



# Research Report

## Zee Entertainment Enterprises



Prepared By-

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# About

Zee Entertainment Enterprises, founded in 1982 by Subhash Chandra, is a prominent player in the Indian and global media industry. The company operates in the following businesses: Broadcasting of Satellite Television Channels, Space Selling agent for other satellite television channels, and Sale of Media Content, including programs, film rights, feeds, and music rights. Zee Entertainment has a presence in over 190+ countries and connects with more than 1.3 billion viewers globally. The company offers content across various genres, languages, and platforms.

## Key Areas

- Broadcast Business
- Digital Business
- Movies
- Music
- Live Events

## Synopsis of Financials

- **FY24 was challenging due to macroeconomic headwinds, but Q4 displayed positive growth.**
- **Ad revenue saw a healthy increase on a quarter-on-quarter and year-on-year basis, driven by FMCG sector recovery.**
- **Subscription revenue continued to grow steadily, with expectations of sustained growth in FY25.**
- **Other sales and services grew at 31.5% YoY in FY24.**
- **Zee5 revenues were up 24.1% in FY24, with a focus on optimizing cost structure for sustainable growth.**
- **Operating costs increased by 10.6% in FY24, with efforts to optimize costs and drive margin improvement in the coming quarters.**
- **PAT from continued operations for FY24 was at Rs 1,993 Mn.**

## Stock data (as 3rd July 2024)

Nifty Price	: 24,270.60
52 week High (in Rs.)	: 300
52 week Low (in Rs.)	: 126
Market Cap. (in Crore)	: 14,566
NSE Code	: <u>ZEEL</u>

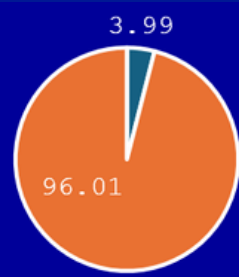
## Stock data



-NIFTY50

- Zee Entertainment Enterprises

## Shareholding Pattern (March 2024)



-PUBLIC GROUP

-PROMOTER GROUP

## Financial Summary

Particulars	March 2024	March 2023	March 2022
Sales	8,637	8,088	8,186
Sales Growth %	6.79%	-1.19%	5.90%
Expenses	7,726	6,981	6,409
Operating Profit	911	1,107	1,777
OPM %	11%	14%	22%
Net Profit	141	48	956
EPS in Rs	1.47	0.5	10.04

# Quarterly Results



Particular	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Sales	2,024	2,109	2,112	1,984	2,438	2,046	2,170
Expenses	1,709	1,737	1,960	1,825	2,105	1,836	1,960
Operating Profit	315	372	152	159	333	209	210
OPM %	16%	18%	7%	8%	14%	10%	10%
Other Income	-54	-187	-199	-113	-55	-27	-11
Interest	10	13	40	23	23	18	7
Depreciation	74	84	83	79	77	76	77
Profit before tax	177	88	-170	-57	177	87	115
Tax %	36%	72%	-15%	6%	31%	33%	88%
Net Profit	113	24	-196	-53	123	59	13

Source: Screener

## Key Ratios

	Mar-23	Mar-22	% change
a Current ratio	3.97	4.86	-18%
b Debt-Equity Ratio (Refer note below)	0	0	311%
c Debt Service Coverage Ratio	6	3	79%
d Return on Equity Ratio	2%	14%	-13%
e Inventory turnover ratio	0.66	0.69	-4%
f Trade Receivables turnover ratio	4.69	4.41	6%
g Trade payables turnover ratio	4	4	-5%
h Net capital turnover ratio	1	1	3%
i Net profit ratio	2.21%	17.83%	-16%
j Return on Capital employed	4.25%	18.84%	-15%
k Return on investment (%)	6.95%	19.68%	-13%

Source: Annual Report

# Yearly Results

Particulars	March 2024	March 2023	March 2022
Equity Capital	96	96	96
Reserves	10,777	10,626	10,767
Borrowings	230	282	76
Other Liabilities	2,346	2,724	2,300
Total Liabilities	13,450	13,728	13,240
Fixed Assets	1,204	1,360	1,225
CWIP	9	19	87
Investments	39	35	65
Other Assets	12,197	12,315	11,862
Total Assets	13,450	13,728	13,240

# Synopsis Quater Results

## Con-Call Q1 FY'24: Key Highlights

### Company Performance:

- Zee Entertainment Enterprises Limited reported positive growth in Q4 FY '24, with a focus on enhancing performance and profitability.
- Efforts were made to optimize resources, maintain focus on quality content, and achieve targeted EBITDA margin.
- Strategic decisions were taken to generate higher value for shareholders, including withdrawing the merger implementation application from NCLT.
- The company remains committed to delivering financial ambitions outlined for FY25.
- Notable improvements were seen in revenue growth, margin, and market position.

### Outlook and Future Plans:

- Expect gradual recovery in revenues in FY25, with promising outlook for ad revenue based on FMCG spending trends.
- Focus on sustaining growth in subscription revenues and Zee5, with initiatives to improve overall profitability.
- Anticipate meaningful improvement in profitability in FY25, driven by cost management and narrowing losses in Zee5.

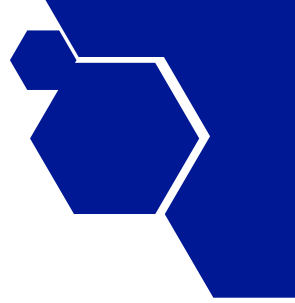
### Legal Proceedings:

- Arbitration proceedings at the Singapore International Arbitration Centre (SIAC) are ongoing.
- Withdrawal from NCLT was a strategic decision to focus on growth opportunities and safeguard stakeholder interests.

### Industry and Competition:

- Positive industry outlook with growth-oriented prospects driven by rising content consumption and improving infrastructure.
- Intensifying competition in the media and entertainment sector, prompting strategic steps to secure future and generate value for stakeholders.
- Focus on innovation, value delivery, and fiscal prudence to maintain industry leadership and drive sustainable growth.

# Revenue Highlights



## Operating Revenue (₹ Mn)

# 80,879

FY23

FY22	81,857*
FY21	77,299
FY20	81,299
FY19	79,339

Revenue for FY 2022-23 decreased marginally by 1.1%, as Ad revenue declined. This was offset by higher revenue from 'other sales and services' throughout the year.

## EBITDA (₹ Mn)

# 11,011

FY23

FY22	17,803*
FY21	17,901
FY20	16,346
FY19	25,639

During the year, we achieved an EBITDA margin of 13.6% for FY 2022-23. We witnessed an increase in content cost in movies and investment in content, marketing, and technology for ZEE5 and sports.

## PBT before Exceptional Items (₹ Mr)

# 8,036

FY23

FY22	16,318
FY21	13,820
FY20	12,400
FY19	24,560

Overcoming hurdles, we witnessed sluggish revenue and EBITDA figures, which translated into a decline in PBT before exceptional items during the year.

## Net Worth (₹ Mn)

# 1,07,219

FY23

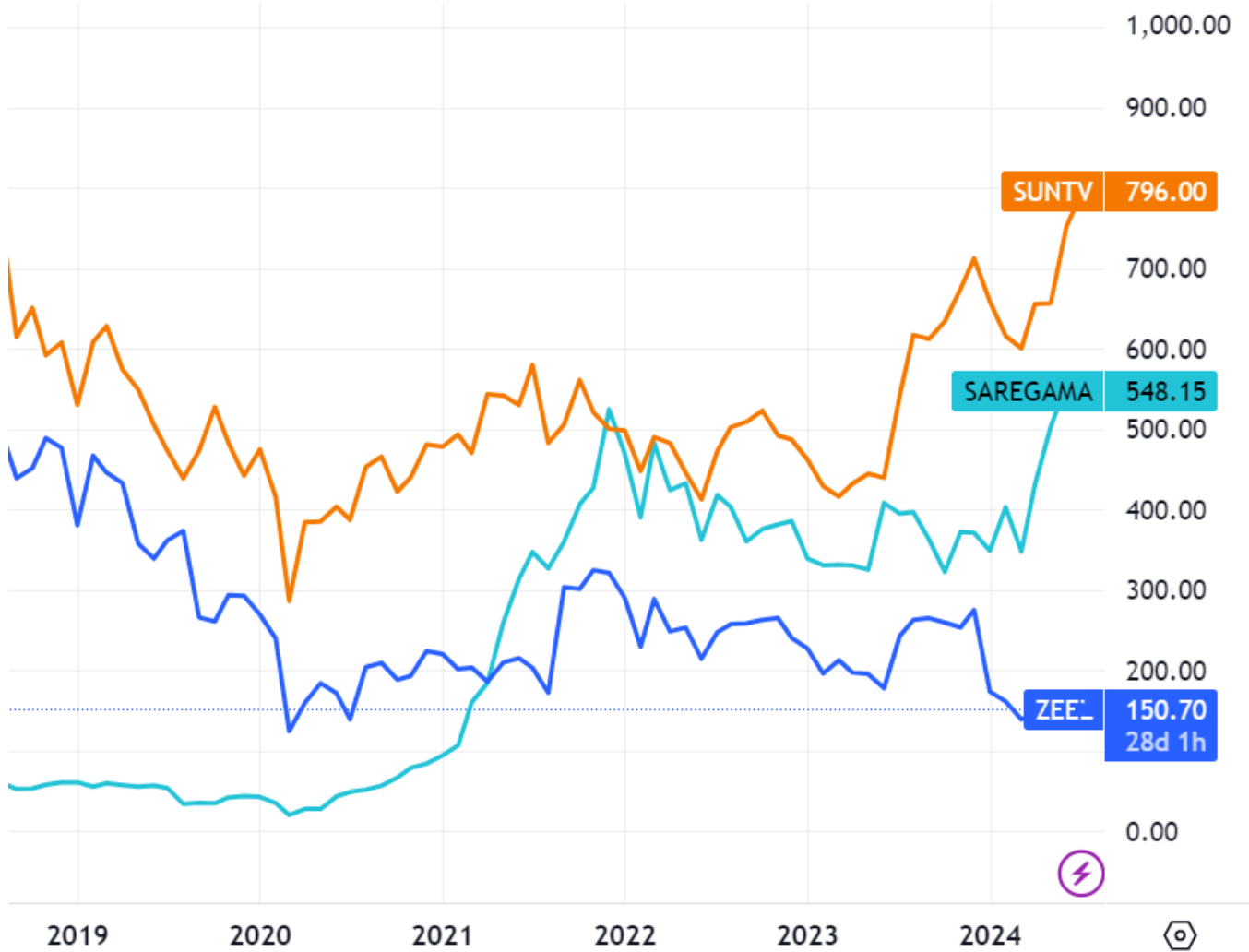
FY22	1,08,627
FY21	1,00,946
FY20	93,439
FY19	89,239

During FY 2022-23, the moderation in Profit After Tax (PAT) resulted in a moderate decline of 1.2% to reach a net worth of ₹1,07,219 million.

# Peer Comparison



## Peer Stock Performance (5Y) Indexed



Source: Trading View

## Peer Financial Performance

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
1.	<a href="#">Sun TV Network</a>	794.65	16.30	31315.96	2.08	414.94	9.08	961.28	14.39	26.32
2.	<a href="#">Zee Entertainmen</a>	151.65	44.94	14566.30	0.00	13.35	115.54	2169.92	2.74	6.62
3.	<a href="#">PVR Inox</a>	1461.80		14345.50	0.00	-129.70	60.66	1256.40	9.90	4.82
4.	<a href="#">Saregama India</a>	552.25	53.90	10659.01	0.72	53.90	23.37	263.05	29.16	19.41
5.	<a href="#">TV18 Broadcast</a>	45.83		7856.92	0.00	-137.22	-363.12	2329.58	65.70	0.12

Source: Screener

# Final Outlook

**ZEEL: BUY | LTP: 152**

Zee Entertainment Enterprises Limited (ZEEL) has demonstrated a remarkable turnaround in its financial performance for the March quarter of FY24, reporting a profit of Rs 13 crore, compared to a loss of Rs 196 crore in the same period last year. This positive shift highlights ZEEL's resilience and effective management strategies. Additionally, the company has maintained an impressive dividend payout of 301%, reinforcing its commitment to delivering value to its shareholders.

ZEEL is a strong buy recommendation for investors due to its potential for growth, which is highlighted by the significant improvement in its financial performance in FY2024. as it projects ZEE's consolidated revenue to expand 10.6% YoY to Rs 2,190 crore in Q1, driven by a 63% increase in production revenues, a 9.8% YoY increase in subscription revenue at Rs 990 crore, and a generally flat YoY increase in advertisement revenue at Rs 977 crore. ZEE's EBITDA is predicted to increase by 47% YoY to Rs 227 crore in Q1FY25.