



# The Economics of Sporting Powerhouses

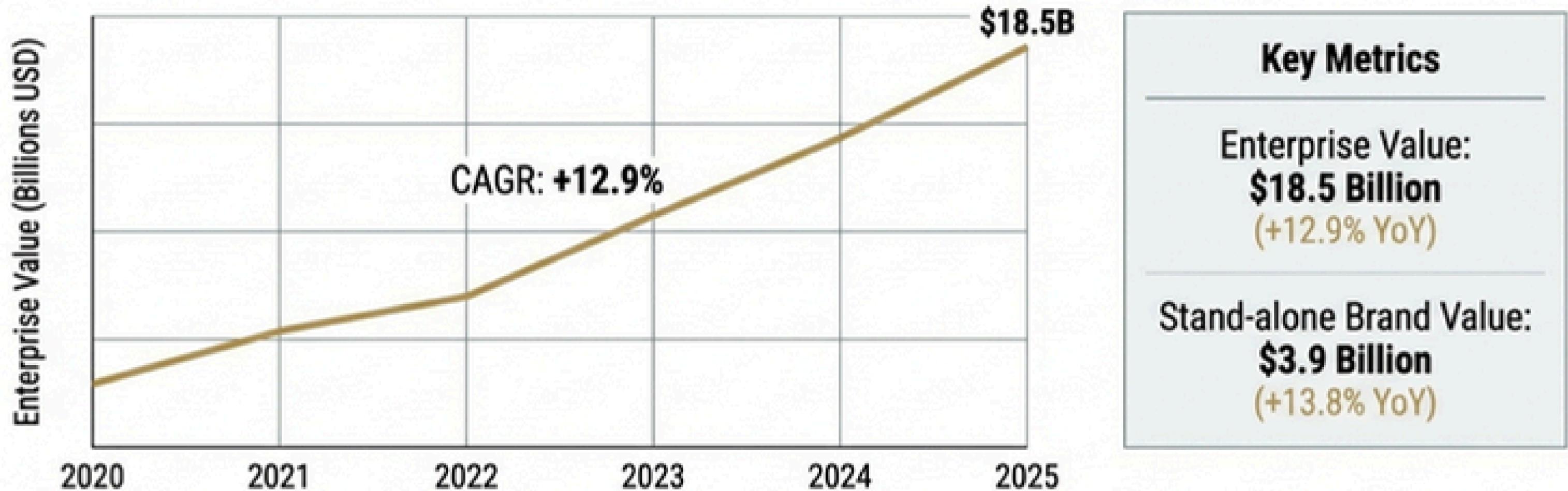
**A Comparative Valuation Analysis of Chennai Super Kings and Royal Challengers Bengaluru in the Post-2025 Landscape**

# Executive Summary: The Valuation Arbitrage Opportunity

The potential \$2 billion strategic divestment of Royal Challengers Bengaluru (RCB) by Diageo acts as a price discovery event, exposing a significant undervaluation of Chennai Super Kings (CSK).

1. Macro Tailwinds	2. The Catalyst	3. Asset Quality	4. The Opportunity
<p>The IPL ecosystem enterprise value has reached <b>\$18.5 billion</b> (+12.9% YoY), transforming franchises into scalable, capital-light media assets with guaranteed cash flows.</p>	<p>Diageo's sale of RCB has attracted bids between <b>\$1.8B-\$2B</b> (↗) (₹16k-₹18k Cr), establishing a new valuation floor for the league's original eight franchises.</p>	<p>Despite lower brand hype, CSK demonstrates superior standalone ↗ financial fundamentals, generating higher ↗ <b>Revenue (₹674 Cr)</b> and ↗ <b>PAT (₹148 Cr)</b> than RCB in FY25.</p>	<p>Current unlisted market valuations of CSK (~₹9,675 Cr) trade at a massive discount to the implied RCB multiple. A 'Rating Parity' correction suggests a 25%-85% upside potential.</p> <p style="text-align: right;">↗ <b>25%-85% Upside</b> →</p>

# The IPL Ecosystem: An \$18.5 Billion Asset Class



**Insight:** The IPL has transcended its regional roots to become a premier multi-asset class. Growth is anchored by a 'closed league' structure (no relegation) and central media rights that provide guaranteed cash flows. As of 2025, the league is defined by capital-light operations and high-yield returns.

# The Market Catalyst: Strategic Divestment of RCB

**Context:** Following RCB's maiden title win in 2025, Diageo (United Spirits) is executing a strategic exit to monetize "peak valuation." This is the first major test of franchise valuations since the 2021 expansion.

## Transaction Details:

**Seller:** Diageo / United Spirits

**Valuation Target:** Asking price up to **\$2.1B**

**Bids Received:** **\$1.8B – \$2B (₹16,380 Cr+)**

## The Bidders

### 1. The Glazers (Lancer Capital)

Owners of Manchester United; highest reported non-binding bid **(\$1.8B)**.

### 2. Adar Poonawalla (Serum Institute)

Backed by TPG; seeking global cultural visibility.

### 3. Consortiums

Reports of interest from the Manipal Group, Adani Group, and Torchholders.

**Implication:** This sale serves as a "Price Discovery Event," resetting the valuation floor for all original franchises.

# CSK Business Profile: Institutional Stability & Global Ambition

## The Domestic Engine

- **Meritocratic Governance:** Spun off from India Cements in 2014, CSKCL is defined by low leadership churn and a 'performance-first' culture.
- **The 'Legacy' Premium:** Consistent on-field success (5 titles) has built one of the most resilient brands in sports.



## The Global Portfolio

- **Joburg Super Kings (SA20):** Top-quartile social following; revenue ₹45.30 Cr. Currently in investment phase.
- **Texas Super Kings (MLC):** Strategic entry into the US market; stake increased to 55.5% in Oct 2024. Revenue ₹6.14 Cr.

# CSK Financial Performance (FY 2024-25)



<b>Total Revenue:</b>	₹704.28 Cr (Down 2.6% YoY)
<b>Total Expenses:</b>	₹494.77 Cr (+11.4% YoY)
<b>Profit After Tax (PAT):</b>	₹148.32 Cr
<b>Total Comprehensive Income:</b>	₹180.91 Cr

**Resilience:** Despite a subdued on-field season and no prize money, the commercial ecosystem maintained a strong bottom line. Finance costs declined, signaling a prudent capital structure.

# RCB Business Profile: The 'Lifestyle' Brand

## Business & Strategy

**Core Strategy:** RCB operates as a fusion of high-performance sports and premium lifestyle branding. The business prioritizes **'Content'** and **'Cultural Relevance'** to monetize brand heat.

### Key Drivers:

- **Digital Dominance:** #1 in digital engagement. A **'Content Machine'** offering year-round exposure.
- **The 'Kohli' Lifecycle:** Valuation influenced by the remaining runway of Virat Kohli.
- **The 2025 Inflection:** Maiden IPL title and WPL victory created a **'Dual-Championship Halo,'** driving brand value up 18.5% to \$269M.

## Social Media Followers (Instagram/YouTube)



Source: SocialBlade & Team Data, as of Dec 2025.

**Summary:** RCB's value proposition is anchored in a uniquely powerful digital ecosystem and recent championship success, differentiating it as a premium lifestyle entity.

# RCB Financial Performance & Brand Valuation

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Revenue (FY25)

**₹515 Cr**

Down 21% YoY

EBITDA (FY25)

**₹197 Cr**

Down 37% YoY

Brand Value

**\$269M**

Rank #1 (Houlihan Lokey)

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# Financial Head-to-Head (FY 2024-25)



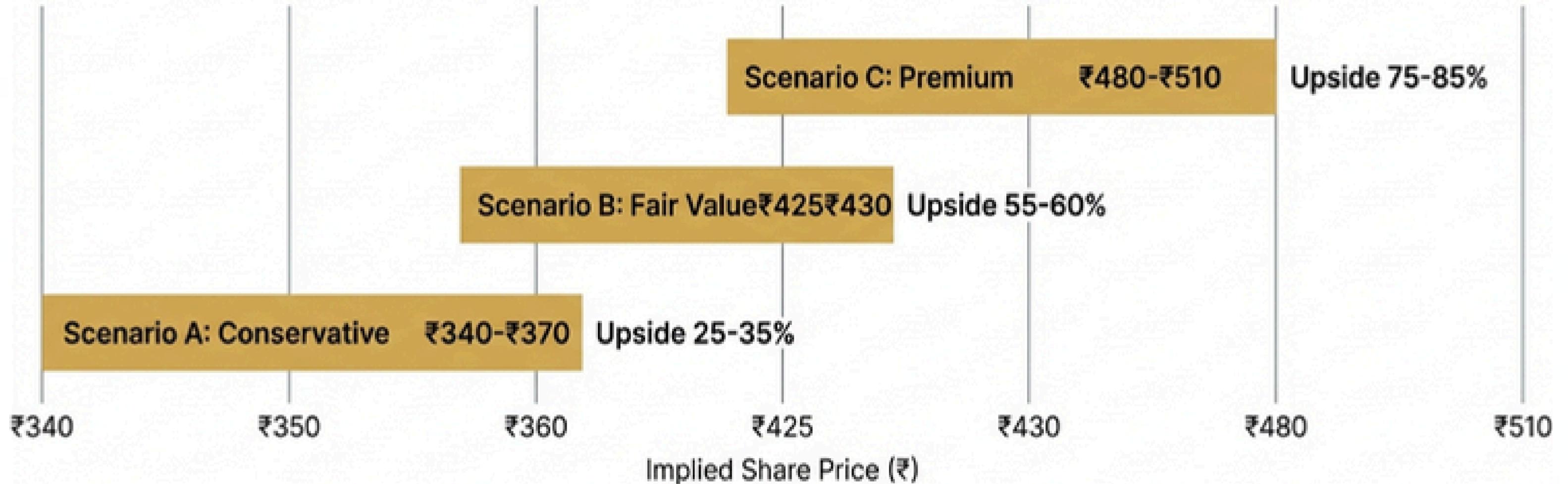
**Synthesized Takeaway:** CSK generates superior top-line revenue and bottom-line returns on a standalone basis. The efficiency of the 'performance-first' model delivers higher actual cash earnings than the 'lifestyle' model.

# The Valuation Disconnect



**The Argument:** If a business with lower revenue (RCB: ₹515 Cr) sells for \$2B, the business with higher revenue and equal/better profitability (CSK) is severely undervalued. Current CSK Multiples (P/E ~55x) are suppressed relative to the implied multiples of the RCB transaction.

# Re-Rating Scenarios: Deriving CSK's New Price



- **Conservative:** Market maintains discount due to RCB's digital/demographic edge.
- **Fair Value:** Rating Parity based on superior PAT.
- **Premium:** Investors price in global portfolio and legacy stability.

# Thank You



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