



Zee Entertainment Enterprises Limited

Annual Report 2009-10

Taking entertainment places



FORWARD LOOKING STATEMENTS

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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INTERNATIONAL PRESENCE



CHAIRMAN'S MESSAGE



DIRECTORS' REPORT

Where
are
we?



we
are
here.



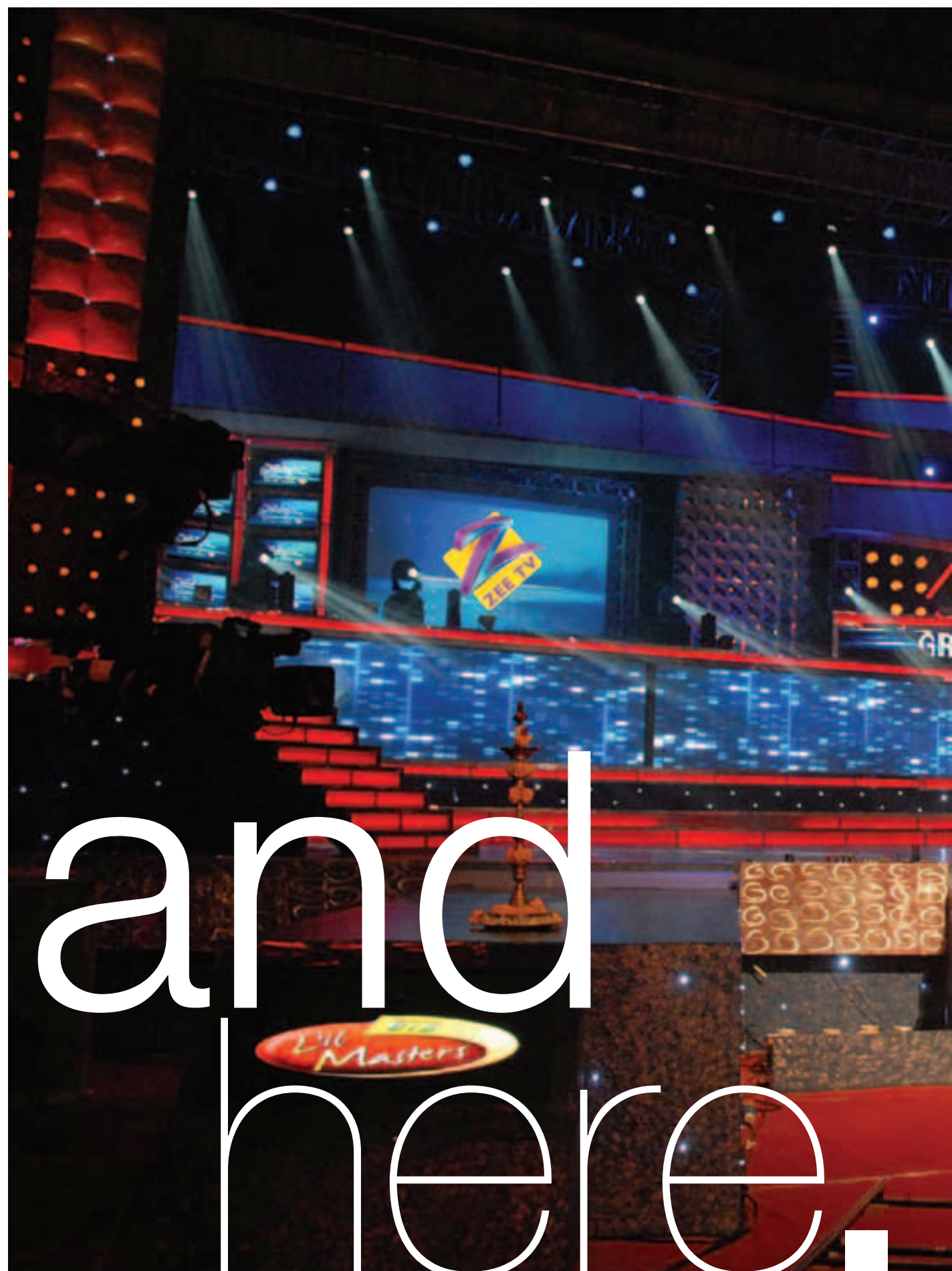
It is the entertainment buffet extraordinaire of the century, and everyone is invited.

We offer one of the largest spreads in the business with innumerable flavours, exciting genres, as well as a mouthwatering array of programming.

The medium, the message and the media – we have a major presence in each. We bring entertainment to people in 167 countries across the globe. We are the destination for seekers of ‘Indian flavoured’ entertainment as well as global programming. We appeal to the intellect, as well as the emotion. We deliver fact as well as fiction. Our eclectic programming range includes prime time drama series, reality shows, television movies, theatrical films, specials and daytime dramas, sports coverage, regional and international language based entertainment. We are here to provide the best in entertainment. We have made people recognise entertainment as Zee Entertainment.

We are Zee Network. With innovative shows, culturally relevant content, aesthetic presentation and a truly multi genre buffet of entertainment that suits every palate...

...We are here to stay!



and
here.



We were the first to be here. We are still the first choice of audiences in the Hindi GEC genre.

As a pioneer and the flagship channel of the group, Zee TV had a headstart in the Hindi Entertainment Channel business. It is a lead we have maintained over the past eighteen years, across continents. Zee TV is the first choice Hindi entertainment channel for the South Asian diaspora worldwide. Our popularity is a testimony to the consistent innovation and freshness we bring to our programming. From the very beginning we introduced a variety of programming like prime time drama series, television movies, theatrical films, specials and daytime dramas, each appealing to a segment of the audience. Even today our popular reality shows such as *Sa Re Ga Ma Pa* and *Dance India Dance* are redefining “entertainment” and connecting with audiences. For millions of people who love Hindi entertainment around the world...

...We are here to sustain their interest!



and
here.



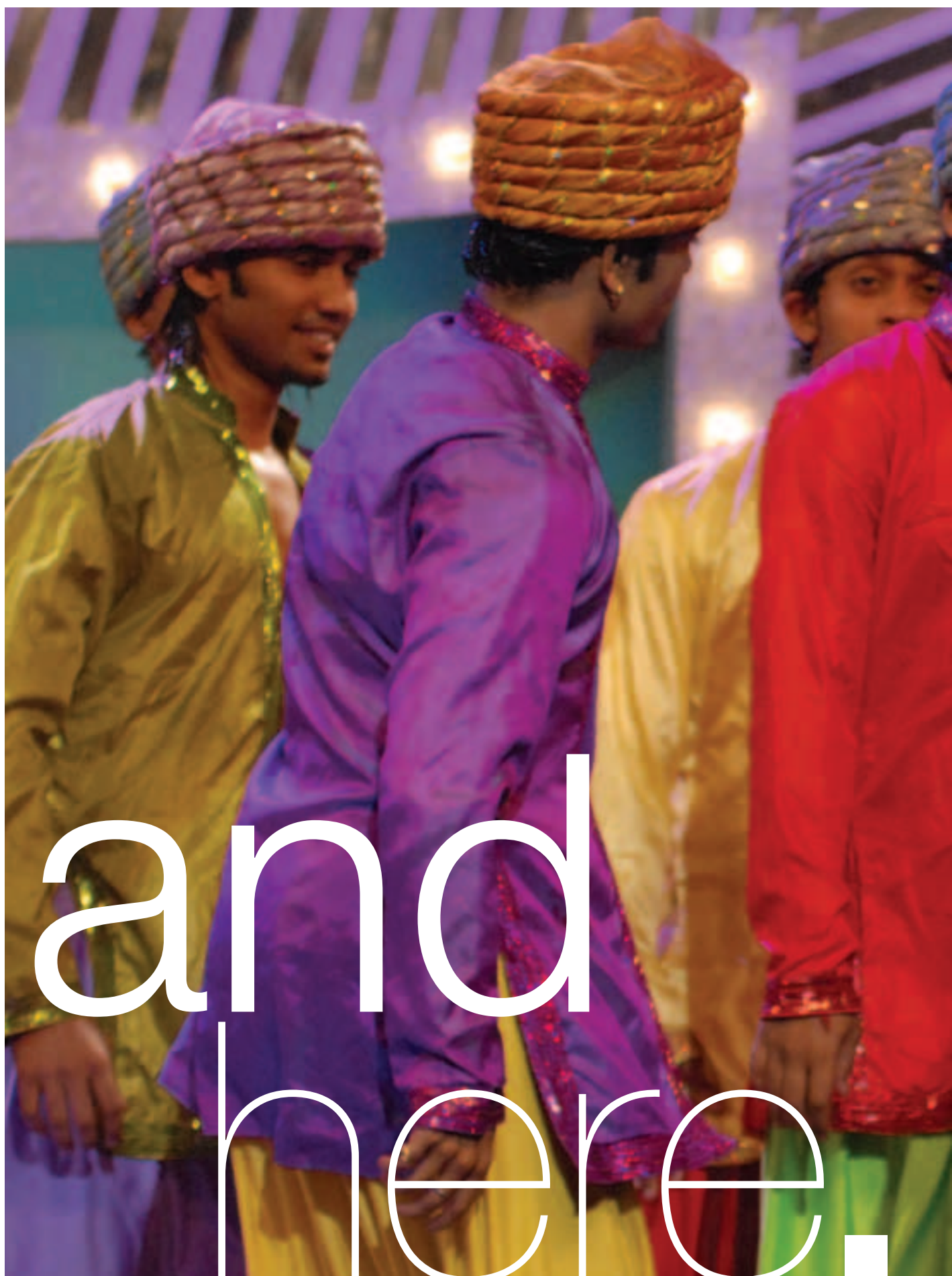
Lights. Camera. Action. Roll. Edit. Release. Zeetelecast.

It is an ongoing festival of films everyday on ZEE Entertainment Cinema channels.

Zee is the one of the most favored home viewing channel for people seeking quality film entertainment. We have different cinema channels dedicated to specific genres such as - Zee Cinema, Zee Premier, Zee Action and Zee Classics. Together these channels cater to a variety of audiences, and it's your own personal festival of films running on your TV. These channels command a sizeable lead in terms of eyeballs, over their nearest rivals.

With a variety of channels, some of the best and most loved old and new films, and an ever increasing viewership...

...We are here to expand!



and
here.



Namaste, Sat Sri Akal, Nomoshkar, Namaskar, Namaskara, Namaskaram Baagunnara.

Hindi, Punjabi, Bengali, Marathi, Kannada and Telugu – With our presence in these homes we celebrate the incredible diversity of cultures our country offers. Zee's regional channels regale viewers with ethnically nuanced content, issues that are regional and entertainment that suits the specific taste of the region.

Our regional channel foray is a recent one with the merger of the regional channels into the ZEE Entertainment palette. With increasing audience loyalty, increasing share of eyeballs, and advertising spends...

...We are here to grow!



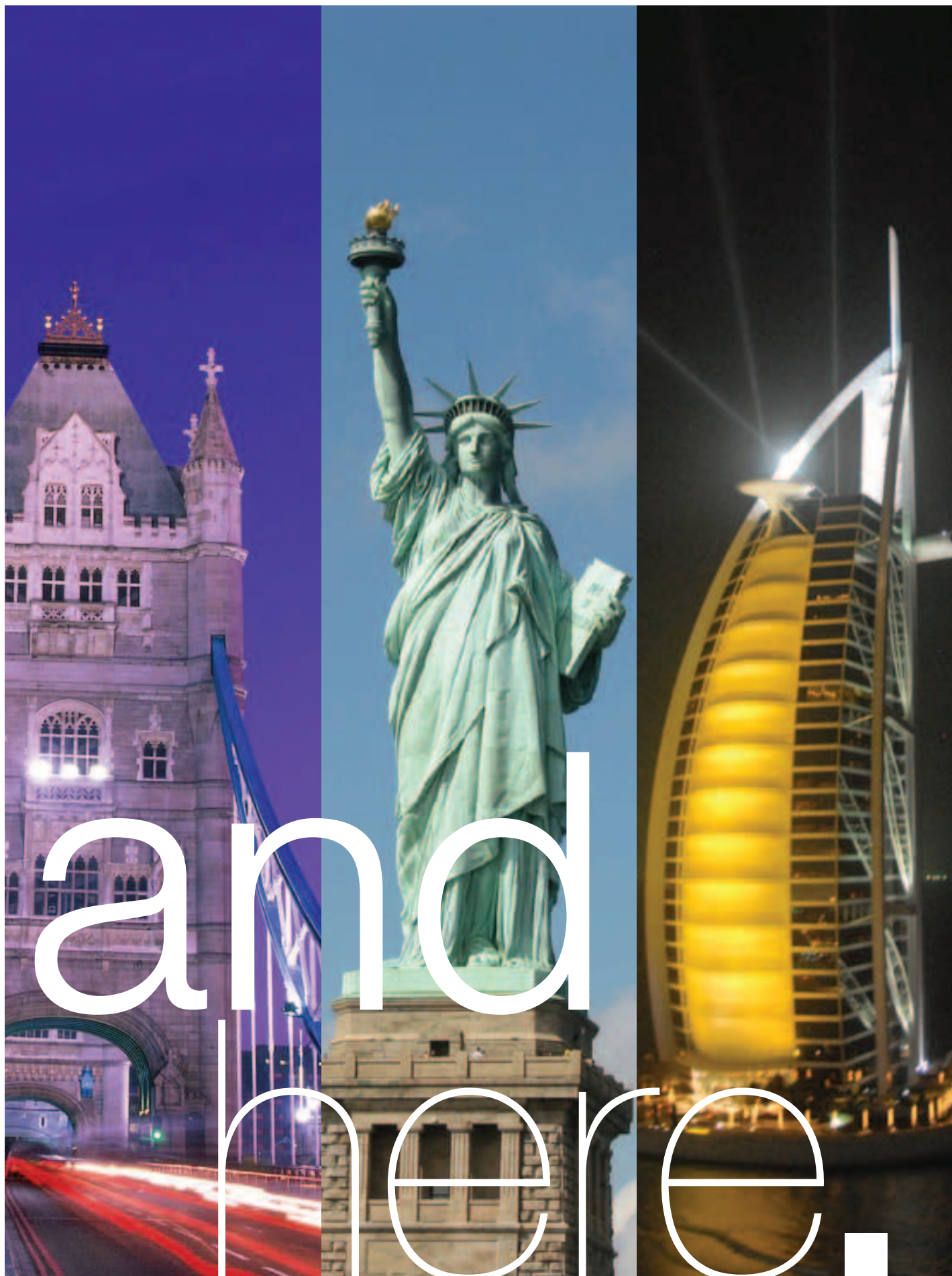


Its love all for cricket and a sixer for tennis!

Be it cricket or tennis, football or motor racing, for millions of sports enthusiasts, viewing sport programming is the preferred genre of entertainment! ZEE caters to this avid sports loving community through its Ten Sports and Zee Sports transmission systems. Ten Sports is the leading sports channel for Asians and has retained its number one position since its launch. It is amongst the world's leading producers and distributors of cricketing content and it owns the rights to broadcast games of half of the world's popular cricket boards. The channel also has exclusive, long term broadcast rights for the *UEFA Champions League*, *US Open Tennis*, and *WWE*. The channel also broadcasts and distributes international football, cricket and motor sport content on behalf of various rights holders across the world.

With an exciting line up of sports programming, shot and edited in a manner to raise the feeling of being part of the event, we can safely say that in the sports genre...

...We are here to win!





...and in USA, in Europe, in Middle East, Asia Pacific and Africa. In fact, we are almost everywhere.

We are here for the South Asian diaspora that is nostalgic of their homeland and hungry for culturally relevant entertainment. Zee reaches 500 million people across 167 countries and 5 continents. Zee has nurtured this multi ethnic, multi lingual audience since its early years through a variety of platforms.

Zee TV USA is the un-challenged leader in South Asian Entertainment across all Americas. Through its base in UK, Zee reaches 32 countries in Europe. Zee MENAP is the Zee arm that caters to audiences in Middle East, North Africa and Pakistan. It also caters to audiences in East and South Africa, as well as the Indian Ocean islands of Madagascar and Mauritius, as well as 43 countries in the Asia Pacific region.

Zee TV and the various ZEE channels deliver a taste of home culture and entertainment to the far from home, South Asian expatriate communities. For them...

...We are here to relate!



and

there



Taking Entertainment Places

where none others have been before...

.... and making Zee channels the destination to be for people seeking entertainment.

Taking entertainment places is what we have been doing ever since we began. It is unavoidable, especially when you consider that a pioneering spirit is our second nature.

Zee Entertainment Enterprises Limited (ZEEL) is not just the parent Organization of some of India's most preferred entertainment brands. It is also a trailblazing leader in the overall context of the media and entertainment industry in India.

Zee Entertainment is...

- ... the first media Company to launch a Hindi General Entertainment Channel (GEC), before it became the largest genre
- ... the first Indian media Company to list on a stock exchange, before the capital market became a preferred route for existing and newer entrants
- ... the first to launch a 24 x 7 news channel, before round-the-clock news channels became the norm
- ... the first to corporatise film making in India
- ... the first to launch and manage an MSO on a pan-India basis

Therefore, across every segment of the media value chain ZEE have been instrumental in defining the shape of things to come.

Today, ZEE is a name synonymous with Satellite Television in India, with a presence spanning over 167 countries. But to us, that is only the beginning. Our organizational energies are focused on delivering the next paradigm in entertainment and reaching out to a larger audience. Quite literally therefore, we are working on taking entertainment places.

Thus, across all the genres and verticals we operate in, the underlying theme is that of consistent innovation.



Chairman's Message

Subhash Chandra, *Chairman*

Dear Shareholders,

During the last fiscal year, the Indian economy has done fairly well for itself. Despite the global financial crisis, India has been resilient and emerged as one of the fastest growing and one of the more stable economies of the world. I am positive about India's growth story and the fact that India forms a vital component in the global economic health.

Countering the economic slowdown, 2009-10 has been a year of challenges and test of the fundamentals of our economy. I am impressed by the fact that as an economy, we have not only recovered from the recession, but also emerged stronger in all areas of development. Key indicators such as infrastructure development, surge in private equity transactions, flows from foreign institutional investors (FIIs) and conducive environment for the foreign direct investments (FDI) have all augured well for the Indian economy. I am delighted that as an Indian Company with a global outlook; your Company is also a part of this growth.

The GDP growth rate of 7.4 percent in 2009-10 surpassed the Government estimate of 7.2 percent for the full year. Government's positive initiatives like private investment in agricultural sector, auction for 3G spectrum to enhance technology development, swift infrastructure development and creation of new consumption platforms in Retail, Banking, Financial Services and Insurance (BFSI) and Media & Entertainment (M&E) sectors have augmented growth. With 70 percent of India's population based out of rural India, rural consumption has become an important constituent and further escalated growth. In addition to this, increase in domestic demand in manufacturing, industrial, FMCG sectors and further boost in advertising spends have stimulated the growth.

The sudden surge in disposable income has led to changes in consumer lifestyle and spending patterns, indirectly giving a boost to India's consumption. Today, India stands as world's second largest wireless network with over 500 million mobile users. Digital technology is advancing at an ever-increasing pace and the boom in technology is totally redefining the meaning of entertainment. The penetration of digital cable and DTH has augmented the growth in subscription revenues, while digitalization has opened a huge revenue opportunity for the M&E industry. Nearly 60

With unparalleled portfolios of programming properties, complemented by the distribution strengths from cable assets and reach of Pay TV, your Company is committed in creating operating efficiencies and developing new revenue sources for the long term.

per cent of C&S HHs are expected to be served by digital distribution by 2014.

With a CAGR of over 13 percent in the last few years, the M&E industry has played a vital role in the growth story of the Indian economy. The advertising spend in India stood at 0.41 percent of GDP, as compared to world's average of 0.80 percent. The figure clearly indicates that the M&E sector will form a major growth component of the nation's economy. The overall M&E industry size grew at the rate of 1.4 percent, from INR 579 billion in 2008 to INR 587 billion in 2009. With over 70 percent share, Television and Print have been two of the dominant mediums contributing to the total revenue of M&E industry. TV Advertising revenues witnesses a slowdown during the year 2010. While the growth rates have ranged upwards of 16 percent in the previous year, last year television advertising revenues are estimated to have grown by only 1 percent.

The Television industry is estimated to reach Rs. 289 billion in 2010 and is expected to grow at a CAGR of 15 percent over the next five years. The total TV households increased 5 percent in 2009 to reach 130 million, while the Cable & Satellite TV households increased at a faster rate to reach 100 million. Going forward, the DTH subscriber base is estimated to cross 50 million by 2014.

Currently, India is the third largest television market in the world and despite the size; it is one of the fastest growing markets. TV penetration in India is currently only 58 percent and C&S TV penetration is 43 percent. The consumption demand, fuelled by a steady growth in the Indian economy, would ensure a much greater number of television households.

Today, India stands as world's second largest wireless network with over 500 million mobile users. Digital technology is advancing at an ever-increasing pace and the boom in technology is totally redefining the meaning of entertainment.

To entertain people, we need to have fresh, engaging and innovative programming. It is imperative that the industry encourages indigenous ideas and develops compelling content. Today the consumer is willing to pay more for quality content, easy accessibility and comfort viewing. The way forward is to imbibe technology changes and to create leaders within the Organization, capable of tapping these opportunities, like the roll-out of 3G technology.

Today your Company is one of the foremost entertainment brands in the country, entertaining audiences globally. It gives me immense satisfaction to state that your Company has been a consistent performer and delivered a shareholder value CAGR of over 30 percent since inception. An able leadership team, creativity and sound business strategies have helped us stay ahead in the competitive broadcast industry.

Your Company has a multi-genre offering and is living up to its image of being a socially conscious network. Keeping the shareholders interest, the Organization is always trying to improve internal processes and sharpening the focus on cash flows, which is a conscious decision to improve earnings. With unparalleled portfolios of programming properties, complemented by the distribution strengths from cable assets and reach of Pay TV, your Company is committed in creating operating efficiencies and developing new revenue sources for the long term.

Sound principles of Corporate Governance are vital in the long term success of any Company and our endeavor is to maintain transparency and secure trust of our investors, employees, customers and public at large. Apart from this, our commitment is to value the talent of each individual, thereby harnessing the strengths of a diverse work force. My fellow Directors and I would like to thank all our colleagues for their unrelenting dedication and hard work.

I would like to thank you, fellow shareholders, for your interest in Zee's progress and the faith you have in the future of the Company. We will continue to make every effort to ensure that Zee remains a valuable investment for you.

Subhash Chandra
Chairman

MD & CEO's Review



- Punit Goenka, MD & CEO

Dear Shareholders,

I am pleased to present the Annual Report to you all. It was a challenging year for all of us at the Company, yet we emerged stronger and bigger and more profitable. In a year when advertising revenues witnessed a dramatic slowdown, when competitive activity was intense, we managed to grow our marketshare and also improve our operating margins. Your Company's foundation of leading brands, unmatched global footprints and a strong financial position has proven that we have the right fundamentals for growth even under challenging economic conditions. Our endeavour towards continuous innovation to stay ahead of the curve and seize opportunities has made us grow in strength.

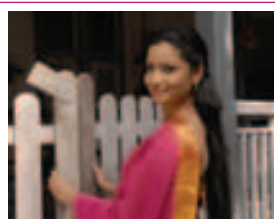
Financial year 2009-2010 saw our flagship channel Zee TV reiterate its leadership position as we emerged as the highest viewed channel across television in India in the last week of June 2009 and enjoyed a strong leadership position year around.

A significant move this year was the acquisition of the Regional General Entertainment Channels (R GECs). With this your Company has strengthened its product fit as the R GECs offer Zee an opportunity to be part of the robust growth which the Indian regional market is witnessing. With the leading regional channels now in Zee's fold the Company has unparalleled reach across the country. This move has also



Zee Music becomes ZING

April '09



Zee TV - Pavitra Rishta leads the prime time charts

May '09



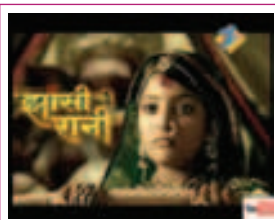
Zee Café and Zee Studio - win Gold at Promax

June '09



Zee TV - SaReGaMaPa L'il Champs hosts LIVE Finale

October '09



Zee TV - now on Youtube

July '09



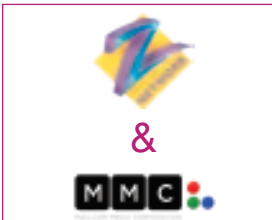
Regional channels are now a part of ZEE

August '09



Zee Talkies - hosts Maharashtra's Favourite Kaun Awards

September '09



ZEE enters into JV with Mail.com for portal www.india.com

January '10

provided the Company an opportunity to take the regional channels international and increase revenue streams further.

As we continued to build our product portfolio for creating long term value, we acquired additional stake in Taj Television (India) Pvt. Ltd. (Taj India). Zee further strengthened its bouquet with the merger of ETC Networks Limited with the Company and the subsequent demerger of the Education Business into Zee Learn Limited.

We also maintained our leadership position in the international markets through relevant content, aggressive marketing campaigns and fresh distribution tie ups across territories. As a result of the improved business environment and steady uptrend of ratings of all the Network's channels, the advertising revenue of the Company grew substantially.

The year gone by has given Zee tremendous growth opportunity to exploit synergies across the entertainment spectrum. The benefits would accrue because of more effective cross pollination of ideas. The Company's commitment to its viewers of delivering high quality content across genres has translated into satisfactory financial results.

This year, I am confident that our content-focused approach combined with monetization on subscription revenues, especially from digital markets, will contribute to the Company delivering steady and attractive shareholder returns. We will continue to strengthen our portfolio through investments in distinctive offerings and continue with the leadership trend in all our businesses.

At Zee, we will continue to deliver our promise of giving joy to viewers as we grow with the support of our talented workforce. With this fundamental promise we look forward to the road ahead and to make the best out of the substantial opportunities.

Yours Sincerely,

Punit Goenka

MD & CEO

Achievements & Awards 2009-10

EFFIES MENA AWARD

Zee Aflam wins Gold Award for Marketing

FICCI FRAMES

- ▣ Most Successful Show of the Year award (Dance India Dance)
- ▣ Best Entertainer of the year, Television (Ulka Gupta of Jhansi ki Rani)

AP STATE NANDI TV FILM AWARD

Zee Telugu

PROMAX DDA

Zing Ne Bana Di Jodi wins Gold Award

INDIAN TELLY AWARDS

- ▣ Best Dance Reality Show (Dance India Dance)
- ▣ Best Singing Talent Show (SaReGaMaPa)
- ▣ Most Popular Actress (Ratan Rajput)
- ▣ Best Historical Show (Jhansi ki Rani)
- ▣ Popular Supporting Actor (Female) (Savita Prabhune)
- ▣ Popular Actor - Negative Role (Sudesh Berry)
- ▣ Popular Fresh New Face Male (Avinash Sachdev)

- ▣ Zee TV's Aap ki Anatara – adjudged as the best serial
- ▣ Sa Re Ga Ma Pa – completes 1000 episodes



Zee Talkies - 'Natarang' showcased at the International Film Festival

November '09



ZILS demerges from ZEE

December '09



Zee Conducts *Rishtey Awards*

February '10



Ten Sports telecasts Hockey World Cup LIVE

March '10

Corporate Information

BOARD OF DIRECTORS

Subhash Chandra	Chairman
Laxmi Narain Goel	Director
Ashok Kurien	Director
Brijendra K Syngal	Independent Director
Nemichand S Jain	Independent Director
Rajan Jetley	Independent Director
Sir Gulam K Noon	Independent Director
Dr Mohammed Y Khan	Independent Director
Prof R Vaidyanathan	Independent Director
Punit Goenka	Managing Director & Chief Executive Officer

SENIOR MANAGEMENT

Amitabh Kumar	Technology
Atul Das	Corporate Strategy & Business Development
Atul Pande	Sports
Bharat Ranga	International Operations
Dr Rajesh Save	Human Resources
Hitesh Vakil	Finance
Joy Chakraborty	Domestic Revenue & Niche Channels
Nitin Vaidya	Content - National & Regional HSM
Roland Landers	Corporate Brand Development

AUDITORS

M/s MGB & Co.

COMPANY SECRETARY

M Lakshminarayanan

BANKERS

Axis Bank Ltd.

BNP Paribas

Yes Bank Ltd.

ING Vysya Bank Ltd.

Standard Chartered Bank

REGISTERED OFFICE

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

www.zeetelevision.com

Mission

To be the leading round the clock airtime properties provider and delight the viewers not only through our general entertainment and infotainment channels, but also through quality cinema from our movie banners.

As a Corporation, we will be profitable, productive, creative, trendsetting and financially sound with care and concern for all our viewers and stakeholders namely advertisers, cable operators, producers and production houses.



Values

CUSTOMER FOCUS

Our Company's strategies are driven by the needs of the customer. Our success can be measured by the satisfaction achieved by our customers.

EXCELLENCE

We accord a high premium to maintaining superlative standards throughout our Company. We encourage our employees to come up with smarter ideas within the fastest possible time.

CREATIVITY

Key to our value system is innovation and originality. We recognise and have a high regard for individual expression and creative freedom in our quest to provide customer satisfaction.

INTEGRITY

We observe strict ethical standards through editorial independence and creative expression, in order to earn the trust of our viewers and subscribers.

GROWTH DRIVEN

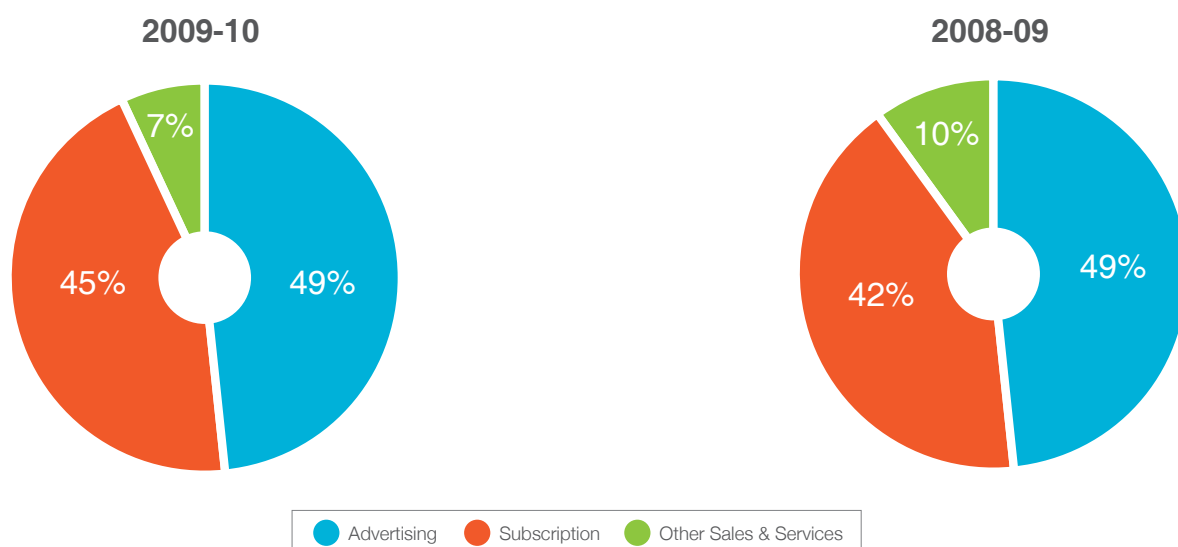
We are committed to delivering consistent revenue and cash flow growth in order to provide our shareholders a good return. Our objective is to grow our people, market and businesses around the world.



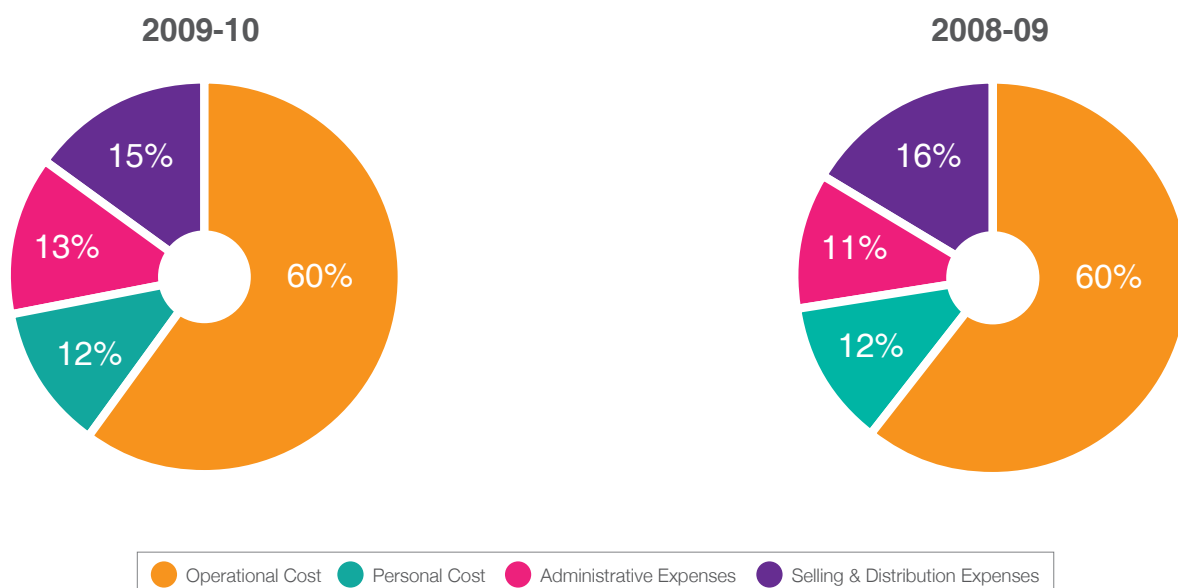
Financial Highlights

Consolidated

Revenue Profile



Cost Break Down



Income from Operations

(Rs. in million)

CAGR

7.38%

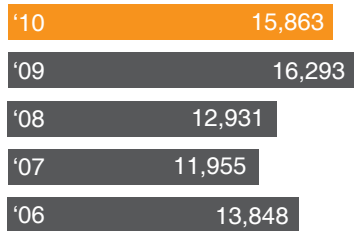


Total Expenses

(Rs. in million)

CAGR

3.45%

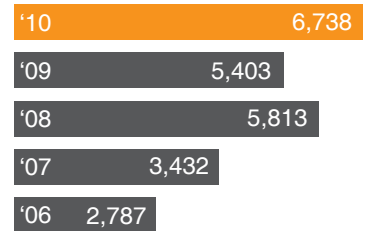


Profit before Tax & Exceptional Items

(Rs. in million)

CAGR

24.69%

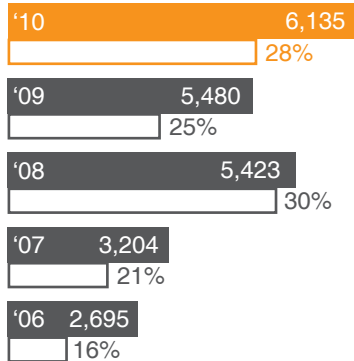


Operating Profit

(Rs. in million)

CAGR

22.83%

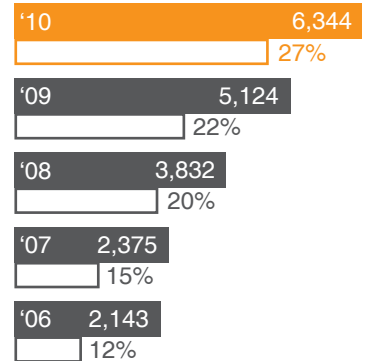


Profit after Tax

(Rs. in million)

CAGR

31.17%

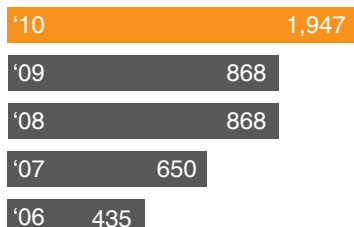


Dividend

(Rs. in million)

CAGR

22.54%

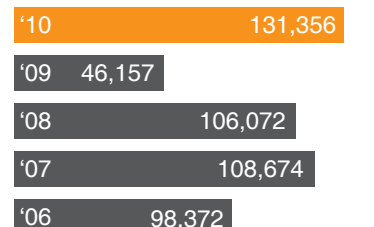


Market Capitalization

(Rs. in million)

CAGR

7.50%



Operational Highlights

Zee Telugu **No. 1** in Non-Fiction, Prime Time Band and Morning Band

35% Zee Marathi's Relative Share In Maharashtra Market



Zee Marathi has the **highest viewership in Maharashtra** market

(Viewers in Million)

Zee Marathi	14.8
ETV Marathi	13.6
Star Pravah	11.5

Source: TAM Peoplemeter, CS4+ Yrs, All Mah, Apr 2009 till Mar 2010



Non-Fiction GRPs and Relative Share (%) of GECs

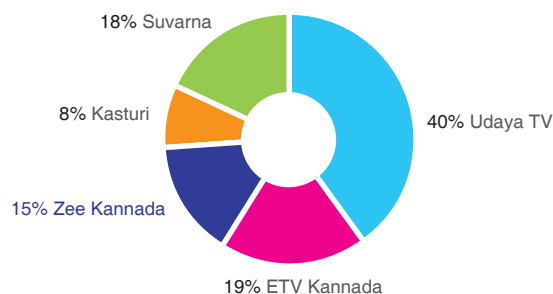
Zee Telugu	32%	168
Gemini	18%	97
Eenadu TV	25%	130
Maa Telugu	25%	133

■ GRPs ■ Rel. Share (%) of GECs

Source: TAM



Starting at 11% in April '09, Zee Kannada's relative share grew to 15% among the five Kannada GECs



Source: TAM, Kannada GECs, CS 4+ Yrs, Karnataka

Zee Cinema **No. 1** Hindi Movie Channel in FY 09-10

Zee TV has **53%** South Asian viewership in USA



Zee Cinema GRPs in FY 09-10 : Hindi Movie Channel

Zee Cinema	143
Max (excl. IPL)	140
Star Gold	97
UTV Movies	39
Filmy	26

Source: TAM Peoplemeter System, HSM; C&S4+; Max data is excluding IPL ratings



No.1 channel - 18 months in a row in Hindi GEC

GRPs and Reach in FY 09-10 in U.A.E. markets

Zee TV	121	23%
Star Plus	105	22%
Sony	70	14%

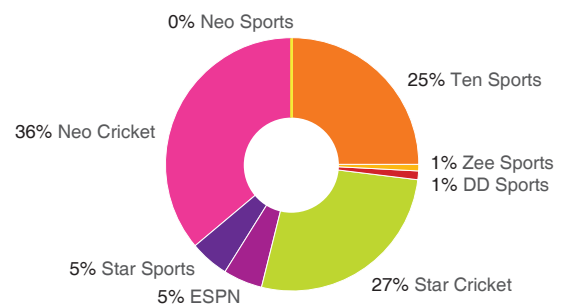
■ GRPs □ Reach

Source: IPSOS, March 2010

Target Group: Indians, Pakistanis, Bangladeshis, Sri Lankans



Ten Sports Network Share 26%



Source: TAM; TG: CS M 15+; Market: All India;
Period: 1st Apr'09-31st Mar'10

Zee - The 5 Minute Read

Who can entertain 500 million viewers across 167 countries of the globe in a sustained manner over a period of 18 years?

Zee Entertainment Enterprises Ltd. We are here to entertain. Zee Entertainment has achieved this geographical spread and share of eyeballs through constant evolution, continued alignment with changing tastes and audience expectations, investment in new technology platforms and creation as well as aggregation of content.

THE FRONTRUNNER

Zee Entertainment is India's leading television, media and entertainment Company and amongst the world's largest producers and aggregators of Hindi programming, with an extensive library, housing over 80,000 hours of television content across **30 channels**.

Successful programming and marketing initiatives have enabled us to position ourselves as a strong brand with a robust 20% market share. We are also the largest entertainment businesses serving the expatriate South Asian community across the world delivering an interesting mix of programming across genres.

BUSINESS RESTRUCTURING

Zee Entertainment's initiatives to restructure its business portfolio and acquire the Regional GEC business will ensure greater consolidation and synergies and result in better value creation.

CONSISTENT NETWORK PERFORMANCE

On the viewership ratings front, Zee TV peaked at 281 GRPs in the third week of August, 2009. Zee TV also outshined all competition at the 9th Indian Telly Awards 2009 and won a record 9 awards. Zee Aflam, Zee Network's Bollywood channel packaged in Arabic for the Arab community won the gold award at the prestigious Effies MENA Awards for Marketing in 'Media/Content/Internet Provider' category. Zee TV also celebrated its golden moments with 'Zee Rishtey Awards 2010', where viewers got an opportunity to meet their favourite stars. Zee Café won the prestigious 35th People's Choice Awards.

Zee's education venture ZICA (Zee Institute of Creative Arts) bagged a nomination in the fourth China International Student Animation Festival for an animated movie – 'Education Bazaar'. Zee is the only media Company to feature in the 'Super 100' companies listed under Business India.

MOBILE GAMING FROM ZEE CINEMA

Zee Cinema became the first ever Hindi movie channel to launch mobile gaming. Zee Cinema offered its viewers an opportunity to auction celebrity costumes and 50 per cent of the proceeds were donated towards charity. Zee Cinema had 47 movies in top 100 programmes across the movie genre.

SPORTING ACTION

Zee Sports broadcasted the prestigious ABN AMRO Men's Champions Trophy while Ten Sports showcased live telecast of the 2 week long US Open 09, both premier sports events with high viewership.

INTERNATIONAL ALLIANCE

Zee Africa tied up with channel partner CANAL+, a leading French television channel.

BEST OF ENGLISH CONTENT

Zee Café brought the latest seasons of some of the most popular TV series and also telecast the Emmy Awards 2009 live. On the other hand, Zee Studio enriched its library with 18 sparkling satellite premieres continuing its trend of bringing stimulating movie experiences into the viewer's living room.



Hindi General Entertainment Channels	Regional General Entertainment Channels	Bollywood	Sports
Zee TV	Zee Marathi	Zee Cinema	Zee Sports
Zee Smile	Zee Bangla	Zee Premier	Ten Sports
9X	Zee Talkies	Zee Action	
	Zee Kannada	Zee Classic	
	Zee Telugu		
	ETC Punjabi		



Moto GP



Dadagiri Unlimited



Pavitra Rishta



Movie - Fashion



Alladin



Parvathi Parmeshwara

FOCUS ON NEW MEDIA

Zee Entertainment Enterprises entered into a joint venture with Mail.com Media Corporation (MMC), a leading digital media Company based in Los Angeles, USA in February, 2010. This JV marks the launch of an online and mobile entertainment portal. The new content-centric portal will offer users a broad range of exciting entertainment viewing options and other leading portal applications.



English Entertainment	Music	Alternate Lifestyle	International Presence
Zee Cafe	Zing	Zee Jagran	167 Countries
Zee Trendz	ETC	Zee Salaam	500 Million Viewers
Zee Studio			19 Beams International

Business Division Summary



HINDI GEC

ZEE Entertainment's Hindi General Entertainment vertical is an integrated monolith that includes the largest library of Hindi programming in the world, the largest MSO operation in India reaching an approximate 95 million households in India, and one of the largest Indian multi distribution platforms in the world. The Hindi GEC reaches audiences in countries including USA, Canada, Europe, Africa, the Middle East, South East Asia, Australia and New Zealand. Zee has emerged as one of the most popular brand within a decade of its launch.

ZEE TV

www.zeetv.com

THE UNIQUE TASTE OF HINDI ENTERTAINMENT

Zee TV is the flagship channel of the Zee Network and its most recognised and welcomed face. Launched in October of 1992, its continuing global popularity is a testimony to its intelligent and audience friendly programming across different segments. With its strong brand equity it is the largest media franchise serving the South Asian diaspora.

During the year in review, Zee TV continued its path breaking innovation in its programming. Several of its new programmes including *Agle Janam Mohe Bitiya Hi Kijo*, *Pavitra Rishta* and *Jhansi ki Rani* became big hits with the audiences and established new benchmarks in broadcasting. Zee TV's home grown brands of *Sa Re Ga Ma Pa* and *Dance India Dance* scaled greater heights when 76,000 number of people participated in the auditions of these shows. By delivering a wide variety of entertaining programmes across genres, the channel lived up to its tag line of - '*Har Pal Banaye Ek Naya Rishta*' (make new relationships every moment). Zee reiterated its leadership position and reaffirmed its commitment to innovative content, high quality entertainment and novel programming in keeping with changing tastes.



HIGHLIGHTS 2009-10

CONSISTENT LEADERSHIP

Pavitra Rishta remained a leading daily soap across Hindi GECs during the course of the year; *Lil Champs* and *Dance India Dance* topped the non-fiction charts; The 7 TVR of ZEE *Rishtay Awards*, has been the highest that any event has witnessed in 2009-10 against stiff competition. Zee's shows dominated the top 50 charts most of the year. Zee has once again managed to retain its edge across programme formats, and audience categories.



ZEE SMILE



DEDICATED TO THE LIGHTER VEIN

Zee Smile is a free-to-air entertainment channel that broadcasts original content, some of which is also shown on Zee TV. It attracts a huge viewership thanks to its free to air access. Zee Smile is focused on fun and comedy and it airs daily soaps, game shows, comedy chat shows, and comedy movies. Most of the programming on this channel showcases the lighter side of life. As a free to air channel, it is widely viewed and is a favorite of family audiences.



Pavitra Rishta has been amongst Top 5 since launch.

Close to 36000 kids were auditioned for *Dance India Dance Lil Masters*.



Jhansi ki Rani - Best Entertainer of the year.

About 40,000 people got auditioned for *Dance India Dance 2* across the globe.



SMART CASTING

During the time when every other channel brought programmes with star power to attract audiences, Zee TV acted as a contrarian and yet retained and grew its viewership. It accomplished this by smart casting - to create a freshness in offering as well as achieving cost optimization. A good example in this context are Afsha and Dhruva; the hosts of *Lil Champs* who went on to become celebrities in their own right. Such initiatives have resulted in Zee TV truly reaching to the masses and making stars out of common people.



9X

www.9xtv.in

GROWING INORGANICALLY

ZEE Entertainment further consolidated its position in the Hindi GEC segment by acquiring the 9X Channel Business from 9X Media Pvt. Ltd.

Business Division Summary



CINEMA

The Indian film industry is accepted as the most prolific in the world, and Indian audiences are avid film lovers.

Zee Entertainment's Hindi movie channels, Zee Cinema, Zee Premier, Zee Action and Zee Classic deliver the best of Bollywood films and film based entertainment to the audience. Zee Entertainment's cinema channels have been leaders in the genre with a major pie of the market share.



ZEE CINEMA

www.zeecinema.com

ZEE ENTERTAINMENT'S CINEMA BONANZA - NOW SHOWCASED IN LIVING ROOMS ACROSS INDIA

Zee Cinema, India's first 24 hours Hindi movies channel is the home of Bollywood movies and one of the most viewed film channels in the country. Its vast viewership is a reflection of the channel's ability to consistently listen, understand, respond proactively, meet and exceed the changing audience expectations.

For its viewers, Zee Cinema strives to be -

MORE MOVIES. MORE MASTI. MORE MAGIC.



Zee Cinema was India's first 24x7 cinema channel and it revolutionised the film industry by bringing Bollywood entertainment to the living rooms of its fans. The channel has a vast collection of Bollywood hits starring the top talents of the industry which it showcases in themed series such as *Shanivar ki Raat, Amitabh ke Saath*, (Saturday Night with Amitabh) and *Showman's Show* (featuring films of leading Directors), *Dopahar Zee Cinema Par*, *Lady's Raaj* (specially designed for the women audience) and *Mohe Mithunda se Milwade* to name a few.

In order to bring the *Masti* element of Bollywood entertainment, Zee Cinema initially began "Buzz of the Week" where leading superstars spoke to the audiences about their films that are shortly to be released.

Zee Cinema has also extended the magic of cinema to a new and emerging media by creating India's first mobile game - *Cinema Ka Baadshah*.

With Zee Cinema's robust distribution network spread across India, it enjoys the distinction of being the country's first pay channel. Over the years the channel's sprucing up premieres and specials with exclusive content have been widely appreciated.



HIGHLIGHTS 2009-10

Zee Cinema continued to meet its profit targets during the year. It also retained its position as the leading Hindi Movie Channel. The channel has commissioned a new look that is slated for launch in 2010-11. A path breaking initiative that the channel began is *Bid for Bollywood* – an initiative to bid for original costumes of the biggest Indian film stars.



Business Division Summary



ZEE PREMIER

HOME BOX OFFICE FOR BOLLYWOOD BLOCKBUSTERS

Zee Premier is a 24 hour movie channel that features some of the latest films from Bollywood. It enables movie buffs, and cinema addicts to feast on a collection of exclusive entertainment and art value content. The collection also features the world television premiere of many award winning movies such as *Taare Zameen Par*, *Dhool*, *Dharmam*, *Jodha Akbar* and *Race*. Zee Premier appeals to the “young at heart” section of the populace.



ZEE CLASSIC

NOT JUST THE OLD, BUT THE GOLDEN OLDIES

Zee Classic is the home to the ‘blast from the past’ – and it airs films from its outstanding library of Indian cinematic classics. It is the most popular channel after Zee Cinema. The channel airs many classics from the black and white era, films that are difficult to access otherwise. The focused channel revives magic moments of the yesteryears by airing old block busters and classic cinema.



ZEE ACTION

LIGHTS, CAMERA AND ACTION OF A DIFFERENT KIND

Zee Action caters to the millions of lovers of Action films. The channel has a collection of hundreds of action films made over the past three decades. The channel has regaled action lovers with blockbusters such as *Ghayal*, *Ghatak*, *Tahalka*, *Elan-e-Jung*, *Phool aur Kaante*, *Apradh* and *Qurbani*. Themed action entertainment like *Teen Ka Tashan* have brought alive the magic of action movies into the living rooms and created a special experience crafted only on Zee Action.



ALTERNATE LIFESTYLE

The stress and demands of the modern materialistic lifestyles are prompting people to turn to spirituality and religion for some solace. People find refuge and a safe haven in the eternal wisdom and teachings of religion. Regular prayers and meditation is the accepted way across India to enhance Quality of Life. Zee Entertainment's alternate lifestyle genre aims to expose people to the spiritual and religious side of life.



ZEE JAGRAN

www.zeejagran.com

REAWAKENING THE SPIRITUAL SOUL

Zee Jagran is slotted in the spiritual and religious entertainment genre. It aims to awaken and enrich the lives of people by helping them realise the innate spiritual aspects of their life. This lifestyle channel provides holistic entertainment to the audience through alternate lifestyle programmes, interactive astro-solutions, spiritual content and mythological and socially relevant movies and serials. The 24 hour socio-spiritual channel is far ahead of its competition in terms of its capabilities in content creation and the standard of its offerings.

Zee Jagran is a 24 hour socio-spiritual channel which provides holistic entertainment to the audience through alternate lifestyle programmes.



ZEE SALAAM

URDU INFOTAINMENT

Zee Salaam, the Urdu infotainment channel dedicated to Urdu language and Muslim Culture was launched by Zee Network in the month of February this year. This channel offers an array of purely religious, semi-religious and light hearted programmes. Since its inception the channel has been embraced with open arms by connoisseurs and normal viewers, alike. So far, it is been the only channel in the genre that got permission to showcase the Ajmer URS Sharif festival live for all the six days in June.

The content offering of the channel is a quality line up of programmes, which provides education, lifestyle, family entertainment, travel show, historical documentaries, Sufi wisdom, kids programmes, Maghrib & Isha prayers, community updates, legal talks, legacies of Islam and more. It is a broad mix of religion, serials and musicals.

Business Division Summary



SPORTS

Zee Entertainment holds a majority stake in Ten Sports and also owns - ZEE Sports. On Ten Sports, WWE and cricket are the main drivers of content; whereas ZEE Sports is the home of Indian and International football. It also telecasts the *UEFA Champions League*. Together, the two channels deliver a rich mix of sports content and they command a significant market share.



TEN SPORTS

www.tensports.com

Ten Sports was launched on April 01, 2002 by Taj Television Company, a full-service television concern, based in Dubai Media City having eight regional offices across the sub-continent. Taj Television (India) Pvt. Ltd is a wholly-owned subsidiary of Zee Entertainment and the exclusive distributor of the Ten Sports channel to cable operators in India.

Ten Sports transmits three localised beams which are compliant to all DTH platforms, and the channel is available in more than 75 million homes in over 75 territories.

Today, Ten Sports is Asia's leading sports channel, that commands a 60% share in the genre in India; and the pattern is repeated across the region. Since its launch in 2002, the channel has emerged as one of the World's leading producers and distributors of live cricket. Ten Sports owns the commercial rights to broadcast games of half of the world's cricket boards, including the West Indies, Pakistan, Sri Lanka, South Africa, and Zimbabwe. Other exclusive and long-term broadcast rights it owns includes rights to the *UEFA Champions League*, *US Open Tennis* and *WWE*.

HIGHLIGHTS 2009-10

The channel kept sports lovers glued to their television sets with exciting games such as the 4 match ODI series v/s West Indies, *The Compaq Cup*, *The Hockey World Cup 2010* and the *UEFA Champions Trophy*. It also featured the *US Tennis Open*, the *Tour de France* and the *Moto GP 2009*.

**126 DAYS
OF LIVE
INTERNATIONAL
CRICKET FROM
ACROSS THE
WORLD**



ZEE SPORTS

www.zeesports.com



INTERNATIONAL SPORTING EVENTS FOR THE INDIAN SPORTS LOVER, INDIAN SPORTS EVENTS FOR THE INTERNATIONAL AUDIENCE.

Zee Sports is India's first privately owned sports channel and was launched in the year 2005. In the five years since its inception the channel has evolved into one of the biggest forces in sports entertainment genre for Indian audiences.

Zee Sports showcased some of the most popular cricketing events featuring powerful teams such as - Pakistan, Sri Lanka and Zimbabwe. Broadcasting events such as the WWE have made wrestlers like Khalli, a superhero in India and a superstar abroad. Besides, the channel showcases a variety of adventure sports programming.

HIGHLIGHTS 2009-10

During the year, Zee Sports broadcasted the *Nehru Cup* games, *The Federation Cup*, *The I-League* and *Santosh Trophy* games.



Indian Team in ODI series



Hockey World Cup



UEFA Champions League

Business Division Summary



REGIONAL GEC

The Regional channels of Zee Entertainment address the culturally and linguistically diverse Indian audiences and delivers culturally nuanced programming across genres. Zee Entertainment popular regional channels like Zee Marathi, Zee Bangla, Zee Telugu, Zee Kannada and ETC Punjabi give it unparalleled reach and depth across regional markets.



ZEE MARATHI

www.zeemarathi.com



मी मराठी. झी मराठी.

"MEE MARATHI ZEE MARATHI"

Zee Marathi was launched in 1999 as the quintessential entertainment channel for the culturally rich Marathi audience.

Today it is one of the biggest regional offerings of the Network.

The channel has made its mark among Maharashtrians across the world with trend setting shows like *Avantika*, *Wadalavaat*, *Gandhar Tipre*, *Ya Sukhano Ya and Hafta Bandh*. These shows have created a strong channel identity and brand association in the minds of the audience.

During the year, Zee Marathi continued its dominance in the Maharashtra market delivering 201 weekly GRPs on an average. It attained a channel share of 42% in its genre. The channel has a nearly 90% lead against its nearest competitor. It broadcasts an eclectic mix of fiction, reality, events and movies in prime time. It's innovative programming mix such as the hugely popular *Kumku* and its fictional dailies *BhagyaLaxmi* and *Mazhiya Priyala Preet Kalena* have helped it retain audience interest and eyeballs. Its stand-up comedy show *Foo Bai Foo* is the top rated show on the channel. The dominance of the channel is such that 48 of the top 50 rated shows belong to Zee Marathi.

In an important development, '*Natarang*' – the film which had its world premiere on the channel garnered 7.3 TVR (C&S 4+ All Maharashtra). This film was a Zee Talkies home production. The film is not only the biggest blockbuster but also the most critically acclaimed films of all time internationally.

Zee Marathi has a nearly 90% lead against its nearest competitor. It broadcasts an eclectic mix of fiction, reality, events and movies in primetime.





Business Division Summary



Movie 'Natarang'

ZEE TALKIES

www.zeetalkies.tv



महाराष्ट्राचा महासिनेमा

Zee Talkies has the largest library of Marathi films. It is the only movie channel that airs 5 original movies a day!

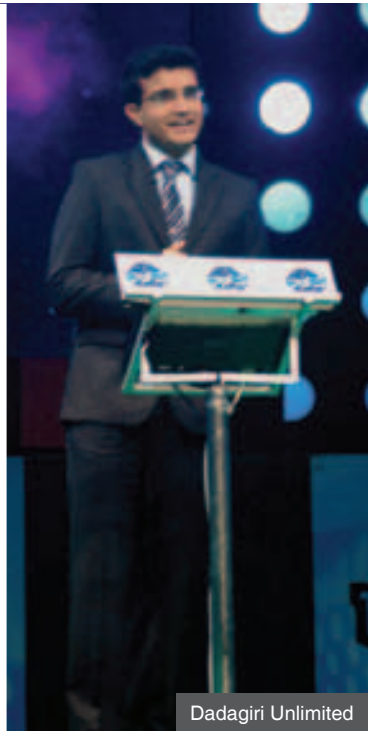
MAHARASHTRACHA MAHACINEMA

Zee Talkies, was launched in 2007 as India's first 24 hour Marathi film channel. It showcases movies, movie stars, music and everything to do with Marathi movies. The channel has the largest library of Marathi film masterpieces. Zee Talkies is the only movie channel that airs 5 original movies a day! Zee Talkies has delivered an average of 52 GRPs in the first quarter of the year in review. This top rating in popularity comes on the back of audience favorites such as *Saturday Housefull*, *Shaniwaar Funniwaar*, *Mahacinema* and *Sunday Superhit*.

Zee Talkies also airs the much talked about *Talkies Box office* which deliver's updates about new Marathi releases and box office results. The channel has topped charts with the premiere of *Nishane Dava Angatha*, *Ashi hi Banva Banvi*, *Laagnachi Vaarat Londoncha Gharaat* and *Checkmate*.



Khona



Dadagiri Unlimited



Agnipariksha



Devdas

ZEE BANGLA

www.zeebangla.com


JIBON MAANE ZEE BANGLA

With a tag line that reads as - Zee Bangla is a reflection of life, the channel aims to meet the aspirations of the Bengali diaspora for entertainment with uniquely Bengali sensibilities. The channel was initially launched as Alpha Bangla in 1999 and was later rechristened Zee Bangla. The channel endeavours to remain connected to viewers' lives throughout the year – be it International Women's Day, Holi, Durga Pujo, Diwali or through promoting viewpoints on relevant topics such as Violence against Women. The channel has a library of over 9,000 hours of Bangla entertainment and has rights to over 600 Bengali films.

Zee Bangla has a library of over 9,000 hours of Bangla entertainment and has rights to over 600 Bengali films.

Zee Bangla hosted an eclectic mix of programming including mythological, family dramas, classics like Sarat Chandra Chattopadhyay's *Devdas* as well as the famous dance reality show *Dance Bangla Dance* which was hosted by famous superstar Mithun Chakraborty and *Dadagiri Unlimited*, a sports based quiz programme chaired by none other than cricketer great Sourav Ganguly. The channel was revamped and launched with a new packaging on October 2009.

Business Division Summary



Aata Juniors



Magadheera



Bhakti Samacharam



The range of programmes include devotional, music, dance, comedy and blockbuster movies as well as reality shows. A strong contender for the leadership spot in Telugu GEC, Zee Telugu is striving to further consolidate its position.

ZEE TELUGU

www.zeetelugu.com

SARIKOTHA VELUGU... (TRULY A NEW LIGHT!)

Zee Telugu is the first south based regional channel from the Zee family. Within just five years of inception, the channel has soared high on popularity charts and proven how creative ideas, constant innovation and a feel for popular taste can usher in a radical change in viewership patterns.

The range of programmes include devotional, music, dance, comedy and blockbuster movies as well as reality shows. A strong contender for the leadership spot in Telugu GEC, Zee Telugu is striving to further consolidate its position. Its programming includes *Sa Re Ga Ma Pa* – a talent show for singers, a dance competition – *Aata* and *Mee Inti Vanta* – a cooking programme showcasing the best culinary talent from the state.

During the financial year 2009-10, the programme *Sa Re Ga Ma Pa* received the prestigious Nandi Award from the Andhra Pradesh state Government, a first time honour for Zee Telugu. *Aata*, emerged as the number one programme on Andhra Pradesh GEC channels, and it beat all serials and feature films in the week not merely once but four times in the year with average rating of 9 TVR. In the fiction category the channel registered an 18 per cent growth rate over the previous year. The last two quarters of the financial year witnessed healthy performances. For the first time since its inception, Zee Telugu reached its highest GRPs of 474. (Source: TAM, Wk 23 2009-10).



ZEE KANNADA

www.zeekannadatv.com

KANNADIGA KANMANI... (TRULY MEANS PRIDE OF KANNADIGA!)

Zee Kannada is the second south Indian regional channel of the Zee Network. It caters to the Kannadiga speaking audiences nationally.

Zee Kannada was created with a vision to provide wholesome family entertainment. The channel's programming is a rich mix including devotional content, music, dance, comedy and blockbuster movies as well as reality shows. Within three years of its inception, the channel soared high on the popularity charts with conventional and non-conventional creative ideas and continuous innovation, which changed the viewership pattern of the Kannada audience. The channel enjoys a strong number two position in Kannada GEC Genre.

Zee Kannada's fiction shows reached 50 GRPs, up from 13 GRPs in the beginning of April 2009. This dramatic improvement in viewership came about thanks to the strong programming and content that included stellar programmes like the serial *Jogula*, the sitcom *Parvathi Parameshwara* and the talk show *Baduku Jataka Bandi*. The channel achieved a relative share of 15 per cent, up from 11 per cent in April 2009 among the five Kannada GECs. (Source: TAM, Market: Total (Karnataka), TG: CS 4+ All SEC).

Zee Kannada's programming is an rich mix including devotional content, music, dance, comedy and blockbuster movies as well as reality shows.



Panduranga Vittala



RuchiAbhiruchi Athe Sose



Rock n Roll



Jogula

Business Division Summary



ETC channel Punjabi has been the global leader amongst Punjabi general entertainment channels. Its entertainment quotient is a compelling mix of programming, music and religious content, striking an emotional connect with its audiences.

ETC PUNJABI

Since inception, ETC channel Punjabi has been the global leader amongst Punjabi general entertainment channels. It's entertainment quotient is a compelling mix of programming, music and religious content, striking an emotional connect with its audiences. The next challenge for the channel is to stay ahead of the curve by virtue of innovative content, strategic planning and investment to generate higher domestic and international viewership and garner more revenues.

HIGHLIGHTS 2009-10

ETC Punjabi continued to offer new and unique genres of programmes to its viewers that include the innovative game show - *Garma Garam Dus Hazaar*. A talent show for children - *Nikke Nikke Hasse*. ETC Punjabi also initiated a one-stop helpline programme for women called *Main Ki Karaan* in addition to a non-stop hilarious stand-up comedy show titled *Laughter House* and *Sorry Paaji*. The channel replaced had initiated an immensely popular religious platform of melodious hymns from *Gurbani* - *Sun Sun Jeevan Teri Bani*. The programming initiatives received an overwhelming viewer response, including weekly campus fun frenzy - *Masti Da Funda*, *Tadka Punjab Da* and *Café Bollywood*.

In the coming few months ETC Punjabi will complement its current portfolio by launching a first-of-its-kind daily soap *Akhiyan Ton Door Jayeen Na* for the Punjabi speaking audiences, and launching a new travel show that shall explore all historically significant villages of Punjab.



Nikke Nikke Hasse

Business Division Summary



INTERNATIONAL PRESENCE

With its launch in the UK in 1996, Zee TV became the first Indian broadcaster to go International. The network has today made its presence felt across 167 countries, entertaining a diverse audience of 500 million viewers. The leading regions to which Zee Entertainment reaches out to are USA, Europe, Middle East (MENAP), Asia Pacific and Africa.

Zee Entertainment has been delighting viewers across the globe since the past 14 years. The international markets have dedicated business teams keeping a tab on the pulse of the region and offering viewers with customised offerings. The regions of Americas, UK, Russia, Middle East, Malaysia, Indonesia and Africa have our channels entertaining not only the South Asian diaspora but have also become a favourite amongst the nationals.

Each passing year has seen the channels grow from strength to strength with the introduction of newer channels and innovative programming concepts. A recent one being the launch of Zee Aflam in the MENAP region. The channel has occupied a strong leadership position since its launch almost two years ago. Another significant recent move was in the UK region where Zee Cinema became a standalone option.

The initiatives taken by Zee Entertainment in the International arena have cemented our ties with our audience. As a result of the tremendous response the channels have received, localised programming has been introduced in many other regions.

Being a pioneer in the South Asian market, Zee Entertainment enjoys the first mover advantage. The niche channel offerings and the strong tie-ups with leading distribution platforms gives the network a formidable stance. The strong library of content is dubbed or subtitled for specific markets and this has been met with significant success.

In addition to the programming initiatives, International subscription is a key contributor to Zee Entertainment's revenues for the financial year 2009-10.



Business Division Summary



MUSIC

Music has always been a vital and integral aspect of Indian culture. India has a rich and varied tradition of music including Hindustani and Carnatic classical music, devotional, popular bollywood music and remixes. Today Zee Entertainment has expanded its offerings in the music genre by launching ETC and Zing. These channels are market leaders in their respective niche genres and provide viewers with lively, entertaining music that connects people to their rich cultures and traditions.


ZING
www.zingtv.in

Music was rebranded as Zing in 2009, the channel has truly identified itself with bollywood and lifestyle. Zing has explored non-music programming with reality TV programmes like *Anchor Hunt*, *Zing Ne Bana Di Jodi* and various other bollywood centric shows on air. The year 2009-10 witnessed an increase in revenues by almost 50 per cent. The channel differentiated itself by offering advertisers unique innovations, beyond mere FCT. Zing's programme content is aimed at an audience in the 15+ years, SEC A, B and C.

Going ahead, Zing will focus more on bollywood specific programming by offering a mix of music, movies and bollywood-centric shows.



ETC will showcase for the first time, the voices and opinions of viewers on a regular basis. It will thus create a unique one-stop-shop for the business of bollywood.

ETC

www.etc.in

ETC, India's only bollywood trade channel, has successfully positioned itself in the world of business and entertainment. The channel's programme content targets the 15+ age group in the SEC A, B and C categories. The channel airs vignette formats like Box Office Collections, Top 10 grossers of the year, movie calendar, Top 10 songs of the week, and movie meter which are exclusively done for the Bollywood Trade. Other prime shows on the channel include *ETC Bollywood Business*, *Hot Shot*, *ETC Xtras* and *ETC Super Star*, among others.

The year 2009-10 augured well for the channel, despite a multiplex-producer strike during the first quarter. ETC took the initiative of getting the producers and multiplex owners together to voice their issues during the strike period. ETC has also partnered in the Anti Piracy initiative drive along with several top Film Production companies.

Going ahead, ETC will showcase for the first time, the voices and opinions of viewers on a regular basis. It will thus create a unique one-stop-shop for the business of bollywood.



Business Division Summary



ENGLISH CONTENT

Zee Entertainment's English channels cater diverse genres including Movies, Fashion, Music, and Entertainment. The premium channels of the network - Zee Café, Zee Studio and Zee Trendz telecast the finest English content sourced from some of the leading studios across the globe. The channels are popular among the affluent (higher SEC) segment of the television viewing audiences of India. These entertainment channels have an extensive library comprising of a mix of award-winning films and block buster movies, and they feature seasons of some of the top rated International shows. The channels also feature live telecasts of some of the most spectacular and sought after world events.



ZEE CAFÉ

www.cafecrazee.com

INTERNATIONAL PROGRAMMING FOR THE INDIAN AUDIENCE

Launched in March 2000, Zee Café is one of the most widely viewed English channel in India. The channel has always focused on sourcing the best international content, appealing to the young, urban Indian palate. The channel's programming ranges from popular sitcoms to reality series, live concerts, and stand-up comedy acts. The most popular shows on the channel include *F.R.I.E.N.D.S.*, *Gossip Girl*, *Sex and The City*, *The Tonight Show*, *Grey's Anatomy*, *AFV*, *Americas Next Top Model*, *Survivor* and the only Indian show capturing all the exciting party action, *After Hrs.* Zee Café endeavors' to bring the latest shows of American television to Indian audiences.



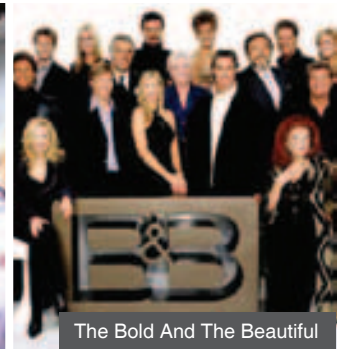
FRIENDS



Gary Unmarried

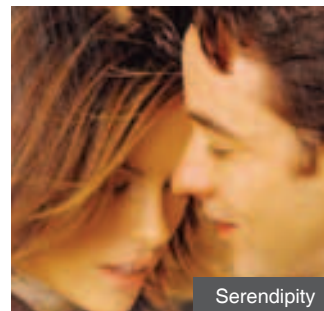
HIGHLIGHTS 2009-10

In August 2009, the channel launched India's first combination of talent hunt and a game show *Café Mic Testing*, a unique reality show that searches for the next voice of Zee Café. In a bid to preserve topicality, Zee Café telecasts *E! News* and *The Tonight Show with Jay Leno* within a mere 12 hours of its USA telecast. The channel broadcast included the *World Music Awards*, *Emmy's* and leading fashion shows. Zee Café also acquired the exclusive LIVE telecast rights to the most prestigious international beauty pageant- *Miss World 2008 and 2009*. The channel also broadcast the most coveted award that recognises women's excellence and achievements, - *The Women's World Awards 2009*. Stepping beyond the realms of a regular television channel, Zee Café's initiative of 'Green turn' (a drive for a greener earth) has found an enthusiastic response, right from viewers to advertising partners.

**ZEE TRENDZ**www.zeetrendz.tv**INDIA'S LEADING FASHION AND LIFESTYLE FRANCHISE**

Zee Trendz brings superlative content related to avant garde style, fashion, music and people. The channel has featured almost every major fashion event held in India, including *Lakme Fashion Week* in Mumbai and *Wills India Fashion Week* in Delhi. The channel's *Fashion Scoops* offers weekly updates on the events and happenings in the world of fashion.

Zee Trendz programming is a mix of Indian Fashion content and English music. The channel will strengthen its position in the fashion and lifestyle segment.

**ZEE STUDIO**www.zeedio.tv**24X7 ENGLISH MOVIE CHANNEL**

Zee Studio was launched in March 2000. The channel is passionately focused on delivering quality cinema to the discerning Indian audiences. Zee Studio's library is a potent mix of Hollywood's hottest blockbusters, animation flicks, golden classics, musicals, comedies and the finest of world cinema.

Zee Studio's rich library of films include blockbuster titles such as *Air Force One*, *Matrix Reloaded* and *Revolutions*, *Spiderman*, *Eraser*, *Pretty Woman* and *Shall We Dance?*; as well as critically acclaimed films such as *Cinderella Man*, *Motorcycle Diaries*, *Erin Brockovich* and *Mona Lisa Smile*. More recently, the channel has enriched its library, with blockbuster titles like *Pirates of the Caribbean: Dead man's Chest*, *the Talented Mr. Ripley*, *Coyote Ugly*, *Chicago*, *Basketball Diaries*, *Dead Poets Society*, *Frida*, *Good will Hunting*, *The Pink Panther*, *Scream 1 and 2*, *Spy Kids 1 and 2* and *The Chronicles of Narnia*. During the year it also telecast some exciting satellite premieres

like *Vicky Cristina Barcelona*, *The Wrestler* and *Fireflies in the Garden*, among others.

The channel has also acquired the exclusive telecast rights to prestigious awards ceremonies such as *The Screen Actors Guild Awards 2009* and *Live from the Red Carpet: Academy Awards 2009*. The channel's original production *Get Shorty* also gave budding film makers an opportunity to showcase their talent.

Zee Studio pioneered the initiative to add English subtitles to English films telecast in India, and its 'now playing' trend has received a warm response. With the initiative of including subtitles the channel widened its reach of English films to a much larger section of the Indian audience that was unfamiliar with different accents. This initiative was so well received that many other channels have imbibed it.

Our People

At Zee Entertainment, understanding the diversity of its employees, viewers, programme partners and communities is about recognising, respecting and evaluating talent.

Embracing multi-cultural people with diverse background is an imperative for driving the best results and a harmonious workforce. Zee Entertainment's workforce comprises a diverse mix of various points of view and talent from all round the World which is highly valued and well rewarded. Almost 80 per cent of the employees at Zee Entertainment are less than 35 years of age and they thrive in a work environment that brings together bright, agile minds with varying perspectives challenging conventional thinking and closed minds. Zee believes that its pioneering steps in understanding people and the work place will revolutionise creative thought processes, encourage an out-of-the-box mindset, create innovative overall approach and stimulate break-through ideas that address viewer requirements.

Zee invests in people development. Talent is recognised and nurtured here, which in turn enables the network to realise its full potential. The Human Resource Department works hard to recruit, train and develop people with the most promising future and career in view.

80% of the employees are less than 35 years of age

45% Sales & Marketing employee are MBAs

30% of programming employees have over 10 years experience in Programming

ZEE ENTERTAINMENT BELIEVES

“WE ARE THE PEOPLE WE ENTERTAIN”.

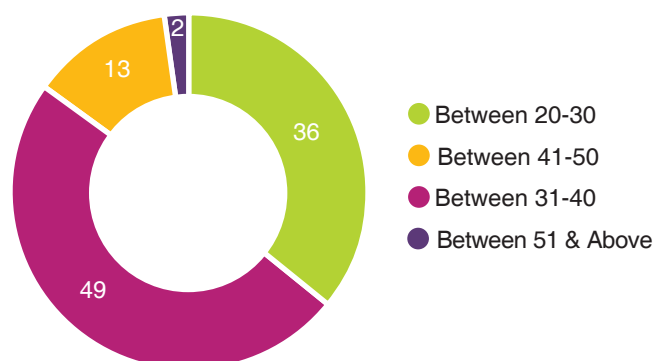
HUMAN CAPITAL VALUATION

ORGANIZATIONAL EFFECTIVENESS

	Basis of Calculation	Amount in Millions
Revenue Factor (Revenue per Employee)	Total Revenue / Total FTE (Full Time Equivalent)	14
Expense Factor (Expense Per Employee)	Operating Expenses / Total FTE	10
INCOME FACTOR (Income Per Employee)	(Total Revenue - Operating Expenses)/ Total FTE	4
HUMAN CAPITAL VALUE ADDED	Total Revenue - (Operating Expenses - Compensation Cost)/ Total FTE	5

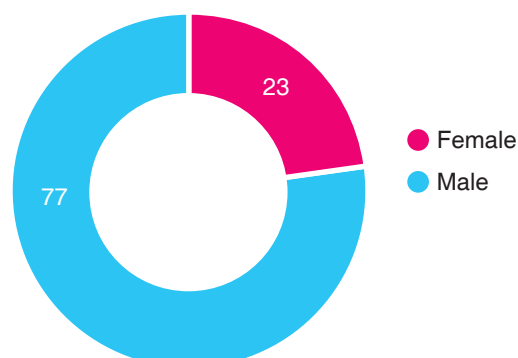
Organizational Age Profile

(%)



Organizational Gender Profile

(%)



Notice

Notice is hereby given that the Twenty-Eighth Annual General Meeting of the Members of Zee Entertainment Enterprises Limited will be held at Nehru Centre, Nehru Auditorium, Dr. Annie Besant Road, Worli, Mumbai 400 018 on Friday, the 29th day of October 2010, at 10.30 a.m., to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2010, the Profit & Loss Account of the Company for the financial year ended on that date on a stand alone and consolidated basis and the Reports of the Auditors and Directors thereon.
2. To confirm the Interim Dividend paid, and to declare Final Dividend, on equity shares for the financial year ended March 31, 2010.
3. To appoint a Director in place of Mr. Laxmi N Goel, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Nemi Chand Jain, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Prof R Vaidyanathan, who retires by rotation, and being eligible, offers himself for reappointment.
6. To appoint M/s. MGB & Co., Chartered Accountants, Mumbai, having Firm Registration No. 101169W, as the Statutory Auditors of the Company to hold such 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.

SPECIAL BUSINESS:

7. **To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution.**

“Resolved that pursuant to the provisions of Section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval for re-appointment of Mr. Punit Goenka as Managing Director & Chief Executive Officer of the Company for a period of five (5) years with effect from January 1, 2010, upon the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting, with liberty to the Board of Directors (hereinafter referred to as ‘The Board’ which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including powers conferred by this resolution) to alter and vary the terms and conditions of the said appointment including remuneration, subject to the condition that the aggregate of the remuneration, perquisites / benefits including contribution to retiral funds as applicable, payable to Mr. Punit Goenka shall be within the limits prescribed under the Companies Act, 1956 or any amendment or re-enactment thereof.

Resolved further that the Board be and is hereby authorized to do all acts, deeds and things as may be necessary, proper or expedient to give effect to this resolution.”

8. **To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution.**

“Resolved that, subject to such approvals as may be necessary, the Non-Executive Directors of the Company be paid, annually for a period of five (5) financial years commencing from the financial year ended March 31, 2011, commission of an amount not exceeding one percent of the net profits of the Company, as provided under Section 309(4) of the Companies Act, 1956 and computed in the manner referred to in Section 198(1) of the Companies Act, 1956, or any amendment or re-enactment thereof, in addition to the sitting fees for attending the meeting of the Board of Directors of the Company or any Committee thereof, to be divided amongst the Directors aforesaid in such manner and subject to such ceiling as the Board of Directors of the Company may from time to time determine.”

Notice (contd.)

9. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution.

"Resolved that pursuant to the provisions of Section 16, 94 and other applicable provisions, if any, of the Companies Act, 1956 and consequent to the amalgamation of ETC Networks Limited (ETC) with the Company in terms of Composite Scheme of Amalgamation and Arrangement between the Company, ETC and Zee Learn Ltd approved by the Hon'ble Bombay High Court vide Order dated July 16, 2010, the differential Authorised Share Capital of the Company being an amount of Rs. 649,200,000/- (Rupees Sixty Four Crores and Ninety Two Lacs only) added to the existing Authorised Share Capital in pursuance of Clause 8 of the said Scheme, be re-classified / sub-divided into 649,200,000 (Sixty Four Crores Ninety Two Lacs) Equity Shares of Re. 1 each and that in consequence thereof the existing Clause V of the Memorandum of Association of the Company relating to share capital be substituted by the following clause:

V. The Authorised Share Capital of the Company is Rs. 1,399,200,000/- (Rupees One Hundred Thirty Nine Crores Ninety Two Lacs Only) divided into 1,399,200,000 (One Hundred Thirty Nine Crores Ninety Two Lacs) Equity Shares of Re. 1/- (Rupee One) each."

10. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution.

"Resolved that pursuant to Section 31 and other applicable provisions, if any of the Companies Act, 1956 and consequent to reclassification / sub-division of the differential Authorised Share Capital of the Company being an amount of Rs. 649,200,000/- added to the existing Authorised Share Capital in pursuance of Clause 8 of the Composite Scheme of Amalgamation and Arrangement between the Company, ETC and Zee Learn Ltd approved by the Hon'ble Bombay High Court vide Order dated July 16, 2010, the existing Article 3 (a) of the Articles of Association of the Company be substituted by the following Article:

Article 3 (a). The Authorised Share Capital of the Company is Rs. 1,399,200,000/- (Rupees One Hundred Thirty Nine Crores Ninety Two Lacs Only) divided into 1,399,200,000 (One Hundred Thirty Nine Crores Ninety Two Lacs) Equity Shares of Re. 1/- (Rupee One) each."

11. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution.

"Resolved that:

- (a) in accordance with applicable provisions of the Companies Act, 1956 (the Act), and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 (the Regulations), including any amendment or re-enactment of the Act and/or the Regulations and the enabling provisions of the Articles of Association of the Company and subject to such approvals, consents, permissions and sanctions, as may be necessary from appropriate authorities, consent of Members be and is hereby accorded to the Board of Directors of the Company ('the Board', which term shall be deemed to include any Committee thereof) for capitalization of a sum not exceeding Rs. 493,378,066 (Rupees Forty Nine Crores Thirty Three Lacs Seventy Eight Thousand Sixty Six only) from the Capital Redemption Reserve and/or Securities Premium Account for the purpose of issue of Bonus Equity Shares of Re. 1/- (Rupee One) each, credited as fully paid-up Equity Shares, to the holders of the Equity Shares of the Company, whose names shall appear in the Register of Members or in the respective beneficiary account with their respective Depository Participants, on the 'Record Date' to be determined by the Board for the purpose, in the proportion of One (1) Bonus Share of Re. 1/- (Rupees One) each for every One (1) fully paid-up Equity Share of Re. 1/- (Rupees One) each held by them and that the Bonus Shares so distributed shall, for all purposes, be treated as an increase in the nominal amount in the Capital of the Company held by each such member, and not as income;
- (b) the Bonus Shares so issued/ allotted shall be subject to the terms and conditions contained in the Memorandum and Articles of Association of the Company and shall rank pari-passu in all respects with the existing fully paid-up Equity Shares of the Company as at the Record Date including listing at the Stock Exchanges, save and except that they shall not be entitled to any dividend in respect of any financial year up to and including March 31, 2010;

- (c) that in the case of Members who hold Equity Shares (or opt to receive the Bonus Shares) in dematerialized form, the Bonus Shares be credited to the respective beneficiary accounts of the Members with their respective Depository Participants and in the case of Members who hold Equity Shares in physical certificate form, the share certificates in respect of the Bonus Shares be dispatched, within such time as prescribed by law and the relevant authorities;
- (d) that the issue and allotment of the Bonus Shares to Non-Resident Members, Foreign Institutional Investors (FIIs) and other foreign investors shall be subject to the requisite approval of the Ministry of Finance (Foreign Investment Promotion Board), Ministry of Industry (Department of Industrial Policy and Promotion) or the Reserve Bank of India, as applicable;
- (e) for the purpose of giving effect to this Resolution and matters connected with or incidental to issuance and/or listing of Bonus shares, the Board be and is hereby authorized to do all such acts/deeds, matters and things and give such directions as may be necessary or expedient and to settle any question, difficulty or doubt that may arise in this regard as the Board in its absolute discretion deem fit, without being required to seek any further consent or approval of the shareholders or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, October 9, 2010 to Tuesday, October 12, 2010 (both days inclusive). Share Transfers received in order at the Registered Office of the Company or at the office of the Registrar of the Company, by 5.30 p.m. on October 8, 2010, will be processed for payment of final equity dividend, if declared, to the transferees or their mandatees.

Final Equity Dividend, if approved by Members at the ensuing Annual General Meeting, will be paid to all those shareholders whose name appear in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company or its Registrar on or before October 8, 2010 and in the list of beneficial owners furnished by National Securities Depository Limited and/or Central Depository Services

(India) Limited, in respect of shares held in electronic form, as at the end of the business day on October 8, 2010.

By Order of the Board

Place: Mumbai

Date: September 23, 2010

M Lakshminarayanan
*Executive Vice President &
 Company Secretary*

Registered Office:

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

NOTES:

- A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a member of the Company.**

Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Annual General Meeting.

- 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.
- Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Businesses to be transacted at the Annual General Meeting, are annexed.
- Additional information, pursuant to Clause 49 of the Listing Agreement(s) with Stock Exchanges, on Directors recommended by the Board for appointment/re-appointment at the Annual General Meeting forms part of the Report on Corporate Governance in the Annual Report.
- Members / Proxies should bring their Attendance Slips along with copy of the Annual Report to the meeting.
- Members who are holding Company's shares in dematerialised form are required to bring details of their Depository Account Number for identification.
- Queries on accounts and operations of the Company, if any, may be sent to the Company Secretary seven days in advance of the meeting so as to enable the management to keep the information ready at the Meeting.
- Members holding equity shares in physical form are requested to notify the change of address / dividend mandate, if any, to the Company's Registrar and

Notice (contd.)

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-400072 and/or at 912, Raheja Centre, Free Press, Journal Road, Nariman Point, Mumbai-400021.

9. Under Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form No 2B in duplicate (which will be made available on request) to M/s Sharepro Services (India) Pvt. Ltd.
10. Dividend for the financial year ended March 31, 2003, which remains unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government ('IEPF') in November 2010.

Members who have not encashed their dividend warrant(s) for the financial year ended March 31, 2003, or any subsequent financial year(s), are requested to lodge their claims with the Company's Registrar and Share Transfer Agent. Members are advised that in terms of provisions of Section 205C of the Companies Act, 1956, once unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT 1956

Item No. 7

Mr. Punit Goenka, was earlier appointed as a Whole-time Director of the Company for a period of 5 years with effect from January 1, 2005, which was approved by the Members' resolution passed at 23rd Annual General Meeting held on September 28, 2005.

Upon the expiry of the current term, Board of Directors of the Company at its meeting held on October 29, 2009, had approved re-appointment of Mr. Punit Goenka as Managing Director & Chief Executive Officer of the Company for a period of 5 years with effect from January 1, 2010 on the terms as detailed herein:

1. Tenure

The appointment of Mr. Punit Goenka as the Managing Director shall be for a period of 5 years from January 1, 2010.

2. Remuneration

a) Basic Salary:

The Basic Salary of Mr. Punit Goenka shall be in the range of Rs. 16,75,000 to Rs. 40,00,000 per month, with the authority to the Board of Directors to determine any merit based increase from time to time within the said scale, the first of such increase shall be effective from April 1, 2010.

b) Perquisites & Allowances:

In addition to the basic salary payable, Mr. Goenka shall be entitled to perquisites and allowances like:

- i. Company maintained accommodation or House Rent Allowance in lieu thereof subject to a maximum of 50% of Basic Salary as per rules of the Company.
- ii. Personnel allowance of Rs. 2,25,000/- per month with such increase as may be determined by the Board, subject to a ceiling of 25% of Basic Salary.
- iii. Medical reimbursements, Leave Travel Allowance (subject to 10% of basic salary in a year), club fees, personnel accident & medical insurance, use of chauffeur driven Company car, telecommunication facilities at residence and such other perquisites and allowances in accordance with rules of the Company.
- iv. Company's contribution to provident fund, gratuity and leave encashment as per the rules of the Company; and
- v. Annual performance bonus/incentive, if any, based on the performance criteria as laid down by or approved by the Board.

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rules, perquisites shall be evaluated at actual cost.

c) Overall Remuneration:

The aggregate of salary, perquisites and allowances in any one financial year shall not exceed the limits prescribed under Section 198, 309 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the said Act for the time being in force.

- d) In the event of loss or inadequacy of profit in any financial year during the currency of tenure of

services of the Managing Director, the payment of salary, perquisites and other allowances shall be governed by the limits prescribed under Section II of Part II of Schedule XIII of the Companies Act, 1956.

The Board recommends Resolution no. 7, for the approval of the Members.

None of the Directors of the Company, except Mr. Punit Goenka, his father Mr. Subhash Chandra & relative Mr. Laxmi N. Goel, are concerned or interested in this resolution.

Item No. 8

At the 24th Annual General Meeting held on December 28, 2006, the Members had approved payment of Commission of upto 1% of the Net Profits to the Non-Executive Directors for a period of 5 years commencing from financial year ended March 31, 2006, in addition to the sitting fees for attending the meeting of the Board of Directors of the Company or any Committee thereof. The said proposal was thereafter approved by Ministry of Corporate Affairs vide its letter no. 12/143/2007-CL-VII dated July 13, 2007.

With the focus on Corporate Governance, the roles and responsibilities of Non-Executive Directors have undergone significant changes demanding greater involvement in the supervision of the Company. It is therefore desirable that the compensation payable to the Non-Executive Directors should be reasonably adequate to attract independent professionals to guide the Company. Your Board at its meeting held on September 23, 2010 has recommended payment of Commission to Non-Executive Directors for a period of five financial years commencing from FY 2010-11, subject to your approval and within the limits permissible under the Companies Act, 1956 or any amendment or re-enactment thereof. Such commission would be in addition to the sitting fees for attending the Meetings of the Board or any Committee thereof.

In accordance with the provisions of Section 309(4) of the Companies Act, 1956, payment of remuneration by way of Commission to Non-Executive Directors of the Company, in addition to sitting fees, shall be subject to approval of the Members by way of Special Resolution.

The Board recommends resolution No. 8 for your approval by way of Special Resolution.

All Non-Executive Directors may be deemed to be interested or concerned in this Special Resolution.

Item No. 9 & 10

As per Clause 8 of the Composite Scheme of Amalgamation and Arrangement between the Company, ETC Networks Limited and Zee Learn Limited ('Scheme'), upon merger of ETC Networks Limited ('ETC') with the Company, the existing Authorized Share Capital of the Company shall stand increased without any further act, instrument or deed on the part of the Company including payment of Stamp duty and fees payable to the Registrar of Companies, by the Authorised Share Capital of ETC Networks Limited.

Upon the said Scheme having been approved by Hon'ble Bombay High Court vide Order dated July 16, 2010 and the Scheme becoming effective on and from August 30, 2010, the Authorised Share Capital of the Company automatically stood increased from Rs. 750,000,000 (Rupees Seventy Five Crores only) to Rs. 1,399,200,000 (Rupees One Hundred Thirty Nine Crores Ninety Two Lacs Only) in pursuance of the said Clause 8 of the Scheme by addition of Rs. 649,200,000/- (Rupees Sixty Four Crores and Ninety Two Lacs Only) being the Authorised Share Capital of ETC. However since the Authorised Share Capital of ETC comprised of Equity Shares of Rs. 10 each, it is deemed necessary to reclassify / sub-divide the said additional Authorised share capital into Equity Shares of Re. 1 each by altering the Authorised Share Capital clause of the Memorandum of Association and Articles of Association of the Company.

Pursuant to the provisions of Section 31, 94 and other applicable provisions of the Companies Act, 1956, any alteration to the Authorised Share Capital would require approval of the shareholders and the proposed amendments to the Memorandum & Articles of Association of the Company are consequential in nature.

The Board recommends the Ordinary & Special resolutions as set out in Item No. 9 and 10 respectively for approval by the Members.

None of the Directors of the Company are in any way concerned or interested in these resolutions.

Item No. 11

In view of the accrued position on Reserves & Surplus of your Company as at March 31, 2010, your Directors have great pleasure in proposing issue of Bonus equity shares of Re. 1 each, subject to such approvals as may be required, by capitalizing a sum not exceeding Rs. 493,378,066 (Rupees Forty Nine Crores Thirty Three Lacs Seventy Eight

Notice (contd.)

Thousand Sixty Six only) from the balance lying in Capital Redemption Reserve Account and/or Securities Premium Account of the Company (as per the Audited Accounts of the Company for the financial year ended March 31, 2010) and applying the said sum in paying up in full for issue of up to 493,378,066 Ordinary Shares of Re. 1/- each to the Members of the Company in proportion of One (1) Bonus Equity Share of Re. 1/- each for every One (1) fully paid-up Equity Share of Re. 1/- each held by them.

The amount to be capitalized under the proposed resolution includes the amount necessary for issue of Bonus Shares upon exercise up to a maximum of 4,340,000 Stock Options issued to the Option holders in accordance with the Employee Stock Option Scheme of the Company (ZEEL ESOP 2009) as vested or would vest prior to the Record Date to be determined by the Board of Directors of your Company for the purpose of issue of such Bonus Shares and shall stand reduced to the extent such Options are not exercised prior to the Record Date.

Consequent upon issue of Bonus Shares, in accordance with the enabling provisions of ZEEL ESOP 2009 read with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, appropriate adjustments will be made in respect of

- a) Options remaining unexercised, whether vested or not, on the Record Date with respect to the number of outstanding Options and the Exercise Price; and
- b) The balance options (approved by the shareholders at the 27th Annual General Meeting held on August 18, 2009) which remain unissued on the Record Date.

The Board recommends resolution no. 11 for approval of the Members.

Your Directors may be deemed to be interested in this resolution to the extent of their respective holding of shares and/or stock options in the Company.

By Order of the Board

M Lakshminarayanan

Executive Vice President & Company Secretary

Place: Mumbai

Date: September 23, 2010

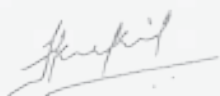
Registered Office:

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

CERTIFICATION ON FINANCIAL STATEMENTS OF THE COMPANY

We, Punit Goenka, Managing Director & CEO and Hitesh Vakil, President & Chief Financial Officer of Zee Entertainment Enterprises Limited ('the Company'), certify that:

- a. We have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2010 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, 2010 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 these 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.



Hitesh Vakil
President & Chief Financial Officer



Punit Goenka
Managing Director & CEO

Place: Mumbai

Date: September 23, 2010

Directors' Report

TO THE MEMBERS

Your Directors take pleasure in presenting the Twenty Eighth Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 2010.

RESPONSIBILITY STATEMENT

In terms of and pursuant to Section 217 (2AA) of the Companies Act, 1956, in relation to the Annual Statement of Accounts for the Financial Year 2009-2010, your Directors state and confirm that:

- a) these Accounts have been prepared on a 'going concern' basis and in such preparation the applicable accounting standards had been followed with proper explanation relating to material departures;
- b) your Directors had selected such accounting policies 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 at the end of the financial year, and of the profit of the Company for that year; and
- c) your Directors had taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 as amended, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

The total cash outflow on account of Dividend including the interim dividend already paid and the tax on such dividend distribution would aggregate to Rs. 2270 Million, resulting in a payout of 40% of the profits of the Company.

FINANCIAL RESULTS

The Financial Performance of your Company for the year ended March 31, 2010 is summarized below:

(Rs./Thousand)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Sales & Services	12,787,436	12,102,425
Other Income	1,061,815	1,050,920
Total Income	13,849,252	13,153,345
Total Expenses	7,765,828	9,391,442
Profit before Tax & Exceptional Items	6,083,424	3,761,903
Less Exceptional Item - Provision for Diminution in Value of Investment	-	(25,806)
Provision for Taxation (net)	495,021	690,263
Profit after Tax	5,588,403	3,097,446
Add: Balance brought forward	8,893,473	7,209,482
Amount available for appropriations	14,481,876	10,306,928
Appropriations		
Dividend	1,946,762	868,014
Tax on Dividend	323,332	145,441
General Reserve	1,100,000	400,000
Balance carried forward	11,111,782	8,893,473

DIVIDEND

As the Members are aware, your Directors had approved payment of a Special Interim Dividend of Rs. 2/- per equity share of Re 1 each in April 2010. Your Directors are now pleased to recommend a Final Dividend of Rs. 2/- per equity share of Re 1/- each, for the Financial Year 2009-10. The total cash outflow on account of Dividend including the interim dividend already paid and the tax on such dividend distribution would aggregate to Rs. 2270 Million, resulting in a payout of 40% of the profits of the Company.

Directors' Report (contd.)

BUSINESS OVERVIEW

The year saw your Company successfully implement a range of initiatives to overcome the unique challenges of recession and unabated growth in number of new entrants. In addition your Company's ability to capitalize on such upcoming opportunities as digital platform growth, by leveraging the strength of your Company's portfolio of offerings, to cater to multiple viewer groups and their evolving preferences has put your Company ahead and at the forefront of a highly competitive market.

Zee TV maintained leadership in the crucial Prime Time band on weekdays and gave the viewers the No 1 fiction show, *Pavitra Rishta* in Hindi general entertainment genre. The leadership in Non-fiction genre continued with launch of *Dance India Dance 2* staying much ahead of the competition week after week and the year also marked completion of 1000 episodes of *Saregamapa* - one of Zee TV's biggest and oldest brands. The celebration of Zee TV's endearing relationship with viewers was marked by the record ratings that *Zee Rishtey Awards* clocked, becoming the highest rated event in the year, far ahead of the other events of the year. *Jhansi Ki Rani* was also launched, successfully upstaging the slot leader & adding a new flavor of historical drama to the channel and the genre.

In the Hindi movie genre, Zee Cinema retained its leadership, resonating with properties and movies that were loved by the viewers. Showcasing the biggest films of the year to interviews with the biggest stars, the channel had it all. *Shanivaar Ki Raat, Amitabh Ke Saath* came back with a bang during the year with the biggest films of Amitabh Bachchan. In a first for Hindi movie channels, the star himself featured on the channel for the entire season, in specially created break content, to speak about his experiences on 15 of these films. Several other initiatives including the re-branding of the Sunday 8 PM slot as 'Lage Raho', where viewers get to see their favourite films with few breaks have been a huge hit with viewers. This became the highest rated property for Zee Cinema, and was often the leading slot across the genre. Zee Cinema also launched '*Buzz of the Week*' featuring the biggest stars of Bollywood promoting their upcoming releases.

Zee regional channels have been leaders and trendsetters in their respective regional markets and continued to do so through the year, registering strong growth in viewership, despite the high clutter and fragmentation due to scores of new channels. Zee Marathi continued to be the dominant leader in Marathi genre. Trend-setting shows like *Hafta Bandh, Maharashtra Superstar, Yala Jeevan Aise Naav* and *Kunku* have created a strong channel identity and association in the minds of the audience. In addition, a slew of blockbuster movies and events made Zee Marathi the preferred choice for discerning as well as mass viewers. Zee Telugu registered the best growth in Telugu and touched its highest ever viewership since launch. The channel also had among the best shows including *Aata*, a dance show, which was the No. 1 non-fiction show in Telugu. The channel also maintained leadership in morning band and differentiated content in afternoon for women. In the Bengali genre, Zee Bangla continued to delight the Bengali viewers and challenge for leadership with new content such as *Mirakkel Akkel Challenger 5* which was the No.1 performing reality show across West Bengal. Zee Kannada covered new ground by building and dominating new viewership bands in morning and late night by offering differentiated content including a morning religious band and late prime comedy content.

Zee Café and Zee Studio have been successful in attracting discerning niche Indian audiences by offering some of the best English content including Hollywood movies, the best of American television series & sitcoms.

Zee further expanded its business presence internationally increasing its reach within the non penetrated markets and growing its share within the South Asian subscription & advertising revenue pie. Zee International channels were among the top rated in markets across US, UK, Middle East, South Africa & APAC thus consistently generating viewer interest in both South Asian & mainstream audiences resulting in new advertisers & subscribers coming on board

The constant efforts, some of which have been listed above, of various channels of your Company to "delight" viewers by setting new trends, has greatly strengthened your Company's long standing relationship with viewers.

Zee further expanded its business presence internationally increasing its reach within the non penetrated markets and growing its share within the South Asian subscription & advertising revenue pie.

This has helped it to successfully ride the recession by garnering large share of existing advertising spending and attracting new advertising.

Your Company has also made huge strides in the fast growing digital delivery space with a range of compelling and exciting offerings for viewers subscribing to DTH and Digital Cable platforms. The positive effect is being reflected in the growth in subscription revenues.

CORPORATE RESTRUCTURING

During the year under review, with a view to consolidate the general entertainment broadcasting, your Board had undertaken and approved the following Scheme(s) of Arrangements:

- ▮ Demerger of Regional General Entertainment Channel Business Undertaking (comprising of Zee Marathi, Zee Bangla, Zee Talkies, Zee Telugu, Zee Cinemaalu and Zee Kannada television channels) of Zee News Limited (ZNL) vesting with the Company on the Appointed Date January 1, 2010. Upon appropriate approvals the said Scheme of Arrangement became effective from March 29, 2010 and in pursuance of the Scheme, your Company issued and allotted 50,476,622 equity shares of Re 1 each of the Company to the shareholders of ZNL on April 20, 2010 at the share exchange ratio approved under the Scheme viz. 4 (Four) fully paid up Equity Shares of Re 1 each of the Company for every 19 (Nineteen) Equity Shares of Re 1 each held in ZNL.
- ▮ Merger of ETC Networks Limited (ETC), a listed subsidiary of the Company with the Company (Appointed Date March 31, 2010) and upon such merger, demerger of Education Business Undertaking from the Company vesting with Zee Learn Ltd on the Appointed Date April 1, 2010. Upon

appropriate approvals the said Composite Scheme of Amalgamation and Arrangement became effective from August 30, 2010 and in consideration of amalgamation of ETC with your Company, your Company issued and allotted 4,413,488 equity shares of Re 1 each of the Company to the shareholders of ETC (other than the Company) on September 23, 2010 at the share exchange ratio approved under the Scheme viz. 10 (Ten) fully paid up Equity Shares of Re 1 each of the Company for every 11 (Eleven) Equity Shares of Rs. 10/- each held in ETC. In consideration of demerger of Education Business Undertaking from your Company vesting with Zee Learn Limited (Zee Learn), Zee Learn shall be issuing its equity shares to the shareholders of the Company at an exchange ratio of 1 (one) fully paid up Equity Share of Re 1 each of Zee Learn for every 4 (Four) Equity Shares of Re 1 each held in the Company as on the Record Date; and

- ▮ Demerger of 9X Channel Business Undertaking of INX Media Private Ltd (now known as 9X Media Private Ltd - '9X Media') vesting with the Company as at the closing of March 31, 2010 (Appointed Date). Upon appropriate approvals the said Scheme of Arrangement became effective from September 22, 2010 and in consideration of demerger of 9X Channel Business Undertaking from 9X Media vesting with your Company, your Company shall be issuing equity shares to the shareholders of 9X Media as on June 30, 2010 at an exchange ratio of 1 (one) fully paid up Equity Share of Re 1 each of the Company for every 71 (Seventy-one) Equity Shares of Rs. 10 each held in 9X Media.

Issuance of equity shares by the Company in pursuance of these schemes shall ultimately result in the Issued and Paid-up Share Capital of your Company increasing to 489,038,151 equity shares of Re 1 each.

Directors' Report (contd.)

SUBSIDIARIES & JOINT VENTURES

Domestic Subsidiaries

During the year under review, ETC Networks Ltd (ETC), the listed subsidiary of the Company acquired the entire shareholding in Cornershop Entertainment Company Private Ltd which in turn held 100% stake in Cornershop Animation Private Limited, Digital Media Convergence Limited and Re-Med Services Private Limited. Subsequently, these subsidiaries amalgamated with ETC from the Appointed Date January 1, 2010 in pursuance of a Scheme of Amalgamation which became effective on April 29, 2010.

Overseas Subsidiaries

Asia TV Limited, United Kingdom, one of the overseas subsidiary along with its subsidiary OOO Zee CIS Holding Limited, Russia jointly acquired 100% stake in OOO Zee CIS Limited, a broadcasting operating Company in Russia.

Your Board of Directors had in-principle approved acquisition of additional stakes of (i) 45% in Taj TV Ltd., Mauritius by Zee Sports International Limited, Mauritius (ZSIL) a step-down subsidiary to make the aggregate holding to 95% and (ii) 50% in Taj Television India Private Ltd by the Company to make it a wholly-owned subsidiary of the Company.

During the year under review, your Board had approved two joint ventures - one with Geodesic Limited in digital distribution and monetization of contents through the internet purely on subscription based revenue model and another to host and promote an India branded Entertainment Portal in a Joint Venture with Mail.com Media Corporation, USA, both with majority shareholding by the Company.

Your Company has been granted exemption by the Ministry of Corporate Affairs, Government of India, vide its letter No. 47/518/2010-CL-III dated June 23, 2010, from the requirement of attaching Annual Reports of the Subsidiary Companies to the Annual Report of the Company for the financial year ended March 31, 2010. Accordingly, as required under the said approval, the annual accounts of the subsidiaries of the Company for year ended March

31, 2010 are not being attached with the Annual Report of the Company and certain financial highlights of these subsidiaries are disclosed in the Annual Report. Statement pursuant to Section 212 of the Companies Act 1956 relating to the subsidiaries of the Company is attached to this report. The annual accounts of the subsidiary companies and related detailed information will be available for inspection by any Member of the Company or that of the subsidiary companies. The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies.

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

GROUP

Pursuant to the communication received by the Company from the Promoters, the names of Promoters and entities comprising 'group' for the purpose of Clause 3(1)(e) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, are disclosed in the Annual Report.

SHARE CAPITAL

During the Financial Year 2009-10, your Company had not issued or allotted any Equity Shares. However, in pursuance of the Scheme(s) of Arrangement detailed above, 50,476,622 and 4,413,488 Equity Shares of Re 1 each respectively were issued and allotted to the shareholders of Zee News Ltd and ETC Networks Limited in April and September 2010.

In pursuance of the Composite Scheme of Amalgamation and Arrangement between the Company, ETC Networks Limited and Zee Learn Ltd, the Authorized Share Capital of your Company shall stand increased to Rs. 1,399,200,000. As an abundant caution, your consent is sought at the ensuing Annual General Meeting for reclassification of the differential Authorised Share Capital of

The CSR Policy is based on a belief that a Business cannot succeed in a society that fails and therefore it is imperative for business houses, to invest in the future by taking part in social-building activities.

Rs. 649,200,000 in to equivalent number of equity shares of Re 1 each.

In view of the current financial position of the Company your Board has proposed and recommended for your approval, capitalization of reserves and issuance of Bonus Equity Shares in the ratio of 1 (one) Equity Share of Re 1 each for every 1 (one) Equity Share of Re 1 each held in the Company.

EMPLOYEES STOCK OPTION SCHEME

During the Financial Year 2009-10, the Company implemented the Employees Stock Option Scheme (ZEEL ESOP 2009) in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('SEBI Guidelines') and the Remuneration Committee of your Board administers and monitors the ESOP 2009 scheme.

Applicable disclosures relating to Employees Stock Options as at March 31, 2010, pursuant to Clause 12 (Disclosure in the Directors' Report) of the SEBI Guidelines are given in 'Annexure A' to this Report.

PUBLIC DEPOSITS

During the year, your Company has neither accepted nor renewed any Deposits under Section 58A and Section 58AA of the Companies Act, 1956, read with Companies (Acceptance of Deposits) Rules, 1975.

CORPORATE GOVERNANCE

Over the years, your Company has been benchmarking itself with well-established Corporate Governance practices besides strictly complying with the requirements of Clause 49 of the Listing Agreement. Your Company has already

put in place a formalized system of Corporate Governance by initiating implementation of a Corporate Governance Manual which sets out the structure, processes and practices of governance within the Company and its subsidiaries. Given the emerging pivotal role of Independent Directors in bringing about good governance, your Company continues its efforts in seeking optimum utilization of their expertise and involving them in all critical decision making processes.

A separate detailed report on Corporate Governance together with the Statutory Auditors' Certificate on compliance is attached to this Annual Report. Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

Your Company as part of the Essel Group of Companies, has at a unified and centralized level, put in place a Corporate Social Responsibility policy. The CSR Policy is based on a belief that a Business cannot succeed in a society that fails and therefore it is imperative for business houses, to invest in the future by taking part in social-building activities.

During the year under review, the social activities initiatives undertaken include (i) adoption of school(s)/village(s) in tribal areas through Ekal Vidyalaya Foundation, an NGO that works to bring about basic literacy and health awareness amongst the tribal and rural population of India; (ii) supporting the Global Vipassana Foundation which helps propagate Vipassana, the non-sectarian rational process of self-purification with the aim of bringing about

Directors' Report (contd.)

peace both within the individual and the society in general; and (iii) supporting the Global Foundation for Civilizational Harmony, a body which aims to create a peaceful and harmonious society.

DIRECTORS

Mr Punit Goenka, whose term as Whole-time Director expired on December 31, 2009, was re-appointed as the Managing Director & Chief Executive Officer for a period of Five (5) years with effect from January 1, 2010, by your Board at the meeting held on October 29, 2009. A proposal seeking Members' approval for appointment of Mr Punit Goenka as the Managing Director forms part of the notice of the Annual General Meeting.

Messrs Laxmi N Goel, N C Jain and Prof R Vaidyanathan, Directors, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. Your Board has recommended their re-appointment.

AUDITORS

Statutory Auditors M/s MGB & Co., Chartered Accountants, Mumbai, having Firm Registration No 101169W, retire at the conclusion of the ensuing Annual General Meeting and, being eligible, have offered themselves for re-appointment.

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

Your Company is into the business of Broadcasting of General Entertainment Television Channels. 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, are 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 currency earnings and outgo during the year are given in Schedule 18B Note 15(d) to the Notes to the Accounts forming part of the Annual Accounts.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in the 'Annexure B' forming part of this Directors' Report.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to place on record their appreciation of the dedication and commitment of employees of the Company and its subsidiaries across the world at all levels that has contributed to the success of your Company and remain in the forefront of media and entertainment business. Your Directors thank and express their gratitude for the support and co-operation received from the Central and State Governments - mainly the Ministry of Information & Broadcasting and the Department of Telecommunication - and other stakeholders including viewers, producers, vendors, Financial Institutions, Banks, investors, service providers as well as regulatory and governmental authorities.

On behalf of the Board

N C Jain Punit Goenka
Director Managing Director

Place: Mumbai

Date: September 23, 2010

Annexure to the Directors' Report

ANNEXURE 'A'

Statement as at March 31, 2010 pursuant to Clause 12 (Disclosure in the Directors' Report) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

a)	Details of Options Granted and Exercise Price per Option	Date of Grant	No of Options Granted	Exercise Price
		22.10.2009	43,40,000	Rs. 239.80 Per Equity Share
b)	Pricing Formula	The pricing formula as approved by the Shareholders of the Company, shall be the "market price" as per the SEBI Guidelines i.e. the latest available closing price prior to the date of grant of option at the Stock Exchange where there is highest trading volume		
c)	Total number of Options vested	None		
d)	Total number of Options exercised	None		
e)	Total number of Equity Shares of Re.1/- each arising as a result of exercise of Options	4,340,000		
f)	Total number of Options lapsed	250,800		
g)	Variation of terms of Options	Nil		
h)	Money realized by exercise of Options (Rs. in Crores)	Nil		
i)	Total number of Options in force	4,089,200		
j)	Details of Options granted to			
	(i) Senior managerial personnel	Sr. No.	Name	No of Options granted during the financial year
		1	Bharat Ranga	46,800
		2	Hitesh Vakil	46,800
		3	Joy Chakraborty	46,800
		4	Nitin Vaidya	40,950
	(ii) Any other employee who received a grant in any one year of Options amounting to 5% or more of the Options granted during that year	None		
	(iii) Identified employees who were granted Options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	None		
k)	Diluted Earnings Per Share pursuant to issue of Ordinary Shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'.	Not applicable since no option is yet vested		
l)	Difference, if any, between employee compensation cost (calculated using the intrinsic value of stock option) and the employee compensation cost (calculated on the basis of fair value of options)	None		

The issuance of equity shares pursuant to exercise of Options does not affect the profit and loss account of the Company, as the exercise will be made at the market price prevailing as on the date of grant.

A certificate received by the Company from the Statutory Auditors of the Company M/s MGB & Co., Chartered Accountants, Mumbai to the effect that the Scheme has been implemented in accordance with the SEBI Guidelines and the resolution passed by the shareholders, will be placed before the Annual General Meeting and a copy of the same shall be available for inspection by the Members at the Registered Office of the Company on all working days up to the date of the ensuing Annual General Meeting.

Annexure to the Directors' Report (contd.)

ANNEXURE 'B'

Information as per Section 217(2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2010

Employed throughout the year and in receipt of remuneration aggregating Rs. 24 Lacs or more per annum.

Sr. No.	Name	Age	Designation	Total Remuneration (Rs.)	Qualification	Total exp	Date of joining	Previous employment
1	Anil Anand	47	Sr. Vice President - Programming	2,855,483	B.COM, PGD in Marketing	25	20-Nov-00	Reliance Industries Ltd. (Infocom Division)
2	Ashish Sehgal	41	Sr. Vice President - Sales	3,658,565	B.COM, LLB	12	11-Jan-06	Star India Pvt. Ltd.
3	Bharat Ranga	41	Chief Operating Officer - International Operations	9,219,649	B.COM, M.B.A	19	4-Mar-98	Modi Korea Telecommunication
4	Gaurav Bahal	36	Vice President - Operations	3,511,200	Dip In Broadcast Journalism	14	17-Apr-07	ESPN
5	Hitesh Vakil	50	President & Chief Financial Officer	7,507,430	B.COM, ACA.	24	1-Apr-96	Tips & Toes Cosmetics
6	Jitesh Rajdeo	37	Sr. Vice President - Sales	3,635,188	B.COM, MMM	14	1-Jan-02	Econnect India Ltd
7	Joy Chakraborty	43	Chief Revenue Officer	16,184,488	B.SC, MMM	17	9-Mar-05	Star India Pvt. Ltd.
8	M. Lakshminarayanan	47	Executive Vice President & Company Secretary	4,968,249	B.COM, ACS	26	19-Jan-06	BPL Power Projects
9	Mohan Gopinath	38	Sr. Vice President - Programming	4,430,839	B.COM., MMS.	12	19-Dec-96	Nil
10	Nitin Vaidya	49	Chief Operating Officer - National Channels	7,598,109	B.SC	23	19-Apr-01	Broadcast Worldwide
11	Punit Goenka	35	Managing Director	28,357,768	B.COM	12	1-Jan-05	Asc Enterprise Limited
12	Sanjoy Chatterjee	43	Sr. Vice President - Sales	2,863,295	B.COM	18	25-Apr-05	Sony Entertainment Television
13	Santosh Shendye	45	Head - Inhouse Production	3,147,802	B.A.	18	20-Nov-92	Full Lights
14	Sujay Kutty	41	Sr. Vice President - Programming	2,910,600	B.COM	17	10-Dec-01	Sony TV
15	Tarun Mehra	42	Executive Vice President	5,978,892	BE, MMS	15	7-Jan-05	Shaw Wallace
16	Anjana Kshetry	44	Sr. Vice President - Sales	2,750,336	B.COM., MASS. COMM.	20	7-Apr-00	Modi Entertainment
17	Laxmi Shetty	42	Sr. Vice President - MIS	4,063,080	B.SC, DMM	21	1-Jun-05	Bennett Coleman & Co.
18	Priyanka Datta	38	Sr. Vice President - Sales	3,901,202	MA	15	1-May-02	Sab TV
19	Shekhar Kadav	47	Sr. Vice President - I.T.	2,501,113	B.COM	21	1-Apr-04	Freelancer
20	Anurag Bedi	33	Vice President - Sales	3,018,732	HSC, Degree In Nautical SCI	8	5-Feb-07	Star India Pvt. Ltd.
21	Vijay Anand Kondapaneni	34	Executive Assistant	2,769,990	B.SC, PGD IN ADV. & COMM.	11	2-Jan-06	Star India Pvt. Ltd.
22	Mehul Shah	39	Vice President - Accounts	2,644,394	M.COM, C.A., MFM	13	11-Mar-02	Biopas India Corp Ltd.
23	Sushruta Samanta	39	Vice President - Strategy & Business Development (International Markets)	2,870,234	B.E, PGDMM	12	25-Mar-08	Starcom
24	Siju Prabhakaran	36	Dy. Vice President - Sales	2,773,221	B.TECH., M.B.A.	11	27-Sep-04	Hangama TV
25	Utpal Das	44	Sr. Vice President - Commercial	3,467,264	BE MECH & Master In INTL BIZZ	20	11-Jun-08	Bennette Coleman Ltd
26	Sunita Uchil	41	Vice President - Sales	3,522,528	BA PGD ADVT & PR	15	5-Sep-08	Shamal Media Services Sharjah UAE
27	Rahul Kumar Shaw	37	Head Of Sales - Sports Business	6,462,754	B.COM	9	5-Mar-09	Inx News Pvt Ltd
28	Gunjarav Nayak	34	Dy. Vice President - Sales	2,535,557	B.COM, PGDBM	10	1-Sep-01	Sai Service Station

Employed for part of the year and in receipt of remuneration aggregating Rs. 2 Lacs or more per month.

Sr. No.	Name	Age	Designation	Total Remuneration (Rs.)	Qualification	Total exp	Date of joining	Previous employment
1	Rajesh Save	45	Executive Vice President - Corporate Human Resources	4,798,378	MA, PHD	21	1-May-09	Essel Corporate Resources Pvt Ltd
2	Roland Landers	45	Sr. Vice President - Corporate Communication	3,184,418	BSC, MBA	20	1-Apr-09	Essel Sports Pvt Ltd
3	Atul Pande	44	CEO - Sports Business	3,998,607	B.E, PGDBM	21	1-Jul-09	Cholamandalam Dbs Finance Ltd
4	Atul Das	42	Executive Vice President - Corporate Strategy & Buss Dev	4,180,860	B.COM., M.M.S.	17	1-Jul-09	Essel Corporate Resources Pvt Ltd
5	H Thaigarajan	42	Sr. Vice President - Finance	2,531,513	BSC, MBA	16	1-Jul-09	Real Media Fz Llc
6	Harish Krishnamurthy	39	Vice President - I.T	2,487,470	B.COM, MBA	15	1-Aug-09	Essel Corporate Resources Pvt Ltd
7	Hemlata Sharma	40	Vice President - Distribution	1,620,611	BA	20	12-Oct-09	Bharti Airtel Ltd
8	M Venkataraman	57	President - Corporate	6,117,224	BE, PGD IND ENGG	39	14-Oct-09	D.B. Corp Ltd
9	Gautham Machaiah	42	Sr. Vice President - Regional Channels	1,205,860	BA, MA , PHD	19	2-Nov-09	Essel Corporate Resources Pvt Ltd
10	Ajay Bhalwankar	39	Sr. Vice President - Programming	3,860,835	M.A	17	14-May-01	Tara Channel
11	Indranil Chakravarti	38	Head - Strategy & Business Development	3,122,518	BBA, CPA	13	2-May-05	JP Morgan Plc.
12	Ishwar Jha	37	CEO - DMCL	5,947,763	B.COM, PGDCA	16	9-Aug-04	Sony Music Entertainment
13	Rajib Chatterjee	38	Sr. Vice President - Zee Bangla	3,659,486	B.COM	17	27-Sep-04	Eenadu Network
14	Rudolf D'sa	41	Sr. Vice President - Operations	5,870,837	B.A.	18	16-Oct-92	Lady London Pvt. Ltd.
15	Sanjeev Lamba	49	Director - Marketing & Sales (Movies)	9,891,564	BA, MBA	27	30-Jan-08	The Weinstein Company
16	Shaswati Saradar	38	Vice President - Marketing	2,280,664	BA, PGD IN ADV & PR	14	18-Aug-08	Maruti Suzuki India Ltd
17	Priya Mishra	38	Creative Head	2,204,424	BA, MA	7	1-Sep-08	Freelancer
18	Dilip Roy	51	President - Human Resources	3,071,830	B.A., PGDHR in Ind Relations (XLRI)	27	9-Apr-08	Jubliant Organosys Ltd
19	Monali Ghosh	37	Dy. Vice President - Sales	649,851	M.A., MMM	13	15-Apr-05	Bennett Coleman & Co.
20	Himanshu Mody	32	Director - Programming	2,359,232	Msc - Finance University Strath clyde Glasgow	7	1-Apr-05	Essel Corporate Resources Pvt Ltd
21	Mukund Cairae	39	Executive Vice President - International Business	396,013	MBA	9	1-Jul-04	Nil

Notes : 1. All appointments are contractual and terminable by notice on either side.

2. None of the employees, except Mr. Punit Goenka, are related to any of the Directors.

3. Remuneration includes Salary, Allowances, Company's Contribution to Provident Fund, Medical Benefits, Leave Travel Allowance & Other Perquisites and benefits valued on the basis of the provisions of Income Tax Act, 1961.

Annexure to the Directors' Report (contd.)

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Name of the Subsidiary Company	The financial Year of the Subsidiary Company ended on	Holding Company	Extent of Holding Company's Interest	Face value of equity shares (per share)	Number of equity shares held by the holding Company and/or its subsidiaries	Net aggregate amount of profits / (losses) of the subsidiary so far as it concerns the members of the holding Company and is dealt with in accounts of holding Company	Net aggregate amount of profits / (losses) of the subsidiary so far as it concerns the members of the holding Company and is not dealt with in accounts of holding Company
						For the financial year ended on March 31, 2010 (Amt. In '000) (7)	For the previous financial years of the subsidiary since it became a subsidiary
							(Amt. In '000) (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(9) Rs. (1,437) Rs. (37,303) Rs. (16,831) US\$ (3) Rs. (23) US\$ (13) US\$ 21,492 US\$ (10) US\$ (3) GBP (2) US\$ 3,028 HKD (23) US\$ 67
							(10) Rs. 5,869 Rs. (115,020) Rs. (4,345) US\$ (7) Rs. (8) US\$ -13 USD 38,154 US\$ (5) US\$ (2) GBP (2) US\$ 7,842 HKD 1,415 US\$ 141
Taj Television India Private Limited	31/03/2010	ZEEL	50%	Rs. 100/-	5,000		
Zee Turner Limited	31/03/2010	ZEEL	74%	Rs. 10/-	74,000		
Zee Sports Limited	31/03/2010	ZEEL	100%	Rs. 10/-	50,000		
ZES Holdings Limited, Mauritius	31/03/2010	ZEEL	100%	US \$ 1	25,000		
Zee Motion Pictures Private Limited	31/03/2010	ZES Mauritius Ltd	100%	Rs. 10/-	10,000		
Zee Multimedia Worldwide Limited, BVI (ZMWL,BVI)	31/03/2010	ZEEL	100%	US \$ 1	34		
Asia Today Limited (ATL), Mauritius	31/03/2010	ZMWL, BVI & ZEEL	100%	US \$ 1	1,002		
ZES Entertainment Studios Limited - BVI	31/03/2010	ZES Holding Ltd.	100%	US \$ 1	1,000		
ZES Mauritius Limited	31/03/2010	ZES Entertainment Studios BVI	100%	US \$ 1	1		
ZES International Limited, UK	31/03/2010	ZES Entertainment Studios BVI	100%	GBP1	1		
Asia Business Broadcasting (Mauritius) Limited, Mauritius	31/03/2010	ATL	100%	US \$ 10	6,000		
Apac Media Ventures Limited, Hongkong	31/03/2010	ATL	100%	HK \$ 1	10,000		
Expand Fast Holdings (Singapore) Pte. Limited	31/03/2010	ATL	100%	US \$ 1	100,000		

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Name of the Subsidiary Company	The financial Year of the Subsidiary Company ended on	Holding Company	Extent of Holding Company's Interest	Face value of equity shares (per share)	Number of equity shares held by the holding Company and/or its subsidiaries	Net aggregate amount of profits / (losses) of the subsidiary so far as it concerns the members of the holding Company and is dealt with in accounts of holding Company	Net aggregate amount of profits / (losses) of the subsidiary so far as it concerns the members of the holding Company and is not dealt with in accounts of holding Company
						For the financial year ended on March 31, 2010 (Amt. In '000)	For the previous financial years of the subsidiary since it became a subsidiary (Amt. In '000)
Zee Multimedia (Maurice) Limited, Mauritius	31/03/2010	ATL	100%	Mauritius Rs.1	1,000	Mauritius Rs. (259)	Mauritius Rs. (630)
Zee TV South Africa (Proprietary) Limited	31/03/2010	ATL	100%	Rand 1	1,000	RAND 5,920	Rand (5,540)
Zee Telefilms Middle East FZLLC, U.A.E	31/03/2010	ATL	100%	AED 1000	2,500	AED 8,369	AED (1,957)
Zee Technologies (Ghuangzhou) Limited, China	31/03/2010	ATL	100%	YUAN 1	1,000,000	(YUN 359)	Yuan (2,173)
Zee Sports International Limited, Mauritius	31/03/2010	ATL	100%	US \$ 1	1,000	US\$ (2,007)	US\$ 3,827
Taj TV Limited, Mauritius	31/03/2010	Zee Sports Intl.	50%	US\$ 1000	3,100	US\$ (3,728)	US\$ 991
Zee Sports Americas Limited, Mauritius	31/03/2010	Zee Sports Intl.	100%	US \$ 1	1,000	US\$ (4)	US\$ (2)
Zee Multimedia Worldwide (Mauritius) Limited (ZMWL, Mauritius)	31/03/2010	ZMWL,BVI	100%	US \$ 1	26,520,004	US\$ (49)	US\$ (1,836)
Asia T.V. Limited, UK	31/03/2010	ZMWL, Mauritius	100%	GBP 1	16,438,900	GBP (47)	GBP (1,039)
000 Zee CIS Holdings Limited, Russia #	31/03/2010	Asia TV Limited, UK	100%	GBP 1	-	GBP (52)	
Zee T.V. USA, Inc.	31/03/2010	ZMWL, Mauritius	100%	US \$.01	2	US\$ (4,294)	US\$ 272
000 Zee CIS Limited, Russia #	31/03/2010	Asia TV & Zee CIS Holdings	100%	GBP 1	-	GBP	

Notes:

Acquired During the Year

For and on behalf of the Board

Place: Mumbai

Date: September 23, 2010

N C Jain
DirectorPunit Goenka
Managing Director

Annexure to the Directors' Report (contd.)

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
1	Churu Trading Co Private Limited
2	Ganjam Trading Co Private Limited
3	Prajatma Trading Co Private Limited
4	Briggs Trading Co Private Limited
5	Premier Finance and Trading Co Limited
6	Jayneer Capital Private Limited
7	Veena Investments Limited
8	Ambience Business Services Private Limited
9	Essel Infra Projects Limited
10	Buddha Films Limited
11	Cyquator Media Services Private Limited
12	Intrex India Limited
13	New Media Broadcast Private Limited
14	Pan India Network Infravest Private Limited
15	Pan India Network Limited
16	Prime Publishing Limited
17	Mediavest India Private Limited
18	Vasant Sagar Properties Private Limited
19	Essel Sports Private Limited
20	Aqualand India Limited
21	Wire and Wireless (India) Limited
22	Dish TV India Limited
23	Shirpur gold Refinery Limited
24	Solid Containers Limited
25	Essel Airport Infrastructure Private Limited
26	Pan India Infrastructure Private Limited
27	Essel Infra Projects International Holding Limited
28	Essel Sagar Damoh Toll Roads Limited
29	Essel Bhind Mihona Gopalpur Toll Roads Limited
30	Essel Bina Khimlasa Malthon Toll Roads Limited
31	Essel Damoh-Jabalpur Toll Roads Limited
32	Essel Entertainment Media Limited

Sr. No.	Name
33	Essel Ahmedabad Godhra Toll Roads Limited
34	EIP PTE Limited, Singapore
35	Jay Properties Private Limited
36	Edisons Continental Laboratories Private Limited
37	Essel Ship Breaking Limited
38	Continental Drug Company Private Limited
39	25FPS Media Private Limited
40	Pratham Media Entertainment Private Limited
41	Rama Associates Limited
42	Essel International Limited
43	Essel Agro Private Limited
44	ICL Heroes Sports Private Limited
45	ICL Rockets Sports Private Limited
46	Lahore Badshahs Private Limited
47	Dhaka Warriors Sports Private Limited
48	Royal Bengal Sports Private Limited
49	ICL Lions Private Limited
50	Maharashtra Hydrocarbon Products Private Limited
51	Digital Ventures Private Limited
52	Rupee Finance and Management Private Limited
53	Churu Enterprises LLP
54	Prajatma Enterprises LLP
55	Jayneer Enterprises LLP
56	Delgrada Limited, Mauritius
57	Lazarus Investments Limited, Mauritius
58	Essel Holdings Limited, Mauritius
59	Packaging Products Investments Limited
60	Afro Asian Satellite Communications Limited
61	Ambience Advertising Private Limited
62	Asian Satellite Broadcast Private Limited
63	Essel Corporate Resources Private Limited
64	Zee News Limited

Report on Corporate Governance



COMPANY'S GOVERNANCE PHILOSOPHY

Corporate Governance, which assumes great deal of importance at Zee Entertainment Enterprises Limited (ZEEL), is intended to ensure value creation for all its stakeholders. ZEEL believes that the governance process must ensure adherence and enforcement of the principles of sound Corporate Governance with the objectives of fairness, transparency, professionalism, trusteeship and accountability, while facilitating effective management of the businesses and efficiency in operations. The Company is committed to achieve and maintain highest standards of Corporate Governance on an ongoing basis. In its endeavor to improve in all aspects of Corporate Governance, ZEEL's Board has, during financial year 2008-09, approved and implemented a comprehensive Corporate Governance Manual which contains guidelines covering decision making authority levels, the policies and processes which provide an effective and flexible governance framework in the Company realizing the need to ensure an effective mechanism of checks and balances with transparency and accountability as the hallmark.

BOARD OF DIRECTORS

a) Composition and Category of Directors

Zee Entertainment has a balanced Board with combination of Executive and Non-Executive Directors, to ensure independent functioning. Non-Executive Directors include independent professionals with experience in business, finance, taxation, technology and media. Independent Directors of the Company provide appropriate annual certifications to the Board confirming satisfaction of the conditions of their being independent as laid down in Clause 49.

Composition of the Board as on March 31, 2010

Category of Directors	No. of Directors	Percentage to Total No. of Directors
Executive Director(s)	1	10%
Non-Executive Independent Directors	6	60%
Other Non-Executive Directors	3	30%
TOTAL	10	100%

Particulars of Directors, their attendance at the Annual General Meeting and Board Meetings held during the financial year 2009-10 and also their other directorships held in Public Companies (excluding Foreign Companies and Section 25

Companies) and membership of other Board Committees (excluding Remuneration Committee) as at March 31, 2010 are as under:

Name of Director	Category	Attendance at		No. of Directorship of other companies	No. of memberships of Board Sub- Committees	
		Board Meetings (Total 9 Meetings)	27th AGM held on 18.08.09		As Member	As Chairman
Ashok Kurien	Promoter - Non- Executive	7	Yes	2	1	1
B. K. Syngal	Independent - Non- Executive	6	No	3	2	2
Gulam Noon	Independent - Non-Executive	5	Yes	-	-	-
Laxmi N. Goel	Promoter - Non-Executive	4	No	8	1	-
M. Y. Khan	Independent - Non-Executive	5	Yes	1	-	-
N. C. Jain	Independent - Non-Executive	9	Yes	2	-	-
Rajan Jetley	Independent - Non-Executive	3	Yes	-	-	-
R. Vaidyanathan	Independent - Non-Executive	9	Yes	7	1	-
Subhash Chandra	Promoter - Non-Executive	8	Yes	6	-	-
Punit Goenka	Promoter - Executive	9	Yes	11	1	1

b) Board Meetings & Procedures

During the financial year under review, 9 meetings of the Board were held on April 22, 2009, June 26, 2009, July 16, 2009, October 23, 2009, October 29, 2009, December 23, 2009, December 29, 2009, January 18, 2010 and March 22, 2010. The intervening period between any two Board Meetings were well within the maximum time gap of 4 months

Report on Corporate Governance (contd.)

prescribed under Clause 49 of the Listing Agreement. The annual calendar of meetings is broadly determined at the beginning of each year.

Meetings of the Company are governed by a structured agenda. The Meeting are generally held at the Registered and Corporate office of the Company at Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai 400 018. The Company Secretary in consultation with Chairman/Managing Director & Chief Executive Officer finalises agenda of the Board meetings. All major agenda items, backed up by comprehensive background information, are sent well in advance of the date of the Board meetings to enable the Board to take informed decision. Any Board member may, in consultation with the Chairman, bring up any matter for consideration by the Board. Head of Department of Finance & Accounts is normally invited to the Board meetings to provide necessary insights into the working of the Company and for discussing corporate strategies.

The Board periodically reviews Compliance Reports in respect of various laws and regulations applicable to the Company.

- c) Brief profile of the Directors of the Company to be appointed/re-appointed at the Annual General Meeting

Laxmi N. Goel, 57, is a Non-Executive Director and one of the promoters of the Company. He is one of the key architects of the Essel Group of Companies. He started his career in 1969 trading agro commodities and established Rama Associates Limited along with his brothers. In 1980, he diversified the Group's activities into handicraft exports and real estate development business. He has contributed enormously in the establishment and progress of Essel Propack Ltd. At present Mr. Goel holds the position of Vice Chairman of the Essel Group of Companies and is actively involved in the day-to-day developmental activities of the Group. Besides business, he is actively

involved in social philanthropic work. He has been the trustee of the Agroha Vikas Trust for more than decade. He is also the trustee of the Delhi chapter of the Trust, which undertakes a number of noble social causes including the building and running of colleges, schools and temples. Mr. Goel was also head of affairs of the Sewak Sabha Hospital, Hissar, Haryana, for two years.

Apart from the Company, as at March 31, 2010 Mr. Goel holds directorship in eight (8) other Indian Public Limited Companies viz. ASC Telecommunication Ltd, East Hope Town Estate Co Ltd, East India Company (Trading) Ltd, Essel International Ltd, Rama Associates Ltd, Rankey Investments & Trading Co. Ltd, Siti Energy Ltd and Zee News Ltd.

As on March 31, 2010, Mr. Goel holds 1,753,000 equity shares, comprising of 0.40% of paid up capital of the Company.

Nemi Chand Jain, 71, a post graduate in Accounts and Law, has 38 years of experience in the Civil Service (as member of Indian Revenue Service). During his tenure in the civil services, he has held important positions like Chairman, Income Tax Settlement Commission, Ex-officio Secretary to Government of India, Ministry of Finance, Chief Commissioner of Income Tax at Kanpur and Mumbai, Joint Secretary to Government of India, Ministry of Finance, Department of Revenue (Central Board of Direct Taxes) in-charge of Tax Planning and Legislation division and Foreign Tax division. Mr. Jain was instrumental in negotiating various Double-Taxation Avoidance treaties on behalf of Government of India.

Apart from the Company, as at March 31, 2010, Mr. Jain holds directorships in Superhouse Leather Ltd., and Ajanta Manufacturing Ltd.

As on March 31, 2010, Mr. Jain does not hold any equity shares in the Company.



Prof. R. Vaidyanathan, 58, a graduate from Loyola College, Madras, holds a Masters from the Indian Statistical Institute, Calcutta and also a Fellow Member in Management (Doctorate) from the Indian Institute of Management, Calcutta, is the Professor of Finance and Control at the Indian Institute of Management, Bangalore and UTI Chair Professor in the area of Capital Markets. He is known for his commendable contributions in the areas of Corporate Finance, Risk Management, Pensions, etc. He was a Member of the L.C. Gupta Committee appointed by SEBI for Derivative Trading and is currently a National Fellow of the Indian Council of Social Science Research, New Delhi. In the past, Prof. Vaidyanathan, also held position of President of Asia Pacific Risk and Insurance Association headquartered in Singapore and he has published a number of articles in India and abroad on Corporate Finance and Capital Markets.

Apart from the Company, as at March 31, 2010, Prof Vaidyanathan holds directorship in seven (7) other Indian Public Limited Companies viz. Zee Turner Ltd., General Optics (Asia) Ltd., Conglome Techno Ltd, Gujarat state Petronet Ltd, Birla Sun Life Insurance Co. Ltd., Dalmia Cement Ventures Ltd and Shriram Properties Ltd.

As on March 31, 2010, Prof. Vaidyanathan does not hold any shares in the Company.

Punit Goenka, 36, a graduate from Bombay University, is a young professional with an entrepreneurial background. He began his career with the Essel Group which has diversified business interest in the areas of media, entertainment, gaming, packaging, telecommunications etc. Mr. Punit Goenka, son of Mr. Subhash Chandra, Chairman of Essel Group of Companies, has been contributing to several

Essel Group projects at the corporate decision making level and he has also held senior positions in other Group Companies. Apart from the Company, Mr. Punit Goenka holds executive position as Managing Director of Zee News Ltd., with effect from July 5, 2010.

Mr. Punit Goenka has participated in various intensive Management Education Programmes viz., Young Managers Programme at INSEAD, France and a programme on "Birthing of Giants" hosted by Young Entrepreneurs' Organization and MIT Enterprise Forum, Inc., Boston, USA.

Apart from the Company, as at March 31, 2010, Mr. Punit Goenka holds directorship in eleven (11) other Indian Public Limited Companies, viz. Agrani Telecom Ltd., Diligent Media Corporation Ltd., Essel Infraprojects Ltd., Essel Damoh-Jabalpur Toll Roads Ltd., Essel Sagar Damoh Toll Roads Ltd., Essel Ship Breaking Ltd., ETC Networks Ltd., Provogue (India) Ltd., Zee Sports Ltd., Zee News Ltd., and Zee Turner Ltd.

As at March 31, 2010, Mr. Punit Goenka, does not hold any shares in the Company.

d) Code of Conduct

The Company has instituted a Code of Conduct for Members of the Board and Senior Management of the Company and the compliance of the same is affirmed by the Board and Senior Management personnel annually. The Code has also been posted on Company's corporate website viz. www.zeetelevision.com.

Report on Corporate Governance (contd.)

A declaration affirming compliance with the Code of Conduct by the members of the Board and Senior Management personnel is given below:

Declaration

I confirm that the Company has obtained from all Directors and Senior Management personnel 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, 2010.

Punit Goenka

Managing Director & CEO

Mumbai, September 23, 2010

BOARD COMMITTEES

a) Audit Committee

The Board has constituted an Audit Committee, comprising of five (5) members as on March 31, 2010, four (4) of whom are Independent Directors, with Mr. N. C. Jain, a Non-Executive Independent Director as its Chairman.

The Composition of the Audit Committee as on March 31, 2010, which complies with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement(s) is as under:

Name of Directors	Category
Mr. N. C. Jain	Non Executive – Independent
Mr. Ashok Kurien	Promoter – Non Executive
Mr. B.K.Syngal	Non Executive – Independent
Mr. Rajan Jetley	Non Executive – Independent
Prof R.Vaidyanathan	Non Executive – Independent

The role and the powers of the Audit Committee are as per guidelines set out in Clause 49 of the Listing Agreement and provisions of Section 292A of the Companies Act, 1956. The Committee meets periodically and reviews:

- ☐ Accounting and financial reporting process of the Company
- ☐ Audited and un-audited financial results
- ☐ Internal audit reports, risk management policies & report on internal control systems of the Company

- ☐ Discusses the larger issues that are of vital concern to the Company including adequacy of internal controls, reliability of financial statements/ other management information, adequacy of provisions for liabilities and whether the audit tests are appropriate and scientifically carried out in accordance with Company's business and size of operations.

The Audit Committee also reviews adequacy of disclosures and compliance with all relevant laws. In addition to these, in compliance with requirements of Clause 49 of the Listing Agreement, the Audit Committee reviews operations of Subsidiary Companies viz., its financial statements, significant related party transactions, statement of investments and minutes of meetings of its Board and Committees.

During the year under review, five (5) Meetings of the Audit Committee were held viz.

Date of Meeting	Attendance	
	No. of Independent Directors	No. of Non-Independent Directors
21.04.09	3	1
26.06.09	2	1
16.07.09	3	1
22.10.09	4	1
18.01.10	2	1



Statutory Auditor, Internal Auditor and Chief Financial Officer of the Company are invitees to all meetings of the Committee and the Company Secretary is the Secretary to the Audit Committee.

b) Remuneration Committee and Policy

The Remuneration Committee of the Company comprises of five (5) Non-Executive Directors, three of whom are Independent Directors. Mr. N. C. Jain, Non-Executive Independent Director is the Chairman of the Committee and other members are Mr. B. K. Syngal, Non Executive Independent Director, Mr. Rajan Jetley, Non Executive Independent Director, Mr. Ashok Kurien, Non Executive Director and Mr. Laxmi N. Goel, Non-Executive Director. The Company Secretary is the Secretary to the Committee.

The terms of reference of the Remuneration Committee, inter alia, consists of reviewing the overall compensation policy, service agreements, Performance incentive and other employment conditions of Executive Director(s). The recommendations of the Remuneration Committee are considered and approved by the Board of Directors, subject to the approval of the shareholders.

Additionally the Remuneration Committee has been delegated the powers to decide on issuance of Stock Options and administer ZEEL – Employees Stock Option Scheme – 2009 approved by the Members at the 27th Annual General Meeting held on August 18, 2009. During the year under review, the Remuneration Committee has approved grant of 43,40,000 (convertible into equivalent number of equity shares of the Company of Re. 1 each) to the Employees of the Company/its Subsidiaries and the Independent Directors of the Company.

During the year under review, Remuneration Committee met on two occasions, viz: on April 21, 2009 and October 22, 2009.

Details of the remuneration paid to Mr. Punit Goenka, Managing Director & CEO of the Company during the year ended March 31, 2010 is as under:

Particulars	Amount (Rs.)
Salary & Allowances*	28,028,103
Perquisites	3,473,865
Employer's Contribution to Provident Fund	1,855,800
TOTAL	33,357,768

* includes provision for incentives for FY 2009-10

Remuneration payable to Non-Executive Directors

During the financial year 2009-10 the Non-Executive Directors were paid sitting fees of Rs. 10,000/- per meeting, for attending the meetings of the Board and Committees thereof, other than Share Transfer & Investors Grievances Committee, within the limits approved by the Shareholders.

Additionally, as approved by the Members & the Central Government, the Non-Executive Directors are entitled to remuneration by way of Commission for each financial year up to an aggregate limit of 1% of net profits of the Company. The commission payable is determined by the Board based *inter alia* on the performance of, and regulatory provisions, applicable to the Company. As per the current remuneration policy, the Company pays equal amount of commission to Non-executive Directors on pro rata basis.

Report on Corporate Governance (contd.)

Details of the remuneration of the Non-Executive Directors of the Company for Financial year 2009-2010 are as under:

(Rs.)

Name of Director	Sitting Fees	Commission	Total
Subhash Chandra	80,000	1,200,000	1,280,000
Laxmi N Goel	40,000	1,200,000	1,240,000
Ashok Kurien	140,000	1,200,000	1,340,000
N C Jain	160,000	1,200,000	1,360,000
B K Syngal	110,000	1,200,000	1,310,000
Rajan Jetley	50,000	1,200,000	1,250,000
Gulam Noon	50,000	1,200,000	1,250,000
M Y Khan	50,000	1,200,000	1,250,000
R. Vaidyanathan	140,000	1,200,000	1,340,000
TOTAL	820,000	10,800,000	11,620,000

Disclosure with respect to Non-Executive Directors on other pecuniary relationship – None

Within the overall limits permissible under the provisions of Companies Act, 1956 and as authorized by the Members at the Annual General Meeting held on September 28, 2005, your Board has, at its meeting held on March 22, 2010, approved increase in Sitting Fees payable to the Non-Executive Directors to Rs. 20,000 per meeting effective April 1, 2010.

c) Share Transfer and Investors Grievance Committee

The Share Transfer and Investors Grievance Committee of the Board comprises of Mr. Ashok Kurien, Non Executive Director as Chairman and Mr. N. C. Jain, Non Executive Independent Director as Member. The Company Secretary is the Secretary of the Committee.

Terms of reference of the Share Transfer and Investor Grievance Committee are to supervise and ensure efficient transfer of shares and proper and timely attendance of investors' grievances. The Committee has delegated the power of approving transfer, transmission, rematerialisation, dematerialization etc of shares of the Company to the officials of the Secretarial Department.

Mr. M. Lakshminarayanan, Executive Vice President & Company Secretary is the Compliance Officer of the Company.

During the year under review, Share Transfer and Investors Grievance Committee met four (4) times on April 6, 2009, July 6, 2009, October 6, 2009 and January 11, 2010. These meetings were attended by all Committee members.

Details of number of requests/complaints received and resolved during the year ended March 31, 2010, are as under:

Nature of Correspondence	Received	Replied/ Resolved	Pending
Non-receipt of Dividend Warrant(s)	42	42	–
Non-receipt of Certificates	10	10	–
Letter received from SEBI/Stock Exchanges	9	9	–
Non-receipt of Annual Report	23	23	–
TOTAL	84	84	–



d) Finance Sub-Committee

With a view to facilitate monitoring and for expediting any fund raising process, the Board of Directors of the Company had constituted a Finance Sub-Committee of the Board comprising of Mr. N. C. Jain, Non-Executive Independent Director as Chairman and Mr. Ashok Kurien, Non-Executive Director and Mr. Punit Goenka, Managing Director & CEO as its Members.

Main function of the Finance Sub-Committee is to consider and approve financing facilities offered and/or sanctioned to the Company by various Banks and/or Indian Financial Institutions from time to time, in the form of Term Loans, Working Capital facilities, Guarantee Facilities, etc., including the acceptance of terms and conditions of such facilities being offered.

During the year under review Finance Sub-Committee met four times on July 29, 2009, August 8, 2009, September 14, 2009 and October 27, 2009 which were attended by all members.

In addition to the above, your Board has constituted a Corporate Management Committee comprising of Senior Executives including Managing Director and CEO of the Company. Main function of the Committee is to review, approve and/or grant authorities for managing day-to-day affairs of the Company within the limits delegated by the Board.

General Meetings

The 28th Annual General Meeting of the Company for the financial year 2009-10 will be held on Friday, October 29, 2010 at 10.30 a.m. at Nehru Centre, Nehru Auditorium, Dr. Annie Besant Road, Worli, Mumbai 400 018.

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

Meeting	Day, Date and Time of the Meeting	Venue
27th AGM	Tuesday, August 18, 2009 at 11.00 a.m.	Nehru Centre, Nehru Auditorium, Dr. Annie Besant Road, Worli, Mumbai 400 018
26th AGM	Wednesday, July 23, 2008 at 11.30 a.m.	
25th AGM	Friday, August 17, 2007 at 11.30 a.m.	Auditorium, A wing, Ground Floor, National Stock Exchange of India Limited, Exchange Plaza, Plot No. C-1, G-Block, Bandra Kurla Complex, Bandra (E), Mumbai-400 051

During last three Annual General Meetings of the Company, the members had passed following Special Resolutions:

At 27th Annual General Meeting	<p>☐ 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</p> <p>☐ Introduction and implementation of Employee Stock option Scheme</p>

Report on Corporate Governance (contd.)

	<input type="checkbox"/> Extension of benefits of Company's ESOP Scheme to Employees / Directors of Subsidiary and/or holding companies of the Company <input type="checkbox"/> Alteration of Articles of Association of Company <input type="checkbox"/> Alteration of Articles of Association of the Company consequent to alteration of Capital clause of Memorandum of Association of the Company <input type="checkbox"/> Approval for appointment of Mr. Subhash Chandra, Non-Executive Chairman of the Company for holding an office or place of profit in Asia TV Limited, UK, a wholly owned foreign subsidiary of the Company
At 26th Annual General Meeting	<input type="checkbox"/> Alteration of Articles of Association
At 25th Annual General Meeting	<input type="checkbox"/> None

All the above resolutions were passed with requisite majority.

No Ordinary or Special resolutions were passed through Postal Ballot during financial year 2009-10. None of the resolutions proposed at the ensuing Annual General Meeting need to be passed by Postal Ballot.

Additionally, during the financial year 2009-10, as directed by Hon'ble Bombay High Court, a Court Convened General Meeting was held on December 29, 2009, seeking Members' approval to the Scheme of Arrangement between the Company, Zee News Limited and their respective shareholders. The resolution approving the Scheme was passed by the Members with requisite majority.

Disclosures

There are no materially significant related party transactions, i.e. transaction material in nature, between the Company and its promoters, directors or management or their relatives etc., having any potential conflict with interests of the Company at large. Transactions with related parties are disclosed elsewhere in the Annual Report.

There has not been any non-compliance by the Company and no penalties or strictures imposed by SEBI or Exchanges or any statutory authority on any matter relating to capital markets, during the last three years.

SEBI had issued a Show Cause Notice to the Company in 2005 wherein the Company and its Promoters were charged for alleged involvement in market manipulation transactions of Ketan Parekh and his associates. In connection with this Show Cause Notice, Hon'ble Whole-time Member of SEBI has vide Order dated March 19, 2008, held that the charges of alleged involvement of the Company and its Promoters in market manipulation transactions, are not sustainable and that the Company and its Promoter Companies are not directly involved in the market manipulation. Therefore any penal actions sought under the Show Cause Notice were dropped. However, since in the opinion of SEBI, the actions of the Company and its Promoters gave an impression of such involvement, the SEBI order cautioned the Company and its promoters against any similar actions in future.

Further, during the year SEBI had issued a Show Cause Notice to ETC Networks Limited, a Subsidiary of the Company (now merged with the Company) for transactions between ETC Networks Limited and its erstwhile promoters during January to April 2001. In response thereto ETC had sought for Consent Order as per Consent terms and has deposited Consent fee as agreed with SEBI.



Compliance with Non-Mandatory requirements

The Company has complied with all mandatory requirements of Clause 49 of Listing Agreement(s). The status of compliance with non-mandatory requirements of Clause 49 of the Listing Agreement are as detailed hereunder:

A. REMUNERATION COMMITTEE

The Company has setup Remuneration Committee to recommend/review overall compensation policy, service agreements and other employment conditions of Executive Directors.

B. WHISTLE BLOWER POLICY

The Board of Directors of the Company approved the Whistle Blower Policy, pursuant to which employees can raise concern relating to the fraud, malpractice or any other untoward activity or event which is against the interest of the Company and/or its stakeholders.

C. AUDIT QUALIFICATION

Company is in the regime of unqualified financial statements.

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 securities of the Company are listed. Such information is also simultaneously displayed immediately on the Company's corporate website, www.zeetelevision.com. The financial results quarterly, half yearly and annual results and other statutory information were communicated to the shareholders by way of an advertisement in a English newspaper viz. 'Daily News & Analysis (DNA)' and in a vernacular

language newspaper viz. 'Punya Nagari (Marathi)' as per requirements of the Stock Exchange.

Official press releases and presentations made to institutional investors or to the analysts are displayed on Company's corporate website, www.zeetelevision.com.

Hard copies of the said disclosures and correspondences are also filed with the exchanges.

Management Discussions and Analysis Report forming part of annual report is annexed separately.

General Shareholder Information

The required information is provided in Shareholders' Information Section.

Auditors' Certificate

To,
The Members,
Zee Entertainment Enterprises Limited

We have examined the compliance of conditions of Corporate Governance by **Zee Entertainment Enterprises Limited** ('the Company'), for the year ended March 31, 2010 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.**
Chartered Accountant

Registration No. - 101169W
Mohan Bhandari
Partner

Membership No.12912
Mumbai.



Shareholders' Information

1.	Date, Time and Venue of shareholders' Meeting	Meeting : Annual General Meeting Day & Date : Friday October 29, 2010 Time : 10.30 a.m. Venue : Nehru Centre, Nehru Auditorium, Dr. Annie Besant Road, Worli, Mumbai – 400 018
2.	Financial Year	2009-2010
3.	Date of Book Closure	Saturday, October 9, 2010 to Tuesday, October 12, 2010 (both days inclusive)
4.	Dividend Payment Date	On or after October 29, 2010
5.	Registered Office	Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai-400 018, India Tel: +91-22-6697 1234 Fax: +91-22-2490 0302/0213 Website: www.zeetelevision.com
6.	Listing on Stock Exchanges	The Bombay Stock Exchange Limited (BSE) The National Stock Exchange of India Limited (NSE)
7.	Stock Code	BSE 505537 NSE ZEEL EQ Reuters ZEE.BO (BSE) ZEE.NS (NSE) Bloomberg Z IN (BSE) NZ IN (NSE)
8.	ISIN No.	Equity - INE256A01028
9.	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: +91-22-67720400 Fax: +91-22- 28591568 E-mail: sharepro@shareproservices.com
10.	Investor Relation Officer	Mr. Pushpal Sanghavi Zee Entertainment Enterprises Limited Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai - 400 018, India Tel: +91-22-6697 1234 Fax: +91-22-2490 0302/0213 E.Mail: shareservice@zeenetwork.com

Shareholders' Information (contd.)

11. Dividend

In addition to the Interim Dividend of Re. 2 per share declared by the Board on April 20, 2010, the Board of Directors have recommended payment of Final Dividend of Re. 2/- per share on paid up value of Re. 1 per share i.e. 200% on the paid up capital of the Company.

Final Dividend, if approved by Members at the ensuing Annual General Meeting, will be paid to all those shareholders whose name appear in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company or its Registrars on or before October 8, 2010 and in the list of beneficial owners furnished by National Securities Depository Limited and/or Central Depository Services (India) Limited, in respect of shares held in electronic form, as at the close of the business on October 8, 2010.

Dividend for the financial year ended March 31, 2003, which remains unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund on completion of seven years. The same would be transferred on or before November 20, 2010.

Members who have not encashed their dividend warrant(s) for the financial year ended March 31, 2003, or any subsequent financial year(s), are requested to seek issue of duplicate warrant(s) by writing to the Registrar and Share Transfer Agent of the Company. Members will not be able to claim any unpaid dividend from the Investor Education and Protection Fund or the Company once it is transferred to the said fund.

Information in respect of unclaimed dividend for the subsequent financial years and date(s) when due for transfer to Investor Education and Protection Fund is given below:

Financial Year Ended	Date of Declaration of Dividend	Last date for Claiming unpaid Dividend	Due date for transfer to IEP fund
31.03.2003	26.09.2003	01.11.2010	30.11.2010
31.03.2004	28.09.2004	03.11.2011	02.12.2011

Financial Year Ended	Date of Declaration of Dividend	Last date for Claiming unpaid Dividend	Due date for transfer to IEP fund
31.03.2005	28.09.2005	03.11.2012	02.12.2012
31.03.2006	28.12.2006	03.02.2014	02.03.2014
31.03.2007	17.08.2007	22.09.2014	21.10.2014
31.03.2008	23.07.2008	28.08.2015	27.09.2015
31.03.2009	18.08.2009	23.09.2016	22.10.2016
31.03.2010 (Interim Dividend)	20.04.2010	21.05.2017	20.06.2017

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

13. 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.

14. Dematerialisation of Equity Shares & Liquidity

Trading in equity shares of the Company became mandatory in dematerialized form, with effect from April 5, 1999. To facilitate trading in demat form, the Company has made arrangements with both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Shareholders can open account with any of the Depository Participant registered with any of these two depositories. As on date 99.70% of the equity shares of the Company are in the dematerialized form.



15. Splitting of Shares

On October 25, 1999 Shareholders had approved splitting of face value of equity shares of the Company from Rs. 10 each to Re. 1 each. The said resolution became effective from the start of no-delivery period w.e.f. December 6, 1999. From this day onwards trading in equity shares of Re.1 each commenced and consequently the equity shares of Rs. 10 each ceased to trade on the stock exchanges.

To all the shareholders who were holding shares in physical form, the Company had sent them intimation to exchange the old certificates of face value of Rs. 10 each with new certificate of face value of Re. 1 each. For the shareholders who were holding shares in demat form, the depositories automatically gave the effect of splitting of face value of shares by way of a Corporate action on December 23, 1999.

Shareholders who could not exchange their old certificates earlier for the new certificates and who are desirous of exchanging the same, should follow the following procedure:

1. Write a letter to the Company's Registrar & Share Transfer Agent mentioning:
 - Your intention to split the share certificates;
 - Whether the new share certificates are required in jumbo lot or in market lot.
2. Attach old share certificates in original, with the letter.
3. Send the same (preferably through registered post) to the Registrar & Share Transfer Agent at the address given above.

16. Issuance of Shares Pursuant to the Scheme of Arrangement

In respect of the Scheme of Arrangement between the Company, Zee News Limited and their respective Shareholders, for demerger of Regional General Entertainment Channel Business Undertaking of Zee News Limited into the Company with effect from January 1, 2010, the Members may note following details:

Date of High Court Order : March 19, 2010
approving the Scheme

Date on which Scheme : March 29, 2010
became effective

Ratio in which Shares of : 4 Equity Shares of the
the Company allotted Company for 19 Equity
Shares of Zee News
Limited held as on
April 16, 2010 (Record
Date announced by
Zee News Limited)

Date of Allotment of : April 20, 2010
Shares

Date of issuance of : April 29, 2010
Shares / Credit to Demat
Account

In respect of the Composite Scheme of Amalgamation and Arrangement between the Company, ETC Networks Limited, Zee Learn Limited and their respective Shareholders, inter alia for merger of ETC Networks Limited with the Company with effect from March 31, 2010, the Members may note following details:

Date of High Court Order : July 16, 2010
approving the Scheme

Date on which Scheme : August 30, 2010
became effective

Ratio in which Shares of : 10 Equity Shares of
the Company allotted Re. 1 each of the the
Company for 11 Equity
Shares of Rs. 10 each
of ETC Networks
Limited held as on
September 17, 2010
(Record Date)

Date of Allotment of : September 23, 2010
Shares

Shareholders' Information (contd.)

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 respond to all letters received from the shareholders within a period of 5 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. Outstanding Convertible Instruments, Conversion Date & Likely Impact on Equity

As approved by the Members of the Company at the Annual General Meeting held on August 18, 2009, the Company had instituted an Employee Stock Option Scheme (ZEEL ESOP 2009) under which the Company is entitled to issue Stock Options convertible into 21,700,355 Equity Shares of Re. 1 each.

Under the said ZEEL ESOP 2009 Scheme, the Company has during financial year 2009-10 issued Stock Options convertible into 43,40,000 Equity Shares of Re. 1 each upon exercise by option holder on or after October 22, 2010.

19. Stock Market Data Relating to Shares Listed in India

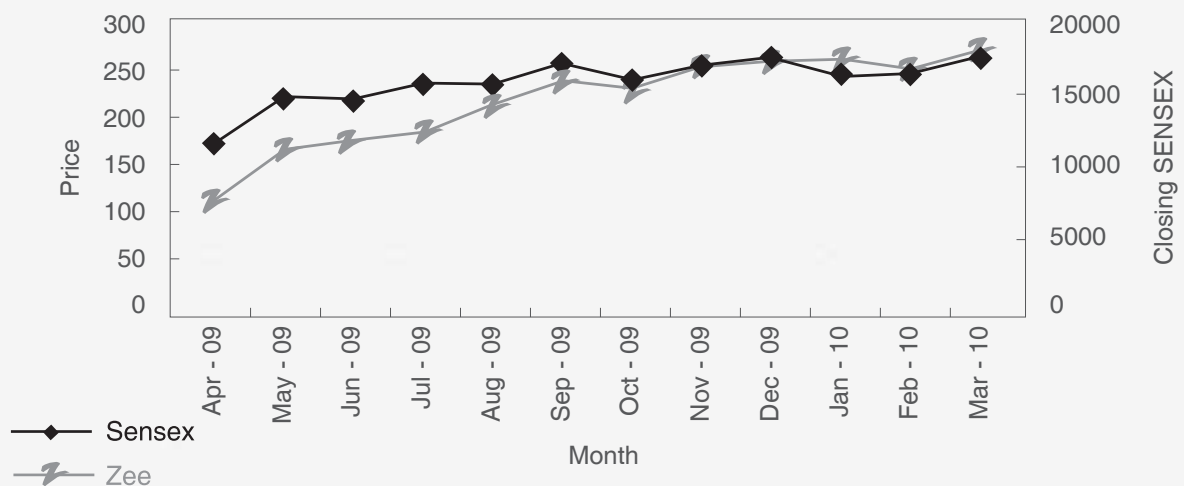
Monthly high and low quotations and volume of shares traded on Bombay Stock Exchange and National Stock Exchange for financial year 2009-2010 are:

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume of Share Traded	High (Rs.)	Low (Rs.)	Volume of Shares Traded
April 2009	142.00	104.65	14743387	142.75	104.50	53083252
May 2009	186.90	114.50	13027128	187.45	114.75	48338057
June 2009	203.50	152.00	6991867	203.90	152.00	29824108
July 2009	199.70	160.00	12980844	199.60	159.55	41404560
August 2009	224.80	175.00	7890729	224.90	174.75	32200197
September 2009	244.80	205.70	9161519	244.50	205.80	29966251
October 2009	261.40	223.90	6397013	261.85	224.10	31792160
November 2009	275.25	226.00	3738182	275.45	223.00	22642867
December 2009	272.00	244.25	2812800	270.90	210.90	18971530
January 2010	292.70	251.70	3783981	303.10	250.55	23807789
February 2010	268.65	244.00	1280732	269.75	243.90	11732510
March 2010	283.75	248.00	2056479	283.85	249.50	19777797

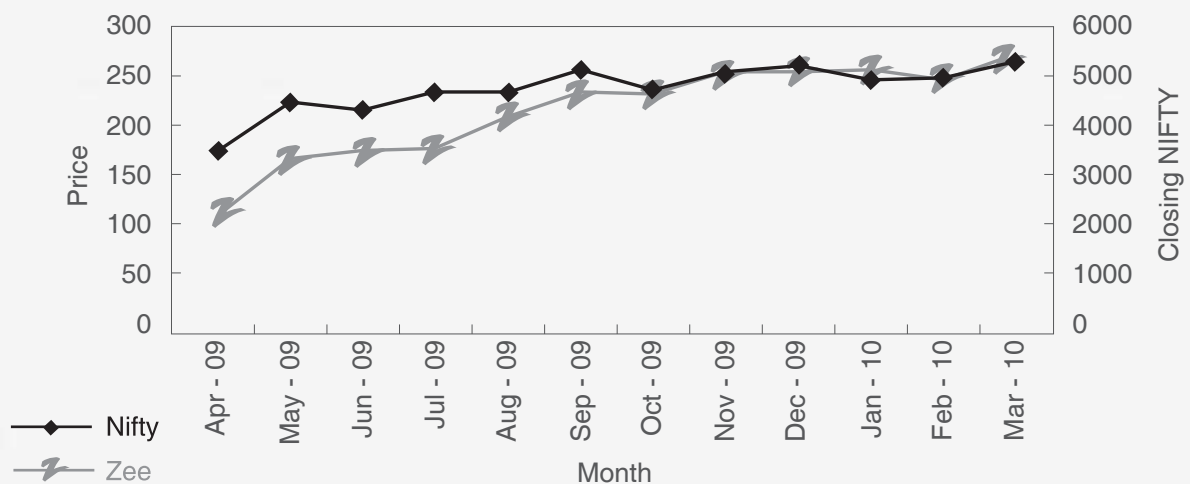


20. Relative Performance of Zee Shares Vs. BSE Sensex & Nifty Index

Zee Entertainment Enterprises Limited Closing Price Vs Closing SENSEX



Zee Entertainment Enterprises Limited Closing Price Vs Closing NIFTY



Shareholders' Information (contd.)

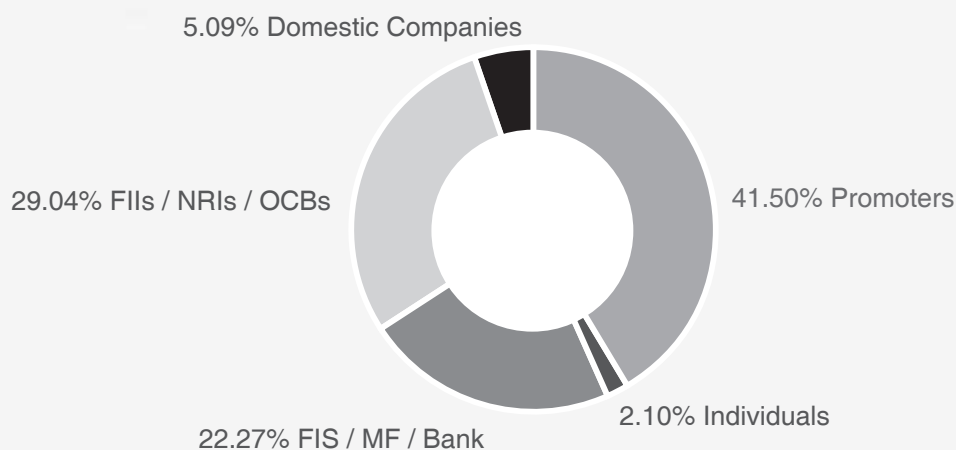
21. Distribution of Shareholding as on March 31, 2010

No. of Equity Shares	Shareholders		No. of Shares	
	Number	% of holders	Number	% of Shares
Upto 5000	78,072	99.27	9,623,541	2.22
5001-10000	149	0.19	1,132,660	0.26
10001-20000	80	0.10	1,167,952	0.27
20001-30000	27	0.03	658,876	0.15
30001-40000	21	0.03	726,493	0.17
40001-50000	13	0.02	596,720	0.14
50001-100000	48	0.06	3,612,372	0.83
100001 and Above	239	0.30	416,488,497	95.96
	78,649	100	434,007,111	100

22. Categories of Shareholders as on March 31, 2010

Category	March 31, 2010	
	% of shareholding	No. of shares held
Promoters	41.50%	180,105,368
Individuals	2.10%	9,096,124
Domestic Companies	5.09%	22,070,110
FIs, Mutual funds and Banks	22.27%	96,638,149
FIIIs, OCBs & NRI	29.04%	126,097,360
	100.00%	434,007,111

Zee Entertainment Enterprises Limited - Share Pattern as on March 31, 2010





23. Particulars of Shareholding

a) Promoter Shareholding as on March 31, 2010

Sr. No.	Name of Shareholder	No. of Shares held	% of shareholding
1	Delgrada Limited	53,554,143	12.34%
2	Jayneer Capital Pvt. Ltd	52,346,604	12.06%
3	Lazarus Investments Limited	11,500,000	2.65%
4	Prajatma Trading Co. Pvt. Ltd	7,574,500	1.75%
5	Essel Infraprojects Ltd (formerly Pan India Paryatan Ltd)	6,400,000	1.47%
6	Premier Finance and Trading Co Ltd	6,176,000	1.42%
7	Ganjam Trading Co. Pvt Ltd	6,016,500	1.39%
8	Briggs Trading Co. Pvt Ltd	4,451,262	1.03%
9	Churu Trading Co Pvt Ltd	3,576,000	0.82%
10	Ambience Advertising Pvt Ltd	2,275,000	0.52%
11	Ashok Kurien	2,042,000	0.47%
12	Laxmi Goel	1,753,000	0.40%
13	Sushila Goel	680,000	0.16%
14	Veena Investment Pvt Ltd	681,000	0.16%
15	Essel Holdings Limited	21,079,259	4.86%
16	Essel Champs Private Limited	100	0.00%
	TOTAL	180,105,368	41.50%

b) Top ten Public Shareholding as on March 31, 2010

Sr. No.	Name of Shareholder	No. of Shares held	% of shareholding
1	Life Insurance Corporation of India	40,770,666	9.39%
2	HDFC Trustee Company Limited – HDFC Capital Builder Fund	22,167,041	5.11%
3	Oppenheimer Developing Markets Fund	21,392,510	4.93%
4	Reliance Capital Trustee Co Ltd A/c Reliance Media and Entertainment Fund	14,192,733	3.27%
5	HDFC Standard Life Insurance Company Limited	9,937,288	2.29%
6	Oppenheimer Global Fund	7,850,584	1.81%
7	FID Funds (Mauritius) Limited	6,707,247	1.55%
8	Norges Bank A/c Government Petroleum Fund	5,305,543	1.22%
9	Birla Sun Life Insurance Company Ltd	4,124,152	0.95%
10	SBI Mutual Fund - Magnum Balanced Fund	3,993,640	0.92%
	TOTAL	136,441,404	31.44%

Management Discussion and Analysis



The figures have been stated in Rs. X million in the MD&A for better readability instead of Rs. XX thousands as stated in the financial statements.

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, dependence on availability of qualified and trained manpower and other factors. The following discussion with the Company's financial statements included herein and the notes thereto:

OVERVIEW

Zee Entertainment Enterprises Limited (ZEEL) (BSE Code: 505537, NSE Code: ZEEL.EQ) is India's largest vertically integrated media and entertainment Company. The Company was formed in 1982.

Zee Entertainment was the first Company to launch a satellite channel in India and from being a single channel for a single geography today operates multiple channels across multiple geographies in different languages and genres. The Company's programming reaching out to over 500 million viewers across 167 countries.

Zee Entertainment channels include Zee TV (Hindi General Entertainment), Zee Cinema (Hindi Movies), Zee Sports, Ten Sports (sports including Cricket), Zee Café (English Entertainment), Zee Studio (English Movies), Zee Trendz (Fashion & Life Style), Zing (Music and Lifestyle), ETC Music (Hindi Music), ETC Punjabi (Regional language), Zee Classic (Old Hindi movies), Zee Action (Action-based Hindi movies), Zee Premier (New Hindi movies), Zee Jagran (Alternative Lifestyle), Zee Smile (Niche Hindi General Entertainment) and recently merged Regional Channels like Zee Marathi, Zee Bangla, Zee Kannada, Zee Telugu, Zee Talkies and 9X.

MEDIA AND ENTERTAINMENT INDUSTRY

A buoyant economy led to the Indian media and entertainment industry growing at a quick pace over the last few years. Advertising revenues continued to outperform the world growth average and digitization ensured that corrections were brought into the subscription revenues model.

However, year gone by was a unique one for the world economy at large and growth plans across businesses were brought under check while rationalizing spends to grapple with unprecedented slowdown.

An ever increasing ad spend to GDP ratio, rapid adoption of DTH and digital pay television services, favourable trends from television heavy advertisers lead the revival of the sector from this pressure situation in the second half of the fiscal 2010 which is likely to rally in the coming years

The new era of digitization has seen DTH adoption going up to 20 million pay DTH households as of March 2010, an 80% growth over the last year. With more number of players foraying into the DTH market and heavier investments into consumer education, the DTH industry is estimated to grow by another 9-10 million households this year alone. Established broadcasters with emphasis on subscription revenues are likely to be the biggest beneficiaries from this expansion going forward.

India has been relatively lesser impacted by the upheaval in the world economic situation, yet the widespread uncertainty has led to a slowdown in advertising spends.

BUSINESS PROFILE

Zee is an integrated media and entertainment Company engaged primarily in broadcasting and content development, production and its delivery via satellite. The Company has 23 channels that serves widest array of content choices in India and is the leading broadcaster across the country as also the pioneer in the international markets for Indian content.

Zee TV

The flagship channels Zee TV operates in the Hindi General Entertainment genre. Over the last year, easy liquidity in capital markets and growth prospects of Indian media had lead to the launch of various new channels, especially in the Hindi General Entertainment space. New players were attracted to the genre owing to its popularity among viewers and the resultant advertising spends it attracts through giving little emphasis on their breakeven horizons and profitability.

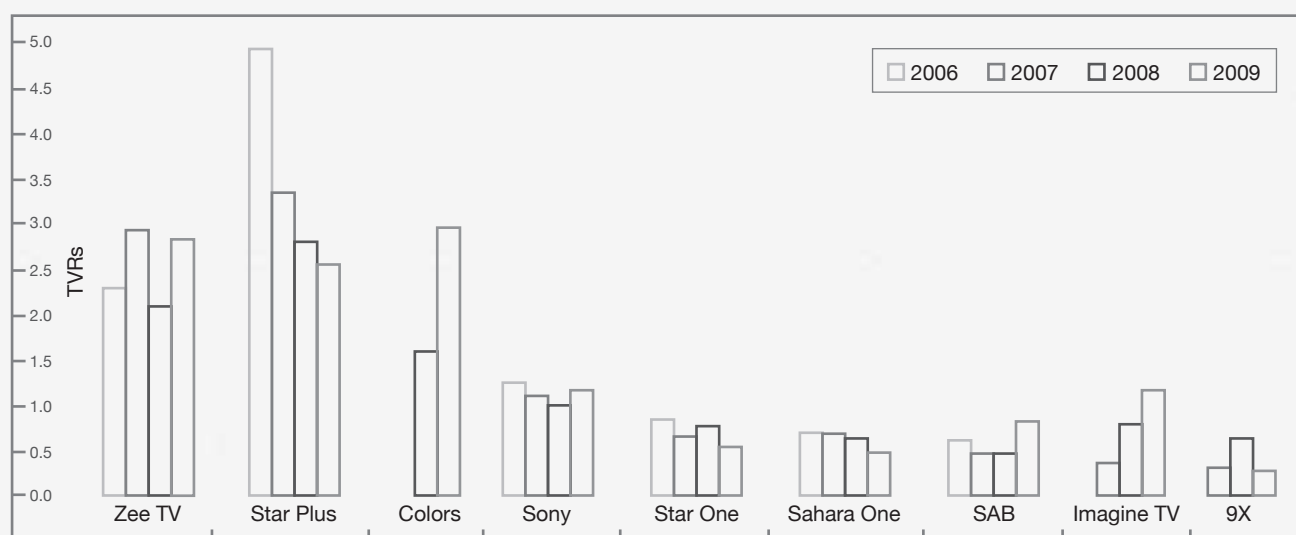
Nevertheless, with the launch of new players, a lot more choice was available to the viewers, the quantity of GEC content being produced went up. This in turn also resulted in increased cost of marketing and distribution within the GEC genre. Since cable distribution in India is predominantly in analogue mode, getting carriage on cable networks was a challenge for most. As a result, the channels had to pay sizable amounts as carriage fees.

The cost structure of new channels was thus very different as compared to established players. While new channels spent excessively across all cost heads, creating unviable operating plans, the liquidity scenario also changed for the worse and but a brake in the plans of some new players.

Management Discussion and Analysis (contd.)

The fragmentation in viewership brought with it some pressure on advertising for the genre. New broadcasters offered entry pricing on new inventory, which resulted in lower realization and yields. Subscription revenues were also under pressure, with all new entrants offering long free-view windows.

While the initial flurry of spends did bring with it short-term viewership spikes, most of the channels started to plateau out on ratings. Monetize-able ratings eluded new players, even as established incumbents continued to garner a larger pie of the relevant viewership and advertising revenues hence. The graph below is indicative of the competitive Hindi GEC space and primetime ratings of each of the channels over the last four years, showing the growing strength of Zee TV versus other established players in the genre.



Zee TV continued to maintain its dominance in the genre even as other channels lost market share and delivered an average channel share of 17% across the year. The encouraging part for the channel was that while other existing players lost channel share to new competitors, the channel was the least effected by the upheaval that surrounded it. During the year, the channel launched various new successful shows including 'Choti Bahu', 'Agle Janam Mohe Bitiya Hi Kijo', 'Dance India Dance', 'Do Sahelia', 'Jhansi Ki Rani', etc. These shows met with instant success and broke into the top 50 shows slot.

Leadership across different Genre

Apart from its flagship channel Zee TV, the Company has a dominant presence across different segments in Indian broadcasting space.

- ▮ In Hindi Movie Genre, it has 4 channels viz. Zee Cinema, Zee Premier, Zee Action and Zee Classic. Zee Cinema has been a leader in its genre from the time of its inception and commanded 33% weekly average channel share during the year. The channel has the largest film library in the country and is a strong favourite with the viewers as also the advertisers.
- ▮ The Company's sports offering includes 2 channels viz. Zee Sports and Ten Sports. With telecast rights to 5 cricket boards, which ensure coverage of cricket of all test playing countries, and over hundred days of cricket per year along with rights to exciting properties such as UEFA cup football, WWE wrestling, US Open Tennis, etc. tied up, the sports business has emerged as a strong segment of the Company's revenues, contributing to over 14% of the Company's top line this year.



- ▮ Zee Café, Zee Studio and Zee Trendz channels are Company's offering to the English speaking audiences in the country. Zee Café has the rights to the latest current series programming of super-hit shows while Zee Studio has tied up with leading studios from across the globe. The channels continue to drive in strength to network subscription bouquet.
- ▮ Zee Music, the music channel offering of the Company was rebranded to Zing during the course of the year. The content on Zing will revolve around the world of music, movies and celebrities.
- ▮ Zee Marathi, Zee Talkies, Zee Bangla, Zee Telugu, Zee Kannada are regional language offerings and are carrying significant market share in their respective markets.

Global Presence

The Company has access to more than 500 million viewers globally and broadcasts to over 167 countries worldwide. Internationally, subscription is a key driver of revenues for any broadcaster and international subscription revenues contributed to over 24% of Zee Entertainment's total revenues in this financial year. The Company also forayed into new markets with the launch of local language channels in Russia, Indonesia, Malaysia, Saudi Arabia. The offering is of the existing library either subtitled or dubbed into the local language to cater to the non South Asian audiences as well.

Films Business

During the year, the Company's movie production & distribution business suffered a loss of Rs. 3.17 mm. The Company is now revising its strategy to go for this business by concentrating on Regional film markets.

Education

For India to achieve its target of GDP growth, it needs to harness all its Resources – the biggest one being manpower. Sadly, our manpower today is not equipped to take on the challenge of leading India to its destiny. 36% of them are illiterate and the ones, who are certified literate, are barely employable. Therefore, organized private initiatives are gaining momentum in India's lucrative education market.

Zee Interactive Learning Systems (ZILS) is the education division of ETC Networks Ltd. ZILS's purpose is to improve Human Capital via quality education and development as also helps individuals (children and youth) realize their unique potential through our chain of Pre-schools, Schools, Youth Institutes and Online ventures. ZILS plans to make substantial investments in developing new education centres for the children and youth through organic and inorganic routes.

ZILS runs India's No.1 chain of pre-schools, Kidzee with more than 415 operational pre-schools in more than 275 cities. Kidzee is a pioneer in organized and standardized pre-schooling in the country. ZILS has also ventured into K12 schools with Kidzee High, India's only chain of Higher Secondary schools with an integrated approach to Learner Centric Education.

For youth, ZILS runs 2 vocational institutes in Mumbai in addition to more than 50 ZedCA centres across the country. ZedCA centres impart IT training. Zee Institute of Media Arts (ZIMA) is a TV and Film training institute in Lokhandwala, Mumbai that offers diploma courses in Direction, Acting, Sound Editing, Production and Cinematography. Zee Institute of Creative Animation (ZICA) is a premier animation institute at Esselworld, Mumbai that trains youth in classical 2D and modern 3D animation.

Management Discussion and Analysis (contd.)

To bring in better management focus, Education business undertaking including all its assets, properties and liabilities is demerged from the Company to a resulting Company Zee Learn Limited at book value with effect from April 1, 2010.

BUSINESS STRATEGY

The year gone by can be classified as two distinct parts: the first half from April to September and the second half from October to March. While the first half saw the fallout impact on advertising revenue due to economic slowdown witnessed during 2008-2009, second half saw a resurgent economy and higher ad spend.

The key elements of Zee's strategy during the year were (i) to take appropriate steps to safeguard its leadership position in a fiercely competitive environment (ii) to concentrate on additional revenues from digital pay platforms (iii) rationalize on costs across different heads, especially towards the latter half of the year (iv) fortify its expansion in the international markets (v) maintain consistently high standards of corporate governance.

i) **Appropriate steps to safeguard its leadership position in a fiercely competitive environment**

Over the years, Zee Network has been the only network to gain viewership share in the top 3 television networks of the country. The launch of new shows across network channels along with the tie up of cricket rights and current series rights of programmes has helped ensure that in a highly fragmented environment, the network maintained and grew its dominance.

ii) **Concentrate on additional revenues from digital pay platforms**

India is a fast digitizing market and the consumer shift towards digital services is exhibited through the rampant expansion from 6 million pay DTH households at the beginning of the fiscal to 12 million pay DTH households at the end of it. The Company gained substantially through this growth and revenues

realized by the Company for these consumers grew 93% over the last year.

iii) **Rationalize on costs across different heads towards the latter half of the year**

The belief at the Company has always been that higher spends will not necessarily result in sustained incremental viewership. Even in the wake of competition, the network maintained its cost structures though with increased competition our costs also moved up. The costs were however brought under check towards the fourth quarter of the year and are expected to further be brought under check going forward. The Company cut back on expansion plans such as Zee Next and Zee Entertainment Studios. Better negotiations with suppliers, efforts on manpower rationalization and stricter control on distribution spends will help in further keeping costs under check.

iv) **Fortify its expansion in the international markets**

While the network launched local language channels across various new territories in the previous fiscal, this fiscal saw the consolidation on this front, with the success of Zee Aflam for the Middle East region and Zee Music in the UK. The success of these channels has given the management confidence that low cost experiments such as these are an innovative way of expanding network strengths.

v) **Corporate Governance**

Zee firmly believes that good governance is critical to sustaining corporate development, increasing productivity and competitiveness and creating shareholder wealth. The governance process should ensure that the available resources are utilized in a manner that meets the aspirations of all its stakeholders. Your Company's essential charter is shaped by the objectives of transparency, professionalism and accountability. The Company



continuously endeavours to improve on these aspects on an ongoing basis.

While the increasing emphasis on transparency and accountability, standards have been set by various governing bodies on disclosure as well as judiciousness in conduct. Zee has always tried to go a step further in this direction.

OTHER COMPANY INFORMATION

Zee Entertainment Enterprises 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 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 fine 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 utilizing the richness of knowledge,

ideas and experience that this diversity provides. The work environment is stimulating and development of core competencies through format training, job rotation and hands on training is an ongoing activity.

RISK FACTORS

Competition from other players

The Company operates in highly competitive environment that is subject to innovations, changes and varying levels of resources available to each player in each segment of business.

Ever changing trends in Media sector

It may not be possible to consistently predict changing audience tastes. People's tastes vary quite rapidly along with the trends and environment they live in. This makes it virtually impossible to predict whether a particular show or serial would do well or not. With the kind of investments made in ventures, repeated failures would have an adverse impact on the bottom line of the Company.

Cost of programming mix might affect its Bottom line

The urge to compete and provide the best content to viewers, Zee would have to incur high expenditure to provide an impetus on its programming front from time to time.

The increase in costs might not necessarily perk up its revenues in the same proportion.

Investments in new channels

The Company may from time to time launch new channels. Content for these channels is obtained from its existing library as well as from programmes acquired in the normal course of its business. The success of any new channel

Management Discussion and Analysis (contd.)

depends on various factors, including the quality of programming, price, extent of marketing, competition etc. There can be no assurance that the Company will be as successful in launching new channels as it has been the case of its existing channels.

Weakened Macroeconomic Environment takes longer than expected to recover

The Company believes that the economic slowdown is now reversed with strong growth in the first half of the fiscal 2010 and that an upward trend will continue with regard to spends by the advertisers. However, a longer recovery period may lead to delayed uptake on advertising spends and an impact on the Company's strategy going forward.

Delay in DTH/CAS rollouts resulting in slower ramp up in pay revenues

The uptake of pay digital services by subscribers has been a very encouraging sign for all broadcasters. Internationally most broadcasters derive a greater share of their revenues from the subscription revenues whereas in India the under-declaration in the analogue cable system has led to broadcasters being more dependant on advertising revenues, which tend to cyclical in nature and more affected by the macro economic factors. The industry expects pay digital services to grow at over 50% CAGR in the next three years and Zee is likely to benefit heavily from this rapid growth. A slowdown in growth of digital services may lead to incremental profit margins being impacted.

Increased competitive environment in the Hindi General Entertainment Space

The Hindi GEC genre is amongst the key genres for all advertisers and with the increased competition in the space, the Company's revenues may be at risk. Though Zee TV has been maintaining its share of viewership and off late growing it with new launches, the channel may be the risk of losing revenues.

Sluggish consumer uptake in the international markets

Zee has been a pioneer in the international markets and has the highest market share amongst all South East Asian broadcasters across Europe and USA. Indian content in these markets serves the preference of a niche audience and Zee has strong relations with distribution platforms in these markets giving management the confidence that the Company will retain market share in key geographies. In the given slowdown, consumers may find it difficult to upgrade their packages and the value growth from these markets may get affected.

Cannibalization of analogue cable revenues due to increased digital pay revenues

The television distribution system in India is primarily analogue in nature and continues to be impacted by the rampant under-declaration and piracy by the last mile cable operators. With the advent of digital pay TV services such as DTH and digital cable, a clear shift in consumer preference has emerged with all of the expansion in the cable and satellite adoption coming on the back of these digital services. Though analogue cable is still under-reported, this expansion of digital DTH services may lead to cannibalization of analogue cable revenues in the near term.

Increase in cost of acquisition for some of the key sports properties

While a significant amount of rights have been signed on by the Company for leading sports properties, any future contracts may be at higher costs, which may put pressure on margins of the Company.

The Company may be exposed to foreign exchange rate fluctuations

The Company receives a significant portion of its revenues and incurs a significant portion of its expenses in foreign currencies, particularly US dollars and UK pounds. Accordingly, the Company is exposed to fluctuations in the



exchange rates between those currencies and the Rupee, the Company's reporting currency, which may have a substantial impact on its revenues and expenses.

FINANCIAL RESULTS

Consolidated Financials

A. Results of Operations

We have provided a comparison between Zee Entertainment (Audited) figures for 2009-10 and Zee Entertainment (Audited) figures for 2008-09

REVENUE

Total revenue decrease by Rs. 127.4 million or 1% from Rs. 23,345.3 million in 2009 to Rs. 23,217.9 million in 2010.

SALES AND SERVICES

Revenue from sales and services increased Rs. 224.7 million, or 1%, from Rs. 21,773.1 million in 2009 to Rs. 21,997.8 million in 2010. Advertisement Revenue has recorded a growth of 1 % from Rs. 10,592.6 million to Rs. 10,669.7 million. Subscription Revenue showed a growth of 9% from Rs. 9,037.6 million to Rs. 9,868.8 million. Other Sales & Services decreased by Rs. 683.6 or 32% from 2,142.9 million to Rs. 1,459.3 million due to lower income from Film Production and distribution and discontinuation of Agency commission on Ad Sales done for Zee News Limited.

OTHER INCOME

Other income had reduced by Rs. 352.1 million, or 22%, from Rs. 1,572.2 million in 2009 to Rs. 1,220.1 million in 2010. Other income in 2009 included exceptional income on account of profit on sale of investment in subsidiaries and associates Rs. 196.5 million.

EXPENDITURES

Total expenditure decreased by Rs. 429.5 million, or 3%, from Rs. 16,292.7 million in 2009 to Rs. 15,863.2 million in 2010. This saving in cost was principally a result of reduction in Operational Costs, Selling and Personnel cost.

OPERATIONAL COST

Operational cost reduced by Rs. 357.6 million, or 4%, from Rs. 9,809.6 million in 2009 to Rs. 9,452 million in 2010. Reduction in operating cost is mainly due to saving in programming cost, lower Film Production Costs, less Sports events.

PERSONNEL COST

Personnel cost reduce by Rs. 67.8 million, or 3%, from Rs. 2,031.1 million in 2009 to Rs. 1,963.3 million in 2010. This reduction is mainly on account of salary rationalization and right sizing of manpower effected during the year.

ADMINISTRATIVE AND OTHER EXPENSES

Administrative and Other expenses increase by Rs. 252.5 million or 14% from Rs. 1,860.2 million to Rs. 2,112.7 million. This is mainly due to additional provision for doubtful debts during the year.

SELLING AND DISTRIBUTION EXPENSES

Selling & Distribution expenses reduce by Rs. 256.4 million or 10% from Rs. 2,591.6 million in 2009 to Rs. 2,335.2 million in 2010. This is mainly due to lower spend on advertising and marketing expenses.

OPERATING PROFIT

Operating profit increased by Rs. 302.1 million, or 4%, from Rs. 7,052.6 million in 2009 to Rs. 7,354.7 million in 2010. The operating margin has marginally gone up from 30% in 2009 to 32% in 2010. This is primarily

Management Discussion and Analysis (contd.)

because of saving in costs incurred during the year on New Channel Zee Next, Film Production & Distribution Business and Sports event Telecast rights.

FINANCIAL EXPENSES

Financial expenses reduce by Rs. 1,007.7 million or 75%, from Rs. 1,339.1 million to Rs. 331.4 million. Reduction in Finance cost is mainly due to cut on forex loss on derivative transaction to Rs. 27.8 million in 2010 as against Rs. 443.5 million in 2009 and also repayment of high cost debts.

DEPRECIATION AND AMORTISATION

Depreciation and amortization reduce by Rs. 24.9 million, or 8%, from Rs. 310.3 million in 2009 to Rs. 285.4 million in 2010.

PROFIT BEFORE TAX

Profit before tax increased by Rs. 1,308.9 million or 24%, from Rs. 5,429 million in 2009 to Rs. 6,737.9 million in 2010.

PROVISION FOR TAXATION

Provision for taxation increased Rs. 364.6 million, from Rs. 207.9 million in 2009 to Rs. 572.5 million in 2010. During the year Company has received a refund of taxes paid in earlier year amounting to excess provision for tax Rs. 284.1 million. Provision for current tax of parent Company for the year has been made under Minimum Alternate Tax (MAT) as per provisions of Section 115JB of the Income-Tax Act, 1961 for current year Tax Provision has been Rs. 1145 million at Effective Tax Rate of 17% in 2010 as against 29% in 2009.

PROFIT AFTER TAX AND BEFORE MINORITY INTEREST/SHARE OF PROFITS (LOSSES) IN ASSOCIATE

Profit after tax and before minority interest/share of profits (losses) in associates increased Rs. 944.4 million from Rs. 5,221.1 million in 2009 to Rs. 6,165.5 million in 2010.

SHARE OF RESULTS OF ASSOCIATES

Share of losses in associates decreased Rs. 17.7 million from profit of Rs. 1.4 million in 2009 to loss of Rs. 16.3 million in 2010.

MINORITY INTEREST

Minority interest receivable was at Rs. 195.2 million in 2010. This includes share of minorities of ETC, Zee Turner, Taj TV Limited.

NET PROFIT AFTER TAX

Net profit after tax increased by Rs. 1,220.8 million or 24%, from Rs. 5,123.6 million in 2009 to Rs. 6,344.4 million in 2010. The Net Profit margin in 2010 was 27_% against 22% in 2009.

A. Financial Position

Consolidated Financial Position as on March 31, 2010 as compared to March 31, 2009.

As per the scheme of arrangement approved by High Court, RGEC undertaking of Zee News Limited w.e.f. January 1, 2010 and 9X business undertaking of 9X Media Pvt. Ltd. and ETC Network Limited w.e.f. March 31, 2010 were merged with parent Company and the related Assets and Liabilities were transferred/adjusted pursuant to the scheme of arrangement. Hence the previous year figures are not comparable.

SOURCES OF FUNDS

Share Capital, Reserves & Surplus

During the year, on allotment of share upon merger of ETC Networks Ltd., RGEC undertakings of Zee News Ltd. and business undertaking of 9X Media Pvt. Ltd. Share Capital of Company increased by Rs. 55.03 million to Rs. 489 million.

Pursuant to the Scheme of arrangement approved by the shareholders of the Company and by the Honorable High Court, Mumbai, RGEC undertaking of Zee News Limited have been merged in to the Company with effect from January 1, 2010. Similarly, ETC Networks Ltd. and 9X business undertaking of 9X



Media Pvt. Ltd. respectively with effect from March 31, 2010. Accordingly the deficit on account of transfer, cancellation of investment and intercompany loans and advances is adjusted against Securities Premium Account or General Reserve as per scheme.

Loan Funds

The total Loan funds of the Company reduced from Rs. 5,756.9 million as on March 31, 2009 to Rs. 1,194.8 million as on March 31, 2010. This reduction in Loan Funds is mainly on account of repayment of High Cost Debts. It includes Rs. 600 million of loan transferred pursuant to scheme of arrangement.

APPLICATION OF FUNDS

Fixed Assets

During the year, the Company's Gross Fixed Assets block increased by Rs. 1048.3 Million. This increase is mainly on account of Goodwill arising out of acquisition of additional 32.2% shareholding in Taj India Limited, Mauritius resulting into a Goodwill of Rs. 1,227 million. Further, there has been addition to New Building premises, additional studio, production equipment and uplinking facility at NOIDA and at Taj TV Dubai.

The Net Block increased Rs. 1,055.8 million from Rs. 17,423.1 million as on March 31, 2009 to Rs. 18,478.9 million as on March 31, 2010. This increase is on account of increase of Gross Fixed Assets.

Capital Work-in Progress of Rs. 1,108.5 million includes Rs. 779.6 million towards rights for managing School for an Education Business and Rs. 237 million for Building under constructions.

Investments

The Investments of the Company were valued at Rs. 3,202.7 million on March 31, 2010 as compared to Rs. 1,271.1 million on March 31, 2009, an increase of Rs. 1,931.6 million over 2009.

During the year Company has invested surplus cash of Rs. 2,000 million in to Short Term Deposits and NCDs.

Deferred Tax Assets

Deferred tax assets (net of liabilities) is Rs. 132.6 million in 2010 as against Rs. 112.8 million in 2009.

Net Current Assets

The Net current assets has decreased by Rs. 4,673.7 million during the year ended March 31, 2010 from Rs. 21,223 million on March 31, 2009 to Rs. 16,549.3 million on March 31, 2010.

Current Assets

During the year the current assets decreased by Rs. 2,636.8 million from 27,026.3 million as on March 31, 2009 to Rs. 24,389.5 as on March 31, 2010.

Current Liabilities

During the year the current Liabilities and Provisions increased by Rs. 2,036.8 million from Rs. 5,803.3 million as on 2009 to Rs. 7,840.1 million as on March 31, 2010.

Inventories

Programme/Film rights held by the Company increased from Rs. 4,576.3 million on March 31, 2009 to Rs. 4,712.6 million on March 31, 2010. This increase was mainly on account of acquisition of film rights, Higher Programming and Sports events rights acquired during the year.

Management Discussion and Analysis (contd.)

Other The inventories of the Company as on March 31, 2010 were at Rs. 42 million as against Rs. 43.9 million as on March 31, 2009. These inventories mainly consist of raw tapes, cassettes & discs and other stores & spares.

Sundry Debtors

As on March 31, 2010 Sundry Debtors net off provision for Doubtful Debts & Bad Debts written off, stood at Rs. 7,487.8 million as against Rs. 6,436.5 million as on March 31, 2009. This increase is on account of acquisition of RGEN Undertaking of Zee News Limited and commensurate to the increase in scale of operations. The age of Net Debtors is 120 days of sales in 2010 as against 107 days of sales in 2009.

Cash and Bank Balances

The cash and bank balances lying with the Company as on March 31, 2010 was Rs. 5,864.4 million as against Rs. 1,926.3 million on March 31, 2009.

Loans and Advances

Loans given reduced by Rs. 7,570.2 million from Rs. 8,862 million on March 31, 2009 to Rs. 1,291.8 million on March 31, 2010. Trade Advances have decreased by Rs. 1,019.9 million from Rs. 5,056.4 million on March 31, 2009 to Rs. 4,036.5 million on March 31, 2010. Trade Advances are given mainly for Content Acquisitions and film rights. The deposits given have increased from Rs. 168.7 million on March 31, 2009 to Rs. 171 million on March 31, 2010.

Due to the above changes, the total of loans, advances and deposits has decreased by Rs. 7,764.8 million from Rs. 14,087.1 million on March 31, 2009 to Rs. 6,322.5 million on March 31, 2010.

Current Liabilities and Provisions

Current Liabilities and Provisions have increased by Rs. 2036.8 million during the year.

Current Liabilities

Current liabilities on March 31, 2010 were at Rs. 5,398.9 million up from Rs. 4,317.5 million on March 31, 2009.

Provisions

Provisions made have increased from Rs. 1,485.7 million as on March 31, 2009 to Rs. 2,441.2 million as on March 31, 2010.

Miscellaneous Expenditure (to the extent not written off or adjusted)

Miscellaneous Expenditure (to the extent not written off or adjusted) reduced by Rs. 44 thousand from Rs. 51 Thousand on March 31, 2009 to Rs. 7 Thousand as on March 31, 2010.

Stand-Alone Financials

A. Results of Operations

Non-Consolidated Financial Information for the Year Ended March 31, 2010 compared to the Year Ended March 31, 2009.

As per the scheme of arrangement approved by High Court, RGEN undertaking of Zee News Limited w.e.f. January 1, 2010 were merged w.e.f. March 31, 2010 hence the previous year figures are not comparable.

Total Revenue

Total revenue increased Rs. 695.9 million, or 5% from 13,153.3 million to Rs. 13,849.2 million due to merger of RGEN business and increase in Broadcasting revenue from existing businesses.

Sales & Services

Revenue from Sales & Services increased Rs. 685 million, or 6% from Rs. 12,102.4 million to Rs. 12,787.4 million. Major contributor being broadcasting revenue on account of better advertisement revenue on its channel. Subscription Revenue also has seen significant improvements.

Interest & Other Income

Interest & Other income increased by Rs. 10.9 million or 1% from Rs. 1,050.9 million to Rs. 1,061.8 Million in 2010.



Total Expenditure

Total expenditure decrease by Rs. 1017.1 million or 12% from Rs. 8,493.4 million to Rs. 7,476.3 million. The major reduction to this is in Programming Cost and Personnel Cost.

Operational Cost

Operational cost decreased by Rs. 773.9 million, or 15%, from Rs. 5,030.6 million in 2009 to Rs. 4,256.7 million in 2010, reduction is mainly attributable to cost of sports events and overall reduction in programming cost.

Personnel Cost

Personnel cost reduce by Rs. 109.5 million, or 12%, from Rs. 924.1 million in 2009 to Rs. 814.6 million in 2010. This reduction is mainly on account of salary rationalization and right sizing of manpower effected during the year. As a % of sales, the same was 6% in 2010 as against 7% in 2009.

Administrative & Other expenses

Administrative and Other expenses increase by Rs. 175.8 million or 30% from Rs. 595.8 million to Rs. 771.6 million. This is mainly due to additional provision for doubtful debts during the year.

Selling & Distribution expenses

Selling & Distribution expenses reduce by Rs. 309.3 million or 16% from Rs. 1,942.8 million in 2009 to Rs. 1,633.5 million in 2010. This is mainly due to lower spend on advertising and marketing expenses.

Operating Profit

Operating profit increased by Rs. 1,713 million, or 37%, from Rs. 4,660 million in 2009 to Rs. 6,373 million in 2010. The increase in operating margin has mainly come from reduction in operating cost.

Financial Expenses

Financial expenses reduce by Rs. 603.5 million or 77%. From Rs. 778.7 million to Rs. 175.2 million. Reduction in Finance cost is mainly due to cut on forex loss on derivative transaction to Rs. 27.8 million in 2010 as against Rs. 443.5 million in 2009 and repayment of high cost debts.

Depreciation and Amortisation

Depreciation reduces by Rs. 5 million, or 4%, from Rs. 119.2 million to Rs. 114.2 million.

Profit Before Tax

Profit before tax increase by Rs. 2,295.7 million or 61%, from Rs. 3,787.7 million in 2009 to Rs. 6,083.4 million in 2010.

Provision for Taxation

Provision for taxation reduced by Rs. 227.9 million from Rs. 1,324.4 million. Current year includes Rs. 313 million towards excess provision for tax of earlier years written back. Provision for current tax has been made under Minimum Alternate Tax (MAT) as per provisions of Section 115JB of the Income-Tax Act, 1961 and recognized the MAT credit entitlement of Rs./Thousand 288,424.

Profit After Tax for the Period

Profit after tax for the year increased by 80% to Rs. 5,588.4 million from Rs. 3,097.4 million.

Management Discussion and Analysis (contd.)

B. Financial Position

Non-Consolidated Financial Position as on March 31, 2010 as compared to March 31, 2009.

As per the scheme of arrangement approved by High Court, RGEC undertaking of Zee News Limited w.e.f. January 1, 2010 and 9X business undertaking of 9X Media Pvt. Ltd. and ETC Network Limited were merged w.e.f. March 31, 2010 and the related Assets and Liabilities were transferred/adjusted pursuant to the scheme of arrangement. Hence the previous year figures are not comparable.

SOURCES OF FUNDS

Share Capital, Reserves & Surplus

During the year, on allotment of share upon merger of ETC Networks Limited, RGEC undertakings of Zee News Limited and business undertaking of 9X Media Private Limited Share Capital of Company increased by Rs. 56.3 million to Rs. 489 million.

Pursuant to the Scheme of arrangement approved by the shareholders of the Company and by the Honorable High Court, Mumbai, RGEC undertaking of Zee News Limited have been merged in to the Company with effect from January 1, 2010. Similarly, ETC Networks Ltd. and 9X business undertaking of 9X Media Pvt. Ltd. respectively with effect from March 31, 2010. Accordingly the deficit on account of transfer, cancellation of investment and intercompany loans and advances is adjusted against Securities Premium Account or General Reserve as per scheme.

Loan Funds

Total loan funds as on March 31, 2010 stood at Rs. 1,189 million down from Rs. 1,709.4 million mainly due to repayment of certain long term debt during the year. It includes Rs. 1,175.5 million of loans transferred pursuant to scheme of arrangement.

APPLICATION OF FUNDS

Fixed Assets

The Net Block increased Rs. 184.1 million from Rs. 1,399.6 million as on March 31, 2009 to Rs. 1,583.7 million as on March 31, 2010. Pursuant to the scheme of arrangement, Net Block aggregating to Rs. 268.5 million have been added.

Investments

Investments have increased from 13,496.1 million in 2009 to 15,319.3 million in 2010.

During the year Company has invested surplus cash of Rs. 2,000 million in to Short Term Deposits and NCDs.

Further, Pursuant to the scheme of arrangement following are the effects/adjustments to investments: 4,889,589 Equity Shares of Rs. 10/- each of ETC Network Ltd. have been cancelled on merger of ETC Network Ltd. in to Company. Investment aggregating Rs. 95.1 million, majorly in Mutual Funds has been transferred to the Company.

Net Current Assets

The Net current assets have increased from Rs. 10,020.7 million in on March 31, 2009 to Rs. 11,379 million largely due to increase in inventory and Debtors.

Current Assets

The Net current assets have increased from Rs. 10,020.7 million in on March 31, 2009 to Rs. 11,379 million largely due to increase in inventory and Debtors.

Inventories

Programme/Film rights held by the Company increased from Rs. 3,177.5 million on March 31, 2009 to Rs. 4,489.3 million on March 31, 2010. Programmes of Rs. 34.7 million have been transferred pursuant to the Scheme of Arrangement.



Sundry Debtors

Sundry Debtors have increased by Rs. 1,117 million to Rs. 4,633.8 million from Rs. 3,516.8 million last year. Debtors of Rs. 247.9 million have been transferred/adjusted pursuant to the Scheme of Arrangement.

Cash and Bank Balances

The cash and bank balances lying with the Company, as on March 31, 2010 was Rs. 3,002.9 million as against Rs. 1,104.3 million on March 31, 2009.

Loans and Advances

There was a reduction in loans and trade advances given from Rs. 6,448.9 million on March 31, 2009 to Rs. 5,422.4 million on March 31, 2010. Loans and Advances of Rs. 1,206.5 million have been transferred pursuant to the Scheme of Arrangement.

Current Liabilities and Provisions

Current Liabilities and Provisions have increased by Rs. 1969.3 million during the year.

Current Liabilities

Current liabilities on March 31, 2010 are at Rs. 3,833.8 million up from Rs. 2,842 million on March 31, 2009.

Provisions

Provisions made have increased from Rs. 1,402.1 million as on March 31, 2009 to Rs. 2,379.6 million as on March 31, 2010.

Miscellaneous Expenditure (to the extent not written off or adjusted)

Miscellaneous Expenditure (to the extent not written off or adjusted) was at Rs./Thousand 2 on March 31, 2010.

financial statements

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Auditors' Report

To

The Members,

Zee Entertainment Enterprises Limited

1. We have audited the attached Balance Sheet of Zee Entertainment Enterprises Limited ("the Company") as at March 31, 2010, and also the Profit and Loss account and the Cash Flow statement 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 Section 227(4A) 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, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Without qualifying our opinion attention is drawn to:-
 - a) Note 3 (A) in Schedule 18 regarding demerger of Regional General Entertainment Channels business undertaking of Zee News Limited to the Company as per the Scheme of Arrangement u/s 391 to 394 approved by the Honorable High Court at Mumbai and in pursuance thereof assets and liabilities of the merged undertaking are accounted and surplus of Rs./Thousand 1,197,357 is taken to Securities Premium.
 - b) Note 3 (B) in Schedule 18 regarding demerger of 9X Channel business undertaking of 9X Media Private Limited to the Company as per the Scheme of Arrangement approved by the Honorable High Court at Mumbai and in pursuance thereof assets and liabilities of the merged undertaking are accounted and deficit of Rs./Thousand 133,220 is adjusted in General Reserve.
 - c) Note 3 (C) in Schedule 18 regarding Amalgamation of its erstwhile subsidiary ETC Networks Limited with the Company w.e.f. March 31, 2010 and demerger of Education business undertaking to Zee Learn Limited as on April 1, 2010 as per the Composite Scheme of Amalgamation and arrangement u/s 391 to 394 and other applicable provisions, approved by the Honorable High Court at Mumbai and effect thereof is given in these financial statements and resultant surplus of Rs./Thousand 504,515 is taken to General Reserve and demerger of Education business undertaking as on April 1, 2010, hence not given in these financials
5. 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 purposes 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, the Profit and Loss account and the Cash Flow statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, the Profit and Loss account and the 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 and taken on record by the Board, we report that none of the Directors is disqualified as at March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of 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 the significant accounting policies and notes to accounts as per Schedule 18, 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, 2010;
 - 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 the Cash Flow statement, of the cash flows for the year ended on that date

For MGB & Co
Chartered Accountants
Registration No- 101169W
Mohan Bhandari
Partner
Membership No. 12912
Mumbai, September 23, 2010

ANNEXURE REFERRED TO IN PARAGRAPH (3) OF AUDITORS' REPORT TO THE MEMBERS OF ZEE ENTERTAINMENT ENTERPRISES LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of its fixed assets.
- b) The fixed assets are physically verified by the Management according to a phased program which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, a portion of fixed assets has been physically verified by the management during the year, except assets lying with third parties and no material discrepancies were noticed on such verification.
- c) During the year, there was no disposal of substantial part of fixed assets.
2. a) The inventory has been physically verified (copyrights of TV programs / movie rights verified with reference to title documents/agreements) by the management 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.
3. a) The Company has not granted any loan, 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.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods and services. We have not observed any continuing failure to correct major weaknesses in internal controls.
5. 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.
6. According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We are informed that the Central Government has not prescribed the maintenance of cost accounting records under Section 209 (1) (d) of the Act in respect of the Company's activities.
9. 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 (except delay in few instances in depositing Income Tax deducted at source), VAT, Wealth Tax, Service Tax, Custom 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, 2010 for a period of more than six months from the date they became payable.
 - b) There are no disputed dues on account of Income Tax, VAT, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess, which have not been deposited except in respect of:

Name of the Statute	Nature of the Dues	Amount (Rs./Thousand)	Period to which the amount relate	Forum where dispute is pending
The Central Excise Act, 1944 and Service Tax	Service Tax	1,066	F.Y. 2004-2005	Commissioner of Service Tax
		312,239	F.Y. 2006-2007	
		148,240	F.Y. 2007-2008	
		21	F.Y. 2006-2007	Asst Commissioner of Service Tax
		11	F.Y. 2007-2008	
		12	F.Y. 2008-2009	
Wealth Tax Act	Wealth tax	13	F.Y. 1996-1997	Income Tax Appellate Tribunal
Maharashtra Value Added Tax Act 2002	Sales Tax	12,858	F.Y. 2005-2006	Asst Commissioner of Sales Tax



10. 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.
11. The Company has not defaulted in repayment of dues to banks and financial institutions. The delayed payments by merged Company are not reported as it is merged w.e.f. March 31, 2010 and dues are paid before the effective date.
12. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not chit fund or a nidhi / mutual benefit fund / society.
14. The Company is not dealing in or trading in shares, securities, debentures and other investments.
15. In our opinion, the terms and conditions of guarantees given by the Company for loans taken by subsidiaries and others are prima-facie not prejudicial to the interests of the Company.
16. The Company has not raised any term loan during the year.
17. On the basis of review of utilization of funds which is based on an overall examination of the Balance Sheet of the Company and related information as made available to us, we report that no short term funds have been used for long term investments.
18. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any secured debentures during the year. However pursuant to the Composite Scheme of Arrangement, the Company has been vested liability of secured debentures issued by erstwhile ETC Networks Limited which is subsequently demerged to Zee Learn limited.
20. The Company has not raised any money by public issue during the year.
21. On the basis of our examination and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For MGB & Co

Chartered Accountants

Registration No- 101169W

Mohan Bhandari

Partner

Membership No. 12912

Mumbai, September 23, 2010

Balance Sheet

as at March 31,

(Rs. in '000)

	Schedules	2010	2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	489,038	434,007
Reserves and Surplus	2	27,764,251	22,996,025
		28,253,289	23,430,032
Loan Funds			
Secured Loans	3	585,038	1,213,964
Unsecured Loans	4	603,992	495,450
		1,189,030	1,709,414
TOTAL		29,442,319	25,139,446
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	2,166,651	1,898,167
Less : Depreciation / Amortisation		582,909	498,900
Net Block		1,583,742	1,399,267
Capital Work-in-progress		1,110,966	183,250
		2,694,708	1,582,517
Investments	6	15,319,290	13,496,163
Deferred Tax Assets (Net) [Refer Note 10]		49,354	39,986
Current Assets, Loans and Advances	7		
Interest Accrued on Investments		1,973	-
Inventories		4,531,303	3,194,763
Sundry Debtors		4,633,845	3,516,805
Cash and Bank Balances		3,002,910	1,104,344
Loans and Advances		5,422,413	6,448,945
		17,592,444	14,264,857
Less :			
Current Liabilities and Provisions			
Current Liabilities	8	3,833,845	2,841,967
Provisions	9	2,379,634	1,402,161
		6,213,479	4,244,128
Net Current Assets		11,378,965	10,020,729
Miscellaneous Expenditure (to the extent not written off or adjusted)	10	2	51
TOTAL		29,442,319	25,139,446
Significant Accounting Policies and Notes to Accounts	18		

As per our attached report of even date

For MGB & Co.
Chartered Accountants

Mohan Bhandari
Partner

Place : Mumbai
Dated : September 23, 2010

For and on behalf of the Board

Punit Goenka *Managing Director*

Nemi Chand Jain *Director*

Hitesh Vakil *President & Chief Financial Officer*

M Lakshminarayanan *Company Secretary*



Profit and Loss Account

for the year ended March 31,

(Rs. in '000)

	Schedules	2010	2009
INCOME			
Sales and Services	11	12,787,436	12,102,425
Other Income	12	1,061,815	1,050,920
TOTAL		13,849,251	13,153,345
EXPENDITURE			
Operational Cost	13	4,256,652	5,030,689
Personnel Cost	14	814,558	924,181
Administrative and Other Expenses	15	771,601	595,827
Selling and Distribution Expenses	16	1,633,490	1,942,767
TOTAL		7,476,301	8,493,464
OPERATING PROFIT			
Financial Expenses	17	6,372,950	4,659,881
Depreciation/Amortization		175,254	778,737
		114,272	119,240
Profit Before Tax and Exceptional Item		6,083,424	3,761,904
Add: Exceptional Item		-	-
Provision for Diminution in Value of Investment		-	25,806
Profit before Tax		6,083,424	3,787,710
Less - Provision for Taxation		-	-
- Current Tax		1,030,560	1,277,143
- Deferred Tax		65,885	25,619
- Fringe Benefit Tax		-	21,618
Add Excess Provision Written back		313,000	634,116
Add - MAT Credit Entitlement		288,424	-
Net Profit after Tax		5,588,403	3,097,446
Add - Balance brought forward		8,893,473	7,209,482
Amount Available For Appropriation		14,481,876	10,306,928
APPROPRIATIONS			
Interim dividends on equity shares		968,967	-
Proposed Final Dividend on equity share		977,795	868,014
Tax on Dividend		323,332	145,441
General Reserve		1,100,000	400,000
Balance carried to Balance Sheet		11,111,782	8,893,473
TOTAL		14,481,876	10,306,928
Earnings Per Share: (Rs.)			
Basic before Exceptional Item		12.51	7.08
Basic after Exceptional Item		12.51	7.14
Diluted before Exceptional Item		12.51	7.07
Diluted after Exceptional Item		12.51	7.13
(On distributable profits on shares outstanding)(Face Value Re.1)			
Significant Accounting Policies and Notes to Accounts	18		

As per our attached report of even date

For MGB & Co.
Chartered Accountants

Mohan Bhandari
Partner

Place : Mumbai
Dated : September 23, 2010

For and on behalf of the Board

Punit Goenka Managing Director

Nemi Chand Jain Director

Hitesh Vakil President & Chief Financial Officer

M Lakshminarayanan Company Secretary

Schedules

to the Balance Sheet as at March 31,

(Rs. in '000)

	2010	2009
SCHEDULE - 1		
Share Capital [Refer Note 3]		
Authorised		
1,399,200,000(500,000,000) Equity Shares of Re.1/- each	1,399,200	500,000
Nil (2,500,000) Cumulative Redeemable Preference Shares of Rs.100/- each	-	250,000
TOTAL	1,399,200	750,000
Issued, Subscribed and Paid up [Refer Note 3]		
434,007,111 Equity Shares of Re.1/- each fully paid up	434,007	434,007
(Out of the above 210,316,212 Equity Shares of Re.1/-each fully paid up were allotted for consideration other than cash against acquisition of investments)		
Share Capital Suspense Account [Refer Note 3]	55,031	-
TOTAL	489,038	434,007
SCHEDULE - 2		
Reserves and Surplus		
Capital Redemption Reserve		
As per last Balance Sheet	70,000	70,000
Securities Premium		
As per last Balance Sheet	10,351,709	10,288,554
Add: Received during the year	-	67,136
Add: Adjusted pursuant to the Scheme of Arrangement [Refer Note 3]	1,197,357	-
Less : Premium on redemption of FCCB [Refer Note 5]	3,706	3,981
	11,545,360	10,351,709
General Reserve		
As per last Balance Sheet	3,680,843	3,280,843
Add: Adjusted pursuant to the Scheme of Arrangement [Refer Note 3]	256,266	-
Add: Appropriated during the year	1,100,000	400,000
	5,037,109	3,680,843
Profit and Loss Account	11,111,782	8,893,473
TOTAL	27,764,251	22,996,025



Schedules

to the Balance Sheet as at March 31,

(Rs. in '000)

	2010	2009
SCHEDULE - 3		
Secured Loans [Refer Note 4]		
Debentures	500,000	-
Term Loan From Banks	60,000	1,000,000
Working Capital Finance From Banks	12,135	200,000
Vehicle Loans	12,228	13,964
Interest accrued and due	675	-
TOTAL	585,038	1,213,964
SCHEDULE - 4		
Unsecured Loans		
Term Loan from Banks	600,000	-
Foreign Currency Convertible Bonds [Refer Note 5]	-	195,450
Short Term Loan From Bank	-	300,000
Inter Corporate Deposits	3,515	-
Interest accrued and due	477	
TOTAL	603,992	495,450

Schedules

to the Balance Sheet as at March 31,

SCHEDULE - 5

Fixed Assets (At cost)

(Rs. in '000)

Description	Gross Block				Depreciation				Net Block			
	As At April 1, 2009	Addition	Acquisition on Scheme of Arrangement [Refer Note 3]	Deduction	As At March 31, 2010	Up to March 31, 2009	Acquisition on Scheme of Arrangement [Refer Note 3]	for the year	Deduction	Up to March 31, 2010	As At March 31, 2010	As At March 31, 2009
a) Intangibles												
Software	28,205	11,942	12,261	-	52,408	19,453	192	11,976	-	31,621	20,787	8,752
Trademark	-	-	83	-	83	-	-	-	-	-	83	-
Knowledge based content	-	-	2,082	-	2,082	-	-	-	-	-	2,082	-
b) Tangibles												
Freehold Land	65,690	-	584	-	66,274	5,049	-	813	-	5,862	60,412	60,641
Leasehold Land	419,219	-	-	3,836	415,383	34,428	-	5,247	895	38,780	376,603	384,791
Buildings	76,009	-	-	8,361	81,847	61,701	-	5,652	5,200	69,888	11,959	14,308
Leasehold Improvements	995,518	33,776	14,199	151,266	1,152,710	288,940	63,517	61,932	96,464	317,925	834,785	706,578
Plant & Machinery	995,518	33,776	274,682	151,266	1,152,710	288,940	63,517	61,932	96,464	317,925	834,785	706,578
Equipments	176,944	10,097	84,756	28,960	242,837	55,686	17,561	17,854	15,506	75,595	167,242	121,258
Furniture and Fixtures	75,622	941	16,702	2,888	90,377	21,272	3,312	5,616	1,770	28,430	61,947	54,350
Vehicles	60,960	6,863	8,697	13,870	62,650	12,371	1,366	5,634	4,563	14,808	47,842	48,589
TOTAL	1,898,167	63,619	414,046	209,181	2,166,651	498,900	91,600	114,272	121,863	582,909	1,583,742	1,399,267
Preval Year	1,622,035	303,798	-	27,666	1,898,167	400,781	-	119,240	21,121	498,900	1,399,267	-
Capital Work In Progress *											328,154	183,250
Add: Acquired under Scheme of Arrangement [Refer Note 3]											782,812	
TOTAL											1,110,966	183,250

Note :-

b) Building includes Rs./Thousand 114 the value of shares in a Co-operative Society.

2) Part of Building has been given on Operating Lease

33) Assets vested on Amalgamation, demerger as follows :

Description	Gross block			Accumulated depreciation				(Rs. in '000)
	RGEC	ETC	9X	TOTAL	RGEC	ETC	9X	
a) Intangibles								
Software	390	11,871	-	12,261	192	-	-	192
Trade Mark	-	83	-	83	-	-	-	-
Knowledge based content	-	2,082	-	2,082	-	-	-	-
b) Tangibles								
Leasehold Land	-	584	-	584	-	-	-	-
Leasehold Improvements	7,840	6,359	-	14,199	5,652	-	-	5,652
Plant and Machinery	47,952	117,676	109,054	274,682	17,990	-	45,527	63,517
Equipments	28,751	43,590	12,415	84,756	11,841	-	5,720	17,561
Furniture and Fixtures	10,444	6,258	-	16,702	3,312	-	-	3,312
Vehicle	5,678	3,019	-	8,697	1,366	-	-	1,366
TOTAL	101,055	191,522	121,469	414,046	40,353	-	51,247	91,600
Capital Work In Progress	3,195	779,617	-	782,812	-	-	-	-



Schedules

to the Balance Sheet as at March 31,

(Rs. in '000)

	2010	2009
SCHEDULE - 6		
Investments		
Long Term - at cost		
In Subsidiaries - Wholly owned - Unquoted		
34(34) Ordinary Shares of USD 1/- each of Zee Multimedia Worldwide Limited ZMWL,BVI , (ZMWL)	10,840,000	10,840,000
501 (501) Ordinary Shares of USD 1/- each of Asia Today Limited (Other 50% held through wholly owned subsidiary ZMWL)	1,480,000	1,480,000
25,000(25,000) Ordinary Shares of USD 1/- each of ZES Holdings Limited	1,150	1,150
50,000(50,000) Equity Shares of of Rs. 10/- each of Zee Sports Limited	500	500
In Subsidiaries - Others Unquoted		
74,000 (74,000) Equity Shares of Rs. 10/- each of Zee Turner Limited (Extent of Holding 74 %)	740	740
5,000 (5,000) Equity Shares of Rs. 10/- each of Taj Television India Private Limited (Extent of Holding 50%)	20,558	20,558
In Subsidiaries - Others Quoted		
Nil (4,889,584) Equity Shares of Rs. 10/- each of ETC Networks Limited (Extent of Holding 50.18%) [Refer Note 3 (C) (ii)]	-	271,975
In Associate - Quoted		
1,321,200 (1,321,200) Equity Shares of Rs. 10/- each of Aplab Limited	46,599	46,599
Quoted - Non-Trade		
1,800,000 (1,800,000)Equity Shares of Rs. 2/- each of Essel Propack Limited	1,500	1,500
Unquoted -Trade		
778,471(778,471) Equity Shares of Rs. 10/- each of Asianet Communication Limited	119,297	119,297
67,693 (67,693) Equity Shares of Rs. 10/- each of Asianet Infrastructure Limited	10,374	10,374
423,082 (423,082) Equity Shares of Rs. 10/- each of Asianet Radio Private Limited	64,836	64,836
423,082 (423,082) Equity Shares of Rs. 10/- each of Asianet News Private Limited	64,836	64,836
23,436 (23,436) , 7.25% Redeemable Non-cumulative Preference Shares of Rs. 1/- each of Wire & Wireless (India) Limited	23	23
Others		
50 (Nil)Equity shares of Rs. 10/- each of North Karnataka GSB Bank Limited	1	-
2,500 (Nil) Equity shares of Rs.10/- each of Samata Sahakari Bank Limited	63	-
1000 (1,000) Equity share of Rs. 10/- each of Ecool Gaming Solutions Private Limited	5	5
1,000 (1,000) Equity Shares of Rs. 10/- each of Pan India Network Private Limited	5	5
3,000(3,000) Equity Shares of Rs. 10/- each of Last Minute Media Private Limited	300	300
8% Certificate of Deposit (Non - Transferrable) with SICOM Limited	1,000,000	-
National Savings Certificates (Pledged with VAT Department]	15	10
Current Investment		
10 (Nil) NSE MIBOR (Non- Transferrable) Unsecured Redeemable Non Convertible Debentures of Rs. 10,00,00,000/- each of Edelweiss Finance & Investments Limited	1,000,000	-
9,000,000(Nil) units of Rs. 10/- each of LIC MF Income Plus - Daily Dividend Plan	90,000	-
499,200 (Nil) units of Rs. 10/- each of Kotak Floater - Long Term - Daily Dividend	5,032	-

Schedules

to the Balance Sheet as at March 31,

(Rs. in '000)

	2010	2009
Immoveable Properties		
Freehold Land	573,456	573,456
All the above securities are fully paid up		
TOTAL	15,319,290	13,496,162
Aggregate Book Value of all Quoted Investments	48,099	320,074
Market Value of all Quoted Investments	128,326	350,008
Net Asset Value of Units of Mututal Fund	95,032	-
Aggregate Book Value of all Unquoted Investments	15,271,191	13,176,088
SCHEDULE - 7		
Current Assets, Loans and Advances [Refer Note 3]		
A. Current Assets		
Interest Accrued on Investments	1,973	-
Inventories		
TV Programs and Movies		
- Unamortized cost	4,450,768	2,813,774
- Under Production	38,520	363,730
Raw Stock - Tapes	12,927	17,259
Educational Materials and Equipments	29,088	-
	4,531,303	3,194,763
Sundry Debtors		
(Unsecured and considered good , unless otherwise stated)		
More than six months [includes doubtful Rs./Thousand 506,551 (466,512)]	942,567	895,634
Others	4,197,829	3,087,683
	5,140,396	3,983,317
Less: Provision for doubtful debts	506,551	466,512
[includes Rs./Thousand 667,415 (412,849) due from Subsidiaries]	4,633,845	3,516,805
Cash and Bank Balances		
Cash in hand	3,146	1,764
Balances with Scheduled Banks in Current Accounts	219,055	1,102,160
Balances with Scheduled Banks in Deposit Accounts	2,625,896	68
Balances with Non Scheduled Bank in Current Account [Refer Note 6 (d)]	-	352
Cheques in hand / transit	154,813	-
	3,002,910	1,104,344



Schedules

to the Balance Sheet as at March 31,

(Rs. in '000)

	2010	2009
B. Loans and Advances		
(Unsecured and considered good unless otherwise stated)		
Loans	1,291,806	5,930,817
Advances (recoverable in cash or in kind or for value to be received)	3,387,851	481,800
Less: Provision for doubtful advances	137,552	81,514
[includes Rs./Thousand 1,816,476 (29,249) due from Subsidiaries]	3,250,299	400,286
Advance Direct Taxes(Net of Provisions)	381,379	-
Advance Indirect Taxes	349,137	-
Deposits	149,792	117,842
	5,422,413	6,448,945
TOTAL	17,592,444	14,264,857
SCHEDULE - 8		
Current Liabilities*		
Sundry Creditors: For Goods	990,044	1,054,223
For Expenses and other Liabilities [Refer note 6(m)]	1,962,547	887,788
Trade Advances / Deposits received	114,660	21,736
Due to Principals (pending remittance)	759,327	871,073
Interest accrued but not due	24	50
Unclaimed dividend**	7,243	7,097
[*include Rs./Thousand 779,585(924,607)due to subsidiaries]		
[**There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2010].		
TOTAL	3,833,845	2,841,967
SCHEDULE - 9		
Provisions		
Provision : For Taxation (Net of advances)	-	303,939
For Retirement Benefits	109,540	84,767
Proposed Dividend (including tax)	2,270,094	1,013,455
TOTAL	2,379,634	1,402,161
SCHEDULE - 10		
Miscellaneous Expenditure		
(to the extent not written off or adjusted)		
Share Issue Expenses	2	51
TOTAL	2	51

Schedules

to the Profit and Loss Account for the year ended March 31,

(Rs. in '000)

	2010	2009
SCHEDULE - 11		
Sales and Services		
Broadcasting Revenue	11,513,792	10,098,103
Sales	1,027,971	1,670,595
Services	245,673	333,727
TOTAL	12,787,436	12,102,425
SCHEDULE - 12		
Other Income		
Dividend - From Subsidiaries	12,224	12,224
- From Others	7,152	5,489
Interest (Gross) [T.D.S. Rs./Thousand 93,151 (204,952)]	891,886	883,061
Rent Income[T.D.S. Rs./Thousand 11,581 (7,067)]	68,768	64,119
Miscellaneous Income (Includes Balance written back Rs./Thousand 72,220 (80,057))	81,785	86,027
TOTAL	1,061,815	1,050,920
SCHEDULE - 13		
Operational Cost		
Opening Stock		
TV Programs and Movies - Unamortized cost	2,813,774	2,353,280
Under Production	363,730	4,604
Add : Acquired on Scheme of Arrangement [Refer Note 3]	1,679,199	-
Add : Acquisition of TV Programs and Movies	2,748,863	4,134,122
Production Cost	986,150	1,599,792
Less : Closing Stock		
TV Programs and Movies - Unamortized cost	4,445,704	2,813,774
Under Production	38,520	363,730
	4,107,492	4,914,294
Telecast cost	149,160	116,395
TOTAL	4,256,652	5,030,689
SCHEDULE - 14		
Personnel Cost		
Salaries, Allowances and Bonus	754,271	842,874
Contribution to Provident and other funds	37,562	40,741
Staff Welfare Expenses	22,725	40,566
TOTAL	814,558	924,181



Schedules

to the Profit and Loss Account for the year ended March 31,

(Rs. in '000)

	2010	2009
SCHEDULE - 15		
Administrative and Other Expenses		
Rent	91,271	67,607
Rates and Taxes	97,712	8,446
Repairs and Maintenance - Building	1,273	6,831
- Plant and Machinery	13,483	17,401
- Others	12,932	9,361
Insurance	2,141	4,136
Electricity and Water charges	23,772	35,986
Communication expenses	27,845	42,681
Printing and Stationary	8,342	11,630
Miscellaneous expenses	27,443	20,796
Service Charges/expenses	61,177	89,990
Travelling ,Conveyance and vehicle expenses	70,069	88,501
Legal and Professional charges	63,453	52,920
Bad debts and advances written off 334,157	-	72,467
Less: Adjusted against provision (302,451)	31,706	-
Provision for doubtful debts and Advances	161,537	63,249
Loss on sale/discard of fixed assets (net)	77,396	3,776
Share Issue Expenses written off	49	49
TOTAL	771,601	595,827
SCHEDULE - 16		
Selling and Distribution Expenses		
Freight and Forwarding	775	3,416
Advertisement and Publicity Expenses	556,887	584,699
Commission on sales and services	225,318	251,001
Business Promotion Expenses	850,510	1,103,651
TOTAL	1,633,490	1,942,767
SCHEDULE - 17		
Financial Expenses		
Interest on		
- Fixed Loan	64,547	148,848
- Bonds	1,256	1,075
- Others	61,126	122,505
Discounting and Financing Expenses	518	2,625
Loss on Foreign Exchange derivative contracts and exchange difference	47,807	503,684
TOTAL	175,254	778,737

Schedule -18

Significant Accounting Policies and Notes to Accounts

BACKGROUND

Zee Entertainment Enterprises Limited ("ZEEL" or "the Company") is incorporated in the State of Maharashtra, India. The Company has been mainly in the following businesses during the year:

- a) Broadcasting of Satellite Television Channels uplinked from India;
- b) Advertisement canvassing agent for other television channels;
- c) Sale of programs including movies and program feeds mainly to its subsidiaries for broadcasting on satellite television channels all over the world;
- d) Production and Distribution of Movies.

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 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 including implementation expenses (intangible asset) is capitalized as an intangible asset in the year in which related software is implemented.

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. 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.

6. Depreciation/Amortization

- a) Depreciation on fixed assets is provided on Straight Line Method at the rate specified in Schedule XIV to the Companies Act, 1956.
- b) Premium on Leasehold Land and Leasehold Improvements are amortized over the period of Lease.
- c) Computer Software (intangible assets) is amortized on straight line basis over a period of 36 months from the date of its implementation based on the management estimate of useful life.

7. Investments

- a) Long Term Investments are carried at cost. Provision for diminution in value of these investments other than temporary is made , wherever required.
- b) Current Investments are carried at cost or fair value whichever is lower.



Schedule

Significant Accounting Policies and Notes to Accounts

8. Transaction in Foreign Currencies

- a) Foreign currency transactions are accounted at the exchange rates prevailing on the date of such transactions.
- b) Foreign currency monetary assets and liabilities at the Balance Sheet date are translated at the closing rate. Gain and losses resulting on settlement/translation of monetary assets and liabilities are recognized in the Profit and Loss Account.
- c) Non-monetary items denominated in foreign currency are carried at cost.
- d) In respect of forward exchange contracts assigned to the foreign currency assets/ liabilities, the difference due to change in exchange rate between the inception of forward contract and date of the Balance Sheet is recognized in the Profit and Loss Account. Any profit or loss resulting on settlement/ cancellation of forward contract is recognized as income or as expense in the year it arises.

9. 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 (includes licensing of TV Programs and movies) are recognized when the delivery is completed.
- c) Services
 - i. Commission-Space selling is recognized when the related advertisement or commercial appears before the public i.e. on telecast.
 - ii. Theatrical revenue from movies is recognized on receipt of reports
- d) Dividend is recognized when the right to receive the dividend is unconditional.

10. Inventories

- a) TV Programs and Movie rights (Produced and acquired):

TV Programs and movie rights are carried at lower of unamortized cost 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 reality shows / chat shows / events/ game shows etc. are fully expensed on telecast.
 - ii. TV Programs (other than (i) above) are amortized over three financial years from the year of telecast as per management estimates of future revenue potential.
 - iii. Movie rights are amortized on a straight-line basis over the license period or 60 months from the date of purchase whichever is shorter.
- b) Movie produced and acquired for distribution:

The amortization pertaining to domestic theatrical, International theatrical rights, television rights, music rights, video rights and others are made, based on management estimates of revenues from each of these rights

 - i. Theatrical rights: - 70% cost is amortized over three months of theatrical release of movie and balance 30% in subsequent three quarters.
 - ii. Satellite rights, Music rights, Home Video rights etc are expensed on sale.
 - iii. In case of Negative rights of movies 90% of cost is amortized as per b(i) above and 10% allocated to IPR is amortized over subsequent nine years.
- c) TV programs and movies under production are stated at cost. Cost comprises of material cost, cost of services and other expenses incurred upto the date of balance sheet.
- d) Raw Stock - Tapes are valued at lower of cost or estimated net realizable value. Cost is taken on First in First out (FIFO) basis.
- e) Educational Materials/ Equipments are valued at lower of cost or estimated net realizable value. Cost means average cost.

Schedule

Significant Accounting Policies and Notes to Accounts

11. Retirement Benefits

- a) Short-term employee benefits are expensed at the undiscounted amount in the profit and loss account in the year employee renders the service.
- b) Post employment and other long term employee benefits are expensed in the profit and loss account in the year the employee render the service. The expense is recognized at the present value of the amount payable determined 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.

12. Accounting for Taxes on Income

- a) Current Tax is determined as the amount of tax payable in respect of taxable income for the year as per the provisions of the Income Tax Act, 1961.
- b) Deferred tax is recognized, subject to consideration of prudence in respect of deferred tax asset, 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 tax rates and laws enacted.

13. Leases

a) Finance Lease

Assets acquired under Finance Lease are capitalized and the corresponding lease liability is recorded at an amount equal to the fair value of the leased asset at the inception of the lease. Initial costs directly attributable to lease are recognized with asset under lease.

b) Operating Lease

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

14. Miscellaneous Expenditure

Share Issue and Preliminary expenses are amortized over a period of ten years.

15. Earnings Per Share

Basic earnings per share is computed and disclosed using the weighted average number of common shares outstanding during the year. Dilutive 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.

16. 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. Prior Year Comparatives

Previous year's figures are regrouped, rearranged, or recast wherever necessary to confirm to this year's classification. Current year's figures are not comparable due to the restructuring [Refer Note 3]. Figures in brackets pertain to previous year.

- a) TV Program and movie rights are intangible assets as defined in AS - 26 but these are used for broadcasting business hence considered and included in Inventories.
- b) In Schedule 13, Operational Cost includes Production and Acquisition Cost of TV Program and movie rights and movies amortized / impaired, sold etc. The Company has impaired TV program and movie rights of Rs./Thousand 69,881 (Nil) during the year.

Schedule

Significant Accounting Policies and Notes to Accounts

3. Restructuring

A) Acquisition of Regional General Entertainment Channel Business Undertaking of Zee News Limited:

- a) The Scheme of Arrangement under Section 391 to 394 and other applicable provisions of the Companies Act, 1956 between Zee News Limited (ZNL) and the Company their respective shareholders and creditors was sanctioned by the Hon'ble Bombay High Court at Mumbai on March 19, 2010 and the said order filed with the Registrar of Companies on March 29, 2010. Pursuant to the Scheme, the Regional General Entertainment Channel (RGEC) Business Undertaking of ZNL comprising of six television channels namely Zee Marathi, Zee Talkies, Zee Bangla, Zee Telugu, Zee Kannada, and Zee Cinemalu (broadcasting yet to be commenced), assets of Zee Gujarathi (a discontinued television channel) was demerged from ZNL, transferred and vested with the Company with effect from January 1, 2010.
- b) The said Scheme has been given effect in these financial statements and in pursuance of the Scheme:
 - i. The assets and liabilities of RGEC Business Undertakings are transferred to and recorded in the books of accounts of Company at their respective book values and the difference (surplus) is credited to Securities Premium account as under:-

Particulars	(Rs./Thousand)	
Fixed Assets		63,897
Deferred Tax Assets		25,952
Current Assets , Loans and advances:		
Inventories	1,681,356	
Sundry Debtors	1,251,107	
Cash and Bank Balances	86,664	
Loans and Advances	546,324	3,565,451
Total Assets		3,655,300
Secured and Unsecured Loans	1,144,371	
Current Liabilities and Provisions	1,263,095	2,407,466
Total Liabilities		2,407,466
Net Assets		1,247,834
Less: Shares to be issued and allotted		50,477
Surplus taken to Securities Premium account		1,197,357

- ii. 50,476,622 equity shares of Re.1/- each at par to be allotted to the equity share holders of Zee News Limited (ZNL) in the ratio of Four equity shares of the Company for every Nineteen equity shares of ZNL. Pending issue and allotment of shares as at the balance sheet date Rs./Thousand 50,477 has been credited to Share Suspense Account.
- iii. The value of inventories of RGEC are written down by Rs./Thousand 115,029 on account of difference in the relevant accounting policy of ZEEL and ZNL, and debited to General Reserve.

B) Acquisition of the 9X Channel Business Undertaking of 9X Media Private Limited:

- i. The Scheme of Arrangement ('the scheme') under Section 391 to 394, read with sections 78, 100 to 104 of the Companies Act 1956 between 9X Media Private Limited ("Transferor Company") and the Company and their respective shareholders and creditors was sanctioned by the Hon'ble High Court at Mumbai on September 9, 2010, and the said order filed with Registrar of Companies on September 22, 2010. Pursuant to the Scheme, the 9X Channel Business Undertaking (9X) of 9X Media Private Limited is demerged and vested with the Company on appointed date i.e. March 31, 2010 on a going concern basis at book values complying with the conditions and provisions of Section 2(19AA) of the Income Tax Act, 1961.

Schedule

Significant Accounting Policies and Notes to Accounts

- ii. The Scheme has been given effect in these financial statements and in pursuant to the Scheme the assets and liabilities of 9X Business undertaking are transferred to and recorded in the books of the Company at their respective book values and difference (deficit) is adjusted to General Reserve as under :-

Particulars	Rs./Thousand	
Fixed Assets		70,222
Current Assets , Loans and advances:		
Sundry Debtors	34,487	
Loans and Advances	404,619	439,106
Total Assets		509,328
Secured and Unsecured Loans	600,477	
Current Liabilities and Provisions	41,930	642,406
Total Liabilities		642,406
Net Assets		(133,079)
Less: Shares to be issued and allotted		141
Surplus taken to General Reserve Account		(133,220)

140,845 Equity Shares of Re. 1 (Rupee one) each are to be issued and allotted to the shareholders of 9X Media Private Limited as on June 30, 2010 in the ratio of One equity share of the Company for every Seventy One Equity Shares of Rs.10/- each held in 9X. Pending issue and allotment of shares, Rs. 140,845 has been credited to Share Suspense Account

C) Amalgamation of ETC Networks Limited with the Company and Demerger of Education Business Undertaking from the Company:

- i. The Composite Scheme of Amalgamation and Arrangement ("the composite scheme") between erstwhile ETC Networks Limited ("ETC") the Company Zee Learn Limited ("ZLL") and the Company and their respective shareholders and creditors was approved by the Hon'ble High Court of Mumbai on July 16, 2010 and the said order filed with the Registrar of Companies on August 30, 2010. Pursuant to the Scheme the erstwhile ETC has merged and vested in the Company at fair values on the Appointed date i.e. March 31, 2010. And upon such merger, the Education Business Undertaking from the Company was demerged and vested with Zee Learn Limited on the Appointed Date April 1, 2010.



Schedule

Significant Accounting Policies and Notes to Accounts

ii. The Scheme has been given effect in these financial statements and in pursuant to the Scheme

a) The assets and liabilities of ETC are transferred to/and are accounted in the books of accounts of the Company at fair values on March 31, 2010 and the difference (surplus) is credited to General Reserve as under:

Particulars	Rs./Thousand	
Fixed Assets		971,139
Deferred Tax Assets		49,301
Investments		95,100
Current Assets , Loans and advances:		
Inventories	34,695	
Sundry Debtors	214,175	
Cash and Bank Balances	317,542	
Loans and Advances	466,677	1,033,089
Total Assets		2,148,629
Secured and Unsecured Loans	935,119	
Current Liabilities and Provisions	432,607	1,367,726
Total Liabilities		1,367,726
Net Assets		780,903
Less: Cancellation of Investments 4,889,584 Equity shares of Rs.10 each held in ETC Networks Limited		271,975
Less: Shares to be issued and allotted		4,413
Surplus taken to General Reserve		504,515

Had the Scheme not prescribed this treatment, Rs./Thousand 504,515 would have been credited to Capital Reserve as required by the Purchase Method prescribed by Accounting Standard (AS) 14 on "Accounting for Amalgamations".

b) 4,413,488 Equity shares of Re. 1 each to be issued to the shareholders of ETC, as on the record date, in the ratio of ten equity shares of Re. 1 each of the Company for every eleven equity shares Rs. 10 each of ETC. Pending issue and allotment of shares, Rs./Thousand 4,413 has been credited to Share Suspense Account.

c) The authorized share capital of the Company stand increased by the amount of authorized share capital of the ETC of Rs. 649,200,000.

iii. Demerger of the Education Business Undertaking of the Company vested in to Zee Learn Limited as on April 1, 2010 pursuant to the Scheme:

a) The whole of the undertaking, assets, properties and liabilities of the Education Business undertaking demerged and vested in at book values with effect from appointed date i.e. April 1, 2010. Accordingly, this scheme has not been given effect to, in these financial statements.

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Significant Accounting Policies and Notes to Accounts

- b) Upon the Scheme becoming effective, the Company shall transfer the whole of the undertaking with assets and liabilities of the Education Business undertaking on April 1, 2010 to the resulting Company ZLL. The difference between the book value of assets and the book value of liabilities transferred to the General Reserve of the Company as under :-

Particulars	Rs./Thousand	
Fixed Assets		800,655
Investments		5
Current Assets , Loans and advances:		
Inventories	29,088	
Sundry Debtors	12,100	
Cash and Bank Balances	207,010	
Loans and Advances	236,637	484,835
Total Assets		1,285,495
Secured and Unsecured Loans	500,190	
Current Liabilities and Provisions	154,012	654,202
Total Liabilities		654,202
Difference to be adjuted in General Reserve		631,293

- c) In consideration of the transfer and vesting of the Education Business undertaking to ZLL, the members of the Company holding four fully paid up Equity shares of Re. 1/- each in the Company on the record date will be issued one fully paid up Equity shares of Rs. 1/- each of ZLL.

4. Secured Loans

Debentures

500 Secured Redeemable Non-Convertible Debentures of Rs. 1,000,000 each fully paid up (issued by ETC Networks Limited merged with the Company on March 31, 2010) are redeemable at par in 4 equal installments with the earliest redemption being on January 6, 2012 and last being on January 6, 2015.

These Debentures are Secured by way of first charge on all fixed assets and current assets including certain fixed deposits, and first charge on escrow account for receivables of the erstwhile ETC. upon demerger of Education Division these debentures and related liabilities stand transferred to Zee Learn on and from April 1, 2010. The debentures are to be further secured by assignment of all the benefits under the agreement with a Charitable Trust for operations of school.

Term Loan from Bank

Secured by way of first charge on all the fixed assets and current assets of erstwhile Digital Media Convergence Limited subsidiary of ETC Network Limited. The loan has since been repaid.

Working Capital Loan from Bank

Secured by way of first charge on all the fixed assets and current assets of erstwhile Digital Media Convergence Limited. The loan has since been repaid.

Vehicle Loans

Secured by hypothecation of vehicles



Schedule

Significant Accounting Policies and Notes to Accounts

5. Foreign Currency Convertible Bonds (FCCB)

- a) The Company had issued 10,000 0.5% Foreign Currency Convertible Bonds (FCCB) of US\$10,000 each aggregating to US\$100 million, redeemable on April 29, 2009 at 116.24% of their principal amount. The bond holders had an option to convert these bonds into equity shares from and including 8 June, 2004 to and including April 22, 2009 at an initial conversion price of Rs. 197.235 per share, with a fixed rate of exchange on conversion of Rs. 43.88 (US\$1). Consequent to the restructuring, the conversion price was reset to Rs. 153.459 per share in terms of the Offering Circular, effective April 18, 2008.
- b) During the year 379 bonds are redeemed on due date i.e. April 29, 2009 and Premium of Rs./Thousand 3,706 payable on redemption has been provided and adjusted against Securities Premium as per Section 78 of the Companies Act, 1956.

6. Disclosures:

- a) The Company has been deploying its surplus funds as short-term demand loans / inter corporate deposits, the borrowers are regular in repayment of principal and interest, hence are considered good.
- b) Prior period expenses/ income included in respective heads in the Profit and Loss Account is as under:

(Rs./Thousand)		
Particulars	2010	2009
Program Cost	10,392	-
Excess Interest on Tax Refund	-	23,400
Business Promotion expenses	-	7,605
Subscription Revenue	-	(1,562)
PRIOR PERIOD EXPENSE (NET)	10,392	29,443

- c) Deposits includes Rs./Thousand 65,745 (65,745) due from Company in which director is interested.
- d) Balances with Non Scheduled Bank

(Rs./Thousand)				
Name of the Bank	Balance as on March 31,		Maximum Balance during the Year	
	2010	2009	2010	2009
Standard Chartered Bank (Mauritius) Limited	Nil	352	352	1374

Schedule

Significant Accounting Policies and Notes to Accounts

e) Managerial Remuneration:

- i. The Computation of Net Profit in accordance with the provisions of Section 198/309/349 of the Companies Act, 1956 is as under:

(Rs./Thousand)		
Particulars	2010	2009
Net Profit before tax as per Profit and Loss Account	6,083,424	3,787,710
Add		
- Directors sitting fees	820	820
- Managerial remuneration	33,358	26,267
- Commission paid to Non-executive Directors	10,800	11,751
- Depreciation	114,272	119,240
- Loss on sale of fixed assets	77,396	3,352
- Provision for doubtful debts & Advances	-	63,249
- Provision for diminution in the value of Investment	-	(25,806)
Less		
- Depreciation u/s 350	114,272	119,240
- Provision for doubtful debts & advances w/back (net)	140,914	-
Net Profit as per Section 198/349 of the Companies Act, 1956	6,064,884	3,867,343
Maximum permissible remuneration to Managing Director as per Section 198/309	303,244	193,367
Remuneration is restricted to Managing Director as per service agreement [Refer note (ii) below]	33,358	26,267
Maximum permissible Commission to Non-Executive Independent Directors under section 198/309	60,649	38,673

- ii) Remuneration paid or provided in accordance with Section 198 of the Companies Act, 1956 to the Directors, included in personnel cost is as under.

(Rs./Thousand)		
Particulars	2010	2009
Salary and Allowances	28,028	21,182
Provident fund contribution	1,856	1,908
Perquisites	3,474	3,177
Commission to Non Executive Independent Directors	10,800	11,751

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

- iii. During the year, the Company has provided commission of Rs./Thousand 10,800 (11,751) to Non-Executive Independent Directors based on Profits for the year ended March 31, 2010.
- iv. Remuneration (salaries and allowances) of Rs./Thousand 3,803 (3,708) has been paid to a non-executive director by a Foreign subsidiary Company. However, no remuneration is paid to him by the Company.
- f) The erstwhile ETC ("the Transferor Company") had taken over running business of Entertainment Television Network Private Limited during the year 1999-2000 along with the benefits of contracts, agreement and approvals for broadcasting of Television Channels. Some of the agreements and approvals are yet to be transferred / obtained in the name of erstwhile ETC.

Schedule

Significant Accounting Policies and Notes to Accounts

- g) Auditors Remuneration included in Miscellaneous Expenses is as under:

(Rs./Thousand)		
Particulars	2010	2009
Audit fees	5,900	5,900
Tax Audit fees	500	500
Certifications and Tax Services	7,746	1,948

- h) Foreign Exchange Difference

- i) The foreign exchange loss (net) including on forward contracts and cross currency swap of Rs./Thousand 29,548 (435,392) on settlement or realignment of foreign exchange has been adjusted in respective heads in the Profit and Loss account.

- ii) Foreign currency exposures that are not hedged by derivative instruments as at March 31,

(Rs./Thousand)		
Particulars	2010	2009
Foreign Currency Payables	78,952	241,903
Receivables	713,290	454,190

- iii) Derivative contracts entered into by the Company and outstanding as at March 31, 2010 is Rs./Thousand Nil (4,125,600):

- i) Employees Stock Option Scheme (ESOP 2009)

The Company has instituted an Employees Stock Option Plan (ESOP 2009) as approved by the Board of Directors and Shareholders of the Company in 2009 for issuance of stock options in convertible into equity shares not exceeding in the aggregate 5% of the issued and paid-up capital of the Company as on March 31, 2009 i.e. up to 21,700,355 equity shares of Re. 1 each to the employees of the Company as well as that of its subsidiaries and also to non-executive directors including Independent Directors of the Company at the market price determined as per the SEBI (ESOS) Guidelines, 1999. The said scheme is administered by the Remuneration Committee of the Board.

During the year the Company has granted 4,340,000 stock options to eligible employees and directors at an exercise price of Rs. 239.80 per share. The options granted under the Scheme shall vest not less than one year and not more than five years from the date of grant of options. The options granted now would vest in the ratio of 50:35:15 at the expiry of one, two and three years from the date of grant and once vested, these would be exercisable at any time within a period of four years and the equity shares arising on exercise of options shall not be subject to any lock-in.

The options were granted to the employees at an exercise price, being the latest market price as per SEBI (ESOS) Guidelines, 1999. In view of this, there being no intrinsic value on the date of grant (being the excess of market price of share under the Scheme over the exercise price of the option), the Company is not required to account the accounting value of options as per SEBI Guidelines

- j) Micro, Small and Medium Enterprises:

The Company has no dues to Micro, Small and Medium enterprises during the year ended March 31, 2010, on the basis of information provided by the parties and available on record.

- k) Capital work in progress includes Capital Advances Rs./Thousand 1,086,506 (183,249). Enforceable agreements are yet to be executed for advances of Rs./Thousand 239,370 for purchase of properties.

- l) Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances) is Rs./Thousand 247,489 (266,181).

- m) Sundry Creditors for expenses and other liabilities under Current Liabilities include

- Cheques overdrawn Rs./Thousand 128,038 (11,844)
- Rs./Thousand 494,061 payable to Zee News Limited on demerger of RGEN channels for liabilities paid on our behalf.

Schedule

Significant Accounting Policies and Notes to Accounts

- n) Dividend Rs./Thousand 1,213 (1,315) unclaimed for the period more than seven years is transferred to Investor's Education and Protection Fund during the year.
- o) During the year the Company's expenses of Rs./Thousand 166,797 (63,160) are shared by other related party, are netted off in relevant heads of expenses.
7. Employee Benefits

A) Defined Benefit plans:

(Rs./Thousand)		
Particulars	2010	2009
	Gratuity (Non Funded)	
I. Expenses recognized during the year		
1. Current Service Cost	4,758	4,393
2. Interest Cost	2,371	2,056
3. Liabilities assumed on acquisition	6,164	-
4. Actuarial Losses / (Gains)	1,717	3,374
Total Expenses	15,010	9,823
II. Net Asset/(Liability) recognized in the Balance Sheet as at March 31, 2010		
1. Present value of defined benefit obligation	(35,900)	(25,885)
Add: Pursuant to the Scheme (Refer Note 3)	(7,519)	-
2. Net Asset / (Liability)	(43,419)	(25,885)
III. Reconciliation of Net Asset/(Liability) recognized in the Balance Sheet as at March 31, 2010		
1. Net Asset/(Liability) at the beginning of year	(25,885)	(19,680)
2. Expense as per I above	(15,010)	(9,823)
3. Employer contribution	4,995	3,618
4. Net Asset/(Liability) at the end of the year	(35,900)	(25,885)
Add: Pursuant to the Scheme (Refer Note 3)	(7,519)	-
Net Asset/(Liability) at the end of the year	(43,419)	(25,885)
IV. Actuarial Assumptions:		
1. Discount rate	8.30%	7.95%
2. Expected rate of salary increase	7.50%	7.50%
3. Mortality	LIC (1994 -96)	LIC (1994-96)

Notes:

- a) Amounts recognized as an expense and included in the Schedule 14 "Personnel Cost" are gratuity Rs./Thousand 15,010 (9,823) and leave encashment Rs./Thousand 9,633 (22,137)
- b) The estimates of future salary increases considered in the actuarial valuation taking into account the rate of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Schedule

Significant Accounting Policies and Notes to Accounts

B) Defined contribution plan:

“Contribution to provident and other funds” is recognized as an expense in Schedule 14 of the Profit and Loss Account

8. Contingent Liabilities not provided for

(Rs./Thousand)		
Particulars	2010	2009
a) Corporate Guarantees		
- For subsidiaries to the extent of loans availed/ outstanding Rs./Thousand Nil (1,001,338)	5,008,850	1,565,100
- For other related parties, loans outstanding Rs./Thousand 3,733,360 (3,949,415)	4,077,030	4,526,760
b) Bank guarantees	75	1,810
c) Claims against the Company not acknowledged as debts	640,278	132,743
d) Disputed Direct Taxes	131,504	133,517
e) Disputed Indirect Tax	474,538	Nil
f) Letters of credit (net of liability provided)	40,817	Nil
g) Legal cases against the Company	Unascertainable	Unascertainable

9. ETC Networks Limited which got merged into the Company has entered into a tripartite agreement with a Charitable Trust / Society established under the Bombay Public Trust Act, 1950 and a Body Corporate to acquire exclusive rights for providing educational infrastructure, content, advisory and other related services to its school for a period of 30 years for Rs./Thousand 750,000 and sharing revenue. Rs./Thousand 750,000 paid for acquiring the rights and other preoperative cost of Rs./Thousand 24,600 is included in capital work in progress eventually to be capitalized with intangible asset on the date of commencement of operations by the school. This arrangement was meant for Education Business undertaking (EBU) and therefore, subsequent to the demerger of EBU, shall stand transferred to Zee Learn Limited.

10. Taxation

- a) Provision for current tax for the year has been made as per provisions of Section 115JB of the Income-Tax Act, 1961 i.e. Minimum Alternate Tax (MAT) due to claim of set-off of brought forward losses of undertaking taken over by the Company complying with Section 2 (19AA) of Income tax act 1961 and recognized the MAT credit entitlement as an asset under the head “Loans and advances”, in accordance with the Guidance Note on Accounting for Credit Available in respect of MAT issued by the ICAI.
- b) The components of deferred tax balances as at March 31, 2010:

(Rs./Thousand)		
Particulars	2010	2009
Deferred Tax Assets		
Provision for retirement benefits	32,639	28,813
Expenses allowable	24,473	-
Provision for doubtful debts	116,627	158,567
Total	173,739	187,380
Deferred Tax Liabilities		
Depreciation	126,034	118,881
Others	47,652	28,513
Total	173,686	147,394
Deferred Tax Assets - Net	53	39,986
Add Pursuant to the Composite Scheme of Arrangement (Refer Note 3)	49,301	-
Deferred Tax Assets - Net	49,354	39,986

Schedule

Significant Accounting Policies and Notes to Accounts

11. Leases

- a) The Company has taken office, residential facilities and plant and machinery (including equipments) etc. on lease under cancellable/non-cancellable agreements that are renewable on a periodic basis at the option of both the lessee and the lessor. The initial tenure of the lease generally is for 11 months to 60 months.

(Rs./Thousand)		
Particulars	2010	2009
Lease rental for the year	213,121	154,759
Future lease rental obligation payable (under non - cancelable lease)		
Not later than one year	135,311	140,683
Later than one year but not later than five years	83,906	187,153
Later than five years	4,711	-

- b) In respect of assets given under operating lease.
- (i) The Company has given part of building under cancelable operating lease agreement. The initial term of the lease is for 36 months.
- (ii) The lease rental revenue for the year is Rs. /Thousand 68,768 (64,119).

12. Related Party transactions

(i) List of Parties where control exists

Subsidiary Companies

a) Wholly Owned

Apac Media Ventures Limited; Asia Business Broadcasting Mauritius Limited; Asia Today Limited; Asia TV Limited; Expand Fast Holding (Singapore) Pte. Limited; Zee CIS Holding LLC ; Zee Multimedia (Maurice) Limited; Zee Multimedia Worldwide Limited, Mauritius; Zee Multimedia Worldwide Limited (BVI); Zee Sports Americas Limited; Zee Sports International Limited; Zee Sports Limited; Zee Technologies (Guangzhou) Limited; Zee Telefilms Middle East FZLLC; Zee TV South Africa (Proprietary) Limited; Zee TV USA Inc.; ZES Holding Limited; Zee Entertainment Studios BVI ; ZES Mauritius Limited; ZES International Limited; Zee Motion Pictures Private Limited.

b) Others - Direct

ETC Networks Limited (merged as on March 31, 2010)*; Taj Television India Private Limited; Zee Turner Limited.

*Cornershop Entertainment Company Private Limited, Cornershop Animation Company Private Limited, Digital Media Convergence Limited and Remed Services Private Limited (merged with erstwhile ETC Networks Limited w.e.f. January 1, 2010)

c) Other - Indirect

Taj TV Limited, Mauritius

(ii) Associates

Aplab Limited (extent of holding 26.42 %)



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Significant Accounting Policies and Notes to Accounts

(iii) **Other Related parties with whom transactions have taken place during the year and balance outstanding as on the last day of the year.**

Asian Sky Shop Limited, Agrani Convergence Limited; Churu Trading Company Private Limited; Continental Drug Company Private Limited; Cyquator Media Services Private Limited; Cornershop Entertainment Company Private Limited(up to December 31, 2009); Digital Media Convergence Limited ;(up to December 31, 2009); Dakshin Media Gaming Solutions Private Limited; Dish TV India Limited; Diligent Media Corporation Limited ; Essel Propack Limited; E-City Entertainment (India) Private Limited; E-City Retail Private Limited; E- City Property Management Services Private Limited; E-Cool Gaming Solution Private Limited; Essel Corporate Services Private Limited; Essel Sports Private Limited; Essel Infraprojects Limited; Essel Shyam Communication Private Limited; Fun Multiplex Private Limited; Integrated Subscribers Management Limited; ITX Trade Exchange Limited; Jay Properties Private Limited; Jayneer Capital Private Limited; Pan India Network Infravest Private Limited; Prajatma Trading Company Private Limited; Premier Finance and Trading Company Limited; Rama Associates Limited; Remed Services Private Limited (up to December 31, 2009);Real Media FZLLC, Smart Wireless Private Limited; TALEEM Research Foundation; Wire and Wireless (India) Limited; Zee News Limited;

Directors / Key Management Personnel

Mr. Subhash Chandra, Mr. Punit Goenka, Mr. Laxmi Narain Goel, Mr. Ashok Kurien.

(iv) **Transactions with Related Parties**

(Rs./Thousand)		
Sr. No.	Particulars	
	2010	2009
	Amount	Amount
A) Fixed Assets / Capital work in progress		
Assets Purchased during the year		
Associates	-	497
B) Investments		
Subsidiaries		
Balance as at April 1	12,614,923	12,613,773
Cancellation pursuant to the Scheme of Arrangement (Refer Note 3)	271,975	-
Purchased/ adjusted during the year	-	1,150
Balance as at March 31,	12,342,948	12,614,923
Other Related Parties		
Balance as at April 1,	1,533	1,533
Balance as at March 31,	1,533	1,533
Associates		
Balance as at April 1,	46,599	46,599
Balance as at March 31,	46,599	46,599
C) Sundry Debtors as at March 31,		
Subsidiaries	667,415	412,849
Other Related Parties	176,865	854,682
D) Loans, Advances and Deposits as at March 31,		
Subsidiaries	1,816,476	29,249
Other Related Parties	406,017	4,811,662
Capital Advances as at March 31,		
Other Related Parties	750,000	-

Schedule

Significant Accounting Policies and Notes to Accounts

(Rs./Thousand)

Sr. No.	Particulars	2010	2009
		Amount	Amount
E)	Sundry Creditors as at March 31,		
	Pending Remittance to Principals		
	Subsidiaries	759,327	871,073
	Purchase of Programs/ Goods and Services		
	Subsidiaries	20,258	53,534
	Other Related	655,084	175,508
F)	Sale & Services Turnover		
	Sale, Services and Recoveries (Net)		
	Subsidiaries	900,777	955,474
	Other Related Parties	73,054	275,251
	Subscription Income		
	Subsidiaries	34,374	-
	Other Related Parties	240,000	-
	Advertisement Income (Net)		
	Subsidiaries	11,700	6,186
	Other Related Parties	169,949	99,479
	Commission Received		
	Subsidiaries	73,662	65,360
	Other Related Parties	-	268,368
G)	Other Income		
	Dividend Received		
	Subsidiaries	12,224	12,224
	Other Related Parties	5,466	2,186
	Associates	1,321	3,303
	Interest Received		
	Subsidiaries	9,671	-
	Other Related Parties	815,442	885,087
	Miscellaneous Income / Rent Income		
	Subsidiaries	13,275	56,242
	Other Related Parties	54,836	48,989
	Balances Written Back		
	Subsidiaries	12,624	-
H)	Loans, Advances and Deposits Given		
	Subsidiaries	358,000	-
	Other Related Parties	6,461,000	11,525,500
I)	Purchase of Programs, Goods and Services		
	Subsidiaries	118,546	65,332
	Other Related Parties	398,368	688,282



Schedule

Significant Accounting Policies and Notes to Accounts

		(Rs./Thousand)	
Sr. No.	Particulars	2010	2009
		Amount	Amount
	Commission Paid		
	Subsidiaries	140,610	145,993
	J) Balances written off		
	Subsidiaries	19,158	-
	Other Related Parties	-	13,665
	K) Loans and Advances repayment received		
	Other Related Parties	11,341,000	7,620,400
	L) Guarantees		
	Corporate Guarantees Given		
	Subsidiaries	5,008,850	1,565,100
	Other Related Parties	4,077,030	4,526,760

Disclosure in Respect of Material Related Parties which account for 10% or more of the transactions during the year:

- Loans, Advances and Deposits given include to Churu Trading Company Private Limited Rs./Thousand 2,040,000 (3,770,500); Prajatma Trading Company Private Limited Rs./Thousand 21,50,000 (2,170,000); Dish TV India Limited Rs./Thousand Nil (2,430,000); Wire and Wireless (India) Limited Rs./Thousand Nil (1,550,000); Premier Finance and Trading Company Limited Rs./Thousand 2,271,000 (1,605,000).
- Loans, Advances and Deposits repayment received Churu Trading Company Private Limited Rs./Thousand 2,040,000 (3,770,500); Prajatma Trading Company Private Limited Rs./Thousand 2,150,000 (2,170,000); Dish TV India Limited Rs./Thousand 24,30,000 (Nil);Wire and Wireless India Limited Rs./Thousand 2,450,000 (70,000); Premier Finance and Trading Company Limited Rs./Thousand 2,271,000 (1,605,000).
- Loans, Advances and Deposits balances outstanding at year end include Zee Sports Limited Rs./Thousand 29,249 (29,249); Zee Turner Limited Rs./Thousand 1,747,620 (Nil); Dish TV India Limited Rs./Thousand Nil (2,430,000); Wire and Wireless India Limited Rs./Thousand 98,613 (2,300,817);Jay Properties Private Limited Rs./Thousand 65,744 (65,744);TALEEM Research Foundation Rs./Thousand 199,182 (Nil).
- Capital Advances outstanding at the year end include Taleem Research Foundation Rs./Thousand 750,000 (Nil).
- Sundry Creditors balances include Broadcasters/ Principals Remittances pending to Asia Today Limited Rs./Thousand 759,327 (869,628); Amounts due for Purchase of Programs, Goods and Services to Asia Today Limited Rs./Thousand 11,654 (12,448); Taj Television India Private Limited Rs./Thousand 8,232 (Nil); ETC Networks Limited Rs./Thousand Nil (41,085); Wire and Wireless (India) Limited Rs./Thousand 67,177 (92,984); Essel Sports Private Limited Rs./Thousand 13,624 (70,044); Zee News Limited Rs./Thousand 520,271(Nil).
- Sales, Services and Recoveries (Net) include to Asia Today Limited Rs./Thousand 886,916 (929,083); Dish TV India Limited Rs./Thousand Nil (4,475); Zee News Limited Rs./Thousand 57,680 (245,694);Real Media FZ LLC. Rs./Thousand 2,649 (5,958); Subscription Revenue from Taj Television India Private Limited Rs./Thousand 34,373(Nil); Dish TV India Limited Rs./Thousand 240,000 (Nil) Advertisement Income from ETC Networks Limited Rs. 11,700 (Nil); Asian Sky Shop Rs./Thousand Nil (12,085); Dish TV India Limited Rs./Thousand 96,409 (83,427); Cornershop Entertainment Company Private Limited Rs./Thousand 71,531 (6,186); Agency Commission received from Asia Today Limited Rs./Thousand 73,662 (65,360); Zee News Limited Rs./Thousand Nil (268,368).
- Sundry Debtors balances include Asia Today Limited Rs./Thousand 665,345 (329,745); Zee TV USA Inc. Rs./Thousand Nil (62,976); Dish TV India Limited Rs./Thousand 95,257 (599,386); ITX Trade Exchange Limited Rs./Thousand 29,854 (Nil); Zee News Limited Rs./Thousand Nil (179,084).
- Other income include Dividend received from ETC Networks Limited Rs./Thousand 12,224 (12,224); Aplab Limited Rs./Thousand 1,321 (3,303); Essel Propack Limited Rs./Thousand 546 (2,186); Interest received

Schedule

Significant Accounting Policies and Notes to Accounts

includes Churu Trading Company Private Limited Rs./Thousand 219,469 (258,147); Prajatra Trading Company Private Limited Rs./Thousand 210,647 (256,625); Dish TV India Limited Rs./Thousand 71,901 (68,917); Premier Finance & Trading Co Private Limited. Rs./Thousand 186,326 (173,521); Wire and Wireless India Limited Rs./Thousand 127,098 (127,877); ETC Networks Limited Rs./Thousand 9,671 (Nil); Miscellaneous / Rent income from Zee Turner Limited Rs./Thousand 10,627 (14,330); Asia Today Limited Rs./Thousand Nil (39,829); ETC Networks Limited Rs./Thousand 2,647 (2,083); Diligent Media Corporation Limited Rs./Thousand 2,203 (2,081); Dish TV India Limited Rs./Thousand 25,132 (25,132); Zee News Limited Rs./Thousand 20,441 (20,441); Wire and Wireless (India) Limited Rs./Thousand 4,209 (1,335); Balances written back of Asia Today Limited Rs./Thousand 12,624 (Nil).

- i) Purchase of Programs, Goods and Services from Asia Today Limited Rs./Thousand 67,661 (59,212); ETC Networks Limited Rs./Thousand 16,039 (Nil); Taj TV Limited -Mauritius Rs./Thousand 30,861 (3,529); Essel Corporate Services Private Limited Rs./Thousand 176,292 (134,872); Essel Sports Private Limited Rs./Thousand 12,807 (262,603); Wire and Wireless (India) Limited Rs./Thousand 160,372 (250,321); Commission paid to Zee Turner Limited Rs./Thousand 140,620 (145,992); Balances written off 25 FPS Media Private Limited Rs./Thousand Nil (13,665); Cornershop Entertainment Company Private Limited Rs./Thousand 19,158 (Nil).
- j) Corporate guarantees include in respect Asia Today Limited Rs./Thousand 50,08,850 (1,565,100); Dish TV India Limited Rs./Thousand 3,223,530 (3,305,760); Wire and Wireless India Limited Rs./Thousand 541,000 (921,000).

Notes

- i. Details of Remuneration to directors are disclosed in Note 6 (e).
- ii. Sharing of expenses has been disclosed in Note 6 (o).

13. Disclosure for the units of mutual fund bought and sold during the year

Sr. No.	Name of the fund	Face value	Quantity	Amount
			(Nos.)	(Rupees)
1	Reliance Liquidity Fund-Daily Dividend reinvestment Option	10	5,004,299	50,064,506
2	UTI Money Market Mutual Fund-Institutional-Daily Dividend	1,000	99,725	100,062,127
3	ICICI Prudential Flexible Income Plan Premium-Daily Dividend	100	1,325,173	140,117,138
4	ICICI Prudential Liquid Super Institutional Plan-Daily Dividend	100	701,137	70,129,190
5	ICICI Prudential Liquid Plan Institutional Plus-Daily Dividend	10	3,376,057	40,011,339
6	IDFC Money Manager-Super Institutional Plan-Daily Dividend	10	10,011,722	100,132,236
7	Kotak Floater Long Term-Daily Dividend	10	9,933,573	100,128,433
8	LIC Mutual fund Floating Rate Fund - Short Term Plan-Daily Dividend	10	257,476,166	2,574,761,657
9	LIC Mutual Fund-Dividend Plan	10	333,494,283	3,661,800,582
10	LIC Mutual Fund Savings Plus Fund-Daily Dividend Plan	10	80,091,016	800,910,159

14. Disclosures as required by the amendment to Clause 32 of the listing agreement vide SEBI circular no.2/2003 of January 10, 2003:

a) Loans and Advances given to Subsidiaries

(Rs./Thousand)

Particulars	Balance as at		Maximum amount outstanding during the year	
	2010	2009	2010	2009
Zee Sports Limited	29,249	29,249	29,249	29,249
Zee Turner Limited	1,747,620	-	-	-
Taj Television India Private Limited	39,537	-	-	-
Asia Today Limited	70	-	70	-

Schedule

Significant Accounting Policies and Notes to Accounts

- b) Investments by Loanee in the shares of the Company as at March 31, 2010:

Loanee	No. of fully paid up equity shares 2010	No. of fully paid up equity shares 2009
Churu Trading Company Private Limited	3,576,000	3,576,000
Prajatma Trading Company Private Limited	7,574,500	7,574,500
Premiere Finance & Trading Company Limited	6,176,000	6,176,000

15. Additional Information required to be given pursuant to Part II of Schedule VI to the Companies Act 1956 is as follows:

The Company is mainly in the business of producing television programs and is not subject to any license hence licensed capacity is not given. Further the nature of business of the Company is such that quantitative information of purchase, sale and stocks are not applicable.

- a) Quantitative Information. Closing stock of educational materials and equipments:

(Rs./Thousand)

Particulars	2010		2009	
	Qty.	Amount	Qty.	Amount
Educational materials and equipments (Received as per Scheme of Arrangement)				
Equipments	573,030	11,978	-	-
Others	-	17,110	-	-
Total	573,030	29,088	-	-

- b) Consumption of Raw Stock (included in TV Program/Movies)

(Quantity in numbers, Amount in Rs./Thousand)

(Rs./Thousand)

Particulars	2010		2009	
	Qty.	Amount	Qty.	Amount
Raw Tapes	43,446	26,878	53,041	48,562
Total	43,446	26,878	53,041	48,562

- c) Value of Imported and Indigenous Raw Stock consumed

(% denotes Percentage, Amount in Rs./Thousand)

(Rs./Thousand)

Particulars	2010		2009	
	%	Amount	%	Amount
Imported	1.60	429	9.80	4,761
Indigenous	98.40	26,449	90.20	43,801
Total	100.00	26,878	100.00	48,562

Schedule

Significant Accounting Policies and Notes to Accounts

d) Other Information

	Rs./Thousand	
Particulars	2010	2009
Earning in Foreign Exchange		
FOB Value of Exports	918,487	893,415
Broadcasting Revenue	52,856	34,632
Others	4,316	21,605
Remittances in Foreign Currency		
Net Dividend remitted	172,751	172,803
No. of Shareholders (Nos)	133	133
No. of Equity Shares held (Nos)	86,375,552	86,401,552
Expenditure in Foreign Currency (On Accrual Basis)		
Traveling expenses	6,411	4,970
Transponder rent and uplinking charges	111,624	64,485
Programming Expenses	20,379	31,175
Repairs and Maintenance	2,179	1,661
Interest expense	125	1,168
Others	7,808	20,082
CIF Value of Imports		
Capital Equipment	16,239	169,774
Stores	1,522	-
Raw Stock	172	4,907



Schedule

Significant Accounting Policies and Notes to Accounts

16. Earnings per share (EPS)

Sr. No.	Particulars	2010	2009
a)	Profit after Tax before Exceptional Item (Rs./Thousand)	5,588,403	3,071,640
b)	Profit after Tax after Exceptional Item (Rs./Thousand)	5,588,403	3,097,446
	Adjustment for the purpose of Diluted EPS:		
	Add: Interest on Foreign Currency Convertible Bonds	-	1,075
	Less: Tax on above	-	365
c)	Profit after Tax before Exceptional Item for Diluted EPS (Rs./Thousand)	5,588,403	3,072,350
d)	Profit after Tax after Exceptional Item for Diluted EPS (Rs./Thousand)	5,588,403	3,098,156
e)	Weighted Average number of equity shares for Basic EPS (Nos.)	446,469,444	433,930,729
	Add: Weighted Average outstanding option deemed to be issued for no consideration (Nos.)	-	1,083,712
f)	Weighted Average number of equity shares for Diluted EPS (Nos.)	446,469,444	434,726,859
	Nominal value of equity shares (Re.)	1	1
g)	Basic EPS before Exceptional Item (Rs.)	12.51	7.08
h)	Basic EPS after Exceptional Item (Rs.)	12.51	7.14
i)	Diluted EPS before Exceptional Item (Rs.)	12.51	7.07
j)	Diluted EPS after Exceptional Item (Rs.)	12.51	7.13

17. Segmental Reporting

The Financial Statements of the Company contain both the consolidated financial statements as well as the separate financial statements of the parent Company. Hence, the Company has presented the segmental information on the basis of the consolidated financial statements as permitted by Accounting Standard - 17.

As per our attached report of even date

For MGB & Co.
Chartered Accountants

Mohan Bhandari
Partner

Place : Mumbai
Dated : September 23, 2010

For and on behalf of the Board

Punit Goenka Managing Director

Nemi Chand Jain Director

Hitesh Vakil President & Chief Financial Officer

M Lakshminarayanan Company Secretary

Balance Sheet Abstract

and Company's general business profile :

I. REGISTRATION DETAILS

Registration No.

2	8	7	6	7
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 State Code

1	1
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Balance Sheet Date

3	1
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0	3
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2	0	1	0
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Date Month Year

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN '000)

Public Issue	Rights Issue																				
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>								N	I	L	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>								N	I	L
							N	I	L												
							N	I	L												
Bonus Issue	Private Placement																				
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>								N	I	L	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>								N	I	L
							N	I	L												
							N	I	L												

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN '000)

Total Liabilities	Total Assets																			
<table border="1" style="width: 100%;"><tr><td> </td><td>2</td><td>9</td><td>4</td><td>4</td><td>2</td><td>3</td><td>1</td><td>9</td></tr></table>		2	9	4	4	2	3	1	9	<table border="1" style="width: 100%;"><tr><td> </td><td>2</td><td>9</td><td>4</td><td>4</td><td>2</td><td>3</td><td>1</td><td>9</td></tr></table>		2	9	4	4	2	3	1	9	
	2	9	4	4	2	3	1	9												
	2	9	4	4	2	3	1	9												
Sources of Funds	Reserves and surplus																			
Paid-Up Capital	<table border="1" style="width: 100%;"><tr><td> </td><td>2</td><td>7</td><td>7</td><td>6</td><td>4</td><td>2</td><td>5</td><td>1</td></tr></table>		2	7	7	6	4	2	5	1										
	2	7	7	6	4	2	5	1												
Share Application Money	Secured loans																			
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>								N	I	L	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td>5</td><td>8</td><td>5</td><td>0</td><td>3</td><td>8</td></tr></table>				5	8	5	0	3	8
							N	I	L											
			5	8	5	0	3	8												
Unsecured loans																				
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td>6</td><td>0</td><td>3</td><td>9</td><td>9</td><td>2</td></tr></table>				6	0	3	9	9	2											
			6	0	3	9	9	2												
Application of Funds	Investments																			
Net Fixed Assets	<table border="1" style="width: 100%;"><tr><td> </td><td>1</td><td>5</td><td>3</td><td>1</td><td>9</td><td>2</td><td>9</td><td>0</td></tr></table>		1	5	3	1	9	2	9	0										
	1	5	3	1	9	2	9	0												
Net Current Assets	Miscellaneous Expenditure																			
<table border="1" style="width: 100%;"><tr><td> </td><td>1</td><td>1</td><td>3</td><td>7</td><td>8</td><td>9</td><td>6</td><td>5</td></tr></table>		1	1	3	7	8	9	6	5	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>2</td></tr></table>									2	
	1	1	3	7	8	9	6	5												
								2												
Other Assets	Deferred Tax Assets																			
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>								N	I	L	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td>4</td><td>9</td><td>3</td><td>5</td><td>4</td></tr></table>					4	9	3	5	4
							N	I	L											
				4	9	3	5	4												

IV. PERFORMANCE OF COMPANY (AMOUNT IN '000)

Turnover	Total Expenditure																		
<table border="1" style="width: 100%;"><tr><td> </td><td>1</td><td>3</td><td>8</td><td>4</td><td>9</td><td>2</td><td>5</td><td>1</td></tr></table>		1	3	8	4	9	2	5	1	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>7</td><td>7</td><td>6</td><td>5</td><td>8</td><td>2</td><td>7</td></tr></table>			7	7	6	5	8	2	7
	1	3	8	4	9	2	5	1											
		7	7	6	5	8	2	7											
(*includes other income)																			
+ - Profit / Loss before Tax	+ - Profit / Loss after Tax																		
<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>6</td><td>0</td><td>8</td><td>3</td><td>4</td><td>2</td><td>4</td></tr></table>			6	0	8	3	4	2	4	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td>5</td><td>5</td><td>8</td><td>8</td><td>4</td><td>0</td><td>3</td></tr></table>			5	5	8	8	4	0	3
		6	0	8	3	4	2	4											
		5	5	8	8	4	0	3											
Earnings Per Share before exceptional items (weighted) (Rs.)	Dividend rate (%)																		
<table border="1" style="width: 100%;"><tr><td> </td><td>1</td><td>2</td><td>.</td><td>5</td><td>1</td></tr></table>		1	2	.	5	1	<table border="1" style="width: 100%;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>4</td><td>0</td><td>0</td></tr></table>							4	0	0			
	1	2	.	5	1														
						4	0	0											

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS)

Items Code No. (ITC Code)

	8	5	2	4	9	0	0	1
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Product Description

R	E	C	O	R	D	E	D		V	I	D	E	O		C	A	S	S	E	T	T	E	S
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As per our attached report of even date

For MGB & Co.
Chartered Accountants

Mohan Bhandari
Partner

Place : Mumbai
Dated : September 23, 2010

For and on behalf of the Board

Punit Goenka *Managing Director*

Nemi Chand Jain *Director*

Hitesh Vakil *President & Chief Financial Officer*

M Lakshminarayanan *Company Secretary*



Cash Flow Statement

for the year ended March 31,

(Rs. in '000)

	2010	2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	6,083,424	3,761,904
Adjustments for :		
Depreciation	114,272	119,240
Share issue expenses written off	49	49
Provision for doubtful debts /advances and investments	31,705	63,249
Loss on Foreign exchange derivative contracts	27,820	443,519
Loss on sale/ discard of fixed assets (net)	77,396	3,352
Interest expense	147,434	272,428
Dividend income	(19,376)	(17,713)
Interest income	(891,886)	(883,061)
Operating profit before working capital changes	5,570,838	3,792,110
Adjustments for :		
(Increase)/ Decrease in trade and other receivables	(2,163,386)	740,918
(Increase)/ Decrease in Inventories	(1,301,846)	(830,709)
Increase / (Decrease) in trade and other payables	638,808	(885,726)
Cash Generated from Operations	2,744,414	2,816,593
Direct taxes paid /refunded (net)	(1,102,025)	(1,001,881)
Net Cash flow from Operating Activities	1,642,389	1,814,712
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets/Capital Work In Progress	(211,718)	(303,523)
Purchase of Long Term Investments	(1,000,000)	(1,450)
Purchase of Current Investments	(8,638,117)	-
Sale of Current Investments	7,638,117	-
Loans to others	(7,810,183)	(12,761,580)
Loans repaid by others	12,541,000	13,163,499
Dividend received	19,376	17,713
Sale of fixed assets	9,919	3,192
Interest received	891,886	976,632
Net Cash flow from Investing Activities	3,440,280	1,094,483
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid (including dividend tax)	(1,013,807)	(1,013,959)
Interest paid	(126,955)	(274,730)
Loss on Foreign exchange derivative contracts	(27,820)	(443,519)
Proceeds from short term borrowings	-	500,000
Proceeds from long term borrowings	-	1,004,855
Repayments of short term borrowings	(300,000)	(1,143,262)
Repayments of long term borrowings	(1,397,980)	(650,813)
Payment under finance leases	-	(5,549)
Net Cash flow from Financing Activities	(2,866,562)	(2,026,977)

Cash Flow Statement

for the year ended March 31,

(Rs. in '000)

	2010	2009
Net Cash Flow during the year (A+B+C)	2,216,107	882,218
Cash and Cash Equivalents at the beginning of the year	1,104,344	222,126
Cash and Cash Equivalents at the end of the year	3,320,451	1,104,344
Cash and Cash Equivalents transferred as per Scheme of Arrangement	317,541	-
Cash and Cash Equivalents at the end of the year	3,002,910	1,104,344
Notes to the Cash Flow Statement For the year ended March 31, 2010		
1. Previous year's figures have been regrouped, recast wherever necessary.		
2. Cash and Cash Equivalents at the end of the year:		
Cash in hand	3,146	1,764
Balances with Scheduled Banks in Current Accounts	204,038	1,102,160
Balances with Scheduled Banks in Deposit Accounts	2,625,896	68
Balances with Non Scheduled Banks in Current Accounts	15,017	352
Cheques in hand / transit	154,813	
TOTAL	3,002,910	1,104,344

As per our attached report of even date

For MGB & Co.
Chartered Accountants

Mohan Bhandari
Partner

Place : Mumbai
Dated : September 23, 2010

For and on behalf of the Board

Punit Goenka *Managing Director*

Nemi Chand Jain *Director*

Hitesh Vakil *President & Chief Financial Officer*

M Lakshminarayanan *Company Secretary*



Five Years financial highlights

(Rs. in million)

Year Ending March 31	CONSOLIDATED					STANDALONE				
	2010	2009	2008	2007	2006	2010	2009	2008	2007	2006
Revenue Account										
Income from Operations	21,998	21,773	18,354	15,159	16,543	12,787	12,102	10,420	8,677	8,314
Total Expenses	15,863	16,293	12,931	11,955	13,848	7,476	8,493	6,334	6,556	7,525
Operating Profit	6,135	5,480	5,423	3,204	2,695	5,311	3,609	4,086	2,121	789
To Income from Operations	28%	25%	30 %	21%	16%	42%	30%	39%	24%	9%
Other Income	1,220	1,572	1,138	747	640	1,062	1,051	1,019	614	510
PBIDT	7,355	7,053	6,561	3,951	3,335	6,373	4,660	5,105	2,735	1,299
Financial Expenses	332	1,339	516	334	188	175	779	430	189	140
Depreciation / Amortisation	285	310	232	185	360	114	119	106	85	148
Profit Before Tax & Exceptional Items	6,738	5,403	5,813	3,432	2,787	6,083	3,762	4,569	2,461	1,011
Exceptional Items	-	(26)	26	-	(20)	-	(26)	26	-	(19)
Taxation	573	208	1,627	999	547	495	690	1,592	799	339
Profit After Tax & before exceptional items	6,165	5,195	4,186	2,433	2,240	5,588	3,072	2,977	1,662	672
Profit After Tax & before minority interest / share of profits/(losses) in associates	6,165	5,221	4,160	2,433	2,260	5,588	3,097	2,951	1,662	691
Add: Share of Results of Associates	(16)	1	5	10	(46)					
Less: Minority Interest	(195)	99	333	68	71					
Profit After Tax for the year	6,344	5,124	3,832	2,375	2,143	5,588	3,097	2,951	1,662	691
To Total Income	27%	22%	20%	15%	12%	40%	24%	26%	18%	8%
Dividend	1947	868	868	650	435	1947	868	868	650	435
Dividend Rate	400%	200%	200%	150%	100%	400%	200%	200%	150%	100%
Capital Account										
Share Capital - Equity	489	434	434	434	413	489	434	434	434	413
Share Application Money					-					
Share Capital - Preference					-					
Reserves & Surplus	37,811	33,561	28,177	25,747	20,873	27,764	22,996	20,849	18,918	15,037
Deferred Tax Balances	(133)	(113)	(243)	(75)	(148)	(49)	(40)	(66)	12	(6)
Minority Interest	(22)	948	1,117	818	458					
Loan Funds	1,195	5,757	3,866	3,226	4,772	1,189	1,709	2,043	2,541	4,712
Capital Employed	39,340	40,587	33,351	30,150	26,368	29,393	25,099	23,259	21,904	20,156
Fixed Assets	19,587	18,093	15,605	14,841	12,948	2,695	1,583	1,285	1,054	1,153
Investments	3,203	1,271	2,516	2,326	3,024	15,319	13,496	13,495	13,459	13,448
Net Current Assets	16,550	21,223	15,230	12,981	10,384	11,379	10,021	8,480	7,391	5,549
Miscellaneous Expenditure (to the extent not w/o)	0	0	0	2	12	0	0	0	0	6
Capital Deployed	39,340	40,587	33,351	30,150	26,368	29,393	25,099	23,259	21,904	20,156
Closing market price per share of Rs.1	269	106	245	251	238	269	106	245	251	238
Market capitalisation	131,356	46,157	106,072	108,674	98,372	131,696	46,157	106,072	108,674	98,372

Performance Ratios

- an analysis

		CONSOLIDATED					STANDALONE					
Year Ending March 31		2010	2009	2008	2007	2006	2010	2009	2008	2007	2006	
Financial Performance												
Advertisement Income/Income from Operations	(%)		48.5	48.6	50.7	46.4	39.7	63.4	64.9	69.8	58.9	45.4
Subscription Income/Income from Operations	(%)		44.9	41.5	40.5	43.9	43.4	26.6	18.5	16.4	19.1	21.2
Operating Profit/Income from Operations	(%)		27.9	25.2	29.5	21.1	16.3	41.5	29.8	39.2	24.4	9.5
Other Income/Total Income	(%)		5.3	6.7	5.8	4.7	3.7	7.7	8.0	8.9	6.6	5.8
Programming Cost/Income from Operations	(%)		31.1	32.6	28.2	31.5	25.7	33.2	40.6	33.8	46.1	42.5
Personnel Cost/Income from Operations	(%)		8.9	9.3	7.8	6.7	6.6	6.4	7.6	6.0	4.7	5.3
Selling and Admin Expenses/Income from Operations	(%)		20.2	20.4	20.0	18.9	20.7	18.8	21.0	20.2	15.7	20.3
Total Operating Cost/Income from Operations	(%)		72.1	74.8	70.5	78.9	83.7	58.5	70.2	60.8	75.6	90.5
Financial Expenses/Income from Operations	(%)		1.5	6.2	2.8	2.2	1.1	1.4	6.4	4.1	2.2	1.7
Tax/Income from Operations	(%)		2.6	1.0	8.9	6.6	3.3	3.9	5.7	15.3	9.2	4.1
PAT for the year/Total Income	(%)		26.6	21.9	19.7	14.9	12.5	40.4	23.5	25.8	17.9	7.8
Tax/PBT	(%)		8.5	3.8	28.0	29.1	19.6	8.1	18.3	34.8	32.5	33.6
Dividend Payout/PAT for the year	(%)		31.6	16.9	22.6	27.4	19.3	35.0	28.0	29.4	39.1	59.7
Dividend Payout/Effective Networkth	(%)		5.1	2.6	3.0	2.5	2.0	6.9	3.7	4.1	3.4	3.2
Balance Sheet												
Debt-Equity ratio (Total loans/Eff. Networkth)	(%)		3.1	16.9	13.5	12.3	22.4	4.2	7.3	9.6	13.1	34.7
Current ratio (Current assets/Current liabilities)	(x)		3.1	4.7	3.4	3.5	3.4	2.8	3.4	2.6	2.8	2.3
Capital Output Ratio (Inc from Ops/Eff. Capital employed)	(x)	0.6	0.5	0.6	0.5	0.6	0.4	0.5	0.4	0.4	0.5	
Fixed assets Turnover (Inc from Ops/Fixed assets)	(x)	10.5	7.5	6.9	8.0	7.5	4.7	7.6	8.1	8.2	7.2	
Cash & cash equivalents/Total Eff.capital employed	(%)	15.3	4.7	5.7	3.2	4.9	10.2	4.4	1.0	0.2	1.3	
RONW (PAT for the year/Eff. Networkth)	(%)	16.1	15.1	13.4	9.1	10.1	19.8	13.2	13.9	8.6	5.1	
ROCE (PBIT/Eff. Capital employed)	(%)	18.0	16.6	19.0	12.5	11.3	20.7	18.1	21.4	12.1	6.3	
Per Share Data #												
Revenue per share	(Rs.)	47.5	53.8	45.0	36.7	41.7	28.3	30.3	26.4	21.4	21.4	
Dividend per share	(Rs.)	3.98	2.00	2.00	1.50	1.00	3.98	2.00	2.00	1.50	1.00	
Indebtedness per share	(Rs.)	2.4	13.3	8.9	7.4	11.6	2.4	3.9	4.7	5.9	11.4	
Book value per share	(Rs.)	78.3	78.3	66.0	60.4	51.6	57.8	54.0	49.1	44.6	32.9	
Earnings per share (after prior period adjustments)	(Rs.)	14.2	11.8	8.8	5.5	5.2						
PE Ratio -Price/EPS Ratio (Share Price as of March 31,)	(x)	18.9	9.0	27.7	45.8	45.9						



Auditors' Report

To
The Board of Directors
Zee Entertainment Enterprises Limited

1. We have audited the attached Consolidated Balance Sheet of Zee Entertainment Enterprises Limited ("the Company") and its subsidiaries and associate Companies ("the Group") as at March 31, 2010, 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. a) The financial statements of subsidiaries with total assets (net) of Rs./Thousand 15,826,634 as at March 31, 2010 and total revenues (net) of Rs./Thousand 9,816,627 for the year ended on that date have not been audited by us. These financial statements have been audited by other auditors whose report has been furnished to us and in our opinion, in so far it relates to the amounts included in respect of those subsidiaries, is based solely on the report of the other auditors.

b) The financial statements of associates for the year ended March 31, 2010 have been audited by other auditors whose report has been furnished to us. The loss of such associates considered for consolidation is Rs./Thousand 16,285. Our opinion, in so far it relates to the amounts included in respect of those associates, is based solely on the report of the other auditors.

4. Without qualifying our report, attention is drawn to:

a) Note 20(b) regarding receivable of Rs./Thousand 270,181 claimed from a competing broadcaster, which is under litigation. In the opinion of the management, based on the legal opinion, the said claim is considered as good and recoverable.

b) Note 21 (A) in Schedule 18 regarding demerger of Regional General Entertainment Channels business undertaking of Zee News Limited to the Company as per the Scheme of Arrangement u/s 391 to 394 read with Section 78, 100 to 103 approved by the Honorable High Court at Mumbai and in pursuance thereof assets

and liabilities of the merged undertaking are accounted and surplus of Rs./Thousand 1,197,357 is taken to Securities Premium.

c) Note 21 (B) in Schedule 18 regarding demerger of 9X Entertainment Channel business undertaking of 9X Media Private Limited to the Company as per the Scheme of Arrangement approved by the Honorable High Court at Mumbai and in pursuance thereof assets and liabilities of the merged undertaking are accounted and deficit of Rs./Thousand 133,220 is adjusted in General Reserve.

d) Note 21 (C) in Schedule 18 regarding Amalgamation of its erstwhile subsidiary ETC Networks Limited with the Company w.e.f. March 31, 2010 and demerger of Education business undertaking to Zee Learn Limited as on April 1, 2010 as per the Composite Scheme of Amalgamation and Arrangement u/s 391 to 394 and other applicable provisions, approved by the Honorable High Court at Mumbai and effect thereof is given in these financial statements and resultant surplus of Rs./Thousand 504,515 is taken to General Reserve and demerger of Education business undertaking as on April 1, 2010, hence effect not given in these financials.

5. 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" and AS 23 "Accounting for Investments in Associates", issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company, its subsidiaries and associates.

6. On the basis of information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of the Company, its subsidiaries and associates and subject to Para (3) above, we are of the opinion that

a) The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the Group as at March 31, 2010;

b) The Consolidated Profit and Loss Account gives a true and fair view of the consolidated result of operations of the Group for the year ended on that date; and

c) The Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of the Group for the year ended on that date.

For MGB & Co
Chartered Accountants
Registration No- 101169W
Mohan Bhandari
Partner
Membership No. 12912
Mumbai, September 23, 2010

Consolidated Balance Sheet

as at March 31,

(Rs. in '000)

	Schedules	2010	2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	489,038	434,007
Reserves and Surplus	2	37,810,816	33,560,988
		38,299,854	33,994,995
Minority Interest		-	947,659
Loan Funds			
Secured Loans	3	590,727	5,261,451
Unsecured Loans	4	603,991	495,450
		1,194,718	5,756,901
TOTAL		39,494,572	40,699,555
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	19,979,858	18,931,540
Less: Depreciation / Amortisation		1,500,944	1,508,466
Net Block		18,478,914	17,423,074
Capital work-in-progress		1,108,493	669,444
		19,587,407	18,092,518
Investments			
	6	3,202,719	1,271,146
Deferred Tax Assets (Net) [Refer Note 25(c)]		132,649	112,828
Current Assets, Loans and Advances	7		
Interest Accrued on Investments		1,973	-
Inventories		4,712,608	4,576,349
Sundry Debtors		7,487,831	6,436,508
Cash and Bank Balances		5,864,478	1,926,334
Loans and Advances		6,322,594	14,087,139
		24,389,484	27,026,330
Less:			
Current Liabilities and Provisions			
Current Liabilities	8	5,398,987	4,317,532
Provisions	9	2,441,178	1,485,786
		7,840,165	5,803,318
Net Current Assets		16,549,319	21,223,012
Minority Interest		22,471	-
Miscellaneous Expenditure (to the extent not written off or adjusted)	10	7	51
TOTAL		39,494,572	40,699,555
Significant Accounting Policies and Notes to Accounts	18		

As per our attached report of even date

For MGB & Co.
Chartered Accountants

Mohan Bhandari
Partner

Place : Mumbai
Dated : September 23, 2010

For and on behalf of the Board

Punit Goenka Managing Director

Nemi Chand Jain Director

Hitesh Vakil President & Chief Financial Officer

M Lakshminarayanan Company Secretary



Consolidated Profit and Loss Account

for the year ended March 31,

(Rs. in '000)

	Schedules	2010	2009
INCOME			
Sales and Services	11	21,997,825	21,773,097
Other Income	12	1,220,116	1,572,205
TOTAL		23,217,941	23,345,302
EXPENDITURE			
Operational Cost / Cost of Goods	13	9,452,041	9,809,652
Personnel Cost	14	1,963,281	2,031,154
Administrative and other Expenses	15	2,112,728	1,860,230
Selling and Distribution Expenses	16	2,335,158	2,591,618
TOTAL		15,863,208	16,292,654
Operating Profit		7,354,733	7,052,648
Financial Expenses	17	331,404	1,339,098
Depreciation / Amortization		285,389	310,333
Profit Before Tax and Exceptional Items		6,737,940	5,403,217
Less - Provision for Diminution in Value of Investment		-	(25,806)
Profit before Tax and After Exceptional Items		6,737,940	5,429,023
Less - Provision for Taxation			
- Current Tax		1,119,196	1,501,077
- Deferred Tax		25,842	107,877
- Fringe Benefit Tax		-	24,134
Add: Excess Provision written back		284,156	1,425,204
Add: MAT Credit Entitlement		288,424	-
Profit after tax and before minority interest / share of results of associates		6,165,482	5,221,139
Add - Share of results of associates		(16,285)	1,357
Less - Minority Interest		(195,225)	98,870
Net Profit for the year		6,344,422	5,123,626
Net Profit for the year of Continuing Operations		6,333,175	5,131,294
Net Profit/ (Loss) for the year of Discontinuing operations		11,247	(7,668)
Add - Balance brought forward		18,445,902	14,775,431
Amount Available for appropriation		24,790,324	19,899,057
APPROPRIATIONS			
Interim Dividends on Equity Shares		968,967	-
Proposed Final Dividend on Equity Shares		977,795	868,014
Tax on Dividend		325,410	145,441
General Reserve		1,100,000	410,000
Capital Redemption Reserve		-	29,700
Balance carried to Balance Sheet		21,418,152	18,445,902
TOTAL		24,790,324	19,899,057
Earnings Per Share: (Rs.)			
Basic before Exceptional Item and discontinuing operations		14.18	11.77
Basic after Exceptional Item and discontinuing operations		14.21	11.81
Diluted before Exceptional Item and discontinuing operations		14.18	11.75
Diluted after Exceptional Item and discontinuing operations		14.21	11.79
(On distributable profits on shares outstanding)(Face Value Re 1)			
Significant Accounting Policies and Notes to Accounts	18		

As per our attached report of even date

For MGB & Co.
Chartered AccountantsMohan Bhandari
PartnerPlace : Mumbai
Dated : September 23, 2010

For and on behalf of the Board

Punit Goenka Managing Director

Nemi Chand Jain Director

Hitesh Vakil President & Chief Financial Officer

M Lakshminarayanan Company Secretary

Schedules

to the Consolidated Balance Sheet as at March 31,

(Rs. in '000)

	2010	2009
SCHEDULE - 1		
Share Capital [Refer Note 21]		
Authorised		
1,399,200,000(500,000,000) Equity Shares of Re 1/- each	1,399,200	500,000
Nil (2,500,000) Cumulative Redeemable Preference Shares of Rs.100/- each.	-	250,000
	1,399,200	750,000
Issued, Subscribed and Paid up		
434,007,111 Equity Shares of Re 1/- each fully paid up (Out of the above 210,316,212 Equity shares of Re 1/- each fully paid up were allotted for consideration other than cash against acquisition of Investments.)	434,007	434,007
Share Capital Suspense Account [Refer Note 21]	55,031	-
TOTAL	489,038	434,007
SCHEDULE - 2		
Reserves and Surplus		
Debenture Redemption Reserve		
As per last Balance Sheet	29,700	-
Less: Transferred pursuant to the Scheme of Arrangement [Refer Note 21]	(29,700)	-
Add: Appropriated During the year	-	29,700
	-	29,700
Capital Redemption Reserve		
As per last Balance Sheet	71,168	71,168
Less: Transferred pursuant to the Scheme of Arrangement [Refer Note 21]	1,168	-
	70,000	71,168
Securities Premium		
As per last Balance Sheet	10,351,708	10,288,554
Add : Received during the year		67,135
Add: Adjusted pursuant to the Scheme of Arrangement [Refer Note 21]	1,197,357	
Less : Premium On Redemption of FCCB [Refer Note 16]	3,706	3,981
	11,545,359	10,351,708
General Reserve		
Balance as per last Balance Sheet	4,479,194	4,069,194
Add: Adjusted pursuant to the Scheme of Arrangement [Refer Note 21]	387	-
Add: Appropriated during the year	1,100,000	410,000
	5,579,581	4,479,194
Foreign Currency Translation Reserve	(802,277)	183,316
Profit and Loss Account	21,418,152	18,445,902
TOTAL	37,810,816	33,560,988



Schedules

to the Consolidated Balance Sheet as at March 31,

(Rs. in '000)

	2010	2009
SCHEDULE - 3		
Secured Loans [Refer Note 15]		
Debentures	500,000	500,000
Term Loan from Financial Institution / Bank	60,000	2,824,977
Working Capital Finance from Banks	12,135	1,911,260
Vehicle Loans	17,917	25,214
Interest accrued and due	675	-
TOTAL	590,727	5,261,451
SCHEDULE - 4		
Unsecured Loans		
Foreign Currency Convertible Bonds [Refer Note 16]	-	195,450
Term Loan from Banks	600,000	-
Short Term Loan From Bank	-	300,000
Inter Corporate Deposits	3,515	-
Interest accrued and due	476	-
TOTAL	603,991	495,450

Schedules

to the Consolidated Balance Sheet as at March 31,

SCHEDULE - 5

Fixed Assets - At cost

Description	Gross Block				Depreciation				Net Block	
	As At April 1, 2009	Addition	Acquisition on Scheme of Arrangement [Refer Note 21]	Deduction	As At March 31, 2010	As At April 1, 2009	Acquisition on Scheme of Arrangement [Refer Note 21]	Deduction for the year	Up to March 31, 2010	As At March 31, 2009
A) Intangibles										
Goodwill - On Consolidation ^	15,182,745	1,227,035	-	31,112	16,378,668	-	-	-	-	15,182,745
Software/ Knowledge Based Content	23,685	14,055	14,343	32,052	20,031	14,384	192	6,497	4,037	9,301
Trade Mark	33,037	-	83	33,037	83	29,651	-	3,304	-	3,386
B) Tangibles										
Leasehold Land	65,690	-	14,199	8,361	71,528	5,048	5,652	5,200	13,235	60,642
Building	844,222	1,715	584	96,452	750,069	204,333	-	37,273	205,676	639,889
Plant & Machinery	2,017,929	36,872	274,682	395,019	1,934,464	888,516	63,517	76,990	792,033	1,149,413
Equipment	514,939	93,065	84,756	135,109	557,651	304,566	17,561	128,959	390,161	210,373
Furniture & Fixtures	126,914	30,694	16,702	17,332	156,978	57,730	3,312	13,263	66,385	69,184
Vehicles	122,379	8,003	8,697	28,693	110,386	24,238	1,366	13,903	29,417	98,141
TOTAL	18,931,540	1,411,439	414,046	777,167	19,979,858	1,508,466	91,600	285,389	1,500,944	17,423,074
Previous Year	16,225,048	2,770,064	-	63,572	18,931,540	1,238,984	-	310,334	1,508,466	17,423,074

Note :-

- a) ^ Arising on consolidation of ZEEL with its subsidiaries and its ultimate subsidiaries.
b) Building includes Rs./Thousand 114, the value of shares in a Co-operative Society.
c) Part of Building has been given on Operating Lease.
d) Assets vested on Amalgamation, demerger as follows :

Description	Gross block				Accumulated depreciation			
	RGEC	ETC	9X	TOTAL	RGEC	ETC	9X	TOTAL
a) Intangibles								
Software/ Knowledge Based Content	390	13,953	-	14,343	192	-	-	192
Trade Mark	-	83	-	83	-	-	-	-
b) Tangibles								
Leasehold Land	-	-	-	-	-	-	-	-
Leasehold Improvements	7,840	6,359	-	14,199	5,652	-	-	5,652
Buildings	-	584	-	584	-	-	-	-
Plant and Machinery	47,952	117,676	109,054	274,682	17,990	-	45,527	63,517
Equipments	28,751	43,590	12,415	84,756	11,841	-	5,720	17,561
Furniture and Fixtures	10,444	6,258	-	16,702	3,312	-	-	3,312
Vehicle	5,678	3,019	-	8,697	1,366	-	-	1,366
TOTAL	101,055	191,522	121,469	414,046	40,353	-	51,247	91,600
Capital Work In Progress	3,195	779,617	-	782,812	-	-	-	-

Schedules

to the Consolidated Balance Sheet as at March 31,

(Rs. in '000)

	2010	2009
SCHEDULE - 6		
Investments		
Long Term (at cost)		
Quoted - Trade - In associates		
1,321,200 (1,321,200) Equity Shares of Rs.10/- each of Aplab Limited (Extent of holding 26.42%)	46,599	46,599
Add: Share of profit for previous years	18,833	20,780
Add: Share of profit/(Loss) for current year	(16,285)	1,357
Less: Dividend received during the year	(1,321)	(3,303)
{Market Value Rs. Thousand / 50,206 (98,297)}	47,826	65,433
Quoted - Non -Trade		
1,800,000(1,800,000) Equity Shares of Rs. 2/- each of Essel Propack Limited {Market Value Rs. Thousand / 78,120 (66,420)}	1,500	1,500
Unquoted - Trade		
778,471(778,471) Equity Shares of Rs. 10/- each of Asianet Communication Limited	119,297	119,297
67,693 (67,693) Equity Shares of Rs. 10/- each of Asianet Infrastructure Limited	10,373	10,373
423,082 (423,082) Equity Shares of Rs. 10/- each of Asianet Radio Private Limited	64,836	64,836
423,082 (423,082) Equity Shares of Rs. 10/- each of Asianet News Private Limited	64,836	64,836
23,436 (23,436), 7.25% Redeemable Non-cumulative Preference Shares of Re 1/- each of Wire & Wireless (India) Limited	23	23
Nil (28) 14% Unsecured Redeemable Optionally Convertible Debentures (OCD's) of Cornershop Entertainment Company Private Limited of Rs.10,000,000 fully paid up.	-	280,000
Unquoted - Trade		
Others		
50 (50)Equity shares of Rs.10/- each of North Karnataka GSB Bank Limited	1	1
2,500 (2,500) Equity shares of Rs.10/- each of Samata Sahakari Bank Limited	63	63
3,000 (3,000) Equity Shares of Rs. 10/- each of Last Minute Media Private Limited	300	300
1,000 (1,000)Equity share of Rs.10/- each of Ecool Gaming Solutions Private Limited	5	5
1,000 (1,000) Equity Shares of Rs.10/- each of Pan India Network Private Limited	5	5
8% Certificate of Deposit (Non - Transferrable) with SICOM Limited	1,000,000	-
National Savings Certificates (Pledged with VAT Department]	15	15
Current Investments		
Unquoted		
10 (Nil) NSE MIBOR (Non - Transferrable) Unsecured Redeemable Non Convertible Debentures of Rs. 10,00,00,000/- each of Edelweiss Finance & Investments Limited	1,000,000	-
Nil (506,305) units of Rs. 10/- each of Principal Cash Management Fund Liquid Option - Daily Dividend	-	5,064
Nil (2,042,115) units of Rs. 10 each of JM Money Manager Fund Super Plus Plan - Daily Dividend	-	20,430
Nil (601,214) units of Rs. 10/- each of Reliance Medium Term Fund- Daily Dividend Plan	-	10,278
9,000,000 (3,523,103) units of Rs. 10/- each of LIC MF Income Plus - Daily Dividend Plan	90,000	35,231
Nil(2,000,000) units of Rs. 10/- each of JM Fixed Maturity Plan Series VII - 18 Month Plan	-	20,000
499,200(Nil) units of Rs. 10/- each of Kotak Floater - LT - Daily Dividend	5,032	-
5000 (Nil) Redeemable Preference Shares of USD 1000 each of Globex Fund Limited	225,151	-

Schedules

to the Consolidated Balance Sheet as at March 31,

(Rs. in '000)

	2010	2009
Immovable Property		
Freehold Land	573,456	573,456
TOTAL	3,202,719	1,271,146
Note : All the above securities are fully paid up		
SCHEDULE - 7		
Current Assets, Loans and Advances		
A. Current Assets		
a) Interest Accrued on Investment	1,973	-
b) Inventories		
TV Programs and Movies - Unamortized	4,670,593	4,532,418
Raw Stock - Tapes	12,927	17,871
Stock - in - Trade	29,088	26,060
	4,712,608	4,576,349
c) Sundry Debtors (Unsecured considered good unless otherwise stated)		
More than six months	3,916,723	3,146,063
Others	5,957,059	5,768,001
	9,873,782	8,914,064
Less: Provision for Doubtful Debts	2,385,951	2,477,556
	7,487,831	6,436,508
d) Cash and Bank Balances		
Cash in hand	14,427	16,263
Balances with Banks in Current Accounts	2,626,398	1,792,747
Balances with Banks in Deposit Accounts	2,807,639	112,791
Cheques in hand / transit	416,014	4,533
	5,864,478	1,926,334
e) Loans and Advances		
Loans	1,291,806	8,861,962
Advances (Recoverable in cash or kind for value to be received)	4,175,642	5,145,081
Less: Provision for Doubtful Advances	139,063	88,663
	4,036,579	5,056,418
Advance Direct Taxes (Net of Provisions)	474,082	-
Advance Indirect Taxes	349,137	-
Deposits	170,990	168,759
	6,322,594	14,087,139
TOTAL	24,389,484	27,026,330



Schedules

to the Consolidated Balance Sheet as at March 31,

(Rs. in '000)

	2010	2009
SCHEDULE - 8		
Current Liabilities		
Sundry Creditors - For Goods	1,441,808	1,281,661
- For Expenses and other liabilities	2,933,874	1,968,720
Trade Advances / Deposits received	295,288	327,039
Amounts pending remittance to principles	720,750	732,533
Unclaimed dividend / Fixed Deposits	7,243	7,529
Interest accrued but not due	24	50
TOTAL	5,398,987	4,317,532
SCHEDULE - 9		
Provisions		
Provision for - Tax (Net of Advances)	-	327,502
- Retirement Benefits	171,083	142,766
Proposed Dividend (including tax)	2,270,095	1,015,518
TOTAL	2,441,178	1,485,786
SCHEDULE - 10		
Miscellaneous Expenditure (to the extent not written off or adjusted)		
Share Issue Expenses	7	51
TOTAL	7	51

Schedules

to the Consolidated Profit and Loss Account for the year ended March 31,

(Rs. in '000)

	2010	2009
SCHEDULE - 11		
Sales and Services		
Services - Advertisement	10,669,746	10,592,585
- Subscription	9,868,788	9,037,579
- Commission - Broadcasters	193,386	388,159
- Course fees and Materials	317,882	251,295
Sales - Products & Other Services	948,023	1,503,479
TOTAL	21,997,825	21,773,097
SCHEDULE - 12		
Other Income		
Dividend	9,957	13,387
Interest	1,080,961	1,255,697
Profit on sale of investment - in subsidiary	-	191,923
- in associates	-	4,590
Rent Income	56,921	52,776
Miscellaneous Income	72,277	53,832
TOTAL	1,220,116	1,572,205
SCHEDULE - 13		
Operational Cost		
A. Program/Movie Rights		
Opening Stock - TV Programs and Movies	4,532,418	2,441,848
Add: Acquired on Scheme of Arrangement [Refer Note 21]	1,679,199	-
Add: Production / Acquisition of TV Programs and Movies	5,306,162	9,083,407
Less: Closing Stock - TV Programs and Movies	4,670,593	4,532,418
	6,847,186	6,992,837
B. Telecast Cost / Other Direct Expenses		
Subscription Management Services	1,797,317	2,017,308
Telecast Cost	711,723	692,785
Education Centre operating expenses	41,258	54,441
	2,550,298	2,764,534
C. Educational Materials and Equipments		
Opening Stock	26,060	25,365
Add: Purchases	57,585	52,976
Less: Closing Stock	29,088	26,060
	54,557	52,281
	9,452,041	9,809,652
SCHEDULE - 14		
Personnel Cost		
Salaries, Allowances and Bonus	1,853,016	1,871,882
Contribution to Provident and other funds	67,007	78,073
Staff Welfare Expenses	43,258	81,199
TOTAL	1,963,281	2,031,154



Schedules

to the Consolidated Profit and Loss Account for the year ended March 31,

(Rs. in '000)

	2010	2009
SCHEDULE - 15		
Administrative and Other Expenses		
Rent	197,886	200,644
Rates and Taxes	112,027	50,188
Repairs and maintenance - Building	3,200	9,249
- Plant and Machinery	20,394	37,297
- Others	30,340	34,603
Insurance	9,821	14,412
Electricity and Water Charges	58,390	69,752
Communication Expenses	108,712	110,662
Printing and Stationery	19,096	32,324
Miscellaneous Expenses	76,769	58,044
Conveyance and Travelling Expenses	175,758	233,007
Vehicle Expenses	31,763	36,159
Service Charges / Expenses	65,626	100,212
Legal, Professional and Consultancy Charges	223,183	287,049
Auditors Remuneration	23,686	23,950
Provision for Doubtful Debts and Advances	162,395	235,577
Bad Debts and Advances written off	671,452	315,572
Loss on Sale/ Discard of Fixed Assets (Net)	122,181	11,467
Share Issue and Preliminary Expenses Written off	49	62
TOTAL	2,112,728	1,860,230
SCHEDULE - 16		
Selling and Distribution Expenses		
Advertisement and Publicity Expenses	980,640	1,016,734
Commission on Sales and Services	335,508	270,012
Business Promotion Expenses	1,019,010	1,304,872
TOTAL	2,335,158	2,591,618
SCHEDULE - 17		
Financial Expenses		
Interest on - Fixed Loan	107,969	210,575
- Bonds and Debentures	1,256	1,075
- Working Capital Loan	188,488	191,048
Discounting and Financing Expenses	64,402	47,667
Exchange Difference and Loss on Foreign Exchange derivative contracts	(30,711)	888,733
TOTAL	331,404	1,339,098

Schedule 18

Significant Accounting Policies and Notes to Accounts

1. BACKGROUND:

Zee Entertainment Enterprises Limited (hereinafter referred to as 'the parent Company', 'the Company' or 'ZEEL') together with its subsidiaries and associates (collectively known as "the Group") derives revenue mainly from advertisements and subscription. The Group also generates revenue through sale of television softwares, movie distribution and Educational services.

2. 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 -21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India (ICAI), to the extent possible in the same manner as that adopted by the parent Company for its separate financial statements by regrouping, recasting or rearranging figures, wherever considered necessary.
- b) The CFS is prepared using uniform accounting policies for transactions and other events in similar transactions except that :
 - i. In case of Educational Materials / Equipments are valued at lower of cost or estimated net realizable value. Cost is considered based on average cost instead of First in First out (FIFO) basis. Such inventories represents 0.62% of total consolidated inventory of the group at the year end.
 - ii. In case of Zee TV USA and Taj TV Limited Mauritius liability on account of retirement benefit is provided on estimated basis as per local laws instead of actuarial basis. These liabilities represents 29.03% of total consolidated gratuity and leave encashment liability of the group as at the year end.
- c) The consolidation of the financial statements of the parent Company and its subsidiaries 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, unrealized inter-company profits and balances have been eliminated in the process of consolidation. Minority interest in subsidiaries represents the minority shareholders proportionate share of the net assets and net income.
- d) The CFS includes the Financial Statements of the parent Company and the subsidiaries (as listed in the table below). Subsidiaries are consolidated from the date on which effective control is acquired and are excluded from the date of transfer/disposal.

Name of the Subsidiaries	Proportion of Interest (including beneficial interest) / Voting Power (either directly / indirectly or through Subsidiaries)	Country of Incorporation
DIRECT SUBSIDIARIES		
ETC Networks Limited *	Nil (50.18)	India
Taj Television India Private Limited	50(50)	India
Zee Turner Limited	74(74)	India
Zee Sports Limited	100(100)	India
Zee Multimedia Worldwide Limited	100(100)	British Virgin Islands
ZES Holdings Limited	100(100)	Mauritius
INDIRECT SUBSIDIARIES		
Apac Media Venture Limited	100(100)	Hongkong
Asia Today Limited #	100(100)	Mauritius
Asia Business Broadcasting (Mauritius) Limited	100(100)	Mauritius
Taj TV Limited Mauritius	82.20(50.00)	Mauritius
Zee Multimedia Worldwide (Mauritius) Limited	100(100)	Mauritius
Zee Multimedia (Maurice) Limited	100(100)	Mauritius
Zee Sports International Limited	100(100)	Mauritius
Zee Sports Americas Limited	100(100)	Mauritius

Schedule

Significant Accounting Policies and Notes to Accounts

Name of the Subsidiaries	Proportion of Interest (including beneficial interest) / Voting Power (either directly / indirectly or through Subsidiaries)	Country of Incorporation
Asia TV Limited	100(100)	United Kingdom
Expand Fast Holding (Singapore) Pte Limited	100(100)	Singapore
Zee Technologies (Guangzhou) Limited	100(100)	China
Zee Telefilms Middle East FZ LLC	100(100)	United Arab Emirates
Zee TV USA Inc.	100(100)	United States of America
Zee TV South Africa (Proprietary) Limited	100(100)	South Africa
ZES Entertainment Studios Limited	100(100)	British Virgin Islands
ZES Mauritius Limited	100(100)	Mauritius
ZES International Limited	100(100)	United Kingdom
Zee Motion Pictures Private Limited	100(100)	India
CIS Holding LLC	100(100)	Russia
OOO Zee CIS Limited	100(Nil)	Russia
Cornershop Entertainment Company Private Limited ^	Nil(Nil)	India
Digital Media Convergence Limited ^	Nil(Nil)	India
Cornershop Animation Company Private Limited ^	Nil(Nil)	India
Re-Med Services Private Limited ^	Nil(Nil)	India

*Amalgamated with the Company effective March 31, 2010 (Refer Note 21)

50% held through wholly owned subsidiary

^ 100% shareholding is acquired by ETC Networks Limited* (ETC) and merged with ETC [Refer Note 21]. Subsequently ETC amalgamated with the Company [Refer Note 21].

e) Associates

The Group has adopted and accounted for Investments in Associate in these CFS, using the "Equity Method" as per AS -23 issued by ICAI.

Name of the Associate Company	Extent of Holdings	Country of Incorporation
Aplab Limited	26.42% (26.42%)	India

No adjustments are made for differences in accounting policy for inventories are valued on weighted average basis, Gratuity liability is not accounted on accrued basis and depreciation provided on fixed assets on written down value method in case of Aplab Limited.

3. 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.

4. COMPARATIVES

- Previous years figures have been regrouped, rearranged or recasted wherever necessary to conform to this year's classification. Current year's figures are not comparable due to the restructuring [Refer Note 21] Figures in brackets pertain to previous year.
- The CFS is not comparable, in view of Restructuring [Refer Note 21] and subsidiaries incorporated/ acquired during the current and previous year.

Schedule

Significant Accounting Policies and Notes to Accounts

5. FIXED ASSETS

a) Goodwill on Consolidation

Goodwill represents the difference between the group's shares in the net worth of the subsidiary or an associate, and the cost of acquisition at the time of making the investment the subsidiary or the associate. Capital reserve represents negative goodwill arising on consolidation.

b) Intangible Assets

Intangible assets comprises software (including implementation expenses), Trade Mark and Knowledge based content. These intangible assets are amortized on straight line basis based on the useful lives, which in management's estimate represents the period during which economic benefits will be derived from their use.

c) Tangible Fixed Assets

- i. 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.
- ii. Capital Work in progress is stated at the amount expended upto the date of Balance sheet including advances for capital expenditure.
- iii. Assets acquired under Finance Lease are capitalized and the corresponding lease liability is recorded at an amount equal to the fair value of the leased asset at the inception of the lease.

6. 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.

7. 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.

8. DEPRECIATION / AMORTIZATION

- a) Depreciation is provided on tangible fixed assets, including on fixed assets acquired under finance lease, on straight-line method at the rates specified in Schedule XIV or at such higher rates as permissible under applicable law, so as to write off their costs over the estimated useful life of the assets.
- b) Premium on Leasehold land and leasehold improvements are amortized over the period of Lease.
- c) No part of goodwill arising on consolidation is amortized.
- d) Intangible assets are amortized over the economic useful life as estimated by the management as under:

Assets	Useful life (in years)
Computer Software/ Knowledge based Content	3
Trade Marks	10

9. INVESTMENTS

- a) Long Term investments are carried at cost. Provision for diminution in value other than temporary is made.
- b) Current Investments are carried at cost or fair value whichever is lower.

10. INVENTORIES:

- a) TV Programs and Movie rights (Produced and acquired):

TV Programs and movie rights are carried at lower of unamortized cost 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.

Schedule

Significant Accounting Policies and Notes to Accounts

- i) Cost of reality shows / chat shows / events/ game shows etc. are fully expensed on telecast.
 - ii. TV Programs (other than (i) above) are amortized over three financial years from the year of telecast as per management estimates of future revenue potential
 - iii. Movie rights are amortized on a straight-line basis over the license period or 60 months from the date of purchase whichever is shorter.
- b) Movie produced and acquired for distribution:
- The amortization pertaining to Domestic theatrical, International theatrical rights, television rights, music rights, video rights and others are made, based on management estimates of revenues from each of these rights
- i. Theatrical rights: - 70% cost is amortized over three months of theatrical release of movie and balance 30% in subsequent three quarters.
 - ii. Satellite rights, Music rights, Home Video rights etc are expensed on sale.
 - iii. In case of Negative rights of movies 90% of cost is amortized as per b(i) above and 10% allocated to IPR is amortized over subsequent nine years.
- c) TV programs and movies under production are stated at cost. Cost comprises of material cost, cost of services and other expenses incurred upto the date of balance sheet.
- d) Raw Stock: Tapes are valued at lower of cost or estimated net realizable value. Cost is taken on First in First out (FIFO) basis.
- e) Educational Materials/ Equipments are valued at lower of cost or estimated net realizable value. Cost means average cost.

11. 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 (includes licensing of TV Programs and movies) are recognized when the delivery is completed
- c) Services - Commission - Broadcaster includes commission on subscription, advertising canvassing i.e. space selling, revenue is recognized when the service is completed. Theatrical revenue from movies is recognized on receipt of reports.
- d) Sales are recognized when the risk and rewards of ownership are passed onto the customers, which is generally on dispatch of goods.
- e) In respect of education services, revenue is recognized over the duration of course. Franchise fees are recognized as and when installments are due.
- f) SMS Revenue is recognized on the basis of the counts generated by computer software.
- g) Dividend is recognized when the right to receive the dividend is unconditional.

12. FOREIGN CURRENCY TRANSACTIONS

- a) Accounting of Transactions
 - i. The functional currency of each entity in the group is its respective currency. Monetary assets and liabilities in foreign currencies are converted into functional currency at the rates of exchange prevailing at the Balance Sheet date. Transactions in the foreign currencies are converted into functional currency at the rates of exchange prevailing at the date of the transaction.
 - ii. Foreign currency transactions are accounted at the exchange rates prevailing on the date of transactions.
 - iii. Foreign currency monetary assets and liabilities at the Balance Sheet date are translated at the closing rate. Gain and losses on settlement/ translation of monetary assets and liabilities are recognized in the Profit and Loss Account.
 - iv. Non - monetary items denominated in foreign currency are carried at cost.
 - v. In respect of forward exchange contracts assigned to the foreign currency assets/ liabilities, the difference due to change in exchange rate at the inception of forward contract and date of the Balance Sheet is recognized in the Profit and Loss Account. Any profit or loss resulting on settlement/ cancellation of forward contract is recognized as income or as expense in the year it arises.

Schedule

Significant Accounting Policies and Notes to Accounts

b) Translation and Exchange Rates

Financial Statements of overseas non-integral operations are translated as under:

- i. Assets and Liabilities at the exchange rate prevailing at the end of the year. Depreciation is accounted at the same rate at which assets are converted.
- ii. Revenues and expenses at yearly average rates (except for inventories, deferred tax and depreciation are converted at opening/closing rates as the case may be). Off Balance Sheet items are translated into Indian Rupees at year-end rates.
- iii. Exchange differences arising on translation of non-integral foreign operations are accumulated in the Foreign Currency Translation reserve until the disposal of such operations.

13. RETIREMENT BENEFITS

Retirement benefit plans, pensions schemes and defined contribution plans, or funds are governed by the statutes of the countries in which subsidiaries are located and contribution to the fund, future liability on actuarial valuation or liability on termination are charged to Profit and Loss Account. Accrued liabilities for leave encashment are made by the parent and its subsidiaries wherever applicable based on unavailed leave to the credit of employees in accordance with the rules of the respective companies. In case of a subsidiary, the gratuity fund benefits are administered by a specific Trust formed and annual contributions are deposited under group policy scheme of Life Insurance Corporation of India (LIC).

14. MISCELLANEOUS EXPENDITURE

Share issue and Preliminary expenses are amortized over a period of ten years.

15. SECURED LOANS

Debentures

500 Secured Redeemable Non-Convertible Debentures of Rs. 1,000,000 each fully paid up (issued by erstwhile ETC Networks Limited) are redeemable at par in four equal installments with the earliest redemption being on January 6, 2012 and last being on January 6, 2015.

Secured by way of first charge on all fixed assets and current assets including certain fixed deposits, and first charge on escrow account for receivables of the erstwhile subsidiary ETC Networks Limited. The debentures are to be further secured by assignment of all the benefits accruing under the agreement with a Charitable Trust for operations of school.

Term Loan from Bank

Secured by way of first charge on all the fixed assets and current assets of erstwhile subsidiary Digital Media Convergence Limited. The loan has since been repaid.

Working Capital Loan from Bank

Secured by way of first charge on all the fixed assets and current assets of erstwhile subsidiary Digital Media Convergence Limited. The loan has been since repaid.

Vehicle Loans

Hire purchase and lease finance is secured by hypothecation of specific assets underlying the hire purchase / lease.

16. FOREIGN CURRENCY CONVERTIBLE BONDS (FCCB)

- a) The Company had issued 10,000 0.5% Foreign Currency Convertible Bonds (FCCB) of US\$10,000 each aggregating to US\$100 million, redeemable on April 29, 2009 at 116.24% of their principal amount. The bond holders have an option to convert these bonds into equity shares from and including June 8, 2004 to and including April 22, 2009 at an initial conversion price of Rs.197.235 per share, with a fixed rate of exchange on conversion of Rs. 43.88 (US\$1). Consequent to the restructuring, the conversion price has been reset to Rs. 153.459 per share in terms of the Offering Circular, effective April 18, 2008.
- b) During the year 379 bonds are redeemed on due date i.e. April 29, 2009 and paid on redemption and premium paid on redemption of Rs./Thousand 3,706 has been provided and adjusted against Securities Premium as per Section 78 of the Companies Act, 1956.

17. The erstwhile subsidiary Company ETC Networks Limited has entered into a tripartite agreement with a Charitable Trust / Society established under the Bombay Public Trust Act, 1950 and a Company to acquire exclusive rights for providing educational infrastructure, content, advisory and other related services to its school for a period of 30 years for Rs./Thousand 750,000 and sharing revenue. Rs./Thousand 750,000 paid for acquiring the rights is included in capital work in progress and other preoperative cost of Rs./Thousand 24,600 eventually to be capitalized as an intangible asset on the date of commencement of operations by the school, to be amortised over the period of the right.

Schedule

Significant Accounting Policies and Notes to Accounts

18. The erstwhile subsidiary Company ETC Networks Limited has taken over running business of Entertainment Television Network Private Limited during the year 1999-2000 along with the benefits of contracts, agreement and approvals for broadcasting of Television Channels. Some of the agreements and approvals are yet to be transferred / received in the name of erstwhile ETC.

- 19 a) TV Program and movie rights are intangible assets as defined in AS - 26 but these are used for broadcasting business hence considered and included under inventories.
- b) In Schedule 13, Operational Cost includes Production and Acquisition Cost of TV Program and movie rights and movies amortized / impaired, sold etc. The Company has impaired TV program and movie rights of Rs./Thousand 69,881 (Nil) during the year.

20. DEBTORS

- a) Debtors are stated in the Balance Sheet at net realizable value. Net realizable value is the invoiced amount less provision for bad and doubtful debtors. Provisions are made specifically against debtors where there is evidence of a dispute or an inability to pay or recoverability.
- b) The Group has recognized a receivable of Rs./Thousand 270,181 (313,046) claimed from competing broadcaster for recovery of the telecast rights money relating to the sports event, which is under litigation. In the opinion of management and based on legal opinions, the receivable is considered as good.

21. RESTRUCTURING:

- A) Acquisition of Regional General Entertainment Channel Business Undertaking of Zee News Limited:
- a) The Scheme of Arrangement under Section 391 to 394 and other applicable provisions of the Companies Act, 1956 between Zee News Limited (ZNL) and the Company their respective shareholders and creditors was sanctioned by the Hon'ble Bombay High Court at Mumbai on March 19, 2010 and the said order filed with the Registrar of Companies on March 29, 2010. Pursuant to the Scheme, the Regional General Entertainment Channel (RGEC) Business Undertaking of ZNL comprising of six television channels namely Zee Marathi, Zee Talkies, Zee Bangla, Zee Telugu, Zee Kannada, and Zee Cinemalu (broadcasting yet to be commenced), assets of Zee Gujrathi, a discontinued television channel was demerged from ZNL, transferred and vested with the Company with effect from January 1, 2010.
- b) The said Scheme has been given effect in these financial statements and in pursuance of the Scheme:
- i. The assets and liabilities of RGEC Business Undertakings are transferred to and recorded in the books of accounts of Company at their respective book values and the difference (surplus) is credited to Securities Premium account as under:

Particulars	Rs./Thousand	
Fixed Assets		63,897
Deferred Tax Assets		25,952
Current Assets, Loans and advances:		
Inventories	1,681,356	
Sundry Debtors	1,251,107	
Cash and Bank Balances	86,664	
Loans and Advances	546,324	3,565,451
Total Assets		3,655,300
Secured and Unsecured Loans	1,144,371	
Current Liabilities and Provisions	1,263,095	2,407,466
Total Liabilities		2,407,466
Net Assets		1,247,834
Less: Shares to be issued and allotted		50,477
Surplus taken to Securities Premium account		1,197,357

Schedule

Significant Accounting Policies and Notes to Accounts

- ii. 50,476,622 equity shares of Re 1/- each at par to be allotted to the equity share holders of Zee News Limited (ZNL) in the ratio of Four equity shares of the Company for every Nineteen equity shares of ZNL. Pending issue and allotment of shares as at the balance sheet date Rs./Thousand 50,477 has been credited to Share Suspense Account.
- iii. The value of inventories of RGEC are written down by Rs./Thousand 115,030 on account of difference in the relevant accounting policy of ZEEL and ZNL, and debited to General Reserve.

B) Acquisition of the 9X Channel Business Undertaking of 9X Media Private Limited:

- i. The Scheme of Arrangement ('the scheme') under Section 391 to 394, read with sections 78, 100 to 104 of the Companies Act 1956 between 9X Media Private Limited ("Transferor Company") and the Company and their respective shareholders and creditors was sanctioned by the Hon'ble High Court at Mumbai on September 9, 2010, and the said order filed with Registrar of Companies on September 22, 2010. Pursuant to the Scheme, the 9X Channel Business Undertaking (9X) of 9X Media Private Limited is demerged and vested with the Company on appointed date i.e. March 31, 2010 on a going concern basis at book values complying with the conditions and provisions of Section 2(19AA) of the Income Tax Act, 1961.
- ii. The Scheme has been given effect in these financial statements and in pursuant to the Scheme the assets and liabilities of 9X Business undertaking are transferred to and recorded in the books of the Company at their respective book values and difference (deficit) is adjusted to General Reserve as under :

Particulars	Rs./Thousand	
Fixed Assets		70,222
Current Assets , Loans and advances:		
Sundry Debtors	34,487	
Loans and Advances	404,619	439,106
Total Assets		509,328
Secured and Unsecured Loans	600,477	
Current Liabilities and Provisions	41,930	642,407
Total Liabilities		642,407
Net Assets		(133,079)
Less: Shares to be issued and allotted		141
Surplus taken to General Reserve account		(133,220)

140,845 Equity Shares of Re 1 (Rupee one) each are to be issued and allotted to the shareholders of 9X Media Private Limited as on June 30, 2010 in the ratio of One equity share of the Company for every Seventy One Equity Shares of Rs.10/- each held in 9X. Pending issue and allotment of shares, Rs. 140,845 has been credited to Share Suspense Account

C) Amalgamation of ETC Networks Limited with the Company and Demerger of Education Business Undertaking from the Company:

- i. The Composite Scheme of Amalgamation and Arrangement ("the composite scheme") between erstwhile ETC Networks Limited ("ETC") the Company Zee Learn Limited ("ZLL") and the Company and their respective shareholders and creditors was approved by the Hon'ble High Court of Mumbai on July 16, 2010 and the said order filed with the Registrar of Companies on August 30, 2010. Pursuant to the Scheme the erstwhile ETC has merged and vested in the Company at fair values on the Appointed date i.e. March 31, 2010. And upon such merger, the Education Business Undertaking from the Company was demerged and vested with Zee Learn Limited on the Appointed Date April 1, 2010.

Schedule

Significant Accounting Policies and Notes to Accounts

- ii. The Scheme has been given effect in these financial statements and in pursuant to the Scheme
- a) The assets and liabilities of ETC are transferred to/and are accounted in the books of accounts of the Company at fair values on March 31, 2010 and the difference (surplus) is credited to General Reserve as under:

Particulars	Rs./Thousand	
Fixed Assets		971,139
Deferred Tax Assets		49,301
Investments		95,100
Current Assets , Loans and advances:		
Inventories	34,695	
Sundry Debtors	214,175	
Cash and Bank Balances	317,542	
Loans and Advances	466,677	1,033,089
Total Assets		2,148,629
Secured and Unsecured Loans	935,119	
Current Liabilities and Provisions	432,607	1,367,726
Total Liabilities		1,367,726
Net Assets		780,903
Less: Cancellation of Investments 4,889,584 Equity shares of Rs.10 each held in ETC Networks Limited		271,975
Less: Shares to be issued and allotted		4,413
Surplus taken to General Reserve		504,515

Had the Scheme not prescribed this treatment, Rs./Thousand 504,515 would have been credited to Capital Reserve as required by the Purchase Method prescribed by Accounting Standard (AS) 14 on "Accounting for Amalgamations".

- b) 4,413,488 Equity shares of Re 1 each to be issued to the shareholders of ETC, as on the record date, in the ratio of ten equity shares of Re 1 each of the Company for every eleven equity shares Rs.10 each of ETC. Pending issue and allotment of shares, Rs./Thousand 4,413 has been credited to Share Suspense Account.
- c) The authorized share capital of the Company stand increased by the amount of authorized share capital of the ETC of Rs. 649,200,000.
- iii. Demerger of the Education Business Undertaking of the Company vested in to Zee Learn Limited as on April 1, 2010 pursuant to the Scheme:
- i. The whole of the undertaking, assets, properties and liabilities of the Education Business undertaking demerged and vested in at book values with effect from appointed date i.e. April 1, 2010. Accordingly, this scheme has not been given effect to, in these financial statements.

Schedule

Significant Accounting Policies and Notes to Accounts

- ii. Upon the Scheme becoming effective, the Company shall transfer the whole of the undertaking with assets and liabilities of the Education Business undertaking on April 1, 2010 to the resulting Company ZLL. The difference between the book value of assets and the book value of liabilities transferred to the General Reserve of the Company as under :

Particulars	Rs./Thousand	
Fixed Assets		800,655
Investments		5
Current Assets , Loans and advances:		
Inventories	29,088	
Sundry Debtors	12,100	
Cash and Bank Balances	207,010	
Loans and Advances	236,636	484,836
Total Assets		1,285,495
Secured and Unsecured Loans	500,190	
Current Liabilities and Provisions	154,012	654,202
Total Liabilities		654,202
Difference to be adjusted in General Reserve		631,293

- iv. In consideration of the transfer and vesting of the Education Business undertaking to ZLL, the members of the Company holding four fully paid up Equity shares of Re 1/- each in the Company on the record date will be issued one fully paid up Equity shares of Rs. 1/- each of ZLL.

D) Acquisition / Amalgamation of four indirect Subsidiaries by/with ETC Networks Limited (ETC)

Cornershop Entertainment Company Private Limited (CECPL), Cornershop Animation Company Private Limited (CACPL) , Digital Media Convergence Limited (DMCL) and RE-MED Services Private Limited (REMEDI) (all the four indirect wholly owned subsidiaries acquired by ETC w.e.f. Decemembr 17, 2009) have been amalgamated with ETC w.e.f. January 1, 2010 ("appointed date") pursuant to the Scheme of Arrangement ("the Scheme") sanctioned by the Honorable High Court at Mumbai on April 16, 2010 and filed with the Registrar of Companies on April 29, 2010

Pursuant to the Scheme deficit arising out of the net assets transferred after considering adjustment for difference in accounting policies is adjusted against General Reserve. Accordingly Rs./Thousand 255,879 have been transferred to General Reserve.

22. DISCLOSURE IN ACCORDANCE WITH ACCOUNTING STANDARD (AS) - 24:

Demerger of Education Business Undertaking from the Company into Zee Learn Limited with appointed date from April 1, 2010 Pursuant to the Composite Scheme of Amalgamation and Arrangement as referred in Note 21 C. Following is the disclosure as required by AS 24 :

- i. Carrying amount of assets and liabilities of continuing and discontinuing operations:

Particulars	2010		2009	
	Continuing Operations	Discontinuing Operations	Continuing Operations	Discontinuing Operations
Total Assets	46,049,242	1,285,495	45,776,227	726,646
Total Liabilities	8,380,681	654,202	11,878,593	629,282

Schedule

Significant Accounting Policies and Notes to Accounts

ii. Revenue and expenses of continuing and discontinuing operations:

Particulars	2010		2009	
	Continuing Operations	Discontinuing Operations	Continuing Operations	Discontinuing Operations
Income	23,085,444	327,723	23,107,210	265,255
Expenditure	16,179,688	316,598	17,769,230	271,725
Profit/ (Loss) Before Tax	6,905,756	11,125	5,337,980	(6,471)
Tax Benefit / Expenses	572,581	(122)	206,686	1,197
Profit/ (Loss) After Tax	6,333,175	11,247	5,131,294	(7,668)

iii. Cash flows from continuing and discontinuing operations:

Particulars	2010		2009	
	Continuing Operations	Discontinuing Operations	Continuing Operations	Discontinuing Operations
Net Cash From / (used in):				
Operating Activity	6,690,098	377,117	993,917	7,801
Investing Activity	4,848,346	(296,724)	(340,035)	(458,038)
Financing Activity	(7,845,829)	(295)	(429,041)	499,706
Net Increase or (decrease in cash and cash Equivalent)	3,692,614	80,099	224,843	49,468

23. ACQUISITIONS

During the year Zee Sports International Limited indirect subsidiary of the Company has increased its shareholding in Taj TV Limited Mauritius from 50% to 82.2% by an additional investment of USD 31.32 million Goodwill arising on consolidation is USD 28.7 million.

24. LOANS

The Group has been deploying its surplus funds as short-term demand loans / inter corporate deposits, the parties are regular in repayment of principal and interest, hence are considered good.

25. TAXATION

- Current income tax is calculated on the results of individual companies in accordance with local tax regulations.
- Deferred tax is recognized, subject to consideration of prudence in respect of deferred tax assets, 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 tax rates and laws enacted.
- The components of the deferred tax balances as on March 31, are as under:

(Rs./Thousand)		
Sr. Particulars	2010	2009
i. Deferred Tax Assets		
Arising on account of timing differences in Retirement Benefit	39,280	33,080
Provision for doubtful debts	213,323	238,962
Allowable on payment basis	29,690	4,562
Unabsorbed fiscal allowances	27,622	4,631
Other Provisions	13,997	6,679
TOTAL	323,912	287,914
ii. Deferred Tax Liabilities		
Depreciation	144,279	146,574
Other Provisions	46,984	28,512
TOTAL	191,263	175,086
Deferred Tax Assets (Net)	132,649	112,828

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Significant Accounting Policies and Notes to Accounts

26. LEASES

a) Finance Lease:

Long-term leases, which in economic terms constitute investments financed on a long-term basis (finance lease) are recognized as assets and recorded under tangible fixed assets at their cash purchase value. The minimum lease payments required under this finance lease that have initially or remaining non cancellable lease terms in excess of one year as at March 31, 2010 and its present value are as follows.

Reconciliation of minimum lease payments and present value:

(Rs./Thousand)		
Particulars	2010	2009
Minimum Lease Payments as at		
Not Later than one year	1,378	1,557
Later than one year and not later than five year	2,882	4,815
Later than five years		
TOTAL	4,200	6,372
Less: Amount representing Interest	597	1,087
Present value of Minimum Lease payment	3,603	5,285
Less: Amount due not later than one year	1,070	1,107
Amount due later than one year and not later than five years	2,533	4,178

b) Operating Leases:

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

Leasing liabilities primarily relate to lease of certain offices, residential premises, and other facilities. The initial tenure of the lease is generally is for 4 to 96 months. The minimum rental payables under other operating leases that have initially or remaining non-cancellable lease term in excess of one year as at March 31, 2010 are as follows:

(Rs./Thousand)		
Particulars	2010	2009
Lease rental charges for the year	562,077	564,641
Future Lease rental obligation payable (Under non-cancellable lease)		
Not later than one year	372,847	222,975
Later than one year but not later than five years	938,296	347,451
Later than five years	120,516	246,191

c) In respect of assets given under operating lease.

- The Company has given part of building under cancellable operating lease agreement. The initial term of the lease is for 12 months.
- The rental revenue for the year is Rs./Thousand 56,921 (52,776).

27. a) Contingent Liabilities

		(Rs./Thousand)	
Sr. No.	Particulars	2010	2009
a)	Corporate guarantees for other related parties, loan outstanding Rs./Thousand 3,733,360 (3,949,415)	4,467,176	4,526,760
b)	Bank/Counter guarantees outstanding	1,605	3,630
c)	Letter of Credit (Net of Liabilities Provided)	509,427	406,327
d)	Claims not acknowledged as debts	640,319	141,364
e)	Legal cases against the Company	Unascertainable	Unascertainable
f)	Disputed Direct Taxes	287,308	354,946
g)	Disputed Indirect Taxes	631,098	Nil

Schedule

Significant Accounting Policies and Notes to Accounts

- b) Estimated amount of contracts remaining to be executed on capital account (Net of Advances) 264,619 Rs./Thousand (726,856).
28. During the year, Company's expense of Rs./Thousand 166,797 (63,160) are shared by other related party, are netted off in relevant heads of expenses.
29. Capital work in progress includes Capital Advances Rs./Thousand 1,119,997 (512,373). Enforceable agreements are yet to be executed for advances of Rs./Thousand 239,370 for purchase of properties.
30. Sundry Creditors for expenses and other liabilities under Current Liabilities include Rs./Thousand 494,061 payable to Zee News Limited on demerger of RGEC channels for liabilities paid on Company's behalf.
31. Prior period expenses/ income included in respective heads in the Profit and Loss Account is as under

(Rs./Thousand)		
Particulars	2010	2009
Program cost	10,392	-
Interest on Income Tax Refund written back	-	23,400
Business Promotion Expenses	-	7,605
Subscription Revenue	-	(1,562)
Prior Period Expense (net)	10,392	29,443

32. RELATED PARTY DISCLOSURE-

- i. List of Parties where control exists
The list of subsidiaries is disclosed in Note 2 (d)
- ii. Associate Companies

Name of the Associate Company	Extent of Holdings	Country of Incorporation
Aplab Limited	26.42%	India

- iii. Other Related Parties with whom transactions have taken place during the year and balances outstanding as on the last day of the year:

Agrani Wireless Services Limited, Asian Sky Shop Limited, Buddha Films Limited, Cyquator Technologies Limited, Churu Trading Company Private Limited, Continental Drug Company Private Limited, Cornershop Entertainment Company Private Limited(up to December 31, 2009), Digital Media Convergence Limited, (up to December 31, 2009); Dakshin Media Gaming Solutions Private Limited, Delgrada Limited, Diligent Media Convergence Limited, Diligent Media Corporation Limited, Dish TV India Limited, E City Entertainment Private Limited, E-city Property Management Services Private Limited, E-city Films Limited, Electronic Media Advertisement Limited, Essel Corporate Resources Private Limited, Essel Corporate Services Limited, Essel Infraproject Limited, Essel Propack Limited, Essel Shyam Communication Limited, Essel Shyam Technologies Limited, Essel Sports Private Limited, Esselship Breaking Limited, Essel Sports Private Limited, Intrex India Limited, Jay Properties Private Limited, Natural Wellness Limited, New Media Broadcasting Private Limited, Pan India Network Infravest Private Limited, Pan India Network Limited, Pan India Paryatan Limited, Prajatama Trading Company Private Limited, Premier Finance and Trading Company Limited, Quickcalls India Private Limited, Remed Services Private Limited (up to December 31, 2009), Rama Associates Limited, Real Media FZLLC, Resource Software Limited (upto April 1, 2010), Scrapetta Investments Limited, Sun City Projects Limited, TALEEM Research Foundation, Turner International India Private Limited, Wire & Wireless (I) Limited, Zee Akaash News Private Limited, Zee News Limited.

Schedule

Significant Accounting Policies and Notes to Accounts

Directors / Key Management Personnel

Mr. Subhash Chandra, Mr. Punit Goenka, Mr. Laxmi Narain Goel, Mr. Ashok Kurien.

Transactions during the year with related parties

		(Rs./Thousand)	
Sr. No.	Particulars	2010	2009
		Amount	Amount
A	Fixed Assets / Capital work in progress/Capital Advances		
	Other Related Parties	750,000	452,570
B	Investments		
	Other Related Parties		
	Balance as at March 31,	1,533	281,533
	Associates		
	Balance as at March 31,	47,827	65,433
C	Sundry Debtors as at March 31,		
	Other Related Parties	1,595,418	890,887
D	Loans, Advances and Deposits Given as at March 31,		
	Other Related Parties	417,760	10,479,529
E	Sundry Creditors as at March 31,		
	Other Related Parties	1,248,624	450,433
F	Loans, Advances and Deposits Received as at March 31,		
	Other Related Parties	6,792	-
G	Debentures		
	Other Related Parties	-	280,000
H	Sale and Services Turnover		
	Sale, Services and Recoveries (Net)		
	Other Related Parties	779,376	655,664
	Advertisement Income (Net)		
	Other Related Parties	168,271	99,479
	Commission Received		
	Other Related Parties	57,785	268,368
I	Other Income		
	Dividend Received		
	Other Related Parties	546	2,186
	Associates	1,321	3,303
	Interest Received		
	Other Related Parties	963,102	1,059,694
	Rent/Miscellaneous Income		
	Other Related Parties	54,836	48,989



Schedule

Significant Accounting Policies and Notes to Accounts

		(Rs./Thousand)	
Sr. No.	Particulars	2010	2009
		Amount	Amount
J	Share of Profit/(Loss) in Associates	(16,285)	1,357
K	Purchase of Programs, Goods and Services		
	Other Related Parties	1,373,236	1,748,679
L	Other Expenses		
	Interest Paid		
	Other Related Parties	85	-
	Remuneration and Consultancy fees paid		
	Key Management Personnel	37,161	30,192
M	Sale (Buyback) of Investments in Associates	-	1,319,455
N	Acquisition of Minority Interest in Subsidiary		
	Other Related Party	-	2,399,566
O	Loans, Advances and Deposits Given		
	Other Related Parties	8,036,510	12,413,758
P	Purchase of Fixed Assets/CWIP/Capital Advances		
	Other Related Parties	297,430	452,570
Q	Purchase of Investments		
	Other Related Parties	-	280,000
R	Loans ,Advances and Deposits Received		
	Other Related Parties	-	569,459
S	Loans and Advances repayment received		
	Other Related Parties	16,857,059	7,900,400
T	Corporate Guarantees Given		
	Other Related Parties	4,467,176	4,526,760

Note : Disclosure in Respect of Material Related Party who account for 10% or more of the transactions during the year:

- Capital Advance given to TALEEM Research Foundation Rs./Thousand 297,430 (452,570)
- Share of Loss in associates includes from Aplab Limited Rs./Thousand -16,285 (1,357)
- Sale, Services and Recoveries includes to Dish TV India Limited Rs./Thousand. 511,717 (83,427), Wire and Wireless Limited Rs./Thousands 91,552(88,766), Zee News Limited Rs./Thousand 98,320(262,334). Advertisement Income include to Zee Akaash News Private Limited Rs./Thousand 11,112 (Nil), Dish TV India Limited Rs./Thousand 96,410 (83,427) Cornershop Entertainment Company Private Limited (up to December 31, 2009) Rs./Thousand 59,832 (779). Agency Commission Received from Zee News Limited Rs./Thousand 57,634 (268,368);
- Purchase of Programmes, Goods and Services include from Turner International India Private Limited Rs./Thousand 532,692 (454,750) , Wire and Wireless (I) Limited Rs. 161,540 (266,093), Real Media FZLLC Rs./Thousand 286,669 (429,923), Essel Corporate Resources Private Limited Rs./Thousand 180,042, (149,796)
- Managerial remuneration paid to Key Management Personnel Mr. Subhash Chandra Rs./Thousand 3,803(3,925) and to Mr. Puneet Goenka Rs./Thousand 33,358(26,267)

Schedule

Significant Accounting Policies and Notes to Accounts

- f) Other Income Include, Dividend received from Essel Propack Limited Rs./Thousand 547 (2,186), Aplab Limited Rs./Thousand 1,321 (3,303). Interest Received From Churu Trading Company Private Limited Rs./Thousand 219,469 (258,147), Premier Finance and Trading Company Limited Rs./Thousand 187,778 (192,548), Prajatma Trading Company Private Limited Rs./Thousand 210,647 (256,625), Wire and Wireless (I) Limited Rs./Thousand 143,461 (141,902), Delgrada Limited Rs./Thousand 97,499 (139,265). Rent/Miscellaneous Income from Dish TV India Limited Rs./Thousand 25,132 (25,132) , Zee News Limited Rs./Thousand 20,441(21,441).
- g) Interest Expenses paid to Churu Trading Company Private Limited Rs./Thousand 85 (Nil).
- h) Loans and Advances given includes Churu Trading Company Private Limited Rs./Thousand 2,040,000(3,770,500), Delgrada Limited Rs./Thousand 998,182 (Nil), Prajatama Trading Company Private Limited Rs./Thousand 2,150,000 (2,170,000), Premier Finance and Trading Company Limited Rs./Thousand 2,271,000 (1,885,000)
- i) Loans and Advances repayment received includes, Churu Trading Company Private Limited Rs./Thousand 2,040,000 (3,770,500), Dish TV India Limited Rs./Thousand 2,430,000 (Nil), Premier Finance and Trading Company Private Limited Rs./Thousand 2,311,300 (1,885,000), Prajatma Trading Company Private Limited Rs./Thousand 2,150,000 (2,170,000), Wire and Wireless (India) Limited Rs./Thousand 2,450,000 (70,000), Delgrada Limited Rs./Thousand 2,695,211(Nil)
- j) Capital advances outstanding include TALEEM Research Foundation Rs./Thousand 750,000 (452,570)
- k) Investments at year end includes investment in equity of Essel Propack Limited Rs./Thousand 1500 (1500)
- l) Sundry Debtors Balances outstanding include, receivable from Dish TV India Limited Rs. 1,481,000 (600,162)
- m) Loans & Deposits received include, Cyquator Technologies Rs./Thousand 3,277 (Nil), Essel Ship Breaking Limited 2,967(Nil)
- n) Sundry Creditors balances include amount due to Zee News Limited Rs./Thousand 705,659 (47,318),Turner International India Private Limited Rs./Thousand 260,395 (292,074)
- o) Corporate Guarantee includes Dish TV India Limited 3,223,530 (3,305,760) and Wire and Wireless Limited 541,000 (921,000)
- p) Balance of loans given TALEEM Foundation 199,182(Nil), Jay Properties Private Limited 65,745(Nil), Wire and Wireless Limited 98,613 (938)

33. SEGMENT INFORMATION

The Group follows AS -17 "Segment Reporting" relating to the reporting of financial and descriptive information about their operating segments in financial statements.

The Group's reportable operating segments have been determined in accordance with the internal management structure, which is organized based on the operating business segments as described below.

Broadcasting and content (B & C), which principally consists of developing, producing and procuring television programming and film content and delivering via satellites, thereby earning revenues by way of advertisement and subscription revenues and syndication.

Education, which principally consists of distribution of software learning products, imparting education and training in IT.

Film Production which principally consists of Production and distribution of films.



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Significant Accounting Policies and Notes to Accounts

a) Business Segment (Financial Year 2009-2010)

(Rs./Thousand)

Description	B & C	Education	Film Production	Elimination	Total
SEGMENT REVENUE					
External Sales	21,534,184	317,882	145,759	-	21,997,825
Inter-segment Sales					
Total Revenue	21,534,184	317,882	145,759	-	21,997,825
SEGMENT RESULT	6,268,970	2,647	(316,925)	-	5,954,692
Operating Profit before interest and Tax					5,954,692
Interest Expenses					297,713
Interest Income					1,080,961
Profit before Tax and Exceptional Item					6,737,940
Exceptional Items					-
Profit before Tax and After Exceptional Item					6,737,940
Current Taxes - Current year					830,772
Earlier year					(284,156)
Deferred Tax Benefit/(Expense) - Current year					25,842
Profit after tax					6,165,482
Share in result of associates					(16,285)
Minority Interest					(195,225)
Net Profit					6,344,422

Business Segment (Financial Year 2008-2009)

(Rs./Thousand)

Description	B & C	Education	Film Production	Elimination	Total
SEGMENT REVENUE					
External Sales	21,190,986	251,295	330,816	-	21,773,097
Inter-segment Sales					
Total Revenue	21,190,986	251,295	330,816	-	21,773,097
SEGMENT RESULT	4,487,481	(16,481)	(114,094)	-	4,356,906
Operating Profit before interest and Tax					4,356,906
Profit on Sale of Investments in associates					4,590
Profit on Sale of Investments in Subsidiaries					191,923
Interest Expenses					405,899
Interest Income					1,255,697
Profit before Tax and Exceptional Item					5,403,217
Exceptional Items					(25,806)
Profit before Tax and After Exceptional Item					5,429,023
Current Taxes - Current year					1,525,211
Previous year					(1,425,204)
Deferred Tax Benefit/(Expense) - Current year					107,877
Profit after tax					5,221,139
Share in result of associates					1,357
Minority Interest					98,870
Net Profit					5,123,626

Schedule

Significant Accounting Policies and Notes to Accounts

(b) Other Segment Information (Financial Year 2009-2010)

(Rs./Thousand)

Description	B & C	Education	Film Production	Unallocated	Elimination	Total
Segment Assets	40,115,907	1,285,495	534,871	5,474,844	(76,380)	47,334,737
Segment Liabilities	7,469,487	654,202	987,574		(76,380)	9,034,883
Capital Expenditures	1,519,602	330,874				1,850,476
Depreciation / Amortisation	275,200	8,358	1,831			285,389
Other Non Cash expenditures	210,795	17,983	55,847			284,625

Other Segment Information (Financial Year 2008-2009)

(Rs./Thousand)

Description	B & C	Education	Film Production	Unallocated	Elimination	Total
Segment Assets	35,603,635	726,646	823,314	10,254,987	(905,709)	46,502,873
Segment Liabilities	3,782,699	629,282	954,097	8,047,509	(905,709)	12,507,875
Capital Expenditures	2,336,478	466,274	14,203			2,816,955
Depreciation / Amortisation	300,357	8,243	1,733			310,333
Other Non Cash expenditures	208,306	6,817	-			215,123

Revenue by Geographical Market

The geographical segments considered for disclosure are India and Rest of World.

a) The revenues are attributable to countries based on location of customers

(Rs./Thousand)

Particulars	2010	2009
India	12,762,457	13,111,777
Rest of World	9,235,368	8,661,320

b) Segment assets and liabilities are disclosed based on the countries of incorporation of respective companies.

(Rs./Thousand)

	Segment Assets		Capital Expenditures	
	2010	2009	2010	2009
India	28,201,600	29,682,765	587,833	949,159
Rest of World	19,133,137	16,820,102	1,262,643	1,867,796



Schedule

Significant Accounting Policies and Notes to Accounts

34. EARNING PER SHARE

In accordance with AS - 20 "Earnings Per Share" issued by ICAI, basic earnings per share are computed using the weighted average number of shares outstanding during the year.

(Rs./Thousand)		
Particulars	2010	2009
a. Profit for the year before Exceptional Item (Rs./Thousand) and discontinuing operations	6,333,175	5,105,488
b. Profit for the year after Exceptional Item (Rs./Thousand) and discontinuing operations	6,344,422	5,123,626
Adjustment for the purpose of Diluted EPS:		
Add: Interest on Foreign Currency Convertible Bonds	-	1,075
Less: Tax on above	-	365
c. Profit for the year before Exceptional Item for Diluted EPS (Rs./Thousand) and discontinuing operations	6,344,422	5,106,198
d. Profit for the year after Exceptional Item for Diluted EPS (Rs./Thousand) and discontinuing operations	6,333,175	5,124,336
e. Weighted Average number of equity shares for Basic EPS (Nos.)	446,469,444	433,930,729
Add: Weighted Average outstanding option deemed to be issued for no consideration (Nos.)	-	1,083,712
f. Weighted Average number of equity shares for Diluted EPS (Nos.)	446,469,444	434,726,859
Nominal value of equity shares (Re)	1	1
g. Basic EPS before Exceptional Item (Rs.) and discontinuing operations	14.18	11.77
h. Basic EPS after Exceptional Item (Rs.) and discontinuing	14.21	11.81
i. Diluted EPS before Exceptional Item (Rs.) and discontinuing	14.18	11.75
j. Diluted EPS after Exceptional Item (Rs.) and discontinuing	14.21	11.79

As per our attached report of even date

For MGB & Co.
Chartered Accountants

Mohan Bhandari
Partner

Place : Mumbai
Dated : September 23, 2010

For and on behalf of the Board

Punit Goenka Managing Director

Nemi Chand Jain Director

Hitesh Vakil President & Chief Financial Officer

M Lakshminarayanan Company Secretary

Consolidated Cash Flow Statement

for the year ended March 31,

(Rs. in '000)

	2010	2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation and exceptional items	6,737,940	5,403,217
Adjustments for :		
Depreciation	285,389	310,333
Share issue/ Preliminary expenses written off	49	62
Provision for doubtful debts/advances and investments	162,395	235,577
Loss on sale of fixed assets	122,181	11,467
Exchange adjustments (net)	(1,563,254)	1,251,208
Interest expense	297,713	405,899
Loss on Foreign Exchange derivative contracts	27,820	443,519
Profit on Sale of Investments - In Subsidiary		(191,923)
Profit on Sale of Investments - in Associate		(4,590)
Dividend income	(9,957)	(13,387)
Interest income	(1,080,961)	(1,255,697)
Operating profit before working capital changes	4,979,315	6,595,686
Adjustments for :		
Increase in trade and other receivables	2,159,390	(2,916,865)
Increase in Inventories	1,545,097	(2,102,571)
Increase / (Decrease) in trade and other payables	(261,965)	182,615
Cash Generated from Operations	8,421,837	1,758,864
Direct taxes paid (net)	(1,354,622)	(757,146)
Net Cash flow from Operating Activities	7,067,215	1,001,718
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets/Capital Work In Progress	(628,555)	(594,408)
Acquisition of Minority Interest	(1,410,751)	(2,399,566)
Purchase of Investments - Long Term	(1,000,000)	(280,300)
Purchase of Investments- Short Term	(5,185,951)	(71,003)
Loans to others	(1,340,021)	(13,691,098)
Loans repaid by others	8,673,120	13,163,499
Dividend received	11,278	16,690
Sale of fixed assets	55,000	11,254
Sale of Investment in Subsidiary	-	103,979
Sale of investment in Associate	-	1,319,455
Sale of Investments - Long Term	280,000	10
Sale of Investments - Short Term	3,956,772	274,148
Interest received	1,140,731	1,349,268
Net Cash flow from Investing Activities	4,551,622	(798,073)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid (including dividend tax)	(1,017,883)	(1,015,976)
Interest paid	(297,739)	(408,201)
Loss on Foreign Exchange derivative contracts	(27,820)	(443,519)
Increase / (decrease) in minority interest	-	(20,493)
Proceeds from short term borrowings	-	499,958
Proceeds from long term borrowings	-	2,947,505
Repayments of short term borrowings	(300,000)	(1,143,262)
Repayments of long term borrowings	(6,202,682)	(345,345)
Net Cash flow from Financing Activities	(7,846,124)	70,665



Consolidated Cash Flow Statement

for the year ended March 31,

(Rs. in '000)

	2010	2009
Net Cash Flow during the year (A+B+C)	3,772,713	274,311
Cash and Cash Equivalents at the beginning of the year	1,926,334	1,652,024
Cash and Cash Equivalents transferred as per scheme of arrangement	165,431	-
Cash and Cash Equivalents at the end of the year	5,864,478	1,926,334
Cash and Cash Equivalents at the end of the year	5,864,478	1,926,334
Notes to the Cash Flow Statement For the year ended March 31, 2010		
1. Previous year's figures have been regrouped, recast wherever necessary.		
2. Cash and Cash Equivalents at the end of the year:		
Cash in hand	14,427	16,263
Balances with Scheduled Banks in Current Accounts	2,626,398	1,792,747
Balances with Scheduled Banks in Deposit Accounts	2,807,639	112,791
Balances with Non Scheduled Banks in Deposit Accounts		-
Balances with Non Scheduled Banks in Current Accounts		
Cheques in hand / transit	416,014	4,533
TOTAL	5,864,478	1,926,334

As per our attached report of even date

For MGB & Co.
Chartered Accountants

Mohan Bhandari
Partner

Place : Mumbai
Dated : September 23, 2010

For and on behalf of the Board

Punit Goenka Managing Director

Nemi Chand Jain Director

Hitesh Vakil President & Chief Financial Officer

M Lakshminarayanan Company Secretary

FINANCIAL HIGHLIGHTS AS ON MARCH 31, 2010

INDIAN SUBSIDIARIES

(Rs. in '000)

Particulars	ETC Networks Limited (Refer Note 21)	Zee Turner Limited	Zee Sports Limited	Zee Motion Pictures Private Limited	Taj Television (I) Private Limited
Summary Balance Sheet					
Share Capital		1,000	500	100	1,000
Reserve & Surplus		(575,257)	(44,701)	(32)	40,631
Total Assets		2,255,004	13,269	82	620,191
Total Liabilities		2,829,261	57,470	14	578,560
Investments (excluding subsidiaries)				-	
Summary Profit & Loss Account					
Turnover	652,599	2,039,434			178,632
Profit Before Tax	12,993	(29,928)	(16,831)	(23)	6,528
Provision for Tax	771	20,482		-	8,400
Profit after Tax	12,222	(50,410)	(16,831)	(23)	(1,872)
Proposed Dividend					

OVERSEAS SUBSIDIARIES

(Rs. in '000)

Functional Currency	Zee Multimedia Worldwide Limited, BVI	Asia Today Limited	Zee Multimedia Worldwide (Mauritius) Limited	Zee Multimedia (Maurice) Limited	Taj TV Mauritius	ZES Holdings Limited	ZES Entertainment Studios BVI	ZES Mauritius Limited	ZES International Limited	Zee Sports International Limited	Zee Sports Americas Limited	Zee Technologies (Guangzhou) Limited	Asia TV Limited, UK	Zee TV USA Inc.	Asia Business Broadcasting (Mauritius) Limited	Expand Fast Holdings (Singapore) Pte. Limited	Zee South Africa (Proprietary) Limited	Zee Telefilms Middle East FZLLC	APAC Media Ventures Limited	Zee (CIS) Holdings LLC	OOO Zee CIS Limited
Conversion Rates																					
Balance Sheet	45,0301	45,0301	45,0301	31,8636	45,0301	45,0301	45,0301	45,0301	67,8500	45,0301	45,0301	6,8361	67,8500	45,0301	45,0301	45,0301	7,3926	12,2570	7,7647	67,8500	-
Profit & Loss	47,7447	47,7447	47,7447	32,1995	47,7447	47,7447	47,7447	47,7447	76,0700	47,7447	47,7447	6,8382	76,0700	47,7447	47,7447	47,7447	7,8473	12,9957	7,7544	76,0700	-
Summary Balance Sheet																					
Share Capital	2	45	1,194,198	1	763,260	989	45	0	0	45	45	74,434	1,115,331	45,075	4,503	2,814	0	30,642	58	-	-
Reserve & Surplus	7,974,632	9,698,276	671,841	(12,387)	(167,655)	(446)	(679)	(223)	(237)	8,028	(488)	(71,666)	(618,248)	(111,023)	975,262	44,249	(152,252)	(80,104)	(1,025)	(3,532)	-
Total Assets	8,117,794	14,649,213	1,893,374	117	1,019,108	723	(495)	93	0	4,537,898	80	5,234	1,861,124	79,703	1,004,034	63,756	4,652	258,632	171	2,182	-
Total Liabilities	143,160	4,950,892	27,335	12,503	423,503	180	139	315	237	4,529,825	523	2,466	1,364,041	145,651	24,269	16,692	156,904	308,094	1,138	5,714	-
Investments (excluding subsidiaries)																					
Summary Profit & Loss Account																					
Turnover	-	4,059,825	5,758	-	2,867,767	-	-	-	-	-	-	32,094	1,000,268	2,533,800	494,016	114,931	66,576	597,236	-	1,908	-
Profit Before Tax	(621)	1,073,962	(2,151)	(384)	(362,257)	(127)	(457)	(141)	(134)	(100,924)	(199)	(2,502)	(20,983)	(205,255)	170,988	3,576	36,019	110,418	(142)	(4,982)	-
Provision for Tax	-	46,577	198	-	(9,809)	-	-	-	-	-	-	-	(15,798)	(764)	28,661	(369)	-	-	-	(912)	-
Profit after Tax	(621)	1,027,385	(2,349)	(384)	(352,448)	(127)	(457)	(141)	(134)	(100,924)	(199)	(2,502)	(5,185)	(204,491)	142,327	3,945	36,019	110,418	(142)	(4,070)	-
Proposed Dividend																					

For and on behalf of the Board

Place : Mumbai

Dated : September 23, 2010

N C Jain
DirectorPunit Goenka
Managing Director

Notes

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Notes



ZEE ENTERTAINMENT ENTERPRISES LIMITED

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

ATTENDANCE SLIP

28th Annual General Meeting

I hereby record my presence at the 28th Annual General Meeting of the Company at Nehru Centre, Nehru Auditorium, Dr. Annie Besant Road, Worli, Mumbai - 400 018. on Friday, October 29, 2010 at 10.30 a.m.

.....
Name of the Shareholder/Proxy (inBLOCK LETTERS)

.....
Signature of Shareholder/Proxy

Folio No.

DP ID No.

Client ID No.

No. of Shares

NOTE : Shareholder/Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and handover the same at the entrance, duly signed.



ZEE ENTERTAINMENT ENTERPRISES LIMITED

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

PROXY FORM

28th Annual General Meeting

I/We..... of
.....being member/
members of ZEE ENTERTAINMENT ENTERPRISES LIMITED hereby appoint
..... of
..... or failing him/her of

as my/our proxy to vote for me/ us on my/our behalf at the 28th Annual General Meeting of the Company to be held on Friday, October 29, 2010 at 10.30 a.m. at Nehru Centre, Nehru Auditorium, Dr. Annie Besant Road, Worli, Mumbai - 400 018, and at any adjournment(s) thereof, if any.

Signed this _____ day of August, 2009.

Signature of Shareholder

Folio No.

DP ID No.

Client ID No.

No. of Shares

Re 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 commencement of the Annual General Meeting.



Zee Entertainment Enterprises Limited

Continental Building, 135, Dr. Annie Besant Road, Opp. Doordarshan Tower, Worli, Mumbai - 400018.
Tel - 022 24831234 / 24815653 Fax - 022 24900302

Regional Offices

NEW DELHI

B - 10, Essel House, Lawrence Road, Industrial Area, New Delhi - 110035
Tel - 011 27101145 / 54
Fax - 011 27192172

KOLKATA

5 A/1 & 5 A/2, 5th Floor, Park Plaza, 71 Park Street, Kolkata - 700016
Tel - 033 22275458 / 5459
Fax - 033 22275463

HYDERABAD

6-2-929 DB Enclave, Raj Bhavan Road, Khairatabad, Hyderabad - 500004
Tel - 040 23320139 / 23320770
Fax - 040 23320164

PUNE

Swastik Apartments, Gulmohar Lane, Off Law College, Opp. Nirmithi Showroom, Erandawane, Pune - 411004
Telefax - 020 25422049

CHENNAI

Alpha Centre, Essel House, 3rd Floor, No. 150 & 151, North Usman Road, T - Nagar, Chennai - 600017
Tel - 044 28144964
Fax - 044 28144963

BANGALORE

204, 2nd Floor, H. M. Geneva House, 14, Cunningham Road, Bangalore - 560052
Tel - 080 22373183 / 84 / 85 / 86
Fax - 080 22373180

International Offices

USA

Asia TV USA Ltd
One Penn Plaza, 250 W, 34th Street, Suite 3501, New York, NY 10119
Tel - +1 646 747 9101
Fax - +1 646 745 9090 / 9102

UNITED KINGDOM

Asia TV Ltd
Unit 7, Belvue Business Centre, Belvue Road, Northolt, Middlesex, UB5 5QQ, London, United Kingdom.
Tel - +44 020 88394000
Fax - +44 020 8841 9550

SOUTH AFRICA

1st Floor, 109 Atrium Terraces, 272 Oak Avenue, Ferndale, Randburg, South Africa.
Tel - +27 117813352
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MAURITIUS

2nd Floor, Ebene House, 33, Cybercity Ebene, Mauritius
Tel - +230 4642222 / 6666
Fax - +230 4644040

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RM 1906 East Tower, Fortune Plaza, 116 Tiyu East Road, Guangzhou, China - 510620
Tel - +86 2038931510
Fax - +86 2038931503

MALAYSIA

Level 16, 1 Sentral Jalan, Stesen Sentral 5, KL Sentral 50470, Kuala Lumpur, Malaysia.
Tel - +603 20929297
Fax - +603 20929201

SINGAPORE

Expand Fast Holdings
(Singapore Pte Ltd)
500, Rifle Range Road, # 01-09 Bukit Timah Satellite, Earth Station, Singapore - 588397
Tel - +65 64652406
Fax - +65 64668837

DUBAI

Zee Network
"Zee Tower", Office No. 106, Next to DMC Bldg. No. 9, Dubai Media City, P.O. Box 500484, Dubai, U.A.E.
Tel - +971 44264100
Fax - +971 43625386

RUSSIA (MOSCOW)

OOO Zee CIS
115419, Moscow Street, Ordzonikidze, Building 11, Stroniy 11, Office 903.
Tel - +74 959551886
Fax - +74 959551883

Other Offices

TEN SPORTS / TAJ TV

403, Manish Commercial Centre, Dr. A B Road, Worli - 400030
Tel - 022 66623101 / 2 / 3
Fax - 022 66626290

BROADCAST OPERATIONS - ETC

7B, Shah Industrial Estate, Off. Veera Desai Road, Andheri (W), Mumbai - 400053
Tel - 022 67813737
Fax - 022 26185383

BROADCAST OPERATION

Filmcity 19, Sector 16-A, Noida - 201301
Tel - 0120 2511064



Zee Entertainment Enterprises Limited

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

www.zeetelevision.com