

Rating: BUY | CMP: Rs85 | TP: Rs133

January 23, 2026

Q3FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current FY27E	Previous FY28E	Current FY27E	Previous FY28E
Rating	BUY	BUY	BUY	BUY
Target Price	133	158	133	158
Sales (Rs. m)	89,121	96,481	89,231	96,630
% Chng.	(0.1)	(0.2)		
EBITDA (Rs. m)	13,814	16,112	16,418	18,843
% Chng.	(15.9)	(14.5)		
EPS (Rs.)	9.4	11.1	11.3	13.1
% Chng.	(16.6)	(15.6)		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	82,941	82,453	89,121	96,481
EBITDA (Rs. m)	11,962	8,823	13,814	16,112
Margin (%)	14.4	10.7	15.5	16.7
PAT (Rs. m)	7,701	5,099	9,063	10,638
EPS (Rs.)	8.0	5.3	9.4	11.1
Gr. (%)	62.5	(33.8)	77.7	17.4
DPS (Rs.)	2.4	1.7	2.4	2.8
Yield (%)	2.9	2.0	2.8	3.3
RoE (%)	6.9	4.3	7.3	8.1
RoCE (%)	8.0	5.4	9.0	10.0
EV/Sales (x)	0.7	0.6	0.5	0.5
EV/EBITDA (x)	5.0	5.7	3.4	3.0
PE (x)	10.6	16.0	9.0	7.7
P/BV (x)	0.7	0.7	0.6	0.6

Key Data

ZEE.BO | Z IN

52-W High / Low	Rs.152 / Rs.81
Sensex / Nifty	82,307 / 25,290
Market Cap	Rs.82bn/ \$ 892m
Shares Outstanding	961m
3M Avg. Daily Value	Rs.663.33m

Shareholding Pattern (%)

Promoter's	3.99
Foreign	24.21
Domestic Institution	11.98
Public & Others	59.81
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(7.5)	(36.4)	(27.9)
Relative	(3.8)	(36.5)	(33.1)

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ZEE5 registers a turnaround

Quick Pointers:

- ZEE5 reports maiden EBITDA margin of 13.5%.

Despite a turnaround in the digital business, we cut our EPS estimates by 17%/16% for FY27E/FY28E as recovery in linear TV business is expected to take longer than expected amid prolonged slowdown in FMCG spending. Z IN reported weak set of numbers as domestic ad-revenue declined for 7th quarter in a row with an EBITDA margin of 10.5% (PLe 12.0%). Led by improvement in viewership share (17.5% in 3QFY26; up 60 bps YoY) and continued momentum in the digital business we expect revenue CAGR of 5.2% over the next 3 years with EBITDA margin of 10.7%/15.5%/16.7% in FY26E/FY27E/FY28E. Backed by sharp earnings recovery and attractive valuations (9x/7.7x our FY27E/FY28E EPS) we maintain BUY with a TP of Rs133 (earlier Rs158). We have revised our target P/E multiple to 12x (earlier 14x) as we roll forward our valuation to FY28E.

Top line grew by 15.2% YoY: Revenue increased 15.2% YoY to Rs22,801mn (PLe Rs23,183mn). Ad revenues declined by 9.5% YoY to Rs8,515mn amid prolonged slowdown in FMCG spending. Subscription revenues increased by 6.9% YoY to Rs10,502mn led by digital segment while other sales and services recorded a revenue of Rs3,784mn driven largely by sale of distribution rights of 2 blockbuster movies, namely Kantara: Chapter 1 and Akhanda 2.

EBITDA margin declined to 10.5%: EBITDA declined 24.5% YoY to Rs2,405mn (PLe Rs2,782mn, CE Rs2,771mn) with a margin of 10.5% (PLe 12.0%) impacted by higher content cost and A&P spends. After adjusting for a fair value gain on financial instruments of Rs151mn, and exceptional loss of Rs94mn on account of employee restructuring, PAT declined 38.4% YoY to Rs1,491mn (PLe Rs1,713mn; CE Rs1,945mn).

ZEE5 turns EBITDA positive: ZEE5's revenue increased by 73.2% YoY to Rs4,180mn aided by higher syndication revenues with an EBITDA margin of 13.5%. 39 new shows/movies were launched including 11 originals in 3QFY26.

Con-call highlights: **1)** ZEE5's revenue increased 73.2% YoY to Rs4,180mn driven by higher syndication revenues, revision in pricing agreement with a telco partner, and improvement in advertising revenues. **2)** Z IN's viewership share expanded by 60bps YoY to 17.5% in 3QFY26. **3)** Z IN's market share in the South/Maharashtra stood at 17.7%/33.6% respectively. **4)** During the quarter, Z IN expanded into the kids entertainment genre with launch of KidZ on ZEE5. **5)** Programming costs were higher in 3QFY26 on account of ILT20 matches being pre-poned. **6)** Operating costs rose 11.9% QoQ, mainly due to preponement of ILT20 and acquisition of film inventory. Excluding these elements, operating costs would have declined by mid-single digit on sequential basis. **7)** Adjusting for syndication revenue, ZEE5's EBITDA would have been at break-even level in this quarter. **8)** FCCB drawdowns have been deferred.

Exhibit 1: 3QFY26 Result Overview - Consolidated (Rs mn)

Consolidated (Rs mn)	Q3FY26	Q3FY25	YoY gr.	Q3FY26E	Var	Q2FY26	QoQ gr.	9MFY26	9MFY25	YoY gr.
Net Sales	22,801	19,788	15.2%	23,183	-1.6%	19,692	15.8%	60,741	61,100	-0.6%
Operational cost	13,056	9,968	31.0%	13,446	-2.9%	10,780	21.1%	33,546	32,353	3.7%
<i>As a % of sales</i>	<i>57.3%</i>	<i>50.4%</i>		<i>58.0%</i>		<i>54.7%</i>		<i>55.2%</i>	<i>53.0%</i>	
Employee expenses	2,161	2,433	-11.2%	2,434	-11.2%	2,142	0.9%	6,504	6,966	-6.6%
<i>As a % of sales</i>	<i>9.5%</i>	<i>12.3%</i>		<i>10.5%</i>		<i>10.9%</i>		<i>10.7%</i>	<i>11.4%</i>	
Other expenses	1,695	1,226	38.3%	1,275	32.9%	1,615	5.0%	4,615	4,205	9.8%
<i>As a % of sales</i>	<i>7.4%</i>	<i>6.2%</i>		<i>5.5%</i>		<i>8.2%</i>		<i>7.6%</i>	<i>6.9%</i>	
A&P spends	3,484	2,977	17.0%	3,246	7.3%	3,691	-5.6%	9,927	8,466	17.3%
<i>As a % of sales</i>	<i>15.3%</i>	<i>15.0%</i>		<i>14.0%</i>		<i>18.7%</i>		<i>16.3%</i>	<i>13.9%</i>	
Total Expenditure	20,396	16,604	22.8%	20,401	0.0%	18,228	11.9%	54,592	51,990	5.0%
EBITDA	2,405	3,184	-24.5%	2,782	-13.5%	1,464	64.3%	6,149	9,110	-32.5%
<i>EBITDA Margin</i>	<i>10.5%</i>	<i>16.1%</i>		<i>12.0%</i>		<i>7.4%</i>		<i>10.1%</i>	<i>14.9%</i>	
Depreciation	537	658	-18.4%	649	-17.3%	571	-6.0%	1,699	2,146	-20.8%
EBIT	1,868	2,526	-26.0%	2,133	-12.4%	893	109.2%	4,450	6,964	-36.1%
<i>EBIT Margin</i>	<i>8.2%</i>	<i>12.8%</i>		<i>9.2%</i>		<i>4.5%</i>		<i>7.3%</i>	<i>11.4%</i>	
Interest	92	108	-14.8%	104	-11.8%	130	-29.2%	299	246	21.5%
Other income	184	345	-46.7%	255	-27.8%	264	-30.3%	698	872	-20.0%
Fair value (gain)/loss on financial instruments	(151)	(23)	NM	-	NM	(126)	NM	(386)	(34)	NM
PBT before exceptional items	2,111	2,786	-24.2%	2,283	-7.6%	1,153	83.1%	5,235	7,624	-31.3%
Exceptional items	(94)	(809)	NM	-	NM	-	NM	(94)	(986)	NM
Share of profit in associates and joint ventures	-	1	NM	-	NM	1	NM	2	3	-33.3%
PBT	2,017	1,978	2.0%	2,283	-11.7%	1,154	74.8%	5,143	6,641	-22.6%
Tax	469	342	37.1%	571	-17.8%	389	20.6%	1,393	1,653	-15.7%
<i>Tax Rate</i>	<i>23.3%</i>	<i>17.3%</i>		<i>25.0%</i>		<i>33.7%</i>		<i>27.1%</i>	<i>24.9%</i>	
PAT	1,548	1,636	-5.4%	1,713	-9.6%	765	102.4%	3,750	4,988	-24.8%
<i>PAT Margin</i>	<i>6.8%</i>	<i>8.3%</i>		<i>7.4%</i>		<i>3.9%</i>		<i>6.2%</i>	<i>8.2%</i>	
Other comprehensive income	183	169	8.3%	-	NM	512	-64.3%	827	377	119.4%
Adjusted PAT	1,491	2,422	-38.4%	1,713	-12.9%	639	133.3%	3,458	5,940	-41.8%
Loss from discontinued operations	-	-	NM	-	NM	-	NM	-	(77)	NM
PAT/Loss including discontinued operations	1,548	1,636	-5.4%	1,713	-9.6%	765	102.4%	3,750	4,911	-23.6%
EPS (Rs)	1.6	1.7	-5.4%	1.8	-9.6%	0.8	102.3%	3.9	5.1	-23.5%
Adjusted EPS	1.6	2.5	-38.5%	1.8	-13.0%	0.7	133.2%	3.6	6.2	-41.8%

Source: Company, PL

Note: Adjusted PAT is prior to losses from discontinued operations

Exhibit 2: Domestic ad-revenue declined by 9.6% YoY in 3QFY26 (Rs mn)

Particulars (Rs mn)	Q3FY26	Q3FY25	YoY gr.	Q2FY26	QoQ gr.
Domestic ad-revenue	7,964	8,806	-9.6%	7,553	5.4%
As a % of ad-revenue	93.5%	93.6%		93.7%	
International ad-revenue	551	600	-8.2%	510	8.0%
As a % of ad-revenue	6.5%	6.4%		6.3%	
Total ad-revenue	8,515	9,406	-9.5%	8,063	5.6%
Domestic subscription revenue	9,632	8,959	7.5%	9,311	3.4%
As a % of subscription-revenue	91.7%	91.2%		91.0%	
International subscription revenue	870	866	0.5%	919	-5.3%
As a % of subscription-revenue	8.3%	8.8%		9.0%	
Total subscription revenue	10,502	9,825	6.9%	10,230	2.7%
Other sales & services	3,784	557	579.4%	1,399	170.5%
Total Revenues	22,801	19,788	15.2%	19,692	15.8%

Source: Company, PL

Exhibit 3: ZEE5 turns EBITDA positive in 3QFY26

Particulars	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
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	Rs2,413mn	Rs2,747mn	Rs2,900mn	Rs3,108mn	Rs4,180mn
EBITDA	Rs(1,362mn)	Rs(753mn)	Rs(658mn)	Rs(312mn)	Rs564mn
Number of originals/movies released	14	16	17	26	39

Source: Company, PL

Exhibit 4: Movie rights constitute 71% of the content pie in 3QFY26

Particulars (Rs bn)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Movie Rights	48.1	41.8	45.8	47.0	46.1	64.1	49.1	49.6	49.2
As % of total	64%	64%	65%	67%	66%	90%	70%	71%	71%
Shows	10.5	9.1	9.9	9.1	9.1	8.6	8.4	8.4	8.3
As % of total	14%	14%	14%	13%	13%	12%	12%	12%	12%
Movie production, Music & Others	10.5	15.1	9.9	8.4	9.1	6.5	9.1	9.1	9.0
As % of total	14%	23%	14%	12%	13%	9%	13%	13%	13%
Content advances & deposits	6.0	2.3	4.9	4.9	5.6	-4.2	2.8	2.8	2.8
As % of total	8%	3%	7%	7%	8%	-6%	4%	4%	4%
Grand Total (Inventory & advances/deposits)	75.2	65.3	70.5	70.1	69.9	71.5	70.2	69.9	69.3

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	82,941	82,453	89,121	96,481
YoY gr. (%)	(4.0)	(0.6)	8.1	8.3
Cost of Goods Sold	45,172	45,349	46,343	50,170
Gross Profit	37,769	37,104	42,778	46,311
Margin (%)	45.5	45.0	48.0	48.0
Employee Cost	9,266	8,905	9,625	10,323
Other Expenses	5,075	6,184	6,417	6,850
EBITDA	11,962	8,823	13,814	16,112
YoY gr. (%)	31.9	(26.2)	56.6	16.6
Margin (%)	14.4	10.7	15.5	16.7
Depreciation and Amortization	2,785	2,309	2,495	2,798
EBIT	9,177	6,514	11,318	13,314
Margin (%)	11.1	7.9	12.7	13.8
Net Interest	327	412	401	386
Other Income	1,393	1,375	1,248	1,351
Profit Before Tax	9,257	7,383	12,165	14,279
Margin (%)	11.2	9.0	13.7	14.8
Total Tax	2,387	1,994	3,102	3,641
Effective tax rate (%)	25.8	27.0	25.5	25.5
Profit after tax	6,870	5,389	9,063	10,638
Minority interest	-	-	-	-
Share Profit from Associate	4	2	-	-
Adjusted PAT	7,701	5,099	9,063	10,638
YoY gr. (%)	62.5	(33.8)	77.7	17.4
Margin (%)	9.3	6.2	10.2	11.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	6,874	5,391	9,063	10,638
YoY gr. (%)	245.0	(21.6)	68.1	17.4
Margin (%)	8.3	6.5	10.2	11.0
Other Comprehensive Income	411	827	-	-
Total Comprehensive Income	7,285	6,218	9,063	10,638
Equity Shares O/s (m)	961	961	961	961
EPS (Rs)	8.0	5.3	9.4	11.1

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	24,642	26,906	29,354	32,205
Tangibles	16,654	17,808	19,056	20,407
Intangibles	7,988	9,098	10,298	11,798
Acc: Dep / Amortization	18,380	20,689	23,184	25,982
Tangibles	11,148	12,649	14,271	16,089
Intangibles	7,232	8,040	8,913	9,893
Net fixed assets	6,742	6,698	6,650	6,703
Tangibles	5,986	5,640	5,265	4,797
Intangibles	756	1,058	1,385	1,905
Capital Work In Progress	40	40	40	40
Goodwill	3,304	3,304	3,304	3,304
Non-Current Investments	1,502	1,264	1,248	1,322
Net Deferred tax assets	4,101	1,846	2,068	2,285
Other Non-Current Assets	3,383	1,900	2,490	3,049
Current Assets				
Investments	11,564	11,564	11,564	11,564
Inventories	67,748	63,252	64,704	70,048
Trade receivables	15,325	15,361	16,848	18,239
Cash & Bank Balance	12,500	22,660	25,913	24,807
Other Current Assets	7,636	9,070	9,803	11,578
Total Assets	1,37,341	1,40,761	1,48,734	1,57,369
Equity				
Equity Share Capital	961	961	961	961
Other Equity	1,14,373	1,18,974	1,25,771	1,33,749
Total Networth	1,15,334	1,19,934	1,26,732	1,34,710
Non-Current Liabilities				
Long Term borrowings	2,398	2,398	2,398	2,398
Provisions	1,579	1,319	1,337	1,447
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	11,907	11,521	12,208	13,217
Other current liabilities	6,123	5,588	6,059	5,598
Total Equity & Liabilities	1,37,341	1,40,761	1,48,734	1,57,370

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	9,261	7,385	12,165	14,279
Add. Depreciation	2,785	2,309	2,495	2,798
Add. Interest	296	412	401	386
Less Financial Other Income	1,393	1,375	1,248	1,351
Add. Other	(487)	2,336	(1,056)	(2,901)
Op. profit before WC changes	11,855	12,442	14,005	14,562
Net Changes-WC	739	4,074	(2,252)	(5,726)
Direct tax	(734)	(1,994)	(3,102)	(3,641)
Net cash from Op. activities	11,860	14,522	8,652	5,195
Capital expenditures	(880)	(2,264)	(2,448)	(2,851)
Interest / Dividend Income	583	-	-	-
Others	(15,738)	(67)	(284)	(405)
Net Cash from Inv. activities	(16,035)	(2,332)	(2,732)	(3,255)
Issue of share cap. / premium	-	-	-	-
Debt changes	1,997	-	-	-
Dividend paid	(961)	(1,617)	(2,266)	(2,659)
Interest paid	(120)	(412)	(401)	(386)
Others	(688)	-	-	-
Net cash from Fin. activities	228	(2,030)	(2,667)	(3,045)
Net change in cash	(3,947)	10,161	3,253	(1,106)
Free Cash Flow	10,944	12,258	6,204	2,344

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E	
Per Share(Rs)					
EPS		8.0	5.3	9.4	11.1
CEPS		10.9	7.7	12.0	14.0
BVPS		120.1	124.9	131.9	140.2
FCF		11.4	12.8	6.5	2.4
DPS		2.4	1.7	2.4	2.8
Return Ratio(%)					
RoCE		8.0	5.4	9.0	10.0
ROIC		7.6	5.5	9.6	10.3
RoE		6.9	4.3	7.3	8.1
Balance Sheet					
Net Debt : Equity (x)		(0.2)	(0.3)	(0.3)	(0.3)
Net Working Capital (Days)		313	297	284	284
Valuation(x)					
PER		10.6	16.0	9.0	7.7
P/B		0.7	0.7	0.6	0.6
P/CEPS		7.8	11.0	7.1	6.1
EV/EBITDA		5.0	5.7	3.4	3.0
EV/Sales		0.7	0.6	0.5	0.5
Dividend Yield (%)		2.9	2.0	2.8	3.3

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	21,841	18,248	19,692	22,801
YoY gr. (%)	0.7	(14.3)	(1.6)	15.2
Raw Material Expenses	12,819	9,710	10,780	13,056
Gross Profit	9,022	8,538	8,912	9,745
Margin (%)	41.3	46.8	45.3	42.7
EBITDA	2,852	2,280	1,464	2,405
YoY gr. (%)	35.6	(16.1)	(54.4)	(24.5)
Margin (%)	13.1	12.5	7.4	10.5
Depreciation / Depletion	639	591	571	537
EBIT	2,213	1,689	893	1,868
Margin (%)	10.1	9.3	4.5	8.2
Net Interest	81	77	130	92
Other Income	487	359	390	335
Profit before Tax	2,619	1,971	1,153	2,017
Margin (%)	12.0	10.8	5.9	8.8
Total Tax	734	535	389	469
Effective tax rate (%)	28.0	27.1	33.7	23.3
Profit after Tax	1,885	1,436	764	1,548
Minority interest	-	-	-	-
Share Profit from Associates	1	1	1	-
Adjusted PAT	1,761	1,328	639	1,491
YoY gr. (%)	342.4	(14.5)	(67.5)	(38.4)
Margin (%)	8.1	7.3	3.2	6.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,886	1,437	765	1,548
YoY gr. (%)	1,448.4	14.4	(63.5)	(5.4)
Margin (%)	8.6	7.9	3.9	6.8
Other Comprehensive Income	34	132	512	183
Total Comprehensive Income	1,920	1,569	1,277	1,731
Avg. Shares O/s (m)	961	961	961	961
EPS (Rs)	2.0	1.5	0.8	1.6

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Jan-26	BUY	158	92
2	17-Oct-25	BUY	161	109
3	07-Oct-25	BUY	161	113
4	23-Jul-25	BUY	177	134
5	09-Jul-25	BUY	179	146
6	04-Jul-25	BUY	179	144
7	09-May-25	BUY	137	111
8	09-Apr-25	Hold	123	108
9	24-Jan-25	Hold	137	121

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Apneejay Surrendra Park Hotels	BUY	240	131
2	Chalet Hotels	BUY	1,183	874
3	Delhivery	Accumulate	489	422
4	DOMS Industries	BUY	3,085	2,606
5	Imagicaaworld Entertainment	BUY	73	49
6	Indian Railway Catering and Tourism Corporation	BUY	840	656
7	InterGlobe Aviation	Hold	5,233	4,907
8	Lemon Tree Hotels	BUY	185	149
9	Mahindra Logistics	BUY	386	317
10	Navneet Education	Reduce	119	156
11	Nazara Technologies	Hold	253	279
12	PVR Inox	BUY	1,261	1,043
13	S Chand and Company	BUY	291	185
14	Safari Industries (India)	BUY	2,570	2,119
15	Samhi Hotels	BUY	305	201
16	TCI Express	BUY	705	569
17	V.I.P. Industries	Hold	380	387
18	Zee Entertainment Enterprises	BUY	158	92

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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(Indian Clients)

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