


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

 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	Rs cr			
	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

	Rs cr				
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
Total Revenue	2,280	1,979	1,969	15.2	15.8
Programming and Operating Cost	1,306	997	1,078	31.0	21.1
Gross Profit	975	982	891	-0.8	9.3
Staff Cost	216	243	214	-11.2	0.9
Admin. & Selling Expenses	518	420	531	23.2	-2.4
EBITDA	241	318	146	-24.5	64.3
Depreciation	54	66	57	-18.4	-6.0
EBIT	187	253	89	-26.0	109.2
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
Margin (%)					
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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Registered Office: 1st Floor, Tower No. 3, Equinox Business Park, LBS Marg, Off BKC, Kurla (West), Mumbai 400 070, Maharashtra, India. Tel: 022-67502000.

Correspondence/Administrative Office Address - Gigaplex IT Park, Unit No 1001, 10th floor, Building No.9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai - 400708. Tel: 022 61169000 / 61150000.

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited - (AMFI-registered Mutual Fund Distributor), Research Analyst Regn No.: INH000006183. CIN: U99999MH1995PLC087498.

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Compliance Officer: Mr. Joby John Meledan; Tel: 022-4657 3809; email id: complianceofficer@sharekhan.com

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