

## Sun TV Network (SUNTV) - ADD

### Company Update

Current Market Price (CMP) <b>Rs. 616</b>	Fair Value (FV) <b>Rs.740</b>
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### Rationale:

- Media reports indicate that a US-based consortium has acquired the Rajasthan Royals franchise for over Rs15000 cr.
- At CMP of Rs610, Sun's core TV business is trading at ~1X FY26E core business earnings.
- We maintain estimates and raise our Fair Value to Rs740 (from Rs630).
- We expect earnings to grow by 2.4% in FY27E and by 3.0% in FY28E.
- Valuation increase entirely due to an increase in the Fair Value contribution of SRH to Rs355/share (from Rs241/share). Reiterate ADD.

### 👍 Positives:

- RCB/RR franchises sold for over Rs16600 cr/Rs15000 cr.
- SRH's fair valuation would lie somewhere between these two teams.
- We expect core business EPS to recover to Rs24.5/share by FY28E.

### 👎 Negatives:

- Next media rights auction could see a moderation due to industry consolidation.
- Sun has been de-rated due to (1) unrelenting pressure in linear TV ad revenues, (2) underinvestment in the core business and a lack of focus on digital and (3) governance concerns (low dividend payout).



The content of this document has been derived from Kotak Securities PCG research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

## RATING SCALE (PRIVATE CLIENT GROUP)

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- BUY** – We expect the stock to deliver more than 15% returns over the next 12 months
- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
- REDUCE** – We expect the stock to deliver -5% - +5% returns over the next 12 months
- SELL** – We expect the stock to deliver < -5% returns over the next 12 months
- NR** – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
- SUBSCRIBE** – We advise investor to subscribe to the IPO.
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- NA** – **Not Available or Not Applicable.** The information is not available for display or is not applicable
- NM** – **Not Meaningful.** The information is not meaningful and is therefore excluded.
- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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