

20 May 2026

## First-ever EBITDA loss since FY07

Zee Entertainment (Z IN) faced sustained pressure on advertising revenues, which remained ~30% below pre-COVID levels. Near-term headwinds, including inflationary pressures and geopolitical tensions in West Asia, are likely to weigh on advertiser spends. Structurally, the traditional TV broadcasting business faces elevated risk, as FMCG, one of television's largest advertising verticals, continues to shift budgets to digital platforms, including e-commerce, quick commerce, and performance-led ecosystems. The proliferation of D2C brands has further accelerated digital-first advertising behaviour, diminishing reliance on mass TV media. Against this backdrop, we do not foresee a meaningful recovery in ad revenues and estimate continued drop in FY27. Factoring in Q4, we pare FY26-28E revenue estimates by 6-7%. **So, we reduce our TP to INR 80 (from INR 140) – Downgrade to Sell from Buy.**

**Muted subscription growth; linear TV weak:** Expect subscription revenues to be subdued, with near-term growth restricted to 3% to 4%, largely driven by Z5. Subscriber trends in linear TV remain weak, weighed down by MSO ecosystem pressures and limited pricing power despite periodic tariff hikes, as gradual subscriber erosion continued amid rising digital consumption. While Z5 continues to scale relatively well, its overall contribution is modest in the context of consolidated revenues. We believe subscription revenues are unlikely to emerge as a meaningful growth driver for the company in the medium term.

**Profitability concerns up amid higher content costs and elevated investments:** Profitability concerns have intensified sharply, with Z reporting its first ever consolidated EBITDA loss in Q4FY26, a stark reversal from Q4FY25. The swing was driven by lower revenues, elevated AMP spends, and higher content costs, partly reflecting changes in inventory accounting methodology. Aggressive content investments have also weighed on the balance sheet, with ROICs remaining structurally weak due to elevated capital intensity and significant working capital allocation toward content inventory. Average inventory days were elevated at ~295 days in the past three years, sustaining working capital stress.

**Downgrade to Sell; TP pared to INR 80:** The stock trades at ~13x FY28E consolidated P/E, offering limited valuation comfort. Downgrade to **Sell**, primarily led by a sharp deterioration in profitability and the first-ever EBITDA loss since FY07, alongside weakening visibility on management's earlier mid-teen margin guidance. Continued structural challenges across the TV broadcasting ecosystem, persistent advertising weakness, elevated competitive intensity further exacerbated by industry consolidation following the Reliance and Disney merger and macro concerns (including geopolitical tensions in West Asia) further constrain earnings recovery visibility. Thus, we pare down our FY27E/28E revenue estimates by ~6%/~7% and PAT estimates by ~23%/~14%, respectively, led by weaker ad revenue assumptions and higher content charges. Accordingly, we revise Z to **Sell** from Buy with TP pared to INR 80 (from INR 140), on 12x FY28E consolidated P/E. We also introduce FY29E estimates.

Rating: **Sell**  
 Target Price: **INR 80**  
 Downside: **9%**  
 CMP: **INR 88**  
 As on 19 May 2026

### Key data

Bloomberg	Z IN
Reuters Code	ZEE.NS
Shares outstanding (mn)	961
Market cap (INR bn/USD mn)	84/872
EV (INR bn/USD mn)	66/683
ADTV 3M (INR mn/USD mn)	1,312/14
52 week high/low	152/68
Free float (%)	95

Note: as on 19 May 2026; Source: Bloomberg

### Price chart



Source: Bloomberg

Shareholding (%)	Q1	Q2	Q3	Q4
	FY26	FY26	FY26	FY26
Promoter	4.0	4.0	4.0	4.0
% Pledge	5.4	5.4	5.4	5.4
FII	24.8	25.4	24.2	25.3
DII	16.5	13.7	11.8	10.7
Others	54.7	56.9	60.0	59.9

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(7.2)	(9.3)	(5.3)
Zee Entertainment	(5.4)	(11.4)	(31.8)
NSE Mid-cap	(1.7)	(4.1)	1.2
NSE Small-cap	4.2	(1.7)	0.9

Source: Bloomberg

## Key Financials

YE March (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue (INR mn)	82,941	80,989	79,966	83,012	84,817
YoY (%)	(4.0)	(2.4)	(1.3)	3.8	2.2
EBITDA (INR mn)	11,962	3,463	7,597	9,546	10,602
EBITDA margin (%)	14.4	4.3	9.5	11.5	12.5
Adj PAT (INR mn)	7,701	2,283	4,996	6,501	7,294
YoY (%)	61.2	(70.4)	118.8	30.1	12.2
Fully DEPS (INR)	8.0	2.4	5.2	6.8	7.6
RoE (%)	6.9	2.0	4.2	5.2	5.5
RoCE (%)	8.1	1.1	4.2	5.3	5.7
P/E (x)	10.9	36.9	16.9	13.0	11.6
EV/EBITDA (x)	5.5	19.0	8.7	6.9	6.2

Note: Pricing as on 19 May 2026; Source: Company, Elara Securities Estimate

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## Financials (YE March)

Income Statement (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Total Revenue	82,941	80,989	79,966	83,012	84,817
Gross Profit	37,769	32,395	36,785	38,185	37,913
EBITDA	11,962	3,463	7,597	9,546	10,602
EBIT	9,177	1,291	5,072	6,798	7,606
Interest expense	327	448	398	396	401
Other income	1,234	1,461	2,074	2,381	2,650
Exceptional/ Extra-ordinary items	(827)	430	-	-	-
PBT	9,257	2,734	6,749	8,783	9,855
Tax	2,387	23	1,755	2,284	2,563
Minority interest/Associates income	4	2	2	2	2
Reported PAT	6,874	2,713	4,996	6,501	7,294
Adjusted PAT	7,701	2,283	4,996	6,501	7,294
Balance Sheet (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
Shareholders' Equity	115,334	117,299	122,295	128,796	136,090
Minority Interest	-	(18)	-	-	-
Trade Payables	11,907	14,669	12,422	12,895	13,493
Provisions & Other Current Liabilities	6,102	6,835	9,342	9,368	9,383
Total Borrowings	1,601	1,777	1,777	1,777	1,777
Other long term liabilities	2,397	1,593	1,591	1,597	1,602
<b>Total liabilities &amp; equity</b>	<b>137,341</b>	<b>142,155</b>	<b>147,426</b>	<b>154,433</b>	<b>162,344</b>
Net Fixed Assets	6,262	5,276	9,084	9,436	9,639
Goodwill	3,304	3,310	3,310	3,310	3,310
Intangible assets	-	23	23	23	23
Business Investments / other NC assets	9,506	13,172	13,172	13,172	13,172
Cash, Bank Balances & treasury investments	7,204	7,978	12,075	15,656	21,541
Inventories	67,748	65,123	64,301	66,749	68,201
Sundry Debtors	15,325	17,243	16,431	17,057	17,428
Other Current Assets	27,992	30,030	29,030	29,030	29,030
<b>Total Assets</b>	<b>137,341</b>	<b>142,155</b>	<b>147,426</b>	<b>154,433</b>	<b>162,344</b>
Cash Flow Statement (INR mn)	FY25	FY26	FY27E	FY28E	FY29E
<b>Cashflow from Operations</b>	<b>10,952</b>	<b>6,211</b>	<b>5,220</b>	<b>4,696</b>	<b>6,836</b>
Capital expenditure	(848)	(1,362)	(1,200)	(1,250)	(1,700)
Acquisitions / divestitures	-	-	-	-	-
Other Business cashflow	(15,187)	(1,777)	474	531	1,150
<b>Free Cash Flow</b>	<b>(5,083)</b>	<b>3,072</b>	<b>4,494</b>	<b>3,977</b>	<b>6,286</b>
Cashflow from Financing	1,156	(2,298)	(397)	(396)	(401)
Net Change in Cash / treasury investments	(3,927)	774	4,097	3,581	5,885
Key assumptions & Ratios	FY25	FY26	FY27E	FY28E	FY29E
Dividend per share (INR)	2.4	2.4	-	-	-
Book value per share (INR)	120.1	122.1	127.2	133.8	141.2
RoCE (Pre-tax) (%)	8.1	1.1	4.2	5.3	5.7
ROIC (Pre-tax) (%)	8.9	1.2	4.5	6.0	6.6
ROE (%)	6.9	2.0	4.2	5.2	5.5
Asset Turnover (x)	11.4	14.0	11.1	9.0	8.9
Net Debt to Equity (x)	0.0	(0.1)	(0.1)	(0.1)	(0.1)
Net Debt to EBITDA (x)	(0.5)	(1.8)	(1.4)	(1.5)	(1.9)
Interest cover (x) (EBITDA/ int exp)	36.6	7.7	19.1	24.1	26.4
Total Working capital days (WC/rev)	432.3	440.3	453.9	475.8	492.9
Valuation	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	10.9	36.9	16.9	13.0	11.6
P/Sales (x)	1.0	1.0	1.1	1.0	1.0
EV/ EBITDA (x)	5.5	19.0	8.7	6.9	6.2
EV/ OCF (x)	6.0	10.6	12.6	14.0	9.6
FCF Yield	(7.7)	4.7	6.8	6.0	9.5
Price to BV (x)	0.7	0.7	0.7	0.7	0.6
Dividend yield (%)	2.8	2.8	-	-	-

We expect revenue CAGR of 1.6% in FY26-29E

Note: Pricing as on 19 May 2026; Source: Company, Elara Securities Estimate

**Digital scale and return ratios, key structural concerns; Music business only valuation respite:** The performance of Z5 remains one of the relatively resilient areas within the business, with growth rates sustaining at 50%+ YoY and the platform nearing operational break-even. However, digital revenues led by Z5 currently contribute only ~18% of overall revenues and may not be sufficient to offset the structural drop in the traditional broadcasting business. Expect consolidated revenue growth to be muted at ~1.5% CAGR in the medium term as per our estimates.

**Estimate revisions and structural outlook:** We have pared our revenue estimates on the back of weaker advertising assumptions, while EBITDA margin estimates have also been cut sharply in the next two years, largely due to lower operating leverage, elevated investments into digital and content initiatives, and higher amortisation charges linked to inventory accounting changes. While free cash flow conversion is relatively healthy at ~88% of EBITDA in FY26, this comes on a low EBITDA margin base of 4.3%, thereby limiting comfort on overall profitability quality. We continue to believe that TV media consumption may remain structurally under pressure in the long term as audiences increasingly migrate toward digital media consumption formats, a trend which could further accelerate in AI driven content discovery ecosystem.

**Re-rating triggers and key monitorables:** A meaningful re-rating in multiples would require sustained improvement in ROICs, reduction in inventory intensity, balance sheet lightening, and better capital allocation discipline. Return ratios continue to be below par, largely due to heavy balance sheet intensity and elevated working capital allocation toward content inventory. Medium-term revenue growth visibility is also weak, with consolidated revenues expected to remain largely flat at ~1% CAGR. Until a clearer improvement trajectory emerges, sharp revival in EBITDA margins and disclosure of music business metrics (better than our current assessment) are key monitorables for any potential upside in the stock.

#### Exhibit 1: Quarterly performance

Consolidated (INR mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Elara Est.	Diff (%)
Revenue	20,248	21,841	(7.3)	22,801	(11.2)	20,949	(3.3)
EBITDA	(2,686)	2,852	(194.2)	2,405	(211.7)	2,179	(223.3)
EBITDA Margin (%)	(13.3)	13.1	(2632) bps	10.5	(2381) bps	10.4	(2367) bps
Depreciation	473	639	(26.0)	537	(11.9)		
Interest Cost	149	81	84.0	92	62.0		
Other Income	763	362	110.8	184	314.7		
PBT	(2,407)	2,619	(191.9)	2,017	(219.3)		
Tax	(1,370)	734	(286.6)	469	(392.1)		
Effective tax rate (%)	57	28		23			
PAT	(1,037)	1,886	(155.0)	1,548	(167.0)	1,271	(181.6)
Adj. PAT	(1,175)	1,761	(166.7)	1,491	(178.8)		
Adj. EPS (INR)	(1.2)	1.8	(166.7)	1.6	(178.8)		

Source: Company, Elara Securities Estimate

#### Exhibit 2: Segmental performance (INR mn)

Segmental break-down	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)
Advertising	8,080	8,375	(3.5)	8,515	(5.1)
Subscription	10,247	9,865	3.9	10,502	(2.4)
<b>Core total</b>	<b>18,327</b>	<b>18,240</b>	<b>0.5</b>	<b>19,017</b>	<b>(3.6)</b>
Other operating income	1,921	3,601	(46.7)	3,784	(49.2)
<b>Total</b>	<b>20,248</b>	<b>21,841</b>	<b>(7.3)</b>	<b>22,801</b>	<b>(11.2)</b>

Source: Company, Elara Securities Estimate

## Q4FY26 conference call highlights

### Opening remarks

- ▶ Z continued to enhance operational efficiency across its platforms in FY26.
- ▶ *Zee5* achieved breakeven in FY26, supported largely by its seven-language content strategy, which helped drive higher user engagement.
- ▶ The network market share increased to 17.4% in FY26 compared with 16.8% in FY25.
- ▶ The company strengthened its advertising sales team during the year.
- ▶ Over the past few quarters, Z has undertaken several strategic initiatives to capitalize on emerging opportunities, including investments in the VFX segment to create more immersive and differentiated content experiences.
- ▶ The management is confident about capturing future growth opportunities across businesses.

### Advertisement

- ▶ Advertisement revenue growth momentum moderated in Q4 due to geopolitical uncertainties.
- ▶ While the near-term advertising environment is challenging, management continues to expect promising long-term growth outlook.
- ▶ Z maintained leadership in prime-time viewership and is now also targeting stronger positioning in non-prime-time slots.
- ▶ Advertising revenues were impacted as part of the ad demand shifted toward the news genre amid the Bengal elections and heightened geopolitical news flow.

### Subscription and *Zee5*

- ▶ Zee network's market share stood at 17.4% in Q4FY26 versus 16.6% in Q4FY25, while the exit market share in March 2026 crossed 18%.
- ▶ For *Zee5*, excluding one-time charges, EBITDA loss was below INR 100mn.
- ▶ *Zee5's* advertising revenues witnessed healthy QoQ growth.

### Margins and costs

- ▶ For movie inventory, Zee reassessed and renewed content cost assumptions. The company adopted an accelerated depreciation/amortization approach, resulting in lower content inventory on a YoY basis.
- ▶ On a like-to-like basis, overall operating costs remained largely flat.
- ▶ Management indicated that movie amortization is based on consumption patterns, with ~50% amortized in the first year and the balance spread over subsequent years.

### Other highlights

- ▶ The Board approved an investment of INR 200mn in CORE (Culture of Real Experience).
- ▶ Zee is increasing investments in the backend ecosystem of the entertainment industry, with VFX expected to become an important component of the television and content industry.
- ▶ The company undertook manpower optimization and rationalization of responsibilities to improve efficiency.
- ▶ Management did not disclose key metrics for Zee Music due to competitive considerations.
- ▶ The company is open to partnerships, strategic alliances, or demerger opportunities if suitable proposals emerge.
- ▶ Bad debt provisions were created on a conservative basis.

**Exhibit 3: Quarterly metrics**

Particulars	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26
<b>Revenue break-down (INR mn)</b>									
Advertisement revenue	11,102	9,113	9,017	9,406	8,375	7,585	8,063	8,515	8,080
QoQ growth (%)	8.1	(17.9)	(1.1)	4.3	(11.0)	(9.4)	6.3	5.6	(5.1)
YoY growth (%)	10.4	(3.1)	(7.9)	(8.4)	(24.6)	(16.8)	(10.6)	(9.5)	(3.5)
Subscription revenue	9,494	9,872	9,699	9,825	9,865	9,817	10,230	10,502	10,247
QoQ growth (%)	3.1	4.0	(1.8)	1.3	0.4	(0.5)	4.2	2.7	(2.4)
YoY growth (%)	12.0	8.8	9.2	6.6	3.9	(0.6)	5.5	6.9	3.9
Other sales & services	1,103	2,320	1,291	557	3,601	846	1,399	3,784	1,921
QoQ growth (%)	13.7	110.3	(44.4)	(56.9)	546.5	(76.5)	65.4	170.5	(49.2)
YoY growth (%)	(57.4)	71.3	(77.4)	(42.6)	226.4	(63.5)	8.4	579.4	(46.7)
<b>Zee5</b>									
Revenue (INR mn)	2,372	2,237	2,363	2,413	2,747	2,900	3,108	4,180	4,700
QoQ growth (%)	7.8	(5.7)	5.6	2.1	13.8	5.6	7.2	34.5	12.4
YoY growth (%)	6.3	15.4	(10.9)	8.1	15.8	29.6	31.5	73.2	71.1
EBITDA (INR mn)	(2,652)	(1,777)	(1,588)	(1,362)	(753)	(658)	(312)	564	(84)
EBITDA Margin (%)	(111.8)	(79.4)	(67.2)	(56.4)	(27.4)	(22.7)	(10.0)	13.5	(1.8)
No. of shows and movies released	16	13	16	14	16	17	26	39	45
<b>Domestic Linear TV</b>									
Zee Network share (%)	16.8	16.4	17.4	16.9	16.6	16.8	17.8	17.5	17.4
<b>Zee Music Company</b>									
Total subscribers count (mn)	149	153	156	159.6	164	168.0	172.0	175.0	176.0
QoQ growth (%)	2.1	2.7	2.0	2.3	2.8	2.4	2.4	1.7	0.6
Total video views (bn)	36	46	46.5	43	54.5	62	54	51	50
QoQ growth (%)	(12.2)	27.8	1.1	(7.5)	26.7	13.8	(12.9)	(5.6)	(2.0)

Source: Company, Elara Securities Research

**Exhibit 4: Valuation**

<b>INR mn</b>	<b>Mar-28E</b>
PAT	6,501
Multiple (x)	12
<b>Market cap</b>	<b>76,712</b>
<b>Number of shares</b>	<b>961</b>
<b>TP (INR)</b>	<b>80</b>
<b>CMP (INR)</b>	<b>88</b>
<b>Upside (%)</b>	<b>-9%</b>

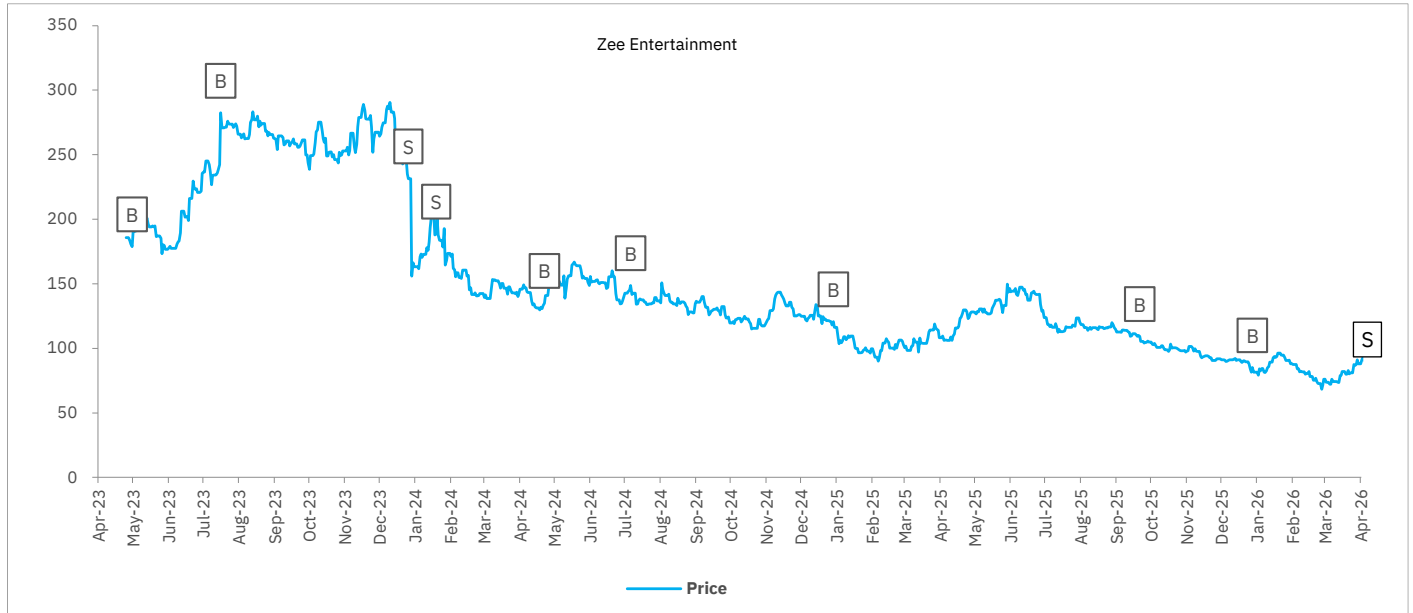
Note: Pricing as on 19 May 2026; Source: Company, Elara Securities Estimate

**Exhibit 5: Changes in estimate**

(INR mn)	Old		Revised		Change (%)		New
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	FY29E
Revenue	85,446	88,984	79,966	83,012	(6.4)	(6.7)	84,817
EBITDA	9,826	11,123	7,597	9,546	(22.7)	(14.2)	10,602
EBITDA Margin	11.5	12.5	9.5	11.5			12.5
Net Profit	6,517	7,573	4,996	6,501	(23.3)	(14.2)	7,294
EPS (INR)	6.8	7.9	5.2	6.8	(23.3)	(14.2)	7.6
<b>TP (INR)</b>		<b>140</b>		<b>80</b>		<b>(42.8)</b>	
<b>Rating</b>		<b>Buy</b>		<b>Sell</b>			

Source: Company, Elara Securities Estimate

## Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
13-Feb-2023	Buy	390	218
25-May-2023	Buy	300	179
10-Aug-2023	Buy	340	282
20-Jan-2024	Sell	170	230
13-Feb-2024	Sell	180	189
17-May-2024	Buy	180	135
31-Jul-2024	Buy	210	149
23-Jan-2025	Buy	200	121
16-Oct-2025	Buy	150	109
22-Jan-2026	Buy	140	85
19-May-2026	Sell	80	88

### Guide to Research Rating

<b>BUY (B)</b>	Absolute Return >+20%
<b>ACCUMULATE (A)</b>	Absolute Return +5% to +20%
<b>REDUCE (R)</b>	Absolute Return -5% to +5%
<b>SELL (S)</b>	Absolute Return < -5%

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