



EXCELLENCE  
Is A PHILOSOPHY

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## EXCELLENCE IS A PHILOSOPHY

Excellence is sum total of exceptional thoughts, skills and actions. It is about being true to your duties and responsibilities. About performing tasks differently and delivering exceptional results – repeatedly and consistently. Excellence is rightly defined as a habit by the great philosopher, Aristotle.

At Zee News Limited, nothing fascinates us more than our passion for excellence. As a member of the fourth estate, not only do we sincerely deliver on our obligation to society by performing the role of a watchdog, but we revel in celebrating success. Arc lights are not meant just for “shock and awe” events, but to bring into public gaze the “achiever” – those who laboriously contribute towards the development of our country, yet remain in the penumbra.

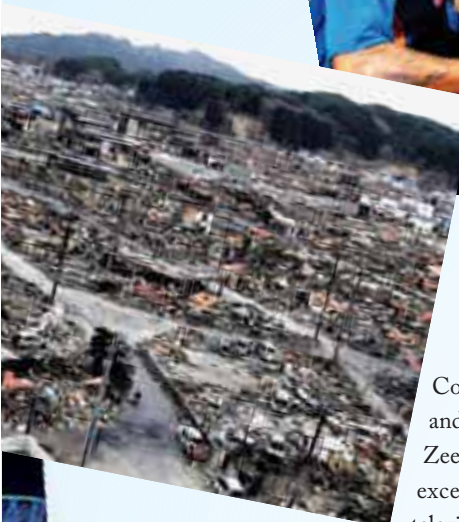
Across our business functions, we continue perfecting our acts and out-performing our previous best. Post demerger of the Regional Entertainment Channels in the previous fiscal, FY 11 was the first full year of our operations as a pure News Broadcaster. We are happy to report all round performance in this very first year – across revenues, profits, reach and goodwill. Having consolidated our news business well, we are proceeding to create another benchmark in excellence!





# EXCELLENCE GETS CHARTERED WITH A ROBUST BUSINESS STRATEGY





Courtesy its robust business strategy and efficiently managed operations, Zee News Limited stands apart as an exception in the current Indian television news industry.

In an industry with negligible entry barriers, an increasing number of players are entering the News Broadcasting business, leading to a congested and overcrowded market scenario. At Zee News Limited, we firmly believe that, aided by the fast growing Regional television market, TV News industry has scope of sustainable and independent business proposition. Therefore, we are exploring and expanding our reach in this segment with a definitive business focus and strategic model in place.

Presenting responsible and credible news content, we have always stayed away from trivialising stories for short-term gains. Our aim is to create a News Powerhouse and for that we are revising our growth strategy at every step. The focus is on building a strong network of Regional channels, diversifying the revenue streams, rationalising the cost structure and creating value proposition by embracing digitisation for an enhanced television experience. With the commitment shown by our team of professionals, we have been in a position to take forward our vision of a sustainable enterprise. The consistency in performance, which we have demonstrated, bears testimony of our conviction and presents an encouraging growth story going forward.





# EXCELLENCE DEMANDS FOCUS ON CURRENT DELIVERABLES





The year gone by was dedicated to consolidating the news operations for Zee News Limited. Focus was on growing

the existing businesses and working on breaking even for the newly launched channels. True, we have managed a successful year and matched up to the standards set by us.

With a firm belief that the businesses must deliver shareholders value consistently, we put strong emphasis on current deliverables while

continuing to invest in future growth areas. We have mastered the art of spotting the right investment opportunities and also that of timing it right.

With focus on current deliverables, our robust business strategy is aimed at rapid growth and continuous improvement of our overall performance. Having consolidated our existing and new businesses we are in a position to evaluate expansion possibilities both organically and inorganically.





# EXCELLENCE THRIVES ON AN ALL ROUND PERFORMANCE







The biggest advantage of the television medium is that it has the power to transcend the socio-economic barriers and create an indelible impact. But this advantage would have no significance, if broadcasters would thrust upon viewers in a language that is alien to them.

Zee News Limited is the first News Broadcaster to unearth the power of speaking to people in their own language. As a result, our linguistic profile covers five languages namely Hindi, Bangla, Marathi, Telugu and Punjabi. Our commitment to serve our audience better doesn't stop

at language alone. Our excellence in the regional sector comes forth from the fact that we lead the viewership tally in most of the markets we operate in. Our strategy to provide news and not trivial content has paid rich dividend.

The all round performance was contributed by almost all channels in varying capacities. Because of the engaging and informative news content the network offers, it has emerged as a leader amongst all its core target groups. ZNL's other business and Regional channels like Zee Business, Zee 24 Taas (Marathi), 24 Ghanta (Bengali), Zee News UP and Zee 24 Gantalu (Telugu) are all steadily gaining ground.





# EXCELLENCE CELEBRATES ENLIGHTENED CITIZENRY

An enlightened citizen leads to an enlightened nation. Being a part of the fourth estate – an essential pillar in a democratic country – Zee News Limited shares a much bigger responsibility to act as the guardian of public and national interest. It aims to inform and attempts to awaken people to their individual and collective responsibility towards the nation. We believe there must be a synergy of ethics so as to build a cohesive and informed society.

Through a strong network of various national and Regional channels, we are reaching out to more and more people and striving to evoke their interest in issues pertaining to ecology, global warming, society, right to vote and various other socio-civic causes.

Among the various meaningful and credible on-ground activities and campaigns of Zee News Limited are: Ananya Samman - a programme initiated four years ago to felicitate the undying spirit of our bravehearts; My Earth My Duty- aimed at sensitising citizens towards the effects of Climate Change; and Aap Ka Vote, Aapki Takat (your vote, your power) – meant to connect with the youth so that they utilise the power of their vote.

As a news network with a conscience, we have tried to canalise and utilise our widespread reach. Our focus has been on empowering people and making them responsible citizens. The response we have received so far reaffirms our faith in the power of media to bring about a positive change.







## EXCELLENCE FOSTERS AN INNOVATIVE BUSINESS APPROACH

As a part of its endeavour to emerge as a thought leader and key opinion maker in the Indian media space, Zee News Limited is extending its revenue avenues. It is going beyond the realm of being only a news business to establish a diverse bouquet of promotional activities. Supported by its strong network of national and Regional channels, the Company is strategically using brand activation as a medium to register maximum impact and increase its profits.

Introducing concepts of award functions and events at Regional channels level, Zee News Limited is focusing on gaining visibility in the segment. In the state of Andhra Pradesh, Zee News Limited initiated the concept of 'Parishramika Puraskaralu 2010' where awards were given to enterprising businessmen and industrialists.

Another initiative that has taken the shape of an important event in the state of Maharashtra is Aapla Shahar Aapla Awaaz (your city your

voice). Spearheaded by Zee 24 Taas, the Marathi channel from Zee News Limited's stable, the event is aimed at strengthening the voice of common man by providing him a platform to discuss, debate & question administrators and political leaders from their area.

Zee Business has also initiated a number of unique interactive shows that are first-of-their kind on business channels and which travel across India. Special initiatives like India's Best Market Analyst Awards, Hunt for India's Smart Investor, Emerging Business Forum, ASPIRE, Money Matters for Women and the like have been well received by audience pan India for their engaging format and unique content.

By getting involved with the masses through a plethora of events and activities, Zee News Limited serves twin purposes of launching creative campaigns as well as adding to its profitability.



# ZEE NEWS LTD. IN BRIEF

Established in 1999, Zee News Limited belongs to the Essel Group. With a bouquet of Hindi and Regional news channels, it reaches millions of homes. Its strong network spreads across the remotest corner of the country and credible broadcasting capabilities ensure that it bring viewers the news 'as it happens'.

Zee News Limited has a bouquet of diverse news channels comprising of both national and regional news channels. It is reputed for being the only news broadcaster in the country to be present in all the top markets. Focusing on the content side of the news, Zee News Limited offers news that is stimulating, informative and engaging.

Zee News covers 4 out of Top 5 states having the highest GDP in India covering 83% of Indian population. It is the only news channel network in the country to have a bouquet of 5 Regional language news channels.

## Our mission:

- To be India's pre-eminent provider of news in national and vernacular segment
- To maintain the leadership position in the market
- To inform, engage and empower viewers through unbiased and relevant news stories
- To stay focused for inclusive and sustainable growth, year-on-year
- To create value for our customers and stakeholder

## Our values:

- To be customer focused
- To encourage innovation
- Integrity and strict maintenance of editorial standards
- Growth driven empowerment



## Prime-time news maker: Zee News

The flagship channel of the bouquet has been instrumental in changing the way news is delivered and consumed in India. Launched in 1992, it was the first Hindi news channel to go 24X7 in 1999. Staying away from the trend of trivialising news and bringing to viewers engaging and informative content, Zee News over the years, has maintained its leadership and excellence. Some of the popular programmes of the channel include Nonstop@9, Badi Khabar and The Inside Story.



## Bringing the market live: Zee Business

Zee Business captures the pulse of the stock market like no other. Being the first to launch stock market programmes in Hindi, Zee Business has taken the markets to a new set of small and medium retail investors for whom the channel is a must watch. The channel's stock market programmes are firmly established and understood by the masses for its easy to understand language and graphics support. Not only does the channel keep viewers informed about the slightest fluctuations in the stock market, it also offers actionable pre-market cues, trading calls and information on investment opportunities. Zee Business continuously strives to empower viewers on smart decision-making related to investments, savings and spending.



## Maintaining leadership: 24 Ghanta

The most popular Bengali news channel, 24 Ghanta has maintained its leadership position in the West Bengal market for the last two years. It has been garnering more and more popularity with each passing day. A fact acknowledged by its ever growing viewership tally. Laying emphasis on credibility and authenticity, the channel offers various programmes to its knowledgeable and discerning viewers, which stimulate interest through their informative and engaging news



content. Some of the programmes popular amongst the viewers include names like Ek Jhalake, Aajker Dine, Page One, Aapnar Ray, Banglar 24 Ghanta, Spot Light and Shahar 24.



#### **Riding the Marathi wave: Zee 24 Taas**

24x7 Marathi news channel, Zee 24 Taas is one of the leading channels in the genre. Living up to its positioning statement of 'Ek Paul Pudhe' (one step ahead), it offers news that is unbiased, informative and relevant. The channel's USP is its interactive approach with viewers and focus on issues related to the entire state of Maharashtra and not just mainland Mumbai. Positioning itself as an opinion-shaper, Zee 24 Taas is strengthening itself as the voice of a common Marathi viewer. Its popular programmes delivering cutting edge informative content include Rokhtok, 24 Taas 24 Batmya and Aajcha Maharashtra.



#### **The undisputed leader: Zee News Uttarakhand & Uttar Pradesh**

Steadfast adherence to truth, accountability, focus on local issues and unbiased news content, Zee News Uttarakhand & Uttar Pradesh has established itself as a clear market leader in the key markets of Hindi heartland. The increase in its popularity stands testimony to its position as a serious player to reckon with. Some of the shows featuring on the channel include UP & Uttarakhand Specials, Aap Ki Awaaz, 25 Minute 25 Khabrein and Din Bhar.



#### **The bold and the credible: Zee Punjabi**

An established brand for over a decade, the channel has gained immense repute amongst Punjabis across the globe. Reaching out to its viewers with fair, objective and balanced content of infotainment, the channel provides an amalgam of news, current affairs, entertainment and religious programmes to its viewers. A few among the popular ones include Zee Khabran, Ek Onkar, Pindan Vichon Pind and Sat Sri Akal Pradhan ji.



#### **The opinion-shaper: Zee 24 Ghantalu**

Zee 24 Ghantalu is one of the fastest growing Telugu news channels. Arguably the most objective, thought provoking and engaging news channel in the market, it is respected for its credibility and is fast emerging as an opinion maker. Its popular line up of programmes includes Zee Special, Nonstop 9 PM News, Tollywood to Bollywood and Movie Masala.



#### **Online properties:**

One of the most visited news sites, **Zeeneews.com**, promises its viewers news at lightning speed. Its high-quality and credible news content makes it a leader in the Breaking News category, while also presenting in-depth analysis on hot issues. The newly launched Business property, **ZeeBiz.com**, complements the Business channel holistically with live market feed and investor friendly data. **Zeecric.com** offers cricket buffs an invigorating experience with exciting applications like Live Scorecard, Highlights, Graphs and Commentary etc., even as **Spicezee.com** tracks the latest gossip from the world of glitz and glamour.





Dear Shareholders,

I am pleased to address you at the closure of a satisfying fiscal year 2010-11. Global economic recovery continues to gain strength, aided by improving financial conditions. IMF has estimated the global economy to have grown by 4.5 % in 2010. Indian economy has been thriving on its strong fundamentals and has contributed significantly to the global recovery. Advanced estimates of Central Statistical Office have projected the Indian economy to grow by 8.6% in FY 11.

The overall growth in the economy is getting reflected in marked improvements in various socio-economic indicators. Rising per capita income, improving literacy rate, the rise of tier II/III cities as potential economic centers, awakening of country's youth on issues of public interest, etc. augur well for the future growth and progress of India.





# CHAIRMAN'S MESSAGE

## Responsible Journalism

Your Company, through its bouquet of national and Regional news channels, has been making its rightful contribution by way of engaging, informing and empowering the fellow citizens of our country. Media is considered the fourth estate in democracy and shall play a responsible role in the overall progress of the country and society. I am glad to share with you that Zee News Limited has not only been living up to this expectation from the fourth estate but also creating industry benchmark through its prudent, responsible and sensible journalism.

At a time when news channels are resorting to a mix of non-news content like laughter, crime, reality, etc. and trivialising the news platform, your company has continued to focus on presenting unbiased, non-opinionated, credible and meaningful news content to its audience. The media has to make a choice between tactical or strategic, instant term or long term, instant visibility or credibility. Zee News Limited has made the right choices and the fact that we were amongst the first to report profits, sustain growth and enhance shareholders value bears testimony to that effect.

## Balancing Growth with Investments

The Fiscal Year 2010-11 was a year of greater significance for your Company. The year marked first full year of operations of your Company as a pure news broadcasting entity, after the regional general entertainment channels were demerged from it in the previous fiscal. The Company achieved total revenue of ₹2768.5 million and profit before tax of ₹319.2 million in the fiscal year 2010-11. It is heartening to note that the new channels we launched in the fiscal year 2009-10 have started gaining traction and are on course to report profitability soon on standalone basis. During the year, we have hived off Zee Tamil.

Continuous focus on current deliverables despite being in investment and expansion mode has been a unique feature of our Company. Going forward, we shall continue exploring newer areas of investments while our new channels complete their gestation period and become self-generating and self-sustaining.

## Empowering People

We are in the business of people and our own people are the backbone of company's growth. While our philosophy of responsible journalism and operational excellence gives us uninterrupted access to the best of available talent, we undertake a slew of initiatives to unearth the true potential of talent employed in the Company. These initiatives include a bi-monthly in-house magazine, structured reward and recognition programme, HR helpdesk, talent identification, executive health check-up, focus on Learning & Development and a unique alumni programme.

## Looking Ahead

With renewed focus on news operations Zee News Limited has grown stronger, better equipped and more confident to help shape the future of TV News Industry. As we move ahead in the next few years we will align our business with technology breakthroughs, leverage the emerging market niches that are opening up as a result and respond to the aspirations of a new family of viewers with speed and efficacy. With the increase in purchasing power across tier II & III cities regional news business will be the way forward.

Corporate Governance and Corporate Social Responsibility remain to be important focus areas for the Company. The company will continue to further the culture of transparency with respect to responsibility, accountability and reporting.

Before I finish, let me place on record my sincere appreciation to the management and employees, investors and lenders, suppliers and partners, viewers and advertisers, and governments and society for their valuable contributions in the growth and progress of our Company.

It is my pleasure indeed to invite each one of you to accompany us on our path of future progress.

With Best Regards,

Subhash Chandra  
Chairman



**Punit Goenka**  
Managing Director

**How do you view Company's Performance in the fiscal year 2010-11?**

The performance has been promising and in line with our expectations. On Consolidated basis, we achieved operating revenue of ₹2768.5 million and EBIDTA of ₹424 million. Our consolidated EBIDTA margin for the year was 15.3%. As country's leading news network, we have been strategically maintaining a diverse mix of established as well as new channels. While our established channels did operate at a much higher EBIDTA of 33.5% for the year, I am heartened to see our new channels gain traction.

We have been of the firm belief that the Regional language space offers tremendous growth potential for news channels and I am happy to see the robust growth foundations that the Company is building through seven channels in five Regional languages. As we move ahead in time, we will witness ahead of the curve growth in all these channels.

**What are the differentiators for Zee News Limited?**

The news broadcasting business in India is a highly fragmented and cluttered one. Courtesy a near negligible entry barrier and its resultant impact in more and more new players entering into this space, the





## SESSION WITH THE MD

competition is bound to increase in near to medium term. In such a situation, the players can be compared across serious vs. non-serious, group entities vs. standalone channels, listed vs. non-listed, national vs. Regional, and so on.

When we view our Company and its channels from any of the above-mentioned filters, we tend to stand on the stronger side of the divide. So we are a serious player enjoying the largest network of language news channels, are listed with broad-based shareholding, have been the pioneers of phenomenon like 24x7 news, paid news channel, etc.

As a news-focused Company, we manage to achieve positive current deliverables and are amongst very few players that are profitable today. Our business model does not revolve around a single channel. Instead, we have a Channel mix that houses matured, maturing and nascent channels – all having profit potential on standalone basis.

### **Who will you attribute your recent success to?**

While the diverse mix of stakeholders is always responsible to the success of any organization, I will like to attribute our recent success to our people – the management and employees. The thought leadership at strategic level, aptly supported by a committed and competent talent pool has been the driving force of our growth story.

### **What are the key priorities for the Company in near term?**

Indian Media & Entertainment industry had grown by 11% to reach ₹652 billion in 2010 from ₹587 billion a year ago and is projected to grow at a CAGR of 14 percent to reach ₹1,275 billion by 2015, as per a study by FICCI and KPMG. India is today the world's third largest TV market with almost 138 million TV Households. As television is penetrating deeper into semi-urban and rural India, there is greater focus on regional content. Literacy is on the rise in India and so are the levels of discretionary income.

The Industry is at an important juncture in its evolution. With the increase in purchasing power across tier II/III cities, regional and niche programming will be the norm tomorrow. To keep abreast with evolving customer preferences, we need to target aggressive content

delivery strategies. We will also have to align our business with technology breakthroughs and keep pace with the latest trends and technologies like HD, mobility, 3G, convergence, etc.

Our content-focused approach, combined with better monetization of subscription revenues holds the key to us delivering steady returns in the years ahead. We are also committed to enhance operational brilliance through greater concentration on cost optimisation. Although the global economy is recovering fast, fiscal prudence has been one of the biggest lessons we have learnt from the recession and we must deploy it every day.

We are also focusing on building scale across the media value chain and exploring cross-media synergies. We also moved ahead with alliances and partnerships to acquire more capabilities and visibility. Zee Turner Limited has formed a joint venture with Star Den Media Service Private Limited. The new company, Media Pro Enterprise India Pvt Ltd, will facilitate the redress of anomalies in the distribution sector, curb piracy and enhance transparency by accelerating the digitization process. These steps would benefit stakeholders across each segment of the value chain.

### **Where do you see Zee News Limited reaching in coming 3-5 years?**

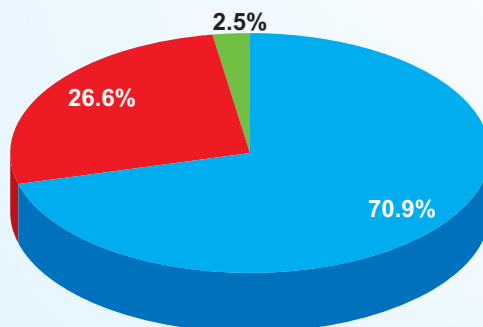
The first thing that we definitely are working towards is to grow to an annual revenue benchmark of ₹5000 million in the next couple of years. With the cumulative potential of our seven channels, this aim will be achieved sooner than later. Next thing which we will like to accomplish is to take our credibility to next level by way of responsible and sensible journalism. Next in our wish list is addition of more news channels in more Indian languages and even English. The best part about Zee News Limited is that we dream, aspire and aim. We pursue them with method, rigour and even madness. Going forward, I don't see any reason why we will not achieve what we are dreaming today, and for day after, what we dream tomorrow would also get added in our wish list.



## OPERATIONAL HIGHLIGHTS

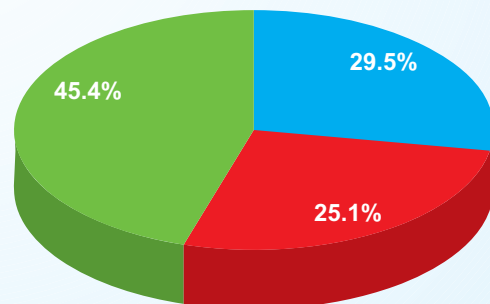
- Advertising revenues stood at ₹1961.7 million showing a healthy growth of 25% on like-to-like basis for the year ended March 31, 2011.
- EBITDA stood at ₹424 million for the full year ended March 31, 2011.
- The existing news channels Zee News, Zee Business, Zee 24 Taas, Zee Punjabi & 24 Ghanta reported an advertising revenue increase by 20.5%.
- The existing news channels Zee News, Zee Business, Zee 24 Taas, Zee Punjabi & 24 Ghanta reported EBITDA growth of 64.6%.
- Zee News Limited has emerged as not only the nation's largest news organisation, but also the no.1 news network of the country in terms of relative share in the core news category.
- The flagship channel 'Zee News' which continued with its policy of bringing unadulterated news and in-depth views on all major current affairs events, firmly ensconced the channel as the No. 1 in the Top 8 Metros in terms of time spent per viewer.
- 'Zee Business' remains a top contender during the crucial stock market band, the prime time for business channels.
- 24 Ghanta once again emerged as the clear no. 1 in West Bengal as well as in Kolkata in all parameters including time spent, viewership and reach in its genre.
- Among the newly launched news channels, Zee News UP/UK made huge in-roads in the Hindi language market in terms of viewership, reach and time spent, while Zee 24 Ghantalu consolidated its grip in Andhra Pradesh.
- Zee 24 Taas reaped benefits from the growing Marathi news market and is gaining further traction.
- In line with the thinking of building a News Powerhouse and hiving off entertainment, Zee Tamil was shut down on March 31, 2011. The stopping of losses that were being incurred by the channel will help fuel company's expansion plans.

Revenue Mix



	(₹ Million)
Advertising revenue	1961.7
Subscription revenue	735.3
Other sales & services	71.5

Expenditure Mix



	(₹ Million)
Employee cost	692.5
Cost of goods & operations	589.5
Other expenses	1062.5



#### BOARD OF DIRECTORS

Subhash Chandra	<i>Chairman</i>
K. U. Rao	<i>Independent Director</i>
Naresh Kumar Bajaj	<i>Independent Director</i>
Vinod Bakshi	<i>Independent Director</i>
Punit Goenka	<i>Managing Director</i>

#### SENIOR MANAGEMENT

Barun Das	<i>Chief Executive Officer</i>
Amit Tripathi	<i>Executive Vice President (Sales)</i>
Dinesh Garg	<i>Chief Financial Officer</i>
Y. P. Singh	<i>Sr. Vice President (Technical)</i>
Pradeep Gulati	<i>Sr. Vice President (H. R.)</i>
Rohit Kumar	<i>Dy. V. P. (Marketing – Zee News)</i>
Raktimanu Das	<i>Business Head (Zee Business)</i>
Bhushan Khot	<i>Business Head (Zee 24 Taas)</i>
Pushpal Sanghavi	<i>Company Secretary</i>

#### AUDITORS

MGB & Co, Chartered Accountants

#### OFFICES

<b>Registered</b>	<b>Corporate</b>	<b>Zee 24 Gantalu</b>	<b>Zee 24 Taas</b>
Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai - 400 018 Maharashtra	Essel Studio FC-19, Sector 16A, Noida - 201 301 Uttar Pradesh	6-2-935/2, Savitri Nilayam, Khairatabad, Hyderabad - 500 004 Andhra Pradesh	4th Floor "B" Wing, Madhu Industrial Estate, Pandurang Budhkar Marg, Worli, Mumbai - 400013 Maharashtra

#### BANKERS

State Bank of India  
BNP Paribas  
ICICI Bank Ltd.  
IDBI Bank Ltd.

#### IMPORTANT INTIMATION TO MEMBERS

As you may be aware, the Ministry of Corporate Affairs, Government of India ('MCA') has recently introduced 'Green Initiative in Corporate Governance' by allowing paperless compliance by Companies, i.e. service of notice / documents including Annual Report can be sent by e-mail to its members. Keeping in view the underlying spirit and pursuant to the said initiative of MCA, we request the members who have not registered their e-mail addresses, so far, to register their e-mail addresses, in respect of electronic holdings with the Depository through their respective Depository Participants. Members holding the shares in physical mode are also requested to register their e-mail addresses with Company's Registrar & Share Transfer Agent viz. Sharepro Services (India) Private Limited.

## NOTICE

Notice is hereby given that the 12th Annual General Meeting of the Members of **Zee News Limited** will be held on Monday, July 25, 2011 at 11.00 a.m. at The Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018 to transact the following **Ordinary businesses:**

1. To consider and adopt the audited Profit and Loss account of the Company for the year ended on March 31, 2011 and the Balance Sheet as at that date, on a standalone and consolidated basis, together with the report of the Auditors' and Directors' thereon.
2. To appoint a Director in place of Mr. K. U. Rao, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint M/s MGB & Co., Chartered Accountants, Mumbai, having Firm Registration No. 101169W, as the Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting, at a remuneration to be determined by the Board of Directors of the Company.

By order of the Board

**Pushpal Sanghavi**  
Company Secretary

Place: Mumbai

Dated: May 25, 2011

**Registered Office:**

Continental Building, 135,  
Dr. Annie Besant Road,  
Worli, Mumbai – 400 018

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies in order to be effective must be deposited with the Company not less than 48 hours before the commencement of the meeting.
2. Corporate members are requested to send to the registered office of the Company, a duly certified copy of the Board resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the Annual General Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, July 16, 2011 to Monday, July 25, 2011 (both days inclusive) for the purpose of Annual General Meeting.
4. Queries on accounts and operations of the Company, if any, may be sent to the Company Secretary at the registered office, seven days in advance of the meeting so as to enable the management to keep the information ready at the meeting.
5. As required under Clause 49 of the Listing Agreement, relevant information in respect of the Director seeking re-appointment at the Annual General Meeting is given in the Report on Corporate Governance, which forms part of the Annual Report.
6. Members who are holding Company's shares in dematerialized mode are requested to bring details of their Depository Account Number for identification.
7. Members are requested to register their email address and also notify immediately about any change in their address/ email address/mandate/bank details to their Depository Participant in respect of their shareholding in demat mode and in respect of their physical shareholding to the Company's Registrar and Share Transfer Agent, M/s. Sharepro Services (India) Pvt. Ltd., at 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 072 and/or at 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai - 400 021.
8. Under Section 109A of the Companies Act, 1956, members are entitled to make nomination in respect of shares held by them in physical mode. Members desirous of making nominations are requested to send their request in Form 2B, in duplicate (which will be made available on request) to the Company's Registrar and Share Transfer Agent at above addresses.

By order of the Board

**Pushpal Sanghavi**  
Company Secretary

Place : Mumbai

Dated: May 25, 2011

**Registered Office:**

Continental Building, 135,  
Dr. Annie Besant Road,  
Worli, Mumbai – 400 018



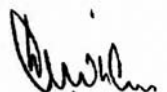
## CERTIFICATION ON FINANCIAL STATEMENTS OF THE COMPANY

We, Punit Goenka, Managing Director and Dinesh Garg, Chief Financial Officer of Zee News Limited ('the Company'), certify that:

- (a) We have reviewed the financial statements and the cash flow statement of the Company both on Standalone and Consolidated basis for the year ended March 31, 2011 and that to the best of our knowledge and belief:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2011 are fraudulent, illegal or violative to the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken to rectify those deficiencies.
- (d) During the year:
  - i) There has not been any significant change in internal control over financial reporting;
  - ii) There have not been any significant changes in accounting policies; and
  - iii) There have been no instances of significant fraud of which we are aware that involve management or other employees having significant role in the Company's internal control system over financial reporting.



**Punit Goenka**  
Managing Director



**Dinesh Garg**  
Chief Financial Officer

Place: Mumbai  
Date : May 25, 2011

## DIRECTORS' REPORT

To,

The Members of

**Zee News Limited**

Your Directors take pleasure in presenting the 12th Annual Report of the Company together with Audited Statement of Accounts of the Company for the year ended March 31, 2011.

### FINANCIAL PERFORMANCE

(₹ in Millions)

Particulars	For the year ended	
	March 31, 2011	March 31, 2010
Gross Income	2,442.22	5,093.17
Total Expenses	2,278.01	4,410.86
Profit before Tax	164.21	682.31
Provision for Taxation	66.41	242.65
Profit after Tax	97.80	439.66
Balance Brought Forward	1,125.42	685.76
<b>Balance Carried to Balance Sheet</b>	<b>1,223.22</b>	<b>1,125.42</b>

### DIVIDEND

With a view to conserve the resources for future business requirements and expansion plans, your Directors are of view that the current year's profit be ploughed back into the operations and hence no dividend is recommended for the year under review.

### OPERATIONS & STRATEGY

It has been an optimistically buoyant year for Zee News Limited, with the network capitalizing on past gains and consolidating its position as the largest and No.1 News Network of the country.

Your Company not only met, but also surpassed, critical benchmarks that it had set for itself for the FY 2011.

Zee News, the flagship channel, remained committed to its duty as the fourth estate and kept its focus on serious news while providing a 360 degree view of all major current affair events. This positioning that was adopted three years back is now getting established in the minds of the viewers, including amongst those who occupy space in the portals of political power.

It follows that the emphasis on unadulterated news helped the channel to earn loyal viewers and credibility in the crowded Hindi news market. Zee News was No.1 in the Top 8 Metros in terms of Time Spent per viewer in 25+AB Male category, and No. 1 in Top 6 Metros in terms of Time Spent per viewer in the 15+ age category. (Source: TAM)

Zee Business, continued its supremacy in the stock market band, which is prime time for any business channel. Besides, the channel undertook several pioneering initiatives like the Aspire Campaign and conducted a Distance Learning B-school survey, arguably the first of its kind ever undertaken by a media company.

Your Company's Bengali offering, 24 Ghanta, was once again the undisputed leader in Financial Year 2010-11 in West Bengal, as well as in Kolkata, in terms of Viewership, Reach and Time Spent. (Source: TAM)

Both the newly launched channels, Zee News UP/UK and Zee 24 Gantalu made huge inroads in their respective Hindi and Telugu genres in all parameters including Relative Share, Reach and Time Spent per viewer. (Source: TAM)

Meanwhile, Zee 24 Taas finally came on the advertisers' radar in the Marathi market and is beginning to show traction.

In line with the rationalization process of maintaining news hygiene and hiving off entertainment, the operations of Zee Tamil was discontinued on and from March 31, 2011.

In terms of profitability, Zee News Limited is proud to stand apart as a Company which is showing healthy numbers in terms of top line and bottom line. Consistent growth is what makes the Company unique, as the market mostly comprises players that are not performing so well as businesses.

Your Company's operating revenue stood at ₹ 2,431.01 millions, its EBITDA was ₹ 265.22 millions with PAT at ₹ 97.80 millions. The robust figures are an outcome of growth in revenue of ₹ 2,359.59 millions accruing from both advertisements and subscription. The all round performance was contributed by all channels in the bouquet.

Overall, it can be said with considerable satisfaction that your Company's strategy to go with an innovative and solution driven approach worked as it helped to get on board retail clients in the regional markets. Increased operational efficiencies ensured that middle line was kept in check while revenues grew. Moreover, the policy of expanding and protecting existing margins provided your Company an edge over competition and helped it ride the growth curve.

In the beginning of the year, your Board has set an objective of consolidating the news operations and the performance has been in line with the set goal, which gives confidence to fuel judicious expansion in the future while keeping the focus firmly on current deliverables.

### PUBLIC DEPOSITS

During the year under review, your Company has not accepted or renewed any deposits within the meaning of Section 58A of the Companies Act, 1956 and rules made thereunder.

### CORPORATE SOCIAL RESPONSIBILITY

Social responsibility is an integral part of the way of doing business in your Company. Your Company is conscious about its responsibilities towards the society and the editorial policies of the channels are developed keeping this in mind. Your Company continuously engages itself in various activities addressing social issues.

Ananya Samman is one of the unique nationwide initiative to identify and honour unsung heroes, who silently contribute to our society. While 'Apka Vote Apki Taqat' campaign that was aimed



at inspiring the whole nation to exercise their voting rights was a resounding success this year, as was the initiative 'My Earth My Duty' designed at raising the alarm against global warming and encouraging people to come forward and contribute towards making the planet greener.

In addition to these CSR initiatives, your Company continues its ongoing contributions to the noble cause of NGO's like Ekal Vidyalaya Foundation, Global Vipassana Foundation and Global Foundation for Civilizational Harmony and National Foundation of Communal Harmony (an autonomous organization set up by Ministry of Home Affairs).

## **GROUP**

Pursuant to intimation received from the Promoters, the names of Promoters and entities comprising the 'group' for the purpose of Clause 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, are disclosed in the Annual Report.

## **EMPLOYEES STOCK OPTION SCHEME**

During the year under review, your Company had not granted any Stock Option either to its employees or Directors under 'ZNL ESOP 2009 Scheme' approved by the Members at the 10th Annual General Meeting held on August 18, 2009. In view of this, particulars as required under Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, are Nil.

## **CORPORATE GOVERNANCE**

In addition to strictly complying with Clause 49 of the Listing Agreement, your Company is committed to adhere to the highest standards of Corporate Governance. In line with your Company's commitment to excel in implementing best Corporate Governance practices, your Board had earlier approved and implemented a Corporate Governance Manual which serves as guide to every business activity/decision making in the Company. Report on Corporate Governance as stipulated under the Listing Agreement(s) with the Stock Exchanges as also a Management Discussion and Analysis Report forms part of the Annual Report.

Certificate from the Statutory Auditors of the Company, M/s MGB & Co., Chartered Accountants, confirming compliances with the provisions of Corporate Governance as stipulated in Clause 49, is annexed to the said Corporate Governance Report.

## **DIRECTORS**

During the year under review, post his resignation as Managing Director in July 2010, Mr. Laxmi N. Goel resigned from the directorship of the Company, with effect from the close of September 30, 2010. Your Board places on record its deep appreciation for the contributions made by Mr. Laxmi N. Goel as one of the founder Directors of the Company.

Mr. K. U. Rao, Director, retires by rotation and being eligible has offered himself for re-appointment at the ensuing Annual General Meeting. Your Board recommends his re-appointment.

## **SUBSIDIARY COMPANY**

Your Company continues to hold 60% equity stake in its Subsidiary, Zee Akaash News Private Limited. Statement pursuant to Section 212 of the Companies Act, 1956 in connection with Zee Akaash News Pvt. Ltd., is attached herewith and forms part of this report.

In accordance with Accounting Standard AS 21 – Consolidated Financial Statements read with Accounting Standard AS 23 – Accounting for Investments in Associates, and Accounting Standard AS 27 – Financial Reporting of Interests in Joint Ventures, the audited Consolidated Financial Statements are provided in and forms part of this Annual Report.

In compliance with conditions laid down in Circular No. 51/12/2007-CL-III dated February 8, 2011 issued by Ministry of Corporate Affairs, your Board has decided to avail the general exemption from applicability of provisions of Section 212 of the Companies Act, 1956, by not attaching Annual Report of the Subsidiary Company with the Annual Report of the Company for financial year ended March 31, 2011. Requisite financial highlights of the Subsidiary Company forms part of the Consolidated financial statement. The Annual Accounts of the Subsidiary Company and related detailed information will be available for inspection by any Member of the Company and/or Subsidiary Company, at any point in time at the registered office of the Company and the Subsidiary Company. The Company shall furnish copy of Annual Report of the Subsidiary to any Member of the Company on demand.

## **AUDITORS**

Statutory Auditors, M/s MGB & Co., Chartered Accountants, having Firm Registration No. 101169W, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received communication from the Statutory Auditors confirming that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of Section 226 of the said Act.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Your Company is into the business of Broadcasting of News & Current Affairs Channels in Hindi and various regional languages. Since these activities do not involve any manufacturing activity, most of the Information required to be provided under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is not applicable.

However the information as applicable is given hereunder:

### **Conservation of Energy**

Your Company, being a service provider, requires minimal energy consumption and every endeavor has been made to ensure optimal use of energy, avoid wastages and conserve energy as far as possible.

### Technology Absorption

In its endeavor to deliver the best to its viewers and business partners, your Company has been constantly active in harnessing and tapping the latest and best technology in the industry.

### Foreign Exchange Earnings and Outgo

Particulars of foreign exchange earnings and outgo during the year are given in Note No. 16.5 of Part B of Notes to Accounts in Schedule 16 of the Annual Report of the Company.

### PARTICULARS OF EMPLOYEES

No employee, other than Mr. Barun Das, Chief Executive Officer of the Company draw remuneration in excess of limits prescribed under the Companies (Particulars of Employees) Rules, 1975, as amended. Requisite details of remuneration paid to Mr. Barun Das during the year, pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is as detailed herein:

Name, Designation & Age	Barun Das, Chief Executive Officer, 41
Total Remuneration	₹ 94,56,000
Qualification	B.Tech., Electronics & Communication, PGDBM
Total Experience & Date of Joining	19 Years, November 1, 2007
Previous Employment	MCCS (JV between Star Group & ABP Ltd.)

Total remuneration includes salary, allowances, performance incentive, company contribution to provident fund, leave travel assistance, medical benefits and other perquisites and benefits valued as per the Income Tax Act, 1961.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, and based on representations received from the operating management, the Directors hereby confirm that:

- (i) in the preparation of the Annual Accounts for the year ended March 31, 2011, the applicable Accounting

Standards have been followed and there are no material departures;

- (ii) they have selected such accounting policies in consultation with the Statutory Auditors and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for the financial year ended March 31, 2011;
- (iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) they have prepared the Annual Accounts on a going concern basis.

### ACKNOWLEDGEMENTS

Your Board takes this opportunity to place on record its appreciation for the dedication and commitment of employees shown at all levels which have contributed to the success of your Company. Your Directors also express their gratitude for the valuable support and co-operation extended by various Governmental Authorities, including Ministry of Information and Broadcasting, Ministry of Communications and Information Technology - Department of Telecommunication and other stakeholders including Bankers, Financial Institutions, Viewers, Vendors and Service Providers.

For and on behalf of the Board

**Punit Goenka**      **Naresh Kumar Bajaj**  
Managing Director      Director

Place: Mumbai  
Date : May 25, 2011



## ANNEXURES TO DIRECTORS' REPORT

### ANNEXURE A

Statement relating to Subsidiary Company pursuant to Section 212 of the Companies Act, 1956

No.	Name of the Subsidiary	Zee Akaash News Pvt. Ltd.
1	The Financial year of the subsidiary company ended on	March 31, 2011
2	Holding Company	Zee News Limited
3	Extent of holding Company's interest	60%
4	Face value per equity shares	₹10/-
5	No. of Equity shares held by the holding company	2,399,982
6	Net aggregate amount of profit/(loss) of the subsidiary so far as it concerns the members of the holding company and is dealt with in account of holding company:	
	i) For the financial year ended on March 31, 2011	NIL
	ii) For the previous financial years of the subsidiaries since it became a subsidiary	NIL
7	Net aggregate amount of profit/(loss) of the subsidiary so far as it concerns the members of the holding company and is not dealt with in account of holding company:	
	i) For the financial year ended on March 31, 2011 (₹ in Lacs)	658.76
	ii) For the previous financial years of the subsidiaries since it became a subsidiary (₹ in Lacs)	(126.46)

For and on behalf of the Board

Place: Mumbai  
Date : May 25, 2011

**Punit Goenka**  
Managing Director

**Naresh Kumar Bajaj**  
Director

### ANNEXURE B

Entities comprising of 'Group' for the purpose of Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997

Sr. No.	Name	Sr. No.	Name
1	Churu Trading Co. Pvt. Ltd.	18	Pan India Network Ltd.
2	Ganjam Trading Co. Pvt. Ltd.	19	Prime Publishing Ltd.
3	Prajatma Trading Co. Pvt. Ltd.	20	Mediavest India Pvt. Ltd.
4	Briggs Trading Co. Pvt. Ltd.	21	Vasant Sagar Properties Pvt. Ltd.
5	Veena Investments Pvt. Ltd.	22	Essel Sports Private Limited
6	Ambience Business Services Pvt. Ltd.	23	Aqualand India Ltd.
7	Essel Infraprojects Ltd.	24	Wire and Wireless (India) Ltd
8	Churu Enterprises LLP	25	Dish TV India Ltd.
9	Prajatma Enterprises LLP	26	Zee Entertainment Enterprises Limited
10	Jayneer Enterprises LLP	27	Zee Learn Ltd.
11	Premier Finance and Trading Co. Ltd.	28	Shirpur Gold Refinery Limited
12	Jayneer Capital Pvt. Ltd.	29	Solid Containers Ltd.
13	Buddha Films Pvt. Ltd.	30	Essel Airport Infrastructure Pvt. Ltd.
14	Cyquator Media Services Pvt. Ltd.	31	Pan India Infrastructure Pvt. Ltd.
15	Intrex India Ltd.	32	Essel Infra Projects International Holding Ltd., Singapore
16	New Media Broadcast Pvt. Ltd.	33	Essel Sagar Damoh Toll Roads Limited
17	Pan India Network Infravest Pvt. Ltd.	34	Essel Bhind Mihona Gopalpur Toll Roads Limited

Sr. No.	Name
35	Essel Bina Khimlasi Malhoni Toll Roads Limited
36	Essel Damoh-Jabalpur Toll Roads Limited
37	Essel Ahmedabad Godhra Toll Roads Limited
38	EOP PTE Limited, Singapore
39	Jay Properties Pvt. Ltd.
40	Edisons Continental Laboratories Pvt. Ltd..
41	Essel Ship Breaking Ltd.
42	Continental Drug Company Pvt. Ltd.
43	25FPS Media Pvt. Ltd.
44	Rama Associates Ltd.
45	Essel International Ltd.
46	Essel Agro Pvt. Ltd.
47	ICL Heroes Sports Pvt. Ltd.
48	ICL Rockets Sports Pvt. Ltd.
49	Lahore Badshahs Pvt. Ltd.
50	Dhaka Warriors Sports Pvt. Ltd.

Sr. No.	Name
51	Royal Bengal Sports Pvt. Ltd.
52	ICL Lions Pvt. Ltd.
53	Essel RPW Projects Pvt. Ltd.
54	Rupee Finance and Management Pvt. Ltd.
55	Delgrada Limited, Mauritius
56	Lazarus Investments Ltd., Mauritius
57	Essel Holdings Ltd., Mauritius
58	Packaging Products Investments Ltd., Mauritius
59	Afro Asian Satellite Communications Ltd., Mauritius
60	Agrani Holdings (Mauritius) Limited
61	Asian Satellite Broadcast Pvt. Ltd.
62	Integrated Subscriber Management Services Limited
63	Essel Media & Entertainment Limited, Mauritius
64	Essel Media Corporation PLC, UK
65	Essel EM Infra Holding Co. Ltd., Mauritius
66	Essel Corporate Resources Pvt. Ltd.

## AUDITORS' CERTIFICATE

To  
The Members,  
**Zee News Limited**

We have examined the compliance of conditions of Corporate Governance by **Zee News Limited** ('the Company'), for the year ended March 31, 2011 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We state that no investor grievances are pending for a period exceeding 30 days against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

### For MGB & Co.

Firm Registration No. 101169W  
Chartered Accountants

### Lalit Kumar Jain

Partner  
Membership No. 72664

Mumbai, May 25, 2011



# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PHILOSOPHY

Corporate Governance philosophy of Zee News Limited stems from its belief that the Company's business strategy, plans and decisions should be consistent with the welfare of all its stakeholders, including shareholders, viewers etc. Good Corporate Governance practices enable a Company to attract financial and human capital and leverage these resources to maximize long-term shareholder value, while preserving the interests of multiple stakeholders, including the society at large. Corporate Governance at Zee News Limited is founded upon 4 pillars of Core Values viz., Transparency, Integrity, Honesty and Accountability.

Your Company has laid strong foundation for making Corporate Governance a way of life by constituting a Board with a balanced mix of professionals of eminence and integrity from within and outside the business, forming a core group of top executives, inducting competent professionals across the organization and putting in place system, process and technology. In its endeavor to improve on the Corporate Governance practices, the Board and Management have adopted a Corporate Governance Manual which serves as guide in various activities and decisions in normal course of business.

## BOARD OF DIRECTORS

### Composition & Category of Directors

Your Company is in strict compliance of Board composition requirements of the Listing Agreement. The day-to-day management of the Company is entrusted to its key management personnel led by the Managing Director who operates under the superintendence, direction and control of the Board. The Board reviews and approves strategy and oversees the actions and performance of the management to ensure that the long-term objective of enhancing stakeholder's value is met.

### Composition of the Board as on March 31, 2011

Category of Directors	No. of Directors	% to total No. of Directors
Executive Directors	1	20.00
Non-Executive Independent Directors	3	60.00
Other Non-Executive Directors	1	20.00
<b>Total</b>	<b>5</b>	<b>100.00</b>

Independent Directors provide appropriate annual certifications to the Board confirming satisfaction of the conditions of their being independent as laid down in Clause 49.

Particulars of Directors, their attendance at the Annual General Meeting and Board Meetings held during the financial year 2010-11 and also their other directorships in Public Companies (excluding Foreign Companies and Section 25 Companies) & membership of Audit & Share Transfer Committees of other Companies as at March 31, 2011 are as under:

Name of Director	Category	Attendance at		No. of Directorship of other Public Companies	No. of Memberships/ Chairmanship of other Board Committees	
		Board Meetings (6 Meetings)	11th AGM held on 31/08/10		Membership	Chairmanship
Subhash Chandra	Promoter – Non-Executive	5	Yes	5	-	-
Laxmi N. Goel*	Promoter – Non-Executive	-	-	NA	NA	NA
Naresh Kumar Bajaj	Independent – Non-Executive	5	Yes	5	2	2
Vinod Bakshi	Independent – Non-Executive	6	Yes	2	1	-
K. U. Rao	Independent – Non-Executive	5	Yes	-	-	-
Punit Goenka**	Promoter – Executive	5	-	10	-	-

\* Subsequent to his resignation as Managing Director of the Company with effect from July 5, 2010, Mr. Laxmi N. Goel resigned from the directorship of the Company with effect from September 30, 2010.

\*\* Mr. Punit Goenka was appointed as Managing Director of the Company with effect from July 5, 2010.

### **Board Meetings and Procedure**

During the financial year under review six (6) meetings of the Board of Directors were held on April 21, 2010, July 5, 2010, July 22, 2010, October 27, 2010, January 20, 2011 and March 25, 2011. In compliance with Clause 49 of the Listing Agreement, the gap between two Board meetings did not exceed four months.

Schedule of the Board meetings for each year are decided well in advance and communicated to the Directors. Board meetings are generally held either at the registered office at Mumbai or at the corporate office at Noida. The agenda alongwith the explanatory notes are sent to the Directors well in advance to enable them to take informed decisions. Chief Executive Officer and Chief Financial Officer are normally invited to the Board meetings to provide necessary insights into the working of the Company and for discussing corporate strategies. All relevant information required to be placed before the Board of Directors as per Clause 49 of the Listing Agreement, are considered and taken on record/approved by the Board.

The Board periodically reviews compliance of all laws applicable to the Company.

### **BRIEF PROFILE OF DIRECTOR PROPOSED TO BE RE-APPOINTED AT THE ENSUING ANNUAL GENERAL MEETING**

**K. U. Rao**, 50, is a Non-Executive Independent Board member of the Company. He carries with himself rich and global experience of more than 23 years in the fields of Sales and Marketing and has held various senior positions in internationally reputed company like Shell Car Care, Shell Lubricants, ONIDA, Phillips India etc. Presently Mr. Rao is associated with Diligent Media Corporation Limited as its Chief Executive Officer.

Mr. Rao neither holds directorship in any other Indian Public Limited Company nor holds any shares in the Company.

### **CODE OF CONDUCT**

The Board of Directors of the Company has approved and adopted Code of Conduct for Members of the Board and Senior Management of the Company. The Code is circulated to all the members of the Board and senior management personnel and the compliance of the same is affirmed by them annually. The Code has been posted on Company's website viz. [www.zeenews.com](http://www.zeenews.com).

A declaration affirming compliance with the Code of Conduct by the members of the Board and senior management is given below:

#### **Declaration**

I confirm that the Company has obtained from all Directors and Senior Management of the Company their affirmation of compliance with the Code of Conduct for Members of the Board and Senior Management of the Company for the financial year ended March 31, 2011.

**Punit Goenka**

Managing Director  
Mumbai, May 25, 2011

### **BOARD COMMITTEES**

Your Board has constituted various Board and Executive Management Committees for smooth and efficient operation of day-to-day business of the Company. Apart from Audit Committee, Remuneration Committee and Share Transfer & Investors Grievances Committee, your Board has constituted a Finance Sub-committee, for approving financing facilities granted to the Company from time to time and a Corporate Management Committee, for general business purposes. Your Board has provided for detailed guidelines on constitution, quorum, scope and procedures to be followed by these Committees. Minutes of the proceedings of each meeting of the Committee's held between two board meetings are circulated to the Board Members alongwith agenda papers and taken on record by the Board at its meetings.

Relevant particulars of Audit Committee, Remuneration Committee and Share Transfer and Investors Grievances Committee are as detailed hereunder.

#### **Audit Committee**

Your Board has constituted an Audit Committee comprising of three (3) Non-Executive Independent Directors as its Members as on March 31, 2011. Mr. Naresh Kumar Bajaj, Chairman of the Committee is a Non-Executive Independent Director.

During the year under review, Audit Committee met for five (5) times on April 21, 2010, July 5, 2010, July 22, 2010, October 27, 2010 and January 20, 2011. Composition of the Audit Committee and attendance of members at the Audit Committee meetings held during financial year 2010-11 are as detailed hereunder:



Name & Designation of Committee Member	Category	No. of meetings attended during the year under review
Naresh Kumar Bajaj, Chairman	Non-Executive – Independent	4
Vinod Bakshi, Member	Non-Executive – Independent	5
K. U. Rao, Member	Non-Executive – Independent	4
Laxmi N. Goel, Member*	Promoter – Executive	-

\* Resigned as a Director and Member of Audit Committee with effect from September 30, 2010

The role and powers of the Audit Committee is as set out in Clause 49 of the Listing Agreement(s) with Stock Exchanges and Section 292A of the Companies Act, 1956. The terms of reference of the Audit Committee broadly includes:

- Oversight of Company's financial reporting process and disclosure of its financial information.
- Review with the management, quarterly and annual financial statements.
- Review of related party transactions.
- Review Company's financial and risk management policies.
- Review with the management, external and internal auditors, adequacy of internal control systems.
- Review of financial statements, investments, minutes and related party transactions of subsidiary company.
- Recommend to the Board the appointment, re-appointment and removal of the statutory auditor and fixation of their remuneration.
- Discussion with statutory auditors about the nature and scope of audit as well as post audit discussion to ascertain any area of concern and internal control weaknesses observed by the statutory auditors.
- Discussion of Internal Audit Reports with internal auditors and significant findings and follow-up thereon and in particular internal control weaknesses.

Audit Committee meetings are generally attended by the Managing Director, Chief Executive Officer, Chief Financial Officer and representative of the Statutory Auditors of the Company. Internal Auditors have attended Audit Committee Meetings wherein the Internal Audit reports were considered by the Committee. The Company Secretary acts as the Secretary of the Audit Committee.

#### **Remuneration Committee & Policy**

The Remuneration Committee comprises of Mr. Vinod Bakshi, Non-Executive Independent Director as Chairman and Mr K. U. Rao, Non-Executive Independent Director and Mr. Subhash Chandra, Non-Executive Director as its Members. The Company Secretary is the Secretary of the Committee. The broad terms of reference of the Remuneration Committee are as follows:

- To decide all the elements of remuneration package of Executive Director(s).
- To decide on details of fixed component and performance linked incentives alongwith the performance criteria.
- To decide on the terms and conditions of the service contracts, notice period, severance fees.
- To monitor implementation of Company's Employee Stock Option Scheme including deciding on the eligibility criteria for grant of options, vesting and exercise terms.

Pursuant to Members approval at the Annual General Meeting held on August 18, 2009, the Company has put in place an Employee Stock Option Scheme viz. ZNL ESOP 2009, whereby Options convertible into 11,988,000 equity shares constituting 5% of the paid-up capital of the Company can be granted to the employees and Directors of the Company. The management of ZNL ESOP 2009 has been delegated to the Remuneration Committee. No Options have been granted till the end of the year under review.

Remuneration Policy of the Company is to benchmark against best policies and compensation levels based on Industry standards. The policy also provides for rewarding and retaining talent in the Company.

During the year under review, Remuneration Committee met twice, on April 21, 2010 and March 25, 2011.

During the year under review, no remuneration was paid to Mr. Laxmi N. Goel, who resigned as Managing Director of the Company with effect from July 5, 2010. Further as approved by the Members at the Annual General Meeting held on August 31, 2010, Mr. Punit Goenka was appointed as Managing Director of the Company for a period of 3 years with effect from July 5, 2010 at Nil remuneration.

### **Details of remuneration paid to Non-Executive Directors**

During the Financial Year 2010-11, Non-Executive Directors were paid remuneration by way of sitting fees of ₹ 20,000/- for attending each meeting of the Board, Audit Committee and Remuneration Committee.

Additionally, pursuant to Member's approval at 8th Annual General Meeting held on July 31, 2007 and as approved by the Central Government, Non-Executive Directors will be paid remuneration as determined by the Board in the form of Commission of upto maximum of 1% of profits of the Company for the current financial year.

Based on various criterias including contribution made by each Non-Executive Directors, performance of the Company etc., within overall limits approved by the members and Central Government, the Board has approved a Commission of ₹ 300,000/- per Non-Executive Director on pro rata basis for the financial year 2010-11.

Particulars of sitting fees paid and commission payable to Non-Executive Directors of the Company for Financial Year 2010-11 is as under:

<b>Name of Director</b>	<b>Sitting Fees Paid</b>	<b>Commission Payable</b>	<b>Total</b>
Subhash Chandra	140,000	300,000	440,000
Naresh Kumar Bajaj	180,000	300,000	480,000
Vinod Bakshi	260,000	300,000	560,000
K. U. Rao	220,000	300,000	520,000
*Punit Goenka	20,000	78,000	98,000
*Laxmi N. Goel	-	71,500	71,500
<b>Total</b>	<b>820,000</b>	<b>1,349,500</b>	<b>2,169,500</b>

\* Commission payable on pro rata basis for the period during which these Directors were Non-Executive.

### **Share Transfer & Investor Grievance Committee**

As on March 31, 2011, Share Transfer & Investor Grievance Committee comprises of Mr. K. U. Rao, Non-Executive Independent Director as Chairman, Mr. Punit Goenka Managing Director and Mr. Naresh Kumar Bajaj, Non-Executive Independent Director as Members. The Company Secretary is the Secretary of the Committee.

Main function of this Committee is to strengthen investor relations. The Company Secretary, being the Compliance Officer, is entrusted with the responsibility, to specifically look into the redressal of the shareholders and investors complaints and report the same to Share Transfer & Investor Grievance Committee.

During the year under review the Committee met four (4) times on April 12, 2010, July 22, 2010, October 27, 2010 and January 20, 2011.

Details of number of complaints received and resolved during the year ended March 31, 2011 are as under:

<b>Nature of Correspondence</b>	<b>Received</b>	<b>Replied/Resolved</b>	<b>Pending</b>
Non-receipt of Dividend	6	6	-
Non-receipt of Shares	1	1	-
Non-receipt of Annual Report	6	6	-
Letter from Stock Exchanges/Registrar of Companies	3	3	-
<b>Total</b>	<b>16</b>	<b>16</b>	<b>-</b>

### **GENERAL BODY MEETINGS**

The 12th Annual General Meeting of the Company for the year financial year 2010-11 will be held on Monday, the 25th day of July 2011 at 11.00 a.m. at The Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018.

Details of Annual General Meetings held during last 3 years are as follows:

<b>Financial Year</b>	<b>Day, Date and Time of the meeting</b>	<b>Venue</b>
2009-10	Tuesday, August 31, 2010 at 11.00 a.m.	The Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018
2008-09	Tuesday, August 18, 2009 at 3.00 p.m.	Nehru Centre, Nehru Auditorium, Dr. Annie Besant Road, Worli, Mumbai – 400 018
2007-08	Wednesday, July 23, 2008 at 3.00 p.m.	



During last three Annual General Meetings of the Company, the members had passed following special resolutions:

At 11th Annual General Meeting dated August 31, 2010	Alteration of Articles of Association of Company.
At 10th Annual General Meeting dated August 18, 2009	Maintenance of Register & Index of members of Equity Shares and Share Transfer Register at the office of Registrar & Share Transfer Agent instead of Registered Office of the Company. Introduction and implementation of Employee Stock Option Scheme. Extension of Benefits of Company's ESOP Scheme to Employees/Directors of Subsidiary and/or holding companies of the Company. Alteration of Articles of Association of Company.
At 9th Annual General Meeting dated July 23, 2008	Delist Equity Shares of the Company from the Calcutta Stock Exchange Association Ltd. (CSE)

All the above resolutions were passed with requisite majority.

No ordinary or special resolutions were passed through Postal Ballot during the financial year 2010-11. None of the resolution proposed at the ensuing Annual General Meeting needs to be passed by Postal Ballot.

## DISCLOSURES

There are no materially significant related party transactions, which have potential conflict with the interest of the Company at large. Transactions with related parties are disclosed in Notes to Accounts in the Annual Report.

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the year under review and no penalties or strictures have been imposed on the Company by any Stock Exchange, SEBI or other statutory authorities during last three years.

## COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

The Company confirms that it has complied with all mandatory requirements to Clause 49 of the Listing Agreement(s). Particulars of non mandatory requirements complied by the Company are as detailed hereunder:

**Remuneration Committee** – The Company has set up Remuneration Committee to recommend/review overall compensation policy, service agreements and other employment conditions of Executive Director(s) and Senior Management and also to manage Company's Employee Stock Option Scheme.

## MEANS OF COMMUNICATION

The Company has promptly reported all material information including declaration of quarterly financial results, press releases etc., to all Stock Exchanges where the shares of the Company are listed. Such information is also simultaneously displayed on the Company's website [www.zeenews.com](http://www.zeenews.com). The financial results, quarterly, half yearly and annual results and other statutory information were communicated to the shareholders by way of advertisement in a English newspaper 'Daily News & Analysis (DNA)' and in a vernacular language newspaper 'Punya Nagari (Marathi)' as per the requirements of the Stock Exchanges and requisite information are filed with Stock Exchange(s) in compliance with the Listing Agreement(s).

Official news releases and presentation made to institutional investors or to the analysts are displayed on Company's website [www.zeenews.com](http://www.zeenews.com).

Management Discussion and Analysis Report forming part of this Annual Report is annexed separately.

## GENERAL SHAREHOLDER INFORMATION

The required information is provided in Shareholders Information Section.

## SHAREHOLDERS' INFORMATION

1. **Date, Time and Venue of Shareholder's Meeting** Meeting : Annual General Meeting  
Day & Date : Monday, July 25, 2011  
Time : 11.00 a.m.  
Venue : The Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018
2. **Financial Year** April 1, 2010 to March 31, 2011
3. **Date of Book Closure** Saturday, July 16, 2011 to Monday, July 25, 2011 (both days inclusive)
4. **Registered Office** Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai – 400 018, India  
Tel.: +91-22-2483 1234 Fax: +91-22-2490 0302/2495 5974  
Website: [www.zeenews.com](http://www.zeenews.com)
5. **Corporate Office** Essel Studio, FC-19, Sector 16A, NOIDA 201 301, Uttar Pradesh, India  
Tel: 0120 251 1064 Fax: 0120 251 5381/82
6. **Listing on Stock Exchanges** Bombay Stock Exchange Limited (BSE)  
National Stock Exchange of India Limited (NSE)
7. **Stock Code** BSE- 532794  
NSE- ZEENEWS-EQ
8. **ISIN No.** INE966H01019
9. **Company Identification No.** L92100MH1999PLC121506
10. **Registrar & Share Transfer Agent** Sharepro Services (India) Private Limited,  
13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072, India  
Tel.: +91-22-6772 0300/400 Fax: +91-22-2859 1568/2850 8927  
E-Mail: [sharepro@shareproservices.com](mailto:sharepro@shareproservices.com)
11. **Investor Relation Officer** Mr. Pushpal Sanghavi  
Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai – 400 018, India  
Tel: +91-22-2483 1234 Fax: +91-22-2490 0302/2495 5974  
E-mail: [sanghavi@zeenetwork.com](mailto:sanghavi@zeenetwork.com)

### 12 Dividend

During the year 2010-11, the Board of Directors have not recommended payment of any dividend.

Members who have not encashed their dividend warrant(s) for the financial year ended March 31, 2009, are requested to seek issue of duplicate warrant(s) by writing to the Registrar and Share Transfer Agent of the Company.

### 13. Change of Address

Members holding equity share(s) in physical form are requested to notify the change of address/dividend mandate, if any, to the company's Registrar & Share Transfer Agent, at the address mentioned above.

Members holding equity share(s) in dematerialized form are requested to notify the change of address/dividend mandate, if any, to their respective Depository Participant (DP).

The MCA vide circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011, respectively (the said Circulars) has clarified that a company will be deemed to have complied with the provisions of Section 53 and 219(1) of the Companies Act, 1956, in case documents like notice, annual report etc are sent in electronic form to its shareholders subject to compliance with the conditions stated therein.

The Company has intimated the adoption of the said initiative to the members who hold equity shares in electronic form and whose email address have been made available to the Company by the Depositories. The Company will be sending the notice and annual report for the financial year 2010-11 in electronic form to the said members, in terms of the said circulars.

Members holding shares in electronic form but who have not registered their email address with their DP and members holding shares in physical form are requested to endeavour to register their email address with their DP / Company, as the case may be.



Members who have registered their email address with their DP/the Company but wish to receive the said documents in physical form are requested to write to [shareservice@zeenetwork.com](mailto:shareservice@zeenetwork.com) duly quoting their DP ID and Client ID / Folio No., as the case may be, to enable the Company to record their decision.

Please note that a shareholder of the Company is entitled to receive on request, a copy of the said documents, free of cost in accordance with the provisions of the Companies Act, 1956

#### 14. Unclaimed Shares

As per Clause 5A of the Listing Agreement inserted as per SEBI notification no. CIR/CSD/DIL/10/2010 dated December 16, 2010, the details in respect of the shares, which were issued pursuant to the Scheme of Arrangement and lying in the suspense account, is as under:

Description	Number of shareholders	Number of Equity Shares
Aggregate number of shareholders and the outstanding shares in the suspense account as at April 1, 2010	95	51,223
Number of shareholders who approached the Company for transfer of shares from Suspense account till March 31, 2011	-	-
Number of shareholders to whom shares were transferred from the Suspense account till March 31, 2011	-	-
Aggregate number of shareholders and the outstanding shares in the Suspense account lying as on March 31, 2011	95	51,223

The voting rights on the shares outstanding in the suspense account as on March 31, 2011 shall remain frozen till the rightful owner of such shares claims the shares. In compliance with the said requirements, these shares will be transferred into a single folio in the name of 'Unclaimed Suspense Account' in due course.

#### 15. Share Transfer System

Equity Shares sent for physical transfer or for dematerialization are generally registered and returned within a period of 15 days from the date of receipt of completed and validly executed documents.

#### 16. Dematerialization of Equity Shares & Liquidity

The Equity shares of the Company are in the list of scrips specified by SEBI to be compulsory traded in the Dematerialized form. As on May 25, 2011, 99.68% of the total issued and paid - up Equity Share Capital of the company is held by 1,39,762 shareholders in Dematerialized form and the balance 0.32% is held by 782 shareholders in physical form.

#### 17. Shareholders' Correspondence

The Company has attended to all the investors' grievances/queries/information requests except for the cases where we are constrained because of some pending legal proceeding or court/statutory orders.

The Company endeavors to reply all letters received from the shareholders within a period of 6 working days. All correspondence may please be addressed to the Registrar & Share Transfer Agent at the address given above. In case any shareholder is not satisfied with the response or do not get any response within reasonable period, they may approach the Investor Relation Officer at the address given above.

#### 18. Share Capital Build-up

Particulars	No. of shares issued	Date of issue
Issued to Subscribers	70	28.08.99
Preferential Issue	1,000,000	26.11.99
Preferential Issue	8,749,930	13.09.05
Preferential Issue	850,000	28.09.05
Preferential Issue	5,250,000	28.09.05
Rights Issue	4,000,000	29.11.05
Cancellation of shareholding of Zee Entertainment Enterprises Limited pursuant to the Scheme	(6,574,920)	28.11.06
<b>Sub-Division of Shares from ₹ 10 each to shares of ₹ 1 each</b>	<b>132,750,800</b>	<b>28.11.06</b>
Reduction of Share Capital Pursuant to the Scheme	(88,943,036)	28.11.06
Issued to shareholders of Zee Entertainment Enterprises Limited pursuant to the Scheme	195,956,192	28.12.06
<b>Issued &amp; Paid up Capital as on 25.05.11</b>	<b>239,763,956</b>	

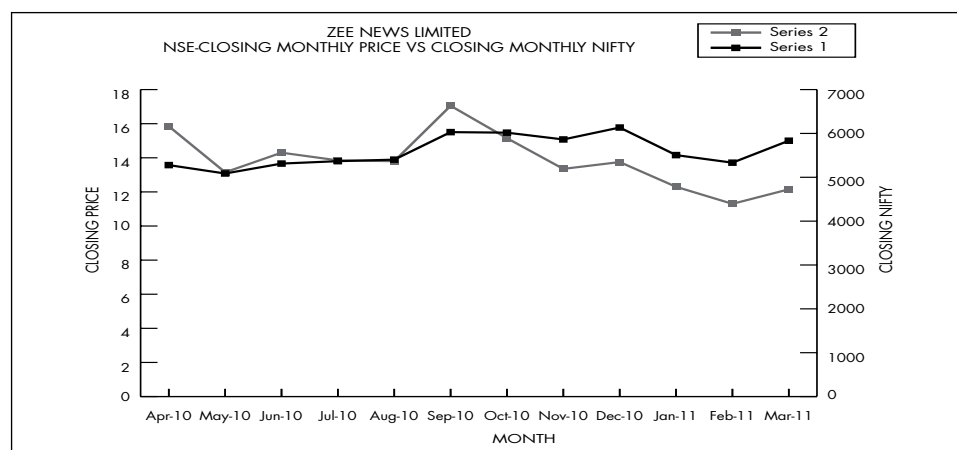
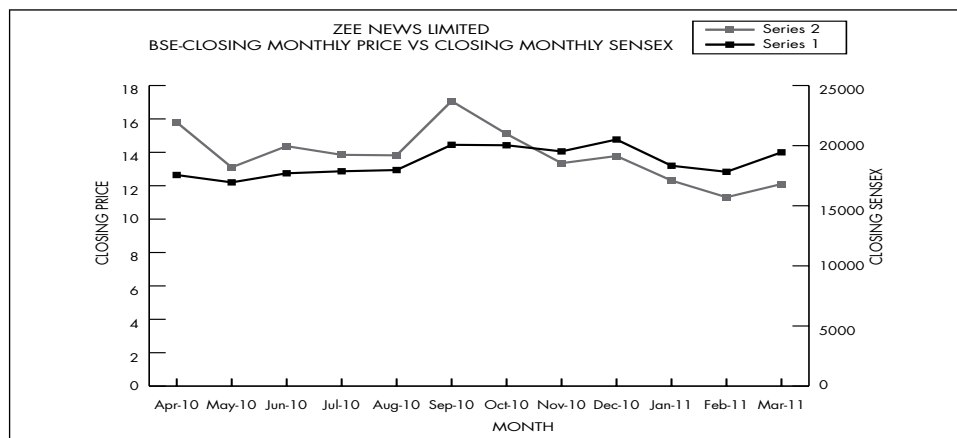
## 19. Stock Market Data Relating to Shares Listed in India

Monthly high and low quotations and volume of shares traded on BSE & NSE for financial year 2010-2011 are:

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume of Shares Traded	High (₹)	Low (₹)	Volume of Shares Traded
April 2010*	77.15	14.60	108,979,401	78.00	11.30	250,889,777
May 2010	15.90	12.60	14,064,624	15.90	12.00	41,335,099
June 2010	14.89	12.24	9,577,418	14.85	12.40	29,358,501
July 2010	14.50	13.50	7,429,475	14.55	13.50	21,539,825
August 2010	15.40	13.65	7,931,173	15.35	13.65	21,656,704
September 2010	17.50	13.80	31,914,880	17.50	13.80	57,609,837
October 2010	17.50	15.00	14,815,883	17.45	15.00	29,516,547
November 2010	16.40	11.80	13,051,109	16.40	11.40	26,569,184
December 2010	16.00	12.60	7,952,461	16.50	12.35	19,123,553
January 2011	14.55	11.25	7,554,027	14.55	11.95	18,752,767
February 2011	12.60	10.55	3,723,395	12.55	10.45	10,331,867
March 2011	12.30	10.20	2,873,171	12.35	10.55	10,421,610

\*Price adjustment consequent to the Scheme of Arrangement for demerger of Regional General Entertainment Channel business undertaking in favour of Zee Entertainment Enterprises Limited.

## 20. Relative performance of Zee News Shares Vs. BSE Sensex & Nifty Index

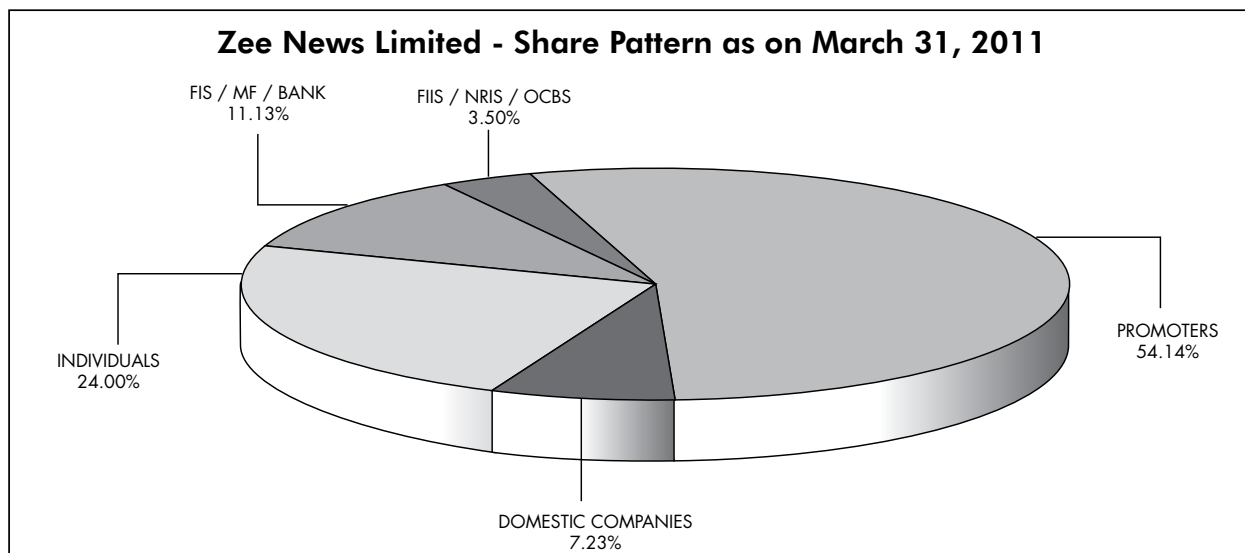


## 21. Distribution of Shareholding as on March 31, 2011

No. of Equity Shares	Shareholders		No. of Shares	
	Number	% of Holders	Number	% of Shares
Up to 5000	138,814	98.90%	41,865,141	17.46%
5001 – 10000	846	0.60%	6,450,048	2.69%
10001 – 20000	371	0.25%	5,450,892	2.27%
20001 – 30000	122	0.09%	3,064,047	1.28%
30001 – 40000	52	0.04%	1,821,768	0.76%
40001 – 50000	37	0.03%	1,688,396	0.70%
50001 – 100000	53	0.04%	4,106,526	1.72%
100001 and Above	68	0.05%	175,317,138	73.12%
<b>Total</b>	<b>140,363</b>	<b>100.00%</b>	<b>239,763,956</b>	<b>100.00%</b>

## 22. Categories of Shareholders as on March 31, 2011

Category	% of shareholding	No. of shares held
Promoters	54.14%	129,817,043
Individuals	24.00%	57,549,458
Domestic Companies	7.23%	17,330,707
FIs, Mutual funds and Banks	11.13%	26,674,305
FIIs, OCBs & NRI	3.50%	8,392,443
<b>Total</b>	<b>100.00%</b>	<b>239,763,956</b>





### 23. Particulars of Shareholding

#### a) Promoter Shareholding as on March 31, 2011

Sr.	Name of Shareholder	No. of Shares held	% of shareholding
1	Ashok Mathai Kurien	923,188	0.39%
2	Ambience Business Services Pvt. Ltd.	1,028,527	0.43%
3	Ganjam Trading Co. Pvt. Ltd.	9,836,066	4.10%
4	Churu Trading Co. Pvt. Ltd.	96,826,048	40.38%
5	Essel Infraprojects Ltd.	2,893,440	1.21%
6	Laxmi Goel	802,175	0.33%
7	Briggs Trading Co. Pvt. Ltd.	1,115,858	0.47%
8	Prajatma Trading Co. Pvt. Ltd.	6,555,525	2.73%
9	Veena Investments Pvt. Ltd.	9,836,066	4.10%
10	Jayneer Enterprises LLP	50	0.00%
11	Churu Enterprises LLP	50	0.00%
12	Prajatma Enterprises LLP	50	0.00%
	<b>Total</b>	<b>129,817,043</b>	<b>54.14%</b>

#### b) Top Ten (10) Public Shareholding as on March 31, 2011

Sr.	Name of Shareholder	No of Shares held	% of shareholding
1	HDFC Trustee Co. Ltd. – HDFC Equity Fund	11,197,358	4.67%
2	HDFC Trustee Co. Ltd. – HDFC Prudence Fund	6,269,745	2.61%
3	Life Insurance Corporation Of India	4,838,952	2.02%
4	HDFC Trustee Co. Ltd. – HDFC Core and Satellite Fund	3,414,578	1.42%
5	Acacia II Partners LP	3,298,135	1.38%
6	Acacia Institutional Partners LP	1,556,792	0.65%
7	Bakshu Securities and Brokers Pvt. Ltd.	1,500,000	0.63%
8	Religare Securities Limited	864,281	0.36%
9	HDFC Trustee Co. Ltd. – HDFC MF Monthly Income Plan Long Term Plan	809,000	0.34%
10	Penguin Dealtrade Pvt. Ltd.	699,064	0.29%
	<b>Total</b>	<b>34,447,905</b>	<b>14.37%</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

*The figures have been stated in ₹ millions in this MD&A for better readability.*

*Investors are cautioned that this discussion contains forward looking statements that involve risks and uncertainties including, but not limited to, risks inherent in the Company's growth strategy, acquisition plans, dependence on certain businesses, and dependence on availability of qualified and trained manpower and other factors. The following discussion and analysis should be read in conjunction with the Company's financial statements included herein and the notes thereto.*

### COMPANY OVERVIEW:

Zee News Limited (ZNL) (BSE Code: 532794, NSE Code: Zee News eq.) is India's leading news television organisation with interests in national as well as regional channels. The Company was incorporated as Zee Sports Limited on August 27, 1999. The name of the Company was changed to Zee News Limited on May 27, 2004 after obtaining a fresh Certificate of Incorporation from the Registrar of Companies, Mumbai. To comply with the News Up-linking Guidelines of Government of India, Zee Entertainment Enterprises Limited (ZEEL) transferred its news-gathering activities to Zee News Limited w.e.f. October 2005. To enable clear management focus and direction to be imparted to the various properties of the Company, ZEEL transferred its regional entertainment channels to ZNL by way of a de-merger scheme approved by the Hon'ble High Court of Bombay vide its Order dated 17.11.2006 from March 31, 2006. Thereafter, the Company got listed at Bombay Stock Exchange, National Stock Exchange & Calcutta Stock Exchange in January 2007.

ZNL, before January 1, 2010, had national news, regional news and regional general entertainment as its focus areas. However, in order to become a pure news powerhouse, it was decided to separate the Regional General Entertainment Channel business from the News Business. Under the Scheme of Arrangement for de-merger of Regional General Entertainment Channel business undertaking of the Company, Regional General Entertainment Channels, were transferred to Zee Entertainment Enterprises Limited (ZEEL) from the Appointed Date, January 1, 2010, which was approved by the Hon'ble Bombay High Court on March 19, 2010, has become effective on and from March 29, 2010 upon filing of the order the Hon'ble Bombay High Court with the Registrar of Companies of Maharashtra, Mumbai. Zee News Limited's prime focus, now, is to create 24x7 news channels in prominent Indian languages.

ZNL also runs a Bengali news channel called '24 Ghanta' through a JV wherein it holds 60% in Zee Akaash News Private Limited. Its JV partner is Sky B (Bangla) Pvt. Ltd. which holds 40% stake.

The Company runs news channels in the following domains:

i. Hindi News: Zee News

ii. Business News: Zee Business

iii. Marathi News: Zee 24 Taas

iv. Telugu News: Zee 24 Gantalu

v. Uttar Pradesh and Uttarakhand News: Zee News UP

vi. Bengali News: 24 Ghanta

vii. Punjabi: Zee Punjabi

viii. Tamil: Zee Tamil (discontinued w.e.f. March 31, 2011)

### MEDIA & ENTERTAINMENT INDUSTRY

Overcoming the gloom that had set in during the economic slowdown of 2008 and 2009, the Indian Media and Entertainment Industry bounced back handsomely in 2010. The industry grew from INR 587 billion in 2009 to INR 652 billion in 2010, registering a growth rate of 11 percent compared to a mere 1.4 percent in 2009. Television sector grew from INR 257 billion in 2009 to INR 297 billion in 2010, registering a growth of 15.5%. (Source: FICCI-KPMG Indian Media and Entertainment Industry Report 2011)

TV industry growth was primarily driven by resurgence of media spends by advertisers across media platforms. The advertising spends across all media accounted for INR 266 billion in 2010, contributing to 41 percent of the overall M&E industry revenues. Advertising revenues witnessed a growth of 17 percent in 2010 against a marginal decline of 0.4 percent observed in 2009. (Source: FICCI-KPMG Indian Media and Entertainment Industry Report 2011)

An ever increasing ad spend to GDP ratio, rapid adoption of DTH and digital pay television services, and favourable trends from television heavy advertisers are likely to have a positive impact on the sector going forward.

The new era of digitisation has seen DTH adoption going up to 34 million pay DTH households as of March 2011, a growth of more than 60% over the last year. With continued investments in marketing and widespread consumer acceptance of the category, DTH industry is estimated to grow by another 11-12 million households in FY2012. Established broadcasters with emphasis on subscription revenues are likely to be the biggest beneficiaries from this expansion in the coming days.

### News Segment

2010-11 was a 'news content friendly' year as there were a lot issues like CWG scam, Ayodhya verdict, Delhi floods, other scams, etc. which caught the attention and interest of the viewer. This led to about 7% increase in GRPs for the Hindi news genre as compared to last year. Seeing this increase in viewer's interest is heartening.

## **BUSINESS OPERATIONS:**

### **Broadcasting**

In terms of news-gathering, the Company has the largest network of news bureaus and correspondents with a pan-India presence. The Company's newsgathering capabilities are significantly enhanced by its KU Band network and strong relationships with international news agencies. The Company is equipped with state-of-art technology in content creation, packaging and broadcasting.

With our constant focus and endeavour to increase reach, your Company derived about 27% of its total revenue for the year FY11 from subscription and is well positioned to monetize the digital distribution boom.

### **Distribution**

The Company has an arrangement with Zee Turner Ltd. to distribute its pay channels bouquet in India and neighbouring countries. Zee Turner has also been assigned to distribute the Company's bouquet of pay channels on various DTH platforms across the country.

### **Up-linking of Channels**

The Company has an arrangement with Dish TV India Limited for up-linking of its channels through their teleport. Dish TV has a license for up-linking of TV channels from the competent Government authority.

### **Business Overview – All Round Performance**

2010-11 was the first full year of operations of ZNL as a full fledged news organization after the demerger of Regional GECs. The year has shown stupendous success in terms of numbers and also viewership. Majority of the channels in the bouquet have performed on one parameter or the other. Zee News Limited has emerged as not only the nation's largest news organisation, but also the No.1 news network of the country in terms of relative share in the core news category of CS AB Male 25+ (Source TAM, FY 2010-11).

The Company not only established itself as a credible brand, to which national and regional news viewers turned to for information on every major event, it also took its role as a socially responsible network seriously. ZNL executed a large number of CSR initiatives like Ananya Samman, My Earth My Duty, etc.

The flagship channel Zee News continued with its strategy of focusing on sensible news content. The same resulted it being No. 1 amongst 8 metros in the country in the key audience of SEC AB, Male, 25+ years (Source TAM, FY 2010-11). Zee News undertook a green initiative named "My Earth My Duty" wherein it has entered into Limca Book of Records for the most number of tree saplings (approx. 73 lakh) being planted in a single day! Valiant personnel from the paramilitary forces were also honoured through another CSR initiative Ananya Samman.

Zee Business continues with its high share of viewership backed by its supremacy during the stock market band amongst all

the Business channels. The channel also conducted a Distance Learning B-school Survey, perhaps the first of its kind ever undertaken by a media company. Apart from this, it also undertook initiatives like Aspire, India's first music to money challenge to broaden viewer base for business news amongst the students.

Zee 24 Taas continued to touch lives of the Maharashtrians through initiatives like Aapla Shahar Aapla Awaaz and Ananya Samman. With its undisputed leadership amongst the Bengali News Channels, 24 Ghanta has been No. 1 in West Bengal as well as in Kolkata in terms of time spent, reach and share in its genre in CS 15+ audience (Source TAM, FY 2010-11).

The two new channels have successfully completed two years and there performances have been as per the blueprint and are expected to break even as per the schedule. While Zee News UP/Uttarakhand was the leader amongst the 24 hours news channels in UP, Zee 24 Gantalu has gained impressively in a crowded market (Source TAM, FY 2010-11). Zee Punjabi was relaunched with new look and feel and logo.

The Company shut down the loss making operations of Zee Tamil. With the drain on funds stopping, resources can be diverted to judicious expansion into regional markets or the English news domain as per the market conditions and feasibility.

### **BUSINESS STRATEGY:**

In the last decade, India has witnessed sustained and substantial growth in its economy. Also, during recent years, the television broadcasting industry in India has experienced dramatic changes, ushered by the stratification and competition. In such a situation, your Company has taken multiple initiatives in its strategic policies in order to consolidate all its operations.

The key elements of the Company's strategy during the year were (i) Increased efficiency through rationalization of cost (ii) Focus on innovation (iii) Focus on subscription revenue (iv) Leveraging the growing viewership of our channels (v) Leveraging network operation to rationalize cost as well as maximize revenue (vi) Judicious Expansion

The Company met with all set target parameters and consolidated its operations riding on its winning strategy.

### **OTHER COMPANY INFORMATION**

#### **ZEE NEWS LIMITED**

##### **1. Internal Control Systems**

The Company has in place adequate internal control systems, commensurate with its size and nature of operations so as to ensure smoothness of operations and compliance with applicable legislation. The Company has a well-defined system of management reporting and periodic review of businesses to ensure timely decision-making. It has an internal audit team with professionally qualified financial personnel, which conducts periodic audits of all businesses to maintain a proper system of checks and control.



The management information system (MIS) forms an integral part of the Company's control mechanism. All operating parameters are monitored and controlled. Any material change in the business outlook is reported to the Board. Material deviations from the annual planning and budgeting, if any, are reported to the Board on quarterly basis. An effective budgetary control on all capital expenditure ensures that actual spending is in line with the Capital Budget.

## 2. Human Resources

The Company seeks respects and values the diverse qualities and backgrounds that its people bring to it and is committed to utilising the richness of knowledge, ideas and experience that this diversity provides. The work environment is stimulating and development of core competencies through formal training, job rotation and hands on training is an ongoing activity. The Company's Employee strength as on March 31, 2011 was 1,309 in comparison to 1,265 as on March 31, 2010.

### RISK FACTORS:

**The Company operates in a highly competitive industry that is attracting a raft of new players and is subject to technological and regulatory changes:**

With increasing number of players entering the Broadcasting Industry, more specifically News Broadcasting, competition is ever increasing. Technological and regulatory changes have spawned new distribution platforms. To maintain its competitive edge in such a scenario, the Company will need to anticipate viewer preferences to create, acquire, commission and produce compelling content and maintain viewer-pull. While the Company proposes to make investments in content and technology to stay ahead of the game, it is impossible to predict how future changes could affect the Company's competitiveness. Barring a few players like Zee News Ltd., most of the news television ventures are not profitable. This might dampen the interest of investors in the news television industry.

**New channel launches might take longer than expected to break even:**

Recent launches as well as future launches may not be accepted by the audiences. This could be due to a variety of reasons including quality of programming, price, marketing support, competition, etc. The new channels launches might take longer than expected to break even.

**A decline in advertising revenues overall could adversely affect the Company in a given period:**

Advertising revenues make up about 71% of the Company's revenues and the trend of high levels of contribution of advertising revenues to aggregate revenues is likely to continue for the foreseeable future. In this scenario, if our Company's programming is unable to sustain high levels of viewership rating, the consequent decline in advertising revenues will

manifest itself as a significant dip in aggregate revenues. Business and economic cycles also have a cascading effect on advertising budgets of companies. A downturn could cause a decline in our revenues and profits. If future trends favour other forms of advertising media like radio, outdoor, print, etc., our Company could be adversely affected.

**Continued under-reporting of subscribers by local cable operators may adversely affect growth prospects:**

While advertising accounts for a lion's share of our revenues, subscription revenues are already significant. They could be even more so, if it were not for rampant under-declaration of subscribers by cable operators. This affects our revenues and therefore our ability to invest for the future. If this does not trend down in future, our results could be further adversely affected.

**Poor implementation of measures like Conditional Access System (CAS) could affect revenues:**

The Company welcomes recent moves by the Government to implement Conditional Access System and allow other platforms like Direct-to-Home. We believe, however, that poor and tardy implementation and expansion of Conditional Access by the Government and cable operators could result in a loss of viewership and hence of advertising and subscription revenues.

**The Company depends significantly on its senior management and other skilled personnel and may be adversely affected if it loses their services and fails to find equally skilled replacements:**

The Company's success to a large part depends on the abilities and continued services of its senior management, as well as other skilled personnel, including creative and programming personnel. The Company's senior management is particularly important to its business because of their experience and knowledge of the media industry. The loss or non-availability to the Company of any of its senior management could have significant adverse affect. The Company may also not be able to either retain its present personnel or attract additional qualified personnel as and when needed. To the extent the Company will be required to replace any of its senior management or other skilled personnel, there can be no assurance that the Company will be able to locate or employ similarly qualified persons on acceptable terms or at all.

**The Company relies on intellectual property and proprietary rights which may not be adequately protected under current laws:**

The Company relies on trademark, copyright and other intellectual property laws to establish and protect its rights in these products. There can be no assurance that the Company's rights will not be challenged, invalidated or circumvented or that the Company will successfully renew its rights or licenses. Further, the weak enforcement regime in India coupled with the high levels of cable, satellite and video piracy could impose an increased burden on the Company to protect the intellectual property rights in its television and film programming.

**The Company's business is heavily regulated and changes in regulations or failure to obtain required regulatory approvals could adversely affect its ability to operate:**

Media, specifically news media, is a strongly regulated industry in India. The regimes that affect your Company's business include broadcasting, cable, advertisement, telecommunications, intellectual property, consumer and competition (anti-trust) laws and regulations. Relevant authorities may introduce additional or new regulations applicable to its business. Changes in regulations relating to one or more of licensing requirements, access requirements, programming transmission, uplinking requirements, spectrum specifications, consumer protection, or other aspects of the Company's or any competitor's business, could have an adverse effect on the Company's business and results of operation. There can be no assurance that the

Company will succeed in obtaining all requisite approvals in the future for its operations with or without the imposition of restrictions, which may have an adverse consequence to the Company nor that compliance issues will not be raised.

**The Company may be subject to claims based on the content it provides over its network and third party networks:**

As a broadcaster and distributor of content, the Company faces potential liability relating to content that it broadcasts and distributes, including defamation, negligence, copyright, patent or trademark infringement and other claims based on the nature and content of the programmes that it broadcasts or distributes. The Company does not carry general liability insurance that will cover these types of liabilities.

**FINANCIALS AND FINANCIAL POSITION**

**Standalone and Consolidated Financials as on March 31, 2011:**

Table below presents Standalone and Consolidated Financials for the current and previous Financial Year. Current year's figures are not comparable with previous year's figures due to the de-merger of Regional General Entertainment Channels from the appointed date i.e. January 1, 2010.

₹ Millions

Profit and Loss Account for the year ended	Standalone		Consolidated	
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
<b>INCOME</b>				
Sales and Services	2,431.01	5,077.49	2,768.50	5,292.86
Other Income	11.20	15.68	11.84	15.74
	<b>2,442.21</b>	<b>5,093.17</b>	<b>2,780.34</b>	<b>5,308.60</b>
<b>EXPENDITURE</b>				
Operational Cost	505.62	1,873.69	589.51	1,946.74
Personnel Cost	626.31	732.23	692.52	786.54
Administrative and Other Expenses	324.76	610.87	349.25	635.37
Selling and Distribution Expenses	709.10	996.95	713.26	999.83
	<b>2,165.79</b>	<b>4,213.74</b>	<b>2,344.54</b>	<b>4,368.48</b>
<b>OPERATING PROFIT</b>	<b>276.42</b>	<b>879.43</b>	<b>435.80</b>	<b>940.12</b>
Financial Expenses (Net)	19.82	92.34	15.84	91.67
Depreciation / Amortization	92.39	104.78	100.80	112.28
<b>PROFIT BEFORE TAX</b>	<b>164.21</b>	<b>682.31</b>	<b>319.16</b>	<b>736.17</b>
Less: Provision for Taxation	66.41	242.65	111.57	267.88
<b>PROFIT AFTER TAX BEFORE MINORITY INTEREST</b>	<b>97.80</b>	<b>439.66</b>	<b>207.59</b>	<b>468.29</b>
Minority Interest	-	-	(43.92)	(11.45)
<b>PROFIT AFTER TAX</b>	<b>97.80</b>	<b>439.66</b>	<b>163.67</b>	<b>456.84</b>

Balance Sheet as at	Standalone		Consolidated	
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
<b>SHAREHOLDERS' FUNDS</b>				
Share Capital	239.76	239.76	239.76	239.76
Reserve and Surplus	1,486.51	1,388.71	1,538.78	1,375.11
	<b>1,726.27</b>	<b>1,628.47</b>	<b>1,778.54</b>	<b>1,614.87</b>
<b>LOAN FUNDS</b>	522.44	1,688.82	522.63	1,689.11
<b>MINORITY INTEREST</b>	-	-	108.87	64.95
	<b>2,248.71</b>	<b>3,317.29</b>	<b>2,410.04</b>	<b>3,368.93</b>
<b>FIXED ASSETS</b>				
Gross Block (at cost)	1,096.27	1,098.84	1,244.42	1,224.93
Less: Depreciation Up-to-date	347.27	286.55	380.22	311.09
Net Block	749.00	812.29	864.20	913.83
Capital Work-in-progress	48.86	38.57	52.87	38.57
	<b>797.86</b>	<b>850.86</b>	<b>917.07</b>	<b>952.40</b>
<b>DEFERRED TAX BALANCES (Net)</b>	15.94	21.10	5.39	25.84
<b>INVESTMENTS</b>	144.18	144.18	60.90	60.90
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>				
Program and Film Rights	217.59	293.73	217.59	293.73
Inventories	2.91	3.77	3.52	3.90
Sundry Debtors	767.03	652.42	892.39	736.97
Cash and Bank Balances	809.84	93.97	914.90	143.02
Loans and Advances	379.43	2,010.78	321.82	1,946.74
	2,176.80	3,054.67	2,350.22	3,124.36
<b>CURRENT LIABILITIES AND PROVISIONS</b>				
Current Liabilities	821.25	614.95	852.96	649.37
Provisions	64.82	138.57	70.58	145.20
	886.07	753.52	923.54	794.57
<b>NET CURRENT ASSETS</b>	<b>1,290.73</b>	<b>2,301.15</b>	<b>1,426.68</b>	<b>2,329.79</b>
	<b>2,248.71</b>	<b>3,317.29</b>	<b>2,410.04</b>	<b>3,368.93</b>

\* Previous year numbers are not comparable.

## CONSOLIDATED FINANCIALS:

### A. RESULTS OF OPERATIONS

Financial Year 10-11 has been the year of resurgence. Post de-merger the Company's aim was to rationalise the cost structure which has benefited the Company in refining its numbers compared to competitors in the market. ZNL enjoys a distinct edge over competition in its ability to keep operating cost at a low level. The Company's operational cost consists of Programming, Personnel, Administrative and Selling and Distribution expenses. The Balance Sheet looks sanguinely healthy. The two main sources of revenue for our Company are Advertisement and Subscription revenues. Since ours is a News genre, the primary source of income is advertising revenue. Advertisement Income contributes 71% of total operational income, whereas, Subscription revenue constitutes 26.6% of the total operational income FY11, 18.8% in FY10.

Current year's figures are not comparable with the previous year's figures due to the de-merger of Regional General Entertainment (RGEC) Channels viz. Zee Bangla, Zee Marathi, Zee Kannada, Zee Telugu, Zee Talkies, Zee Cinemalu (yet to be launched). Those R-GEC and assets of discontinued channel Zee Gujarati were transferred to Zee Entertainment Enterprises Limited from the Appointed Date i.e. January 1, 2010.

However comparison of the financials for the three months period ended March 31, 2011 with corresponding period of last fiscal happens to be like-to-like. It is worthwhile to look at that comparison which bears testimony of the Company's healthy performance.

#### April – December '10 (like-to-like basis):

Operating Revenue for the period stood at 2008.8 million



against 1,751.9 million corresponding period last fiscal, growth 14.7%. EBITDA for the period was 286 millions YOY growth of 683%. Expenses for the period were down by 4.3%, which in turn have increased the EBITDA margin. Cost optimization initiatives adopted during the year benefited the Company.

**Comparison of Financials period January – March '11  
V/s '10**

Operating revenue showed a robust growth of 26.5% and stood at 759.7 millions. Advertisement revenue increased by more than 34%, to ₹ 560.6 million compared to corresponding period last fiscal. The Company reported EBITDA of ₹ 138.0 millions a YOY growth of 255.5%, despite the losses of Zee Tamil, Zee News UP and Zee 24 Gantalu. The Existing Channels (Zee News, Zee Business,

Zee 24 Taas, Zee Punjabi and 24 Ghanta) EBITDA stood at 247.8 millions, a growth of 134.4%

Increased operation efficiencies ensured that middle line was kept in check while revenues grew. Rationalisation of cost boosts up the EBITDA. Total expenses increased marginally by 10.7%.

**B. FINANCIAL POSITION**

The Company has Equity Share Capital standing at the same level of ₹ 239.76 million. Reserves amount to ₹ 1,538.8 million. Total loans have reduced by almost ₹ 1,166 million 69%. The Debt Equity Ratio now stands at 0.3 compared to 1.1 last year. Indebtedness per share has reduced by ₹ 4.8 per share i.e. 69%. Investments of the Company continued to be same as previous year.

## AUDITORS' REPORT

To,  
The Members  
**Zee News Limited**

1. We have audited the attached Balance Sheet of **Zee News Limited** ("the Company") as at March 31, 2011 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956, ("the Act") and on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph (3) above, we report that;
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Act;
  - e) On the basis of written representations received from the directors, as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors are disqualified as at March 31, 2011 from being appointed as a director in terms of clause (g) of sub section (1) of the Section 274 of the Act;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and notes to accounts as per Schedule 16, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
    - ii) In the case of the Profit and Loss Account, of the **Profit** for the year ended on that date; and
    - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **MGB & Co**  
Firm Registration No. 101169W  
Chartered Accountants

**Lalit Kumar Jain**  
Partner  
Membership No. 72664

Place : Mumbai  
Date : May 25, 2011

**Annexure referred to in Paragraph (3) of our report to the members of Zee News Limited on the accounts for the year ended March 31, 2011.**

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) According to the information and explanations given to us, the fixed assets except fixed assets including capital work in progress lying with third parties have been physically verified by the management during the year and discrepancies found on such verification, which were not material, has been properly dealt with in books of account. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and nature of its assets.
- (c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
- (ii) (a) The inventory has been physically verified by the management (copyright of programs/films rights verified with reference to title documents/agreements) at reasonable intervals during the year.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company has maintained proper records of inventory and no discrepancies were noticed on physical verification as compared to the book records.
- (iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (b) The Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and sale of goods and services. During the course of our audit, no major weakness has been observed in the internal control system in respect of the aforesaid areas.
- (v) According to the information and explanations given to us, there are no contracts or arrangements the particulars of which are required to be entered into the register in pursuance of Section 301 of the Act.
- (vi) The Company has not accepted any deposits from the public during the year.
- (vii) The Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We are informed that the Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Act in respect of the Company's activities.
- (ix) According to the records of the Company examined by us and information and explanations given to us:
- (a) The Company has been generally regular in depositing its statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and others as applicable. There are no undisputed amounts payable in respect of the aforesaid dues which have remained outstanding as at March 31, 2011 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, there are no dues in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess, which have not been deposited on account of any dispute except the followings:

Name of the Statute (Nature of dues)	Amount (in lacs)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	5.22	Assessment Year 2008-09	The Commissioner of Income Tax (Appeals)

- (x) The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses during the current financial year or in the immediately preceding financial year.
- (xi) On the basis of our examination of records and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions.
- (xii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi/mutual benefit fund/society.
- (xiv) The Company has not dealt in or traded in shares, securities, debentures and other investments during the year.



- (xv) According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from bank or financial institution.
- (xvi) According to the information and explanations given to us, the term loan raised during the year has been applied for the purposes for which they were raised.
- (xvii) On the basis of overall examination of the Balance Sheet and cash flows of the Company and related information as made available to us, we report that no short-term funds have been utilized for long-term investments.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- (xix) The Company has not issued any secured debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) Based on the audit procedures performed and according to the information and explanations given to us no fraud on or by the Company has been noticed or reported.

For **MGB & Co**  
Firm Registration No. 101169W  
Chartered Accountants

**Lalit Kumar Jain**  
Partner  
Membership No. 72664

Place: Mumbai  
Date: May 25, 2011

## BALANCE SHEET AS AT MARCH 31,

		Amount (₹)	
	Schedule	2011	2010
<b>Sources of Funds</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	239,763,956	239,763,956
Reserve and Surplus	2	1,486,511,843	1,388,712,818
		<u>1,726,275,799</u>	<u>1,628,476,774</u>
<b>Loan Funds</b>			
Secured Loans	3	522,435,162	1,188,820,517
Unsecured Loans	4	-	500,000,000
		<u>522,435,162</u>	<u>1,688,820,517</u>
	<b>Total</b>	<u><b>2,248,710,961</b></u>	<u><b>3,317,297,291</b></u>
<b>Application of Funds</b>			
<b>Fixed Assets</b>	5		
Gross Block		1,096,266,762	1,098,837,677
Less: Depreciation/Amortisation		<u>347,267,121</u>	<u>286,550,102</u>
Net Block		748,999,641	812,287,575
Capital Work-in-progress		<u>48,860,627</u>	<u>38,567,204</u>
		<u>797,860,268</u>	<u>850,854,779</u>
<b>Investments</b>	6	144,179,820	144,179,820
<b>Deferred Tax Assets (Net) (Refer Note 7)</b>	7	15,938,864	21,107,650
<b>Current Assets, Loans and Advances</b>			
Program and Film Rights		217,588,686	293,731,429
Inventories		2,911,750	3,767,418
Sundry Debtors		767,028,579	652,421,754
Cash and Bank Balances		809,839,095	93,975,602
Loans and Advances		<u>379,434,375</u>	<u>2,010,779,414</u>
		<u>2,176,802,485</u>	<u>3,054,675,617</u>
<b>Current Liabilities and Provisions</b>	8		
Current Liabilities		821,253,713	614,949,142
Provisions		<u>64,816,763</u>	<u>138,571,433</u>
		<u>886,070,476</u>	<u>753,520,575</u>
<b>Net Current Assets</b>		<u>1,290,732,009</u>	<u>2,301,155,042</u>
	<b>Total</b>	<u><b>2,248,710,961</b></u>	<u><b>3,317,297,291</b></u>
<b>Significant Accounting Policies and Notes to Accounts</b>	16		

As per our attached report of even date

For **MGB & Co**  
Firm Registration No.101169W  
Chartered Accountants

**Lalit Kumar Jain**  
Partner  
Membership No. 72664

Place : Mumbai  
Date : May 25, 2011

For and on behalf of the Board

**Punit Goenka**  
Managing Director

**Dinesh Garg**  
Chief Financial Officer

**Naresh Kumar Bajaj**  
Director

**Pushpal Sanghavi**  
Company Secretary

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,

Amount (₹)

	Schedule	2011	2010
<b>Income</b>			
Sales and Services	9	2,431,014,996	5,077,489,472
Other Income	10	11,203,532	15,680,426
<b>Total</b>		<b>2,442,218,528</b>	<b>5,093,169,898</b>
<b>Expenditure</b>			
Operational Cost	11	505,616,586	1,873,690,719
Personnel Cost	12	626,312,855	732,225,579
Administrative and Other Expenses	13	324,764,223	610,874,380
Selling and Distribution Expenses	14	709,103,485	996,945,479
<b>Total</b>		<b>2,165,797,149</b>	<b>4,213,736,157</b>
<b>Operating Profit</b>		<b>276,421,379</b>	<b>879,433,741</b>
Financial Expenses (Net)	15	19,820,468	92,339,269
Depreciation/Amortisation		92,393,910	104,784,908
<b>Profit before Tax</b>		<b>164,207,001</b>	<b>682,309,564</b>
Less : Provision for Taxation			
- Current Tax		52,155,000	291,073,000
- Deferred Tax Expense/(Benefit)		5,168,786	(50,291,736)
- Income Tax of earlier years		9,084,190	1,871,602
<b>Net Profit after Tax</b>		<b>97,799,025</b>	<b>439,656,698</b>
Net Profit/(Loss) after Tax of Continuing Operations		97,799,025	(77,731,199)
Net Profit/(Loss) after Tax of Discontinuing Operations		-	517,387,897
Add: Balance brought forward		1,125,422,098	685,765,400
<b>Balance carried to Balance Sheet</b>		<b>1,223,221,123</b>	<b>1,125,422,098</b>
<b>Basic and Diluted Earning per Share before discontinuing business (Refer Note 14)</b>		<b>0.41</b>	<b>1.83</b>
<b>Basic and Diluted Earning per Share of continuing business (Refer Note 14)</b>		<b>0.41</b>	<b>(0.32)</b>
<b>Significant Accounting Policies and Notes to Accounts</b>	16		

As per our attached report of even date

For **MGB & Co**  
Firm Registration No.101169W  
Chartered Accountants

**Lalit Kumar Jain**  
Partner  
Membership No. 72664

Place : Mumbai  
Date : May 25, 2011

For and on behalf of the Board

**Punit Goenka**  
Managing Director

**Dinesh Garg**  
Chief Financial Officer

**Naresh Kumar Bajaj**  
Director

**Pushpal Sanghavi**  
Company Secretary



## SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31,

	Amount (₹)	
	2011	2010
<b>Schedule 1 : Share Capital</b>		
<b>Authorised</b>		
1,000,000,000 (490,000,000) Equity Shares of ₹ 1 each	1,000,000,000	490,000,000
Nil (10,000,000) Preference Shares of ₹ 1 each	-	10,000,000
	<u>1,000,000,000</u>	<u>500,000,000</u>
<b>Issued, Subscribed and Paid Up</b>		
239,763,956 Equity Shares of ₹ 1 each fully paid up	239,763,956	239,763,956
[Of the above 195,956,192 Equity Shares of ₹ 1 each fully paid up were allotted for consideration other than cash pursuant to the Scheme of Arrangement (of 2006)]		
<b>Total</b>	<u>239,763,956</u>	<u>239,763,956</u>
<b>Schedule 2 : Reserve and Surplus</b>		
<b>Capital Reserve</b>		
As per last Balance Sheet	96,790,720	1,344,624,446
Less: Transfer pursuant to the Scheme of Arrangement (Refer Note 1)	-	1,247,833,726
	<u>96,790,720</u>	<u>96,790,720</u>
<b>Securities Premium</b>		
As per last Balance Sheet	76,500,000	76,500,000
<b>General Reserve</b>		
As per last Balance Sheet	90,000,000	90,000,000
<b>Profit and Loss Account</b>		
	<u>1,223,221,123</u>	<u>1,125,422,098</u>
<b>Total</b>	<u>1,486,511,843</u>	<u>1,388,712,818</u>
<b>Schedule 3 : Secured Loans (Refer Note 2)</b>		
Short Term Working Capital Loan from Banks	-	1,180,546,808
Term Loans from Banks	500,000,000	-
Vehicle Loan	22,435,162	8,273,709
<b>Total</b>	<u>522,435,162</u>	<u>1,188,820,517</u>
<b>Schedule 4 : Unsecured Loans</b>		
Short Term Loans from Banks	-	500,000,000
<b>Total</b>	<u>-</u>	<u>500,000,000</u>

## SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31,

### Schedule 5 : Fixed Assets

Description of Assets	Gross Block				Depreciation/Amortisation				Net Block	
	As at 01.04.10	Additions	Deductions*	As at 31.03.11	Upto 31.03.10	For The Year	Deductions*	As at 31.03.11	As at 31.03.11	As at 31.03.10
<b>Tangible Assets</b>										
Plant and Machinery	874,024,288	18,531,164	49,294,607	<b>843,260,845</b>	198,510,916	60,911,674	15,571,011	<b>243,851,579</b>	<b>599,409,266</b>	675,513,372
Equipments	98,643,233	8,163,934	1,312,668	<b>105,494,499</b>	21,239,480	9,998,096	819,813	<b>30,417,763</b>	<b>75,076,736</b>	77,403,753
Furniture and Fixture	10,097,531	520,435	-	<b>10,617,966</b>	2,822,768	844,893	-	<b>3,667,661</b>	<b>6,950,305</b>	7,274,763
Vehicles	31,040,998	26,632,384	7,951,960	<b>49,721,422</b>	8,358,550	3,466,701	2,860,474	<b>8,964,777</b>	<b>40,756,645</b>	22,682,448
Leasehold Improvements	27,410,305	14,535,996	12,425,593	<b>29,520,708</b>	18,436,408	5,757,648	12,425,593	<b>11,768,463</b>	<b>17,752,245</b>	8,973,897
<b>Total (A)</b>	<b>1,041,216,355</b>	<b>68,383,913</b>	<b>70,984,828</b>	<b>1,038,615,440</b>	<b>249,368,122</b>	<b>80,979,012</b>	<b>31,676,891</b>	<b>298,670,243</b>	<b>739,945,197</b>	<b>791,848,233</b>
<b>Intangible Assets</b>										
Computer Softwares	57,621,322	30,000	-	<b>57,651,322</b>	37,181,980	11,414,898	-	<b>48,596,878</b>	<b>9,054,444</b>	20,439,342
<b>Total (B)</b>	<b>57,621,322</b>	<b>30,000</b>	<b>-</b>	<b>57,651,322</b>	<b>37,181,980</b>	<b>11,414,898</b>	<b>-</b>	<b>48,596,878</b>	<b>9,054,444</b>	<b>20,439,342</b>
<b>Current Year Total (A+B)</b>	<b>1,098,837,677</b>	<b>68,413,913</b>	<b>70,984,828</b>	<b>1,096,266,762</b>	<b>286,550,102</b>	<b>92,393,910</b>	<b>31,676,891</b>	<b>347,267,121</b>	<b>748,999,641</b>	<b>812,287,575</b>
Previous Year	1,006,904,930	238,840,186	146,907,439	<b>1,098,837,677</b>	237,296,795	104,784,908	55,531,601	<b>286,550,102</b>	<b>812,287,575</b>	

\* Deductions in previous year from Gross Block and Depreciation Block includes ₹ 101,054,001 and ₹ 40,352,582 respectively related to assets transferred pursuant to the Scheme of Arrangement.

	Amount (₹)	
	2011	2010
<b>Schedule 6 : Investments (Refer Note 4)</b>		
<b>(Long-Term - At cost)</b>		
<b>Unquoted - In Subsidiary</b>		
2,399,982 Equity Shares of ₹ 10 each fully paid up of Zee Akaash News Private Limited (extent of holding 60%)	<b>83,279,820</b>	83,279,820
<b>Unquoted - Trade</b>		
435,000 Equity Shares of ₹ 10 each fully paid up of Akash Bangla Private Limited	<b>60,900,000</b>	60,900,000
<b>Total</b>	<b>144,179,820</b>	<b>144,179,820</b>
Aggregate Book Value of all quoted investments	<b>Nil</b>	Nil
Aggregate Book Value of all unquoted investments	<b>144,179,820</b>	144,179,820

## SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31, 2011

	Amount (₹)	
	2011	2010
<b>Schedule 7 : Current Assets, Loans and Advances</b>		
<b>A. Current Assets</b>		
Programs/Film Rights (Refer Note 3)	217,588,686	293,731,429
<b>Inventories</b>		
(as taken, valued and certified by the Management)		
Raw Stock - Tapes	2,911,750	3,767,418
<b>Sundry Debtors</b>		
(Unsecured, Considered Good, unless otherwise stated)		
More than six months old [includes doubtful ₹ 72,569,868	191,538,587	298,911,784
(₹ 119,571,927)]		
Others	648,059,860	473,081,897
	839,598,447	771,993,681
Less: Provision for Doubtful Debts	72,569,868	119,571,927
	767,028,579	652,421,754
<b>Cash and Bank Balances</b>		
Cash in hand	571,016	726,912
Balances with Banks:		
In Current Accounts	804,918,079	88,898,690
In Fixed Deposits (Refer Note 5)	4,350,000	4,350,000
	809,839,095	93,975,602
<b>B. Loans and Advances</b>		
(Unsecured, Considered Good, unless otherwise stated)		
Loans	-	988,316,544
Advances [Recoverable in cash or in kind or for value to be received]	308,986,672	962,365,122
(Refer Note 11.4)		
Tax Advances (Net of Provisions)	19,891,680	-
Deposits	51,556,023	60,597,748
	380,434,375	2,011,279,414
Less: Provisions for Doubtful Advances	1,000,000	500,000
	379,434,375	2,010,779,414
<b>Total</b>	<b>2,176,802,485</b>	<b>3,054,675,617</b>
<b>Schedule 8 : Current Liabilities and Provisions</b>		
<b>A. Current Liabilities</b>		
Sundry Creditors: (Refer Note 11.5)		
For Goods/Programs	4,927,181	7,790,386
For Expense and Other Liabilities (Refer Note 11.2)	778,629,502	578,419,556
Trade Advances/Deposits Received	32,097,635	21,192,971
Investors Education and Protection Fund		
Unclaimed dividend *	596,044	691,826
Interest Accrued but not due	5,003,351	6,854,403
*(There is no amount due and outstanding to be credited to Investors Education and Protection Fund as at March 31, 2011)		
	821,253,713	614,949,142
<b>B. Provisions</b>		
Provision For : Taxation (Net of Advances)	-	91,806,679
: Retirement Benefits	64,816,763	46,764,754
	64,816,763	138,571,433
<b>Total</b>	<b>886,070,476</b>	<b>753,520,575</b>



## SCHEDULES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,

	Amount (₹)	
	2011	2010
<b>Schedule 9 : Sales and Services</b>		
Broadcasting Revenue	2,359,593,788	4,966,782,137
Sales	71,421,208	110,707,335
<b>Total</b>	<b>2,431,014,996</b>	<b>5,077,489,472</b>
<b>Schedule 10 : Other Income</b>		
Miscellaneous Income	562,944	2,152,869
Dividend Received	1,564,067	-
Balances Written Back	9,042,695	7,447,853
Foreign Exchange Fluctuation Difference	33,826	6,079,704
<b>Total</b>	<b>11,203,532</b>	<b>15,680,426</b>
<b>Schedule 11 : Operational Cost</b>		
<b>Programs and Film Rights -</b>		
<b>Opening</b>	<b>293,731,429</b>	<b>1,643,716,376</b>
Add: Production/Acquisition Cost		
Purchase/Acquisition - Programs and Film Rights	20,959,300	1,362,325,266
Tapes Consumed	6,064,356	15,188,355
Subscription Charges	15,608,263	26,622,924
Consultancy and Professional Fee	115,117,728	175,510,755
Other Production Expenses	67,211,178	285,383,125
Hire Charges	22,922,440	144,540,780
Vehicle Hire Charges	30,919,969	28,428,811
Travelling and Conveyance Expenses	18,722,922	19,838,521
Leaseline and V-sat Expenses	46,637,044	32,990,595
	<b>637,894,629</b>	<b>3,734,545,508</b>
Less: Adjustment pursuant to the Scheme of Arrangement (Refer Note 1)	-	1,679,198,521
	<b>637,894,629</b>	<b>2,055,346,987</b>
<b>Closing</b>	<b>217,588,686</b>	<b>293,731,429</b>
	<b>420,305,943</b>	<b>1,761,615,558</b>
Transmission Cost	85,310,643	112,075,161
<b>Total</b>	<b>505,616,586</b>	<b>1,873,690,719</b>
<b>Schedule 12 : Personnel Cost</b>		
Salaries, Allowances and Bonus	545,989,325	639,546,209
Contribution to Provident and other funds	32,326,720	32,303,897
Staff Welfare Expenses	47,472,213	58,014,433
Staff Recruitment and Training	524,597	2,361,040
<b>Total</b>	<b>626,312,855</b>	<b>732,225,579</b>

## SCHEDULES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,

	Amount (₹)	
	2011	2010
<b>Schedule 13 : Administrative and Other Expenses</b>		
Rent	58,918,496	115,351,858
Rates and Taxes	5,326,652	4,402,349
Repairs and Maintenance - Building	1,407,237	593,101
- Plant and Machinery	11,683,921	17,710,478
- Others	10,494,622	16,826,025
Insurance	4,229,339	4,383,334
Electricity Expenses	43,351,827	43,923,368
Communication Expenses	20,685,506	40,926,998
Printing and Stationary	4,724,127	9,040,822
Miscellaneous Expenses [Includes Director's Sitting Fee ₹ 820,000 (₹ 430,000)]	13,784,915	20,200,832
Hire and Service Charges	30,522,116	54,879,003
Conveyance and Travelling Expenses	40,918,010	51,555,154
Legal, Professional and Consultancy Charges	21,727,194	48,842,494
Bad Debts/Advances Written Off	66,952,902	
Less: Adjusted against Provisions	47,002,059	
Provision for Doubtful Debts/Advances	500,000	88,751,585
Loss on Sale/Discard/Shortage of Fixed Assets	36,539,418	23,250,425
<b>Total</b>	<b>324,764,223</b>	<b>610,874,380</b>
<b>Schedule 14 : Selling and Distribution Expenses</b>		
Business Promotion Expenses	602,088,613	795,993,497
Advertisement and Publicity	26,754,686	119,214,721
Commission	80,260,186	81,737,261
<b>Total</b>	<b>709,103,485</b>	<b>996,945,479</b>
<b>Schedule 15 : Financial Expenses (Net)</b>		
Interest Paid:		
Fixed Loans	95,189,749	194,922,659
Others	17,329,897	61,717,000
Discounting and Financing Expenses	4,047,358	4,657,290
	116,567,004	261,296,949
Less: Interest Received (Gross) [TDS ₹ 9,677,672 (₹ 14,624,052)]	96,746,536	168,957,680
<b>Total</b>	<b>19,820,468</b>	<b>92,339,269</b>

## **Schedule 16: Significant Accounting Policies and Notes to Accounts**

### **Background**

Zee News Limited ("ZNL" / "the Company") was incorporated in the State of Maharashtra, India. The Company has been mainly in the business of broadcasting of news, current affairs and regional entertainment satellite television channels uplinked from India. Operation of Zee Tamil channel has been discontinued on March 31, 2011.

### **A. Significant Accounting Policies**

#### **1. Basis of Accounting:**

The Financial Statements have been prepared under the Historical Cost Convention and on accrual basis in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.

#### **2. Use of Estimates:**

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as of the date of the financial statements and the reported amount of revenue and expenses of the year. Actual results could differ from these estimates. Any revision to estimates is recognised prospectively in current and future periods.

#### **3. Fixed Assets:**

- a) Fixed assets are stated at original cost of acquisition/installation net of accumulated depreciation, amortization and impairment losses. The cost of fixed assets includes taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.
- b) Capital Work-in-progress is stated at the amount expended upto the date of Balance Sheet including advance for capital expenditure.
- c) Computer software is capitalized as an intangible asset in the year it is put to use.

#### **4. Borrowing Costs:**

Borrowing Costs attributable to the acquisition or construction of qualifying assets are capitalized as a part of the cost of such assets. All other borrowing costs are charged to revenue.

#### **5. Depreciation/Amortization:**

- a) Depreciation on fixed assets is provided on Straight-Line Method at the rate specified in Schedule XIV of the Companies Act, 1956.
- b) Leasehold Improvements are amortized over the period of Lease.
- c) Computer software is amortised over a period of three years based on management's estimate of useful life.

#### **6. Investments:**

Investments intended to be held for more than one year, from the date of acquisition, are classified as long term investments and are carried at cost. Provision for diminution in value of these investments is made to recognize a decline other than temporary. Current investments are carried at lower of cost or fair value.

#### **7. Programs/Film Rights and Inventories:**

- a) Programs/Film Rights.

Programs/Film Rights are stated at the lower of net cost (cost minus accumulated amortization/impairment) or realizable value. Where the realizable value on the basis of its useful economic life is less than its carrying amount, the difference is expensed as impairment.

- i. Cost of news/ current affairs/ chat shows/ events etc. are fully expensed.
- ii. Programs [other than (i) above] are amortized over three financial years from the year the related program is telecast, as per management estimate of future revenue potential.

iii. Film rights are amortized on a straight-line basis over the license period or 60 months from the date of purchase whichever is shorter.

b) Inventory of Raw Stock - Tapes are valued at lower of cost or estimated net realizable value. Cost is taken on First-In-First-Out (FIFO) basis.

#### **8. Retirement Benefits:**

a) Short term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.

b) Post employment and other long term employee benefits are recognized as an expense in the Profit and Loss Account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined at Balance Sheet date using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long-term benefits are charged to the Profit and Loss Account.

#### **9. Transactions in Foreign Currencies:**

a) Transactions in foreign currency are accounted at the exchange rate prevailing on the date of transaction.

b) Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing on the date of Balance Sheet. Gains and losses arising on account of settlement/translation of monetary assets and liabilities are recognized in the Profit and Loss Account. Non-monetary items are reported using exchange rate prevailing on the date of transaction.

#### **10. Revenue Recognition:**

a) Broadcasting Revenues: Advertisement revenue (net of agency commission) is recognized when the related advertisement or commercial appears before the public i.e. on telecast. Subscription revenue is recognized on completion of service.

b) Sales (Programs/Film Rights) are recognized when the risk and rewards of ownership are passed onto the customers, which is generally on dispatch of goods.

c) Income from services is recognised proportionately over the period of service.

d) Dividend is recognised when the right to receive the dividend is unconditional.

#### **11. Taxes on Income:**

a) Current tax is determined as the amount of tax payable in respect of taxable income for the year under the Income Tax Act, 1961.

b) Deferred tax is recognized, subject to consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and measured using relevant enacted tax rates.

#### **12. Operating Lease:**

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as an expense on accrual basis in accordance with the respective lease agreements.

#### **13. Impairment of Assets:**

At each Balance Sheet date, the Company reviews the carrying amount of fixed assets to determine whether there is an indication that those assets have suffered impairment loss. If any such indication exists, the recoverable amount of assets is estimated in order to determine the extent of impairment loss. The recoverable amount is higher of the net selling price and value in use, determined by discounting the estimated future cash flows expected from the continuing use of the asset to their present value.



#### **14. Earnings Per Share:**

Basic earnings per share is computed and disclosed using the weighted average number of common shares outstanding during the year. Diluted earnings per share is computed and disclosed using the weighted average number of common and dilutive common equivalent shares outstanding during the year, except when the results would be anti dilutive.

#### **15. Provisions, Contingent Liabilities and Contingent Assets:**

Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes to accounts. Contingent Assets are neither recognized nor disclosed in the financial statements.

### **B. Notes to Accounts**

#### **1. Restructuring:**

Pursuant to the Scheme of Arrangement under Section 391 to 394 and other applicable provisions of the Companies Act, 1956 between Zee News Limited (ZNL) and Zee Entertainment Enterprises Limited (ZEEL) and their respective shareholders and creditors, sanctioned by the Honourable High Court at Mumbai on March 19, 2010 and filed with the Registrar of Companies on March 29, 2010, the Regional General Entertainment Channel (RGEC) Business Undertaking of the Company, comprising of six television channels namely Zee Marathi, Zee Talkies, Zee Bangla, Zee Kannada, Zee Telugu and Zee Cinemalu, assets of Zee Gujrati, a discontinued television channel, has been transferred to and vested in ZEEL with effect from January 01, 2010, on going concern basis. The Scheme has been given effect in the financial statements for the year ended March 31, 2010. The excess of book value of the assets over the book value of liabilities transferred aggregating to ₹ 1,247,833,726 was adjusted against Capital Reserve.

#### **2. Secured Loans:**

- 2.1 Short-term working capital loan of ₹ Nil (₹ 1,180,546,808) from bank is secured by way of first hypothecation charge, on pari passu basis with other lenders, on the current assets as well as movable fixed assets of the Company, both present and future.
- 2.2 Long-term corporate loan of ₹ 500,000,000 (₹ Nil) from bank is secured by way of first hypothecation charge on entire movable fixed assets of the Company, except vehicles, both present and future. Repayable within a year ₹ 150,000,000.
- 2.3 Vehicle loans are secured against hypothecation of Vehicles [Due within one year ₹ 9,109,816 (₹ 5,862,231)].

#### **3. Programs/Film Rights etc. for broadcasting are intangible assets as defined in AS – 26 but considered and shown under current assets as are used for broadcasting in the ordinary course of business. The Company, for the current year, has recognized impairment loss of ₹ 606,565 in respect to Programs/Film Rights and the loss is included in Operational Cost.**

#### **4. Investments:**

The Company has long term investment of ₹ 60,900,000 (₹ 60,900,000) in Akash Bangla Private Limited (ABPL). The Company has also advanced Share Application Money of ₹ 105,843,191 (₹ 70,593,191) to ABPL. As at Balance Sheet date, the networth of ABPL is eroded. The investment is strategic in nature considering Shareholding Agreement and having regard to the future business plan and projected profitability, the management perceives the erosion in the value of investment in ABPL as only temporary diminution in value. Hence, no provision for diminution in value is considered necessary in respect of Company's investment or of the Share Application Money to ABPL.

#### **5. Fixed Deposits includes ₹ 4,350,000 (₹ 4,350,000) lodged with Tax Authorities.**

## 6. Leases:

In respect of assets taken on operating lease:

The Company's significant leasing arrangements are in respect of operating leases taken for offices premises and equipments. These leases are cancellable/non-cancellable, that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of the lease period is for 11 to 108 months.

	Amount (₹)	
Particulars	2011	2010
Lease Rental charges for the year	124,232,016	307,237,737
<b>Future Lease Rental obligation payable (under non-cancellable leases)</b>		
Not later than one year	43,536,427	36,274,320
Later than one year but not later than five years	98,788,516	61,280,517
Later than five years	—	—

## 7. Deferred Tax:

The components of deferred tax balances as at March 31:

	Amount (₹)	
Particulars	2011	2010
<b>Deferred Tax Assets</b>		
Provision for Retirement Benefits	21,029,798	15,534,082
Expenses allowable on payment basis	20,677,454	21,838,159
Provision for Doubtful Debts and Advances	23,869,744	39,884,892
<b>Total</b>	<b>65,576,996</b>	<b>77,257,134</b>
<b>Deferred Tax Liabilities</b>		
Depreciation	49,638,132	56,149,483
<b>Total</b>	<b>49,638,132</b>	<b>56,149,483</b>
<b>Deferred Tax Balances - Assets/(Liabilities) (Net)</b>	<b>15,938,864</b>	<b>21,107,650</b>

## 8. Auditors Remuneration (included in Miscellaneous Expenses):

	Amount (₹)	
Particulars	2011	2010
Audit Fees*	700,000	800,000
Tax Audit Fees*	150,000	150,000
Certification Work, tax representation and other matters*	463,500	1,351,149
Reimbursement of Expenses*	9,777	12,702
<b>Total</b>	<b>1,323,277</b>	<b>2,313,851</b>

\*excluding service tax

## 9. Managerial Remuneration:

9.1 The computation of Net Profit in accordance with the provisions of Sections 198/309/349 of the Companies Act, 1956 is as under:

Particulars	2011	2010
Net Profit before tax as per Profit and Loss Account	<b>164,207,001</b>	682,309,564
<b>Add:</b>		
Directors sitting fees	<b>820,000</b>	430,000
Managerial remuneration	–	8,439,600
Commission paid/payable to Non-Executive Directors	<b>1,350,000</b>	3,000,000
Depreciation	<b>92,393,910</b>	104,784,908
Loss on sale of Fixed Assets	<b>36,539,418</b>	23,250,425
Provision for Doubtful Debts/Advances	<b>(46,502,059)</b>	88,751,585
<b>Less:</b>		
Depreciation u/s 350 of the Companies Act, 1956	<b>92,393,910</b>	104,784,908
<b>Net Profit as per Section 198/349 of the Companies Act, 1956</b>	<b>156,414,360</b>	806,181,174
Maximum permissible remuneration to Managing Director as per Section 198/309	<b>7,820,718</b>	40,309,059
Remuneration restricted to Managing Director as per service agreement (Refer Note 9.2 below)	–	8,439,600
Maximum Permissible Commission to Non-Executive Directors under Section 198/309	<b>1,564,144</b>	8,061,812

9.2 Remuneration paid or provided in accordance with Section 198 of the Companies Act, 1956 to the Managing Director included in Schedule 12 "Personnel Cost" is as under:

	Amount (₹)	
Particulars	2011	2010
Salary and Allowances	–	8,400,000
Perquisites	–	39,600
<b>Total</b>	–	8,439,600

Note: Salary and Allowances includes basic salary, house rent allowance but excluding leave encashment and gratuity provided on the basis of actuarial valuation.

9.3 Commission provided during the year for Non-Executive Directors ₹ 1,350,000 (₹ 3,000,000) is included in Miscellaneous Expenses under Schedule 13 "Administrative and Other Expenses".

## 10. Disclosure for the units of mutual fund purchase and sold during the year

Name of the fund	Face Value (₹)	Quantity Nos.)	Amount (₹)
SBI Magnum Insta Cash Fund – Daily Dividend	10	26,268,186	440,000,000

## 11. Other Disclosures:

11.1 Previous year's figures are regrouped, rearranged or recast wherever considered necessary to conform to this year's classification. Current year's figures are not comparable with previous year's figures due to demerger of Regional General Entertainment Channels from the Appointed Date i.e. January 1, 2010 (Refer Note 1). Figures in bracket pertain to previous year.

11.2 Sundry Creditors for Expenses and Other Liabilities includes cheques overdrawn of ₹ Nil (₹ 51,221,586) and amount payable to subsidiary ₹ 310,532 (₹ Nil)

11.3 Capital Work-in-progress includes capital advance of ₹ 2,230,291 (₹ 32,636,466).

11.4 Advances given includes:

- Share Application Money ₹ 67,232,334 (₹ 67,232,334) and advance recoverable ₹ Nil (₹ 2,475,288) from the subsidiary.
- Share Application Money paid ₹ 105,843,191 (₹ 70,593,191) to others.
- Interest recoverable ₹ 873,641 (₹ 128,487,866).

11.5 Micro, Small and Medium Enterprises:

The Company has no dues to Micro, Small and Medium Enterprises during the year ended March 31, 2011, on the basis of information provided by the parties and available on record.

11.6 Foreign Exchange Difference:

- The foreign exchange gain (net) ₹ 536,417 (₹ 2,954,478) on settlement or realignment of foreign exchange transactions has been adjusted in respective heads of the Profit and Loss Account.
- As at Balance Sheet date, the Company has foreign currency payable and receivable amounting to ₹ 36,227,816 (₹ 7,740,922) and ₹ 35,154,067 (₹ 29,453,407) respectively which are not hedged by a derivative instrument or otherwise.
- Derivative Contracts (Forward Contracts for hedging puposes) entered into by the Company and outstanding at March 31, 2011 is ₹ Nil (Nil).

11.7 Contingent Liabilities not provided for:-

	Amount (₹)	
Particulars	2011	2010
Claims against the Company not acknowledged as debts	2,130,006	2,130,006
Custom Duty on Pending Export Obligations	18,183,059	18,183,059
Bank Guarantee Outstanding	7,528,394	—
Disputed Direct Taxes	3,818,080	3,585,088
Legal cases against the Company	Unascertained	Unascertained

The Company has received legal notices of claims/law suits filed against it relating to alleged infringement of copy rights and defamation in relation to programs telecasted by it. In the opinion of the Management no material liability is likely to arise.

11.8 During the year, the Company has shared expenses with a related party, as under:

	Amount (₹)	
Particulars	2011	2010
Personnel Cost	—	84,100,570
Administrative and Other Expenses	—	81,975,503
Selling and Distribution Expenses	—	720,534
<b>Total</b>	—	166,796,606

11.9 Prior period expenses included in the respective heads are as under:

	Amount (₹)	
Particulars	2011	2010
<b>Expenses</b>		
Program Production Expenses	—	150,400
Salary, Allowances and Bonus	—	6,364,648
Conveyance and Travelling Expenses	—	54,159
Commission	—	1,695,454
Miscellaneous Expenses	—	39,853
<b>Total Expenses</b>	—	8,304,514



### 11.10 Retirement Benefits:

#### (A) Defined Benefit Plan:

The present value of the defined benefit obligation and the related current service cost were measured using the projected unit credit method with actuarial valuation being carried out at each Balance Sheet date. The defined benefit obligations are not funded.

- (i) The reconciliation of opening and closing balances of the present value of the defined benefit obligation as at March 31, 2011.

Particulars	2011		2010	
	Gratuity Benefits	Leave Encashment	Gratuity Benefits	Leave Encashment
Obligation at the beginning of the year	26,780,982	19,983,772	27,770,566	19,828,332
Service cost	7,420,122	7,020,680	6,044,776	6,132,588
Interest cost	2,142,479	1,598,702	2,082,792	1,487,125
Actuarial (gain)/loss	3,165,429	2,316,741	(6,436,249)	(3,159,973)
Benefit paid	(1,485,921)	(4,126,223)	(2,680,903)	(4,304,300)
<b>Obligation at year end</b>	<b>38,023,091</b>	<b>26,793,672</b>	<b>26,780,982</b>	<b>19,983,772</b>

- (ii) Cost for the year:

Particulars	2011		2010	
	Gratuity Benefits	Leave Encashment	Gratuity Benefits	Leave Encashment
Service cost	7,420,122	7,020,680	6,044,776	6,132,588
Interest cost	2,142,479	1,598,702	2,082,792	1,487,125
Net actuarial (gain)/loss	3,165,429	2,316,741	(6,436,249)	(3,159,973)
<b>Net Cost</b>	<b>12,728,030</b>	<b>10,936,123</b>	<b>1,691,319</b>	<b>4,459,740</b>

- (iii) Actuarial assumptions used:

Particulars	2011		2010	
	Gratuity Benefits	Leave Encashment	Gratuity Benefits	Leave Encashment
Discount Rate	8.00%	8.00%	7.50%	7.50%
Expected Salary Escalation Rate	5.50%	5.50%	5.00%	5.00%
Mortality Table	LIC (94 - 96) duly modified		LIC (94 - 96) duly modified	

Notes:

- (a) Amount recognised as an expense and included in Schedule 12 "Personnel Cost" are Gratuity ₹ 12,728,030 (₹ 8,554,447) and Leave Encashment ₹ 10,936,123 (₹ 12,183,594). Previous year figures given above are in respect of continuing business remaining after demerger of Regional General Entertainment Channels.
- (b) The estimates of future salary increases considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**(B) Defined Contribution Plan:**

"Contribution to Provident Fund and Other Funds" is recognized as an expense in Schedule 12 "Personnel Cost" of the Profit and Loss Account.

**12. Capital Commitments:**

Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances) is ₹ 32,657,810 (₹ 8,940,660).

**13. Related Party Transactions:**

**(i) List of Parties where control exists:**

**Subsidiary Company:**

Zee Akaash News Private Limited (extent of holding 60%)

**(ii) Other Related Parties with whom transactions have taken place during the year and balance outstanding as on the last day of the year:**

Agrani Convergence Limited, Asia Today Limited, Asia TV Limited, Continental Drugs Company Private Limited, Cyquator Media Services Private Limited, Dakshin Communication Private Limited, Diligent Media Corporation Limited, Dish TV India Limited, E-City Bioscope Entertainment Private Limited, E-City Projects Construction Private Limited, E-City Entertainment Network Limited, E-City Property Management Services Private Limited, Essel Corporate Resources Private Limited, Essel Shyam Communication Limited, Himgiri Navh Vishwavidyalaya, Interactive Tradex India Private Limited, Intrex Trade Exchange Limited, Pan India Network Limited, Pan India Network Infravest Private Limited, Pan India Paryatan Private Limited, Prime Publishing Limited, Procall Private Limited, Rama Associates Limited, Real Media FZ LLC, RKJ Woods Plantations Private Limited, Smart Wireless Private Limited, Wire and Wireless (India) Limited, Wire and Wireless Tisai Satellite Limited, Veena Investments Private Limited, Zee Entertainment Enterprises Limited, Zee Learn Limited, Zee Telefilms Middle East FZ LLC, Zee Turner Limited, Zee Sports Limited.

**Key Management Personnel**

Shri Subhash Chandra, Shri Punit Goenka, Shri Laxmi Narain Goel (upto September 30, 2010), Shri Naresh Kumar Bajaj, Shri K.U. Rao, Shri Vinod Bakshi

**(iii) Transactions with Related Parties:**

Particulars	Amount (₹)	
	2011	2010
<b>(A) Transactions:</b>		
<b>(i) With Subsidiary Company - Zee Akaash News Private Limited</b>		
• Loans, Advances and Deposits Given	977,165	3,213,992
• Loans, Advances and Deposits Received back	3,762,985	1,586,370
• Purchase of Services	–	1,050,662
<b>(ii) With Other Related Parties:</b>		
• <b>Sales, Services and Recoveries</b>	<b>135,791,328</b>	<b>191,528,644</b>
Dish TV India Limited	87,976,709	138,233,771
Asia Today Limited	44,545,047	37,248,206
Others	3,269,572	16,046,667
• <b>Interest Received</b>	<b>96,226,028</b>	<b>142,214,868</b>
Wire and Wireless (India) Limited	96,226,028	142,214,868
• <b>Purchase of Fixed Assets/Capital Work-in-Progress</b>	<b>4,827,940</b>	<b>6,236,675</b>
Dish TV India Limited	1,068,750	–
Real Media FZ LLC	3,596,351	–
Cyquator Media Services Private Limited	–	6,159,000
Others	162,839	77,675
• <b>Purchase of Programs, Goods and Services</b>	<b>224,626,843</b>	<b>581,000,313</b>
Zee Entertainment Enterprises Limited	28,292,572	282,611,859

		Amount (₹)	
Particulars	2011	2010	
Zee Turner Limited	59,228,909	48,851,687	
Dish TV India Limited	43,276,088	46,633,139	
Wire and Wireless (India) Limited	39,347,827	129,306,754	
Others	54,481,447	73,596,874	
• <b>Rent Paid</b>	22,014,312	24,870,312	
Veena Investments Private Limited	–	4,200,000	
Zee Entertainment Enterprises Limited	21,784,800	20,440,800	
E-City Bioscope Entertainment Private Limited	229,512	229,512	
• <b>Loans, Advances and Deposits Given</b>	4,413,815	1,898,669,993	
Dish TV India Limited	499,409	924,367	
Wire and Wireless (India) Limited	2,525,860	1,878,549,768	
Zee Entertainment Enterprises Limited	894,523	18,345,191	
Others	494,023	850,667	
• <b>Loans, Advances and Deposits Repayment Received</b>	998,093,642	1,041,000,000	
Wire and Wireless (India) Limited	988,316,544	1,041,000,000	
RKJ Woods Plantations Private Limited	9,755,280	–	
Others	21,818	–	
• <b>Loans, Advances and Deposits Received</b>	25,398,684	21,902,249	
Zee Entertainment Enterprises Limited	25,331,856	21,012,027	
Others	66,828	890,222	
• <b>Loans, Advances and Deposits Repaid</b>	265,721	452,178	
Pan India Paryatan Private Limited	265,721	–	
Zee Telefilms Middle East FZ LLC	–	171,658	
Prime Publishing Limited	–	280,520	
• <b>Balances Written Back</b>	16,080	87,489	
Dakshin Communications Private Limited	–	87,489	
Asia Today Limited	16,080	–	
• <b>Balances Written Off</b>	109,062	–	
Himgiri Nabh Vishwavidyalaya	109,062	–	
• <b>Net assets transferred pursuant to the Scheme of Arrangement (Refer Note 1)</b>			
Zee Entertainment Enterprises Limited	–	1,247,833,726	
• <b>Corporate Guarantee Released</b>	300,000,000	–	
Zee Entertainment Enterprises Limited	300,000,000	–	
<b>(B) Balances as at:</b>			
(i) <b>Subsidiary Company – Zee Akaash News Private Limited</b>	150,512,154	152,987,442	
Advance against share application money	67,232,334	67,232,334	
Investment made in equity share capital	83,279,820	83,279,820	
Loans, Advances and Deposits Given	–	2,475,288	
Loans, Advances and Deposits Received	310,532	–	
(ii) <b>Other Related Parties</b>			
• <b>Debtors</b>	176,105,958	231,254,710	
Asia Today Limited	31,296,765	23,860,003	
Dish TV India Limited	116,502,253	175,123,758	
Other Related Parties	28,306,940	32,270,949	

Particulars	Amount (₹)	
	2011	2010
• <b>Loans, Advances and Deposits Given</b>	<b>96,417,046</b>	1,805,188,827
Zee Turner Limited	<b>62,289,333</b>	152,778,971
Veena Investments Private Limited	<b>22,000,000</b>	22,000,000
Wire and Wireless (India) Limited	–	1,116,309,925
Zee Learn Limited	<b>10,307,977</b>	–
Zee Entertainment Enterprises Limited	<b>304,494</b>	492,814,269
Other Related Parties	<b>1,515,242</b>	21,285,662
• <b>Creditors</b>	<b>186,387,534</b>	117,864,610
Dish TV India Limited	<b>33,572,064</b>	19,543,525
Wire and Wireless (India) Limited	<b>67,986,972</b>	67,501,597
Asia Today Limited	<b>21,710,250</b>	1,304,064
Zee Entertainment Enterprises Limited	<b>38,778,667</b>	–
Other Related Parties	<b>24,339,581</b>	29,515,424
• <b>Loans, Advances and Deposits Received</b>	–	265,721
Pan India Paryatan Private Limited	–	265,721
• <b>Corporate Guarantee Given by</b>	–	300,000,000
Zee Entertainment Enterprises Limited	–	300,000,000

**Notes:**

- Parties with transactions less than 10% of the group total are grouped under the head "Other Related Parties".
- Detail of remuneration to Directors is disclosed in Note 9.
- Transactions carried out between the Appointed Date and the effective date i.e. January 1, 2010 and March 29, 2010, respectively by the Company as per Scheme of Arrangement (Refer Note 1) are not considered in the above disclosure requirements.

**14. Earnings per share (EPS):**

Sr. No.	Particulars	Amount (₹)	
		2011	2010
a)	Profit after Tax (including discontinued operations)	<b>97,799,025</b>	439,656,698
b)	Profit after Tax of continuing operations	<b>97,799,025</b>	(77,731,199)
c)	Weighted Average number of equity shares for Basic and Diluted EPS (Nos.)	<b>239,763,956</b>	239,763,956
d)	Nominal value of equity shares	<b>1</b>	1
e)	Basic and Diluted EPS before discontinuing operations	<b>0.41</b>	1.83
f)	Basic and Diluted EPS of continuing operations	<b>0.41</b>	(0.32)

**15. Segment Reporting:**

The Company is engaged in the business of production and broadcasting of television software which in the context of AS 17 "Segment Reporting" is considered as the only reportable business segment. The geographical segment is not relevant as exports are insignificant.



## 16. Additional Information:

Other Additional Information required to be given pursuant to Part II of Schedule VI to the Companies Act, 1956, are as under:

16.1 The Company is in the business of producing television programs and is not subject to any license hence there is no licensed capacity. Further the nature of business of the Company is such that the installed capacity is not quantifiable.

16.2 The details of opening stock, acquisitions/productions, sales and closing stock of programs and film rights are as under:

Particulars	Amount (₹)	
	2011	2010
<b>Opening Stock</b>		
Programs/Film Rights	<b>293,731,429</b>	1,643,716,376
<b>Acquisitions /Productions</b>		
Programs/Film Rights	<b>344,163,200</b>	2,090,829,132
Transferred pursuant to the Scheme of Arrangement	-	1,679,198,521
<b>Sales and Services</b>		
Broadcasting Revenues	<b>2,359,593,788</b>	4,966,782,137
Sale- Programs/Film Rights	<b>71,421,208</b>	110,707,335
<b>Closing Stock</b>		
Programs/Film Rights	<b>217,588,686</b>	293,731,429

16.3 Consumption of Raw Stock-Tapes (included in Programs/Film Rights):

Particulars	2011		2010	
	(No.'s)	Amount (₹)	(No.'s)	Amount (₹)
Tapes	<b>26,330</b>	<b>6,064,356</b>	49,195	15,188,355
<b>Total</b>	<b>26,330</b>	<b>6,064,356</b>	49,195	15,188,355

16.4 Value of Imported and Indigenous Raw Stock-Tapes Consumed:

Particulars	2011		2010	
	Percentage	Amount (₹)	Percentage	Amount (₹)
Imported	<b>50.31%</b>	<b>3,050,786</b>	35.49%	5,390,343
Indigenous	<b>49.69%</b>	<b>3,013,570</b>	64.51%	9,798,012
<b>Total</b>	<b>100%</b>	<b>6,064,356</b>	100%	15,188,355

#### 16.5 Other Information:

Particulars	Amount (₹)	
	2011	2010
<b>Earning in Foreign Exchange</b>		
FOB Value of Exports	<b>44,545,046</b>	37,248,206
Broadcasting Revenue	<b>7,829,297</b>	19,842,611
Others	<b>325,130</b>	79,735
<b>Remittances in Foreign Currency</b>		
Net Dividend Remitted	-	44,143
Number of Shareholders	-	122
Number of Equity Shares Held	-	110,357
<b>Expenditure in Foreign Currency (on accrual basis)</b>		
Transmission Cost	<b>27,867,360</b>	33,928,345
Programming, Professional and Other Expenses [includes travelling ₹ 1,398,332 (₹ 1,266,371)]	<b>11,149,665</b>	10,708,491
Travelling Expenses	<b>220,814</b>	106,110
<b>CIF Value of Imports</b>		
Raw Stock-Tapes	<b>2,477,521</b>	5,392,759
Capital Equipment	<b>23,360,217</b>	60,630,099
Stores and Spares	<b>3,188,985</b>	9,816,626

As per our attached report of even date

For and on behalf of the Board

For **MGB & Co**

Firm Registration No.101169W

Chartered Accountants

**Punit Goenka**

Managing Director

**Naresh Kumar Bajaj**

Director

**Lalit Kumar Jain**

Partner

Membership No. 72664

**Dinesh Garg**

Chief Financial Officer

**Pushpal Sanghavi**

Company Secretary

Place: Mumbai

Date: May 25, 2011

# CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31,

	Amount (₹)	
	2011	2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before taxation	164,207,001	682,309,564
Adjustments for:		
Depreciation/Amortisation	92,393,910	104,784,908
Loss on Sale/Discard/Shortage of Fixed Assets	36,539,418	23,250,425
Interest Expenses	112,519,646	256,639,659
Interest Income	(96,746,536)	(168,957,680)
Provision for Doubtful Debts/Advances	(46,502,059)	88,751,585
Dividend Received	(1,564,067)	-
Unrealised Foreign Exchange Difference (Net)	113,329	115,680
<b>Operating profit before working capital changes</b>	<b>327,913,544</b>	<b>986,894,141</b>
Adjustments for:		
(Increase)/Decrease in Programs, Film Rights and Inventories	76,998,411	(328,938,537)
(Increase)/Decrease in Trade and Other Receivables	500,105,315	(699,312,814)
Increase/(Decrease) in Trade and Other Payables	225,943,181	331,804,921
<b>Cash generated from Operations</b>	<b>1,064,007,549</b>	<b>290,447,711</b>
Direct Taxes paid	(172,937,549)	(195,267,621)
<b>Net Cash Flow From Operating Activities</b>	<b>891,070,000</b>	<b>95,180,090</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Purchase of Fixed Assets/Capital Work-in-Progress	(78,707,336)	(108,911,676)
Sale of Fixed Assets	2,597,419	7,423,994
Purchase of Investment (Short Term)	(440,000,000)	-
Sale of Investment (Short Term)	440,000,000	-
Advance against Share Application Money paid to Others	(35,250,000)	(59,500,000)
Advance paid to Subsidiary	-	(1,745,939)
Received against Advance paid to Subsidiary	2,785,820	-
Investment in Shares of Others	-	(60,900,000)
Loans given to Others	-	(1,876,000,000)
Loans repaid by Others	988,316,544	1,041,000,000
Dividend Received	1,564,067	-
Interest Received	224,338,814	75,068,119
<b>Net Cash Flow From Investing Activities</b>	<b>1,105,645,328</b>	<b>(983,565,502)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Payment of Dividend	(95,782)	(111,849,662)
Interest Paid	(114,370,698)	(257,826,041)
Proceeds from Short Term Borrowings	2,200,000,000	2,291,805,542
Repayments of Short Term Borrowings	(3,880,546,808)	(1,250,000,000)
Proceeds from Long Term Borrowings	500,000,000	-
Repayment of Long Term Borrowings	-	(100,000,000)
Proceeds from Vehicle Loans	22,395,000	1,400,000
Repayments of Vehicle Loans	(8,233,547)	(7,994,190)
<b>Net Cash Flow From Financing Activities</b>	<b>(1,280,851,835)</b>	<b>565,535,649</b>
<b>Net Cash Flow during the year (A+B+C)</b>	<b>715,863,493</b>	<b>(322,849,763)</b>
Cash and Cash Equivalents at the beginning of the year	93,975,602	503,489,487
Cash and Cash Equivalents transferred pursuant to the Scheme of Arrangement	-	(86,664,122)
<b>Cash and Cash Equivalents at the end of the year</b>	<b>809,839,095</b>	<b>93,975,602</b>
<b>Cash and Cash Equivalents comprise:</b>		
Cash in Hand	571,016	726,912
Balances with Banks:		
In Current Accounts	804,918,079	88,898,690
In Fixed Deposits (Refer Note 5 in Notes to Accounts)	4,350,000	4,350,000
<b>Total</b>	<b>809,839,095</b>	<b>93,975,602</b>

## Notes:

- Previous year's figures are regrouped, rearranged or recast wherever considered necessary to conform to this year's classification. Current year's figures are not comparable with previous year's figures due to demerger of Regional General Entertainment Channels from the Appointed Date i.e. January 1, 2010 (Refer Note 1).
- The Scheme of Arrangement (Refer Note 1) has not been considered in the above Cash Flow Statement being non cash transaction.

As per our attached report of even date

For and on behalf of the Board

For **MGB & Co**  
Firm Registration No.101169W  
Chartered Accountants

**Punit Goenka**  
Managing Director

**Naresh Kumar Bajaj**  
Director

**Lalit Kumar Jain**  
Partner  
Membership No. 72664

**Dinesh Garg**  
Chief Financial Officer

**Pushpal Sanghavi**  
Company Secretary

Place: Mumbai  
Date: May 25, 2011

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. REGISTRATION DETAILS

Registration No. 

1	2	1	5	0	6
---	---	---	---	---	---

 State Code 

1	1
---	---

Day Month Year  

3	1
---	---

0	3
---	---

2	0	1	1
---	---	---	---

### II. CAPITAL RAISED DURING THE YEAR (AMOUNT ₹ IN THOUSANDS)

Public Issue 

				N	I	L
--	--	--	--	---	---	---

 Right Issue 

				N	I	L
--	--	--	--	---	---	---

Bonus Issue 

				N	I	L
--	--	--	--	---	---	---

 Preferential Allotment 

				N	I	L
--	--	--	--	---	---	---

### III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT ₹ IN THOUSANDS)

Total Liabilities 

2	2	4	8	7	1	1
---	---	---	---	---	---	---

 Total Assets 

2	2	4	8	7	1	1
---	---	---	---	---	---	---

#### SOURCES OF FUNDS

Paid-up Capital 

	2	3	9	7	6	4
--	---	---	---	---	---	---

Secured Loans 

	5	2	2	4	3	5
--	---	---	---	---	---	---

Other Liabilities 

				N	I	L
--	--	--	--	---	---	---

#### APPLICATION OF FUNDS

Net Fixed Assets 

	7	9	7	8	6	0
--	---	---	---	---	---	---

Net Current Assets 

1	2	9	0	7	3	2
---	---	---	---	---	---	---

Accumulated Losses 

				N	I	L
--	--	--	--	---	---	---

Reserves and Surplus 

1	4	8	6	5	1	2
---	---	---	---	---	---	---

Unsecured Loans 

				N	I	L
--	--	--	--	---	---	---

Investments 

	1	4	4	1	8	0
--	---	---	---	---	---	---

Miscellaneous Expenditure 

				N	I	L
--	--	--	--	---	---	---

Other Assets 

		1	5	9	3	9
--	--	---	---	---	---	---

### IV. PERFORMANCE OF COMPANY (AMOUNT ₹ IN THOUSANDS)

Turnover\* 

2	4	4	2	2	1	9
---	---	---	---	---	---	---

(\* includes other income)

+ - Profit/(Loss) Before Tax  

+		1	6	4	2	0	7
---	--	---	---	---	---	---	---

Earnings Per Share of ₹ 1 (₹)  

+		0	.	4	1
---	--	---	---	---	---

Total Expenditure\* 

2	2	7	8	0	1	2
---	---	---	---	---	---	---

(\* includes prior period adjustments)

+ - Profit/(Loss) After Tax  

+			9	7	7	9	9
---	--	--	---	---	---	---	---

Dividend Rate ( % )  

N	I	L
---	---	---

### V. GENERIC NAMES OF PRINCIPAL PRODUCTS OF THE COMPANY (AS PER MONETARY TERMS)

Item Code No. ( ITC Code ) 

N	A
---	---

Product Description 

P	R	O	D	U	C	T	I	O	N		A	N	D					
B	R	O	A	D	C	A	S	T	I	N	G		O	F				
T	E	L	E	V	I	S	I	O	N		S	O	F	T	W	A	R	E

For and on behalf of the Board

**Punit Goenka**  
Managing Director

**Dinesh Garg**  
Chief Financial Officer

**Naresh Kumar Bajaj**  
Director

**Pushpal Sanghavi**  
Company Secretary

Place: Mumbai  
Date: May 25, 2011



## PERFORMANCE RATIOS & ANALYSIS

Amount (₹)

Year ending March 31,	Consolidated					Standalone				
	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007
<b>Revenue Account</b>										
Income from Operations	2,768,498,691	5,292,863,628	5,221,313,068	3,675,120,221	2,405,124,438	2,431,014,996	5,077,489,472	5,074,460,460	3,582,238,937	2,357,303,613
Total Expenses	2,344,544,601	4,368,483,421	4,384,949,298	2,997,479,314	2,328,026,786	2,165,797,149	4,213,736,157	4,247,429,598	2,903,805,323	2,224,369,622
Operating Profit	423,954,091	924,380,207	836,363,770	677,640,908	77,097,652	265,217,847	863,753,315	827,030,862	678,433,614	132,933,991
% to Income from Operations	15.3%	17.5%	16.0%	18.4%	3.2%	10.9%	17.0%	16.3%	18.9%	5.6%
Other Income	11,842,419	15,736,708	175,622,366	13,951,978	130,585,644	11,203,532	15,680,426	175,258,368	13,476,852	130,571,032
PBIDT	435,796,509	940,116,915	1,011,986,136	691,592,885	207,683,296	276,421,379	879,433,741	1,002,289,230	691,910,466	263,505,023
Financial Expenses	15,837,285	91,669,691	210,692,869	5,404,698	51,139,091	19,820,468	92,339,269	210,662,348	5,397,027	51,137,478
Depreciation/ Amortisation	100,800,248	112,277,757	95,192,760	84,755,328	52,096,779	92,393,910	104,784,908	88,857,790	78,227,624	47,853,741
Profit Before Tax and Exceptional Items	319,158,976	736,169,467	706,100,507	601,432,859	104,447,426	164,207,001	682,309,564	702,769,092	608,285,815	164,513,804
Tax	111,565,842	267,881,319	259,128,294	232,166,968	46,219,853	66,407,976	242,652,866	257,160,250	235,251,088	65,091,597
Profit After Tax and Before Minority Interest	207,593,134	468,288,148	446,972,213	369,265,891	58,227,573	97,799,025	439,656,698	445,608,842	373,034,727	99,422,207
Less: Minority Interest	43,918,138	11,452,714	706,878	(1,507,551)	(16,478,039)	-	-	-	-	-
PAT	163,674,996	456,835,434	446,265,335	370,773,442	74,705,611	97,799,025	439,656,698	445,608,842	373,034,727	99,422,207
% to Total Income	5.9%	8.6%	8.3%	10.1%	2.9%	4.0%	8.6%	8.5%	10.4%	4.0%
Dividend	-	-	95,905,582	95,905,582	-	-	-	95,905,582	95,905,582	-
Dividend Rate %	-	-	40%	40%	-	-	-	40%	40%	-
<b>Capital Account</b>										
Share Capital - Equity	239,763,956	239,763,956	239,763,956	239,763,956	239,763,956	239,763,956	239,763,956	239,763,956	239,763,956	239,763,956
Share Capital - Preference	-	-	-	-	-	-	-	-	-	-
Reserves and Surplus	1,538,782,582	1,375,107,586	2,166,105,878	1,831,641,475	1,573,072,768	1,486,511,843	1,388,712,818	2,196,889,846	1,863,485,740	1,602,655,749
Deferred Tax Balances	-	-	-	-	634,532	-	-	3,232,273	5,282,722	20,186,811
Minority Interest	108,867,994	64,949,856	53,497,142	50,790,253	35,797,803	-	-	-	-	-
Loan Funds	522,631,091	1,689,112,907	2,017,080,292	116,782,294	13,005,504	522,435,162	1,688,820,517	2,016,704,641	116,782,294	13,005,504
<b>Capital Employed</b>	<b>2,410,045,623</b>	<b>3,368,934,305</b>	<b>4,476,447,268</b>	<b>2,238,977,978</b>	<b>1,862,274,564</b>	<b>2,248,710,961</b>	<b>3,317,297,291</b>	<b>4,456,590,716</b>	<b>2,225,314,712</b>	<b>1,875,612,020</b>
Fixed Assets	917,076,670	952,400,047	1,047,281,557	812,014,119	807,999,052	797,860,268	850,854,779	941,299,628	702,917,392	695,710,151
Investments	60,900,000	60,900,000	-	-	-	144,179,820	144,179,820	83,279,820	83,279,820	83,279,820
Deferred Tax Balances	5,393,717	25,843,044	19,427,621	18,158,045	-	15,938,864	21,107,650	-	-	-
Net Current Assets	1,426,675,236	2,329,791,214	3,409,658,690	1,408,647,014	1,054,037,312	1,290,732,009	2,301,155,042	3,432,011,268	1,439,117,500	1,096,622,049
Misc. Expenditure (to the extent not w/o)	-	-	79,400	158,800	238,200	-	-	-	-	-
<b>Capital Deployed</b>	<b>2,410,045,623</b>	<b>3,368,934,305</b>	<b>4,476,447,268</b>	<b>2,238,977,978</b>	<b>1,862,274,564</b>	<b>2,248,710,961</b>	<b>3,317,297,291</b>	<b>4,456,590,716</b>	<b>2,225,314,712</b>	<b>1,875,612,020</b>
Closing Market Price Per Share of ₹ 1	12.15	68.10	32.80	50.80	38.80	12.15	68.10	32.80	50.80	38.80
Market Capitalisation	2,913,132,065	16,327,925,404	7,864,257,757	12,180,008,965	9,302,841,493	2,913,132,065	16,327,925,404	7,864,257,757	12,180,008,965	9,302,841,493

## PERFORMANCE RATIOS & ANALYSIS

Year Ending March 31,	Consolidated					Standalone				
	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007
<b>Financial Performance</b>										
Advertisement Income/Income from Operations (%)	<b>70.9</b>	79.1	78.4	79.7	69.9	<b>67.3</b>	78.4	77.7	79.2	71.2
Subscription Income/Income from Operations (%)	<b>26.6</b>	18.8	18.5	18.2	24.3	<b>29.7</b>	19.5	19.0	18.7	24.0
Operating Profit/Income from Operations (%)	<b>15.3</b>	17.5	16.0	18.4	3.2	<b>10.9</b>	17.0	16.3	18.9	5.6
Other Income/Total Income (%)	<b>0.4</b>	0.3	3.3	0.4	5.1	<b>0.5</b>	0.3	3.3	0.4	5.2
Programming Cost/Income from Operations (%)	<b>21.3</b>	36.8	40.9	40.7	49.5	<b>20.8</b>	36.9	40.8	40.7	48.7
Personnel Cost/Income from Operations (%)	<b>25.0</b>	14.9	12.6	13.3	15.3	<b>25.8</b>	14.4	12.0	12.7	14.6
Selling and Administration Expenses/Income from Operations (%)	<b>38.4</b>	30.9	30.5	27.6	32.0	<b>42.5</b>	31.7	30.9	27.7	31.0
Total Operating Cost/Income from Operations (%)	<b>84.7</b>	82.5	84.0	81.6	96.8	<b>89.1</b>	83.0	83.7	81.1	94.4
Financial Expenses/Income from Operations (%)	<b>0.6</b>	1.7	4.0	0.1	2.1	<b>0.8</b>	1.8	4.2	0.2	2.2
Tax/Income from Operations (%)	<b>4.0</b>	5.1	5.0	6.3	1.9	<b>2.7</b>	4.8	5.1	6.6	2.8
PAT for the year/Total Income (%)	<b>7.5</b>	8.8	8.3	10.1	2.9	<b>4.0</b>	8.6	8.5	10.4	4.0
Tax/PBT (%)	<b>35.0</b>	36.4	36.7	38.6	44.3	<b>40.4</b>	35.6	36.6	38.7	39.6
Dividend Payout/PAT for the year (%)	-	-	21.5	25.9	-	-	-	21.5	25.7	-
Dividend Payout/Effective Net Worth (%)	-	-	3.9	4.6	-	-	-	3.9	4.6	-
<b>Balance Sheet</b>										
Debt-Equity Ratio (Total Loans/Eff. Network) (x)	<b>0.3</b>	1.1	0.8	0.1	-	<b>0.3</b>	1.2	0.8	0.1	0.0
Current Ratio (Current Assets/Current Liabilities) (x)	<b>2.5</b>	3.9	3.1	2.0	2.1	<b>2.5</b>	4.1	3.2	2.1	2.2
Capital Output Ratio (Income from Operations/Eff.Cap.Employed) (x)	<b>1.1</b>	1.6	1.2	1.7	1.3	<b>1.1</b>	1.6	1.1	1.6	1.3
Fixed Assets Turnover (Income from Operations/F.A) (x)	<b>3.0</b>	5.6	5.0	4.5	3.0	<b>3.0</b>	6.0	5.4	5.1	3.4
Cash & Cash equivalents/Total Eff. Capital Employed (%)	<b>38.0</b>	4.4	11.4	1.8	2.2	<b>36.0</b>	3.0	11.3	1.5	2.1
RONW (PAT for the year/Eff. Network) (%)	<b>11.7</b>	29.4	18.3	17.9	4.1	<b>5.7</b>	30.0	18.3	17.7	5.4
ROCE (PBIT/Eff. Capital Employed) (%)	<b>13.9</b>	25.2	20.6	27.7	8.5	<b>8.2</b>	24.6	20.5	27.6	11.6
<b>Per Share Data *</b>										
Revenue Per Share (₹)	<b>11.6</b>	22.8	22.5	15.4	10.6	<b>10.2</b>	21.2	21.9	15.0	10.4
Dividend Per Share (₹)	-	-	0.4	0.4	-	-	-	0.4	0.4	-
Indebtedness Per Share (₹)	<b>2.2</b>	7.0	8.4	0.5	0.1	<b>2.2</b>	7.0	8.4	0.5	0.1
Earnings Per Share (₹)	<b>0.7</b>	1.9	1.9	1.6	0.30	<b>0.41</b>	1.8	1.86	1.6	0.4
P.E. Ratio (Share Price as of March 31,)	<b>17.8</b>	35.7	17.6	32.8	125.2					

Notes:

\* Annualised

Previous years' figures have been regrouped wherever necessary

## AUDITORS' REPORT

To,  
The Board of Directors

### **Zee News Limited**

1. We have audited the attached Consolidated Balance Sheet of **Zee News Limited ("the Company")** and its subsidiary ("**the Group**") as at March 31, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.
3. The financial statements of the subsidiary with total assets (net) of ₹ 359,863,320 as at March 31, 2011 and total revenues (net) of ₹ 342,177,710 for the year ended on that date have not been audited by us. The financial statements of the subsidiary has been audited by other auditor whose report has been furnished to us and our opinion in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with

the requirements of the Accounting Standard (AS) 21 "Consolidated Financial Statements" as notified by the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of the Company and its subsidiary.

5. Based on our audit and on consideration of the report of other auditor on separate financial statements of the subsidiary, in our opinion and to the best of our information and according to the explanations given to us, the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at March 31, 2011;
  - (b) In the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Group for the year ended on that date; and
  - (c) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

For **MGB & Co**  
Firm Registration No. 101169W  
Chartered Accountants

**Lalit Kumar Jain**  
Partner  
Membership No. 72664

Place: Mumbai  
Date: May 25, 2011

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31,

	Schedule	2011	Amount (₹) 2010
<b>Sources of Funds</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	239,763,956	239,763,956
Reserve and Surplus	2	1,538,782,582	1,375,107,586
		<u>1,778,546,538</u>	<u>1,614,871,542</u>
<b>Minority Interest</b>		108,867,994	64,949,856
<b>Loan Funds</b>			
Secured Loans	3	522,631,091	1,189,112,907
Unsecured Loans	4	-	500,000,000
		<u>522,631,091</u>	<u>1,689,112,907</u>
<b>Total</b>		<u>2,410,045,623</u>	<u>3,368,934,305</u>
<b>Application of Funds</b>			
<b>Fixed Assets</b>	5		
Gross Block		1,244,419,086	1,224,926,693
Less: Depreciation/Amortisation		380,217,207	311,093,850
Net Block		<u>864,201,879</u>	<u>913,832,843</u>
Capital Work-in-progress		52,874,791	38,567,204
		<u>917,076,670</u>	<u>952,400,047</u>
<b>Investments</b>	6	60,900,000	60,900,000
<b>Deferred Tax Assets (Net) (Refer Note 7)</b>		5,393,717	25,843,044
<b>Current Assets, Loans and Advances</b>	7		
Programs and Film Rights		217,588,686	293,731,429
Inventories		3,524,576	3,902,124
Sundry Debtors		892,390,221	736,968,173
Cash and Bank Balances		914,897,519	143,021,383
Loans and Advances		321,816,066	1,946,737,590
		<u>2,350,217,068</u>	<u>3,124,360,699</u>
<b>Current Liabilities and Provisions</b>	8		
Current Liabilities		852,963,023	649,367,007
Provisions		70,578,809	145,202,478
		<u>923,541,832</u>	<u>794,569,485</u>
<b>Net Current Assets</b>		<u>1,426,675,236</u>	<u>2,329,791,214</u>
<b>Total</b>		<u>2,410,045,623</u>	<u>3,368,934,305</u>
<b>Significant Accounting Policies and Notes to Accounts</b>	16		

As per our attached report of even date

For **MGB & Co**  
Firm Registration No.101169W  
Chartered Accountants

**Lalit Kumar Jain**  
Partner  
Membership No. 72664

Place: Mumbai  
Date: May 25, 2011

For and on behalf of the Board

**Punit Goenka**  
Managing Director

**Dinesh Garg**  
Chief Financial Officer

**Naresh Kumar Bajaj**  
Director

**Pushpal Sanghavi**  
Company Secretary



# CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,

		Amount (₹)	
	Schedule	2011	2010
<b>Income</b>			
Sales and Services	9	2,768,498,691	5,292,863,628
Other Income	10	11,842,419	15,736,708
<b>Total</b>		<b>2,780,341,110</b>	<b>5,308,600,336</b>
<b>Expenditure</b>			
Operational Cost	11	589,514,474	1,946,743,096
Personnel Cost	12	692,517,009	786,541,861
Administrative and Other Expenses	13	349,252,507	635,365,182
Selling and Distribution Expenses	14	713,260,611	999,833,282
<b>Total</b>		<b>2,344,544,601</b>	<b>4,368,483,421</b>
<b>Operating Profit</b>		<b>435,796,509</b>	<b>940,116,915</b>
Financial Expenses (Net)	15	15,837,285	91,669,691
Depreciation/Amortisation		100,800,248	112,277,757
<b>Profit before Tax</b>		<b>319,158,976</b>	<b>736,169,467</b>
Less: Provision for Taxation			
- Current Tax		81,319,840	298,376,953
- Deferred Tax Expense/(Benefit)		20,449,327	(32,367,236)
- Income Tax of earlier years		9,796,675	1,871,602
<b>Net Profit after Tax</b>		<b>207,593,134</b>	<b>468,288,148</b>
<b>Minority Interest</b>		<b>(43,918,138)</b>	<b>(11,452,714)</b>
<b>Profit for the year</b>		<b>163,674,996</b>	<b>456,835,434</b>
Net Profit/(Loss) after Tax of Continuing Operations		163,674,996	(60,552,463)
Net Profit/(Loss) after Tax of Discontinuing Operations		-	517,387,897
Add: Balance brought forward		1,111,816,866	654,981,432
<b>Balance carried to Balance sheet</b>		<b>1,275,491,862</b>	<b>1,111,816,866</b>
<b>Basic and Diluted Earning per Share before discontinuing business (Refer Note 11)</b>		<b>0.68</b>	<b>1.91</b>
<b>Basic and Diluted Earning per Share of continuing business (Refer Note 11)</b>		<b>0.68</b>	<b>(0.25)</b>
<b>Significant Accounting Policies and Notes to Accounts</b>	16		

As per our attached report of even date

For and on behalf of the Board

For **MGB & Co**  
Firm Registration No.101169W  
Chartered Accountants

**Punit Goenka**  
Managing Director

**Naresh Kumar Bajaj**  
Director

**Lalit Kumar Jain**  
Partner  
Membership No. 72664

**Dinesh Garg**  
Chief Financial Officer

**Pushpal Sanghavi**  
Company Secretary

Place: Mumbai  
Date: May 25, 2011

## SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31,

	Amount (₹)	
	2011	2010
<b>Schedule 1 : Share Capital</b>		
<b>Authorised</b>		
1,000,000,000 (490,000,000) Equity Shares of ₹ 1 each	1,000,000,000	490,000,000
Nil (10,000,000) Preference Shares of ₹ 1 each	-	10,000,000
	<u>1,000,000,000</u>	<u>500,000,000</u>
<b>Issued, Subscribed and Paid Up</b>		
239,763,956 Equity Shares of ₹ 1 each fully paid up	239,763,956	239,763,956
[Of the above 195,956,192 Equity Shares of ₹ 1 each fully paid up were allotted for consideration other than cash pursuant to the Scheme of Arrangement (of 2006)]		
<b>Total</b>	<u>239,763,956</u>	<u>239,763,956</u>
<b>Schedule 2 : Reserves and Surplus</b>		
<b>Capital Reserve *</b>		
As per last Balance Sheet	96,790,720	1,344,624,446
Less: Adjustment pursuant to the Scheme of Arrangement (Refer Note 1)	-	1,247,833,726
	<u>96,790,720</u>	<u>96,790,720</u>
*As per Scheme of Arrangement (of 2006)		
<b>Securities Premium</b>		
As per last Balance Sheet	76,500,000	76,500,000
<b>General Reserve</b>		
As per last Balance Sheet	90,000,000	90,000,000
<b>Profit and Loss Account</b>		
	<u>1,275,491,862</u>	<u>1,111,816,866</u>
<b>Total</b>	<u>1,538,782,582</u>	<u>1,375,107,586</u>
<b>Schedule 3 : Secured Loans (Refer Note 2)</b>		
Short Term Working Capital Loan from Banks	-	1,180,546,808
Term Loans from Banks	500,000,000	-
Vehicle Loans	22,631,091	8,566,099
<b>Total</b>	<u>522,631,091</u>	<u>1,189,112,907</u>
<b>Schedule 4 : Unsecured Loans</b>		
Short Term Loans from Banks	-	500,000,000
<b>Total</b>	<u>-</u>	<u>500,000,000</u>

# SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31,

## Schedule 5 : Fixed Assets

Description of Assets	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 01.04.10	Additions	Deductions*	As at 31.03.11	Upto 31.03.10	For The Year	Deductions*	Upto 31.03.11	As at 31.03.11	As at 31.03.10
<b>Tangible Assets</b>										
Plant and Machinery	970,456,209	30,590,680	49,294,607	<b>951,752,282</b>	213,241,653	65,835,727	15,571,011	<b>263,506,369</b>	<b>688,245,913</b>	757,214,556
Equipments	109,075,333	14,149,793	1,312,668	<b>121,912,458</b>	26,595,734	11,968,502	819,813	<b>37,744,423</b>	<b>84,168,035</b>	82,479,599
Furniture and Fixture	28,885,871	1,070,486	–	<b>29,956,357</b>	7,224,291	2,050,852	–	<b>9,275,143</b>	<b>20,681,214</b>	21,661,580
Vehicles	31,477,653	28,189,384	7,951,960	<b>51,715,077</b>	8,413,784	3,720,273	2,860,474	<b>9,273,583</b>	<b>42,441,494</b>	23,063,869
Leasehold Improvements	27,410,305	14,535,996	12,425,593	<b>29,520,708</b>	18,436,408	5,757,648	12,425,593	<b>11,768,463</b>	<b>17,752,245</b>	8,973,897
<b>Total (A)</b>	<b>1,167,305,371</b>	<b>88,536,339</b>	<b>70,984,828</b>	<b>1,184,856,882</b>	<b>273,911,870</b>	<b>89,333,002</b>	<b>31,676,891</b>	<b>331,567,981</b>	<b>853,288,901</b>	<b>893,393,501</b>
<b>Intangible Assets</b>										
Computer Softwares	57,621,322	1,940,882	–	<b>59,562,204</b>	37,181,980	11,467,246	–	<b>48,649,226</b>	<b>10,912,978</b>	20,439,342
<b>Total (B)</b>	<b>57,621,322</b>	<b>1,940,882</b>	<b>–</b>	<b>59,562,204</b>	<b>37,181,980</b>	<b>11,467,246</b>	<b>–</b>	<b>48,649,226</b>	<b>10,912,978</b>	<b>20,439,342</b>
<b>Total (A+B)</b>	<b>1,224,926,693</b>	<b>90,477,221</b>	<b>70,984,828</b>	<b>1,244,419,086</b>	<b>311,093,850</b>	<b>100,800,248</b>	<b>31,676,891</b>	<b>380,217,207</b>	<b>864,201,879</b>	<b>913,832,843</b>
Previous Year Total	1,129,937,757	241,896,375	146,907,439	<b>1,224,926,693</b>	254,347,693	112,277,757	55,531,600	<b>311,093,850</b>	<b>913,832,843</b>	

\* Deductions in previous year from Gross Block and Depreciation Block includes ₹ 101,054,001 and ₹ 40,352,582 respectively related to assets transferred pursuant to the Scheme of Arrangement.

			Amount (₹)	
			2011	2010
<b>Schedule 6 : Investments (Refer Note 4)</b>				
<b>(Long Term - At cost)</b>				
<b>Unquoted - Trade</b>				
4,35,000 Equity Shares of ₹ 10 each fully paid up of Akash Bangla Private Limited			<b>60,900,000</b>	60,900,000
<b>Total</b>			<b>60,900,000</b>	<b>60,900,000</b>
<b>Schedule 7 : Current Assets, Loans and Advances</b>				
<b>A. Current Assets</b>				
<b>Programs/Film Rights (Refer Note 3)</b>			<b>217,588,686</b>	293,731,429
<b>Inventories</b>				
(as taken, valued and certified by the Management)				
Raw Stock – Tapes			<b>3,524,576</b>	3,902,124
<b>Sundry Debtors</b>				
(Unsecured, Considered Good, unless otherwise stated)				
More than six months old [includes doubtful ₹ 72,569,868 (₹ 119,571,927)]			<b>212,758,987</b>	317,793,325
Others			<b>752,201,102</b>	538,746,775
			<b>964,960,089</b>	856,540,100
Less: Provision for Doubtful Debts			<b>72,569,868</b>	119,571,927
			<b>892,390,221</b>	736,968,173

## SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31,

	Amount (₹)	
	2011	2010
<b>Schedule 7 : Current Assets, Loans and Advances (Contd.)</b>		
<b>Cash and Bank Balances</b>		
Cash in hand	633,991	760,421
Balances with Banks:		
In Current Accounts	811,913,528	104,410,962
In Fixed Deposits (Refer Note 5)	102,350,000	37,850,000
	<u>914,897,519</u>	<u>143,021,383</u>
<b>B. Loans and Advances</b>		
(Unsecured, Considered Good, unless otherwise stated)		
Loans	-	988,316,544
Advances (Recoverable in cash or in kind or for value to be received) (Refer Note 8.3)	247,412,818	898,191,605
Tax Advances (Net of Provisions)	23,808,032	-
Deposits	51,595,216	60,729,441
	<u>322,816,066</u>	<u>1,947,237,590</u>
Less: Provisions for Doubtful Advances	1,000,000	500,000
	<u>321,816,066</u>	<u>1,946,737,590</u>
<b>Total</b>	<u><b>2,350,217,068</b></u>	<u><b>3,124,360,699</b></u>
<b>Schedule 8 : Current Liabilities and Provisions</b>		
<b>A. Current Liabilities</b>		
Sundry Creditors:		
For Goods/Programs	15,293,059	27,465,593
For Expense and Other Liabilities (Refer Note 8.2)	793,782,342	591,013,102
Trade Advances/Deposits Received	38,288,227	23,342,083
Investors Education and Protection Fund		
Unclaimed dividend *	596,044	691,826
Interest Accrued but not due	5,003,351	6,854,403
* (There is no amount due and outstanding to be credited to Investors Education and Protection Fund as at March 31, 2011)		
	<u>852,963,023</u>	<u>649,367,007</u>
<b>B. Provisions</b>		
Provision For : Taxation (Net of Advances)	-	94,472,775
: Retirement Benefits	70,578,809	50,729,703
	<u>70,578,809</u>	<u>145,202,478</u>
<b>Total</b>	<u><b>923,541,832</b></u>	<u><b>794,569,485</b></u>

## SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,

	Amount (₹)	
	2011	2010
<b>Schedule 9 : Sales and Services</b>		
Broadcasting Revenues	2,696,992,587	5,181,698,467
Sales	71,506,104	111,165,161
<b>Total</b>	<b>2,768,498,691</b>	<b>5,292,863,628</b>
<b>Schedule 10 : Other Income</b>		
Miscellaneous Income	740,264	2,209,151
Dividend Received	1,564,067	-
Balances Written Back	9,504,262	7,447,853
Foreign Exchange Fluctuation Difference	33,826	6,079,704
<b>Total</b>	<b>11,842,419</b>	<b>15,736,708</b>
<b>Schedule 11 : Operational Cost</b>		
<b>Programs and Film Rights:</b>		
<b>Opening</b>	<b>293,731,429</b>	<b>1,643,716,376</b>
Add: Production/Acquisition Cost		
Purchase/Acquisition – Programs and Film Rights	20,959,300	1,362,325,266
Tapes Consumed	6,960,195	16,716,469
Subscription Charges	16,184,353	27,348,382
Consultancy and Professional Fee	117,033,899	177,628,421
Other Production Expenses	118,789,538	326,988,950
Hire Charges	25,047,440	147,227,278
Vehicle Hire Charges	39,120,284	36,188,269
Travelling and Conveyance Expenses	20,146,578	22,673,456
Lease line and V-sat Expenses	57,492,389	40,594,878
	<b>715,465,405</b>	<b>3,801,407,745</b>
Less: Adjustment pursuant to the Scheme of Arrangement (Refer Note 1)	-	1,679,198,521
	<b>715,465,405</b>	<b>2,122,209,224</b>
<b>Closing</b>	<b>217,588,686</b>	<b>293,731,429</b>
	<b>497,876,719</b>	<b>1,828,477,795</b>
Transmission Cost	91,637,755	118,265,301
<b>Total</b>	<b>589,514,474</b>	<b>1,946,743,096</b>
<b>Schedule 12 : Personnel Cost</b>		
Salaries, Allowances and Bonus	607,318,266	689,574,679
Contribution to Provident and other funds	36,188,109	35,383,132
Staff Welfare Expenses	48,486,037	59,223,010
Staff Recruitment and Training	524,597	2,361,040
<b>Total</b>	<b>692,517,009</b>	<b>786,541,861</b>



## SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,

	Amount (₹)	
	2011	2010
<b>Schedule 13 : Administrative and Other Expenses</b>		
Rent	67,198,496	123,638,858
Rates and Taxes	5,345,652	4,416,199
Repairs and Maintenance - Building	1,407,237	593,101
- Plant and Machinery	13,524,511	19,986,517
- Others	11,248,827	17,753,118
Insurance	4,342,164	4,474,456
Electricity Expenses	50,294,565	49,724,474
Communication Expenses	22,828,724	43,197,172
Printing and Stationary	4,993,806	9,318,086
Miscellaneous Expenses [Includes Director's Sitting Fee ₹ 820,000 (₹ 430,000)]	14,225,855	20,766,411
Hire and Service Charges	30,688,682	55,008,824
Conveyance and Travelling Expenses	41,494,843	52,125,821
Legal, Professional and Consultancy Charges	24,668,884	52,044,181
Bad Debts/Advances Written Off	66,952,902	
Less: Adjusted against Provisions	47,002,059	
Provision for Doubtful Debts/Advances	500,000	88,751,585
Loss on sale/ Discard/ shortage of Fixed Assets	36,539,418	23,250,425
Preliminary Expenses Written Off	-	79,400
<b>Total</b>	<b>349,252,507</b>	<b>635,365,182</b>
<b>Schedule 14 : Selling and Distribution Expenses</b>		
Business Promotion Expenses	605,688,294	797,809,664
Advertisement and Publicity	26,855,686	118,440,709
Commission	80,716,631	83,582,909
<b>Total</b>	<b>713,260,611</b>	<b>999,833,282</b>
<b>Schedule 15 : Financial Expenses (Net)</b>		
Interest Paid:		
Fixed Loans	95,226,668	194,972,778
Others	17,329,897	61,717,000
Discounting and Financing Expenses	4,082,385	4,676,865
	116,638,950	261,366,643
Less: Interest Received (Gross) [TDS ₹ 10,082,144 (₹ 14,624,052)]	100,801,665	169,696,952
<b>Total</b>	<b>15,837,285</b>	<b>91,669,691</b>

## **Schedule 16 : Significant Accounting Policies and Notes to Accounts**

### **A. Background:**

Zee News Limited (hereinafter referred to as 'the parent company', 'the Company' or 'ZNL') along with its subsidiary (collectively known as "the Group") has been mainly in the business of broadcasting of news, current affairs and regional entertainment satellite television channels uplinked from India. Operation of Zee Tamil channel has been discontinued on March 31, 2011.

The Group's revenue streams mainly include advertisements and subscription revenue. The Group also generates revenue through sale of television softwares and film rights.

### **B. Basis of Consolidation**

- a) The Consolidated Financial Statements (CFS) of the Group are prepared under Historical Cost Convention under going concern basis in accordance with Generally Accepted Accounting Principles in India and the Accounting Standard (AS) 21 on "Consolidated Financial Statements" to the extent possible in the same format as that adopted by the parent company for its separate financial statements by regrouping, recasting or rearranging figures wherever considered necessary. The significant inconsistencies in accounting policies are disclosed wherever applicable and no adjustments are made in the CFS for such inconsistencies.

The consolidation of the financial statements of the parent company and its subsidiary is done to the extent possible on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. All significant inter-group transactions, balances and unrealized inter-company profits have been eliminated in the process of consolidation.

- b) The parent company and its subsidiary prepare its financial statements under the historical cost convention, in accordance with generally accepted accounting principles.
- c) The CFS includes the Financial Statements of the parent company and the Indian subsidiary namely Zee Akaash News Private Limited. Subsidiary is consolidated from the date on which effective control is acquired (extent of holding 60%).
- d) Minority Interest in the subsidiary represents the minority shareholders proportionate share of the net assets and net income/(loss).

### **C. Significant Accounting Policies**

#### **1. Basis of Accounting:**

The financial statements are prepared under the Historical Cost Convention and on accrual basis in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 except otherwise stated.

#### **2. Use of Estimates:**

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as of the date of the financial statements and the reported amount of revenue and expenses of the year. Actual results could differ from these estimates. Any revision to estimates is recognized prospectively in current and future periods.

#### **3. Fixed Assets:**

- a) Fixed assets are stated at original cost of acquisition/ installation net of accumulated depreciation, amortization and impairment losses. The cost of fixed assets includes taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.
- b) Capital work-in-progress is stated at the amount expended upto the date of Balance Sheet including advances for capital expenditure.
- c) Computer software is capitalized as an intangible asset in the year it is put to use.

#### **4. Borrowing Costs:**

Borrowing Costs attributable to the acquisition or construction of qualifying assets are capitalized as a part of the cost of such assets. All other borrowing costs are charged to revenue.

#### **5. Depreciation/Amortization:**

- a) Depreciation on fixed assets is provided on Straight-Line Method at the rate specified in Schedule XIV of the Companies Act, 1956.
- b) Leasehold Improvements are amortized over the period of Lease.
- c) Computer software is amortised over a period of three years based on management's estimate of useful life.

**6. Investments:**

Investments intended to be held for more than one year, from the date of acquisition, are classified as long-term investments and are carried at cost. Provision for diminution in value of these investments is made to recognize a decline other than temporary. Current investments are carried at lower of cost or fair value.

**7. Programs/Film Rights and Inventories:**

a) Programs/Film Rights.

Programs/Film Rights are stated at the lower of net cost (cost minus accumulated amortization/impairment) or realizable value. Where the realizable value on the basis of its useful economic life is less than its carrying amount, the difference is expensed as impairment.

- i. Cost of news/current affairs/chat shows/events etc. are fully expensed.
- ii. Programs [other than (i) above] are amortized over three financial years from the year the related program is telecast, as per management estimate of future revenue potential.
- iii. Film rights are amortized on a straight-line basis over the license period or 60 months from the date of purchase whichever is shorter.

b) Inventory of Raw Stock - Tapes are valued at lower of cost or estimated net realizable value. Cost is taken on First-In-First-Out (FIFO) basis.

**8. Retirement Benefits:**

- a) Short term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.
- b) Post employment and other long term employee benefits are recognized as an expense in the Profit and Loss Account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined at Balance Sheet date using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Profit and Loss Account.

**9. Transactions in Foreign Currencies:**

- a) Transactions in foreign currency are accounted at the exchange rate prevailing on the date of transaction.
- b) Foreign Currency monetary assets and liabilities at the Balance Sheet date are translated at the rates of exchange prevailing on the date of Balance Sheet. Gains and losses arising on account of settlement/translation of monetary assets and liabilities are recognized in the Profit and Loss Account. Non-monetary items are reported using exchange rate prevailing on the date of transaction.

**10. Revenue Recognition:**

- a) Broadcasting Revenue: Advertisement revenue (net of agency commission) is recognized when the related advertisement or commercial appears before the public i.e. on telecast. Subscription revenue is recognized on completion of service.
- b) Sales (Programs and Film Rights) are recognized when the risk and rewards of ownership are passed onto the customers, which is generally on dispatch of goods.
- c) Income from services is recognized proportionately over the period of service.
- d) Dividend is recognised when the right to receive the dividend is unconditional.

**11. Taxes on Income:**

- a) Current tax is determined as the amount of tax payable in respect of taxable income for the year under the Income Tax Act, 1961.
- b) Deferred tax is recognized, subject to consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and measured using relevant enacted tax rates.

**12. Operating Lease:**

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as an expense on accrual basis in accordance with the respective lease agreements.

### 13. Impairment of assets:

At each Balance Sheet date, the Group reviews the carrying amount of fixed assets to determine whether there is an indication that those assets have suffered impairment loss. If any such indication exists, the recoverable amount of assets is estimated in order to determine the extent of impairment loss. The recoverable amount is higher of the net selling price and value in use, determined by discounting the estimated future cash flows expected from the continuing use of the asset to their present value.

### 14. Earnings Per Share:

Basic earnings per share is computed and disclosed using the weighted average number of common shares outstanding during the year. Diluted earnings per share is computed and disclosed using the weighted average number of common and dilutive common equivalent shares outstanding during the year, except when the results would be anti-dilutive.

### 15. Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes to accounts. Contingent Assets are neither recognized nor disclosed in the financial statements.

### 16. Miscellaneous Expenditure:

Preliminary expenses are amortized over a period of five years.

## D. Notes to Accounts

### 1. Restructuring:

Pursuant to the Scheme of Arrangement under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 between Zee News Limited (ZNL) and Zee Entertainment Enterprises Limited (ZEEL) and their respective shareholders and creditors, sanctioned by the Honourable High Court at Mumbai on March 19, 2010 and filed with the Registrar of Companies on March 29, 2010, the Regional General Entertainment Channel (RGEC) Business Undertaking of the Company, comprising of six television channels namely Zee Marathi, Zee Talkies, Zee Bangla, Zee Kannada, Zee Telugu and Zee Cinemalu, assets of Zee Gujrati, a discontinued television channel, has been transferred to and vested in ZEEL with effect from January 01, 2010, on going concern basis. The Scheme has been given effect in the financial statements for the year ended March 31, 2010. The excess of book value of the assets over the book value of liabilities transferred aggregating to ₹ 1,247,833,726 was adjusted against Capital Reserve.

### 2. Secured Loans:

- 2.1 Short term working capital loan of ₹ Nil (₹ 1,180,546,808) from bank is secured by way of first hypothecation charge, on pari passu basis with other lenders, on the current assets as well as movable fixed assets of the Company, both present and future.
- 2.2 Long term corporate loan of ₹ 500,000,000 (₹ Nil) from bank is secured by way of first hypothecation charge on entire movable fixed assets of the Company, except vehicles, both present and future. Repayable within a year ₹ 150,000,000.
- 2.3 Term Loans from Banks is secured by way of hypothecation charge on entire fixed assets (both movable and immovable) and current assets including programs and media rights ranking pari passu with other term lenders. [Due within one year ₹ Nil (₹ 150,000,000)]. The loan has been transferred to Zee Entertainment Enterprises Limited, pursuant to the Scheme of Arrangement.
- 2.4 Vehicle loans are secured against hypothecation of Vehicles [Due within one year ₹ 9,221,568 (₹ 5,958,692)].

3. Programs/Film Rights etc. for broadcasting are intangible assets as defined in AS – 26 but considered and shown under current assets as are used for broadcasting in the ordinary course of business. The Company, for the current year, has recognized impairment loss of ₹ 606,565 in respect to Programs/Film Rights and the loss is included in Operational Cost.

### 4. Investments:

The Company has long term investment of ₹ 60,900,000 (₹ 60,900,000) in Akash Bangla Private Limited (ABPL). The Company has also advanced Share Application Money of ₹ 105,843,191 (₹ 70,593,191) to ABPL. As at Balance Sheet date, the networth of ABPL is eroded. The investment is strategic in nature considering Shareholding Agreement and having regard to the future business plan and projected profitability, the management perceives the erosion in the value of investment in ABPL as only temporary diminution in value. Hence, no provision for diminution in value is considered necessary in respect of Company's investment or of the Share Application Money to ABPL.

5. Fixed Deposits includes ₹ 4,350,000 (₹ 4,350,000) lodged with Tax Authorities.

**6. Leases:**

In respect of assets taken on operating lease:

The Company's significant leasing arrangements are in respect of operating leases taken for offices premises and equipments. These leases are cancellable/non-cancellable, that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of the lease period is for 11 to 108 months.

	Amount (₹)	
Particulars	2011	2010
Lease Rental charges for the year	132,512,016	315,517,737
<b>Future Lease Rental obligation payable (under non-cancellable leases)</b>		
Not later than one year	52,075,177	44,554,320
Later than one year but not later than five years	125,370,766	96,401,517
Later than five years	-	-

**7. Deferred Tax:**

The components of deferred tax balances as at March 31:

	Amount (₹)	
Particulars	2011	2010
<b>Deferred Tax Assets</b>		
Provision for Retirement Benefits	22,899,294	16,851,139
Expenses allowable on payment basis	20,677,454	21,838,159
Provision for Doubtful Debts and Advances	23,869,744	39,884,892
Unabsorbed Fiscal Allowances	-	14,294,871
<b>Total</b>	<b>67,446,492</b>	<b>92,869,061</b>
<b>Deferred Tax Liabilities</b>		
Depreciation	62,052,775	67,026,017
<b>Total</b>	<b>62,052,775</b>	<b>67,026,017</b>
<b>Deferred Tax Asset - Net</b>	<b>5,393,717</b>	<b>25,843,044</b>

**8. Other Disclosures and Information:**

- 8.1 Previous year's figures are regrouped, rearranged or recast wherever considered necessary to conform to this year's classification. Current year's figures are not comparable with previous year's figures due to demerger of Regional General Entertainment Channels from the Appointed Date i.e. January 1, 2010 (Refer Note 1). Figures in bracket pertain to previous year.
- 8.2 Sundry Creditors for Expenses and Other Liabilities includes cheques overdrawn of ₹ Nil (₹ 51,221,586).
- 8.3 Advances given include Share Application Money paid ₹ 105,843,191 (₹ 70,593,191) and interest recoverable ₹ 3,926,937 (₹ 128,818,399).
- 8.4 Capital work-in-progress includes capital advance of ₹ 2,230,291 (₹ 32,636,466).
- 8.5 Foreign Exchange Difference:
- a) As at Balance Sheet date, the Company has foreign currency payable and receivable amounting to ₹ 36,227,816 (₹ 7,740,922) and ₹ 35,154,067 (₹ 29,453,407) respectively which are not hedged by a derivative instrument or otherwise.
- b) Derivative contracts (Forward Contracts for hedging puposes) entered into by the Company and outstanding at March 31, 2011 is ₹ Nil (₹ Nil).
- 8.6 Contingent Liabilities not provided for :

	Amount (₹)	
Particulars	2011	2010
Claims against the Company not acknowledged as debts	2,130,006	2,130,006
Bank Guarantee Outstanding	7,528,394	-
Customs Duty on pending export obligation	18,183,059	18,183,059
Disputed Direct Tax demands	3,818,080	3,585,088
Legal cases against the Company	Unascertained	Unascertained



The Company has received legal notices of claims/law suits filed against it relating to alleged infringement of copy rights and defamation in relation to programs telecasted by it. In the opinion of the Management no material liability is likely to arise.

- 8.7 During the year, the Group has shared expenses with a related party pursuant to Memorandum of Understanding as under:

Particulars	Amount (₹)	
	2011	2010
Personnel Cost	-	84,100,570
Administrative and Other Expenses	-	81,975,502
Selling and Distribution Expenses	-	720,534
<b>Total</b>	-	166,796,606

- 8.8 Prior period expenses included in the respective heads are as under:

Particulars	2011	2010
Program Production Expenses	-	150,400
Salary, Allowances and Bonus	-	6,364,648
Conveyance and Travelling Expenses	-	54,159
Commission	-	1,695,454
Miscellaneous Expenses	-	39,853
<b>Total</b>	-	<b>8,304,514</b>

#### 9. Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances) is ₹ 32,657,810 (₹ 8,940,660).

#### 10. Related Party Transactions:

- (i) List of Parties where control exists:

##### Subsidiary Companies:

Zee Akaash News Private Limited (extent of holding 60%)

- (ii) Other Related Parties with whom transactions have taken place during the year and balance outstanding as on the last day of the year:

Agrani Convergence Limited, Asia Today Limited, Asia TV Limited, Continental Drugs Company Private Limited, Cyquator Media Services Private Limited, Dakshin Communication Private Limited, Diligent Media Corporation Limited, Dish TV India Limited, E-City Bioscope Entertainment Private Limited, E-City Projects Construction Private Limited, E-City Entertainment Network Limited, E-City Property Management Services Private Limited, Essel Corporate Resources Private Limited, Essel Shyam Communication Limited, Himgiri Navh Vishwavidyalaya, Interactive Tradex India Private Limited, Intrex Trade Exchange Limited, Pan India Network Limited, Pan India Network Infravest Private Limited, Pan India Paryatan Private Limited, Prime Publishing Limited, Procall Private Limited, Rama Associates Limited, Real Media FZ LLC, RKJ Woods Plantations Private Limited, Smart Wireless Private Limited, Wire and Wireless (India) Limited, Wire and Wireless Tisai Satellite Limited, Veena Investments Private Limited, Zee Entertainment Enterprises Limited, Zee Learn Limited, Zee Telefilms Middle East FZ LLC, Zee Turner Limited, Zee Sports Limited.

##### Directors/Key Management Personnel

Shri Subhash Chandra, Shri Punit Goenka, Shri Laxmi Narain Goel (upto September 30, 2010), Shri Naresh Kumar Bajaj, Shri K.U. Rao, Shri Vinod Bakshi

Particulars	Amount (₹)	
	2011	2010
<b>(A) Transactions With Other Related Parties:</b>		
• <b>Sales, Services and Recoveries</b>	<b>135,791,328</b>	191,730,732
Dish TV India Ltd.	<b>87,976,709</b>	138,435,859
Asia Today Limited	<b>44,545,047</b>	37,248,206
Other Related Parties	<b>3,269,572</b>	16,046,667
• <b>Interest Received</b>	<b>96,226,028</b>	142,214,868
Wire and Wireless (India) Limited	<b>96,226,028</b>	142,214,868
• <b>Purchase of Fixed Assets/Capital Work-in-Progress</b>	<b>4,827,940</b>	6,236,675
Dish TV India Limited	<b>1,068,750</b>	–
Real Media FZ LLC	<b>3,596,351</b>	–
Cyquator Media Services Private Limited	–	6,159,000
Others	<b>162,839</b>	77,675
• <b>Purchase of Programs, Goods and Services</b>	<b>239,646,837</b>	592,410,836
Zee Entertainment Enterprises Limited	<b>28,292,572</b>	282,611,859
Dish TV India Limited	<b>58,296,082</b>	58,043,662
Wire and Wireless (India) Limited	<b>39,347,827</b>	129,306,754
Zee Turner Limited	<b>59,228,909</b>	48,851,687
Other Related Parties	<b>54,481,447</b>	73,596,874
• <b>Rent Paid</b>	<b>22,014,312</b>	24,870,312
Veena Investments Private Limited	–	4,200,000
Zee Entertainment Enterprises Limited	<b>21,784,800</b>	20,440,800
E City Bioscope Entertainment Private Limited	<b>229,512</b>	229,512
• <b>Remuneration/Commission to Key Management Personnel</b>	<b>1,350,000</b>	11,439,600
Sh. Laxmi Narain Goel	–	8,439,600
Non-Executive Directors	<b>1,350,000</b>	3,000,000
• <b>Loans, Advances and Deposits Given</b>	<b>4,413,815</b>	1,898,669,993
Dish TV India Limited	<b>499,409</b>	924,367
Wire and Wireless (India) Limited	<b>2,525,860</b>	1,878,549,768
Zee Entertainment Enterprises Limited	<b>894,523</b>	18,345,191
Other Related Parties	<b>494,023</b>	850,667
• <b>Loans, Advances and Deposits Received</b>	<b>25,398,684</b>	21,902,249
Zee Entertainment Enterprises Limited	<b>25,331,856</b>	21,012,027
Others	<b>66,828</b>	890,222
• <b>Loans, Advances and Deposits Repayment Received</b>	<b>998,093,642</b>	1,041,000,000
Wire and Wireless (India) Limited	<b>988,316,544</b>	1,041,000,000
RKJ Woods Plantations Private Limited	<b>9,755,280</b>	–
Others	<b>21,818</b>	–
• <b>Loans, Advances and Deposits Repaid</b>	<b>265,721</b>	452,178
Pan India Paryatan Private Limited	<b>265,721</b>	–
Zee Telefilms Middle East FZ LLC	–	171,658
Prime Publishing Limited	–	280,520
• <b>Balances Written Back</b>	<b>16,080</b>	87,489
Dakshin Communications Private Limited	–	87,489
Asia Today Limited	<b>16,080</b>	–
• <b>Balances Written Off</b>	<b>109,062</b>	–
Himgiri Nabh Vishwavidyalaya	<b>109,062</b>	–
• <b>Net assets transferred pursuant to the Scheme of Arrangement (Refer Note 1)</b>	–	1,247,833,726
Zee Entertainment Enterprises Limited	–	1,247,833,726
• <b>Corporate Guarantee Released</b>	<b>300,000,000</b>	–
Zee Entertainment Enterprises Limited	<b>300,000,000</b>	–

		Amount (₹)	
Particulars	2011	2010	
<b>(B) Balances at the end of the year:</b>			
<b>With Other Related Parties</b>			
• <b>Debtors</b>	<b>176,105,958</b>	231,254,710	
Dish TV India Limited	<b>116,502,253</b>	175,123,758	
Asia Today Limited	<b>31,296,765</b>	23,860,003	
Other Related Parties	<b>28,306,940</b>	32,270,949	
• <b>Loans, Advances and Deposits Given</b>	<b>96,417,046</b>	1,805,188,827	
Zee Turner Limited	<b>62,289,333</b>	152,778,971	
Veena Investments Private Limited	<b>22,000,000</b>	22,000,000	
Wire and Wireless (India) Limited	–	1,116,309,925	
Zee Learn Limited	<b>10,307,977</b>	–	
Zee Entertainment Enterprises Limited	<b>304,494</b>	492,814,269	
Other Related Parties	<b>1,515,242</b>	21,285,662	
• <b>Creditors</b>	<b>187,387,534</b>	126,286,324	
Dish TV India Limited	<b>34,572,064</b>	27,965,239	
Wire and Wireless (India) Limited	<b>67,986,972</b>	67,501,597	
Asia Today Limited	<b>21,710,250</b>	1,304,064	
Zee Entertainment Enterprises Limited	<b>38,778,667</b>	–	
Other Related Parties	<b>24,339,581</b>	29,515,424	
• <b>Loans, Advances and Deposits Received</b>	–	265,721	
Pan India Paryatan Private Limited	–	265,721	
• <b>Corporate Guarantee Given by</b>	–	300,000,000	
Zee Entertainment Enterprises Limited	–	300,000,000	

Notes:

- Parties with transactions less than 10% of the group total are grouped under the head "Other Related Parties".
- Transactions carried out between the Appointed Date and the effective date i.e. January 1, 2010 and March 29, 2010, respectively by the Company as per Scheme of Arrangement (Refer Note 1) are not considered in the above disclosure requirements.

#### 11. Earnings per share (EPS):

		Amount (₹)	
Sr. No.	Particulars	2011	2010
a.	Profit after Tax (including discontinued operations)	<b>163,674,996</b>	456,835,434
b.	Profit after Tax of continuing operations	<b>163,674,996</b>	(60,552,463)
c.	Weighted Average number of equity shares for Basic and Diluted EPS (Nos.)	<b>239,763,956</b>	239,763,956
d.	Nominal value of each equity share	<b>1</b>	1
e.	Basic and Diluted EPS before discontinuing operations	<b>0.68</b>	1.91
f.	Basic and Diluted EPS of continuing operations	<b>0.68</b>	(0.25)

#### 12. Segment Reporting:

The Company is engaged in the business of production and broadcasting of television software which in the context of AS 17- 'Segment Reporting' is considered as the only reportable business segment. The geographical segment is not relevant as exports are insignificant.

As per our attached report of even date

For and on behalf of the Board

For **MGB & Co**

Firm Registration No.101169W

Chartered Accountants

**Punit Goenka**

Managing Director

**Naresh Kumar Bajaj**

Director

**Lalit Kumar Jain**

Partner

Membership No. 72664

**Dinesh Garg**

Chief Financial Officer

**Pushpal Sanghavi**

Company Secretary

Place: Mumbai

Date: May 25, 2011

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31,

	Amount (₹)	
	2011	2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before taxation	319,158,976	736,169,467
Adjustments for:		
Depreciation/Amortisation	100,800,248	112,277,757
Loss on Sale/ Discard/ Shortage of Fixed Assets	36,539,418	23,250,425
Interest Expenses	112,556,565	256,689,778
Interest Income	(100,801,665)	(169,696,952)
Preliminary Expenses Written off	-	79,400
Provision for Doubtful Debts and Advances	(46,502,059)	88,751,585
Dividend Received	(1,564,067)	-
Unrealised Foreign Exchange Difference (Net)	113,329	115,680
<b>Operating profit before working capital changes</b>	<b>487,253,647</b>	<b>1,047,637,140</b>
Adjustments for:		
(Increase)/Decrease in Programs, Film Rights and Inventories	76,520,291	(328,617,087)
(Increase)/Decrease in Trade and Other Receivables	464,135,980	(714,241,530)
Increase/(Decrease) in Trade and Other Payables	225,342,255	333,311,573
<b>Cash generated from Operations</b>	<b>1,186,299,271</b>	<b>338,090,096</b>
Direct Taxes paid	(211,552,322)	(197,373,898)
<b>Net Cash Flow From Operating Activities</b>	<b>974,746,949</b>	<b>140,716,198</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES:</b>		
Purchase of Fixed Assets/Capital Work-in-Progress	(104,784,808)	(111,967,866)
Sale of Fixed Assets	2,597,419	7,423,994
Purchase of Investment (Short Term)	(440,000,000)	-
Sale of Investment (Short Term)	440,000,000	-
Advance against Share Application Money paid	(35,250,000)	(59,500,000)
Investment in Shares	-	(60,900,000)
Loans given to Others	-	(1,876,000,000)
Loans repaid by Others	988,316,544	1,041,000,000
Dividend Received	1,564,067	-
Interest Received	225,671,180	75,476,858
<b>Net Cash Flow From Investing Activities</b>	<b>1,078,114,402</b>	<b>(984,467,014)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Dividend Paid	(95,782)	(111,849,662)
Interest Paid	(114,407,617)	(257,876,160)
Proceeds from Short Term Borrowings	2,200,000,000	2,291,805,542
Repayment of Short Term Borrowings	(3,880,546,808)	(1,250,000,000)
Proceeds from Long Term Borrowings	500,000,000	-
Repayments of Long Term Borrowings	-	(100,000,000)
Proceeds from Vehicle Loans	22,395,000	1,400,000
Repayments of Vehicle Loans	(8,330,008)	(8,077,451)
<b>Net Cash Flow From Financing Activities</b>	<b>(1,280,985,215)</b>	<b>565,402,269</b>
<b>Net Cash Flow during the year (A+B+C)</b>	<b>771,876,136</b>	<b>(278,348,547)</b>
Cash and Cash Equivalents at the beginning of the year	143,021,383	508,034,051
Cash and Cash Equivalents transferred pursuant to the Scheme of Arrangement	-	(86,664,122)
<b>Cash and Cash Equivalents at the end of the year</b>	<b>914,897,519</b>	<b>143,021,383</b>
<b>Cash and Cash Equivalents comprise:</b>		
Cash in Hand	633,991	760,421
Balances with Banks:		
In Current Accounts	811,913,528	104,410,962
In Fixed Deposits (Refer Note 5 in Notes to Accounts)	102,350,000	37,850,000
<b>Total</b>	<b>914,897,519</b>	<b>143,021,383</b>

**Notes:**

- Previous year's figures are regrouped, rearranged or recast wherever considered necessary to conform to this year's classification. Current year's figures are not comparable with previous year's figures due to demerger of Regional General Entertainment Channels from the Appointed Date i.e. January 1, 2010 (Refer Note 1).
- The Scheme of Arrangement (Refer Note 1) has not been considered in the above Cash Flow Statement being non cash transaction.

As per our attached report of even date

For and on behalf of the Board

For **MGB & Co**  
Firm Registration No.101169W  
Chartered Accountants

**Punit Goenka**  
Managing Director

**Naresh Kumar Bajaj**  
Director

**Lalit Kumar Jain**  
Partner  
Membership No. 72664

**Dinesh Garg**  
Chief Financial Officer

**Pushpal Sanghavi**  
Company Secretary

Place: Mumbai  
Date: May 25, 2011

## FINANCIAL INFORMATION OF SUBSIDIARY COMPANY FOR THE YEAR ENDED MARCH 31, 2011

### ZEE AKAASH NEWS PRIVATE LIMITED

Particulars	Amount (₹)
<b>Summary Balance Sheet</b>	
Share Capital	40,000,000
Reserve & Surplus	185,918,554
Total Assets	389,338,691
Total Liabilities	163,420,138
Investments (excluding subsidiaries)	-
<b>Summary Profit &amp; Loss Account</b>	
Turnover/Total Income	342,177,710
Profit Before Tax	153,353,631
Provision for Tax	45,157,866
Profit After Tax	108,195,765
Proposed Dividend	-



## NOTES

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## ZEE NEWS LIMITED

Registered Office: Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai – 400 018

### E-COMMUNICATION REGISTRATION FORM

To,  
Sharepro Services (India) Private Limited  
Unit: **Zee News Limited**  
13 AB Samhita Warehousing Complex, 2nd Floor,  
Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road,  
Sakinaka, Andheri (E), Mumbai 400 072

#### Green Initiative in Corporate Governance

I/we hereby exercise my/our option to receive all communications from the Company such as Notice of General Meeting, Explanatory Statement, Audited Financial Statements, Balance Sheet, Profit & Loss Account, Directors' Report, Auditor's Report etc. in electronic mode pursuant to the 'Green Initiative in Corporate Governance' taken by the Ministry of Corporate Affairs vide circular no.17/2011 dated 21st April, 2011. Please register my e-mail ID as given below, in your records, for sending the communications:

Folio No. / DP ID & Client ID No. : .....  
Name of 1st Registered Holder : .....  
Name of Joint Holder(s), if any : .....  
Registered Address of the Sole/  
1st Registered Holder : .....  
.....  
.....  
No. of Shares held : .....  
E-mail ID (to be registered) : .....

Date: .....

Signature : .....

Notes:

- 1) On registration, all communications will be sent to the e-mail ID registered.
- 2) The form is also available on the website of the Company [www.zeenews.com](http://www.zeenews.com) under the section 'Shareholder's information'.
- 3) Shareholders are requested to keep the Company's Registrar-Sharepro Services (India) Private Limited informed as and when there is any change in the e-mail address.





## ZEE NEWS LIMITED

Registered Office: Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai – 400 018

### ATTENDANCE SLIP 12th Annual General Meeting

I hereby record my presence at the 12th Annual General Meeting of the Company at The Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018, on Monday, July 25, 2011 at 11.00 a.m.

.....  
Name of the Shareholder/Proxy (in block letters)

.....  
Signature of Shareholder/Proxy

**Folio No.** .....

**DP ID No.** .....

**Client ID No.** .....

**No. of Shares** .....



## ZEE NEWS LIMITED

Registered Office: Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai – 400 018.

### PROXY FORM 12th Annual General Meeting

I/We..... of .....

.....being member/members of

**ZEE NEWS LIMITED** hereby appoint .....

of..... or failing

him/her ..... of .....

.....as my/our proxy to vote for me/us on my/our behalf at the 12th Annual General Meeting of the Company to be held on Monday, July 25, 2011 at 11.00 a.m. at The Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018, and at any adjournment(s) thereof, if any.

Signed this ..... day of July, 2011.

Signature of Shareholder .....

**Folio No.** .....

**DP ID No.** .....

**Client ID No.** .....

**No. of Shares** .....

₹ 1/-  
Revenue  
Stamp

NOTE: The Proxy completed in all respect must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding of the meeting.









#### REGISTERED OFFICE

Continental Building, 135, Dr. Annie Besant Road  
Worli, Mumbai - 400 018, Maharashtra.

#### CORPORATE OFFICE

Essel Studio FC - 19, Sector - 16A, Noida - 201 301, Uttar Pradesh.