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CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
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Z E E T E L E F I L M S L T D



Always Better Always Ahead









MISSION STATEMENT

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To be the leading round-the-clock air-time properties provider, delighting the viewers on the one hand, and providing value to the advertisers for their time and money, on the other.

To establish the company as the creator of entertainment and infotainment products and services to feast the viewers and the advertisers. Through these services, we intend to become an integral part of the global market. As a corporation, we will be profitable, productive, creative, trend-setting and financially rugged with care and concern for all stake holders.

- **Registered Office**
Continental Building
135, Dr. Annie Besant Road
Worli. Mumbai 400 018.
- **Administrative Office**
Mumbai
Anjani Complex
Opp. Darpan Cinema
Off Andheri Kurla Road
Andheri (E), Mumbai 400 099
Delhi
J-27, South Extension
Part - I, New Delhi - 110 049
- **Operations**
Mumbai
99, Marol Cooperative Ind. Estate
M V Road, Sakinaka, Marol,
Andheri (E), Mumbai 400 059
Noida
FC 19, Sector 1/6-A
Noida - 201 301 U.P.
- **Share Department**
2006, Fossberry Road
Near ICI Ltd.
Reay Road (East)
Mumbai 400 033
Phone 3781516/3766583

■ BOARD OF DIRECTORS

- SUBHASH CHANDRA – Chairman
- VIJAY JINDAL – Managing Director
- LAXMI NARAIN GOEL – Director
- ASHOK KUREIN – Director
- VASANT PAREKH – Director

- **Company Secretary**
Satish K. Shah

- **Auditors**
M/s M.G. Bhandari & Co.
Chartered Accountants

Internal Auditors
M/s Price Waterhouse & Co.
Chartered Accountants

- **Bankers**
State Bank of India
ANZ Grindlays Bank Plc.
Banque National De Paris

- **Subsidiary Company**
Ambience Space Sellers Limited

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BOARD OF DIRECTORS - ZEE TELEFILMS LIMITED



Subhash Chandra
Chairman



Vijay Jindal
Managing Director



Laxmi Goel
Director



Ashok Kurlen
Director



Vasant Parekh
Director

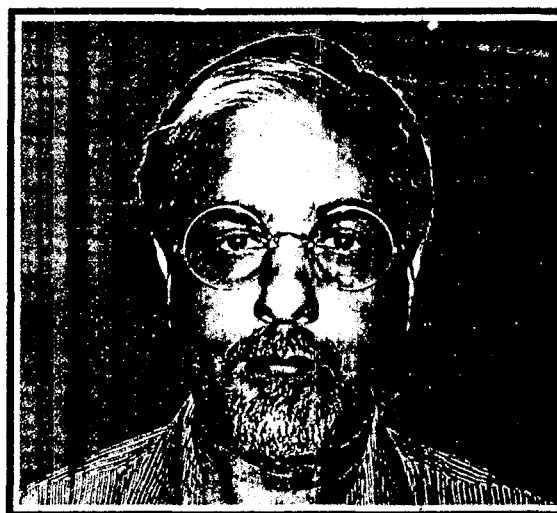
CHAIRMAN'S SPEECH

After five years of operations, Zee Network with its three channels, remains South Asia's premier Television Network. Today, it commands a majestic viewership of 120 million in India and 50 million in other countries.

The year 1996-97 has been a year of consolidated growth for the Network. EL TV and Zee Cinema which were launched to flank the mother channel ZEE TV served the purpose remarkably well, apart from creating their own identities. In the final analysis, the combined combative power of the three channels viz. ZEE TV, EL TV and Zee Cinema have enhanced the market share, mind share and profit share.

Most of the broadcasting companies especially in Hindi programming looked at two hours of programmes for prime time viewership from 8:00 pm to 10:00 pm (IST). To obtain larger market share of advertising sales, as also to strengthen the company's exports, the company took a strategic decision to expand the programming across different time zones.

Zee Network is all set to emerge as a round-the-clock broadcasting medium with numerous options to viewers to choose from a wide spectrum of programming and to the advertisers, to choose from countless price packages. The company's renewed thrust on 'round-the-clock broadcasting' will give Zee Network an obvious competitive advantage. This will also provide us opportunities for creating newer programmes and seeking higher exports.



To institutionalize the process of management, on the one hand, and to industrialize creativity, on the other, the company has been able to integrate its resources across the departments with the aim of obtaining higher profitability, higher efficiency, higher output, higher exports, higher advertising sales and yet, lesser costs. The company has been able to attract among the finest talents from the fields of marketing, programming, journalism, communications and corporate management.

At the last meeting, I had assured you that 1996-97 would be a year of consolidation in my response to your own similar sentiments. We, at Zee Network have realized that having set up the present size of our business, we could now, make bigger gains by harnessing our assets without having to go in for more expansion.

The spirit of consolidation which evolved at the last Annual General Meeting, indeed, has permeated throughout the company and we now look forward to further realize the gains of consolidation.

The future prospects appear to be bright; yet as a corporation we cannot afford to rest on our laurels and be complacent. We have to keep availing emerging opportunities in programming & marketing for better bottom lines.



A select group of shareholders, investors and financial analysts met the Chairman and Board of Directors to discuss a range of questions of interest to all shareholders. Excerpts from this dialogue are presented here so that investors could gain insights into the media industry and the company's position within it.

How do you look at the future of satellite broadcasting as an industry ?

The media industry, be it Doordarshan channels or satellite TV channels or newspapers or magazines or radio, thrive on the share of advertising income. In India advertising income has largely been the exclusive preserve of newspapers, magazines and Doordarshan channels with nominal share for radio.

India is home to an ad-spend of more than Rs.4700 crores per year. With the meteoric growth in the electronic media comprising satellite TV channels and Doordarshan channels, there is a clear shift of advertising from newspapers and magazines to television channels. Worldwide advertising has shifted from established newspapers to newly launched TV channels. These shifts have been based on the inherent strength of the reach of any terrestrial or satellite channel.

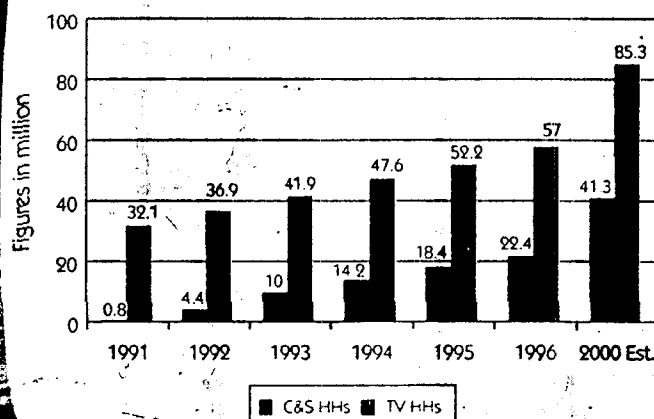
At the most, a newspaper having been established, say 100 years ago, could acquire a circulation of a million copies with the reader's mind involvement of say 15 to 20 minutes daily, whereas, even the newly launched satellite TV channels, from the very inception, have inbuilt reach many times over the circulation of the largest selling newspapers.

To elaborate, Zee TV in less than 5 years has established a viewership among 22 million homes with its viewership in India alone exceeding 120 million

viewers. The sheer reach of a TV channel is what makes it an impregnable and unmatched media organ as compared to the limited reach of even the leading newspapers in India.

Advertising and promotion in the past served a limited role of publicity unlike today, when advertising is emerging as an integral part of the product. Most of the

TV PENETRATION - INDIA



Source : Based on Industry Estimates





successful countries in Asia and across the globe spend a significant share of their GDP on advertising unlike in India where the ad spend is a mere fraction.

Now that the national markets are merging into a global market place, the business community in Asia is looking forward to expand their sales across the continents.

Newspapers have a limited reach within the given territories while television footprints cover numerous countries. Thus to expand this business in international markets, an entrepreneur has to make increased use of advertising on television. Television also has the advantage of power of visuals to do 'hardsell' for his products.

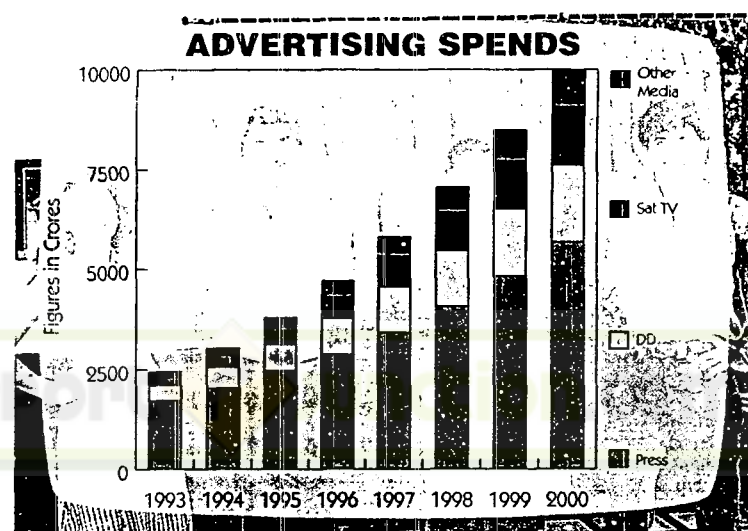
Television is many times more cost effective than newspapers. To

elaborate, if an advertiser spends say Rs.25 - 30 to reach out to a thousand people through the medium of newspapers with a limited space of just one column

centimeter, he could advertise through television with a cost as little as Rs.3 to 5 and with bigger impact.

Moreover, the businesses are now also looking at the markets in the countryside including semi urban and rural market where newspapers have lesser reach. Television is thus emerging as a natural choice for the advertisers as compared to newspapers.

Now that the import duties are coming down and we Indians are increasingly getting on a level playing field in terms of lower tax rates, customs duties vis-à-vis rising disposable income, signs of the consumerism era are imminent on the national horizon.



Source : Industry Estimates

Given this background, the advertising spend on TV channels currently in the region of Rs.1300 to 1400 crores is about a third of the total advertising cake of Rs. 4700 Crores. This is all set to cross 1 Billion dollars mark (Rs.3500 crores) by 2001.

The reach of satellite TV channels currently at 22 million homes in all likelihood shall exceed 40 million homes by the year 2001.

Just as worldwide newspapers have had

to contend with the declining shares in advertising volumes and profits, with many in fact, slipping in to red, in India too, television will reign supreme among all media organs.