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India | Equity Research | Results Update

Zee Entertainment

Media

Zee5 saves the day in a sports-dominated quarter

Q4FY25 ad revenues were impacted (-11% QoQ/-24.6% YoY) by ad wallet recalibration towards cricket (CT and IPL). Q1FY26E is also likely to be impacted, in our view, due to IPL and geopolitical volatility. However, ad revenue recovery hopes persist given consolidation in linear broadcasting and clear intent from HUL’s leadership to invest in brands (link). Zee5 revenue growth accelerated to 16% YoY in Q4FY25, from 3% YoY in 9MFY25 aided by meaningful contribution from syndication deals (content sharing with other OTTs) and unbundling of content to cater to specific language preferences. Growth in ZEE Music remained subdued given sustained consolidation in streaming platforms. This should improve from FY26E (low base). Management reiterated its 18–20% EBITDA guidance by Q4FY26. Maintain **BUY**.

Q4FY25 performance

ZEEL’s overall ad revenue was down 11% QoQ/24.6% YoY to INR 8.4bn. Domestic ad revenue declined 11.6% QoQ/27% YoY to INR 7.9bn. Subscription revenue remained flat QoQ/up 3.9% YoY in Q4FY25 to INR 9.9bn. ZEEL’s consol. revenue was up 10.4% QoQ/0.7% YoY to INR 21.8bn, 4.8% lower than our estimate.

Employee expenses was INR 2.3bn, down 5.5% QoQ/9.9% YoY. EBITDA was INR 2.9bn (down 10.4% QoQ/up 35.7% YoY), against I-Sec’s INR 2.7bn estimate. EBITDA margin was 13.1%, (+337bps YoY). ZEEL reported consol. profit of INR 1.9bn.

ZEE5 performance

ZEE5’s revenue was up 13.8% QoQ/16% YoY to INR 2.7bn, as EBITDA loss reduced to INR 753mn in Q4FY25 (vs. INR 2.7bn in Q4FY24). 16 shows and movies were released during Q4FY25.

Management commentary

Management reiterated its guidance of achieving 8–10% overall revenue growth and an 18–20% EBITDA margin by Q4FY26. Notably, they emphasised that margin expansion would be driven primarily by revenue growth rather than cost rationalisation.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	82,941	86,609	93,800	99,712
EBITDA	11,962	14,608	16,836	18,969
EBITDA Margin (%)	14.4	16.9	17.9	19.0
Net Profit	6,874	8,062	9,524	10,930
EPS (INR)	7.2	8.4	9.9	11.4
EPS % Chg YoY	55.4	8.6	18.1	14.8
P/E (x)	14.4	13.2	11.2	9.8
EV/EBITDA (x)	7.0	5.7	4.8	4.0
RoCE (%)	7.2	7.7	8.7	9.6
RoE (%)	6.8	7.0	7.8	8.4

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Market Data

Market Cap (INR)	107bn
Market Cap (USD)	1,247mn
Bloomberg Code	Z IN
Reuters Code	ZEE.BO
52-week Range (INR)	169 /89
Free Float (%)	96.0
ADTV-3M (mn) (USD)	16.8

Price Performance (%)	3m	6m	12m
Absolute	1.5	(9.4)	(17.3)
Relative to Sensex	(1.7)	(10.5)	(26.7)

ESG Score	2022	2023	Change
ESG score	56.9	70.8	13.9
Environment	36.5	54.2	17.7
Social	41.0	75.5	34.5
Governance	75.9	74.3	(1.6)

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.
Source: SES ESG, I-sec research

Previous Reports

24-01-2025: [Q3FY25 results review](#)
20-10-2024: [Q2FY25 results review](#)

A key lever for top-line improvement is the re-entry into the Free TV space, which is expected to support advertising revenue growth. Additionally, the company will focus on expanding regional language content to drive subscription growth across both linear and digital platforms.

Advertising revenue is expected to grow in high single-digits going forward. Management highlighted that industry consolidation is beginning to yield benefits in content acquisition (films and OTT), although these gains are not yet visible in reported production costs. Domestic advertising revenue declined 27% YoY impacted by a weak macro environment, the postponement of Zee Cine Awards, a crowded sports calendar, and a high base in Q4FY24. Subscription revenue saw a recovery, driven by tariff revisions implemented by Distribution Platform Operators (DPOs).

In music, Zee Music remains the second-largest label with ~164mn YouTube subscribers. Growth has moderated to single-digits due to the shutdown of several music apps, though underlying trends remain stable. A reset in the base is expected to support growth FY26 onwards.

Zee5's revenue grew 16% YoY, aided by syndication deals (Emergency and Deva to Netflix, Fateh and Loveyapa to Disney Hotstar). The platform also introduced regional-specific subscription packages. Management continues to target break-even for Zee5 by FY27.

The company has recommended a final dividend of ~INR 2.4 per share for FY25.

Valuation

We maintain **BUY** with a TP of INR 185, based on 20x one-year forward P/E multiple (FY27E). Key risks: Slower recovery in ad/subscription revenue, and slower execution of cost optimisation measures.

Exhibit 1: Q4FY25 review

INR mn	Q4FY25	Q3FY25	Q4FY24	QoQ(%)	YoY(%)	vs lsec	Diff. (%)
Total income	21,841	19,788	21,699	10.4	0.7	20,836	4.8
Total advertising	8,375	9,406	11,102	-11.0	-24.6	8,842	-5.3
Total subscription	9,865	9,825	9,494	0.4	3.9	9,494	3.9
Others sales	3,601	557	1,103	546.5	226.5	2,500	44.0
Cost of revenues	12,819	9,968	12,830	28.6	-0.1	9,968	28.6
% of revenue	58.7	50.4	59.1			47.8	
Gross profit	9,022.0	9,820.0	8,868.8	-8.1	1.7	10,867.6	-17.0
Gross profit margin (%)	41.3	49.6	40.9			52.2	
Employee cost	2,300	2,433	2,552	-5.5	-9.9	2,433	-5.5
% of revenue	10.5	12.3	11.8			11.7	
Other expenses	870	2,977	1,573	-70.8	-44.7	2,977	-70.8
% of revenue	4.0	15.0	7.2			14.3	
Ad and publicity expenses	3,000	1,226	2,642	144.7	13.6	2,751	9.1
% of revenue	13.7	6.2	12.2			13.2	
Total expenses	18,989	16,604	19,597	14.4	-3.1	18,129	4.7
EBITDA	2,852	3,184	2,102	-10.4	35.7	2,707	5.4
EBITDA margin (%)	13.1	16.1	9.7	-303	337	13.0	
Depreciation	639	658	772	-2.9	-17.2	658	-2.9
EBIT	2,213	2,526	1,330	-12.4	66.4	2,049	8.0
EBIT margin (%)	10.1	12.8	6.1			9.8	
Other income	362	345	154	4.9	135.1	345	4.9
Finance cost	81	108	69	-25.0	17.4	108	-25.0
PBT	2,619	2,786	1,415	-6.0	85.1	2,309	13.4
Tax expenses	734	342	1,018			577	
ETR (%)	28.0	12.3	71.9			25.0	
Exceptions	-	809	276			-	
Minority	1.0	1.0	0.7			1.0	
PAT after minority	1,886	1,636	121	15	1452	1,732.6	8.9
Net profit margin (%)	8.6	8.3	0.6			8.3	

Source: I-Sec research, Company data

Exhibit 2: Shareholding pattern

%	Sep'24	Dec'24	Mar'25
Promoters	4.0	4.0	4.0
Institutional investors	41.2	38.1	38.4
MFs and others	15.9	11.5	9.5
FIs/Banks	0.0	0.3	0.0
Insurance	6.4	6.2	6.1
FIIIs	18.9	20.1	22.8
Others	54.8	57.9	57.6

Source: Bloomberg, I-Sec research

Exhibit 3: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 4: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Net Sales	82,941	86,609	93,800	99,712
Operating Expenses	25,807	25,283	26,835	27,955
EBITDA	11,962	14,608	16,836	18,969
EBITDA Margin (%)	14.4	16.9	17.9	19.0
Depreciation & Amortization	2,785	4,427	4,683	4,924
EBIT	9,177	10,181	12,153	14,044
Interest expenditure	327	343	361	379
Other Non-operating Income	1,393	1,296	1,360	1,429
Recurring PBT	10,243	11,133	13,153	15,094
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	2,387	3,071	3,629	4,164
PAT	7,856	8,062	9,524	10,930
Less: Minority Interest	4	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	6,870	8,062	9,524	10,930
Net Income (Adjusted)	6,874	8,062	9,524	10,930

Source Company data, I-Sec research

Exhibit 5: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	1,06,614	1,08,493	1,16,482	1,25,361
of which cash & cash eqv.	12,500	12,595	15,231	20,359
Total Current Liabilities & Provisions	18,003	18,684	19,547	20,192
Net Current Assets	88,611	89,809	96,935	1,05,169
Investments	11,947	11,947	11,947	11,947
Net Fixed Assets	6,742	11,367	11,716	12,077
ROU Assets	-	-	-	-
Capital Work-in-Progress	14	531	561	589
Total Intangible Assets	3,304	3,304	3,304	3,304
Other assets	4,619	4,850	5,092	5,347
Deferred Tax Assets	-	-	-	-
Total Assets	1,15,237	1,21,808	1,29,554	1,38,433
Liabilities				
Borrowings	1,580	1,580	1,580	1,580
Deferred Tax Liability	(4,101)	(4,101)	(4,101)	(4,101)
provisions	-	-	-	-
other Liabilities	2,424	2,545	2,672	2,807
Equity Share Capital	961	961	961	961
Reserves & Surplus	1,14,373	1,20,822	1,28,442	1,37,186
Total Net Worth	1,15,334	1,21,783	1,29,402	1,38,146
Minority Interest	-	-	-	-
Total Liabilities	1,15,237	1,21,807	1,29,554	1,38,433

Source Company data, I-Sec research

Exhibit 6: Quarterly trend

(INR mn, year ending March)

	Jun-24	Sep-24	Dec-24	Mar-25
Net Sales	21,305	20,007	19,788	21,841
% growth (YOY)	7.4	(17.9)	(3.3)	0.7
EBITDA	2,717	3,210	3,184	2,852
Margin %	12.8	16.0	16.1	13.1
Other Income	190	337	345	362
Net profit	1257	2,095	1,635	1886

Source Company data, I-Sec research

Exhibit 7: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	11,860	10,428	8,711	11,692
Working Capital Changes	739	(1,109)	(4,496)	(3,113)
Capital Commitments	(916)	(9,569)	(5,061)	(5,314)
Free Cashflow	12,776	19,998	13,772	17,005
Other investing cashflow	(15,158)	1,192	1,251	1,314
Cashflow from Investing Activities	(16,074)	(8,378)	(3,809)	(4,000)
Issue of Share Capital	-	-	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	-	-	-	-
Dividend paid	(961)	(1,612)	(1,905)	(2,186)
Others	1,217	(343)	(361)	(378)
Cash flow from Financing Activities	228	(1,956)	(2,265)	(2,564)
Chg. in Cash & Bank balance	(3,986)	95	2,636	5,128
Closing cash & balance	7,946	12,595	15,231	20,359

Source Company data, I-Sec research

Exhibit 8: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	7.7	8.4	9.9	11.4
Adjusted EPS (Diluted)	7.2	8.4	9.9	11.4
Cash EPS	10.6	13.0	14.8	16.5
Dividend per share (DPS)	7.2	1.7	2.0	2.3
Book Value per share (BV)	120.1	126.8	134.7	143.8
Dividend Payout (%)	92.6	20.0	20.0	20.0
Growth (%)				
Net Sales	(4.0)	4.4	8.3	6.3
EBITDA	31.9	22.1	15.3	12.7
EPS (INR)	55.4	8.6	18.1	14.8
Valuation Ratios (x)				
P/E	14.4	13.2	11.2	9.8
P/CEPS	10.5	8.5	7.5	6.7
P/BV	0.9	0.9	0.8	0.8
EV / EBITDA	7.0	5.7	4.8	4.0
P / Sales	1.3	1.2	1.1	1.1
Dividend Yield (%)	0.1	0.0	0.0	0.0
Operating Ratios				
Gross Profit Margins (%)	45.5	46.1	46.6	47.1
EBITDA Margins (%)	14.4	16.9	17.9	19.0
Effective Tax Rate (%)	23.3	27.6	27.6	27.6
Net Profit Margins (%)	9.5	9.3	10.2	11.0
NWC / Total Assets (%)	0.8	0.8	0.7	0.7
Net Debt / Equity (x)	(0.2)	(0.2)	(0.2)	(0.2)
Net Debt / EBITDA (x)	(1.9)	(1.6)	(1.5)	(1.6)
Profitability Ratios				
RoCE (%)	7.2	7.7	8.7	9.6
RoE (%)	6.8	7.0	7.8	8.4
RoIC (%)	8.0	7.8	9.1	10.2
Fixed Asset Turnover (x)	9.4	12.8	7.9	8.1
Inventory Turnover Days	413	390	376	381
Receivables Days	71	66	65	65
Payables Days	92	80	78	76

Source Company data, I-Sec research

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