



EARNINGS RELEASE FOR THE QUARTER ENDED SEPT. 30, 2014

Advertising Revenues of Rs 6,259 Mn, Up 7.3% yoy

Subscription Revenues of Rs 4,245 Mn

Consolidated Operating Revenues of Rs 11,178 Mn

EBITDA of Rs 3,205 Mn, Up 3.2% yoy; EBITDA Margin of 28.7%

Profit after Tax of Rs 2,270 Mn; PAT Margin of 20.3%

Q2 HIGHLIGHTS

- ❖ Advertising revenues for the quarter were Rs 6,259 million, recording a growth of 7.3% over Q2 FY14. Excluding sports business, advertising revenues growth is in low teens.
- ❖ Subscription revenues were Rs 4,245 million for the quarter ended September 30, 2014.
- ❖ During the quarter, domestic subscription revenues stood at Rs 3,373 million. Though the reported revenue reflects a growth of 0.7%, like-to-like growth is in high single digits (difference due to accounting changes necessitated by change in TRAI's content aggregator regulation).
- ❖ During the quarter, international subscription revenues were Rs 872 million. Due to change in arrangement with various operators across international territories, the reporting of subscription revenue for the current year has undergone a change and hence previous year figures are not comparable with that of current period. On a like to like basis, the growth has been in low single digits.
- ❖ Consolidated operating revenues for the quarter stood at Rs 11,178 million. The revenue figure is not comparable to corresponding figure last year owing to changes outlined above.

- ❖ Operating profit (EBITDA) for the quarter stood at Rs 3,205 million, recording a growth of 3.2% over Q2 FY14. EBITDA Margin stood at a healthy 28.7%.
- ❖ Profit after Tax (PAT) for the quarter ended September 30, 2014 was Rs 2,270 million. PAT Margin stood at 20.3%.

Mumbai, October 17, 2014: Zee Entertainment Enterprises Limited (ZEE) (BSE: 505537, NSE: ZEEL.EQ) today reported its second quarter fiscal 2015 consolidated revenue of Rs 11,178 million. The consolidated operating profit (EBITDA) for the quarter stood at Rs 3,205 million, recording a growth of 3.2% over corresponding period of previous fiscal. PAT for the quarter was Rs 2,270 million. The EBITDA margin for the quarter stood at 28.7% and the PAT margin was 20.3%.

The Board of Directors in its meeting held today, has taken on record the unaudited consolidated financial results of ZEE and its subsidiaries for the quarter ended September 30, 2014.

Mr. Subhash Chandra, Chairman, ZEE, stated, “The Indian economy has started showing signs of revival post the formation of the new government at the Center. GDP growth rate for the first quarter has been a healthy 5.7%, the highest it has been in over 2 years. The inflation levels have also started to ease towards more manageable levels. The business sentiment has been improving over past couple of months. We are hopeful that this marks the beginning of a sustained high growth trajectory. We expect the media industry to benefit from this improvement in overall economic environment. TV ad spends are likely to improve and we expect television media industry to grow faster than the recent past.”

Commenting on the results of the Company, Mr. Chandra added, “Our performance during the quarter reflects the investments that ZEE is making to grow its business and market share. The viewership market share is on an uptrend, which will help us to continue to grow ahead of the market. We will continue to pursue growth opportunities, which would enhance long term shareholder value. We have a strong balance sheet and we are confident that we would benefit from the growth opportunities ahead of us.”

Mr. Punit Goenka, Managing Director and Chief Executive Officer, ZEE, commented, “Our quarterly performance has been satisfactory. It has been a mixed quarter as far as television industry advertising spends is concerned. Even though the overall economic sentiment was positive during the quarter, it translated into increased advertising spends only during the fag end of the quarter. Our expectation is that advertising spends will continue to increase during the rest of the year. Our performance in the quarter reflects the industry wide trend. On the subscription front, the transition of distribution of channels from MediaPro to Taj Television is

now complete and we continue to grow in high single digits. Implementation of digitization in the remaining parts of the country will push the growth momentum further. We have also enhanced our HD offering with the launch of “& Pictures HD”. As a result of our consistent performance, we continue to maintain healthy operating margins.”

Speaking about the outlook for the business, Mr. Goenka continued, “Though the digitization deadlines for Phase III and Phase IV have been pushed back, timely implementation would greatly benefit the industry. The proposed move to scrap advertisement cap for FTA channels would be a welcome step for the industry. Also, the rollout of BARC in the near future is expected to enhance the representativeness of the viewership data. Creation and acquisition of excellent quality content remains core to our business and we continue to channelize investments to strengthen this core. We also continue to explore growth opportunities in domestic markets, international markets and in digital space.”

BUSINESS PERFORMANCE

During the quarter, **Zee TV** recorded a relative share of 18.9% among the top 6 Hindi General Entertainment Channels. The market share was even better in the *Prime Time* band, where Zee TV recorded a relative share of 22.1%. Zee TV was the No.2 channel in the genre during the quarter. The channel delivered a weekly average of 18 shows among top 100 shows during the quarter led by the top rated shows like *Jodha Akbar*, *Kumkum Bhagya* and *Jamai Raja*. New shows launched during the quarter were *Jamai Raja*, *Bandhan – Sari Umar Hamein Sang Rehna Hai*, *Neeli Chhatrawale* and *India’s Best Cine Stars Ki Khoj*. New launches planned in the forthcoming quarter include *Maharakshak Aaryan*, *Dil Se Nachein India Wale* and *DID Super Moms 2* amongst others.



ZEE’s **Hindi Movie Cluster** – Zee Cinema, &pictures, Zee Classic, Zee Premiere and Zee Action lead the genre with a relative share of 30.9%. The key properties of the channel during the quarter were *Double Mazaa*, *Shanivaar Ki Raat Sitaron Ke Saath* and *Lage Raho*. This quarter saw the premiere of *Holiday*, *Main Tera Hero* and *Total Siyapaa*

The network operates two channels in the English entertainment and movies genres - Zee Café and Zee Studio. **Zee Café** is one of the leading channels in its genre with a relative share of 16.7% and delivered a weekly average of 11 shows in top 100 during the quarter. The top shows on Zee Café were *Just For Laughs – Gags*, *Look Who's Talking With Niranjan* and *America's Funniest Home Videos*. The key shows launched in the quarter were *Look Who's Talking With Niranjan*, *Ground Floor* and *Grey's Anatomy*. The top performing properties on **Zee Studio** were *Herbie – Fully Loaded*, *The Avengers* and *The Other End of the Line*.

Zee Khana Khazana, the premium lifestyle channel from ZEE, continues to be at the top of ratings chart with a relative share of 38%. It also had the highest reach across the genre. The channel has firmly established itself as No. 1 lifestyle channel in the Country. The channel delivered a weekly average of 5 shows among top 10 shows during the quarter led by the top performing properties like *Kifayati Kitchen*, *Ab Har Koi Chef* and *Bacha Party*.



During the quarter, **Zee Marathi** extended its lead as No.1 channel in its genre. The channel recorded a relative share of 49% amongst all Marathi GECs. The channel delivered a weekly average of 6 shows among top 10 shows led by top fiction shows like *Honar Soon Me Hya Gharchi*, *Juluni Yeti Reshim Gathi* and *Javai Vikat Ghene Aahe* and non-fiction shows such as *Chala Hava Yeun Dya*. New launches during the quarter include *Ka Re Durava* and *Chala Hava Yeun Dya*.

Zee Bangla is one of the leading players in the Bangla GEC genre. During the quarter, it recorded a relative share of 33.9%. The channel leads the non-fiction genre with 70% market share. The channel is the slot leader in 5 out of 14 prime time bands during the quarter led by the top rated fiction shows like *Raage Anuraage* and *Rashi* and top rated non-fiction shows like *Mirakkel Akkel Challenger 8* and *Sa Re Ga Ma Pa*.

During the quarter, **Zee Telugu** increased its relative channel share to 22.7%. The channel was the No.1 channel during weekday primetime in the months of August and September. Overall, the channel has become a close no. 3 in Telugu GEC space. The top rated fiction shows on the channel during the quarter were *Varudhini Parinayam*, *Koncham Ishtam* *Koncham Kashtam* and *Mangamma Gari Manavaralu*. *Koncham Touchlo Unte Chepta*, *One and Om Karam* were the top rated non-fiction shows.

Zee Kannada increased its relative share to 13.4% during the quarter. Top rated shows on the channel were *Weekend with Ramesh*, *Radha Kalyana*, and *Punarvivaha*. This quarter saw show launches of *Weekend with Ramesh* and *Srirastu Subhamastu*. **Zee Tamil** recorded a relative share of 5.3% during the quarter. The top rated shows on the channel include *Solluvathellam Unmai*, *Fear Files* and *Luckka Kickka 2*.

The key properties on our **Sports channels** bouquet during the quarter included telecast of *Sri Lanka vs South Africa cricket series*, *Pakistan vs Sri Lanka cricket series*, *West Indies vs Bangladesh cricket series*, *Commonwealth Games 2014*, *US Open* and *Tour De France*. The forthcoming quarter would see the telecast of events like *Pakistan vs Australia cricket series*, *Pakistan vs New Zealand cricket series*, *Sri Lanka vs England cricket series*, *WWE Survivor Series*, *FIH Champions Trophy*, *ATP Tour World Finals* and *UEFA Champions Trophy*. The sports business revenues in the second quarter of FY2015 were Rs 1,181 million, while costs incurred in this quarter were Rs 1,431 million.



ZEE's **International operations** constitute a significant part of the Company's revenues. The highlights of the International Operations during the quarter were as follows: In Americas, Zee TV continued to garner the highest viewership share among South Asian networks. Zee TV and Zee Bollywood were launched on an additional platform - Charter Communications. In UK, the locally developed program, Zee Companion, continues to consolidate and engage audiences. Zee TV and Zee Cinema continued to be the Number 1 South Asian channels in their respective genres in the UAE. Zee Aflam continued its successful run as the Number 3 movie channel in All Arabs target audience in KSA. Zee Alwan was among the top 10 most watched channels in KSA during the month of Ramadan. In APAC, our recently launched channels Zee Bioskop and Zee Nung have gained popularity within a short period of time and are available on multiple platforms.

CONDENSED STATEMENT OF OPERATIONS

The table below presents the condensed statement of operations for ZEE and its subsidiaries for the second quarter of FY2015 versus FY2014:

(Rs million)	Second Quarter		% Growth
	FY2015 (Unaudited)	FY2014 (Unaudited)	YOY
Operating Revenues	11,178	11,013	1.5%
Expenditure	7,974	7,908	0.8%
Operating profit (EBITDA)	3,205	3,105	3.2%
Add: Other Income	522	549	-4.9%
Less: Depreciation	134	91	47.5%
Less: Finance Cost	23	34	-32.5%
PBT before exceptional items	3,570	3,529	1.2%
Less: Tax Expense	2,962	1,167	153.7%
Less: Short Provision for tax (Earlier Years)	(1,662)	(1)	
Profit After Tax for the Period	2,270	2,363	-3.9%
Add: Exceptional Item	-	-	-
Profit After Tax after Exceptional Items	2,270	2,363	-3.9%
Add: Share of Profit / (Loss) of Associates	-	-	
Less: Minority Interest	(6)	0	

NOTES

A: Effective April 01, 2014, the Company has changed its method of accounting for expenses incurred in development of new television channels till the time it is ready for commercial launch as intangible assets, as permitted under AS26, instead of charging it to statement of profit and loss account. Accordingly, Rs. 100 million of development expenditure has been capitalized and Rs. 1.5 million has been amortized during the year. Had the company continued to use the earlier method of accounting, the profit after tax for the current period would have been lower by Rs 65 million

B: In consolidated financials, due to change in arrangement with various operators across territories, subscription revenue for the current year is accounted net of Subscription Management Service cost. Hence, previous year figures are not comparable with that of current period

C: The above results are after giving effect of the Scheme of Arrangement for the Demerger of Media Business Undertaking of Diligent Media Corporation Limited (DMCL) vesting with the Company.

D: Previous period figures have been regrouped wherever necessary

E: Numbers may not add up due to rounding

Consolidated operating revenues for the second quarter of FY2015 stood at Rs 11,178 million. Operating profit (EBITDA) for the quarter ended September 30, 2014 was Rs 3,205 million, recording a growth of 3.2% on a y-o-y basis. EBITDA margin for the quarter stood at 28.7%. Profit After Tax (PAT) for the quarter ended September 30, 2014 was Rs 2,270 million. PAT margin for the quarter stood at 20.3%.

The financial results of the quarter are reflective of the change in accounting treatment of domestic and international subscription revenues. The change in accounting treatment of domestic subscription has been necessitated by the change in TRAI's content aggregator regulation. The change in accounting treatment of international subscription revenues has been on account of change in arrangement with various operators across international territories. This has had an effect on the reported growth of subscription revenues. On a like to like basis, domestic subscription revenue has seen a growth in high single digits, while the international subscription revenue has grown in low single digits in constant currency terms. However, there is no effect of this change on the bottom line.

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 second quarter of FY2015 and FY2014.

(Rs million)	Second Quarter		% of total revenues		% Growth
	FY2015	FY2014	FY2015	FY2014	
Advertising revenue	6,259	5,833	56%	53%	7.3%
Subscription revenue	4,245	4,581	38%	42%	-7.3%
Other sales and services	674	599	6%	5%	12.6%
Total Revenues	11,178	11,013	100%	100%	1.5%

Refer Notes above

ZEE's advertising revenues during the quarter were Rs 6,259 million, showing an increase of 7.3% y-o-y. Excluding sports business which is event led, advertising revenues grew in low teens. Total subscription revenues for the quarter were Rs 4,245 million. The underlying growth in domestic subscription revenue is in high single digits and international subscription revenue is in low single digits in constant currency terms. During the current quarter, domestic subscription revenues stood at Rs 3,373 million, while international subscription revenues were Rs 872 million.

Other sales and services include syndication sales, film distribution, play out & transmission services, facility usage income among others. During the quarter, other sales and services stood at Rs 674 million. The company had recorded revenue of Rs 599 million under this head during the corresponding period last fiscal.

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 second quarter of FY2015 as compared to the corresponding period last year.

(Rs million)	Second Quarter		% of total expenses		% Growth
	FY2015	FY2014	FY2015	FY2014	YoY
Operating cost	4,703	5,041	59%	64%	-6.7%
Employee cost	1,080	992	14%	13%	8.8%
Selling & other expenses	2,191	1,875	27%	24%	16.9%
Total Expenses	7,973	7,908	100%	100%	0.8%

Refer Notes above

Operating cost in the quarter was Rs 4,703 million as compared to Rs 5,041 million in the corresponding period last fiscal, a decrease of 6.7%. Employee cost has gone up by 8.8% over the corresponding period last fiscal. Selling & other expenses in the quarter were at Rs 2,191 million, as compared to Rs 1,875 million in the corresponding period last fiscal, registering an increase of 16.9%. Total costs incurred by the Company in this quarter were Rs 7,973 million, an increase of 0.8% over the corresponding period last fiscal.

CONSOLIDATED BALANCE SHEET

(Rs million)	Sep-14	Mar-14
EQUITY AND LIABILITIES		
Shareholder's Funds		
Share Capital	21,152	21,130
Reserves and Surplus	32,809	26,247
	53,961	47,377
Minority Interest	51	61
Non-Current Liabilities		
Long-term Borrowings	14	17
Long-term Provisions	398	335
Other Non-Current Liabilities	293	324
	704	675
Current Liabilities		
Trade Payables	5,102	5,050
Other Current Liabilities	4,045	3,843
Short-term Provisions	132	3,311
	9,279	12,204
Total	63,995	60,317
ASSETS		
Non-Current Assets		
Fixed Assets	4,114	4,106
Goodwill on Consolidation	7,786	7,625
Non-Current Investments	2,872	2,941
Deferred Tax Assets (net)	509	298
Long Term Loans and Advances	5,380	2,872
Other Non-Current Assets	371	361
	21,032	18,201
Current Assets		
Current Investments	5,451	5,349
Inventories	13,184	11,736
Trade Receivables	11,638	10,281
Cash and Bank Balances	3,526	5,644
Short-Term Loans and Advances	7,965	8,224
Other Current Assets	1,200	882
	42,963	42,116
Total	63,995	60,317

Refer Notes above

CORPORATE DEVELOPMENTS DURING Q2 FY2015

Update on Acquisition of Media Business Undertaking of Diligent Media Corporation Limited (DMCL): The Scheme of Arrangement for Demerger of Media Business Undertaking of DMCL vesting with the Company, as approved by the Director and Members, was approved by Hon'ble Bombay High Court vide Order passed on September 12, 2014. In accordance with the Scheme, all the assets and liabilities of DMCL, as at Appointed date of March 31, 2014, was vested on the Company with effect from the Effective Date of September 26, 2014. In accordance with the Scheme, the Board of Directors of the Company at the meeting held on September 26, 2014 had allotted 22,273,886 - 6% Non-Cumulative Non-Convertible Redeemable Preference Shares (Class A) of Re. 1 each to the Shareholders of DMCL. The said Preference Shares will not be listed on the Stock Exchanges and shall not rank pari passu with existing Listed Bonus Preference Shares of the Company.

SHAREHOLDING PATTERN

The total shares outstanding of the Company as of September 30, 2014 are 960,448,720. The shareholding pattern as of September 30, 2014 is given below:

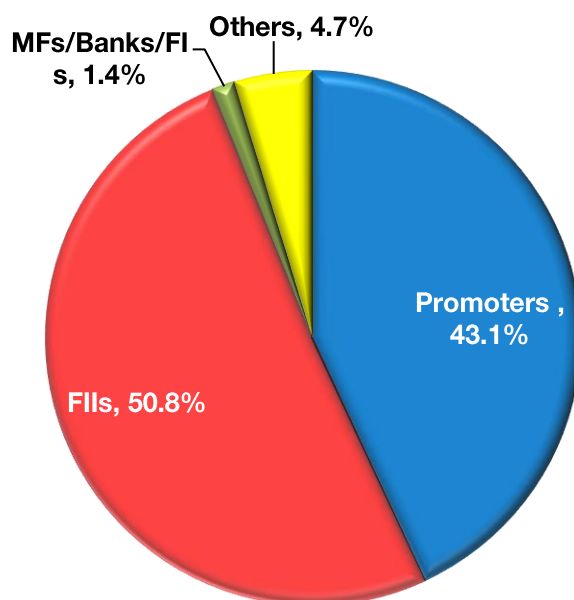



Figure: Shareholding pattern as on September 30, 2014











































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

CHANNEL PORTFOLIO



॥ VASUDHAIVA KUTUMBAKAM ॥
THE WORLD IS MY FAMILY

**169 COUNTRIES | 34 DOMESTIC CHANNELS | 34 INTERNATIONAL CHANNELS
730 MILLION+ VIEWERS | 120,000+ HOURS OF TV CONTENT**

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 120,000 hours of television content. With rights to more than 3,500 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 730 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, & pictures, Zee Anmol, Zee Smile, 9X, Ten Sports, Ten Cricket, Ten Action, Ten Golf, Zee Cafe, Zee Studio, Zee Jagran, Zee Salaam, Zing, ETC Music, Zee Khana Khazana, Zee Q and Zindagi. 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 and Zee Tamizh. The company's recently launched HD offerings include Zee TV HD, Zee Cinema HD, Zee Studio HD, & pictures 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.