

PIONEERING VISION

FORWARD-LOOKING STATEMENT

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward looking statement, whether as a result of new information, future events or otherwise.

CONTENTS

CORPORATE OVERVIEW

02	Vision
04	A 5 Minute Read
06	Letter to the Shareholders
10	Innovation
14	Expertise
18	Growth
22	Leadership

BOARD & MANAGEMENT REPORTS

48	Notice
50	Directors' Report
56	Annexure to Directors' Report
60	Report on Corporate Governance
80	Management Discussion and Analysis

OPERATIONAL OVERVIEW

24	CEO's Perspective
26	Channel Portfolio
28	Financial Highlights 2011-12
30	Operational Highlights 2011-12
32	Awards and Accolades
34	Mission and Values
35	Engaging Better
36	Chronicle of our Success
38	Board of Directors
40	Team ZEE
42	Advancing Social Stewardship
44	The ZEE Calendar
46	Corporate Information

FINANCIAL STATEMENTS

STANDALONE

94	Certification on Financial Statements
95	Auditors' Report
98	Balance Sheet
99	Statement of Profit and Loss
100	Cash Flow Statement
102	Notes
129	Last Five Years Financial Highlights
130	Performance Ratios - An Analysis

CONSOLIDATED

131	Auditors' Report
132	Balance Sheet
133	Statement of Profit and Loss
134	Cash Flow Statement
136	Notes
163	Financial Highlights of Subsidiaries

Vision backed by SOLID EXECUTION

While the world waited with bated breath to see the picture of a liberated Kuwait in 1990, the vision of an entirely different kind of freedom – taking entertainment into people's homes – stirred the mind of Mr. Subhash Chandra, as he watched the developments of the Gulf war. His vision set into motion a series of developments that led to the establishment of India's first private entertainment channel – Zee TV. And to reaffirm a cliché, the rest is history.

Zee Entertainment Enterprises Limited (ZEE) has firmly established its identity as a game-changer in Media and Entertainment (M&E). This Annual Report chronicles our marvelous journey of twenty years and shows the road ahead. The pioneering vision has resulted in continuous innovations, which have not just enabled us to attain industry leadership, but has also made priceless contributions to the industry.





VISION

Global viewership continues to evolve. At ZEE, we keep revisiting the drawing board, in line with our vision to create new entertainment paradigms.

Since inception, we have redefined entertainment for millions of people across the globe. The business of entertainment depends on the fine art of anticipating viewers interest and delivering the content. We anticipated future trends and put our efforts towards translating viewer aspirations into vibrant realities.

The launch of Zee TV was only a start, and what followed over the years was a continual string of path-breaking developments like Hindi movie channel – Zee Cinema, food channel – Khana Khazana and golf channel – Ten Golf. The pioneering vision of Mr. Chandra has led India to emerge as a 600-channel market over the last two decades, attracting global players. The ability to see unfulfilled entertainment opportunities has enabled us to evolve from a single-channel entity to the 30+ channel M&E conglomerate, widening footprints across 168 countries, entertaining 650 million viewers globally.

We have firmly established our identity as the harbinger of innovation in the space of M&E. Here's an overview of some of the most significant contributions that have gone into the making of our twenty-year success story.



TAKING TELEVISION PLACES

We have pioneered cable and satellite distribution through Siti Cable, now known as Wire and Wireless (India) Ltd. to take television to new avenues. Households across the country enjoyed freedom from the 'antenna' route of television watching, with the introduction of cable television.



INTRODUCTION OF DIRECT-TO-HOME

We have pioneered digitisation with the launch of India's first DTH platform, DISH TV. This has resulted in sustained subscriber and Average Revenue Per User (ARPU) growth over the years. This technology platform is now playing a significant role in the growth of the industry.



ROAD AHEAD

Over the next few years, we envision to be among the globally acclaimed media entertainment companies. To enhance global viewership, we will penetrate deeper into existing markets and unexplored geographies.

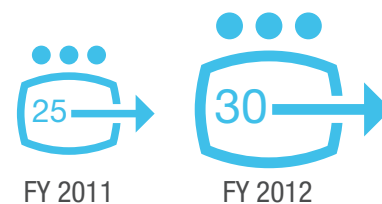
A 5 MINUTE READ

A QUICK GLANCE AT OUR BUSINESS

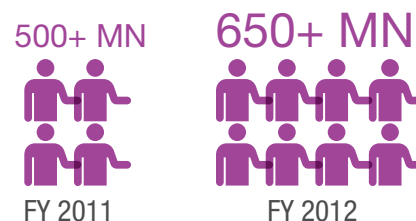
Enriching lives and endearing minds has always been our key value proposition towards our viewers, and all our stakeholders. Each day, of this marvelous journey of twenty years, since our inception, has been invested in achieving this proposition and in realising aspirations.

With the completion of this milestone, we stand firm as one of India's leading M&E companies. Our pioneering steps, taken in this expedition, range from India's first satellite television channel, first 24 hour news channel, first DTH Platform, to the latest Over The Top Television Platform.

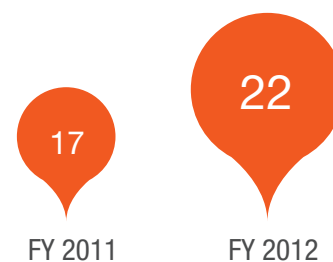
Being amongst the largest producers and aggregators of Hindi programming in the world, with an extensive library housing over 100,000 hours of television content, we have rights to more than 3,000 movie titles from foremost studios and of iconic film stars, enabling us to proudly own world's largest Hindi Film Library.



No. of Channels



Size of Viewer Base



No. of International Beams

OUR MISSION

To become the world's leading global media company from the emerging markets. As a Corporation, we will be driven by innovation and creativity and would focus on growth, while delivering exceptional value to our customers, our viewers and all our stakeholders.

HOW WE PERFORMED

During the year under review, we focused on achieving the three-pronged core strategic approach: creating high-quality family content, making content accessible to various platforms and expanding into international markets.

Be it the completion of 700+ episodes of some of our leading TV Shows, or the rich contribution of our Regional and Sports Channels with optimal and niche content, the successful acquisition of some of the biggest Bollywood titles, or the rapid expansion in the international markets, the year has seen it all.

Clocking ₹ 15.8 billion through advertisement revenues and ₹ 13.2 billion through subscription revenues, the overall financial performance has been stable and steady. With an operating margin of 24%, we have performed remarkably, despite the volatile

market conditions. Our consistent focus and single minded effort in offering value to the investors, has enabled us to offer steady returns to our stakeholders. We have consistently maintained a 30% CAGR in shareholder value generation. Even after 5.22% hike in expenses, we have achieved a PAT of ₹ 5,891 million. Our Effective Networth witnessed an 10.74% increase. As on March 31, 2012 India's first listed M&E company enjoys a ₹ 123,202 million market capitalisation.

OUR ACHIEVEMENTS

Enhancing our consistent expansion drive in the international markets, backed with a successful performance of Zee Aflam, we are already geared up to launch to yet another international channel. Strengthening our existence in the US markets, we have launched four new channels and has achieved presence on newer platforms like Charter LA and Centurylink, leading to an enhanced reach. With an attempt to take Bollywood across Asia, Zee Cinema International was launched with English subtitles in countries like Indonesia, Myanmar and Hong Kong.

With the procurement of landing rights in China, we will get an access to an entirely new territory with a large population base, possessing discretionary spends. Our Sports business was further strengthened with the launch of dedicated channels in popular sports like football and golf. Ten Golf and Ten HD are the new offerings in the sports bouquet. The introduction of high definition (HD) and niche channels, has helped us to achieve the aim of offering specialised content to premium target segments. From a distribution perspective, our JV – MediaPro, with its positive start, brings in immense contribution to the company's value chain. Content Distribution on New

FINANCIAL SNAPSHOT 2011-12

Particulars (₹ in million)	FY 2012	FY 2011	Change (%)
Income from Operations	30,405	30,088	1.05
Total Expenses	23,010	21,868	5.22
Operating Profit	7,395	8,220	(10.03)
Profit Before Tax & Exceptional Items	8,406	8,725	(3.66)
Profit After Tax for the year	5,891	6,369	(7.52)
Earnings per share (after prior period adjustments) (₹)	6.1	6.5	(6.15)
Fixed Assets	9,400	8,106	15.97
Net Assets	16,598	15,610	6.33
Effective Networth	34,308	30,982	10.74
Market Capitalisation	123,202	120,890	1.91
PE Ratio (Share Price as of March 31, 2012)	20.9	19.0	10.00

Media Platforms, was achieved through the launch of India.com and Ditto TV.

Our strong presence in the regional space, was further amplified with the remarkable achievements by our leading channels like Zee Bangla and Zee Telugu, each emerging as a leader in their respective regions.

Our achievements and successful initiatives taken in the last Financial Year, have been recognised and rewarded by key Industry Awards, like the Dun & Bradstreet, PromaxBDA Asia 2011 Awards and many more. ZEE has been ranked as the No. 1 M&E company in the Fortune India 500 list, listed at the crest of M&E companies in the ET 500 list, and awarded as the Best company in M&E Growth category by Businessworld Infocom ICT Awards.

WHAT NEXT

Envisioning ZEE to be a global M&E player, key strategic action points have been chalked out, in order to achieve the set goals. With the onset of digitisation, arrival of 4G and elimination of anomalies, a positive industry growth is in sight, and we would implement, all the planned strategies to capitalise on the opportunities. Backed with cutting edge technology support, we are surely geared up for the digital dawn.

Letter to the SHAREHOLDERS



Subhash Chandra

Chairman

DEAR SHAREHOLDERS,

A milestone of twenty years is a defining moment in any organisation's life span. It is a reason to celebrate, when the dream we envisioned two decades ago has blossomed. We are now at an inflection point, a position from where we have to leapfrog and move to the next growth trajectory.

In 1992, ZEE was established with strong values, focusing on Customer, Excellence, Creativity, Integrity, and to this day we still espouse these values. It is my belief that the key attributes that we have adopted since inception are Vision and Innovation. Not just in thought, but in action. This has helped us to achieve domain expertise and consistent growth levels, emerging as industry leaders with a single-minded focus on realising aspirations.

We have a proven track record, which provides us with an enviable 30-channel network, reaching 650 million viewers



We are now at an inflection point, a position from where we have to leapfrog and move to the next growth trajectory.



across 168 countries. With a financially robust business model and a professional team, we are one of the largest content producers and aggregators globally.

The business of entertaining people is a good one to be in and there has never been a better time than now, especially in countries, where discretionary incomes are rising and people are seeking quality family entertainment.

Our offerings span varied genres, General Entertainment, Movies, Music, Sports, Lifestyle covering most languages across the world. For twenty years we are dedicated to creating and showcasing engaging content that can be enjoyed by people anywhere.

Our shareholders' value has grown at a compounded annual growth rate (CAGR) of 30% since listing on the stock exchanges. The result of thought leadership, execution excellence, robust value system, capable talent pool, and most importantly an all-encompassing insight into viewer pulse, along with a natural flair for innovation.

In an age of fast-evolving preferences, brand loyalty is the last thing that can be taken for granted by marketers. Translated into actionable units, this tells us to strive even harder in order to maintain our leadership and sustain the momentum that we have created for ourselves.

It is with a sense of pride that I enumerate some of the significant developments for your Company in the last fiscal. Zee TV became the first Indian Channel to be granted the landing rights in China. This will enable us to cater to the large audience base in China, and will open the doors to Indian entertainment.

Our distribution Joint-venture, MediaPro Enterprises, in a short span of time, has been successful in creating efficiencies in the entire value chain. Your Company also launched one more niche channel, TEN Golf in FY'12.

During the year, we were ranked at an impressive 217th position in the ET TOP 500 Companies Report, which was higher than many MNCs in India and chosen as the No. 1 media company by the Fortune Magazine.

2011 was challenging for the global economy, as well as the entertainment industry. Against this backdrop, we have had a sterling collective performance that deserves special mention.

India's Television industry is poised for a quantum leap, riding on the digitisation wave. From mere aspiration, digitisation is now going to become a reality over the next few quarters. As per the latest FICCI KPMG report, the Indian Television industry will grow from ₹ 329 billion to around ₹ 735 billion in the next five years. This provides us with a huge opportunity to grow in the coming years.

I strongly believe that, with the digitisation drive and consolidation in the cable industry, the ability to control the market share in terms of quality, technology and service will rest with few dozen players, rather than the 60,000 cable

operators prevailing today. The market for pay services will have to develop and evolve over the next three to four years, as the current ARPU levels are extremely low. Consolidation is expected in the DTH market as well, since it is not at a profitable level at this stage. Only with increase in the ARPU levels, broadcasters will be able to invest in better quality programming, otherwise it remains an unviable proposition for many players.

On the other hand, the production industry also needs to be more organised. This will bring in correction in programming costs, which have escalated drastically and unduly. In addition, the industry needs a better and comprehensive rating system, crisscrossing the entire length and breadth of the country. This will help the industry to recover the enormous losses that currently prevail. I am sure that with the elimination of anomalies, the industry is poised for an attractive growth in the coming five to seven years.

Over the years, our employees have demonstrated remarkable loyalty, and take great pride in using their talents and experience to build our global brand and businesses. With a strong emphasis on building organisational excellence through 'Samwad', an HR initiative, we are on our way to create an even greater workplace environment.

Finally, I thank our Board of Directors for their support and exemplary guidance. I also take this opportunity to express my gratitude to all our stakeholders, who continue to repose faith and trust in us over the years.

As a dedicated team focused on delivering exceptional service, that add real value to all stakeholders, we are ready to drive the business forward for the next twenty years and beyond.

Subhash Chandra
Chairman

SMARTER entertainment is the new normal

At ZEE, our aim is to entertain and enrich the quality of life of the viewer through entertainment content generated by consistent research and innovation. This is what we call the smarter face of entertainment.
