1 November 2026
2QFY27 Results Update | Sector: Media

# Zee Entertainment

| | |
|---|---|
| Estimate changes | ↓ |
| TP change | ↓ |
| Rating change | ↔ |

| | |
|---|---|
| Bloomberg | Z IN |
| Equity Shares (m) | 961 |
| M.Cap.(INRb)/(USDb) | 63.8 / 0.7 |
| 52-Week Range (INR) | 118 / 64 |
| 1, 6, 12 Rel. Per (%) | -13/-22/-24 |
| 12M Avg Val (INR M) | 2054 |

**Financials & Valuations (INR b)**

| Y/E Mar | FY27E | FY28E | FY29E |
|---|---|---|---|
| Sales | 83.0 | 83.0 | 86.8 |
| EBITDA | 3.7 | 6.2 | 7.4 |
| Adj. PAT | 3.0 | 4.8 | 5.8 |
| EBITDA Margin (%) | 4.5 | 7.5 | 8.6 |
| Adj. EPS (INR) | 3.1 | 5.0 | 6.0 |
| EPS Gr. (%) | 5.1 | 61.9 | 20.5 |
| BV/Sh. (INR) | 123.5 | 126.0 | 129.1 |
| **Ratios** | | | |
| Net D:E | -0.2 | -0.3 | -0.3 |
| RoE (%) | 2.5 | 4.0 | 4.7 |
| RoCE (%) | 2.5 | 3.7 | 4.4 |
| Payout (%) | 59.0 | 50.0 | 49.8 |
| **Valuations** | | | |
| P/E (x) | 21.3 | 13.2 | 10.9 |
| P/B (x) | 0.5 | 0.5 | 0.5 |
| EV/EBITDA (x) | 9.1 | 4.7 | 3.9 |
| Div . Yield (%) | 3.0 | 3.8 | 4.5 |

**Shareholding pattern (%)**

| As On | Sep-26 | Jun-26 | Sep-25 |
|---|---|---|---|
| Promoter | 4.0 | 4.0 | 4.0 |
| DII | 7.3 | 7.9 | 14.0 |
| FII | 18.1 | 20.1 | 25.4 |
| Others | 70.6 | 68.0 | 56.6 |

FII Includes depository receipts

**CMP: INR66** **TP: INR70 (+5%)** **Neutral**

## Another quarter with subdued profitability, despite revenue boost from FIFA'26

- Zee delivered another quarter of subdued profitability, with ~52% YoY decline in EBITDA (17% miss), despite encouraging subscription growth (+30% YoY) from FIFA WC'26 broadcast. After several quarters of persisting decline, ad revenue was flat YoY, likely due to a boost from FIFA WC'26 and improving content slate.
- ZEE5 revenue doubled YoY to INR6.3b, supported by FIFA WC'26-led subscriber additions and higher engagement, while EBITDA improved to INR416m (vs. INR44m in 1Q).
- However, linear TV profitability deteriorated further, with revenue declining ~3.6% YoY and EBITDA falling ~84% YoY (margins down ~8.9pp YoY to 1.8%), reflecting continued weakness in the core business.
- Management remains cautiously optimistic about 2H, led by improving festive advertising demand, a stronger content pipeline, and continued digital subscriber monetization. FIFA-led subscriber retention of ~35-40% is encouraging, although elevated content investments and the structural shift in advertising spends toward digital remain key concerns.
- We cut our FY27/28E EBITDA estimates by 11%, driven by subdued ad environment and weaker profitability amid higher content investments.
- Despite a continued trend of decline in ad revenue for past several years, we have built in ~4% annual growth in ad revenue in FY28/FY29, which has downside risks from the structural shift in ad spends to digital.
- We build in a CAGR of 2% in revenue over FY26-29E, while we expect the FY29E EBITDA/PAT to remain below FY25 levels.
- We reiterate our Neutral rating with a revised TP of INR70 (earlier INR 80), premised on ~12x Dec'28E P/E.

## Another subdued quarter on profitability despite revenue boost from FIFA'26

- Consolidated 2Q revenue grew 17% QoQ (+13% YoY) to INR22.2b (vs. our est. INR21.9b), driven largely by the boost from FIFA WC'26 broadcasting.
  - Advertisement revenues were flat YoY at INR8b (vs. -12% YoY in 1Q, in line). We believe the persistent decline in ad revenue was halted in 2Q, largely due to FIFA'26 broadcast.
  - Subscription revenue grew 30% YoY to INR13.3b (+17% QoQ, 5% beat), likely driven by a surge in ZEE5 subscriptions led by FIFA WC'26.
  - Revenues from other sales and services declined ~36% YoY to ~INR900m (-10% QoQ, 19% miss), due to weaker syndication revenue.
- Programming costs grew ~14% YoY, while advertisement and promotional spends jumped 55% YoY due to marketing of FIFA 2026.
- Employee costs declined ~8% YoY, while other expenses remained stable.

**Aditya Bansal - Research Analyst** (Aditya.Bansal@MotilalOswal.com) | **Avinash Karumanchi** (Avinash.Karumanchi@MotilalOswal.com)
**Research Analyst: Siddhesh Chaudhari** (Siddhesh.Chaudhari@MotilalOswal.com) | **Niraj Harwande** (Niraj.Harwande@MotilalOswal.com)

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- Zee reported EBITDA of INR708m (-52% YoY, 17% miss) as higher costs more than offset the boost from FIFA WC'26 broadcasting.
- Reported 2Q PAT of INR478m (-38% YoY) came in 12% below our estimate due to weaker EBITDA, partly offset by lower depreciation (-25% YoY) and finance cost (-81% YoY).
- Zee's pre-IND AS OCF outflow stood at INR4.1b in 1HFY27 (vs. INR840m outflow YoY). Capex (net) surged to INR1.17b (vs. INR700m YoY), resulting in FCF outflow of INR5.3b (vs. INR1.5b outflow YoY).

## ZEE5 growth accelerates; linear TV profitability remains under pressure

- Zee5 revenue doubled YoY to INR6.3b, driven by FIFA WC'26 and stable trends in usage and engagement metrics.
- It reported EBITDA of INR416m (vs. INR44m QoQ).
- Adjusted for Zee5, linear TV revenue declined 3.6% YoY, while reported EBITDA declined ~84% YoY to INR292m, with margin at 1.8% (-8.9pp YoY).

## Key highlights from the management commentary

- **Advertising**: Advertising revenue remained broadly flat YoY despite the festive season shifting to 3QFY27 and subdued macroeconomic conditions. Revenue was supported by FIFA, marquee programming (such as SaReGaMaPa), and improving advertiser demand. Management highlighted encouraging demand trends entering the festive quarter, although inflation and macroeconomic uncertainties remain key monitorable.
- **Subscription**: Subscription revenue growth was driven by higher digital ARPU, subscriber additions on ZEE5, and pricing increases in the linear TV business. FIFA-led subscriber acquisition provided an additional boost, with ~35-40% of acquired subscribers retained. Management expects continued subscription growth from improving digital engagement and a stronger content slate.
- **Outlook**: Management remains cautiously optimistic about 2H, led by festive advertising demand, an improved content pipeline, and continued digital subscriber monetization. It expects investments in sports, multilingual programming, and customer acquisition to support revenue growth and retention, with improving profitability as upfront investment intensity tapers.

## 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 11%, driven by subdued ad environment and weaker profitability amid higher content investments.
- Despite a continued trend of decline in ad revenue for past several years, we have built in ~4% annual growth in ad revenue in FY28/FY29, which has downside risks from the structural shift in ad spends to digital medium.
- We build in a CAGR of 2% in revenue over FY26-29E, while we expect the FY29E EBITDA/PAT to remain below FY25 levels.
- We **reiterate our Neutral rating with a revised TP of INR70 (earlier INR 80)**, premised on ~12x Dec'28E P/E.

**Consolidated - Quarterly Earnings** (INR m)

| Y/E March | FY26 | | | | FY27E | | | | FY26 | FY27E | FY27 | v/s |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3QE | 4QE | | | 2QE | Est (%) |
| **Revenue** | **18,248** | **19,692** | **22,801** | **20,248** | **19,073** | **22,246** | **21,309** | **20,326** | **80,989** | **82,954** | **21,906** | 1.6 |
| YoY Change (%) | -14.3 | -1.6 | 15.2 | -7.3 | 4.5 | 13.0 | -6.5 | 0.4 | -2.4 | 2.4 | | |
| Total Expenditure | 15,968 | 18,228 | 20,396 | 22,934 | 18,284 | 21,538 | 20,839 | 18,547 | 77,526 | 79,208 | 21,057 | 2.3 |
| **EBITDA** | **2,280** | **1,464** | **2,405** | **-2,686** | **789** | **708** | **470** | **1,779** | **3,463** | **3,746** | **850** | -16.7 |
| EBITDA Margin (%) | 12.5% | 7.4% | 10.5% | -13.3% | 4.1% | 3.2% | 2.2% | 8.8% | 4.3% | 4.5% | 3.9% | -70 bp |
| Depreciation | 591 | 571 | 537 | 473 | 435 | 428 | 445 | 460 | 2,172 | 1,767 | 567 | -24.5 |
| Interest | 77 | 130 | 92 | 149 | 132 | 25 | 52 | 66 | 448 | 275 | 100 | -75.0 |
| Other Income | 250 | 264 | 184 | 763 | 312 | 226 | 395 | 667 | 1,461 | 1,600 | 390 | -42.1 |
| Fair Value through P&L gain/(loss) | 109 | 126 | 151 | 138 | 207 | 150 | 100 | 93 | 524 | 550 | 125 | 20 |
| **PBT before EO expense** | **1,971** | **1,153** | **2,111** | **-2,407** | **741** | **631** | **468** | **2,014** | **2,828** | **3,854** | **698** | -9.6 |
| Extra-Ord expense | 0 | 0 | 94 | 0 | 0 | 0 | 0 | 0 | 94 | 0 | 0 | |
| **PBT** | **1,971** | **1,153** | **2,017** | **-2,407** | **741** | **631** | **468** | **2,014** | **2,734** | **3,854** | **698** | -9.6 |
| Tax | 535 | 389 | 469 | -1,370 | -2 | 175 | 118 | 384 | 23 | 674 | 176 | -0.5 |
| Rate (%) | 27.1 | 33.7 | 23.3 | 56.9 | -0.3 | 27.7 | 25.2 | 19.0 | 0.8 | 17.5 | 25.2 | |
| MI & P/L of Asso. Cos. | -1 | -1 | -5 | -13 | -20 | -22 | -22 | -16 | -20 | -80 | -20 | |
| **Reported PAT** | **1,437** | **765** | **1,553** | **-1,024** | **763** | **478** | **372** | **1,646** | **2,731** | **3,259** | **542** | -11.8 |
| **Adj PAT** | **1,437** | **765** | **1,647** | **-1,024** | **474** | **478** | **372** | **1,646** | **2,825** | **2,970** | **542** | -11.8 |
| YoY Change (%) | -6.8 | -61.5 | -32.6 | -154.3 | -67.0 | -37.5 | -77.4 | -260.8 | -64 | 5 | | |

E: MOFSL Estimates

**Exhibit 1: We value Zee at a TP of INR70, based on 12x Dec'28E EPS**

| Valuation | Dec'28E |
|---|---|
| EPS | 5.8 |
| PE multiple (x) | 12 |
| **Target Price (INR)** | **70** |
| CMP (INR) | 66 |
| Upside (%) | 6 |

Source: MOFSL, Company

**Exhibit 2: 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** | **83.0** | **83.0** | **86.8** |
| Advertising | 50.4 | 46.8 | 37.5 | 44.0 | 40.6 | 40.6 | 35.9 | 32.2 | 30.8 | 32.1 | 33.3 |
| Subscription | 23.1 | 28.9 | 31.9 | 32.5 | 33.4 | 36.7 | 39.3 | 40.8 | 46.5 | 44.9 | 47.2 |
| Others | 5.9 | 5.6 | 7.9 | 5.5 | 6.9 | 9.1 | 7.8 | 8.0 | 5.7 | 6.0 | 6.3 |
| **EBITDA** | **25.6** | **16.3** | **17.9** | **17.2** | **11.0** | **9.1** | **12.0** | **3.5** | **3.7** | **6.2** | **7.4** |
| Margin (%) | 32.3 | 20.1 | 23.2 | 21.0 | 13.6 | 10.5 | 14.4 | 4.3 | 4.5 | 7.5 | 8.6 |
| **PAT** | **15.8** | **9.4** | **10.7** | **10.5** | **4.6** | **4.3** | **7.9** | **2.8** | **3.0** | **4.8** | **5.8** |
| **EPS** | **16.3** | **5.5** | **8.3** | **10.0** | **2.6** | **2.1** | **7.2** | **2.8** | **3.4** | **5.0** | **6.0** |
| **Zee5** | | | | | | | | | | | |
| **Revenue** | **-** | **-** | **4.2** | **5.5** | **7.4** | **9.2** | **9.8** | **14.9** | **20.8** | **22.9** | **25.2** |
| EBITDA | - | - | (6.7) | (7.5) | (11.1) | (11.1) | (5.5) | (0.5) | 1.0 | 1.5 | 2.3 |
| Margin (%) | - | - | (160.5) | (137.1) | (149.1) | (120.2) | (56.1) | (3.3) | 4.6 | 6.8 | 9.3 |
| **Ex-Zee5** | | | | | | | | | | | |
| **Revenue** | **79.3** | **81.3** | **73.1** | **76.4** | **73.5** | **77.2** | **73.2** | **66.1** | **62.1** | **60.0** | **61.6** |
| EBITDA | 25.6 | 16.3 | 24.6 | 24.7 | 22.1 | 20.1 | 17.4 | 4.0 | 2.8 | 4.6 | 5.1 |
| Margin (%) | 32.3 | 20.1 | 33.7 | 32.4 | 30.0 | 26.1 | 23.8 | 6.0 | 4.5 | 7.7 | 8.3 |

**Exhibit 3: Summary of our estimate changes (INR b)**

| | FY27E | FY28E | FY29E |
|---|---|---|---|
| **Ad revenue (INR b)** | | | |
| Old | 30.9 | 32.1 | 33.8 |
| Actual/New | 30.8 | 32.1 | 33.3 |
| Change (%) | -0.3 | -0.3 | -1.2 |
| **Subscription revenue (INR b)** | | | |
| Old | 46.1 | 44.6 | 46.9 |
| New | 46.5 | 44.9 | 47.2 |
| Change (%) | 0.8 | 0.7 | 0.7 |
| **Total revenue (INR b)** | | | |
| Old | 85.1 | 85.3 | 89.6 |
| New | 83.0 | 83.0 | 86.8 |
| Change (%) | -2.6 | -2.8 | -3.1 |
| **EBITDA (INR b)** | | | |
| Old | 4.2 | 6.9 | 9.1 |
| New | 3.7 | 6.2 | 7.4 |
| Change (%) | -11.1 | -10.8 | -18.3 |
| **EBITDA margin (%)** | | | |
| Old | 4.9 | 8.1 | 10.1 |
| New | 4.5 | 7.5 | 8.6 |
| Change (bp) | -43 | -67 | -159 |
| **Adj. PAT (INR b)** | | | |
| Old | 2.9 | 5.0 | 6.7 |
| New | 3.0 | 4.8 | 5.8 |
| Change (%) | 3.3 | -3.7 | -13.3 |
| **EPS (INR)** | | | |
| Old | 3.0 | 5.2 | 7.0 |
| New | 3.1 | 5.0 | 6.0 |
| Change (%) | 3.3 | -3.7 | -13.3 |

Source: MOFSL, Company

**Quarterly performance (INR m)**

| | 2QFY26 | 1QFY27 | 2QFY27 | YoY% | QoQ% | 2QFY27 | vs. est (%) |
|---|---|---|---|---|---|---|---|
| Advertising revenue | 8,063 | 6,714 | 8,030 | -0.4 | 19.6 | 8,091 | -0.7 |
| Subscription revenue | 10,230 | 11,369 | 13,324 | 30.2 | 17.2 | 12,716 | 4.8 |
| Other sales and services | 1,399 | 990 | 892 | -36.2 | -9.9 | 1,100 | -18.9 |
| **Total revenue** | **19,692** | **19,073** | **22,246** | **13.0** | **16.6** | **21,906** | **1.6** |
| Total operating expenses | 18,228 | 18,284 | 21,538 | 18.2 | 17.8 | 21,057 | 2.3 |
| **EBITDA** | **1,464** | **789** | **708** | **-51.6** | **-10.3** | **850** | **-16.7** |
| **EBITDA margin (%)** | **7.4** | **4.1** | **3.2** | **-425bp** | **-95bp** | **3.9** | **-70bp** |
| Depreciation | 571 | 435 | 428 | -25.0 | -1.6 | 567 | -24.5 |
| Finance Cost | 130 | 132 | 25 | -80.8 | -81 | 100 | -75 |
| Other income | 264 | 312 | 226 | -14.4 | -27.6 | 390 | -42.1 |
| Fair Value gain/(loss) through P&L | 126 | 207 | 150 | NM | NM | 125 | NM |
| **PBT** | **1,153** | **741** | **631** | **-45.3** | **-14.8** | **698** | **-9.6** |
| **Reported PBT** | **1,153** | **741** | **631** | **-45.3** | **-14.8** | **698** | **-10** |
| Tax | 389 | -2 | 175 | -55.0 | -8850.0 | 176 | 0 |
| Effective Tax Rate (%) | 33.7 | -0.3 | 27.7 | | | 25.2 | |
| **Reported PAT** | **764** | **743** | **456** | **-40** | **-39** | **522** | **-13** |
| Associates/Minority Interest | -1 | -20 | -22 | 2,100 | 10 | -20 | |
| **Reported PAT (after Asso./MI)** | **765** | **763** | **478** | **-38** | **-37** | **542** | **-12** |
| **Operating expenses (INR m)** | **2QFY26** | **1QFY27** | **2QFY27** | **YoY%** | **QoQ%** | **2QFY27** | **vs. est (%)** |
| Prog, Transmission & Direct Exp | 10,780 | 10,317 | 12,247 | 13.6 | 18.7 | 12,496 | -2.0 |
| Employee Cost | 2,142 | 2,126 | 1,977 | -7.7 | -7.0 | 2,099 | -5.8 |
| Selling and Other Exp | 5,306 | 5,841 | 7,314 | 37.8 | 25.2 | 6,462 | 13.2 |
| **Total operating costs** | **18,228** | **18,284** | **21,538** | **18.2** | **17.8** | **21,057** | **2.3** |

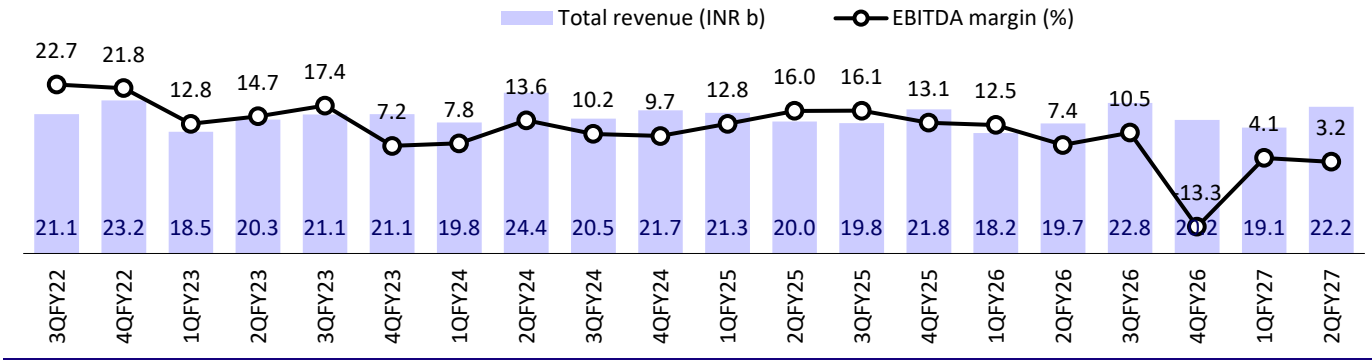
Source: MOFSL, Company

## Detailed takeaways from management interaction

- **FIFA WC'26**: ZEE's investment in FIFA World Cup rights significantly supported revenue growth and subscriber acquisition in Digital. FIFA WC'26 reached 400m+ viewers across platforms, with ~83% of viewership coming from ZEE5. Total reach rose ~41% over the previous FIFA World Cup, strengthening the company's sports proposition across linear and digital platforms.
- **Sports Partnerships**: ZEE has strengthened its sports portfolio through its FIFA partnership until 2034 and the acquisition of Bundesliga and Serie A rights for five years. These investments are aimed at attracting younger audiences, expanding the sports subscriber base and building a sustainable sports entertainment ecosystem over the medium to long term.
- **Advertising**: Advertising revenue remained broadly flat YoY despite the festive season shifting to 3QFY27 and subdued macroeconomic conditions. Revenue was supported by FIFA, marquee programming (such as SaReGaMaPa) and improving advertiser demand. Management highlighted encouraging demand trends entering the festive quarter, although inflation and macroeconomic uncertainties remain key monitorable.
- **Subscription**: Subscription revenue growth was driven by higher digital ARPU, subscriber additions on ZEE5, and pricing increases in the linear TV business. FIFA-led subscriber acquisition provided an additional boost, with ~35-40% of acquired subscribers retained. Management expects continued subscription growth from improving digital engagement and a stronger content slate.
- **Movies**: Zee Studios continued expanding its regional film portfolio across Hindi, Marathi, Gujarati, and South Indian languages. The company released six films during the quarter, including one Hindi and five regional films. However, fewer releases and a higher syndication deal in the base quarter contributed to a decline in other sales & services revenue in 2QFY27.
- **Music**: Zee Music continued to diversify its catalogue through regional music acquisitions, strengthening its presence across languages. The business generated over 59b video views during the quarter and had more than 179m YouTube subscribers. Management indicated that profitability remained healthy, supported by continued monetization of its expanding music library.
- **Operating Costs and Margins**: Operating cost increased, primarily due to FIFA programming costs, expanded content offerings, higher advertising, and promotional expense. Management indicated that margins would have been in the mid-to-high single digits excluding investments in new initiatives.
- **Outlook**: Management remains cautiously optimistic about 2H, supported by festive advertising demand, an improved content pipeline and continued digital subscriber monetization. It expects investments in sports, multilingual programming, and customer acquisition to support revenue growth and retention, with improving profitability as upfront investment intensity tapers.
- **Cash Flow and Working Capital**: Management indicated that receivables remain cyclical, with no material working capital deterioration affecting operating cash flows. The reduction in cash balances was primarily attributable to FCCB-related outflows and dividend payments rather than receivable build-up. Content inventory declined slightly QoQ, with several productions scheduled for release in subsequent quarters.

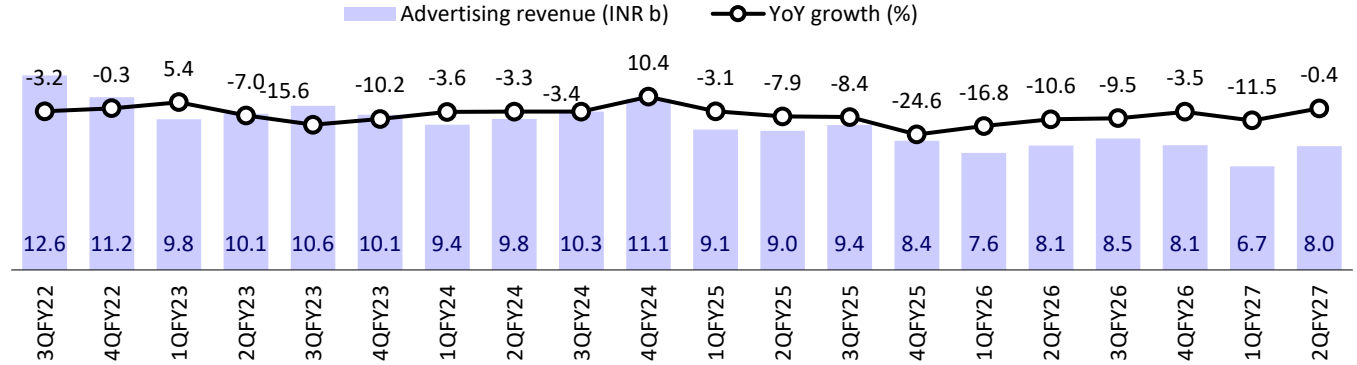
# Story in charts

**Exhibit 1: Consol. revenue increased 13% YoY, while EBITDA margin contracted ~425bp YoY**



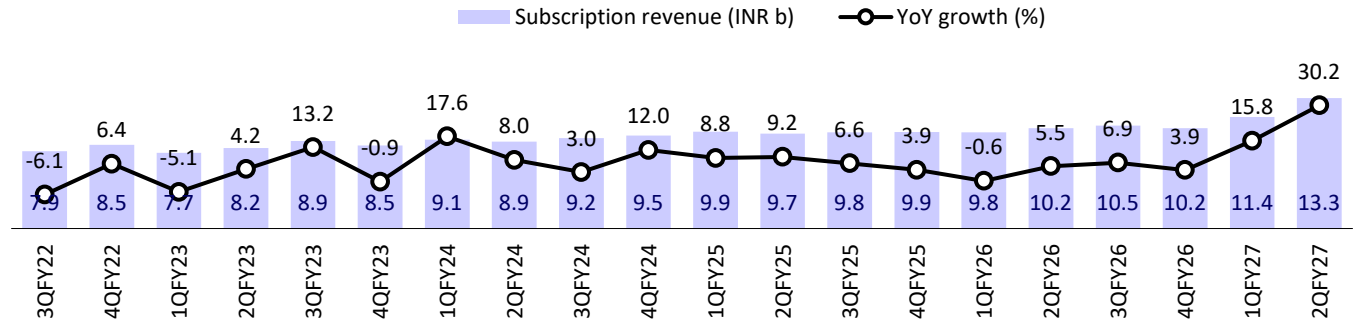

Source: Company, MOFSL

**Exhibit 2: Overall ad revenue remained flat YoY in 2Q**



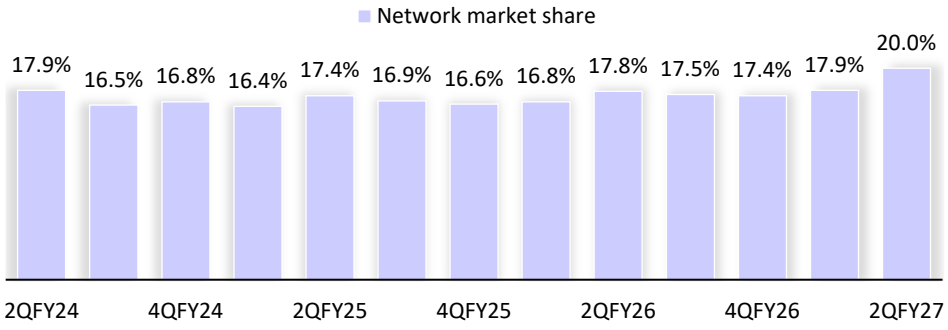

Source: Company, MOFSL

**Exhibit 3: Overall subscription revenue increased robust ~30% YoY, led by FIFA'26**



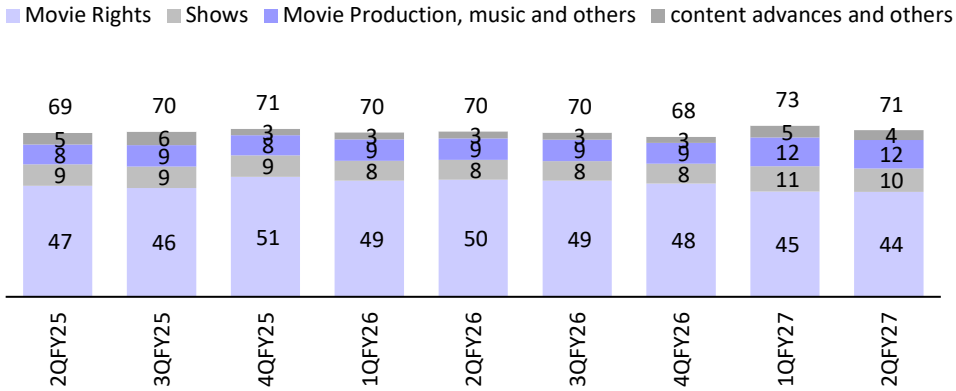

Source: Company, MOFSL

**Exhibit 4: All-India market share improved ~220bp YoY (+210bp QoQ)**




Source: MOFSL, Company

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




Source: Company, MOFSL

**Exhibit 6: Zee5 revenue grew ~101% YoY during the quarter**

| ZEE5 KPIs (INR m) | 2QFY25 | 3QFY25 | 4QFY25 | 1QFY26 | 2QFY26 | 3QFY26 | 4QFY26 | 1QFY27 | 2QFY27 |
|---|---|---|---|---|---|---|---|---|---|
| **ZEE5 Revenue** | **2,363** | **2,413** | **2,747** | **2,900** | **3,108** | **4,180** | **4,700** | **4,571** | **6,260** |
| as % of total revenue | 12% | 12% | 16% | 16% | 16% | 18% | 23% | 24% | 28% |
| ZEE5 Operating Costs | 3,951 | 3,775 | 3,500 | 3,558 | 3,420 | 3,616 | 4,784 | 4,527 | 5,844 |
| YoY growth | -24% | -19% | -30% | -11% | -13% | -4% | 37% | 32% | 62% |
| as % of total Costs | 24% | 23% | 18% | 21% | 19% | 18% | 21% | 25% | 27% |
| **ZEE5 EBITDA** | **(1,588)** | **(1,362)** | **(753)** | **(658)** | **(312)** | **564** | **-84** | **44** | **416** |

Source: Company, MOFSL

# 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** | **82,954** | **82,952** | **86,779** |
| Change (%) | -4.9 | 5.9 | -1.2 | 6.8 | -4.0 | -2.4 | 2.4 | 0.0 | 4.6 |
| Programming/Production expenses | 37,505 | 40,449 | 44,686 | 50,393 | 45,172 | 48,594 | 49,084 | 48,175 | 50,158 |
| Employees Cost | 8,183 | 8,641 | 8,238 | 10,188 | 9,266 | 8,424 | 8,003 | 7,843 | 7,686 |
| Other Expenses | 13,710 | 15,582 | 16,944 | 16,719 | 16,541 | 20,508 | 22,121 | 20,747 | 21,510 |
| **Total Expenditure** | **59,398** | **64,672** | **69,868** | **77,301** | **70,979** | **77,526** | **79,208** | **76,764** | **79,354** |
| % of Sales | 76.8 | 79.0 | 86.4 | 89.5 | 85.6 | 95.7 | 95.5 | 92.5 | 91.4 |
| **EBITDA** | **17,901** | **17,221** | **11,011** | **9,071** | **11,963** | **3,463** | **3,746** | **6,188** | **7,426** |
| Margin (%) | 23.2 | 21.0 | 13.6 | 10.5 | 14.4 | 4.3 | 4.5 | 7.5 | 8.6 |
| Depreciation | 2,649 | 2,459 | 3,128 | 3,091 | 2,785 | 2,172 | 1,767 | 1,865 | 1,962 |
| **EBIT** | **15,252** | **14,762** | **7,884** | **5,980** | **9,177** | **1,291** | **1,979** | **4,323** | **5,463** |
| Int. and Finance Charges | 571 | 451 | 702 | 721 | 327 | 448 | 275 | 230 | 180 |
| Other Income | 1,104 | 1,213 | 797 | 1,292 | 1,234 | 1,461 | 1,600 | 1,725 | 1,850 |
| Fair Value through P&L gain/(loss) | -1,962 | -37 | 58 | 38 | 159 | 524 | 550 | 500 | 500 |
| **PBT bef. EO Exp.** | **13,823** | **15,487** | **8,037** | **6,590** | **10,243** | **2,828** | **3,854** | **6,318** | **7,633** |
| 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** | **3,854** | **6,318** | **7,633** |
| Total Tax | 4,625 | 4,597 | 2,167 | 1,818 | 2,387 | 23 | 674 | 1,590 | 1,921 |
| 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** | **3,259** | **4,808** | **5,792** |
| **Adjusted PAT** | **10,620** | **11,129** | **4,568** | **4,346** | **7,860** | **2,825** | **2,970** | **4,808** | **5,792** |
| Change (%) | 12.7 | 4.8 | -59.0 | -4.9 | 80.8 | -64.1 | 5.1 | 61.9 | 20.5 |
| Margin (%) | 13.7 | 13.6 | 5.6 | 5.0 | 9.5 | 3.5 | 3.6 | 5.8 | 6.7 |

## 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 | 1,17,675 | 1,20,081 | 1,22,990 |
| **Net Worth** | **1,00,945** | **1,08,627** | **1,07,219** | **1,08,729** | **1,15,334** | **1,17,299** | **1,18,636** | **1,21,042** | **1,23,951** |
| 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** | **1,16,183** | **1,18,009** | **1,20,338** |
| 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 | 22,440 | 24,305 | 26,268 |
| **Net Fixed Assets** | **8,108** | **8,801** | **10,296** | **8,736** | **6,742** | **5,769** | **5,502** | **5,137** | **4,674** |
| 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** | **1,15,895** | **1,17,403** | **1,21,015** |
| Inventory | 54,030 | 63,862 | 73,079 | 69,129 | 67,748 | 65,123 | 63,877 | 60,713 | 63,213 |
| Account Receivables | 21,286 | 17,375 | 16,088 | 17,016 | 15,325 | 17,243 | 15,909 | 15,909 | 16,643 |
| Cash and Bank Balance | 10,907 | 12,733 | 8,040 | 11,932 | 12,500 | 14,935 | 18,609 | 23,281 | 22,853 |
| Loans and Advances | 20,080 | 16,666 | 21,516 | 19,374 | 15,686 | 18,514 | 17,500 | 17,500 | 18,307 |
| **Curr. Liability & Prov.** | **23,086** | **18,306** | **27,032** | **23,465** | **18,798** | **22,223** | **21,277** | **20,595** | **21,416** |
| Account Payables | 13,982 | 13,719 | 17,494 | 14,355 | 11,907 | 14,669 | 13,656 | 13,218 | 13,745 |
| Other Current Liabilities | 7,395 | 3,429 | 8,040 | 7,266 | 5,123 | 5,888 | 5,852 | 5,665 | 5,891 |
| Provisions | 1,709 | 1,159 | 1,498 | 1,844 | 1,768 | 1,666 | 1,769 | 1,713 | 1,781 |
| **Net Current Assets** | **83,218** | **92,329** | **91,691** | **93,986** | **92,461** | **93,592** | **94,617** | **96,808** | **99,599** |
| **Appl. of Funds** | **1,03,894** | **1,06,103** | **1,05,810** | **1,06,490** | **1,14,442** | **1,15,426** | **1,16,183** | **1,18,009** | **1,20,338** |

# 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** | **3.1** | **5.0** | **6.0** |
| Cash EPS | 13.4 | 13.9 | 8.0 | 7.7 | 11.1 | 5.2 | 4.9 | 6.9 | 8.1 |
| BV/Share | 105.1 | 113.1 | 111.6 | 113.2 | 120.1 | 122.1 | 123.5 | 126.0 | 129.1 |
| 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 | 59.0 | 50.0 | 49.8 |
| **Valuation (x)** | | | | | | | | | |
| P/E | 6.0 | 5.7 | 13.9 | 14.6 | 8.1 | 22.4 | 21.3 | 13.2 | 10.9 |
| Cash P/E | 4.9 | 4.8 | 8.2 | 8.5 | 6.0 | 12.7 | 13.4 | 9.5 | 8.2 |
| P/BV | 0.6 | 0.6 | 0.6 | 0.6 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| EV/Sales | 0.6 | 0.6 | 0.7 | 0.6 | 0.5 | 0.5 | 0.4 | 0.4 | 0.3 |
| EV/EBITDA | 2.7 | 2.9 | 5.3 | 5.9 | 3.5 | 11.1 | 9.1 | 4.7 | 3.9 |
| Dividend Yield (%) | 3.8 | 4.5 | 4.5 | 0.0 | 3.7 | 3.0 | 3.0 | 3.8 | 4.5 |
| FCF per share | 14.3 | 0.4 | -1.3 | 6.3 | 11.4 | 5.8 | 4.4 | 5.8 | 0.8 |
| **Return Ratios (%)** | | | | | | | | | |
| RoE | 10.9 | 10.6 | 4.2 | 4.0 | 7.0 | 2.4 | 2.5 | 4.0 | 4.7 |
| RoCE | 10.1 | 10.1 | 4.3 | 3.4 | 6.7 | 2.3 | 2.5 | 3.7 | 4.4 |
| RoIC | 11.1 | 11.3 | 4.5 | 3.3 | 7.4 | 1.4 | 1.9 | 3.9 | 4.9 |
| **Working Capital Ratios** | | | | | | | | | |
| Fixed Asset Turnover (x) | 3.5 | 2.7 | 2.7 | 3.4 | 3.3 | 3.1 | 3.0 | 2.8 | 2.8 |
| 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 | 281 | 267 | 266 |
| Debtor (Days) | 101 | 77 | 73 | 72 | 67 | 78 | 70 | 70 | 70 |
| Creditor (Days) | 66 | 61 | 79 | 61 | 52 | 66 | 60 | 58 | 58 |
| **Leverage Ratio (x)** | | | | | | | | | |
| Current Ratio | 4.6 | 6.0 | 4.4 | 5.0 | 5.9 | 5.2 | 5.4 | 5.7 | 5.7 |
| Interest Cover Ratio | 26.7 | 32.7 | 11.2 | 8.3 | 28.0 | 2.9 | 7.2 | 18.8 | 30.4 |
| 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 | 3,854 | 6,318 | 7,633 |
| Depreciation | 2,649 | 2,459 | 3,413 | 3,167 | 2,785 | 2,172 | 1,767 | 1,865 | 1,962 |
| Interest & Finance Charges | 104 | 226 | 707 | 724 | 296 | 294 | 275 | 230 | 180 |
| Direct Taxes Paid | -5,011 | -4,965 | -3,893 | -2,401 | -734 | -2,068 | -674 | -1,590 | -1,921 |
| (Inc)/Dec in WC | 809 | -9,638 | -2,722 | 3,418 | 739 | 5,134 | 2,649 | 2,482 | -3,220 |
| **CF from Operations** | **11,107** | **2,237** | **2,186** | **8,718** | **12,347** | **8,268** | **7,871** | **9,305** | **4,634** |
| Others | 4,370 | 478 | -896 | -1,574 | -487 | -1,187 | -2,150 | -2,225 | -2,350 |
| **CF from Operating incl EO** | **15,477** | **2,714** | **1,291** | **7,143** | **11,860** | **7,081** | **5,721** | **7,080** | **2,284** |
| (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** | **4,221** | **5,580** | **784** |
| (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 | 2,150 | 2,225 | 2,350 |
| **CF from Investments** | **-6,456** | **5,856** | **-1,900** | **-517** | **-11,558** | **-2,991** | **650** | **725** | **850** |
| 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 | -275 | -230 | -180 |
| 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** | **-2,697** | **-3,133** | **-3,563** |
| **Inc/Dec of Cash** | **3,561** | **1,826** | **-4,692** | **3,891** | **568** | **774** | **3,674** | **4,672** | **-429** |
| Opening Balance | 7,345 | 10,907 | 12,732 | 8,041 | 11,932 | 14,161 | 14,936 | 18,609 | 23,281 |
| **Closing Balance** | **10,907** | **12,732** | **8,041** | **11,932** | **12,500** | **14,936** | **18,609** | **23,281** | **22,853** |

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|---|---|
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| BUY | >=15% |
| SELL | < - 10% |
| NEUTRAL | < - 10 % to 15% |
| UNDER REVIEW | Rating may undergo a change |
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Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
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Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

| Contact Person | Contact No. | Email ID |
|---|---|---|
| Ms. Hemangi Date | 022 40548000 / 022 67490600 | query@motilaloswal.com |
| Ms. Kumud Upadhyay | 022 40548082 | servicehead@motilaloswal.com |
| Mr. Ajay Menon | 022 40548083 | am@motilaloswal.com |
| Mr. Neeraj Agarwal | 022 40548085 | na@motilaloswal.com |
| Mr. Siddhartha Khemka | 022 50362452 | po.research@motilaloswal.com |

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