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)

Investors are advised to refer through important disclosures made at the last page of the Research Report.
Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- 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**

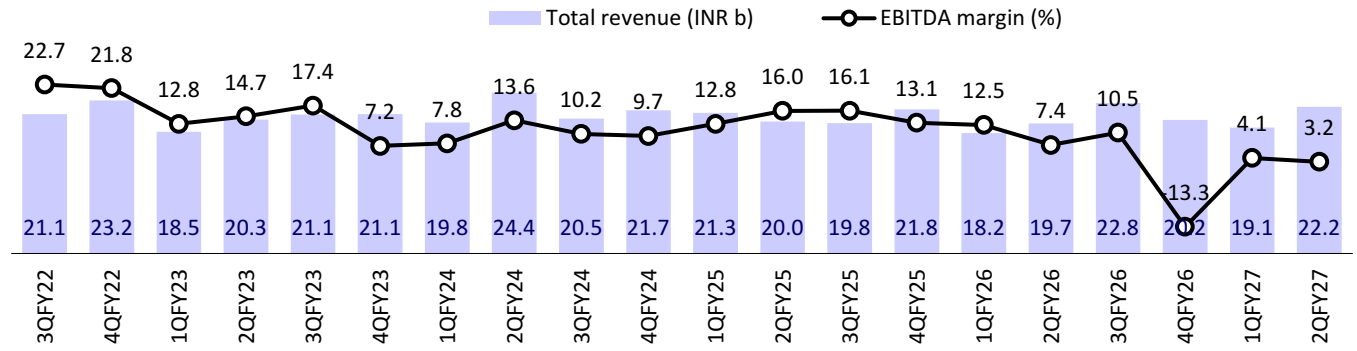
Source: MOFSL, Company

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.

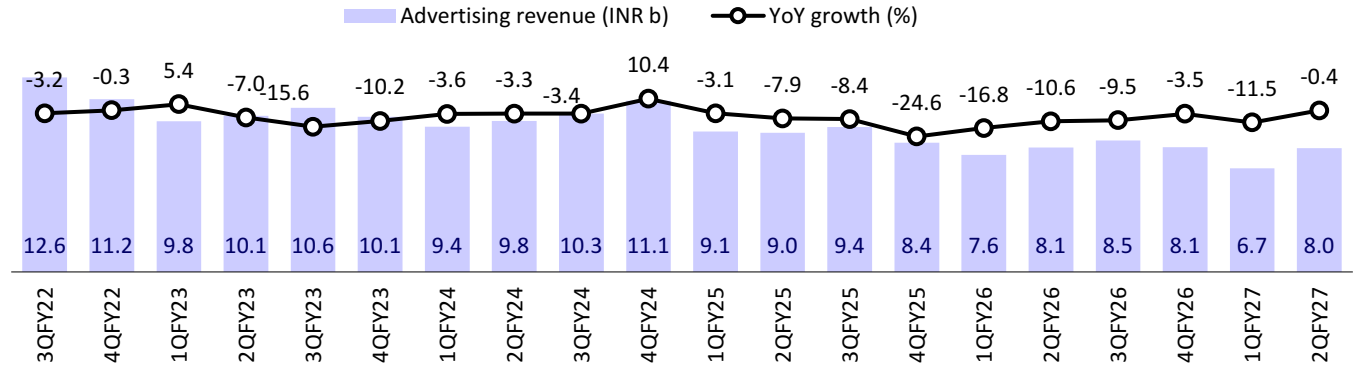
Story in charts

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



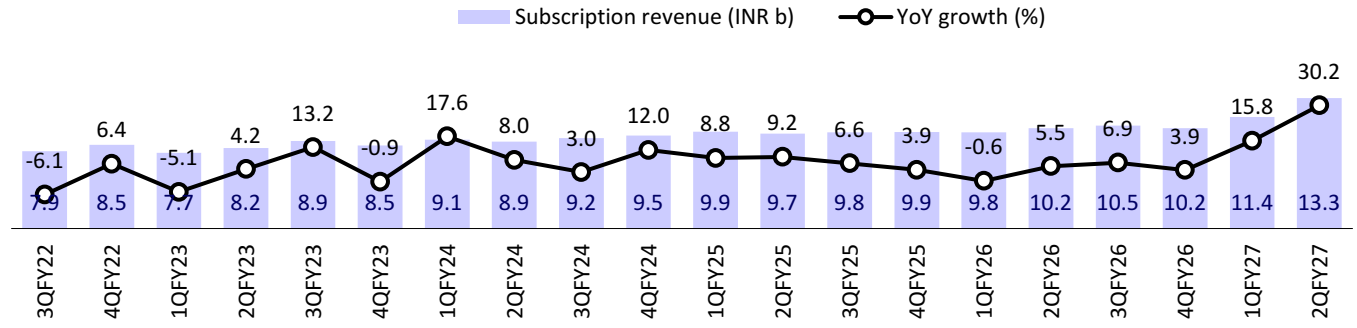
Source: Company, MOFSL

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



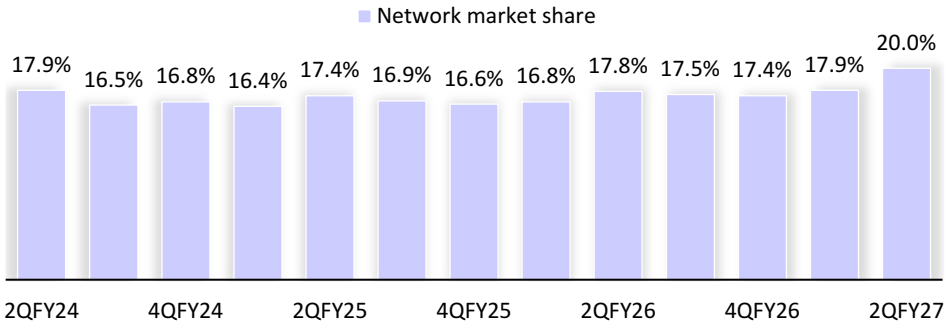
Source: Company, MOFSL

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



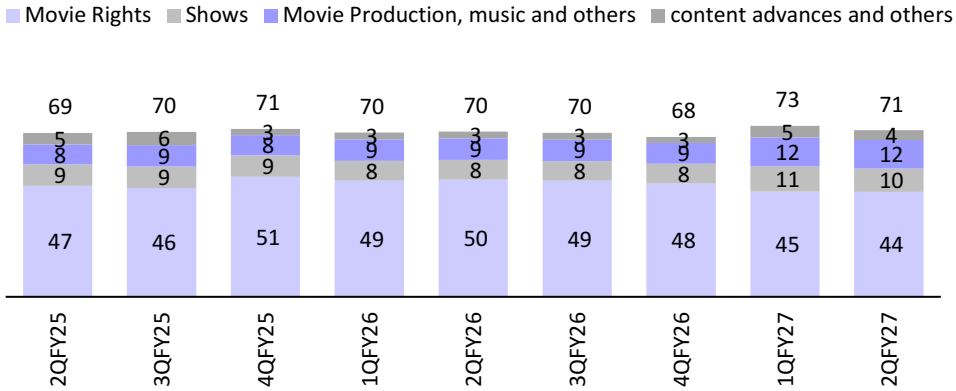
Source: Company, MOFSL

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**

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

NOTES

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412 and BSE enlistment no. 5028. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx. As per Regulatory requirements, Research Audit Report is uploaded on www.motilaloswal.com > MOFSL-Important Links > MOFSL Research Analyst Compliace Audit Report.

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the"1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore.This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL .

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

.

Specific Disclosures

1. Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies).
   MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.
   Nature of Financial interest is holding equity shares or derivatives of the subject company
2. Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.
   MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report:No
3. Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.
   MOFSL may have received compensation from the subject company(ies) in the past 12 months.
4. Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.
   MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
5. Research Analyst has not served as an officer, director or employee of subject company(ies).

6. MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
7. MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
8. MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
9. MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
10. MOFSL has not engaged in market making activity for the subject company.

****

The associates of MOFSL may have:
financial interest in the subject company
actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
received compensation/other benefits from the subject company in the past 12 months
any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
Served subject company as its clients during twelve months preceding the date of distribution of the research report.
The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report
Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, enlistment as RA with Exchange and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

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

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, BSE enlistment no. 5028, AMFI registered Mutual Fund Distributor and SIF Distributor: ARN .: 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. 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.