

Chennai Super Kings Cricket Ltd.

Unlisted Company- Brief profile

Chennai Super Kings Cricket Ltd. owns and operates the Chennai franchise namely “Chennai Super Kings” in the T20 cricket league 'Indian Premier League' organized by the Board of Control for Cricket in India (BCCI). The registered office of the company is located at Dhun Building, Anna Salai, Chennai.

The Company, besides owning the Franchise “Chennai Super Kings” with good track record in BCCI – IPL T20 tournaments, has recently ventured into various cricketing activities including Development of High Performance Centres, setting up of Cricket and other sports academies Pan India. The Company has also entered global cricketing arena by obtaining the ownership of Franchises “Joburg Super Kings” in Cricket South Africa (CSA) T20 League and “Texas Super Kings” in Major League Cricket in The United States of America.

Key Parameters

Total Promoter Holding (FY23)	28.14%
FV (₹)	0.10
M. Cap (₹ Cr)*	5,393
FY24E EPS (₹)	3.97
FY24E P/E*	44.08

*based on tentative price of Rs 175 per share

Shareholding more than 5%

EWS Finance & Investments Private Ltd	21.47%
Sri Saradha Logistics Private Limited	6.89%
Mrs. Rupa Gurunath, Trustee	6.48%
LIC and LIC operated funds	6.04%
Trustees, India Cements Shareholders Trust	1.76%

As per media articles, Mr. Radhakishan Damani has stake of ~2.4% in the co. as well

Financials (₹ Cr)

	FY21	FY22	FY23	FY24E
Revenue	247.83	341.05	273.15	517.8
EBITDA	67.83	49.66	84.49	155.34
EBITDA Margin (%)	27.37%	14.56%	30.93%	30.00%
PAT	40.26	31.54	52.17	122.3
EPS (₹)	1.31	1.02	1.69	3.97

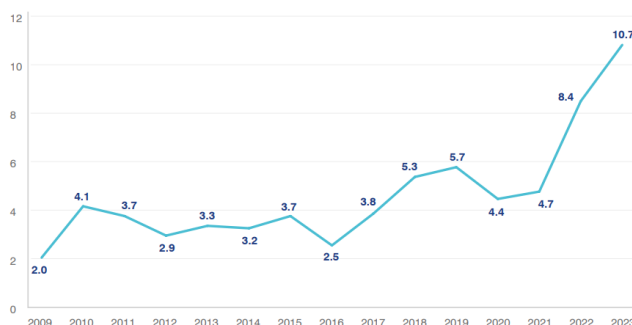
Source: Capitaline, Eastern Research

Investment Rationale

▪ **Brand value for IPL on the rise:** IPL brand valuation has been on the rise as it has been gaining popularity and attention. Although, different agencies come up with different estimates, nevertheless, as the below graph depicts, IPL’s brand value has seen tremendous jump in 2023. Recently, investment bank Houlihan Lokey, Inc has assigned total brand value of USD 16bn for IPL in 2024. IPL is slowly gaining its space among the top leagues in the world.

IPL System Valuation 2009-2023 (USDbn)

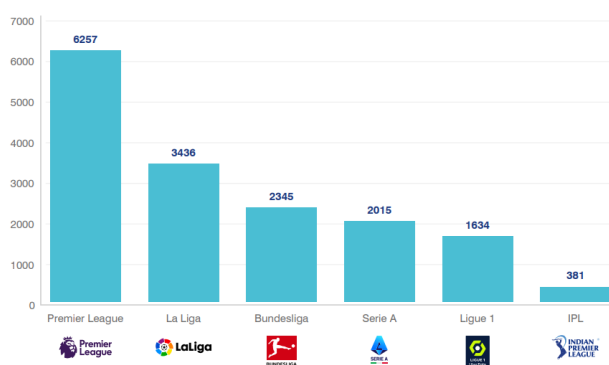
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Source: Brand Finance

Brand Value of the Top 5 Teams (USDm)

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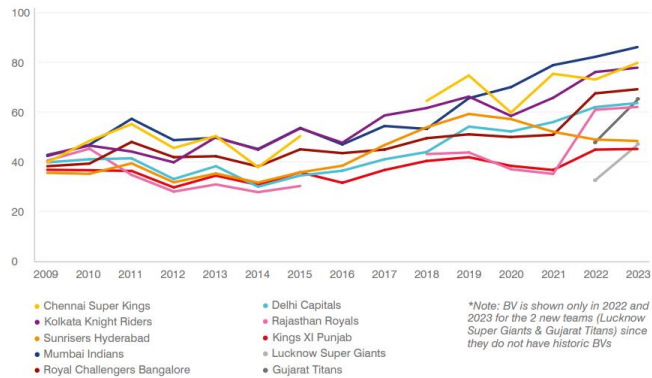


*Note: Growth rate is not calculated for the 2 new teams (Lucknow Supergiants & Gujarat Titans) since they do not have historic BVs

Source: Brand Finance

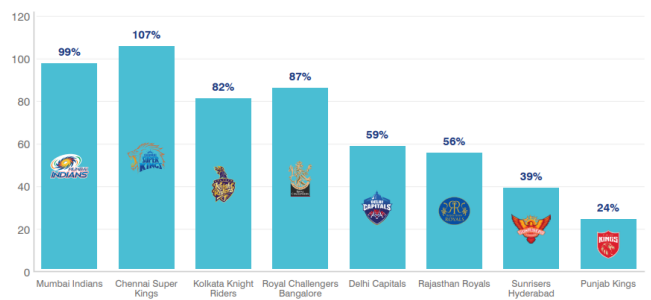
- **Chennai most consistent franchise:** Chennai Super Kings (CSK) has been one of the most consistent franchisees in terms of brand value as well as performance on the field. CSK has always been at the top or at the 2nd best position in terms of brand value.

Franchise Team Brand Value over time 2009-2023 (USDm) © Brand Finance Plc 2023

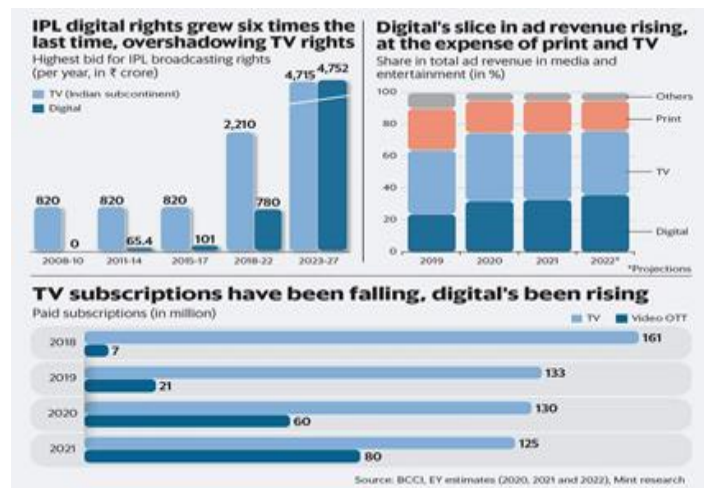


Source: Brand Finance

Growth in Brand Value since 2009 © Brand Finance Plc 2023



- **Higher TV+Digital rights for IPL:** With OTTs gaining popularity, the recent trend of the media rights has inclined towards digital rights. This is extremely positive for all IPL teams as this increases the revenue potential due to favourable business model. More importantly, the media rights have been only revised higher and that's the way forward.



Source: Livemint

- Business Model:** Team sponsorship is a major source of income for large teams and accounted for 28% for CSK in FY23 and 30% for RCB. Major sources of revenue are: (a) *Title Sponsorship*: 50% goes to BCCI, the remaining 45% goes to the teams, which is then divided equally, and the remaining 5% is given to teams based on their performance (b) *Segment sponsors*- There are also official sponsors that cater to specific segments during the game. This amount is also divided in the same way as Title sponsorship (c) *Team sponsors*- Brands sponsoring for individual teams. Apart from sponsorship, there are revenue from media rights, Ticket and merchandise sales.

	April 2022 - March 2023 (₹ Lakhs)	April 2021 - March 2022 (₹ Lakhs)
24 Revenue from Operations		
a) Income from grant of central rights	19,152.37	24,227.52
b) Sponsorship Income	7,775.50	6,502.72
c) Other Tournament Related Income	387.43	3,374.87
Total Revenue from Operations	27,315.30	34,105.11
25 Other Income		
Interest income		
Bank deposits	33.01	81.67
Inter-corporate deposits	1,599.39	727.48
Others	286.66	0.40
Total Other Income	1,919.06	809.55

Source: CSK Annual Report, FY23

Central Grants revenue comes from BCCI central pool amount collected from title sponsorship, digital and broadcasting rights. 50% goes to BCCI, the remaining 45% goes to the teams, which is then divided equally, and the remaining 5% is given to teams based on their performance.

- IPL Brand value could further get a Saudi investment boost:** Advisers to Crown Prince Mohammed bin Salman have reportedly sounded out Indian government officials about moving the domestic franchise Twenty20 competition into a holding company valued at as much as US\$30 billion, in which Saudi Arabia would then take a significant stake. Talks purportedly took place in September when bin Salman visited India, with the Gulf state proposing to invest as much as US\$5 billion into the IPL and help lead the league's expansion into other countries. It is however learnt that ([link](#)) BCCI secretary Jay Shah has shut down the speculations regarding an overseas investment. Talking to PTI, Shah had said that any kind of foreign investment in the IPL is simply 'not possible' as it is a society and not a company. According to the current Indian rules, an entity registered as a society cannot accept foreign funds. In order to accept the foreign funds, the said registered society must take an approval from the RBI as well as the central government. According to the Financial Times, US

companies such as Silver Lake Partners, KKR & Co., and TPG Capital have collectively invested over \$3.2 billion in the IPL.

Outlook & Valuation:

Based on the gaining popularity of IPL, wherein the revenue from central rights would be revised higher after the end of every contract tenure and subsequent revision of contracts, which results in higher revenue generation for all teams. Besides, individual sponsorship is driven by own franchise brand values which is driven by the performance. CSK has witnessed consistent increase in brand value driven by its performance as well as strong promoter and investor backing. More importantly, based on the ruling price of Rs 175-180 per share, the market capitalisation of the company comes in between Rs 5,393 cr to Rs 5,548 cr, which is at a substantial discount to ~Rs 7,100 cr, amount at which Lucknow Super Giants was acquired by Kolkata's business tycoon. Even, at FY24E EPS, the shares are priced at 44.08x based on price of Rs 175 per share. We are positive on the franchise and the company and expect the same to generate substantial value for shareholders.

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