

Media | Q2FY24 Result Update

2nd consecutive quarter of positive surprise, merger closure key!

- Zee's Q2FY24 was ahead of estimates led by movies and syndication revenue. Revenue/EBITDA/APAT were +20/12/56% YoY. Increase in viewership share (+90bps QoQ), reduction in digital losses (-8/-26% YoY/QoQ) and content inventory by ~Rs 3bn QoQ were other key positives.
- Impending Sony-Zee merger remains the key trigger. We presume merger completion shall take another ~2m (viz. delisting of Zee and listing of merged entity shares). These shall lead to a new positive dawn viz. merger synergies, C&CE of ~Rs 90bn on day1, hopefully cleaned-up BS etc. Closure of merger coupled with improvising ad outlook, viewership share gains, losses peaking in digital (off-set by higher losses in sports) are additional positives.
- We reduce EPS by 1/15% for FY24/25 (0/7% for merged operations) to factor softer ad growth. Reiterate BUY with TP of Rs 320 @ 25x FY26E merged-co EPS (effective TP for merged co is Rs 375 since Zee's shareholder will get 85 sh in Sony for every 100).

Slew of positives, aided by movies business!

Zee's Q2 revenue/EBITDA/APAT were +20/12/56% YoY boosted by movies and syndication revenues. Blockbuster success of Gadar 2 boosted the performance. Domestic ad revenue declined by 2% YoY (+4% QoQ) due to broader macros (though outlook improvising) and higher share of sports genre where Zee is not present. **Zee's viewership share increased 90bps QoQ to 17.9% and is a positive.** Mgmt. remains cautiously optimistic on ad revenue recovery driven by viewership share improvement, higher spend from FMCG cos, festive season and supportive base. Domestic subscription rev. grew was +8/-2% YoY/QoQ driven by NTO 3.0. Mgmt expects linear TV subscription revenue to grow in mid-to-high single digit. **Decline in digital losses and content inventory are other positives.**

Healthy improvement in margins QoQ....sustainability key!

EBITDA margin at 13.6% was -101/+584bps YoY/QoQ. Core broadcast business margin was at 27% (-385/-77bps YoY/QoQ). Digital revenue was +59/37% YoY/QoQ on account of increased traction and syndication deal. These also lead to significant drop in losses in digital. **Sustainability of these is key. Mgmt. remains hopeful.**

Q2FY24 Result (Rs Mn)

Particulars	Q2FY24	Q2FY23	YoY (%)	Q1FY24	QoQ (%)
Revenue	24,378	20,284	20.2	19,838	22.9
Total Expense	21,050	17,311	21.6	18,289	15.1
EBITDA	3,328	2,973	11.9	1,549	114.8
Depreciation	772	816	(5.3)	785	(1.6)
EBIT	2,555	2,157	18.4	764	234.4
Other Income	718	176	307.8	145	396.4
Interest	234	97	142.0	234	(0.1)
EBT	1,842	1,770	4.0	6	28230.8
Tax	544	641	(15.2)	(31)	(1842.0)
RPAT	1,299	1,130	14.9	39	3255.7
APAT	2,496	1,596	56.4	707	253.2
			(bps)		(bps)
Gross Margin (%)	41.5	49.8	(832)	42.4	(84)
EBITDA Margin (%)	13.6	14.7	(101)	7.8	584
NPM (%)	5.3	5.6	(24)	0.2	513
Tax Rate (%)	29.5	36.2	(669)	(480.0)	50951
EBIT Margin (%)	10.5	10.6	(15)	3.9	663

CMP	Rs 263
Target / Upside	Rs 320 / 22%
NIFTY	19,395

Scrip Details

Equity / FV	Rs 961mn / Rs 1
Market Cap	Rs 252bn
	USD 3.1bn
52-week High/Low	Rs 291/ 170
Avg. Volume (no)	1,14,76,100
Bloom Code	Z IN

Price Performance	1M	3M	12M
Absolute (%)	1	(7)	0
Rel to NIFTY (%)	1	(8)	(9)

Shareholding Pattern

	Mar'23	Jun'23	Sep'23
Promoters	4.0	4.0	4.0
MF/Banks/FIs	38.2	40.8	42.2
FIs	36.4	33.4	35.0
Public / Others	21.4	21.8	18.8

Valuation (x)

	FY24E	FY25E	FY26E
P/E	38.4	36.0	26.4
EV/EBITDA	22.9	19.6	14.9
ROE (%)	4.4	6.3	8.1
RoACE (%)	6.6	6.7	8.3

Estimates (Rs bn)

	FY24E	FY25E	FY26E
Revenue	89.9	95.7	104.0
EBITDA	11.3	13.0	16.9
PAT	6.6	7.0	9.6
EPS (Rs.)	6.8	7.3	10.0

VP - Research: Himanshu Shah

Tel: +91 22 4096 9737

E-mail: himanshu.shah@dolatcapital.com

Associate: Urvi Shah

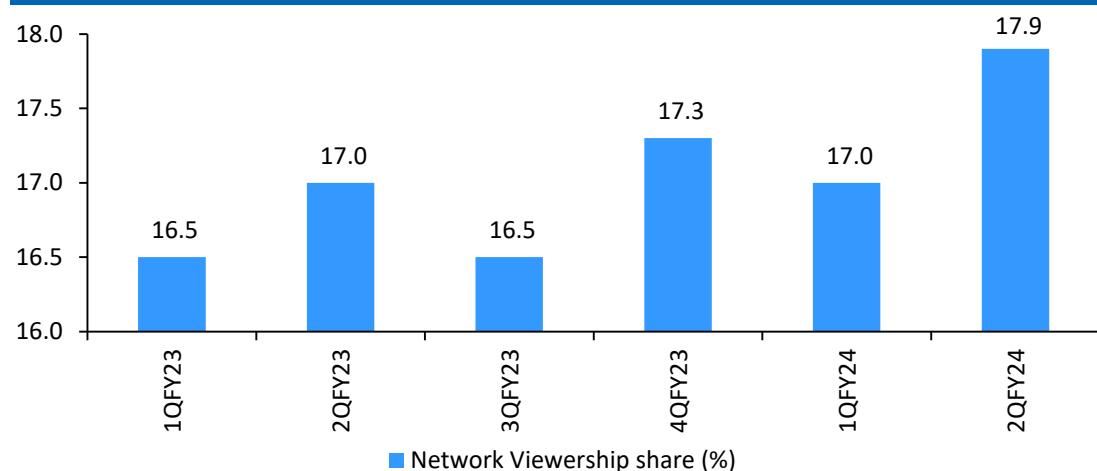
Tel: +9122 40969750

E-mail: urvis@dolatcapital.com

Growth revival in ad revenues key

- A quick re-bound in advertising revenue and EBITDA margin is key from business perspective. SMgmt. highlighted that greenshots of recovery in advertising is visible from the core FMCG segment (~60% contributor to advertising revenue), with moderation in RM prices. Zee is over-indexed to FMCG and rural viewership which is more impacted with recent slowdown.
- In the linear segment, Zee step up investments to gain back market share in Hindi, Marathi and Tamil GEC and to consolidate its leadership position in Bangla, Oriya, Telugu and Kannada has yielded the desired results driving up viewership share gains.
- With regard to sports genre management highlighted that the category contributes ~25-30% of the advertising revenue pie. It remains a focus area for the company and would look for opportunities in the segment.

Exhibit 1: Network Viewership Share trend



Source: Company, DART

Subscription growth to be soft

- Zee's subscription revenue increased by 8/-2% YoY/QoQ driven by NTO 3.0. Decline in revenues QoQ is on-account of catch up revenues in Q1 and thus higher base. However, as per the mgmt. in linear TV the net subscription revenue (net of carriage and placement fees) shall continue to grow in single-digit.
- From a medium term perspective, Zee management had stated that it remains optimistic on subscription revenue growth. These is in both the business segment of linear TV and Digital. In linear TV, the subscription revenue growth would be led by penetration and pricing. In digital the growth would be largely be led by penetration in the initial couple of years followed by gradual improvements in pricing in later years

Zee5

- After several quarters of rising losses in digital, Q2FY24 finally saw a YoY/QoQ decline in losses in digital business. These is a major positive. These has been aided by syndication deal during Q2FY24. Mgmt reiterated that the investments in digital had peaked in Q1FY24 and with higher revenues the losses shall decline. Sustainability and further reduction in losses in digital will be a major re-rating trigger.

Update on closure of merger with Sony

- Zee mgmt. stated that the company is in the process of obtaining the balance regulatory approval, completion of conditions precedent and closing formalities for the merger to be effective and it shall happen in couple of weeks.

Exhibit 2: Digital Business – Key Operating Metrics

Particulars (Rs mn)	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24*	Q2FY24*	FY21	FY22	FY23
MAUs	93.2	101.9	104.8	103.3	112.4	119.5	113.8			72.6	104.8	113.8
DAUs	9.3	9.6	10.5	11.3	11.4	11.5	11.1			6.1	10.5	11.1
Watch time per month	186	201	214	196	198	169	229			156	214	229
Original shows + movies	13	11	13	8	6	6	12	5	22	77	48	32
Revenue	1,305	1,459	1,614	1,597	1,671	1,943	2,200	1,939	2,652	4,191	5,495	7,411
EBITDA	(1,720)	(1,828)	(1,952)	(2,352)	(2,769)	(2,820)	(3,109)	(3,421)	(2,539)	(6,727)	(7,533)	(11,050)
Operating Costs	3,025	3,287	3,566	3,949	4,440	4,763	5,309	5,360	5,191	10,918	13,028	18,461

Source: DART, Company] * Company has stopped providing this data from Q1FY24

Exhibit 3: Free cash flow trend of Zee Entertainment

Abridged Cash Flows	FY17	FY18	FY19	FY20	FY21	FY22	FY23	H1FY24
CF from operating activities	13,442	14,095	18,504	19,258	14,668	12,352	4,012	1,814
WC changes	(6,036)	(8,551)	(17,152)	(16,758)	809	(9,638)	(2,722)	(1,922)
Capex	(2,704)	(3,146)	(2,815)	(1,451)	(1,740)	(1,813)	(2,401)	(599)
Chg in Non-current assets & liabilities	(252)	(2,908)	414	672	(203)	(13)	-	-
Dividend/Interest income	1,074	1,208	1,010	1,367	443	217	403	210
Interest payments	(73)	(101)	(54)	(67)	(43)	(49)	(80)	(503)
Lease Liabilities payments	-	-	-	(447)	(225)	(229)	(865)	(429)
FCF	5,451	597	(92)	2,573	13,709	827	(1,652)	(1,428)
Stake sale in subsidiaries	18,417	1,346	-	-	-	-	-	35
Chg in Current investments	(2,566)	(6,997)	10,053	3,300	(3,562)	7,465	(18)	62
Redemption of RPS	-	(4,030)	(4,891)	(4,867)	(4,027)	(4,034)	-	-
Chg in long-term borrowings	-	(2,937)	15	(12)	4	9	24	3
Dividend paid on equity shares	(2,607)	(2,399)	(3,357)	(4,081)	(290)	(2,401)	(2,882)	-
Dividend paid on RPS	(1,458)	(1,435)	(1,377)	(1,146)	(827)	(449)	-	-
Effect of exchange differences	(717)	84	(19)	85	(51)	85	(1)	17
Payment for settlements							(280)	
Chg in C&CE on non-operating items	11,069	(16,368)	424	(6,721)	(8,754)	675	(3,156)	117
Total chg in C&CE	16,520	(15,771)	332	(4,148)	4,956	1,502	(4,809)	(1,311)
Closing C&CE	25,116	9,345	9,677	5,529	10,485	11,987	7,178	5,867

Source: DART, Company

Exhibit 4: Break-up of content inventory, advances and deposits

Particulars (Rs bn)	FY20	FY21	FY22	FY23	Q1FY24	Q2FY24
Movie rights	39.7	40.1	45.7	51.7	50.9	49.1
Shows	9.0	8.2	10.2	11.1	11.1	10.7
Movie production, Music & Others	4.5	5.6	8.0	10.3	11.1	10.7
Content advances & deposits	10.9	8.8	8.7	6.4	6.4	6.1
Total	64.1	62.7	72.5	79.6	79.6	76.7

Source: DART, Company

Exhibit 5: Actual vs. Estimates

Particulars (Rs mn)	Actual	Estimates	Variance (%)	Remarks
Net Sales (Rs Mn)	24,378	21,974	10.9	Performance significantly ahead of estimates driven by Gadar2 movie and syndication revenues.
EBITDA (Rs Mn)	3,328	2,508	32.7	
EBITDA Margin (%)	13.6	11.4	224 bps	
APAT (Rs Mn)	2,496	1,292	93.2	
EPS (Rs)	2.6	1.3	93.2	

Source: DART, Company

Exhibit 6: Change in estimates – Zee Entertainment

Particulars (Rs mn)	FY24E			FY25E			Remarks
	Old	New	Chg %	Old	New	Chg %	
Net Sales	88,461	89,185	0.8	97,330	96,985	(0.4)	Reduction in estimates is to factor soft ad revenue growth and persistently high content investments.
EBITDA	12,860	12,145	(5.6)	16,743	15,354	(8.3)	
EBITDA (%)	14.5	13.6	-88 bps	17.2	15.8	-137 bps	
APAT	6,821	6,485	(4.9)	9,333	8,315	(10.9)	
EPS (Rs)	7.1	6.8	(4.9)	9.7	8.7	(10.7)	

Source: DART, Company

Exhibit 7: Change in estimates – Merged entity

Particulars (Rs mn)	FY24E			FY25E			Remarks
	Old	New	Chg %	Old	New	Chg %	
Net Sales	168,913	162,709	(3.7)	185,828	177,862	(4.3)	Change in merged entity estimates led by decline in Zee estimates.
EBITDA	28,922	28,207	(2.5)	36,759	35,364	(3.8)	
EBITDA (%)	17.1	17.3	24 bps	19.8	19.9	8 bps	
APAT	18,033	17,308	(4.0)	23,688	22,216	(6.2)	
EPS (Rs)	10.4	10.0	(4.0)	13.7	12.8	(6.5)	

Source: DART, Company

Exhibit 8: Consolidated Quarterly P&L

Particulars (Rs mn)	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	YoY (%)	QoQ (%)
Revenue	20,284	20,528	21,121	19,838	24,378	20.2	22.9
Operating costs	10,493	11,344	13,222	11,433	14,254	40.1	24.7
Employee expenses	2,358	2,165	2,154	2,596	2,599	10.2	0.1
A&P	3,169	2,420	2,707	2,773	2,731	(13.8)	(1.5)
Other expenses	1,612	1,805	1,521	1,486	1,467	(9.0)	(1.3)
Operating cost	17,631	17,733	19,604	18,289	21,050	21.6	15.1
EBITDA	2,653	2,795	1,517	1,549	3,328	11.9	114.8
Depreciation	816	913	833	785	772	(5.3)	(1.6)
EBIT	1,837	1,883	684	764	2,555	18.4	234.4
Interest expenses	97	131	396	234	234	142.0	(0.1)
Fair value (gain)/loss	-	(58)	-	(38)	-	-	-
Other income	176	161	142	145	718	307.8	396.4
PBT	1,917	1,970	430	713	3,039	35.9	326.3
Income taxes	641	619	260	(31)	544	(15.2)	(1,842.0)
EO (loss)/gain	(146)	(1,200)	(900)	(706)	(1,198)	156.8	69.5
Share in Assc./JV	(1)	(2)	(1)	(1)	(1)	30.0	(35.0)
RPAT	1,130	153	(729)	39	1,299	14.9	3,255.7
APAT	1,276	1,295	171	707	2,496	56.4	253.2

Source: DART, Company | LTP – Loss to profit | PTN – Positive to Negative

Exhibit 9: Margin Analysis

As % of Net Sales	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	YoY (bps)	QoQ (bps)
Operating costs	50.2	54.7	62.6	57.6	58.5	832	84
Employee expenses	11.6	9.7	10.2	13.1	10.7	(96)	(243)
A&P	15.6	11.6	12.8	14.0	11.2	(442)	(278)
Other expenses	7.9	8.5	7.2	7.5	6.0	(193)	(147)
Operating cost	85.3	84.6	92.8	92.2	86.4	101	(584)
EBITDA	14.7	15.4	7.2	7.8	13.6	(101)	584
Depreciation	4.0	4.1	3.9	4.0	3.2	(85)	(79)
EBIT	10.6	11.3	3.2	3.9	10.5	(15)	663
APAT	7.9	8.3	0.8	3.6	10.2	237	668
Tax as % of PBT	28.7	26.5	60.5	(4.4)	17.9	(1,077)	2,226

Source: DART, Company

Exhibit 10: Segment-wise revenue

Particulars (Rs Mn)	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	YoY (%)	QoQ (%)
Advertisement	10,128	10,634	10,058	9,409	9,792	(3.3)	4.1
Subscription	8,219	8,454	8,474	9,075	8,878	8.0	(2.2)
Other operating revenue	1,937	1,510	2,589	1,354	5,708	194.7	321.6
Total	20,284	20,598	21,121	19,838	24,378	20.2	22.9

Source: DART, Company

Exhibit 11: Revenue split: Domestic

Domestic (Rs Mn)	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	YoY (%)	QoQ (%)
Advertisement	9,610	10,150	9,635	9,018	9,411	(2.1)	4.4
Subscription	7,159	7,385	7,428	8,013	7,790	8.8	(2.8)
Other operating revenue	1,742	1,292	2,369	1,141	5,441	212.4	376.9
Total	18,511	18,827	19,432	18,172	22,642	22.3	24.6

Source: DART, Company

Exhibit 12: Revenue split: International

Particulars (Rs Mn)	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	YoY (%)	QoQ (%)
Advertisement	518	484	423	391	381	(26.4)	(2.6)
Subscription	1,060	1,069	1,046	1,062	1,088	2.6	2.4
Other operating revenue	195	218	220	213	267	36.9	25.4
Total	1,773	1,771	1,689	1,666	1,736	(2.1)	4.2

Source: DART, Company

Exhibit 13: Broadcast business performance

Particulars (Rs Mn)	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	YoY (%)	QoQ (%)
Revenue	18,613	18,655	18,921	17,899	21,726	16.7	21.4
Opex	12,871	12,664	14,295	12,929	15,859	23.2	22.7
EBITDA	5,742	5,990	4,626	4,970	5,867	2.2	18.0
Margin %	30.8	32.1	24.5	27.8	27.0	-385 bps	-77 bps

Source: DART, Company

Exhibit 14: Digital business performance

(Rs Mn)	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	YoY (%)	QoQ (%)
Revenue	1,305	1,459	1,614	1,597	1,671	1,943	2,200	1,939	2,652	58.7	36.8
Opex	3,025	3,287	3,566	3,949	4,440	4,763	5,309	5,360	5,191	16.9	(3.2)
EBITDA	(1,720)	(1,828)	(1,952)	(2,352)	(2,769)	(2,820)	(3,109)	(3,421)	(2,539)	(8.3)	(25.8)
Margin %	(9.3)	(9.3)	(9.0)	(13.9)	(14.9)	(15.1)	(16.4)	(19.1)	(11.7)	320 bps	743 bps

Source: DART, Company

Exhibit 15: Zee Consolidated (excl. Sony) - Key Assumptions

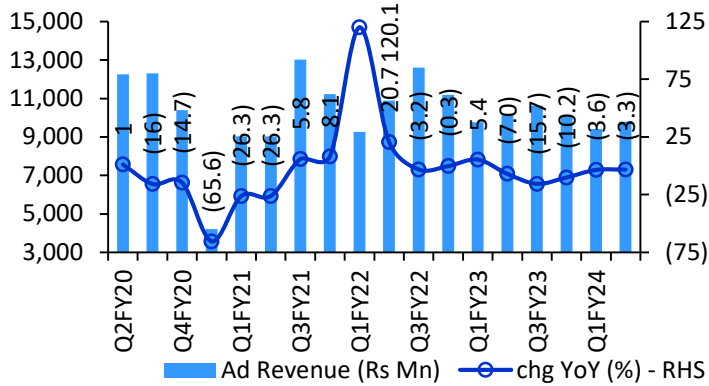
Particulars (Rs Mn)	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Advertising	41,835	50,367	47,179	37,488	43,962	40,579	41,730	46,618	52,087
Subscription	20,283	23,106	28,873	32,430	32,466	32,865	36,215	38,438	40,802
Others	4,522	5,867	5,614	1,869	5,430	6,945	11,915	10,607	11,111
Total Revenue	66,640	79,339	81,667	71,787	81,857	80,389	89,859	95,662	1,04,000
Operating Costs	45,878	53,700	58,546	53,857	64,054	69,868	78,543	82,660	87,050
EBITDA	20,761	25,640	23,121	17,930	17,803	10,521	11,316	13,003	16,950
EBITDA Margin %	31.2	32.3	28.3	25.0	21.7	13.1	12.6	13.6	16.3
% change YoY									
Advertising	17.2	20.4	(6.3)	(20.5)	17.3	(7.7)	2.8	11.7	11.7
Subscription	9.3	13.9	25.0	12.3	0.1	1.2	10.2	6.1	6.1
Others	19.2	29.7	(4.3)	(66.7)	190.5	27.9	71.6	-11.0	4.8
Total Revenue	14.8	19.1	2.9	(12.1)	14.0	(1.8)	11.8	6.5	8.7
Operating Costs	18.3	17.0	9.0	(8.0)	18.9	9.1	12.4	5.2	5.3
EBITDA	7.7	23.5	(9.8)	(22.5)	(0.7)	(40.9)	7.6	14.9	30.4
Revenue Mix %									
Advertising	62.8	63.5	57.8	52.2	53.7	50.5	46.4	48.7	50.1
Subscription	30.4	29.1	35.4	45.2	39.7	40.9	40.3	40.2	39.2
Others	6.8	7.4	6.9	2.6	6.6	8.6	13.3	11.1	10.7
Total Revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Revenue break-up									
Domestic	59,174	71,161	74,317	65,879	75,456	73,337	83,083	88,637	96,715
-Advertising	39,640	47,690	44,779	35,652	41,949	38,648	40,232	45,060	50,467
-Subscription	16,391	19,233	25,623	29,137	28,666	28,616	31,876	33,947	36,154
-Others	3,143	4,238	3,915	1,090	4,842	6,073	10,975	9,629	10,094
International	7,683	8,179	7,350	5,908	6,401	7,052	6,777	7,026	7,284
-Advertising	2,408	2,677	2,400	1,836	2,013	1,931	1,498	1,558	1,620
-Subscription	3,896	3,873	3,251	3,293	3,800	4,249	4,339	4,491	4,648
-Others	1,379	1,630	1,699	779	588	872	940	977	1,017
Change YoY (%)									
Domestic	19.7	20.3	4.4	(11.4)	14.5	(2.8)	13.3	6.7	9.1
-Advertising	20.7	20.3	(6.1)	(20.4)	17.7	(7.9)	4.1	12.0	12.0
-Subscription	15.7	17.3	33.2	13.7	(1.6)	(0.2)	11.4	6.5	6.5
-Others	29.0	34.8	(7.6)	(72.2)	344.2	25.4	80.7	-12.3	4.8
International	(10.5)	6.5	(10.1)	(19.6)	8.3	10.2	-3.9	3.7	3.7
-Advertising	(15.0)	11.2	(10.3)	(23.5)	9.6	(4.1)	-22.4	4.0	4.0
-Subscription	(11.4)	(0.6)	(16.1)	1.3	15.4	11.8	2.1	3.5	3.5
-Others	1.5	18.2	4.3	(54.1)	(24.5)	48.3	7.8	4.0	4.0

Source: DART, Company

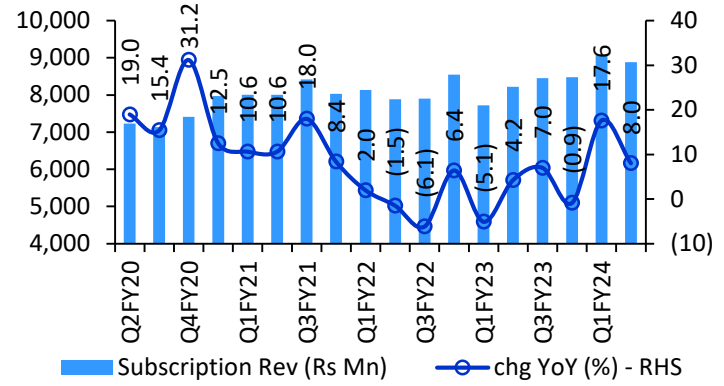
Exhibit 16: Zee + Sony merged P&L

Particulars (Rs mn)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	CAGR FY23-25E
Zee									
Revenue	79,339	81,667	71,787	81,893	80,389	89,859	95,662	1,04,000	9.0
EBITDA	25,640	23,121	17,930	16,761	10,521	11,316	13,003	16,950	17.2
APAT	15,854	17,465	11,187	10,469	5,323	6,571	7,022	9,567	21.6
Margin %									
EBITDA	32.3	28.3	25.0	20.5	13.1	12.6	13.6	16.3	
APAT	20.0	21.4	15.6	12.8	6.6	7.3	7.3	9.2	
Sony									
Revenue	63,364	59,076	55,977	66,490	73,139	72,521	78,686	85,374	8.5
EBITDA	7,804	13,714	11,036	12,691	14,277	15,848	17,591	19,526	11.0
APAT	4,143	8,955	5,823	8,478	9,750	10,681	12,123	13,760	13.5
Margin %									
EBITDA	12.3	23.2	19.7	19.1	19.5	21.9	22.4	22.9	
APAT	6.5	15.2	10.4	12.8	13.3	14.7	15.4	16.1	
Zee + Sony									
Revenue	1,42,704	1,40,743	1,27,764	148,383	153,528	1,62,381	1,74,348	1,89,374	8.8
EBITDA (ex-synergy)	33,444	36,835	28,966	29,452	24,799	27,164	30,594	36,476	13.7
Synergy benefits (@ 5% of rev)							1,913	3,640	
EBITDA (incl synergy)	33,444	36,835	28,966	29,452	24,799	27,164	32,507	40,116	17.4
APAT (ex-synergy)	19,997	26,420	17,010	18,947	15,073	17,252	19,146	23,327	16.6
Synergy benefits*							1,435	2,730	
APAT (incl synergy)	19,997	26,420	17,010	18,947	15,073	17,252	20,581	26,057	20.9
AEPS (ex-syn.) (Rs)	11.5	15.2	9.8	10.9	8.7	9.9	11.0	13.4	16.6
Synergy benefits*						-	0.8	1.6	
AEPS (incl syn.) (Rs)	11.5	15.2	9.8	10.9	8.7	9.9	11.9	15.0	20.9
Margin %									
EBITDA (excl synergy)	23.4	26.2	22.5	20.6	16.8	16.7	17.5	19.3	
EBITDA (incl synergy)	23.4	26.2	22.5	20.6	16.8	16.7	18.6	21.2	
APAT (excl synergy)	14.0	18.8	13.2	13.7	10.0	10.6	11.0	12.3	
APAT (incl synergy)	14.0	18.8	13.2	13.7	10.0	10.6	11.8	13.8	

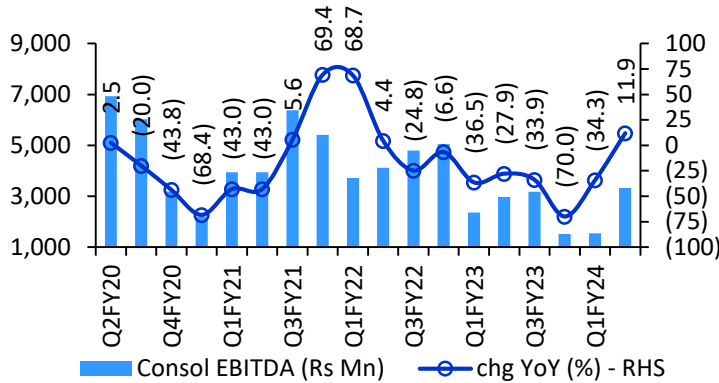
Source: DART, Company * net of tax @ 25%; we have excluded EPS impact of other income on C&CE of ~Rs 90bn @ 6-7% (gross of tax) as it will be utilized for investments in sports etc.

Exhibit 17: Advertising revenue trend


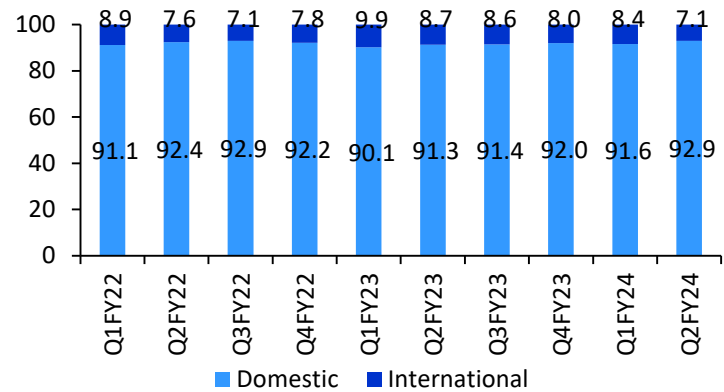
Source: Company, DART

Exhibit 18: Subscription revenue trend


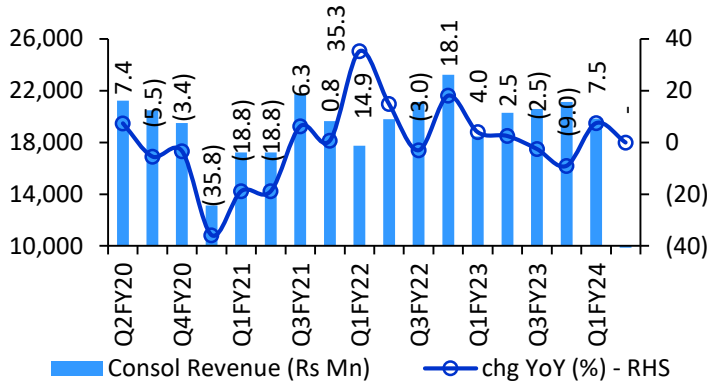
Source: Company, DART

Exhibit 19: Consolidated revenue trend


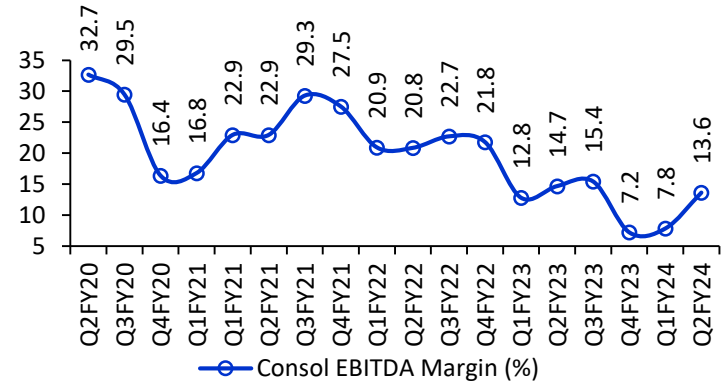
Source: Company, DART

Exhibit 20: Revenue mix


Source: Company, DART

Exhibit 21: EBITDA Trend


Source: Company, DART

Exhibit 22: EBITDA Margins


Source: Company, DART

Financial Performance

Profit and Loss Account

(Rs Mn)	FY23A	FY24E	FY25E	FY26E
Revenue	80,389	89,859	95,662	1,04,000
Total Expense	69,868	78,543	82,660	87,050
COGS	44,686	51,130	53,687	56,371
Employees Cost	8,238	10,373	10,956	11,614
Other expenses	16,944	17,040	18,017	19,065
EBIDTA	10,521	11,316	13,003	16,950
Depreciation	3,128	3,161	3,454	3,812
EBIT	7,394	8,156	9,549	13,138
Interest	702	973	1,021	1,072
Other Income	797	1,138	1,081	1,027
Exc. / E.O. items	(2,807)	(1,866)	0	0
EBT	4,682	6,456	9,609	13,093
Tax	2,167	1,756	2,595	3,535
RPAT	2,516	4,705	7,022	9,567
Minority Interest	0	0	0	0
Profit/Loss share of associates	1	6	7	10
APAT	5,323	6,571	7,022	9,567

Balance Sheet

(Rs Mn)	FY23A	FY24E	FY25E	FY26E
Sources of Funds				
Equity Capital	961	961	961	961
Minority Interest	0	0	0	0
Reserves & Surplus	1,06,258	1,07,121	1,14,143	1,19,869
Net Worth	1,07,219	1,08,082	1,15,104	1,20,830
Total Debt	2,820	6,345	7,615	9,137
Net Deferred Tax Liability	1,362	1,566	1,801	2,071
Total Capital Employed	1,11,401	1,15,993	1,24,520	1,32,038

Applications of Funds

Net Block	9,796	10,546	11,296	12,046
CWIP	191	191	191	191
Investments	13,379	13,847	14,402	15,019
Current Assets, Loans & Advances	1,13,705	1,18,546	1,27,174	1,36,253
Inventories	73,079	79,921	80,828	83,479
Receivables	16,088	20,227	21,749	23,881
Cash and Bank Balances	8,040	229	5,642	8,698
Loans and Advances	0	0	0	0
Other Current Assets	16,498	18,169	18,956	20,196
Less: Current Liabilities & Provisions	25,669	27,137	28,543	31,471
Payables	17,494	16,526	17,247	19,191
Other Current Liabilities	8,176	10,610	11,296	12,280
<i>sub total</i>				
Net Current Assets	88,036	91,409	98,631	1,04,783
Total Assets	1,11,401	1,15,993	1,24,520	1,32,038

E – Estimates

Important Ratios

Particulars	FY23A	FY24E	FY25E	FY26E
(A) Margins (%)				
Gross Profit Margin	44.4	43.1	43.9	45.8
EBIDTA Margin	13.1	12.6	13.6	16.3
EBIT Margin	9.2	9.1	10.0	12.6
Tax rate	46.3	27.2	27.0	27.0
Net Profit Margin	3.1	5.2	7.3	9.2
(B) As Percentage of Net Sales (%)				
COGS	55.6	56.9	56.1	54.2
Employee	10.2	11.5	11.5	11.2
Other	21.1	19.0	18.8	18.3
(C) Measure of Financial Status				
Gross Debt / Equity	0.0	0.1	0.1	0.1
Interest Coverage	10.5	8.4	9.4	12.3
Inventory days	332	325	308	293
Debtors days	73	82	83	84
Average Cost of Debt	39.2	21.2	14.6	12.8
Payable days	79	67	66	67
Working Capital days	400	371	376	368
FA T/O	8.2	8.5	8.5	8.6
(D) Measures of Investment				
AEPS (Rs)	5.5	6.8	7.3	10.0
CEPS (Rs)	8.8	10.1	10.9	13.9
DPS (Rs)	3.5	4.0	4.0	4.0
Dividend Payout (%)	63.2	58.5	54.7	40.2
BVPS (Rs)	111.6	112.5	119.8	125.8
RoANW (%)	2.3	4.4	6.3	8.1
RoACE (%)	5.4	6.6	6.7	8.3
RoAIC (%)	7.4	7.4	8.1	10.8
(E) Valuation Ratios				
CMP (Rs)	263	263	263	263
P/E	47.4	38.4	36.0	26.4
Mcap (Rs Mn)	2,52,473	2,52,473	2,52,473	2,52,473
MCap/ Sales	3.1	2.8	2.6	2.4
EV	2,47,253	2,58,589	2,54,445	2,52,912
EV/Sales	3.1	2.9	2.7	2.4
EV/EBITDA	23.5	22.9	19.6	14.9
P/BV	2.4	2.3	2.2	2.1
Dividend Yield (%)	1.3	1.5	1.5	1.5
(F) Growth Rate (%)				
Revenue	(1.8)	11.8	6.5	8.7
EBITDA	(40.9)	7.6	14.9	30.4
EBIT	(52.6)	10.3	17.1	37.6
PBT	(68.8)	37.9	48.8	36.2
APAT	(55.3)	23.4	6.9	36.2
EPS	(55.3)	23.4	6.9	36.2

E – Estimates

Cash Flow

Particulars	FY23A	FY24E	FY25E	FY26E
Profit before tax	7,547	8,360	9,609	13,093
Depreciation & w.o.	3,128	3,161	3,454	3,812
Net Interest Exp	702	973	1,021	1,072
Direct taxes paid	(2,167)	(1,756)	(2,595)	(3,535)
Change in Working Capital	(2,058)	(12,617)	(1,809)	(3,095)
Non Cash	(2,864)	(1,898)	7	10
(A) CF from Operating Activities	4,288	(3,778)	9,688	11,357
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(4,525)	(3,911)	(4,204)	(4,562)
Free Cash Flow	(237)	(7,689)	5,484	6,795
(Inc.)/ Dec. in Investments	(2,128)	1,167	(319)	(348)
Other	0	0	0	0
(B) CF from Investing Activities	(6,652)	(2,743)	(4,523)	(4,910)
Issue of Equity/ Preference	(562)	0	0	0
Inc./(Dec.) in Debt	2,057	3,525	1,269	1,523
Interest exp net	(702)	(973)	(1,021)	(1,072)
Dividend Paid (Incl. Tax)	(3,362)	(3,842)	0	(3,842)
Other	0	0	0	0
(C) CF from Financing	(2,570)	(1,290)	248	(3,391)
Net Change in Cash	(4,934)	(7,811)	5,413	3,056
Opening Cash balances	12,975	8,040	229	5,642
Closing Cash balances	8,040	229	5,642	8,698

E – Estimates

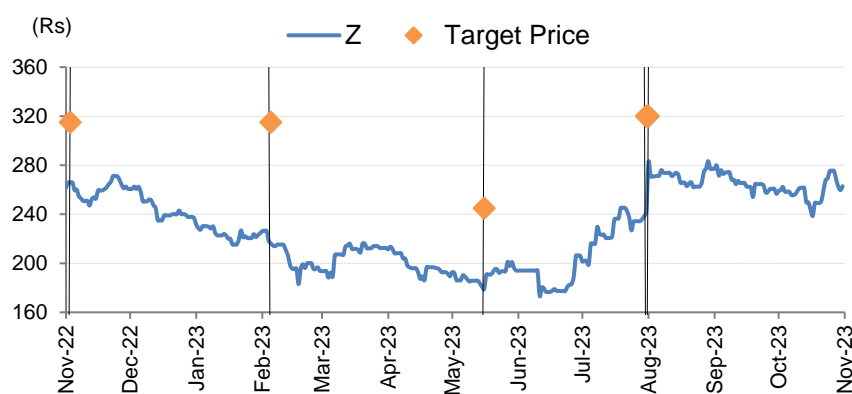
Notes

DART RATING MATRIX

Total Return Expectation (12 Months)

Buy	> 20%
Accumulate	10 to 20%
Reduce	0 to 10%
Sell	< 0%

Rating and Target Price History



Month	Rating	TP (Rs.)	Price (Rs.)
Nov-22	BUY	315	266
Feb-23	BUY	315	216
May-23	BUY	245	179
Aug-23	BUY	320	242
Aug-23	BUY	320	282

*Price as on recommendation date

DART Team

Purvag Shah	Managing Director	purvag@dolatcapital.com	+9122 4096 9747
-------------	-------------------	-------------------------	-----------------

Amit Khurana, CFA	Head of Equities	amit@dolatcapital.com	+9122 4096 9745
-------------------	------------------	-----------------------	-----------------

CONTACT DETAILS

Equity Sales	Designation	E-mail	Direct Lines
Dinesh Bajaj	VP - Equity Sales	dineshb@dolatcapital.com	+9122 4096 9709
Kapil Yadav	VP - Equity Sales	kapil@dolatcapital.com	+9122 4096 9735
Jubbin Shah	VP - Equity Sales	jubbins@dolatcapital.com	+9122 4096 9779
Girish Raj Sankunny	VP - Equity Sales	girishr@dolatcapital.com	+9122 4096 9625
Pratik Shroff	AVP - Equity Sales	pratiks@dolatcapital.com	+9122 4096 9621
Equity Trading	Designation	E-mail	
P. Sridhar	SVP and Head of Sales Trading	sridhar@dolatcapital.com	+9122 4096 9728
Chandrakant Ware	VP - Sales Trading	chandrakant@dolatcapital.com	+9122 4096 9707
Shirish Thakkar	VP - Head Domestic Derivatives Sales Trading	shirisht@dolatcapital.com	+9122 4096 9702
Kartik Mehta	Asia Head Derivatives	kartikm@dolatcapital.com	+9122 4096 9715
Bhavin Mehta	VP - Derivatives Strategist	bhavinm@dolatcapital.com	+9122 4096 9705

Dolat Capital Market Private Limited.

Naman Midtown, A-1203, 12th Floor, Senapati Bapat Marg, Prabhadevi, Mumbai 400013

Analyst(s) Certification

The research analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

I. Analyst(s) and Associate (S) holding in the Stock(s): (Nil)

II. Disclaimer:

This research report has been prepared by Dolat Capital Market Private Limited. to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies) solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of Dolat Capital Market Private Limited. This report has been prepared independent of the companies covered herein. Dolat Capital Market Private Limited. and its affiliated companies are part of a multi-service, integrated investment banking, brokerage and financing group. Dolat Capital Market Private Limited. and/or its affiliated company(ies) might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, financing or any other advisory services to the company(ies) covered herein. Dolat Capital Market Private Limited. and/or its affiliated company(ies) might have received or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services. Research analysts and sales persons of Dolat Capital Market Private Limited. may provide important inputs to its affiliated company(ies) associated with it. While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and Dolat Capital Market Private Limited. does not warrant its accuracy or completeness. Dolat Capital Market Private Limited. may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision. The investment discussed or views expressed herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and Dolat Capital Market Private Limited. reserves the right to make modifications and alterations to this statement as they may deem fit from time to time. Dolat Capital Market Private Limited. and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (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. This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction. 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 Dolat Capital Market Private Limited. and/or its affiliated company(ies) 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 a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

For U.S. persons only: This research report is a product of Dolat Capital Market Private Limited, under Marco Polo Securities 15a-6 chaperone service, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

Research reports are intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Dolat Capital Market Private Limited has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be affected through Marco Polo or another U.S. registered broker dealer.



Dolat Capital Market Private Limited.

Corporate Identity Number: U65990GJ993PTC116741

Member: BSE Limited and National Stock Exchange of India Limited.

SEBI Registration No: BSE - INZ000274132, NSE - INZ000274132, Research: INH000000685

Regd. office: 1401-1409, Dalal Street Commercial, Block 53 (Bldg. No.53E) Zone-5, Road-5E, Gift City, Sector 9, Gandhinagar-382355 Gujarat, India.

Board: +9122 40969700 | Fax: +9122 22651278 | Email: research@dolatcapital.com | www.dolatresearch.com