

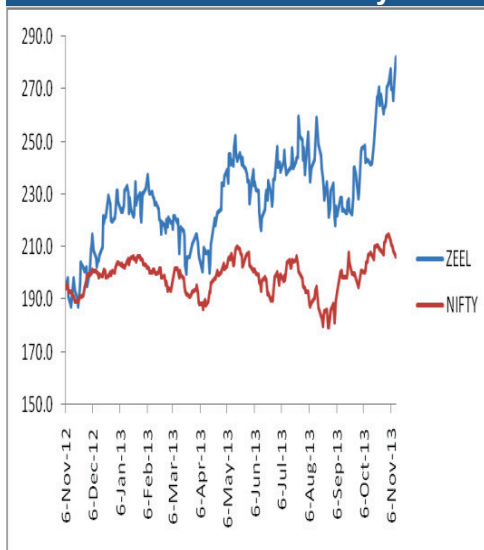
Result Update	BUY
CMP	284
Target Price	300
Previous Target Price	272
Upside	6%
Change from Previous	10%

Market Data	
BSE Code	505537
NSE Symbol	ZEEL
52wk Range H/L	284
Mkt Capital (Rs, Cr)	27,068
Average Daily Volume	1418703
Nifty	6,078

Stock Performance-%			
	1M	1yr	YTD
Absolute	16.0	47.0	64.0
Rel. to Nifty	15.0	40.0	51.0

Share Holding Pattern-%			
	Current	4QFY13	3QFY1
Promoters	43.1	43.1	43.4
FII	43.8	42.5	41.7
DII	6.2	7.8	8.7
Others	6.9	6.6	6.2

1 Yr Price Movement Vs Nifty



Result Highlights :

Advertisement revenue grew by 10% YoY to Rs 583 Cr.

Subscription revenue grew 16% YoY to Rs 458.12 Cr.

Company has posted decent 2QFY14 result with net sales at Rs 1101 Cr led by 10% YoY surge in advertising revenues to Rs 583 Cr. The subscription revenue grew 16% YoY to Rs 458.12 Cr. The total subscription revenue includes domestic subscription revenue of Rs 335 Cr (Grew by 19% YoY) and international subscription revenue of Rs 123.1 Cr.

The sports business revenue was Rs 155.8 Cr while operating losses stood at Rs 19.1 Cr and excluding sports business advertisement revenue growth is upwards of 20%, higher than industry growth rate.

The operating EBITDA for the quarter came at Rs 310 Cr and OPM stands 28.2%. There is strong improvement of 530 bps on yearly basis in the OPM which mainly back on the decline in the programming cost and employ cost as percentage of net sales for the quarter.

The net profit for the quarter came at Rs 236 Cr and NPM at 21.4%. The NPM improved by 180bps on yearly basis. The Other income increased 111% to Rs 54.92 Cr while Provision for taxation was at Rs 116.74 Cr with the effective tax rate at 33.1%.

Post the results management said that 1H FY14 growth was better than expected at the start of the fiscal year. On the losses in sport business segment the management said that in FY14 losses are expected to be significantly higher than FY13 due to current economic scenario and lot of sports events.

On TRAI's 12 min advertisement cap regulation, the company said that some more time it will take for implementation, as the matter is sub-judice. The management expressed that implementation of 12 min advertisement cap will have short term impact.

The company had incurred capex of Rs 16 Cr in 1H FY14 while the capex for FY14E whole will be around Rs 100 Cr. The management said that for full year, domestic subscription to grow by 14% - 15% and International subscription is expected to show de-growth in dollar terms.

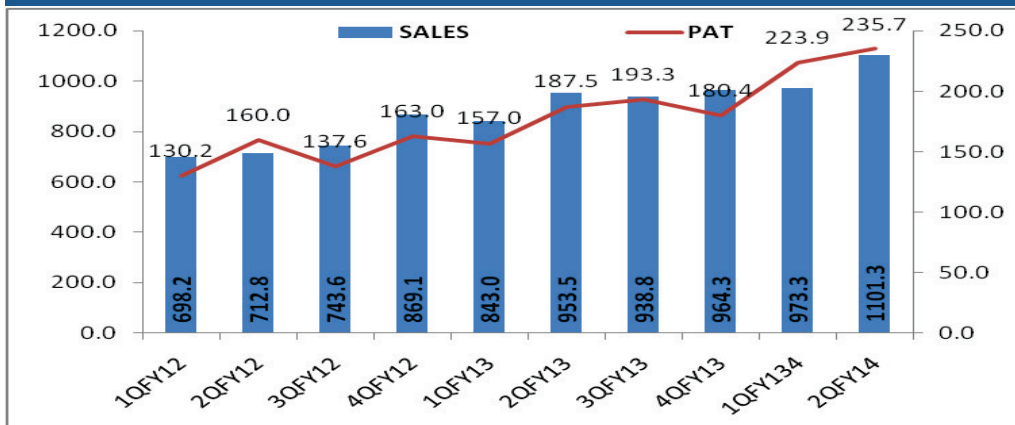
The stock has achieved our TP Rs 272 and is currently trading at its all time high price of Rs 284. We have slightly tweaked our TP slightly upwards to Rs 300 on the back of better 2QFY14 results, optimistic management commentary and relatively stronger business outlook. We will maintain our previous recommendation BUY for the stock with our new TP Rs 300. We will continue to track any movement in the company or sector and probable impact on price movement of the stock.

Financials	Rs, Crore				
	2QFY14	1QFY14	(QoQ)-%	2QFY13	(YoY)-%
Revenue	1101	973	13.2	954	15.4
EBITDA	310	291	6.5	217	42.9
PAT	236	224	5.4	187	26.2
EBITDA Margin	28.2%	29.9%	(180bps)	22.7%	540bps
PAT Margin	21.4%	23.0%	(160bps)	19.6%	180bps

(Source: Company/Eastwind)

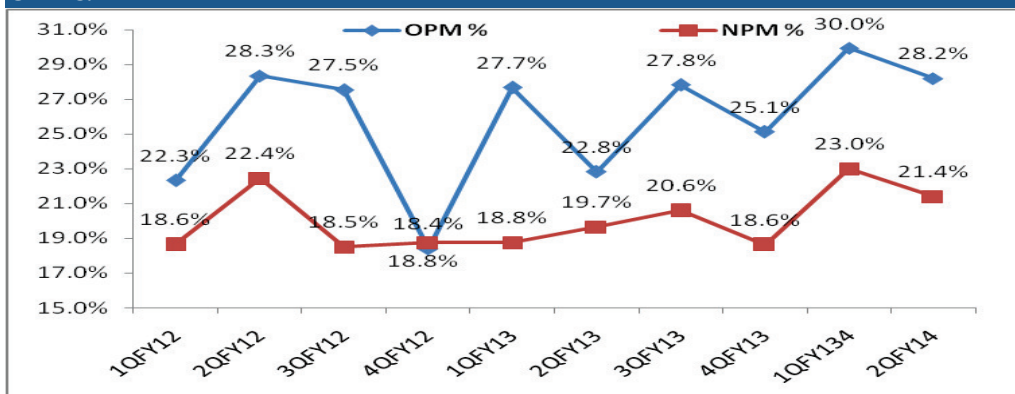
Zee Entertainment Enterprises Ltd

SALES & PAT TREND



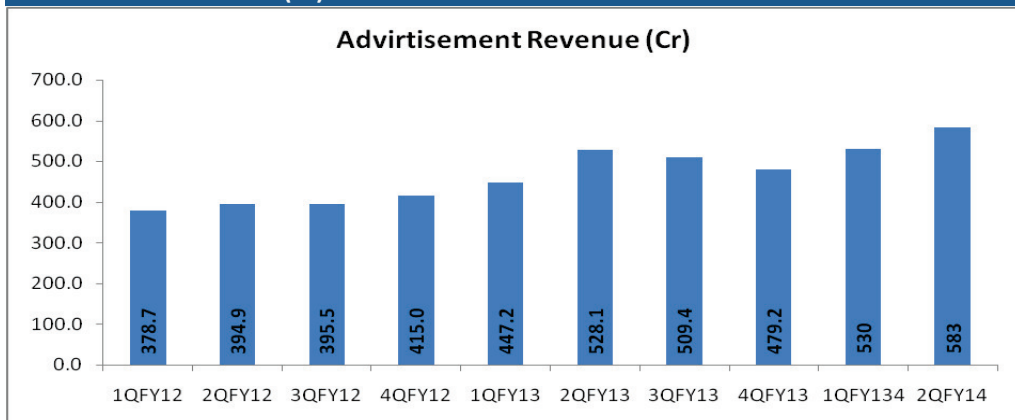
(Source: Company/Eastwind)

OPM & NPM TREND



(Source: Company/Eastwind)

Advertisement Revenue (Cr)



(Source: Company/Eastwind)

Company has posted decent 2QFY14 result with net sales at Rs 1101 Cr led by 10% YoY surge in advertising revenues to Rs 583 Cr.

There is strong improvement of 530 bps on yearly basis in the OPM which mainly back on the decline in the programming cost and employ cost as percentage of net sales for the quarter.

The ad growth was largely driven by buoyancy in regional markets. The majority of 20% advertisement growth is basically due to higher price.