Shree Chanakya Education Society’s
Indira Institute of Management, Pune

Subject – Accounting for Business Decisions

CCA I

Company Name:- Zee Entertainment Enterprises Ltd.

Group E-4.3

Name of the Students	Roll no.
Madhav Shingare	30
Mahesh Khade	31
Ritika Shelke	43
Sanket Wanjare	52
Sneha Bamuriya	58

MAIN BUSINESSES AND REVENUE SOURCES OF THE COMPANY:-

It consists of Advertisement ,Subscription, Theatrical revenue, Sale of media content, Transmission revenue, Commission. These are most important source of income for the company as this is the core business of company.

Revenue from operations contribute 98.54% of the total revenue. The revenue has been increased by 5.94% compared to last year, due to increase in revenue from advertisement and theatrical income. As covid restrictions lifted people were allowed to visit theatres. And also businesses started to spend more on advertisement to generate the sales after covid.

1. Television channels
2. Movies Broadcasting
3. Advertisements on different platforms
4. Digital videos
5. OTT platform
6. Music
7. Creative Contents
8. Global Broadcasting of Indian content
9. Live events
10. Reality Shows

ZEE A leader across movie genres

In FY22, ZEE's movie channels constituted 23% of movie-channel viewership. This is aided by ZEE's massive portfolio that is backed by an expansive multilingual library with the latest blockbusters as well as the evergreen classics.

Hindi general entertainment through channels like Zee TV, Zee Anmol, Big Magic etc. And in movie cluster channels like Zee Cinema HD, Zee Bollywood, Zee Classic, Zee Action etc. However Movie viewership on TV was affected in the last 2 years due to the dearth in supply of new titles and theatrical releases. Adding to that the regional entertainment channels like Zee Marathi, Zee Bangla, Zee Sarthak, Zee Panjabi, Zee Kannada, Zee Telegu, Zee Ganga have seen Constant growth.

INTERNATIONAL BROADCAST BUSINESS

With a broadcast portfolio of 41 dedicated channels and 102 passthrough channels that reach over 170+ countries, ZEE's international business has disseminated Indian content across the world. The content produced by the parent network in India is broadcast overseas, and ZEE is the first media and entertainment company to achieve this. ZEE's international business has grown to include more than just the broadcast business, with syndication, ZEE5 AVOD (Advertisement supported video on demand) sales and B2B partnerships being the latest additions to its portfolio. The ZEE5 AVOD and B2B sales initiative has already shown substantial success in just over 6 months. With 2 new co-productions in the Middle East in FY22, and 4 more planned in FY23, the co-production business vertical is expected be a significant contributor in the overall international business. The syndication business, banking on tapping into new markets and new partner tie-up, is pegged to see a gain in revenue.

International Footprint

• Zee One, a Free-To-Air English GEC channel, was launched in South Africa in November 2021 which now ranks among the top 10 channels on the (OVHD – Open View HD) platform.

• The strategy for the Thai-dubbed channel Zee Nung changed from linear to digital.

• The Bahasa language channel Cinta Bolly as well as Zee Mundo, a Spanish dubbed channel, exited their respective markets in Indonesia and the Americas.

Local Content and Co-Productions

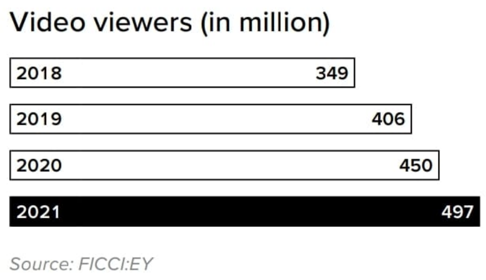
• Dance Africa Dance, the first-ever reality show in Africa, was launched.

• Original content creation in Asia Pacific in Tamil—'Sattu Puttu Samayal Season 3', and Advertiser Funded Programmes in association with Hideout, D3 Diamonds, Club Med Resorts and Farm Fresh.

• Arabic Co-productions adapted for the local MENA market and successfully sold in fourth quarter of FY22— 'Awdet Al Ab Al Dal' ('Hum Paanch') and 'Byout min Waraa' ('Jamai Raja')

DIGITAL VIDEO
India's digital media revenues grew by 29% YoY in CY21. As per the FICCI:EY report, digital media revenues are expected to achieve a CAGR of 21% in the next three years. Digital media was the only segment that grew in CY20 and CY21 and was 37% higher than that in CY19. Consumption of video on digital devices gained traction on the back of rising 4G penetration and increasing content availability across languages.With digital platforms being an alternate medium for consuming content of choice, and their unique feature of anytime, anywhere

entertainment, consumption of digital media is on a rapid rise. As per the FICCI:EY report also states that the time spent on online entertainment has increased 1.5x to 400 billion+ minutes.



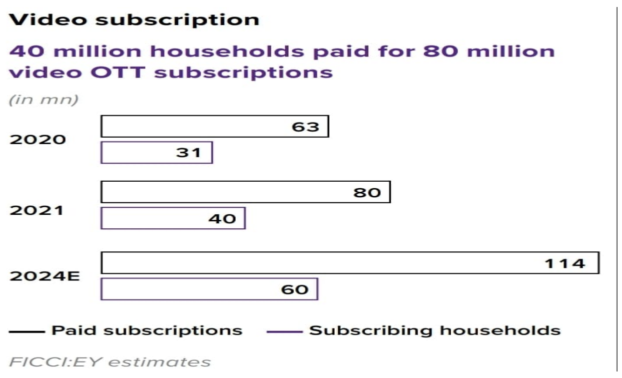
Digital infrastructure and growth
As per FICCI:EY, in CY20, internet penetration increased 5% to reach 834 million subscriptions. Only 24 million Indian households had a wired broadband connection. Smartphone users touched 503 million and connected TVs crossed the 10 million mark. Online video viewers, on the other hand, were at 497 million in CY21 up from 450 million a year ago. Ubiquitous mobile internet coverage at affordable prices and an increase in device penetration are the major factors that will drive growth in this segment.

All these factors bode well for online video consumption and the potential opportunity for OTT platforms has never been better. This opportunity will further be amplified with access to faster internet speed across the country with increased adoption of wired broadband and 5G.

Digital remains the second-largest advertising segment With digital consumption seeing a boom last year, it was the best-performing advertising category in terms of percentage growth. Digital remained the second largest advertising segment.

In addition to organised sector spending, digital also attracts SME and long-tail advertisers. As per the FICCI:EY report, spends by these advertisers could be around ₹ 117 billion, and the advertiser base is now at 500,000 (as claimed by large ad platforms).

Subscription revenues maintain growth momentum Digital subscription revenue grew by 29% to ₹ 56 billion in CY21.Paid video subscriptions crossed 50 million for the first time in CY20 and further scaled up to 80 million in CY21, across almost 40 million households in India.



ZEE5—ALL-ROUND GROWTH

In the first three years of operations, ZEE5 made major inroads into various consumer segments, expanding its national, regional, and hyper-local reach enabled by its consumer-centric approach to content creation. The platform exited the year with a strong user base of 104.8 million MAUs and 10.5 million DAUs globally. This large user base highlights ZEE5's massive reach and the consumer affinity towards the content on offer. The engagement on the platform is high with an average watch time of 214 minutes per viewer per month in the fourth quarter of FY22.During FY22, ZEE5 improved its value offering to consumers with its three-pronged approach of expanding content catalogue with focus on quality, consumer experience and reach by effective marketing, improving brand perception and scaling partnerships. On all the three fronts, the platform enhanced consumer sampling, adoption, and stickiness.

Strategic investments in technology to enhance user experience

To drive the ZEE 4.0 digital transformation journey, ZEE's new Technology and Innovation Centre located in Bengaluru commenced operations in March 2022. Technology and Innovation Centre has already onboarded close to 500 experts with a deep academic and professional pedigree. These new talents bring innovative expertise to various areas including product management, design, engineering, data science, and information security. With this Centre, ZEE plans to make a shift from a service-oriented paradigm, driven by third party providers, to a result-oriented, consumer-centric approach, where all activities and investments will be towards creating measurable business value and consumer satisfaction.

ZEE5 GLOBAL
In a record year, the international digital business, ZEE5 Global has delivered spectacular growth in FY22 through a sharpened focus on priority markets like UK, UAE, and key APAC countries with targeted marketing initiatives, agile monetisation strategies and scaled up partnerships to effectively reach the scattered diaspora audience.

The year also saw ZEE5 being launched in the U.S. in June followed by a strategic rollout of consumer campaigns and multiple grassroots initiatives to reach South Asian diaspora audiences across the vast country. Within barely eight months of operation, the platform had surged well ahead of any other player in the category, to become the No. 1 South Asian streamer in the market.

MUSIC

According to the FICCI:EY report, in CY21, the Indian music segment grew by 24% to reach ₹ 18.7 billion. Of the revenues, 90% were earned through digital means, with the majority being advertising led, with only 3 million paying subscribers. Performance rights too witnessed a recovery and grew by 89% once lockdown restrictions were lifted.

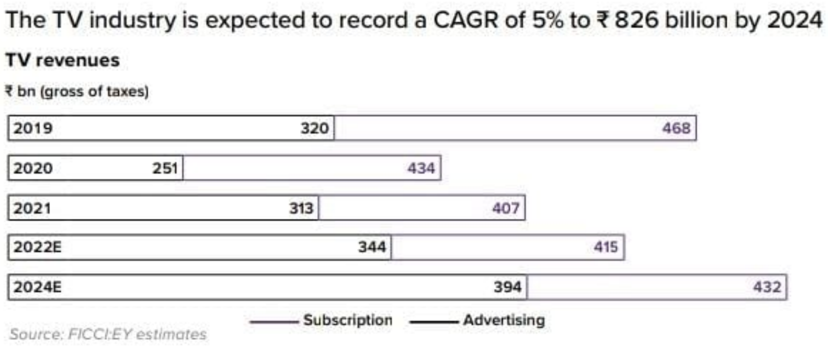
As per the IMI Digital Music Study Report 2021, Indian consumers spent an average of 21.9 hours each week listening to music. 38% of the music accessed online was Hindi, while southern languages and international music contributed to another 35%. There was an increase in the consumption of regional music, even on streaming platforms too, where the share increased to around 40% of the total consumption. The music segment is expected to grow at a CAGR of 15% to reach ₹ 28.1 billion by CY24, owing to an increase in digital revenues, the pay subscriber base crossing 7 million, and the revival of events and activations.

SECTORS RELEVANT FOR THE COMPANY:-

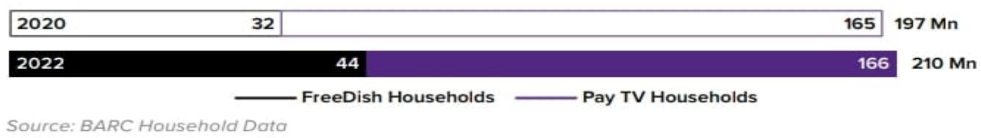
Media and Entertainment is based on overall economic stability and people's purchasing power. This can be seen through following aspects.

INDIAN MACROECONOMIC REVIEW
India is the fifth largest economy in the world. The National Statistical Office (NSO) estimated India's real GDP growth to be 8.7% in FY22, down from the 9.2% projected earlier. This is on a low base, as GDP in FY21 had contracted by 6.6% primarily due to COVID-19 induced disruptions. While nominal GDP grew by 19.5% in FY22, M&E advertising revenue grew 25.4% in CY21, outpacing GDP growth.

Ease of travel restrictions, reopening of schools and offices after the pandemic induced lockdown led to TV losing the surplus 7% viewership gained in FY21. The television segment, however, saw a 5% YoY growth in revenues, led by a 25% gain in advertising revenues, touching near-2019 levels. Subscription revenue, however, continued to decline for the second consecutive year, despite continuing growth in TV penetration. As a result, television revenue was still 9% down from CY19.



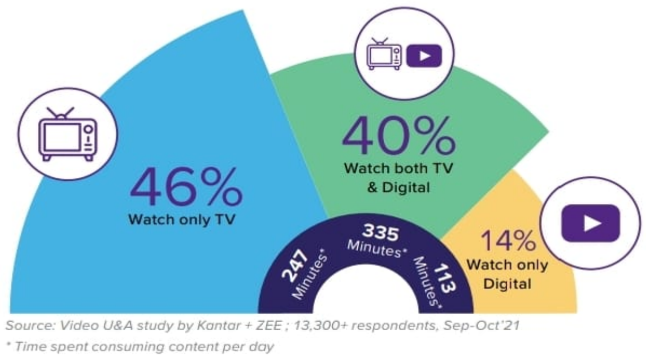
Number of TV households growing steadily
According to industry body BARC, the number of households in India with a TV set grew 7% to reach 210 million in CY21. There is room for more growth as TV penetration is still low at 70% compared to 90-95% for most developed and developing countries. However, subscription revenue continued to decline as TV penetration has primarily been driven by the launch of new free-to-air channels like the DD Free Dish platforms which has grown by 37% since FY20 to 44 million.



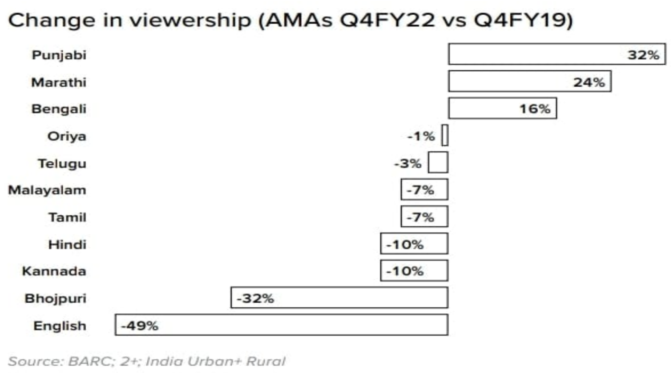
NTO 2.0 - (New Tarrif Order -2.0)
In January 2020, the industry regulatory body TRAI had issued a set of amendments to the tariff order (NTO 2.0). TRAI notified the implementation date for NTO 2.0 as 28th February 2023. Meanwhile, a consultation paper has been issued by TRAI seeking stakeholders views on certain issues on NTO 2.0 regulation. In absence of a clear way ahead on NTO 2.0, near-term outlook for subscription growth remains subdued. However, longer-term growth outlook continues to be strong.

Industry outlook
The FICCI:EY report states that India is expected to add more than 40 million TV households by CY25, comprising Pay TV, DD Free Dish homes, and internet-connected TV. Factors like higher penetration and growing engagement levels are expected to drive television advertising, recording a CAGR of 8% till CY24 to ₹ 394 billion.

Connected TV sets
As per the FICCI:EY report, smart connected TVs are expected to exceed 40 million by CY25, leading to around 30% of content consumed to be social, gaming, digital, etc. It's an "&" world, with TV having an 86% share of the video verse TV continues to be the largest video consumption medium even as consumers are adding screens and adding viewing time. The "hybrid" or the "AND" consumer segment, who watch both TV and digital video, and is 40% of the video verse currently, is going to expand to a large extent and hence need and appetite for content/stories across screens would enhance in the future.



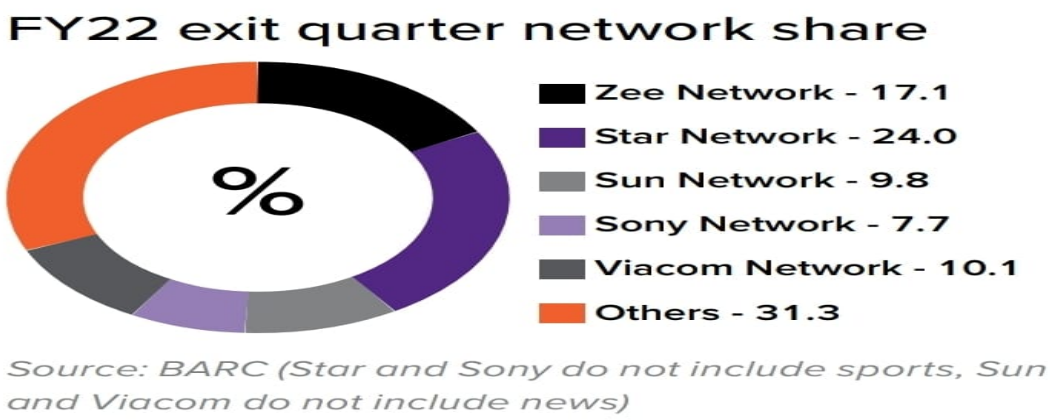
Change in viewership based on language
Other language markets continue to be the growth driver in TV viewership, with Punjabi, Marathi and Bengali being the fastest-growing languages.



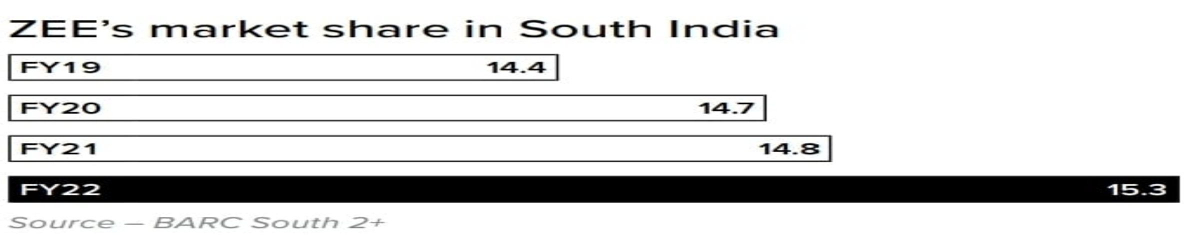
DOMESTIC BROADCAST BUSINESS: THE YEAR IN REVIEW

ZEE continued to be amongst India's leading TV entertainment networks. ZEE exited the year with an all India viewership share of 17.1% in the fourth quarter. The first quarter faced the impact of the second wave of COVID-19 and saw a dip in viewership due to the lack of original content. The network, however, bounced back in the second and third quarters of FY22.

With a bouquet of 48 channels in 11 languages the highest for any network ZEE is the first choice of entertainment for viewers across the country. In FY22, the ZEE network had the leadership in Hindi movies, Kannada GEC, Oriya GEC, Marathi movies, Bhojpuri and in lifestyle genres. ZEE's decision to expand into other language markets has been an important growth driver. In FY22, 56% of ZEE's viewership came from other language markets, up from 55% in FY21.



ZEE's growth in southern markets
Nothing illustrates the pan-India appeal of ZEE better than the consistent growth it has witnessed in the southern markets. ZEE, whose first launch was a Hindi-language GEC in 1992, forayed into the southern market in 2004 with Zee Telugu. Since then ZEE has made inroads into all the 4 southern markets and has seen a steady growth in viewership & share in the last four years.



REASONS AND RISK FACTORS AFFECTING THE PERFORMANCE OF THE COMPANY.

Industry Risks
Dynamic trends in the media sector
ZEE's audience and their entertainment needs driven by new trends and the environment, are constantly evolving. This makes it difficult to predict consumer behaviour with accuracy. Further, multi-video platforms roll out an assortment of content formats that lead to fragmentation of video consumption. Content is an important investment area for ZEE; hence the non-performance of content could affect revenue and profitability to a great extent.

Competition—domestic and international

ZEE faces fierce competition from domestic as well as international players, across all businesses. While the broadcasting space remains largely stable with no new major entrants, most of the other markets have players competing for a higher share of the viewership pie.

Growing DD Free Dish Platform cannibalising pay TV ecosystem

Pandemic-induced financial stress, the comeback of top Hindi channels to Free Dish in CY21, and the launch of new FTA channels have led to

Particular	Mar-22	% value	Mar-21	%value	% change
Revenue					
Revenue from operations	81893	98.5404	77299	98.5919	5.94
Other income	1213	1.45958	1104	1.40811	9.87
Total Income	83106		78403		5.99
Expenses					
Operational costs	40449	48.6716	37505	47.8362	7.84
Employee benefits expenses	8641	10.3976	8183	10.4371	5.59
Finance costs	451	0.54268	571	0.72829	-21.01
Depreciation and amortisation expenses	2459	2.95887	2649	3.3787	-7.17
Fair value loss on financial instruments at fair value through profit and loss	37	0.04452	1962	2.50246	-98.11
Other Expenses	15582	18.7495	13710	17.4866	13.65
Total Expenses	67619		64580		
Profit before share of profit/(loss) in associate and joint venture, exceptional item	15487	18.6352	13822	17.6294	13.63
Less: Share of Profit/(loss) is associate and joint venture	1		-1		
Profit before exceptional items and tax	15488	18.6364	13822	17.6294	12.05
Less: Exceptional items	-1333	-1.604	-1266	-1.6147	
Profit Before Tax	14155	17.0325	12556	16.0147	12.73
Less: Tax expense					
Current Tax -Current year	4312	5.18855	5162	6.58393	-16.46
-earlier years	196	0.23584	-101	-0.1288	
Deferred tax	89	0.10709	-436	-0.5561	
	4597	5053149	4625	5.89901	
Profit for the year	9558	11.501	7931	10.1157	20.51

to

accelerated growth of the Free Dish universe.

External Risks Like Uncertainties in rules and regulations, macroeconomic stability, exchange rate fluctuations, IT security threat, Increased content cost etc. also affect the revenues.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS:-

For the year 31st march 2022

Analysis of Consolidated Profit and Loss Account :-

1] REVENUE FROM OPERATIONS :-

Particular	Mar-22	Mar-21

Services- Broadcasting revenue		
Advertisement	43,965	37,488
Subscription	32,466	32,430
- Theatrical revenue	3,191	167
- Sale of media content	2,086	6,944
- Transmission revenue	114	96
- Commission	12	74
Other operating revenue	59	100
Total	**81,893**	**77,299**

It consists of Advertisement ,Subscription, Theatrical revenue, Sale of media content, Transmission revenue, Commission. These are most important source of income for the company as this is the core business of company.

Revenue from operations contribute 98.54% of the total revenue. The revenue has been increased by 5.94% compared to last year, due to increase in revenue from advertisement and theatrical income. As covid restrictions lifted people were allowed to visit theatres. And also businesses started to spend more on advertisement to generate the sales after covid.

2] Operational Costs :-

Particular	Mar-22	Mar-21
a) Media content		
Opening-inventory	54,018	53,464
Add: Purchase of inventory	38,103	31,193
Less: Closing-inventory	63,849	54,018
Amortisation of inventory	28,272	30,639
Other production expenses	8,498	3,990
Media content	**36,770**	**34,629**
b) Telecast and technical cost	3,679	2,876
Total (a+b)	**40,449**	**37,505**

This cost is necessary to company to run its operations and provide services to generate revenue. The company should try to keep it minimum to maximize the profits.

Operational costs makes 48.67% of total revenue. It has been increased by 7.84% compared to last year. As a result of increased income company have to also spend more on operations to provide service.

3] Employee benefits expenses:-

Particular	Mar-22	Mar-21
Salaries and allowances	7,990	7,689
Share based payment expense	0	3
Contribution to provident and other funds	387	363
Staff welfare expenses	264	128
Total	**8,641**	**8,183**

The employees are asset to the company and without them company cannot run. The company have to spend on them to keep them happy and to retain them. The satisfaction of employees have direct effect on company's performance. This expense makes 10.40% of total revenue of the company. It has been increased by 5.59% compared to last year. Last year also this expense was 10.40% of total revenue, so we can say that this increase is proportionate to revenue.

4] Other Expense:-

Particular	Mar-22	Mar-21
Rent	568	605
Repairs and maintenance		
Repairs and maintenance	17	19
Plant and machinery	136	100
Others	389	324
Insurance	88	80
Rates and taxes	324	238
Electricity and water charges	151	158
Communication charges	115	118
Printing and stationery	120	89
Travelling and conveyance expenses	674	663
Legal and professional charges	1169	885
Directors remuneration and sitting fees	42	43
Payment to auditors	45	45
Corporate Social Responsibility expenses	437	500
Hire and service charges	762	805
Advertisement and publicity expenses	8643	6166
Commission expenses	94	88
Marketing, distribution and promotion expenses	1321	1537
Conference expenses	0	0
Allowances for doubtful debts and advances	415	956
Bad debts and advances written off	-	-
Less: Provisions for doubtful debts adjusted	-	
Foreign exchange loss (net)	7	38
Loss on sale/write off of property, plant and equipment	1	127
Miscellaneous expenses	64	126
Total	15582	13710

The other expenses are those which contribute indirectly to the company's operations. They are important for business to operate for business, as ancillary activities are also essential for smooth functioning.

Other expenses are making 18.75% of total revenue. It has been increased by 13.65%. Last year this expense was 17.49% of total revenue, which is approximately same as current years percentage. Thus other expenses have been increased in proportion to total revenue.

5] Profit before share of profit/(loss) in associate and joint venture, exceptional item

There is an increase of 13.63% as compared to previous financial year 2021.

6] Profit before exceptional items and tax

There is an increase of 12.05% in profit exceptional items and tax expenses as compared to the financial year 2021.

7] Profit before tax

There is an increase of 12.73% in profit before tax as compared to the financial year 2021

8] TAX Expenses

Particular	Mar-22	Mar-21
Income-tax related to items recognised directly in the consolidated statement of profit and loss		
Current tax – current year	4,312	5,162
Earlier years	196	(101)
Deferred tax expense/(benefit)	89	(436)
Total	**4,597**	**4,625**
Effective tax rate	**32.5%**	**36.8%**

Tax is a statutory expense which companies must pay to government under the income tax act , 2013. The company should comply with all tax regulations to have minimum governments intervention in the business.

Taxes are making 5.19% of total revenue. Taxes has been decreased by 16.46% compared to the last year, which Is good for the company. The change is due to various reasons and change in tax policies, which are explained in notes to accounts.

CONSOLIDATED BALANCE SHEET :-

As At 31st March 2022

Particular	Mar 22	% value	Mar-21	% value
Assets				
1. Non-current assets				
(a) Property ,Plant and equipment	5825	4.40	5809	4.53
(b) Capital work-in-progress	47	0.04	129	0.10
(c) Investment Property	1083	0.82	520	041
(d) Goodwill	3450	2.61	3804	2.97
(e) Other intangible assets	1893	1.43	1779	1.39
(f) Assets under development	825	0.62	625	0.49
(g) Financial assets				
(1) Investments				
(a) Investments in associate	4	0.00	4	0.00
(b) Investments in joint venture	17	0.01	16	0.01
(c) Other Investments	388	0.29	296	0.23
(2) Other Financial Assets	351	0.27	347	0.27
(h) Income -Tax assets (net)	3844	2.90	4229	3.30
(i) Deferred Tax assets (net)	3080	2.33	3151	2.46
(j) Other Non-Current Assets	116	0.09	227	0.18
Total non-current assets	20923	15.80	20936	16.33
2. Current assets				
(a) Inventories	63,862	48.24	54,030	42.15
(b) Financial assets				
(1) Investments	242	0.18	7667	5.98
(2) Trade receivables	17,375	13.12	19452	15.17
(3) Cash and cash equivalents	11,987	9.05	10485	8.18
(4) Bank balances other than (3) above	746	0.56	422	0.33
(5) Loans	-		-	
(6) Other Financial assets	5061	3.82	3418	2.67
(c) Other current assets	12,172	9.19	11035	8.61
Total current assets	111445	84.18	106509	83.09
Non-current assets classified as held for sale	28	0.02	742	0.58
Total Assets	132396	100.00	128187	100.00
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity share capital	961	0.73	961	0.75
(b) Other Equity	107667	81.32	99985	78.00
Equity attribute to shareholders	108628	82.05	100946	78.75
Non-controlling interests		0.00	129	0.10
Total equity	108628	82.05	101075	78.85
Liabilities				

1. **Non-currents liabilities**				
(a) Financial liabilities (1) Borrowings Others (2) Lease liabilities	21 535	0.02 0.40	14 181	0.01 0.14
(b) Provisions	1040	0.79	1546	1.21
Total non-current liabilities	1596	1.21	1741	1.36
Current Liabilities				
(a) Financial Liabilities				
(1) Borrowings Redeemable preferences shares others	- 14	 0.01	3832 10	2.99 0.01
(2) Lease liabilities	193	0.15	194	0.15
(3) Trade Payables	13719	10.36	13982	10.91
(4) Other Financial Liabilities	4547	3.43	3294	2.57
(b) Other current liabilities	3221	2.43	2811	2.19
(c) provisions	119	0.09	163	0.13
(d) Income-tax liabilities	359	0.27	1085	0.85
Total current liabilities	22172	16.75	25371	19.79
Total liabilities	23768	17.95	27112	21.15
Total Equity and Liabilities	132396	100.00	128187	100.00

1] **INVENTORIES:-**

Particular	Mar-22	Mar-21
Raw stock-tapes	13	12
Media content	57,872	50,375
Under production- Media content	5,977	3,643
Total	**63,862**	**54,030**

There is increase in the inventories i.e. 18.19% as compared to the previous financial year. From the above table we can see that slight increase in raw stock-tapes and media content due to growth in hyper localised media production and diversified businesses in areas like OTT.

2] **TRADE RECEIVABLES :-**

Particular	Mar-22	Mar-21
Considered good	17,851	20,457
With significant increase in credit risk	395	302
Credit Impaired	3,556	3,966
	21,803	**24,725**
Less: Loss allowance for doubtful debts	4,428	5,273
Total	**17,375**	**19,452**

There is decrease in the trade receivables by 10.67 %. From the above table we can see that there is a decrease in Considered good. Due to slowdown in economic growth and reduced viewership after easing of pandemic restrictions.

3] **CASH AND CASH EQUIVALENT :-**

There is an increase in the cash and cash equivalent by 14.32 % as compared to the previous financial year 2021.

Particular	Mar-22	Mar-21
Cash and cash equivalent		
Balances with banks		
In Current accounts	7,455	6,533
In Deposit accounts	3,818	3,019
Cheques in hand	711	930
Cash in hand	3	3
Total	11,987	10,485

From the above table we can see that there is an increase in current accounts and deposit accounts because of increase in viewership in different geographical regions as well as sectors like OTT platforms.

4] **Other current assets**

Particulars	Mar-22	Mar-21
Capital Advances (unsecured)	-	-
Other Advances (unsecured)		
Considered Good		
to related parties	-	122
- to others	8219	8520
Considered doubtful	2678	2169
	10897	10811
Less: Loss allowance for doubtful advance	2678	2169
	8219	8642
Prepaid expenses	801	235
Balance with government authorities	3152	2158
Total	12172	11035

There is an increase in the other current assets by 10.3% as compared to previous financial year due to different acquisition of new businesses.

5] Other Equity

There is an increase in the other equity by 7.68% as compared to previous financial year because there is relatively more growth rate of media and entertainment industries as compared to GDP growth rate.