

# IPL: The Decade Edition

A concise report on brand values in the Indian Premier League

August 2017

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A Concise Report on Brand Values in the Indian Premier League

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## FOREWORD



**Varun Gupta**  
Managing Director,  
Duff & Phelps India  
Leader, South Asia & Japan

Dear Readers,

Welcome to the fourth edition of our IPL franchisee brand valuation report. This year IPL completed ten years since its inception, and what an eventful decade it has been! During this period, there were several highs as well as a number of lows. But to put it in cricketing terminology, IPL not only negotiated a tough pitch but also ultimately came out on top as a true winner.

This IPL season has grabbed the eyeballs for all the right reasons with a relatively controversy-free tournament, coupled with some scintillating on-field performances which have brought the spotlight back on the game. On field, Mumbai Indians were by far the best team throughout the season and were deserving winners for a record 3rd time. Rising Pune Supergiant (RPS), who were playing in the IPL for the last time, went out with a bang. Underdogs at the start of the tournament, RPS had a great tournament piggybacking on Steve Smith, Ben Stokes, Imran Tahir and Jayadev Unadkat. Pre-tournament favorites, Royal Challengers Bangalore (RCB) had a shocking season, finishing as the wooden spoon holders. However, this has not had much of a negative impact on the RCB brand, as the positives (star power, cricket crazy city and brand recall) out-weighed the negatives.

Over the years, we have seen multiple instances of scandals surrounding the premier sporting event of the country, but in almost every single year, the IPL has come out stronger and more popular than before. Brand IPL's credibility and popularity was further enhanced by the renewed Vivo title sponsorship deal for a whopping INR 2,200 crores for the next five years which is significantly higher than the earlier title sponsorship deals. Broadcasting rights (Satellite and Digital) which will be renewed later this month will be keenly watched. The renewed deal is anticipated to be significantly higher than the one signed by Sony nine years ago. Broadcasters also had a great IPL 10. Sony's ad revenues crossed INR 1,300 crores this year while Hotstar's ad revenues from IPL rose to INR 120 crores, more than double the previous year. Television viewership also touched new heights, with nearly 45% of viewership coming from rural India, which shows the reach and pull of IPL.

The above evidence is also reflected in our valuation analysis. The overall value of IPL as a business has increased to USD 5.3 billion from USD 4.2 billion last year. Factors such as the renewed title sponsorship deals and favorable currency movement contributed to this growth in IPL business value (in USD terms). For our analysis this year, we did not value RPS or Gujarat Lions ("GL") since their association with IPL came to an end after this season with Chennai Super Kings ("CSK") and Rajasthan Royals ("RR") expected to come back after serving their suspension next year. Mumbai Indians have maintained the lead over KKR in our brand valuation for the second season in a row while RCB and Sunrisers Hyderabad continue to maintain 3rd and 4th position in the ranking.

We hope you enjoy reading this report and look forward to your feedback.

**Varun Gupta**

# SUMMARY OF BRAND VALUES

	Brand Value 2016	Brand Value 2017	% change
<b>Mumbai Indians</b> <b>Rank: 1</b> Previous Year's Rank: 1	\$78mn	\$106mn	↑36%
<b>Kolkata Knight Riders</b> <b>Rank: 2</b> Previous Year's Rank: 2	\$77mn	\$99mn	↑29%
<b>Royal Challengers Bangalore</b> <b>Rank: 3</b> Previous Year's Rank: 3	\$67mn	\$88mn	↑31%
<b>SunRisers Hyderabad</b> <b>Rank: 4</b> Previous Year's Rank: 4	\$41mn	\$56mn	↑37%
<b>Delhi Daredevils</b> <b>Rank: 5</b> Previous Year's Rank: 5	\$34mn	\$44mn	↑29%
<b>Kings XI Punjab</b> <b>Rank: 6</b> Previous Year's Rank: 6	\$31mn	\$41mn	↑32%

## IPL VALUE CREATION

Value generated by the IPL as a business  
**US\$ 5.3 BILLION**

↑26%

INTRODUCTION

# 10 Years of IPL: A decade that changed the cricketing landscape in India

The Indian Premier League has emerged as the premier sporting event in India with a global viewership and a fan-following unmatched by any other cricketing league. Within a short span of just 10 years, the IPL has morphed into a media beast that could soon rival the decades old major sporting events across the world. No one could have predicted that IPL would become such a huge hit when it was first conceptualized in 2007 and when the franchises were first awarded to a group of corporates, individuals and celebrities.

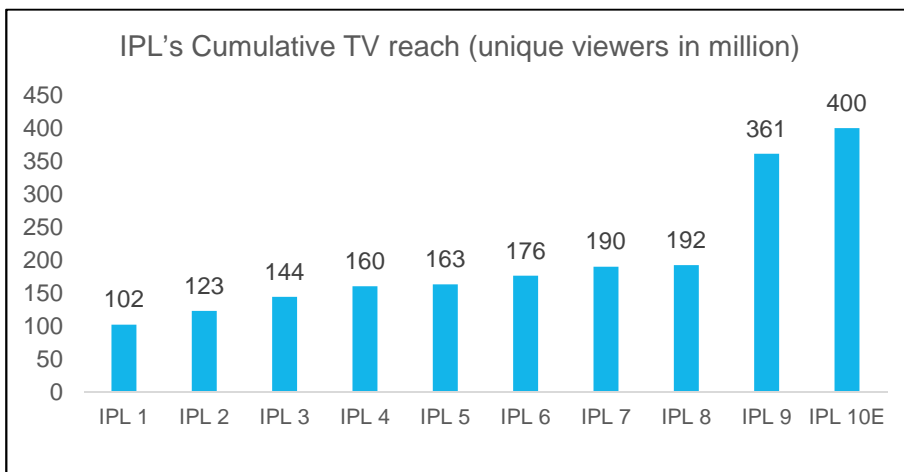
The continued unprecedented response from advertisers, broadcasters, sponsors, affiliates, partners and the viewing public year after year, has made the IPL the most keenly awaited event in the campaign calendar for advertisers and the most viewed sporting event for TV viewers in India. So much so that even Bollywood takes a step back and film distributors delay new releases until the end of the IPL season.

Along with all the highs, the 10 years of IPL also saw significant lows. There were match fixing scandals, controversies involving celebrity owners, player conflicts, etc. CSK and RR got banned from playing in two seasons, and teams like Deccan Chargers, Pune Warriors and Kochi Tuskers had their contracts terminated due to factors such as non-compliance with IPL financial code and poor corporate governance. Pepsi terminated its title sponsorship deal midway into its five year contract. There were rumors of misappropriation in awarding franchise rights and eventually the Supreme Court came down hard on the franchisees. All of this has had some negative impact on the IPL brand.

While many anticipated these controversies to shake the belief and trust of sponsors and corporates alike, the league continued to surge even higher after each controversy. The ever increasing sponsorship deals, the

renewed blockbuster Vivo title sponsorship deal and the huge interest in the broadcasting (both television and digital media) deals is a testimony to the fact that despite its shortcomings, the IPL will continue to be a mega brand for many more years.

IPL 10 was considered one of the most prominent and buzziest installments of the tournament. It was mentioned on Twitter over 6 million times, twice as much as last season. It witnessed a surge of followers and cricket enthusiasts who support their teams with the same, if not more zest, as they do with the Indian national team. Credit must also go to Board of Cricket Control in India (BCCI) who created a massive buzz around IPL 10 by hosting 8 opening ceremonies instead of just one event as done traditionally. This kind of buzz not only helped in getting more fans, followers, popularity and tweets but also fetched higher IPL viewership than before with an increment of 40% more viewers in the opening week alone as compared to last year.

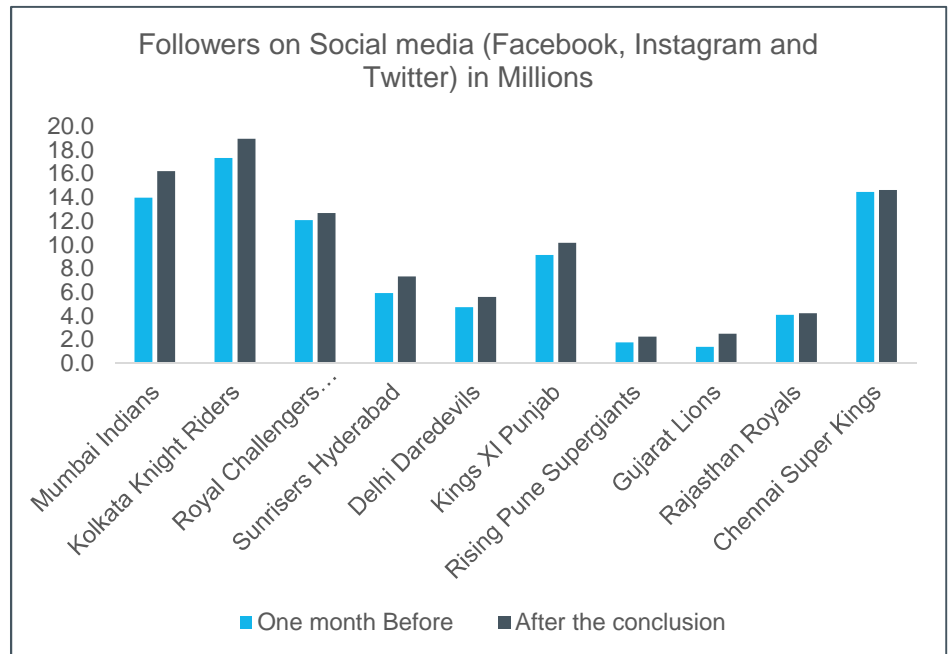


Source: Forbes India news article

The massive success of IPL 10 was evident in the Broadcast Audience Research Council ("BARC") India data released last month, which mentioned that IPL 10 had 1.25 billion impressions across the five Sony television channels broadcasting IPL (an increase of 22.5% over last year when 1.02 billion impressions were recorded). Of the 1.25 billion impressions, nearly 45% of the total viewership came from rural India which is further evidence of IPL's pan-India reach. This increase is aligned with the change in demographics, TV ownership and connection type, to name a few factors. Leveraging on the popularity of the 10th season, Sony Max

IPL was one of the fastest growing sports leagues on Twitter with 4.81 million followers.

IPL Facebook fan page grew by over 1.8 million fans during IPL Season 10.



(the official broadcaster of IPL) became the most-watched television channel across genres during the second week of the season.

Social media platforms such as Twitter, Facebook and Instagram suggest that IPL and individual franchisees have witnessed an upsurge in support by the fans. We compared the number of followers a month before IPL season 10 commenced with the followers right after the conclusion of the season. On an aggregate of the 3 social media websites, the IPL official page alone was able to witness a 45% increase in its followers altogether. As per a report published by Maxus, IPL 10 registered the highest number of conversations ever across the social media platforms. A total of 6 million mentions around IPL were registered during the current season which was twice the IPL 9's mentions. MS Dhoni was the most popular cricketer on Twitter during the IPL 10 followed by Virat Kohli, Gautam Gambhir and Rohit Sharma. Virat Kohli was the most talked about player on Facebook and Mumbai Indians were the most talked about team on Facebook.

Bagging its third trophy, after beating Pune Supergiant in what turned out to be a Maharashtra derby, Mumbai Indians was also the most popular team on both Instagram and Twitter followed by KKR and RCB. Mumbai Indians continues to be one of the most followed teams with 2.68 million followers on Twitter, 1.3 million on Instagram and 12.25 million followers on Facebook.

Constant celebrity presence like that of Shah Rukh Khan also added up in making Kolkata Knight Riders a visible brand on social networks. KKR is the most followed IPL team on Facebook with 15.74 million fans along with 2.83 million followers on Twitter and 0.4 million followers on Instagram. Royal Challengers Bangalore was another widely followed team with 2.23 million Twitter followers, 1.3 million Instagram followers and 9.15 million Facebook fans.

*“IPL has killer content, which is exactly what content hungry media organisations want. What IPL has achieved in such a short time-scale is phenomenal and there is still huge potential for exponential media revenue growth in the next decade.”*

**- Harsh Talikoti**  
Associate Vice President,  
Duff & Phelps

With the internet pricing war amongst the telecom players heating up coupled with the attempts made by Hotstar to increase their reach, the online IPL viewership is believed to have increased by 30% from last year. Due to the absence of some blockbuster players such as Kevin Pietersen, Mitchell Starc and R Ashwin, this season witnessed the excellence from some fresh faces, which kept the ball rolling for the teams.

Hand in hand with its breakthrough 10th season, the Indian Premier League continued with its immensely popular Fan Park initiative for the third consecutive year. Launched in 2015, initially in 16 cities, the 10th edition of the Fan Park was held in 36 cities in 21 states, bringing fans across India closer to their beloved sport. These included 14 new cities that hosted the Fan Park for the first time. The 9th season saw a massive footfall of approximately 3 lakh cricket enthusiasts who experienced the IPL live. And for the 10th edition the organizers left no stone unturned in making the concept a big hit.

The massive fame and popularity of cricket players like MS Dhoni and Virat Kohli contributed to the merchandise market of IPL 10. According to some analysts, 15-17% of Kings XI Punjab's revenues come from merchandising. Virat Kohli's fame also made IPL 10 a valuable season with millions of fans hoping to watch RCB give them the ever awaited win.

The sea of red, black and gold in almost all the home games of RCB as well as in various pubs across Bengaluru was evidence that merchandising has come a long way from IPL Season 1.

The merchandise is sold at most of the match venues, but the growth is largely seen on e-commerce websites, driven principally by tier II and III cities. Amazon, Flipkart and Shop Clues are some of the many e-commerce platforms who have partnered with several IPL teams to facilitate merchandise sales, helping the brand as a whole. Merchandising revenue has always been quintessential to the world of sports. Big brands like Emirates, Etihad, Yokohama Tires, Adidas, Nike and Chevrolet among others have paid large sums to sponsor the big football premiere league teams for a very long time. These sponsorships deals have not only generated substantial revenue for the teams but have also helped the sponsors to take their brands to every corner of the world as their brand names will be part of the official merchandise sold by the clubs. With the growing popularity of IPL as a franchise, merchandising sponsorship for the respective teams can substantially help the revenue streams for both IPL and the respective teams.

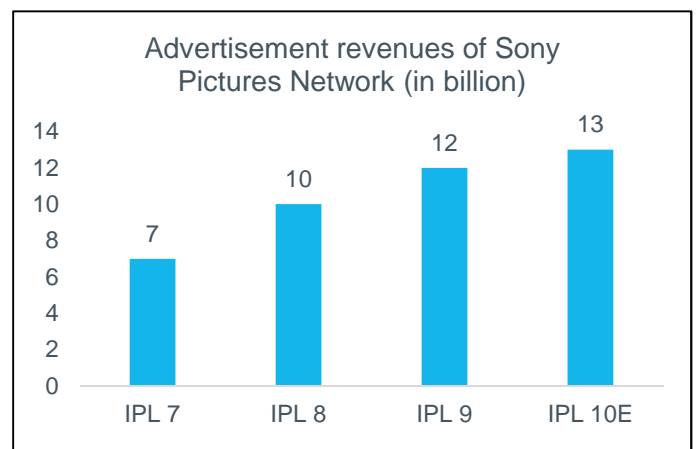
Demonetization evidently had no impact on the advertisement expenditure by the corporates. A 10-12% growth in advertisement revenues was estimated by Sony Pictures Network, amounting to

approximately INR 1,300 crores as compared to INR 1,200 crores earned in IPL 9.

Adding further to the strength of the IPL brand are the title sponsorship deals. DLF, Pepsi, Vivo have paid significant amounts in the past for being the title sponsors. Each one of these title sponsors have paid a large premium over the earlier title sponsors.

With the end of the 10th season, the title sponsorship rights were also up for renewal. The mobile manufacturer Vivo retained the title sponsorship for the next five years starting August 2017 with a sky-high INR 2,200 crores. The annual break-up of the deal works out to nearly INR 440 crores per annum, an exorbitant 500+ percent more than the previous contract.

IPL has also shown the path to success to many other sporting leagues in India. Pro Kabaddi League, Indian Super League and International Tennis Premier League are other leagues modelled around IPL. Celebrating the decade edition marks a path of various events that occurred during the 10 years since the commencement of this season. It will not be wrong if we say that this season has multiplied in grandeur and this sport in the limited-overs format has achieved many milestones during this period.



Source: Financial Express and Forbes India news articles

## IPL AND SOCIAL MEDIA

# A force to be reckoned with.

*“The numbers are quite small on social media’s big three – Twitter, Facebook and Instagram, relative to the cricket watching population for IPL and its franchisees. With internet penetration into smaller towns and rural India, we can anticipate the teams to have multi-fold growth in their social media following within the next few years which will drive and support enhanced valuations.”*

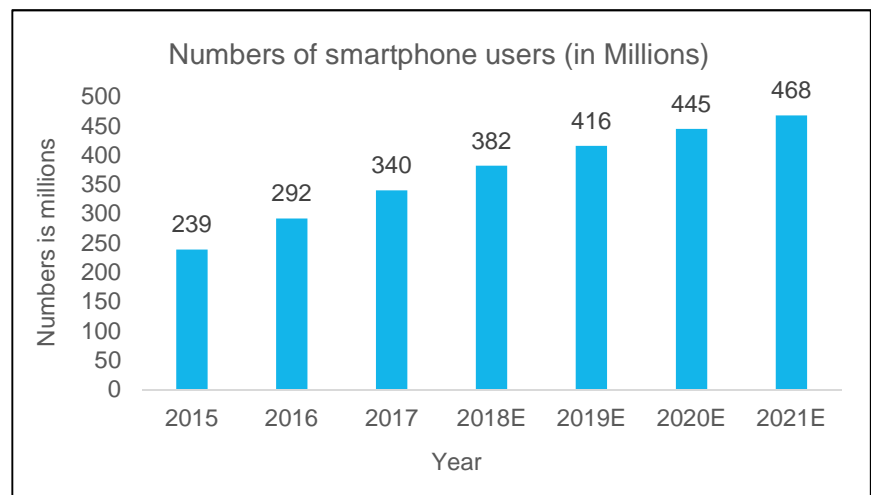
**- Trevor Birch**

Managing Director, Duff & Phelps  
and Ex-CEO of Chelsea Football Club

Some fans are stadium enthusiasts, while the other set prefer to enjoy the match on their couch; however, one thing remains constant - their social media engrossment!

Also, with the blessing of reduced data costs and improved connectivity, digital platforms are becoming a vital source of live streaming of sports. A few years back, sports was a medium of entertainment restricted only to live games on the television. The trend has changed now. Today, viewers have started watching sports at a time and place of their convenience, following their favorite teams/players on social media, watching videos/live content before and after matches, and much more.

Smartphone penetration in India has multiplied in recent years and has led to a substantial increase in digital consumption. As per statistics, the number of smartphone users in India is expected to cross 450 million by 2021. Also, about 60 to 70 percent of the smartphone users are believed to be using the internet on their phones. Internet users have been benefiting from the price wars amongst the telecommunication companies. As mentioned earlier, various factors like reduced data tariffs, roll-out of 4G and various initiatives by the government to increase Wi-Fi access in public places shows that the users are going to go online more often with time.



Source: Statista, The Statistics Portal

It will not surprise anyone that this increasing trend in internet consumption has shown a directly proportional trend in the increase in the digital content consumption for IPL. Thanks to the Over The Top (OTT) platforms, sporting enthusiasts are able to catch-up on the live matches on their mobile phones. Hotstar won the three-year digital broadcasting rights for IPL in 2015. The viewership has shown an upward trend year-on-year with 41 million viewers in 2015, 100 million in 2016, and is expected to have reached a 130 million mark in 2017. The average time spent per user for an IPL match on Hotstar is 40–45 minutes, up from 30-35 minutes during IPL 9, which is on par with Sony’s average viewership of around 45 minutes per user.



## IPL Annual Viewership on Hotstar



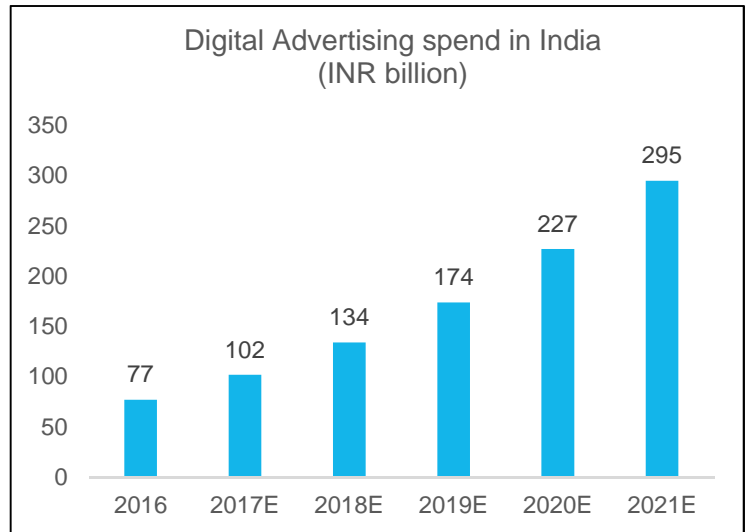
Corporates have been investing in advertising on digital platforms due to the growing exposure. Based on the KPMG India – FICCI, Indian Media and Entertainment Industry Report, 2017, the digital advertisement spend is expected to increase to INR 294.5 billion by 2021 as compared to INR 76.9 billion in 2016. Hotstar announced Vivo and Maruti Suzuki as the co-presenting sponsors for streaming of this season. In fact Hotstar’s advertising revenues doubled to INR 120 crores compared to IPL Season 9, banking on INR 20 crores sponsorship deals each with Vivo and Maruti Suzuki.

This splurge in online streaming of IPL and the gaining momentum of OTT as a medium to watch sports online has led to an increased sense of willingness in the companies to acquire digital rights for streaming sporting events. There are about 35 to 40 OTT players in India currently. The continued success of IPL is likely to result in a bidding war for broadcast rights amongst the companies. This year is a vital year for the future of OTT in the Indian sports market since the IPL media rights (both TV and digital) are up for renewal for the season starting in 2018. Both the satellite and digital rights will be for a term of 5 years. Aggressive bidding for the rights is expected as Reliance Jio, Facebook, YouTube and Amazon are said to have entered the competition along with Sony and Star.

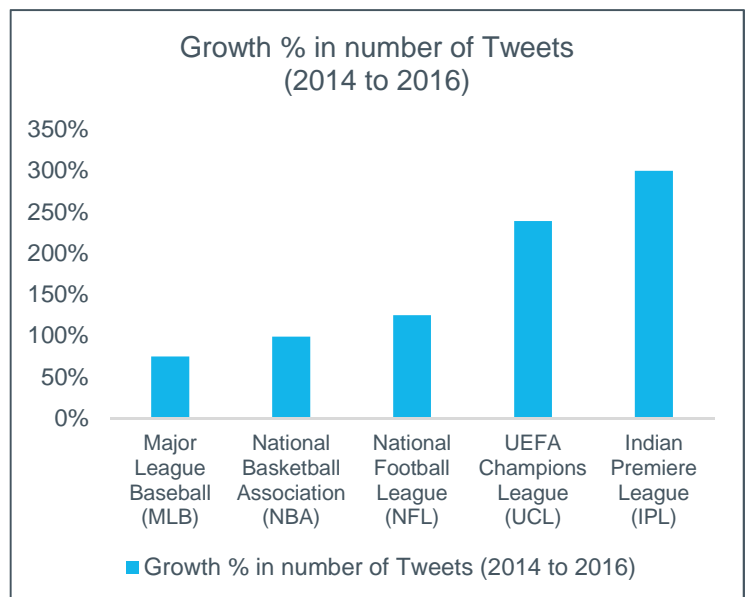
Digital content is becoming a very strong medium of social media engagement for the sports viewers. The following are some astonishing statistics that reveal the growing significance of content in today’s sports context:

- The number of tweets pertaining to IPL has crossed 8.5 million and is still growing.
- A total of approximately 6 million mentions on social media were registered in the 10th season (more than twice those of the last season). The 9th season had clocked about 3.1 million views.
- Mumbai Indians had an incredibly successful digital media strategy attracting over 83 million engagements across Facebook (50 million), Instagram (29 million) and Twitter (3.95 million).

With the increasing popularity of IPL in social media, it is inevitable that an abundant amount of content in form of videos, images, tweets, etc. will be generated. This is resulting in sports moving away from its traditional form to becoming a multi-faceted social media bubble. This bubble appears to be growing in size with every passing year, and is attracting big investments from the OTT giants; thus proving that digital-business is definitely not a ball to be ducked.



Source: KPMG India – FICCI , Indian Media and Entertainment Industry Report, 2017



Source: International Business Times news article

*“Broadcasting rights (Satellite and Digital) which will be renewed later this month will be keenly watched. The renewed deal is anticipated to be significantly higher than the one signed by Sony nine years ago.”*

**- Varun Gupta**  
Managing Director,  
Duff & Phelps

## BRAND VALUATION

# Understanding Brand Value in the IPL

Great sporting brands across the world have been built over several decades of fan following, successful performances, the ability of a team to attract great talent, and continued association with large companies, partners and sponsors. Teams like the New York Yankees, Dallas Cowboys, Manchester United, Chelsea, Real Madrid, Barcelona, Los Angeles Lakers and the like have become much sought after brands by advertisers and represent brand values in billions of dollars.

In the IPL, brand value is derived from a wider variety of factors keeping in mind the Indian viewer's association preference for vernacular proclivities, cricketing knowledge and celebrity influence. Accordingly, drivers of brand value in the IPL can be categorised under the following broad heads.

*“I’ve been intrigued to watch how IPL has marketed and protected its own brand value separate to the clubs. With my experience of having worked with some of the biggest clubs in the English Premier League (EPL), I feel the one thing IPL has done really well is the way it has marketed and protected it’s own brand. Most of the EPL clubs are bigger brands than the EPL brand itself, whereas in IPL, it seems to be Brand IPL which is much more powerful compared to the individual franchisees.”*

- **Trevor Birch**  
Managing Director,  
Duff & Phelps  
and Ex-CEO of Chelsea FC

### Management Strength and On-Field Performance

For an advertiser / sponsor, being associated with a team that is consistently performing at the top of the table is a key factor in assessing brand potential. A look at the largest deals in the sponsorship space not only in the IPL, but also internationally will reveal that teams that are better on-field performers garner higher sponsorship values. In the IPL, the estimated lead sponsorships (lead chest and limited player promotions) were valued at a 100% premium for a top ranked team over its lower-rung peer.

Of course, a team that consistently performs at the top of the table is not the result of a pre-fixed formula. Team management plays an important role in squad selection, talent acquisition, performance management and administrative support. Clearly, a winning team is the result of a winning combination of several factors including the strength of the management team.

### Geographical Location

The geographical location of the franchise determines the population of its support base and is an important factor in assessing the strength of an individual team brand. In general, it is likely that a higher density of teams in a particular region of the country will split the fan base and impact the ability of a team to garner support outside of its immediate location. However, for the last ten years some franchisees have seen pan India support primarily on account of the brand of cricket played by them along with the marquee players associated with these teams. MI had support across India due to the presence of Sachin Tendulkar while CSK had the MS Dhoni factor. Currently, RCB is also enjoying wide support due to the presence of Virat Kohli, AB De Villiers and Chris Gayle. This goes well with IPL's intention of not splitting support based on the vernacular lines.

## Governance and Transparency

Over the last few years, some teams or promoters of those teams were accused of professional misconduct or embroiled in controversies which had a negative impact on brand perception. However, the IPL governing council has tried its best to weed out the negativity surrounding IPL. As a result, the last two seasons for IPL have been relatively controversy free which favorably enhanced the IPL brand perception.

Mumbai Indians and KKR were voted as the best performing teams when it comes to effectiveness and transparency of their management teams along with a high perceived brand strength. Our assessment of the brand values of the various franchises takes into consideration the rankings of various franchises for the effectiveness and transparency of their management teams.

## Social Media Engagement

The ability of a franchise to engage fans on a regular basis, particularly during the IPL has been crucial in building positive brand perception. Over the last few seasons, we have seen dedicated Twitter and Facebook campaigns organised by the franchises with the intention of engaging fans regularly and keeping them up to date with the events of the individual teams. RCB's PlayBold hashtag and the RCB Insider show with Mr. Nags were a major hit on social media along with Mumbai Indians Cricketmerijaan hashtag and KKR's AmiKKR hashtag. We have given additional weights to teams that have a large social media presence in estimating the brand values of the various franchises.

The social media ranks indicated for the individual franchises are provided on the side of this page.

## Celebrity Influence and Marquee Players

The presence of key marquee players and celebrity owners in a franchise brings additional popularity to the individual team brands. Case in point is RCB, whose brand value has soared piggy-backing on the likes of Virat Kohli, Chris Gayle and AB De Villiers. However, it may be added that cricket is a team game and no one person can change the fortunes of a badly performing franchise. In addition, while a franchise may be able to ride on the brand of a celebrity owner or a marquee player, they are also open to the risk of damage in cases where the said individual is embroiled in a controversy, even if that controversy is outside of the IPL.

## Marketing Strategy

Based on our analysis, it is estimated that on average, franchises spend anywhere between 15% and 25% of their revenues towards marketing and promotion. Some teams, like Kolkata Knight Riders, who invested significantly towards brand building in the early part of their IPL existence, have seen fantastic support from sponsors and partners. IPL events, television advertisements, merchandising, in-stadium freebies and other such promotional activities driven by the franchise go a long way in garnering exposure and support translating into brand gains.

Merchandising in the IPL is presently in a nascent stage and most franchises are still coming to terms with the best possible way to monetize different streams. We believe that this will be a game-changer for franchises that are able to crack this difficult market and identify new monetization streams by tapping into their existing fan base.

Social Media Ranking based on the franchises social media following	Social Media Rank	Combined Facebook, Twitter Instagram and Followers (Mn)
Kolkata Knight Riders	1	19.0
Mumbai Indians	2	16.2
Chennai Super Kings	3	14.6
Royal Challengers Bangalore	4	12.7
Kings XI Punjab	5	10.2
Sunrisers Hyderabad	6	7.3
Delhi Daredevils	7	5.6
Rajasthan Royals	8	4.2
Gujarat Lions	9	2.5
Rising Supergiants	10	2.3

*“Merchandising is a great revenue generator for any league / team. However, it’s a tough nut to crack and the league and clubs need to have solid professional advice on the whole area of protecting and valuing trademarks, licensing and patents, etc. to protect future revenues. Many EPL clubs are only now beginning to fully get to grips with this complex area of law and for many years have suffered from piracy.”*

- Trevor Birch

Managing Director, Duff & Phelps  
and Ex-CEO of Chelsea FC

## METHODOLOGY

# Valuation Approach and Methodology

The Relief from Royalty method is premised on the royalty that a company would have to pay for the use of the brand / trademark if they had to license it from a third party.

IPL value creation is valued using Discounted Cash Flow Approach

There are several methods and techniques that can be applied in estimating the value of a brand, of which the most popular is the Relief from Royalty Method. The Relief from Royalty method is premised on the royalty that a company would have to pay for the use of the brand/ trademark if they had to license it. Here, royalty is expressed as a percentage of sales, for its use. The present value of the after-tax cost savings (i.e., royalty relief) at an appropriate discount rate indicates the value of the brand.

The first step in the valuation of the IPL franchise brands was to estimate the future revenue expected from these brands. We developed a detailed business model for each of the individual franchises after extensive research and limited discussions with industry players. The model was built keeping in mind the various contractual revenue sharing agreements between the BCCI and the IPL franchises. Each business model of individual franchises was developed keeping in mind the franchise's current performance standing, its brand rank and other qualitative factors which could impact its business value.

The second step in the valuation of the said intangible would be development of the fair royalty rate. As part of our analysis, we researched a number of Brand and Trademark licensing arrangements across international sporting leagues such as the English Premier League (EPL), the National Football League (NFL), the National Basketball League (NBA), Major League Baseball (MLB), etc. in concluding an appropriate royalty rate for the valuation of the IPL franchise brands.

This estimated royalty rate is applied to the appropriate level of revenues of each franchise to calculate the royalty savings attributable to the brand owner. The royalty savings are then tax-affected and discounted to present value using an appropriate required rate of return to estimate the value of the individual brands.

### IPL Valuation Creation Methodology:

The value created by IPL as a business has been valued using a variant of the Income Approach known as the Discounted Cash Flow ("DCF") Method.

The DCF Method is a valuation technique that provides an estimation of the value of an asset or a business based on the cash flows that an asset or business is expected to generate over its remaining useful life.

The Income Approach begins with an estimation of the annual cash flows a hypothetical buyer would expect the subject asset or business to generate over a discrete projection period. The estimated cash flows for each of the years in the discrete projection period are then converted to their present value equivalent using a rate of return appropriate for the risk of achieving the projected cash flows. The present value of the estimated cash flows is then added to the present value equivalent of the residual value of the asset (if any) or the business at the end of the discrete projection period to arrive at an estimate of value.

## CONCLUSION

# A Global Phenomenon



**Santosh N**  
Managing Director  
Duff & Phelps

Our analysis indicates that the total value created by the IPL has increased by 26% over the last year to US\$5.3 billion from US\$4.2 billion in 2016

*“IPL continues to be a cash cow for BCCI. It has come a long way since its inception in 2008, steadily expanding its foothold in the global sporting scene.”*

- Santosh N

The value created by IPL as a business has nearly doubled since the first time we performed this valuation. After IPL 10, the total value of IPL as a business stands at a mind boggling USD 5.34 billion up from USD 4.16 billion after IPL 9, an increase of 26% over last year. In February 2014 when we first performed the IPL valuation after taking into account the data available until IPL 6, the value of IPL stood at USD 3.2 billion. The current value represents a three year CAGR of 13.9%. The incremental value (over last year) can be largely attributed to factors such as the expected return that an asset generates, an increase in the value of title sponsorship (Vivo), the anticipation that IPL will also get a similar mark-up for the associate sponsorship rights, increase in value of sponsorships at the individual franchisee level, among others. USD-INR currency appreciation also played a small role in the value mark-up. The IPL broadcast rights may further increase the IPL business value if the broadcast rights are renewed at a higher price than our estimates. In our analysis, we have assumed the renewed television rights to be around USD 1.8 billion for a five-year period and the renewed Internet and Mobile broadcasting rights to be around USD 210 million. Given the popularity of the tournament as well as the increase in the number of bidders, it would not be a surprise if the broadcasting rights are renewed at a much higher rate than what we have estimated.

The individual franchisee brand values have seen a significant increase compared to last year. Various factors contributed to the rise in brand values of individual franchisees. With the end of IPL 10, franchisees will no longer be required to pay the fixed franchisee fee as mandated in the original agreement with BCCI. Going forward they will be required to share a percentage of their profits with BCCI as a franchisee fee, which along with the renewed title sponsorship deal helped bump up the franchisee brand values.

Mumbai Indians buoyed by its record 3rd title win, saw their brand value grow by 36% compared to last year to reach USD 106 million, consolidating their position at the top. Kolkata Knight Riders maintained

the second spot with brand value of USD 99 million (a growth of 29% over last year), while Royal Challengers Bangalore with USD 88 million was another significant gainer on account of the changes mentioned above. Though RCB finished at the bottom of the points table, this did not have a material negative impact on the RCB brand as the positives (star power, cricket crazy fan base and brand recall) outweighed the negatives. SunRisers Hyderabad were the biggest gainers in percentage terms with their brand value growing by 37% over last year to reach USD 56 million. Delhi Daredevils (DD) and Kings XI Punjab (KXIP) also saw their brand values appreciate to USD 44 million and USD 41 million respectively. DD, in particular, drew crowds due to some fine performances from some of its rookie players. Holding on to future stars such as Rishab Pant and Sanju Samson will augur well for DD in the long run.

Duff & Phelps did not value Gujarat Lions and Rising Pune Supergiant as both teams will no longer be part of IPL.

IPL continues to be a cash cow for BCCI. It has come a long way since its inception in 2008, steadily expanding its foothold in the global sporting scene. The value created by the IPL in such a short time is significant due to the minimal initial investment by BCCI. The renewed sponsorship deals are testimony to IPL's popularity. The new broadcasting rights auction will be one of the keenly watched developments over the next couple of months. The BCCI is clearly set for a huge windfall. We could be looking at a television broadcasting deal of record proportions in India. As mentioned by us last year, this deal may follow the precedent set by some of the big-ticket broadcasting deals across the world (EPL, NBA and MLB). These other leagues have seen a consistent multi-fold growth in their broadcasting rights.

Ten years of IPL has provided us with a glimpse of what to expect in the next 25 years. It will be safe to say that for the foreseeable future, the months of April and May will stay demarcated as IPL territory where nothing else sells. Not even Bollywood!

## CONTRIBUTORS

# Managing Directors



**Varun Gupta**  
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Varun Gupta is the Country Managing Director for India. He set up the firm's operations in India and is responsible for its overall growth and strategic direction. Additionally, he oversees the Southeast Asia and Japan operations of the firm.

Varun has over 20 years of experience in valuation and financial advisory services. He has advised clients across a wide range of industries including IT/ ITES, energy (conventional as well as renewable), pharma and life sciences, infrastructure, internet and eCommerce, telecom, sports, media and entertainment, etc.

His prior experience includes stints with the valuation and financial advisory arms of Deloitte and PricewaterhouseCoopers.

He is a regular and sought-after speaker on the valuation of trademarks, intangible assets, early stage companies and eCommerce companies and has spoken at forums organized by ASSOCHAM, ICAI, INTA, IVCA, VCCircle and other similar bodies. He is also regularly quoted by the financial press on evolving issues related to valuation of brands, celebrities and sports franchises.



**Trevor Birch**  
Managing Director  
London

Trevor Birch is a Managing Director in the London office operating in the sport industry across all service lines.

Trevor is one of a small number of people who have successfully combined a professional sport career with that of professional services. Initially a professional footballer he then re-trained as a chartered accountant and went on to become a partner with a big 4 global accountancy firm.

After 20 years in the profession he left to undertake a number of senior corporate roles including CEO of five Premier League clubs and COO of the largest sports rights business in Europe, SPORTFIVE GmbH based in Hamburg.

As CEO of Chelsea FC he led the £200m sale to Roman Abramovich in 2003 and achieved similar success at Leeds Utd FC.

He has also acted in a number of high profile, complex Administration cases including most recently Portsmouth FC and Heart Of Midlothian PLC.

Drawing on his extensive experience advising the sports sector, he works across all practices to provide support on valuations, M&A transactions, restructuring and corporate advisory. He is currently working for and with a number of sporting institutions and investors advising on value and strategy in M&A transactions and financing.



**Santosh N**  
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Santosh is a Managing Director at Duff & Phelps and is based in Bangalore. Santosh is a part of national management of the India office. He is responsible for overseeing key engagements, relationships and strategic initiatives for the Indian operations.

Santosh has more than 15 years of experience in valuation and financial advisory services. In the last 15 years, Santosh has managed and has provided a range of financial advisory services including due diligence, valuation, IFRS and US GAAP assignments, business plan review, M&A, internal audit, accounting assistance and risk advisory services.

He was heading the Financial Instrument Valuation practice in American Appraisal (AA) India earlier and used to chair the global Complex Financial Instruments Valuation committee in AA. In his earlier stints, he was South India Valuation leader in Deloitte and was part of the founding team in Grant Thornton Bangalore.

He has been a speaker at several seminars/ workshops, including those organized by the Institute of Chartered Accountants of India (ICAI). He was an International key note speaker in a conference on business valuation organized by RICS in London.

# LIMITATIONS TO THE STUDY

The analysis and estimates presented in this report are based on extensive research on secondary sources of information, limited primary discussions with industry participants and the results of our IPL Sponsorship Survey. We have not undertaken any independent verification or carried out any due diligence on the data used or considered, nor have we verified its factual accuracy in the current context. Brand values may differ based on actual information available with individual teams. The conclusions provided in this report shall not be construed as investment advice and the valuations provided in the report shall not be used for any other purpose other than general research and media consumption. Each of Duff & Phelps and its affiliates expressly disclaims all liability for any loss or damage of whatever kind which may arise from any person acting on any information and opinions or analyses relating to the valuations contained in this report.

The valuation of a business or intangible assets is not a precise science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment. There is therefore no indisputable single value and we normally express our opinion on the value as falling within a likely range. However, for the said purpose, we have provided a single value. Under normal circumstances, our assumptions and methodologies are supplemented by discussions with the management and insights provided by them on the most likely course of business over the near term. Our current assumptions for the valuation are based on information derived and analysed from a combination of primary interviews and secondary sources. Accordingly, our assessment and estimates are based on market perceptions and most likely trends of growth for the IPL franchises. Others may place a different value on the various brands.

All trademarks, trade names, or logos referenced herein are the property of IPL, BCCI and the respective franchises.

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## About Duff & Phelps

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