

Zee Entertainment Enterprises Ltd.

BUY

Sector: Media

01st August, 2025

Key Changes	Target	Rating	Earnings	Target	Rs. 144
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Small Cap	Z:IN	81,186	ZEEL	505537	12 Months
				CMP	Rs. 118
				Return	+22%

Data as of: 31-07-2025, 18:00 hrs

Company Data			
Market Cap (Rs.cr)	11,242		
52 Week High — Low (Rs.)	155 - 89		
Enterprise Value (Rs. cr)	11,160		
Outstanding Shares (cr)	96.1		
Free Float (%)	95.8		
Dividend Yield (%)	0.8		
6m average volume (cr)	1.6		
Beta	1.4		
Face value (Rs.)	1.0		
Shareholding (%)	Q3FY25	Q4FY25	Q1FY26
Promoters	4.0	4.0	4.0
FII's	20.1	22.8	24.8
MFs/Institutions	18.0	16.0	16.9
Public	45.7	44.9	41.5
Others	12.2	12.3	12.8
Total	100.0	100.0	100.0
Promoter Pledge	5.4	5.4	5.4
Price Performance	3 Month	6 Month	1 Year
Absolute Return	14.4%	6.4%	-11.6%
Absolute Sensex	2.8%	6.9%	1.8%
Relative Return	11.5%	-0.5%	-13.4%

*over or under performance to benchmark index



Y.E March (Rs.cr)	FY25A	FY26E	FY27E
Sales	8,294	8,461	9,061
Growth (%)	-4.0	2.0	7.1
EBITDA	1,196	1,369	1,549
EBITDA Margin (%)	14.4	16.2	17.1
Adj. PAT	786	877	1,078
Growth (%)	64.6	11.5	22.9
Adj. EPS	8.2	9.1	11.2
Growth (%)	64.6	11.5	22.9
P/E	12.0	13.0	10.6
P/B	0.8	1.0	0.9
EV/EBITDA	7.7	8.2	7.1
ROE (%)	6.0	7.2	8.2
D/E	0.0	0.0	0.0

Cost cuts and festive tailwinds set stage for upside

Zee Entertainment Enterprises Ltd (ZEEL), a subsidiary of Essel Group, is a mass media company with interests in television, print, films, mobile content, internet and allied businesses.

- In Q1FY26, consolidated revenue declined 14.3% YoY to Rs. 1,825cr, owing to lower revenue from all its segments.
- Advertising revenue declined 16.8% YoY to Rs. 759 cr due to an extended sports calendar and reduced FMCG ad spend, while subscription revenue dipped 0.6% YoY to Rs. 982 cr, as digital growth was offset by a drop in PayTV subscribers.
- ZEEL's viewership share rose 40bps to 16.8% YoY for the quarter and further to 17.8% in June alone, solidifying its role among key players in the industry.
- EBITDA declined 16.1% YoY to Rs. 228cr owing to a decrease in consolidated revenue. EBITDA margin narrowed by 20bps YoY to 12.5%.
- Reported PAT rose 14.3% YoY to Rs. 144cr, mainly led by a 31.6% YoY increase in other income and 1.3% YoY decline in tax expenses.

Outlook & Valuation

The company logged a decline in revenue for the quarter, mainly due to macroeconomic headwinds faced in the advertising segment. Despite the challenges faced, ZEEL remains optimistic about the future with rising viewership, cost reduction and higher profitability. The upcoming festive season is expected to drive revenue in the advertising segment. With efficient execution in programming and technology as well as continuous cost optimisation in ZEE5, the company's overall operating cost decreased. The company is further diversifying its music business to other language markets. The recent price correction and attractive valuation provide room for further upside. Hence, **We upgrade our rating on the stock to BUY with a revised target price of Rs. 144, based on 13x FY27E Adj. EPS.**

Quarterly Financials Consol.

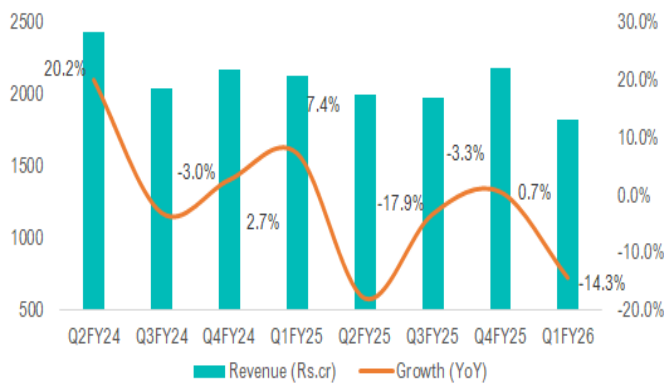
Rs.cr	Q1FY26	Q1FY25	YoY Growth (%)	Q4FY25	QoQ Growth (%)
Sales	1,825	2,131	-14.3	2,184	-16.5
EBITDA	228	272	-16.1	285	-20.1
Margin (%)	12.5	12.7	-20bps	13.1	-60bps
EBIT	169	196	-13.8	221	-23.7
PBT	197	180	9.6	262	-24.7
Rep. PAT	144	126	14.3	189	-23.8
Adj PAT	144	154	-6.9	189	-23.8
Adj. EPS (Rs)	1.5	1.6	-6.9	2.0	-23.8



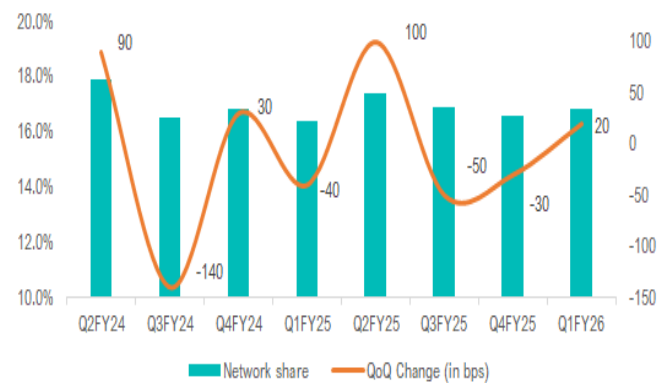
Key concall highlights

- ZEE5's revenue grew 30% YoY in Q1FY26, driven by digital syndication revenue and a language-based pricing strategy that boosted subscriber growth. The company is targeting breakeven for ZEE5 by the end of FY26.
- ZEE5 has launched customized subscription plans in seven regional languages, driving early transaction growth and setting the stage for further gains in subscription revenue in upcoming quarters.
- During the quarter, Zee Studios released 7 movies — 3 Hindi films and 4 regional films. Out of these, 2 movies were both produced and distributed by the studio, while the remaining 5 were only distributed by the company. They plan to release ~20–25 films in FY26.
- The music business garnered over 62 billion total video views and gained over 168 million YouTube subscribers, driven by its new music catalogue and extensive library of over 18,000 songs.
- The company has partnered with Bullet, a content and tech start-up, to launch a micro-drama app, and with Ideabaaz Technology Private Limited to showcase unheard stories and innovations from the Tier 2 and Tier 3 markets.

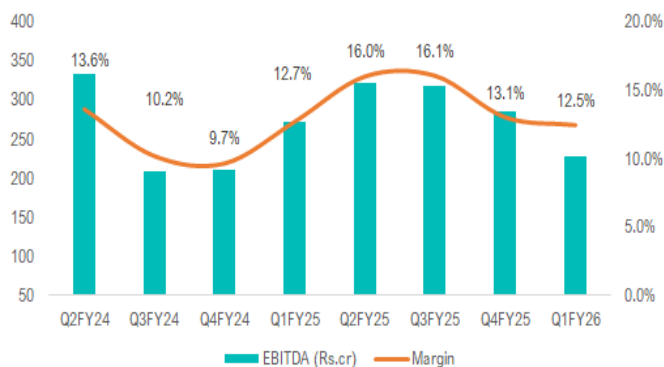
Revenue



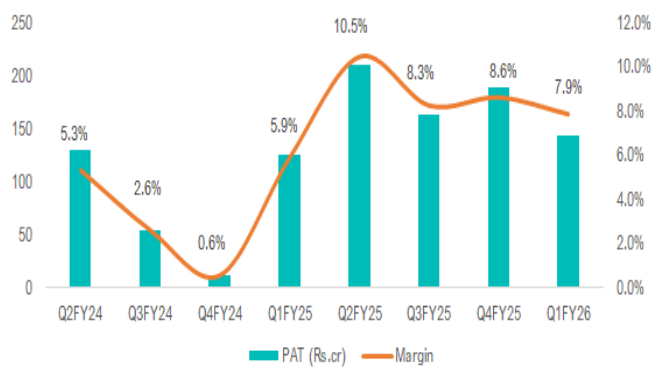
Network share



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	8,949	9,582	8,461	9,061	-5.5	-5.4
EBITDA	1,448	1,639	1,369	1,549	-5.5	-5.5
Margins (%)	16.2	17.1	16.2	17.1	Obps	Obps
Adj. PAT	931	1,075	877	1,078	-5.8	0.3
EPS	9.7	11.2	9.1	11.2	-5.8	0.3



Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	8,088	8,637	8,294	8,461	9,061
% change	-1.2	6.8	-4.0	2.0	7.1
EBITDA	1,130	915	1,196	1,369	1,549
% change	-35.1	-11.6	27.3	10.9	13.8
Depreciation	341	317	279	286	291
EBIT	788	598	918	1,083	1,259
Interest	70	72	33	41	45
Other Income	-250	-145	41	126	223
PBT	468	381	926	1,169	1,437
% change	-66.9	-18.6	143.0	26.2	23.0
Tax	217	182	239	292	359
Tax Rate (%)	46.3	47.7	25.8	25.0	25.0
Reported PAT	251	199	687	877	1,078
PAT att. to common shareholder-	251	199	687	877	1,078
Adj.*	335	278	99	-	-
Adj. PAT	587	478	786	877	1,078
% change	-46.5	-18.6	64.6	11.5	22.9
No. of shares (cr)	96.1	96.1	96.1	96.1	96.1
Adj EPS (Rs.)	6.1	5.0	8.2	9.1	11.2
% change	-46.5	-18.6	64.6	11.5	22.9
DPS (Rs.)	3.0	1.0	2.4	3.1	3.8

Cashflow

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	593	516	966	1,162	1,356
Non-cash adj.	-191	-143	146	-566	-530
Other adjustments					
Changes in W.C	-272	342	74	622	89
C.F. Operation	129	714	1,186	1,218	915
Capital exp.	-256	-109	-88	-127	-227
Change in inv.	-1	7	-1,575	-267	-121
Other invest.CF	55	54	59	-	
C.F - Investment	-202	-47	-1,604	-394	-348
Issue of equity	-	-	-	-	-
Issue/repay debt	-84	-86	109	18	20
Dividends paid	-288	-	-96	-233	-298
Other finance.CF	-36	-187	10	-41	-45
C.F - Finance	-408	-274	23	-256	-322
Chg. in cash	-481	393	-395	569	245
Closing Cash	718	1,113	720	1,289	1,534

Balance Sheet

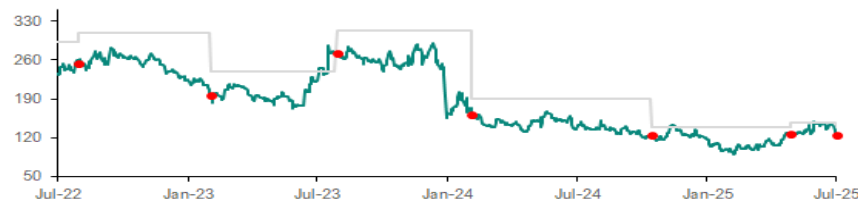
Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	718	1,113	720	1,289	1,534
Accts. Receivable	1,609	1,702	1,533	1,548	1,649
Inventories	7,308	6,913	6,775	6,042	5,863
Other Cur. Assets	1,757	1,500	2,799	3,550	4,078
Investments	85	88	86	88	90
Gross Fixed As-sets	1,657	1,687	1,775	1,902	2,129
Net Fixed Assets	712	640	541	380	313
CWIP	19	9	11	13	16
Intangible Assets	598	516	406	406	406
Def. Tax -Net	423	454	410	492	591
Other Assets	500	515	453	522	622
Total Assets	13,728	13,450	13,734	14,330	15,161
Current Liabilities	2,164	1,898	1,498	1,427	1,464
Provisions	136	167	158	164	171
Debt Funds	707	512	544	562	583
Other Liabilities	-	-	-	-	-
Equity Capital	96	96	96	96	96
Res. & Surplus	10,626	10,777	11,437	12,081	12,848
Shareholder Funds	10,722	10,873	11,533	12,177	12,944
Minority Interest	-	-	-	-	-
Total Liabilities	13,728	13,450	13,734	14,330	15,161
BVPS	112	113	120	127	135

Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	14.0	10.6	14.4	16.2	17.1
EBIT margin (%)	9.7	6.9	11.1	12.8	13.9
Net profit mgn.(%)	3.1	2.3	8.3	10.4	11.8
ROE (%)	2.3	1.8	6.0	7.2	8.2
ROCE (%)	6.9	5.3	7.6	8.5	9.3
W.C & Liquidity					
Receivables (days)	72.6	71.9	67.4	66.8	66.4
Inventory (days)	659.4	564.7	490.7	488.2	483.6
Payables (days)	157.9	117.2	86.2	88.5	91.2
Current ratio (x)	4.3	5.0	6.6	7.2	7.5
Quick ratio (x)	0.9	1.3	1.5	2.1	2.3
Turnover & Leverage					
Gross asset T.O (x)	5.2	5.2	4.8	4.6	4.5
Total asset T.O (x)	0.6	0.6	0.6	0.6	0.6
Int. covge. ratio (x)	11.2	8.3	28.1	26.5	28.0
Adj. debt/equity (x)	0.1	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	2.5	2.6	1.1	1.3	1.2
EV/EBITDA (x)	18.0	24.4	7.7	8.2	7.1
P/E (x)	34.7	48.1	12.0	13.0	10.6
P/B (x)	1.9	2.1	0.8	1.0	0.9



Recommendation Summary - (last 3 years)



Dates	Rating	Target
09-Jun-22	BUY	293
23-Aug-22	BUY	309
24-Feb-23	HOLD	239
21-Aug-23	BUY	312
28-Feb-24	HOLD	189
07-Nov-24	ACCUMULATE	138
29-May-25	ACCUMULATE	146
01-Aug-25	BUY	144


Investment Rating Criteria


Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%


Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:  Upgrade

 No Change

 Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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