



Sharpening Consumer **Focus**.
Creating **Extraordinary** Experiences.

Entertainment has been an integral part of our lives, even before the evolution of concept of society. Though the form and shape of entertainment activities have changed drastically over time, at its core, entertainment serves to relieve the human life of the ennui which accompanies the monotony of the daily schedule. While our ancestors had to rely on themselves or their peers for their entertainment needs, the consumer of today is far more lucky. There is a surfeit of content choices available today and these options are available at the mere click of a button. The content preferences are evolving at an unprecedented pace, partially driven by this barrage of choices and innovations. Besides the ever-changing needs, every consumer is an amalgamation of different personalities, which define his content preference at a particular instant. An intensely personal experience such as entertainment needs to cater to these different avatars. More importantly, given the unique nature and aspirations of different individuals, a one-size-fits-all approach to entertainment cannot provide a fulfilling experience. Technology has added new facets to the process of understanding the consumer with tons of data that is now available and serving the vast spectrum of their dynamic content needs. These factors have transformed the job of creating content experiences, making it easy and difficult at the same time.

At ZEE, 'consumer-first' is the mantra, to maintain focus on the most important aspect amidst all the pandemonium. Consumer has been the focal point of the decision-making process at Zee to serve his multi-faceted entertainment needs. Our evolution has been shaped by consumers' changing entertainment needs as we continuously sift through trends and adapt our offerings for audiences across mediums. This has helped us consistently widen our content profile to reach audience with varied tastes, preferences, cultural backgrounds and demographics. As we embark on our new journey of ZEE 4.0 we have made *Consumer Centricity* the overarching objective in every endeavour of the organisation to deliver extraordinary experiences to our consumers.



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CONSOLIDATED

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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.



View Annual and Quarterly financials:

<https://www.zeeentertainment.com/investors/financials/>

KEY PERFORMANCE INDICATORS

GROWING STEADILY

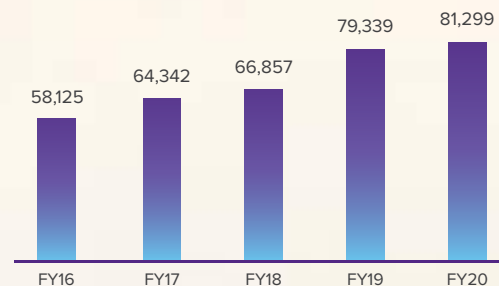


Revenues

₹ Million

FY16-20
CAGR

10.7%



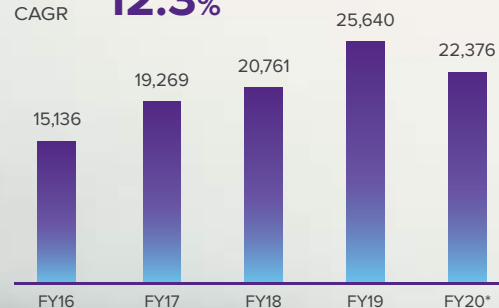
ZEEL's revenues have grown at 10.7% CAGR over the past five years. Excluding the Sports business which was divested in FY17, revenues grew at 13.8% CAGR over the same period. This growth has been driven by improvement in our TV network share, digitization of pay-TV subscriber base and growth in revenues from new businesses. During FY20, our domestic subscription revenues grew by 33%, driven by the implementation of New Tariff Order in the broadcast business and growth in ZEE5 subscription revenue. Advertising revenue declined by 7.1% due to the continued macro-economic slowdown during the year.

EBITDA

₹ Million

FY16-20
CAGR

12.3%*



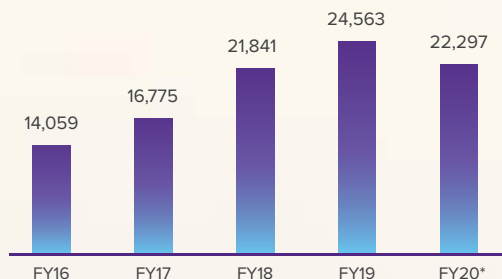
Our EBITDA CAGR of 12.3% over the last five years is better than the revenue growth. EBITDA margins declined 480bps YoY in FY20 to 27.5%. The fall in EBITDA margin was due to decline in advertising revenue and increase in programming costs driven by elevated content investments over the last 2 years.

*Excluding one-offs in operational cost and other expenses in FY20

PBT Before Exceptional Items

₹ Million

FY16-20
CAGR **9.7%***



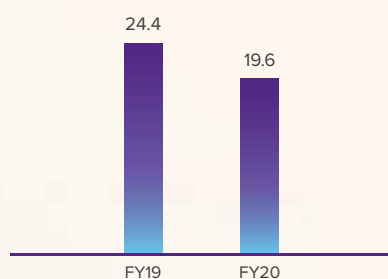
Our Profit before Tax has grown at 9.7% CAGR over the past five years led by robust revenue growth and improving margins. During FY20, Profit before Tax declined by 9.2% due to lower EBITDA margins

*Excluding exceptional items and one-offs in operational cost and other expenses in FY20

Return on Capital Employed

%

FY20
(YoY) **-480bps**

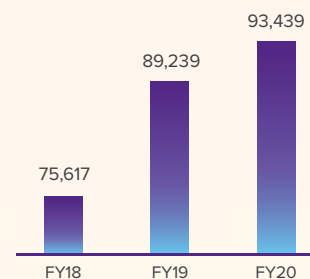


ZEEL's return on capital employed (ROCE) declined by 480bps YoY to 19.6% during FY20. The decline in ROCE is due to lower EBIT margins which decreased by 520bps YoY to 24.2%.

Network

₹ Million

FY20
(YoY) **4.7%**

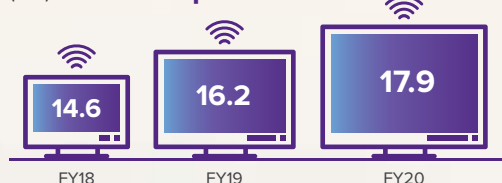


In FY20, ZEEL's network increased by 4.7%. This is primarily due to profit from operations.

Television Network Share

%

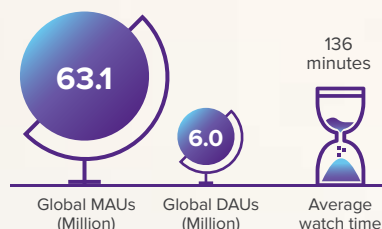
FY20
(YoY) **+170bps***



ZEEL converted two of its FTA (Free to Air) channels to pay in Mar'19 and subsequently removed them from the DD FreeDish platform. Due to this move, viewership of these two channels dropped significantly and the overall share of ZEEL network declined to 18.4% in FY20 vs 19.7% in FY19. However, excluding the share of these two channels, network share grew by 170bps in FY20, driven by the strong performance of Hindi movie channels and several regional channels.

*Viewership share numbers exclude Zee Anmol and Zee Anmol Cinema which were converted to pay channels in Mar'19

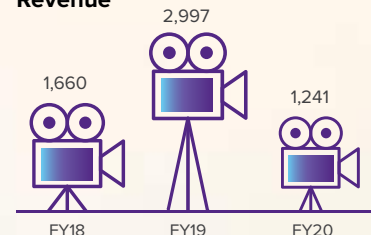
ZEE5



ZEE5 MAU (Monthly Active User) base saw a modest growth YoY, however this was accomplished with lesser marketing spends on user acquisition, highlighting the growth in organic user base. ZEE5 also reported a global DAU (Daily Active User) base of 6 million with a watch time of 136 minutes per viewer during the month. ZEE5 established itself as the biggest producer of digital original content in India with 80+ shows/movies released during the year.

Movie Business Revenue

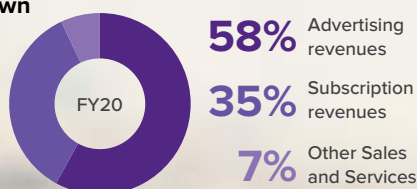
₹ Million



Zee Studios co-produced/distributed 14 movies during the year across Hindi, Marathi, Tamil and Punjabi languages. The movie business revenue declined as the movies released in FY20 could not match the success of the movies released last year.

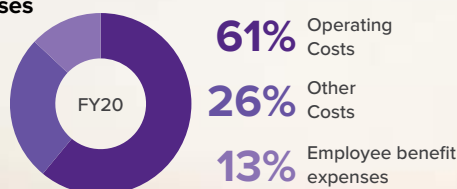
Revenue Breakdown

Revenue: ₹ 81,299 million



Distribution of Expenses

Total Expenses: ₹ 58,922 million*



*Total expense excludes one-offs in operational cost (₹2,598mn) and other expenses (₹3,433mn)

MESSAGE FROM THE MD & CEO



Dear Shareholders,

ZEE, in its illustrious history of 27 years, has not only created a multi-faceted entertainment content company but has also played a pivotal role in shaping India's media and entertainment industry. Today, ZEE stands on the threshold of a new beginning, to create a stronger version of itself and define the future of the media & entertainment landscape in the country. The last financial year has been a year of transformation. A year of leaving behind our old selves, creating a newer version and taking a leap to create a legacy that will elevate the Company to greater heights. The new beginning, which I term as ZEE 4.0, will be the harbinger of enhanced consumer focus, further innovation in content creation, and leveraging technology to deliver a heightened entertainment experience to all our consumers across multiple consumption platforms.

The mantra at ZEE has always been to lead by example, and we have demonstrated that effectively through our success across markets and businesses. Every challenge we faced on this path was met with an equal determination to overcome and forge ahead. Though we cannot go back and alter our decisions, no one can stop us from creating a brand new future.

ZEE 4.0

I have shared my vision for ZEE 4.0 in my 'Open Letter', harboring a sharper, leaner and greener version of the Company. The five pillars of the new ZEE 4.0 or the 5G approach as I have termed it, will encompass a robust focus on – Governance, Granularity, Growth, Goodwill and Gusto. As a first step in this direction, the Board of the Company has been reconstituted with new members who bring in the required blend of experience and expertise. I am confident that a Board with majority independent directors will be instrumental in setting the standards for corporate governance going forward. We have also adopted a more granular and transparent approach for business reporting which will help all stakeholders make well-informed decisions. We will be rolling out detailed disclosures of business KPIs, segmental reporting, a refreshed Corporate Social Responsibility (CSR) policy, and measurable ESG goals, to achieve the same.

Over the years we have grown, vertically and horizontally, becoming one of the most loved content brands in India and around the world. Going forward, we will continue to maintain a sharp focus on growth as we invest our time and energy in maximizing our core, expanding into adjacent spaces and exploring new areas of business. We have initiated a strategy exercise within the Company to carve a 5-year roadmap, to transform the organization and its strategic approach with consumer centricity and profitable growth as the two cornerstones.

All our plans and strategies would not fructify unless we nurture our most important asset – our people. I truly believe that one does not build a business; but builds people who then build the business. ZEE is extremely fortunate to have a strong professional leadership team at the helm to drive this new strategy forward with renewed energy and gusto.

The unprecedented times brought upon by the COVID-19 pandemic are leaving us with a lot of food for thought. Businesses across the globe have suffered unprecedented losses and some are going through extremely difficult situations. We have been more fortunate, and I believe the primary reason for that has been our unrelenting focus on customer centricity. The speed and agility with which our teams adapted to the situation have been instrumental in maintaining business continuity and ensuring uninterrupted entertainment to our viewers. We believe that in this rapidly evolving media & entertainment landscape, only the ones who adapt to change will survive in the future. These will be the companies which succeed in adapting themselves best to the environment while ensuring a strong hold on the pulse of their consumers and a keen eye on growth and profitability.

The year gone by

FY20 was a year of highs and lows for our business. While we reported a decline in our advertising revenue for only the second time in more than a decade, on the operating front we achieved new feats. Our broadcast business now has the widest language footprint in the country, making it a truly pan-India network for consumers. New Tariff Order upset the equilibrium in the distribution space with the slew of changes it introduced. However, the network not only withstood the challenges of the transition, it emerged much stronger post implementation, expanding its reach and revenue in most markets. ZEE5 took giant leaps towards becoming India's leading digital entertainment platform. Over a short period, ZEE5 has become the biggest producer of digital exclusive content in the country. It is also gradually strengthening its presence outside India, which will help us remain relevant in markets which are transitioning to digital. Zee Music Company continues to grow, and I am happy to report that it turned profitable last year, validating our decision to venture into music publishing business 5 years ago. Zee Studios fell short of our expectations for the in-house production business, but the distribution segment delivered a string of successful films.

Despite a decline in advertisement revenues, the topline of the Company grew by 2.5%. This domestic subscription led growth is a reflection of the increasing balance of our revenue portfolio. The macro-economic slowdown experienced last year, coupled with the fall in consumer demand led to a decline in advertising. In India, brands still look at advertising as a cost to be incurred in good times and not as a lever for building resilient consumer connect. As we move into an extremely cluttered world, we will see a gradual change towards a more holistic approach which has advertising as an integral part of the brand.

Meanwhile, our aim is to insulate the growth of the Company from the macro-economic cycles, as far as possible, by offering holistic solutions to our partners. Despite the slowdown, we continued to invest in growth opportunities which will enable us to grow ahead of the industry once the economy recovers. Continued investments coupled with the fall in advertisement revenue led to a decline in EBITDA margin to 27.5%. Next fiscal is also going to be challenging, as advertising revenue will decline further in the first half due to the impact of COVID-19. However, I believe that this phase is just a blip in India's long-term growth story, and the economy will bounce back with vigor once the impact of the pandemic subsides.

Our fight against COVID-19

The pandemic left many vulnerable to its harsh impact, and in such times, we focused on the need to come together and support each other. Acknowledging the work done by frontline workers, we stepped up our efforts in all directions to support the nation in strengthening its medical infrastructure, providing essential equipment like ambulances, personal protective equipment kits, oxygen humidifiers and daily meals to families affected by the pandemic. As a responsible player in the media & entertainment sector, we also ensured that the lives and livelihoods of the daily wage earners in our content production ecosystem were least impacted, by supporting them financially during the lockdown. The Company also used the massive reach of its network to increase awareness about the pandemic.

Vote of thanks

I would like to thank all the shareholders for their continuous trust in the Company. It is your undying faith that enables us to strive towards achieving greater heights, growing at a faster clip than the industry, and generate higher value year on year. I would also like to thank all our partners who

help us in creating content, ensuring its delivery to the consumers and most importantly monetizing it. And lastly, I would like to convey my gratitude to all our people, who relentlessly work towards turning our vision into reality. It is the confidence in their collective ability that enables me to say with conviction that we are on our way to successfully build a new version of ZEE.

Until then, celebrate endings, for they precede new beginnings. For us at ZEE, a new and exciting journey has just begun.

Sincerely,

Punit Goenka



ZEE 4.0, will be the harbinger of enhanced consumer focus, further innovation in content creation, and leveraging technology to deliver a heightened entertainment experience to all our consumers across multiple consumption platforms.

STRATEGY & BUSINESS MODEL

STRATEGY



Diversify and strengthen content offering

Creating engaging and entertaining content is critical for ZEE to succeed in its mission of becoming India's biggest entertainment content company. ZEE has been continuously expanding its content offerings across genres, languages and platforms to cater to the wide spectrum of audience segments in India.



Consumer focus

Consumers are the focal point of everything we do at ZEE. The varied cultural backgrounds and native languages of ZEE's audience make it imperative to have an in-depth understanding of consumer preferences. The Company is continuously trying to strengthen the bridge between consumer insights, content creation and content delivery process for a seamless consumer experience.



Increase reach

ZEE is committed to making its content accessible to consumers across platforms. The Company is continuously expanding its network of partnerships with content distributors, aggregators and device manufacturers to ensure the widest possible reach of its content, which also helps to serve advertisers better.



Build capabilities

Entertainment needs of consumers are continuously evolving, especially in today's rapidly changing landscape. To succeed in this environment requires constant capability building. The Company is focused on upskilling its workforce, investing in data analytics, and upgrading production facilities and IT infrastructure to deliver extraordinary entertainment experience to its consumers.

STRATEGIC ASSETS



Library

Intellectual Property rights of 250,000+ hours of content



Strong brand

Built over 27 years



People

Extraordinary Together

COMPETITIVE ADVANTAGES

01 Content creation capabilities

Our in-house expertise along with strong partnerships in the content creation, aggregation and distribution eco-system enable us to create and deliver engaging content at a competitive cost. This helps ZEE to expand and strengthen its presence across media verticals.

We produce ~500 hours of content every week

We produce original content in 12 languages

We own the IP rights of all the content we produce

02 Synergies across businesses

We realize significant synergies, in both cost and revenue, due to our presence across markets and platforms. Content created for a market or a platform travels to another with little or no efforts, increasing its economic value. Our diverse presence not only allows us to manage the content creation and acquisition costs better but also enables cross-platform marketing.

All 35 channels in International markets run on content produced for our Indian channels

Digital platform hosts content from Broadcast, Movies, Music and Live Businesses

03 Reach

Our businesses cover the entire spectrum of consumers' entertainment needs across formats, geographies and platforms. This enables us to reach almost every consumer of entertainment content in India and one in ten in rest of the world. This strong reach makes us the default partner for brand building as well as the preferred partner for content creators.

600mn+ individuals reached in India every week

Presence in over 170 countries

3,000+ brands connect with their consumers through our network in India

REVENUE STREAMS

01 Advertising

It is an important revenue stream for our broadcast and digital businesses. Advertising revenue is primarily driven by reach and viewership of our content. Consumer staples, consumer durables, telecom, auto and e-commerce are our key advertisers.

02 Subscription

Broadcast and digital businesses generate subscription revenue. Our content reaches through distribution partners such as DTH and cable companies in case of our broadcast business. In digital, subscription revenue comes directly from consumers or through our partnerships with telecom operators and other players in the digital eco-system.

03 Syndication

This primarily relates to licensing of our content (shows, movies etc.) in the international markets or to other broadcasters and OTTs in India.

04 Theatrical

Revenue from the theatrical release of the movies produced by us.

05 Music licensing

Revenue from the licensing of our music catalogue to music streaming platforms and from any other events/platforms where our music titles are utilized.

06 Others

Movie distribution:

Revenues earned from distribution of movies.

Ticketing and Sponsorships:

Revenues from on-ground events, live shows and theatre.

CREATING VALUE



For audiences

By providing engaging, inspirational and uplifting content to audience's satisfaction.



For advertisers

We offer brand building solutions for our advertisers to reach their consumers through multiple touch-points.



For distribution partners

Our content is an integral part of offering of our distribution partners – cable, DTH and telecom operators.



For talent

Our network provides unparalleled reach to our content partners. We are also instrumental in continuously bringing new talent to the industry.



For shareholders

Through a track record of consistent financial performance.



For our people

By providing enriching experience at the work place, work life balance, adequate learning and growth opportunities.

BUSINESS OVERVIEW

At ZEE, consumer is the focal point of decision making. An insatiable desire for 'consumer delight' has been the driving force behind its rise as India's leading entertainment content company. In order to serve a continuously evolving audience base, the Company has been on a constant transformation journey. It has not only expanded its presence in new language markets, it has ensured that its content is available to consumers on platforms of their choice. It has also added capabilities to integrate user feedback into output to improve user experience. Over the last 27 years, it has continuously strived to enhance its understanding of consumer to create quality content that engages them.

Zee has been entertaining its viewers by showcasing stories set in varied cultural backdrops and it relentlessly endeavours to improve its comprehension of the socio-cultural nuances that separate different sets of audiences. It is this understanding that enables it to successfully create same stories in different cultural contexts. On the other hand, OTT and social media platforms have brought Zee closer to consumer, for collecting their feedback as well as content delivery. It is enhancing its capabilities in the digital space to give its users a seamless 360° experience.

