


3R MATRIX

	+	=	-
Right Sector (RS)	✓	✗	✗
Right Quality (RQ)	✓	✓	✗
Right Valuation (RV)	✓	✗	✗
+ Positive = Neutral - Negative			

What has changed in 3R MATRIX

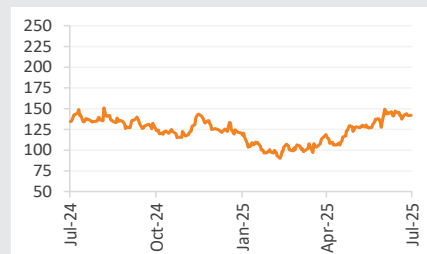
	Old		New
RS	✓	↔	✓
RQ	✗	↔	✗
RV	✓	↔	✓

Company details

Market cap:	Rs. 12,847 cr
52-week high/low:	Rs. 155/ 89
NSE volume: (No of shares)	152.4 lakh
BSE code:	505537
NSE code:	ZEEL
Free float: (No of shares)	92.22 cr

Shareholding (%)

Promoters	4.0
FII	24.8
DII	16.8
Others	54.5

Price chart


Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	0.6	15.8	13.3	-0.6
Relative to Sensex	0.9	12.5	5.7	-2.7

Source: Mirae Asset Sharekhan Research, Bloomberg

Zee Entertainment Enterprises Ltd

Weak Quarter weighed by soft ad environment

Consumer Discretionary	Sharekhan code: ZEEL		
Reco/View: Positive	↔	CMP: Rs. 134	PT: Rs. 160
↑ Upgrade	↔ Maintain	↓ Downgrade	

Summary

- Consolidated revenues stood at Rs. 1,824.8 crore, down 14.3% y-o-y, missing our estimates of Rs. 2,003 crore.
- EBITDA margins fell ~30 bps y-o-y to 12.5%, missing our estimates of 13%. 'Z' Network share grew 40 bps y-o-y to 16.8% aided by language market performance
- Management is targeting EBITDA margins of 18-20% by FY26-end, which factors in planned investments in new initiatives.
- We stay Positive with a revised PT of Rs.160. At CMP, the stock trades at a PE of 15.1/13.4x FY26/27 and 7.6/6.4x FY26/FY27E EV/EBITDA.

Consolidated revenues stood at Rs.1824.8 crore, down 16.5% q-o-q/ 14.3% y-o-y, missing our estimates of Rs. 2,003 crore impacted by weakness in Advertising revenue (down 16.8% y-o-y) and other sales & services (down 64% y-o-y). Zee5's revenues stood at Rs. 290 crores, up 30% y-o-y EBITDA margins declined ~30 bps y-o-y to 12.5%, missing our estimates of 13%. ZEE5's EBITDA loss narrowed to Rs.65.8 crore from Rs.177.7 crore in Q1FY25. Adjusted net profit stood at Rs. 143.7 crore, down 18.4% q-o-q/7.5% y-o-y. 'Z' Network's share grew 40 bps y-o-y to 16.8% aided by language's market performance. Management is targeting EBITDA margins of 18-20% by FY26-end. The company's strong linear TV presence, growing digital platform, and cost discipline make it well-positioned for recovery in FY26, particularly with festive season tailwinds and digital innovation. We stay Positive with revised PT of Rs.160. At CMP, the stock trades at 15.1/13.4x FY26/27 and 7.6/6.4x FY26/FY27E EV/EBITDA.

Key positives

- All India TV Network Share improved to 16.8%, up 40bps y-o-y.
- ZEE5's EBITDA loss narrowed to Rs.65.8 crore from Rs.177.7 crore in Q1FY25

Key negatives

- Ad revenue fell 16.8% y-o-y
- Other sales & services declined 64% y-o-y

Management Commentary

- Management is targeting EBITDA margins of 18-20% by FY26-end, which factors in planned investments in new initiatives.
- The company maintained its 8% advertising revenue growth guidance for FY26.
- The company aims to achieve breakeven for ZEE5 by the end of FY26.
- Macro environment showed signs of improvement, with decreasing food and general inflation, interest rate cuts, and good monsoon forecasts.
- Management expressed cautious optimism on advertising recovery, with early onsets of monsoons in many regions resulting in healthy recovery and boosting consumption.

Revision in earnings estimates – We have revised our earnings estimates to factor in Q1FY26 performance.

Our Call

Valuation – Maintain Positive view with revised PT of Rs. 160: The company reported weak performance impacted by soft advertising environment. Management is cautiously optimistic on a recovery in advertising revenues, with early onsets of monsoons in many regions resulting in healthy recovery and boosting consumption. The company's strong linear TV presence, growing digital platform, and cost discipline make it well-positioned for a recovery in FY26, particularly with festive season tailwinds and digital innovation. We maintain Positive view with revised PT of Rs.160. At CMP, the stock trades at 15.1/13.4x FY26/27E EPS and 7.6/6.4x FY26/FY27E EV/EBITDA.

Key Risks

Slower recovery in ad/subscription revenue could impact earnings performance.

Valuation (Consolidated)

Particulars	FY24	FY25	FY26E	FY27E
Revenue	8,637.2	8,294.1	8,285.3	8,779.3
OPM (%)	10.5	14.4	15.2	16.0
Adjusted PAT	473.8	770.1	852.2	958.4
% y-o-y growth	-18.5	62.5	10.7	12.5
Adjusted EPS (Rs.)	4.9	8.0	8.9	10.0
PE (x)	27.1	16.7	15.1	13.4
P/B (x)	1.2	1.1	1.1	1.0
EV/EBITDA (x)	13.1	10.4	7.6	6.4
RoE (%)	4.4	6.7	7.0	7.4
RoCE (%)	5.3	7.9	10.1	10.8

Source: Company; Mirae Asset Sharekhan estimates

Key result highlights

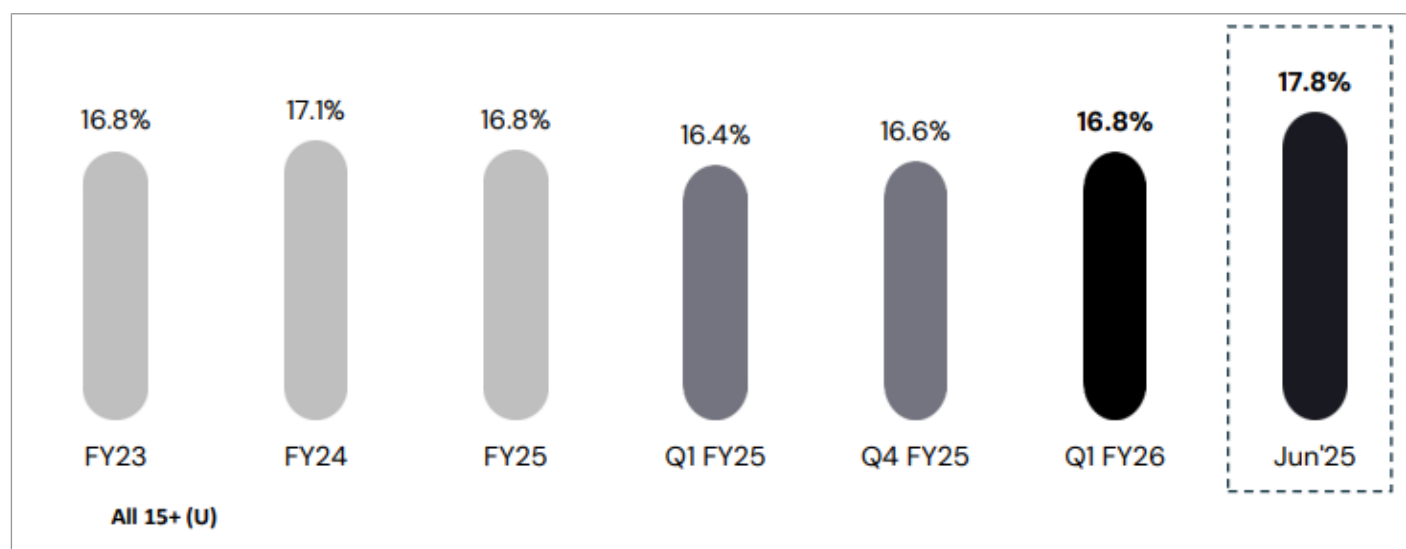
- ♦ **Revenues:** Consolidated revenues stood at Rs. 1824.8 crore, down 16.5% q-o-q/ 14.3%y-o-y, missing our estimates of Rs. 2,003 crore, reflecting a soft advertising environment due to an extended sports calendar and reduced FMCG spending. Subscription revenues remained flat, with digital growth offset by a decline in linear TV subscriptions due to pay TV subscriber losses.
- ♦ **Linear TV business:** The company maintained its position as India's No. 2 TV entertainment network with a viewership share of 16.8% (up 40 bps y-o-y), reaching 17.8% in June 2025, a two-year high. Growth was driven by strong content in Hindi, Marathi, Kannada, Odia, and Bangla markets.
- ♦ **Zee5:** ZEE5's revenues stood at Rs. 290 crore, up 30% y-o-y helped by digital syndication revenue and the new language-based pricing strategy. The company released 17 shows/movies, including five originals, with steady growth in usage and engagement. Language-specific subscription plans in seven languages boosted subscriber growth.
- ♦ **Zee Studio & Zee Music Company (ZMC):** The company released seven movies (three Hindi, four regional), but faced a lean calendar compared to Q1FY25, leading to a 64% y-o-y decline in other sales and services. On the music business, the company garnered over 62 billion total video views with over 168 million subscribers of YouTube.

Results (Consolidated)

	Rs cr				
Particulars	Q1FY26	Q1FY25	Q4FY25	YoY (%)	QoQ (%)
Advertising Revenues	758.5	911.3	837.5	-16.8	-9.4
Subscriptions Revenues	981.7	987.2	986.5	-0.6	-0.5
Other sales and Services	84.6	232.0	360.1	-63.5	-76.5
Total Revenues	1,824.8	2,130.5	2,184.1	-14.3	-16.5
Programming and Operating Cost	971.0	1177.0	1281.9	-17.5	-24.3
Staff Cost	220.1	225.8	230.0	-2.5	-4.3
Admin. & Selling Expenses	405.7	456.1	387.0	-11.0	4.8
EBITDA	228.0	271.7	285.2	-16.1	-20.1
Depreciation	59.1	75.6	63.9	-21.8	-7.5
Finance Cost	7.7	5.5	8.1	39.0	-4.9
Other Income	25.0	19.0	36.2	31.6	-30.9
Financial instruments fair value gain/loss	10.9	-1.1	12.5	-1100.0	-12.8
PBT	197.1	208.4	261.9	-5.4	-24.7
Tax Provision	53.5	54.2	73.4	-1.3	-27.1
PAT	143.6	154.2	188.5	-6.9	-23.8
Minority Interest	0.0	0.0	0.0		
Shares of associates	0.1	0.1	0.1		
Reported Net Income	143.7	118.1	188.4	21.7	-23.7
Adjusted Net profit after After EO	132.8	155.4	176.1	-14.5	-24.6
Adj. EPS (Rs.)	1.5	1.6	1.8	-7.6	-18.4
Margin (%)					
GPM	46.8	44.8	41.3	203	548
EBITDA margins	12.5	12.8	13.1	-26	-56
NPM	7.3	7.3	8.1	-1	-79
Tax rate	27.1	26.0	28.0	112	-88

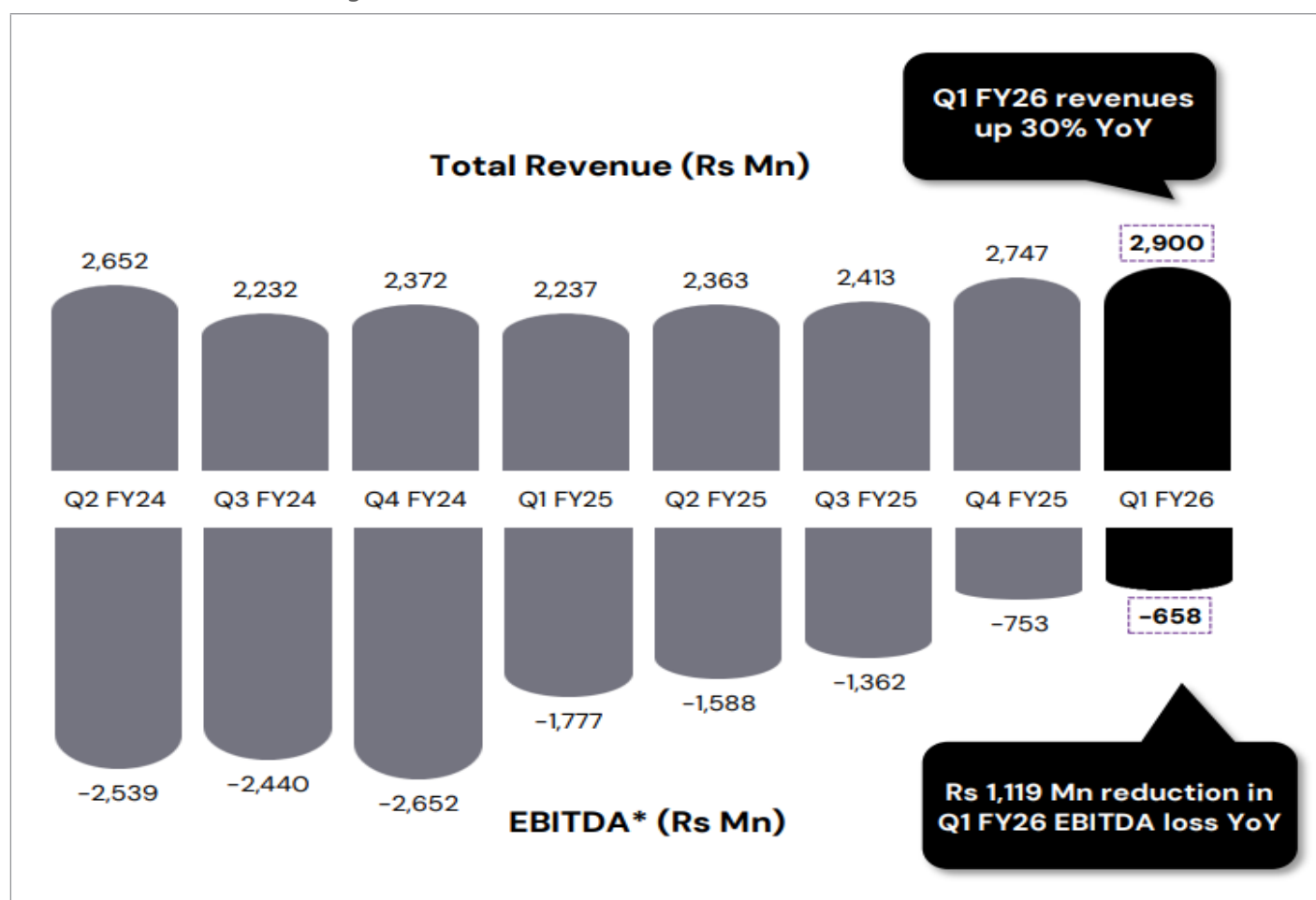
Source: Company; Mirae Asset Sharekhan Research

ZEEL's network share trend



Source: Company

Zee5 Revenue and EBITDA* margin trend



Source: Company

*EBITDA loss excludes costs incurred by the business on ZEEL network; ZEE5 Revenue and EBITDA includes Zee's other digital businesses

Outlook and Valuation

■ Sector Outlook – Indian M&E industry expected to grow at healthy rate

The Indian media & entertainment (M&E) industry is expected to clock a healthy 10% CAGR till CY26E. Indian demographic changing: Increasing affluence¹ (>25% households by 2050) along with higher media consumption in Tier 2, 3 cities. India's M&E industry has significant headroom for growth, given rising incomes and relatively lower spending compared to global norm. Rising middle class population in India would promote growth in Indian M&E industry.

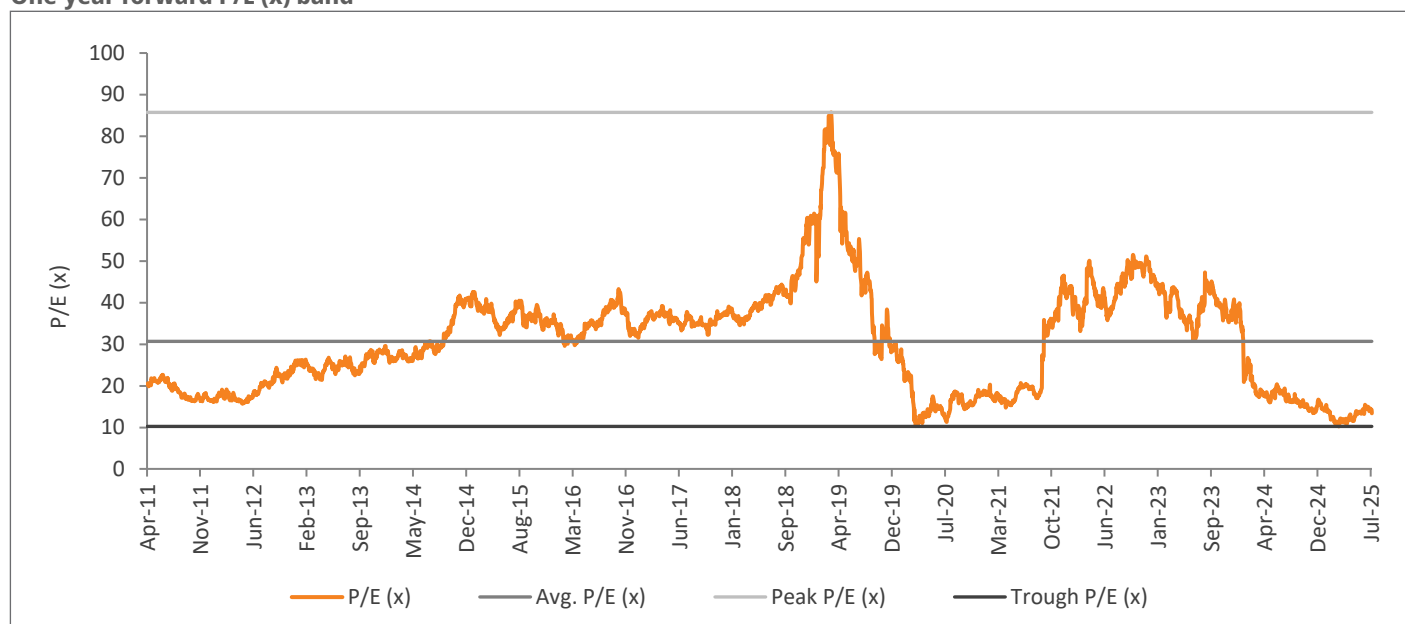
■ Company Outlook – Earning improvement ahead

ZEEL is one of India's leading media & entertainment companies, primarily engaged in broadcasting, movies and music production and digital business. The company has a strong presence in the GEC segment, given deep regional penetration and has expanded its presence in movie genre with the launch of new channels. We believe that ZEE5's focus on aggressively building a content catalogue is a step in the right direction given the hyper-competitive nature of the market. The long-standing investors' concerns on ZEEL promoters' continuity at the helm of the company is eliminated and the exit will pave way for potential buyers/investors, which could act a major re-rating trigger.

■ Valuation – Maintain Positive view with revised PT of Rs. 160

The company reported weak performance impacted by soft advertising environment. Management is cautiously optimistic on a recovery in advertising revenues, with early onsets of monsoons in many regions resulting in healthy recovery and boosting consumption. The company's strong linear TV presence, growing digital platform, and cost discipline make it well-positioned for a recovery in FY26, particularly with festive season tailwinds and digital innovation. We maintain Positive view with revised PT of Rs.160. At CMP, the stock trades at 15.1/13.4x FY26/27E EPS and 7.6/6.4x FY26/FY27E EV/EBITDA.

One-year forward P/E (x) band



Source: Company; Mirae Asset Sharekhan Research

About company

ZEEL is one of India's largest vertically-integrated media and entertainment companies, primarily engaged in broadcasting and content development with the widest language footprint, movies and music production, live events, and digital business. The company is amongst the largest producers and aggregators of entertainment content in the world, with an extensive library housing over 250,000 hours of television content. ZEEL houses the world's largest Hindi film library with rights to more than 4,200 movie titles from foremost studios and of iconic film stars. Through its strong presence worldwide, ZEEL is present across 190+ countries and has a reach to over 1.3 billion viewers. Its OTT Platform offers over 3,600+ films/movies, 1,600+ TV shows, 300+ originals and 5 lakhs+ hours of on-demand content across 12 languages. ZEE5 recorded strong engagement in FY 2023-24 continues, with around 100 billion streaming minutes.

Investment theme

The company is one of the leading entertainment network in India with a market share of 16.9% in Q3FY25. It diversified media and entertainment (M&E) platform with wide array of content offerings for viewers across segments. Well positioned to capitalize on high growth India M&E market with demonstrated history of quality content and experienced management team. One of the leading OTT services provider with strong presence in rapidly growing digital media space.

Key Risks

Slower recovery in ad/subscription revenue, could impact earnings performance.

Additional Data

Key management personnel

Name	Designation
Punit Goenka	CEO
Amit Goenka	President - Digital Businesses & Platforms
Mukund Galgali	Deputy CEO and CFO
Ashish Agarwal	Chief Compliance Officer & Company Secretary

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Vanguard Group Inc/The	5.92
2	Sprucegrove Investment Management	5.00
3	Life Insurance Corp of India	4.49
4	ICICI Prudential Asset Management	4.30
5	Norges Bank	3.94
6	HDFC Asset Management Co Ltd	3.67
7	Essel Media Ventures Ltd	3.45
8	Blackrock Inc	2.98
9	Vanguard International Value Fund	2.27
10	FundRock Management Co SA	1.73

Source: Bloomberg

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Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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