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Merging of Zee and Sony Pictures Networks

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Summary:

Zee and Sony Pictures Networks are going to merge soon. After the merge, it would become the second-largest entertainment network in terms of revenue after Star and Disney India. Invesco, which is an Atlanta-based investment management firm, is the largest shareholder in Zee. It holds a 10 percent stake. It is unhappy about the merge and called it corporate misgovernance. The times for both Zee and Sony are difficult for the past few years. As of now, Zee is at a debt of Rs. 11,000 crore. Between 2015 and 2018, IPL broadcasting rights helped Sony double its revenue. But, in September 2017, Sony lost its IPL broadcasting rights. Zee has a good regional presence with multiple Bengali and Marathi channels whereas Sony lacks a good regional presence with only one Bengali and one Marathi channel, together able to generate a revenue of 100 crores merely.

Facts and Figures:

- After the merge, Sony will hold a 50.86 percent stake, while the promoters and other shareholders of Zee will hold 3.99 percent and 45.15 percent respectively.
- In 2015, Sony's revenue stood at Rs. 3,342 crores. It doubled to Rs. 6,277 crores in 2018. It was stagnated to Rs. 5,640 crores in 2021.
- Sony's net profit decreased from Rs. 976 crore in 2020 to Rs. 564 crore in 2021.
- 46 percent of Sony's revenue comes from advertising and 42 percent from subscriptions.

Opinion:

Goenka, the CEO & MD of Zee Entertainment calls this merge to be a very complex process. He expects it to be complete by August 2022. The merge will help Zee and Sony to get their businesses back to the days of glory.