

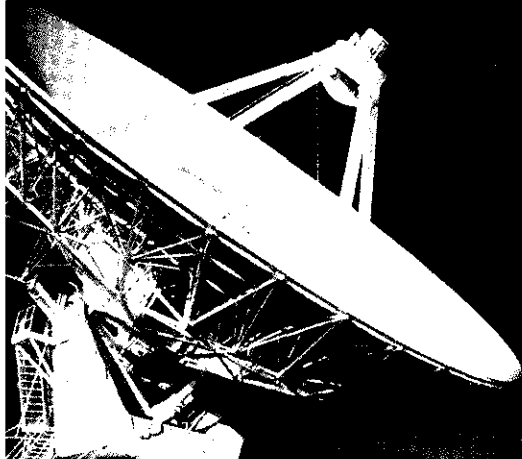
Building Gateways To The Future

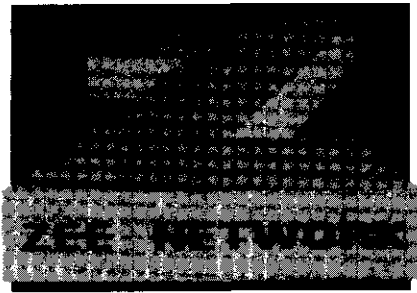
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**ZEE TELEFILMS LIMITED**

17<sup>th</sup> ANNUAL REPORT 1998-99





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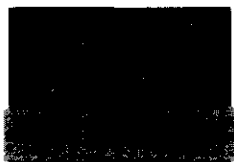
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To be the leading round-the-clock air-time properties provider, delighting the viewers, on the one hand, and providing value to the advertisers for their time and money, on the other.

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, trendsetting and financially rugged with care and concern for all stake holders.



## BOARD OF DIRECTORS

Subhash Chandra  
Chairman

Vijay Jindal  
Managing Director

Laxmi Narain Goel  
Director

Ashok Kurien  
Director

Vasant Parekh  
Director



## CHIEF FINANCIAL OFFICER

B.R. Jaju  
Executive President - Finance



## COMPANY SECRETARY

Vikas Gupta



## AUDITORS

M/s M.G. Bhandari & Co.



## BANKERS

ICICI Banking Corporation Ltd.  
Banque Nationale De Paris  
ANZ Grindlays Bank Plc.



## REGISTERED & CORPORATE OFFICE

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135, Dr. Annie Besant Road,  
Worli, Mumbai 400 018.  
Tel : (0091) 22 4965609  
E-mail : [info@zeenetwork.com](mailto:info@zeenetwork.com)



## INDIAN OPERATIONS

### MUMBAI

99, Marol Co-operative Ind. Estate,  
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### DELHI

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## INTERNATIONAL OPERATIONS

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USA.  
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Ground Floor, Atrium Terraces,  
Randburg,  
Tel : (0027) 11 781 3352

visit us at [www.zeetelevision.com](http://www.zeetelevision.com)

**Board of Directors**



**Subhash Chandra**  
Chairman



**Laxmi Goel**  
Director



**Vijay Jindal**  
Managing Director



**Ashok Kurien**  
Director

For Zee Telefilms, 1998-99 was yet another year of exceptional accomplishment and growth. Having made its debut in 1992 as a software production company and marketing concessionaire, Zee has come a long way with its recognition as an emerging company of the year. The 35.8 percent total return our Company produced on the capital employed is of utmost importance to us. We're not content with that, but we are happy that it's increasing from 34.6 percent in 1997-98 and 33.8 percent in 1996-97. We continue to manage your business for the long term, and I think most of our investors probably look at their investments the same way.

What distinguishes the Company from other manufacturing industries is that we do not have to incur expenses in tapping new markets. We draw our sustenance and growth from our growing IPR. Your Company's efforts ultimately confluence into creating content or IPR. We are now in a position to exploit our IPR, management and marketing resources to derive income from new sources, especially from the subscription and pay markets. This will be achieved by tapping all possible modes of distribution in new languages, in new territories and in new frequencies.

The programmes produced and sourced by your Company continue to draw applause from the viewers not only in India but from across the world. Because of the Company's IPR strength, Zee TV has become a household name not only in Asia but also in Europe, USA and Africa. In seven short years, Zee has become one of the most popular brands in the country.

### Far reaching change

The last 12 months have been a period of far-reaching change, during which the Company took the decision to enter newer businesses like regional language programming, broadcasting, sporting events, movie production, publishing and internet services. With the planned launch of Direct To Operator (DTO) business, the Company is gearing itself for competing in the next millennium. During this time of change, the Company will continuously enhance its market leadership, with determination to stay focussed on creating value for our customers, our viewers and our shareowners.



Back in 1993, few people would have predicted the growth in the Indian cable and satellite television industry. In just seven years, Zee has been the driving force in achieving 38% penetration of all Indian TV homes. Of the 65 million television homes in India, 25 million have access to Zee TV. The popularity of Zee has completely transformed the structure of ad-spend in favour of the television media. Today, television corners a 35% share of total ad-spend in the country, up from 20% before the launch of Zee.

When our Company records its Rs. 4 billion in ad-sales, the country will also spend about 57 billion on advertisements on other modes — which means we have plenty of opportunity still ahead. If we look at the ad-spend as a percentage of GDP of India, it is a mere 0.39% today. In Brazil this ratio is 1.6%, in USA it is 1.34% and in Germany 0.88%. Thus, there is great scope for growth and in ten years from now, the total ad-spends will grow manifold.

Much bigger than the current TV advertising market is the subscription market. We have not yet tapped the Rs. 38 billion market of subscription revenues in India. That's why, as exciting as our achievements were in 1998-99, we're more excited about the potential opportunities in the new millennium.

We are aware of the challenges we face as we move ahead. However, our resolution and commitment to strengthening our business and making the right decision for the long term is stronger than before. Much

of the Board's time spent during 1998-99 was devoted to the Company's ability to spot and exploit long term growth opportunities.

### The Outlook

The media and entertainment sector is still in a nascent stage in India. From a macro perspective, it is very obvious that more and more investments would be poured into this sector in the near future. The initiatives taken by the Government in according industry status to this sector will go a long way in developing it faster. We are confident of maintaining a sustained growth trend in the coming year.

1999-2000 would be an important year for us. The Company will be launching new channels in regional languages. These would be uplinked from India and advertisement revenue on these channels would accrue to your Company. Our preparations to compete effectively in the new millennium took a major step forward when we tied up with Canal Plus for providing the technology to start the Direct To Operator (DTO) business. DTO would open up a new stream of cash flows for the Company. I firmly believe that in the next few years, the subscription revenues of Zee would form a sizeable component of our revenue profile.

You will agree with me that once your Company has acquired a mass of IPR, it is quite logical that we exploit the content through all possible modes of distribution. The change driven by new technology and new ideas is causing a paradigm shift in the market and is increasingly setting the terms in favour of your Company. As many multinational companies worldwide have realised, the past does not translate into the future. To stay ahead, we have to continue to evolve.

### Acquisition of ZMWL

The company is planning to acquire a 100 percent interest in Zee Multimedia Worldwide Limited (ZMWL), subject to approval of shareowners. ZMWL owns and operates entertainment channels in Europe, USA and Africa. It also owns 50% interest in Asia Today Limited. This will allow the Company to capitalise on the growing popularity of the Zee brand across the world.

### Excellence at work

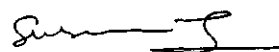
To tap these opportunities effectively, the first requirement is a highly motivated team. Although it is not an easy task, we are succeeding to a reasonable degree. Of fundamental importance is to intensify the culture of excellence amongst our staff, particularly senior management. To inculcate a sense of ownership, we have devised an Employee Stock Option Plan (ESOP) for key executives. More and more existing as well as new employees would be taken under the ESOP scheme, based on the demonstrated ability to set new challenges for themselves.

Organisational Development is an on-going process at Zee. Frequent strategic reviews to validate changes to medium and long-term plans, have become part of our culture. To that extent, we have accepted living with a degree of uncertainty. After all, the industry we operate in is very dynamic and it requires utmost agility to stay ahead.

### Committed to stability

Finally, a word of appreciation and thanks to the many employees of Zee Network for all that has been achieved to date. I feel confident that the future, which will present many new challenges, will also provide exciting opportunities for personal and professional development.

I can add that my personal commitment was, and shall continue to be, a long term one. I would like to reaffirm that, in the course of any reorganization, it is my belief that the right formula for continued success is based on shareholder stability, allied to truly professional management. We are working hard to achieve the value you expect from your investment.



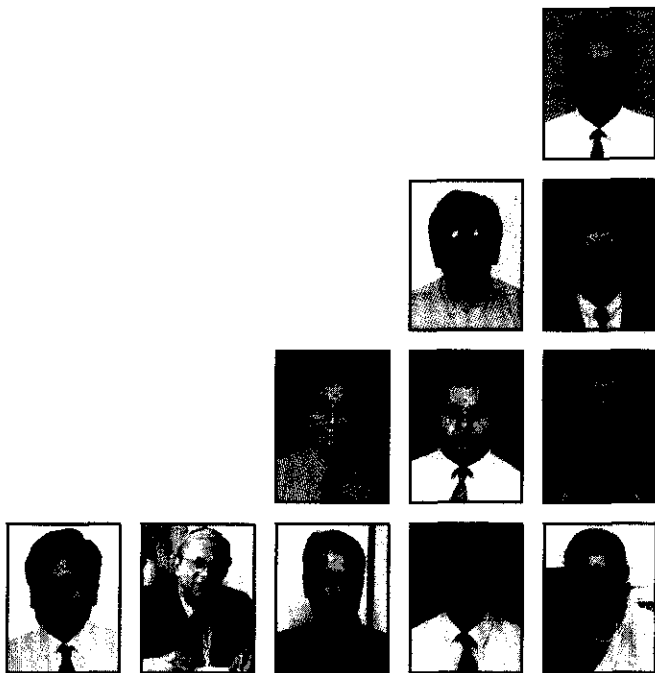
Subhash Chandra



(in alphabetical order)

### BUSINESS HEADS

Arvind Kumar, Bhaskar Majumdar, Dheeraj Kapuria,  
 Hari Goenka, Harish Aggarwal, Madhavi Mutatkar,  
 Raghvendra Agarwal, Sainath Iyer, Satish Menon,  
 Sikander Bhasin, Uma Ganesh.



### PROGRAMMING & OPERATIONS

Alok Verma, Ashok Kaul, Atul Mathur,  
 Gajendra Singh, Lakshmi Venkat, Nitin Keni  
 P S Parasuram, Rajiv Tewari, Raju Santhanam,  
 Rakesh Khar, Rauf Ahmed, Seema Gupta, Shailesh  
 Kumar, Somashekhar Patil, Supriya Shastri, Umesh  
 Upadhyay, Vijay Parab.



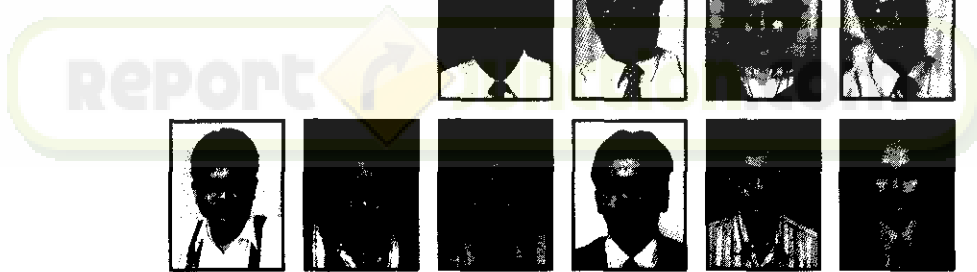


**MARKETING**

Abhijit Saxena, Aditya Ray, Deepak Ranjan,  
Gopi Shah, Kanta Advani, Monica Dalton  
Mubin Khan, Nazli Shah, Partho Ghosh,  
Sandeep Guhathakurta, Sunil Khanna.

**FINANCE & LEGAL**

Ahmad Abdi, Arun Aggarwal, Atul Das, B R Jaju, Deepak  
Bondre, Dhanwanti Dang, Hitesh Vakil, M B Zaidi,  
R K Agarwal, Sanjay Agrawal, Sunil Rohra  
Umesh Pradhan, Vikas Gupta.

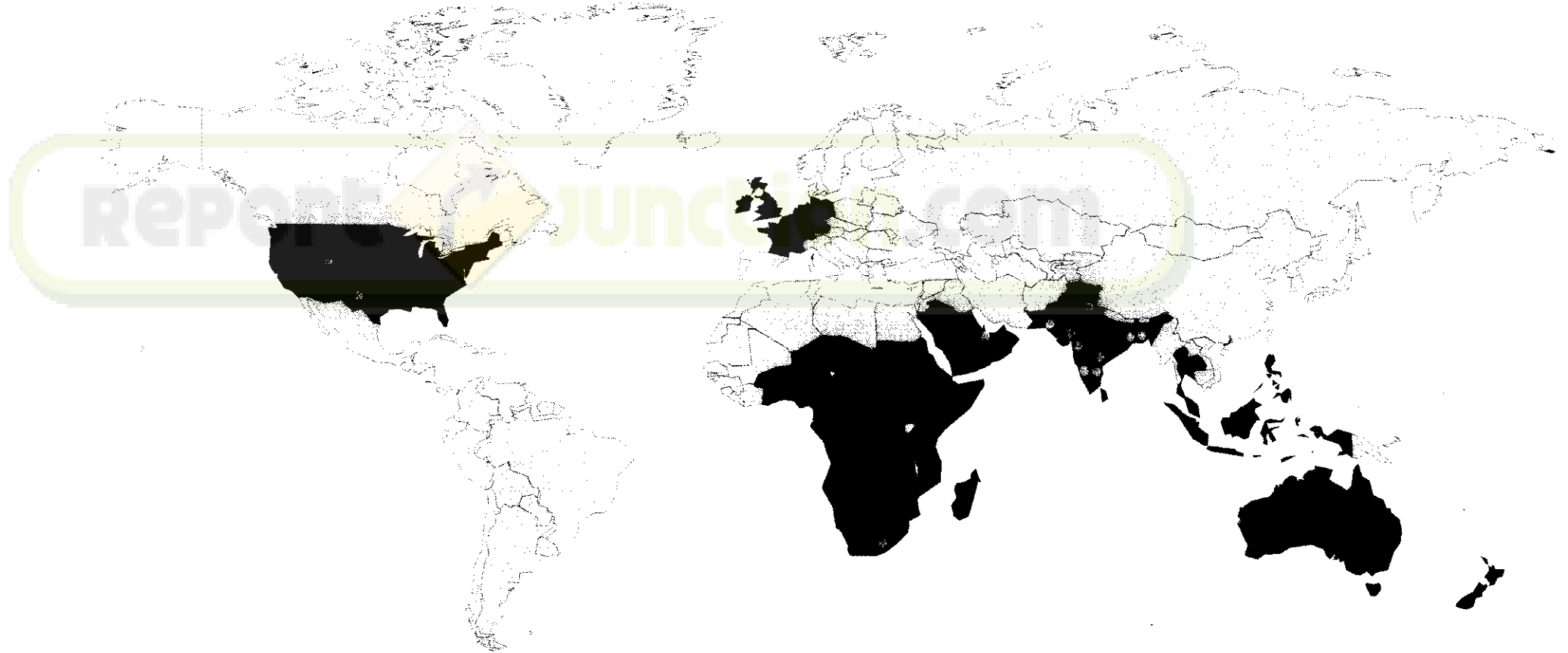
**CORPORATE SERVICES**

A C Saha, Anand Girdhar, Bharat Kumar Raut  
John Barno, M K Khera, P C Lahiri, Prafulla Vaidya,  
Ranjan Bakshi, R D Tyagi, Richa Sharma, Sanjay  
Gaikwad.



## CONNECTING SOUTH ASIANS ACROSS THE GLOBE

1. Asia - 28 million households
2. Europe - 1,55,000 households
3. USA - 45,000 households
4. Africa - 30,000 households



Shaded areas represent Market for Zee Network Channels (Map – not to scale)