



Zee Entertainment Enterprises Limited

Q4 FY'25 & FY'25 EARNINGS CONFERENCE CALL

May 08, 2025

Transcript

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Moderator: Ladies and gentlemen, good day, and welcome to the Q4 FY'25 Earnings Conference Call of Zee Entertainment Enterprises Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*”, then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Zee Investor Relations team. Thank you and over to you.

Amit Singh: Thank you, Yashasree. Hi, everyone. Welcome to our Q4 FY'25 earnings discussion. We have with us today our CEO, Mr. Punit Goenka, along with senior management team. We will start with opening remarks from Mr. Goenka, followed by commentary on operating and financial performance by Mr. Mukund Galgali, Deputy CEO and CFO.

We will subsequently open the floor for question and answers. Before we get started, I would like to remind everyone that some of the statements made or discussed on today's conference call will be forward-looking in nature and must be viewed in conjunction with the risks and uncertainties we face. The company does not undertake to update any of these forward-looking statements publicly.

With that, I will now hand the call to Mr. Goenka, thank you.

Punit Goenka: Thank you, Amit. Good evening, everyone. Thank you for joining us today to discuss the company's performance during the fourth and final quarter of the financial year 2024-2025. The fiscal proved to be a mixed bag for the industry at large. While I will share the macro level insights into the company's performance during the year, Mukund will take you through the operational metrics of the quarterly performance.

Let me begin by speaking about the industry performance during the financial year. Overall, the industry displayed immense resilience during the year by taking cautious steps forward and pivoting strategies to enhance revenue generation across segments. The key steps taken by companies including the channels pricing



revision, resulted in marginal subscription revenue recovery, contributing towards overall revenue growth. Largely, the focus remains on leveraging the unique levers across businesses to drive growth.

Speaking about the company, I have indicated in the previous quarters that our focus has been firmly on enhancing profitability and building a healthy margin profile. The fiscal encompassed several action-oriented steps that led to steady growth and gains on the balance sheet. I'm pleased to share that the company is witnessing considerable progress year-on-year across key aspects, including a clear margin improvement, substantial reduction in ZEE5 losses and robust cash generation across businesses. Significant efforts were sown in to strengthen the business segments with the lens of quality content, optimization, and frugality. As a result, the company's performance during the financial year remained steady on the back of a sharp cost discipline exercised across the businesses. The new streamlined team, coupled with our focus on performance and profitability augured well for the company during the period.

We are capitalizing on this strengthened foundation to drive future growth by balancing investments with a healthy margin profile. Our efforts remain directed towards sharpening the content, driving reach across platforms, and enhancing monetization through existing and newer avenues. As we progress forward into the new financial year, our aim is to further build on this momentum and strengthen the business. We will also be uploading a detailed presentation on the company's corporate website, which will give you a comprehensive insight into our strategic vision to achieve the next phase of growth cycle and the company's aspirations for the near future.

The year culminated on a softer note with a weak macroeconomic sentiment flowing into the fourth quarter. The momentum for rural recovery did not pick up the pace we expected, resulting in a seasonally soft quarter. We witnessed a dip in advertising revenue growth and the aberration in subscription revenue numbers, but we remain hopeful of regaining the growth through targeted interventions going forward.



Like I mentioned, our focus has been to sharpen the content across platforms, and we remain enthused by the efforts invested in presenting quality content offerings to our consumers. During the quarter, we presented 'Mini Series' on Zee TV, an innovative finite storytelling format to address the evolving preference of our consumers. We also implemented a groundbreaking TV and Digital strategy for the premiere of Telugu film Sankranthiki, which clocked exceptional viewership numbers across linear and digital platforms. Going forward, we will continue to enhance our offerings to create and deliver quality content to fulfil our consumers' entertainment appetite on every screen.

At a macro level, there are strong levers to drive growth in the new fiscal and the company remains well poised for the future. I continue to be optimistic about the opportunities in the new fiscal as well and our teams remain focused in this direction as we move forward.

On that note, I would now like to hand over the session to Mukund, who will throw light on the key performance metrics reported by the company during the quarter and financial year. I look forward to interacting with all of you during the Q&A round later. Over to you, Mukund. Thank you.

Mukund Galgali:

Thank you, Punit. Good evening, everyone, and great to connect with all of you. I will briefly touch upon some of the key financial highlights of these results.

While FY'25 was a challenging year for the industry, broadly driven by weak consumption. Despite this, our profitability has improved during the year, driven by various initiatives taken by the company.

The linear ad spending environment continues to remain soft during the year, especially for general entertainment. As a result, our FY'25 ad revenues were down by 11%. During the quarter, it declined Y-o-Y due to continued slowdown in the macro advertising environment, busy sports calendar and a higher base in Q4 FY'24. Despite this, going forward, we are continuing to look at ways to maximize ad revenues and will remain cautious in the near term on the pace of our ad revenue growth. We are also coming up with new strategies such as re-entering into FTA space, new genres, and markets to drive our ad revenue by further capitalizing on our content and reach.



Moving to subscription revenues. The impact of NTO 3.0 implementation and growth in digital subscription revenue have paved the way for growth during the year. And FY'25 subscription revenue is up by 7%. During Q4 FY'25, subscription revenue remained flat Q-o-Q due to a slowdown in the linear subscription, which was partially offset by the increase in digital subscription revenue.

Further, from an industry backdrop perspective, the linear industry landscape remains in a healthy range with weekly impressions above 27 billion and weekly reach above 740 million. On the linear business front, we continue to be India's strong #2 TV entertainment network. Our viewership share during FY'25 was 16.8%. Encouragingly, our efforts to regain viewership share of Zee Marathi have shown some uptick during the year. In Q4 FY'25, our viewership share dropped by 20 basis points Y-o-Y due to the busy sports calendar, which was absent during the same period in the last year.

Now coming to the digital side, during this quarter, Sankranthiki Vasthunam and Mrs surpassed many OTT viewership records, underscoring our commitment to delivering high-quality and engaging content. This also reaffirms ZEE5's healthy KPIs for usage and engagement.

ZEE5 revenue for the quarter was also aided by a revised pricing strategy in language packs driving subscriber growth in addition to a sale of non-exclusive rights of a movie Viduthalai Part 2 in March '25. Further, during the year, ZEE5 EBITDA loss has reduced by INR 5.6 billion to INR 5.5 billion from INR 11.1 billion in FY'24. That is about 50% reduction in the EBITDA loss Y-o-Y. This is in line with our strategic priorities, and this also reiterates that we remain sharply focused on maintaining a balanced cost structure and driving return on investments to sustain our long-term growth. And that rigor also applies to how we assess and evaluate each revenue opportunity.

On the music business, Zee Music Company continues to be the #2 music channel driven by its new-age music catalogue and rich library with over 18,000 songs and garnering over 164 million subscribers on YouTube and nearly 190 billion total video views during FY'25. Further, in the music business, our profitability remains fairly healthy.



Coming now to the movie business, during the year, Zee Studios released 20 movies and achieved an all-time high in syndication revenue. During the quarter, other sales and services revenues were up both Q-o-Q and Y-o-Y on the back of such higher number of movies produced & released and syndicated. On a full year basis, other sales and services revenue was down as in the previous year we had a strong box office performance of Gadar 2, Bro, and King of Kotha. Given the nature of movie business, there is always going to be some peaks and troughs.

Coming now to comment on cost and profitability, the team's efforts towards effective cost management across the businesses has led to a decline of 8% in overall operating costs during the year, resulting in a 390 basis point EBITDA margin improvement to 14.4%. While in Q4 FY'25, operating costs had increased by 14% Q-o-Q due to higher number of movie releases and ILT20. Profit after tax from continued operations for FY'25 was at INR 6,874 million and for Q4 it was INR 1,886 million.

On the balance sheet side, our focused efforts have enabled us to further strengthen our liquidity and financial position. During the quarter, we generated a strong FCF driven by optimization of working capital and tax refunds. The cash and treasury investments increased during the quarter and as of March '25 stood at INR 24.1 billion, which includes a cash balance of INR 4.9 billion, fixed deposits of INR 7.6 billion and investment in liquid mutual funds of INR 11.6 billion. Our content inventory continued to decline during the year, driven by optimized acquisition. March '25 content inventory advances and deposits were at INR 70.5 billion, lower by INR 3.7 billion on a Y-o-Y basis.

Moving to FY'26. We remain firmly committed to our stated aspiration for the year-end and accelerating growth, profitability and cash generation continues to remain our priority. With this, I would like to hand it back to you, Yashasree.

Moderator: We take our first question from the line of Kavish Parekh from Batlivala & Karani Securities.

Kavish Parekh: So, we have demonstrated excellent cost control over the past few quarters with the benefits clearly reflected in our margins. However, given the current softness in advertising revenues and my expectation that ad revenues will likely remain



sluggish for a couple of quarters, I believe that any further margin expansion will depend largely on growth in this area. So, with that in mind, I would like to understand your approach to achieving 8% to 10% revenue growth and 18% to 20% margins in FY'26?

Punit Goenka: Mr. Parekh, I think there are two aspects to this. One being our re-entry into the FTA space, which did not exist last year. So, there is a completely new segment of free-to-air where we have re-entered. That should help us to get some part of this achieved. And then also our aspirations as I spoke in my opening remarks about the 'Mini Series' and what we intend to do with ZEE5, et cetera, will aid this growth factor that we are looking for.

Kavish Parekh: Understood. And secondly, I would like to get an outlook on the movie production and distribution side of the business for the next year.

Punit Goenka: We are looking at anywhere between 18 to 21 films that we will do next year. These will be largely handpicked on the basis of the content that resonates with the audiences as we have looked at in the last 1.5 to 2 years of what's working and what's not working. But in terms of additional investment, that doesn't require any further investments from our side.

Kavish Parekh: Understood. And just as a follow-up to my previous question, you mentioned about initiatives that you are taking to sort of get back on the growth path on the advertising side. So far in 1Q, anything that is worth highlighting that is working well for you, something that you would like to highlight?

Punit Goenka: Mr. Parekh, wait for the presentation to be uploaded. It will be uploaded by I think tonight or tomorrow morning itself. That will give you idea on what other areas we are entering into. And then quarter-on-quarter we will be reporting as to how what is fairing for us. So, let's not pre-empt that right now, otherwise the call will move from Q4 to those discussions.

Moderator: We take our next question from the line of Umang Mehta from Kotak Securities.

Umang Mehta: Punit, you mentioned about FTA. Actually, would it be possible to share what was the ad revenue from FTA before you all exited say two years back?



- Punit Goenka:** Umang, you can look at the drop that we had when we exited in terms of our ad revenue, you'll get an idea, but we don't call out these numbers specific to channels and genres, so it will be difficult for me to call that out on a public call.
- Umang Mehta:** Okay, do you expect ad revenues to grow this year? I mean, not putting a number, but at least the decline to stop in F '26?
- Punit Goenka:** I certainly expect, as I said, I am an optimist and I do believe that advertising revenue, if it does not grow significantly, but it will certainly grow in the inflationary number that you have given in a high-single digit kind of stakes.
- Umang Mehta:** And second one was on subscription. So, on a sequential basis, there is a drop in linear subscription. Anything particular that happened and what is outlook there for the next year?
- Punit Goenka:** No, the only thing that has changed in the linear subscription is some of the churn that the pay TV platforms are seeing, both on cable and satellite front. So, we are addressing that through various of our other initiatives like OTT and some more brands that we have. But it's a work-in-progress. I don't think there is an overnight formula that we can fix it on. But we are working on it.
- Umang Mehta:** Got it. And then the last one on ZEE5. So, you had a good kind of control on costs and losses have come down significantly. Going ahead, how do we look at this business? I mean, would you look to increase investments, increase growth, or would it be further reduction in loss for next year?
- Punit Goenka:** I think any reduction in losses now will be on the back of revenue growth. There is not much meat left in us to try and cut costs, or if you understand what I'm saying. So, from that perspective, we will invest adequately as required to grow subscribers, both from an advertising perspective as well as from a subscription perspective.
- Moderator:** We'll take our next question from the line of Sameer Gupta from IIFL Capital.
- Sameer Gupta:** Sir, firstly, if I look at FY'25, the EBITDA margin has improved by almost 400 bps. But this is fully driven by moderation in losses of ZEE5, in fact, if I just exclude ZEE5 revenue and EBITDA losses, the margins are actually down from 26 to 23 and ZEE5



revenue growth here is just 6% for this year. So, going forward, would it imply that improvement you are targeting 18% to 20% by exit of FY'26, this would come at the cost of growth in ZEE5? And follow-up there is, what are the active subscriber numbers of ZEE5 and how do they compare with let's say, Hotstar?

Punit Goenka: So, Sameer, as I said just earlier, that there is no more room for cost cutting, for expansion in the EBITDA margin. Anything that has to come now has to come from revenue growth and part of the revenue growth, even in FY'25 has come from the subscription revenue growth that we have seen. So, from that perspective, please don't expect any more cost cutting to be there on any vertical. We are pretty much at our optimal level of cost rationalization and workings.

Sorry, what was the second question?

Sameer Gupta: Active subscriber count in ZEE5 right now?

Punit Goenka: We don't generally give that number, but we are in the top 3 active subscriber base compared to our competitors in the country.

Mahesh Pratap Singh: And Sameer, just to go back to the first point you made about your conclusion on linear, please keep in mind that the advertising and subscription revenue, the linear business fundamentally has very high degree of operating leverage. A lot of what you see play out in terms of advertising, macro-led compression shows there. And the reverse of this is also true when the growth comes back. So, it's not really a structural conclusion to draw on the underlying cost structure margin of the business. It's just that that business has very high degree of operating leverage and it just flows through to margins. That is why you are seeing what you are seeing. Nothing to do with underlying health of the business.

Sameer Gupta: Got it. I understand that. Sir, second question, if I might squeeze in, on the Star arbitration case. Now I believe that there's a lot of uncertainty, but whatever you can answer, please, it will help. Now with the merger with Jio and Star completed, and you are now dealing with a different party in this, is there a possibility for an out of court settlement approach here? And if so, what could be the financial implications of that strategy?



- Punit Goenka:** Sameer, this is very early days. But we are open to all possibilities that are available to us, both legal and non-legal in terms of out of court settlement et cetera, but very early for us to comment there at all. Vikas, anything you want to comment?
- Vikas Somani:** No, that's pretty much that's what we have said and it's still a long way to go. We will get to know the outcome. But as PG said, we are definitely open and we are working on deploying all the strategies, legal or non-legal.
- Sameer Gupta:** If my memory serves right, the outcome is expected by early next year. Is that correct?
- Punit Goenka:** That's correct. Yes.a
- Moderator:** We'll take our next question from the line of Jinesh Joshi from PL Capital.
- Jinesh Joshi:** Yes. Sir, my question is on the other expense run rate of this quarter. So, if I look at the number, it is at about INR 87 crores. And historically, the run rate has been in the band of about the INR 130 crores to INR 150 crores. So just wanted to understand whether there is an element of one of which you would want to call out.
- Mukund Galgali:** So Jinesh, in respect of the other expenses, there has been certain recoveries of bad debts, so which have been provisions made earlier, which have been reversed, which are no longer required, which has resulted into this reduced other expenses line item.
- Jinesh Joshi:** Can you call out the number? Is it possible?
- Mahesh Pratap Singh:** We're not calling out number, Jinesh, but this is just a reversal, which you typically have as you close the quarter when you run some provisions based on debtors and then that kind of stuff. So, it's not something material. We're not calling it off. You could go back and look at maybe last 3 quarters and work with that run rate when you are thinking from a modelling standpoint and so on.
- Punit Goenka:** But you are right, Jinesh, to say that, yes, it is a one-off.



Jinesh Joshi: Sure. And sir, secondly on ZEE5 EBITDA losses, I mean, that INR 75 crore number definitely, I mean, if I compare it with the previous quarter, there is a material reduction that has come true. So can you just highlight which cost areas have been realigned the most and would it be fair to assume that the reduction is basically driven by elements, except for the content cost, because I mean, content is critical for growth going ahead. So, I just wanted to know whether there has been any reduction on that side or not?

Punit Goenka: So Jinesh, you have to look at it on an annualized basis. If you look at it on a quarter-on-quarter basis, it could mislead you. There was an syndication of film that sits in the revenue so, the EBITDA loss reduction in this quarter and that's why you are seeing this INR 75 crore number and I think Mukund pointed out a movie called Viduthalai that we had sold outside. The annualized run rate is what you should look at, to give you a better sense of what ZEE5 is going to be going for.

Mahesh Pratap Singh: And just to add, Jinesh, like what you said through the course of this year and previous quarters, the same operating leverage sort of stuff works here, because cost has been largely streamlined, as you get incremental revenue that sort of plays through little bit. So, if you see this quarter, you've seen some lift which has come in in revenue partly because of syndication themes you spoke about, but partly also just the underlying subscription revenue growth based on the language that Mukund spoke about and so on. So that also helps in overall margin. So, it's a combination of both.

Jinesh Joshi: Just one last question from my side. I mean, is it possible to share what was our movie business revenue in FY'25 and what proportion of that comes from overseas territories like the U.S.? I just wanted to get some context on the tax that Trump had proposed on non- U.S. films. I know it might be slightly difficult to create at this point in time, but I mean, is it possible to give some kind of color on what is the contribution from overseas territories like U.S.?

Punit Goenka: Jinesh, as I've been maintaining in multiple quarters in the past as well, please look at the business as a portfolio business and the U.S. or the international territories is a fraction of the overall revenue of any of our businesses. From that perspective, any impact to that is going to be miniscule from our perspective. We continue to



treat this business as a strategic because it is largely also feeding into our own ecosystem of television as well as OTT and music. Three verticals out of the 4 verticals that movies business operates in is feeding into our own organization. So please look at it from that perspective and I don't think that it's going to have any material impact whatsoever.

Moderator: We'll take our next question from the line of Aditya Chandrashekar from UBS group.

Aditya Chandrasekar: Yes, just a quick question, more of a top down one. Post the JioStar merger, just wanted to understand what you are seeing on the ground in terms of ad rates and in terms of content costs. Are we seeing some impact of this consolidation on slightly higher ad rates or maybe a bit more rationalized content cost? Maybe not immediately, but kind of what are you looking at over the next 2-3 quarters as this consolidation kind of get absorbed and settled in? Just wanted to understand how we should think about overall kind of sector synergies post this consolidation.

Punit Goenka: I think on the first part, on the advertising front, it's still very early days, Aditya. But I do expect that eventually it will have a positive impact on the overall industry.

So, let's hope, keep our fingers crossed for the best. And as I said in my opening remarks, I'm an optimist, so I will expect this also to benefit us. We are already seeing a lot of benefit flowing in on the acquisition of content, probably not on the production yet, because production, as you know, is already a commoditized business that we operate at with multiple suppliers. But on acquisition of whether it is on films or the OTT business, we're already starting to see a lot of benefits flowing through for the entire industry.

Aditya Chandrasekar: Got it. And sorry, one follow-up. On the ad rate side, do you think that the merged entity of JioStar, they are kind of open to let ad rates go up? Or are they being a bit more competitive and aggressive, kind of keeping a status quo as of now? Or in other words, in near term, you do think that ad rates could go up, right, based on how they've been acting so far?

Punit Goenka: I think we are all in this business for making money, right? So, I'm sure they will act in the interest for what is good for the industry.



- Moderator:** We'll take our next question from the line of Priyankar Sarkar from Square 64 Capital Advisors LLP.
- Priyankar Sarkar:** Sir, I just wanted to zoom in a bit on the Zee Music. So, what has been the growth for the music segment for the entire FY'25? That's point one. And second follow-up to that is what is the capex we are planning to do in acquiring new content.
- Punit Goenka:** So, I'll take the second one which is what I've stated publicly in the past as well. Whatever capex we incur for acquisition of content is on the basis of what we run through our P&L. So, if we run INR 100 through our P&L, then INR 100 is available to us for newer acquisitions. On the first part, Vikas, you want to take that?
- Vikas Somani:** So, in terms of the growth overall on the music segment, we have seen a growth kind of tapering in single digits, the main reason being some of the homegrown streaming platforms have shut down, or they have slowed down. But if you strip them out of the equation and you see on a like-to-like basis on other platforms, the growth is pretty satisfactory. So, we are expecting all that to get settled or already would have settled in this year and from this year onwards, again, we are looking at the growth numbers inching up again.
- Priyankar Sarkar:** Okay. Sorry, just one follow-up. Sir, to clarify my question for the second part, I wanted the capex number for the music division, at least an indication?
- Vikas Somani:** Capex division, we don't call out the numbers separately, but as we said, whatever we are investing is flowing through the P&L and we make sure that we add enough adequate number of songs every year so that the library is refreshed and growing year-on-year.
- Moderator:** We'll take our next question from the line of Pankaj Mehendiratta from Bank of America.
- Pankaj Mehendiratta:** Two questions from my side. First one on ZEE5, and Punit, commendable job on lowering EBITDA losses. What next from here? Do you have a target in mind, that's a breakeven in 4 quarters, 6 quarters? Anything that you would want to share?
- Punit Goenka:** I think I had already taken that some time back that counting 2025, we were looking at a 3-year timeline in sort of breakeven. Given the softness in the market,



it may shift a little bit up or down, but it's not going to be significantly different from where we had and if there is any significant change to that we will, of course, come back to you and give you enough adequate time and guide you on that.

Pankaj Mehendiratta: Understood. And Punit, any thoughts about adding a couple of more disclosures on the OTT side?

Punit Goenka: We are already considering that, and you will see that in the presentation that we will be uploading very soon.

Pankaj Mehendiratta: Sure, that's helpful. And the last question and while we appreciate that the focus is now on growth and revenues going ahead. So, when you break it down into both your advertisement and subscription, so what levers does management have in place, let's say barring the macro uncertainty, FMCG wants to deliver or not, a busy cricketing calendar season and all. So, what sort of growth levers do you perceive that would lead to let's say an 8%, 10% sort of continued growth for next 2, 3 odd years? How do you want to think about that?

Punit Goenka: we have to leverage our biggest strength, which is the language and that's where the growth will come from for both linear as well as for digital.

Moderator: We'll take our next question from the line of Abhishek Kumar from JM Financial.

Abhishek Kumar: First off, any change in our guidance that we have provided earlier, because I didn't find that in the presentation, 18% to 20% EBITDA margin next year, I mean, any specific. I mean, are we still sticking to that guidance, or is there any change in the timeline?

Punit Goenka: Yes, Abhishek, we are sticking to that same guidance.

Abhishek Kumar: All right. Okay. So, thanks for the clarification. Second question is on linear subscription, you mentioned some churn, et cetera, which resulted in sequential decline. How are we seeing the market evolving? Are instances of cord cutting continuing? Is any stability in the number of pay TV households? And also, the appetite for the market to absorb further price hikes from there.



- Punit Goenka:** So, the price hikes, if you look at historically have been in single digits itself. The price hikes have not been very significant from that perspective. I think the churn is happening by a natural cause, but we are also still seeing the television penetration in India is still growing. Of course, a large part of that is going to free-to-air and potentially not coming to pay TV. So, we are looking at the ecosystem, how it evolves over the next couple of years, but I'm pretty certain that it will stabilize at a certain level. Then whenever it comes to the pay TV subs, will stabilize and of course free-to-air will remain free-to-air.
- Abhishek Kumar:** Sure. Final question on the fund utilization, INR 200 crore FCCB. Any plan, any target that we have identified, any timeline sort of when and where you want to deploy this Fund?
- Vikas Somani:** So on that we are still evaluating a couple of assets as we speak, but we'll come back to you as soon as we find the right mix of the right valuation and give any assets which gives us the right scalable opportunities. There are few interesting assets which we are looking right now but haven't finalized yet.
- Punit Goenka:** Biggest lever for us when we consider any asset, it has to be value accretive to us.
- Moderator:** We'll take our next question from the line of Navid Virani from Bastion Research.
- Navid Virani:** And first of all, congratulations on cutting losses for ZEE5. So, just wanted clarification on revenue and profitability for ZEE5. So, if I understood correctly, what you meant to say in the answer in the previous questions was...
- Punit Goenka:** We could not understand.
- Navid Virani:** So wanted one clarification regarding revenue growth and profitability for ZEE5. So if I understood correctly what you answered in one of your previous questions was the revenue growth that we see in ZEE5 this quarter was also driven by syndication revenue, which is one of the nature and that resulted in a stronger profitability or a better loss ratio, which might not be steady state going forward. Is that understanding correct, sir?
- Mahesh Pratap Singh:** Yes. That's partly correct. So just to be clear, even if you would have taken syndication out, you would have still had revenue growth, and you have still had



improvement in the margin journey. So, the only point I want to leave you with is it is not just a quarter-on-quarter improvement you are seeing both on growth and margins entirely because of that. Yes, the syndication deal is aided, but ex that there will still be improvement, both in terms of growth and margin.

Navid Virani: Okay. So, is it fair to assume that the kind of losses that we saw in Q3 can continue to be steady state as far as ZEE5 is concerned until some more time?

Punit Goenka: Our aspiration, Navid, is going to be to reduce those losses of that on the basis of bringing more growth in terms of revenue growth on advertising and subscription. But if you wanted to model it from your perspective in your business case, yes, that's a safe assumption to go with.

Moderator: We'll take our next question from the line of Mayur Awasthi, an individual investor.

Mayur Awasthi: As we have seen in past 2 quarters that our advertising revenue declined. So, what do you foresee in the coming 2 quarters might be our advertising revenue will take off suit? And my second question is related to any like this is apart from Q4, but considering the whole year for FY'25, there was some case that our competition in the market is again streaming on and our prices in the market has also gone very down. So, is there any case that a promoter is looking to increase the stakes?

Punit Goenka: So, on your first question on advertising, the market is still under pressure. Very difficult for me to project when the market will start bouncing back. But we do expect that the bounce-back will start very soon, post the cricket calendar end for the entertainment network. The second part, you mean it's about the pricing and promoter wanting to increase stake?

Mayur Awasthi: Yes. And see, we have a very competitive advantage as compared to the overall market. However, I mean, like it impacts the prices if the stock goes down, right? Any which case, however, it is not the true reality. But if that is the case, then might be it will show some other picture.

Punit Goenka: No, the promoter has always stated publicly that they would want to increase their stake at a certain stage going forward.



- Mayur Awasthi:** Understood, but just wanted to know that it was been told previously, but in the coming quarters or in FY'26, is there any possibility to really come on that?
- Mukund Galgali:** So, Mayur as and when the Board decides and there is an update, we will let you know as soon as possible.
- Moderator:** We'll take our next question from the line of Umang Mehta from Kotak Securities.
- Umang Mehta:** Just on ZEE5, if you can elaborate on what change did you all do for the regional market and how salient are the kind of genre for ZEE5, any color you can give?
- Punit Goenka:** So, we've had a strategic shift in terms of our pricing for the language markets. Earlier we were selling only one pack, which was all you can eat across languages. And through our own research, we realized that the consumer feels that because their consumption is largely restricted to 1 or 2 languages, they are being cheated in terms of what we are charging them. And therefore, we have redesigned the entire pricing strategy, which was launched in December.
- Mukund Galgali:** In December. So, the results are visible in this quarter.
- Punit Goenka:** The results are already visible as Mukund said. And yes, so that's what we intend to do.
- Umang Mehta:** And I mean, how big, if not numbers, but qualitatively? Is it that the regional genres are dominant for the ZEE5?
- Punit Goenka:** See, Umang, what happens is that content consumption is uniform across platforms as I look at it. The way the television market behaved, eventually the OTT market will behave the same way. Now whether that happens in one quarter or that happens in 2 years-time, we have to wait and watch and transform ourselves from that perspective.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. On behalf of Zee Entertainment Enterprises Limited, that concludes this conference. Thank you for joining us and you may now disconnect your line.