

July 23, 2025

Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	177		179	
Sales (Rs. m)	87,095	94,216	88,630	95,876
% Chng.	(1.7)	(1.7)		
EBITDA (Rs. m)	14,719	18,089	15,865	18,983
% Chng.	(7.2)	(4.7)		
EPS (Rs.)	9.9	12.6	10.8	11.9
% Chng.	(8.2)	5.8		

Our current EPS is not comparable with the previous estimate as it included the dilution impact arising from warrant conversion

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	86,372	82,941	87,095	94,216
EBITDA (Rs. m)	9,071	11,962	14,719	18,089
Margin (%)	10.5	14.4	16.9	19.2
PAT (Rs. m)	4,738	7,701	9,532	12,129
EPS (Rs.)	4.9	8.0	9.9	12.6
Gr. (%)	(18.5)	62.5	23.8	27.2
DPS (Rs.)	1.0	2.4	2.5	3.2
Yield (%)	0.7	1.8	1.9	2.4
RoE (%)	4.4	6.9	8.0	9.5
RoCE (%)	5.4	8.0	9.7	11.6
EV/Sales (x)	1.4	1.3	1.2	1.0
EV/EBITDA (x)	13.0	8.9	6.8	5.2
PE (x)	27.1	16.7	13.5	10.6
P/BV (x)	1.2	1.1	1.0	1.0

Key Data

ZEE.BO | Z IN

52-W High / Low	Rs.155 / Rs.89
Sensex / Nifty	82,187 / 25,061
Market Cap	Rs.128bn/ \$ 1,488m
Shares Outstanding	961m
3M Avg. Daily Value	Rs.2424.68m

Shareholding Pattern (%)

Promoter's	3.99
Foreign	24.81
Domestic Institution	16.75
Public & Others	54.44
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	0.5	13.4	(0.5)
Relative	0.8	5.4	(2.5)

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Recovery likely be to back-ended

Quick Pointers:

- Despite a 16.8% YoY decline in ad-revenue to Rs7,585mn, aspirational guidance of achieving ~8-10% growth in FY26E remains intact.
- ZEE5's EBITDA loss of Rs658mn is at an all-time low.

We cut our PAT estimates by 8%/10% for FY26E/FY27E amid subdued performance in 1QFY26. Z IN reported weak set of numbers as top-line declined 14.3% YoY to Rs18,248mn (PLe Rs19,733mn) with an EBITDA margin of 12.5% (PLe 12.0%). 1QFY26's performance was a partial aberration marred by 1) weak subscription revenue growth amid ongoing negotiations with MSOs, 2) no material benefit arising from Zee Anmol's re-entry into FTA as it takes time to build viewership, and 3) absence of big-budget releases. As a result, despite a sub-par quarter, we expect 6.6% revenue CAGR over next 2 years with EBITDA margin of 16.9%/19.2% in FY26E/FY27E given 1) viewership share is showing signs of improvement having surpassed 18% mark in July-25, 2) benefit of ZEE Anmol's re-entry into FTA market is likely to materialize soon, and 3) digital business is expected to achieve EBITDA break-even in FY27E. Backed by sharp earnings recovery and attractive valuations (13.4x/10.5x our FY26E/FY27E EPS) we maintain BUY with a TP of Rs177 (14x FY27E EPS; earlier 15x).

Top line decreased 14.3% YoY: Revenue decreased by 14.3% YoY to Rs18,248mn (PLe Rs19,733mn). Domestic ad-revenue declined 19.2% YoY to Rs7,025mn, primarily due to extended sports calendar and slowdown in spending by FMCG companies. However, total subscription revenues remained flat at Rs9,817mn (PLe Rs10,268mn). Meanwhile, other sales and services revenue declined sharply by 63.5% YoY to Rs846mn (PLe Rs1,508mn) due to absence of major releases.

EBITDA margin stood at 12.5%: EBITDA decreased 16.1% YoY to Rs2,280mn (PLe Rs2,368mn) with a margin of 12.5% (PLe 12.0%). Reported PAT stood at Rs1,437mn with a margin of 7.9%. After adjusting for a fair value gain on financial instruments of Rs109mn, adjusted PAT declined 14.5% YoY to Rs1,328mn (PLe Rs1,404mn).

ZEE5's revenue increased 29.6% YoY: ZEE5's revenue increased by 29.6% YoY to Rs2,900mn. 17 new shows/movies were launched including 5 originals in 1QFY26 and EBITDA loss declined to Rs658mn.

Con-call highlights: 1) Subscription revenue declined marginally during the quarter due to fall in Pay TV subscribers and pending negotiations with MSO's. 2) ZEE5 has introduced 7 new language packs. Currently, these packs are sold directly to consumers and are not a part of any B2B deals. 3) Aspirational guidance of ~8-10% ad-revenue growth in FY26E remains intact. 4) Viewership share for June stood at 17.8% with July crossing the 18% mark. Some of the markets like Hindi, Marathi, Kannada, Bangla and Odiya have seen an improvement in viewership. 5) Ad-revenue recovery may materialize in 2HFY26E as benefit of Zee Anmol's re-entry into FTA is likely to be back-ended. 6) Aspirational EBITDA margin guidance of ~18-20% for FY26E is after factoring in all planned investments. 7) Zee Studios plans to release ~20-25 films in FY26E. 8) The dip in cash balance this quarter reflects the cyclical nature of collections in subscription business and increased content investments.



Exhibit 1: 1QFY26 Result Overview - Consolidated (Rs mn)

Consolidated (Rs mn)	Q1FY26	Q1FY25	YoY gr.	Q1FY26E	Var	Q4FY25	QoQ gr.	FY26E	FY25	YoY gr.
Net Sales	18,248	21,305	-14.3%	19,733	-7.5%	21,841	-16.5%	87,095	82,941	5.0%
Operational cost	9,710	11,770	-17.5%	10,755	-9.7%	12,819	-24.3%	45,725	45,172	1.2%
<i>As a % of sales</i>	<i>53.2%</i>	<i>55.2%</i>		<i>54.5%</i>		<i>58.7%</i>		<i>52.5%</i>	<i>54.5%</i>	
Employee expenses	2,201	2,258	-2.5%	2,368	-7.1%	2,300	-4.3%	9,755	9,266	5.3%
<i>As a % of sales</i>	<i>12.1%</i>	<i>10.6%</i>		<i>12.0%</i>		<i>10.5%</i>		<i>11.2%</i>	<i>11.2%</i>	
Other expenses	1,305	1,665	-21.6%	1,283	1.7%	870	50.0%	5,400	5,075	6.4%
<i>As a % of sales</i>	<i>7.2%</i>	<i>7.8%</i>		<i>6.5%</i>		<i>4.0%</i>		<i>6.2%</i>	<i>6.1%</i>	
A&P spends	2,752	2,896	-5.0%	2,960	-7.0%	3,000	-8.3%	11,497	11,466	0.3%
<i>As a % of sales</i>	<i>15.1%</i>	<i>13.6%</i>		<i>15.0%</i>		<i>13.7%</i>		<i>13.2%</i>	<i>13.8%</i>	
Total Expenditure	15,968	18,589	-14.1%	17,365	-8.0%	18,989	-15.9%	72,376	70,979	2.0%
EBITDA	2,280	2,717	-16.1%	2,368	-3.7%	2,852	-20.1%	14,719	11,962	23.0%
<i>EBITDA Margin</i>	<i>12.5%</i>	<i>12.8%</i>		<i>12.0%</i>		<i>13.1%</i>		<i>16.9%</i>	<i>14.4%</i>	
Depreciation	591	756	-21.8%	730	-19.1%	639	-7.5%	2,961	2,785	6.3%
EBIT	1,689	1,960	-13.8%	1,638	3.1%	2,213	-23.7%	11,758	9,177	28.1%
<i>EBIT Margin</i>	<i>9.3%</i>	<i>9.2%</i>		<i>8.3%</i>		<i>10.1%</i>		<i>13.5%</i>	<i>11.1%</i>	
Interest	77	55	39.0%	69	11.5%	81	-4.9%	276	327	-15.5%
Other income	250	190	31.6%	316	-20.8%	362	-30.9%	1,350	1,234	9.4%
Fair value (gain)/loss on financial instruments	(109)	11	NM	-	NM	(125)	NM	(109)	(159)	NM
PBT before exceptional items	1,971	2,084	-5.4%	1,885	4.6%	2,619	-24.7%	12,940	10,243	26.3%
Exceptional items	-	(286)	NM	-	NM	-	NM	-	(986)	NM
Share of profit in associates and joint ventures	1	1	11.1%	-	NM	1	0.0%	-	4	NM
PBT	1,972	1,799	9.6%	1,885	4.6%	2,620	-24.7%	12,940	9,261	39.7%
Tax	535	542	-1.3%	481	11.3%	734	-27.1%	3,300	2,387	38.2%
<i>Tax Rate</i>	<i>27.1%</i>	<i>30.1%</i>		<i>25.5%</i>		<i>28.0%</i>		<i>25.5%</i>	<i>25.8%</i>	
PAT	1,437	1,257	14.4%	1,404	2.4%	1,886	-23.8%	9,641	6,874	40.2%
<i>PAT Margin</i>	<i>7.9%</i>	<i>5.9%</i>		<i>7.1%</i>		<i>8.6%</i>		<i>11.1%</i>	<i>8.3%</i>	
Other comprehensive income	132	84	56.8%	-	NM	34	288.2%	-	411	NM
Adjusted PAT	1,328	1,554	-14.5%	1,404	-5.4%	1,761	-24.6%	9,532	7,701	23.8%
Loss from discontinued operations	-	(76)	NM	-	NM	(2)	NM	-	(79)	NM
PAT/Loss including discontinued operations	1,437	1,181	21.7%	-	NM	1,884	-23.7%	9,641	6,795	41.9%
EPS (Rs)	1.5	1.3	14.4%	1.5	2.4%	2.0	-23.8%	10.0	7.2	40.2%
Adjusted EPS	1.4	1.6	-14.5%	1.5	-5.4%	1.8	-24.6%	9.9	8.0	23.8%

Source: Company, PL Note: Adjusted PAT is prior to losses from discontinued operations

Exhibit 2: Domestic ad-revenue declined by 19.2% YoY in 1QFY26 (Rs mn)

Particulars (Rs mn)	Q1FY26	Q1FY25	YoY gr.	Q4FY25	QoQ gr.
Domestic ad-revenue	7,025	8,689	-19.2%	7,786	-9.8%
As a % of ad-revenue	92.6%	95.3%		93.0%	
International ad-revenue	560	424	32.1%	589	-4.9%
As a % of ad-revenue	7.4%	4.7%		7.0%	
Total ad-revenue	7,585	9,113	-16.8%	8,375	-9.4%
Domestic subscription revenue	8,931	8,848	0.9%	8,855	0.9%
As a % of subscription-revenue	91.0%	89.6%		89.8%	
International subscription revenue	886	1,024	-13.5%	1,010	-12.3%
As a % of subscription-revenue	9.0%	10.4%		10.2%	
Total subscription revenue	9,817	9,872	-0.6%	9,865	-0.5%
Other sales & services	846	2,320	-63.5%	3,601	-76.5%
Total Revenues	18,248	21,305	-14.3%	21,841	-16.5%

Source: Company, PL

Exhibit 3: ZEE5's EBITDA loss stood at Rs658mn in 1QFY26

Particulars	4QFY24	1QFY25	3QFY25	4QFY25	1QFY26
Global MAU	NA	NA	NA	NA	NA
Global DAU	NA	NA	NA	NA	NA
Average watch time (per viewer/per month)	NA	NA	NA	NA	NA
Revenue	Rs2,372mn	Rs2,237mn	Rs2,413mn	Rs2,747mn	Rs2,900mn
EBITDA	Rs(2,652mn)	Rs(1,777mn)	Rs(1,362mn)	Rs(753mn)	Rs(658mn)
Number of originals/movies released	16	13	14	16	16

Source: Company, PL.

Exhibit 4: Movie rights constitute 70% of the content pie in 1QFY26

Particulars (Rs bn)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Movie Rights	50.9	49.1	48.1	41.8	45.8	47.0	46.1	64.1	49.1
As % of total	64%	64%	64%	64%	65%	67%	66%	90%	70%
Shows	11.1	10.7	10.5	9.1	9.9	9.1	9.1	8.6	8.4
As % of total	14%	14%	14%	14%	14%	13%	13%	12%	12%
Movie production, Music & Others	11.1	10.7	10.5	15.1	9.9	8.4	9.1	6.5	9.1
As % of total	14%	14%	14%	23%	14%	12%	13%	9%	13%
Content advances & deposits	6.4	6.1	6.0	2.3	4.9	4.9	5.6	-4.2	2.8
As % of total	8%	8%	8%	3%	7%	7%	8%	-6%	4%
Grand Total (Inventory & advances/deposits)	79.6	76.7	75.2	65.3	70.5	70.1	69.9	71.5	70.2

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	86,372	82,941	87,095	94,216
YoY gr. (%)	6.8	(4.0)	5.0	8.2
Cost of Goods Sold	50,393	45,172	45,725	48,521
Gross Profit	35,979	37,769	41,370	45,695
Margin (%)	41.7	45.5	47.5	48.5
Employee Cost	10,188	9,266	9,755	10,175
Other Expenses	6,042	5,075	5,400	5,465
EBITDA	9,071	11,962	14,719	18,089
YoY gr. (%)	(17.6)	31.9	23.0	22.9
Margin (%)	10.5	14.4	16.9	19.2
Depreciation and Amortization	3,091	2,785	2,961	3,109
EBIT	5,980	9,177	11,758	14,980
Margin (%)	6.9	11.1	13.5	15.9
Net Interest	721	327	276	254
Other Income	1,331	1,393	1,459	1,555
Profit Before Tax	3,807	9,257	12,940	16,280
Margin (%)	4.4	11.2	14.9	17.3
Total Tax	1,818	2,387	3,300	4,152
Effective tax rate (%)	47.8	25.8	25.5	25.5
Profit after tax	1,989	6,870	9,641	12,129
Minority interest	-	-	-	-
Share Profit from Associate	4	4	-	-
Adjusted PAT	4,738	7,701	9,532	12,129
YoY gr. (%)	(18.5)	62.5	23.8	27.2
Margin (%)	5.5	9.3	10.9	12.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,993	6,874	9,641	12,129
YoY gr. (%)	(20.7)	245.0	40.2	25.8
Margin (%)	2.3	8.3	11.1	12.9
Other Comprehensive Income	95	411	-	-
Total Comprehensive Income	2,088	7,285	9,641	12,129
Equity Shares O/s (m)	961	961	961	961
EPS (Rs)	4.9	8.0	9.9	12.6

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	24,710	25,511	27,840	30,359
Tangibles	16,871	17,789	19,009	20,328
Intangibles	7,839	7,722	8,832	10,032
Acc: Dep / Amortization	16,464	19,249	22,210	25,319
Tangibles	10,473	12,283	14,208	16,229
Intangibles	5,991	6,966	8,002	9,090
Net fixed assets	8,736	6,742	6,110	5,520
Tangibles	6,888	5,986	5,281	4,579
Intangibles	1,848	756	830	941
Capital Work In Progress	121	40	40	40
Goodwill	3,303	3,304	3,304	3,304
Non-Current Investments	971	1,502	1,315	1,299
Net Deferred tax assets	4,542	4,101	3,235	2,768
Other Non-Current Assets	4,546	3,383	3,215	3,282
Current Assets				
Investments	-	11,564	11,564	11,564
Inventories	69,129	67,748	66,813	68,403
Trade receivables	17,016	15,325	16,226	17,811
Cash & Bank Balance	11,931	12,500	19,039	26,114
Other Current Assets	9,725	7,636	9,580	10,364
Total Assets	1,34,496	1,37,341	1,44,452	1,54,799
Equity				
Equity Share Capital	961	961	961	961
Other Equity	1,07,768	1,14,373	1,21,603	1,30,700
Total Network	1,08,729	1,15,334	1,22,564	1,31,661
Non-Current Liabilities				
Long Term borrowings	1,622	2,398	2,398	2,398
Provisions	1,671	1,579	1,394	1,413
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	14,355	11,907	12,169	12,906
Other current liabilities	8,120	6,123	5,927	6,421
Total Equity & Liabilities	1,34,497	1,37,341	1,44,452	1,54,799

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	3,811	9,261	12,940	16,280
Add. Depreciation	3,167	2,785	2,961	3,109
Add. Interest	724	296	276	254
Less Financial Other Income	1,331	1,393	1,459	1,555
Add. Other	(1,575)	(487)	(1,292)	131
Op. profit before WC changes	6,126	11,855	14,886	19,775
Net Changes-WC	3,418	739	297	(2,438)
Direct tax	(2,401)	(734)	(3,300)	(4,152)
Net cash from Op. activities	7,143	11,860	11,883	13,185
Capital expenditures	(1,087)	(880)	(2,329)	(2,519)
Interest / Dividend Income	465	583	-	-
Others	148	(15,738)	(327)	(305)
Net Cash from Inv. activities	(474)	(16,035)	(2,657)	(2,824)
Issue of share cap. / premium	-	-	-	-
Debt changes	(4)	1,997	-	-
Dividend paid	-	(961)	(2,410)	(3,032)
Interest paid	(671)	(120)	(276)	(254)
Others	(2,060)	(688)	-	-
Net cash from Fin. activities	(2,735)	228	(2,687)	(3,287)
Net change in cash	3,933	(3,947)	6,540	7,075
Free Cash Flow	5,838	10,944	9,554	10,666

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	4.9	8.0	9.9	12.6
CEPS	8.1	10.9	13.0	15.9
BVPS	113.2	120.1	127.6	137.1
FCF	6.1	11.4	9.9	11.1
DPS	1.0	2.4	2.5	3.2
Return Ratio(%)				
RoCE	5.4	8.0	9.7	11.6
ROIC	3.2	7.6	9.7	12.2
RoE	4.4	6.9	8.0	9.5
Balance Sheet				
Net Debt : Equity (x)	(0.1)	(0.2)	(0.2)	(0.3)
Net Working Capital (Days)	303	313	297	284
Valuation(x)				
PER	27.1	16.7	13.5	10.6
P/B	1.2	1.1	1.0	1.0
P/CEPS	16.4	12.3	10.3	8.4
EV/EBITDA	13.0	8.9	6.8	5.2
EV/Sales	1.4	1.3	1.2	1.0
Dividend Yield (%)	0.7	1.8	1.9	2.4

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	20,007	19,788	21,841	18,248
YoY gr. (%)	(17.9)	(3.3)	0.7	(14.3)
Raw Material Expenses	10,615	9,968	12,819	9,710
Gross Profit	9,392	9,820	9,022	8,538
Margin (%)	46.9	49.6	41.3	46.8
EBITDA	3,210	3,184	2,852	2,280
YoY gr. (%)	(3.5)	52.2	35.6	(16.1)
Margin (%)	16.0	16.1	13.1	12.5
Depreciation / Depletion	732	658	639	591
EBIT	2,478	2,526	2,213	1,689
Margin (%)	12.4	12.8	10.1	9.3
Net Interest	83	108	81	77
Other Income	359	368	487	359
Profit before Tax	2,863	1,977	2,619	1,971
Margin (%)	14.3	10.0	12.0	10.8
Total Tax	769	342	734	535
Effective tax rate (%)	26.9	17.3	28.0	27.1
Profit after Tax	2,094	1,635	1,885	1,436
Minority interest	-	-	-	-
Share Profit from Associates	1	1	1	1
Adjusted PAT	1,964	2,422	1,761	1,328
YoY gr. (%)	(21.3)	113.1	342.4	(14.5)
Margin (%)	9.8	12.2	8.1	7.3
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	2,095	1,636	1,886	1,437
YoY gr. (%)	61.3	206.7	1,448.4	14.4
Margin (%)	10.5	8.3	8.6	7.9
Other Comprehensive Income	124	169	34	132
Total Comprehensive Income	2,219	1,805	1,920	1,569
Avg. Shares O/s (m)	961	961	961	961
EPS (Rs)	2.2	1.7	2.0	1.5

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jul-25	BUY	179	146
2	04-Jul-25	BUY	179	144
3	09-May-25	BUY	137	111
4	09-Apr-25	Hold	123	108
5	24-Jan-25	Hold	137	121
6	09-Jan-25	Hold	138	134
7	19-Oct-24	Hold	145	132
8	08-Oct-24	Hold	143	127
9	01-Aug-24	Hold	157	149

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Chalet Hotels	BUY	1,130	859
2	Delhivery	BUY	444	410
3	DOMS Industries	BUY	3,087	2,456
4	Imagicaaworld Entertainment	BUY	93	66
5	Indian Railway Catering and Tourism Corporation	BUY	864	785
6	InterGlobe Aviation	BUY	6,691	5,802
7	Lemon Tree Hotels	BUY	175	147
8	Mahindra Logistics	Hold	312	364
9	Navneet Education	Hold	145	143
10	Nazara Technologies	Hold	1,241	1,357
11	PVR Inox	Hold	1,045	972
12	S Chand and Company	BUY	286	229
13	Safari Industries (India)	BUY	2,386	2,230
14	Samhi Hotels	BUY	308	221
15	TCI Express	Hold	778	744
16	V.I.P. Industries	UR	-	422
17	Zee Entertainment Enterprises	BUY	179	146

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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