motilal oswal
Financial Services

10 August 2026
1QFY27 Results Update | Sector: Media

Zee Entertainment

Estimate changes	↓
TP change	↔
Rating change	↔

Bloomberg	Z IN
Equity Shares (m)	961
M.Cap.(INRb)/(USDb)	90.7 / 1
52-Week Range (INR)	124 / 68
1, 6, 12 Rel. Per (%)	-5/6/-17
12M Avg Val (INR M)	1798

Financials & Valuations (INR b)

Y/E Mar	FY27E	FY28E	FY29E
Sales	85.6	86.1	90.8
EBITDA	5.8	7.7	10.4
Adj. PAT	4.2	5.6	7.7
EBITDA Margin (%)	6.8	9.0	11.5
Adj. EPS (INR)	4.3	5.8	8.0
EPS Gr. (%)	NM	34.1	37.6
BV/Sh. (INR)	124.8	128.1	133.1
Ratios			
Net D:E	-0.2	-0.3	-0.3
RoE (%)	3.8	4.6	6.1
RoCE (%)	3.5	4.3	5.9
Payout (%)	43.1	43.0	37.5
Valuations			
P/E (x)	21.8	16.2	11.8
P/B (x)	0.8	0.7	0.7
EV/EBITDA (x)	10.7	7.1	5.0
Div . Yield (%)	2.1	2.6	3.2

Shareholding pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	4.0	4.0	4.0
DII	7.9	10.9	16.9
FII	20.1	25.3	24.8
Others	68.0	59.8	54.3

FII Includes depository receipts

CMP: INR94 TP: INR100 (+6%) Neutral

Another subdued quarter; FIFA boost likely in 2Q

- Zee delivered another subdued quarter, with ad revenue declining ~11.5% YoY and EBITDA slumping ~65% YoY (7% miss), despite robust ~16% YoY growth in subscription revenue (part benefit of FIFA'26).
- Zee5 delivered robust ~58% YoY revenue growth with adjusted EBITDA profitability for the third consecutive quarter. However, the continued decline in linear TV profitability (revenue -5.5% YoY, EBITDA -75% YoY) continues to take the sheen off Zee5's turnaround.
- Management remains cautiously optimistic of recovery in ad revenue, with an improving macro-economic outlook ahead of the upcoming festive season and interventions (selective re-entry into sports, forays into kid entertainment, micro drama). The full benefit of FIFA subscription packs, along with the related content costs, should be reflected in 2Q.
- We cut our FY27/28E EBITDA estimates by 24%/14%, driven by subdued ad environment and higher content investments.
- Despite a continued trend of decline in ad revenue for the past several years, we have built in ~2% CAGR in ad revenue over FY26-29E, which has downside risks from the structural shift in ad spends to digital medium.
- We build in a CAGR of 4% in revenue over FY26-29E, while we expect the FY29E EBITDA/PAT to remain below FY25 levels.
- We reiterate our Neutral rating with an unchanged TP of INR100, premised on ~14x Sep'28E P/E.

Strong subscription growth offset by weakness in ad revenue

- Zee's consol. revenue declined 6% QoQ (+4.5% YoY) to INR19.1b (in line).
  - Advertisement revenue **declined 11.5% YoY** to INR6.7b (vs. -4% YoY in 4Q, though 7% beat on our muted expectations) as **domestic ad revenue declined ~11% YoY (vs. ~3% YoY in 4Q)** due to the West Asia conflict and cricket. However, trends improved in June with acquisition of FIFA rights.
  - Subscription revenue **grew 16% YoY** to INR11.4b (+11% QoQ, in line), driven by linear subscription price increases and growth in digital subscribers, along with higher ARPU. Domestic subscription revenue rose ~16% YoY (vs. 4.4% YoY in 4Q), partly due to FIFA'26 subscription packs.
  - Revenue from other sales & services grew 17% YoY to INR1b (-49% QoQ).
- Programming costs grew ~6% YoY, while advertisement and promotional spends jumped 62% YoY due to the marketing of FIFA 2026.
- Employee costs declined ~3% YoY, and other expenses rose ~5% YoY.
- Zee's reported EBITDA came in at INR789m (-65% YoY, 7% miss) due to higher costs.
- Reported 1Q PAT of INR743m (-48% YoY) was boosted by prior period tax reversals and higher other income (up 2.1X YoY).
- Adjusted for prior-period tax reversals, PAT at INR474m declined 67% YoY and was 11% below our estimate.

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Zee5: Revenue growth accelerates, though linear profitability tumbles

- Zee5 revenue grew 58% YoY to INR4.6b, driven by stable trends in usage and engagement metrics.
- Reported EBITDA of INR44m (vs. loss of INR84m QoQ).
- Adjusted for Zee5, linear TV business revenue declined 5.5% YoY, while reported EBITDA declined ~75% YoY to INR745m, with margin at 5.1% (-14pp YoY).

Key highlights from the management commentary

- **Ad revenue trends and outlook**: Ad revenue declined ~12% YoY due to the continuation of challenging macroeconomic environment in the wake of the West Asia conflict, which created inflationary pressures and impacted advertising budgets. Management noted that the environment showed a marginal recovery toward end-1QFY27 and remains cautiously optimistic about recovery in ad revenue going into the upcoming festive.
- **Fund Raise:** The company has sought clarification from the regulator regarding the fundraising process and is awaiting the response. It has also approached the Securities Appellate Tribunal and filed an appeal. Management stated that it is hopeful of a resolution and the future course of action on fundraising will be determined based on the outcome of these efforts.
- **Subscription:** Subscription revenue growth was supported by higher ARPU and subscriber growth in the digital business, along with increased pricing in the linear business. Management stated that Zee5's subscription growth is not solely driven by FIFA (with a large chunk of growth expected in 2Q).
- **Z Music:** The music business continued to deliver healthy performance. Management does not see any strategic rationale to demerge Z Music yet, and would take any such action if an opportunity for strategic sale were to arise in the future.
- **Sports:** Zee entered the sports business with the launch of four sports channels and secured rights for FIFA, Bundesliga, and Serie A. FIFA 2026 reached over 400m consumers across Zee's linear and digital platforms. Management stated that the company will remain prudent in selecting sports properties with an aim to scale up the sports business sustainably.

Valuation and view

- Slowdown in FMCG's ad spending on linear platforms continues to weigh on Zee's domestic ad revenue (~37% decline over FY19-26).
- We believe that a sustainable recovery in ad revenue remains the key to any potential re-rating of multiples for Zee.
- We cut our FY27/28E EBITDA estimates by 24%/14%, driven by subdued ad environment and higher content investments.
- Despite a continued trend of decline in ad revenue for the past several years, we have built in ~2% CAGR in ad revenue over FY26-29, which has downside risks from the structural shift in ad spends to digital medium.
- We build in a CAGR of 4% in revenue over FY26-29E, while we expect FY29 EBITDA/PAT to remain below FY25 levels.
- We **reiterate our Neutral rating with an unchanged TP of INR100**, premised on ~14x Sep'28E P/E.

Consolidated - Quarterly Earnings (INR m)

Y/E March	FY26				FY27E				FY26	FY27E	FY27	v/s
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Est (%)
Revenue	**18,248**	**19,692**	**22,801**	**20,248**	**19,073**	**23,244**	**22,532**	**20,731**	**80,989**	**85,579**	**18,955**	*0.6*
YoY Change (%)	-14.3	-1.6	15.2	-7.3	4.5	18.0	-1.2	2.4	-2.4	5.7		
Total Expenditure	15,968	18,228	20,396	22,934	18,284	20,612	21,814	19,091	77,526	79,801	18,105	*1.0*
EBITDA	**2,280**	**1,464**	**2,405**	**-2,686**	**789**	**2,631**	**718**	**1,640**	**3,463**	**5,778**	**849**	*-7.1*
EBITDA Margin (%)	12.5%	7.4%	10.5%	-13.3%	4.1%	11.3%	3.2%	7.9%	4.3%	6.8%	4.5%	34 bp
Depreciation	591	571	537	473	435	567	575	598	2,172	2,175	559	*-22.2*
Interest	77	130	92	149	132	100	95	73	448	400	105	*25.5*
Other Income	250	264	184	763	312	390	395	503	1,461	1,600	399	*-21.8*
Fair Value through P&L gain/(loss)	109	126	151	138	207	125	125	43	524	500	125	66
PBT before EO expense	**1,971**	**1,153**	**2,111**	**-2,407**	**741**	**2,479**	**568**	**1,514**	**2,828**	**5,303**	**709**	*4.6*
Extra-Ord expense	0	0	94	0	0	0	0	0	94	0	0	
PBT	**1,971**	**1,153**	**2,017**	**-2,407**	**741**	**2,479**	**568**	**1,514**	**2,734**	**5,303**	**709**	*4.6*
Tax	535	389	469	-1,370	-2	625	143	162	23	928	179	*-101.1*
Rate (%)	27.1	33.7	23.3	56.9	-0.3	25.2	25.2	10.7	0.8	17.5	25.2	
MI & P/L of Asso. Cos.	-1	-1	-5	-13	0	0	0	0	-20	-80	0	
Reported PAT	**1,437**	**765**	**1,553**	**-1,024**	**743**	**1,855**	**425**	**1,352**	**2,731**	**4,455**	**530**	*40.2*
Adj PAT	**1,437**	**765**	**1,647**	**-1,024**	**474**	**1,875**	**445**	**1,372**	**2,825**	**4,166**	**530**	*-10.6*
YoY Change (%)	-6.8	-61.5	-32.6	-154.3	-67.0	145.0	-73.0	-234.0	-64	47		

E: MOFSL Estimates

Exhibit 1: We value Zee at a TP of INR100, based on 14x Sep'28E EPS

Valuation	Sep'28E
EPS	6.9
PE multiple (x)	14
Target Price (INR)	**100**
CMP (INR)	94
Upside (%)	5.5

Source: MOFSL, Company

CONFERENCE CALL

Detailed takeaways from management interaction

- **Ad revenue trends and outlook**: Ad revenue declined ~12% YoY due to the continuation of challenging macroeconomic environment in the wake of the West Asia conflict, which created inflationary pressures and impacted advertising budgets. Management noted that the environment showed a marginal recovery towards end-1QFY27 and remains cautiously optimistic about recovery in ad revenue going into the upcoming festive.
- **Fund raise:** The company has sought clarification from the regulator regarding the fundraising process and is awaiting the response. It has also approached the Securities Appellate Tribunal and filed an appeal. Management stated that it is hopeful of a resolution and the future course of action on fundraising will be determined based on the outcome of these efforts.
- **Subscription:** Subscription revenue growth was supported by higher ARPU and subscriber growth in the digital business, along with increased pricing in the linear business. Management stated that Zee5's subscription growth is not solely driven by FIFA (with large chunk of growth expected in 2Q). Language packs have also aided digital subscription growth. On linear TV, the company will evaluate price increases in the next NTO cycle, expected around February 2027.
- **Z Music:** The music business continued to deliver healthy performance. Management does not see any strategic rationale to demerge Z Music yet and would take any such action if an opportunity for strategic sale were to arise in the future. Management noted that the pricing of Z Music's catalogue for Z's own platforms is on an arm's length basis.
- **Sports:** Zee entered the sports business with the launch of four sports channels and secured rights for FIFA, Bundesliga, and Serie A. FIFA 2026 reached over 400m consumers across Zee's linear and digital platforms. Management stated that the company will remain prudent in selecting sports properties with an aim to scale up the sports business sustainably. FIFA rights have been secured until 2034, with further football content wins in the form of Bundesliga and Serie A, while the company is also working on beefing up its domestic sports calendar.
- **Zee5:** Zee5 continued its profitable growth trajectory for the third consecutive quarter, with revenue rising 58% YoY in 1Q. It released 38 shows and movies across seven languages and expanded its content slate across movies, originals, live sports, AI-powered storytelling, animation, and kids entertainment. Management expects the growth momentum to continue, supported by strong content slate, including sports, and expansion into international markets.
- **Cost:** Operating costs increased primarily due to higher advertising and publicity spends across platforms related to FIFA and the launch of sports channels. Programming costs also increased due to the expanded content offering across platforms. The company additionally invested in new strategic initiatives, including micro dramas, which contributed to the higher cost base during the quarter.
- **EBITDA:** EBITDA was impacted by operating deleverage due to the weakness in advertising revenue. Further, higher operating costs from FIFA, sports channels launch, and expanded programming also impacted the quarter. The company did not provide full-year EBITDA margin guidance, citing the prevailing uncertainty in the market.

- **Zee5 B2C subscriptions:** Zee5's B2C subscriber base more than doubled during 1QFY27. Management indicated that while a large part of the additions may have been driven by FIFA, there were also new customers subscribing for non-sports content.
- **Star arbitration:** Hearings in the Star arbitration case were held in July 2026. Management stated that the final hearing has been completed and the company is required to make final submissions over the next month. The company expects a possible outcome in 3QFY27, while noting that further hearings cannot be ruled out as the matter remains sub judice.

Quarterly performance (INR m)

	1QFY26	4QFY26	1QFY27	YoY%	QoQ%	1QFY27	v/s est (%)
Advertising revenue	7,585	8,080	6,714	-11.5	-16.9	6,276	7.0
Subscription revenue	9,817	10,247	11,369	15.8	10.9	11,406	-0.3
Other sales and services	846	1,921	990	17.0	-48.5	1,273	-22.2
Total revenue	**18,248**	**20,248**	**19,073**	**4.5**	**-5.8**	**18,955**	**0.6**
Total operating expenses	15,968	22,934	18,284	14.5	-20.3	18,105	1.0
EBITDA	**2,280**	**-2,686**	**789**	**-65.4**	**-129.4**	**849**	**-7.1**
EBITDA margin (%)	**12.5**	**-13.3**	**4.1**	**-836bp**	**1740bp**	**4.5**	**-34bp**
Depreciation	591	473	435	-26.4	-8.0	559	-22.2
Finance Cost	77	149	132	71.4	-11	105	25
Other income	250	763	312	24.8	-59.1	399	-21.8
Fair Value gain/(loss) through P&L	109	138	207	NM	NM	125	NM
PBT	**1,971**	**-2,407**	**741**	**-62.4**	**-130.8**	**709**	**4.6**
Exceptional item gain/(loss)	0	0	0	NM	NM	0	NM
Reported PBT	**1,971**	**-2,407**	**741**	**-62.4**	**-130.8**	**709**	**5**
Tax	535	-1,370	-2	-100.4	-99.9	179	-101
Effective Tax Rate (%)	27.1	56.9	-0.3			25.2	
Reported PAT	**1,436**	**-1,037**	**743**	**-48**	**-172**	**530**	**40**
Associates/Minority Interest	-1	-13	-20	1,900	54	0	
Reported PAT (after Asso./MI)	**1,437**	**-1,024**	**763**	**-47**	**-175**	**530**	**44**
Adjusted PAT	**1,437**	**-1,024**	**474**	**-67**	**-146**	**530**	**-11**
Operating expenses (INR m)	**1QFY26**	**4QFY26**	**1QFY27**	***YoY%***	***QoQ%***	**1QFY27**	**v/s est (%)**
Prog, Transmission & Direct Exp	9,710	15,048	10,317	6.3	-31.4	11,167	-7.6
Employee Cost	2,201	1,920	2,126	-3.4	10.7	2,212	-3.9
Selling and Other Exp	4,057	5,966	5,841	44.0	-2.1	4,727	23.6
Total operating costs	**15,968**	**22,934**	**18,284**	**14.5**	**-20.3**	**18,105**	**1.0**

Source: MOFSL, Company

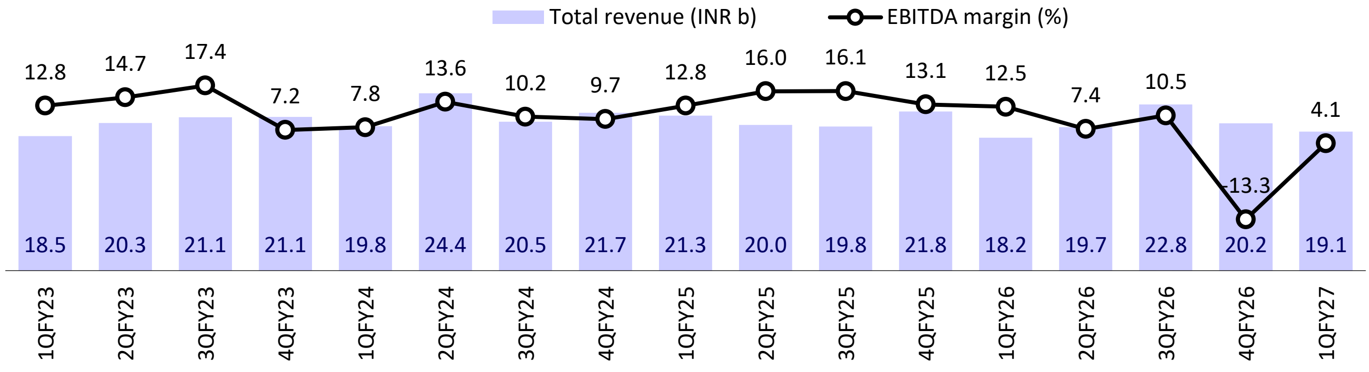
Exhibit 2: Summary of our estimate changes (INR b)

	FY27E	FY28E	FY29E
Ad revenue (INR b)			
Old	30.8	32.3	-
Actual/New	30.9	32.5	34.1
Change (%)	*0.4*	*0.4*	-
Subscription revenue (INR b)			
Old	45.0	47.1	-
New	46.1	44.2	46.4
Change (%)	*2.6*	*-6.1*	-
Total revenue (INR b)			
Old	84.4	89.0	-
New	85.6	86.1	90.8
Change (%)	*1.3*	*-3.3*	-
EBITDA (INR b)			
Old	7.6	9.0	-
New	5.8	7.7	10.4
Change (%)	*-24.0*	*-14.2*	-
EBITDA margin (%)			
Old	9.0	10.1	-
New	6.8	9.0	11.5
Change (bp)	*-226*	*-115*	-
Adj. PAT (INR b)			
Old	5.3	6.5	-
New	4.2	5.6	7.7
Change (%)	*-21.9*	*-14.5*	-
EPS (INR)			
Old	5.6	6.8	-
New	4.3	5.8	8.0
Change (%)	*-21.9*	*-14.5*	-

Source: MOFSL, Company

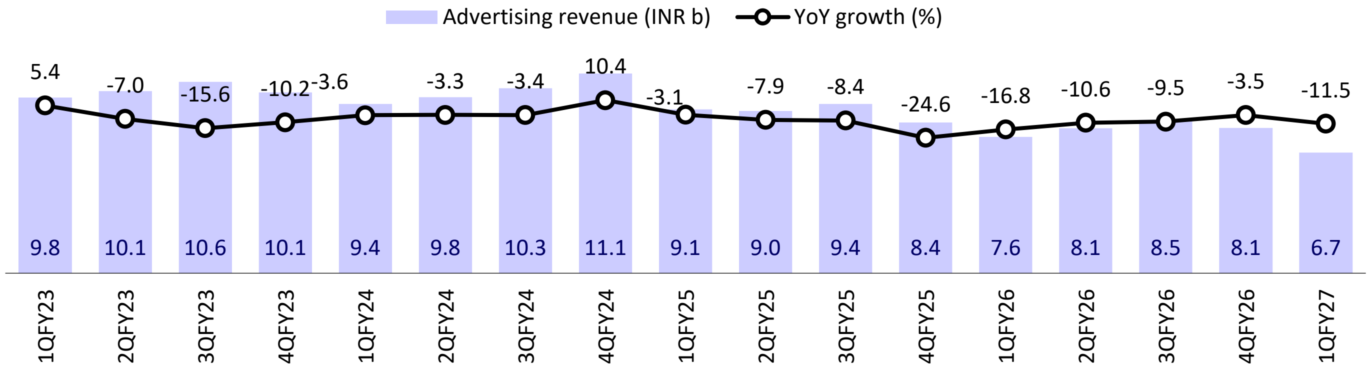
Story in charts

Exhibit 1: Consol. revenue increased 4.5% YoY, while EBITDA margin contracted ~835bp YoY



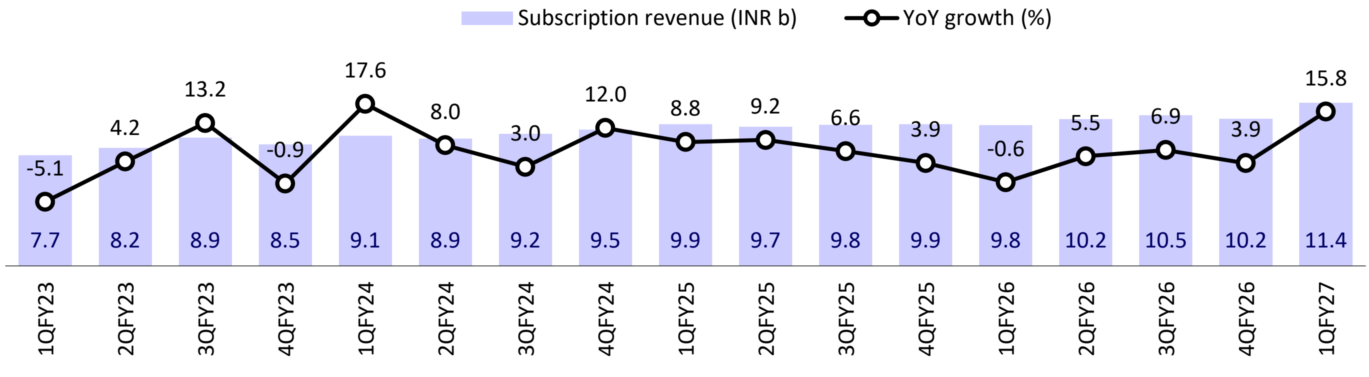
Source: Company, MOFSL

Exhibit 2: Overall ad revenue declined ~12% YoY in 1Q



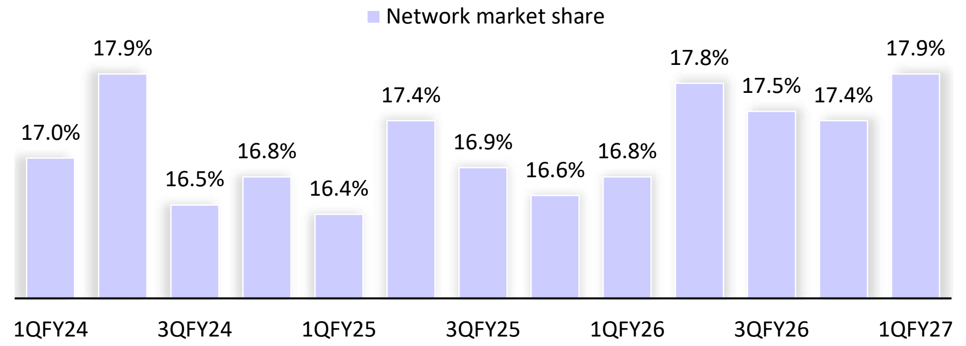
Source: Company, MOFSL

Exhibit 3: Overall subscription revenue increased robust ~16% YoY



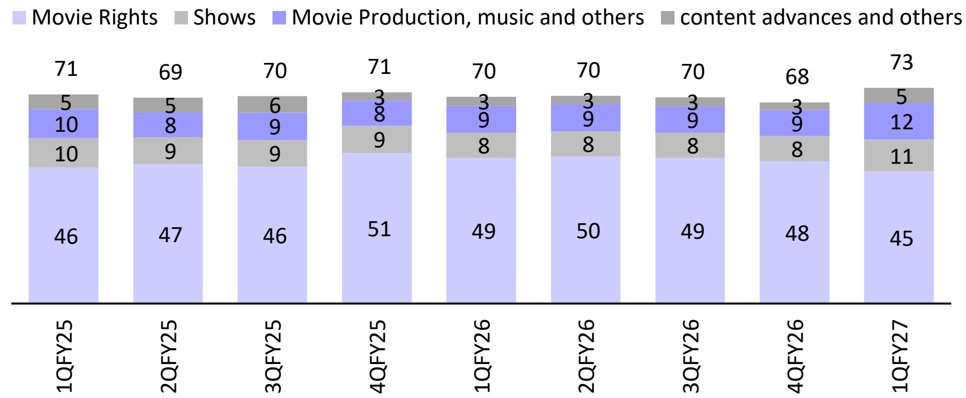
Source: Company, MOFSL

Exhibit 4: All-India market share improved by ~110bp YoY (+50bp QoQ)



Source: MOFSL, Company

Exhibit 5: Break-up of content inventory, advances, and deposits (INR b)



Source: Company, MOFSL

Exhibit 6: Zee5 revenue grew ~58% YoY during the quarter

ZEE5 KPIs (INR m)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	1QFY27
ZEE5 Revenue	**2,237**	**2,363**	**2,413**	**2,747**	**2,900**	**3,108**	**4,180**	**4,700**	**4,571**
as % of total revenue	10%	12%	12%	16%	16%	16%	18%	23%	24%
ZEE5 Operating Costs	4,014	3,951	3,775	3,500	3,558	3,420	3,616	4,784	4,527
YoY growth	-25%	-24%	-19%	-30%	-11%	-13%	-4%	37%	32%
as % of total Costs	22%	24%	23%	18%	21%	19%	18%	21%	25%
ZEE5 EBITDA	**(1,777)**	**(1,588)**	**(1,362)**	**(753)**	**(658)**	**(312)**	**564**	**-84**	**44**

Source: Company, MOFSL

Exhibit 7: Key trends and assumptions for Zee

(INR b)	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Consolidated											
Revenue	**79.3**	**81.3**	**77.3**	**81.9**	**80.9**	**86.4**	**82.9**	**81.0**	**85.6**	**86.1**	**90.8**
Advertising	50.4	46.8	37.5	44.0	40.6	40.6	35.9	32.2	30.9	32.5	34.1
Subscription	23.1	28.9	31.9	32.5	33.4	36.7	39.3	40.8	46.1	44.2	46.4
Others	5.9	5.6	7.9	5.5	6.9	9.1	7.8	8.0	8.6	9.4	10.3
EBITDA	**25.6**	**16.3**	**17.9**	**17.2**	**11.0**	**9.1**	**12.0**	**3.5**	**5.8**	**7.7**	**10.4**
Margin (%)	32.3	20.1	23.2	21.0	13.6	10.5	14.4	4.3	6.8	9.0	11.5
PAT	**15.8**	**9.4**	**10.7**	**10.5**	**4.6**	**4.3**	**7.9**	**2.8**	**4.2**	**5.6**	**7.7**
EPS	**16.3**	**5.5**	**8.3**	**10.0**	**2.6**	**2.1**	**7.2**	**2.8**	**4.3**	**5.8**	**8.0**
Zee5											
Revenue	**-**	**-**	**4.2**	**5.5**	**7.4**	**9.2**	**9.8**	**14.9**	**18.6**	**20.9**	**23.6**
EBITDA	-	-	(6.7)	(7.5)	(11.1)	(11.1)	(5.5)	(0.5)	2.4	4.0	5.9
Margin (%)	-	-	(160.5)	(137.1)	(149.1)	(120.2)	(56.1)	(3.3)	13.1	19.1	24.9
Ex-Zee5											
Revenue	**79.3**	**81.3**	**73.1**	**76.4**	**73.5**	**77.2**	**73.2**	**66.1**	**67.0**	**65.1**	**67.3**
EBITDA	25.6	16.3	24.6	24.7	22.1	20.1	17.4	4.0	3.3	3.7	4.6
Margin (%)	32.3	20.1	33.7	32.4	30.0	26.1	23.8	6.0	5.0	5.7	6.8

Financials and Valuations

Consolidated - Income Statement									(INR m)
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Total Income from Operations	**77,299**	**81,893**	**80,879**	**86,372**	**82,941**	**80,989**	**85,579**	**86,066**	**90,808**
Change (%)	-4.9	5.9	-1.2	6.8	-4.0	-2.4	5.7	0.6	5.5
Programming/Production expenses	37,505	40,449	44,686	50,393	45,172	48,594	49,647	48,814	50,075
Employees Cost	8,183	8,641	8,238	10,188	9,266	8,424	8,256	8,132	8,050
Other Expenses	13,710	15,582	16,944	16,719	16,541	20,508	21,898	21,389	22,245
Total Expenditure	**59,398**	**64,672**	**69,868**	**77,301**	**70,979**	**77,526**	**79,801**	**78,335**	**80,370**
% of Sales	76.8	79.0	86.4	89.5	85.6	95.7	93.2	91.0	88.5
EBITDA	**17,901**	**17,221**	**11,011**	**9,071**	**11,963**	**3,463**	**5,778**	**7,731**	**10,438**
Margin (%)	23.2	21.0	13.6	10.5	14.4	4.3	6.8	9.0	11.5
Depreciation	2,649	2,459	3,128	3,091	2,785	2,172	2,175	2,295	2,415
EBIT	**15,252**	**14,762**	**7,884**	**5,980**	**9,177**	**1,291**	**3,603**	**5,436**	**8,023**
Int. and Finance Charges	571	451	702	721	327	448	400	300	250
Other Income	1,104	1,213	797	1,292	1,234	1,461	1,600	1,725	1,900
Fair Value through P&L gain/(loss)	-1,962	-37	58	38	159	524	500	500	500
PBT bef. EO Exp.	**13,823**	**15,487**	**8,037**	**6,590**	**10,243**	**2,828**	**5,303**	**7,361**	**10,173**
EO Items	-1,266	-1,333	-3,355	-2,784	-986	-94	0	0	0
PBT after EO Exp.	**12,558**	**14,154**	**4,682**	**3,806**	**9,257**	**2,734**	**5,303**	**7,361**	**10,173**
Total Tax	4,625	4,597	2,167	1,818	2,387	23	928	1,853	2,560
Tax Rate (%)	36.8	32.5	46.3	47.8	25.8	0.8	17.5	25.2	25.2
Minority Interest/Associate	-69	-89	1	-4	-4	-20	-80	-80	-80
Reported PAT	**8,002**	**9,646**	**2,514**	**1,992**	**6,874**	**2,731**	**4,455**	**5,588**	**7,692**
Adjusted PAT	**10,620**	**11,129**	**4,568**	**4,346**	**7,860**	**2,825**	**4,166**	**5,588**	**7,692**
Change (%)	12.7	4.8	-59.0	-4.9	80.8	-64.1	47.5	34.1	37.6
Margin (%)	13.7	13.6	5.6	5.0	9.5	3.5	4.9	6.5	8.5

Consolidated - Balance Sheet									(INR m)
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Equity Share Capital	961	961	961	961	961	961	961	961	961
Total Reserves	99,985	1,07,667	1,06,258	1,07,768	1,14,373	1,16,338	1,18,871	1,22,057	1,26,866
Net Worth	**1,00,945**	**1,08,627**	**1,07,219**	**1,08,729**	**1,15,334**	**1,17,299**	**1,19,832**	**1,23,018**	**1,27,827**
Minority Interest	129	0	0	0	0	-18	-98	-178	-258
Total Loans	4,028	556	2,820	2,303	3,209	2,651	2,151	1,651	1,151
Deferred Tax Liabilities	-1,207	-3,080	-4,229	-4,542	-4,101	-4,506	-4,506	-4,506	-4,506
Capital Employed	**1,03,894**	**1,06,103**	**1,05,810**	**1,06,490**	**1,14,442**	**1,15,426**	**1,17,380**	**1,19,985**	**1,24,215**
Gross Block	21,870	30,164	29,644	25,311	25,243	26,442	27,942	29,442	30,942
Less: Accum. Deprn.	13,762	21,363	19,348	16,575	18,501	20,673	22,848	25,144	27,559
Net Fixed Assets	**8,108**	**8,801**	**10,296**	**8,736**	**6,742**	**5,769**	**5,094**	**4,298**	**3,383**
Goodwill on Consolidation	3,804	3,450	3,302	3,303	3,304	3,310	3,310	3,310	3,310
Capital WIP	782	871	191	98	14	35	35	35	35
Total Investments	**7,983**	**651**	**330**	**368**	**11,921**	**12,720**	**12,720**	**12,720**	**12,720**
Curr. Assets, Loans&Adv.	**1,06,303**	**1,10,636**	**1,18,723**	**1,17,451**	**1,11,259**	**1,15,815**	**1,17,600**	**1,20,600**	**1,26,377**
Inventory	54,030	63,862	73,079	69,129	67,748	65,123	64,609	61,519	63,108
Account Receivables	21,286	17,375	16,088	17,016	15,325	17,243	16,412	16,506	17,415
Cash and Bank Balance	10,907	12,733	8,040	11,932	12,500	14,935	18,525	24,419	26,697
Loans and Advances	20,080	16,666	21,516	19,374	15,686	18,514	18,054	18,156	19,157
Curr. Liability & Prov.	**23,086**	**18,306**	**27,032**	**23,465**	**18,798**	**22,223**	**21,379**	**20,978**	**21,611**
Account Payables	13,982	13,719	17,494	14,355	11,907	14,669	13,721	13,464	13,869
Other Current Liabilities	7,395	3,429	8,040	7,266	5,123	5,888	5,880	5,770	5,944
Provisions	1,709	1,159	1,498	1,844	1,768	1,666	1,778	1,744	1,797
Net Current Assets	**83,218**	**92,329**	**91,691**	**93,986**	**92,461**	**93,592**	**96,221**	**99,622**	**1,04,767**
Appl. of Funds	**1,03,894**	**1,06,103**	**1,05,810**	**1,06,490**	**1,14,442**	**1,15,426**	**1,17,380**	**1,19,985**	**1,24,215**

Financials and Valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Basic (INR)									
EPS	**11.1**	**11.6**	**4.8**	**4.5**	**8.2**	**2.9**	**4.3**	**5.8**	**8.0**
Cash EPS	13.4	13.9	8.0	7.7	11.1	5.2	6.6	8.2	10.5
BV/Share	105.1	113.1	111.6	113.2	120.1	122.1	124.8	128.1	133.1
DPS	2.5	3.0	3.0	0.0	2.4	2.0	2.0	2.5	3.0
Payout (%)	30.0	29.9	114.6	0.0	34.0	70.4	43.1	43.0	37.5
Valuation (x)									
P/E	8.5	8.1	19.8	20.9	11.5	32.1	21.8	16.2	11.8
Cash P/E	7.1	6.8	11.8	12.2	8.5	18.1	14.3	11.5	9.0
P/BV	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.7
EV/Sales	1.0	1.0	1.1	0.9	0.8	0.8	0.7	0.6	0.6
EV/EBITDA	4.2	4.5	7.7	8.9	5.8	19.0	10.7	7.1	5.0
Dividend Yield (%)	2.6	3.2	3.2	0.0	2.6	2.1	2.1	2.6	3.2
FCF per share	14.3	0.4	-1.3	6.3	11.4	5.8	4.5	7.2	3.7
Return Ratios (%)									
RoE	10.9	10.6	4.2	4.0	7.0	2.4	3.5	4.6	6.1
RoCE	10.1	10.1	4.3	3.4	6.7	2.3	3.5	4.3	5.9
RoIC	11.1	11.3	4.5	3.3	7.4	1.4	3.4	4.8	7.2
Working Capital Ratios									
Fixed Asset Turnover (x)	3.5	2.7	2.7	3.4	3.3	3.1	3.1	2.9	2.9
Asset Turnover (x)	0.7	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7
Inventory (Days)	255	285	330	292	298	293	276	261	254
Debtor (Days)	101	77	73	72	67	78	70	70	70
Creditor (Days)	66	61	79	61	52	66	59	57	56
Leverage Ratio (x)									
Current Ratio	4.6	6.0	4.4	5.0	5.9	5.2	5.5	5.7	5.8
Interest Cover Ratio	26.7	32.7	11.2	8.3	28.0	2.9	9.0	18.1	32.1
Net Debt/Equity	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2	-0.3	-0.3

Consolidated - Cash Flow Statement (INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
OP/(Loss) before Tax	12,556	14,155	4,681	3,811	9,261	2,736	5,303	7,361	10,173
Depreciation	2,649	2,459	3,413	3,167	2,785	2,172	2,175	2,295	2,415
Interest & Finance Charges	104	226	707	724	296	294	400	300	250
Direct Taxes Paid	-5,011	-4,965	-3,893	-2,401	-734	-2,068	-928	-1,853	-2,560
(Inc)/Dec in WC	809	-9,638	-2,722	3,418	739	5,134	961	2,493	-2,866
CF from Operations	**11,107**	**2,237**	**2,186**	**8,718**	**12,347**	**8,268**	**7,912**	**10,596**	**7,411**
Others	4,370	478	-896	-1,574	-487	-1,187	-2,100	-2,225	-2,400
CF from Operating incl EO	**15,477**	**2,714**	**1,291**	**7,143**	**11,860**	**7,081**	**5,812**	**8,371**	**5,011**
(Inc)/Dec in FA	-1,740	-2,286	-2,560	-1,087	-880	-1,551	-1,500	-1,500	-1,500
Free Cash Flow	**13,737**	**429**	**-1,269**	**6,056**	**10,980**	**5,530**	**4,312**	**6,871**	**3,511**
(Pur)/Sale of Investments	-3,765	16,361	-553	75	-15,748	-2,094	0	0	0
Others	-951	-8,219	1,212	496	5,070	654	2,100	2,225	2,400
CF from Investments	**-6,456**	**5,856**	**-1,900**	**-517**	**-11,558**	**-2,991**	**600**	**725**	**900**
Issue of Equity	-4,027	-4,034	0	0	0	0	0	0	0
Inc/(Dec) in Debt	4	9	-256	-1,204	2,217	-13	-500	-500	-500
Interest Paid	-43	-49	-80	-671	-120	-177	-400	-300	-250
Dividend Paid	-1,118	-2,850	-2,882	0	-961	-2,334	-1,922	-2,403	-2,883
Others	-275	180	-865	-860	-870	-792	0	0	0
CF from Fin. Activity	**-5,459**	**-6,745**	**-4,082**	**-2,735**	**266**	**-3,316**	**-2,822**	**-3,203**	**-3,633**
Inc/Dec of Cash	**3,561**	**1,826**	**-4,692**	**3,891**	**568**	**774**	**3,590**	**5,894**	**2,278**
Opening Balance	7,345	10,907	12,732	8,041	11,932	14,161	14,936	18,525	24,419
Closing Balance	**10,907**	**12,732**	**8,041**	**11,932**	**12,500**	**14,936**	**18,525**	**24,419**	**26,697**

NOTES

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
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Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN .: 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.