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About the Company

Zee Entertainment Enterprises Ltd., part of the Essel Group, is a leading Indian media company, incorporated on November 25, 1982. It transitioned to a public company in 2006. Zee operates across television broadcasting, offering a variety of channels in entertainment, news, movies, music, and regional languages. Its digital platform, ZEE5, provides diverse content, including TV shows, movies, and original series. Zee is also active in film production through its subsidiary, Zee Studios. With a presence in over 190 countries, Zee's notable brands include Zee TV, Zee Cinema, Zee News, and ZEE5. It is merging with Sony Pictures Networks India.

Latest Q3 FY25 Update

- Revenue from Operations: Zee Entertainment reported a revenue of ₹2,128.6 crore, marking a 7.4% increase from ₹1,983.6 crore in Q3FY24.
- Net Profit: The company's net profit rose to ₹292.6 crore, up from ₹193.3 crore in the same quarter last year, reflecting a 51.3% year-on-year increase.
- EBITDA: The EBITDA for the quarter was ₹555.4 crore, a 12.6% increase from ₹493.4 crore in Q3FY24. EBITDA margins: +10 bps QoQ, +590 bps YoY.
- Advertising Revenue: Advertising revenue grew by 10.3% to ₹1,111.5 crore, driven by a recovery in the advertising market.
- Subscription Revenue: Subscription revenue increased by 4.5% to ₹1,017.1 crore, benefiting from a rise in domestic subscription income.
- Cash Flow from Operations (CFO): Zee Entertainment reported a positive cash flow from operations, reflecting its ability to generate cash from its core business activities. However, specific figures were not detailed in the search results.

Company Data

Enterprise Value (EV)	₹ 8,165 Cr.
Market Cap.	₹ 9,014 Cr.
Total Debt	₹ 330 Cr.
Cash Equivalents	₹1,179 Cr
Shares Outstanding	96 Crores
Beta	1.4
EPS (TTM)	₹ 5.25
D/E Ratio	0.03
Div Yield	1.03%

Key Ratios

PE Ratio (TTM)	15.2
Industry PE Ratio	24.5
PB Ratio	0.8
PEG Ratio	-0.47

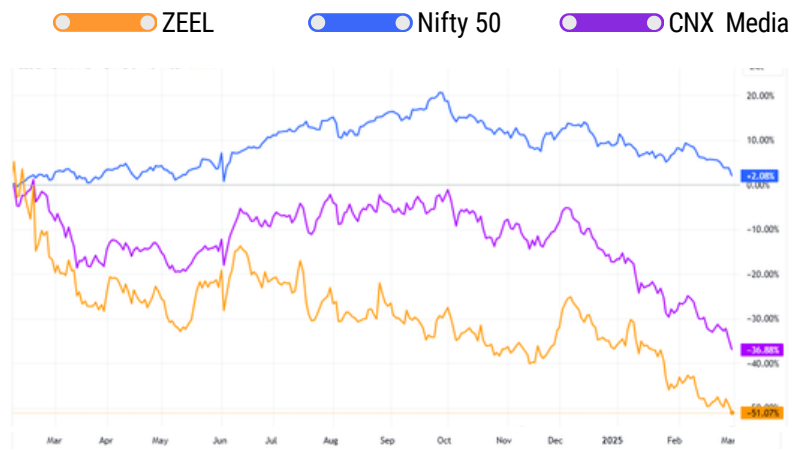
Price Performance

3 months	-24.8%
6 months	-31.1%
1 Year	-39.6%
NIFTY50 1 Year Returns	1.35%



- Healthy profitability amidst challenging macro conditions.
- Advertising revenue: +4% QoQ, but -8% YoY due to consumption slowdown, particularly in urban areas.
- Subscription revenue: +8.2% YoY, supported by new channel tariff implementation.
- Music business (ZMC): #2 music channel, healthy profitability with selective growth.
- Costs & Efficiency: Operating costs: -10% YoY due to cost optimization, lower technology, and programming costs.
- Advertising and publicity expenses increased to support marketing and growth.

Stock Performance



One Year Performance

Management Commentary and View

Zee Entertainment’s performance reflects its strategic focus on enhancing content offerings, optimizing operational efficiency, and capitalizing on its growing digital platform, ZEE5. The company has made significant strides in strengthening its content portfolio, ensuring that both its television and digital platforms attract and retain a diverse audience. ZEE5, in particular, has been a key area of investment, with a focus on expanding its library of original and exclusive digital content to drive user engagement and boost subscription revenues.

In line with its digital expansion goals, Zee continues to invest in ZEE5 to solidify its position in the competitive OTT space. The proposed merger with Sony Pictures Networks India is expected to further enhance Zee’s market position, offering significant synergies that will not only strengthen content offerings but also improve operational efficiencies. Globally, Zee continues to cater to international audiences by offering content in multiple languages, maintaining its expansive reach across over 190 countries. Operational efficiency and profitability remain central to Zee's strategy as it aims to maintain a competitive edge in the media and entertainment sector.

Q3 FY25 Impact Releases



Q4 FY25 Slate



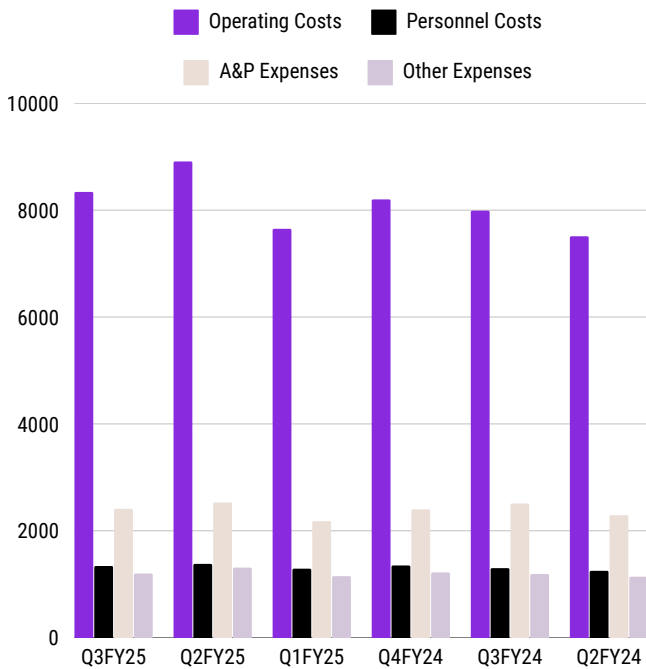


Shareholding Pattern (%)

	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Promoters	3.99%	3.99%	3.99%	3.99%	3.99%
FII's	28.19%	19.18%	18.90%	18.52%	20.05%
DII's	43.42%	35.30%	22.27%	19.05%	17.87%
Government	0.15%	0.15%	0.15%	0.15%	0.13%
Public	24.24%	41.38%	54.67%	58.30%	57.96%
No. of Shareholders	4,08,518	6,27,625	6,03,271	6,78,849	6,82,596

Key Ratios

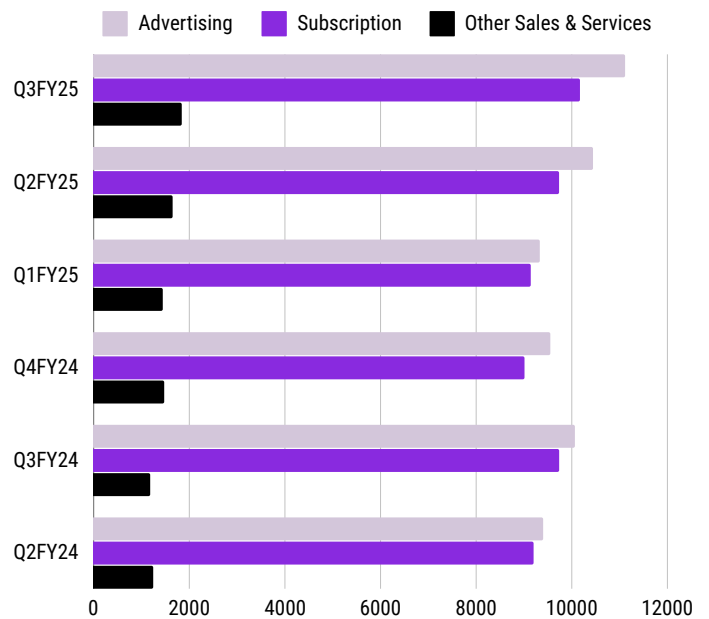
Below details are of their Operating costs, personnel cost, A& P expenses and Other expenses.



• Note:- WMG Stands for The Westin Mumbai Garden City

Note: Zee Entertainment's cost structure highlights the importance of managing operating and A&P expenses to maintain profitability. The company's ability to control personnel costs while investing in advertising and promotion is crucial for driving revenue growth and maintaining market competitiveness.

Below details are of their advertising, subscription and other sales & services



Note: - Zee Entertainment's revenue breakdown highlights the importance of both advertising and subscription income in its business model. The company's ability to maintain a stable subscription base while navigating fluctuations in advertising revenue is crucial for its financial performance.



Quarterly Summary

(INR Million)	Q3 FY24	Q2 FY25	Q3 FY25	QoQ	YoY
Operating Revenue	20,457	20,007	19,788	-1%	-3%
Expenditure	-18,367	-16,797	-16,604	-1%	-10%
EBITDA	2,090	3,210	3,184	-1%	52%
EBITDA Margin	10.20%	16.00%	16.10%		
Other Income	277	337	345		
Depreciation	-761	-732	-658		
Finance cost	-183	-83	-108		
Fair value through P&L	0	22	23		
Exceptional Items/JV & Associate	-602	110	-808		
Profit Before Tax	821	2,864	1,978	-31%	141%
continuing op.					
Provision for Tax	288	769	342		
Profit after Tax	533	2,095	1,636	-22%	207%
continuing oper.					
Profit from discontinuing operations	52	-1	0		
Profit for the period/year	585	2,094	1,636	-22%	180%

Profit & Loss Statement

Particulars	9 months ended		Year ended
	31-Dec-24	31-Dec-23	31-Mar-24
Revenue from operations	57,082.0	60,459.0	80,750.0
Other income	1,612.0	988.0	1,123.0
Total income	58,694.0	61,447.0	81,873.0
Operational cost	31,751.0	36,538.0	49,055.0
Employee benefits expense	5,943.0	6,496.0	8,795.0
Finance costs	223.0	630.0	691.0
Dep'n and amort.	1,634.0	1,664.0	2,227.0
FV gain on financial instruments at FV through P&L	-234.0	-214.0	-285.0
Advertisement and publicity expenses	7,725.0	6,936.0	9,120.0
Other expenses	3,555.0	3,484.0	4,827.0
Total expenses	50,597.0	55,534.0	74,430.0
Profit before exceptional item and taxes	8,097.0	5,913.0	7,443.0
Exceptional items	-1,061.0	-2,852.0	-3,129.0
Profit before tax	7,036.0	3,061.0	4,314.0
Current tax	1,727.0	1,731.0	1,759.0
Deferred tax	-149.0	-844.0	-460.0
Total tax expense	1,578.0	887.0	1,299.0
Profit for the period/year	5,458.0	2,174.0	3,015.0
Re-measurement of defined benefit obligation	101.0	-119.0	-87.0
Income-tax relating to items that will not be reclassified to profit or loss	-25.0	30.0	22.0
Total other comprehensive income/(loss)	76.0	-89.0	-65.0
Total comprehensive income	5,534.0	2,085.0	2,950.0



Balance Sheet

Particulars	As at 30-Sep-2024	As at 31-Mar-2024	Particulars	As at 30-Sep-2024	As at 31-Mar-2024
I) Non-current assets			A) Equity		
(a) Property, plant and equipment	4,178	4,618	(a) Equity Share capital	961	961
(b) Capital work-in-progress	114	93	(b) Other equity	1,03,707	99,102
(c) Investment property	487	490	Total equity	1,04,668	1,00,063
(d) Goodwill	1,261	1,261	B) Liabilities		
(e) Other Intangible assets	765	1,064	I) Non-current liabilities		
(f) Financial Assets			(a) Financial Liabilities		
(i) Investments	8,457	7,900	(i) Long term borrowings	1,533	32
(ii) Other financial assets	1,107	416	(ii) Lease liabilities	1,032	1,489
(g) Income-tax assets (net)	3,224	2,973	(b) Provisions	1,398	1,497
(h) Deferred tax assets (net)	3,815	3,781	Total non-current liabilities	3,963	3,018
(i) Other non-current assets	35	168	II) Current liabilities		
Total non-current assets	23,443	22,764	(a) Financial liabilities		
II) Current assets			(i) Short term borrowings	19	23
(a) Inventories	61,818	65,841	(ii) Lease liabilities	707	643
(b) Financial assets			(iii) Trade payables		
(i) Investments	6,022	-	Total outstanding dues of micro enterprises and small enterprises	339	774
(ii) Trade receivables	15,898	15,819	Total outstanding dues of creditors other than micro enterprises and small enterprises	12,163	14,205
(iii) Cash and cash equivalents	6,402	7,964	(iv) Other financial liabilities	1,479	2,385
(iv) Bank balances other than (iii) above	1,075	80	(b) Other current liabilities	2,928	4,153
(v) Loans	-	-	(c) Provisions	128	105
(vi) Other financial assets	3,622	3,497	(d) Income-tax liabilities (net)	191 -	
(c) Other current assets	8,305	8,595	Total current liabilities	17,954	22,288
Total current assets	1,03,142	1,01,796	Total liabilities (I + II)	21,917	25,306
asset classified as held for sale	-	809	Total equity and liabilities (A+B)	1,26,585	1,25,369
Total Assets (I + II + III)	1,26,585	1,25,369			



Cash Flow Statement

Particulars	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Cash from Operating Activity	250	1,548	280	129	714
Profit from operations	2,237	1,968	1,740	790	613
Receivables	-29	293	-127	163	71
Inventory	-1,483	-53	-980	-911	399
Payables	-164	-159	144	475	-128
Working capital changes	-1,676	81	-964	-272	342
Direct taxes	-311	-501	-497	-389	-240
Cash from Investing Activity	397	-511	586	-202	-46
Cash from Financing Activity	-1,062	-541	-715	-408	-274
Net Cash Flow	-415	496	150	-481	395

Investor Outlook

- Despite challenging macroeconomic conditions, Zee Entertainment maintained steady revenue growth, driven primarily by robust subscription revenues. The introduction of a new Reference Interconnect Offer (RIO) and competitive pricing further accelerated subscription growth. ZEE5 played a significant role in boosting subscriptions and improving margins, as the company strategically focused on digital expansion. The regional language segment, particularly Marathi, also performed well, though advertising revenues were impacted by slower industry growth and reduced FMCG spending during the festive season.
- Subscription revenues are expected to continue growing, with profitability staying a top priority. The company is also preparing for a busy movie calendar in Q4 FY25, which is expected to contribute to profitability.
- By FY26, Zee aims to achieve its EBITDA margin goals, while continuing to invest in content, especially in the Hindi film segment, despite recent challenges. Additionally, the company's focus on rural and international markets for advertising revenue offers promising opportunities for growth. Overall, Zee Entertainment's Q3FY25 results highlight its resilience in driving revenue and profitability growth, supported by a strong content strategy and improving market conditions.
- With an estimated EPS CAGR of 6% and a projected P/E of 20 in the next decade, Zee's stock is estimated to be valued between ₹135-140 per share. The company's emphasis on digital expansion, content creation, and strategic partnerships positions it well for future growth in an evolving media landscape.

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