KEYNOTE

Zee Entertainment Enterprises Ltd.

Progressing Towards a Brighter Future

3rd Feb 2023

Zee Entertainment Enterprises Ltd. (ZEEL) was incorporated in 1992 as India's first private satellite TV channel. Besides Hindi GEC (General Entertainment Channel), the Company pioneered sports and movie genres. Over decades, the Company branched out to movie production (Zee Studios), music production (Zee Music), live events organization (Zee Live), and digital broadcasting (Zee5). In 2021, ZEEL entered into a definitive agreement to merge with Culver Max Entertainment (CME), whose operating name is Sony Pictures Network India. This merger will infuse growth capital of Rs. 90 Bn into the combined entity. Given the potential synergies, strong market hold, and growth opportunities for the combined entity, we initiate coverage on Zee Entertainment Enterprises Ltd. with a BUY rating and a target price of Rs. 253 at 25x FY24E EPS.

Merger With Culver Max Entertainment

The mega media merger between ZEEL and CME is expected to result in multiple synergies. According to the management, the combined entity, hereby Mergeco, is estimated to generate a revenue synergy of 3-4% and an EBITDA margin of 30%. Additionally, ZEEL can help CME build a bigger regional audience by expanding its regional channels. Currently, CME has only two regional channels. Likewise, CME can help ZEEL with its content production arm, and sports property acquisition, and several other possibilities. Mergeco will have around 75 TV channels in India, with 36% market share in Hindi GEC and 33% in Hindi Movies for 12 months ending Aug '22, and will become a powerful media entity commanding a dominant position in the industry.

Growth Capital Infusion Along With Room For Inventory Syndication

At a combined level, Mergeco will have a large inventory of Rs. 85 Bn, which can be syndicated by both companies, resulting in increased inventory turns. Besides exploiting the existing strengths, Mergeco will have a massive growth capital infusion of ~Rs. 90 Bn (88% from CME and 12% from ZEEL), which will be deployed in acquiring and producing content at a large scale as guided by the respective managements. We believe the funds will be used in renewing and acquiring new media rights for sports properties, movies, and show rights for linear and OTT platforms. In support of this strategy, ZEEL has re-entered sports broadcasting with two cricket events.

Change of Guard

CME will be the dominant stakeholder in Mergeco with 51% shareholding and 5 directors on the board, making up 55% representation. ZEEL will hold 45% representation with Mr. Punit Goenka as the Managing Director, whose term completion and extension will be determined by CME, and 3 additional directors selected jointly by ZEEL and CME. This arrangement is intended to enhance the governance structure of ZEEL.

View & Valuation

We initiate our coverage of ZEEL with a BUY rating and a target price of Rs. 253 (25x FY24E EPS), suggesting a ~14% upside from current levels.

BUY

CMP Rs. 221

TARGET Rs. 253 (+14%)

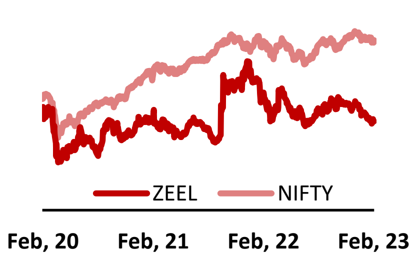
Company Data

MCAP (Rs. Mn)	2,11,747
O/S Shares (Mn)	961
52w High/Low	309/201
Face Value (in Rs.)	1
Liquidity (3M) (Rs. Mn)	1,321

Shareholding Pattern %

	Dec-22	Sep-22	Jun-22
Promoters	3.9%	3.9%	3.9%
FIIs	37.3%	38.6%	39.1%
DIIs	37.4%	31.4%	30.6%
Non-Institutional	21.1%	25.9%	26.1%

ZEEL vs Nifty



Source: Keynote Capitals Ltd.

Key Financial Data

(Rs Bn)	FY22	FY23E	FY24E
Revenue	82	84	92
EBITDA	16	15	19
Net Profit	10	7	10
Total Assets	129	137	146
ROCE (%)	9%	8%	10%
ROE (%)	9%	7%	8%

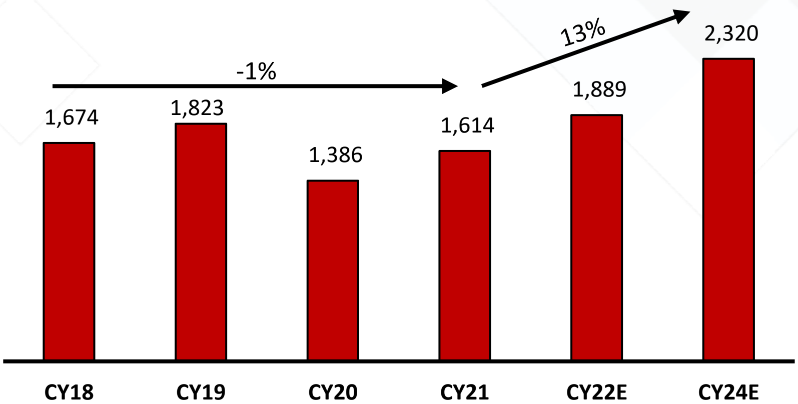
Source: Company, Keynote Capitals Ltd.

Chirag Maroo, *Research Analyst*
Chirag@keynotecapitals.net

Media & Entertainment Sector

The Media and Entertainment (M&E) sector comprises industries that provide a medium for communication and amusement. Due to the after-effects of COVID'19, the sector shrank by 24% in CY20 post its peak in CY19. Owing to numerous opportunities in the sector, it is projected to grow at ~13% CAGR from CY21 to CY24.

M&E Sector Size (Rs. Bn)



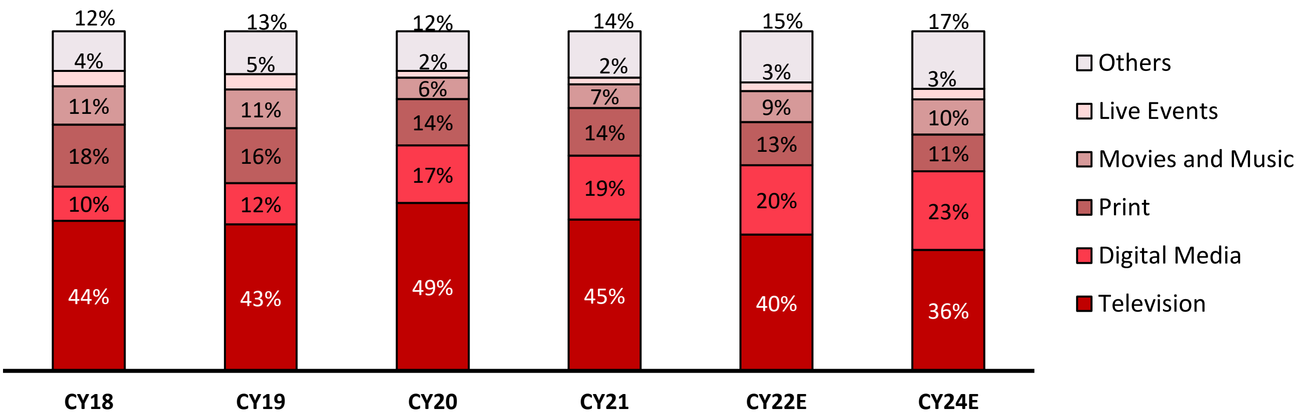
Source: FICCI EY, Keynote Capitals Ltd, excludes digital ad revenues from SME and Long Tail advertisers

Sector Fragmentation

In the past four years, digital media has almost doubled its share and became the second-largest industry in the sector. While TV has maintained its dominance by providing relatively different content than digital, print has failed to keep up its share as it offers the same content as digital.

Television and print are expected to lose their share. Digital and upcoming forms of entertainment like live events and gaming will grow at a faster rate and gain others' share.

Industries' Contribution in Sector Revenue* (%)



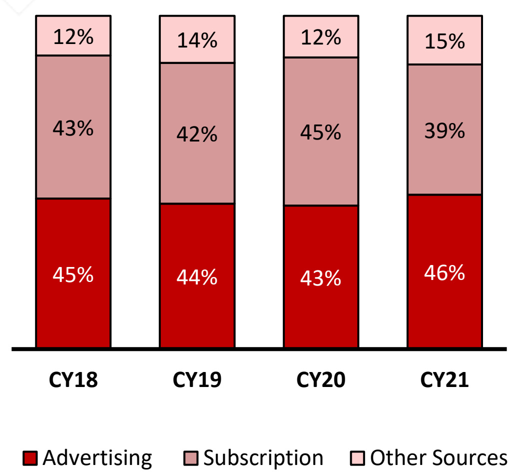
*Source: FICCI EY, Keynote Capitals Ltd., * excludes digital ad revenues from SME and Long Tail advertisers*

Streams of Revenue

There are broadly three sources of revenue in the M&E sector – advertisement, subscription, and other sources. While ad and subscription made up ~85% of the sector's revenue in CY21, the remaining ~15% came from various sources, including transactions, licenses, in-app purchases, etc.

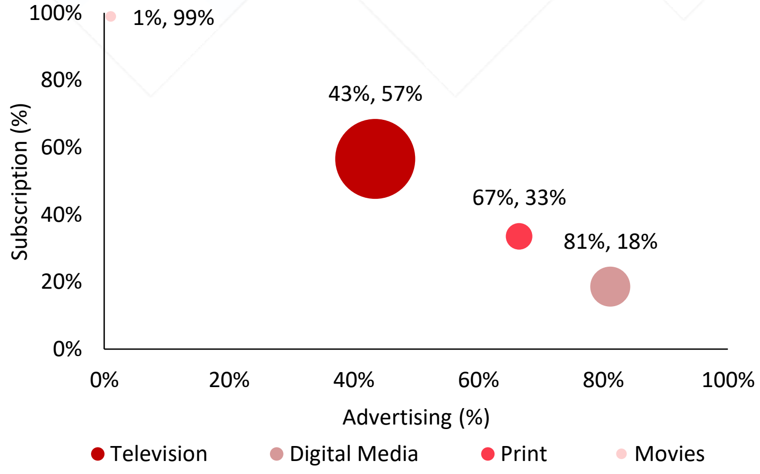
Four industries — television, digital media, print, and movies — generated all advertisement and subscription revenue, amounting to Rs. 1,378 Bn in CY21.

Sources of Revenue* (%)



*Source: FICCI EY, Keynote Capitals Ltd. *excludes digital ad revenues from SME and Long Tail advertisers*

Advertisement-Subscription Split for the Major Four Industries in CY21*



The size of the marker represents a contribution to the ad and subscription industry

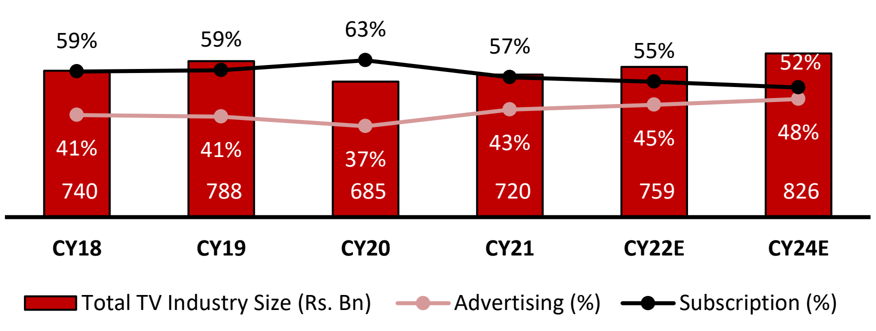
FICCI includes the following for movie subscription: domestic and international theatrical releases, broadcast rights, and OTT rights.

Television Industry

The television industry revenue is split between ad and subscription in a ratio of ~40:60. In CY21, the industry grew by 5% YoY, primarily due to increased advertisement revenue. On the other hand, subscription revenues decreased by 6% due to the loss of 6 Mn Pay-TV subscribers in the same year.

As of Sep '21, there were 906 television channels, with 62% classified as Free To Air (FTA) and only 38% as Pay-TV. The total number of channels decreased by 1% YoY, but the number of Pay-TV channels increased by 6%, implying broadcasters' inclination towards subscription.

Total TV Industry Size (Rs. Bn)

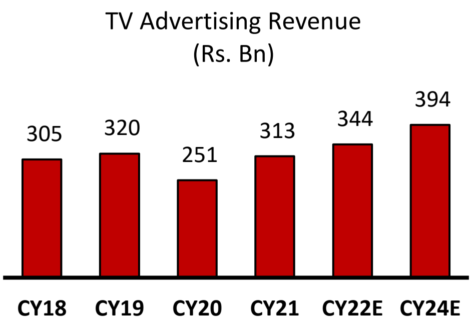


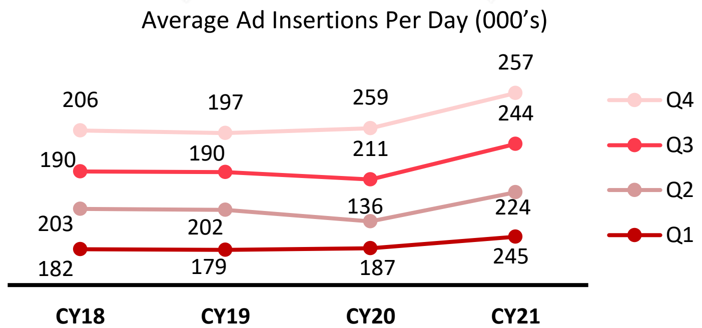
Source: FICCI EY, Keynote Capitals Ltd.

TV Advertisement Business

The TV ad industry has experienced a 7% CAGR decline in the number of advertisers and brands over the past 3 years. This has reduced the number of advertisers from ~11,000 in CY18 to ~9,000 in CY21 and the number of brands from ~17,000 in CY18 to around 14,000 in CY21. The main factor behind this decline is the migration of advertisers toward digital media. While TV offers advertisers a national audience, digital media enables custom targeting.

Over the years, advertisers have secured more ad duration on TV. In CY19, regional and national channels allowed 1.7 and 1.5 hours of commercials per day, respectively, which increased to 2.3 and 1.8 hours per day, respectively, in CY21. Also, ad insertions have grown at a 7% CAGR during the past three years.





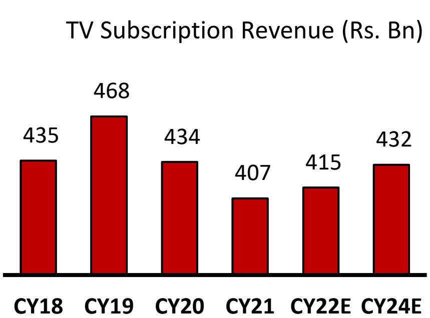
Source: FICCI EY, Keynote Capitals Ltd.

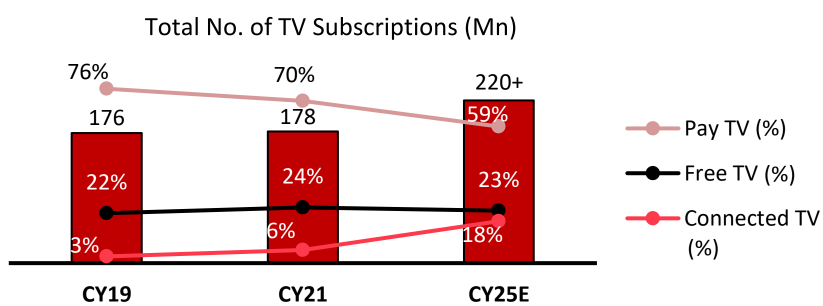
TV has also advanced with digital media and introduced new age television sets or addressable TV that lets advertisers market different products according to viewers' interests, even during live TV. In fact, it is considered even better than digital media as it gives a large national reach to advertisers.

To summarize, the ad market saw a growth of 25% in CY21 on a low base impacted by COVID'19. According to GroupM, one of the leading media investment companies in the world, the Indian TV ad market is expected to become the third largest in the world by 2024, with a projected growth rate of around 12% until 2027. In comparison, the global market is expected to expand at a rate of just 1%.

TV Subscription Business

As of CY21, India had around 178 Mn TV households, with about 70% Pay-TV customers and the remaining relying on FTA entertainment (24%) and connected TV (CTV) (6%). In CY21, the TV subscription revenues fell as urban customers uptraded to cord-cutting CTVs and rural customers downtraded to FTA channels.



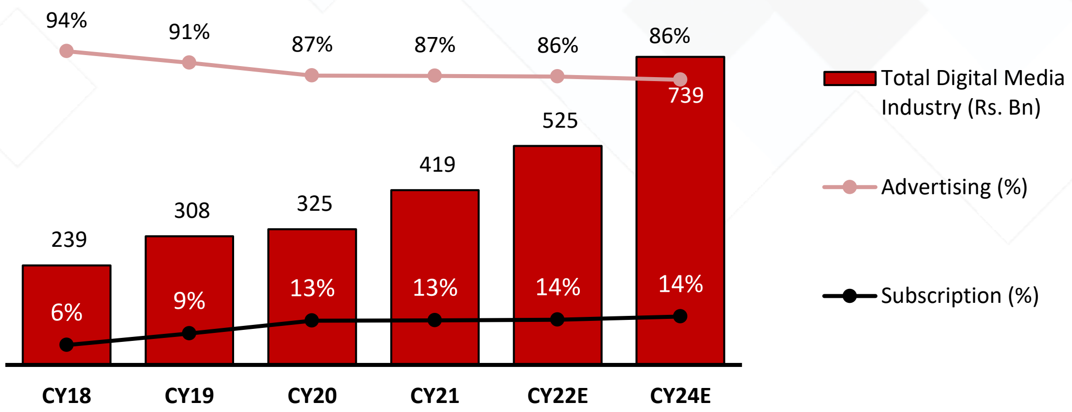


Source: FICCI EY, Keynote Capitals Ltd.

Digital Media

Digital media is a new-age medium of media consumption that competes with all other forms of media and entertainment. Due to its rapid expansion at a CAGR of 21% from CY18-21, the industry became the second largest by contributing ~Rs. 400 Bn to the total M&E sector revenue in CY21.

Digital Media Industry Revenue* (Rs. Bn)



*Source: FICCI EY, Keynote Capitals Ltd. *Includes ad revenues from SME and long-tail advertisers*

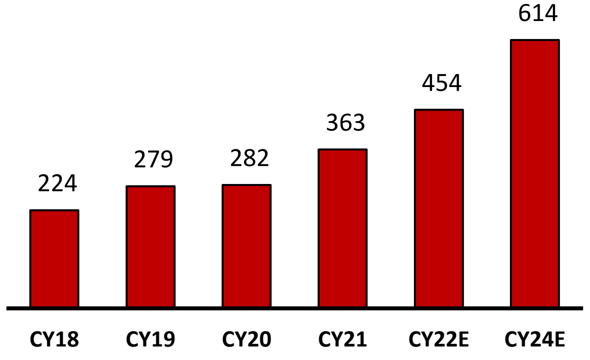
Digital Advertising

The industry broadly includes video over-the-top (OTT), audio OTT, social media, and e-commerce.

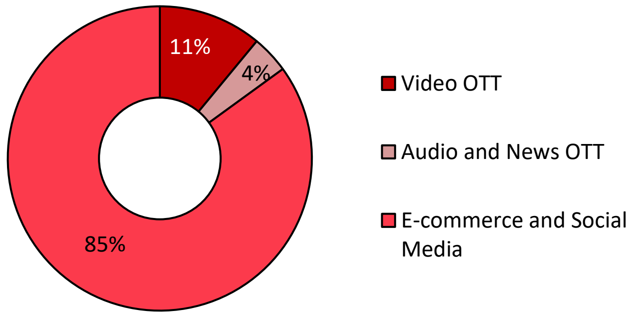
All these segments generate revenue from advertisements and/or subscriptions. It's a well-known fact that Indians are value-conscious buyers; therefore, advertisements account for 87% of the total digital media industry revenue as of CY21. Nevertheless, the subscription share increased and doubled from 6% in CY18 to 13% in CY21.

Digital advertisements have been a steal deal for TV advertisers as it enables promotion to targeted customers as against pan-India general promotions on TV. Besides the channel approach, digital marketing is also budget-friendly, owing to which it has brought SMEs and long-tail advertisers on board that account for a third of ad spend on digital media. To relish such perks of digital media, SME advertisers have increased from 3 lacs in CY18 to 5 lacs in CY21. By CY24, it is estimated that digital media will be a platform for a million SME advertisers.

Digital Ad Revenue (Rs. Bn)



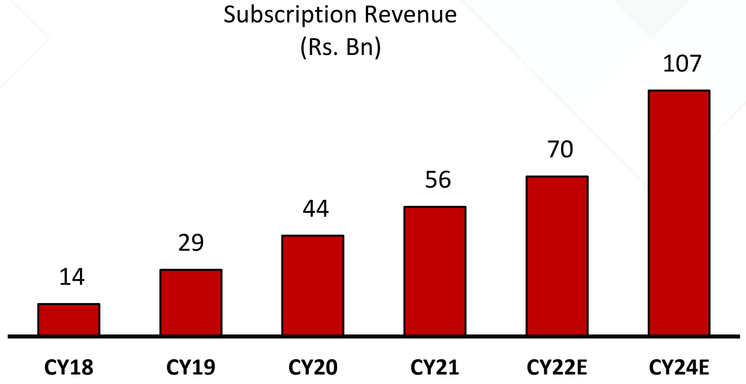
Breakup of Digital Ad Revenue for CY21



Source: FICCI EY, Keynote Capitals Ltd. Advertising revenues includes SME and long-tail advertisers

Digital Subscription

In terms of subscription, video OTT accounts for ~96% of the digital industry's subscription revenue, whereas audio and news OTT account for the remaining 4%. As per FICCI EY data for CY21, paid subscribers for video OTT were less than 10% of total subscribers. However, it is expected to grow at 24% for the next three years until CY24. According to App Annie, in CY21, Indians stood second in the world to spend time (~5 hours/day) on phones, after China, and before the USA.



Source: FICCI EY, Keynote Capitals Ltd.

Video OTT

According to the founder and CEO of Ormax Media Pvt. Ltd., Shailesh Kapoor, the top six metros contribute to 10% of the video OTT audience but makeup 33% of paid subscriptions.

Due to a lack of enough Subscription Video on Demand (SVOD), OTT platforms have promoted the Advertisement Video on Demand (AVOD) model. In CY21, video OTT generated revenue of ~Rs. 94 Bn, with advertisements contributing 43% and subscriptions representing 57%.

Owing to the price-sensitive and sachet-consumption mentality of Indians, TVOD (Transactional Video on Demand) has been gradually making its way into the OTT universe. The pay-per-view user penetration for CY23 is estimated to be 6.9% which would marginally increase to 8% by CY26. However, in countries like the USA, the TVOD penetration was at 29% in CY21 and is estimated to become 32% by CY26.

We believe that the future of video OTT will be driven more by SVOD, especially bundled SVOD, which dominates the video OTT subscription market.

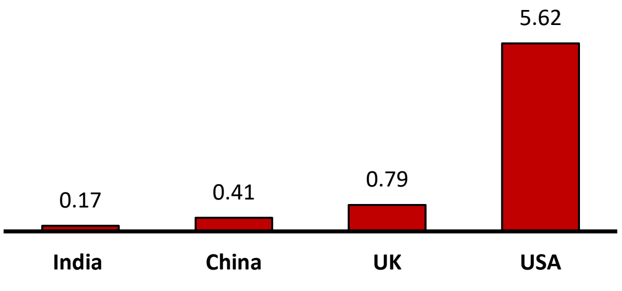
TV vs Digital – a War or Truce?

Movies and Kids Entertainment – The viewership of movies, particularly English films, have drifted away from television and toward OTT platforms. Furthermore, it is predicted that in the future, kids' entertainment will also migrate to OTT platforms. The OTT platforms are coming up with dedicated kids' apps/segments like Disney+ Kids and Voot Kids.

Sports Entertainment – Sports is an anchor content for OTT since it is a means to convert youth audiences into paid subscribers. However, TV still accounts for 80% of sports broadcast income as it has a much larger reach of over 900 Mn people, which is about double compared to OTT. Contrary to this, traditional pay TV is losing its hold over sports viewership to OTT in the USA.

Cost of the Internet to Influence the Game – In India, internet charges are substantially discounted. If tariffs are raised, the cost of watching OTT will rise as video streaming requires greater bandwidth, particularly on televisions. However, in the United States, in Q1CY22, when the average cost of the internet was ~ 6 USD per GB, OTT penetration was still as high as 83%. This implies that India has a huge room for an increase in OTT penetration, owing to two reasons - one of the lowest internet tariffs in the world and low OTT penetration of 30%.

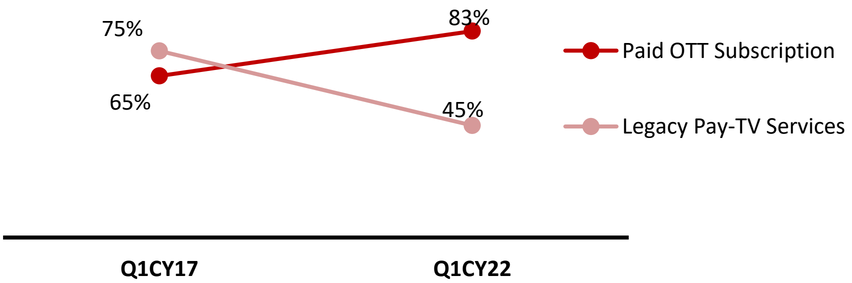
Average Cost of 1GB in CY22 (USD)



Source: Cable.co.uk, Keynote Capitals Ltd.

Parallel viewership of TV – In the United States, in 2012, television penetration was at 87%. Until CY22, OTT penetration also reached similar levels of 83%, while television penetration still stood at 45%. According to KPMG's Sports Broadcasting Report (2022), the combined cost of subscribing to leading OTT platforms coupled with a fixed broadband connection in India is 3.5-4 times that of watching similar content on Pay-Tv. The disparity is significantly wider in the United States. This is a good reason why cord-cutting may not be practiced on a larger scale in India.

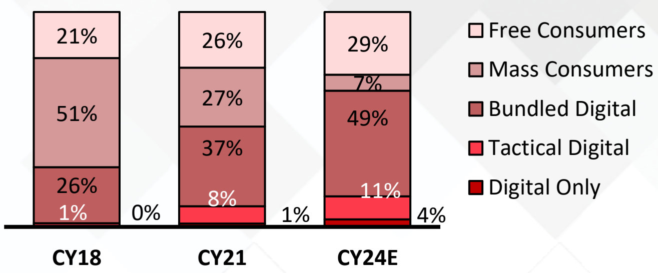
Penetration of Pay-TV and Paid OTT Subscription in USA



Source: Parks Associates, Keynote Capitals Ltd.

Consumer	Consumption
Digital Only	No TV + >=1 OTT
Tactical Digital	Pay-TV + 1 OTT
Bundled Digital	Pay-TV + Bundled OTT
Mass Consumer	Pay-TV + Free OTT
Free Consumer	Free-TV

Consumer Segment(%)



Source: FICCI EY, Keynote Capitals Ltd.

We believe that while television will remain a leader in sports broadcasting, scheduled Indian content, and other areas, OTT will excel in niche and mass content with bundled digital subscriptions.

Particulars for India	Linear Television		OTT	
Year	**CY21**	**CY24E**	**CY21**	**CY24E**
Customers' Side				
Overall Service Penetration (%)	70%	↑	30% *(CY23E)*	36% *(CY27E)*
Paid Penetration (%)	70%	76%	10%	↑
No. of Paid Subscriptions (Mn)	125	130	80	114
Hindi (H) and Regional (R) Language Consumption (%)	99% *(H- 43%, R-56%)*	↔	99% *(H- 53%, R-46%)*	99% *(H- 45%, R-54%)*
Share in Sector's Subscription Revenue (%)	65%	↑	9%	↑
Advertisers' Side				
Monthly Reach (Mn)	900	↑	450-500	↑
Share in Sector's Ad Revenue (%)	42%	NA	33%	NA
Broadcasters' Side				
Average Content Produced Per Year (hours)	1,50,000	↔	2,500	3,500
Revenue Share in Sports Broadcasting	80% *(FY22)*	*69% (FY26E)*	20% *(FY22)*	31% *(FY26E)*
Average Revenue Per User (ARPU) (Rs.)	220	↑	~560 *(CY23E)*	↑

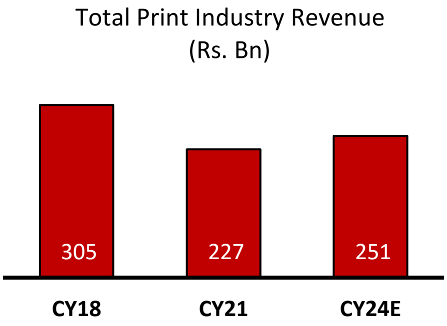
Source: Company, FICCI EY, KPMG, Statista, Keynote Capitals Ltd.

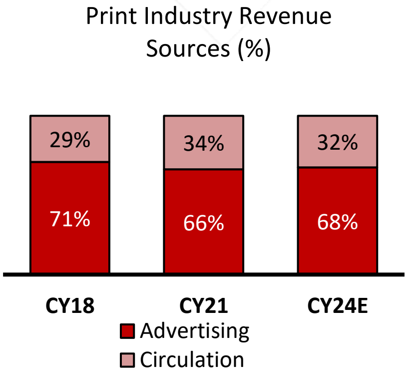
Print Industry

The print industry was being impacted by digital media even before the pandemic. Newspaper, which accounted for 97% of the industry for 3 years ending CY21, had been dropping at 9% annually during the same period. However, it is expected to grow at 3% CAGR in the next 3 years.

Magazines, which account for the remaining 3% of the business, de-grew at 16% annually for three years until CY21. However, a flat outlook of 3% for the following three years until 2024 is estimated.

Paradoxically, print is the only business where English language consumption equals Hindi and regional consumption combined.

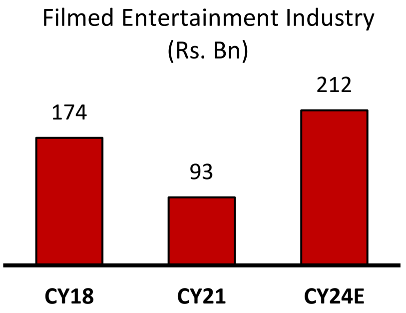


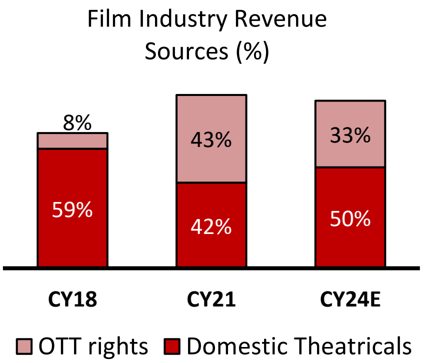


Source: FICCI EY, Keynote Capitals Ltd.

Movies Industry

Before the pandemic, over 2,000 movies were released in India every year. However, in CY20 and CY21, only 441 and 757 films were released in theatres, respectively. This decline was a blessing in disguise for digital media, which capitalized on the crisis. In CY21, the digital rights for movies made up 43% of the movie industry; domestic theatrical releases represented another 43%, while international releases, broadcast rights, and in-cinema advertising stood for the remaining 15%. With normalizing social experiences and increasing theatre footfalls, domestic theatrical releases are anticipated to account for half of the industry revenue by CY24, following a similar language consumption pattern as other industries. In CY21, Hindi and Regional films generated around 86% of theatrical income, while English films contributed 14%. In the coming three years until CY24, the industry is expected to grow at a 32% CAGR.

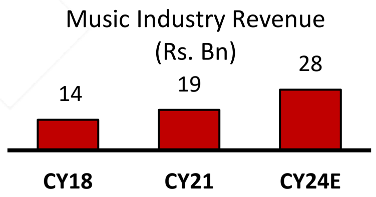




Source: FICCI EY, Keynote Capitals Ltd.

Music Industry

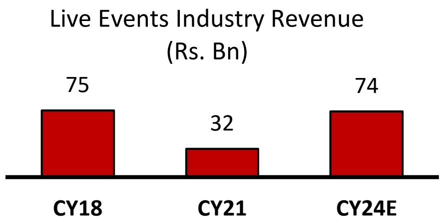
Music is an industry that has been entirely absorbed by digital media, making up 90% of revenue in CY21. The remaining 10% came from the sales of performing rights and sync. Music streaming has become an integral part of Indians' lifestyle, so much that they spent ~22 hours per week listening to music in CY21, which was ~19 hours in CY17. In terms of the language of consumption, Hindi and southern languages dominated with a 73% share. Going forward, the industry is estimated to expand at 15% until 2024.



Source: FICCI EY, Keynote Capitals Ltd.

Live Events Industry

Live events, just like every other form of experiential entertainment were badly impacted by the pandemic. In CY21, digital events accounted for 64% of total events, managed and activation events accounted for 33% of revenues, whereas IP events accounted for 3%. If the pandemic does not re-emerge, the organized events industry is anticipated to return to pre-pandemic levels by CY24, increasing at a CAGR of 32%.



Source: FICCI EY, Keynote Capitals Ltd.

Event Type	Example
Pure Digital	International Conference on Emerging Technologies in Computer Engineering
Managed	Indian Idol auditions
Activation/Promotional	Movie promotions
IP	Sunburn Festival

Source: EY, 10times, Keynote Capitals Ltd.

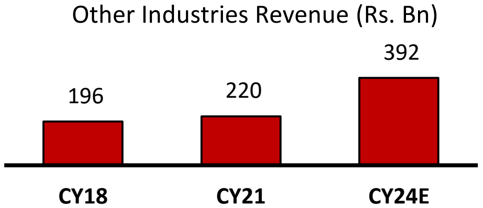
Other Industries

Online Gaming – This industry has more than doubled in the last three years, from Rs. 46 Bn in CY18 to Rs. 100 Bn in CY21, representing a 30% CAGR. Going forward, it is predicted to expand at a 15% CAGR until CY24, reaching Rs. 153 Bn. Transaction-based games will continue to account for ~70% of revenues, and esports and casual games for the rest, ~30%.

Animation and VFX – The revenue of the industry is split evenly between VFX and animation and post-production, totaling Rs. 83 Bn. The industry is predicted to compound at 29% through CY24.

Out of Home (OOH) – The industry is expected to double in 3 years from Rs. 20 Bn in CY21 to ~Rs. 40 Bn in CY24.

Radio – Even before the pandemic, this was a struggling industry. However, it is expected to climb from Rs. 16 Bn in FY21 to Rs. 21 Bn in FY24.



Source: FICCI EY, Keynote Capitals Ltd.

Zee Entertainment Enterprise Ltd.

Mr. Subhash Chandra started ZEE Entertainment Enterprises Limited (ZEEL) in 1992. It is an Indian media and entertainment company that operates one of the country's major television networks. The Company is a mega entertainment media house with 89 TV channels in more than 20 languages, a movie inventory exceeding 5,000 titles, and serving more than 1.3 Bn customers in over 170 nations. The Company's other operations include producing movies, music, and live events. To strengthen its position in the market, ZEEL has entered into an agreement to merge with Culver Max Entertainment, which is expected to be executed by the end of FY23.

Zee Entertainment Enterprises Ltd. (ZEEL)

1992
Launched India's first private satellite TV – Zee TV

1994
Promoted Zee Cinema as India's first Hindi movie Pay TV channel.

2006
Decided to acquire Venus Films and Ten Sports Network

2016
Sold Ten Sports Network to CME

2018-20
Launched an OTT platform – ZEE5, and partnered with Eduauraa to offer ed content

2022
Re-entered sports with the acquisition of global rights of UAE T20 and India TV rights of ICC Men's and Under-19 events from Disney STAR

Culver Max Entertainment (CME)
(Operating as Sony Pictures Network India Pvt. Ltd or SPNI)

1995
Launched Sony Entertainment Television channel

1999
Launched 2nd channel – Sony Max – for Sports and Hindi movies.

2000
Acquired license rights for ICC matches from 2002-07*

2008
*Won broadcast rights for IPL***

2012
Launched its first sports channel – Sony Six

2013
Launched an OTT platform – SonyLiv

2022
Extended partnership with England and Wales for exclusive rights until 2028

2021
Both companies entered into a definitive agreement to merge.

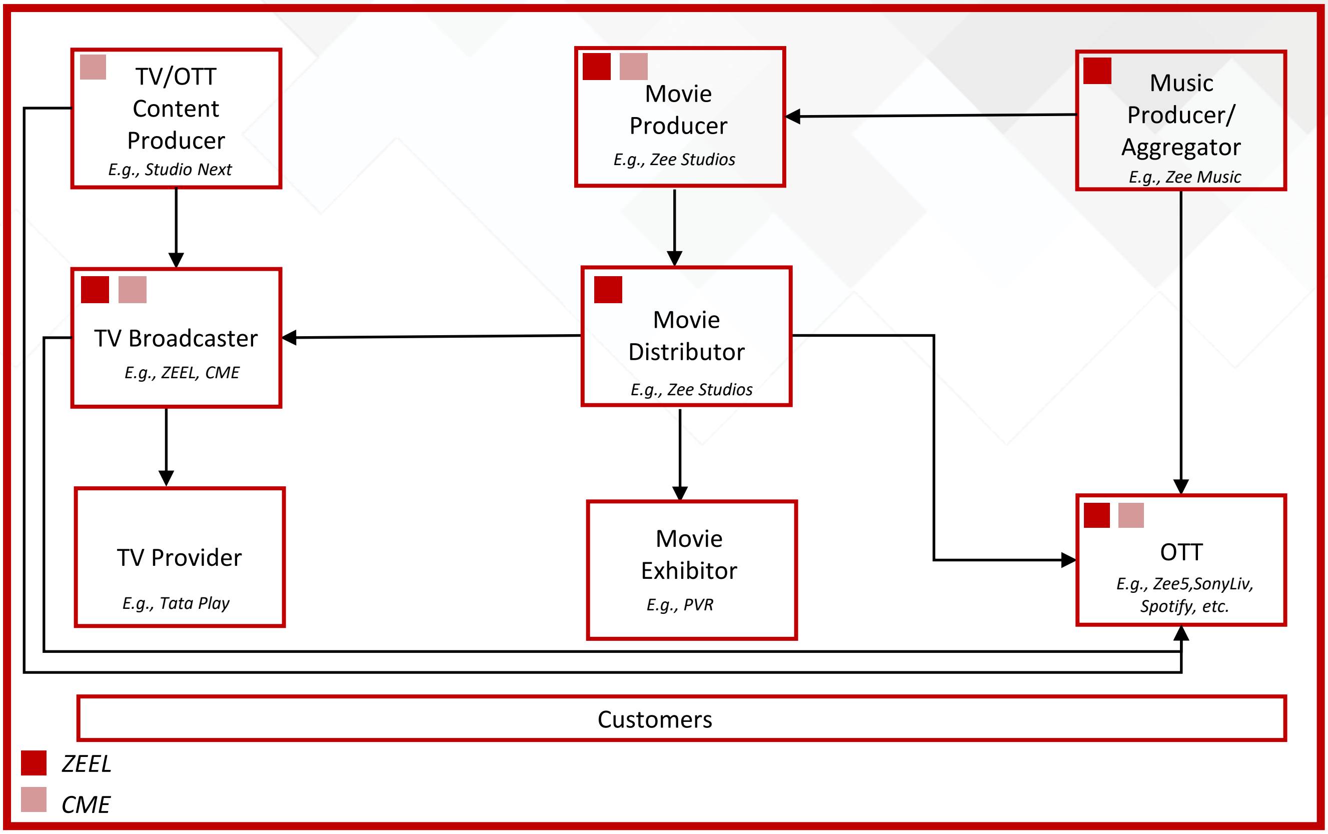
2023
Merge Co.
(ZEEL+ CME)

- Television (ZEEL, CME)
- Digital (ZEEL, CME)
- Movies (ZEEL, CME)
- Music (ZEEL)
- Live Events (ZEEL)

ZEEL
CME

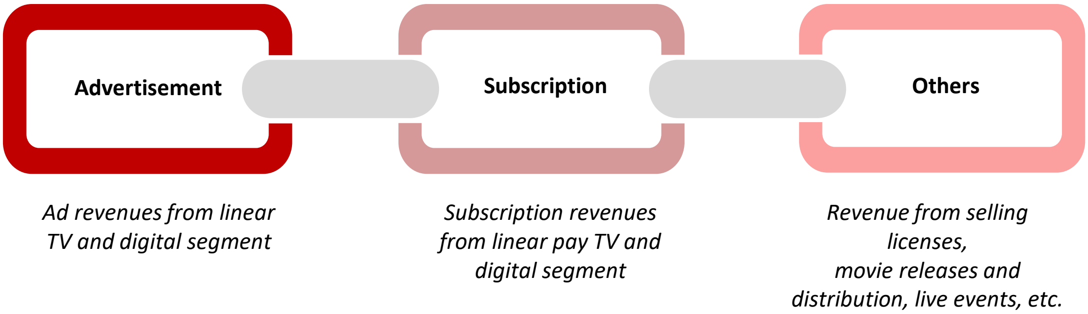
*Source: Company, moneycontrol, Business Standard, businessline, exchange4media, Hindustan Times, Keynote Capitals Ltd. * International Cricket Council, **Indian Premier League*

MergeCo. to have a stronger all-round Presence in the Ecosystem



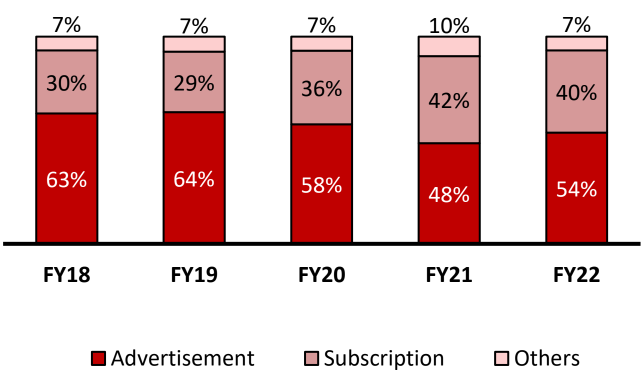
Source: Company, SPNI website, Keynote Capitals Ltd.

Sources of Revenue

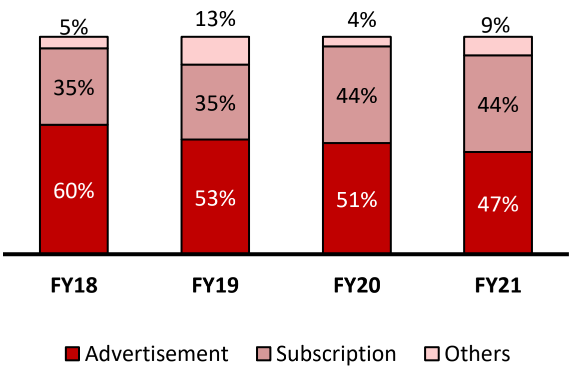


Source: Company, Keynote Capitals Ltd.

ZEEL's Revenue Split



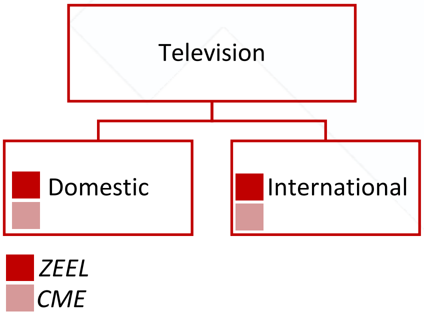
CME's Revenue Split



Source: Company, Keynote Capitals Ltd.

Linear TV Business

ZEEL’s TV broadcasting business consists of a portfolio of 89 channels broadcasted in more than 170 countries across multiple languages and genres.

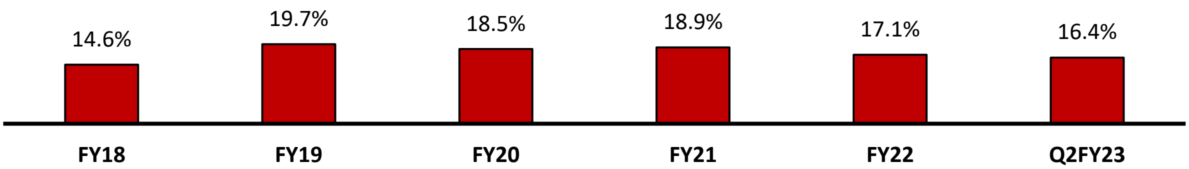


Source: Company, Keynote Capitals Ltd.

Domestic Broadcasting Business

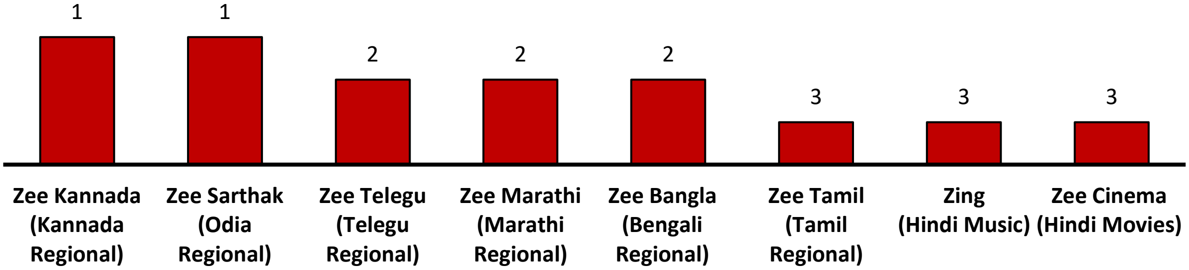
In India, ZEEL offers 48 channels in five genres: Hindi GEC (General Entertainment Channel), Hindi movies, regional GEC, regional movies, and niche channels. While the network has roughly 16% of the market viewership share, it is a leader in movies and the regional market. While the Company seems to have lost share on the network level, it has broadly maintained share since FY22. The ~100 bps impact is due to Zee Anmol’s transfer from FTA to Pay-TV. The Company is confident to regain its share back by FY23.

ZEEL’s Television Network Viewership Share (%)



Source: Company, Keynote Capitals Ltd.

Zee Among Top Three Regional Channels across Languages (Jan ’23)



Source: BARC data taken from Tata Play on 6 Jan ’23, Keynote Capitals Ltd.

The Company ranks first in regional markets, with regional viewership accounting for 56% of the Company's total television viewership. ZEEL has been marginally increasing its market share in South India and ended the last fiscal year with a 15.3% share.

The Company is able to garner subscriptions and ads by leveraging a weekly reach of more than 600 Mn. Over the next 4-5 years, the Company aims to become the number one TV network.

International Linear TV

ZEEL has 41 channels in the International market, with 44% channels in America itself and the rest in Europe (2%), MENA (Middle East and North Africa) (12%), APAC (Asia Pacific) (17%), and Sub-Saharan Africa (20%), broadcasting in over 170 countries.

The Company broadcasts not only Indian content produced for Indian audiences but also makes local content for which it has 11 non-Indian language channels. The channels have been performing exceptionally well in the International market with the following viewership share.

Channel/Region	Viewership Share (FY22)
South Asia	19%
Zee TV MENA (Hindi GEC)	31%
Zee Cinema UK (Hindi Movies)	22%
Zee Tamil, Malaysia (Regional GEC)	7%

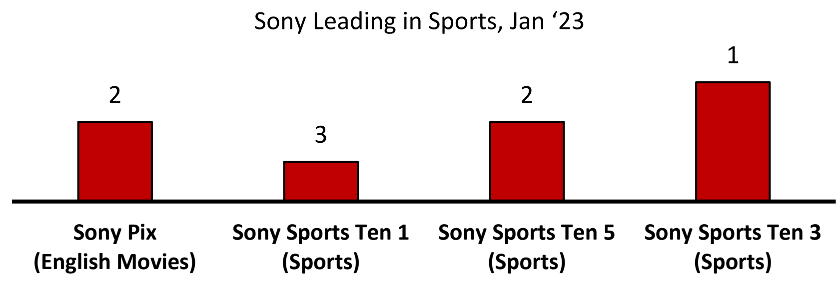
Source: Company, Keynote Capitals Ltd.

CME in TV

CME runs 26 channels in India across GEC, movies, sports, kids, and infotainment. Apart from broadcasting, it is also a leading TV distributor in India. Moreover, as part of international business, it caters to the South Asian diaspora in over 120 countries.

Besides this, CME is distributed over 60 leading cable, satellite, IPTV, and OTT platforms covering regions like Africa, the Middle East, Australia, Europe, Canada, the USA, etc. Further, it provides licenses for its 60,000-hour content library in over 70 countries.

CME's Rank in the Market – leader in Sports



Source: BARC data taken from Tata Play on 6 Jan '23, Keynote Capitals Ltd.

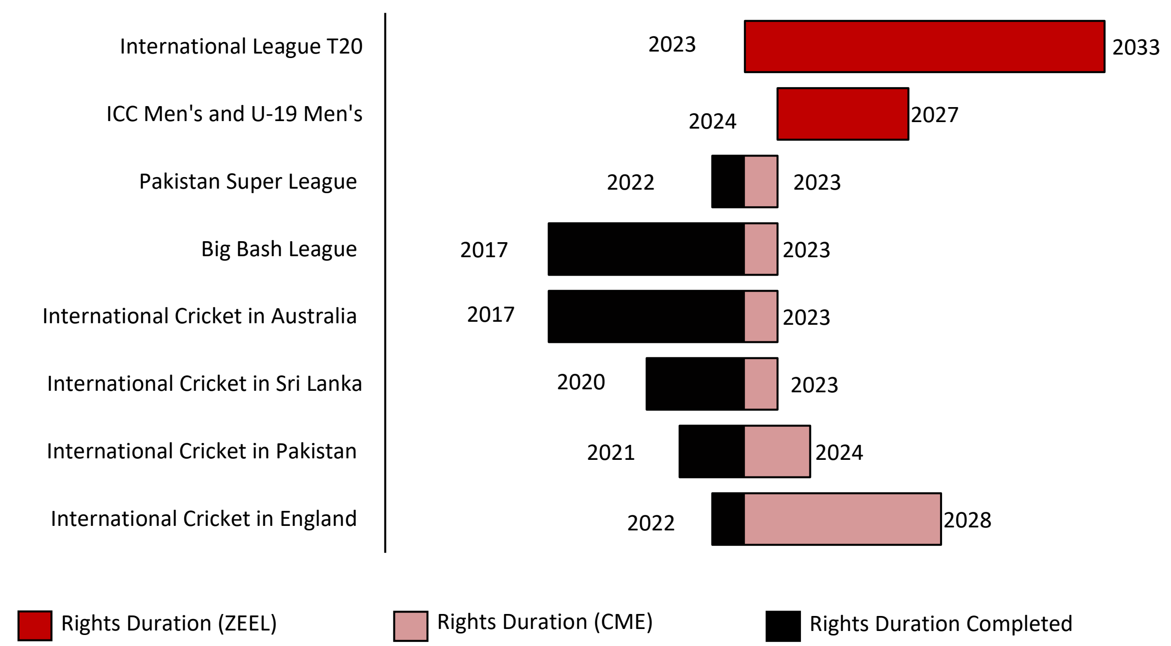
ZEEL + CME in Television

According to data by BARC for 12 months ending Aug '22, Mergeco has a 36% market share in Hindi GEC, 33% in Hindi movies, 38% in Bangla GEC, and 26% in Marathi GEC. According to FICCI, all-language GEC and movies accounted for 75% of television viewership and 50% of TV advertising in CY21.

CME has Studio Next as one of the content producers for its TV and OTT platform, which will offer a cost advantage for television content acquisition to Mergeco.

Sports is a prominent genre and Mergeco's focus as it is one of the most commercialized genres in the television broadcasting industry. In sports, Cricket accounted for 73% of sports viewership in CY21. In addition to CME, which has a longstanding experience in sports, ZEEL has re-entered the market with the acquisition of broadcast rights for the Emirates Cricket Board's (ECB) UAE T20 tournament for a duration of ten years (2023-33) in exchange for a $15 million yearly payment. It has also sub-licensed the International Cricket Council's Men's and Under-19 Men's tournaments from Disney Star for an undisclosed price for the 2024-27 cycle. Besides cricket, CME also broadcasts various other popular sports, such as tennis, football, volleyball, wrestling, etc.

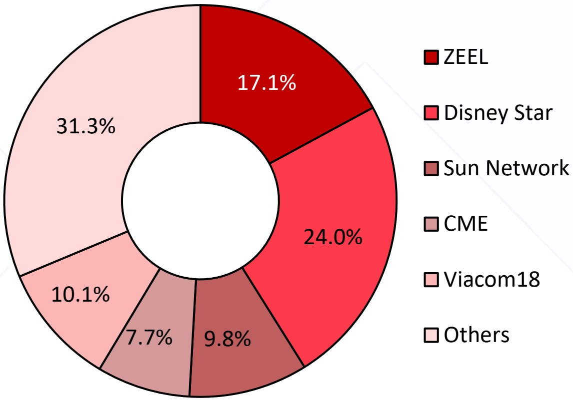
TV Broadcasting Rights with ZEEL and CME



Source: Wikipedia, Keynote Capitals Ltd.

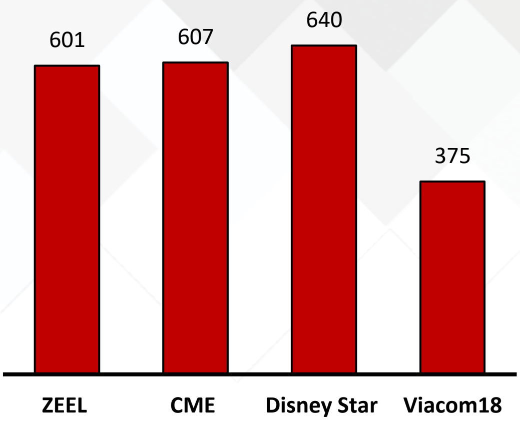
TV Peers Comparison – Operating Metrics

FY22 Exit Quarter Network Share



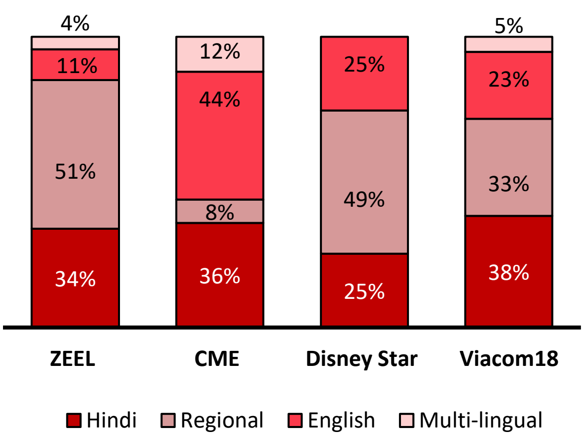
Source: Company, BARC (Disney Star and CME do not include sports, Sun and Viacom18 do not include news), Keynote Capitals Ltd.

Average Video Ad Rate/ Sec (Rs.)



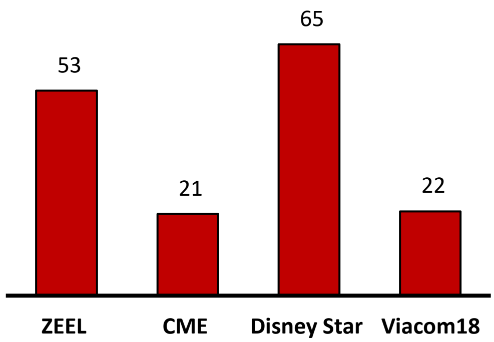
Source: The Media Ant, Keynote Capitals Ltd.

Channel Split by Language (%)



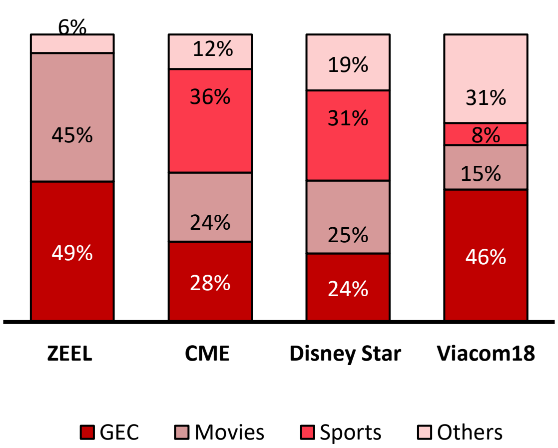
Source: Airtel DTH, Keynote Capitals Ltd.

Total Network Viewership (Monthly AMA* Bn)



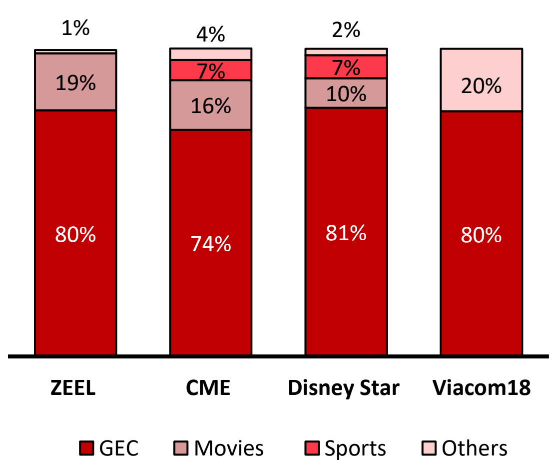
Source: The Media Ant, Keynote Capitals Ltd.
** Average Minute Audience*

Channel Split by Genre (%)



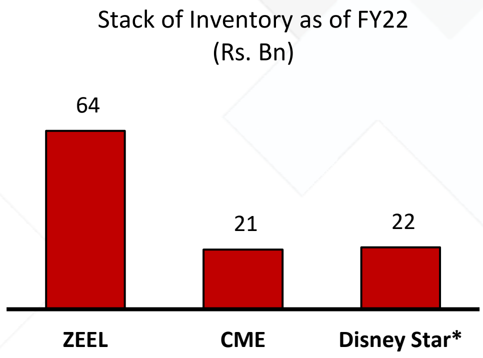
Source: Airtel DTH, Keynote Capitals Ltd.

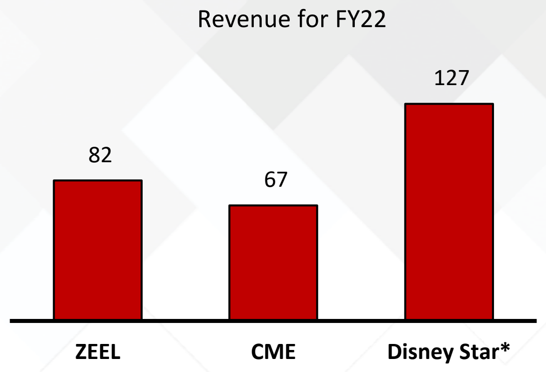
Network Viewership by Genre (%)

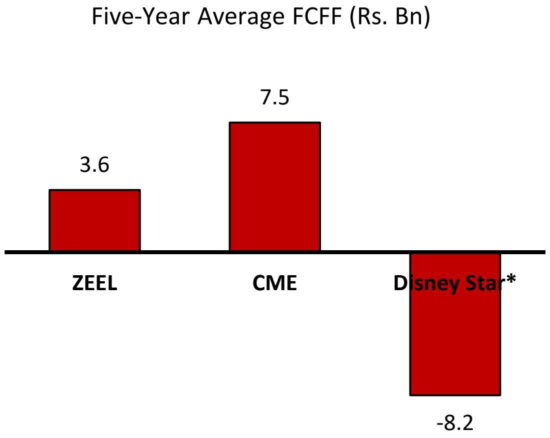


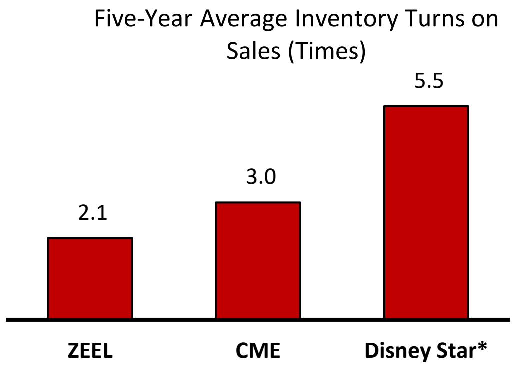
Source: The Media Ant, Keynote Capitals Ltd.

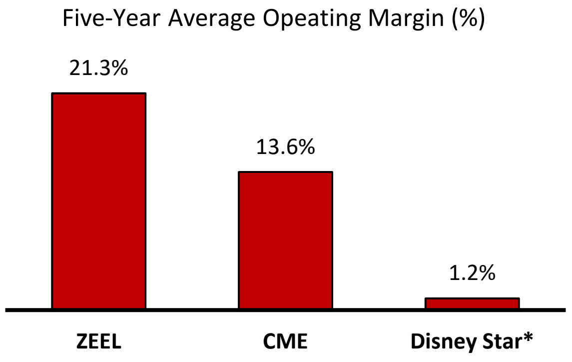
Operating Dominance Is Not Enough; Financial Metrics Hold Equal Importance

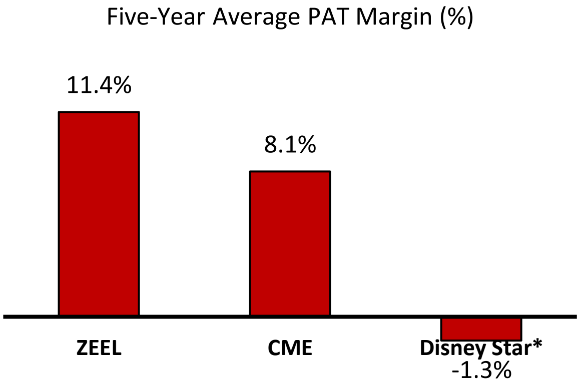


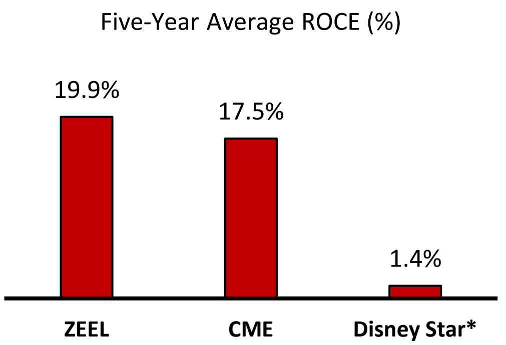


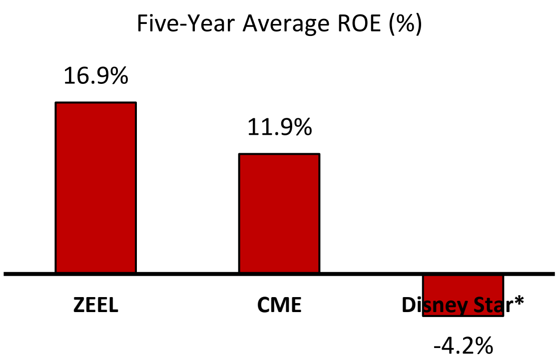






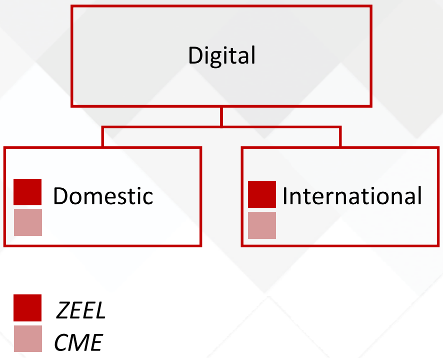






*Source for all graphs: Company, Keynote Capitals Ltd, * Data Period for Disney Star is FY16-21, and for ZEEL and CME is FY17-22.*

Digital Business – Zee5 and SonyLiv



Source: Company, CME, Keynote Capitals Ltd.

ZEE5, ZEEL's OTT division, was launched in 2018 with a vast content library of 100,000 hours in 12 languages. As of FY22, the Company was present in over 190 countries in 18 languages.

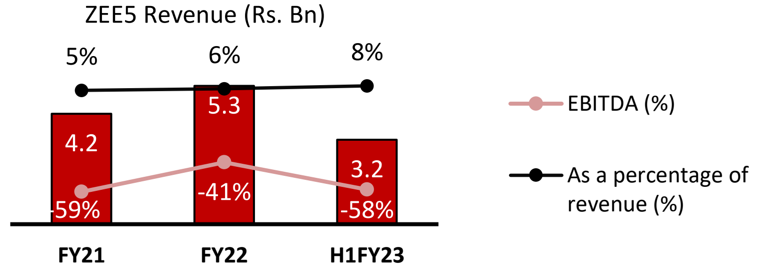
As of Q2 FY23, the Company created a global base of 112.4 Mn Monthly Active Users (MAUs) and 11.4 Mn Daily Active Users (DAUs). The United States, where ZEE5 entered in FY22, has become the platform's second-largest market after India, accounting for 40% of the segment's sales.

The Company has collaborated with various platform companies, including telecom, e-commerce, Internet Service Provider (ISP), connected devices, BFSI and fintech, travel, and hospitality.

ZEEL has also inked partnerships across several dimensions also to expand the platform's use case. It has Hippi (a short-video platform), Play Zee5 (a partnership with Game Loft for hyper-casual games), Zee5 Kids (exclusive licensed content for children), and Eduauraa (a digital learning platform).

In terms of streaming content, between FY21 and H1 FY23, the platform aired more than 130 original titles, with an average of over 4 titles/per month.

In Nov'21, the Company had 45-50 Mn paid subscribers in India, and guided to grow it by 5 time, making more than 200 Mn paid subscriber base.



Source: Company, Keynote Capitals Ltd.

CME in OTT – SonyLiv

SonyLiv was initially launched in 2013, but due to below-average performance, it was relaunched in 2020. This revamp increased the number of subscribers from 0.8 Mn in June '20 to 18.2 Mn in a matter of two years. The Company further aspires to reach 30 Mn subscribers by FY23. Apart from gaining ~18 Mn subscriptions in two years, the Company grew its revenues by 65% from Rs. 7 Bn in FY21 to Rs. 12 Bn in FY22, recording a positive EBITDA. The platform's contribution to revenue increased from ~13% in CY21 to ~18% in CY22.

By H1 CY22, the Company guided to roll out Malayalam, Telegu, and Tamil shows and aspired to have 55-60% of subscribers from South India. Moreover, the Company plans to sell subscriptions off a shelf in outlets or places with more footfalls, like airports, where people can scan, subscribe and watch their content.

Sony plans to release 60 shows (5/month), and 36 movies (3/month) every year. In FY22, the platform earned 55% of its revenues from subscriptions, which is in aligns with industry standard of 57%.

ZEE5 and SonyLiv Together

Zee5 and Sony take the third spot with 19% market share of SVOD space.

OTT Peers

	Indian TV Broadcasters				Global Players	
Company	**ZEEL**	**CME**	**Disney Star**	**Viacom18**	**Amazon**	**Netflix**
OTT	**ZEE5**	**SonyLiv**	**Disney+ Hotstar**	**Voot**	**Prime Video**	**Netflix**
Launch Year in India#	2018	2013	2015	2016	2016	2016
Monthly Active Users (Mn) #	49.5	31.6	286.6	39.9	28.1	15.5
Time Spent from Connected TVs (Mins/Day) #	30	70	NA	74	NA	NA
Revenue Model	AVOD/ SVOD/ TVOD	AVOD/ SVOD	AVOD/ SVOD	AVOD/ SVOD	SVOD/ TVOD	SVOD
Video Ad Rate (Rs./Unit) #	0.088	0.1	0.079*	NA	NA	NA
Masthead Banner Ad Rate (Rs. Mn/Day) #	0.5	NA	3.2	1	NA	NA
Range of Annual Active Subscription Plans (Rs.)	499-1,499	599-999	899-1,499	299-599	599-1,499	1,788-7,788
Estimated Revenue for FY21 (Rs. Bn)**	5.5^	12^	15	NA	13	17

*Source: Company, OTT websites, Keynote Capitals Ltd., *Per Impression. #The Media Ant data is as on 17 Jan '23, **Business standard, ^ FY22*

Given digital industry's 43% revenue came from ads in CY21, advertisements and non-paid subscribers matter almost equally. While Disnsey+ Hostar has the highest number of MAUs, its annual subscription is nominally priced, and advertisements are robustly priced, displaying the power of its user base and pricing.

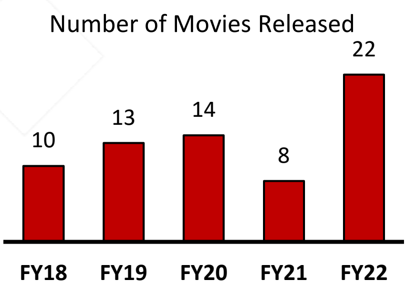
ZEE5 ranks second in terms of MAUs, followed by SonyLiv. While ZEE5 has the least average daily time spent in minutes among its peers, it still clocked Rs. 5.5 Bn in revenue in FY22. On the other hand, Sonyliv registered a revenue of Rs. 12 Bn.

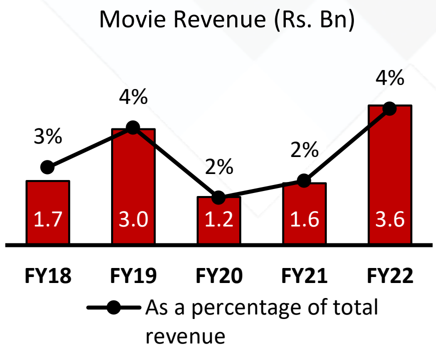
Disney+ Hotstar has been the king of cricket broadcast on OTT, especially with the digital rights of men's IPL. However, Voot has been giving intense competition to everyone lately. It not only won the digital rights of men's IPL (CY23-27) but also the media rights of women's IPL (CY23-27). Owing to this, It is anticipated that the active paid subscription of Disnsey+ Hostar will reduce. Facts indicate that the OTT subscription market is dominated by bundled OTT subscriptions; therefore, we believe the needle of paid subscribers for Disney+ Hostar wouldn't move significantly.

The popularity of men's IPL is massive, making it the world's second most expensive sports property after the sale of its media rights for cycle 2023-27, implying tremendous anticipated pricing power and revenues for the concerned companies.

Movies Business

Zee Studios is a movie production and distribution studio formed in 2012. It had been producing (or co-producing) 8-10 movies annually until FY21, after which it aimed to increase the run rate to 35-40 movies a year. In FY22, it released 22 movies, more than double its previous year's releases. The Company aims to increase its movie releases and leverage its 360-degree coverage in the industry.





Source: Company, Keynote Capitals Ltd.

Music Business

Zee Music Company (ZMC) produces and aggregates songs across 22 languages. It has a vast library of over 10,000 songs as of FY22.

The Company has had close to 60% share in new songs of Hindi movies for the past four years and close to half the share in regional music as well. ZMC has around 92 Mn subscribers on YouTube grown more than twice in the past 4 years.

Live Events Business

Leveraging the fact that experiential entertainment will account for 22% of the industry in CY24 rising from 16% in CY21, the Company has been hosting IP events like Supermoon (Music and Comedy), Arth (Cultural), It's a Girl Thing (Social Influencers), and Indian Shayari Project (Poetry). The Company also runs Zee Theatres under the Zee Live segment.

Management Analysis

The Management team of ZEEL consists of industry veterans who bring immense expertise and relevant experience of working with large entities.

Name	Designation	Previous Associations	Experience with ZEEL (Yrs.)
Punit Goenka*	MD & CEO	Corporate Management	27+
Amit Goenka*	President – Digital Business & Platforms	CEO, International Business (TV and ZEE5)	8+
Punit Misra	President – Content & International	Exe Director Sales & Customer Development - HUL	4
Rahul Johri	President – SEA	Exe VP – Discovery, CEO – BCCI	2
Rohit Gupta	President – Finance & IR	CFO – Virgin Mobile, NIIT, Bright Star India	5
Shariq Patel	Chief – Zee Studios	Sr. VP – Studio 18, Founder – Trigno Media Pvt. Ltd.	5
Animesh Kumar	President – HR & Transformation	Head HR – IDFC First Bank	5
Anurag Bedi	Chief – Zee Music	Sr. Manager Ad Sales – Star India	18
Nitin Mittal	President Tech	Tech Advisor – NPCI	2
Shyamala Venkatachalam	Chief Legal Officer	Head Business Counsel – Star India	2

Source: Company, Keynote Capitals Ltd.
** Person belongs to the promoter group*

Shareholder and Composition

Particulars	FY20	FY21	FY22	Q2 FY23
% Promoter Holding	~4.8%	~4.0%	~4.0%	~4.0%
Punit Goenka's Salary (Rs Mn)	90	132	411	NA
As a % of PAT	1.1%	1.3%	4.2%	NA

Source: Company, Keynote Capitals Ltd.

Shareholders holding > 1% combined are currently holding ~51% of ZEEL

Stakeholders	FY20	FY21	FY22	Q3 FY23
ICICI Purdential AMC (Value Discovery Fund)	-	-	1.8%	6.4%
Vanguard (Under Various Funds)	3.0%	5.6%	5.8%	5.4%
LIC of India	4.9%	4.9%	4.9%	5.1%
Invesco (OFI Global China Fund LLC)	17.9%	17.9%	17.9%	5.1%
Amansa Holdings Pvt. Ltd.	3.7%	3.4%	4.4%	4.4%
HDFC Trustee Company (Mid-Cap Opportunities Fund)	-	-	3.0%	4.3%
Nippon Life India Trustee (India Mid-cap Fund)	-	-	2.9%	4.1%
Government Pension Fund Global	1.3%	1.7%	2.6%	2.2%
Aditya Birla Sun Life Trustee (Flexi Cap Fund)	-	-	1.2%	2.1%
Total 1% and above holding	**48.1%**	**46.0%**	**52.7%**	**50.6%**

Source: Company, Keynote Capitals Ltd.

Opportunities

Merger with CME

Revenue Synergy – As per management's guidance, the merger will result in a revenue synergy of 3-4% on Mergeco and 6% on standalone ZEEL. Further, they've guided that the combined entity will clock 30% EBITDA, which will make Mergeco the most profitable media company in the world.

Profitable OTT – Sony is already running its OTT platform, Sonyliv, profitably and can help ZEE5 become profitable by guiding its content acquisition strategy and syndication. Studio Next produces content for television and OTT and can act as an in-house content provider to ZEE5. Good content acquired at low prices will eventually lead to more viewership and subscriptions, making ZEE5 profitable.

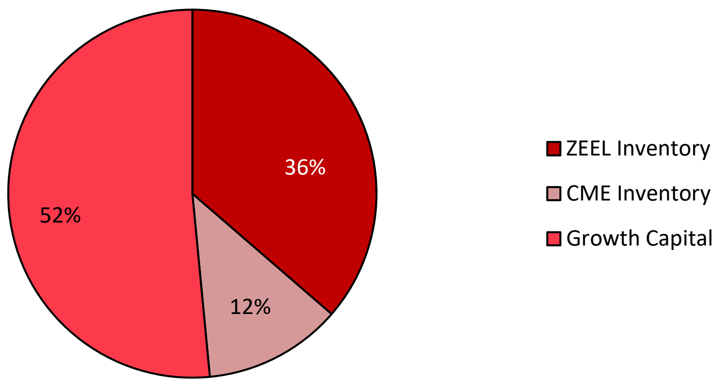
Nascent and Master of Regional Entertainment – While Zee has been a leader in regional GEC and movie markets, CME has been present only in the Bengali and Marathi GEC space on television. ZEEL can help CME build a bigger regional audience through syndication or new content acquisition.

Mergeco to Have Better Pricing Power - The combined entity will own around 75 TV channels in India and a viewership of over 36% market share in Hindi GEC, 33% in Hindi movies, 38% in Bangla GEC, and 26% in Marathi GEC for 12 months ending Aug '22. With such a prominent hold of customers, Mergeco will have a significant pricing power over content producers, TV distributors, and advertisers. The two companies are masters of different genres and overlap leadership only in movies.

Growth Capital Infusion Along With Room For Inventory Syndication

Combining the present levels of inventory, Mergeco will have an inventory of Rs. 85 Bn. Both companies can syndicate some of their content, other than originals, on each other's platforms, resulting in increased inventory turns. As per the scheme of the arrangement, Mergeco will receive Rs. 90 Bn (88% from CME and 12% from ZEEL) as growth capital We believe the amount will be used for content production and acquisition for television and OTT, sports property rights, etc.

Stack of Entertainment Assets with Mergeco, FY22



Source: Company, Keynote Capitals Ltd.

CME has guided to release 60 shows and 36 movies on Sonyliv in a year and ZEEL has been releasing ~50 original titles annually on ZEE5. Moreover, ZEEL is aggressive in acquiring movies for its linear and OTT platforms. It released 60 movies on ZEE5 in Q2FY23. In line with this approach, the Company has guided to produce 35-40 movies (up from 8-10 movies previously) in a year to increase the library of original content across the segment – TV, digital, and movies. Further, the Company has guided that increase in inventory, mainly due to movies, will continue for a couple of quarters.

Sports is among the most monetized genre in the television industry, and Punit Goenka has guided that sports will be the focus of Mergeco. We anticipate that a portion of growth capital will be deployed to renew the media rights of sports properties already owned by CME and to buy more properties for ZEEL.

Recently, ZEEL has re-entered sports by telecasting matches on its movie channels and OTT platform – ZEE5. It's rational for ZEEL not to start a new sports channel with just two events at hand. There is a possibility that after the Company acquires the rights to telecast & stream different sports events, it might start a new sports channel that will bring viewership, advertisers, and subscribers more easily. CME has already been a master of this business for around two decades. This expertise of CME in the sports business will ensure that the right and relevant properties are bought at fair prices. Given the potential of sports viewership, especially cricket, an increase in advertisement and subscription revenue is anticipated.

Change of Guard

The new entity will have CME as the controlling shareholder and essentially the director of the Company. This can be concluded from several actions as follows:

CME to have a more significant say in selecting directors of the new board – Out of the nine new board members, five will be chosen by CME. Out of the remaining four, one will be MD and Chairman Mr. Punit Goenka, and the other three will be jointly decided by the two companies, not only ZEEL. Therefore, it is quite apparent that CME will have a more considerable decision-making say both by having a higher number of directors on the board and by having power to select the remaining directors along with ZEEL.

CME is part of the MNC Sony Pictures, which in our understanding, has better and cleaner corporate governance practices than ZEEL. Therefore, a change of controlling and dictating stakeholders offers a positive outlook.

Puneet Goenka is said to be the MD for the new entity for the next five years, but the decision on his tenure of services is entirely in the hands of CME.

Challenges

ZEEL has been under the scanner due to its vague accounting practices and subpar governance. In the past, the Company, entered in various transactions with related and other parties, some of which are still coming back at ZEEL. Following are some of the issues which are important to track.

Any negative development on any of the following aspects can severely dent already dented sentiments.

Issue Pertaining to	Past and Current Situation
Deposits & Receivables	ZEEL gave unsecured deposits and had receivables outstanding from related parties and other parties. A significant part of such amounts has now been classified as doubtful and has been provided for. The Company has already recognized amounts worth Rs. 2,417 Mn as doubtful. As of 31st March 2022, total deposits and receivables outstanding from all parties amount to Rs. 2,424 Mn, which can be further broken down into Rs. 751 Mn outstanding from related parties, and Rs. 1,673 Mn outstanding from other parties.
Advances to vendors	In order to remain competitive, ZEEL gave material amounts as interest-free advances to various agencies and aggregators to acquire content. These amounts appeared in the books of account in FY19 for the first time, which was flagged by the auditor by giving a qualified opinion. As of 31st March 2022, advances worth Rs. 2,678 Mn remain doubtful and are provided for. Apart from this, advances worth Rs. 8,219 Mn still stand outstanding.
Subsidiary and Related Party Dispute	ATL (wholly owned subsidiary) of ZEEL gave a "Put" option to LEL (related party) to acquire share capital to the extent of 64.38% held by LEL in VIL (related party) at an exercise price of $105 Mn. This option was valid till 30th July 2019. Later, LEL in order to secure borrowing from Axis bank and Yes bank, assigned the right of this option to in favour of the banks. On 29th July 2019, the "Put" option agreement was amended and the deadline was extended till 30th December 2026 and the exercise price was lowered to $52.5 Mn for the acquisition of the same number of shares. In FY20, the bank exercised the "Put" option and asked ATL to pay the exercise price. ATL made an inquiry in this respect and became aware of misrepresentations by LEL during the renewal of the contract. Bases findings, ATL cancelled the option and filed a case against LEL and the trustee on the bank in Supreme Court of Mauritius. Matter remains sub-judice. The liability on ATL because of this option as of 31st March 2022 in rupee terms stand at Rs. 3,969 Mn.
Other Disputes and Litigations	On 14th December 2022, IDBI Bank Ltd. filed an application against the Company in NCLT, claiming that it is a financial creditor and the Company has defaulted on a payment of Rs. 1,496 Mn. On 2nd January 2023, Indian Performing Right Society Ltd. filed an application against the Company in NCLT, claiming that it is an operational creditor and the Company has defaulted on a payment of Rs. 2,114 Mn.

Source: Company, Keynote Capitals Ltd.

Financial Statement Analysis ZEEL

Income Statement

Y/E Mar, Rs. Mn	FY21	FY22	FY23E	FY24E	FY25E
Net Sales	**77,299**	**81,893**	**84,120**	**92,316**	**1,02,115**
Growth %		6%	3%	10%	11%
Raw Material Expenses	37,505	40,449	42,060	44,773	49,015
Employee Expenses	8,183	8,641	9,253	9,693	10,212
Other Expenses	15,672	16,812	17,665	18,925	20,423
EBITDA	**15,939**	**15,991**	**15,142**	**18,925**	**22,465**
Growth %		0%	-5%	25%	19%
Margin%	21%	20%	18%	21%	22%
Depreciation	2,649	2,459	3,380	3,684	4,048
EBIT	**13,290**	**13,532**	**11,762**	**15,241**	**18,417**
Growth %		2%	-13%	30%	21%
Margin%	17%	17%	14%	17%	18%
Interest Paid	571	451	383	344	333
Other Income & exceptional	-162	1,073	-229	-207	-184
PBT	**12,557**	**14,154**	**11,149**	**14,690**	**17,900**
Tax	4,625	4,597	3,791	4,995	6,086
PAT	**7,932**	**9,557**	**7,359**	**9,695**	**11,814**
Others (Minorities, Associates)	-70	-88	0	0	0
Net Profit	**7,862**	**9,469**	**7,359**	**9,695**	**11,814**
Growth %		20%	-22%	32%	22%
Shares (Mn)	960.5	960.5	960.5	960.5	960.5
EPS	**8.33**	**10.04**	**7.66**	**10.09**	**12.30**

Balance Sheet

Y/E Mar, Rs. Mn	FY21	FY22	FY23E	FY24E	FY25E
Cash, Cash equivalents & Bank	10,907	12,733	7,591	10,785	15,668
Current Investments	7,667	242	242	242	242
Debtors	19,452	17,375	19,348	21,233	23,487
Inventory	54,030	63,862	75,708	81,238	86,798
Short Term Loans & Advances	13,963	15,126	15,126	15,126	15,126
Other Current Assets	490	2,107	2,107	2,107	2,107
Total Current Assets	1,06,509	1,11,445	1,20,121	1,30,731	1,43,427
Net Block & CWIP	12,041	12,298	11,442	10,527	9,543
Long Term Investments	316	409	409	409	409
Other Non-current Assets	6,170	5,164	4,864	4,564	4,264
Total Assets	**1,25,036**	**1,29,316**	**1,36,836**	**1,46,232**	**1,57,643**
Creditors	13,982	13,719	16,824	18,463	20,423
Provision	1,248	478	478	478	478
Short Term Borrowings	0	0	0	0	0
Other Current Liabilities	10,141	7,975	7,975	7,975	7,975
Total Current Liabilities	25,371	22,172	25,277	26,916	28,876
Long Term Debt	14	21	21	21	21
Deferred Tax Liabilities	-3,151	-3,080	-3,080	-3,080	-3,080
Other Long Term Liabilities	1,727	1,575	1,575	1,575	1,575
Total Non Current Liabilities	-1,410	-1,484	-1,484	-1,484	-1,484
Paid-up Capital	961	961	961	961	961
Reserves & Surplus	99,985	1,07,667	1,12,082	1,19,838	1,29,290
Shareholders' Equity	1,00,946	1,08,628	1,13,043	1,20,799	1,30,251
Non Controlling Interest	129	0	0	0	0
Total Equity & Liabilities	**1,25,036**	**1,29,316**	**1,36,836**	**1,46,232**	**1,57,643**

Source: Company, Keynote Capitals Ltd. estimates

Cash Flow

Y/E Mar, Rs. Mn	FY21	FY22	FY23E	FY24E	FY25E
Pre-tax profit	12,557	14,154	11,149	14,690	17,900
Adjustments	7,123	3,249	2,659	2,902	3,232
Change in Working Capital	809	-9,638	-10,713	-5,776	-5,854
Total Tax Paid	-5,011	-4,967	-3,791	-4,995	-6,086
Cash flow from operating Activities	**15,478**	**2,798**	**-696**	**6,821**	**9,193**
Net Capital Expenditure	-1,740	-2,286	-2,524	-2,769	-3,063
Change in investments	-3,765	7,840	0	0	0
Other investing activities	443	217	1,404	1,426	1,449
Cash flow from investing activities	**-5,062**	**5,771**	**-1,120**	**-1,343**	**-1,615**
Equity raised / (repaid)	0	0	0	0	0
Debt raised / (repaid)	4	10	0	0	0
Dividend (incl. tax)	-290	-2,401	-2,943	-1,939	-2,363
Other financing activities	-268	-279	-383	-344	-333
Cash flow from financing activities	**-554**	**-2,670**	**-3,327**	**-2,283**	**-2,695**
Net Change in cash	9,862	5,899	-5,142	3,194	4,882

Valuation Ratios

	FY21	FY22	FY23E	FY24E	FY25E
Per Share Data					
EPS	8	10	8	10	12
Growth %		21%	-24%	32%	22%
Book Value Per Share	105	113	118	126	136
Return Ratios					
Return on Assets (%)	6%	8%	6%	7%	8%
Return on Equity (%)	8%	9%	7%	8%	9%
Return on Capital Employed (%)	8%	9%	8%	10%	11%
Turnover Ratios					
Asset Turnover (x)	0.6	0.6	0.6	0.7	0.7
Sales / Gross Block (x)	3.1	3.2	3.1	3.1	3.2
Working Capital / Sales (x)	101%	104%	109%	108%	107%
Receivable Days	96	82	80	80	80
Inventory Days	523	532	606	640	626
Liquidity Ratios					
Current Ratio (x)	4.2	5.0	4.8	4.9	5.0
Interest Coverage Ratio (x)	25.2	35.3	33.6	47.5	58.8
Total Debt to Equity	0.0	0.0	0.0	0.0	0.0
Net Debt to Equity	-0.1	-0.1	-0.1	-0.1	-0.1
Valuation					
PE (x)	24.4	28.7	29.6	22.5	18.4
Earnings Yield (%)	4%	3%	3%	4%	5%
Price to Sales (x)	2.5	3.4	2.6	2.4	2.1
Price to Book (x)	1.9	2.5	1.9	1.8	1.7
EV/EBITDA (x)	11.8	16.5	13.5	10.8	9.1
EV/Sales (x)	2.4	3.2	2.4	2.2	2.0

ZEEL's Standalone valuation

Valuation	-	Base Case	Bear Case	Bull Case
Scenario (in Rs. Mn, otherwise stated)	**FY22**	**FY24E**	**FY24E**	**FY24E**
Revenue	81,893	92,316	83,085	1,01,548
PAT Margin %	12.1%	10.5%	9.5%	11.5%
PAT	9,557	9,695	7,893	11,678
EPS	10.0	10.1	8.2	12.2
PE	-	25	22	26
Target Price	-	253	181	316
Current Market Price	-	221	221	221
% Upside/(Downside)	-	14.4%	(18.0%)	42.9%

Source: Company, Keynote Capitals Ltd. estimates

In H1 FY23, ZEEL posted historically the lowest EBITDA and PAT margins of ~15% and 5.7%, respectively, because of negative operating leverage as the Company stepped up its manpower and promotional spending back to normalcy, but the revenue didn't replenish. We believe that as revenue normalizes, the margin for ZEEL is poised to improve. Also, ZEEL approved a one-time talent retention payment of Rs. 733 Mn and other expenses pertaining to the scheme of arrangement of merging with CME.

We believe that the external environment for the Company is now favorable, and ZEEL can start leveraging benefits as soon as the revenue scale improves. Also, in the last 5 years, ZEEL has created cumulative provisions and has taken cumulative write-offs to the tune of Rs. 9,456 Mn, which indicates the cleansing of books.

Most importantly, business for the Company is running as usual while the stock price has taken a significant hit due to negative sentiments around governance which are expected to improve as Sony will be handling the reins of Mergeco. The merger will also fuel the Company with growth capital which will augment Mergeco's ability to spend behind producing and acquiring content which in turn will attract more users.

Considering the above factors and maintaining conservatism, we have estimated revenue of ~Rs. 92 Bn, along with PAT margins of 10.5% (ZEEL's FY15-FY19 average PAT margin was ~23%) for FY24E. Ascribing a 25x multiple (Bottom Quartile Multiple) to ZEEL's FY24E earnings, we arrive at an estimated market price of Rs. 253 suggesting a ~14%% upside from current levels.

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Rating Methodology

Rating	Criteria
BUY	Expected positive return of > 10% over 1-year horizon
NEUTRAL	Expected positive return of > 0% to < 10% over 1-year horizon
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NOT RATED (NR)/UNDER REVIEW (UR)/COVERAGE SUSPENDED (CS)	Not covered by Keynote Capitals Ltd/Rating & Fair value under Review/Keynote Capitals Ltd has suspended coverage

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