VIS
Credit Rating Company Limited

Analysts:
M. Amin Hamdani
amin.hamdani@vis.com.pk

Abdul Ahad Jamsa
ahad.jamsa@vis.com.pk

APPLICABLE METHODOLOGY(IES):
VIS Entity Rating Criteria Methodology –Corporates
(https://docs.vis.com.pk/docs/CorporateMethodology.pdf)

Rating Scale:
(https://docs.vis.com.pk/docs/VISRatingScales.pdf)

GEO ENTERTAINMENT TELEVISION (PVT.) LIMITED

Group Chief Executive: Mr. Mir Shakil-ur-Rahman

RATING DETAILS

RATINGS CATEGORY	LATEST RATING	
	Long-term	Short-term
ENTITY	A	A2
RATING OUTLOOK/ WATCH	Stable	
RATING ACTION	Initial	
RATING DATE	May 21, 2025	

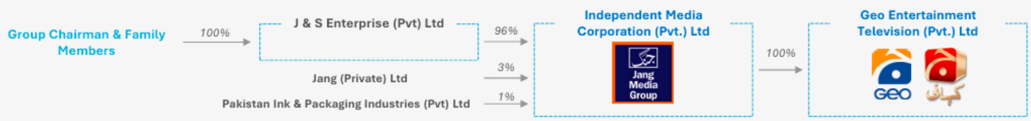
RATING RATIONALE

The assigned ratings reflect Geo Entertainment Television (Private) Limited's (GETL) established position within Pakistan's television entertainment sector as well as the fact that it is part of the country's largest media conglomerate. GETL has consistently maintained stable operational performance, underpinned by strong brand equity andcontinuous content investment.
Benefiting from a loyal viewership and extensive nationwide distribution, GETL has continuously ranked among the top two entertainment channels by audience share over the past few years. The ratings also incorporate the strategic and operational support derived from being part of the Jang Group, allowing the company to leverage group synergies and industry experience. Despite competitive pressures in the media industry, in light of shifting viewer preferences, rising digital content penetration, and fluctuations in domestic advertising spends, GETL has effectively retained its viewership through sustained investment in high-quality content. Its ongoing collaboration with 7th Sky Entertainment, a prominent production house, further enhances its capabilities in content development.

The ratings reflect GETL's consistent revenue growth, driven by strong performance in international and digital segments. Despite pressure on domestic ad revenue, profitability margins have improved, supported by cost rationalization measures that have expanded net margins through enhanced operational efficiency. The ratings factor in the Company's zero gearing to date; however, maintaining projected gearing within reasonable levels will be important going forward. Equity size remains constrained, as accumulated losses from previous years continue to impact the capital base. Additionally, liquidity challenges persist due to the extended working capital cycle and ongoing intercompany cash flows.

COMPANY PROFILE

Geo Entertainment Television (Private) Limited (GETL), incorporated on March 29, 2013, specializes in content acquisition and production for its television channel, Geo Entertainment. A wholly owned subsidiary of Independent Media Corporation (Private) Limited (IMCL), GETL operates as part of the Jang Media Group, Pakistan's largest media conglomerate.Geo Entertainment primarily focuses on drama serials, reality shows, and family programming, targeting a wide audience across Pakistan.



Management

The Group is led by Mir Shakil ur Rahman who has held prominent roles in Pakistan's media industry, including leadership positions at the All Pakistan Newspaper Society and Pakistan Broadcasters Association. He has significantly contributed to the success of the Jang Group and Geo Entertainment. His son, Mir Ibrahim Rahman, CEO of IMCL and Geo Entertainment Television Limited, is a Harvard Business School graduate known for transforming IMCL into a leading media company in Pakistan. Abdullah Kadwani, leads the Company as Managing Director, and Asad

Qureshi, Chief Operating Officer. Other key members include Mansoor Rehman (Group Director Finance & Corporate Affairs), Muhammad Rizwan (Director Finance), Azhar Abbas (Managing Director GEO News), and Shadab Tayyab (Managing Director Entertainment Channels). The company's IT infrastructure integrates Oracle E-Business Suite (EBS R12) and custom-built software Geo Roshni for streamlined operations.

INDUSTRY PROFILE & BUSINESS RISK

The entertainment segment of Pakistan's television industry continues to evolve, influenced by accelerating digital transformation and changing consumer preferences. Over the past two decades, the sector has demonstrated steady growth, particularly following the privatization of broadcasting. However, the landscape is shifting, with traditional TV viewership declining by approximately 14% as audiences increasingly gravitate toward internet-based streaming platforms and social media. Despite this trend, demand for locally produced, culturally relevant content remains strong, shaping the programming strategies of major networks.

According to the Pakistan Electronic Media Regulatory Authority (PEMRA) Annual Report for 2021–2023, several key trends are redefining the industry. Female viewership remains dominant, with women accounting for around 55% of the entertainment audience and averaging three hours of daily screen time, largely consumed through drama serials, talk shows, and family-centric content. Male viewership, comprising about 45%, spans a broader range of genres including news, sports, and general entertainment.

Viewership continues to peak between 7:00 PM and 10:00 PM, with ARY Digital, Geo Entertainment, and Hum TV leading prime-time ratings through a steady stream of high-performing dramas and reality content. Current market share trends place ARY Digital in the leading position, followed by Geo Entertainment and Hum TV, reflecting competitive performance among top general entertainment channels. Audience engagement remains strong for domestically produced drama serials that explore social and cultural narratives, reinforcing the relevance of local content.

Advertising remains the television industry's primary revenue stream, with ad spending in the entertainment segment increasing by approximately 12%

year-over-year. The top three channels ARY Digital, Geo Entertainment, and Hum TV, collectively account for 75% of total TV ad revenue, with entertainment programming making up nearly 60% of that total. Prime-time slots continue to attract premium ad rates, driven by high viewership and mass-market appeal. Simultaneously, digital media's share of total ad revenue has risen to 26%, highlighting an ongoing shift toward multi-platform advertising strategies.

PEMRA's regulatory oversight continues to shape content development and advertising frameworks. Broadcasters remain aligned with its guidelines on ethical standards, gender portrayal, cultural sensitivity, and family values, ensuring compliance while sustaining viewer trust. Looking ahead, the television entertainment sector is expected to deepen its integration with digital platforms, while preserving its commitment to high-quality, locally resonant content that appeals to both traditional and emerging audiences.

FINANCIAL RISK

Capital Structure

From FY21 to FY24, GETL restructured its capital base, transitioning from a highly leveraged, undercapitalized position to a more balanced financial structure. In FY21, the company reported negative equity of Rs. 2.14 billion, driven by accumulated losses and a limited capital base of Rs. 500 million. This was addressed in FY22 through a capital injection of Rs. 3.0 billion, raising paid-up capital to Rs. 3.5 billion and turning total equity positive and reflecting the substantial sponsor support available to the company. Over time, equity improved to Rs. 2.36 billion by the end of FY24 and further to Rs. 2.8 billion in the first half of FY25, supported by higher profitability.

The company remains debt-free in the long term, while short-term borrowings are all through group concerns. Leverage at the end of 1HFY25 was recorded at 0.95x, primarily representative of payables to group companies. While gearing remains nil to date, the planned issuance of a Rs. 1.0 billion Term Finance Certificate (TFC) in FY25 is expected to elevate gearing levels, albeit remaining within reasonable thresholds.

Profitability

Between FY21 and FY23, GETL achieved steady profitability improvements, driven by consistent revenue growth and cost optimization. Revenue increased from PKR 4.04 billion in FY21 to PKR 4.96 billion in FY23, with gross margins improving from 23.9% to 30.9%. Net margins remained modest at 5.6% to 5.95% due to high distribution and administrative costs. Operating profit peaked at PKR 536.7 million in FY22 but declined to PKR 379.7 million in FY23, reflecting increased marketing spend.

In FY24, revenue rose by 10.1% to PKR 5.46 billion, driven by a stronger international sales mix of PKR 1.19 billion, which included advertisement, subscription, digital monetization, royalty, and content sales thus more than offsetting the decline in domestic ad revenue. A key contributor was the IMC agreement for international digital rights, generating USD 350,000 monthly. Parallel to a drop in Rating and Gross Rating Point (GRP) in FY24, domestic ad revenue declined to PKR 3.96 billion (FY23: PKR 4.80 billion), as the company shifted focus to international markets. Royalty income almost doubled to PKR 308.5 million (FY23: PKR 158.5 million), supporting revenue growth.

Despite inflation, production costs remained stable at PKR 3.42 billion, lifting gross margins to 37.3%. Operating profit increased to PKR 1.06 billion (FY23: PKR 379.7 million), supported by a 57% reduction in marketing expenses to PKR 305 million. Operating margin expanded to 19.3% (FY23: 7.7%). Administrative costs increased to PKR 496 million, reflecting business scaling.

In 1HFY25, revenue reached PKR 2.75 billion, with PKR 586 million from international revenue. Gross margin fell to 34.6%, but operating margin improved to 19.7%. Net margin rose to 16.0%, reflecting effective cost control.

Debt Coverage & Liquidity

GETL maintained a stable liquidity position in FY24, driven by improved operational performance. The current ratio increased to 1.90x (FY23: 1.45x; FY22: 1.40x), while Funds Flow from Operations (FFO) rose to PKR 1,078.2 million (FY23: PKR 380.0 million; FY22: PKR 560.2 million). In the first half of FY25, liquidity metrics continued to improve, with the current ratio reaching 2.05x and FFO at PKR 571.1 million. However, as most of the current assets consist of program inventory, projected debt coverages are expected to stabilize at 2.41x by FY27, reflecting sufficient capacity for debt servicing. Moreover, the extended working capital cycle of ~8-9 months continues to impact the liquidity profile of the company, along with intercompany cash flows. Receivables grew to PKR 2.7 billion at the end of 1HFY25, with 59.25% owed by related parties. While 43.94% were due within three months, a sizable portion, particularly from related parties, was aged beyond three months, including 14.52% exceeding one year.

REGULATORY DISCLOSURES					**Appendix II**
Name of Rated Entity	Geo Entertainment Television (Pvt.) Limited				
Sector	Media & Entertainment				
Type of Relationship	Solicited				
Purpose of Rating	Entity Rating				
Rating History	**Rating Type: Entity**				
	Rating Date	**Medium to Long Term**	**Short Term**	**Rating Outlook**	**Rating Action**
	21-May-2025	A	A2	Stable	Initial
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.				
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.				
Disclaimer	Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. For conducting this assignment, analyst did not deem necessary to contact external auditors or creditors given the unqualified nature of audited accounts and diversified creditor profile. Copyright 2025 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.				
Due Diligence Meetings Conducted	**S.No.**	**Name**	**Designation**	**Date**	
	1.	Kamran Hafeez	Group Managing Director Finance	02 May 2025	