



Zee Entertainment Enterprises Ltd.
Earnings Release

EARNINGS RELEASE FOR THE QUARTER ENDED

MARCH 31, 2013

Consolidated Operating Revenues of Rs 9,643 Mn, Up 11.0% yoy

Advertising Revenues of Rs 4,792 Mn, Up 15.5% yoy

Subscription Revenues of Rs 4,546 Mn, Up 13.0% yoy

EBITDA of Rs 2,423 Mn, Up 51.4% yoy; EBITDA Margin of 25.1%

Profit After Tax of Rs 1,804 Mn, Up 10.7% yoy

Board Recommends Equity Dividend of 200%; and

Bonus Issue of Redeemable Preference Shares of Rs 20 Bn

4Q HIGHLIGHTS

- ❖ Consolidated operating revenues for the quarter stood at Rs 9,643 million, recording a growth of 11.0% as compared to the corresponding quarter last fiscal. For the full year FY2013, the Company registered total revenues of Rs 36,996 million, an increase of 21.7% over FY2012.
- ❖ Advertising revenues for the quarter were Rs 4,792 million, showing a growth of 15.5% over 4Q FY12. For full year FY2013, advertising revenues increased by 24.0% to Rs 19,639 million.
- ❖ Subscription revenues were Rs 4,546 million for the quarter ended March 31, 2013, recording a growth of 13.0% on reported numbers over corresponding period last fiscal. This is the highest revenue ever in a quarter. For the full year FY2013, subscription revenues were Rs 16,234 million, recording a growth of 22.6%.

Zee Entertainment Enterprises Limited

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- ❖ During the quarter, domestic subscription revenues stood at Rs 3,374 million, while international subscription revenues were Rs 1,172 million. For the full year FY2013, domestic subscription revenues were Rs 11,648 million, recording a growth of 26.3% over last fiscal; while the international subscription revenues were Rs 4,586 million, recording a growth of 14.0% over last fiscal.
- ❖ Operating profit (EBITDA) for the quarter stood at Rs 2,423 million, recording a growth of 51.4% over the corresponding quarter last fiscal. EBITDA margin for the quarter stood at 25.1%. For full year FY2013, EBITDA was Rs 9,543 million, recording a growth of 29.0%.
- ❖ Profit after Tax (PAT) for the quarter ended March 31, 2013 was Rs 1,804 million, a growth of 10.7% over corresponding period last fiscal. For full year FY2013, PAT stood at Rs 7,182 million, recording a growth of 21.6%.

Mumbai, May 22, 2013: Zee Entertainment Enterprises Limited (ZEE) (BSE: 505537, NSE: ZEEL.EQ) today reported its fourth quarter fiscal 2013 consolidated revenue of Rs 9,643 million. The consolidated operating profit (EBITDA) for the quarter stood at Rs 2,423 million, recording a growth of 51.4% over corresponding period of previous fiscal. PAT for the quarter was Rs 1,804 million. The EBITDA margin for the quarter stood at 25.1% and the PAT margin was 18.7%.

The Board of Directors in its meeting held today, has taken on record the audited consolidated financial results of ZEE and its subsidiaries for the year ended March 31, 2013.

For the full year FY2013, consolidated operating revenues of the Company were Rs 36,996 million, while consolidated operating profit (EBITDA) for the year was Rs 9,543 million, recording a growth of 29.0%. PAT for the year stood at Rs 7,182 million.

Mr. Subhash Chandra, Chairman, ZEE, stated, "Indian economy is showing early signs of a recovery with steady moderation in inflation. The recent policy initiatives by the Government and further reforms should help to boost business sentiment and improve the investment climate. Despite the backdrop of a slowing economy in FY2013, television media industry has continued on its growth path."

"FY2013 was a defining year for the television media sector in many ways. The biggest transformation was the implementation of Digital Addressable System (DAS) in the 42 largest cities of India. At the end of March 2013, there were an estimated 33 million digital pay TV homes on DTH and an estimated 16 million homes on digital cable, up from 29 million DTH and 4 million digital cable homes in March 2012. Though advertising growth

has been muted for the television industry as a whole, ZEE has recorded industry leading growth of 24% in FY2013”, he continued.

Commenting on the results of the Company, Mr. Chandra added, “ZEE had a very successful year in FY2013, with strong financial results, reflecting our focus on delivering superior performance. This year also marked the completion of 20 years of Brand Zee. To mark the 20th year celebrations, the Board has recommended a cash dividend of Rs 2.00 per share. In addition, the Board has announced distribution of Rs 20 billion through bonus issue of Redeemable Preference Shares. This reflects our strong commitment to deliver consistent and sustainable return of capital to shareholders through a combination of dividends and buyback. In the last two years, we have returned 6,850 million through a combination of dividend and buyback. We believe we can continue to return meaningful amount of capital even as we strengthen our balance sheet and invest in the growth of the businesses. We will continue to pursue growth opportunities, which would enhance long term shareholder value.”

Mr. Punit Goenka, Managing Director and Chief Executive Officer, ZEE, commented, “Fiscal 2013 has been a good year both on operating as well as financial parameters. Consolidated revenues increased 21.7% to Rs 37 billion driven by strong growth in both advertising and subscription revenues. ZEE gained viewership share with improvements across genres, both in national and regional languages, which led to outperformance in advertising growth relative to the industry. Domestic subscription revenues grew 26.3%, driven by digital subscribers. We have recorded EBITDA margin expansion from 24.3% to 25.8% despite our investments in new businesses. We have also seen steady improvement in our sports business over the last three years. While the investment in sports continues, performance has improved substantially with better monetization from subscription.”

Commenting on the rollout of digitization, Mr. Goenka added, “DAS phase II has been implemented across the country. Industry ARPUs on DTH seem to be growing with exciting consumer offers being provided by operators on premium channel subscriptions. We believe similar effort by digital cable operators will ensure a more robust growth of the industry for all stakeholders.”

Mr. Goenka continued, “The improving economic outlook augurs well for the media and entertainment sector. We are hopeful that a steady growth in ratings will help ZEE deliver better performance in the coming quarters. Our content-focused approach combined with better monetization of subscription revenues, especially from digital markets, will contribute to the company delivering steady and sustainable returns in the years ahead.”

BUSINESS PERFORMANCE

During the quarter, **Zee TV** averaged 220 GRPs recording a relative share of 19% among the top 6 Hindi GECs. The market share was even better in the *Prime Time* band, where Zee TV averaged 137 GRPs recording a relative share of 20%. The channel delivered a weekly average of 26 shows among top 100 shows during the quarter led by the top rated shows like *Pavitra Rishta*, *Sapne Suhane Ladakpan Ke*, *Qubool Hai*, *India's Best Dramebaaz* and *Fear Files*. Zee TV launched new shows *Badalte Rishton Ki Dastaan* and *India's Best Dramebaaz* during the quarter. *Zee Cine Awards*, telecasted on 20th Jan, garnered a very good rating of 3.5 TVRs. The key shows and events planned in the forthcoming quarter include *Connected Hum Tum*, *Punar Vivah – Season 2* and *DID Supermoms*.

Top fiction properties on Zee TV

Sapne Suhane Ladakpan Ke
Qubool Hai
Pavitra Rishta

Zee Cinema was No. 1 channel in its genre, averaging 119 GRPs during the quarter with a relative share of 35% among the top 3 Hindi movie channels. The key properties of the channel during the quarter were *Lage Raho*, *Shanivaar Ki Raat Sitaron Ke Saath* and *Cinema Hall*. The forthcoming quarter will see premieres of popular movies like *Heroine*, *Race 2*, *Kai Po Che*, *ABCD* and *Barfi*.

The network operates two channels in the English entertainment and movies genres - Zee Café and Zee Studio. Both these channels cater to the upwardly mobile urban Indian audiences and have been steadily consolidating their presence in this target group. **Zee Café** delivered a weekly average of 7 shows in top 50 during the quarter. The top shows on Zee Café were *Friends*, *The Vampire Diaries* and *The Big Bang Theory*. The key shows launched in the quarter were *Numbers*, *The Real Housewives of New Jersey* and *Gossip Girl*. The top performing properties on **Zee Studio** were *Scary Movie 3*, *Funny People* and *First Kid*.

Zee Khana Khazana, India's first 24-hour food channel, launched several new shows during the quarter, including *Food Ka Mood*, *Bachka Party* and *Ab Har Koi Chef*. Audience response to these shows has been encouraging.

Zee Marathi delivered average weekly GRPs of 200 during the quarter recording a relative share of 35% amongst all Marathi GECs. The channel delivered a weekly average of 9 shows among top 50 shows including top non-fiction shows such as *Dance Maharashtra Dance* and *Foo Bai Foo*. The channel launched two new shows, *Pakke Shejari* and *Foo Bai Foo* during the quarter.

Top fiction shows on Zee Marathi

Tu Tithe Me
Radha Hi Bawari
Mala Sasu Havi

Zee Bangla delivered an average of 381 GRPs in the quarter ranking a clear second in the Bangla GEC genre recording a relative share of 41%. The channel leads the non-fiction genre with 87% market share. The channel delivered a weekly average of 4 shows among top 10 shows during the quarter led by the top rated non-fiction shows like *Mirakkel Akkel Challenger 7*, *Dance Bangla Dance - Junior 2012*, *Sa Re Ga Ma Pa 2012* and *Didi No.1 – Season 4*.

Top fiction shows on Zee Bangla

Rashi

Saat Paake Bandha

Keya Patar Nouko

Zee Telugu averaged 310 GRPs during the quarter recording a relative channel share of 19%. *Pasupu Kumkuma*, *Muddubidda* and *Pellinati Pramanalu* were the top fiction shows on the channel during the quarter. *Super Mom*, *Bindas* and *Luckku Kickku2* were the top rated non-fiction shows. This quarter saw the premiere of block buster movie *Sudigadu*, which garnered an average TVR of 9.7.

Zee Kannada averaged 215 GRPs during the quarter recording a relative share of 18%, driven by popular shows like *Radha Kalayana*, *Parvathi Parameshwara*, *Panduranga Vittala*, *Kaas Ge Toss* and *Omkara*. This quarter saw the launch of *Baa Nanna Sangeetha* and *Asambhava*. **Zee Tamil** averaged 96 GRPs during the quarter, driven by popular shows like *Solluvathellam Unmai*, *Luckka Kickka*, *Attagasam* and *Marumanam*.

The key properties on our **Sports channels** bouquet during the quarter included telecast of *Pakistan Vs South Africa* cricket series, *West Indies Vs Zimbabwe* series and *New Zealand Vs South Africa* series. WWE continues to be a strong property attracting audiences as well as advertisers. The forthcoming quarter would see the telecast of cricketing events like *West Indies/India/Sri Lanka tri series*, *UEFA Europa league Finals* and *UEFA Champions League Finals*. The sports business revenues in the fourth quarter of FY2013 were Rs 1,072 million, while costs incurred in this quarter were Rs 1,477 million.

ZEE's **International operations** contribute a significant part of the Company's revenues. During the quarter, the Company undertook a number of initiatives to further strengthen its dominance. Zee TV was launched on several networks across Canada. In Europe, the first locally produced British Asian drama series 'Cloud 9' was launched on Zing. Zee TV and Zee Cinema were the number 1 TV channel among South Asians in their respective genres in UAE for the quarter ending March 2013.

CONDENSED STATEMENT OF OPERATIONS

The table below presents the condensed statement of operations for ZEE and its subsidiaries for the last quarter of FY2013 versus FY2012:

(Rs million)	Fourth Quarter		% Growth
	FY2013 (Audited)	FY2012 (Audited)	YoY
Operating Revenues	9,643	8,691	11%
Expenditure	7,220	7,091	2%
Operating profit (EBITDA)	2,423	1,600	51%
Add: Other Income	538	510	6%
Less: Depreciation	115	81	41%
Less: Finance Cost	28	(219)	
PBT before exceptional items	2,818	2,247	25%
Less: Tax Expense	960	573	68%
Less: Short Provision for tax (Earlier Years)	55	45	21%
Profit After Tax for the Period	1,804	1,630	11%
Add: Exceptional Item	-	-	-
Profit After Tax after Exceptional Items	1,804	1,630	11%
Add: Share of Profit / (Loss) of Associates	(10)	2	
Less: Minority Interest	(2)	30	

Numbers may not add up due to rounding

NOTES

A: In Q4 FY12, the Company had changed its accounting method of reporting financials of its joint venture company MediaPro (50% ownership) from Equity Accounting to Line-by-line proportionate consolidation as prescribed under AS 27. As a result of this accounting change, Q4 FY12 figures include line-by-line proportionate consolidation for three quarters (namely Q2, Q3 and Q4 FY12). Hence Q4 FY13 figures are not strictly comparable with Q4 FY12.

B: Figures for Q4 FY12 and Q4 FY13 are the balancing figures between audited figures in respect of the full financial year and published year to date figures up to the third quarter of the relevant financial year

C: Previous period/year figures have been regrouped wherever necessary

The table below presents the condensed statement of operations for Zee Entertainment Enterprises Limited and its subsidiaries for the full year of FY2013 versus FY2012:

(Rs million)	For the Fiscal		% Growth
	FY2013	FY2012	YoY
Operating Revenues	36,996	30,406	22%
Expenditure	27,453	23,010	19%
Operating profit (EBITDA)	9,543	7,396	29%
Add: Other Income	1,461	1,384	6%
Less: Depreciation	399	323	24%
Less: Finance Cost	86	50	73%
PBT before exceptional items	10,519	8,407	25%
Less: Tax Expense	3,283	2,400	37%
Less: Short Provision for tax (Earlier Years)	55	100	-46%
Profit After Tax for the Period	7,182	5,907	22%
Add: Exceptional Item	-	-	
Profit After Tax after Exceptional Items	7,182	5,907	22%
Add: Share of Profit / (Loss) of Associates	(10)	2	
Less: Minority Interest	(24)	17	

Numbers may not add up due to rounding

Note: Previous period/year figures have been regrouped wherever necessary

Consolidated operating revenues for FY2013 stood at Rs 36,996 million, recording a growth of 21.7% as compared to FY2012. Operating profit (EBITDA) for the year ended March 31, 2013 was Rs 9,543 million, which is a growth of 29% over FY2012. EBITDA margin for the year stood at 25.8%. Profit after Tax (PAT) for the year ended March 31, 2013 was Rs 7,182 million, a growth of 21.6% over last fiscal. PAT margin for the year stood at 19.4%.

REVENUE STREAMS

ZEE's revenues are generated primarily from advertising sales and subscription revenues. The following table sets forth the percentage of revenues that each type contributes to consolidated revenues in the last quarter of FY2013 and FY2012:

(Rs million)	Fourth Quarter		% of total revenues		% Growth
	FY2013	FY2012	FY2013	FY2012	
Advertising revenue	4,792	4,150	50%	48%	15.5%
Subscription revenue	4,546	4,022	47%	46%	13.0%
Other sales and services	305	519	3%	6%	-41.2%
Total Revenues	9,643	8,691	100%	100%	11.0%

Refer Notes A, B and C above

Numbers may not add up due to rounding

ZEE's advertising revenues during the quarter were Rs 4,792 million, showing an increase of 15.5% over corresponding period last fiscal. This has been significantly higher than the industry growth recorded during the quarter, aided by improvements in viewership shares.

Total subscription revenues for the quarter were Rs 4,546 million, registering a growth of 13.0% over the corresponding quarter last fiscal, on a reported basis. During the current quarter, domestic subscription revenues stood at Rs 3,374 million, while international subscription revenues were Rs 1,172 million. Domestic subscription revenues have shown an increase of 13.5% over the corresponding period last fiscal. However, accounting treatment of our distribution JV (MediaPro) has changed from Q4 FY12 and hence the numbers are not strictly comparable. Like-to-like growth is significantly higher (See Note A above). Subscription revenues for the quarter from international operations are up by 11.7% over corresponding period last fiscal.

Other sales and services include syndication sales, play out & transmission services, facility usage income among others. During the quarter, other sales and services stood at Rs 305 million.

EXPENDITURE

ZEE's main expenses include cost of goods and operations, employee cost, and administrative and selling expenses. The following table sets forth the percentage of costs that each type contributes to consolidated expenses for the last quarter of FY2013 as compared to the corresponding period last year:

(Rs million)	Fourth Quarter		% of total expenses		% Growth
	FY2013	FY2012	FY2013	FY2012	YoY
Operating cost	4,669	4,242	65%	60%	10.1%
Employee cost	835	759	12%	11%	10.0%
Selling & other expenses	1,716	2,090	24%	29%	-17.9%
Total Expenses	7,220	7,091	100%	100%	1.8%

Refer Notes A, B and C above

Numbers may not add up due to rounding

Operating cost in the quarter was Rs 4,669 million as compared to Rs 4,242 million in the corresponding period last fiscal, an increase of 10.1%. Employee cost has gone up by 10.0% over the corresponding period last fiscal. Selling & other expenses in the quarter were at Rs 1,716 million, as compared to Rs 2,090 million in the corresponding period last fiscal, registering a decline of 17.9%. Total costs incurred by the Company in this quarter were Rs 7,220 million, an increase of 1.8% over the corresponding period last fiscal.

BALANCE SHEET

The table below presents the audited consolidated balance sheet for FY2013 versus audited numbers for FY2012:

(Rs million)	Mar-13	Mar-12
EQUITY AND LIABILITIES		
Shareholder's Funds		
Share Capital	954	959
Reserves and Surplus	38,161	33,350
	39,115	34,308
Minority Interest	33	(32)
Share Application Money	-	46
Non-Current Liabilities		
Long-term Borrowings	17	12
Long-term Provisions	305	229
Other Non-Current Liabilities	174	0
	496	240
Current Liabilities		
Trade Payables	5,172	3,872
Other Current Liabilities	3,445	3,015
Short-term Provisions	2,297	1,704
	10,914	8,591
Total	50,558	43,154
ASSETS		
Non-Current Assets		
Fixed Assets	2,848	2,506
Goodwill on Consolidation	7,127	6,894
Non-Current Investments	651	675
Deferred Tax Assets (net)	287	337
Long Term Loans and Advances	2,254	1,417
Other Non-Current Assets	329	314
	13,497	12,143
Current Assets		
Current Investments	7,265	7,324
Inventories	8,745	7,339
Trade Receivables	9,890	8,660
Cash and Bank Balances	5,316	3,283
Short-Term Loans and Advances	5,510	4,051
Other Current Assets	335	354
	37,061	31,011
Total	50,558	43,154

CORPORATE DEVELOPMENTS DURING FY2013

Equity Dividend: The Board of Directors of the Company at the meeting held today have approved payment of Equity Dividend of Rs 2 per share of Re 1 each (equivalent to 200%) on the capital, subject to approval by the shareholders.

Issue of Redeemable Preference Shares by way of Bonus to Equity Shareholders: As a special reward to the shareholders on completion of 20 years of Zee, the Board of Directors of Company has announced issuance of Redeemable Preference Shares aggregating to Rs 20 billion by way of Bonus to shareholders under a Scheme of Arrangement. Such Bonus issuance of Preference shares shall be (i) by capitalization of Securities Premium Account and/or other reserves; and (ii) subject to appropriate statutory and regulatory approvals / exemptions.

Share Buyback: Under the fresh buyback announced by the Company in April 2012 for a value up to Rs 2,800 Million at price of maximum Rs 140/- per share, the Company bought back 4,812,357 shares of Re 1 each at a value of Rs 593.5 Million at an average price of Rs 123.34 per share. This buyback stood closed on April 3, 2013.

ESOP Scheme: The Company had instituted an Employees Stock Option Scheme in 2009 for issuance of stock options to employees under which in 2009, the Company had issued 4,340,000 options (which got doubled subsequent to the Bonus issue in 2010). Post March 2013, upon exercise of some of these options, the Company had issued and allotted 5,448,700 shares at an exercise price of Rs119.90 per share.

Legal Claim against BCCI: In connection with the legal claim preferred by the Company against the Board of Control for Cricket in India (BCCI), for termination of Media rights contract for telecast of cricket matches between India and other countries in neutral overseas territories, the Honorable Arbitration Tribunal has in November 2012 passed an Arbitral Award of Rs 1,400 Million (approx) payable by BCCI to the Company. BCCI has challenged the said award in the Chennai High Court. The said receivable has not been given effect to these results pending receipt of award amount from BCCI.

Investments in MirriAd: Asia Today Ltd. (ATL), Mauritius – one of the subsidiaries of the Company had subscribed to and invested in shares of MirriAd Ltd., United Kingdom for a value aggregating GBP 3 Million which entail ATL holding equivalent to 14.38% shareholding in MirriAd. MirriAd provides digital product placement solutions that enable broadcasters to embed brands, products and images into existing content, at the point of broadcast rather than at the point of production.

Enhancement of FII Investment Limits: At the meeting held today, the Board has recommended to shareholders for approval, enhancement of FII investments limit in the Company beyond the current limit of 49% up to the maximum sectoral limit allowed under applicable FDI regulations.

SHAREHOLDING PATTERN

The total shares outstanding of the Company as of March 31, 2013 are 953,957,720. The shareholding pattern as of March 31, 2013 is given below:

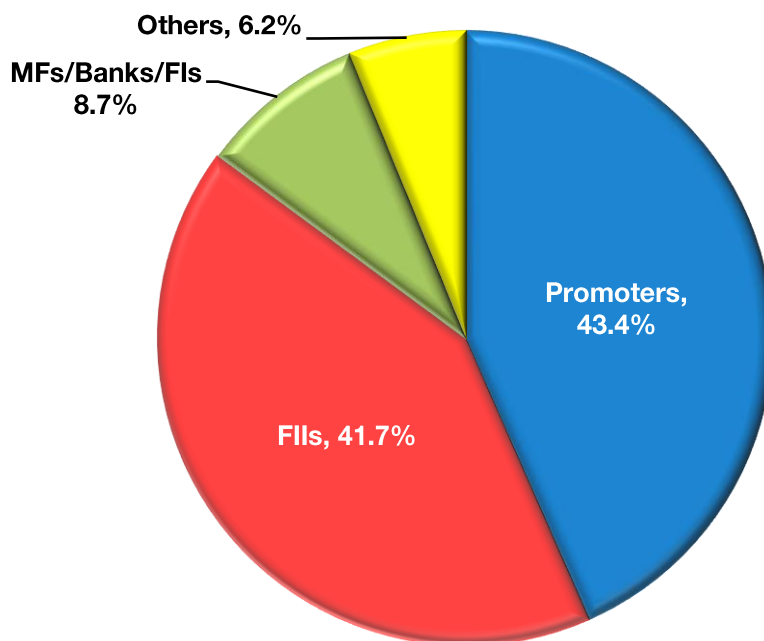


Figure: Shareholding pattern as on March 31, 2013



Note: This earnings release contains consolidated results that are audited, and prepared as per Indian Generally Accepted Accounting Principles (GAAP).

Caution Concerning Forward-Looking Statements

This document includes certain forward-looking statements. These statements are based on management's current expectations or beliefs, and are subject to uncertainty and changes in circumstances. Actual results may vary materially from those expressed or implied by the statements herein due to changes in economic, business, competitive, technological and/or regulatory factors. Zee Entertainment Enterprises Limited is under no obligation to, and expressly disclaims any such obligation to, update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

About Zee Entertainment Enterprises Limited ("ZEE")

Zee Entertainment Enterprises Limited is one of India's leading television media and entertainment companies. It is amongst the largest producers and aggregators of Hindi programming in the world, with an extensive library housing over 100,000 hours of television content. With rights to more than 3,000 movie titles from foremost studios and of iconic film stars, ZEE houses the world's largest Hindi film library. Through its strong presence worldwide, ZEE entertains over 670 million viewers across 169 countries. ZEE has been selected Business Superbrands 2010-11, Industry Validated.

Pioneer of television entertainment industry in India, ZEE's well known brands include Zee TV, Zee Cinema, Zee Premier, Zee Action, Zee Classic, Zee Smile, 9X, Ten Sports, Ten Cricket, Ten Action, Ten Golf, Zee Cafe, Zee Studio, Zee Trendz, Zee Jagran, Zee Salaam, Zing, ETC Music, Zee Khana Khazana and Zee Q. The company also has a strong offering in the regional language domain with channels such as Zee Marathi, Zee Talkies, Zee Bangla, Zee Bangla Cinema, Zee Telugu, Zee Kannada, Zee Tamizh and ETC Punjabi. The company's recently launched HD offerings include Zee TV HD, Zee Cinema HD, Zee Studio HD and Ten HD.

ZEE and its affiliate companies have leading presence across the media value chain including television broadcasting, cable distribution, direct-to-home satellite services, digital media and print media amongst others. More information about ZEE and its businesses is available on www.zeetelevision.com.

