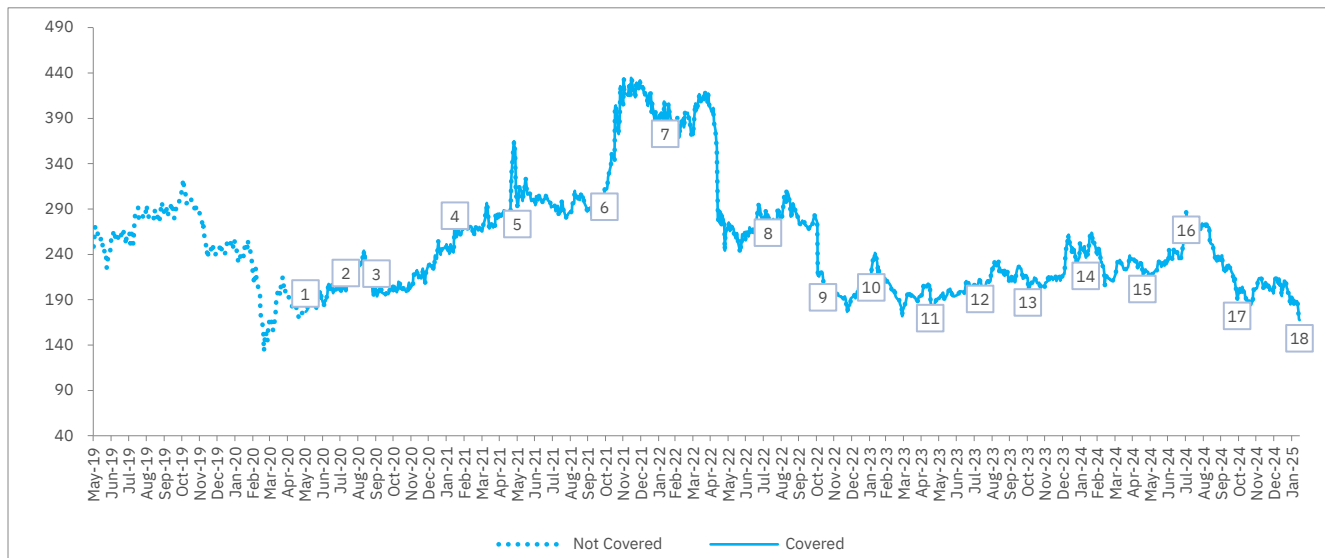
Note: Pricing as on 13 February 2025; Source: Elara Securities Estimate

Exhibit 2: Change in estimates

(INR mn)	Revised			Earlier			% Change		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	9,847	9,388	9,584	9,988	9,982	10,374	(1.4)	(6.0)	(7.6)
EBITDA	1,044	1,183	1,438	1,548	1,597	1,660	(32.6)	(25.9)	(13.4)
EBITDA margin (%)	10.6	12.6	15.0	15.5	16.0	16.0			
PAT	765	839	1,053	1,150	1,185	1,256	(33.5)	(29.2)	(16.2)
EPS (INR)	12.8	14.0	2.7	19.3	19.8	3.2	(33.5)	(29.2)	(16.2)
TP (INR)			200			230			(13)

Source: Elara Securities Estimate

Coverage History



	Date	Rating	Target Price	Closing Price
10	3-Feb-2023	Buy	INR 420	INR 286
11	16-May-2023	Buy	INR 310	INR 190
12	11-Aug-2023	Buy	INR 280	INR 211
13	1-Nov-2023	Buy	INR 260	INR 207
14	9-Feb-2024	Buy	INR 300	INR 236
15	17-May-2024	Buy	INR 280	INR 222
16	1-Aug-2024	Buy	INR 340	INR 287
17	28-Oct-2024	Accumulate	INR 230	INR 192
18	13-Feb-2025	Accumulate	INR 200	INR 168

Guide to Research Rating

BUY	Absolute Return >+20%
ACCUMULATE	Absolute Return +5% to +20%
REDUCE	Absolute Return -5% to +5%
SELL	Absolute Return < -5%

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