



Pick of the week

Zee Entertainment Enterprises Ltd

Recommendation: **ADD**
Current Price: ₹321
Potential Upside: **16.8%**

Dated: **10th Jan 2022**
Time Period: **12 Month**
Target Price: ₹375

Why invest?

- Zee Entertainment Enterprises Ltd (Zee) and Sony (SPNI) have signed definitive agreements to merge. MergeCo would become India's #1 entertainment broadcast network with 28-30% market share.
- Zee and SPNI's channel portfolio is complementary to a large extent. A win-win for all— we expect Rs600-700 cr of merger synergies.
- We expect earnings to grow 24.3% in FY23E and 11.6% in FY24E.
- Success in OTT imperative for further re-rating as well as sustainability of current valuations.
- Our Fair Value of Rs375/share (for Zee) values the MergeCo at 20X FY24E PE (including synergies of Rs600 cr)