



### STOCK UPDATE

Result Update - Q3FY2026

### SECTOR

Media, Entertainment & Publication

### COMPANY DETAILS

Market cap:	Rs. 7,616 cr
52-week high/low:	Rs. 151/78
NSE volume: (No of shares)	74.6 lakh
BSE code:	505537
NSE code:	ZEEL
Free float: (No of shares)	92.2 cr

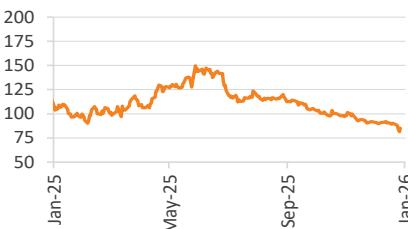
Source: NSE, BSE, Mirae Asset Sharekhan Research

### SHAREHOLDING (%)

Promoters	4.0
FII	24.2
DII	12.0
Others	59.8

Source: NSE, BSE, Mirae Asset Sharekhan Research

### PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

### PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-12.9	23.0	-31.9	-26.8
Relative to Sensex	-9.2	-19.6	-32.4	-35.5

Source: Mirae Asset Sharekhan Research, Bloomberg

## Zee Entertainment Enterprises Ltd

### Persistent Ad Weakness; Margin Recovery Slower than Guided

Reco/View: **BUY**

CMP: **Rs. 79**

Price Target: **Rs. 111**

#### Quick Snapshot

- Revenue stood at Rs. 2,280 crore, up 15.8% q-o-q (+15.2% y-o-y), on stable subscription revenues along with higher other sales and services. Digital business turned EBITDA positive.
- Ad revenue has been weak for a brief period of time, declining for third straight quarter in Q3FY26 but grew q-o-q. With FMCG ad spending critical for revenue and margin growth, Zee's near-term goal of 8-10% revenue growth and margins reaching ~18% in FY26 looks unachievable.
- There's ongoing risk from structural shifts in spending toward digital platforms, potentially leading to further downside in estimates.
- We trim FY27-FY28 estimates due to slower ad revenue recovery, steadier (but modest) subscription growth, and slower-than-expected margin improvement. Court case v/s Jio also represents operational uncertainty. Hence, we revise our price target to Rs. 111, valuing the company at 15.0x Dec'27 earnings and maintaining Buy rating.

#### Result overview

- Digital business delivered robust 73% y-o-y revenue growth to Rs 418 crore. Key contributors included higher syndication revenues, a revised pricing agreement with a major telco partner, and improved sequential advertising performance. The segment achieved a significant EBITDA turnaround to Rs 56.4 crore versus a prior-year loss of Rs 136 crore, reflecting materially improved operating leverage and profitability trajectory.
- Subscription revenue grew 2.7% q-o-q (up 6.9% y-o-y) to Rs 1,050 crore, primarily driven by growth in digital business and renewals of contracts with DPOs in the broadcast segment.
- Broadcast business:** Linear TV landscape remains stable, with weekly impressions consistently above 28 billion and weekly reach exceeding 730 million viewers. Z Network's share improved 60 bps y-o-y (down 30 bps q-o-q) to 17.5%.

#### Our Call

Ad revenue declined y-o-y for the third straight quarter in FY26 (though sequential improvement seen), remains below FY19 levels, and needs a strong FMCG pickup for growth/margin recovery; 8-10% revenue growth & ~18% margin target for FY26 looks unachievable. The structural shift to digital platforms adds downside risk; trimming FY27-FY28 estimates for slower ad recovery, modest subscription growth, and delayed margin improvement. Ongoing Jio litigation (seeking \$1 billion, hearing July 2026) adds uncertainty; revising target price to Rs 111 (15.0x Dec-27 earnings).

#### Key Risks

Weakness in linear ad revenue, structural spending shifts toward digital platforms, JioStar case verdict.

#### Valuation

Particulars	FY25	FY26E	FY27E	FY28E
Revenues	8,294.1	8,250.3	8,443.3	8,800.7
EBITDA Margins (%)	14.4	10.4	12.0	13.3
Adjusted net profit	770.1	495.1	626.1	747.9
% YoY growth	62.5	-35.7	26.5	19.5
EPS (Rs)	8.0	5.2	6.5	7.8
PE (x)	12.2	15.3	12.1	10.1
P/B (x)	0.8	0.6	0.6	0.6
EV/EBITDA (x)	7.5	5.4	4.1	5.8
RoE (%)	6.7	4.2	5.1	5.8
RoCE (%)	7.9	5.1	5.9	6.8

Source: Company; Mirae Asset Sharekhan estimates

### Concall Highlights:

- Advertising revenue stood at Rs 852 crore, up 5.6% q-o-q (down 9.5% y-o-y), reflecting in a sequential pick-up in the ad spends. The company notes positive advertiser conversations but limited visible impact yet from the GST cut or sustained FMCG brand-building spend. Management expects gradual recovery, driven by network share gains, ongoing digital growth, and rising FMCG brand investments.
- Q3 results:** EBITDA stood at 241 crore, up 64.3% q-o-q (-24.3% y-o-y), resulting in margin improving sequentially by 311bps (down 554 bps) to 10.5%. APAT stood at Rs 164 crore, up 114.9% q-o-q (down 32.8% y-o-y). PAT Margin expanded 332bps q-o-q (down 515 bps y-o-y) to 7.2%. Programming and operating costs 11.9% q-o-q primarily due to higher programming costs, on account of preponement of the ILT20 cricket matches into Q3 and acquisition Kantara: Chapter 1, and Akhanda 2.
- Zee5 ARR and profitability update:** Zee5 surpassed an ARR of Rs. 1,000 crore, positioning the vertical for medium-term profitability. Despite high-base effects, Zee5 remains the portfolio's primary growth driver. Following 1Q EBITDA positivity, management reaffirmed a FY26 break-even target through cost discipline and operating leverage. Growth momentum is supported by the Q2 launch of multi-language packs and the recent "Kids" vertical expansion. There was an inclusion of catch-up revenue from telecom device pricing agreements and syndication income. Management confirmed that the vertical remains at break-even even after stripping away these one-time gains.
- JioStar Arbitration:** In August 2022, Zee Entertainment entered into a binding term sheet with JioStar (then Star India) for a proposed merger, but the deal was terminated in January 2024 after JioStar alleged material breaches by Zee. JioStar has updated its damage claim to \$1 billion. The next hearing is scheduled for Jul'26 while the verdict will follow after the hearing.
- Other details:** Depreciation and amortization have been declining due to lower capitalization in recent years and a reduced rate of fixed asset additions. Zee has deferred next tranche of FCCB drawdown until there is a clear visibility on cash utilization.

### Results

Particulars	Q3FY26	Q3FY25	Q2FY26	YoY (%)	QoQ (%)
Advertising Revenues	852	941	806	-9.5	5.6
Subscriptions Revenues	1,050	983	1,023	6.9	2.7
Other sales and Services	378	56	140	579.4	170.5
<b>Total Revenue</b>	<b>2,280</b>	<b>1,979</b>	<b>1,969</b>	<b>15.2</b>	<b>15.8</b>
Programming and Operating Cost	1,306	997	1,078	31.0	21.1
<b>Gross Profit</b>	<b>975</b>	<b>982</b>	<b>891</b>	<b>-0.8</b>	<b>9.3</b>
Staff Cost	216	243	214	-11.2	0.9
Admin. & Selling Expenses	518	420	531	23.2	-2.4
<b>EBITDA</b>	<b>241</b>	<b>318</b>	<b>146</b>	<b>-24.5</b>	<b>64.3</b>
Depreciation	54	66	57	-18.4	-6.0
<b>EBIT</b>	<b>187</b>	<b>253</b>	<b>89</b>	<b>-26.0</b>	<b>109.2</b>
Financial instruments fair value gain/loss	15	2	13	556.5	19.8
Other Income	18	35	26	-46.7	-30.3
Finance Cost	9	11	13	-14.8	-29.2
PBT	211	279	115	-24.2	83.1
Tax Provision	47	34	39	37.1	20.6
Shares of associates	0	0	0	-100.0	-100.0
EO	9	81	0	-88.4	NA
PAT	155	164	76	-5.3	102.6
APAT	164	244	76	-32.8	114.9
EPS (Rs)	1.7	2.5	0.7	-32.8	114.9
<b>Margin (%)</b>					
EBITDA Margin	10.5	16.1	7.4	-554	311
EBIT Margin	8.2	12.8	4.5	-457	366
PBT Margin	9.3	14.1	5.9	-482	340
APAT Margin	7.2	12.4	3.9	-515	332

Source: Company; Mirae Asset Sharekhan Research

**Additional Data**

**Top 10 shareholders**

Sr. No.	Holder Name	Holding (%)
1	Vanguard Group	6.27
2	LIC	4.49
3	Norges Bank	3.99
4	Essel Media Ventures Ltd	3.45
5	Blackrock Inc	2.98
6	Vanguard International Value Fund	2.33
7	HDFC AMC	2.23
8	ICICI Pru AMC	2.01
9	Dimensional Fund Advisors LP	1.54
10	Vanguard Emerging Markets Stock	1.29

Source: Bloomberg

**Key management personnel**

Name	Designation
Mukund Galgali	Deputy CEO & CFO
Punit Goenka	CEO
Ankit Arora	Investor Relations

*Source: Company Website*

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