

Strong Operating Profit Growth in A Difficult Year

Domestic Advertising Revenue for Q4FY17 at Rs 7,944 Mn, Up 8.1% YoY

EBITDA for Q4FY17 at Rs 4,687 Mn; EBITDA Margin at 30.7%

Advertising & Subscription Revenues for FY17 grew by 9.2% and 10.0% respectively

EBITDA for FY17 grew by 27.3%; EBITDA Margin at 29.9%

Board Recommends Equity Dividend of 250%

Q4 HIGHLIGHTS

- ❖ Advertising revenue for the quarter was Rs 8,469 million. Domestic advertising revenue grew by 8.1% to Rs 7,944 million while international advertising revenue stood at Rs 525 million.
- ❖ Subscription revenue for the quarter was at Rs 5,580 million, a decline of 6.1% YoY, due to high base on account of catch-up revenues in Q4FY16. Domestic subscription revenue stood at Rs 4,554 million while international subscription revenue stood at Rs 1,026 million.
- ❖ Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) for the quarter stood at Rs 4,687 million, registering a growth of 14.0% over Q4FY16. EBITDA margin stood at 30.7%.
- ❖ The first phase of sale of sports business to Sony Pictures Network has been completed and USD 330 million has been received.

The company has adopted IND-AS for reporting financial performance from Q1FY17. Financial statements for corresponding previous period (Q4FY2016, FY2016) have been restated accordingly

FY2017 HIGHLIGHTS

- ❖ Advertising revenue for FY17 was Rs 36,735 million, recording a growth of 9.2% over FY16.
- ❖ Subscription revenue for FY17 was Rs 22,629 million, growth of 10.0% over FY16. Domestic subscription revenue grew by 11.2% to Rs 18,226 million. On a comparable basis, adjusted for sale of sports, the domestic subscription growth was 13.5%. International subscription revenue grew by 3.0% to Rs 4,403 million.
- ❖ Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) for FY17 stood at Rs 19,269 million registering a growth of 27.3% over FY16. EBITDA margin stood at 29.9%.

Mumbai, May 10, 2017: The Board of Directors in its meeting held today, has approved and taken on record the audited consolidated financial results of Zee Entertainment Enterprises Limited (ZEEL) (BSE: 505537, NSE: ZEEL.EQ) and its subsidiaries for the quarter and year ended March 31, 2017.

ZEEL reported consolidated revenue of Rs 15,280 million for the fourth quarter of fiscal 2017. Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) was at Rs 4,687 million. PAT for the quarter was Rs 15,142 million which includes exceptional gain of Rs 12,234 million on account of sale of sports business. EBITDA margin for the quarter stood at 30.7%.

Dr. Subhash Chandra, Chairman, ZEEL, commented, “The Indian economy has exhibited strong resilience with GDP growth of 7% in Q3FY17 despite demonetization of high value currency. Implementation of Goods and Services Tax (GST) would unify India into one market. This along with other reforms and push on infrastructure would accelerate growth from already healthy levels. A normal monsoon as forecasted by IMD could give a fillip to rural consumption.”

Mr. Punit Goenka, Managing Director & Chief Executive Officer, ZEEL, commented, “We are happy to deliver yet another quarter of strong financial performance despite the difficult economic environment. Our domestic advertising revenue grew by 8.1% despite the impact of demonetization.

After a couple of quarters of weakness, advertising growth appears to be back on track. The GST roll-out could boost advertising spends as a part of potential tax savings might be reinvested. While there is uncertainty regarding the implementation of the new tariff regulation due to pending litigations, we have published the prices of our channels and bouquets. We are confident that with the strong competitive position of our channels in every genre, we will be able to drive subscription business.

We have completed the first phase of sale of sports business during the quarter. While this had an impact on revenues, our focus is to strengthen national and regional channel portfolio, along with growing new businesses. We are exploring ways to extinguish preference share liability using the proceeds from the sale of sports business.”

BUSINESS PERFORMANCE

Broadcast Business

In Q4FY17, ZEEL's non-sports viewership share was 16.1%. While the pay Hindi GEC bouquet maintained its market share, the regional portfolio improved its market share.

Our two Hindi GECs, **Zee TV** and **&tv**, had a combined share of 21% amongst the top 7 channels in pay Hindi GEC genre. **Zee Anmol**, Hindi GEC catering to Free-to-Air (FTA) audience was ranked third in the genre.

In pay **Hindi movie** genre, we continue to retain leadership position through our four channels.

Regional entertainment portfolio once again exhibited a strong performance. **Zee Marathi** maintained its market share at the No.1 position in the Mah/Goa market. **Zee Bangla** was the second most watched channel in West Bengal. In Telugu market, **Zee Telugu** was the second ranked channel. **Zee Kannada** strengthened its position as the second ranked channel in Karnataka. **Zee Tamil** was the second ranked channel in the Tamil market. **Sarthak TV** continues to dominate the Oriya market.

Our **English cluster** continues to perform well bringing the best entertainment content and movies from around the world.

International Business

ZEEL's **International business** saw a decline in advertising and subscription revenues due to base effect. In Q4FY16, two popular cricket events were telecasted on our network in Pakistan which boosted advertising income. Similarly, international subscription for Q4FY16 was helped by catch-up revenue.

For the quarter ended March 31, 2017, international business financials are:

- Advertisement Revenue of Rs 525 Mn
- Subscription Revenue of Rs 1,026 Mn
- Other Sales and Services of Rs 663 Mn
- Total Revenue of Rs 2,214 Mn

Other Businesses

Zee Music Company, our music label, continued with its library expansion with acquisition of rights of both Bollywood as well as regional music. In Q4, our music label registered more than 2.2 billion views on YouTube.

Live Events business kicked off on-ground shows under the Zee Theatre umbrella in 9 cities across the country and 3 cities overseas. Zee Live's other property 'Wicked Weekends' continued to enthrall young audience in metro cities.

DittoTV is now integrated with major telecom operators which has led to good traction on the platform. Ozee continued to see organic growth with increased footfalls and witnessed an average of 50 mn+ video views per month during the quarter.

CONDENSED STATEMENT OF OPERATIONS

Consolidated operating revenue for the fourth quarter of FY17 stood at Rs 15,280 million, recording a growth of 0.4% on YoY basis. EBITDA for the quarter ended March 31, 2017 was Rs 4,687 million translating into EBITDA margin of 30.7%. Profit After Tax (PAT) for the quarter was Rs 15,142 million which includes exceptional gain of Rs 12,234 million on account of sale of sports business. The following table presents the audited consolidated financial statement of ZEEL and its subsidiaries for the fourth quarter and full year FY2017 versus FY2016:

(Rs million)	Q4FY17	Q4FY16	Growth	FY2017	FY2016	Growth
Operating Revenue	15,280	15,218	0.4%	64,341	58,125	10.7%
Expenditure	10,593	11,109	-4.6%	45,073	42,989	4.8%
Operating profit (EBITDA)	4,687	4,110	14.0%	19,269	15,136	27.3%
Add: Other Income	549	375	46.4%	2,240	1,951	14.8%
Less: Depreciation	316	209	51.1%	1,152	777	48.3%
Less: Finance Cost	1,122	1,333	-15.8%	1,372	1,598	-14.1%
Less: Fair Value Through P&L	(470)	(835)		2,205	673	
Add: Share of Profit/ (Loss) of Associates	103	60		(5)	19	
Profit Before Tax before exceptional items	4,372	3,839	13.9%	16,775	14,059	19.3%
Add: Exceptional Items	12,234	-		12,234	(331)	
Profit Before Tax (PBT) after exceptional items	16,606	3,839		29,010	13,729	
Less: Tax Expense	1,464	1,573		6,805	5,491	
Profit After Tax (PAT)	15,142	2,265		22,205	8,237	
Less: Minority Interest	(13)	(0)		(12)	5	
Other Comprehensive Income	(1,031)	(97)		(1,082)	690	

NOTES

A: Previous period figures have been regrouped wherever necessary.

B: Numbers may not add up due to rounding

REVENUE STREAMS

ZEEL has three sources of revenue - advertising, subscription and other sales and services. Other sales and services include revenues from our movie production business, content syndication, music label and commission on sales amongst others. The following table contains break-down of consolidated revenues.

<i>(Rs million)</i>	Q4FY2017	Q4FY2016	Growth	FY2017	FY2016	Growth
Advertising revenue	8,469	8,472	0.0%	36,735	33,652	9.2%
Subscription revenue	5,580	5,944	-6.1%	22,629	20,579	10.0%
Other sales and services	1,231	802	53.5%	4,977	3,894	27.8%
Total Revenue	15,280	15,218	0.4%	64,341	58,125	10.7%

Refer Notes A and B above

Sports Business Financials

<i>(Rs million)</i>	Q4FY17	Q4FY16	FY2017
Total Revenue	1,066	1,601	6,301
Advertising Revenue	90	612	1,072
Subscription Revenue	789	839	3,930
Other Sales & Services	187	150	1,300
Total Cost	1,049	1,837	6,205

Advertising revenue

ZEEL's consolidated advertising revenue in Q4FY17 was flat on YoY basis at Rs 8,469 Million. Domestic advertising growth was 8.1% YoY despite the negative impact of demonetization. Advertising revenue of our international business was impacted by country specific issues during the quarter and the base quarter revenue was aided by telecast of popular cricket events in Pakistan.

On a full year basis, the advertising revenue grew by 9.2% in FY2017 to Rs 36,735 million driven by strong performance of our regional channels and cinema cluster. While growth in H1FY17 was 17.4%, H2FY17 was impacted by demonetization and sale of sports business.

Subscription revenue

Domestic and international subscription revenues for the quarter declined by 2.8% YoY and 18.7% YoY respectively, largely due to catch-up revenues in Q4FY16. In addition, consolidation of only two months of sports business impacted subscription revenue during Q4FY17.

EXPENDITURE

ZEEL's total expenditure in Q4FY17 stood at Rs 10,593 million, lower by 4.6% compared to Q4FY16. The following table gives the break-down of costs.

(Rs million)	Q4FY2017	Q4FY2016	Growth	FY2017	FY2016	Growth
Operating cost	6,527	6,913	-5.6%	27,825	25,984	7.1%
Employee cost	1,593	1,222	30.3%	6,043	4,986	21.2%
Advertisement & Publicity expense	1,073	1,258	-14.6%	4,473	4,592	-2.6%
Other Expenses	1,400	1,717	-18.4%	6,732	7,427	-9.4%
Total Expenses	10,593	11,109	-4.6%	45,073	42,989	4.8%

Refer Notes A and B above

Operating cost in Q4FY17 was lower on YoY basis due to consolidation of sports business for two months and higher costs of the two cricket events telecasted last year. The drop in Advertising, Publicity and other expenses is largely attributable to savings achieved in placement costs.

INVESTMENT IN MOVIES

Movies is one of the most important avenues of entertainment for Indian consumers and a key long term growth driver for our business. We have a portfolio of 11 movie channels across Hindi and regional languages. During FY17, we have significantly increased our investments in acquisition of movie rights and production of movies. A large part of increase in inventory and other current assets is on account of these investments. At the end of FY17, advances for movies stood at Rs 4,461 million. Advances are paid for acquisition of future rights and advance purchase of rights of movies under production.

CONSOLIDATED BALANCE SHEET

(Rs million)	Mar-17	Mar-16
A) ASSETS		
Non-Current Assets		
(a) Property, plant and equipment	5,031	3,992
(b) Capital work-in-progress	1,270	1,104
(c) Investment Property	1,150	979
(d) Goodwill	2,676	8,843
(e) Other Intangible Assets	458	491
(f) Intangible Assets Under Development	288	-
(g) Investment in Associates and Joint Ventures	172	129
(h) Financial Assets		
(i) Investments	1,392	2,780
(ii) Other financial assets	1,216	1,261
(i) Income Tax Assets(Net)	4,618	4,255
(j) Deferred Tax Assets (net)	903	648
(k) Other non-current assets	253	946
Total non-current assets	19,427	25,428
Current Assets		
(a) Inventories	16,844	13,180
(b) Financial assets		
(i) Current investments	11,868	7,592
(ii) Trade receivables	13,059	13,482
(iii) Cash and cash equivalents	25,116	8,596
(iv) Other balances with banks	1,017	1,035
(v) Loans	1,542	1,750
(vi) Other financial assets	2,212	2,023
(c) Other current assets	9,283	6,574
Total Current Assets	80,941	54,231
Total Assets	100,368	79,659

<i>(Rs million)</i>	Mar-17	Mar-16
(B) EQUITY AND LIABILITIES		
Equity		
(a) Equity Share capital	960	960
(b) Other equity	65,608	47,079
(c) Non-controlling Interests	10	22
Total equity	66,578	48,061
Liabilities		
Non-current Liabilities		
(a) Financial Liabilities		
(i) Borrowings		
Redeemable Preference Shares	15,261	17,140
Others	11	9
(b) Provisions	767	534
(c) Other Liabilities	-	304
Total non-current liabilities	16,039	17,988
Current Liabilities		
(a) Financial liabilities		
(i) Trade payables	4,891	4,768
(ii) Other financial liabilities		
Redeemable Preference Shares	3,815	-
Others	5,358	5,559
(b) Provisions	89	77
(c) Current Tax Liabilities (Net)	1,783	1,022
(d) Other current liabilities	1,814	2,186
Total Current Liabilities	17,751	13,611
Total Liabilities	33,790	31,599
Total Equity & Liabilities	100,368	79,659

CORPORATE DEVELOPMENTS

During Q4 FY2017:

- Taj Television India Pvt Ltd, the erstwhile Subsidiary of the Company had paid Interim Dividend of Rs 65 million to the Company.
- The 1st Phase of the transaction relating to Sale of Sports Broadcasting Business by the Company to Sony Group was concluded on February 28, 2017, upon receipt of part consideration of USD 330 million by the Company and/or its Subsidiaries. Consequently, Taj Television (India) Pvt Ltd, ceased to be Subsidiary of the Company with effect from March 1, 2017.

Events post March 2017:

- ATL Media Limited, Mauritius, a wholly owned subsidiary, has paid Preference Dividend of USD 6.19 million and Equity Dividend of USD 13 million to the Company in April 2017.
- On April 13, 2017, the Company had paid Preference Dividend of Re. 0.60 per share for FY 2016-17 on the Bonus Preference Shares, to the Preference Shareholders as on record date of March 31, 2017.
- As per earlier Board approval, the Company had acquired 80% Equity Stake in the technology start-up M/s Margo Networks Pvt Ltd (Margo) at an aggregate investment of Rs 750 million, consequent to which Margo has become a Subsidiary of the Company on and from April 17, 2017.
- Pursuant to Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors have approved a Dividend Distribution Policy effective May 10, 2017 and in accordance with the said Policy, the Board has recommended Equity Dividend of Rs. 2.50 per Equity Share of Re. 1 each (equivalent to 250%) for FY 2016-17, for approval of the Equity Shareholders at the ensuing Annual General Meeting scheduled to be held on July 12, 2017.
- As per the directions of Mumbai Bench of Hon'ble National Company Law Tribunal (NCLT), Meetings of Equity Shareholders and Preference Shareholders of the Company were held on May 9, 2017 and at the said meetings, requisite majority of the Equity and Preference Shareholders had approved the Composite Scheme of Arrangement.

SHAREHOLDING PATTERN

The total outstanding shares of the Company as of March 31, 2017 were 960,448,720. The shareholding pattern as of March 31, 2017 is given below:

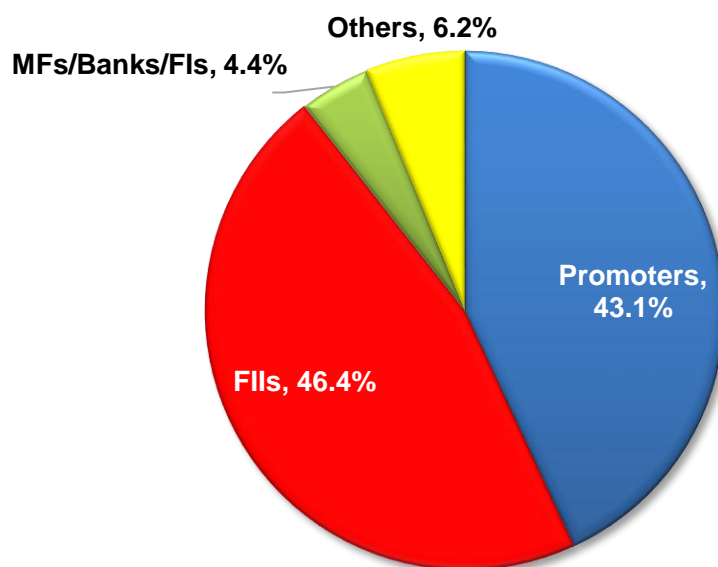


Figure: Shareholding pattern as on Mar 31, 2017



Note: This earnings release contains consolidated results that are audited, and prepared as per Indian Accounting Standards (Ind-AS).

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 ("ZEEL")

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 222,000 hours of television content. With rights to more than 3,800 movie titles from foremost studios and of iconic film stars, ZEEL houses the world's largest Hindi film library. Through its strong presence worldwide, ZEEL entertains over 1 billion viewers across 171 countries.

Pioneer of television entertainment industry in India, ZEEL's well-known brands include Zee TV, &tv, Zee Anmol, Zee Cinema, &pictures, Zee Action, Zee Classic, Zee Anmol Cinema, Zee Cafe, Zee Studio, Zee Salaam, Zing, ETC Bollywood and Zindagi. The company also has a strong offering in the regional language domain with channels such as Zee Marathi, Zee Talkies, Zee Yuva, Zee Bangla, Zee Bangla Cinema, Zee Telugu, Zee Cinemalu, Zee Kannada, Zee Tamil and Sarthak TV. The company's HD offerings include Zee TV HD, &tv HD, Zee Cinema HD, &pictures HD, Zee Marathi HD, Zee Talkies HD, Zee Bangla HD, Zee Studio HD and Zee Café 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 ZEEL and its businesses is available on www.zeetelevision.com.