

DOING



MORE

ZEE ENTERTAINMENT ENTERPRISES LIMITED
ANNUAL REPORT

2012-13



॥ VASUDHAIVA KUTUMBAKAM ॥
THE WORLD IS MY FAMILY

**AND
GETTING FROM
GOOD TO
GREAT**



> 120k

HOURS OF TV CONTENT

> 3500

MOVIE TITLES

> 670+

MILLION VIEWERS

> 169

COUNTRIES COVERED

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 materialise, 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 A Five Minute Read
- 04 Mission and Values
- 05 Creating a Global Brand
- 06 Channel Portfolio
- 08 Operational Highlights 2012-13
- 10 Financial Momentum 2012-13
- 12 Board of Directors
- 14 Team ZEE

> BOARD & MANAGEMENT REPORTS

- 38 Notice
- 40 Directors' Report
- 45 Annexure to Directors' Report
- 48 Report on Corporate Governance
- 62 Management Discussion and Analysis
- 72 Business Responsibility Report

> STRATEGIC OVERVIEW

- 16 Growing > More
- 18 Delivering > More
- 20 Engaging > More
- 22 Expanding > More
- 24 Letter to the Shareholders
- 26 MD & CEO's Review
- 28 Technology Edge
- 30 We at ZEE
- 32 Collaborations at ZEE
- 33 Strengthening Community Initiatives
- 34 Celebrating 20 years of Pioneering Vision
- 36 Corporate Information

> FINANCIAL STATEMENTS

STANDALONE

- 80 Certification on Financial Statements
- 81 Auditors' Report
- 84 Balance Sheet
- 85 Statement of Profit and Loss
- 86 Cash Flow Statement
- 88 Notes
- 111 Last Five Years Financial Highlights
- 112 Performance Ratios - An Analysis

CONSOLIDATED

- 113 Auditors' Report
- 114 Balance Sheet
- 115 Statement of Profit and Loss
- 116 Cash Flow Statement
- 118 Notes
- 140 Financial Highlights of Subsidiaries

At Zee Entertainment Enterprises Limited (ZEE) 'doing > more' is not a decorative wordplay, but the result of constant self-assessment.

There are questions that we keep asking ourselves: How can we elevate entertainment to a new level? How do we exceed standards set not just by the industry, but also by us? Most importantly, how do we sustain industry leadership?

Year after year, decade after decade.

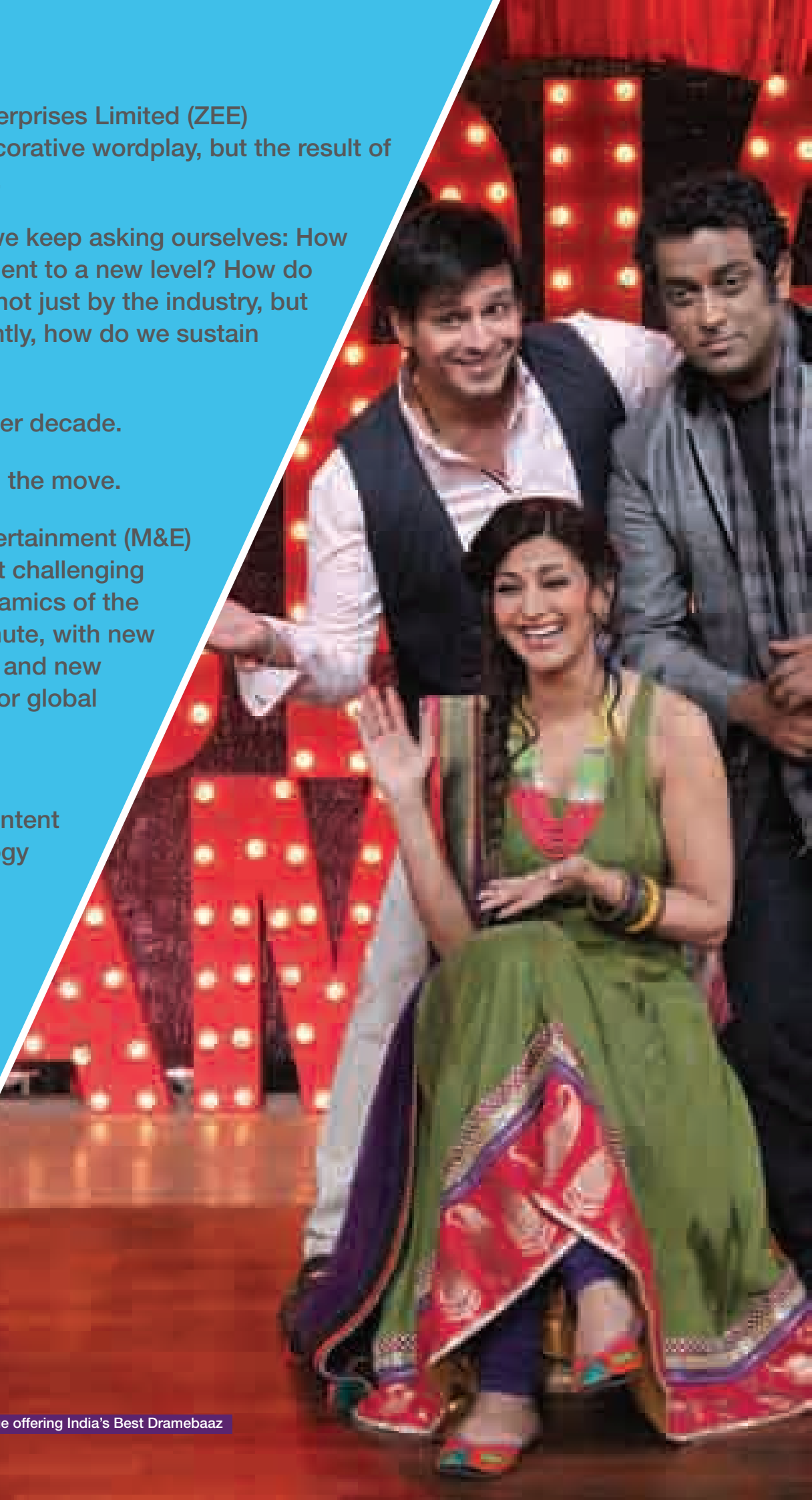
This is the story of ZEE on the move.

The global Media and Entertainment (M&E) industry is one of the most challenging domains to be in. The dynamics of the industry change every minute, with new frontiers being envisioned and new formats being presented for global viewership.

We are redefining future paradigms of engaging content and cutting edge technology to make entertainment more aligned to people's aspirations globally.

Powered by innovation and an ability to outperform industry benchmarks, we are positioned for long-term growth and creation of stakeholder value.

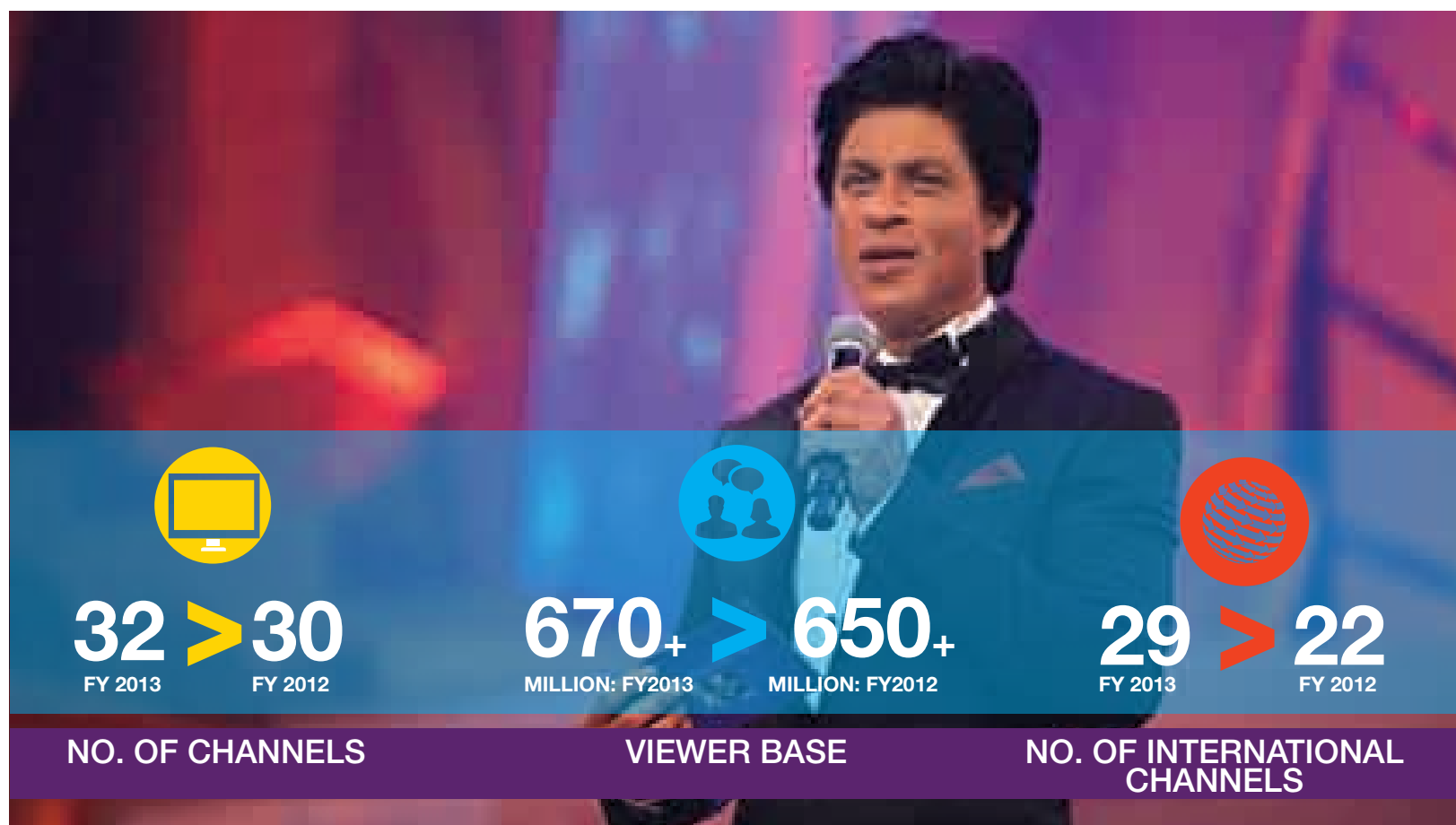
ZEE's unique offering India's Best Dramebaaz





FIVE MINUTES...

ALL IT TAKES TO KNOW ZEE BETTER



For more than 20 years, ZEE has provided quality entertainment, touching lives and emotions of a wide cross-section of people globally.

We are the leading global M&E Company from the emerging markets. We are closely linked to the language, culture and emotions of billions of people, spanning 169 countries across the world. Our content transcends geographical and cultural barriers and enjoys an all-encompassing magnitude.

IN THE BUSINESS OF QUALITY ENTERTAINMENT CONTENT

At ZEE, we create innovative content and broadcast it on all available screens. Over the years, our success has been driven by improved results in each of our business segments. We have built an amazing brand in ZEE, which has carved a niche for itself in the hearts of the audience through an array of television products – Zee TV, Zee Cinema, Zee Cafe and TEN Sports, known across the globe. The channels provide enormous opportunities for us to continuously create high-quality content and unparalleled experiences for diverse audience. The M&E industry is cluttered by growing number of channels, which encourage ‘me-tooism’. Therefore, people look for quality brands they know and love. In the growing world of entertainment – cinema, regional, sports and so forth, people seek our high quality family entertainment.

STORY OF EVOLUTION

India's M&E industry is one of the fastest growing industries in the world. The domestic M&E industry has been strengthened by ZEE's pioneering vision and innovation. We have played a pivotal role in accelerating the growth of this US\$ 15 billion industry (Source:

FICCI KPMG Report 2012- 13) in the last two decades.

Started in 1992 with one channel, in a 21-year span we offer a bouquet of 32 domestic channels and 29 international channels.

Through our prudence and first-mover advantage, we have established ourselves as a strong player in the regional entertainment space, while expanding our global presence.

OUTPERFORMING

At ZEE, the passion to innovate and entertain the audience has never digressed us from the path of delivering steady and sustainable returns to our shareholders. We understand the importance of a strong balance sheet and crafted multi-pronged strategies to accomplish our financial goals. Our efforts have enabled us to outperform the industry growth in spite of an overall challenging macro-environment. Since inception, we have consistently maintained a CAGR of more than 30% in shareholder value

generation. Even after a 19.3% increase in expenses owing to new business ventures, we have achieved a PAT growth of 22.1% during fiscal 2013. Our subscription revenues reached ₹ 16,234 million in 2013, 22.6% up y-o-y. Advertising revenues for the year touched ₹ 19,639 million, clocking a growth of 24% over last year. Our growing market capitalisation, which touched ₹ 200,760 million in FY 2013, reflects our position as India's leading listed M&E Company.

NEW OFFERINGS

During the year, we have launched two offerings for Indian audience: ZeeQ, an edutainment channel and Zee Bangla Cinema a 24/7 Bengali movie channel. We have also significantly strengthened our international presence with the launch of two channels in UAE (Zee TV HD and Zee Cinema HD). To further strengthen our presence in Europe, ZEE channels were launched on Your TV and Yupp TV. ZEE entered the Canadian market, with the launch of Zee TV HD in partnership with Ethnic Channels Group Limited (ECG), Canada's largest distributor of third language television services. Our new launch, Zee Alwan has also received commendable response from Arabic viewers within a short time span.

At ZEE, we have substantially increased our presence in the US by launching the first south asian HD channel ZEE TV HD and inking distribution deals with Charter LA and Centurylink. We are strengthening the bond further through a number of events and celebrations.

With the first mover advantage in regional space, our regional channels today have become either the leaders or strong contenders for leadership in their respective genres.

FINANCIAL SUMMARY

Particulars	(₹ in million)		
	FY 2013	FY 2012	Change (%)
Income from Operations	36,996	30,405	21.7
Total Expenses	27,453	23,010	19.3
Operating Profit	9,543	7,395	29.0
Profit After Tax	7,196	5,891	22.1
Earnings per share (after prior period adjustments) (₹)	7.54	6.08	23.5
Fixed Assets	9,975	9,400	6.1
Effective Networth	39,115	34,308	14.0
Market Capitalisation	200,760	123,202	62.9

FUTURE PROSPECTS

The M&E industry shows considerable optimism for future growth, driven by increasing media penetration and rise in per capita consumption. In India, the ratio of advertising expenditure to GDP is significantly lower than developed and developing economies. As the Indian economy continues to accelerate its pace, the advertising

expenditure to GDP ratio is poised to increase over the next five years.

ZEE is at the forefront to take advantage of the evolving landscape. We will launch new channels in various domains and expand international reach globally by the launch of local

channels. With the successful implementation of digitisation in Phase I and II and advancement of technology, ZEE will reach to the audience on every available viewing device.



MISSION AND VALUES



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.

Vision



CUSTOMER FOCUS

Our Company's strategies are driven by the needs of the customer.

Our success can be measured by the satisfaction achieved by our customer.

EXCELLENCE

We accord a high premium to maintaining superlative standards throughout our Company. We encourage our employees to come up with smarter ideas within the fastest possible time.

CREATIVITY

Key to our value system is innovation and originality. We recognise and have a high regard for individual expression and creative freedom in our quest to provide customer satisfaction.

INTEGRITY

We observe strict ethical standards through editorial independence and creative expression, in order to earn the trust of our viewers and subscribers.

GROWTH DRIVEN

We are committed to delivering consistent revenue and cash flow growth in order to provide our shareholders a good return. Our objective is to grow our people, market and businesses around the world.



CREATING A GLOBAL BRAND



ZEE as a brand, has achieved global recognition today, and has grown exponentially over the years, establishing a strong connect in the minds and hearts of its audience globally. In these glorious two decades, brand ZEE has contributed immensely to the network of the Company.

At the time, when Doordarshan was a sole player in the industry, Mr. Subhash Chandra, made inroads owing to his visionary qualities and entrepreneurial mindset to survive and grow. What also helped was his insightful understanding of the trade and great appetite for risk taking. Driven by the passion to create a brand that would dominate the global media landscape, ZEE survived the initial pangs only to emerge as the global media brand resonant to entertainment.

“VASUDHAIVA KUTUMBAKAM” IS AN EXTRACT FROM THE UPANISHADS, AN ANCIENT INDIAN TEXT, WHICH SAYS: “THAT IS YOU, THIS IS I, IS THE WAY OF THE NARROW MINDED. FOR THOSE OF EVOLVED THOUGHT, THE WORLD IS ONE FAMILY.” AT ZEE, WE HAVE EMBRACED THIS 2000-YEAR-OLD MAXIM AS A BELIEF. IT SHAPES OUR VALUES. IT GUIDES OUR ACTIONS. IT DEFINES OUR PURPOSE.

The launch of Zee TV in 1992 was only the beginning. It was an era of liberalisation and the Country's economy was opening up to vibrant opportunities. ZEE being a brand with young, contemporary and aspirational thoughts, capitalised these opportunities. What followed over the years was a continual string of path-breaking developments such as the launch of India's first Hindi movie channel – Zee Cinema, first food channel – Zee Khana Khazana, first golf channel – Ten Golf, first edutainment channel – ZeeQ. Today we have a portfolio of 32 channels in India and 29 dedicated channels in the international market.

Over the years, we have been vigilant in enhancing its brand reputation in every market in which we operate. We have developed globally competitive pricing strategies, technological advantage across the value chain and cultivated a global mindset to build on the cultural diversity. We have adopted successful practices and have given deep thought to the notions of traditional customers, values and innovation and in the process formed a beautiful family of viewers, shareholders, employees and business partners across the globe.

With this global cadre achieved by the brand, there was a definite need for a brand positioning statement, which differentiates ZEE from the other global media brands, and establishes a strong emotional connect with the entire world. With this approach in mind, “Vasudhaiva Kutumbakam” - The World is my Family has been launched as the positioning for Brand ZEE, which conveys the message of creating a world without borders, castes, races and strangers, hence uniting everyone as a part of one Family.



CHANNEL PORTFOLIO

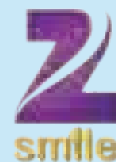


Popular family drama Qubool Hai on Zee TV

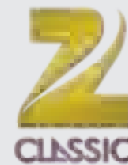


Zee Kannada's popular show,
Chi Sow Savithri

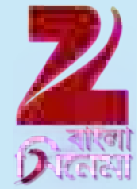
Hindi GEC



Movie Channels



Regional GEC



English Entertainment

