



A Transformative **Edge**

ZEE ENTERTAINMENT ENTERPRISES LIMITED

ANNUAL REPORT 2022-23

A Transformative Edge

Transformation has always been an integral part of ZEE's journey and it has kept us ahead of the curve for over three decades. Through bold experimentation, we have consistently embraced the ever-evolving entertainment landscape, tapping into avenues of high potential.

The ZEE of today is a result of setting pragmatic ambitions and the big bets taken throughout our journey. This strategy will serve as the driving force behind our next wave of value creation as we continue to forge ahead.

Our commitment to soul-stirring narratives endures, serving as a reminder that stories possess the ability

to inspire, connect, and unite. As we make our comeback in the realm of sports entertainment, we showcase our aspiration to achieve more.

At the heart of ZEE's transformation lie choice and action, and by forging a strong connection between the two, we will continue to break new ground, one story at a time.

FY23 highlights

FINANCIAL

₹80,879 Mn
Operating revenue

13.6%
EBITDA margin

ESG

7%
Reduction in energy intensity
per crore rupee of turnover

19.6%
Women employees

100%
Female employee retention
post maternity leave

99.3%
Employees received
training on human rights

100%
Eligible employees
received performance and
career development review

VIEWERS

16.8%
TV network share*

4.5+
ZEE5 App rating on Android
Play store and iOS App store

119 Bn
YouTube views across all
ZEE Music Company (ZMC)
channels

572 Mn
Weekly reach^

^ 52-week reach, India 2+ U+R | # Source: BARC, 15+ U

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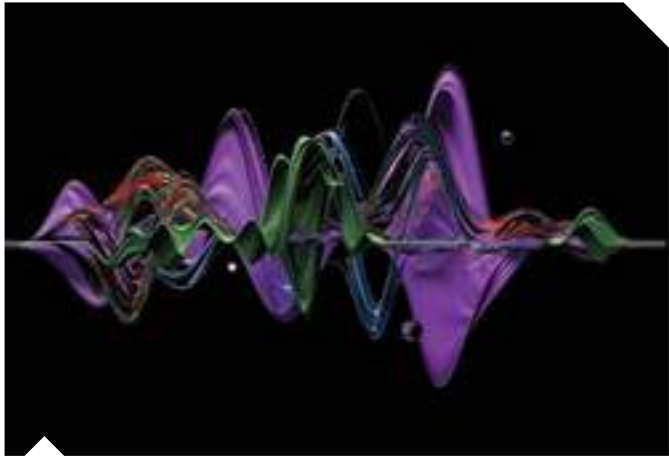
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The united voices of ZEE
Carrying forward our legacy of narrating the diverse stories of India.

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Creating stories that inspire
Embracing the responsibility of creating stories that inspire real change.

How we are transforming

Discover the five ways through which we are strengthening our position as a customer-centric media powerhouse.

FEATURED STORIES



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Power of two:
Linear and digital
Combining linear and digital strengths to tap into one of the most exciting media landscapes in the world.



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Game. Set. Match.
Making a comeback to sports entertainment to unlock value across our businesses.

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A leap into the future
Leveraging our deep tech stack to revolutionise the ConTech landscape.

Extraordinary **experiences**, extraordinary **value**

ZEE is deeply rooted in its legacy - one of creating and showcasing extraordinary, purpose-driven content that resonates with audiences across the globe.

We are in a phase of focused investments in linear, digital, and the movie production businesses to strengthen our position in each of these verticals. Empowered by a dynamic cohort of tech, data, and talent, we are ready to embark on our next phase of growth, fostering synergies across our leading businesses.

190+

Countries ZEE has presence in

1,300 Mn

Viewers

5,000+

Movie titles

230+

Originals launched since ZEE5's introduction

30 years of entertainment

Our visionary decision to introduce the nation's first private TV channel, ZEE TV, revolutionised the Indian M&E industry, becoming a driver for economic development and social progress.

Today, the Indian M&E industry is one of the most exciting media landscapes in the world, valued at ₹2.1 trillion^ (\$26.2 billion). The ongoing digital revolution, coupled with big data, analytics, and the 5G rollout in India, is poised to drive the Indian sector forward.

Our strategic roadmap for the future aims to enable us to maintain our transformative edge and reinforce India's positioning as the most attractive global M&E player.

[^] As per EY/FICCI



How we create value

We utilise our resources to deliver enduring value for all stakeholders, aiming to translate our expertise into cultural, social and economic benefits. At the heart of our approach is a commitment to leveraging our resources strategically, fostering growth and extending beyond profitability.

1

Economic value

We create jobs and enrich local economies in our operational areas.

2

Cultural value

We feature content that promotes cultural diversity, traditions, and values.

3

Social value

Guided by care and empathy, we create empowered communities through our CSR initiatives.

Our resources



Financial capital

A robust balance sheet enables us to pursue ambitious bets and bolster our growth prospects.



Purpose-led culture and people

Our team boasts diverse talent and a culture driven by purpose.



Stakeholder relationships

Constructive partnerships underpin our operations, garnering support during both good and challenging times.



Strong roots

Our business is deeply rooted in the cultural ethos and economic landscape of India.



Natural resources

Reliance on resources such as electricity and fuel to power our operations.

How we drive value



Shareholders

Delivering superior returns through our robust capital allocation.



Employees

Providing enriching experience at the workplace, work-life balance, adequate learning and growth opportunities.



Audiences

Creating entertaining, engaging, inspirational, and uplifting content.



Distribution partners

Providing content to our distribution partners - cable, DTH and telecom operators.



Advertisers

Offering brand-building solutions to reach their consumers through multiple touchpoints.



Talent

Providing unparalleled reach to our content partners and continuously bringing new talent to the industry.

BUSINESS SEGMENTS

Transforming **media,**
entertainment, and more

From television broadcasting to immersive film production, our multi-faceted ventures continue to redefine the landscape of media, entertainment, and beyond.

BROADCAST

We operate a diverse portfolio of channels to bring the best of content to our viewers. Each channel presents a kaleidoscope of emotions woven into stories that strike a chord with our audiences.

HINDI GENERAL ENTERTAINMENT

6

Channels

LANGUAGE ENTERTAINMENT

27

Channels

HINDI MOVIE CLUSTER

9

Channels

NICHE CHANNELS

8

Channels

PG.30

260k+ Hours

Of television content

DIGITAL

ZEE5 is recognised as India's leading and fastest-growing content platform thanks to our technology prowess and a premium slate of content. We focus on the viewing habits of our audiences, delivering the distinctive content they seek-where they want it and when they want it.



PG.32

230+

Originals launched since ZEE5's introduction

MOVIES

An integral part of our cultural and entertainment landscape, movies hold a special place in the hearts of our audiences. We present a blend of traditional and modern storytelling, bringing home content that stays with our viewers.



PG.34

One of the leading studios in India

MUSIC

Zee Music Company (ZMC) unites music lovers from across the globe by bringing them an extensive catalogue of songs and music videos across artists and genres and providing a platform for both established and upcoming musicians to showcase their talent.



PG.35

12,000+

Songs released till date

SPORTS

Sports is a catalyst for emotions and connections, and we aim to amplify this energy. Over the past year, we have made strategic investments in enhancing our capabilities in the sports arena, with an aim to bring an atmosphere charged with energy, excitement, and a sense of camaraderie.



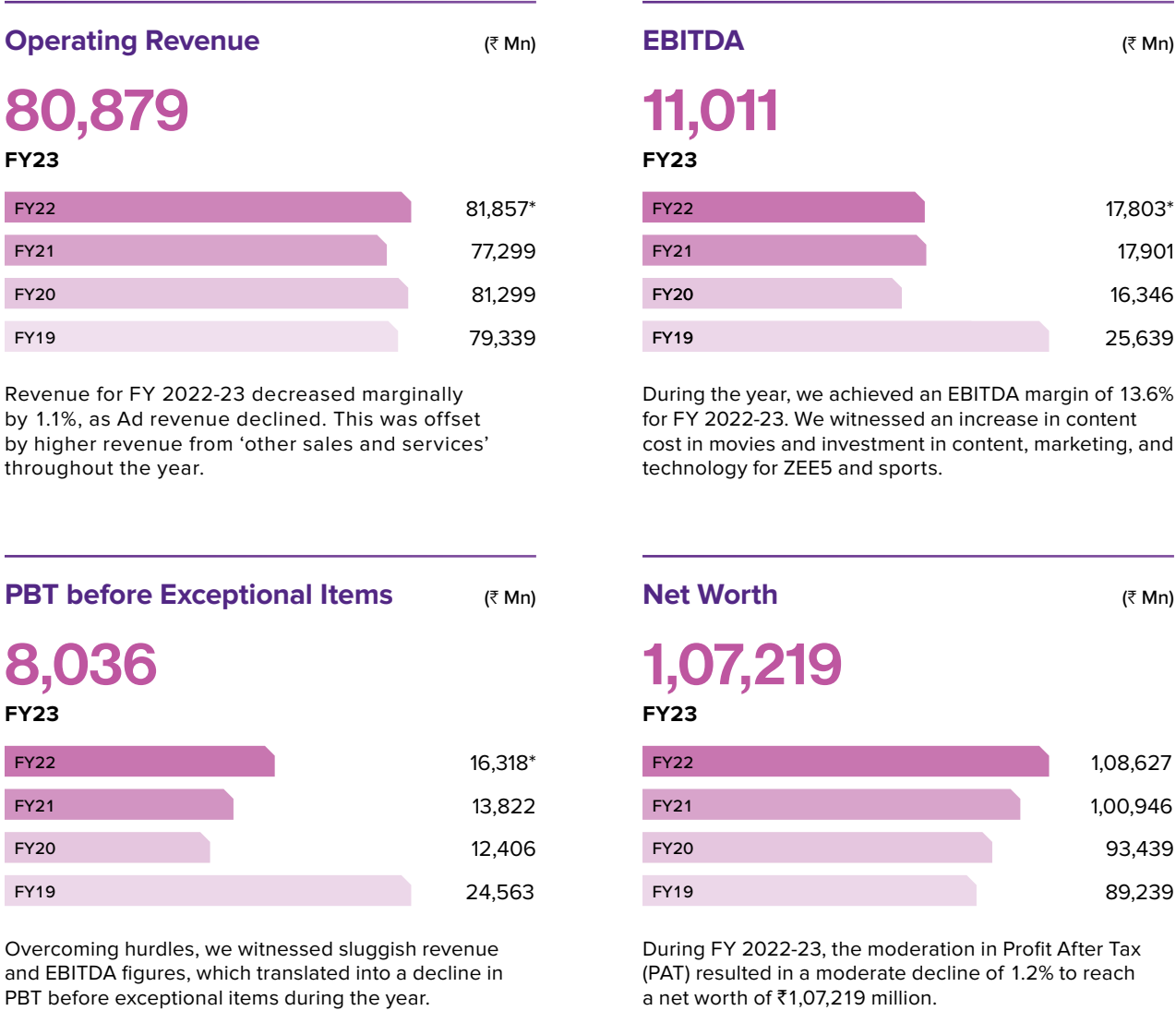
PG.36

Secured the global media rights for International League T20 (ILT20)

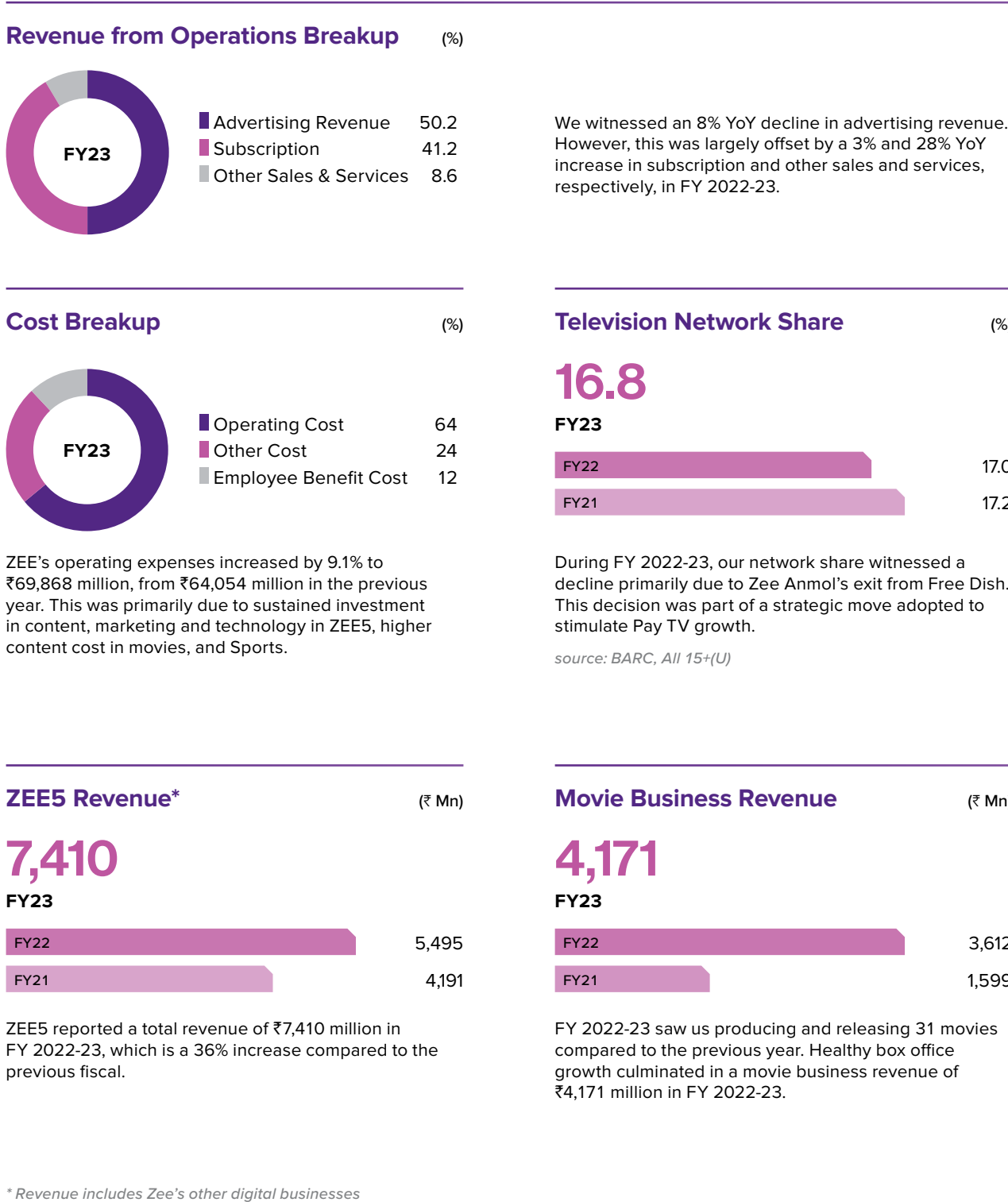
KEY PERFORMANCE INDICATORS

Charting our progress

In FY 2022-23, we navigated several macroeconomic headwinds. We persevered with our strategic approach, continuing to invest in content that matters, thereby fortifying our market position.



* from continuing operations



MD & CEO'S MESSAGE

The path of **ongoing transformation**

Dear Shareholders,

In its phenomenal journey of over three decades, ZEE has built a strong foundation with continuous transformation, value-creation and profitability as its core tenets. This has enabled the Company to stay ahead of the curve and deliver meaningful entertainment experiences across screens and formats.



PUNIT GOENKA
MD & CEO



Being an enabler of meaningful entertainment experiences has been at the core of our business, and all our environmental, social and governance priorities are tied to this thought."

Over the years, the only constant has been transformation; as the Company consistently moulded and re-moulded its business models in line with the consumers' evolving tastes and preferences, to become the most value-accretive asset in the Media & Entertainment sector. This transformative edge is deeply ingrained within our DNA at ZEE, and to drive sustained success in the future, we are only strengthening this capability as we move forward.

I firmly believe that in order to transform efficiently and derive maximum value, one of the most important aspects is to adopt a new way of thinking; a new outlook that will guide us towards our goals for the future, and that is the strategic direction our teams adopted during FY 2022-23. Even amidst a challenging year for the Company and industry at large, we continued to take small but significant steps towards our set goals and priorities for the future. We remain optimistic that the overall macroeconomic environment will recover swiftly, and we will be well-poised when this change takes place. As a result, our focus during the year has been on keeping our heads down and relentlessly working towards enhancing our capabilities. I am certain that this will help us build a competitive advantage to capitalise on the new opportunities emerging in the multi-dimensional entertainment ecosystem.

Champions of change

As the industry takes on a new shape backed by rapid advancements in technology and changing consumer preferences, establishing an innovative and sustainable position in this dynamic landscape will be key for businesses. The steps we are taking are beginning to display early results across strategic and operational aspects of the business, and we are investing prudently to ensure robust growth in the long term. Our realistic ambitions and risk-taking ability have always held us in good stead, and this approach will continue to steer the Company forward.

With the vast opportunities now available in the ever-expanding realm of entertainment experiences, we are determined to deliver higher value by focusing on innovation and capability-building across our businesses. For instance, data is increasingly becoming a valuable asset for our industry, helping in optimising content creation, personalising recommendations and targeting specific demographics more effectively. As a customer-centric Company, we are leveraging deep consumer insights and crystallising consumer data to make programming more targeted and meaningful for our audiences. This will enable us to become more uniquely positioned to cater to the evolving consumer tastes and preferences as entertainment consumption transcends screens.

During the year, your Company remained in an investment mode despite a challenging environment. But in order to enter newer playing fields, one needs to constantly invest and build new capabilities. It is this creative spirit and risk-taking ability that has set ZEE apart from the competition, to be known as a pioneer in the sector for over three decades. We continue to fuel this spirit across the organisation and nurture our teams to constantly innovate and excel. Our focus remains on expanding the boundaries in the digital ecosystem with compelling offerings and a seamless user experience. Significant efforts are being sown in this direction, and we remain

committed to our long-term strategic intent of enhancing our presence across screens and formats. For instance, our strategic decision to re-enter the sports business during the year will help us build a competitive edge on the back of our network strength and reach across markets, in the long-term.

This transformation continues to be implemented across various verticals in the organisation and is adopting a format and delivery agnostic approach. This will result in a much stronger and value-accretive institution for all stakeholders. I am extremely grateful to you – our esteemed shareholders, for recognising the potential of the Company, and I remain committed towards working for its growth. On the Company's proposed merger with and into Culver Max Entertainment Pvt. Ltd., I would like to update all of you that further to your approval, the proposed merger has also received clearances from the key regulatory authorities and National Company Law Tribunal (NCLT), Mumbai. The Company will continue to take the next steps in accordance with the law.

Our aim is to build long-term sustained value for all stakeholders through purposeful business outcomes. As a leading entertainment powerhouse tapping into the pulse of billions of viewers across the globe, we remain cognizant of our role in society to create a better future. Being an enabler of meaningful entertainment experiences has been at the core of our business, and all our environmental, social and governance priorities are tied to this thought.

As our impact on people and communities around the world grows through our on-screen content and the off-screen efforts we take in the realm of women empowerment, integrated rural development, improving public health, preserving our heritage and aiding disaster relief and recovery, overall environmental sustainability remains critical to driving business results. We remain firmly committed towards responsible and sustainable business practices in order to contribute positively to society.



The year gone by

In FY 2022-23, despite the media and entertainment industry facing macroeconomic headwinds, ZEE demonstrated resilience by further investing to strengthen its business fundamentals and enhancing the strategic aspects across our key businesses.

Our unwavering commitment was further fortified by our position as the number #2 entertainment network in the country. Moreover, we witnessed a notable increase in viewership share across our linear channels in crucial markets, such as South, North, and East. This year, we re-entered the sports business by broadcasting the International League T20 (ILT20) live on our linear channels and our streaming platform ZEE5.

On the digital front, ZEE5 has been making remarkable strides across all metrics. We unveiled an expansive content slate of 111+ titles for ZEE5 in 2023, including compelling originals, direct-to-digital films, and theatrical releases in collaboration with renowned content creators. This strategic move is set to further enhance our unique value proposition to consumers and attract newer audience segments to the platform. Having doubled our quarterly revenue run rate in just eight quarters, we have formulated a plan focused on achieving even higher growth, and we remain poised to capitalise on emerging opportunities in the year ahead.

In FY 2022-23, our operating revenue declined by 1% primarily due to a 7.7% decline in advertising revenues. Advertising revenues were adversely impacted due to the withdrawal of Zee Anmol from Free-to-Air (FTA) and the industry-wide weakness in advertising spending by brands in an inflationary environment. The decline in advertisement revenue was partially offset by growth in subscription revenue, led by ZEE5 and ZEE, and higher other sales and services. Overall decline in revenue and elevated strategic investments across the businesses resulted in the EBITDA margin declining to 13.6% during FY 2022-23.

Increasing consumer demand and favourable macro factors, including digital reach and content availability, are poised to drive substantial long-term structural growth in the M&E industry in India. At ZEE, we are actively directing our efforts towards seizing a significant portion of this growth through targeted investments. Our past achievements have instilled confidence in adopting a proactive investment strategy to enhance our long-term significance. While scaling up these investments, our priority remains to drive returns with fiscal responsibility, a fundamental principle embedded in ZEE's core values.

Vote of thanks

As we continue forward on our journey of transformation, all our efforts remain insignificant without your valuable support. Our successes and the learnings from our failures have made us resilient, but it is you, along with our partners and colleagues, that form the foundation of this precious institution that we have built, and I remain eternally grateful for your support towards the Company. You have been instrumental in shaping ZEE's success and continue to be the driving force behind our collective achievements. I continue to seek the support and trust of all our stakeholders as we move forward in this journey. It is not just about building a transformative edge for your Company but a differentiating edge to compete in a new environment and raise the bar of entertainment by several notches.

For us at ZEE, transformation is an ongoing process wherein something truly extraordinary is taking place. The future is filled with exciting, new possibilities and the opportunities for innovation at the edge are endless!

Sincerely,

Punit Goenka
MD & CEO

Q&A

Rohit Gupta, CFO



Our CFO Rohit Gupta shares his reflections on ZEE in FY 2022-23, discusses his thoughts for the year ahead, and explains why he believes ZEE is well-poised to seize opportunities and deliver value to stakeholders.

Q. How would you summarise ZEE's financial performance in FY 2022-23?

A. FY 2022-23 was a challenging year due to the macroeconomic environment. While inflation showed signs of cooling down, consumption remained soft for FMCG companies. This continued to put pressure on them and resulted in weak Ad spending environment. Further, the prolonged delay in NTO implementation put pressure on linear TV subscription revenues. The relatively subpar movie content performance impacted the movie business. All these factors hindered our topline growth.

As the year started, we withdrew Zee Anmol from FTA, sacrificing revenues and viewership focusing on our long-term objective of strengthening the pay-TV ecosystem. Also, as we navigated these revenue headwinds, we continued our investments towards enhancing our capabilities across digital (ZEE5) and sports. Both these segments, being relatively nascent, call for investments in content, marketing and technology, intensifying the impact on our overall profitability. However, we believe these investments are critical to being able to serve and delight our viewers and advertisers.

Overall, despite all the headwinds, we have strived to balance the near-term financial profile of the business while making room for longer-term strategic investments.



Q. What are the factors responsible for the increase in operating costs?

A. FY 2022-23 witnessed focused investments across our operations, evident from a YoY increase of 9.1% in overall operating costs. The rise in costs was driven by content expenses in movies and sustained investments in content, marketing, and technology for ZEE5 and sports. We also invested in our linear TV business to revive viewership share in key markets. Consequently, the EBITDA margin for FY 2022-23 stood at 13.6%, a decline from the 21.7% recorded in FY 2021-22. Despite the near-term impact, we believe these investments are essential for the long-term growth and success of our platforms.

35%

ZEE5's revenue growth (YoY)

Q. What is the approach and outlook for ZEE5?

A. ZEE5 continues to demonstrate strong traction, reflecting increased usage and higher engagement based on the attractiveness of its content. Our strategic approach for ZEE5 is yielding positive results, evident in both operational and financial indicators. Throughout the year, ZEE5 introduced over 30 original shows and movies, contributing to a noteworthy 35% YoY revenue growth. There has also been a significant improvement in its customer experience. These factors are a testament to the platform's healthy production and adoption.

Recognising ZEE5's potential as our future growth engine, we are actively investing in content, technology, and marketing to enhance its appeal further and extend its reach. Our vision is to become a leading player in the digital domain, in India and among the South Asian diaspora worldwide. This ambition has been exemplified by the successful launch of ZEE5 in the U.S. in June 2021, where it recorded an encouraging response in a short span of time, quickly establishing itself as the top South Asian OTT player in the market.

Q. Could you highlight the key investment focus areas for ZEE? What is the return profile of these investments?

A. Our investments are directed towards content for our linear and digital businesses, as well as language markets. We are also making substantial investments in technology in our digital business.

We firmly believe that these investments are essential to thrive in a market where content quality and viewing experiences are constantly evolving and consumers have numerous options. Our investments are yielding positive outcomes, particularly in the digital domain, as evidenced by the strong performance of ZEE5 and its increasing consumer engagement.

Our digital expansion has been bolstered by the establishment of an advanced technology and innovation centre in Bengaluru, which facilitates exponential growth for our integrated platforms. Additionally, we made a strategic move by acquiring the global media rights of UAE's T20 league for a decade, marking our re-entry into the sports genre. We remain committed to evaluating all investment opportunities that come our way and seizing those that have the potential to create or enhance shareholder value while maintaining a prudent fiscal approach.

Looking ahead, we anticipate increased investments across the business. While the increase in investment in the linear segment will mostly be inflationary, we have a stronger outlook for the digital space and anticipate higher investments there. In the studios business, our investment strategy will be guided by a portfolio-based approach to optimise returns.



Q. How is ESG positioned at ZEE?

A. ESG is an intrinsic concept in our business. Our ESG values flow through our operations and in the content we create. We produce content in a sustainable manner with utmost care for our people and the planet. Being the market leader in content creation, we have a huge role in strengthening the three cornerstones of sustainability – environment, social and governance – through continual collaboration with business partners, employees, suppliers and the community.

As a first step towards sustainable development, this year, we took the opportunity to map our ESG footprints across our operations and offices in India. We have collated and presented our sustained efforts to monitor, manage and improve our ESG performance in this report. Also part of the report is our BRSR which discloses ZEE's carbon, water, and energy footprints, the significant impact we have had on community development through our CSR initiative, our focus on employee well-being, health and safety, and our efforts towards human resource management and stakeholder engagement.

Our ambition and commitment towards ESG will be achieved by the adoption of the best ESG practices. We closely collaborate with our business partners, shareholders, suppliers, consumers, and investors to understand the issues they care about, enabling us to establish transparent communication channels, make quality decisions, and improve risk management.

Q. Can you give us a snapshot of ZEE's balance sheet and cash generation profile of the business for the year?

A. ZEE is a debt-free Company with strong operating metrics. This has provided us with adequate headroom to deploy the growth capital needed to tap into emerging opportunities. In FY 2022-23, we reported a current ratio of 4.3, which is a demonstration of our strong ability to discharge our current liabilities. We made good progress towards recovering sticky receivables. The DSO days improved by 4 days and came in at 73 days.

Our meticulous execution and financial prudence have led to us building a debt-free, and liquid balance which ensures we are well-poised to execute our strategic investments and ongoing business needs.

