

ZEE ENTERTAINMENT

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Neutral
Price (INR)	111
12 month price target (INR)	178
52 Week High/Low	169/89
Market cap (INR bn/USD bn)	107/1.2
Free float (%)	96.0
Avg. daily value traded (INR mn)	1,423.3

SHAREHOLDING PATTERN

	Mar-25	Dec-24	Sep-24
Promoter	3.99%	3.99%	3.99%
FII	22.83%	20.05%	18.52%
DII	16.01%	17.87%	19.05%
Pledge	5.38%	5.38%	5.38%

FINANCIALS

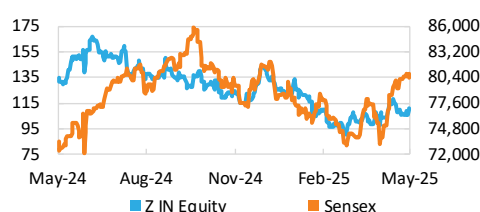
(INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Revenue	86,372	82,941	90,476	98,406
EBITDA	9,071	11,962	17,120	20,239
Adjusted profit	(829)	6,892	12,015	14,252
Diluted EPS (INR)	2.0	7.2	12.5	14.8
EPS growth (%)	(10.0)	252.7	74.3	18.6
RoAE (%)	(0.8)	6.2	10.0	11.0
P/E (x)	54.6	15.5	8.9	7.5
EV/EBITDA (x)	10.6	7.1	5.0	3.8
Dividend yield (%)	1.1	1.8	2.8	3.3

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	94,600	1,02,859	-4.4%	-4.3%
EBITDA	18,877	21,569	-9.3%	-6.2%
Adjusted profit	12,456	14,913	-3.5%	-4.4%
Diluted EPS (INR)	13.0	15.5	-3.5%	-4.4%

PRICE PERFORMANCE



Growth despite ad revenue slump

Zee Entertainment (ZEEL) posted strong Q4FY25 results with revenue remaining flat YoY and EBITDA rising 41.7% YoY ahead of our/Street's estimate. Subscription revenue rose 3.9% YoY, but Ad revenues fell ~25% YoY due to a slowdown in macro advertising and a high base in Q4FY24. Others sales and services revenue shot up 226% YoY/546% QoQ. EBITDA margin at 13.6% expanded 395bp YoY, but decreased 258bp QoQ. Zee5 EBITDA losses reduced to INR753mn in Q4FY25, leading to a substantial reduction in losses.

Ongoing urban slowdown is particularly affecting FMCG and other consumption. We are cutting FY26E/27E EPS by 3.5%/4.4%, yielding a revised TP of INR178 (earlier INR185); maintain 'BUY'.

Strategic progress amid macro headwinds

What we like: The company's Q4FY25 results demonstrate a strategic focus on content quality and cost optimisation. Subscription revenue grew YoY, supported by both linear TV subscriptions and ZEE5. There was a substantial reduction in EBITDA losses for Zee5. The company plans to produce 18 to 21 films in FY26E, focusing on content quality. Additionally, it expects advertising revenue to grow in the high-single-digit range in FY26E, indicating a positive outlook for the coming year.

What we do not like: Domestic advertising revenue fell ~25% YoY in Q4FY25, impacted by a weak macro-advertising environment, postponement of the Zee Cine Awards and a packed sports calendar. Zee network's share remained flat QoQ at 16.6%.

Q4FY25 conference call highlights: The company reported flat YoY revenue growth in Q4FY25 supported by syndication revenue, despite a ~25% YoY decline in domestic advertising due to macro pressures and event delays. Zee5 revenue grew 6.1% YoY, with EBITDA loss reducing by 50%, driven by cost optimisation and 20 original content releases. Content inventory and advances decreased by INR3.7bn, indicating focused content acquisition. Zee Music is the second-largest music label, and it reached 164mn YouTube subscribers and added 14.7mn during the year, with strong regional content contributions. In FY25, ZMC acquired rights for 47 Hindi titles, 57 in regional languages, and 593 singles/albums. Zee Studios released eight films in Q4FY25. The company's network share stood at 16.6%, with focus areas across regional GECs and monetisable segments. Strategic re-entry into the FTA space and a new regional pricing model aim to boost ad revenues and drive future growth. Pipeline for Q1FY26E includes Kingston, Log Out, Costao and Daveed. The company shall focus on enhancing profitability and margins.

Financials

Year to March	Q4FY25	Q4FY24	% Change	Q3FY25	% Change
Net Revenue	21,841	21,699	0.7	19,788	10.4
EBITDA	2,977	2,102	41.7	3,207	(7.2)
Adjusted Profit	1,885	198	853.3	2,345	(19.6)
Diluted EPS (INR)	2.0	0.2	853.3	2.4	(19.6)

Financial Statements

Income Statement (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Total operating income	86,372	82,941	90,476	98,406
Gross profit	35,979	37,769	43,949	48,621
Employee costs	10,188	9,266	9,544	9,973
Other expenses	16,719	16,541	17,285	18,409
EBITDA	9,071	11,962	17,120	20,239
Depreciation	3,091	3,593	3,053	3,034
Less: Interest expense	721	327	400	500
Add: Other income	1,293	1,234	2,349	2,292
Profit before tax	3,769	9,276	16,016	18,997
Prov for tax	1,818	2,387	4,004	4,749
Less: Other adj	4	4	4	4
Reported profit	1,954	6,892	12,015	14,252
Less: Excp.item (net)	(2,784)	0	0	0
Adjusted profit	(829)	6,892	12,015	14,252
Diluted shares o/s	961	961	961	961
Adjusted diluted EPS	2.0	7.2	12.5	14.8
DPS (INR)	1.2	2.0	3.1	3.7
Tax rate (%)	48.2	25.7	25.0	25.0

Important Ratios (%)

Year to March	FY24A	FY25A	FY26E	FY27E
Ad revenue growth (%)	0	(2.0)	7.0	8.0
Subscription growth (%)	9.9	7.1	10.9	10.0
Dom. sub growth (%)	26.0	8.0	10.0	10.0
EBITDA margin (%)	10.5	14.4	18.9	20.6
Net profit margin (%)	(1.0)	8.3	13.3	14.5
Revenue growth (% YoY)	6.8	(4.0)	9.1	8.8
EBITDA growth (% YoY)	(17.6)	31.9	43.1	18.2
Adj. profit growth (%)	(29.9)	nm	74.3	18.6

Assumptions (%)

Year to March	FY24A	FY25A	FY26E	FY27E
GDP (YoY %)	6.0	6.0	6.0	6.0
Repo rate (%)	4.0	4.0	4.0	4.0
USD/INR (average)	82.0	86.0	88.0	90.0
Direct cost (% of sales)	58.3	54.5	51.4	50.6
Employee cost (%)	11.8	11.2	10.5	10.1
SG&A expense (%)	19.4	19.9	19.1	18.7
Debtors days	69.9	71.2	85.0	85.0
Inventory days	515.0	553.0	475.0	475.0
Payable days	115.3	106.1	100.0	100.0

Valuation Metrics

Year to March	FY24A	FY25A	FY26E	FY27E
Diluted P/E (x)	54.6	15.5	8.9	7.5
Price/BV (x)	1.0	0.9	0.9	0.8
EV/EBITDA (x)	10.6	7.1	5.0	3.8
Dividend yield (%)	1.1	1.8	2.8	3.3

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Share capital	961	961	961	961
Reserves	1,07,767	1,14,373	1,23,385	1,34,073
Shareholders funds	1,08,728	1,15,334	1,24,345	1,35,034
Minority interest	0	0	0	0
Borrowings	1,644	2,419	2,419	2,419
Trade payables	14,356	11,907	12,747	13,639
Other liabs & prov	3,556	2,001	1,851	1,701
Total liabilities	1,29,955	1,33,240	1,42,942	1,54,373
Net block	6,398	5,506	3,241	976
Intangible assets	5,150	4,060	2,988	1,937
Capital WIP	98	14	98	98
Total fixed assets	11,646	9,580	6,327	3,011
Non current inv	993	1,528	1,528	1,528
Cash/cash equivalent	11,932	24,064	23,425	31,025
Sundry debtors	17,016	15,325	21,070	22,916
Loans & advances	0	0	0	0
Other assets	82,483	78,787	86,725	92,023
Total assets	1,29,955	1,33,240	1,42,942	1,54,373

Free Cash Flow (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Reported profit	1,954	6,892	12,015	14,252
Add: Depreciation	1,703	2,785	2,265	2,265
Interest (net of tax)	721	327	400	500
Others	(652)	1,117	(1,564)	(1,527)
Less: Changes in WC	3,418	739	(12,902)	(6,402)
Operating cash flow	7,144	11,860	214	9,088
Less: Capex	810	1,120	(283)	(283)
Free cash flow	6,334	10,740	497	9,371

Key Ratios

Year to March	FY24A	FY25A	FY26E	FY27E
RoE (%)	(0.8)	6.2	10.0	11.0
RoCE (%)	6.6	8.4	13.4	14.8
Inventory days	515	553	563	574
Receivable days	70	71	73	82
Payable days	115	106	97	97
Working cap (% sales)	103.0	120.8	124.4	128.6
Gross debt/equity (x)	0	0	0	0
Net debt/equity (x)	(0.1)	(0.2)	(0.2)	(0.2)
Interest coverage (x)	8.3	25.6	35.2	34.4

Valuation Drivers

Year to March	FY24A	FY25A	FY26E	FY27E
EPS growth (%)	(10.0)	252.7	74.3	18.6
RoE (%)	(0.8)	6.2	10.0	11.0
EBITDA growth (%)	(17.6)	31.9	43.1	18.2
Payout ratio (%)	61.1	28.5	25.0	25.0

Exhibit 1: Trends at a glance

ZEEL trends	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Revenue (INR mn)	21,121	19,838	24,378	20,456	21,699	21,305	20,007	19,788	21,841
EBITDA (INR mn)	1,517	1,588	3,328	2,092	2,102	2,706	3,232	3,207	2,977
Adjusted PAT (INR mn)	(373)	776	2,282	1,015	198	1,468	2,015	2,345	1,885
Total Ad revenue	10,058	9,409	9,792	10,267	11,102	9,113	9,017	9,406	8,375
International ad revenue (INR mn)	423	391	381	400	442	424	409	600	589
Domestic ad revenue (INR mn)	9,635	9,018	9,411	9,867	10,660	8,689	8,608	8,806	7,786
Total subscription (INR mn)	8,474	9,075	8,878	9,213	9,494	9,872	9,699	9,825	9,865
Zee5 revenue (INR mn)	2,200	1,939	2,652	2,232	2,372	2,237	2,363	2,413	2,747
Zee5 EBITDA (INR mn)	(3,109)	(3,421)	(2,539)	(2,440)	(2,652)	(1,777)	(1,588)	-1,362	-753
Zee5 DAU (mn users)	11	NA	NA	NA	NA	NA	NA	NA	NA
Zee5 MAU (mn users)	114	NA	NA	NA	NA	NA	NA	NA	NA
All India viewership share (%)	16.6	17.9	17.9	16.5	16.8	16.4	17.4	16.9	16.6
Total ad revenues	(10.2)	(3.6)	(3.3)	(3.5)	10.4	(3.1)	(7.9)	(8.4)	(24.6)
Total subscription revenues	(0.9)	17.6	8.0	3.0	12.0	8.8	9.2	6.6	3.9
% of revenue									
Transmission & programming	62.6	57.6	58.5	58.1	59.1	55.2	53.1	50.4	58.7
Employee cost	10.2	13.1	10.7	11.9	11.8	10.6	11.4	12.3	10.5
EBITDA	7.2	8.0	13.6	10.2	9.7	12.7	16.2	16.2	13.6
PAT	(1.8)	3.9	9.4	5.0	0.9	6.9	10.1	11.8	8.6

Source: Company, Nuvama Research

Q4FY25 conference call takeaways

Outlook

- Movie production in a range of 18 to 21 films in FY26, which will be largely handpicked with focus on content.
- The company expects ad revenue to grow at a high-single digit for FY26.

Q4FY25 key highlights

- Strong YoY growth in user engagement and platform usage in Q4FY25.
- Full-year revenue growth was affected by a delay in the renewal of a key B2B contract; renewal discussions are currently in progress.
- The company expects the positive performance momentum to continue, supported by operating leverage as growth accelerates.
- Released 16 titles during the quarter, including four original productions (shows and movies).
- Content inventory and advances continue to decline in FY25 due to optimized acquisition. Content advances reduced by 4%, Movies, production others reduced by 12%, shows reduced by 13% and movies rights reduced by 72%. Overall content advances and inventory reduced by INR3.7bn in FY25.

Financial highlights

- Domestic advertising revenue declined by ~25% YoY in Q4FY25, impacted by a weak macro advertising environment, the postponement of the Zee Cine Awards, a packed sports calendar, and a high base in Q4FY24.
- Subscription revenue saw YoY growth, supported by both linear TV subscriptions and ZEE5.
- Revenue from other sales and services increased YoY, driven by a higher number of movie releases and stronger syndication revenue.
- QoQ rise in operating costs was primarily due to increased syndication and movie production expenses.
- The company continues to enforce strong cost discipline across all areas while selectively investing in growth opportunities.
- Q4FY25 revenue was up 16% YoY aided by syndication revenue.
- INR1.9mn reduction in EBITDA losses in Q4FY25.
- Impact releases are Crime Beat, Mrs, Hisaab Barabar and Game Changer.

International revenue

- Advertising revenue for Q4FY25 stood at INR589mn.
- Subscription revenue was ~INR1bn during the quarter.
- Revenue from other sales and services totalled INR521mn in Q4FY25.

Zee5

- Revenue grew by 6.1% YoY in FY25.
- A total of 20 original shows and movies were released in FY25.
- EBITDA loss declined by 50% YoY, reflecting progress on cost optimisation and efficiency.
- The platform remained among the top three in terms of active subscriber base.
- Revenue growth was largely driven by content syndication and may not be consistent going forward.
- In Dec-24, the company implemented a strategic pricing shift for regional language content to better align with market demand.

Zee Music

- Zee Music Company is the second-largest music label with ~164mn subscribers across its YouTube channels.
- The regional content remains the strength.
- The total number of video views across ZMC's YouTube channels reached 190bn in FY25.
- ZMC added 14.7mn new subscribers during the year, driven by new acquisitions and an expanded music catalogue.
- In FY25, ZMC acquired rights for 47 Hindi titles, 57 in regional languages, and 593 singles/albums.
- Notable catalogue additions in Q4 FY25 include Sikandar, Emergency, and Azaad.

Zee Studio

- Five Hindi movies and three other language movies released during Q4FY25.

Viewership growth

- In FY25, the company's weekly reach was 750mn compared with 757mn in FY24.
- Weekly impression stood at 28.7bn in FY25 compared with 29.4bn in FY24.
- Zee Network share was at 16.6% in Q4FY25, a decline of 30bp from Q3FY25.
- Zee TV, Zee Marathi and Zee Tamil are in focus from viewership point and Zee Kannada, Zee Bangla, Zee Sarthak, Zee Punjabi, Zee Telugu & Hindi movies/Cinema are in focus from Monetisation view.

Launches and releases in Q4FY25

- Chirodini Tumi Je Amar (Zee Bangla), Naa Ninna Bidalaare (Zee Kannada), Lakshmi Nivasam (Zee Telugu), Gatti Melam (Zee Tamil), Chal Bhava Citit (Zee Marathi), Bharjari Bachelors S2 (Zee Kannada).

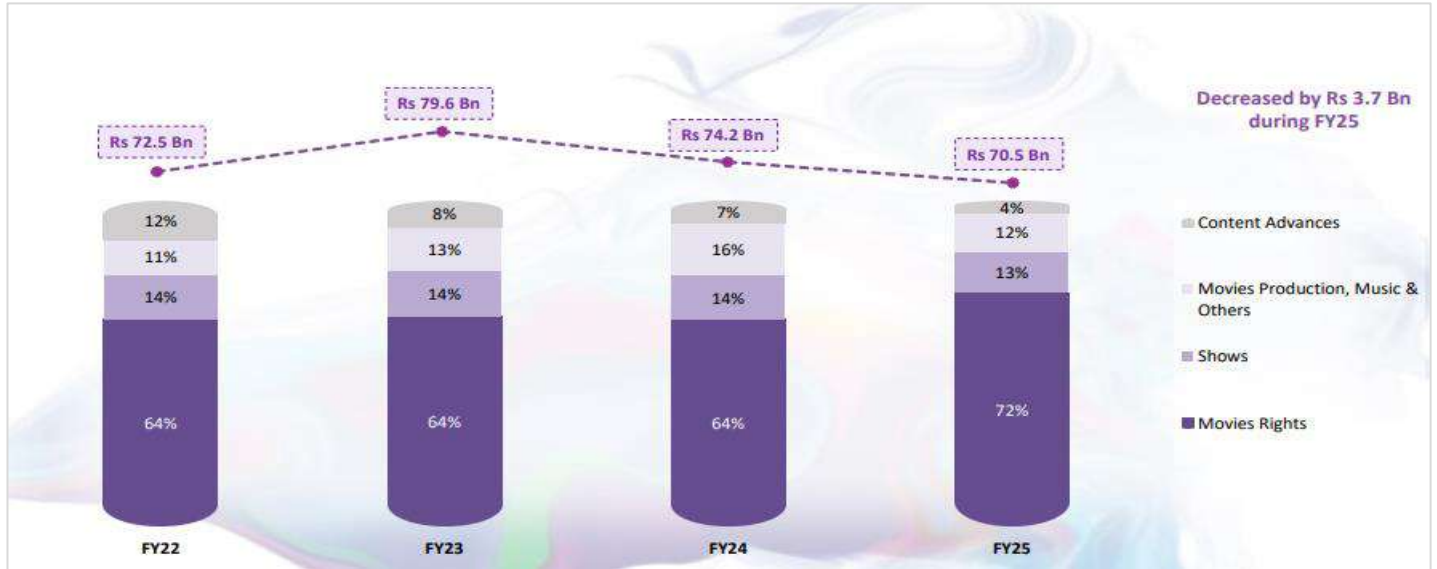
Pipeline for Q1FY26E

- The pipeline includes Kingston, Log Out, Costao and Daveed.

Strategy

- Re-entry into FTA space as it will help to increase ad revenue.
- Mini-series and Zee5 will be growth factors.
- Currently at optimal level of cost rationalisation.

Exhibit 2: Content inventory and advances continues to decline in FY25 driven by optimised acquisition



Source: Company, Nuvama Research

Exhibit 3: Q1FY26E ZEE5 movies/shows slate



Source: Company, Nuvama Research

Exhibit 4: Consolidated financial snapshot (INR mn)

Year to March	Q4FY25	Q4FY24	% change	Q3FY25	% change
Revenues	21,841	21,699	0.7	19,788	10.4
Advertisement	8,375	11,102	(24.6)	9,406	(11.0)
Subscription	9,865	9,494	3.9	9,825	0.4
Others	3,601	1,103	226.4	557	546.5
Total revenues	21,841	21,699	0.7	19,788	10.4
Transmission & programming	12,819	12,830	(0.1)	9,968	28.6
Employee costs	2,300	2,553	(9.9)	2,433	(5.5)
Selling & Adm expenses	3,745	4,215	(11.2)	4,180	(10.4)
Total expenditure	18,864	19,598	(3.7)	16,581	13.8
EBITDA	2,977	2,102	41.7	3,207	(7.2)
Depreciation	639	772	(17.2)	658	(2.9)
EBIT	2,338	1,330	4.1	2,549	(8.3)
Less: Interest Expense	81	69	17.4	108	(25.0)
Add: Other income	362	154	135.1	345	4.9
Add: Exceptional items	1	(276)	NM	(808)	NM
Profit before tax	2,620	1,138	130.2	1,978	32.5
Less: Provision for Tax	734	1,018	(27.9)	342	114.6
Reported Profit	1,886	120	1,467.7	1,636	15.3
Adjusted Profit	1,885	198	853.3	2,345	(19.6)
Adjusted Diluted EPS	2.0	0.2	853.3	2.4	(19.6)
Tax rate (%)	28.0	89.4		17.3	
As % of net revenues					
Transmission & programming	58.7	59.1	(43)	50.4	832
Employee costs	10.5	11.8	(123)	12.3	(176)
Selling & Adm expenses	17.1	19.4	(228)	21.1	(398)
EBITDA	13.6	9.7	395	16.2	(258)
Net profit margins	8.6	0.9	772	11.8	(322)

Source: Company, Nuvama Research

Company Description

ZEE Entertainment Enterprises (ZEE) is one of the largest media companies in India. It owns and operates Zee TV and Zee Cinema, leading channels in the Hindi GEC and movies segments, respectively. Besides these two, the company has an attractive bouquet of several other channels including & pictures, &TV, ZEE Anmol, Zindagi, Zing, Zee Classic, Zee Action, Zee Café and Zee Studios. With the likes of Zee Marathi, Zee Bangla, Zee Telugu, and Zee Kannada, the company has an impressive bouquet of regional channels.

Investment Theme

Sector macros recovery, improvement in its market share in regional and movies genres and new launches will aid ad revenue growth. Higher penetration of DTH and the digitisation process augur well for faster growth in subscription revenue over the long term. Cautious investment in the movie production is positive for the company. We believe ZEE is well poised to benefit from this favourable environment.

Key Risks

- Economic slowdown likely to reflect in advertisement revenues.
- Absence of sporting events and fresh programming likely to temper the subscription growth momentum in near term Competition from digital video streaming platforms.
- High competitive intensity in the OTT/streaming space

Additional Data

Management

CEO	Punit Goenka
CFO	Mukund Galgani
CS	Ashish Agarwal
Chairman	R. Gopalan
Auditor	Walker Chandio & Co LLP

Holdings – Top 10*

% Holding		% Holding	
Vanguard Group	5.72	ICICI Prudential	3.04
Sprucegrove Inv	5.00	Blackrock Inc	2.98
Life Insurance	4.49	Vanguard Intern	2.27
Norges Bank	3.94	FundRock Manage	1.73
HDFC asset Mana	3.66	HDFC Life Insur	1.57

*Latest public data

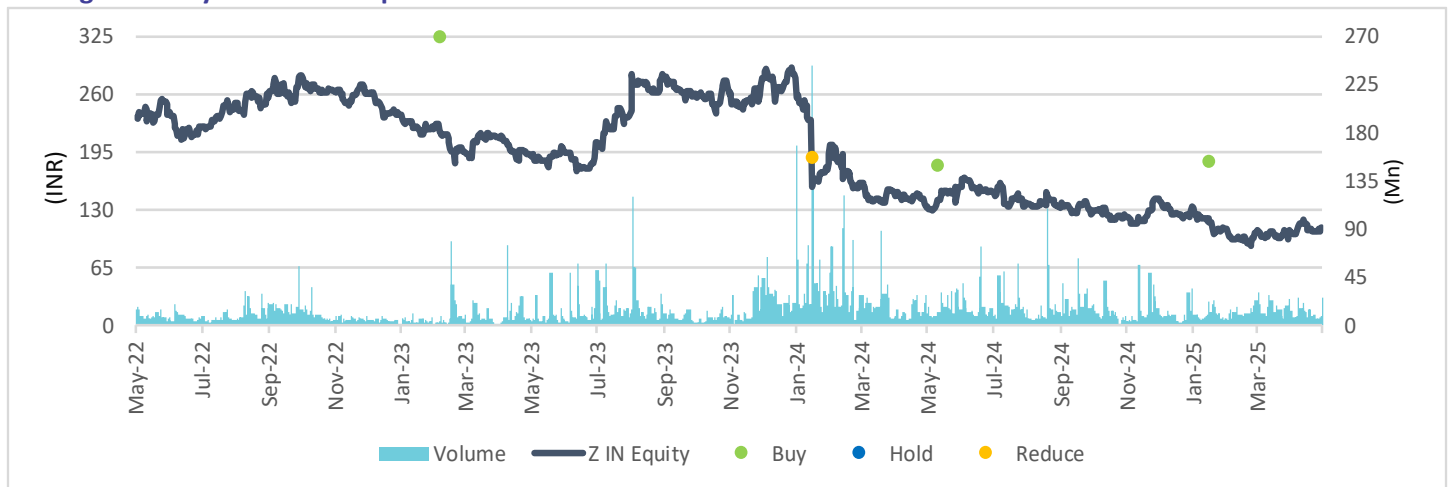
Recent Company Research

Date	Title	Price	Reco
06-Mar-25	Promoter buying: Tempting valuation; <i>Nuvama Flash</i>	98	Buy
23-Jan-25	Margins surprise positively; <i>Result Update</i>	122	Buy
18-Oct-24	Impressive cost control; <i>Result Update</i>	132	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
02-Apr-25	Media	Subdued showing; <i>Sector Update</i>
17-Mar-25	PVR INOX	Strong uptick in first two months; <i>Nuvama Flash</i>
12-Feb-25	SAREGAMA INDIA	Live events steal the show; <i>Result Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	210
Hold	<15% and >-5%	60
Reduce	<-5%	34

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