



EARNINGS RELEASE FOR THE QUARTER ENDED JUNE 30, 2013

Advertising Revenues of Rs 5,301 Mn, Up 18.5% yoy

Subscription Revenues of Rs 4,241 Mn, Up 16.5% yoy

Consolidated Operating Revenues of Rs 9,733 Mn, Up 15.5% yoy

EBITDA of Rs 2,915 Mn, Up 25.0% yoy; EBITDA Margin of 29.9%

Profit After Tax of Rs 2,239 Mn, Up 42.6% yoy; PAT Margin of 23.0%

Q1 HIGHLIGHTS

- ❖ Advertising revenues for the quarter were Rs 5,301 million, recording a growth of 18.5% over Q1 FY13, which is higher than the industry growth rate.
- ❖ Subscription revenues were Rs 4,241 million for the quarter ended June 30, 2013, recording a growth of 16.5% over corresponding period last fiscal. During the quarter, domestic subscription revenues stood at Rs 3,168 million, while international subscription revenues were Rs 1,073 million.
- ❖ Consolidated operating revenues for the quarter stood at Rs 9,733 million, recording a growth of 15.5% as compared to the corresponding quarter last fiscal.
- ❖ Operating profit (EBITDA) for the quarter stood at Rs 2,915 million, recording a growth of 25.0% over the corresponding quarter last fiscal. EBITDA margin for the quarter expanded from 27.7% in Q1 FY13 to 29.9% in Q1 FY14.
- ❖ Profit after Tax (PAT) for the quarter ended June 30, 2013 was Rs 2,239 million, a growth of 42.6% over corresponding period last fiscal.

Mumbai, July 25, 2013: Zee Entertainment Enterprises Limited (ZEE) (BSE: 505537, NSE: ZEEL.EQ) today reported its first quarter fiscal 2014 consolidated revenue of Rs 9,733 million. The consolidated operating profit (EBITDA) for the quarter stood at Rs 2,915 million, recording a growth of 25.0% over corresponding period of previous fiscal. PAT for the quarter was Rs 2,239 million. The EBITDA margin for the quarter stood at 29.9% and the PAT margin was 23.0%.

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 June 30, 2013.

Mr. Subhash Chandra, Chairman, ZEE, stated, “The economy during the quarter has continued to face challenges due to sharp depreciation in rupee against major currencies leading to elevated current account deficit, balance of payment, inflation and adverse fiscal deficit. Measures are being taken to curb excessive speculation, reduce volatility and stabilize the rupee. Growth remains weak during the quarter and only a marginal improvement in GDP growth is expected. In spite of this lackluster economic growth, television media industry has posted a comparatively robust growth on the back of sustained advertising spends by the consumer goods sector.”

Commenting on the new brand positioning of ZEE, he added, “ZEE as a brand, has achieved global recognition today, and has grown exponentially over the years, establishing a strong connect in the minds and hearts of its audience globally. There was a definite need for a brand positioning statement, which differentiates ZEE from the other global media brands, and establishes a strong emotional connect with its stakeholders. With this approach in mind, “Vasudhaiva Kutumbakam” - The World is my Family has been launched as the positioning for Brand ZEE, which conveys the message of creating a world without borders, castes, races and strangers, hence uniting everyone as a part of one Family.”

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. This has been accompanied by a strong improvement in the operating performance of the company during the quarter. In a highly competitive space, ZEE continues to build its media assets and in the process continues to create value for the shareholders. We have a strong balance sheet and I am confident that we would take advantage of the growth opportunities ahead of us.”

Mr. Punit Goenka, Managing Director and Chief Executive Officer, ZEE, commented, “The first quarter of fiscal 2014 has been a good quarter both on operating as well as financial

parameters. The subscription revenue during the quarter has shown robust increase and with digitization rollout, will improve in the medium term. ZEE has maintained viewership share both in national and regional languages, which led to better advertising growth relative to the industry. During the quarter, we have been able to maintain healthy operating margins, driven by robust ad revenue growth and continuing monetization of subscription revenues. Sports performance for the quarter has been good but due to a heavy sports calendar and rupee depreciation, the business is expected to be in losses for some more time to come.”

Commenting on the changes in the industry landscape, Mr. Goenka added, “These are exciting times and we are witnessing a lot of changes in the industry landscape. The phased implementation of TRAI regulation, with respect to advertising inventory on a clock-hour basis has started and is expected to be fully in place by the end of second quarter. DAS implementation in Phase I & II also moved a step further with MSOs making substantial progress in capturing consumer data and taking first steps towards implementing packaging.”

Speaking about the outlook for the business, Mr. Goenka continued, “While the competitive intensity remains high in the Indian television industry, we continue to make efforts towards further enhancing our market share. At ZEE, we remain focused on delivering superior content to viewers and building a stronger relationship with our consumers. Also, our content focused approach combined with better monetization of subscription revenues, will contribute to Company delivering steady return in the years ahead.”

BUSINESS PERFORMANCE

During the quarter, **Zee TV** averaged 184 GRPs recording a relative share of 18% among the top 6 Hindi GECs. The market share was even better in the *Prime Time* band, where Zee TV averaged 98 GRPs recording a relative share of 19%. The channel delivered a weekly average of 21 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 *DID Super Moms*. Zee TV launched new shows *Jodha Akbar*, *Connected Hum Tum* and *DID Super Moms* during the quarter. The key show planned in the forthcoming quarter includes *Do Dil Bandhe Ek Dori Se*.

Top fiction properties on Zee TV

Qubool Hai

Sapne Suhane Ladakpan Ke

Pavitra Rishta

Zee Cinema was No. 1 channel in its genre, averaging 104 GRPs during the quarter with a relative share of 38% among the top 3 Hindi movie channels. The key property of the channel during the quarter was *South Ka Superpunch Film Festival*. This quarter saw premieres of blockbuster popular movies like *Heroine*, *Race 2* & *Kai Po Che*.

The network operates two channels in the English entertainment and movies genres - Zee Café and Zee Studio. **Zee Café** delivered a weekly average of 21 shows in top 50 during the quarter. The top shows on Zee Café were *Friends*, *Just For Laughs Gags* and *Gossip Girls*. The key shows launched in the quarter were *Grey's Anatomy Season 7*, *The Mentalist Season 5* and *Scandal Season 1*. The top performing properties on **Zee Studio** were *National Treasure*, *Race to Witch Mountain* and *The Break Up*.

Zee Khana Khazana, India's first 24-hour food channel launched new show this quarter called *Snack Attack*, an instructional cooking show which uses everyday ingredients and gives it a snack attack twist. The top properties on the channel were *Breakfast Express* and *Bacha Party*.

Zee Marathi was the No.2 in its genre for the quarter. The channel delivered average weekly GRPs of 183 recording a relative share of 35% amongst all Marathi GECs. The channel delivered a weekly average of 11 shows among top 50 shows including top non-fiction shows such as *Home Minister* and *Foo Bai Foo*. The channel launched a new show, *Tuja Ni Maje Jamena* during the quarter.

Top fiction properties on Zee Marathi

Tu Tithe Me

Radha Hi Bawari

Mala Sasu Havi

Zee Bangla delivered an average of 380 GRPs in the quarter ranking a clear second in the Bangla GEC genre recording a relative share of 39%. The channel leads the non-fiction genre with 77% market share. The channel delivered a weekly average of 3 shows among top 10 shows bases on average TVR during the quarter led by the top rated non-fiction shows included *Mirakkel Akkel Challenger 7*, *Sa Re Ga Ma Pa – Li'l Champs 2013* and *Didi No.1 – Season 4*.

Top fiction shows on Zee Bangla

Rashi

Agnipariksha

Keya Patar Nouko

Zee Telugu averaged 338 GRPs during the quarter recording a relative channel share of 20%. *Pasupu Kumkuma*, *Muddubidda* and *Goranthala Deepam* were the top fiction shows on the channel during the quarter. *Naa Autograph Sweet Memories*, *Bindas* and *Luckku Kickku2* were the top rated non-fiction shows. During the quarter, Zee Telugu achieved the No. 1 spot in the specified primetime band of 1800 hrs to 2230 hrs during weekdays across all Telugu GECs.

Zee Kannada averaged 170 GRPs during the quarter recording a relative share of 14%, driven by popular shows like *Radha Kalayana*, *Parvathi Parameshwara*, *Panduranga Vittala*, *Kaas Ge Toss* and *Omkara*. This quarter saw the launch of *Bharati* and *Punar Vivaha*. **Zee Tamil** averaged 116 GRPs during the quarter, highest ever quarter average for the channel. The improvement in performance is driven by popular shows like *Solluvathellam Unmai*, *Luckka Kickka*, *Attagasam*, *Marumanam* and *Ramayan*.

The key properties on our **Sports channels** bouquet during the quarter included telecast of *Sri Lanka Vs Bangladesh* series, *Sri Lanka Vs West Indies* series, *West Indies/India/Sri Lanka* tri-series and UEFA Champions League-13. 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, *India vs. Zimbabwe* series, *US Open*, *IAAF World Championship* and *Tour De France*. The sports business revenues in the first quarter of FY2014 were Rs 1,159 million, while costs incurred in this quarter were Rs 1,254 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, ZEE launched an FTA GEC channel "Lamhe", which showcases the best of South-Asian entertainment, dramas, Bollywood classics, lifestyle, travel and cookery shows. Zee Aflam was among the Top 3 movie channels in KSA in terms of reach, while the new channel, Zee Alwan, is growing its reach in the market.

CONDENSED STATEMENT OF OPERATIONS

The table below presents the condensed statement of operations for ZEE and its subsidiaries for the first quarter of FY2014 versus FY2013.

(Rs million)	First Quarter		% Growth
	FY2014 (Unaudited)	FY2013 (Unaudited)	YOY
Operating Revenues	9,733	8,430	15%
Expenditure	6,818	6,097	12%
Operating profit (EBITDA)	2,915	2,332	25%
Add: Other Income	722	301	140%
Less: Depreciation	87	99	-12%
Less: Finance Cost	22	18	
PBT before exceptional items	3,528	2,517	40%
Less: Tax Expense	1,289	947	36%
Less: Short Provision for tax (Earlier Years)	-	-	
Profit After Tax for the Period	2,239	1,570	43%
Add: Exceptional Item	-	-	-
Profit After Tax after Exceptional Items	2,239	1,570	43%
Add: Share of Profit / (Loss) of Associates	-	-	
Less: Minority Interest	(8)	(12)	

NOTES

A: Numbers may not add up due to rounding

B: Previous period figures have been regrouped wherever necessary

Consolidated operating revenues for the first quarter of FY2014 stood at Rs 9,733 million, recording a growth of 15.5% as compared to the corresponding quarter last fiscal. Operating profit (EBITDA) for the quarter ended June 30, 2013 was Rs 2,915 million, recording a growth of 25.0% on a y-o-y basis. EBITDA margin for the quarter stood at 29.9% as against 27.7% for the same quarter last year. Profit after Tax (PAT) for the quarter ended June 30, 2013 was Rs 2,239 million, recording a growth of 42.6% over corresponding quarter last fiscal. PAT margin for the quarter stood at 23.0%.

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 first quarter of FY2014 and FY2013.

(Rs million)	First Quarter		% of total revenues		% Growth
	FY2014	FY2013	FY2014	FY2013	
Advertising revenue	5,301	4,472	54%	53%	18.5%
Subscription revenue	4,241	3,641	44%	43%	16.5%
Other sales and services	191	317	2%	4%	-39.7%
Total Revenues	9,733	8,430	100%	100%	15.5%

Refer Notes A and B above

ZEE's advertising revenues during the quarter were Rs 5,301 million, showing an increase of 18.5% y-o-y. Total subscription revenues for the quarter were Rs 4,241 million, registering a growth of 16.5% over the corresponding quarter last fiscal. During the current quarter, domestic subscription revenues stood at Rs 3,168 million, while international subscription revenues were Rs 1,073 million. Domestic subscription revenues have shown an increase of 26.5% over the corresponding period last fiscal. Subscription revenues for the quarter from international operations are down by 5.6% y-o-y.

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 191 million. The company had recorded revenue of Rs 317 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 first quarter of FY2014 as compared to the corresponding period last year.

(Rs million)	First Quarter		% of total expenses		% Growth
	FY2014	FY2013	FY2014	FY2013	YOY
Operating cost	4,108	3,757	60%	62%	9.3%
Employee cost	956	888	14%	15%	7.7%
Selling & other expenses	1,754	1,453	26%	24%	20.7%
Total Expenses	6,818	6,097	100%	100%	11.8%

Refer Notes A and B above

Operating cost in the quarter was Rs 4,108 million as compared to Rs 3,757 million in the corresponding period last fiscal, an increase of 9.3%. Employee cost has gone up by 7.7% over the corresponding period last fiscal. Selling & other expenses in the quarter were at Rs 1,754 million, as compared to Rs 1,453 million in the corresponding period last fiscal, registering an increase of 20.7%. Total costs incurred by the Company in this quarter were Rs 6,818 million, an increase of 11.8% over the corresponding period last fiscal.

CORPORATE DEVELOPMENTS DURING Q1 FY14

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). During the quarter under review, the Company has issued and allotted 5,548,400 equity shares upon exercise of stock options at an exercise price of Rs119.90 per share.

Enhancement of FII Investment Limits: At the Annual General Meeting held today, shareholders have passed a special resolution approving 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.

Issue of Redeemable Preference Shares: Subsequent to the Board approval on 22nd May 2013, the Board of Directors of the Company had on June 14, 2013 approved a Scheme of Arrangement between the Company and its Equity Shareholders for issuance of 21 (twenty one) 6% Cumulative Redeemable Non-Convertible Preference Shares of Re. 1 each for every Equity Share of Re. 1 each of the Company as Bonus Preference Shares. The said Scheme of Arrangement shall be further subject to requisite statutory and regulatory approvals/exemptions.

SHAREHOLDING PATTERN

The total shares outstanding of the Company as of June 30, 2013 are 959,506,120. The shareholding pattern as of June 30, 2013 is given below:

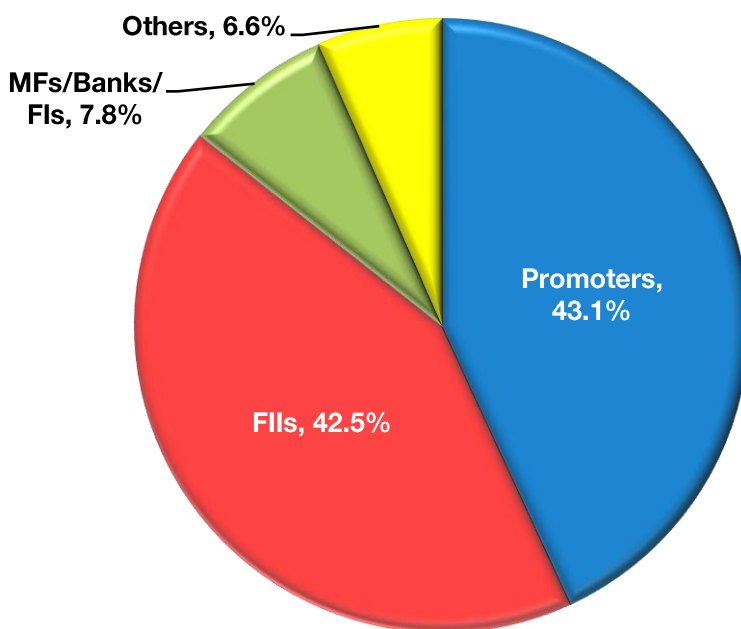


Figure: Shareholding pattern as on June 30, 2013



Note: This earnings release contains consolidated results that are unaudited, 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 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 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.