

Zee Entertainment

Estimate changes

TP change

Rating change



Bloomberg	Z IN
Equity Shares (m)	961
M.Cap.(INRb)/(USDb)	171.7 / 2.1
52-Week Range (INR)	287 / 177
1, 6, 12 Rel. Per (%)	-8/-30/-36
12M Avg Val (INR M)	2225

Financials & Valuations (INR b)

Y/E Mar	FY23	FY24E	FY25E
Sales	80.9	87.8	98.8
EBITDA	11.0	14.4	18.7
Adj. PAT	4.6	8.6	11.6
EBITDA Margin (%)	13.6	16.4	19.0
Adj. EPS (INR)	4.8	8.9	12.0
EPS Gr. (%)	-59.0	87.9	34.6
BV/Sh. (INR)	111.6	117.0	125.4

Ratios

Net D:E	-0.1	-0.1	-0.1
RoE (%)	4.2	7.8	9.9
RoCE (%)	4.3	7.8	9.9
Payout (%)	137.6	40.3	29.9

Valuations

P/E (x)	37.6	20.0	14.9
P/B (x)	1.6	1.5	1.4
EV/EBITDA (x)	15.1	11.3	8.7
Div. Yield (%)	1.7	1.7	1.7
FCF Yield (%)	-0.8	3.4	2.3

Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	4.0	4.0	4.0
DII	38.2	37.3	24.3
FII	36.4	37.5	47.9
Others	21.4	21.2	23.8

FII Includes depository receipts

CMP: INR 179

TP: INR210 (+17%)

BUY

Sluggish earnings continue; merger timeline is the key

- Zee Entertainment (Z)'s consolidated EBITDA/Adj. PAT declined 70%/77% YoY (36% miss) in 4QFY23 led by continued weakness in ad revenue (-10% YoY), 7-8% impact of FTA withdrawal and high investments in content. Z reported INR900m exceptional loss, which further led to an adj. PAT of INR669m, down 77% YoY during the quarter.
- We have cut our FY24 earnings estimate by 16% due to a slower recovery in the ad market and continued investment but largely maintain our FY25 estimate. Though we firmly believe that the merged entity will have strong competitive position in both linear and digital segments, this is not captured in the valuation. Further, merger timeline remains the key monitorable. Valuing the stock at 18x FY25E EPS, we arrive at our TP of INR210. **We maintain our BUY rating on Z.**

Adj. PAT down 77% YoY (36% miss) hit by revenue decline/higher opex.

- Z's consolidated revenue declined 9% YoY to INR21.1b (8% beat) led by weak ad revenue as well as lower other sales and services revenue.
- Total opex grew 7.9% YoY to INR19.6b, due to higher opex and continued investments in Zee5 and sports (ILT20).
- As a result, EBITDA margin contracted 14.6pp YoY to 7.2% (v/s 10% est.) adversely impacted by a decline in revenue and higher opex. EBITDA stood at INR1.5b, down 70% YoY in 4QFY23.
- Zee5's revenue came in at INR2.2b (+36% YoY), while EBITDA loss widened QoQ and YoY to INR3.1b. **Adjusted for Zee5, linear TV business's revenue/EBITDA dipped 12%/34% YoY to INR18.9/INR4.6b with EBITDA margin of 24% during the quarter.**
- The company reported an exceptional loss of INR900m comprising INR620m towards employee and legal expenses pertaining to the proposed Scheme of Arrangement.
- **Adjusted for the exceptional item, Z's PAT dipped 77% YoY to INR669m (36% miss) in 4QFY23.**

Highlights from the management commentary

- Contraction in 4QFY23 EBITDA margin was mainly due to investments in sports (IL-T20) and Zee5 coupled with weak revenue.
- Management expects losses in Zee5 to taper-off as a majority of the one-time investments has been completed. Investments in technology and content creation to continue though.
- Z expects the network share gain to support ad revenue and anticipates high single-digit to low double-digit growth in the segment for 3-5 years.
- The company has challenged the NCLT order directing review of clearance by stock exchanges. The next hearing is due on 16th Jun'23.

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Valuation and view

- Continued weakness in ad revenue due to inflationary environment, especially in the FMCG segment, continues to dampen the revenue visibility of the segment. The same is, however, likely to pick-up from 2HFY24.
- Outlook on subscription revenue, albeit, is expected to see some visibility with the implementation of NTO 3.0.
- While continued investment in digital content is projected to improve Zee5 KPIs, it will remain a drag on the profitability as the digital segment continues to remain in investment mode.
- We have cut our FY24 earnings estimate by 16% led by continued investments in both digital and linear content and a weak revenue outlook in near future. We, however, maintain our FY25E earnings.
- The merged entity with a revenue potential of ~INR160b and EBITDA margin of 18% is trading at 6.5x EV/EBITDA on FY23 basis. But merger timelines remain a key monitorable.
- The stock trades at attractive valuation of 15x FY25E P/E. This is much below its historic multiples of 25-30x about three years back. The potential re-rating will be governed by: a) recovery in the ad market, and b) completion of the Sony merger deal, given the strong market position of the merged entity and the growth opportunity ahead.
- Valuing the stock at 18x FY25E EPS, we arrive at our TP of INR210. **We maintain our BUY rating on the stock.**

Consolidated - Quarterly Earning Model

Y/E March	FY22				FY23				FY22	FY23	FY23	(INR m)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	v/s Est (%)
Revenue	17,750	19,788	21,126	23,221	18,457	20,213	21,088	21,121	81,885	80,879	19,520	8.2
YoY Change (%)	35.3	14.9	-22.6	18.1	4.0	2.1	-0.2	-9.0	5.9	-1.2	-16.0	
Total Expenditure	14,310	15,666	16,334	18,168	16,100	16,737	17,427	19,604	64,478	69,868	17,565	11.6
EBITDA	3,440	4,122	4,793	5,053	2,358	3,476	3,660	1,517	17,407	11,011	1,956	-22.4
EBITDA Margin (%)	19.4%	20.8%	22.7%	21.8%	12.8%	17.2%	17.4%	7.2%	21.3%	13.6%	10.0%	
Depreciation	590	598	594	604	778	679	837	833	2,386	3,128	750	11.1
Interest	19	22	30	377	81	95	130	396	448	702	91	336.1
Other Income	336	317	178	377	338	169	148	142	1,207	797	161	-11.3
Fair Value through P&L gain/(loss)	-97	-89	-53	202	0	0	58	0	-37	58	0	
PBT before EO expense	3,069	3,730	4,294	4,651	1,837	2,871	2,900	430	15,744	8,037	1,275	-66.3
Extra-Ord expense	37	140	154	1,002	150	615	1,690	900	1,333	3,355	0	
PBT	3,032	3,590	4,140	3,649	1,687	2,255	1,210	-470	14,411	4,682	1,275	-136.8
Tax	945	930	1,151	1,205	621	648	637	260	4,230	2,167	319	-18.4
Rate (%)	31.2	25.9	27.8	33.0	36.8	28.7	52.7	-55.3	29.4	46.3	25.0	
MI & P/L of Asso. Cos.	-50	-41	2	0	-1	1	2	-1	-89	1	-88	
Reported PAT	2,137	2,702	2,987	2,444	1,066	1,606	570	-729	10,270	2,514	1,045	
Adj PAT	2,210	2,853	3,153	2,913	1,161	1,426	1,312	669	11,129	4,568	1,045	-36.0
YoY Change (%)	56	70	-35	8	-47	-50	-58	-77	5	-59	-52	

E: MOFSL Estimates

Exhibit 1: Valuation based on P/E

Valuation	FY25E
EPS	12
PE multiple (x)	18
Target Price (INR)	210
CMP (INR)	179
Upside (%)	18%

Source: MOFSL, Company

Segmental Performance

- Advertisement revenue declined 10% YoY to INR10.1b (6% beat) due to FTA withdrawal (Zee Anmol) and continued slowdown in FMCG spends in 4QFY23.
- Subscription revenue remained flat YoY at INR8.5b (in line) aided by underlying organic growth in Zee5 and Zee Music, partially dragged by linear subscription decline owing to a switch-off.
- Revenue from sales and services declined 25.5% YoY to INR2.6b (v/s INR1.7b est.) during the quarter.

OTT platform (ZEE5) and other highlights

- Zee5's revenue came in at INR2.2b (+36% YoY), while EBITDA loss widened QoQ and YoY to INR3.1b during the quarter.
- MAUs/DAUs stood at 113.8m/11.1m as of Mar'23. While the MAUs/DAUs declined 5.7m/0.4m on sequential basis, average watch time improved to 229 minutes during 4QFY23.
- The company's network share improved 40bp QoQ to 16.6% as network share gains were witnessed in key markets of Bangla, Odiya, Telugu, Kannada and Punjab. Yet, it was down ~40bp YoY from the base of 17%.
- OCF stood at INR1.3b v/s INR28b in FY22 on account of lower profitability. Adjusted for a capex of INR1.3b, FCF remained at break-even for FY23.
- Z continued to maintain its high cash position with net cash of INR8b in Mar'22.

Explanation of exceptional costs

- During earlier years, the company had provided commitments for funding shortfalls in Debt Service Reserve Account (DSRA guarantee) in relation to financial facilities availed from the banks by Siti Networks Limited (SNL). The loan outstanding of SNL as of 31st Dec'22 stood at INR2b, which was backed by DSRA guarantee. **Z reported exceptional expenses to the tune of INR474m for 9MFY23 (INR312m for 1HFY23) towards credit risk evaluation of SNL (related party), w.r.t. the DSRA guarantee provided. Further, provisions for overdue trade receivables to the tune of INR2b as of Mar'21 continued to remain.**
- Moreover, in view of the overdue, the company has been recognizing billed subscription revenue to SNL on cash basis. In 3QFY23, revenue of INR584m (of the INR684.9m billed) had been recognized in view of corresponding deposits made in court/bank earmarked by SNL. **Since then the company has stopped providing broadcast services to SNL due to non-receipt of payment.**
- The company had purchased unlisted, secured redeemable non-convertible debentures (NCDs) of Zee Learn Limited, guaranteed by the company, for an aggregate amount of INR445m that were redeemable in a phased manner by FY24. The principal outstanding of such NCDs were INR255.1m. In the view of the insolvency proceedings announcement by NCLT on Zee Learn, the company as a form of prudent measure has impaired the entire outstanding amount during 3QFY23.
- In 4QFY23, the company has accounted INR620m for certain employee and legal expenses pertaining to the proposed scheme of merger arrangement. The overall amount for FY23 stood at INR1.8b.

- Z entered into an agreement to settle dues of Indian Performing Rights Society Limited (IPRS) in relation to the consideration to be paid towards royalty for the usage of literary and musical works for the period Apr'18 to Mar'23. While the company has recorded an additional liability of INR270m towards the payment of such settlement, all the legal cases and proceedings filed by IPRS at various forums would now stand withdrawn.
- The management, as part of its portfolio rationalization initiative and conditions of impending merger, is in the process of **liquidating / discontinuing / selling certain entities. These mainly pertain to Margo Networks Private Limited (Sugarbox)**. The results of the operation of these entities have been presented separately on the profit and loss account as discontinuing operations. Considering these assets are held for sale, the assets have been recorded at their realizable value. Accordingly, the Group **recorded an impairment of INR976m towards such assets, which has been disclosed as an exceptional item as a part of discontinued operations**.
- On matter pertaining to ATL Media Ltd (wholly owned subsidiary) entering into a Put Option agreement with Living Entertainment Limited, Mauritius (LEL), the **company believes that the Put Option Amendment Deed has been properly withdrawn by the company and is no longer binding and enforceable** against the Company. Thus, it has a reasonable chance of success in this respect in the Amended plaint. However, **the auditors during FY23 have mentioned EOM (Emphasis of Matter) in this respect**.



Management commentary highlights

Key highlights

- Contraction in 4QFY23 EBITDA margin was mainly due to investments in sports (IL-T20) and Zee5 coupled with weak revenue.
- Management expects losses in Zee5 to taper-off as a majority of the one-time investments has been completed. Investments in technology and content creation to continue though.
- Z expects the network share gain to support ad revenue and anticipates high single-digit to low double-digit growth in the segment for 3-5 years.
- The company has challenged the NCLT order directing review of clearance by stock exchanges. The next hearing is due on 16th Jun'23.

Commentary in details

Merger:

- Management stated that the merger process has taken time to obtain the required approvals as the legal matters are consuming a considerable amount of time in the overall process.
- NCLT had recently dismissed a plea against Z laid down by a financial institution which is a positive sign. The company further stated that the outstanding matters in NCLT are not remotely pertaining to the Z entity.
- Recently, the NCLT has directed exchanges to re-evaluate the NOCs issued by them including the consideration of permission for non-compete fee. The company has however challenged this decision.

Performance:

- Weak ad spends, implementation of NTO, and sub-par movie performance adversely impacted annual performance of the company in FY23.
- Z witnessed improvement in market share in 4QFY23, with share gain being higher than competition. The company is further witnessing improvement of share in key markets for linear channels.
- It is currently witnessing improvement in market sentiments
- Within the movies and film production segment:
 - a) Zee Studio released six movies (two Hindi) during the quarter
 - b) The annual revenue from this segment was higher mainly on account of higher movie produced and released during FY23 (31 movies) v/s FY22 (23 movies)
 - c) The revenue in this segment was supported by higher theatrical and syndication income
- FY23 witnessed higher opex mainly led by higher content cost and continued investments in content and marketing. 4QFY23 further witnessed an uptick in marketing costs
- EBITDA margin for 4QFY23 was mainly hit by investments towards sports (IL-T20) and Zee5 coupled with weak revenue.

Ad revenues:

- The segment continued to see a decline in revenue on account of muted ad spending by FMCG segment.
- The company expects the growth trajectory to remain positive for TV and anticipates growth in ad revenue to remain in high single-digit to low double-digit for 3-5 years.
- The company expects market share gain to support ad revenue after the completion of sports calendar while industry growth could remain muted.

Subscription revenue:

- The delay in signing of agreement by BPO on revised pricing post implementation of NTO 3.0 resulted in a switch-off, which impacted the linear segment revenue adversely.
- The growth within the segment was mainly driven by subscription growth seen within Zee5 and Zee Music, which was offset by a decline in linear segment.
- Adjusted for the recognition of revenue from SITI in 3QFY23, subscription revenue was flat sequentially.
- While the company is witnessing an arrest in fall within the pay-tv segment post-withdrawal of Zee Anmol from FTA, visibility around revenue growth still remains unclear.
- The company, during the quarter, took a conscious call to discontinue provision of services of SITI cable across India (except eastern region)
- The company indicated that the segment may not see healthy growth in FY24. It, however, expects to see inflationary environment in the medium- to long-term across the industry.
- The delay in signing of agreement by large BPO is expected to lead to some delay in revenue recovery. Z expects growth to range between 7% and 8% for the coming period.

Network share:

- The company during the quarter gained 40bp network share, reaching 16.6%.
- The network share gain was mainly led by improved share within the Tamil Telegu, Kannada, Odiya and Punjabi segments
- Management expects the benefits of continued efforts and investment within Zee Marathi to flow in from coming months.

Exceptional items and discontinued operations:

- Within the SITI cable matter (DSRA guarantee), the company indicated that the settlements have been arrived with IndusInd Bank and Standard Chartered Bank, while IDBI's claim remains outstanding.
- The company has further indicated that subsequent to the continued legal proceedings and non-collection of balances for services, the company has discontinued its services to SITI, across India (except East).
- As a part of its portfolio rationalization plan and focus on priority businesses, the company announced discontinuation of certain businesses, mainly pertaining to Margo Networks Private Ltd. (Sugarbox) business and certain Russian operations. The company stated that it has not taken a complete write-down and is evaluating options for third-party investors.

Digital (Zee5):

- The company has recently announced over 111 titles including the likes of Zee5's original content, direct releases and theatrical releases.
- The media reports indicate that the digital ecosystem would post 20-25% CAGR over 5-8 years. Zee5 is outgrowing the industry growth.
- Zee5's revenue rose 36% for 4QFY23 while minor moderations were witnessed within the KPIs (MAUs and DAUs).
- The company has not seen significant churn despite the price hikes taken last year mainly due to quality of content and focus on B2C, which is a stickier medium.
- While the company further sees headroom in pricing from here, it would remain dependent on revenue growth.
- The higher costs seen within the segment was mainly due to ramp up in offerings on content and investments made within the technology front.
- While the company expects investment towards tech and other investment to continue, it believes that a majority of the one-off investments has been done. Zee expects moderation in losses within the segment in the coming months.

Exhibit 2: Quarterly performance (INR m)

	4QFY22	3QFY23	4QFY23	YoY%	QoQ%	4QFY23E	v/s est (%)
Advertising revenue	11,197	10,638	10,058	-10.2	-5.5	9,490	6.0
Subscription revenue	8,549	8,944	8,474	-0.9	-5.3	8,328	1.8
Other sales and services	3,475	1,530	2,589	-25.5	69.3	1,702	52.1
Total revenue	23,221	21,088	21,121	-9.0	0.2	19,520	8.2
Total operating expenses	18,168	17,427	19,604	7.9	12.5	17,565	11.6
EBITDA	5,053	3,660	1,517	-70.0	-58.5	1,956	-22.4
EBITDA margin (%)	21.8	17.4	7.2	-1458bp	-1017bp	10.0	-283bp
Depreciation	604	837	833	38.1	-0.4	750	11.1
Finance Cost	377	130	396	5.2	205	91	336
Other income	377	148	142	-62.2	-3.8	161	-11.3
Fair Value gain/(loss) through P&L	202	58	0	NM	NM	0	NM
PBT	4,651	2,900	430	-90.8	-85.2	1,275	-66.3
Exceptional item gain/(loss)	-1,002	-1,690	-900	NM	NM	0	NM
Reported PBT	3,649	1,210	-470	-112.9	-138.8	1,275	-137
Tax	1,205	637	260	-78.4	-59.2	319	-18
Effective Tax Rate (%)	33.0	52.7	-55.3	-8837bp	-10802bp	25.0	-8,034.3
Reported PAT	2,444	572	-730	-130	-227	956	-176
Associates/Minority Interest	0	2	-1	-550	-141	-88	
Reported PAT (after Asso./MI)	2,444	570	-729	-130	-228	1,045	-170
Adjusted PAT	2,913	1,312	669	-77	-49	1,045	-36

Source: MOFSL, Company

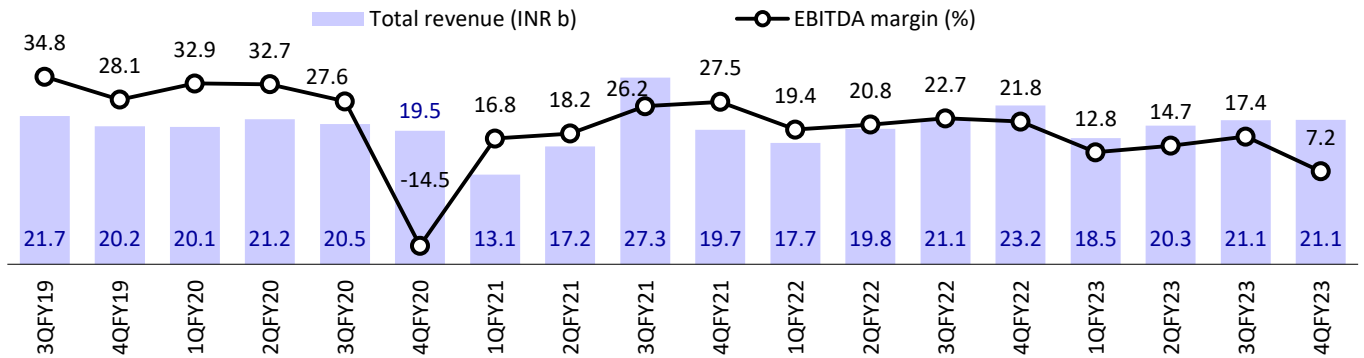
Exhibit 3: Summary of our estimate revisions (INR b)

	FY24E	FY24E
Ad revenue (INR b)		
Old	47.0	52.9
Actual/New	43.8	50.6
Change (%)	-6.8	-4.4
Subscription revenue (INR b)		
Old	35.9	38.8
New	36.1	39.0
Change (%)	0.4	0.5
Total revenue (INR b)		
Old	89.9	99.9
New	87.8	98.8
Change (%)	-2.3	-1.1
EBITDA (INR b)		
Old	15.3	18.0
New	14.4	18.7
Change (%)	-5.8	4.2
EBITDA margin (%)		
Old	17.0	18.0
New	16.4	19.0
Change (bp)	-60.5	96.6
PAT (INR b)		
Old	10.2	12.1
New	8.6	11.6
Change (%)	-15.9	-4.5
EPS (INR)		
Old	10.6	12.6
New	8.9	12.0
Change (%)	-15.9	-4.5

Source: MOFSL, Company

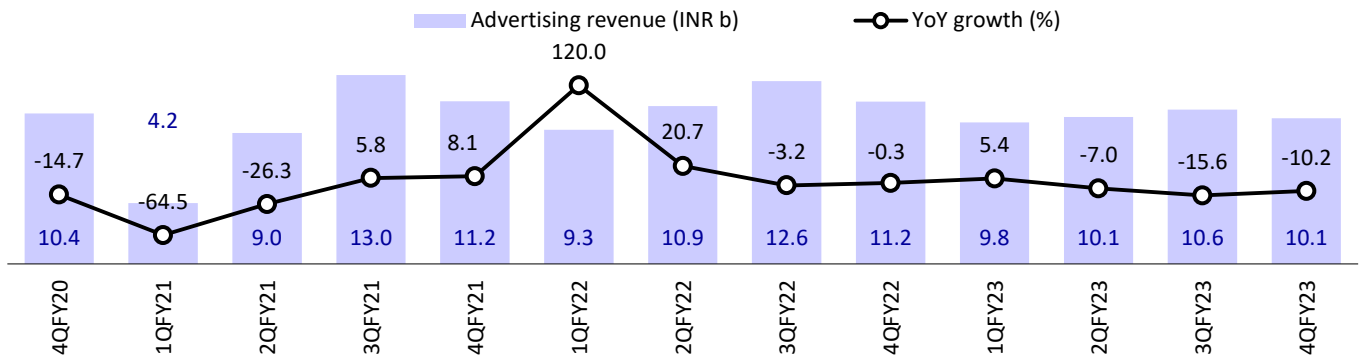
Story in charts

Exhibit 4: Consol. revenue declined YoY with margin at 7.2% (INR b, %)



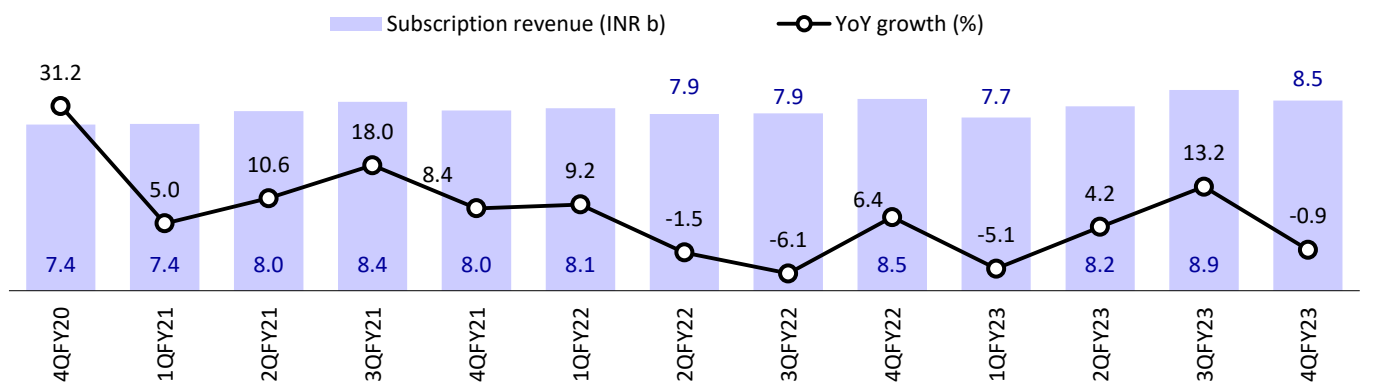
Source: Company, MOFSL

Exhibit 5: Total ad revenue declined 10% YoY (INR b, %)

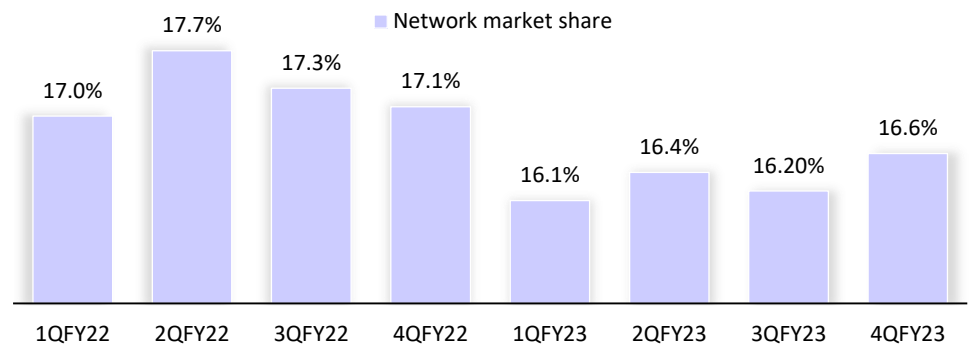


Source: Company, MOFSL

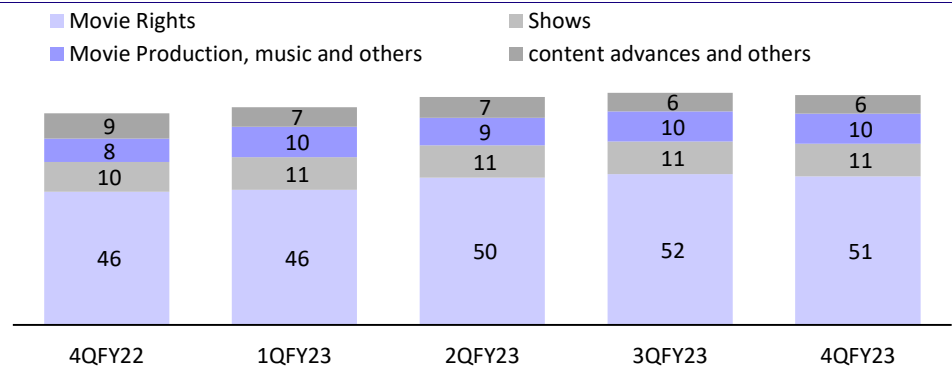
Exhibit 6: Total subscription declined marginally by 0.9% YoY (INR b, %)



Source: Company, MOFSL

Exhibit 7: Market share improved sequentially by 40bp

Source: MOSL, Company

Exhibit 8: Breakup of content inventory, advances and deposits (INR b)

Source: Company, MOFSL

Exhibit 9: Zee5 KPIs (INR m)

ZEE5 KPIs	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23
DAUs (m)	6.1	7.1	9.3	9.6	10.5	11.3	11.0	11.5	11.1
MAUs (m)	72.6	80.2	93.2	101.9	104.8	103.3	112.0	119.5	113.8
Avg watch time (mnts/month)	156.0	190.0	186.0	201.0	214.0	196.0	198.0	169.0	229.0
Revenue (INR m)	1,075.0	1,117.0	1,305.0	1,459.0	1,614.0	1,597.0	1,671.0	1,943.0	2,200.0
as % of total revenue	5.5	6.3	6.6	6.9	7.0	8.7	8.2	9.2	10.4
ZEE5 Operating Costs	2,700.0	3,150.0	3,025.0	3,287.0	3,566.0	3,949.0	4,440.0	4,763.0	5,309.0
YoY growth	-	-	-	-	-	-	-	-	-
as % of total Costs	18.9	22.0	19.3	20.1	19.6	24.5	25.6	27.3	27.1
ZEE5 EBITDA	(1,625.0)	(2,033.0)	(1,720.0)	(1,828.0)	(1,952.0)	(2,352.0)	(2,769.0)	(2,820.0)	(3,109.0)

Source: Company, MOFSL

Exhibit 10: Snapshot of pro-forma numbers for the merged entity

INR b	FY21	FY22	FY23E	FY24E	FY25E
Revenue					
Consol	133.3	149.3	156.8	190.8	232.2
Linear	121.3	134.3	136.8	150.8	172.2
OTT	12.0	15.0	20.0	40.0	60.0
EBITDA					
Consol	28.9	31.0	27.8	44.9	58.6
Linear	43.9	46.0	42.8	52.9	60.6
OTT	-15.0	-15.0	-15.0	-8.0	-2.0
EBITDA margins (%)					
Consol	21.7	20.8	17.7	23.5	25.2
Linear	36.2	34.3	31.3	35.1	35.2
OTT	-125.0	-100.0	-75.0	-20.0	-3.3

Source: MOSL

Financials and Valuations

Consolidated - Income Statement

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Total Income from Operations	66,857	79,339	81,299	77,299	81,893	80,879	87,833	98,774
Change (%)	3.9	18.7	2.5	-4.9	5.9	-1.2	8.6	12.5
Programming/Production expenses	25,275	30,758	38,285	37,505	40,449	44,686	47,221	51,999
Employees Cost	6,657	7,249	7,805	8,183	8,641	8,238	8,567	8,910
Other Expenses	14,164	15,692	18,863	13,710	15,582	16,944	17,622	19,118
Total Expenditure	46,095	53,700	64,953	59,398	64,672	69,868	73,410	80,027
% of Sales	68.9	67.7	79.9	76.8	79.0	86.4	83.6	81.0
EBITDA	20,761	25,639	16,345	17,901	17,221	11,011	14,423	18,747
Margin (%)	31.1	32.3	20.1	23.2	21.0	13.6	16.4	19.0
Depreciation	1,821	2,347	2,706	2,649	2,459	3,128	3,553	4,007
EBIT	18,941	23,292	13,639	15,252	14,762	7,884	10,870	14,740
Int. and Finance Charges	1,448	1,304	1,449	571	451	702	300	300
Other Income	4,404	2,515	2,836	1,104	1,213	797	900	1,000
Fair Value through P&L gain/(loss)	-68	36	-2,597	-1,962	-37	58	0	0
PBT bef. EO Exp.	21,829	24,538	12,430	13,823	15,487	8,037	11,470	15,440
EO Items	1,346	-218	-2,843	-1,266	-1,333	-3,355	0	0
PBT after EO Exp.	23,175	24,320	9,587	12,558	14,154	4,682	11,470	15,440
Total Tax	8,409	8,673	4,317	4,625	4,597	2,167	2,887	3,886
Tax Rate (%)	36.3	35.7	45.0	36.8	32.5	46.3	25.2	25.2
Minority Interest/Associate	-25	-23	5	-69	-89	1	1	1
Reported PAT	14,791	15,671	5,265	8,002	9,646	2,514	8,582	11,553
Adjusted PAT	14,001	15,775	9,424	10,620	11,129	4,568	8,582	11,553
Change (%)	-7.0	12.7	-40.3	12.7	4.8	-59.0	87.9	34.6
Margin (%)	20.9	19.9	11.6	13.7	13.6	5.6	9.8	11.7

Consolidated - Balance Sheet

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	961	961	961	961	961	961	961	961
Total Reserves	74,657	88,279	92,479	99,985	1,07,667	1,06,258	1,11,382	1,19,477
Net Worth	75,617	89,239	93,439	1,00,945	1,08,627	1,07,219	1,12,343	1,20,437
Minority Interest	142	143	110	129	0	0	0	0
Total Loans	15,255	11,134	6,476	4,028	556	2,820	2,820	2,820
Deferred Tax Liabilities	1,996	1,262	0	-1,207	-3,080	-4,229	-4,229	-4,229
Capital Employed	93,010	1,01,778	1,00,025	1,03,894	1,06,103	1,05,810	1,10,933	1,19,028
Gross Block	15,353	17,299	19,799	21,870	30,164	29,644	32,144	34,644
Less: Accum. Deprn.	6,058	8,406	10,722	13,762	21,363	19,348	22,901	26,908
Net Fixed Assets	9,295	8,893	9,077	8,108	8,801	10,296	9,243	7,736
Goodwill on Consolidation	5,467	5,252	4,070	3,804	3,450	3,302	3,302	3,302
Capital WIP	920	1,561	832	782	871	191	191	191
Total Investments	15,288	9,765	3,247	7,983	651	330	330	330
Curr. Assets, Loans&Adv.	80,327	1,03,859	1,06,511	1,06,303	1,10,636	1,18,723	1,31,242	1,44,073
Inventory	26,278	38,505	53,475	54,030	63,862	73,079	77,225	85,039
Account Receivables	15,365	18,274	20,847	21,286	17,375	16,088	21,657	23,002
Cash and Bank Balance	16,117	12,218	7,345	10,907	12,733	8,040	10,702	11,677
Loans and Advances	22,567	34,861	24,845	20,080	16,666	21,516	21,657	24,355
Curr. Liability & Prov.	18,287	27,552	23,712	23,086	18,306	27,032	33,374	36,604
Account Payables	11,497	14,897	16,803	13,982	13,719	17,494	17,765	19,484
Other Current Liabilities	5,816	11,204	5,383	7,395	3,429	8,040	14,212	15,587
Provisions	975	1,451	1,526	1,709	1,159	1,498	1,397	1,532
Net Current Assets	62,040	76,307	82,799	83,218	92,329	91,691	97,868	1,07,469
Misc Expenditure	0	0	0	0	0	0	0	0
Appl. of Funds	93,010	1,01,778	1,00,025	1,03,894	1,06,103	1,05,810	1,10,933	1,19,028

E: MOFSL Estimates

Financials and Valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Basic (INR)								
EPS	14.6	16.4	5.5	11.1	11.6	4.8	8.9	12.0
Cash EPS	15.2	17.8	11.8	13.4	13.9	8.0	12.6	16.2
BV/Share	78.7	92.9	97.3	105.1	113.1	111.6	117.0	125.4
DPS	2.9	3.5	3.0	2.5	3.0	3.0	3.0	3.0
Payout (%)	22.6	25.7	65.7	36.0	35.8	137.6	40.3	29.9
Valuation (x)								
P/E	12.3	10.9	32.7	16.2	15.4	37.6	20.0	14.9
Cash P/E	11.8	10.0	15.2	13.4	12.9	22.3	14.2	11.0
P/BV	2.3	1.9	1.8	1.7	1.6	1.6	1.5	1.4
EV/Sales	2.3	2.0	2.1	2.0	1.9	2.1	1.9	1.6
EV/EBITDA	7.5	6.3	10.3	8.8	9.2	15.1	11.3	8.7
Dividend Yield (%)	1.6	2.0	1.7	1.4	1.7	1.7	1.7	1.7
FCF per share	2.5	-1.5	1.1	14.3	0.4	-1.3	5.7	3.9
Return Ratios (%)								
RoE	19.6	19.1	10.3	10.9	10.6	4.2	7.8	9.9
RoCE	16.5	17.4	9.0	10.1	10.1	4.3	7.8	9.9
RoIC	22.4	21.6	9.0	11.1	11.3	4.5	8.3	10.7
Working Capital Ratios								
Fixed Asset Turnover (x)	4.4	4.6	4.1	3.5	2.7	2.7	2.7	2.9
Asset Turnover (x)	0.7	0.8	0.8	0.7	0.8	0.8	0.8	0.8
Inventory (Days)	143	177	240	255	285	330	321	314
Debtor (Days)	84	84	94	101	77	73	90	85
Creditor (Days)	63	69	75	66	61	79	74	72
Leverage Ratio (x)								
Current Ratio	4.4	3.8	4.5	4.6	6.0	4.4	3.9	3.9
Interest Cover Ratio	13.1	17.9	9.4	26.7	32.7	11.2	36.2	49.1
Net Debt/Equity	-0.2	-0.1	0.0	-0.1	-0.1	-0.1	-0.1	-0.1

Consolidated - Cash Flow Statement

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
(INR m)								
OP/(Loss) before Tax	23,187	24,345	9,563	12,556	14,155	4,681	11,470	15,440
Depreciation	1,821	2,565	5,550	2,649	2,459	3,413	3,553	4,007
Interest & Finance Charges	101	139	135	104	226	707	300	300
Direct Taxes Paid	-8,295	-9,299	-3,114	-5,011	-4,965	-3,893	-2,887	-3,886
(Inc)/Dec in WC	-8,551	-17,151	-16,758	809	-9,638	-2,722	-3,514	-8,627
CF from Operations	8,263	599	-4,624	11,107	2,237	2,186	8,922	7,234
Others	-2,673	734	7,124	4,370	478	-896	-901	-1,001
CF from Operating incl EO	5,590	1,333	2,499	15,477	2,714	1,291	8,021	6,233
(Inc)/Dec in FA	-3,146	-2,814	-1,451	-1,740	-2,286	-2,560	-2,500	-2,500
Free Cash Flow	2,444	-1,481	1,048	13,737	429	-1,269	5,521	3,733
(Pur)/Sale of Investments	-1,413	5,930	3,163	-3,765	16,361	-553	0	0
Others	-145	1,316	1,451	-951	-8,219	1,212	900	1,000
CF from Investments	-4,704	4,432	3,163	-6,456	5,856	-1,900	-1,600	-1,500
Issue of Equity	0	0	-4,867	-4,027	-4,034	0	0	0
Inc/(Dec) in Debt	-6,967	-4,876	-12	4	9	-256	0	0
Interest Paid	-101	-54	-67	-43	-49	-80	-300	-300
Dividend Paid	-3,834	-4,734	-5,227	-1,118	-2,850	-2,882	-3,459	-3,458
Others	0	0	-362	-275	180	-865	0	0
CF from Fin. Activity	-10,902	-9,664	-10,535	-5,459	-6,745	-4,082	-3,759	-3,758
Inc/Dec of Cash	-10,016	-3,899	-4,873	3,561	1,826	-4,692	2,662	975
Opening Balance	26,133	16,117	12,218	7,345	10,907	12,732	8,041	10,702
Closing Balance	16,117	12,218	7,345	10,907	12,732	8,041	10,702	11,677

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