

Retail Equity Research

Zee Entertainment Enterprises Ltd.

Accumulate

Sector: Media

09th January, 2026

Key Changes		Target	Rating	Earnings		Target	Rs. 102
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 91
Small Cap	Z:IN	83,576	ZEEL	505537	12 Months	Return	+12%

Data as of: 09-Jan-2025, 17:00 hrs

Company Data			
Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Promoters	4.0	4.0	4.0
FII's	22.8	24.8	25.4
MFs/Institutions	16.0	16.9	14.0
Public	44.9	41.5	44.8
Others	12.3	12.8	11.8
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	-20%	-38%	-27%
Absolute Sensex	6%	3%	8%
Relative Return	-26%	-41%	-36%

*over or under performance to benchmark index



Y.E March (Rs. cr)	FY26E	FY27E	FY28E
Sales	8,325	8,901	9,553
Growth (%)	0.4	6.9	7.3
EBITDA	1,099	1,389	1,605
EBITDA Margin (%)	13.2	15.6	16.8
Adj. PAT	669	899	1,046
Growth (%)	-14.9	34.4	16.4
Adj. EPS	7.0	9.4	10.9
Growth (%)	-14.9	34.4	16.4
P/E	13.5	10.0	8.6
P/B	0.8	0.7	0.7
EV/EBITDA	8.5	6.6	5.8
ROE (%)	5.6	7.1	7.8
D/E	0.0	0.0	0.0

Optimistic outlook despite increased costs

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.

- ZEEL's Q2FY26 consolidated revenue declined 1.6% YoY to ₹1,969 crore, impacted by a 10.6% drop in ad revenue amid FMCG weakness. However, H2FY26 is expected to rebound with 9% YoY growth, supported by improving ad spends and recent content additions.
- Subscription revenue increased 5.5% YoY to Rs. 1,023cr, led by growth in both linear and digital business. However, growth in the linear business was stagnant. In the digital business, growth was led by introduction of language packs.
- We expect PAT to grow at a CAGR of ~10% over FY25–28, driven by an improvement in EBITDA margins.
- Introduction of new channels in Kannada and Bangla, along with a daily non-fiction show, is expected to drive near-term revenue growth.

Outlook & Valuation

Despite the increased operating costs impacting profitability, ZEEL remains optimistic about the future, as the costs are expected to stabilise. It hopes to capitalise on increased advertising and subscription revenue across segments, which should drive the performance. The recent GST rationalization is expected to give rise to positive trends, prompting advertisers and consumers to increase their spending. ZEEL trades at a 39% discount to its 5-year average forward P/E, presenting an attractive entry point. Despite an increase in the number of launches, the digital costs are under control, which is expected to improve the digital margin going forward. Hence, we value the stock at 9.4x FY28E adjusted EPS and revise our rating to Accumulate, with target price of Rs.102.

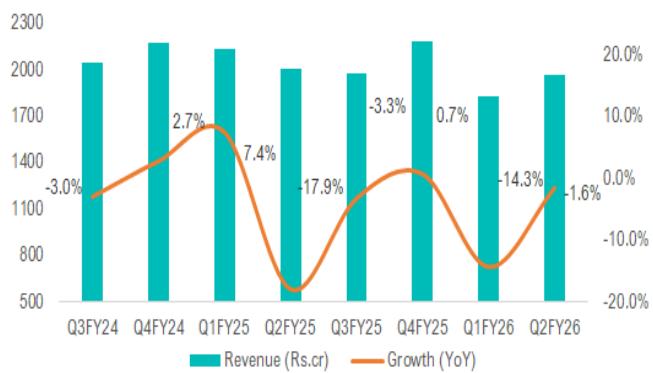
Quarterly Financial Consol.

Rs.cr	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Sales	1,969	2,001	-1.6	1,825	7.9	3,794	4,131	-8.2
EBITDA	146	321	-54.4	228	-35.8	374	593	-36.8
Margin (%)	7.4	16.0	-860bps	12.5	-510bps	9.9	14.3	-440bps
EBIT	89	248	-64.0	169	-47.1	258	444	-41.8
PBT	115	286	-59.7	197	-41.5	313	466	-33.0
Rep. PAT	76	210	-63.5	144	-46.8	220	335	-34.3
Adj PAT	76	199	-61.5	144	-46.8	220	353	-37.6
Adj. EPS (Rs)	0.8	2.1	-61.5	1.5	-46.8	2.3	3.7	-37.6

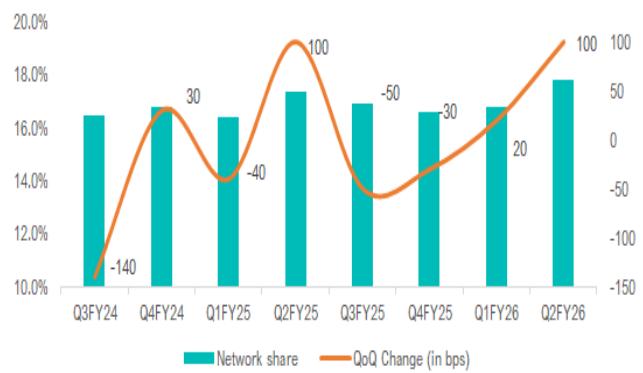
Key concall highlights

- Other sales and services experienced an 8.4% YoY increase during the quarter to Rs. 140cr, driven by successful syndication deals.
- ZEE5's revenue increased 32.0% YoY in Q2FY26, driven by better content in seven languages and a revised pricing strategy that boosted subscriber growth.
- During the quarter, ZEEL released eight movies— five in Hindi and three in other languages. Four were produced films and four distribution deals.
- The music business saw significant success with over 54 billion total video views in the quarter and 172 million YouTube subscribers, driven by a modern music catalog and extensive library, while maintaining healthy profitability and expanding into other language markets.
- Network share increased 100bps QoQ to 17.8% in Q2FY26 driven by language markets and the company's re-entry into the free-to-air segment.

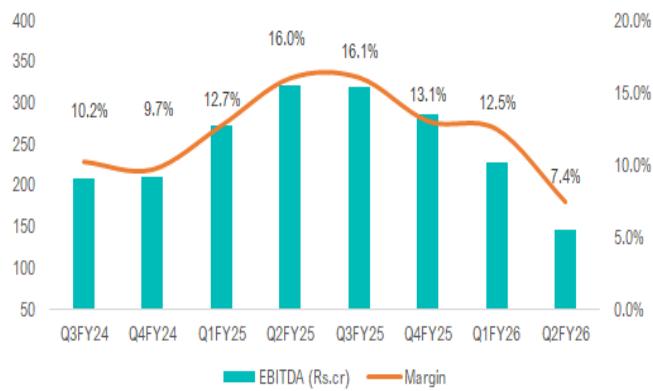
Revenue



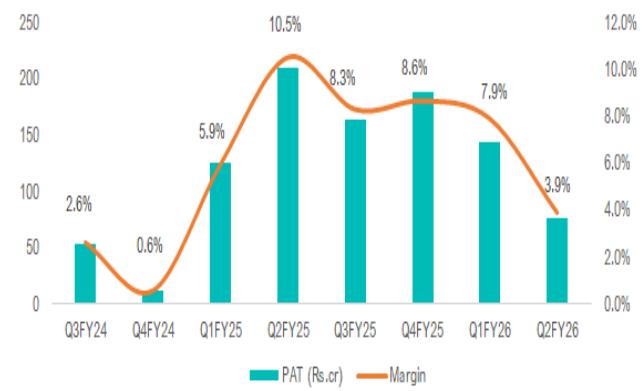
Network share



EBITDA



PAT



Change in Estimates

Year / Rs. cr	Old estimates		New estimates		Change (%)		
	FY26E	FY27E	FY26E	FY27E	FY28E	FY26E	FY27E
Revenue	8,461	9,061	8,325	8,901	9,553	-1.6	-1.8
EBITDA	1,369	1,549	1,099	1,389	1,605	-19.7	-10.4
Margins (%)	16.2	17.1	13.2	15.6	16.8	-300bps	-150bps
Adj. PAT	877	1,065	669	899	1,046	-23.7	-15.6
Adj. EPS	9.1	11.1	7.0	9.4	10.9	-23.7	-15.6

Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Sales	8,637	8,294	8,325	8,901	9,553
% change	6.8	-4.0	0.4	6.9	7.3
EBITDA	915	1,196	1,099	1,389	1,605
% change	-11.6	27.3	-11.0	26.8	14.9
Depreciation	317	279	282	274	303
EBIT	598	918	816	1,114	1,302
Interest	72	33	38	42	44
Other Income	-145	41	114	127	137
PBT	381	926	892	1,199	1,395
% change	-18.6	143.0	-3.7	34.4	16.4
Tax	182	239	223	300	349
<i>Tax Rate (%)</i>	47.7	25.8	25.0	25.0	25.0
Reported PAT	199	687	669	899	1,046
PAT att. to common shareholders	199	687	669	899	1,046
Adj.*	278	99	-	-	-
Adj. PAT	478	786	669	899	1,046
% change	-18.6	64.6	-14.9	34.4	16.4
No. of shares (cr)	96.1	96.1	96.1	96.1	96.1
Adj EPS (Rs.)	5.0	8.2	7.0	9.4	10.9
% change	-18.6	64.6	-14.9	34.4	16.4
DPS (Rs.)	1.0	2.4	2.4	2.9	3.4

Balance Sheet

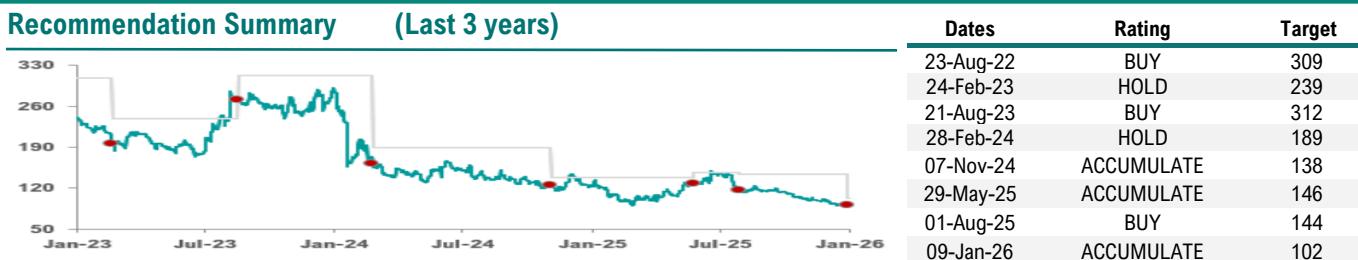
Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	1,113	720	204	386	338
Accts. Receivable	1,702	1,533	1,811	1,914	2,044
Inventories	6,913	6,775	6,692	6,534	6,955
Other Cur. Assets	1,500	2,799	3,550	4,078	4,319
Investments	88	86	88	90	92
Gross Fixed Assets	1,687	1,775	1,846	1,975	2,174
Net Fixed Assets	640	541	352	210	104
CWIP	9	11	13	16	18
Intangible Assets	516	406	380	375	375
Def. Tax -Net	454	410	484	571	674
Other Assets	515	453	522	622	786
Total Assets	13,450	13,734	14,096	14,796	15,705
Current Liabilities	1,898	1,498	1,405	1,416	1,538
Provisions	167	158	165	171	178
Debt Funds	512	544	558	574	592
Other Liabilities	-	-	-	-	-
Equity Capital	96	96	96	96	96
Res. & Surplus	10,777	11,437	11,873	12,538	13,301
Shareholder Funds	10,873	11,533	11,969	12,634	13,397
Minority Interest	-	-	-	-	-
Total Liabilities	13,450	13,734	14,096	14,796	15,705
BVPS	113	120	125	132	139.5

Cashflow

Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Net inc. + Depn.	516	966	951	1,174	1,349
Non-cash adj.	-143	146	-560	-522	-384
Other adjustments	-	-	-	-	-
Changes in W.C	342	74	-313	40	-457
C.F. Operation	714	1,186	79	692	508
Capital exp.	-109	-88	-71	-129	-199
Change in inv.	7	-1,575	-267	-121	-48
Other invest.CF	54	59	-	-	-
C.F - Investment	-47	-1,604	-337	-250	-246
Issue of equity	-	-	-	-	-
Issue/repay debt	-86	109	13	17	17
Dividends paid	-	-96	-233	-234	-283
Other finance.CF	-187	10	-38	-42	-44
C.F - Finance	-274	23	-258	-259	-310
Chg. in cash	393	-395	-517	182	-48
Closing Cash	1,113	720	204	386	338

Ratios

Y.E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profitab. & Return					
EBITDA margin (%)	10.6	14.4	13.2	15.6	16.8
EBIT margin (%)	6.9	11.1	9.8	12.5	13.6
Net profit mgn. (%)	2.3	8.3	8.0	10.1	11.0
ROE (%)	1.8	6.0	5.6	7.1	7.8
ROCE (%)	5.3	7.6	6.5	8.4	9.3
W.C & Liquidity					
Receivables (days)	71.9	67.4	79.4	78.5	78.1
Inventory (days)	564.7	490.7	540.8	548.8	551.6
Payables (days)	117.2	86.2	86.7	88.9	91.4
Current ratio (x)	5.0	6.6	7.1	7.4	7.3
Quick ratio (x)	1.3	1.5	1.6	1.9	1.8
Turnover & Leverage					
Gross asset T.O (x)	5.2	4.8	4.6	4.7	4.6
Total asset T.O (x)	0.6	0.6	0.6	0.6	0.6
Int. covge. ratio (x)	8.3	28.1	21.4	26.6	29.8
Adj. debt/equity (x)	0.0	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	2.6	1.1	1.1	1.0	1.0
EV/EBITDA (x)	24.4	7.7	8.5	6.6	5.8
P/E (x)	48.1	12.0	13.5	10.0	8.6
P/B (x)	2.1	0.8	0.8	0.7	0.7



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

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