Zee Entertainment Enterprises Limited

Annual Report 2010-11

Inspired Leadership

Forward-looking statement

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 our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, 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 statement, whether as a result of new information, future events or otherwise.

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Note

1) The acronym ZEE stands for Zee Entertainment Enterprises Limited throughout the entire report
2) As per the notification of the Government of India the Indian Rupee is denoted by ₹ throughout the entire report

"Inspired leadership is all about leading from the front, creating benchmarks of excellence for others and self and forever dwelling outside the comfort zone. I am proud to say that today ZEE has not only created new benchmarks for itself, but also set examples for others to follow."

Mr. Subhash Chandra
Chairman, ZEE

ZEE
A 5-Minute Read

Who we are

We are one of India's leading Media & Entertainment companies, and one of the largest producers and aggregators of Hindi programming globally. We operate 25 TV channels in India and 17 beams in international markets. Our offerings span across various genres: Hindi Entertainment, Hindi Movies, English Entertainment & Movies, Regional Language Entertainment, Sports, Alternate Lifestyle, Music and Special Interest Channels.

With our successful marketing initiatives, constant evolution to align with the changing audience preferences and continuous investments in new technology platforms, we have positioned ourselves as one of the most popular entertainment networks. Today, ZEE enjoys a robust pan-India market share of 13%, and a healthy 16.1% in the Hindi speaking markets. We are also the frontrunner in content distribution through both the traditional (analogue) and new (digital) platforms. We are also the largest entertainment network catering to the South Asian community across the world.

How are we performing?

We are pioneers of the Indian private television entertainment industry. From launching the first entertainment channel, Zee TV in 1992, to launching India's first food channel, Zee Khana Khazana last year, we have been at the forefront of innovation since inception. We were also the first to spot opportunities in the regional markets and launched dedicated regional channels, thereby widening our audience base and brand appeal. We were also the first to go international by launching our services in UK in 1995, and today with our presence in 167 countries, we are the most preferred Hindi entertainment destination of the South Asian Diaspora globally.

Our focus in the coming years is on sports and digital and we have taken significant steps in that direction. With the acquisition of Taj Television, the launch of Ten Cricket and Ten Action+, we hope to bring world-class sports content to our viewers. Our foray in digital with our partner, Mail.com Media Corporation (MMC) will focus on launching content centric digital properties.

Financial Summary

Figures in ₹ million	FY2010	FY2011	Change (%)
Revenues	21,998	30,136	37.0
EBITDA	6,135	8,266	34.7
EBITDA Margin	27.9%	27.4%	
PBT (after exceptional Item)	6,738	8,922	32.4
Basic EPS (after exceptional item and discontinuing operation)	6.78	6.51	-4.0
Gross Debt	1,195	17	-98.6
Networth*	38,300	30,947	-19.2
Fixed Assets*	19,587	8,464	-56.8
Net Current Assets	16,550	15,225	-8.0

* Pursuant to Corporate Restructuring

25	17	167	500mn+	100,000+
channels	international beams	countries	viewers	hours of television content

Our recognitions

Our endless efforts to entertain viewers have been consistently recognized by the industry. ZEE's innovative content and execution excellence have been praised and rewarded nationally and internationally. After being awarded 'The Hall of Fame for Continuing Contribution to Industry – Entrepreneur' in 2010, our Chairman, Mr. Subhash Chandra will receive the 2011 International Emmy Directorate Award as well. Our MD & CEO, Mr. Punit Goenka was presented the Rotary Vocational Excellence Award 2010.

Be it the ITA, Telly Awards, International Drama Awards or FICCI-FRAMES, our serial "Pavitra Rishta" has won over 7 awards and many accolades this year. Zee Talkies production "Natarang" has added many feathers to our hat by winning awards at the Munich International Film Festival 2010, the National Award and the Pune Press Guild.

What we think?

The digital drive led by the exponential growth of DTH has been a significant feature over the last few years making it possible for C&S to reach 80% TV households in India. With the focus shifting towards addressable infrastructure, there will be speeding up of digitization in India going forward.

Increase in internet penetration levels and growth of m-commerce in India are trends that will take shape in the future. The launch of 3G technology in the country along with multiple smart phone applications will considerably expand the market for digital media.

Another trend is the rapid change in consumer preferences as they search for content of their choice and relevance. Likewise with the increase in purchasing power across tier I and II cities, regional and niche programming will gain prominence.

What is changing?

Collaborations and partnerships are on the radar as we strive harder to explore new frontiers. Our first major step in this direction is a partnership with STAR to form a distribution alliance. This landmark event will incentivise digitization, address piracy issues and enable a content revolution in India.

Our passion to create unparalleled entertainment content constantly drives us to think out of the box. We acknowledge that society is evolving, and so is the viewer's preference for entertainment. To stay relevant and contemporary in a world of constant change, we have introduced a new brand logo, with a more engaging tagline and a new positioning.

Why we exist?

"To become the world's leading global media company from the emerging markets. As a Corporation, we will be driven by innovation & creativity and would focus on growth while delivering exceptional value to our customers, our viewers and all our stakeholders".

October 1992
to June 2000

June 2000
to March 2005

March 2005
to June 2011

The New ZEE

Why the change?

ZEE's content has evolved phenomenally. With our growing popularity, we revamp our image too, periodically. As part of our latest rebranding initiative, we decided to give our brand a fresh outlook, just like our programming.

The new identity

Designed in-house, the brand identity is marked by vibrancy, effortless style, new-age sensibilities. We identify most though, with its characteristics of breaking away from clichés and norms. We are young, we are enthusiastic.

We carried out extensive research among our viewers to arrive at a new logo and programming content. It stands also for ZEE's optimism – a mirror of the aspirations of millions of Indians. To us, it is full of rigor, and life and the ultimate energy. So this rebranding isn't just on the surface: the approach is thorough, derived from viewer endorsement.

Our new brand identity, positioning and vision was unveiled on June 19, 2011. With these echoes, ZEE steps into a new phase of its growth trajectory. The new identity magnifies our relatable content, our adaptability to societal changes and our capability to creatively innovate. We showcase the credibility we have built over the past two decades, to tell our viewers we have come back stronger, not only than our competitors, but also than our earlier self.

June 2011 onwards

ZEE TV
उम्मीद से सजे ज़िंदगी

The new 'Z'

As our shows have changed to suit the changing profile of our audience, our logo too, mirrors the freshness of their attitudes. We have aimed to define contemporary in our line up, our style, our outlook, our culture. Sans boundaries, or outlines, the new logo breaks out of the old mould and speaks the language of tomorrow.

Zee TV's aqua blue colour new logo features a stylish font. The new age design with its upward flourish signifies the upward movement of desires and wishes. The abstract form of the 'Z' and vibrancy of aqua blue bring in modernity and freshness to the brand. The unshackling of the 'Z' from the box symbolizes today's woman's zest for life and confidence to go out in the world beyond her home. The overall design has a progressive feel and reflects the idea of looking into the future with hope and depicts a more dynamic and spirited outlook.

Our hero: the Viewer

Our audience is our focal point. Instead of mainstream Hindi film personas, we focus on the common denizen. And though we are not shying away from international formats, we would like our individualistic identity to resound across the shores. We would rather create formats that are popular globally than simply import programming.

In the next five years, we aim to entertain more, seek out more viewer opinions and satisfy the hunger for the best in leisure viewing. We will make it more expansive than our viewers could ever imagine!

Channel Portfolio

Hindi GECs

Zee TV

Umeed Se Saje Zindagi

Launched in 1992, Zee TV is India's first private Hindi General Entertainment Channel. This flagship channel of ZEE broadcasts most popular family shows like Pavitra Rishta, Dance India Dance and Sa Re Ga Ma Pa. The success of these shows has redefined entertainment in India's Hindi entertainment genre. It is also the largest media franchise to serve the global South Asian diaspora.

Zee Smile

Zee Smile is a free-to-air (FTA) ZEE channel that provides viewers with the unique opportunity to catch the most popular shows (daily soaps, game shows, comedy chat shows and movies) telecasted on Zee TV.

9X

ZEE has further consolidated its position in Hindi GEC by acquiring 9X channel business from 9X Media Pvt. Ltd. ZEE plans to present 9X as an FTA channel that would help take content to international markets.

Zee Premier

The latest from the Bollywood stable

This 24-hour movie channel features the latest movies of Bollywood with a focus on the urban digital viewers. The channel's collection of award winning movies like Ishqiya, Life in A Metro, and Break Ke Baad creates enduring viewing delight for movie buffs.

Zee Classic

Blast from the Past

The channel recreates the magic of legendary movies, including Mother India, Johny Mera Naam, Awara, Shri 420; thus providing viewers with the experience of going down the memory lane.

Zee Action

Forceful Punch

This 24-hour action movie channel represents the biggest library of films of action superstars like the Deols, Akshay Kumar, Ajay Devgn, Mithun Chakraborty and Suneil Shetty.

Cinema

Zee Cinema

Movies. Masti. Magic.

India's first and the most viewed Hindi movie channel in the country, with movies ranging from old blockbusters like Sholay to new hits like Tanu Weds Manu. The channel offers a variety of programming like film reviews in 'The Cinema Review Show'. It also treats its viewers to new stars who talk about their latest releases in 'Buzz of the Week'. The channel has been a fore-runner in providing non-film programming; be it in innovative break content with Amitabh Bachchan where the megastar speaks about unheard facets of his biggest hits to 'Cinema Khel Khel Mein' where the channel goes to its viewers' homes to play film related games and shows it in the afternoon slot as break content.

ZEE Regional

Zee Marathi

Mee Marathi, Zee Marathi

It is an exemplary Marathi channel that entertains the culturally driven Marathi audience. High on originality, the channel has delivered some novel concepts like Marathi Paul Padte Pudhe, Khupte Tithe Gupte, Eka Peksha Ek - Apsara Aali and trend-setting shows like Kunku, Majhiya Priyala Preet Kalena, Pinjra, Home minister, Sa Re Ga Ma Pa, and Foo Bai Foo.

Zee Talkies

Aapla Talkies, Zee Talkies

It is the first ever dedicated Marathi movie channel, which has featured some of the biggest and most recent Marathi hits like Mee Shivajiraje Bhosale Boltoy, Natarang, Harishchandrachi Factory and Huppa Huiyya in the recent past.

Zee Bangla

Jibon mane Zee Bangla

It is the second regional channel of ZEE, which meets the entertainment needs of Bengalis globally. It revolutionized Bengali entertainment with shows like Subarnalata, Keya Patar Nauko, Dadagiri Unlimited, Sa Re Ga Ma Pa, Mirakkel and Dance Bangla Dance.

Zee Telugu

Sarikotta Velugu

First South Indian channel of ZEE, which provides consistent, innovative offerings, particularly through its flagship shows like Sa Re Ga Ma Pa, Aata, Mee Inti Vanta, Bhakti Samacharam, Chinna Kodalu, Pasupu Kumkukma, Muddu Bidda, Batuku Jatka Bandi and Ayurveda Jeevana Vigyanam.

Zee Kannada

Kannadiga Kanmani

Family television has been redefined with Zee Kannada's innovative and unique shows catering to a varied audience across Karnataka. The prime shows include Sa Re Ga Ma Pa, Baduku Jatakaa Bandi, Yaariguntu Yaarigilla, Chi Sow Savithri, Arasi, Suryakanti, Parvathi Parameshwara, Panduranga Vitalla, and Bruhat Brahmanda.

Zee Tamizh

This new channel of ZEE has already acquired the No. 4 position in Chennai with exclusive shows like Solla Thudikkuthu Manasu, Comedy Jodies, Jhansi Rani, Sri Ganesha, Radha kalyanam, Chinna Marumagal, Olimayamana Ethirkaalam, and Gnayiru Pattimandram.

ETC Channel Punjabi

Dil Apna Punjabi

ETC Channel Punjabi is the only complete entertainment channel for Punjabis across the globe. The channel has successfully changed the perception of family entertainment for the last ten years with a bouquet of unique shows for women, youth and children.

Channel Portfolio

Sports

Ten Sports

Asia's leading sports channel with long term broadcast rights to the WWE, and exclusive broadcast rights to US Open, prestigious ATP events, Ryder Cup, US PGA Championship and the European PGA Tour. It is also the primary broadcaster for the NBA and has non-exclusive rights to Moto GP.

Ten Action +

India's first football centric channel, launched in September 2010. It telecasts the World's best football matches from top leagues like the UEFA Champions League, UEFA Europa League, Italian Serie A, Carling Cup, Npower Championship, Dutch League, Scottish premier League and Club Channels.

Ten Cricket

Life is Cricket

Launched in August 2010, the channel exclusively features cricketing action from five international Cricketing Boards, namely, West Indies, South Africa, Pakistan, Sri Lanka and Zimbabwe and other exciting cricket properties. It also includes in-depth pre and post-match analysis by eminent Indian and International experts.

Alternative Lifestyle

Zee Jagran

This 24 hour socio-spiritual channel aims to enlighten people about the spiritual aspects of their lives through the intelligent mix of seven elements – Joy, Peace, Celebration, Hope, Silence, Balance and Awakening – which represents the core of happy living.

Zee Salaam

India's first Urdu Entertainment Channel, dedicated to the Urdu language that showcases semi-religious and light content.

English Entertainment

Zee Cafe

The wide offering of the channel includes shows packed with action, thrill, drama, comedy and suspense. During last year, it featured prestigious shows like the 62nd primetime Emmy Awards, The Noble Peace Prize Concert and Miss World 2010.

Zee Studio

Hollywood on Television

The channel is a viewing delight for Hollywood movie buffs, which broadcasts movies from the Godfather series, Mission Impossible series and the best animation flicks.

Zee Trendz

A niche English Entertainment channel reaching out to very niche audiences across the country. Zee Trendz's diverse content reaches across varied ages and demographics. Ranging from Ginx gaming block appealing to young gamers to The Bold and the Beautiful, Fashion Uncensored as the top rated show in the genre to Fashion Scoops a weekly update on the latest updates in the fashion world and with a content mix that induces lifestyle defining trends such as Elements of Style, Fashion Scoops, Video Fashion News, Designer Marathon, Fashion Police; Zee Trendz has it all.

Viewership share and GRPs of ZEE Channels in respective markets

Particulars	GRPs	Relative share (%)
Zee TV	229	22
Zee Cinema	131	27
Zee Marathi	214	39
Zee Bangla	302	30
Zee Telugu	338	18
Zee Kannada	181	15

Period: FY2011, Market: HSM for Zee TV and Zee Cinema and relevant state markets for respective regional channels, TG: CS 4+

Music

Zing

Bollywood Madness

Born out of a marriage of the music and lifestyle genres, Bollywood channel - Zing has tapped into India's biggest obsession other than cricket – Bollywood. From breakups and linkups to insider info on film deals, stars' personal lives, gossip, trade facts, spoofs – this channel has everything related to Bollywood!

ETC

The Business of Entertainment

India's first Bollywood trade channel, ETC gives you glimpses of latest movies. ETC Bollywood Business is the flagship show of this channel. Hosted by renowned trade analyst and film critic Komal Nahta, ETC Bollywood Business is a mix of celeb interviews and film previews, reviews, Box-Office collections et al. Bollywood Ab Tak will update you with all the news of the tinsel town every top of the hour. ETC Movie Meter rates movies on the basis of promotion, perception, Star cast and Music. ETC Box Office Collection, Top 10 Songs, Top 10 Grosser are shows that add spice to the entire kitty.

Special Interest

Zee Khana Khazana

India's first ever food channel was launched by ZEE in December 2010. The channel offers a rich programming mix of varied Indian cuisines and culinary tastes., The channel has a rich programming mix from across India and abroad featuring shows that define and refine the culinary expertise that has become synonymous with 'Food'. With a content mix of Indian favorites - Khana Khazana, Touch of Turmeric, High on Food and Great Chefs of India, and international content like The Hairy Bikers Cook Book, Chings Kitchen, Chefs – Put Your Money Where Your Mouth Is, Saturday Kitchen series, Zee Khana Khazana is the one stop destination for food.

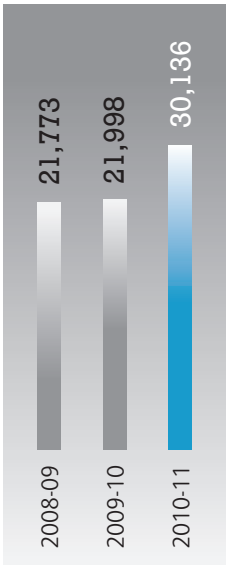
19 years.
25 channels.
17 international beams.

1 network

FY 2011 in Retrospect: Financial Highlights

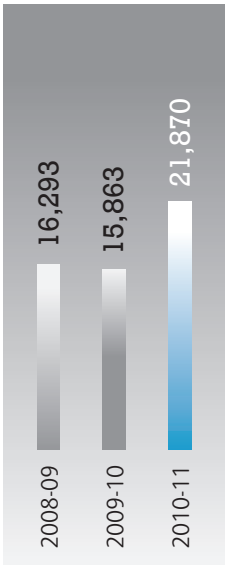
Income from Operations

(₹ in million)



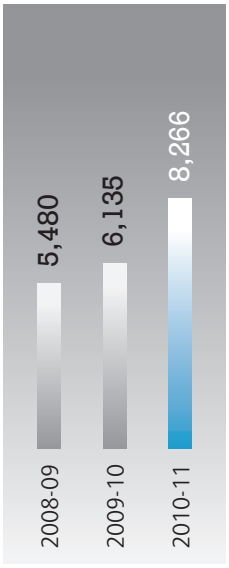
Total Expenses

(₹ in million)



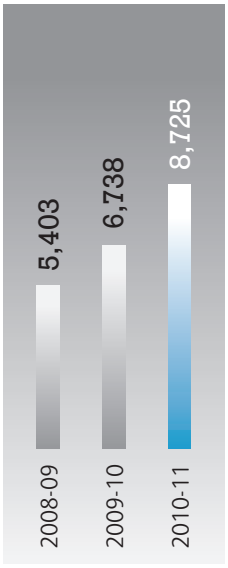
EBITDA

(₹ in million)



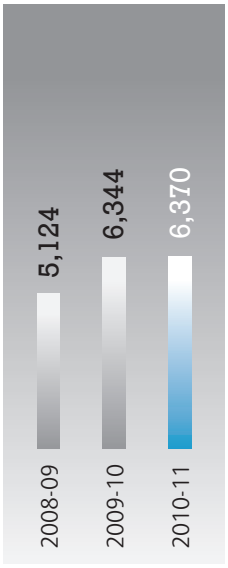
PBT before Exceptional Items

(₹ in million)



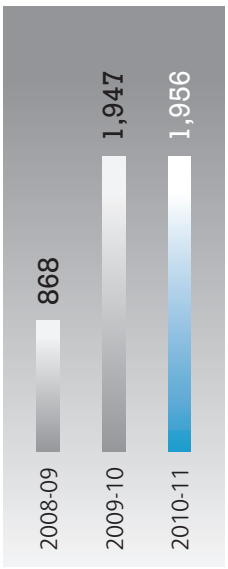
Profit After Tax

(₹ in million)



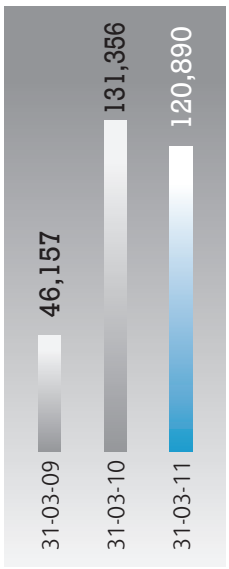
Dividend

(₹ in million)



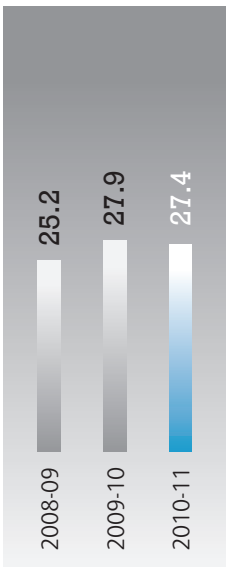
Market Capitalization

(₹ in million)



EBITDA Margin

(%)

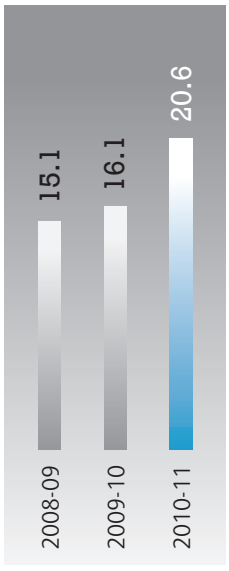


Gross Debt

(₹ in million)

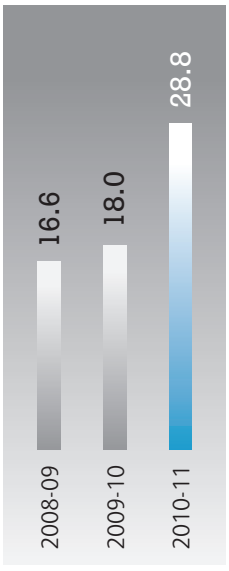
Return on Networth

(%)



Return on Capital Employed

(%)

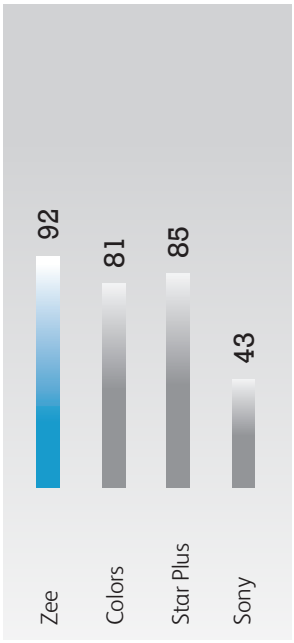


FY2011 in Retrospect: Operational Highlights

- No. 1 show on Hindi GEC
- Average TVR of 5+ for FY2011
- Top of the charts for 26 weeks in FY2011

(Source: TAM TG: CS4+ Market: HSM Period: FY2011)

The prime time (8.00 pm to 10.00 pm) of Hindi GEC was dominated by Zee TV

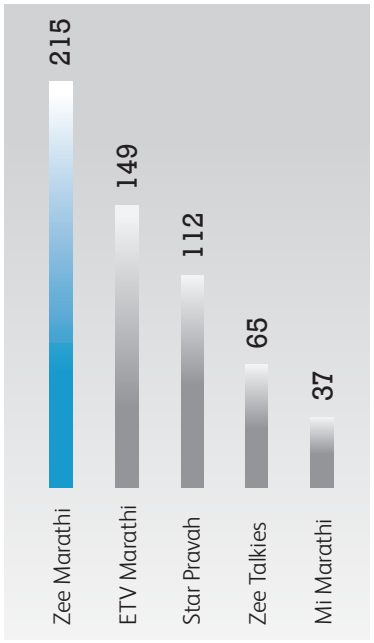


20:00 Hrs-22:00 Hrs

Average Weekly Prime Time GRPs

(Source: TAM TG: CS4+ Market: HSM Period: FY2011)

Zee Marathi continued to reign as the No. 1 Marathi channel



Average weekly GRPs of leading Marathi channels

(Source : TAM, TG: CS4+, Mkt: All Maharashtra, Period : FY2011)

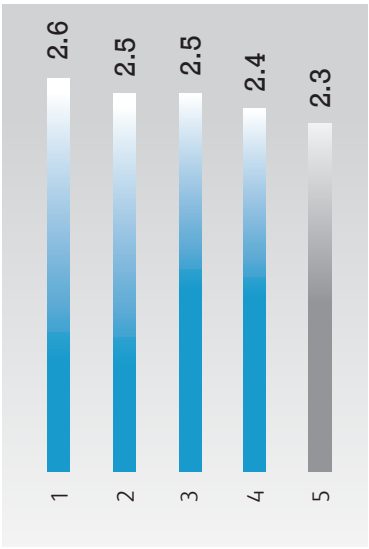
Following the major repositioning of Zee Talkies, the channel witnessed robust growth in reach and time spent

Pre launch (Wk 14-47)	Post launch (Wk 48-13)	Pre launch (Wk 14-47)	Post launch (Wk 48-13)
56	66	31	35
Growth **16.1 %**		Growth **12.1%**	
Time Spent (in min)		% Reach	

(Source: TAM TG: CS4+ Market: All Maharashtra)

- Zee Cinema continues to be the leading Hindi Movie Channel, with its flagship property 'Shanivaar Ki Raat, Amitabh Ke Saath' and premieres of movies like Peepli Live, All The Best, Ishqiya, Love Aaj Kal and Kambakht Ishq.
- Post repositioning in November 2010, Zee Talkies witnessed 33% rise in GRPs (All Maharashtra).
- Zee Bangla continues to be the audience's preferred channel for non-fiction programming with an overwhelming share of 57%.
- Zee Telugu continues to be at No.2 position in Non Fiction with 109 GRPs (27% Rel. Share).
- Zee Kannada acquires 14% market share in Karnataka, with an overall GRP growth of 17% in Q4.

Zee Marathi bagged four out of the top five Marathi shows

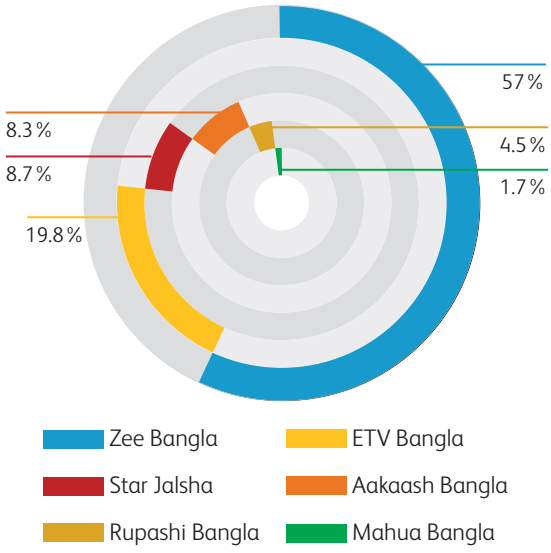


Average TVR of top 5 Marathi shows
(Zee Marathi shows marked in blue)

1) Avghachi Sansaar
2) Bhagyalaxmi
3) Kunku
4) Maziya Priyala Preet Kalena
5) Maan Udhan Varyanche

(Source : TAM, TG: CS4+, Mkt: All Maharashtra, Period : FY2011)

Zee Bangla leads with highest market share in West Bengal in non-fiction genre



(Source: TAM TG: CS4+ Market: All West Bengal, Period: FY 2011)

Chairman's Letter to the Shareholders

We have grown stronger, better equipped and more confident to help shape the future of the Media and Entertainment industry nationally and internationally. This has happened, because we moved forward with a conviction in inspired leadership.

Dear Shareholders,

We have grown stronger, better equipped and more confident to help shape the future of the Media and Entertainment industry nationally and internationally. This has happened, because we moved forward with a conviction in inspired leadership.

Leadership is often misunderstood as being ahead of others. To me, it is first about being ahead of ourselves, fighting the odds, challenging conventions and doing things that we did not think were possible. Leadership is not a static process, but involves dynamic thinking and decisive action. The transformation, however, needs to surpass the speed of change in the external environment. Only then can leadership be sustained. This is what we consider our biggest challenge as well as our biggest success.

We believe inspired leadership is a transition from insight to innovation, fulfilling viewer expectations and also exceeding it, and above all setting trends for other industry players to follow. In a constantly evolving Media and Entertainment industry we continually need to align our business with technology breakthroughs, leverage the emerging market niches that are opening up as a result and respond to the aspirations of a new family of viewers with speed and efficacy.

The outlook on the world economy is looking up as most economies are on the way to recovery while India continues to be the focal point for innovation and investments in the Media & Entertainment sector.

The outlook on the world economy is looking up as most economies are on the way to recovery while India continues to be the focal point for innovation and investments in the Media & Entertainment sector.

The domestic Media & Entertainment industry has done exceedingly well, growing by over 11% from ₹ 587 billion in 2009 to ₹ 652 billion in 2010. While the Indian economy looks set to reach double digit growth rates ahead, the Media & Entertainment sector is projected to grow at a CAGR of 14% to reach ₹ 1,275 billion by 2015. The Television industry has witnessed aggressive growth as this medium overshadowed all the other available media platforms. India is today the world's third largest TV market with close to 138 million TV Households. The digital drive led by the exponential growth of DTH has been an outstanding feature over the last few years making it possible for C&S to reach 80% of TV households in India. With the focus shifting towards addressable infrastructure there will be a speeding up of digitization in India going forward.

The industry has taken giant strides in technological developments which will benefit the convergence of media. Increase in internet penetration levels and growth of m-commerce in India are trends that will take shape in the future. The launch of 3G technology in the country along with multiple smart phone applications will considerably expand the market for digital media. Broadcasters will have to adapt their strategies and preparedness to exploit the potential presented by these changes in the business environment.

Another trend that can have far reaching implications for Broadcasters is the rapid change in consumer preferences as they search for content of their choice and relevance. Likewise with the increase in purchasing power across tier I and II cities regional and niche programming will gain prominence.

The advertising spends across media was ₹ 266 billion in 2010, contributing 41% to the overall industry revenues. With the addition of new channels and media platforms, advertising is expected to grow further which augurs well for broadcasters.

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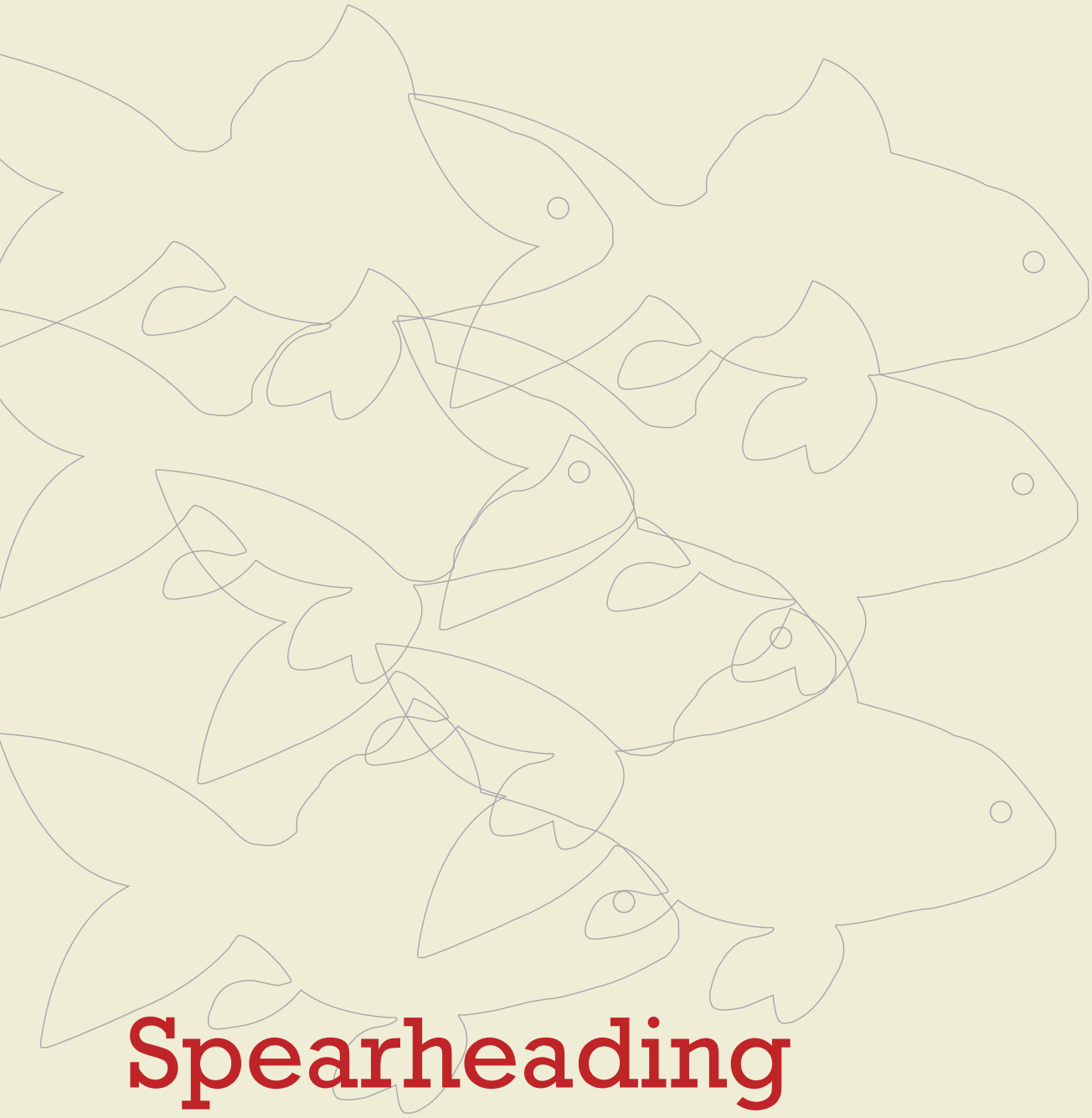
The Indian Media & Entertainment industry projections look positive. To sustain our leadership we have to be responsible and responsive to the constantly changing viewer preference. Your Company entertains over 500 million viewers across 167 countries of the world. It is one of the largest producers and aggregators of Hindi programming in the world, with an extensive library housing over 1,00,000 hours of television content. We have to continually innovate to cater to this vast family of viewers, and create sustainable value for our shareholders.

We are also focusing on building scale across the media value chain and exploring cross-media synergies. Collaborations and partnerships are also on the radar as we strive harder to explore other frontiers. Your Company is also committed to enhance operational excellence through greater concentration on cost optimization. Although the global market has improved substantially, fiscal prudence has been one of the biggest lessons we have learnt from the recession.

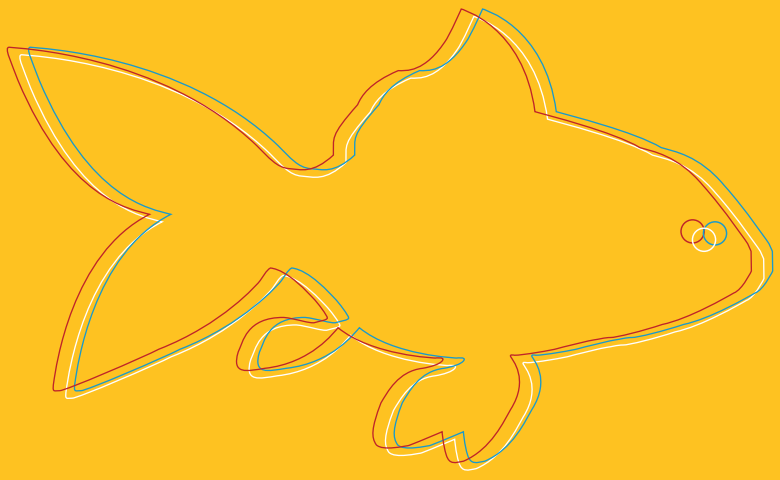
The thrust on transparency in corporate governance and empowerment of people at all levels will remain a constant endeavor at ZEE. I would like to take this opportunity to thank all members of the ZEE family for their continuous encouragement and support. We will do everything possible to live up to your expectations.

Subhash Chandra
Chairman



Spearheading Industry Transformation

Over the last decade, India's Media & Entertainment industry has witnessed unprecedented transformation in its speed, breadth, depth and impact. ZEE has been at the vanguard of transformation across media genres, creating benchmarks of excellence.

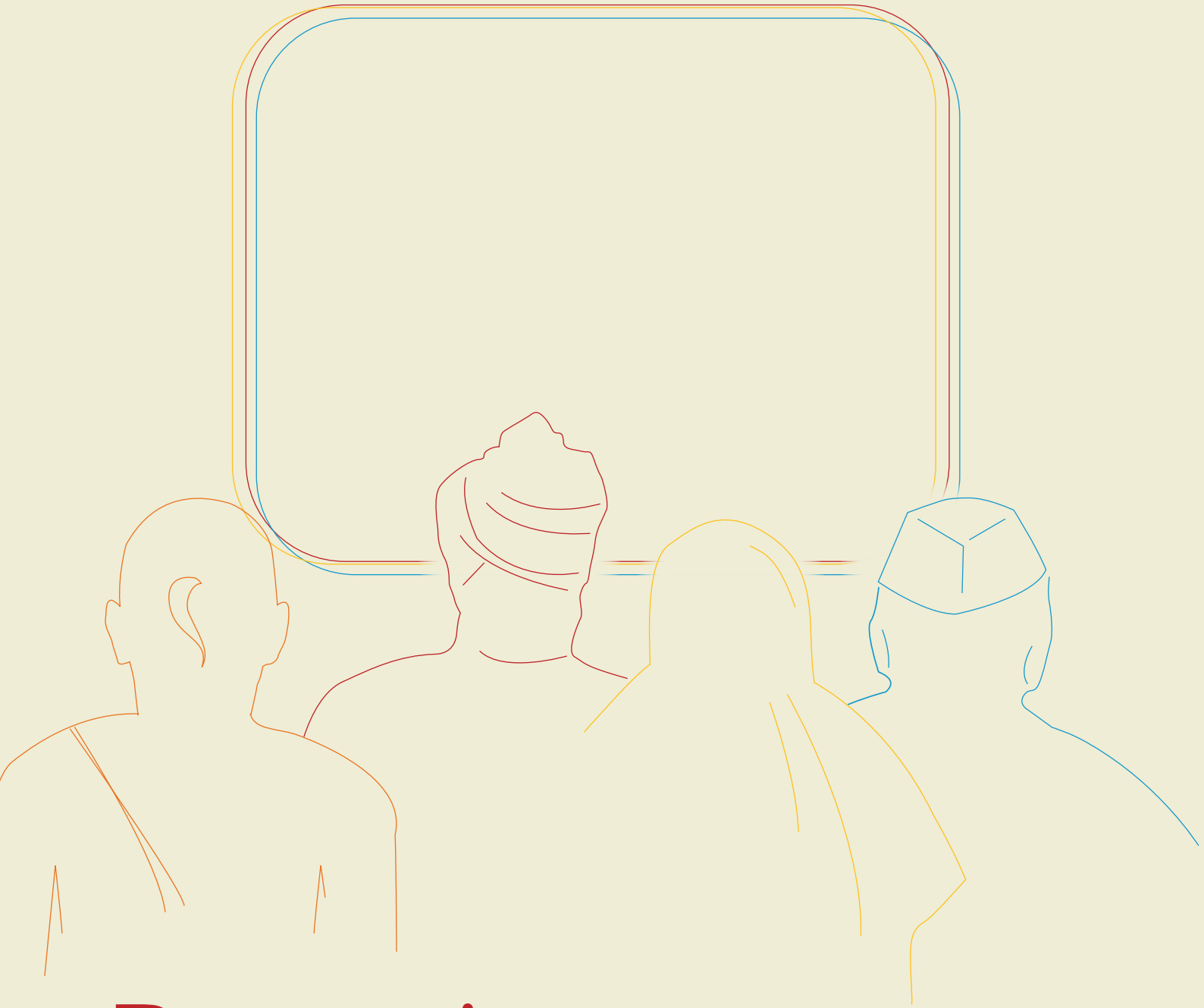


ZEE is the pioneer of entertainment-led broadcasting in India. ZEE is the first private player to launch a 24-hour entertainment channel in a nation where entertainment was synonymous with informational programming from the public broadcaster.

We enjoy the rare distinction of being frontrunners in spawning various genres in the broadcasting industry. ZEE launched India's first 24-hour movie channel – Zee Cinema, which continues to be the preferred choice of movie loving audiences not only in India, but also all over the world. ZEE was the first to offer a TV channel solely dedicated to news in India – Zee News, now operating as a separate company called Zee News Ltd.

The pay channel model came to India with ZEE. As a step towards reducing its dependence on advertising revenues and getting fair value for its content, ZEE was the first broadcaster to go pay.

First to spot the opportunity for Hindi content in international markets



Deepening Regional Roots

Foreseeing potential in regional content creation, we are reinforcing our strength in the segment

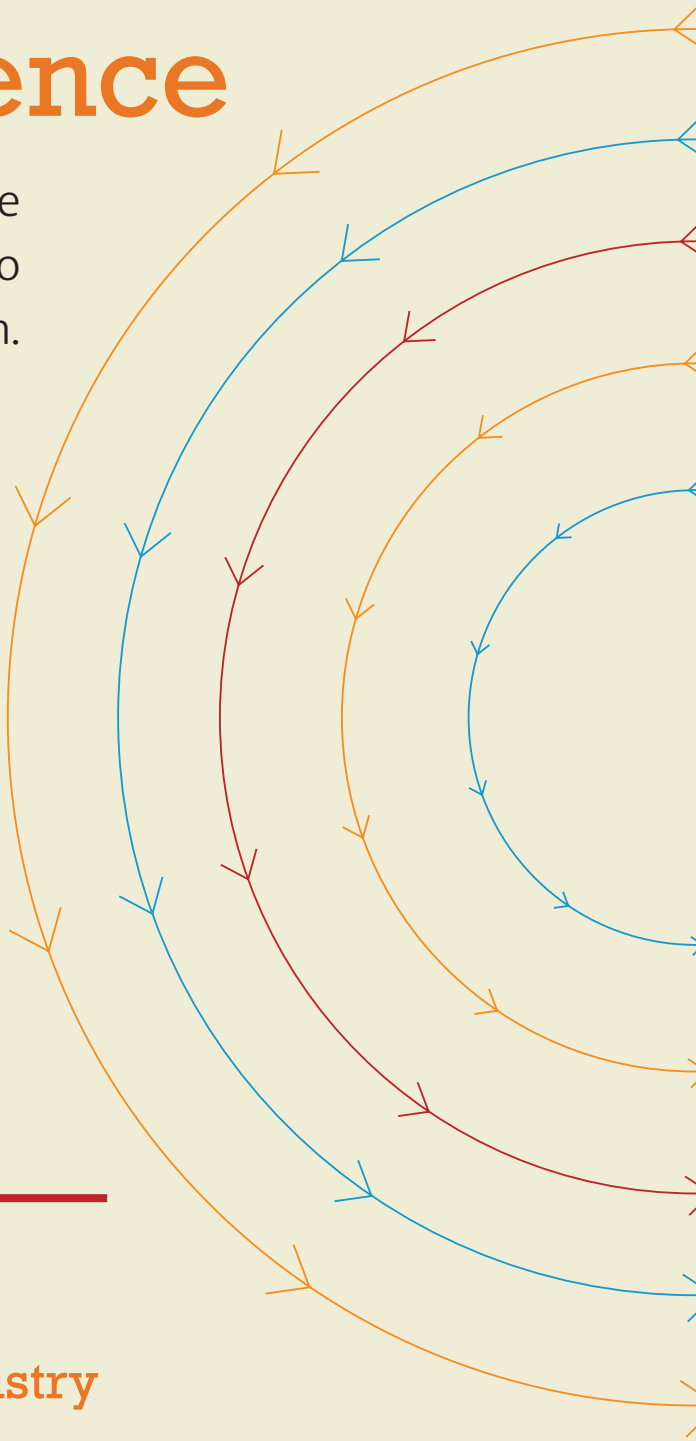
ZEE is the first broadcaster to enter the Hindi speaking regional markets with dedicated offerings. Sensing the need for advertisers to enhance regional reach and in order to provide a deeper connect with audiences, ZEE has launched various regional channels over the years.

We understood the need to engage with a local flavor in regional programming and hence introduced original programming catering to each region's tastes. We have entertained a wide milieu of regional consumers by celebrating their festivals, sharing their joys and sorrows and becoming an integral part of their day-to-day lives.

First private broadcaster to launch a 24-hour regional channel in the Hindi speaking market – Zee Marathi in 1999

Driving Consolidation and Competence

ZEE is strengthening its presence through acquisitions and alliances to move ahead to the next orbit of growth.



ZEE has been the frontrunner in driving consolidation in the highly fragmented media industry through various alliances and acquisitions

Over the years, ZEE has always been open to acquisitions and alliances that add value for its shareholders. We have driven consolidation in the industry with the acquisitions of Taj Entertainment Networks, 9X Media Pvt. Ltd and ETC Networks.

In an industry first, ZEE entered into a partnership with Star for a distribution alliance (w.e.f. May 2011). This move will help strengthen our leadership position in the distribution industry and create efficiencies in the distribution value chain.

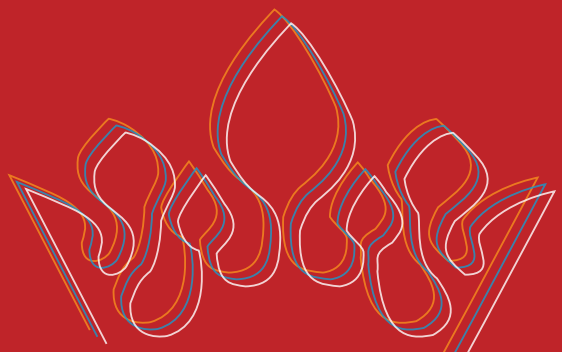
ZEE also believes that its core competency lies in continuous innovation in producing great content. Spending higher neither leads to better programming nor better ratings. This has been proven over the years with our home-grown properties, SaReGaMaPa and Dance India Dance, always featuring at the top of TRP charts.

With a relentless focus on this core competency, we have been able to deliver healthy and strong returns to all our stakeholders over the years.

First broadcaster to innovate with content ranging from India's first reality show to social issue-based fiction shows

Propelling Incremental Innovation

Innovation is not a new phenomenon in the Media & Entertainment industry. The secret lies in gaining acceptability. ZEE has the ability to make its innovations faster and more acceptable to a wider audience community.



At ZEE, innovation is incremental as in other spheres of life; it never comes in one sweeping stroke, but with small and significant steps

ZEE is the first broadcaster to corporatize the Hindi film industry with its foray into feature film production. The first movie, 'Gadar – Ek Prem Katha' still remains one of the all-time highest grossing films at the box-office.

Known for its pioneering original programming, ZEE has produced reality content that has been both, different as well as inspiring. Some of the most memorable shows that we have produced: Antakshari - a family favorite, and Saanp Seedi - a craze for many. ZEE also gave India its first reality show, SaReGaMaPa, which continues to enthral audiences even today.

We have always been conscious of our role as a medium of influencing public perception and introducing societal change. As a result, we address contemporary social issues through our programming content from time to time. Be it raising a voice against domestic violence through 'Ghar Ki Lakshmi-Betiyaan' or generating awareness and sensitivity around the issue of autism through 'Aap Ki Antara' or presenting the harsh reality of girl child-trafficking through 'Agle Janam Mohe Bitiya Hi Kijo' or dealing with the stigma against dark complexion in 'Saat Phere'.

ZEE has always sensed the pulse of the Indian consumers and seen the potential in their discerning demands for specific and evolved entertainment choices. Keeping in mind this opportunity, ZEE has launched Zee Khana Khazana – India's first food channel, Ten Action+ - football channel, Zee Jagran – socio-spiritual channel, Zee Salaam – India's first Urdu Entertainment channel, Zee Talkies – India's first and only Marathi Movies channel. Soon, we will also launch Ten Golf – India's first channel dedicated to golf.

Triumph. Reward. Recognition.

One year. Many emotions.

MD & CEO's Review

I am delighted to present to you our Annual Report for FY 2011, a year in which we sustained our growth momentum and emerged as winners across multiple parameters. In this report, we have outlined the various facets of our leadership and our vision to sustain it, going forward.

The Indian economy has witnessed robust expansion in FY 2011, registering a GDP growth rate of 8.5% and is projected to grow at a healthy rate going forward.

India's M&E industry has exceeded the GDP growth rate, growing by 11% to touch ₹ 652 billion in 2010. As expected television took the center stage in the M&E space as media spends by advertisers gained momentum and the digitization drive continued its upward trend.

In response to the evolving market opportunities, our efforts in FY 2011 were multi-directional. We moved from altering time bands, to creating fresh, engaging content for enduring viewing pleasure. Extensive genre presence has always been one of our distinctive strengths. We have taken it one step forward, following the launch of Zee Khana Khazana, a 24-hour food channel. Besides, we expanded the sports genre, extending the Ten Sports franchise through Ten Cricket and Ten Action+, focusing on dedicated channels for cricket and football, respectively.

The Indian economy has witnessed robust expansion in FY 2011, registering a GDP growth rate of 8.5% and is projected to grow at a healthy rate going forward.

Our channels are the credible faces of our innovation and operational strengths nationally and internationally and their milestones reaffirm the faith of the viewer community in our efforts. ZEE's flagship channel Zee TV, completed 18 successful years of operation while ETC Channel Punjabi completed 10 years and Zee Marathi 12 years.

Internationally too, we sustained our leadership position with a 33% viewership share, touching 71 million households across 167 countries. In the MENAP region, Zee TV has been acclaimed as the No. 1 channel from Oct 2008 till date.

Widely recognized as one of the most successful media launches of the decade, Zee Aflam has notched an all time high of 39 GRPs. Besides, ZEE in Malaysia has been the consistent No.2 International channel. Zee TV in USA enjoys the highest viewership, while Zing is the No.1 amongst Asian Channels in that market. Zee TV consistently ranks No.1 amongst Asian expatriates in UAE, and has been the No.1 Asian channel in South Africa.

A combination of enhanced multi-genre viewership, improved revenue shares, better operating margins and higher cash flow has made FY 2011 a positive year on all counts. With subscription revenues growing steadily, our revenues and EBIDTA surged 37% and 35%, respectively. The organization's content-focused approach, combined with better monetization of subscription revenues is expected to deliver steady returns in the year ahead.

We are justifiably proud of Zee TV's Pavitra Rishta and Zee Talkies Natarang, which have won awards and accolades nationally and internationally. Also, ZEE was awarded the Top Indian Company under the 'Media and Entertainment' sector at the Dun & Bradstreet - Rolta Corporate Awards 2010.

The drive for consolidation continues relentlessly at ZEE. We increased our stake in Taj Television. We also moved ahead with alliances and partnerships to acquire more capabilities and visibility. Zee Turner Limited has formed a joint venture with Star Den Media Service Private Limited. The new company, Media Pro Enterprise India Pvt. Ltd, will facilitate the redressal of anomalies in the distribution sector, curb piracy and enhance transparency by accelerating the digitization process. These steps would benefit stakeholders across each segment of the value chain.

Business strategy is an evolving process, it demands a pragmatic approach to create differentiation in line with changing industry realities. After six years, we have introduced a new brand positioning and vision statement for ZEE and are stepping into an entirely new phase. The new identity is focused particularly on showcasing relatable content, adapting to changes in society and our innovation capabilities.

A renewed focus on niche channels is a part of our drive to widen the viewer community. ZEE will be taking significant steps in this direction by launching more niche channels in the future. Besides, to keep abreast with evolving customer preferences, we will target aggressive content delivery strategies by providing content on mobile and other new technologies.

ZEE's aim is to make its presence felt to India's billion-plus population and also extend its international reach through differentiated and innovative content creation across multiple genres of ZEE. This will be possible only through the unrelenting support of our loyal and dedicated teams. Their inspiration, professionalism and commitment add to our laurels and enhance stakeholder value. I take this opportunity to thank each one of them for their invaluable sacrifices, dedication and loyalty to our organization. We promise to continue to work hard and reward your faith in us.

Yours sincerely,

Punit Goenka
MD & CEO

A combination of enhanced multi-genre viewership, improved revenue shares, better operating margins and higher cash flow has made FY 2011 a positive year on all counts. With subscription revenues growing steadily, our revenues and EBIDTA surged 37% and 35%, respectively.

The ZEE Calendar

Q1: April – June '10

April

- The ZEE Board approves the swap ratio for the acquisition of 9X Channel from 9X Media Pvt. Ltd.
- Zee TV launches DID L'il Masters

May

- DID L'il Masters emerges as the undisputed 'Dance ka Baap'
- At Promax, ZEE wins laurels again

June

- 'NATARANG' wins at Munich International Film Festival 2010
- ETC Channel Punjabi turns 10

Q2: July – September'10

July

- ZEE turns 15 in UK; celebrates with the launch of another channel, Zee Café
- ZEE UK announces record breaking growth in subscribers.

August

- ZEE launches 'Ten Cricket'
- Mr. Punit Goenka, MD & CEO, ZEE was presented the Rotary Vocational Excellence Award 2010

September

- ZEE launches Ten Action+, a dedicated soccer channel
- Zee Cinema initiates 'Gift a Toy', an initiative that involves all ZEE employees to donate their old toys.

Q3: October – December'10

October

- Zee TV's Pavitra Rishta wins International Accolade
- DID Season 4 is back as DID Doubles
- Zee Aflam becomes the No 1 Movie Channel during Ramadan

November

- Zee TV scripts original programming for a new primetime slot on Hindi GEC from 6 to 7 pm
- Ten Sports telecasts 16th Asian Games LIVE

December

- ZEE conducts Zee Rishtey Awards 2010
- India's First Food Channel - Zee Khana Khazana Launched

Q4: January – March'11

January

- ZEE Cine Awards 2011 held at Marina Bay Sands, Singapore
- ZEE is presented with Certificate of Excellence at The Second Annual Inc. India 500 Awards

February

- ZEE in a new avatar in Malaysia: Zee Variasi
- Zee Salaam celebrates its first anniversary
- ZEE Cine Awards delivers highest average rating of 4.6 in US

March

- Pavitra Rishta bags two awards at FICCI Frames 2011
- Zee Salaam sweeps 51% market share
- ZEE Annual Report has 3 wins at the LACP '2009/10 Vision Awards'

Accolades FY 2011

Management Awards

- Aug 2010 - Mr. Punit Goenka, was presented the Rotary Vocational Excellence Award 2010
- Sep 2010 – ZEE Chairman Subhash Chandra was awarded 'The Hall of Fame for Continuing Contribution to Industry - Entrepreneur'
- May 2011 - Subhash Chandra, India's Media Mogul & Founder of Zee TV to receive 2011 International Emmy® Directorate Award
- April 2011 - Punit Goenka was presented the Generation Next Business Award

Corporate Awards

- Jan 2011 - ZEE was presented with Certificate of Excellence at The Second Annual Inc. India 500 Awards
- Mar 2011 - The ZEE 2009-10 Annual Report won three awards at the prestigious 'LACP '2009/10 Vision Awards', USA. ZEE won the Platinum Award for Most Improved Annual Report, Platinum Award in the Media Industry category globally and was ranked at No. 11 on the Global top 50 Annual Reports
- April 2011 - ZEE was presented with the Dun & Bradstreet - Rolta Corporate Awards 2010

Creative Awards

- 3 Gold Awards – Zee Cinema, Zee Studio, Ten Sports
- 2 Silver Awards – Zee Cinema, Zee Khana Khazana

ZEE Chairman Subhash Chandra receiving award

The ZEE Annual Report 2009-10

Programming Awards

Natarang

- National Award
- 7 Zee Gaurav 2010 Awards
- 5 MaTa Sanman 2010 Awards
- 3 V Shantaram 2010 Awards
- 3 Pune International Film Festival 2010 – Sant Tukaram Award
- 2 Pune Press Guild

Jhansi Ki Rani

- 4 Gold Awards
- 4 Telly Awards

Pavitra Rishta

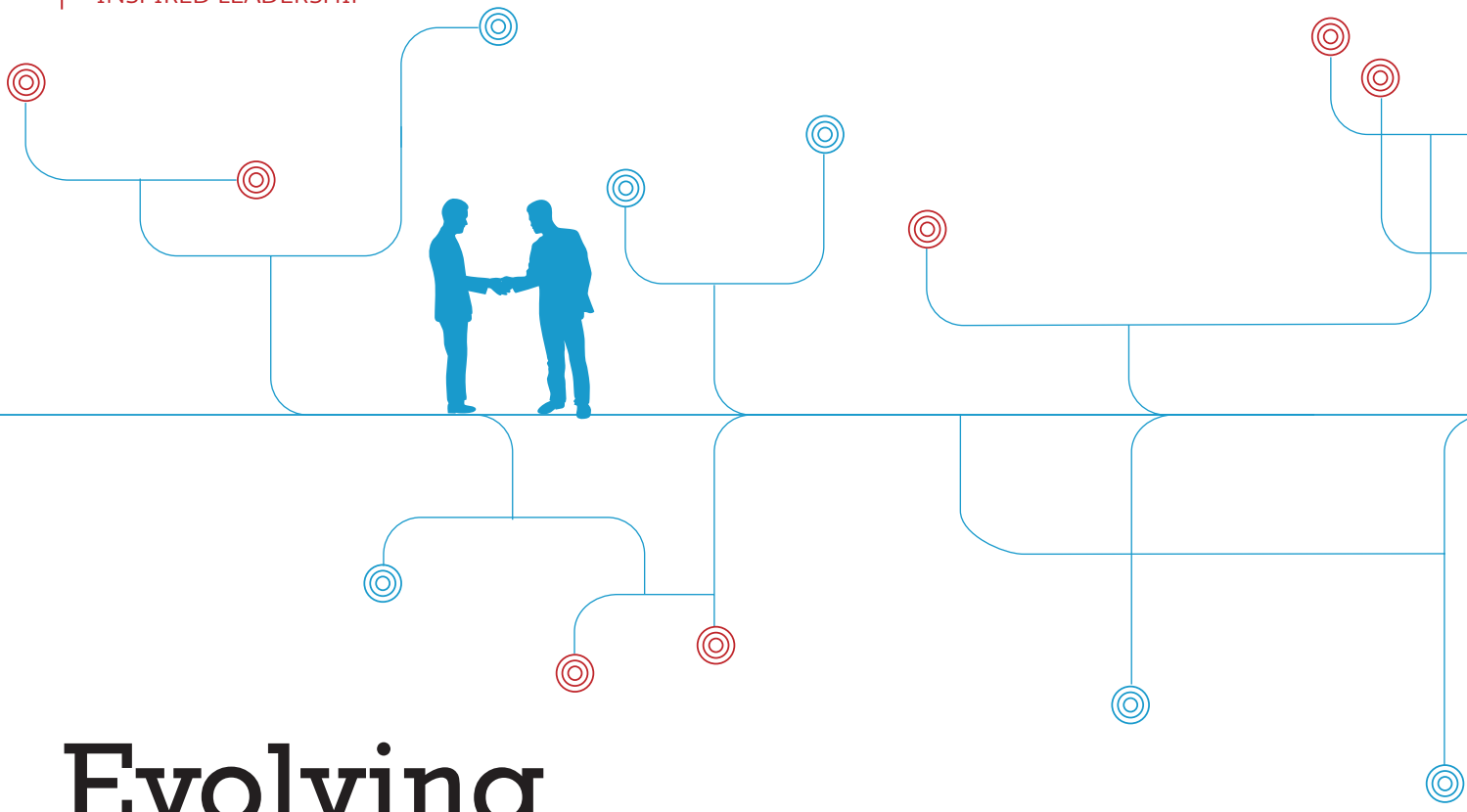
- 2 ITA Awards
- 2 FICCI Awards
- 1 Seoul International Drama Awards
- 1 Telly Award
- 1 International Drama Award, Tokyo

Dance India Dance 2

- World Brand Congress - Award for Brand leadership – Media & Entertainment Category
- Telly Awards 2010- Best Reality Show Award
- Exchange for Media Radio Advertising Award - Best Radio Creative (Silver)

Natrang receiving National Award

Pavitra Rishta wins International Drama Award



Evolving Distribution Landscape

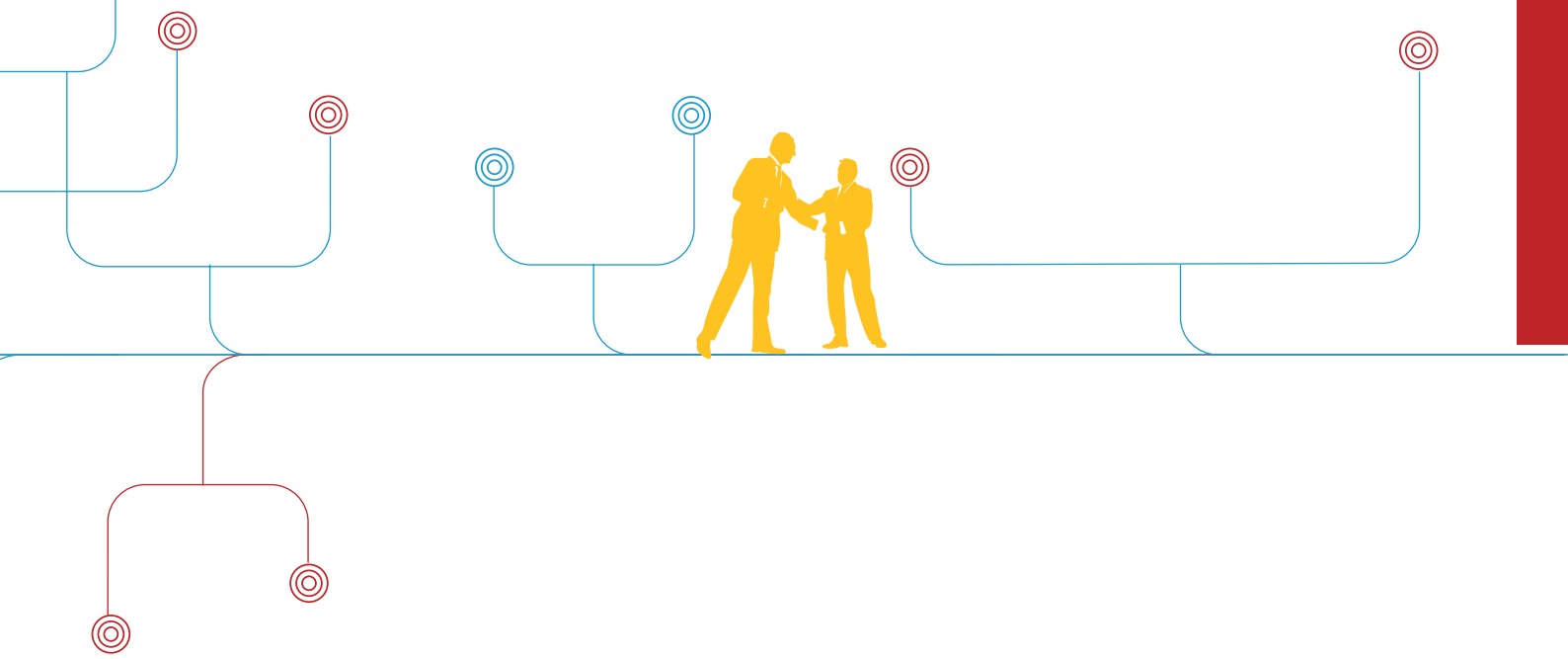
ZEE and Turner International India Pvt. Ltd. came together in February 2002 to form Zee Turner Ltd. with the objective to revolutionize the management of distribution and trade marketing for pay channels in India & some neighboring countries like Nepal and Bhutan. Zee Turner is the country's first bouquet of channels and has been a game-changer in the distribution Industry with its multi-genre offerings.

To create greater value for this entire distribution value chain, Zee-Turner has recently entered into a 50:50 joint venture with Star-Den to form Media Pro Enterprise India Pvt. Ltd.

The long term vision of this venture is to pool together resources of both the partners so as to address various anomalies of the present analogue distribution market, curb piracy, and introduce transparency by accelerating the pace of digitization in India, which will result in benefits to all stakeholders in the value chain.

MediaPro

and partners in transformation



Milestone initiative – Distribution alliance with STAR to change the face of the TV distribution landscape in India

Broadcasting Insight

Broadcast Operations

We have always positioned ourselves as a trendsetter for the entire industry in broadcast operations. ZEE's superior operational efficiency lies in the flexible and forward-looking Traffic Management and Transmission Play-out system, one of the best in the industry. Use of a superior Broadcast Management System (BMS) has helped us reduce our Transmission Log release time from the initial 72 hours to just a few hours before going on-air, maintaining the ratio of manpower to number of channels at the lowest in the industry.

ZEE's broadcast facility at NOIDA is one of the largest play-out facilities under one roof in all Asia, catering to all ZEE channels including international channels for Europe, USA, SEA, Middle East and Russia

Technology Ready

Technology has always been our strength, which enable us to serve 167 countries. A series of measures have been initiated recently in the International Delivery Network to improve functionality. Channels that have been targeted for delivery across Europe and USA are now being hauled via fibre systems, instead of satellite (IS906). The initiative provides a 50% advantage in cost without affecting the quality.

To cater to the overseas market, we offer multiple language subtitles including English, French and Bahasa (Indonesia). The introduction of Arabic subtitles is in the pipeline. Specific dubbed versions (such as Zee TV Russia) are also available. In addition, all international channels comply with the local advertising and content networks using the cue tone facilities provided in the playout system.

On the other hand, conversion of channels to MPEG4 would result in 40% saving in bandwidth and associated costs, while improving quality. Zee Café, Zee Trendz, Zee Studio, Zee TV Middle East and Zee Khana Khazana are among the first channels to be converted.

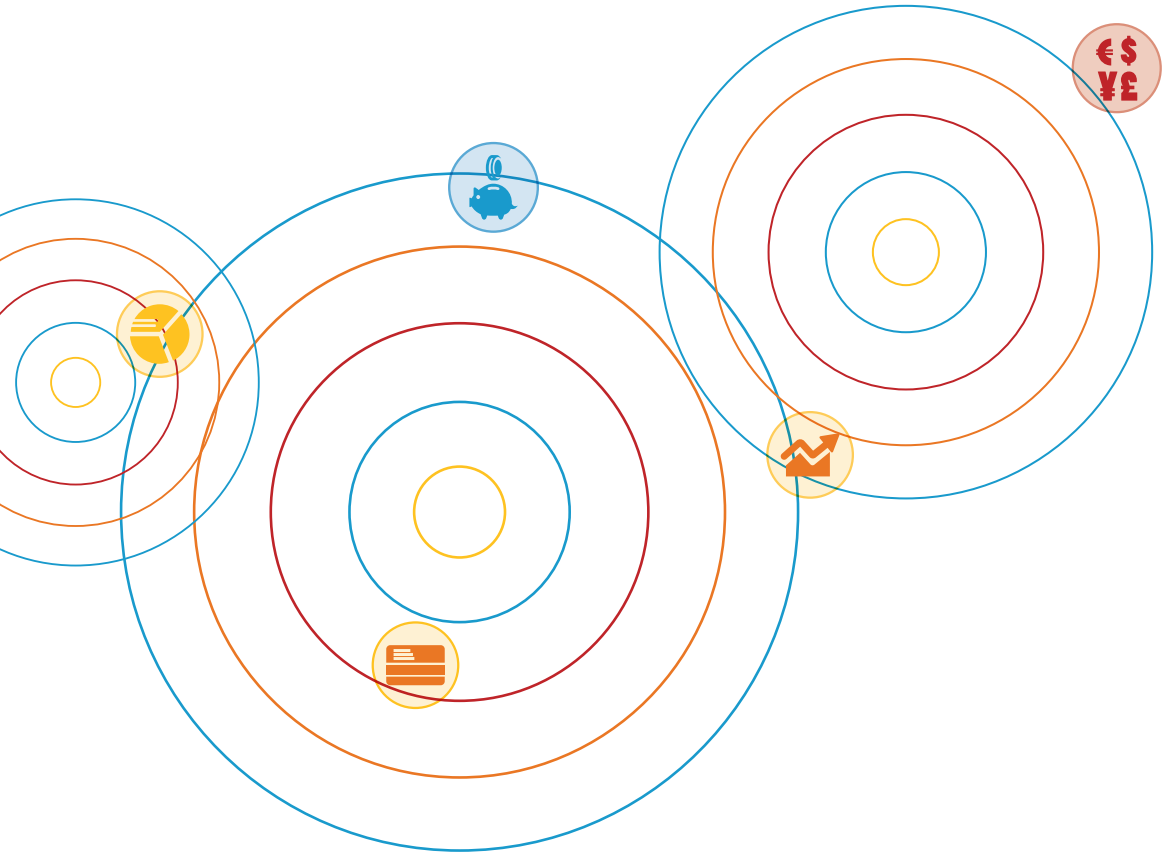
International channel broadcasting has also migrated to satellites, such as IS-10 to cover the entire African continent and GEC countries with extending coverage till Eastern Europe.

In the content value chain, the Company has gained multifaceted achievements with the introduction of a Digital Media Asset Management facility. Content transfer is now increasingly being done digitally using file transfer and automatic ingest thus moving towards tapeless operations. In the coming year, the Company expects to achieve significant gain in media management and cost savings by moving to a largely tapeless environment.

To standardize business processes for increased operational efficiency, strengthen internal controls and ensure corporate governance, we have implemented SAP, the world class Enterprise Resource Planning (ERP) system

Profitable Operations

Creativity, Innovation and Scale are the enablers which have led ZEE to the top end of profitability charts among all media companies in India



In an Industry where operating margins in single digits are the norm, ZEE enjoys operating margins of more than 25%.

Our focus on efficient creativity has been a key to our superior margins. We believe in producing great content at optimal costs which helps us maintain our leadership position in the rating and profitability charts.

We believe in encouraging value accretive innovation across the company. In programming and production, we have successfully developed home-grown formats, which have been audiences' favorites over the years.

Our large network of 25 channels in India and 17 beams internationally, helps us enjoy tremendous economies of scale in marketing, human resources, business operations and new business launches.

Consistent performer since inception - shareholder value CAGR of more than 30% from 1992 to 2011

Social Integration and Sustainability

The objective of our CSR is to integrate meaningfully with society and to create constructive social linkages, encouraging all-encompassing positive transformation.

The primary CSR activities of our major channels are enumerated below.

Zee TV

- In association with 'Save the Children India (STCI)', initiated support for underprivileged children, including financing educational needs of 100 children.

Zee Bangla

- Merchandize of Dance Bangla Dance Junior was distributed in multiple polio camps.

ETC Channel Punjabi

- Initiated The Green Earth Campaign involving over 50 colleges, 1000 students and numerous academicians to evoke environment awareness across Punjab.

Zee Telugu

- Raised an amount of ₹ 4,15,808 through Zee Foundation and contributed one day's salary of all the employees for RO water treatment plant at Rajouli area.

Zee Marathi

- Arranged a 'Safety week' in association with the Thane Police Division to ensure road safety for youth and society at large.

Zee Salaam

- Pehel – Ek Koshish supports niche NGOs which educate economically backward Indians.

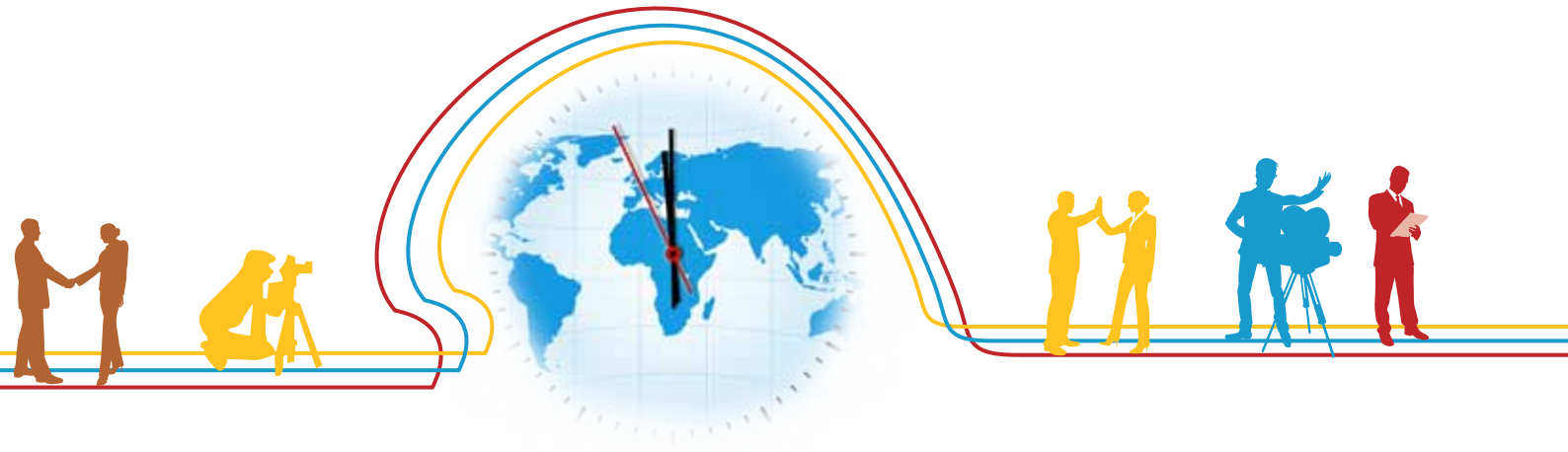
Zee Touch India Initiative

- Features public service advertisements on breast cancer, polio, for the visually impaired, for HIV/AIDS on International Aids Day, AIDS awareness campaign by Mukti Foundation and the latest being the Jacha Bacha advertisement, which talks about post maternal feeding and baby care.

Education

- Ekal Vidyalaya Foundation of India (EVFI), fuelled by Mr. Subhash Chandra's vision of eradicating illiteracy from the tribal areas of India, provides free education for nearly 10 lakh tribal children through one teacher schools across 34,343 villages in India.

At ZEE, we understand the power of media to deliver messages and catalyse positive societal change. Most of our channels feature content to create awareness against social anomalies



Harnessing Human Resource

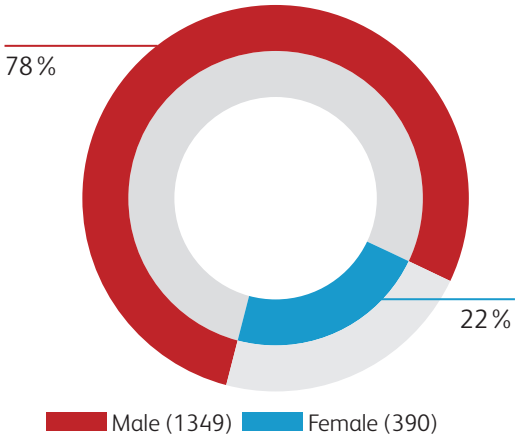
At ZEE, we recognize people as the building blocks of business success. This core philosophy represents the bedrock of our enduring success in Media & Entertainment. We recruit the best industry talent (both young and experienced) to diversify the workforce. For optimum utilization of talent, we believe in international, inter-departmental and inter-functional transfers.

In order to nurture our talent pool and prepare our human capital to meet the ever-changing demand of the media landscape, we heavily invest in training and development which includes tie-ups with MICA, NIS Sparta, FTII etc.

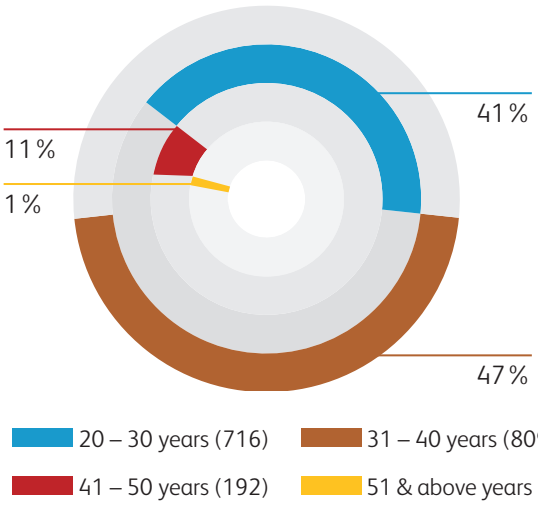
Training employees from within has helped us to add a sizable percentage of the senior management from within the organization. This continuous knowledge enhancement and skill sharpening runs parallel with a rewards and recognition programme. Our attrition levels therefore have been kept under check.

Sponsored programs for senior management at prestigious institutes like Wharton, Harvard, and UCLA

Organizational profile (by gender)



Organizational profile (by age)



Note: Figures in brackets represent number of employees

Corporate Information

BOARD OF DIRECTORS

Subhash Chandra	*Chairman*
Ashok Kurien	*Director*
Rajan Jetly	*Independent Director*
Lord Gulam K Noon	*Independent Director*
M.Y. Khan	*Independent Director*
R. Vaidyanathan	*Independent Director*
Punit Goenka	*Managing Director & CEO*

SENIOR MANAGEMENT

Punit Goenka	*Managing Director & CEO*
Amitabh Kumar	*Technology*
Atul Das	*Corporate Strategy & Business Development*
Atul Pande	*Sports*
Bharat Ranga	*International Operations*
Hitesh Vakil	*Finance*
Joy Chakraborthy	*Revenue & Niche Channels*
M. Venkataraman	*Corporate & Human Resource*
Nittin Keni	*Content & Flims*
Roland Landers	*Corporate Brand Development*

AUDITORS

M/S MGB & Co.

COMPANY SECRETARY

M. Lakshminarayanan

BANKERS

Axis Bank
Barclays Bank
BNP Paribas
ING Vysya Bank Ltd.
Standard Chartered Bank
Yes Bank Ltd.

REGISTERED OFFICE

Continental Building
135, Dr. Annie Besant Road,
Worli, Mumbai 400018
Maharashtra, India.
www.zeetelevision.com

Board of Directors

Subhash Chandra

- Non-Executive Chairman of the Board and promoter of Essel Group of Companies
- His industry leading businesses include television networks and film entertainment, cable systems, satellite communications, theme parks, flexible packaging, family entertainment centers and infrastructure

Ashok Kurien

- Director and Strategic Marketing Advisor to Dish TV and Playwin
- He is also a Founder Partner of Hanmer & Partners, one of India's top-three Public Relations agencies, Flora2000, one of the leading global online flower distribution services, as well as Remindo, an Intranet 2.0 Office Communication Network
- He also works as a special advisor to the US$7 billion Publicis Group

Rajan Jetley

- Started his career with ITC Ltd., in 1972, rising to the position of Marketing Controller in its Hotels division
- An MBA from Delhi University and a Cambridge Graduate from Bishop School

Lord Gulam K Noon

- An accomplished entrepreneur, who founded Bombay Halwa Limited, a Company engaged in the business of manufacturing Indian confectionery, Indian savories and aviation catering

Dr. Mohammed Y Khan

- Has been the Chairman of J&K Bank and Director on the Board of Bharat Hotels, as well as Advisor for Berenson & Company, New York
- Doctorate of Philosophy in Business Management (PHD) from Burkes University in UK
- Science graduate from the University of Kashmir

Prof. R. Vaidyanathan

- Professor of Finance and Control at the Indian Institute of Management, Bangalore and UTI Chair Professor in the area of Capital Markets
- Fellow Member in Management (Doctorate) from the Indian Institute of Management, Kolkata
- Masters from the Indian Statistical Institute and graduate from Loyola College, Chennai

Punit Goenka

- Managing Director and Chief Executive Officer of ZEE
- Participated in various intensive Management Education Programs like Young Managers Program at INSEAD, France and a program on "Birthing of Giants" hosted by Young Entrepreneurs' Organization and MIT Enterprise Forum, Inc., Boston, USA

Team ZEE

Punit Goenka

Managing Director & Chief Executive Officer

Amitabh Kumar

Technology

Atul Das

Corporate Strategy & Business Development

Atul Pande

Sports

Bharat Ranga

International Operations

Hitesh Vakil
Finance

Joy Chakraborthy
Revenue & Niche Channels

M. Lakshminarayanan
Company Secretary

M. Venkataraman
Corporate & Human Resource

Nittin Keni
Content & Films

Roland Landers
Corporate Brand Development

Mission

To become the world's leading global media company from the emerging markets. As a Corporation, we will be driven by innovation & creativity and would focus on growth while delivering exceptional value to our customers, our viewers and all our stakeholders.

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 customer.

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 recognize 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.

Notice

Notice is hereby given that the Twenty-Ninth 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 Wednesday, the 10th day of August 2011, at 11.00 a.m., to transact the following **Ordinary business**:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011, 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 declare dividend on equity shares for the financial year ended March 31, 2011.
3. To appoint a Director in place of Mr. Ashok Kurien, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Lord Gulam Noon, who retires by rotation, and being eligible, offers himself for reappointment.
5. 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.

The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, July 30, 2011 to Friday, August 5, 2011 (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 July 29, 2011, will be processed for payment of equity dividend, if declared, to the transferees or their mandatees.

Dividend, if approved by Members at the ensuing Annual General Meeting, will be paid on August 12, 2011, 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 July 29, 2011 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 July 29, 2011.

By Order of the Board

M Lakshminarayanan
Executive Vice President & Company Secretary

Place Mumbai
Date June 23, 2011

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

NOTES:

1. **A member entitled to attend and vote at the meeting 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.

2. Corporate Members are requested to send to the Registered Office of the Company, a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the Annual General Meeting.
3. Additional information, pursuant to Clause 49 of the Listing Agreement(s) with Stock Exchanges, on Directors recommended by the Board for re-appointment at the Annual General Meeting forms part of the Report on Corporate Governance in the Annual Report.

4. Members who are holding Company's shares in dematerialised form are required to bring details of their Depository Account Number for identification.
5. 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.
6. Recognizing the spirit of the Green Initiative in Corporate Governance initiated by the Ministry of Corporate Affairs, the Company proposes to send Annual Report and other documents/notices to shareholders to the email address provided to the Depository / Company. Shareholders are requested to register and/or update email address with the respective Depository Participant or the Company, to ensure that documents from the Company reach their preferred email address.
7. Members are requested to notify immediately about any change in their address / dividend mandate / bank details to their Depository Participant (DP) in respect of their shareholding in Demat mode and in respect of their physical shareholding to the Company's Registrar and Share Transfer Agent, M/s Sharepro Services (India) Pvt. Ltd., at 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai-400 072 and/or at 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai-400 021.
8. Under Section 109A of the Companies Act, 1956, 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.
9. Dividend for the financial year ended March 31, 2004, declared by the Company & erstwhile ETC Networks Ltd (now merged with the Company) which remains unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government ('IEPF') in December 2011 & March 2012 respectively.

   Members, who have not encased their dividend warrants, issued by the Company and/or ETC Networks Ltd, for the financial year ended March 31, 2004, or any subsequent financial years, 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.

By Order of the Board

M Lakshminarayanan
Executive Vice President & Company Secretary

Place Mumbai
Date June 23, 2011

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

Important intimation to Members

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

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, 2011 and that to the best of our knowledge and belief:

i) these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;

ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2011 are fraudulent, illegal or violative to the Company's Code of Conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken to rectify 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 June 23, 2011

Directors' Report

To The Members

Your Directors are pleased to present the Twenty Ninth Annual Report with the Audited Statement of Accounts of the Company for the year ended March 31, 2011.

RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, in relation to the Annual Financial Statements for the Financial Year 2010-2011, your Directors confirm the following:

a) The Financial Statements have been prepared on a going concern and on the accrual basis and in the preparation of these Financial Statements, applicable accounting standards have been followed and there are no material departures;

b) Accounting policies selected were applied consistently and the judgements and estimates related to the financial statements have been made on a prudent and reasonable basis, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and of the profit of the Company for the year ended on that date; and

c) Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

FINANCIAL RESULTS

The Financial Performance of your Company for the year ended March 31, 2011 is summarized below:

(₹ in '000)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
Sales & Services	21,699,377	12,787,436
Other Income	643,073	1,061,815
Total Income	**22,342,450**	13,849,251
Total Expenses	**14,097,021**	7,765,827
Profit before Tax & Exceptional Items	8,245,429	6,083,424
Add: Exceptional Item	196,797	–
Provision for Taxation (net)	2,678,068	495,021
Profit after Tax	5,764,158	5,588,403
Add: Balance brought forward	11,111,782	8,893,473
Amount available for appropriations	16,875,940	14,481,876
Appropriations:		
Dividend	1,956,286	1,946,762
Tax on Dividend	317,358	323,332
General Reserve	3,000,000	1,100,000
Balance carried forward	11,602,296	11,111,782

EQUITY DIVIDEND

Your Directors recommend payment of Dividend of ₹ 2/- per equity share of ₹ 1/- each, on the expanded equity capital consequent to Bonus issue in 2010, for the Financial Year 2010-11. The outflow on account of Dividend and the tax on such dividend distribution would aggregate to ₹ 2273.64 million, resulting in a payout of 39% of the profits of the Company.

Business Overview

During the year, rebounding from the recession, your company continued to focus on high quality and innovative content in a highly competitive market providing compelling value for trade partners thereby yielding rich returns. Zee TV continued to be the leader in core prime time, with Pavitra Rishta being the No. 1 fiction show across GEC for most of the year and producing runaway hits like DID Little Masters - Dance Ke Baap. Zee Cine Awards 2011, the biggest Bollywood awards, garnered one of the highest ratings ever in India and its US telecast was the highest rated award function in US. Pavitra Rishta, Dance India Dance 2 and Jhansi Ki Rani bagged several awards.

In the Hindi movie genre, Zee Cinema retained its leadership. This channel had introduced weekday afternoon slot called Lady Raaj targeted at women viewers covering fashion / health / cooking tips and refurbished its Sunday 8 PM slot Lage Raho, besides premiering some of the biggest hit movies of 2010 viz. Peepli [Live], Ishqiya and Kambakkht Ishq which were much appreciated by the viewers.

Despite fierce competition and fragmentation, ZEE regional channels continued to register strong growth in viewership in respective markets and each of these stand out as audience' favourites. Zee Marathi maintained its dominant leadership in Marathi by delighting its viewers with novel, entertaining shows for all age groups. Marathi Paul Padte Pudhe enthralled with showcasing the talents of Maharashtra including bringing to limelight the talent and skill of 'Malkhamb'. The show Maziya Priyala Preet Kalena - a love story, proved to be a hit amongst youth with the lead pair becoming household names and Lajja brought to the audience the portrayal of women empowerment. Zee Talkies entertained its viewers with non-stop movie entertainment and during the year positioned itself aptly as 'Aapla Talkies Zee Talkies'. Zee Bangla continued to grow its viewership with promising content and exciting shows like Dadagiri and Dance Bangla Dance took the channel to new heights besides the channel having engaging and leading shows like Saat Paake Bandha and Suvarnolataa. Zee Salaam made its impact in viewership and its refreshing content line up, reality shows and progressive approach to programming appealed to Urdu viewers that grew steadily. Zee Telugu was the channel of choice for viewers in a crowded market and continued its winning streak through its innovative programming and launching slew of prime time fiction shows like Chinna Kodalu, Pasupu Kumkuma and Radha Kalyanam which proved to be runaway successes in their slots. Programmes like Sa Re Ga Ma Pa - singing talent show, Nachore - dance competition among celebrities and Aata - dance show by kids, topped the charts. Zee Kannada scored high on viewership and stabilized itself as a formidable player in the Kannada market with its rich mix of serials, reality shows, events, devotional content and blockbuster movies.

Zee Café and Zee Studio brought the latest of popular American content including Hollywood movies, shows and live mega events to Indian viewers and for the first time in Indian television history Zee Trendz brought international gaming content as a programming offering to viewers.

As a dominant player in South Asian (SA) Entertainment across international markets, your Company undertook various initiatives to strengthen its dominance in these geographies and for growing its share within South Asian Subscription and Advertising Revenue market. Zee TV USA - first ever SA channel to be rated by Nielsen in USA, maintains its No.1 position among Hindi GEC channels while Zee TV UAE also maintains the No.1 position among Hindi GEC channels in UAE. In UK market ZING became the No.1 music channel amongst SA audiences. Zee Aflam - the premiere Bollywood movie channel customized to suit the local Arabic audience in UAE / Saudi Arabia registered the highest growth in viewership in its genre.

Your company has been at the forefront in leveraging the digital delivery opportunity. A range of initiatives were undertaken including developing new offerings, reaching out to new viewers, portfolio expansion, premium content offerings which have helped generate subscription revenues for the portfolio, in addition to expanding the viewer base.

CORPORATE RE-BRANDING

As part of the journey towards building a globally recognized brand, increasing viewer relevance, achieving industry leadership and taking forward the progressive outlook, your Company had recently unveiled rebranding and repositioning of the Corporate and Channel logos, which your Board believes would enhance the mindshare and viewer loyalties towards the product offerings of your Company. The entire rebranding exercise was conceptualized, designed and executed internally.

CORPORATE RESTRUCTURING

During the year under review, in order to concentrate on growth efforts of the Cricket broadcasting business in a focused manner and enable rationalization of the holding structure, your Board had approved a Scheme of Amalgamation for merger of 2 (two) overseas subsidiaries of the Company, viz. ZES Holdings Ltd, Mauritius and Zee Multimedia Worldwide Limited, BVI with the Company from February 1, 2011. Upon appropriate approvals, the said Scheme became effective from June 20, 2011 and the financial impact of the Scheme has been given effect to in these Annual Financial Statements.

SUBSIDIARIES & JOINT VENTURES

Overseas Subsidiaries:

With a view to consolidate businesses carried on by the overseas subsidiaries and as part of the process of rationalizing the holding structure of step-down subsidiaries, the following restructuring were carried out during the year.

a) ZES International Ltd, UK, a wholly owned subsidiary of ZES Entertainment Studios Ltd, BVI, was dissolved with effect June 29, 2010

b) Asia Business Broadcasting (Mauritius) Ltd, Mauritius amalgamated with its holding company Asia Today Ltd, Mauritius with effect from March 31, 2011;

c) Zee Entertainment Studios Ltd, BVI and ZES Mauritius Ltd, Mauritius amalgamated with their holding company ZES Holdings Ltd, Mauritius with effect from March 31, 2011 and March 18, 2011 respectively

d) ZES Mauritius Ltd, Mauritius divested its entire stake in its Indian Subsidiary viz. Zee Motion Pictures Private Ltd

e) Zee Sports Americas Ltd, Mauritius was dissolved with effect from June 9, 2011

Further, your Board had in-principle approved (i) acquisition of the balance shareholding of 5% in Taj TV Ltd., Mauritius (Taj) by Zee Sports International Ltd, Mauritius (ZSIL), thus making Taj a wholly owned subsidiary of ZSIL; and (ii) amalgamation of ZSIL with its holding company Asia Today Ltd., Mauritius.

Domestic Subsidiaries / Joint Venture:

The Joint Ventures of your Company in digital distribution viz. ITM Digital Pvt. Ltd., and in India branded Entertainment Portal viz. India Webportal Pvt. Ltd. commenced their operations during the year. Upon mutual agreement amongst the JV partners, your Company had acquired complete shareholding in ITM Digital Pvt. Ltd., in May 2011 thus making it a wholly owned subsidiary.

These consolidation initiatives and joint ventures, has resulted in reducing the number of subsidiaries of the Company from 25 in 2010 to 19 as at March 31, 2011.

The Ministry of Corporate Affairs, Government of India has provided exemption to companies from complying with Section 212 (8) of the Companies Act, 1956, provided such companies publish the audited consolidated financial statements in the Annual Report. Your Board has decided to avail the said general exemption from applicability of provisions of Section 212 of the Companies Act, 1956, and accordingly, the annual accounts of the subsidiaries of the Company for the financial year ended March 31, 2011 are not being attached with the Annual Report of the Company and certain financial highlights of the subsidiaries are disclosed in the Annual Report, as part of the Consolidated financial statements. The audited Annual Accounts and related information of the subsidiaries, where applicable, will be made available, upon request or for inspection at the registered office, by any shareholder of the Company.

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 intimation 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 year, the following changes were effected to the Share Capital of your Company:

- 140,844 fully paid-up Equity Shares of ₹ 1 each were issued and allotted to the shareholders of 9X Media Private Ltd, pursuant to the Scheme of Arrangement with 9X Media approved by Hon'ble Bombay High Court on September 9, 2010.
- 489,038,065 fully paid-up Equity Shares of ₹ 1 each were issued and allotted as Bonus Shares in ratio of 1 Bonus Equity Share for 1 Equity Share held on November 12, 2010, being the Record Date fixed for the purpose.
- Subsequent to the financial year-end, 66,800 fully paid-up Equity Shares of ₹ 1 each were issued and allotted upon exercise of stock options under the Company's Employees Stock Option Scheme.

Consequent to these allotments, the paid-up Share Capital of the Company as on the date of this Report stood at ₹ 978,142,930 comprising of 978,142,930 Equity Shares of ₹ 1 each (March 31, 2011 - 978,076,130 Equity Shares).

BUY BACK

Special Resolution approving Buy-back of up to 25% of Company's paid-up Equity Share Capital at a price not exceeding ₹ 126 per Equity Share subject to the condition that the aggregate amount to be expended by the Company for the said Buy-back shall not exceed ₹ 700 Crores, was passed by the Members through the Postal Ballot process on March 25, 2011. Upon coming in to effect of the Scheme of Amalgamation of foreign subsidiaries, your Company has initiated further process on the proposed buy-back of equity shares.

EMPLOYEES STOCK OPTION SCHEME

Your Company had not granted any stock options during the year. Details of options granted till March 31, 2011 and other disclosures as required under 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 ('SEBI Guidelines') are set out in the Annexure to this Report.

The Statutory Auditors of the Company M/s. MGB & Co., Chartered Accountants have certified that the Company's Stock Option Scheme has been implemented in accordance with SEBI Guidelines and the resolution passed by the shareholders.

PUBLIC DEPOSITS

During the year, your Company has not accepted any Deposits under Section 58A and Section 58AA of the Companies Act, 1956, read with Companies (Acceptance of Deposits) Rules, 1975.

CORPORATE GOVERNANCE

Your Company has been reassessing and benchmarking itself with well-established Corporate Governance practices besides strictly complying with the requirements of Clause 49 of the Listing Agreement. Your Company has documented internal governance policies and put in place a formalized system of Corporate Governance which sets outs 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. Your Board has adopted several provisions of the 'Corporate Governance Voluntary Guidelines 2009' issued by the Ministry of Corporate Affairs in December 2009 including constitution of a 'Nominations Committee' and strict implementation of the tenure of Independent Directors in the Company.

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

As part of the Essel Group of Companies, your Company has at a unified and centralized level, put in place a Corporate Social Responsibility (CSR) policy which 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 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

During the year under review Mr. Laxmi N Goel, one of the Promoter Director of the Company, resigned with effect from the close of September 30, 2010. Further, in line with the retirement policy for Independent Directors approved by the Board based on the suggestions in the Corporate Governance Voluntary Guidelines issued by the Ministry of Corporate Affairs, Mr. N C Jain and Mr. B K Syngal, Independent Directors resigned from the Directorship of the Company with effect from the close of business on March 31, 2011. Your Directors wish to place on

record their sincere appreciation for the contributions made by Messrs Laxmi N Goel, Nemi Chand Jain and B K Syngal during their tenure as Director(s) of the Company.

Mr Ashok Kurien and Lord Gulam Noon, 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

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

Your Company has received confirmation from the Auditors to the effect that their reappointment, if made would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for reappointment within the meaning of Section 226 of the said Act.

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

Your Company is into the business of Broadcasting of 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, are 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 is 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 is 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 14(c) to the Notes to the Accounts forming part of the Annual Accounts.

PARTICULARS OF EMPLOYEES

Your Company had 1,757 employees as of March 31, 2011. 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, who were in receipt of remuneration of ₹ 60 lakhs or more per annum and those who were in receipt of remuneration of ₹ 5 lakhs or more per month, are set out in the Annexure to this Directors' Report.

ACKNOWLEDGEMENTS

Employees are our vital and most valuable assets. Your Directors value the professionalism and commitment of all employees of the Company and place on record their appreciation of the contribution made by employees of the Company and its subsidiaries across the world at all levels that has contributed to your Company's success 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 / regulatory authorities viz. the Ministry of Information & Broadcasting, the Department of Telecommunication, Ministry of Corporate Affairs, RBI, SEBI, Foreign Investment Promotion Board, the Stock Exchanges and Depositories and other stakeholders including viewers, producers, vendors, Financial Institutions, Banks, investors and service providers.

For and on behalf of the Board of Directors

Punit Goenka — *Managing Director & CEO*

M Y Khan — *Director*

Place Mumbai
Date June 23, 2011

Annexure to the Directors' Report

Statement as at March 31, 2011 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	No options were granted during the Financial Year 2010-11 and none of the options vested were exercised till March 31, 2011. In pursuance of the Bonus issue in the ratio of 1:1 during the year, the Stock Options granted in 2009 were doubled to 86,80,000 and the exercise price halved to ₹ 119.90 per share in accordance with the provisions of the Stock Option scheme.
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	40,89,200
d)	Total number of Options exercised	Nil
e)	Total number of Equity Shares of ₹ 1/- each arising as a result of exercise of Options	Nil
f)	Total number of Options lapsed	11,76,400
g)	Variation of terms of Options	Nil
h)	Money realized by exercise of Options (₹ in Crores)	Nil
i)	Total number of Options in force	75,03,600
j)	Details of Options granted to	No options granted during the year
	(i) Senior Managerial Personnel	None
	(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'.	₹ 5. 89 (Diluted EPS after exceptional item)
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)	The issuance of the equity shares upon exercise of option shall not affect the Profit & Loss account of the Company, as the Pricing formula as approved by the Shareholders of the Company is the Market Price as per the SEBI Guidelines i.e. latest available closing price prior to the date of grant of option at the Stock Exchange where there is highest trading volume.
m)	Weighted-average exercise prices and weighted-average fair values of options, separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Not Applicable
n)	A description of the method and significant assumptions used during the year to estimate the fair value of options, including the following weighted-average information	Not Applicable
	(i) Risk-free interest rate	
	(ii) Expected life	
	(iii) Expected volatility	
	(iv) Expected dividends	
	(v) The price of the underlying share in market at the time of option 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 Corporate Office of the Company on all working days up to the date of the ensuing Annual General Meeting.

For and on behalf of the Board of Directors

Punit Goenka
Managing Director & CEO

M Y Khan
Director

Place Mumbai
Date June 23, 2011

Annexure to the Directors' Report

(DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2011.

1) Employed throughout the year and in receipt of remuneration aggregating ₹ 60 Lacs or more per annum.

Sr. No.	Name	Age	Designation	Remuneration Total (₹)	Qualification	Exp in Yrs	Date of Joining	Last Employment
1	Ashish Sehgal	42	Executive Vice President - Sales	7,130,280	B.COM, LLB	18	January 11, 2006	Star India Pvt. Limited
2	Atul Das	43	President - Corporate Strategy & Business Dev.	9,382,052	B.COM., M.M.S.	18	September 29, 1998	Lloyds Securities
3	Bharat Ranga	43	Chief Operating Officer - International Operations	24,174,584	B.COM, M.B.A	22	March 4, 1998	Modi Korea Telecommunication
4	Hitesh Vakil	51	President & Chief Financial Officer	14,751,507	B.COM, ACA.	27	October 1, 1995	Tips & Toes Cosmetics
5	Jitesh Rajdeo	38	Executive Vice President - Sales	7,627,253	B.COM, MMS	15	July 3, 2000	Modi Entertainment
6	Joy Chakraborty	44	Chief Revenue Officer	26,548,100	B.SC, MMM	21	March 9, 2005	Star India Pvt. Limited
7	Laxmi Shetty	43	Executive Vice President	7,785,199	B.SC, DMM	23	June 1, 2005	Bennette Coleman & Co. Limited
8	M. Lakshminarayanan	49	Executive Vice President & Company Secretary	8,080,653	B.COM, ACS	28	January 19, 2006	BPL Power Projects
9	M. Venkatraman	58	President - Corporate & HR	15,533,536	BE, PGD IND ENGG	36	October 14, 2009	D. B. Corp. Limited
10	Mohan Gopinath	39	Sr. Vice President - Programming	7,607,460	B.COM., MMS.	14	December 19, 1996	_
11	Priyanka Datta	39	Sr. Vice President - Sales	6,460,014	MA	17	May 1, 2002	SAB TV
12	Punit Goenka	36	Managing Director & CEO	37,306,050	B.COM	13	April1, 1998	ASC Enterprise Limited
13	Sunita Uchil	42	Sr. Vice President - Sales	6,162,296	BA PGD ADVT & PR	18	September 5, 2008	Shamal Media Services Sharjha UAE
14	Tarun Mehra	43	Executive Vice President	8,631,811	BE, MMS	18	January 7, 2005	Shaw Wallace
15	Utpal Das	46	Sr. Vice President - Commercial	6,538,080	BE MECH & MS Intl Business	22	June 11, 2008	Bennette Coleman & Co. Limited

2) Employed for part of the year and in receipt of remuneration aggregating ₹ 5 Lacs or more per month.

Sr. No.	Name	Age	Designation	Remuneration Total (₹)	Qualification	Exp in Yrs	Date of Joining	Last Employment
1	J. Shekhar	49	Vice President - Sales	5,385,745	B.E	27	June 19, 2000	BPL Limited
2	Nitin P. Vaidya	50	Chief Operating Officer - National Channels	12,789,357	B.SC	25	April 19, 2001	Broadcast Worldwide
3	Rahul Kumar Shaw	39	Sr. Vice President - Sales	4,029,021	B.COM	10	March 5, 2009	INX News Pvt Limited
4	Rajesh Save	45	Executive Vice President - HR	9,036,583	MA, PHD	21	September 24, 2007	Essel Corporate Resources Pvt Limited

Notes :

1. All appointments are contractual and terminable by notice on either side.
2. None of the employees, except Mr. Punit Goenka is 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

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

Sr. No.	Name	Sr. No.	Name
1	Churu Trading Co Pvt Ltd	34	Essel Airport Infrastructure Pvt Ltd
2	Ganjam Trading Co Pvt Ltd	35	Pan India Infrastructure Pvt Ltd
3	Prajatma Trading Co Pvt Ltd	36	Essel Infra Projects International Holding Ltd, Singapore
4	Briggs Trading Co Pvt Ltd	37	Essel Sagar Damoh Toll Roads Limited
5	Premier Finance and Trading Co Ltd	38	Essel Bhind Mihona Gopalpur Toll Roads Limited
6	Veena Investments Pvt. Ltd	39	Essel Bina Khimlasa Malthon Toll Roads Limited
7	Ambience Business Services Pvt Ltd	40	Essel Damoh-Jabalpur Toll Roads Limited
8	Essel Infraprojects Ltd	41	Essel Ahmedabad Godhra Toll Roads Limited
9	Churu Enterprises LLP	42	EOP PTE Limited, Singapore
10	Prajtma Enterprises LLP	43	Jay Properties Pvt. Ltd.
11	Jayneer Enterprises LLP	44	Edisons Continental Laboratories Pvt Ltd.
12	Delgrada Limited, Mauritius	45	Essel Ship Breaking Ltd.
13	Lazarus Investments Ltd., Mauritius	46	Continental Drug Company Pvt. Ltd.
14	Essel Holdings Ltd., Mauritius	47	25FPS Media Pvt. Ltd.
15	Asian Satellite Broadcast Pvt Ltd	48	Rama Associates Ltd.
16	Jayneer Capital Pvt Ltd	49	Essel International Ltd.
17	Buddha Films Pvt. Ltd	50	Essel Agro Pvt. Ltd.
18	Cyquator Media Services Pvt Ltd	51	ICL Heroes Sports Pvt. Ltd.
19	Intrex India Ltd	52	ICL Rockets Sports Pvt. Ltd.
20	New Media Broadcast Pvt Ltd	53	Lahore Badshahs Pvt. Ltd.
21	Pan India Network Infravest P Ltd	54	Dhaka Warriors Sports Pvt. Ltd.
22	Pan India Network Ltd	55	Royal Bengal Sports Pvt. Ltd.
23	Prime Publishing Ltd	56	ICL Lions Pvt. Ltd.
24	Mediavest India Pvt. Ltd.	57	Essel Media & Entertainment Limited, Mauritius
25	Vasant Sagar Properties Pvt. Ltd.	58	Essel Media Corporation PLC, UK
26	Essel Sports Private Limited	59	Agrani Holdings (Mauritius) Limited
27	Aqualand India Ltd	60	Essel EM Infra Holding Co. Ltd., Mauritius
28	Wire and Wireless (India) Ltd	61	Essel RPW Projects Pvt. Ltd.
29	Dish TV India Ltd	62	Rupee Finance and Management Pvt. Ltd.
30	Zee News Limited	63	Packaging Products Investments Ltd., Mauritius
31	Zee Learn Limited	64	Essel Business Processes Limited
32	Shirpur Gold Refinery Limited	65	Afro Asian Satellite Communications Ltd., Mauritius
33	Solid Containers Ltd	66	Essel Corporate Resources Pvt Ltd

Annexure to the Directors' Report

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 31,2011	For the previous financial years of the subsidiary since it became a subsidiary	**For the financial year ended on March 31, 2011**	For the previous financial years of the subsidiary since it became a subsidiary
						(Amt. In '000)	(Amt. In '000)	(Amt. In '000)	(Amt. In '000)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Taj Television (India) Pvt. Ltd.	31/03/2011	ZEEL	100%	₹ 100/-	10,000			₹ 78,278	₹ (1,437)
Zee Turner Ltd.	31/03/2011	ZEEL	74%	₹ 10/-	74,000			₹ 68,456	₹ (37,303)
Zee Sports Ltd.	31/03/2011	ZEEL	100%	₹ 10/-	50,000			₹ (194)	₹ (16,831)
ITM Digital Pvt. Ltd. #	31/03/2011	ZEEL	59.4%	₹ 10/-	600,000			₹ (1,268)	-
India Webportal Pvt. Ltd. #	31/03/2011	ZEEL	51.3%	₹ 1/-	56,610,000			₹ (34,785)	-
Asia Today Ltd. (ATL), Mauritius	31/03/2011	ZEEL	100%	US $ 1	583			US$ (7,821)	US$ 21,492
Apac Media Ventures Ltd., Hongkong	31/03/2011	ATL	100%	HK $ 1	10,000			US$ (28)	HKD (23)
Expand Fast Holdings (Singapore) Pte. Ltd.	31/03/2011	ATL	100%	$1	100,000			US$ 28	US$ 67
Zee Multimedia (Maurice) Ltd., Mauritius	31/03/2011	ATL	100%	Mauritus Rs. 1	1,000			Mauritus ₹ 1,049	Mauritus Rs. (259)
Zee TV South Africa (Proprietary) Ltd.	31/03/2011	ATL	100%	Rand 1	1			RAND 35	RAND 5,920
Zee Telefilms Middle East FZLLC, U.A.E	31/03/2011	ATL	100%	AED 1000	2,500			AED 8,047	AED 8,369

Annexure to the Directors' Report

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 31,2011 (Amt. In '000)	For the previous financial years of the subsidiary since it became a subsidiary (Amt. In '000)	**For the financial year ended on March 31, 2011** (Amt. In '000)	For the previous financial years of the subsidiary since it became a subsidiary (Amt. In '000)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Zee Technologies (Ghuangzhou) Ltd., China	31/03/2011	ATL	100%	YUAN 1	1,000,000			YUN 156	(YUN 359)
Zee Sports International Ltd., Mauritius	31/03/2011	ATL	100%	US $ 1	1,000			US$ (801)	US$ (2,007)
Taj TV Ltd., Mauritius	31/03/2011	Zee Sports Intl.	95%	US$ 1000	16,103			US$ (19,647)	US$ (3,728)
Zee Multimedia Worldwide (Mauritius) Ltd. (ZMWL, Mauritius)	31/03/2011	ZEEL	100%	US $ 1	56,796,292			US$ 29	US$ (49)
Asia T.V. Ltd., UK	31/03/2011	ZMWL, Mauritius	100%	GBP 1	16,438,900			GBP 157	GBP (47)
Zee CIS Holdings LLC, Russia	31/03/2011	Asia TV UK	100%	RUB 1	-			RUB (3,134)	RUB (1,123)
Zee CIS LLC, Russia	31/03/2011	Asia TV UK and Zee CIS Holdings	100%	RUB 1	-			RUB (3,134)	RUB (1,123)
Zee T.V. USA, Inc.	31/03/2011	ZMWL, Mauritius	100%	US $ .01	2			US$ (157)	US$ (4,294)

Notes:

\# Acquired During the Year

For and on behalf of the Board of Directors

Punit Goenka — *Managing Director & CEO*

M Y Khan — *Director*

Place Mumbai

Date June 23, 2011

गज़नवी तलवार से तेज़,
शोभा की उम्मीद.
शोभा सोमनाथ की
मातृभूमि की प्रेम दीवानी
सोम-शुक्र 8 PM
ZEE TV

भले के लिये झूठ
बोलने में क्या बुराई है!
Mrs. कौशिक की
पाँच बहुएँ
सोम-गुरु
10 PM
ZEE TV

Report on Corporate Governance

COMPANY'S GOVERNANCE PHILOSOPHY

The convergence of governance practices has been given an universal push by the recent global financial crisis, which brings to the fore the critical role played by the Board to ensure governance framework enjoins far higher level of transparency and effective governance standards to enhance the competitiveness and to protect long term interests of all stakeholders. Corporate Governance, which assumes great deal of importance at Zee Entertainment Enterprises Limited (ZEE), is intended to ensure value creation for all its stakeholders. ZEE believes that the governance practices 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 Board 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, ZEE Board has approved and implemented a comprehensive Corporate Governance Manual, containing 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 and the said Corporate Governance Manual is constantly reassessed in line with the changing times and need to effectively achieve stated objectives.

BOARD OF DIRECTORS

Composition and Category of Directors

ZEE has a balanced Board with combination of Executive and Non-Executive Directors, to ensure independent functioning and the composition of the Board is in conformity with Clause 49 (I) (A) of the Listing Agreement. 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, 2011

Category of Directors	No of Directors	Percentage to total no of Directors
Executive Director	1	11%
Non-Executive Independent Directors	6	67%
Other Non-Executive Directors	2	22%
TOTAL	**9**	100%

The Board periodically evaluates the need for change in its composition and size.

Board Membership & Term:

The Non-Executive Directors are liable to retire by rotation and one third of the said Directors retire every year and if eligible offer themselves for re-appointment. The Board has decided to strictly implement the term of six (6) years in the Company for Independent Director.

The Board has also constituted a Nominations Committee comprising of 3 (three) Board members to determine/ recommend appropriate criteria, expertise and skills for the Board membership in the Company, the framework for evaluation of performance of the Board and the Directors, and recommend appointment of Directors.

Mr. Subhash Chandra, Chairman of the Board is Chairman of the Nominations Committee and Mr. Ashok Kurien and Dr. M Y Khan are members of the said Nominations Committee.

Board Meetings & Procedures

During the financial year under review, 9 meetings of the Board were held on April 20, 2010, April 29, 2010, July 20, 2010, September 23, 2010, October 28, 2010, December 21, 2010, January 14, 2011, February 11, 2011 and March 23, 2011. The intervening period between any two Board Meetings were well within the maximum time gap of 4 months prescribed under Clause 49 of the Listing Agreement. The annual calendar of meetings is broadly determined at the beginning of each year. The Board meets atleast once a quarter to review the quarterly performance and financial results of the Company.

Particulars of Directors, their attendance at the Annual General Meeting and Board Meetings, mentioned hereinabove, held during the Financial year 2010-11 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, 2011 are as under:

Name of Director	Category	Attendance at		No of Directorship in other public companies		No of Committee positions held in other public companies	
		Board Meeting (Total 9 Meetings)	28th AGM held on 29.10.10	Member	Chairman	Member	Chairman
Ashok Kurien	Promoter – Non Executive	8	Yes	2	–	1	1
*B. K. Syngal	Independent–Non Executive	5	Yes	NA	NA	NA	NA
Gulam Noon	Independent – Non Executive	3	Yes	–	–	–	–
#Laxmi N. Goel	Promoter – Non–Executive	1	No	NA	NA	NA	NA
M. Y. Khan	Independent–Non Executive	7	No	2	–	–	–
*N. C. Jain	Independent–Non Executive	9	Yes	NA	NA	NA	NA
Rajan Jetley	Independent – Non–Executive	7	Yes	–	–	–	–
R. Vaidyanathan	Independent–Non Executive	8	Yes	5	–	1	–
Subhash Chandra	Promoter – Non– Executive	5	Yes	1	4	–	–
Punit Goenka	Promoter – Executive	8	Yes	10	–	1	–

* Mr. B K Syngal and Mr. N C Jain resigned from the Board as at the close of March 31, 2011, in keeping with the spirit of 'term' of the Independent Directors.

Resigned as Director w.e.f. September 30, 2010

Meetings of the Company are governed by a structured agenda. The Board meetings are generally held at the Registered and Corporate office of the Company at Mumbai. The Company Secretary in consultation with Chairman, and the Managing Director & Chief Executive Officer finalizes agenda of the Board meetings. All major agenda items, backed up by relevant and 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. Senior management personnel are invited to the Board meetings to make necessary presentations on relevant issues or provide necessary insights into the operations / working of the Company and corporate strategies.

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

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

Ashok Kurien, 61, is one of the founder Promoter and Non-Executive Director, associated with the Company since its inception. Mr. Kurien has been in the business of building brands for over 35 years, particularly in the fields of media and communications. An early bird, Ashok Kurien has the keen eye of driving start-ups in emerging businesses and guiding them to size and scale, such as TV, Lottery, PR and dot coms, where he invested and mentored, which have been resounding success stories. Mr. Ashok Kurien, a well known personality in the Advertising world, founded Ambience Advertising, one of the most formidable creative powerhouse in its first decade. Ambience has come a long way, and was later sold to the Publicis Groupe. As a special advisor to the US$ 5 billion Publicis Groupe, he leads their mergers and acquisitions for India. He is founder and promoter of various business ventures including Hanmer & Partners, one of India's top-three Public Relations agencies,

Flora2000, one of the leading global flower distribution services on the web, as well as a few other internet ventures.

Despite the great heights he's achieved in his career, Ashok Kurien has his feet firmly rooted to the ground. He believes in commitment to society and is involved with a number of charities, NGOs and social service organizations.

Apart from the Company, Mr. Kurien holds directorship in Dish TV India Ltd and Asian Sky Shop Ltd.

As at 31st March 2011, Mr. Kurien holds 4,472,710 equity shares, comprising of 0.46 % of paid up capital of the Company

Lord Gulam Noon MBE, 74, a British National, is an accomplished entrepreneur, who founded Bombay Halwa, engaged in the business of manufacturing Indian confectionary, Indian savories and aviation catering. Currently he is Chairman & Managing Director of Bombay Halwa and Chairman of Noon Group of Companies. In 1988, Sir Noon founded Noon Products Limited (now a member of Kerry Foods Limited), a Company engaged in the business of frozen and chilled ethnic food specialists, supplying to supermarket chains under their own labels. The Noon Brand range of frozen ready meals is also supplied to outlets in the UK and worldwide.

Mr. Noon has been presented various prestigious awards, like Pravasi Bharatiya Samman Award - Gold Medal - presented by Mr. A. P. J. Abdul Kalam, Honour of Knighthood & Honour of MBE (Member of the Order of the British Empire), conferred by Her Majesty the Queen, for his services to industry. Mr. Noon holds five Honorary Degrees from various leading British universities and was named as Asian of The Year in 1994.

As at March 31, 2011, Mr. Noon neither holds directorship in any other Indian Public Limited Company nor holds any shares in the Company.

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.zeetelevison.com.

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, 2011.

Punit Goenka

Managing Director & CEO

Place Mumbai
Date June 23, 2011

BOARD COMMITTEES

a) Audit Committee

As on March 31, 2011, the Audit Committee constituted by the Board comprised of five (5) Members, four (4) of whom are Independent Directors. Mr. N. C. Jain, Non-Executive Independent Director was Chairman of the Committee till his resignation from the close of March 31, 2011. Dr. M Y Khan was nominated to the Audit Committee and appointed as Member and Chairman of the Audit Committee, effective April 1, 2011.

The Composition of the Audit Committee as on 31st March 2011, 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

* Resigned from the Audit Committee with effect from the close of March 31, 2011.

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, six (6) Meetings of the Audit Committee were held viz.

Sr. No	Date of Meeting	Attendance	
		No. of Independent Directors	No. of Non-Independent Directors
1	20.04.10	4	0
2	20.07.10	3	1
3	23.09.10	2	1
4	28.10.10	4	1
5	14.01.11	4	1
6	23.03.11	4	1

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

b) Remuneration Committee and Policy

As on March 31, 2011, the Remuneration Committee constituted by the Board comprised of four (4) Non-Executive Directors, three of whom are Independent Directors. Mr. N. C. Jain, Non-Executive Independent Director of the Company was Chairman of the Committee till his resignation with effect from March 31, 2011.

Composition of the Remuneration Committee as at March 31, 2011 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
#Mr. Laxmi N Goel	Promoter – Non Executive

* Resigned from the Committee from the close of March 31, 2011
# Resigned from the Committee w.e.f. September 30, 2010

Consequent to resignation of Mr. N C Jain and Mr. B K Syngal as Members with effect from March 31, 2011, the Remuneration Committee was reconstituted with nomination of Dr. M Y Khan, Non-Executive Independent Director, as Member of the Committee.

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. 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 vested with the powers for administration and implementation of ZEEL – Employees Stock Option Scheme – 2009. Consequent to issuance of Bonus Shares by the Company, the Stock Options of 43,40,000 issued in 2009, and outstanding at time of issuance of Bonus Shares were doubled to 86,80,000 Stock Options and the exercise price of the said options were reduced by half to ₹ 119.90 per Stock Option.

During the year under review, three (3) Meetings of the Remuneration Committee were held viz.

Sr. No	Date of Meeting	Attendance	
		No. of Independent Directors	No. of Non-Independent Directors
1	20.04.10	3	–
2	29.10.10	3	1
6	23.03.11	3	1

Mr. Punit Goenka, Managing Director & CEO of the Company has been appointed on a contractual basis in terms of resolution passed by the shareholders at the 28th AGM held on October 29, 2010 for tenor of 5 years with effect from January 1, 2010. The elements of the remuneration package of the Managing Director comprises of salary, perquisites & allowances comprising of Company maintained accommodation or House rent allowance, personnel allowance, Leave travel allowance, use of chauffeur driven Company car, telecommunication facilities at residence and other perquisites and allowances in including Company's contribution to provident fund, gratuity and leave encashment facilities in accordance with rules of the Company.

The annual increment and performance incentive of the Managing Director & CEO is linked to his performance and are decided by the Remuneration Committee.

The details of the remuneration paid to Mr. Punit Goenka, Managing Director & CEO of the Company during the year ended March 31, 2011 is as under:

Particulars	Amount (₹)
Salary & Allowances*	31,125,000
Perquisites	4,708,350
Employer's Contribution to Provident Fund	2,653,200
TOTAL	**38,486,550**

* includes provision for incentives for FY 2010-11

Remuneration payable to Non-Executive Directors

The Sitting fee payable to Non-Executive Directors were increased effective April 1, 2010 and during the financial year 2010-11 the Non-Executive Directors were paid sitting fees of ₹ 20,000/- per meeting, for attending the meetings of the Board and Committees thereof, other than Share Transfer & Investors Grievances Committee.

Additionally, 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, as approved by the Members at the Annual General Meeting held on October 29, 2010. 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.

Details of the remuneration of the Non-Executive Directors of the Company for Financial year 2010-2011 are as under:

Sr. No.	Name of Director	Sitting Fees	Commission	Total
1	Subhash Chandra	1,00,000	1,500,000	16,00,000
2	#Laxmi N Goel	20,000	750,000	7,70,000
3	Ashok Kurien	3,00,000	1,500,000	18,00,000
4	N C Jain	3,60,000	1,500,000	18,60,000
5	B K Syngal	2,40,000	1,500,000	1,740,000
6	Rajan Jetley	3,00,000	1,500,000	18,00,000
7	Gulam Noon	60,000	1,500,000	15,60,000
8	M Y Khan	1,40,000	1,500,000	16,40,000
9	R. Vaidyanathan	2,80,000	1,500,000	17,80,000
	TOTAL	1,800,000	12,750,000	**14,550,000**

Sitting Fees paid and Commission payable till September 30, 2010

In addition to the remuneration, in October 2009 the Non-Executive Independent Directors were granted 20,000 Stock Options each (convertible into equivalent number of Equity Shares of ₹ 1 each of the Company) at an exercise price equivalent to Market Price, as per Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as on the date of grant of Option i.e. ₹ 239.80 per Stock Option. Consequent to issuance of Bonus Shares in ratio of 1:1, the said Stock Options stand doubled to 40,000 each and the exercise price was reduced to ₹ 119.90 per Stock Option.

Particulars of Stock Options Granted to the Non-Executive Directors and outstanding as at March 31, 2011 is as under:

Name of Director	Category	Granted	Vested
*N C Jain	Non-Executive Independent	40,000	20,000
*B K Syngal	Non-Executive Independent	40,000	20,000
Rajan Jetley	Non-Executive Independent	40,000	20,000
Gulam Noon	Non-Executive Independent	40,000	20,000
M Y Khan	Non-Executive Independent	40,000	20,000
R. Vaidyanathan	Non-Executive Independent	40,000	20,000
TOTAL		**240,000**	120,000

* Resigned as Directors with effect from the close of March 31, 2011.

During the year, no new stock options have been granted under ZEEL ESOP 2009.

The Non-Executive Directors of the Company do not have any other material pecuniary relationships or transactions with the Company or its directors, senior management, subsidiary or associate, other than in normal course of business.

c) ESOP Allotment Sub-Committee

With a view to process and facilitate allotment of Equity Shares, from time to time, upon exercise of Stock Options granted under Company's ESOP Scheme, the Remuneration Committee has constituted an ESOP Allotment Committee comprising of Mr. Ashok Kurien, Non-Executive Director and Mr. Punit Goenka, Managing Director & CEO as its Members.

d) 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. Consequent to resignation of Mr. N. C. Jain as a member of Share transfer and Investor Grievance Committee with effect from the close of March 31, 2011, the Committee was reconstituted by nomination of Mr. Punit Goenka, Managing Director & CEO as a Member of the Committee with effect from April 1, 2011. 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 requests for transfer, transmission, rematerialisation, dematerialization etc of shares of the company to the executives 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 20, 2010, July 12, 2010, October 11, 2010 and January 14, 2011. These meetings were attended by all Committee Members.

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

Nature of Correspondence	Received	Replied/ Resolved	Pending
Non-receipt of Dividend Warrant(s)	44	44	–
Non-receipt of Certificates	10	10	–
Letter received from SEBI/Stock Exchanges	12	12	–
Non-receipt of Annual Report	13	13	–
TOTAL	**79**	79	–

e) Finance Sub-Committee

With a view to facilitate monitoring and expediting any fund raising process, from time to time, as may be required, a Finance Sub-Committee was constituted by the Board, which comprise 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. Consequent to resignation of Mr. N. C. Jain as Director with effect from the close of March 31, 2011, the Board had reconstituted Finance Sub-Committee by nominating Dr. M Y Khan as a Member, as replacement for Mr. N C Jain.

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. Additionally, the Finance Sub-Committee exercises authorities for various other activities as may be specifically delegated by the Board from time to time.

During the year under review Finance Sub-Committee met five times on October 12, 2010, October 29, 2010, November 8, 2010, November 15, 2010 and March 28, 2011 which were attended by all Members.

The Board has also constituted a Corporate Management Committee comprising of Senior Executives including the Managing Director and CEO of the Company, 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 29th Annual General Meeting of the Company for the financial year 2010-11 will be held on Wednesday, August 10, 2011 at 11.00 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
28th AGM	Friday, October 29, 2010 at 10.30 A.M.	Nehru Centre, Nehru Auditorium, Dr. Annie Besant Road, Worli, Mumbai 400 018.
27th AGM	Tuesday, August 18, 2009 at 11.00 A.M.	
26th AGM	Wednesday, July 23, 2008 at 11.30 A.M.	

During last three Annual General Meetings of the Company, the Members had passed Special Resolutions relating to following businesses:

At 28th Annual General Meeting		Payment of Commission to Non-Executive Directors for five (5) financial years from the year ended March 31, 2011.
		Alteration of Capital Clause of Articles of Association
At 27th Annual General Meeting	:	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
		Approval for Employee Stock option Scheme and extension of benefits of ESOP Scheme to Subsidiary and/or Holding companies.
		Alteration of Articles of Association of Company
		Alteration of Capital Clause of Articles of Association
		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	:	Alteration of Articles of Association

All the above resolutions were passed with requisite majority.

None of the resolutions proposed at the ensuing Annual General Meeting need to be passed by Postal Ballot.

During the year under review, on March 25, 2011, the Members of the Company had approved a proposal for Buyback of Equity shares by the Company by passing a Special resolution by Postal Ballot. Mr. Satish Shah, Practising Company Secretary was appointed as Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.

Particulars of voting pattern in connection with the Special resolution passed by Postal Ballot is as under:

Resolution	% Of Votes Cast	
	In favor of resolution	Against the resolution
Special Resolution for buy-back of Equity Shares of the Company pursuant to Section 77A of the Companies Act, 1956	No of Ballots : 932 No of Shares : 537,314,187 % of votes : 99.11 %	No of Ballots : 80 No of Shares : 4,842,763 % of votes : 0.89 %

Additionally, during the financial year 2010-11, following Court Convened General Meetings were held pursuant to directions issued by Hon'ble Bombay High Court:

1. On Tuesday, April 20, 2010 for considering the Composite Scheme of Amalgamation and Arrangement between the Company, ETC Networks Ltd, Zee Learn Ltd and their respective Shareholders & Creditors; and

2. On Tuesday, July 20, 2010 for considering the Scheme of Arrangement between the Company, 9X Media Pvt Ltd and their respective Shareholders & Creditors.

Both these resolutions were approved by the Members with requisite majority.

Disclosures

There are no materially significant related party transactions between the Company and its promoters, directors or management or their relatives, 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 financial year 2009-10, 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. The Whole-time Member of SEBI had vide Consent order passed on July 12, 2010, disposed off the proceedings under the Show Cause Notice upon payment of the Consent fee.

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:

1. Remuneration Committee – The Company has setup Remuneration Committee to recommend/review overall compensation policy, service agreements and other employment conditions of Executive Directors and to administer Company's Employee Stock Option Scheme.

2. 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.
3. 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, 2011 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on 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 compiled with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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 Accountants
Firm Registration Number 101169W

Hitendra Bhandari
Partner
Membership Number 107832

Place Mumbai
Date June 23, 2011

Shareholders' Information

This section *inter alia* provides information pertaining to the Company, its shareholding pattern, means of dissemination of information, share price movements and such other information in terms of Point no. 9 of Annexure IC of Clause 49 of the Listing Agreement relating to Corporate Governance

1	**Date, Time and Venue of Shareholder's Meeting**	Meeting : 29th Annual General Meeting Day & Date : Wednesday, August 10, 2011 Time : 11.00 a.m. Venue : Nehru Centre, Nehru Auditorium, Dr. Annie Besant Road, Worli, Mumbai 400 018
2	**Financial Year**	April 1, 2010 to March 31, 2011
3	**Date of Book Closure**	Saturday, July 30, 2011 to Friday, August 5, 2011 (both days inclusive)
4	**Dividend Payment Date**	August 12, 2011
5	**Registered & Corporate office**	Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai-400 018, India Tel: +91-22-2483 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.**	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: +91-22-6772 0400, Fax: +91-22- 2859 1568 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: +91-22-2483 1234, Fax: +91-22-2490 0302/0213 E.Mail: shareservice@zeenetwork.com

11. Dividend

The Board of Directors has recommended payment of dividend of ₹ 2/- per share on paid up value of ₹ 1 per share i.e. 200% on the paid up capital of the Company.

Dividend, if approved by Members at the ensuing Annual General Meeting, will be paid on August 12, 2011, 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 July 29, 2011 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 on July 29, 2011.

Equity Dividend for the financial year ended March 31, 2004, 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 December 2, 2011.

Consequent to amalgamation of ETC Networks Ltd with the Company, the Unclaimed Dividend of ETC Networks Ltd for the financial year ended March 31, 2004, will be due for transfer to Investor Education and Protection Fund on completion of seven years. The same would be transferred on or before March 3, 2012.

Members who have not encashed their dividend warrant(s) issued by the Company and/or the erstwhile ETC Networks Ltd, for the financial year ended March 31, 2004, 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 of the Company and ETC Networks Ltd 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
Zee Entertainment Enterprises Ltd			
31.03.2004	28.09.2004	03.11.2011	02.12.2011
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 (Special Interim Dividend)	20.04.2010	26.05.2017	24.06.2017
31.03.2010 (Final Dividend)	29.10.2010	04.12.2017	02.01.2018
ETC Networks Ltd			
31.03.2004	30.12.2004	04.02.2012	04.03.2012
31.03.2005	22.07.2005	27.08.2012	26.09.2012
31.03.2006	03.07.2006	08.08.2013	07.09.2013
31.03.2007	25.06.2007	31.07.2014	30.08.2014
31.03.2008	24.07.2008	29.08.2015	28.09.2015
31.03.2009	17.08.2009	22.09.2016	21.10.2016

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

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

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

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

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

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

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 Shares & Liquidity

The equity shares of the Company are in the list of scrips specified by SEBI to be compulsory traded in the dematerialized form. As on June 20, 2011, 99.55% of the total issued and paid-up equity share capital of the Company is held by 107,463 shareholders in dematerialized form and the balance 0.45% is held by 924 shareholders in physical form.

15. Corporate Actions

a) Sub-division of Shares

Pursuant to the approval of the members at the Meeting held on October 25, 1999, the Company had sub-divided the nominal face value of its equity shares from ₹ 10 per share to ₹ 1 per share, with effect from December 6, 1999. From this day onwards trading in equity shares of ₹ 1 each commenced and consequently the equity shares of ₹ 10 each ceased to trade on the exchanges.

For the shareholders, holding shares in physical form, the Company had sent them intimation to exchange the old certificates of face value of ₹ 10 each with new certificate of face value of ₹ 1 each. For the shareholders holding shares in demat form, the depositories automatically gave the effect of splitting of face value of shares by way of a Corporate action dated 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 write to the Company or its Registrar and Share Transfer agent requesting for sub-divided share certificate and attaching old share certificate in original.

b) Issue of Shares during financial year 2010-11

Particulars of Equity Shares issued and allotted by the Company pursuant to various Corporate actions are:

i) 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, the Company had on April 20, 2010 issued 50,476,622 Equity shares of ₹ 1 each in the ratio of four (4) Equity Shares of the Company for nineteen (19) Equity Shares of Zee News Limited held as on April 16, 2010 (Record Date announced by Zee News Limited).

ii) 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, the Company had on September 23, 2010 issued 4,413,488 Equity Shares of ₹ 1 each, in the ratio of ten (10) Equity Shares of ₹ 1 each of the Company for eleven (11) Equity Shares of ₹ 10 each of ETC Networks Limited held as on September 17, 2010 (Record Date).

iii) In respect to the Scheme of Arrangement between the Company and 9X Media Pvt Ltd (erstwhile INX Media Pvt Ltd) and their respective Shareholders, for De-merger of 9X Channel Business Undertaking of 9X Media Pvt Ltd and transfer / vesting of the said business undertaking in favor of the Company, the Company had on November 8, 2010 issued 140,844 Equity Shares of ₹ 1 each, in the ratio of one (1) Equity Share of ₹ 1 each of the Company for seventy one (71) Equity Shares of ₹ 10 each of 9X Media Pvt Ltd held as on June 30, 2010

iv) Pursuant to approval of Members at the Annual General Meeting held on October 29, 2010, the Company had on November 15, 2010 allotted and issued 489,038,065 Equity Shares as Bonus in the ratio of 1 Bonus Equity Share of ₹ 1 each for 1 Equity Share of ₹ 1 each of the Company held as on the Record Date i.e. November 12, 2010. Corporate action in this regard was done on November 17, 2010.

16. Voting Rights

All the shares of the Company carry equal voting rights. Generally, matters at the general meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of 'One Member – One Vote'. If majority of members raise their hands in favor of a particular resolution, it is taken as passed, unless a poll is demanded

17. Legal Proceedings

Presently the Company has been made party to litigations filed by / against its shareholders, relating to dispute over title to shares. The Company is not in agreement with the claims made by the concerned shareholders. The said litigations are not material in nature.

As at March 31, 2011, there was no litigation against the Company or its Managing Director, for any of the alleged offences under the enactments specified in Part I of Schedule XIII to the Companies Act, 1956.

18. Unclaimed Shares

As per Clause 5A of the Listing Agreement inserted as per SEBI notification no. CIR/CFD/DIL/10/2010 dated December 16, 2010, amended Clause 5A of the Listing Agreements, details in respect of the physical shares, which were issued by the Company from time to time, and lying in the suspense account, is as under:

Description	Number of share-holders	Number of Equity Shares
Aggregate number of shareholders and the outstanding shares in the suspense account as at April 1, 2010	178	20,054
Unclaimed Bonus shares issued in November 2010	197	181,159
Number of shareholders who approached the Company for transfer of shares from suspense account till March 31, 2011	–	–
Number of shareholders to whom shares were transferred from the Suspense account till March 31, 2011	–	–
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2011	375	201,213

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

19. 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.

We endeavor to reply 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.

20. Outstanding Convertible Securities

The Company had instituted an Employee Stock Option Scheme (ZEEL ESOP 2009), as approved by shareholders on August 18, 2009, pursuant to which the Company may issue Stock Options convertible into 43,400,710 Equity Shares of ₹ 1 each (post adjustment consequent to Bonus Issue).

Under the said ZEEL ESOP 2009 Scheme, the Company had issued Stock Options convertible into 8,680,000 (post adjustment consequent to Bonus Issue) Equity Shares of ₹ 1 each, none of which have been exercised until March 31, 2011.

During financial year 2011-12 till June 23, 2011, the Company had issued and allotted 66,800 Equity Shares upon exercise of Stock Options under ZEEL ESOP 2009.

21. Share Capital Build-up

Particulars	No. of shares issued	Date of issue
Initial shareholding at the time of change of name of the Company from Empire Holdings Ltd to Zee Telefilms Ltd	744,000	08.09.1992
Right Issue	8,928,000	15.06.1993
Public Issue	9,000,000	10.09.1993
Allotment under ESOP	160,000	09.06.1999
Allotment under ESOP	190,000	10.07.1999
Allotment under ESOP	396,880	30.09.1999
Issued for acquisition of stake in overseas Company by way of Share Share Swap	19,418,880	30.09.1999
Sub-Division of Shares from ₹ 10 each to ₹ 1 each	388,377,600	23.12.1999
Issued for acquisition of stake in Indian and overseas Company, partly, by way of Share Swap	16,127,412	24.01.2000
Allotment on Preferential basis	4,100,000	31.03.2000
Allotment on Preferential basis	3,900,000	24.04.2000
Allotment on conversion of FCCB	111,237	29.03.2006
Allotment on conversion of FCCB	111,237	10.04.2006
Allotment on conversion of FCCB	222,475	17.04.2006
Allotment on conversion of FCCB	1,288,131	15.05.2006
Allotment on conversion of FCCB	309,240	05.06.2006
Allotment on conversion of FCCB	273,645	01.08.2006
Allotment on conversion of FCCB	355,959	30.08.2006
Allotment on conversion of FCCB	7,731,027	12.09.2006
Allotment on conversion of FCCB	2,658,581	26.09.2006
Allotment on conversion of FCCB	2,431,656	09.10.2006
Allotment on conversion of FCCB	1,793,154	17.10.2006
Allotment on conversion of FCCB	709,697	08.11.2006
Allotment on conversion of FCCB	2,542,897	25.11.2006
Allotment on conversion of FCCB	391,557	07.12.2006
Allotment on conversion of FCCB	131,260	05.02.2007
Allotment on conversion of FCCB	386,018	15.05.2008
Allotment on conversion of FCCB	54,328	14.06.2008
Issued to ZNL shareholders pursuant to Scheme	50,476,622	20.04.2010
Issued to ETC shareholders pursuant to the Scheme	4,413,488	23.09.2010
Issued to 9X shareholders pursuant to the Scheme	140,844	08.11.2010
Bonus Issue in ratio of 1:1	489,038,065	15.11.2010
Allotment under ESOP 2009	20,000	01.06.2011
Allotment under ESOP 2009	46,800	13.06.2011
Issued & Paid up Capital as on 23.06.2011	**978,142,930**	

22. Stock Market Data Relating to Shares Listed in India

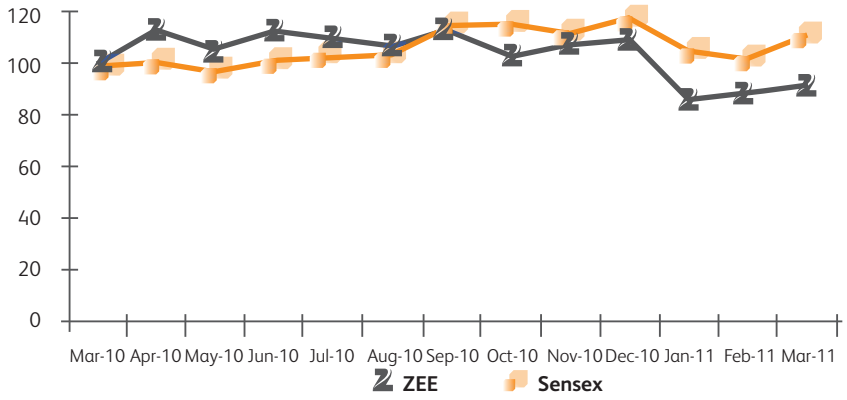
Monthly high and low quotations and volume of shares traded on Bombay Stock Exchange and National Stock Exchanges for financial year 2010-2011 are:

	BSE			NSE		
Month	High (₹)	Low (₹)	Volume of Share Traded	High (₹)	Low (₹)	Volume of Shares Traded
April 2010	314.70	267.00	4,791,121	315.00	266.65	29,599,310
May 2010	307.90	250.00	3,026,142	307.95	270.00	28,764,554
June 2010	307.05	274.00	2,927,808	318.00	274.20	26,541,657
July 2010	326.00	291.30	3,562,418	326.30	291.00	23,681,071
August 2010	318.00	280.10	3,016,780	328.65	280.60	24,327,461
September 2010	312.00	281.05	6,160,064	312.25	277.20	42,058,917
October 2010	308.60	266.70	8,834,260	309.00	266.10	69,888,651
November 2010	300.00	132.65	5,484,131	300.00	132.50	45,470,174
December 2010	152.50	134.50	2,816,585	152.45	134.55	31,951,521
January 2011	147.00	106.00	8,098,069	148.85	105.80	77,008,491
February 2011	120.25	107.30	7,801,266	120.40	107.50	36,479,907
March 2011	128.55	116.65	3,518,155	127.85	116.30	32,477,508

Note: The Equity Shares of the Company became Ex-Bonus with effect from November 11, 2010. Share prices were adjusted accordingly by the Stock Exchanges in November 2010

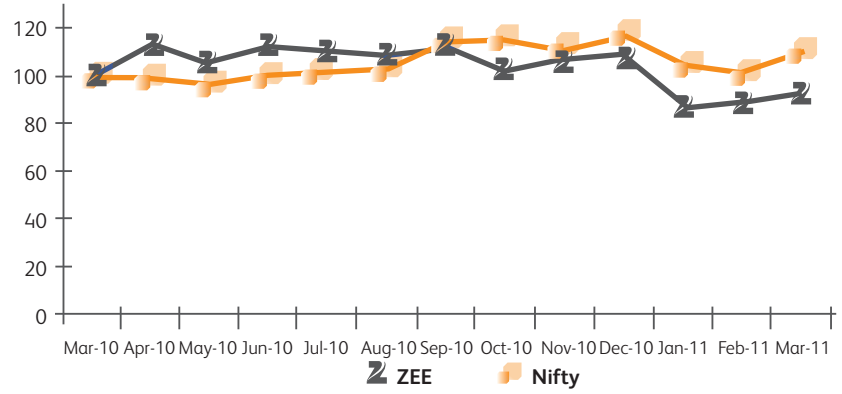
23. Relative Performance of Zee Shares Vs. BSE Sensex & Nifty Index

Zee Entertainment Enterprises Ltd BSE-Closing Monthly Price* Vs Closing Monthly Sensex (with initial values indexed to 100)



* ZEE stock price adjusted for 1:1 bonus during the year

Zee Entertainment Enterprises Ltd NSE-Closing Monthly Price* Vs Closing Monthly Nifty (with initial values indexed to 100)



* ZEE stock price adjusted for 1:1 bonus during the year

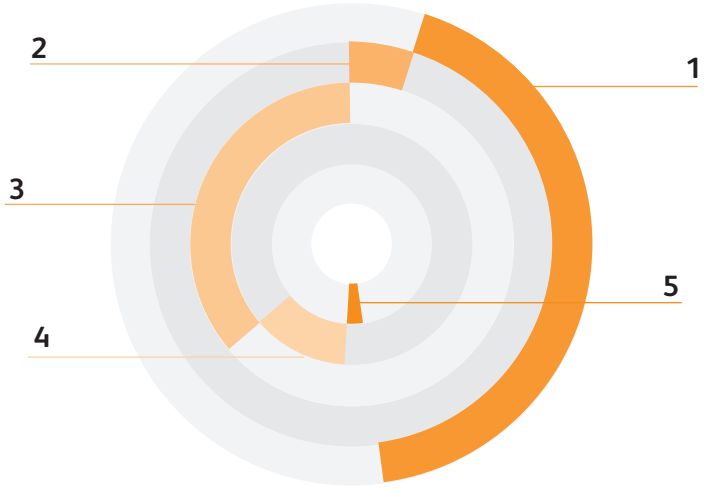
24. Distribution of Shareholding as on March 31, 2011

No. of Equity Share	Share Holders		No. of Shares	
	Number	% of Holders	Number	% of Shares
Up to 5000	110,929	99.11%	20,238,095	2.07%
5001 – 10000	328	0.29%	2,311,123	0.24%
10001-20000	201	0.18%	2,738,021	0.28%
20001-30000	70	0.06%	1,721,978	0.18%
30001-40000	42	0.04%	1,480,495	0.15%
40001-50000	13	0.01%	588,625	0.06%
50001-100000	68	0.06%	4,834,151	0.49%
100001 and Above	279	0.25%	944,163,642	96.53%
TOTAL	**111,930**	100.00%	**978,076,130**	100.00%

25. Categories of Shareholders as on March 31, 2011

Category	March 31, 2011	
	% of shareholding	No. of shares held
Promoters	42.79%	418,472,440
Individuals	2.95%	28,843,846
Domestic Companies	5.16%	50,485,583
FIs, Mutual funds and Banks	12.93%	126,513,073
FIIs, OCBs & NRI	36.17%	353,761,188
TOTAL	100.00%	978,076,130

Zee Entertainment Enterprises Ltd - Share pattern as on March 31, 2011



1) Promoters 42.79%
2) Domestic Companies 5.16%
3) FIIs / NRIs / OCBs 36.17%
4) FIs / MF / Banks 12.93%
5) Individuals 2.95%

26. Particulars of Shareholding

a) Promoter Shareholding as on March 31, 2011

Sr	Name of Shareholder	No of Shares held	% of shareholding
1	Delgrada Limited, Mauritius	102,888,286	10.52%
2	Lazarus Investments Limited, Mauritius	23,000,000	2.35%
3	Prajatma Trading Co. Pvt. Ltd	17,908,984	1.83%
4	Essel Infraprojects Ltd	14,018,290	1.43%
5	Premier Finance and Trading Co Ltd	101,589,186	10.39%
6	Ganjam Trading Co. Pvt Ltd	19,777,864	2.02%
7	Briggs Trading Co. Pvt Ltd	1,172,358	0.12%
8	Churu Trading Co Pvt Ltd	47,920,814	4.90%
9	Ambience Business Services Pvt. Ltd	4,983,064	0.51%
10	Ashok Kurien	4,472,710	0.46%
11	Laxmi Goel	3,843,758	0.39%
12	Sushila Goel	1,360,000	0.14%
13	Veena Investment Pvt Ltd	28,738,218	2.94%
14	Essel Holdings Limited, Mauritius	46,378,518	4.74%
15	Asian Satellite Broadcast Pvt. Ltd.	420,090	0.04%
16	Jayneer Enterprises LLP	100	0.00%
17	Prajatma Enterprises LLP	100	0.00%
18	Churu Enterprises LLP	100	0.00%
	TOTAL	**418,472,440**	42.79%

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

Sr	Name of Shareholder	No of Shares held	% of shareholding
1	Oppenheimer Developing Markets Fund	69,275,633	7.08%
2	HDFC Standard Life Insurance Company Limited	32,831,981	3.36%
3	LIC of India Money Plus	28,142,008	2.88%
4	Life Insurance Corporation of India	25,279,226	2.58%
5	HSBC Global Investment Funds A/c HSBC Global Investment Funds Mauritius Limited	19,442,723	1.99%
6	T. Rowe Price New Asia Fund	17,013,216	1.74%
7	Oppenheimer Global Fund	14,003,568	1.43%
8	T. Rowe Price International Stock Fund	11,797,703	1.21%
9	Government Pension Fund Global	9,434,203	0.96%
10	HDFC Trustee Company Limited-HDFC Equity Fund	9,168,343	0.94%
	TOTAL	**236,388,604**	24.17%

Management Discussion and Analysis

The figures have been stated in ₹/million in the MD&A for better readability instead of ₹/ Thousand 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 (ZEE) (BSE Code: 505537, NSE Code: ZEEL.EQ) is one of India's largest vertically integrated media and entertainment company. The Company was formed in 1982.

ZEE 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 channel portfolio, across various genres in the Indian market, includes:

i. Hindi Entertainment: Zee TV, Zee Smile, 9X

ii. Hindi Movies: Zee Cinema, Zee Premiere, Zee Action, Zee Classic

iii. English Entertainment and Movies: Zee Studio, Zee Café, Zee Trendz

iv. Regional Language Entertainment: Zee Marathi, Zee Bangla, Zee Talkies, Zee Telegu, Zee Kannada, ETC Punjabi and Zee Tamizh

v. Sports: TEN Cricket, TEN Action+, TEN Sports

vi. Alternate Lifestyle Channels: Zee Jagran, Zee Salaam

vii. Music: Zing, ETC

viii. Special Interest: Zee Khana Khazana

Apart from the channels listed above which are available in India, The Company broadcasts 17 beams in the international markets.

MEDIA AND ENTERTAINMENT INDUSTRY

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

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

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

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

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 25 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.

Leadership across different Genres

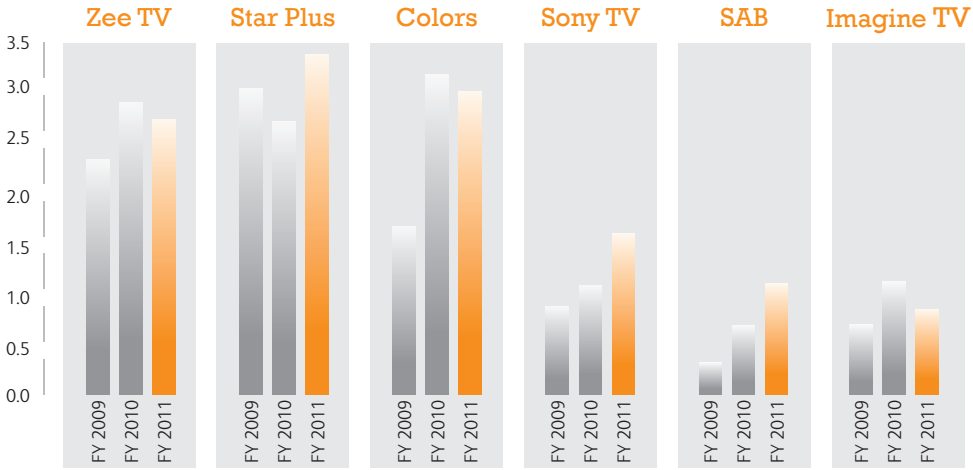
- In the Hindi GEC genre, Zee TV is the flagship product from ZEE. Last year was the year of consolidation for Hindi GEC market. Unlike previous few years, no new channel launches were seen. On the contrary, a few channels like 9X, Real TV and Imagine TV could not sustain their business and one decided to shut shop (Real TV) and others decided to sell the business (9X and Imagine).

  With a revival in ad spends in the economy, Hindi GEC genre also benefitted and saw renewed growth in the category. Subscription revenues also increased robustly with increased DTH penetration and healthy improvement in revenues from Cable.

  Zee TV continued to have a leading share in the Hindi General Entertainment genre (GEC) with an average weekly channel share of 22% and average weekly Gross Rating Points (GRPs) of 227. Zee TV dominated the prime time viewing, being the leader in the prime time slot of 8:00 pm to 10:00 pm. Pavitra Rishta was the No. 1 show on Hindi GEC for the year. It has been the only show on Hindi GECs which has garnered an average of 5+ TVR for the entire FY2011.

The graph below is indicative of the competitive Hindi GEC space and primetime ratings of each of the channels over the last three years:

Average Primetime Viewership Trends of Hindi GEC



Source: TAM, Hindi Speaking Markets, CS4+, All Days Prime Time Rating (1900 - 2330 hrs)

During the year, the channel launched various new successful shows including 'DID L'il Masters', 'Mera Naam Karegi Roshan', 'Sanjog Se Bani Sangini', 'Dil Se Diya Vachan', 'Sanskar Laxmi', DID Doubles', 'Choti Bahu' (Season-2), etc. The key events showcased during the year were Zee Cine Awards and Holi Mein Saanwre Ke Rang Rachi Chhoti Bahu.

- In Hindi Movie Genre, ZEE has 4 channels viz. Zee Cinema, Zee Premier, Zee Action and Zee Classic. ZEE has the largest film library in the country and its movie channels are a strong favourite with the viewers as also the advertisers.
- The Company's sports offering include 3 channels viz. TEN Cricket, TEN Action+ 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 live 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 16% 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 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. During the year, Zee Café launched popular properties such as Keeping up with the Kardashians, The Mentalist – Season 2 and The Middle. The key highlights for Zee Studio during the year were Director's Night, Academy Spotlights and Hollywood Home Theatre. Zee Studio also exclusively showcased the 17th Annual Screen Actors Guild Awards during the fiscal.

- Zing, the music and lifestyle offering of the company, runs popular Bollywood-oriented properties. The content on Zing revolves around the world of music, lifestyle, movies and celebrities.
- Zee Marathi, Zee Talkies, Zee Bangla, Zee Telugu, Zee Kannada, ETC Punjabi and Zee Tamizh are regional language offerings and are carrying significant market share in their respective markets.
  - Zee Marathi continues to dominate the leadership position in Maharashtra Market, with an average weekly GRPs of 215 for FY11
  - Zee Talkies did a repositioning exercise in November 2010. The new look and new brand promise has been lapped up by the audiences, resulting in 33% increase in GRPs (All Maharashtra) post repositioning.
  - Zee Bangla continues to be the audience's preferred channel for non-fiction programming with an overwhelming share of 57%
  - Zee Kannada's GRP market share grew from 15% in Q1 to 17% in Q4
- Zee Khana Khazana, the company's 24-hour food channel, was launched in December 2010. The channel brings in a rich programming mix from across India and abroad featuring shows that define and refine the culinary expertise that has become synonymous with "food". The top properties showcased on the channel were 'Khana Khazana', 'Quick Chef' and 'High on Food'.

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 13% of ZEE's total revenues in this financial year.

During the year, the Company undertook various initiatives to further strengthen its dominance in the geographies where it operates. In Russia, ZEE signed a deal with Ukrainian DTH operator called "MYtv". In UK, ZEE launched a new hybrid channel Zee Café - a male skewed channel launched to complete the appeal of the Zee Family Pack. In Russia, Zee CIS and Sistema Mass-Media signed a Letter of Intent on cooperation in the field of TV content distribution and broadcast in India, Russia and several other countries. In Australia, four zee channels - Zee TV APAC, Zee Cinema, Zing and Zee Salaam were launched on Fetch TV further strengthening Zee's penetration across markets.

Key highlights during the year include:

- In Malaysia, Zee has been consistently ranked amongst the top two International channels among Malay Viewers.
- In Middle East, Zee Aflam garnered an all-time high viewership of around 39 GRPs in the Arab market.
- In Singapore, Zee TV Asia Pacific became the first and only Hindi General Entertainment Channel to get rated on Kantar Media Rating System as its viewership crossed the minimum threshold defined by the local rating agency, TNS.
- As per Nielsen, Zee TV gets the highest viewership share among South Asian channels in the USA.

BUSINESS STRATEGY

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 (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:

The launch of new shows across network channels along with the tie up of cricket rights and current series rights of programs 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 21 million pay DTH households at the beginning of the fiscal to 34 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 44% over the last year.

(iii) Rationalize on costs across different heads:

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. Better negotiations with suppliers and stricter control on distribution spends will help in further keeping costs under check. EBITDA margins for the Company grew from 26% during first half to 29% during second half of the financial year.

(iv) Fortify its expansion in the international markets:

During the year, the Company undertook various initiatives to further strengthen its dominance in international markets by entering into deals with new platform operators (e.g. MYtv in Russia and Fetch TV in Australia) as well as launching new channels in some of the geographies (e.g., Zee Café in UK). The success of these initiatives has given the management confidence that low cost experiments such as these are an innovative way of enhancing network strength in international markets.

(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

i) 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.

ii) 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:

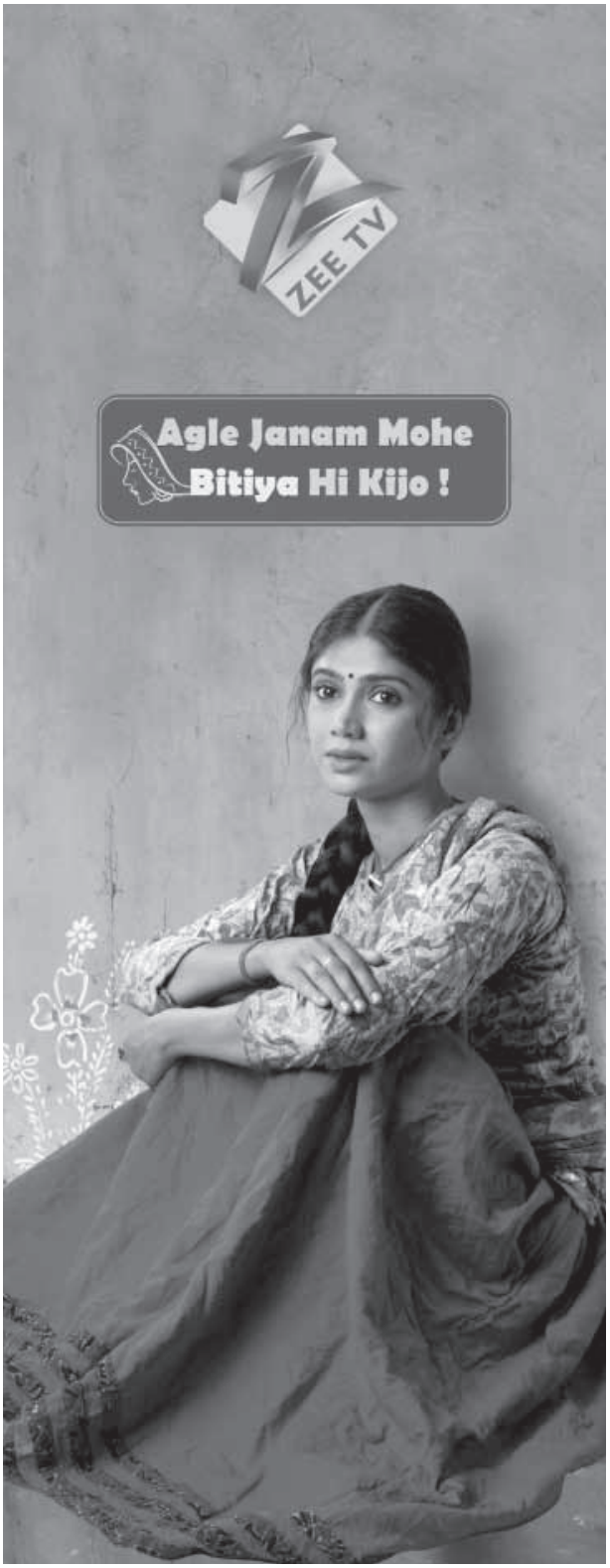
The Company may from time to time launch new channels. Content for these channels is obtained from its existing library as well as from programmes acquired in the normal course of its business. The success of any new channel depends on various factors, including the quality of programming, price, extent 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.

Macroeconomic environment:

Macroeconomic environment can be a potential source of risk. The unpleasant trinity of moderating growth, high inflation and monetary tightening can adversely impact advertising revenues of the Company, which forms the largest component of the Company's revenues.

Slowdown in DTH/Digital rollout:

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 dependent on advertising revenues, which tend to cyclical in nature and more affected by the macro economic factors. The



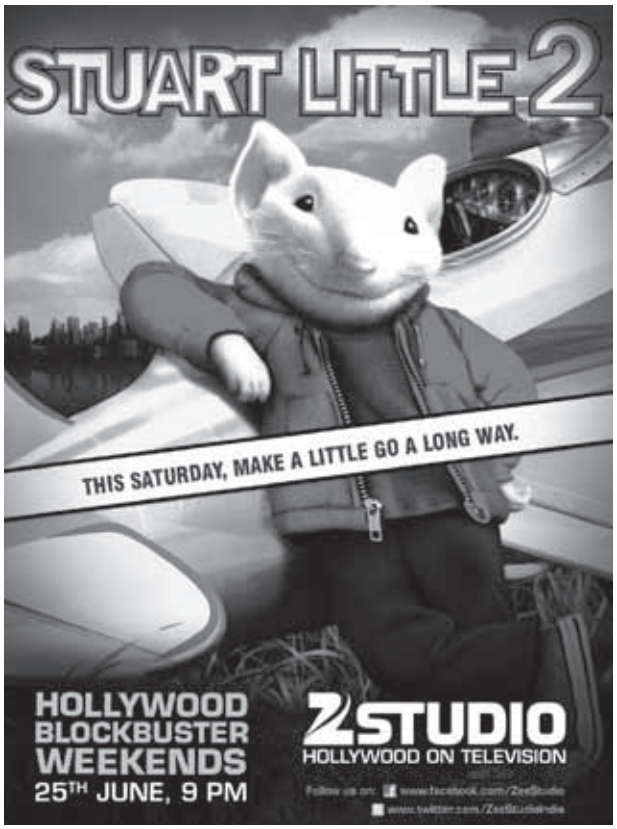
industry expects pay digital services to grow at over 25% CAGR in the next three years and Zee is likely to benefit heavily from this rapid growth. A slowdown in growth of digital services may lead to incremental profit margins being impacted.

Increased competitive environment in the Hindi General Entertainment Space:

The Hindi GEC genre is amongst the key genres for all advertisers and hence is most lucrative to all the TV broadcasters. Any new competition in the space can have an impact on the Company's 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.

STAND-ALONE FINANCIALS

A. Results Of Operations

Non-Consolidated Financial Information for the Year Ended March 31, 2011 compared to the Year Ended March 31, 2010.

Total Revenue

Total revenue increased ₹ 8,493.2 million, or 61% from 13,849.2 million to ₹ 22,342.4 million due to higher Broadcasting Revenue and other income.

Sales & Services

Revenue from Sales & Services increased ₹ 8,912 million or 70% from ₹ 12,787.4 million to ₹ 21,699.4 million. Major contributor being broadcasting revenue on account of better advertisement revenue. Subscription Revenue has also seen significant improvements.

Interest & Other Income

Interest & Other income reduce by ₹ 418.7million or 39% from ₹ 1,061.8 million to ₹ 643.1 million in 2011.

Total Expenditure

Total expenditure increase by ₹ 6,387.6 million or 85% from ₹ 7,476.3 million to ₹ 13,863.9 million. The major increase is in Programming Cost and Personnel Cost.

Operational Cost / Cost of Goods

Operational cost/Cost of Goods increased by ₹ 4,557.8 million, or 107%, from ₹ 4,256.6 million in 2010 to ₹ 8,814.4 million in 2011, increase is mainly attributable to higher programming cost on films , regional programming and sporting events rights acquired and telecasted during the year.

Personnel Cost

Personnel cost increase by ₹ 752.9 million, or 92%, from ₹ 814.6 million in 2010 to ₹ 1,567.5 million in 2011. This increase in personnel cost is due to an increase in the number of employees on merger of RGEC, ETC and 9X channels and also due to increase in number of employees in existing businesses, annual increments, annual incentives to employees and higher training and welfare cost.

Administrative & Other expenses

Administrative and Other expenses increase by ₹ 353.1 million or 46% from ₹ 771.6 million to ₹ 1,124.7 million. The increase in administrative and other expenses was principally a result of an increase for doubtful debts and advances ,increase in rent payments and increase in travelling and conveyance expenses partly offset by reduction in rates and taxes.

Selling & Distribution expenses

Selling & Distribution expenses increase by ₹ 723.9 million or 44% from ₹ 1,633.5 million in 2010 to ₹ 2,357.4 million in 2011. Increase is mainly due to greater focus on marketing & advertisement expenses and increase in cost of Carriage Fees paid by the company on cable networks.

Operating Profit

Operating profit increased by ₹ 2,105.5 million, or 33%, from ₹ 6,373 million in 2010 to ₹ 8,478.5 million in 2011. The operating margin is at 38% for 2011.

Financial Expenses

Financial expenses decreased by ₹ 108.9 million or 62%. from ₹ 175.2 million to ₹ 66.3 million. This decrease in financial expenses is mainly due to repayment of high cost debt and lower average debt level in 2011.

Depreciation and Amortisation

Depreciation increased by ₹ 52.5 million, or 46%, from ₹ 114.2 million to ₹ 166.7 million.

Profit Before Tax

Profit before tax increase by ₹ 2,162 million or 35% , from ₹ 6,083.4 million in 2010 to ₹ 8,245.4 million in 2011.

Provision for Taxation

Provision for taxation increased to ₹ 2,678 million in 2011 from ₹ 495.1 million in 2010 ; the provision for taxation in 2010 is low primarily due to provision for current tax has been made under Minimum Alternate Tax (MAT) and recognition of MAT credit entitlement of ₹ 288 million.

Profit After Tax for the Period

Profit after tax for the year increased by 3% to ₹ 5,764.1 million from ₹ 5,588.4 million.

B. FINANCIAL POSITION

Non-Consolidated Financial Position as on March 31, 2011 as compared to March 31, 2010.

As per the scheme of arrangement approved by High Court, ZES holdings Limited and Zee Multimedia Worldwide

BVI were merged w.e.f. February 1,2011 and demerger of Education business to Zee Learn Limited w.e.f. 01.4.2010. Hence the previous year figures are not comparable.

Sources of Funds

Share Capital, Reserves & Surplus

During the year, upon receipt of approval of the Members at the Annual General Meeting held on October 29, 2010, the Company had capitalized an amount of ₹ 489.0 million and allotted Bonus Equity Shares of ₹ 1 each in ratio of one (1) Bonus Equity Share for one (1) Equity Share. Consequently the Paid Up Share Capital of the Company has increased to ₹ 978.1 million.

Further, consequent to approval of Hon'ble Bombay High Court, the Scheme of Amalgamation of ZES Holdings Limited and Zee Multimedia Worldwide Limited with the Company from Appointed Date of February 1, 2011 the Scheme has been given effect as per AS 14 'Pooling of interest method". Resultant difference between value of investments in merged entities and net assets transferred to the Company amounting to ₹ 2,076 million is adjusted against General Reserve.

Loan Funds

Total loan funds as on March 31, 2011 stood at ₹ 10.7 million down from ₹ 1,189 million mainly due to repayment of all high cost long term debt during the year.

Application of Funds

Fixed Assets

The Net Block decrease by ₹ 35.8 million from ₹ 1,583.7 million as on March 31, 2010 to ₹ 1,547.9 million as on March 31, 2011.Reduction is due to impairment of assets.

Work in progress decrease by ₹/Thousand 711.5 million to ₹/Thousand 399.4 million as on March 31, 2011 mainly due to transfer of ₹/Thousand 779.6 million under scheme of demerger to Zee Learn Limited on 1.4.2010.

Investments

Investments have decreased from ₹ 15,319.3 million in 2010 to ₹ 9,854.1 million in 2011.

Pursuant to the scheme of arrangement 34 Equity Shares of USD 1/- each having investment value of ₹ 10,840 million of Zee Multimedia Worldwide BVI have been cancelled on amalgamation in to company.

Net Current Assets

The Net Current Assets have increased from ₹ 11,379 million to ₹ 17,116.3 million largely due to increase in Inventory and Debtors.

Current Assets

Inventories

Program/Film rights held by the company increased from ₹ 4,489.3 million on March 31, 2010 to ₹ 11,017.1 million on March 31, 2011.

Pursuant to Scheme of amalgamation sports events rights valuing ₹/Thousand 5,733 million is transferred to company.

Sundry Debtors

Sundry Debtors have increased by ₹ 1,535.1 million to ₹ 6,168.9 million from ₹ 4,633.8 million last year, representing 104 days of sales of current year.

Cash and Bank Balances

The cash and bank balances lying with the company, as on March 31, 2011 was ₹ 1,539.3 million as against ₹ 3,002.9 million on March 31, 2010. Excess treasury surplus during the year have been invested in Liquid funds , CPs and Fixed deposits with FIIs.

Loans and Advances

There was decrease in loans and advances from ₹ 5,422.4 million on March 31, 2010 to ₹ 4,952.4 million on March 31, 2011.

Current Liabilities and Provisions

Current Liabilities and Provisions have increased by ₹ 374.9 million during the year.

Current liabilities and provision on March 31, 2011 are at ₹ 6,588.3 million up from ₹ 6,213.4 million on March 31, 2010.

CONSOLIDATED FINANCIA LS

A. Results Of Operations

We have provided a comparison between Audited figures for 2010-11 and Audited figures for 2009-10 for the company.

Revenue

Total revenue increase by ₹ 7,768.9 million or 33% from ₹ 23,217.9 million in 2010 to ₹ 30,986.8 million in 2011 on account of higher broadcasting revenue, and receipt of one time fees of ₹ 700 million towards premature termination of sporting right events.

Sales and Services

Revenue from sales and services increased ₹ 8,137.8 million, or 37%, from ₹ 21,997.8 million in 2010 to ₹ 30,135.6 million in 2011. Advertisement Revenue has recorded a growth of 59 % from ₹ 10,669.7 million to ₹ 17,009.8 million. Subscription Revenue showed a growth of 14% from ₹ 9,868.7 million to ₹ 11,259.3 million. Other Sales & Services increase by ₹ 407 or 28% from 1,459.2 million to ₹ 1,866.3 million due to receipt of one time fees of ₹ 700 million towards premature termination of sporting right events which is partly offset by discontinuation of Education service income on demerger of education business to Zee Learn Limited during the year also due to discontinuation of Film Production business during the year.

Other Income

Other income had reduced by ₹ 368.9 million, or 30%, from ₹ 1,220.1 million in 2010 to ₹ 851.2 million in 2011.

Expenditures

Total expenditure increased by ₹ 6,006.4 million, or 38%, from ₹ 15,863.2 million in 2010 to ₹ 21,869.6 million in 2011. This increase in cost was principally a result of increase in Operational Costs , Selling and Personnel cost.

Operational Cost/Cost of Goods

Operational cost/Cost of goods increase by ₹ 4,917.3 million, or 52%, from ₹ 9,452 million in 2010 to ₹ 14,369.3 million in 2011. Increase in operating cost is mainly due to inclusion of financials of merged RGEC ,more sporting events and overall increase in programming cost.

Personnel Cost

Personnel cost increase by ₹ 774.7 million, or 39%, from ₹ 1,963.2 million in 2010 to ₹ 2,737.9 million in 2011. This increase in personnel cost is due to an increase in the number of employees in both new and existing businesses, annual increments , annual incentives to employees and higher training and welfare cost.

Administrative and Other Expenses

Administrative and Other expenses reduce by ₹ 216.7 million or 11% from ₹ 2,112.7 million to ₹ 1,896 million. This is mainly due to reduction in provision for doubtful debts during the year.

Selling and Distribution Expenses

Selling & Distribution expenses increase by ₹ 531.2 million or 23% from ₹ 2,335.1 million in 2010 to ₹ 2,866.3 million in 2011. This is mainly due to higher spend on advertising and marketing expenses and increase in cost of Carriage Fees paid by the company on cable networks.

Operating Profit

Operating profit increased by ₹ 1,762.5 million, or 24%, from ₹ 7,354.7 million in 2010 to ₹ 9,117.2 million in 2011. This is primarily because of saving in costs incurred during the year on Film Production & Distribution Business and receipt of one time fees of ₹ 700 million towards premature termination of sporting right events.

Financial Expenses

Financial expenses reduce by ₹ 227.9 million or 69%. from ₹ 331.4 million to ₹ 103.5 million. Reduction in Finance cost is mainly due to repayment of high cost debts.

Depreciation and Amortisation

Depreciation and amortization increase by ₹ 3.1 million, or 1%, from ₹ 285.4 million in 2010 to ₹ 288.5 million in 2011.

Profit Before Tax

Profit before tax increased by ₹ 1,987.3 million or 29%, from ₹ 6,737.9 million in 2010 to ₹ 8,725.2 million in 2011.

Exceptional Income

Exceptional Income includes profit on sale of long term investment.

Provision for Taxation

Provision for taxation increased ₹ 2,098.2 million from ₹ 572.4 million in 2010 to ₹ 2,670.6 million in 2011. During the year Company has received a refund of taxes paid in earlier year amounting to excess provision for tax ₹ 141.9 million. For current year Tax Provision has been ₹ 2,812.5 million at Effective Tax Rate of 31.5% in 2011 as against 17% in 2010 since provision for tax of parent company for the previous year has been made under Minimum Alternate Tax (MAT) as per provisions of Section 115JB of the Income-Tax Act, 1961.

Profit after tax and before minority interest/share of profits (losses) in associates increased ₹ 85.8 million from ₹ 6,165.5 million in 2010 to ₹ 6,251.3 million in 2011.

Share of Results of Associates

Share of profit in Aplab Limited an Associate company (26.42% holding) is profit of ₹ 0.2 million in 2011 as compared to a loss of ₹ 16.3 million in 2010.

Minority Interest

Minority interest receivable was at ₹ 118 million in 2011. This includes share of minorities of Zee Turner, Taj TV Limited ,ITM and India Web Portal.

Net Profit After Tax

Net profit after tax increased by ₹ 25.1 million from ₹ 6,344.4 million in 2010 to ₹ 6,369.5 million in 2011. The Net Profit margin in 2011 was 21% against 27% in 2010.

B. Financial Position

Consolidated Financial Position as on March 31, 2011 as compared to March 31, 2010.

Sources of Funds

Share Capital, Reserves & Surplus

During the year, upon receipt of approval of the Members at the Annual General Meeting held on October 29, 2010, the Company had capitalized an amount of ₹ 489.0 million and allotted Bonus Equity Shares of ₹ 1 each in ratio of one (1) Bonus Equity Share for one (1) Equity Share. Consequently the Paid Up Share Capital of the Company has increased to ₹ 978.1 million.

Further ,pursuant to amalgamation, carried out during the year with a view to rationalize the holding structure, of ZES Holdings Limited, Zee Multimedia Worldwide Limited, Asia Business Broadcasting (Mauritius) Ltd, ZES Mauritius Ltd and ZES Entertainment Studios Ltd, goodwill arising on consolidation of ₹ 10,878.9 million has been adjusted in General Reserves in Consolidated Financial Statement.

Loan Funds

The total Loan funds of the Company reduced from ₹ 1,194.7 million as on March 31, 2010 to ₹ 16.7 million as on March 31, 2011 , which represents mainly Hire purchase /Lease Financing of motor vehicles.

Application of Funds

Fixed Assets

During the year, the Company's Gross Fixed Assets block reduce by ₹ 10,245.3 million. This reduction is mainly on account of adjustment of Goodwill of ₹ 10,878.8 million with general reserve on cancellation of investments in wholly owned subsidiaries pursuant to Scheme of Amalgamation this reduction is partly offset by increase in goodwill of ₹ 538.6 million arising out of acquisition of additional 12.8% shareholding in Taj India Limited , Mauritius.

The Net Block reduce by ₹ 10,414.7 million from ₹ 18,478.9 million as on March 31, 2010 to ₹ 8,064.2 million as on March 31, 2011. This reduction is mainly on account of reduction of Gross block of Fixed Assets as mentioned above.

Capital Work-in Progress of ₹ 399.4 million is after transfer of ₹ 779.6 million towards rights for managing School for a Education Business under scheme of arrangement demerging Zee Learn Limited.

Investments

The Investments of the Company were valued at ₹ 6,964.1 million on March 31, 2011 as compared to ₹ 3,202.7 million on March 31, 2010, an increase of ₹ 3,761.4 million over 2010.

During the year company has invested surplus cash of ₹ 4,020 million in to Short Term Deposits ,NCDs and mutual funds.

Deferred Tax Assets

Deferred Tax Assets (Net of Liabilities) is ₹ 192.2 million in 2011 as against ₹ 132.6 million in 2010.

Net Current Assets

The Net current assets has reduced by ₹ 1,324 million during the year ended March 31, 2011 from ₹ 16,549.3 million on March 31, 2010 to ₹ 15,225.3 million on March 31, 2011.

Current Assets

During the year the current assets decreased by ₹ 1,363.6 million from ₹ 24,389.5 million as on March 31,2010 to ₹ 23,025.9 as on March 31, 2011.

Current Liabilities

During the year the current Liabilities and Provisions reduced by ₹ 39.4 million from ₹ 7,840.1 million as on 2010 to ₹ 7,800.7 million as on March 31, 2011.

Inventories

Program/Film rights held by the Company increased from ₹ 4,670.6 million on March 31, 2010 to ₹ 5,382 million on March 31, 2011. This increase was mainly on account of acquisition of film rights, Higher Programming and Sports events rights acquired during the year.

Other The inventories of the Company as on March 31, 2011 were at ₹ 14 million as against ₹ 42 million as on March 31, 2010. These inventories mainly consist of raw tapes, cassettes & discs and other stores & spares.

Sundry Debtors

After netting off provision for Doubtful Debts & Bad Debts written off, Net Debtors as on March 31, 2011 stood at ₹ 8,954.6 million. This was at ₹ 7,487.8 million as on March 31, 2010. This increase is on account of acquisition of RGEC Undertaking of Zee News Limited and increase in scale of operations. The age of Net Debtors is 107 days of sales in 2011 as against 122 days of sales in 2010.

Cash and Bank Balances

The cash and bank balances lying with the Company as on March 31, 2011 was ₹ 3,857.5 million as against ₹ 5,864.5 million on March 31, 2010.

Loans and Advances

Loans given increase by ₹ 1,208.2 million from ₹ 1,291.8 million on March 31, 2010 to ₹ 2,500 million on March 31, 2011. Trade Advances have decreased by ₹ 2,213 million from ₹ 4,036.5 million on March 31, 2010 to ₹ 1,823.5 million on March 31, 2011. Trade Advances are given mainly for Content Acquisitions and film rights.The deposits given have increased from ₹ 171 million on March 31, 2010 to ₹ 289.6 million on March 31, 2011.

Due to the above changes, the total of loans, advances and deposits has decreased by ₹ 1,517.9 million from ₹ 6,322.6 million on March 31, 2010 to ₹ 4,804.7 million on March 31, 2010.

Current Liabilities and Provisions

Current Liabilities and Provisions have reduced by ₹ 39.4 million during the year.

Current Liabilities

Current liabilities on March 31, 2011 were at ₹ 5,314.8 million up from ₹ 5,399 million on March 31, 2010.

Provisions

Provisions made have increased from ₹ 2,441.1 million as on March 31, 2010 to ₹ 2,485.8 million as on March 31, 2011.

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

Miscellaneous Expenditure (to the extent not written off or adjusted) increase by ₹ 461 thousand from ₹ 7 Thousand on March 31, 2010 to ₹ 467 Thousand as on March 31, 2011, mainly due to formation expenses incurred towards two new subsidiaries viz. India Web Portals and ITM Digital from during the year.

Financial Statments

Standalone

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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, 2011, the Profit and Loss account and also the Cash Flow statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003 (the 'Order') issued by the Central Government of India in terms of 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 report, we draw our attention to:

   (a) Note 3(A) in Schedule 18 regarding Amalgamation of foreign subsidiaries viz. ZES Holdings Limited and Zee Multimedia Worldwide Limited (BVI) with the Company w.e.f. February 1, 2011 as per the Scheme of Amalgamation u/s 391 to 394 and other applicable provisions, approved by the Hon'ble High Court at Mumbai and effect thereof is given in these financial statement as per pooling of interest method as per AS 14 and resultant difference of ₹ / Thousand 2,076,357 is adjusted against General Reserve.

   (b) Note 3(C) in Schedule 18 regarding demerger of Education business undertaking to Zee Learn Limited as at April 1, 2010 as per the Composite Scheme of Amalgamation and Arrangement u/s 391 to 394, approved by the Hon'ble High Court at Mumbai and in pursuance thereof, assets and liabilities of the demerged undertaking are transferred and the resultant difference of ₹ / Thousand 631,293 is adjusted against General Reserve.

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, as at March 31, 2011 and taken on record by the Board, we report that none of the Directors is disqualified as at March 31, 2011 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, 2011;

      ii) In the case of the Profit and Loss account, of the Profit of the Company for the year ended on that date; and

      iii) In the case of the Cash Flow statement, of the cash flows of the Company for the year ended on that date.

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

Hitendra Bhandari
Partner
Membership No. 107832
Mumbai, June 23, 2011

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, 2011

1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.

(b) All the fixed assets, except assets lying with third parties, have been physically verified by the management during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed, 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 programs and 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. During the course of our audit, no major weaknesses were noticed in the internal control system in respect of the aforesaid areas.

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 maintained in pursuance to Section 301 of the Act.

6) 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) Undisputed Statutory dues including provident fund, investor education and protection fund, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and others as applicable have generally been regularly deposited with appropriate authorities except delay in few cases. There are no undisputed amounts payable in respect of the aforesaid dues which have remained outstanding as at March 31, 2011 for a period of more than six months from the date they became payable.

(b) According to the records of the Company, the dues of service tax and income tax, which are not deposited on account of any dispute are as under:

(₹/Thousand)

Name of the Statute	Nature of the Dues	Amount (₹/ Thousand)	Period to which the amount relate	Forum where dispute is pending
The Central Excise Act, 1944	Service Tax	241	F.Y. 2003-2004	Commissioner of Service Tax
		312,239	F.Y. 2006-2007	
		148,240	F.Y. 2008-2009	
		44	F.Y. 2006-2007 to F.Y. 2008-2009	Commissioner of Central Excise (Appeals)
		177	F.Y. 2006-2007, F.Y. 2007- 2008	Commissioner of Central Excise (Appeals)
Income Tax	Tax Deducted at Source (including interest)	982,067	F.Y. 2005-2006 to F.Y. 2009-2010	Commissioner of Income Tax (Appeals)
	Income Tax	649,758	F.Y. 2006-2007	Commissioner of Income Tax (Appeals)

10) The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.

11) The Company has not defaulted in repayment of dues to banks, financial institutions and debenture holders during the year.

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) According to information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the funds raised on short term basis have not been used for long term investments.

18) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.

19) The Company has not issued any secured debentures during the year. However, pursuant to the Composite Scheme of Arrangement, the Company had been vested the liability of secured debentures issued by erstwhile ETC Networks Limited which is transferred on April 1, 2010 to Zee Learn Limited on demerger.

20) The Company has not raised any money by public issue during the year.

21) Based on the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

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

Hitendra Bhandari
Partner
Membership No. 107832
Mumbai, June 23, 2011

Balance Sheet

as at March 31,

(₹ in '000)

	Schedule	2011	2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	978,076	489,038
Reserves and Surplus	2	28,058,185	27,764,251
		29,036,261	28,253,289
Loan Funds			
Secured Loans	3	10,750	585,038
Unsecured Loans	4	-	603,992
		10,750	1,189,030
TOTAL		**29,047,011**	29,442,319
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		2,219,636	2,166,651
Less : Depreciation / Amortization		671,690	582,909
Net Block		1,547,946	1,583,742
Capital Work-in-progress		399,478	1,110,966
		1,947,424	2,694,708
Investments	6	9,854,189	15,319,290
Deferred Tax Assets (Net)		129,025	49,354
Current Assets, Loans and Advances	7		
Interest accrued on Investments		13,139	1,973
Inventories		11,030,882	4,531,303
Sundry Debtors		6,168,883	4,633,845
Cash and Bank Balances		1,539,312	3,002,910
Loans and Advances		4,952,477	5,422,413
		23,704,693	17,592,444
Less :			
Current Liabilities and Provisions			
Current Liabilities	8	4,033,229	3,833,845
Provisions	9	2,555,091	2,379,634
		6,588,320	6,213,479
Net Current Assets		17,116,373	11,378,965
Miscellaneous Expenditure (to the extent not written off or adjusted)	10	-	2
TOTAL		**29,047,011**	29,442,319
Significant Accounting Policies and Notes to Accounts	18		

As per our attached report of even date

For MGB & Co.
Chartered Accountants

Hitendra Bhandari
Partner

Place : Mumbai
Date : June 23, 2011

For and on behalf of the Board

Punit Goenka	Managing Director
M Y Khan	Director
Hitesh Vakil	President & Chief Financial Officer
M Lakshminarayanan	Company Secretary

Profit & Loss Account

for the year ended March 31 ,

(₹ in '000)

	Schedule	2011	2010
Income			
Sales and Services	11	21,699,377	12,787,436
Other Income	12	643,073	1,061,815
TOTAL		**22,342,450**	13,849,251
Expenditure			
Operational Cost	13	8,814,410	4,256,652
Personnel Cost	14	1,567,488	814,558
Administrative and Other Expenses	15	1,124,681	771,601
Selling and Distribution Expenses	16	2,357,380	1,633,490
TOTAL		**13,863,959**	7,476,301
Operating Profit		8,478,491	6,372,950
Financial Expenses	17	66,323	175,254
Depreciation/Amortization		166,739	114,272
Profit before Tax and Exceptional Item		8,245,429	6,083,424
Add: Exceptional Item [Refer Note 6 (i)]		196,797	-
Profit before Tax		8,442,226	6,083,424
Less - Provision for Taxation			
- Current Tax		2,770,116	1,030,560
- Deferred Tax		(92,048)	65,885
Add - Excess Provision Written back		-	313,000
Add - MAT Credit Entitlement		-	288,424
Net Profit after Tax		5,764,158	5,588,403
Add - Balance brought forward		11,111,782	8,893,473
Amount Available For Appropriation		16,875,940	14,481,876
Appropriations			
Interim dividends		-	968,967
Proposed Final Dividend		1,956,286	977,795
Tax on Dividend		317,358	323,332
General Reserve		3,000,000	1,100,000
Balance carried to Balance Sheet		11,602,296	11,111,782
TOTAL		**16,875,940**	14,481,876
Earnings Per Share: (₹) [Refer Note 15]			
Basic before Exceptional Item		5.71	5.97
Basic after Exceptional Item		5.89	5.97
Diluted before Exceptional Item		5.71	5.97
Diluted after Exceptional Item		5.89	5.97
(On distributable profits on shares outstanding)(Face Value ₹1)			
Significant Accounting Policies and Notes to Accounts	18		

As per our attached report of even date

For MGB & Co.
Chartered Accountants

Hitendra Bhandari
Partner

Place : Mumbai
Date : June 23, 2011

For and on behalf of the Board

Punit Goenka	Managing Director
M Y Khan	Director
Hitesh Vakil	President & Chief Financial Officer
M Lakshminarayanan	Company Secretary

Schedules

to the Balance Sheet as at March 31,

(₹ in '000)

	2011	2010
SCHEDULE 1		
Share Capital		
Authorised		
1,399,200,000(1,399,200,000) Equity Shares of ₹1/- each	1,399,200	1,399,200
	1,399,200	1,399,200
Issued, Subscribed and Paid up [Refer Note 4]		
978,076,130 (434,007,111)Equity Shares of ₹1/- each fully paid up	978,076	434,007
(Out of the above (i) issued for consideration other than cash (a) 210,316,212 Equity Shares allotted for acquisition of investments ; (b) 55,030,955 Equity Shares allotted pursuant to Scheme of Arrangement /Amalgamation; (ii) 4,89,038,065 Equity Shares were allotted by way of bonus shares.		
Share Capital Suspense Account	-	55,031
TOTAL	**978,076**	489,038
SCHEDULE 2		
Reserves and Surplus		
Capital Redemption Reserve		
As per last Balance Sheet	70,000	70,000
Less: Transfer to share capital on issue of Bonus Shares	70,000	-
	-	70,000
Securities Premium		
As per last Balance Sheet	11,545,360	10,351,709
Less: Transfer to share capital on issue of Bonus Shares	419,038	
Add: Adjusted pursuant to the Scheme of Arrangement	-	1,197,357
Less: Premium on redemption of FCCB		3,706
	11,126,322	11,545,360
General Reserve		
As per last Balance Sheet	5,037,109	3,680,843
Add/ (Less): Adjusted pursuant to the Scheme of Amalgamation/ Arrangement [Refer Note 3]	(2,076,249)	256,266
Less: Adjusted pursuant to Scheme of Arrangement on Demerger [Refer Note 3]	(631,293)	-
Add: Appropriated during the year	3,000,000	1,100,000
	5,329,567	5,037,109
Profit and Loss Account	11,602,296	11,111,782
TOTAL	**28,058,185**	27,764,251

Schedules

to the Balance Sheet as at March 31,

(₹ in '000)

	2011	2010
SCHEDULE 3		
Secured Loans [Refer Note 5]		
Debentures	-	500,000
Term Loan From Banks	-	60,000
Working Capital Finance From Banks	-	12,135
Vehicle Loans	10,750	12,228
Interest accrued and due	-	675
TOTAL	**10,750**	585,038
SCHEDULE 4		
Unsecured Loans		
Term Loan from Banks	-	600,000
Inter Corporate Deposits	-	3,515
Interest accrued and due	-	477
TOTAL	**-**	603,992

Schedules

To the Balance Sheet as at March 31,

SCHEDULE 5

Fixed Assets (At Cost)

(₹ in '000)

Description	Gross Block					Depreciation/ Amortization				Net Block	
	As at April 1, 2010	Transfer pursuant to Scheme of Arrangement [Refer Note 3]	Addition	Deduction	**As at March 31, 2011**	Up to March 31, 2010	for the year	Deduction	**Up to March 31, 2011**	**As at March 31, 2011**	As at March 31, 2010
(a) Intangibles											
Software	50,989	-	118,379	-	169,368	33,575	31,641	-	65,216	104,152	17,414
Trademark	83	-	-	-	83	-	8	-	8	75	83
Knowledge based content	2,082	2,082	-	-	-	-	-	-	-	-	2,082
(b) Tangibles											
Freehold Land	585	585	-	-	-	-	-	-			585
Leasehold Land	65,690	-	-	-	65,690	5,860	624	-	6,484	59,206	59,830
Buildings	415,383	-	-	-	415,383	38,780	6,771	-	45,551	369,832	376,603
Plant and Machinery	1,152,676	-	77,150	127,171	1,102,655	317,925	79,852	64,555	333,222	769,433	834,751
Equipments	244,287	14,648	26,712	5,850	250,501	73,621	26,500	1,933	98,188	152,313	170,666
Furniture and Fixtures	90,379	1,201	3,968	16,402	76,744	28,433	8,174	8,002	28,605	48,139	61,946
Vehicle	62,650	662	4,714	7,818	58,884	14,825	5,323	3,468	16,680	42,204	47,825
Leasehold Improvents	81,847	1,858	339	-	80,328	69,890	7,846	-	77,736	2,592	11,957
					-				-		
TOTAL	2,166,651	21,036	231,262	157,241	**2,219,636**	582,909	166,739	77,958	**671,690**	1,547,946	1,583,742
Previous Year	1,898,167	414,046	63,619	209,181	2,166,651	498,900	205,872	121,863	582,909	1,583,742	-

Note :-

1) Building includes ₹ 114 the value of share in a Co- operative Society.

2) Part of Building has been given on Operating Lease

3) Transferred Pursuant to demerger Scheme of Arrangement [Refer note 3]

Schedules

to the Balance Sheet as at March 31,

(₹ in '000)

	2011	2010
SCHEDULE 6		
Investments		
Long Term - at cost		
In Subsidiaries - Wholly owned - Unquoted		
Nil(34) Ordinary Shares of USD 1/- each Zee Multimedia Worldwide Limited ZMWL, BVI, (ZMWL) [Refer Note 3]	-	10,840,000
56,796,292 (Nil)Ordinary Shares of USD 1/- each Zee Multimedia Worldwide Limited, Mauritius (ZMWL) [Refer Note 3]	2,584,231	-
583 (501) Ordinary Shares of USD 1/- each of Asia Today Limited [Refer Note 3]	2,514,876	1,480,000
Nil (25,000) Ordinary Shares of USD 1/- each of ZES Holdings Limited [Refer Note 3]	-	1,150
50,000(50,000) Equity Shares of of ₹ 10/- each of Zee Sports Limited	500	500
10,000 (5,000) Equity Shares of ₹ 10/- each of Taj Television India Limited	36,893	20,558
In Subsidiaries- Others Unquoted		
74,000 (74,000) Equity Shares of ₹ 10/- each of Zee Turner Limited	740	740
(Extent of Holding 74 %)		
600,000 (Nil) Equity Shares of ₹ 10/- each of ITM Digital Private Limited	6,000	-
(Extent of Holding 59.40 %)		
100,000 (Nil) Equity Shares of ₹ 1/- each of India Webportal Private Limited	57,375	-
(Extent of Holding 51.30 %)		
In Associate - Quoted		
1,321,200 (1,321,200) Equity Shares of ₹ 10/- each of Aplab Limited	46,599	46,599
(Extent of Holding 26.42 %)		
Quoted - Non-Trade		
1,822,000 (1,800,000)Equity Shares of ₹ 2/- each of Essel Propack Limited	1,500	1,500
[Refer Note 6(q)]		
Unquoted -Trade		
Nil(778,471) Equity Shares of ₹ 10/- each of Asianet Communication Limited	-	119,297
Nil (67,693) Equity Shares of ₹ 10/- each of Asianet Infrastructure Limited	-	10,374
Nil (423,082) Equity Shares of ₹ 10/- each of Asianet Radio Private Limited	-	64,836
Nil (423,082) Equity Shares of ₹ 10/- each of Asianet News Private Limited	-	64,836
Nil (23,436) , 7.25% Redeemable Non-Cumulative Preference Shares of ₹ 1/- each of Wire & Wireless (India) Limited	-	23
Unquoted -Others		
3,000(3,000) Equity Shares of ₹ 10/- each of Last Minute Media Private Limited	300	300
Nil (50)Equity shares of ₹ 10/- each of North Karnataka GSB Bank Limited	-	1
Nil (2,500) Equity shares of ₹ 10/- each of Samata Sahakari Bank Limited	-	63
Nil (1,000)Equity share of ₹ 10/- each of Ecool Gaming Solutions Private Limited	-	5
Nil (1,000) Equity Shares of ₹ 10/- each of Pan India Network Private Limited	-	5

Schedules

to the Balance Sheet as at March 31,

(₹ in '000)

	2011	2010
SCHEDULE 6 contd		
National Savings Certificates	-	15
(Pledged with VAT Department]		
Current Investments - Quoted		
Mutual Funds (Units of face value of Rs. 10/- each)		
14,973,197 (Nil) of DWS Ultra Short Term Fund - Institutional Daily Dividend	149,860	-
30,234,900 (Nil) ICICI Prudential Interval Fund II Quarterly Interval Plan B Institutional Dividend	302,349	-
9,613,215 (Nil) of JM Short Term Fund - Institutional Plan - Dividend	100,605	-
19,807,868 (Nil) of Kotak Floater - Short Term - Daily Dividend	200,380	-
9,988,413 (Nil) of Templeton India Ultra Short Bond Fund Super Institutional Daily Dividend	100,000	-
19,992,361 (Nil) of BSL Cash Plus - Instl. Prem. - Daily Dividend Reinvestment	200,313	-
25,109,506 (Nil) TATA Fixed Maturity Plan Series 28 Scheme A Dividend	251,095	-
25,057,639 (Nil) of Peerless Liquid Fund - Super Institutional Daily Dividend	250,614	-
Nil (9,000,000) of LIC MF Income Plus - Daily Dividend Plan	-	90,000
Nil (499,200) of Kotak Floater - Long Term - Daily Dividend	-	5,032
Others - Quoted		
Commercial Paper of Edelweiss Securities Limited	982,545	-
Commercial Paper of Religare Finvest Limited	493,958	-
Nil (10) NSE MIBOR (Non- Transferrable) Unsecured Redeemable Non Convertible	-	1,000,000
Debentures of ₹ 10,00,00,000/- each of Edelweiss Finance & Investments Limited		
Others - Unquoted		
10.75% (8%) Certificate of Deposit (Non - Transferrable) of SICOM Limited	1,000,000	1,000,000
Immoveable Properties		
Freehold Land	573,456	573,456
(All the above securities are fully paid up)		
TOTAL	**9,854,189**	15,319,290
Aggregate Book Value of all Quoted Investments	1,524,601	1,048,099
Aggregate Book Value of all Unquoted Investments	6,774,371	14,176,159
Aggregate Book Value of Units of Mutual Funds	1,555,217	95,032
Market Value of all Quoted Investments	1,605,503	1,128,326
Net Asset Value of Units of Mututal Funds	1,558,178	95,032

Schedules

to the Balance Sheet as at March 31,

(₹ in '000)

		2011	2010
SCHEDULE 7			
Current Assets, Loans and Advances			
A.	**Current Assets**		
	Interest accrued on Investments	13,139	1,973
	Inventories		
	Programs , Movies and Rights		
	- Unamortized cost	10,921,061	4,450,768
	- Under Production	96,073	38,520
	Raw Stock - Tapes	13,748	12,927
	Educational Materials and Equipments	-	29,088
		11,030,882	4,531,303
	Sundry Debtors		
	(Unsecured and considered good , unless otherwise stated)		
	More than six months [includes doubtful ₹/Thousand 393,005(506,551)	1,020,902	942,567
	Others	5,540,986	4,197,829
		6,561,888	5,140,396
	Less: Provision for doubtful debts	393,005	506,551
		6,168,883	4,633,845
	[Includes ₹/Thousand 764,896 (667,415) due from Subsidiaries]		
	Cash and Bank Balances		
	Cash in hand	2,454	3,146
	Balances with Scheduled Banks in Current Accounts	91,010	219,055
	Balances with Non-Scheduled Banks in Current Accounts	833,288	-
	Balances with Scheduled Banks in Deposit Accounts	600,078	2,625,896
	Cheques in hand / transit	12,482	154,813
		1,539,312	3,002,910
B.	**Loans and Advances**		
	(Unsecured and considered good ,unless otherwise stated)		
	Loans	2,500,000	1,291,806
	Advances (recoverable in cash or in kind or for value to be received)	2,391,815	3,387,851
	Less: Provision for doubtful advances	227,571	137,552
		2,164,244	3,250,299
	[Includes ₹/Thousand 1,136,262(1,816,476) due from Subsidiaries]		
	[Include ₹/Thousand 21,346 (Nil) due from company under the same management)		
	Advance Direct Taxes(net of provisions)	-	381,379
	Advance Indirect Taxes	23,683	349,137
	Deposits	264,550	149,792
		4,952,477	5,422,413
TOTAL		**23,704,693**	17,592,444

Schedules

to the Balance Sheet as at March 31,

(₹ in '000)

		2011	2010
SCHEDULE 8			
Current Liabilities*			
Sundry Creditors :	For Goods	1,336,363	990,044
	For Expenses and other Liabilities	1,863,543	1,962,547
Trade Advances / Deposits received		6,611	114,660
Due to Principals (pending remmittance)		818,048	759,327
Interest accrued but not due		-	24
Unclaimed dividend**		8,664	7,243
[*include ₹/Thousand 995,425(779,585)due to subsidiaries]			
[**There are no amounts due and outstanding to be credited to Investor Education and Protecton Fund as at March 31, 2011]			
TOTAL		**4,033,229**	3,833,845
SCHEDULE 9			
Provisions			
Provision : For Taxation (Net of advances)		128,244	-
	For Retirement Benefits	153,203	109,540
Proposed Dividend (including tax)		2,273,644	2,270,094
TOTAL		**2,555,091**	2,379,634
SCHEDULE 10			
Miscellaneous Expenditure			
(to the extent not written off or adjusted)			
Share Issue Expenses		-	2
TOTAL		**-**	2

Schedules

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

(₹ in '000)

	2011	2010
SCHEDULE 11		
Sales and Services		
Services		
Broadcasting Revenue	19,454,120	11,513,792
Commission on space selling	114,504	73,662
Transmission Fees	284,718	87,152
Other services	42,722	5,236
Sales (Programs, Movies and Rights)	1,797,722	1,027,971
Film Distribution revenue	5,591	79,623
TOTAL	**21,699,377**	12,787,436
SCHEDULE 12		
Other Income		
Dividend - From Subsidiaries	-	12,224
- From Others	120,623	7,152
Interest (Gross) [T.D.S. ₹/Thousand 37,540 (93,151)]	441,730	891,886
Rent Income [T.D.S. ₹/Thousand 7,548 (11,581)]	69,384	68,768
Miscellaneous Income	5,031	81,785
Balances written back	6,305	-
TOTAL	**643,073**	1,061,815
SCHEDULE 13		
Operational Cost		
A) Programs, Movies and Rights		
Opening - Unamortized cost	4,450,768	2,813,774
Under Production	38,520	363,730
	4,489,288	3,177,504
Add: Purchase/Acquisition/ Commissioned	7,330,333	2,748,863
Production Expenses - Location Hire and Set Expenses	218,742	70,663
- Equipment Hire Charges	202,431	130,573
- Professional Fees	750,501	241,134
- Other Production Expenses	695,927	543,780
Transferred pursuant to Scheme of Arrangement	5,733,000	1,679,199
Less: Closing - Unamortized cost	10,921,059	4,445,704
Under Production	96,072	38,520
	8,403,091	4,107,492

Schedules

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

(₹ in '000)

			2011	2010
SCHEDULE 13 contd				
B) Educational Material and Equipments				
Opening			29,088	-
Less: Transfer on Demerger			29,088	-
			–	–
C) Telecast cost			411,319	149,160
TOTAL			**8,814,410**	4,256,652
SCHEDULE 14				
Personnel Cost				
Salaries, Allowances and Bonus			1,466,522	754,271
Contribution to Provident and other funds			58,071	37,562
Staff Welfare expenses			42,895	22,725
TOTAL			**1,567,488**	814,558
SCHEDULE 15				
Administrative and Other Expenses				
Rent			158,337	91,271
Rates and Taxes			55,004	97,712
Repairs and Maintenance	-	Building	2,533	1,273
	-	Plant and Machinery	31,216	13,483
	-	Others	20,587	12,932
Insurance			3,450	2,141
Electricity and Water charges			59,589	23,772
Communication expenses			56,038	27,845
Printing and Stationary			12,656	8,342
Miscellaneous expenses			33,953	27,443
Service Charges/expenses			97,345	61,177
Travelling and Conveyance			111,772	70,069
Legal and Professional charges			49,911	63,453
Bad debts and advances written off		344,216		-
Less: Adjusted against provision		239,414	104,802	31,706
Provision for doubtful debts and Advances			248,960	161,537
Loss on sale/discard of fixed assets (net)			78,526	77,396
Share Issue Expenses written off			2	49
TOTAL			**1,124,681**	771,601

Schedules

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

(₹ in '000)

	2011	2010
SCHEDULE 16		
Selling and Distribution Expenses		
Freight and Forwarding	911	775
Advertisement and Publicity Expenses	681,602	556,887
Commission on sales and services	426,151	225,318
Business Promotion Expenses	1,248,716	850,510
TOTAL	**2,357,380**	1,633,490
SCHEDULE 17		
Financial Expenses		
Interest on		
- Fixed Loan	30,559	64,547
- Bonds	-	1,256
- Others	2,357	61,126
Discounting and Financing expenses	740	518
Loss on Foreign Exchange derivative contracts and exchange difference	32,667	47,807
TOTAL	**66,323**	175,254

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) Space Selling agent for other television channels;

c) Sale of Television programs, movies and rights including movies and program feeds;

d) Production and Distribution of Movies.

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

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

2. Use of Estimates

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

Schedule - 18

Significant Accounting Policies and Notes to Accounts

7. Investments

a) Long Term Investments are carried at cost. Provision is made for diminution in value of these investments other than temporary, wherever required.

b) Current Investments are carried at cost or fair value, whichever is lower.

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 Programs, Movies and Rights) 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 related sale reports.

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

e) SMS Revenue is recognized on the basis of the counts generated by the computer software.

10. Inventories:

a) Programs ,Movie and Rights :

Programs ,Movie and 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 and sports rights etc. are fully expensed on telecast.

ii. Cost of 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. Cost of Movie rights are charged on a straight-line basis over the license period or 60 months from the date of acquisition, whichever is shorter.

b) Movie produced and acquired for distribution:

Cost is allocated to each rights based on management estimates of revenues from each of these rights and amortization of costs of rights of domestic theatrical, International theatrical rights, television rights, music rights, video rights and others are made when sold and movies carried at lower of unamortized cost or net realizable value.

i. Theatrical rights: - 70% cost is allocated and amortized over three months of theatrical release of movie and balance 30% in subsequent three quarters.

Schedule - 18

Significant Accounting Policies and Notes to Accounts

ii. Allocated cost of 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) Work- in – progress- 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) Education Materials/ Equipments are valued at lower of cost or estimated net realizable value. Cost means average cost

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

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.

Schedule - 18

Significant Accounting Policies and Notes to Accounts

B. NOTES TO ACCOUNTS

1. Prior Year Comparatives

Previous year's figures are regrouped, rearranged, or recast wherever considered necessary to conform to this year's classification. Current year's figures are not comparable with that of previous year due to the Amalgamation/ Scheme of Arrangement in the current and previous year. Figures in brackets pertain to previous year.

2. a) Programs , Movie Rights and Sports Rights and movie rights are intangible assets as defined in AS – 26 but these are acquired and used for its broadcasting business hence considered and included in Operational cost and Current Assets -Inventories.

b) In Schedule 13, Operational Cost under Acquisition of Programs, movies and rights includes commissioned ,acquisition of programs, Movie Rights and Sports Rights and amortized / impaired, sold etc. The Company has impaired program,Movie Rights and Sports Rights ₹ /Thousand Nil (69,881) during the year.

3. Restructuring

A) Amalgamation of ZES Holdings Limited (ZES) and Zee Multimedia Worldwide Limited (ZMWL) with the Company.

i) The Scheme of Amalgamation of ZES and ZMWL both foreign companies with the Company u/s 391 to 394 of the Companies Act 1956 is approved by the Hon'ble High Court of Mumbai on June 10, 2011 and upon filing the said order with the Registrar of Companies, Maharashtra on June 20, 2011 and at the respective judiciaries of ZES and ZMWL, the said Scheme of Amalgamation became effective on and from that date.

ii) The Scheme has been given effect in these financial statements and in pursuant to the said Scheme:

a) The said approved Scheme of Amalgamation has been given effect in these financial statements as per the "pooling of interest method" as prescribed by Accounting Standard 14 "Accounting of Amalgamation". Accordingly, all the assets and liabilities of Transferor Companies i.e. ZES and ZMWL are vested and transferred to the company at respective book values on appointed date i.e. February 1, 2011.

b) No shares of the Company shall be issued in consideration of the Equity Shares and Preference Shares of the Transferor Companies as the entire stated Equity share capital has been held by the Company and the entire stated Preference Share capital is held interse by ZMWL, Amalgamating Company.

c) The difference between transferred assets and liabilities is adjusted against General Reserve, as detailed below:

(₹/Thousand)

Particulars	ZES	ZMWL	Inter Company elimination	TOTAL
Investments	-	7,896,107	(4,277,000)	3,619,107
Cash and Bank Balances	16	856,316	-	856,332
Inventories	5,733,000	-	-	5,733,000
Advances	-	1,866	-	1,866
Total Assets	5,733,016	8,754,289	(4,277,000)	10,210,305
Total Liabilities	(4,277,000)	-	4,277,000	-
Net Assets	**1,456,016**	**8,754,289**	**-**	**10,210,305**
Less: Cancellation of Investments in subsidiaries				12,286,662
Difference adjusted in General Reserve				**(2,076,357)**

Schedule - 18

Significant Accounting Policies and Notes to Accounts

B) Amalgamation of ZES Mauritius Limited (ZES Mauritius) and ZES Entertainment Studios Limited (ZES Ent) with ZES Holdings Limited (ZES) their 100% holding company.

ZES Mauritius Limited (ZES Mauritius) and ZES Entertainment Studios Limited (ZES Ent) both Mauritius registered companies amalgamated with their Mauritius registered holding company ZES on March 18, 2011 and March 31, 2011 respectively as per the confirmation of Registrar of Companies, Republic of Mauritius, and the financials of these subsidiaries consolidated with ZES for the period February 1, 2011 to March 31, 2011 and accounted for in these financial statements, as transactions between the Appointed Date and Effective Date. Accordingly, the difference of ₹/Thousand 107 between assets and liabilities transferred is adjusted to General Reserve.

C) Scheme of Amalgamation and Arrangement between erstwhile ETC Networks Limited, Zee Learn Limited and the Company

a) The Composite Scheme of Amalgamation and Arrangement (' the Composite Scheme') between erstwhile ETC Networks Limited ('ETC'), Zee Learn Limited ('ZLL') and the Company was approved by the Hon'ble High Court of Mumbai and upon filing of the certified copy of the said order with the Registrar of Companies, Mumbai, the said Composite Scheme became effective on August 30, 2010. Pursuant to the Composite Scheme, ETC had merged with the Company on March 31, 2010 and upon such merger, the education business undertaking stand demerged from the Company and vested in ZLL at book value on April 1, 2010 and has been given effect in these financial statements.

b) The assets and liabilities of the Education Business Undertaking of the Company as approved by the Board of Directors of the Company, stood transferred from the Company and vested with ZLL with effect from April 1, 2010 at book value. The difference of the book value of following assets and liabilities transferred is adjusted against General Reserves.

(₹/Thousand)

Particulars		
Fixed Assets (including Capital WIP)		800,655
Investments		5
Current Assets, Loans and advances		
Inventories	29,088	
Sundry Debtors (net)	12,100	
Cash and Bank Balances	207,010	
Loans and Advances (including Deferred Tax asset)	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 adjusted in General Reserve		631,293

4. Bonus Shares

At the Annual General Meeting held on October 29, 2010, the shareholders approved the issue of Bonus Shares in the proportion of one new equity share of ₹1/- each for every equity share of ₹1/- each held. Accordingly, a sum of ₹/Thousand 489,038 has been capitalized by utilization of Capital Redemption Reserve and Securities Premium ,and transferred to Share Capital Account on allotment of fully paid bonus shares to the holders of the equity shares on the record date November 12, 2010.

Schedule - 18

Significant Accounting Policies and Notes to Accounts

5. Secured Loans

a) Debentures

Nil (500) Secured Redeemable Non-Convertible Debentures of ₹ 1,000,000 each fully paid up (issued by erstwhile ETC) and vested with the Company upon merger of ETC with Company are redeemable at par in 4 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 freehold land, all fixed assets and current assets including certain fixed deposits, and first charge on escrow account for receivables of the erstwhile ETC. The debentures are to be further secured by assignment of all the benefits under the agreement for operations of the school.

These debentures and related liabilities are transferred to Zee Learn Limited as at April 1, 2010 as per the Composite Scheme of Arrangement (Refer Note 3 above)

b) 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 erstwhile ETC Networks Limited.

c) Working Capital Loan from Bank

Secured by way of first charge on all the fixed assets and current assets of erstwhile company Digital Media Convergence Limited, subsidiary of erstwhile ETC Networks Limited.

d) Vehicle Loans

Secured by hypothecation of vehicles.

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) Sales includes ₹/Thousand 700,000(Nil) as consideration for pre-matured termination of sporting events rights.

c) Prior period expenses represents Program Cost of ₹/Thousand Nil (10,392).

d) Deposits includes ₹/Thousand Nil (65,745) due from company in which director is interested.

e) Capital work in progress includes Capital Advances ₹ / Thousand 390,742 (1,086,506). Enforceable agreements are yet to be executed for advances of ₹/Thousand 354,000 (239,370) for purchase of properties.

f) Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances) is ₹/ Thousand 91,099 (247,489).

g) Sundry Creditors for expenses and other liabilities under Current Liabilities include cheques overdrawn ₹/Thousand 163,482 (128,038)

h) Dividend ₹ /Thousand 937 (1,213) unclaimed for the period more than seven years is transferred to Investor's Education and Protection Fund during the year.

i) Exceptional item of ₹/Thousand 196,797 (Nil) represents profit on sale of long term investments (net)

j) Erstwhile ETC Networks Limited ('ETC' - since merged) 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 under which business is carried on are yet to be transferred / obtained in the name of erstwhile ETC Company.

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Significant Accounting Policies and Notes to Accounts

k) Balances with Non-Scheduled Banks

(₹/Thousand)

Name of the Bank	Balance as on March 31		Maximum Balance during the Year	
	2011	2010	2011	2010
Standard Chartered Bank (Mauritius) Limited	833,193	-	856,342	352
Barclays Bank PCL	95	-	97	-

l) 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:

(₹/Thousand)

Particulars	2011	2010
Net Profit before tax as per Profit and Loss Account	8,442,226	6,083,424
Add		
Directors sitting fees	1,800	820
Managerial remuneration	38,486	33,358
Commission paid to Non-executive Directors	12,750	10,800
Depreciation	166,739	114,272
Loss on sale of fixed assets	78,526	77,396
Provision for doubtful debts and Advances	248,960	-
Less		
Depreciation u/s 350	166,739	114,272
Provision for doubtful debts and advances w/back (net)	239,414	140,914
Net Profit as per Section 198/349 of the Companies Act, 1956	8,583,334	6,064,884
Maximum permissible remuneration to Managing Director as per Section 198/309	429,107	303,244
Remuneration is restricted to Managing Director as per service agreement [Refer note (ii) below]	38,486	33,358
Maximum permissible Commission to Non-Executive Independent Directors under section 198/309	85,821	60,649

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

(₹/Thousand)

Particulars	2011	2010
Salary and Allowances	31,125	28,028
Provident fund contributions	2,653	1,856
Perquisites	4,708	3,474
TOTAL	**38,486**	33,358

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

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Significant Accounting Policies and Notes to Accounts

iii) Commission payable to Non-Executive Independent Directors of ₹/Thousand 12,750 (10,800) based on Profits for the year ended March 31, 2011.

iv) Foreign subsidiary has paid remuneration (salaries and allowances) of ₹ /Thousand 3,559 (3,803) to a non-executive director. However, no remuneration is paid to him by the Company.

m) Auditors Remuneration included in Miscellaneous Expenses is as under:

(₹/Thousand)

Particulars	2011	2010
Audit fees	6,000	5,900
Tax Audit fees	1,000	500
Certifications and Tax Services	1,302	7,746

n) Foreign Exchange Difference

i) Foreign exchange loss (net) of ₹/Thousand 18,777 (29,548) including on forward contracts and cross currency swap 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,

(₹/Thousand)

Particulars	2011	2010
Foreign Currency Payables	216,140	78,952
Receivables	1,672,657	713,290

o) Employee Stock Option Plan (ESOP 2009)

The Company has instituted an Employee Stock Option Plan (ESOP 2009) as approved by the Board of Directors and Shareholders of the Company in 2009 for issuance of stock options convertible in 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 pervious year, the Company had granted 4,340,000 (excluding 4,340,000 bonus shares) stock options to eligible employees and directors at an exercise price of ₹ 239.80 (₹ 119.90 ex bonus) 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 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 the SEBI (ESOS) Guideline 1999. In view of this, there being no intrinsic value on the date of the 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 the SEBI guidelines.

p) Micro, Small and Medium Enterprises:

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

q) On reconciliation, the shares of Essel Propack Limited held in investments-"Quoted-Non Trade" are rectified during the year.

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Significant Accounting Policies and Notes to Accounts

7. Employee Benefits

A) Defined Benefit plans:

(₹/Thousand)

Particulars	2011	2010
	Gratuity (Non Funded)	
I. Expenses recognized during the year		
1. Current Service Cost	6,663	4,758
2. Interest Cost	3,474	2,371
3. Liabilities assumed on acquisition	-	6,164
4. Actuarial Losses / (Gains)	2,825	1,717
5. Past Service cost	23,056	-
TOTAL EXPENSES	36,018	15,010
II. Net Asset/(Liability) recognized in the Balance Sheet as at March 31, 2011		
1. Present value of defined benefit obligation	69,937	(35,900)
Add: Pursuant to the Scheme	-	(7,519)
2. Net Asset / (Liability)	(69,937)	(43,419)
III. Reconciliation of Net Asset/(Liability) recognized in the Balance Sheet as at March 31, 2011		
1. Net Asset/(Liability) at the beginning of year	(43,419)	(25,885)
2. Expense as per I above	(36,018)	(15,010)
3. Employer contribution	8,420	4,995
4. Net Asset/(Liability) at the end of the year	(71,017)	(35,900)
(Add)/Less: Pursuant to the Scheme (Refer Note 3)	1,080	(7,519)
Net Asset/(Liability) at the end of the year	(69,937)	(43,419)
IV. Actuarial Assumptions:		
1. Discount rate	8.30%	8.30%
2. Expected rate of salary increase	7.5%	7.5%
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 ₹/ Thousand 36,018 (15,010) and leave encashment ₹/ Thousand 33,115 (9,633)

(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.

B) Defined contribution plan:

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

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Significant Accounting Policies and Notes to Accounts

8. Contingent Liabilities not provided for

(₹/Thousand)

Particulars		2011	2010
a)	Corporate Guarantees		
	- For subsidiaries to the extent of loans availed/ outstanding ₹/Thousand 966,638 (Nil)	2,439,180	5,008,850
	- For other related parties, loans outstanding ₹ /Thousand 3,010,615 (3,733,360)	4,114,302	4,077,030
b)	Bank guarantees outstanding	58,420	75
c)	Claims against the company not acknowledged as debts	751,319	640,278
d)	Disputed Direct Taxes	1,749,091	131,504
e)	Disputed Indirect Tax	474,538	474,538
f)	Letters of credit (net of liability provided)	13,418	40,817
g)	Legal cases against the company	Unascertainable	Unascertainable

9. Taxation

a) Provision for current tax for the year has been made as per provisions of the Income-Tax Act, 1961.

b) The components of deferred tax balances as at March 31, 2011:

(₹/Thousand)

Particulars	2011	2010
Deferred Tax Assets		
Provision for retirement benefits	49,714	32,639
Expenses allowable	19,415	24,473
Provision for doubtful debts	201,377	116,627
TOTAL	**270,506**	173,739
Deferred Tax Liabilities		
Depreciation	141,481	126,034
Others	-	47,652
TOTAL	**141,481**	173,686
Deferred Tax Assets – Net	129,025	53
Add Pursuant to the Composite Scheme of Arrangement	-	49,301
Deferred Tax Assets – Net	129,025	49,354

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Significant Accounting Policies and Notes to Accounts

10. 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 108 months.

(₹/Thousand)

Particulars	2011	2010
Lease rental for the year	625,047	213,121
Future lease rental obligation payable (under non- cancellable lease)		
Not later than one year	311,342	135,311
Later than one year but not later than five years	465,773	83,906
Later than five years	11,951	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 ₹ /Thousand 69,384 (68,768).

11. Related Party transactions

(i) List of Parties where control exists

Subsidiary Companies

a) Wholly Owned

Apac Media Ventures Limited; Asia Business Broadcasting (Mauritius) Limited(Amalgamated as on March 31, 2011); Asia Today Limited; Asia TV Limited; Expand Fast Holding (Singapore) Pte. Limited; Taj Television India Private Limited; OOO Zee CIS LLC; OOO Zee CIS Capital Holding LLC; Zee Multimedia (Maurice) Limited; Zee Multimedia Worldwide Limited; Mauritius; Zee Multimedia Worldwide Limited (BVI) (Amalgamated w.e.f February 1, 2011); Zee Sports Americas Limited (Wound up during the year); 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 Holdings Limited (Amalgamated w.e.f. February 1, 2011); Zee Entertainment Studios BVI (Amalgamted w.e.f. March 31, 2011) ; ZES Mauritius Limited (Amagamated w.e.f. March 18,2011); ZES International Limited (dissolved w.e.f.June 29, 2010); Zee Motion Pictures Private Limited (divested w.e.f. January 31, 2011).

b) Others- Direct

Zee Turner Limited; ITM Digital Private Limited (w.e.f. September 10, 2010), India Webportal Private Limited (w.e.f. December 11, 2010)

c) Other - Indirect

Taj TV Limited, Mauritius

(ii) Associates

Aplab Limited (extent of holding 26.42 %)

(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; 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

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Significant Accounting Policies and Notes to Accounts

Private Limited; Essel Corporate Resources Private Limited; Essel Sports Private Limited; Essel Infraprojects Limited; Essel International 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; New Media Broadcasting Private Limited; Pan India Network Infravest Private Limited; Pan India Paryatan Private Limited ;Prajatma Trading Company Private Limited; Premier Finance and Trading Company Limited; Procall Private Limited; Rama Associates Limited; Real Media FZLLC, Siti Energy Limited ;Smart Wireless Private Limited; TALEEM Research Foundation; Wire and Wireless (India) Limited; Zee Learn Limited; Zee News Limited;

Directors / Key Management Personnel

Mr. Subhash Chandra, Mr. Punit Goenka, Mr. Ashok Kurien.

(iv) Transactions with Related Parties

(₹/Thousand)

	Particulars	2011	2010
A)	**Fixed Assets / Capital work in progress**		
	Assets Purchased during the year		
	Associates	152	-
B)	**Investments**		
	Subsidiaries		
	Balance as at April 1	12,342,948	12,614,923
	Purchased / Subscribed during the year	1,461,847	-
	Addition pursuant to the Scheme of Arrangement	36,19,207	-
	Cancellation pursuant to the Scheme of Arrangement	12,286,662	271,975
	Balance as at March 31,	52,00,615	12,342,948
	Other Related Parties		
	Balance as at April 1,	1,533	1,533
	Sales during the year	33	-
	Balance as at March 31,	1,500	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	764,896	667,415
	Other Related Parties	177,957	176,865
D)	**Loans, Advances and Deposits as at March 31,**		
	Subsidiaries	1,136,262	1,816,476
	Other Related Parties	62,034	406,017
	Capital Advances as at March 31,		
	Other Related Parties	-	750,000

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Significant Accounting Policies and Notes to Accounts

(₹/Thousand)

	Particulars	2011	2010
E)	**Sundry Creditors as at March 31,**		
	Pending Remittance to Principals		
	Subsidiaries	818,048	759,327
	Purchase of Programs/ Goods and Services		
	Subsidiaries	177,347	20,258
	Associate	74	-
	Other Related	116,660	655,084
F)	**Sales & Services Turnover**		
	Sales, Services and Recoveries (Net)		
	Subsidiaries	1,256,473	900,777
	Other Related Parties	30,158	73,054
	Subscription Income		
	Other Related Parties	360,000	240,000
	Advertisement Income (Net)		
	Subsidiaries	-	11,700
	Other Related Parties	71,858	169,949
	Commission Received		
	Subsidiaries	114,504	73,662
G)	**Other Income**		
	Dividend Received		
	Subsidiaries	-	12,224
	Other Related Parties	729	5,466
	Associates	-	1,321
	Interest Received		
	Subsidiaries	-	9,671
	Other Related Parties	12,826	815,442
	Rent/Miscellaneous Income		
	Subsidiaries	10,627	13,275
	Other Related Parties	58,330	54,836
	Balances written Back		
	Subsidiaries	195	12,624
	Other Related Parties	2,446	-

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Significant Accounting Policies and Notes to Accounts

(₹/Thousand)

	Particulars	2011	2010
I)	**Loans, Advances and Deposits Given**		
	Subsidiaries	141,002	358,000
	Other Related Parties	36,468	6,461,000
J)	**Purchase of Programs, Goods and Services**		
	Subsidiaries	2,143,286	118,546
	Other Related Parties	448,261	398,368
	Acquired pursuant to the Scheme of Arrangement	57,330,000	-
	Commission Paid		
	Subsidiaries	370,461	140,610
	Balances written off		
	Subsidiaries	-	19,158
K)	**Loans and Advances repayment received**		
	Subsidiaries	821,214	-
	Other Related Parties	380,452	11,341,000
L)	**Guarantees**		
	Corporate Guarantees Given		
	Subsidiaries	2,439,180	5,008,850
	Other Related Parties	4,114,302	4,077,030

DISCLOSURE IN RESPECT OF MATERIAL RELATED PARTIES WHICH ACCOUNT FOR 10% OR MORE OF THE TRANSACTIONS DURING THE YEAR:

a) Loans, Advances and Deposits given include to Churu Trading Company Private Limited ₹/Thousand Nil (2,040,000); Prajatma Trading Company Private Limited ₹/Thousand Nil (21,50,000);Premier Finance and Trading Company Limited ₹/Thousand Nil (2,271,000); Taj Television India Private Limited ₹/Thousand 138,846 (Nil); Zee News Limited ₹/Thousand 21,346 (Nil); Wire and Wireless (India) Limited ₹/Thousand 14,123 (Nil).

b) Loans, Advances and Deposits repayment received Churu Trading Company Private Limited ₹/Thousand Nil (2,040,000); Prajatma Trading Company Private Limited ₹/Thousand Nil (2,150,000); Dish TV India Limited ₹/ Thousand Nil (24,30,000); Wire and Wireless (India) Limited ₹/Thousand 112,736 (2,450,000); Premier Finance and Trading Company Limited ₹/Thousand Nil (2,271,000); TALEEM Research Foundation ₹/Thousand 199,182 (Nil); Zee Turner Limited ₹/Thousand 820,128 (Nil); Jay Properties Private Limited ₹/Thousand 65,745 (Nil).

c) Loans, Advances and Deposits balances outstanding at year end include Zee Sports Limited ₹/Thousand 29,249 (29,249); Zee Turner Limited ₹/Thousand 927,492 (1,747,620); Taj Tv Limited (Mauritius) ₹/Thousand 177,366 (Nil); Wire and Wireless (India) Limited ₹/Thousand Nil (98,613); Jay Properties Private Limited ₹/Thousand Nil (65,744); TALEEM Research Foundation ₹/Thousand Nil (199,182); Zee News Limited ₹/Thousand 21,346 (Nil); Cyquator Media Services Private Limited ₹/Thousand 35,985 (Nil)

d) Capital Advances outstanding at the year end include TALEEM Research Foundation ₹/Thousand Nil (750,000).

e) Sundry Creditors balances include Broadcasters/ Principals Remittances pending to Asia Today Limited ₹/Thousand

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Significant Accounting Policies and Notes to Accounts

818,048 (759,327); Amounts due for Purchase of Programs, Goods and Services to Asia Today Limited ₹/Thousand 67,796 (11,654); Taj Television India Private Limited ₹/Thousand 109,051 (8,232); Wire and Wireless (India) Limited ₹/Thousand 56,670 (67,177); Essel Sports Private Limited ₹/Thousand 13,624 (13,624); Zee News Limited ₹/ Thousand Nil (520,271), Real Media FZLLC ₹/Thousand 15,588 (Nil).

f) Sales, Services and Recoveries (Net) include to Asia Today Limited ₹/Thousand 1,242,509 (886,916); Zee News Limited ₹/Thousand 28,280 (57,680);Subscription income from Dish TV India Limited ₹/Thousand 360,000 (240,000) Advertisement Income from Dish TV India Limited ₹/Thousand 67,570 (96,409); Commission received from Asia Today Limited ₹/Thousand 114,504 (73,662);

g) Sundry Debtors balances include Asia Today Limited ₹/Thousand 758,971 (665,345); Dish TV India Limited ₹/ Thousand 137,207 (95,257); ITX Trade Exchange Limited ₹/Thousand Nil (29,854).

h) Other income includes Dividend received from Aplab Limited ₹/Thousand Nil (1,321); Essel Propack Limited ₹/ Thousand 729 (546); Interest received includes Churu Trading Company Private Limited ₹/Thousand Nil (219,469); Prajatma Trading Company Private Limited ₹/Thousand Nil (210,647); Dish TV India Limited ₹/Thousand Nil (71,901); Premier Finance & Trading Company Private Limited. ₹/Thousand Nil (186,326); Wire and Wireless (India) Limited ₹/Thousand 12,826 (127,098); Miscellaneous income includes rent income received from Zee Turner Limited ₹/Thousand 10,627 (10,627); Diligent Media Corporation Limited ₹/Thousand 2,203 (2,203); Dish TV India Limited ₹/Thousand 25,132 (25,132); Zee News Limited ₹/Thousand 21,785 (20,441); Wire and Wireless (India) Limited ₹/ Thousand 4,209 (4,209); Balances written back of Asia Today Limited ₹/Thousand Nil (12,624), Zee Turner Limited ₹/Thousand 195 (Nil), Agrani Convergence Limited ₹/Thousand 2,446 (Nil)

i) Purchase of Programs, Goods and Services from Asia Today Limited ₹/Thousand 54,718 (67,661); Taj TV Limited –Mauritius ₹/Thousand 2,088,858 (30,861); Essel Corporate Resources Private Limited ₹/Thousand 173,764 (176,292); Essel Sports Private Limited ₹/Thousand Nil (12,807); Wire and Wireless (India) Limited ₹/Thousand 183,456 (160,372).; Dish Tv Limited ₹/Thousand 46,239 (Nil) Commission paid to Zee Turner Limited ₹/Thousand 260,568 (140,620); Taj Television India Private Limited ₹/Thousand 109,893 (Nil).

j) Corporate guarantees include in respect Asia Today Limited ₹/Thousand Nil (5,008,850); Taj TV Limited, Mauritius ₹/Thousand 2,439,180 (Nil) Dish TV India Limited ₹/Thousand 3,898,802 (3,223,530); Wire and Wireless (India) Limited ₹/Thousand 188,000 (541,000).

Note:

Details of Remuneration to directors are disclosed in Note 6 (l).

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

Sr. No.	Name of the Fund	Face Value	Quantity	Amount
			(Nos)	(₹/Thousand)
1	Baroda Pioneer Liquid Fund - Inst Plan	10	54,972,794	550,074
2	Baroda Pioneer Treasury Advantage Fund – IP	10	55,205,265	552,555
3	Birla Sun Life Cash Manager - I P	10	45,282,770	452,963
4	Birla Sun Life Cash Plus – Institutional Premium Plan	10	64,882,829	650,093
5	Birla Sun Life Savings Fund - IP	10	30,077,683	300,981
6	DSP BlackRock Money Manager Fund - IP	1,000	351,266	351,547
7	DWS Insta Cash Plus Fund - Super IP	10	79,774,376	800,169
8	DWS Treasury Fund – Cash – IP	10	80,126,502	805,247
9	ICICI Prudential Flexible Income Plan - Premium	100	8,449,798	893,439
10	ICICI Prudential FRF - Plan D	100	1,511,322	151,165
11	ICICI Prudential Interval Fund V – Monthly Interval – Plan	10	15,061,048	150,613
12	ICICI Prudential Liquid - Super IP	100	8,899,395	890,137

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Significant Accounting Policies and Notes to Accounts

Sr. No.	Name of the Fund	Face Value	Quantity	Amount
			(Nos)	(₹/Thousand)
13	ICICI Prudential Ultra Short Term Plan – Sup Prem	10	70,831,369	709,801
14	IDBI Liquid Fund - Dividend	10	10,002,500	100,025
15	Kotak Floater - LT	10	89,423,227	901,368
16	Kotak Floater – ST	10	59,369,217	600,591
17	Kotak Liquid - Inst Premium Plan	10	12,330,166	150,775
18	L&T F I - S T F - I P	10	49,299,427	500,646
19	Peerless Liquid Fund - Super IP	10	75,043,776	750,550
20	Reliance Interval Fund - Monthly Series I - IP	10	20,082,875	200,879
21	Reliance Interval Fund - Monthly Series II - IP	10	27,026,836	270,392
22	Reliance Liquid Fund - Cash Plan	10	76,414,903	851,377
23	Reliance Liquidity Fund	10	46,988,703	470,127
24	Reliance Money Manager Fund – IP	1,000	470,227	470,872
25	Sundaram Money Fund - Super IP	10	64,427,238	650,412
26	Sundaram Ultra Short Term - Super IP	10	99,755,893	1,001,250
27	Tata Floater Fund	10	139,890,655	1,403,887
28	Tata Liquid Fund - SHIP	1,000	852,507	950,136
29	Templeton India TMA - Super IP	1,000	1,259,591	1,260,439
30	Templeton India Ultra Short Bond Fund – Super	10	186,890,769	1,871,076
31	UTI Fixed Income Interval Fund - Monthly Plan	10	55,499,639	554,996
32	UTI Floating Rate Fund - STP - IP	1,000	301,742	301,974
33	UTI Liquid Fund - Cash Plan - IP	1,000	1,030,132	1,050,164
34	UTI Money Market - IP	1,000	199,390	200,065
35	UTI Treasury Advantage Fund - IP	1,000	550,017	550,135
36	JM High Liquid Fund	10	170,396,584	1,706,777
37	JM Money Manager Fund-Super Plus Plan	10	55,363,948	553,933
38	JM Money Manager Fund-Regular Plan	10	80,730,408	808,208
39	JM Money Manager Fund-Super Plan	10	80,910,158	810,056
40	IDFC Cash Fund - Super Inst Plan C	10	252,123,869	2,521,869
41	IDFC Money Manager Fund Investment Plan Inst Plan-B	10	50,341,583	504,171
42	IDFC Money Manager Fund- TP Super Inst Plan-C	10	111,490,243	1,115,070
43	Edelweiss Ultra Short Term Bond Fund Inst	10	90,715,093	907,151
44	Edelweiss Liquid Fund -Super Inst	10	40,002,416	400,024
45	LIC MF Liquid Fund	10	200,557,325	2,202,139
46	LIC MF Income Plus Fund	10	120,226,644	1,202,266
47	LIC MF Saving Plus Fund	10	55,068,190	550,682
48	Axis Liquid Fund	1,000	500,041	500,041
49	Axis Treasury Advantage Fund	1,000	501,027	501,028

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Significant Accounting Policies and Notes to Accounts

13. Disclosures as required by Clause 32 of the listing agreement

a) Loans and Advances given to Subsidiaries

(₹/Thousand)

Particulars	Balance as at March 31,		Maximum amount outstanding during the year	
	2011	2010	**2011**	2010
Zee Sports Limited	29,249	29,249	29,249	29,249
Zee Turner Limited	927,492	1,747,620	1,747,620	1,747,620
Taj Television India Private Limited	177,366	39,537	177,366	39,537
Taj TV Limited Mauritius	2,155	-	2,155	-
Asia Today Limited	-	70	70	70

b) Investments by Loanee in the shares of the Company. No loans has been granted during Financial Year ended March 31, 2011

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

14. 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) Consumption of Raw Stock (included in operational cost)

(Quantity in numbers, Amount in ₹/ Thousand)

(₹/Thousand)

Particulars	**2011**		2010	
	Qty.	**Amount**	Qty.	Amount
Raw Tapes	89,684	49,377	43,446	26,878
TOTAL	**89,684**	**49,377**	43,446	26,878

(b) Value of Imported and Indigenous Raw Stock consumed

(% denotes Percentage, Amount in ₹ / Thousand)

(₹/Thousand)

Particulars	**2011**		2010	
	%	**Amount**	%	Amount
Imported	0.65	319	1.60	429
Indigenous	99.35	49,058	98.40	26,449
TOTAL	**100.00**	**49,377**	100.00	26,878

Schedule - 18

Significant Accounting Policies and Notes to Accounts

(c) Other Information

(₹/Thousand)

Particulars	2011	2010
Earning in Foreign Exchange		
FOB Value of Exports	1,022,432	869,202
Broadcasting Revenue	62,213	52,856
Others	256,437	53,601
Remittances in Foreign Currency		
Net Dividend remitted	345,481	172,751
No. of Shareholders (Nos)	252	133
No. of Equity Shares held (Nos)	172,740,498	86,375,552
Expenditure in Foreign Currency (On Accrual Basis)		
Traveling expenses	6,448	6,411
Transponder rent and uplinking charges	200,466	111,624
Programming Expenses	2,100,172	20,379
Repairs and Maintenance	17,456	2,179
Interest expense	-	125
Others	18,450	7,808
CIF Value of Imports		
Capital Equipment	94,970	16,239
Stores	-	1,522
Raw Stock	319	172

15. Earnings per share (EPS)

(₹/Thousand)

Sr.	Particulars	2011	2010
a.	Profit after Tax after Exceptional Item (₹/Thousand)	5,764,158	5,588,403
b.	Profit after Tax beforer Exceptional Item (₹/Thousand)	5,589,158	5,588,403
	Adjustment for the purpose of Diluted EPS:		
	Less: Profit on sale of Investments	196,797	-
	Add: Tax on above	21,797	-
c.	Profit after Tax after Exceptional Item for Diluted EPS (₹/Thousand)	5,764,158	5,588,403
d.	Profit after Tax before Exceptional Item for Diluted EPS (₹/Thousand)	5,589,158	5,588,403
e.	Weighted Average number of equity shares for Basic EPS (Nos.)	978,076,130	935,507,509
f.	Weighted Average number of equity shares for Diluted EPS (Nos.)	978,761,726	935,507,509
	Nominal value of equity shares (₹)	1	1
g.	Basic EPS before Exceptional Item (₹)	5.71	5.97
h.	Basic EPS after Exceptional Item (₹)	5.89	5.97
i.	Diluted EPS before Exceptional Item (₹)	5.71	5.97
j.	Diluted EPS after Exceptional Item (₹)	5.89	5.97

Note: The earnings per share have been adjusted for issue of Bonus Shares for all the periods presented.

Schedule - 18

Significant Accounting Policies and Notes to Accounts

16. 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

Hitendra Bhandari
Partner

Place : Mumbai
Date : June 23, 2011

For and on behalf of the Board

Punit Goenka	Managing Director
M Y Khan	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. 28767

State Code 11

Balance Sheet Date 31 (Date) 03 (Month) 2011 (Year)

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

Public Issue: NIL

Rights Issue: NIL

Bonus Issue: 4890380

Private Placement: NIL

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

Total Liabilities: 29047011

Total Assets: 29047011

Sources of Funds

Paid-Up Capital: 9780760

Reserves and surplus: 2805818 5

Share Application Money: NIL

Secured loans: 10750

Unsecured loans:

Application of Funds

Net Fixed Assets: 19474724

Investments: 985418 89

Net Current Assets: 171163 73

Miscellaneous Expenditure:

Other Assets: NIL

Deferred Tax Assets: 129025

IV. PERFORMANCE OF COMPANY (AMOUNT IN '000)

Turnover: 23424504

Total Expenditure: 14097021

(*includes other income)

+ - Profit/(Loss) Before Tax before exceptional item: + 8245429

+ - Profit/(Loss) After Tax and Exceptional Item: + 5764158

Earnings Per Share before exceptional items (weighted) (₹): 5.71

Dividend rate (%): 200

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

Items Code No. (ITC Code): 85249001

Product Description: RECORDED VIDEO CASSETTES

As per our attached report of even date

For MGB & Co.
Chartered Accountants

Hitendra Bhandari
Partner

Place : Mumbai
Date : June 23, 2011

For and on behalf of the Board

Punit Goenka Managing Director

M Y Khan Director

Hitesh Vakil President & Chief Financial Officer

M Lakshminarayanan Company Secretary

Cash Flow Statement

for the year ended March 31,

(₹ in '000)

		2011	2010
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax	8,442,226	6,083,424
	Adjustments for :		
	Depreciation / Amortization	166,739	114,272
	Share issue expenses written off	2	49
	Provision for bad and doubtful debts /advances	9,546	(140,914)
	Loss on Foreign exchange derivative contracts	2,649	27,820
	Loss on sale/ discard of fixed assets (net)	78,526	77,396
	Profit on sale of investments (net)	(196,797)	-
	Loss on redemption of units of mutual fund	51	-
	Provision for diminution in value of investments	140	-
	Interest expense	32,916	147,435
	Dividend income	(120,623)	(19,376)
	Interest income	(441,730)	(891,886)
	Operating profit before working capital changes	7,973,645	5,398,220
	Adjustments for :		
	(Increase)/ Decrease in trade and other receivables	(654,782)	(1,990,767)
	(Increase)/ Decrease in Inventories	(795,665)	(1,301,846)
	Increase / (Decrease) in trade and other payables	395,663	638,808
	Cash Generated from Operations	6,918,861	2,744,415
	Direct taxes paid (net)	(2,260,494)	(1,102,025)
	Net Cash flow from Operating Activities	4,658,367	1,642,390
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Fixed Assets/Capital Work In Progress	(299,390)	(211,718)
	Purchase of Long Term Investments in Subsidaries	(79,710)	-
	Sale of Long Term Investments	456,217	-
	Purchase of Current Investments	(10,067,183)	(9,638,117)
	Sale of Current Investments	8,130,333	7,638,117
	Loans to others	(2,500,000)	(7,810,183)
	Loans repaid by others	1,291,806	12,541,000
	Dividend received	120,623	19,376
	Sale of fixed assets	756	9,919
	Interest received	430,564	891,886
	Net Cash flow from Investing Activities	(2,515,984)	3,440,280
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Dividend paid (including dividend tax)	(2,268,672)	(1,013,807)
	Interest paid	(34,092)	(126,955)
	Loss on Foreign exchange derivative contracts	-	(27,820)
	Repayments of short term borrowings	(675,651)	(300,000)
	Repayments of long term borrowings	(1,288)	(1,397,980)

Cash Flow Statement

for the year ended March 31,

(₹ in '000)

		2011	2010
	Net Cash flow from Financing Activities	(2,979,703)	(2,866,562)
	Net Cash Flow during the year (A+B+C)	(837,320)	2,216,108
	Cash and Cash Equivalents at the beginning of the year	3,002,910	1,104,344
	Cash and Cash Equivalents transferred as per Scheme of Amalgamation	833,288	317,542
	Cash and Cash Equivalents transferred as per Scheme of Arrangement on demerger	207,010	-
	Cash and Cash Equivalents at the end of the year	1,539,312	3,002,910
Notes to the Cash Flow Statement For the year ended March 31, 2011			
1.	Previous year's figures have been regrouped, recast wherever necessary.		
2.	Scheme of Amlgamation/Arrangement (Refer Note 3) is not considered in the above cash flow statement being non cash transaction.		
3.	Cash and Cash Equivalents at the end of the year:		
	Cash in hand	2,454	3,146
	Balances with Scheduled Banks in Current Accounts	924,298	204,038
	Balances with Scheduled Banks in Deposit Accounts	600,078	2,625,896
	Balances with Non Scheduled Banks in Current Accounts	-	15,017
	Cheques in hand / transit	12,482	154,813
TOTAL		**1,539,312**	3,002,910

As per our attached report of even date

For MGB & Co.
Chartered Accountants

Hitendra Bhandari
Partner

Place : Mumbai
Date : June 23, 2011

For and on behalf of the Board

Punit Goenka	Managing Director
M Y Khan	Director
Hitesh Vakil	President & Chief Financial Officer
M Lakshminarayanan	Company Secretary

Last Five Years

Financial Highlights

(₹ in million)

	Consolidated					Standalone				
Year Ending March 31	**2011**	**2010**	**2009**	**2008**	**2007**	**2011**	**2010**	**2009**	**2008**	**2007**
Revenue Account										
Income from Operations	30,136	21,998	21,773	18,354	15,159	21,699	12,787	12,102	10,420	8,677
Total Expenses	21,870	15,863	16,293	12,931	11,955	13,864	7,476	8,493	6,334	6,556
Operating Profit	8,266	6,135	5,480	5,423	3,204	7,835	5,311	3,609	4,086	2,121
% to Income from Operations	27%	28%	25%	30%	21%	36%	42%	30%	39%	24%
Other Income	851	1,220	1,572	1,138	747	643	1,062	1,051	1,019	614
PBIDT	9,117	7,355	7,053	6,561	3,951	8,478	6,373	4,660	5,105	2,735
Financial Expenses	104	332	1,339	516	334	66	175	779	430	189
Depreciation / Amortisation	288	285	310	232	185	167	114	119	106	85
Profit Before Tax & Exceptional Items	8,725	6,737	5,403	5,813	3,432	8,245	6,083	3,762	4,569	2,461
Exceptional Items	197	-	(26)	26	-	197	-	(26)	26	-
Taxation	2,671	573	208	1,627	999	2,678	495	690	1,592	799
Profit After Tax & before exceptional items	6,251	6,164	5,195	4,186	2,433	5,567	5,588	3,072	2,977	1,662
Profit After Tax & before minority interest / share of profits/(losses) in associates	6,251	6,164	5,221	4,160	2,433	5,764	5,588	3,097	2,951	1,662
Add: Share of Results of Associates	0	(16)	1	5	10					
Less: Minority Interest	(118)	(195)	99	333	68					
Profit After Tax for the year	6,370	6,343	5,124	3,832	2,375	5,764	5,588	3,097	2,951	1,662
% to Total Income	21%	27%	22%	20%	15%	26%	40%	24%	26%	18%
Dividend	1,956	1,947	868	868	650	1,956	1,947	868	868	650
Dividend Rate	200%	400%	200%	200%	150%	200%	400%	200%	200%	150%
Capital Account										
Share Capital - Equity	978	489	434	434	434	978	489	434	434	434
Share Application Money										
Share Capital - Preference										
Reserves & Surplus	29,969	37,811	33,561	28,177	25,747	28,058	27,764	22,996	20,849	18,918
Deferred Tax Balances	(192)	(133)	(113)	(243)	(75)	(129)	(49)	(40)	(66)	12
Minority Interest	(119)	(22)	948	1,117	818					
Loan Funds	17	1,195	5,757	3,866	3,226	11	1,189	1,709	2,043	2,541
Capital Employed	30,653	39,340	40,587	33,351	30,150	28,918	29,393	25,099	23,259	21,904
Eff. Capital Employed	30,653	39,340	40,587	33,350	30,148	29,047	29,442	25,139	23,325	21,892
Eff. Networth	30,947	38,300	33,995	28,611	26,179	29,036	28,253	23,430	21,282	19,352
Fixed Assets	8,464	19,587	18,093	15,605	14,841	1,947	2,695	1,583	1,285	1,054
Investments	6,964	3,203	1,271	2,516	2,326	9,854	15,319	13,496	13,495	13,459
Net Current Assets	15,225	16,550	21,223	15,230	12,981	17,117	11,379	10,021	8,480	7,391
Miscellanous Expenditure (to the extent not w/o)	0	0	0	0	2	-	0	0	0	0
Capital Deployed	30,653	39,340	40,587	33,351	30,150	28,918	29,393	25,099	23,259	21,904
Closing market price per share of ₹1	124	269	106	245	251	124	269	106	245	251
Market capitalisation	120,890	131,356	46,157	106,072	108,674	120,890	131,356	46,157	106,072	108,674

Performance Ratios

– An Analysis

(₹ in million)

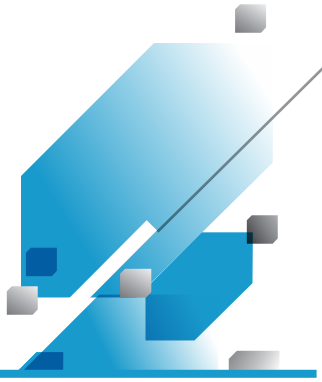
		Consolidated					Standalone				
Year Ending March 31		**2011**	**2010**	**2009**	**2008**	**2007**	**2011**	**2010**	**2009**	**2008**	**2007**
Financial Performance											
Advertisement Income/Income from Operations	(%)	56.4	48.5	48.6	50.7	46.4	66.3	63.4	64.9	69.8	58.9
Subscription Income/Income from Operations	(%)	37.4	44.9	41.5	40.5	43.9	23.4	26.6	18.5	16.4	19.1
Operating Profit/Income from Operations	(%)	27.4	27.9	25.2	29.5	21.1	36.1	41.5	29.8	39.2	24.4
Other Income/Total Income	(%)	2.7	5.3	6.7	5.8	4.7	2.9	7.7	8.0	8.9	6.6
Programming Cost/Income from Operations	(%)	37.8	31.1	32.6	28.2	31.5	38.7	32.1	40.6	33.8	46.1
Personnel Cost/Income from Operations	(%)	9.1	8.9	9.3	7.8	6.7	7.2	6.4	7.6	6.0	4.7
Selling and Admin Expenses/Income from Operations	(%)	15.8	20.2	20.4	20.0	18.9	16.0	18.8	21.0	20.2	15.7
Total Operating Cost/Income from Operations	(%)	72.6	72.1	74.8	70.5	78.9	63.9	58.5	70.2	60.8	75.6
Financial Expenses/Income from Operations	(%)	0.3	1.5	6.2	2.8	2.2	0.3	1.4	6.4	4.1	2.2
Tax/Income from Operations	(%)	8.9	2.6	1.0	8.9	6.6	12.3	3.9	5.7	15.3	9.2
PAT for the year/Total Income	(%)	20.6	26.6	21.9	19.7	14.9	25.8	40.4	23.5	25.8	17.9
Tax/PBT	(%)	30.6	8.5	3.8	28.0	29.1	31.7	8.1	18.3	34.8	32.5
Dividend Payout/PAT for the year	(%)	30.7	31.6	16.9	22.6	27.4	33.9	34.8	28.0	29.4	39.1
Dividend Payout/Effective Networth	(%)	6.3	5.1	2.6	3.0	2.5	6.7	6.9	3.7	4.1	3.4
Balance Sheet											
Debt-Equity ratio (Total loans/Eff. Networth)	(%)	0.1	3.1	16.9	13.5	12.3	0.0	4.2	7.3	9.6	13.1
Current ratio (Current assets/Current liabilities)	(x)	2.9	3.1	4.7	3.4	3.5	3.6	2.8	3.4	2.6	2.8
Capital Output Ratio (Inc from Ops/Eff. Capital employed)	(x)	1.0	0.6	0.5	0.6	0.5	0.7	0.4	0.5	0.4	0.4
Fixed assets Turnover (Inc from Ops/Fixed assets) ~	(x)	12.4	10.5	7.5	6.9	8.0	11.1	4.7	7.6	8.1	8.2
Cash & cash equivalents/Total Eff.capital employed	(%)	12.6	15.3	4.7	5.7	3.2	5.3	10.2	4.4	1.0	0.2
RONW (PAT for the year/Eff. Networth)	(%)	20.6	16.1	15.1	13.4	9.1	19.9	19.8	13.2	13.9	8.6
ROCE (PBIT/Eff. Capital employed)	(%)	28.8	18.0	16.6	19.0	12.5	28.6	21.3	18.1	21.4	12.1
Per Share Data #											
Revenue per share	(₹)	31.7	47.5	53.8	45.0	36.7	22.8	28.3	30.3	26.4	21.4
Dividend per share	(₹)	2.00	3.98	2.00	2.00	1.50	2.00	3.98	2.00	2.00	1.50
Indebtedness per share	(₹)	0.0	2.4	13.3	8.9	7.4	0.0	2.4	3.9	4.7	5.9
Book value per share	(₹)	31.6	78.3	78.3	66.0	60.4	29.7	57.8	54.0	49.1	44.6
Earnings per share (after prior period adjustments)	(₹)	6.5	14.2	11.8	8.8	5.5					
PE Ratio -Price/EPS Ratio (Share Price as of March 31,)	(x)	19.0	18.9	9.0	27.7	45.8					

Note :

~ Fixed Assets for the consolidated entity excludes Goodwill on consolidation of ₹6,038 (16,917) million

Annualised

Figures for the previous years have been regrouped wherever necessary.



Financial Statments
Consolidated

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Consolidated 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 company ("the Group") as at March 31, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow statement for the year then ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

3. (a) The financial statements of subsidiaries with total assets (net) of ₹ /Thousand 15,159,373 as at March 31, 2011 and total revenues (net) of ₹ /Thousand 10,015,059 for the year ended on that date have not been audited by us. These financial statements have been audited by other auditors whose report have 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 an associate for the year ended March 31, 2011 have been consolidated based on the management accounts and therefore unaudited. The profit of such associate considered for consolidation is ₹ /Thousand 219 for the year.

4. Without qualifying our report, we draw our attention to:

   (a) Note 19(A) in Schedule 18 regarding Amalgamation of erstwhile foreign subsidiaries ZES Holdings Limited and Zee Multimedia Worldwide Limited (BVI) with the Company w.e.f. February 1, 2011 as per the Scheme of Amalgamation u/s 391 to 394 and other applicable provisions, approved by the Hon'ble High Court at Mumbai and effect thereof is given in these financial statements as per pooling of interest method as per AS 14.

   (b) Note 19(D) in Schedule 18 regarding 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, approved by the Hon'ble High Court at Mumbai and in pursuance thereof, assets and liabilities of the demerged undertaking are transferred and the resultant difference of ₹ / Thousand 631,293 is adjusted against General Reserve.

   (c) Note 18(b) regarding receivable of ₹/ Thousand 272,049 due from a competing broadcaster, which has been under litigation. In the opinion of the management, based on the legal opinion, the said claim is considered as good and recoverable.

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 associate.

6. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements subject to para 3 above, give a true and fair view in conformity with the accounting principles generally accepted in India :

   (a) In the case of Consolidated Balance Sheet of the state of affairs of the Group as at March 31, 2011

   (b) In the case of Consolidated Profit and Loss Account of the profit of the Group for the year ended on that date; and

   (c) In the case of Consolidated Cash Flow Statement of the Cash Flow of the Group for the year ended on that date.

For MGB & Co
Chartered Accountants
Firm Registration No- 101169W

Hitendra Bhandari
Partner
Membership No. 107832
Mumbai, June 23, 2011

Consolidated Balance Sheet

as at March 31,

(₹ in '000)

	Schedule	2011	2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	978,076	489,038
Reserves and Surplus	2	29,969,576	37,810,816
		30,947,652	38,299,854
Loan Funds			
Secured Loans	3	16,709	590,727
Unsecured Loans	4	-	603,991
		16,709	1,194,718
TOTAL		**30,964,361**	39,494,572
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		9,734,521	19,979,858
Less: Depreciation / Amortization		1,670,271	1,500,944
Net Block		8,064,250	18,478,914
Capital work-in-progress		399,478	1,108,493
		8,463,728	19,587,407
Investments	6	6,964,174	3,202,719
Deferred Tax Assets (Net) [Refer Note 23(c)]		192,234	132,649
Current Assets, Loans and Advances	7		
Interest accrued on Investments		13,139	1,973
Inventories		5,395,810	4,712,608
Sundry Debtors		8,954,660	7,487,831
Cash and Bank Balances		3,857,556	5,864,478
Loans and Advances		4,804,765	6,322,594
		23,025,930	24,389,484
Less:			
Current Liabilities and Provisions			
Current Liabilities	8	5,314,858	5,398,987
Provisions	9	2,485,814	2,441,178
		7,800,672	7,840,165
Net Current Assets		15,225,258	16,549,319
Minority Interests		118,500	22,471
Miscellaneous Expenditure (to the extent not written off or adjusted)	10	467	7
TOTAL		**30,964,361**	39,494,572
Significant Accounting Policies and Notes to Accounts	18		

As per our attached report of even date

For MGB & Co.
Chartered Accountants

Hitendra Bhandari
Partner

Place : Mumbai
Date : June 23, 2011

For and on behalf of the Board

Punit Goenka	Managing Director
M Y Khan	Director
Hitesh Vakil	President & Chief Financial Officer
M Lakshminarayanan	Company Secretary

Consolidated Profit & Loss Account

for the year ended March 31,

(₹ in '000)

	Schedule	2011	2010
Income			
Sales and Services	11	30,135,608	21,997,825
Other Income	12	851,281	1,220,116
TOTAL		**30,986,889**	23,217,941
Expenditure			
Operational Cost	13	14,369,371	9,452,041
Personnel Cost	14	2,737,942	1,963,281
Administrative and other Expenses	15	1,896,038	2,112,728
Selling and Distribution Expenses	16	2,866,306	2,335,158
TOTAL		**21,869,657**	15,863,208
Operating Profit		9,117,232	7,354,733
Financial Expenses	17	103,597	331,404
Depreciation / Amortization		288,471	285,389
Profit before Tax and Exceptional Item		8,725,164	6,737,940
Add - Exceptional Item [Refer Note 37]		196,797	-
Profit before Tax		8,921,961	6,737,940
Less - Provision for Taxation			
- Current Tax		2,925,938	1,119,196
- Deferred Tax		(113,351)	25,842
Add: Excess Provision written back		141,902	284,156
Add: MAT Credit Entitlement			288,424
Profit after tax and before minority interest / share of result of associates		6,251,276	6,165,482
Add - Share of results of associates		219	(16,285)
Less - Minority Interest		(118,021)	(195,225)
Net Profit for the year		6,369,516	6,344,422
Net Profit for the year of Continuing Operations		6,369,516	6,333,175
Net Profit/ (Loss) for the year of Discontinuing operations		-	11,247
Add - Balance brought forward		21,418,152	18,445,902
Amount available for Appropriation		27,787,668	24,790,324
APPROPRIATIONS			
Interim dividends on equity shares			968,967
Proposed Final Dividend		1,956,286	977,795
Tax on Dividend		317,358	325,410
General Reserve		3,000,000	1,100,000
Balance carried to Balance Sheet		22,514,023	21,418,152
TOTAL		**27,787,668**	24,790,324
Earnings Per Share: (₹)			
Basic before Exceptional Item and discontinuing operations		6.33	6.77
Basic after Exceptional Item and discontinuing operations		6.51	6.78
Diluted before Exceptional Item and discontinuing operations		6.33	6.77
Diluted after Exceptional Item and discontinuing operations		6.51	6.78
(On distributable profits on shares outstanding)(Face Value ₹1)			
Significant Accounting Policies and Notes to Accounts	18		

As per our attached report of even date

For MGB & Co.
Chartered Accountants

Hitendra Bhandari
Partner

Place : Mumbai
Date : June 23, 2011

For and on behalf of the Board

Punit Goenka	Managing Director
M Y Khan	Director
Hitesh Vakil	President & Chief Financial Officer
M Lakshminarayanan	Company Secretary

Schedules

to the Balance Sheet as at March 31,

(₹ in '000)

	2011	2010
SCHEDULE - 1		
Share Capital		
Authorised		
1,399,200,000(1,399,200,000) Equity Shares of ₹1/- each	1,399,200	1,399,200
	1,399,200	1,399,200
Issued, Subscribed and Paid up [Refer Note 30]		
978,076,130 (434,007,111)Equity Shares of ₹1/- each fully paid up	978,076	434,007
(Out of the above (i) issued for consideration other than cash (a) 210,316,212 Equity Shares allotted for acquisition of investment ; (b) 55,030,955 Equity Shares allotted under Scheme of Arrangement /Amalgamation; (ii) 4,89,038,065 Equity Shares are allotted by way of bonus shares.		
Share Capital Suspense Account	-	55,031
TOTAL	**978,076**	489,038
SCHEDULE - 2		
Reserves and Surplus		
Capital Redemption Reserve		
As per last Balance Sheet	70,000	71,168
Less: Transferred pursuant ot the Scheme of Arrangement	-	1,168
Less : Transfer to Share Capital on issue of bonus shares	70,000	-
	-	70,000
Securities Premium		
As per last Balance Sheet	11,545,359	10,351,708
Less : Transfer to Share Capital on issue of bonus shares	419,038	-
Add: Adjusted pursuant to the Scheme of Arrangement		1,197,357
Less : Reversal of excess premium On Redemption of FCCB		3,706
	11,126,321	11,545,359
General Reserve		
As per last Balance Sheet	5,579,581	4,479,194
Less: Adjusted pursuant to the Scheme of Arrangement [Refer Note 19]	631,293	(387)
Less: Goodwill adjusted pursuant to Scheme of Amalgamation [Refer Note19]	10,878,825	-
Add: Transfer from Profit and Loss Account [Refer Note 19]	7,084,326	-
Add: Appropriated during the year	3,000,000	1,100,000
	4,153,789	5,579,581
Foreign Currency Translation Reserve	(740,231)	(802,276)
Profit and Loss Account	22,514,023	21,418,152
Less: Transfer to General Reserve [Refer Note 19]	7,084,326	-
	15,429,697	21,418,152
TOTAL	**29,969,576**	37,810,816

Schedules

to the Consolidated Balance Sheet as at March 31,

(₹ in '000)

	2011	2010
SCHEDULE - 3		
Secured Loans [Refer Note 15]		
Debentures	-	500,000
Term Loan from Financial Instiiution / Bank	-	60,000
Working Capital Finance from Banks	-	12,135
Vehicle Loans	16,709	17,917
Interest accrued and due	-	675
TOTAL	**16,709**	590,727
SCHEDULE - 4		
Unsecured Loans		
Term Loan from Banks	-	600,000
Inter Corporate Deposits	-	3,515
Interest accrued and due	-	476
TOTAL	**-**	603,991

Schedules

To The Balance Sheet as at March 31,

SCHEDULE 5

Fixed Assets (at cost)

(₹ in '000)

Description	Gross Block					Depreciation/ Amortization				Net Block	
	As at April 1, 2010	Transfer pursuant to Scheme of Arrangement [Refer Note 19(D)]	Additions	Deductions	As at March 31, 2011	As at April 1, 2010	For the Year	Deductions	Upto March 31, 2011	As at March 31, 2011	As at March 31, 2010
a) Intangibles											
Goodwill - On Consolidation^	16,378,668		538,621	10,878,825	6,038,464	-	-	-	-	6,038,464	16,378,668
Software / Knowledge Based Content	60,946	2,082	134,666	-	193,530	38,022	49,825	-	87,847	105,683	22,924
Trademark	83		-	-	83	-	8	-	8	75	83
	-		-	-	-	-	-	-	-	-	-
b) Tangibles	-		-	-	-	-	-	-	-	-	-
Freehold Land	585	585		-	-						585
Leashold Land	65,690		-	-	65,690	5,860	624	-	6,484	59,206	59,830
Building	654,938		507	21,310	634,135	217,399	25,577	19,446	223,530	410,605	437,539
Plant and Machinery	2,034,011		77,150	129,893	1,981,268	807,085	82,526	65,401	824,210	1,157,058	1,226,926
Equipments	518,146	14,648	94,139	27,181	570,456	342,278	102,500	21,940	422,838	147,618	175,868
Furniture and fixtures	156,407	3,059	4,666	14,714	143,300	66,473	15,441	8,154	73,760	69,540	89,934
Vehicles	110,384	662	7,638	9,765	107,595	23,827	11,950	4,183	31,594	76,001	86,557
TOTAL	19,979,858	21,036	857,387	11,081,688	9,734,521	1,500,944	288,451	119,124	1,670,271	8,064,250	18,478,914
Previous Year	18,931,540	(414,046)	1,411,439	777,167	19,979,858	1,508,466	285,389	292,911	1,500,944	18,478,914	

Note :-

a) ^ Arising on consolidation of ZEEL with its subsidiaries and its ultimate subsidiaries .

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

c) Part of Building has been given on Operating Lease.

d) Software include ₹/Thousand 23,735 (Nil) being the amount of computer and computer software written down to their estimated net realisable value.

Schedules

to the Balance Sheet as at March 31,

(₹ in '000)

	2011	2010
SCHEDULE - 6		
Investments		
Long Term (at cost)		
Quoted - Trade - In Associates		
1,321,200 (1,321,200) Equity Shares of ₹10/- each of Aplab Limited	46,599	46,599
(Extent of holding 26.42%)		
Add: Share of profit for previous years	1,227	18,833
Add: Share of profit/(Loss) for current year	219	(16,285)
Less: Dividend received during the year	-	1,321
{Market Value ₹/ Thousand 35,804 (50,206)}	48,045	47,826
Quoted - Non-Trade		
18,22,000(18,00,000) Equity Shares of ₹2/- each of Essel Propack Limited [Refer Note 38]	1,500	1,500
{Market Value ₹ Thousand /93,195 (78,120)}		
Unquoted - Trade		
Nil(778,471) Equity Shares of ₹ 10/- each of Asianet Communication Limited	-	119,297
Nil (67,693) Equity Shares of ₹ 10/- each of Asianet Infrastructure Limited	-	10,373
Nil (423,082) Equity Shares of ₹ 10/- each of Asianet Radio Private Limited	-	64,836
Nil (423,082) Equity Shares of ₹ 10/- each of Asianet News Private Limited	-	64,836
Nil (23,436) , 7.25% Redeemable Non-Cumulative Preference Shares of ₹1/- each	-	23
of Wire and Wireless (India) Limited		
Unquoted - Trade		
Others		
3,000(3,000) Equity Shares of ₹ 10/- each of Last Minute Media Private Limited	300	300
Nil (50)Equity shares of ₹10/- each of North Karnataka GSB Bank Limited	-	1
Nil (2,500) Equity shares of ₹10/- each of Samata Sahakari Bank Limited	-	63
Nil (1,000)Equity share of ₹10/- each of Ecool Gaming Solutions Private Limited	-	5
Nil (1,000) Equity Shares of ₹10/- each of Pan India Network Private Limited	-	5
National Savings Certificates	-	15
(Pledged with VAT Department]		
Current Investment - Quoted		
Mutual Funds (Units of face value of ₹ 10/- each)		
14,973,197 (Nil) of DWS Ultra Short Term Fund - Institutional Daily Dividend	149,860	-
30,234,900 (Nil) ICICI Prudential Interval Fund II Quarterly Interval Plan B Institutional Dividend	302,349	-
9,613,215 (Nil) of JM Short Term Fund - Institutional Plan - Dividend	100,605	-
19,807,868 (Nil) of Kotak Floater - Short Term - Daily Dividend	200,380	-

Schedules

to the Balance Sheet as at March 31,

(₹ in '000)

	2011	2010
9,988,413 (Nil) of Templeton India Ultra Short Bond Fund Super Instititional Daily Dividend	100,000	-
19,992,361 (Nil) of BSL Cash Plus - Instl. Prem. - Daily Dividend Reinvestment	200,313	-
25,109,506 (Nil) TATA Fixed Maturity Plan Series 28 Scheme A Dividend	251,095	-
25,057,639 (Nil) of Peerless Liquid Fund - Super Institutional Daily Dividend	250,614	-
50,832 (Nil) units of USD 1001 each of Socrates Money Market Fund	2,309,154	-
Nil (499,200) of Kotak Floater - Long Term - Daily Dividend	-	5,032
Nil (5000) Redeemable Preference Shares of USD 1000 each of Globex Fund Limited	-	225,151
Nil (9,000,000) units of ₹10/- each of LIC MF Income Plus - Daily Dividend Plan	-	90,000
[Aggregate Market Value ₹/Thousand 3,867,332 (320,183)]		
Others - Quoted		
Commercial Paper of Edelweiss Securities Limited	982,545	-
Commercial Paper of Religare Finvest Limited	493,958	-
Nil (10) NSE MIBOR (Non- Transferrable) Unsecured Redeemable Non Convertible	-	1,000,000
Debentures of ₹ 10,00,00,000/- each of Edelweiss Finance and Investments Limited		
[Aggregate Market Value of Commercial Papers ₹/Thousand 1,476,503 (1,000,000)]		
Others - Unquoted		
10.75% (8%) Certificate of Deposit (Non - Transferrable) of SICOM Limited	1,000,000	1,000,000
Immovable Property		
Freehold Land	573,456	573,456
TOTAL	**6,964,174**	3,202,719
(All the above securities are fully paid up)		
SCHEDULE - 7		
Current Assets, Loans and Advances		
A. Current Assets		
Interest Accrued on Investments	13,139	1,973
Inventories		
Programs, Movies and Rights		
- Unamortized cost	5,285,990	4,632,073
- Under Production	96,072	38,520
Raw Stock - Tapes	13,748	12,927
Stock-in-Trade	-	29,088
	5,395,810	4,712,608
Sundry Debtors		
(Unsecured considered good, unless otherwise stated)		
More than six months	3,298,064	3,916,723
Others	6,772,196	5,957,059
	10,070,260	9,873,782
Less: Provision for doubtful debts	1,115,600	2,385,951
	8,954,660	7,487,831

Schedules

to the Balance Sheet as at March 31,

(₹ in '000)

		2011	2010
SCHEDULE - 7 contd			
	Cash and Bank Balances		
	Cash in hand	11,503	14,427
	Balances with Banks in Current Accounts	2,318,216	2,626,398
	Balances with Banks in Deposit Accounts	971,256	2,807,639
	Cheques in hand / transit	556,581	416,014
		3,857,556	5,864,478
(B)	**Loans and Advances**		
	Loans	2,500,000	1,291,806
	Advances (recoverable in cash or kind for value to be received)	2,052,003	4,175,642
	Less:Provision for doubtful advances	228,478	139,063
		1,823,525	4,036,579
	Advance Direct Taxes(net of provisions)	167,911	474,082
	Advance Indirect Taxes	23,683	349,137
	Deposits	289,646	170,990
		4,804,765	6,322,594
TOTAL		**23,025,930**	24,389,484
SCHEDULE - 8			
Current Liabilities			
Sundry Creditors :	For Goods	1,570,295	1,441,808
	For Expenses and other liabilities [Refer Note 35]	2,864,212	2,933,874
Trade Advances / Deposits received		188,976	295,288
Amounts pending remittance to principals		682,711	720,750
Unclaimed dividend / Fixed Deposits		8,664	7,243
Interest accrued but not due		-	24
TOTAL		**5,314,858**	5,398,987
SCHEDULE - 9			
Provisions			
Provision for Retirement Benefits		212,170	171,083
Proposed Dividend (including tax)		2,273,644	2,270,095
TOTAL		**2,485,814**	2,441,178
SCHEDULE - 10			
Miscellanous Expenditure			
(to the extent not written off or adjusted)			
Preliminary Expenses		467	7
TOTAL		**467**	7

Schedules

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

(₹ in '000)

			2011	2010
SCHEDULE - 11				
Sales and Services				
Services	-	Advertisement	17,009,855	10,669,746
	-	Subscription	11,259,390	9,868,788
	-	Commission - Broadcasters	193,362	193,386
Sales	-	Programs , Movies and Rights	1,673,001	948,023
	-	Course fees and Materials	-	317,882
TOTAL			**30,135,608**	21,997,825
SCHEDULE - 12				
Other Income				
Dividend			189,166	9,957
Interest			530,583	1,080,961
Rent Income			60,045	56,921
Miscellaneous Income			71,487	72,277
TOTAL			**851,281**	1,220,116
SCHEDULE - 13				
Operational Cost				
A. Program, Movies and Rights				
Opening	-	Unamortized Cost	4,632,073	4,186,224
	-	Under production	38,520	346,194
Add: Acquisition of Programs and Movies			10,013,150	4,042,730
Add: Production Expenses	-	Location Hire and Set Expenses	220,784	70,797
	-	Equipment Hire Charges	229,677	163,927
	-	Professional Fees	837,006	389,970
	-	Other Production Expenses	810,934	638,738
Add : Acquired pursuant to Scheme of Arrangement [Refer Note 19]			-	1,679,199
Less: Closing				
Less: Closing	-	Unamortized Cost	5,285,990	4,632,073
	-	Under production	96,072	38,520
			11,400,082	6,847,186
B. Other Operational Expenses				
Subscription Management Services			2,090,416	1,797,317
Telecast Cost			878,873	711,723
Education centre Operating expenses			-	41,258
			2,969,289	2,550,298

Schedules

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

(₹ in '000)

		2011	2010
SCHEDULE 13 contd			
C. Educational Materials and Equipments			
Opening Stock		29,088	26,060
Add: Purchases		-	57,585
Less: Transfer pursuant to Scheme of Arrangement [Refer Note 19]		29,088	-
Less: Closing Stock		-	29,088
		-	54,557
TOTAL		**14,369,371**	9,452,041
SCHEDULE - 14			
Personnel Cost			
Salaries, Allowances and Bonus		2,573,371	1,853,016
Contribution to Providend and other funds		89,242	67,007
Staff Welfare Expenses		75,329	43,258
TOTAL		**2,737,942**	1,963,281
SCHEDULE - 15			
Administrative and Other Expenses			
Rent		239,708	197,886
Rates and Taxes		61,640	112,027
Repaires and maintenance - Building		3,418	3,200
- Plant and Machinery		38,665	20,394
- Others		43,855	30,340
Insurance		12,307	9,821
Electricity and Water charges		84,134	58,390
Communication expenses		122,238	108,712
Printing and stationary		23,493	19,096
Miscellanous expenses		79,294	76,769
Conveyence and Travelling Expenses		192,320	175,758
Vehicle expenses		43,818	31,763
Service Charges / expenses		101,977	65,626
Legal, Professional and Consultancy charges		206,381	223,183
Auditors Remuneration		22,883	23,686
Provision for Doubtful Debts and Advances		370,447	162,395
Bad Debts and Advances written off	1,614,537		
Less: Adjusted against provision	1,436,329	178,208	671,452
Loss on Sale/ Discard of Fixed Assets (Net)		71,128	122,181
Share Issue and Preliminary Expenses written off		124	49
TOTAL		**1,896,038**	2,112,728

Schedules

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

(₹ in '000)

			2011	2010
SCHEDULE - 16				
Selling and Distribution Expenses				
Advertisment and Publicity expenses			1,042,995	980,640
Commission on Sales and Services			335,336	335,508
Business Promotion expenses			1,487,975	1,019,010
TOTAL			**2,866,306**	2,335,158
SCHEDULE - 17				
Financial Expenses				
Interest on	-	Fixed Loan	30,841	107,969
	-	Bonds and Debentures	-	1,256
	-	Working Capital Loan	31,369	188,488
Discounting and Financing Expenses			26,031	64,402
Exchange Difference & Loss on Foreign Exchange derivative contracts			15,356	(30,711)
TOTAL			**103,597**	331,404

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 programs ,movie distribution and Educational services (demerged during the year (Refer Note 19)).

2. Basis of Consolidation

i. 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.

ii. The CFS is prepared using uniform accounting policies for transactions and other events in similar transactions except that one of the subsidiary provided the liability on account of retirement benefit on estimated basis as per local laws instead of actuarial basis. This liability represents 19.43 % of total gratuity and leave encashment liability of the group as at the year end.

iii. 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.

iv. 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		
Taj Television India Limited	100(50)	India
Zee Turner Limited	74(74)	India
Zee Sports Limited	100(100)	India
ITM Digital Private Limited # #	59.40	India
India Web Portal Private Limited # #	51.30	India
Zee Multimedia Worldwide Limited ^	100(100)	British Virgin Islands
ZES Holdings Limited^	100(100)	Mauritius
Asia Today Limited	100(100)	Mauritius
Indirect Subsidiaries		
Apac Media Ventures Limited	100(100)	Hongkong
Asia Business Broadcasting (Mauritius) Limited @	100(100)	Mauritius
Taj TV Mauritius Limited	95(82.20)	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 - 18

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
ZES Mauritius Limited ^	100(100)	Mauritius
Expand Fast Holding (Singapore) Pte Limited	100(100)	Singapore
Zee Technologies (Guangzhau) Limited	100(100)	China
Zee Telefilms Middle East FZ LLC	100(100)	U.A.E.
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 International Limited *	100(100)	United Kingdom
Zee Motion Pictures Private Limited **	100(100)	India
OOO Zee CIS LLC	100(100)	Russia
OOO Zee CIS Holding LLC	100(100)	Russia

^Zes Entertainment Studios Limited and ZES Mauritius Limited amalgamated on March 31, 2011 and March 18,2011 respectively with ZES Holdings Limited [Refer Note 19]. ZES Holdings Limited and Zee Multimedia Worldwide Limited amalgamated with the Company with appointed date February 1,2011 and effective date June 20,2011 [Refer Note19].

@Amalgamated with Asia Today Limited effective March 31, 2011 [Refer Note19]

*Wound up during the year

**Divested during the year

Acquired/Incorporated during the year

v. 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%	India

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

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. The CFS is not comparable, in view of Restructuring [Refer Note 19] and subsidiaries incorporated/ acquired / divested during the current and previous year.

Schedule - 18

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 in 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 leased assets on straight-line method at the rates specified in Schedule XIV or at the rates adopted in the accounts of respective subsidiaries as permissible under applicable local law on straight line basis from the time they are available for use, 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.

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Significant Accounting Policies and Notes to Accounts

10. Inventories:

a) Programs ,Movie and Rights :

Programs, Movie and 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 and sports rights etc. are fully expensed on telecast.

ii. Cost of 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. Cost of Movie rights are charged on a straight-line basis over the license period or 60 months from the date of acquisition, whichever is shorter.

b) Movie produced and acquired for distribution:

Cost is allocated to each rights based on management estimates of revenues from each of these rights and amortization of costs of rights of domestic theatrical, International theatrical rights, television rights, music rights, video rights and others are made when sold and movies carried at lower of unamortized cost or net realizable value.

i. Theatrical rights: - 70 % cost is allocated and amortized over three months of theatrical release of movie and balance 30 % in subsequent three quarters.

ii. Allocated cost of 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) Work- in - progress - 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) Education 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 Television 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 related sale 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 the 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.

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Significant Accounting Policies and Notes to Accounts

(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.

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 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 five/ten years.

15. Secured Loans

a) Debentures

Nil (500) Secured Redeemable Non-Convertible Debentures of ₹ 1,000,000 each fully paid up (issued by erstwhile ETC) and vested with the Company upon merger of ETC with Company are redeemable at par in 4 equal installments with the earliest redemption being on 6 January 2012 and last being on January 6,2015.

Secured by way of first charge on freehold land, all fixed assets and current assets including certain fixed deposits, and first charge on escrow account for receivables of the erstwhile ETC . The debentures are to be further secured by assignment of all the benefits under the agreement for operations of the school.

These debentures and related liabilities are transferred to Zee Learn Limited as at April 1,2010 as per the Composite Scheme of Arrangement (Refer Note 19).

b) 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 erstwhile ETC Networks Limited.

c) Working Capital Loan from Bank

Secured by way of first charge on all the fixed assets and current assets of erstwhile company Digital Media Convergence Limited, subsidiary of erstwhile ETC Networks Limited.

d) Vehicle Loans

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

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Significant Accounting Policies and Notes to Accounts

16. Erstwhile ETC Networks Limited ("ETC – since merged") 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 under which business is carried on are yet to be transferred / obtained in the name of erstwhile ETC / Company.

17. a) Program , movie rights and sports rights are intangible assets as defined in AS – 26 but these are acquired and used for its broadcasting business, hence considered and included in Operational cost and Inventories.

b) In Schedule 13, Operational Cost under Acquisition of Programs,movies and rights includes commissioned /Acquisition of Programs and movie rights and sports rights amortized / impaired/sold etc. The Company has impaired program, movie rights and sports rights of ₹ /Thousand 26,677 (69,881) during the year.

18. 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 ₹/Thousand 272,049 (270,181) 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 good.

19. Restructuring

A) Amalgamation of ZES Holdings Limited (ZES) and Zee Multimedia Worldwide Limited (ZMWL) with the Company.

i) The Scheme of Amalgamation of ZES and ZMWL both foreign companies with the Company u/s 391 to 394 of the Companies Act 1956 is approved by the Hon'ble High Court of Mumbai on June 10, 2011 and upon filing the said order with the Registrar of Companies, Maharashtra on June 20, 2011 and at the respective judiciaries of ZES and ZMWL, the said Scheme of Amalgamation became effective on and from that date.

ii) The Scheme has been given effect to in Standalone financial statements and in pursuant to the Scheme:

a) The said approved Scheme of Amalgamation has been given effect in these financial statements as per the "pooling of interest method" as prescribed by Accounting Standard 14 "Accounting of Amalgamation". Accordingly, all the assets and liabilities of Transferor Companies i.e. ZES and ZMWL are vested and transferred to the company at respective book values on appointed date i.e. February 1, 2011.

b) No shares of the Company shall be issued in consideration of the Equity Shares and Preference Shares of the Transferor Companies as the entire Equity share capital has been held by the Company and the entire Preference Share capital is held interse by ZMWL, Amalgamating Company.

c) The difference between transferred assets and liabilities is adjusted against General Reserve, as detailed below:

(₹/Thousand)

Particulars	ZES	ZMWL	Inter Company elimination	TOTAL
Investments	-	7,896,107	(4,277,000)	3,619,107
Cash and Bank Balances	16	856,316	-	856,332
Inventories	5,733,000	-	-	5,733,000
Advances	-	1,866	-	1,866
Total Assets	5,733,016	8,754,289	(4,277,000)	10,210,305
Total Liabilities	(4,277,000)	-	4,277,000	-
Net Assets	**1,456,016**	**8,754,289**	**-**	**10,210,305**
Less: Cancellation of Investments in subsidiaries				12,286,662
Difference adjusted in General Reserve in Standalone Financial Satement				**(2,076,357)**

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Significant Accounting Policies and Notes to Accounts

iii) On Cancellation of investments in subsidiaries pursuant to the Scheme of Amalgamation , goodwill arising on consolidation of ₹/Thousand 8,653,030 has been adjusted in General Reserve. Further, ₹/Thousand 6,390,423 has been transferred from Profit and Loss account to General Reserve.

B) Amalgamation of ZES Mauritius Limited (ZES Mauritius) and ZES Entertainment Studios Limited (ZES Ent) with ZES Holdings Limited (ZES) their 100% holding company.

ZES Mauritius Limited (ZES Mauritius) and ZES Entertainment Studios Limited (ZES Ent) both Mauritius registered companies amalgamated with their Mauritius registered holding company ZES on March 18, 2011 and March 31, 2011 respectively as per the confirmation of Registrar of Companies, Republic of Mauritius, and the financials of these subsidiaries consolidated with ZES for the period February 1, 2011 to March 31, 2011 and accounted for in these financial statements, as transactions between the Appointed Date and Effective Date. Accordingly, the difference of ₹/Thousand 107 between assets and liabilities transferred is adjusted to General Reserve.

C) Amalgamation of Asia Business Broadcasting (Mauritius) Limited (ABBML) with Asia Today Limited (ATL).

Wholly owned subsidiary ABBML viz. Asia Business Broadcasting (Mauritius) Limited stood amalgamated with another wholly owned subsidiary ATL on March 31,2011 as per confirmation of Registrar of Companies, Republic of Mauritius. Accordingly, all the assets and liabilities of ABBML is transferred w.e.f. March 31, 2011 at book value to ATL. The Investments of ATL in ABBML is cancelled and Goodwill on Consolidation of ₹/Thousand 2,225,795 has accordingly been adjusted in General Reserve.Further ₹/Thousand 693,903 has been transferred from Profit and Loss account to General Reserve.

D) Scheme of Amalgamation and Arrangement between erstwhile ETC Networks Limited, Zee Learn Limited and the Company

a) The Composite Scheme of Amalgamation and Arrangement (' the Composite Scheme') between erstwhile ETC Networks Limited ('ETC'), Zee Learn Limited ('ZLL') and the Company was approved by the Hon'ble High Court of Mumbai and upon filing of the certified copy of the said order with the Registrar of Companies, Mumbai, the said Composite Scheme became effective on August 30, 2010. Pursuant to the Composite Scheme , ETC had merged with the Company on March 31, 2010 and upon such merger ,the education business undertaking stand demerged from the Company and vested in ZLL at book value on April 1, 2010 and has been given effect in these financial statements.

b) The assets and liabilities of the Education Business Undertaking of the Company as approved by the Board of Directors of the Company, stood transferred from the Company and vested with ZLL with effect from April 1, 2010 at book value. The difference of the book value of following assets and liabilities transferred is adjusted against General Reserves.

(₹/Thousand)

Particulars		
Fixed Assets (including Capital WIP)		800,655
Investments		5
Current Assets, Loans and advances		
Inventories	29,088	
Sundry Debtors (net)	12,100	
Cash and Bank Balances	207,010	
Loans and Advances (including Deferred Tax asset)	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 adjusted in General Reserve		631,293

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Significant Accounting Policies and Notes to Accounts

20. Acquisitions

During the year, indirect subsidiary of the company Zee Sports International Limited has increased its shareholding in Taj Mauritius Limited from 82.2% to 95% by an additional investment of USD 12.45 million, Goodwill arising on consolidation is USD 11.75 million.

21. Subsequent events

One of the subsidiary of the Company has entered into a 50:50 Joint Venture with STAR DEN to form a new JV company in the name of 'Media Pro Enterprise India Private Limited (MPEIPL) for distribution of channels presently distributed by them. However, the Subsidiary will continue to distribute channels of other broadcasters. Subsidiary has taken necessary estimated financial impact of scaling down of future business on fixed assets including Capital work in progress, Personnel Cost and other contractual obligation in these financial statements.

22. 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.

23. Taxation

a. Current income tax is calculated on the results of individual companies in accordance with local tax regulations.

b. 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.

c. The components of the deferred tax balances as on March 31, are as under:

(₹/Thousand)

Particulars	2011	2010
Deferred Tax Assets		
Arising on account of timing differences in Retirement Benefit	49,714	39,280
Provision for doubtful debts	208,393	213,323
Allowable on payment basis	6,829	29,690
Unabsorbed fiscal allowances	10,662	27,622
Other Provisions	63,415	13,997
TOTAL	**339,013**	323,912
Deferred Tax Liabilities		
Depreciation	144,620	144,279
Other Provisions	2,159	46,984
TOTAL	**146,779**	191,263
Deferred Tax Assets (Net)	192,234	132,649

24. 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 cancelable lease terms in excess of one year as at March 31, 2011 and its present value are as follows.

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Significant Accounting Policies and Notes to Accounts

Reconciliation of minimum lease payments and present value:

(₹/Thousand)

Particulars	2011	2010
Minimum Lease Payments as at March 31,		
Not Later than one year	2,355	1,378
Later than one year and not later than five year	1,806	2,822
Later than five years	-	-
TOTAL	**4,161**	4,200
Less: Amount representing Interest	388	597
Present value of Minimum Lease payment	**3,773**	3,603
Less: Amount due not later than one year	2,062	1,070
Amount due later than one year and not later than five years	1,711	2,533
Amount due later than five years	-	-

(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-cancelable lease term in excess of one year as at March 31, 2011 are as follows:

(₹/Thousand)

Particulars	2011	2010
Lease rental charges for the year	764,926	562,077
Future Lease rental obligation payable (Under non-cancelable lease)		
Not later than one year	344,002	372,847
Later than one year but not later than five year	584,961	938,296
Later than five years	11,951	120,516

(c) 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 12 months.

(ii) The rental revenue for the year is ₹/Thousand 60,045 (56,921).

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Significant Accounting Policies and Notes to Accounts

25. (a) Contingent Liabilities

(₹/Thousand)

Particulars		2011	2010
a)	Corporate guarantees for other related parties, loan outstanding ₹/Thousand 3,010,615 (3,733,360)	4,114,302	4,467,176
b)	Bank/Counter guarantees outstanding	59,961	1,605
c)	Letter of Credit (Net of Liabilities Provided)	983,780	509,427
d)	Claims not acknowledged as debts	801,237	640,319
e)	Legal cases against the Company	Unascertainable	Unascertainable
f)	Disputed Direct Taxes	2,312,234	287,308
g)	Disputed Indirect Taxes	659,395	631,098

(b) Estimated amount of contracts remaining to be executed on capital account (Net of Advances) ₹/Thousand 100,528 (264,619).

26. During the year, expense of ₹ /Thousand Nil (166,797) are shared by other related party, are netted off in relevant heads of expenses.

27. Capital work in progress includes Capital Advances ₹/Thousand 391,567 (1,119,997). Enforceable agreements are yet to be executed for advances of ₹/Thousand 354,000(239,370)for purchase of properties.

28. Loans and advances Include ₹/Thousand 21,346 (Nil) due from a company under the same management.

29. Prior period expenses/ income included in respective heads of Profit and Loss Account as under :-

(₹/Thousand)

Particulars	2011	2010
Prior Period Income		
Commission on subscription revenue	622	-
Subscription Revenue	4,040	-
TOTAL	**4,662**	
Prior Period Expenses		
Repairs & Maintenance - Others	3,234	-
Program Cost	-	10,392
TOTAL	**3,234**	10,392

30. Bonus Shares

At the Annual General Meeting held on October 29, 2010, the shareholders approved the issue of Bonus Shares in the proportion of one new equity share of ₹1/- each for every equity share of ₹1/- each held. Accordingly, a sum of ₹/Thousand 489,038 has been capitalized by utilization of Capital Redemption Reserve and Securities Premium Account, and transferred to Share Capital Account on allotment of fully paid bonus shares to the holders of the equity shares on the record date of November 12, 2010.

31. Sales include ₹ /Thousand 700,000(Nil) as consideration for pre matured termination of sporting events rights.

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Significant Accounting Policies and Notes to Accounts

32. Managerial Remuneration

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

(₹/Thousand)

Particulars	2011	2010
Salary and Allowances	31,125	28,028
Provident fund contributions	2,653	1,856
Perquisites	4,708	3,474
TOTAL	**38,486**	33,358

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.

ii) Commission payable of ₹/Thousand 12,750 (10,800) to Non-Executive Independent Directors based on Profits for the year ended March 31, 2011.

iii) Remuneration (salaries and allowances) of ₹ /Thousand 3,559 (3,803) has been paid to a non-executive director by a foreign subsidiary company.

33. Auditors Remuneration included in Miscellaneous Expenses is as under:

For Standalone

(₹/Thousand)

Particulars	2011	2010
Audit fees	6,000	5,900
Tax Audit fees	1,000	500
Certifications and Tax Services	1,302	7,746

For Subsidiaries

(₹/Thousand)

Particulars	2011	2010
Audit fees & Certification expenses	14,580	9,539

34. Employee Stock Option Plan (ESOP 2009)

The Company has instituted an Employee Stock Option Plan (ESOP 2009) as approved by the Board of Directors and Shareholders of the Company in 2009 for issuance of stock options convertible in 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 ₹ 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 pervious year, the Company had granted 4,340,000 (excluding 4,340,000 bonus shares) stock options to eligible employees and directors at an exercise price of ₹ 239.80 (₹ 119.90 ex bonus) 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 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 the SEBI (ESOS) Guideline 1999. In view of this, there being no intrinsic value on the date of the 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 the SEBI guidelines.

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Significant Accounting Policies and Notes to Accounts

35. Sundry Creditors for expenses and other liabilities under Current Liabilities include cheques overdrawn ₹/Thousand 227,404 (151,419).

36. Dividend ₹ /Thousand 937 (1,213) unclaimed for the period more than seven years is transferred to Investor's Education and Protection Fund during the year.

37. Exceptional item of ₹/Thousand 196,797 (Nil) represents profit on sale of long term investments (net).

38. On reconciliation, the shares of Essel Propack Limited held in investments-"Quoted-Non Trade" are rectified during the year.

39. Related Party Disclosure-

(i) List of Parties where control exists

The list of subsidiaries is disclosed in Note 2 (iv)

(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 Convergence Limited, Asian Sky Shop Limited , Buddha Films Limited, Cyquator Media Services Private Limited, Churu Trading Company Private Limited, Continental Drug Company Private Limited, Dakshin Media Gaming Solutions Private Limited, Delgrada Limited, Diligent Media Corporation Limited, Dish TV India Limited ,E City Bioscope Entertainment (India) Private Limited, E-city Property Management Services Private Limited, E-city Retail Private Limited, E-Cool Gaming Solution Private Limited, Essel Corporate Resources Private Limited, Essel Infraprojects Limited, Essel Propack Limited, Essel Shyam Communication Private Limited, Essel Sports Private Limited, Essel International Limited , Fun Multiplex Private Limited, Integrated Subscribers Management Limited, ITX Trade Exchange Limited, Intrex India Limited, Jay Properties Private Limited, Jayneer Capital Private Limited, New Media Broadcasting Private Limited, Pan India Network Infrawest Private Limited, Pan India Network Limited, Pan India Paryatan Limited, Prajatama Trading Company Private Limited, Premier Finance and Trading Company Limited, Rama Associates Limited, Real Media FZLLC, Siti Energy Limited, Sun City Projects Limited, Smart Wireless Private Limited,TALEEM Research Foundation, Turner International India Private Limited, Wire and Wireless (India) Limited, Zee Akaash News Private Limited,Zee Learn Limited, Zee News Limited.

Directors / Key Management Personnel

Mr. Subhash Chandra, Mr. Punit Goenka and Mr. Ashok Kurien.

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Significant Accounting Policies and Notes to Accounts

(iii) Transactions during the year with related parties

(₹/Thousand)

	Particulars	2011	2010
A)	**Fixed Assets / Capital work in Progress / Capital Advances**		
	Other Related Parties	-	750,000
B)	**Investments**		
	Other Related Parties		
	Balance as at March 31,	1,500	1,533
	Associates		
	Balance as at March 31,	48,045	47,827
C)	**Sundry Debtors as at March 31,**		
	Other Related Parties	679,980	1,595,418
D)	**Loans, Advances and Deposits Given as at March 31,**		
	Other Related Parties	62,034	417,760
E)	**Sundry Creditors as at March 31,**		
	Other Related Parties	605,884	1,248,624
	Associates	74	-
F)	**Loans, Advances and Deposits Received as at March 31,**		
	Other Related Parties	-	6,792
G)	**Sales and Services Turnover**		
	Sales, Services and Recoveries (Net)		
	Other Related Parties	791,363	779,376
	Advertisement Income (Net)		
	Other Related Parties	71,858	168,271
	Commission Received		
	Other Related Parties	162,159	57,785
H)	**Other Income**		
	Dividend Received		
	Other Related Parties	729	546
	Associates	-	1,321
	Interest Received		
	Other Related Parties	12,826	963,102
	Rent/Miscellaneous Income		
	Other Related Parties	58,330	54,836

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Significant Accounting Policies and Notes to Accounts

(₹/Thousand)

	Particulars	2011	2010
	Balances Written Back		
	Other Related Parties	2,446	-
	Sale of Investments		
	Other Related Parties	100	-
I)	**Share of Profit/(Loss) in Associates**	219	(16,285)
J)	**Purchase of Programs, Goods and Services**		
	Other Related Parties	1,438,530	1,373,236
K)	**Other Expenses**		
	Interest Paid		
	Other Related Parties	-	85
	Remuneration and Consultancy fees paid		
	Key Management Personnel	42,045	37,161
L)	**Loans, Advances and Deposits Given**		
	Other Related Parties	36,587	8,036,510
M)	**Purchase of Fixed Assets/CWIP/Capital Advances**		
	Other Related Parties	-	297,430
	Associates	152	-
N)	**Loans and Advances repayment received**		
	Other Related Parties	380,570	16,857,059
O)	**Corporate Guarantees Given**		
	Other Related Parties	4,114,302	4,467,176

NOTE: DISCLOSURE IN RESPECT OF MATERIAL RELATED PARTY WHO ACCOUNT FOR 10% OR MORE OF THE TRANSACTIONS DURING THE YEAR:

a. Capital Advance given to Taleem Research Foundation ₹/Thousand Nil (297,430), Purchase of Fixed Assets ₹/Thousand 152 (Nil) from Aplab Limited.

b. Share of Profit/(Loss) in associates includes from Aplab Limited ₹/Thousand 219 (16,285).

c. Sale, Services and Recoveries includes to Dish TV India Limited ₹/Thousand. 662,193 (511,717), Wire and Wireless Limited ₹/Thousand 75,510 (91,552) and Zee News Limited ₹/Thousand 49,231 (98,320). Advertisement Income include to Zee Akash News Private Limited ₹/Thousand 3,450 (11,112), Dish TV India Limited ₹/Thousand 67,570(96,410) Cornershop Entertainment Company Private Limited(up to December 31, 2009) ₹/Thousand Nil(59,832). Commission Received from Zee News Limited ₹/Thousand 58,866 (57,634), Turner International Private Limited ₹/Thousand 102,836 (58,124).

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Significant Accounting Policies and Notes to Accounts

d. Purchase of Programmes, Goods and Services include from Turner International India Private Limited ₹/Thousand 666,315(532,692), Wire and Wireless (India) Limited ₹ 185,159(161,540), Real Media FZLLC ₹/Thousand 256,535 (286,669), Essel Corporate Resources Private Limited ₹/Thousand 173,765(180,042).

e. Managerial remuneration paid to Key Management Personnel Mr. Subhash Chandra ₹/Thousand 3,559 (3,803)and to Mr. Puneet Goenka ₹ / Thousand 38,486 (33,358).

f. Other Income Include, Dividend received from Essel Propack Limited ₹/Thousand 729(547), Aplab Limited ₹/ Thousand Nil (1,321). Interest Received From Churu Trading Company Private Limited ₹/Thousand Nil(219,469), Premier Finance and Trading Company Limited ₹/Thousand Nil(187,778), Prajatma Trading Company Private Limited ₹/Thousand Nil(210,647), Wire and Wireless (India) Limited ₹ /Thousand 12,826(143,461), Delgrada Limited ₹/ Thousand Nil (97,499). Rent/Miscellaneous Income from Dish TV India Limited ₹/Thousand 25,312(25,132) , Zee News Limited ₹/Thousand 22,163 (20,441). Balances Written Back of Agrani Convergence Limited ₹/Thousand 2,446 (Nil); Sale of Investment to Buddha Films Limited ₹/Thousand 100 (Nil).

g. Interest Expenses paid to Churu Trading Company Private Limited ₹/Thousand Nil (85).

h. Loans and Advances given includes Churu Trading Company Private Limited ₹/Thousand 118 (2,040,000), Delgrada Limited ₹/Thousand Nil(998,182), Prajatma Trading Company Private Limited ₹/Thousand Nil (2,150,000) , Premier Finance and Trading Company Limited ₹/Thousand Nil(2,271,000), Zee News Limited ₹/Thousand 21,346 (Nil) , Wire and Wireless (India) Limited ₹/Thousand 14,123 (Nil).

i. Loans, Advances and deposits repayment received includes, Churu Trading Company Private Limited ₹/Thousand 118(2,040,000), Dish TV India Limited ₹/Thousand Nil (2,430,000), Premier Finance and Trading Company Private Limited ₹/Thousand Nil(2,311,300), Prajatma Trading Company Private Limited ₹/Thousand Nil(2,150,000) , Wire and Wireless (India) Limited ₹/Thousand 112,736 (2,450,000), Delgrada Limited ₹/Thousand Nil (2,695,211), TALEEM Research Foundation ₹/Thousand 199,182 (Nil) , Jay Properties Private Limited ₹/Thousand 65,745 (Nil).

j. Capital advances outstanding include TALEEM Research Foundation ₹/Thousand Nil (750,000)

k. Investments at year end includes investment in equity of Essel Prpack Limited ₹/Thousand 1,500(1,500).

l. Sundry Debtors Balances outstanding include receivable from Dish TV India Limited ₹/Thousand 378,202 (1,481,000), Wire and Wireless (India) Limited ₹/Thousand171,998 (191,814).

m. Sundry Creditors balances include amount due to Zee News Limited ₹/Thousand 84,120(705,659),Turner International India Private Limited ₹/Thousand 367,280(260,395),Aplab ₹/Thousand 74(Nil)

n. Corporate Guarantee includes Dish TV India Limited ₹/Thousand 3,898,802 (3,223,530) and Wire and Wireless (India)Limited ₹/Thousand 188,000 (541,000)

o. Balance of loans and advances given Taleem Research Foundation ₹/Thousand Nil (199,182), Jay Properties Private Limited ₹/Thousand Nil (65,745), Wire and Wireless (India) Limited ₹/Thousand Nil (98,613), Zee News Limited ₹/ Thousand 21,346 (Nil) , Cyquator Media Services Private Limited ₹/Thousand 35,985 (Nil).

40. 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 movie 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. Education services have been since demerged [Refer Note 19 (D)]

Film Production which principally consists of Production and distribution of films.

Schedule - 18

Significant Accounting Policies and Notes to Accounts

(a) Business Segment (Financial Year 2010-2011)

(₹/Thousand)

Description	B & C	Education	Film Production	Elimination	TOTAL
Segment Revenue					
External Sales	30,128,717	-	6,891	-	30,135,608
Inter-segment Sales					
TOTAL REVENUE	30,128,717	-	6,891	-	**30,135,608**
Segment Result	**8,525,301**		**(268,510)**		**8,256,791**
Operating Profit before interest and Tax					**8,256,791**
Interest Expenses					62,210
Interest Income					530,583
Profit before Tax and Exceptional Item					**8,725,164**
Exceptional Items					196,797
Profit before Tax					**8,921,961**
Current Taxes -					
Current year					2,925,938
Previous year					(141,902)
Deferred Tax Benefit/(Expense) - Current year					(113,351)
Profit after tax					**6,251,276**
Share in result of associates					219
Minority Interest					(118,021)
Net Profit					**6,369,516**

Business Segment (Financial Year 2009-2010)

(₹/Thousand)

Description	B & C	Education	Film Production	Elimination	TOTAL
Segment Revenue					
External Sales	21,534,183	317,883	145,759	-	21,997,825
Inter-segment Sales	-	-	-	-	-
TOTAL REVENUE	21,534,183	317,883	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					**6,737,940**
Current Taxes -					
Current year					830,772
Previous 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**

Schedule - 18

Significant Accounting Policies and Notes to Accounts

(b) Other Segment Information (Financial Year 2010-2011)

(₹/Thousand)

Description	B & C	Education	Film Production	Unallocated	Elimination	TOTAL
1. Segment Assets	28,572,210	-	249,537	9,943,286	-	38,765,033
2. Segment Liabilities	5,526,008	-	1,176	2,290,198	-	7,817,381
3. Capital Expenditures	927,990	-	-	-	-	927,990
4. Depreciation / Amortisation	288,277	-	194	-	-	288,471
5. Other Non Cash expenditures	441,698	-	-	-	-	441,698

Other Segment Information (Financial Year 2009-2010)

(₹/Thousand)

Description	B & C	Education	Film Production	Unallocated	Elimination	TOTAL
1. Segment Assets	40,115,907	1,285,495	534,871	5,474,844	(76,380)	47,334,737
2. Segment Liabilities	6,774,959	154,012	987,574	1,194,718	(76,380)	9,034,883
3. Capital Expenditures	1,519,602	330,874	-	-	-	1,850,476
4. Depreciation / Amortisation	275,200	8,358	1,831	-	-	285,389
5. Other Non Cash expenditures	210,795	17,983	55,847	-	-	284,625

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

(₹/Thousand)

	2011	2010
India	19,370,615	12,762,457
Rest of World	10,764,993	9,235,368

(b) Segment assets and liabilities are disclosed based on the countries of incorporation of respective companies.

(₹/Thousand)

	Segment Assets		Capital Expenditures	
	2011	2010	2011	2010
India	21,413,193	28,201,600	339,211	587,833
Rest of World	17,351,840	19,133,137	588,779	1,262,643

Schedule - 18

Significant Accounting Policies and Notes to Accounts

41. Earning per Share

In accordance with AS - 20 "Earnings Per Share" issued by ICAI, earnings per share are computed using the weighted average number of shares outstanding during the year.

(₹/Thousand)

	Particulars	2011	2010
a.	Profit for the year before Exceptional Item and discontinuing operations (₹/ Thousand)	6,194,503	6,333,175
b.	Profit for the year after Exceptional Item and discontinuing operations (₹/ Thousand)	6,369,516	6,344,422
c.	Profit after Tax before Exceptional Item and discontinuing operations for Diluted EPS (₹/Thousand)	6,194,503	6,344,422
d.	Profit for the year after Exceptional Item and discontinuing operations for Diluted EPS (₹/Thousand)	6,369,516	6,333,175
e.	Weighted Average number of equity shares for Basic EPS (Nos.)	978,076,130	935,507,509
f.	Weighted Average number of equity shares for Diluted EPS (Nos.)	978,761,726	935,507,509
g.	Nominal value of equity shares (Re)	1	1
h.	Basic before Exceptional Item and discontinued/discontinuing operations (₹)	6.33	6.77
i.	Basic after Exceptional Item and discontinued/discontinuing operations (₹)	6.51	6.78
j.	Diluted before Exceptional Item and discontinued/discontinuing operations (₹)	6.33	6.77
k.	Diluted after Exceptional Item and discontinued/discontinuing operations (₹)	6.51	6.78

Note: The earnings per share have been adjusted for all the periods presented on issue of Bonus Shares.

As per our attached report of even date

For MGB & Co.
Chartered Accountants

Hitendra Bhandari
Partner

Place : Mumbai
Date : June 23, 2011

For and on behalf of the Board

Punit Goenka	Managing Director
M Y Khan	Director
Hitesh Vakil	President & Chief Financial Officer
M Lakshminarayanan	Company Secretary

Consolidated Cash Flow Statement

for the year ended March 31,

(₹ in '000)

		2011	2010
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before tax	8,921,961	6,737,940
	Adjustments for :		
	Depreciation / Amortization	288,471	285,389
	Share issue/ Preliminary expenses written off	124	49
	Provision for doubtful debts/advances	(1,065,882)	162,395
	Loss on sale of fixed assets	71,128	122,181
	Exchange adjustments (net)	(43,058)	(1,563,254)
	Interest expense	62,210	297,713
	Loss on Foreign Exchange derivative contracts	-	27,820
	Profit on sale of investment (net)	(196,797)	-
	Loss on redemption of units of mutual fund	51	-
	Provision for diminution in value of investments	140	-
	Dividend income	(189,166)	(9,957)
	Interest income	(530,583)	(1,080,961)
	Operating profit before working capital changes	7,318,599	4,979,315
	Adjustments for :		
	Decrease in trade and other receivables	1,708,009	2,159,390
	Increase /(Decrease) in Inventories	(712,290)	1,545,097
	Increase / (Decrease) in trade and other payables	(109,575)	(261,965)
	Cash Generated from Operations	8,204,743	8,421,837
	Direct taxes paid (net)	(2,477,866)	(1,354,622)
	Net Cash flow from Operating Activities	5,726,877	7,067,215
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Fixed Assets/Capital Work in Progress	(389,369)	(628,555)
	Acquisition of Minority Interest	(575,592)	(1,410,751)
	Purchase of Long Term Investments	-	(1,000,000)
	Sale of Long Term Investments	456,250	280,000
	Purchase of Current Investments	(12,376,472)	(5,185,951)
	Sale of Current Investments	8,355,367	3,956,772
	Loans to others	(2,500,000)	(1,340,021)
	Loans repaid by others	1,291,806	8,673,119
	Dividend received	189,166	11,278
	Sale of fixed assets	12,612	55,000
	Sale of subsidiary	100	-
	Interest received	546,515	1,140,731
	Net Cash flow from Investing Activities	(4,989,617)	4,551,622

Consolidated Cash Flow Statement

for the year ended March 31,

(₹ in '000)

		2011	2010
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Dividend paid (including dividend tax)	(2,268,673)	(1,017,883)
	Increase in Minority Interest	57,725	-
	Interest paid	(63,385)	(297,739)
	Loss on Foreign Exchange derivative contracts	-	(27,820)
	Proceeds from long term borrowings	2,613	-
	Repayments of short term borrowings	(676,757)	(300,000)
	Repayments of long term borrowings	(2,715)	(6,202,682)
	Net Cash flow from Financing Activities	(2,951,192)	(7,846,124)
	Net Cash Flow during the year (A+B+C)	(2,213,932)	3,772,713
	Cash and Cash Equivalents transferred as per Scheme of Amalgamation / Arrangement	207,010	165,431
	Cash and Cash Equivalents at the beginning of the year	5,864,478	1,926,334
	Cash and Cash Equivalents at the end of the year	3,857,556	5,864,478
Notes to the Cash Flow Statement For the year ended March 31, 2011			
1.	Previous year's figures have been regrouped, recast wherever necessary.		
2.	Scheme of Amlgamation/Arrangement (Refer Note 19) is not considered in the above cash flow statement being non cash transaction.		
3.	Cash and Cash Equivalents at the end of the year:		
	Cash in hand	11,503	14,427
	Balances with Scheduled Banks in Current Accounts	2,318,216	2,626,398
	Balances with Scheduled Banks in Deposit Accounts	971,256	2,807,639
	Cheques in hand / transit	556,581	416,014
TOTAL		**3,857,556**	5,864,478

As per our attached report of even date

For MGB & Co.
Chartered Accountants

Hitendra Bhandari
Partner

Place : Mumbai
Date : June 23, 2011

For and on behalf of the Board

Punit Goenka	Managing Director
M Y Khan	Director
Hitesh Vakil	President & Chief Financial Officer
M Lakshminarayanan	Company Secretary

Financial Highlights of Subsidiaries

(As on March 31, 2011)

INDIAN SUBSIDIARIES

(₹ in '000)

	Zee Turner Limited	Zee Sports Limited	Taj Television (I) Private Limited	ITM Digital Pvt Ltd	India Web Portal
SUMMARY BALANCE SHEET					
Share Capital	1,000	500	1,000	10,100	111,000
Reserve & Surplus	(482,749)	(44,895)	109,794	(2,135)	(68,206)
Total Assets	1,454,000	10,420	719,429	10,619	64,716
Total Liabilities	1,935,749	54,815	608,635	2,654	21,922
Investments (excluding subsidiaries)	–	–	–	–	–
SUMMARY PROFIT & LOSS ACCOUNT					
Turnover	1,313,701	1,035	467,798	35	2,492
Profit Before Tax	92,508	(194)	108,655	(2,135)	(68,206)
Provision for Tax	–	–	39,492	–	–
Profit after Tax	92,508	(194)	69,163	(2,135)	(68,206)
Proposed Dividend					

OVERSEAS OPERATIONS

(₹ in '000)

	Asia Today Limited	Zee Multimedia Worldwide (Mauritius) Limited	Zee Multimedia (Maurice) Limited	Taj TV Mauritius	Zee Sports International Limited	Zee Technologies (Guangzhou) Limited	Asia TV Limited, UK	Zee TV USA Inc.	Expand Fast Holdings (Singapore) Pte. Limited	Zee TV South Africa (Proprietary) Limited	Zee Telefilms Middle East FZLLC	APAC Media Ventures Limited	OOO Zee CIS Holdings LLC	OOO Zee CIS LLC
Functional Currency	USD	USD	Mauritius (Rs.)	USD	USD	YUAN	GBP	USD	USD	RANDS	AED	HKD	RUB	RUB
Conversion Rates														
– Balance Sheet	45.3416	45.3416	1.5919	45.3416	45.3416	6.9117	72.6861	45.3416	45.3416	6.6300	12.3446	5.8215	72.6861	–
– Profit & Loss	45.7588	45.7588	1.4954	45.7588	45.7588	6.8208	71.1203	45.7588	45.7588	6.3601	12.4585	5.8855	71.1203	–
Summary Balance Sheet														
Share Capital	26	2,575,235	2	768,540	45	78,102	1,194,880	45,387	2,834	0	30,861	58	19	–
Reserve & Surplus	4,151,163	677,796	(12,284)	(1,106,505)	(28,239)	(74,121)	(650,931)	(118,923)	45,821	(165,490)	18,658	(1,190)	(9,195)	–
Total Assets	8,396,645	3,290,377	2,784	6,832,924	4,611,095	8,034	791,352	10,899	58,010	12,720	238,071	40	9,398	–
Total Liabilities	4,245,456	37,346	15,066	7,170,889	4,639,289	4,053	247,403	84,435	9,355	178,210	188,552	1,172	18,574	–
Investments (excluding subsidiaries)	2,309,154	–	–	–										
Summary Profit & Loss Account														
Turnover	5,107,436	11,140	8,377	4,659,325	59,120	30,730	804,000	58,955	174,034	40,068	570,036	–	20,149	–
Profit Before Tax	(430,883)	2,758	2,052	(973,698)	(36,657)	2,356	20,234	310	2,608	200	100,369	(163)	(6,039)	–
Provision for Tax	(73,022)	317	515	(27,588)	–	1,313	9,313	7,439	1,195	–	–	–	(1,111)	–
Profit after Tax	(357,861)	2,441	1,537	(946,110)	(36,657)	1,043	10,921	(7,129)	1,413	200	100,369	(163)	(4,928)	–
Proposed Dividend														

Notes

Zee Entertainment Enterprises Limited

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

E-COMMUNICATION REGISTRATION FORM

To,
Sharepro Services (India) Private Limited
Unit: **Zee Entertainment Enterprises Limited**
Continental Building,
135, Dr. Annie Besant Road,
Worli, Mumbai 400 018, India

Green Initiative in Corporate Governance

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

Folio No. / DP ID & Client ID No. : _____

Name of 1st Registered Holder : _____

Name of Joint Holder(s), if any : _____

Registered Address of the Sole/

1st Registered Holder : _____

_____

_____

No. of Shares held : _____

E-mail ID (to be registered) : _____

Date: _____ Signature _____

Notes:

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

Zee Entertainment Enterprises Limited

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

ATTENDANCE SLIP

29th Annual General Meeting

I hereby record my presence at the 29th Annual General Meeting of the Company at Nehru Centre, Nehru Auditorium, Dr. Annie Besant Road, Worli, Mumbai 400 018 on Wednesday, August 10, 2011 at 11.00 a.m.

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

Signature of Shareholder/Proxy _____

Folio No. _____

DP ID No. _____

Client ID No. _____

No. of Shares _____

Zee Entertainment Enterprises Limited

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

PROXY FORM

29th 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 29th Annual General Meeting of the Company to be held on Wednesday, August 10, 2011 at 11.00 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 _____, 2011.

Signature of Shareholder/Proxy _____

Folio No. _____

DP ID No. _____

Client ID No. _____

No. of Shares _____

₹ 1/-
Revenue
Stamp

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

Regional Offices

New Delhi
B - 10, Essel House,
Lawrence Road, Industrial Area,
New Delhi - 110035
Tel - 011 27101145 / 54
Fax - 011 27192172

Noida
Filmcity 19,
Sector 16 - A,
Noida - 201301
Tel - 0120 2511064

Kolkatta
5 A/1 & 5 A/2, 5th Floor,
Park Plaza, 71 Park Street,
Kolkatta - 700016 .
Tel - 033 22275458 / 5459
Fax - 033 22275463

Hyderabad
6-2-929 DB Enclave,
Raj Bhavan Road, Khairtabad,
Hyderabad - 500004
Tel - 040 23320139 / 23320770
Fax - 040 23320164

Pune
Swastik Apartments,
Gulmohar Lane, Of Law College,
Opp . Nirmiti Showroom,
Erandawane, Pune - 411004
Tel - 020 25530043
Fax - 020 25532049

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

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Northoit, Middlesex, UB5 5QQ,
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Fax - +44 020 8841 9550

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Cybercity Ebene, Mauritius,
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Guangdon
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Fax - +86 2038931503

Malaysia
Level 16, 1 Sentral Jalan, Stesen Sentral 5,
KL Sentral 50470, kuala Lampur, Malaysia.
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Fax - +603 20929201

Singapore
Expand Fast Holdings (Singapore Pte Ltd)
500, Rifle Range Road, # 01-09 Bukit Timah
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Tel - +65 64652406
Fax - +65 64668837

UAE - Dubai
Zee Telefilms Middle East FZLLC
Dubai Mediacity,
Dubai UAE,
P.O.Box No. - 500484
Tel - 0097144264100
Fax - 0097143625386

Taj TV Ltd
Dubai Mediacity, Dubai UAE,
P.O.Box No. - 502018
Tel - 0097143919500

Russia Moscow
OOO Zee CIS
115419, Moscow Street Ordzonikidze,
Building 11 Stroniye 11, Office 903
Tel -+ 74959551886
Fax -+ 74959551883

Representative Offices

Hong Kong
47B, Tower 5
The Belcher's
89 Pok Fu Lam Road
Hong Kong
Tel: +8526 056 0413

Thailand
Pretty Trading Co. Ltd.,
3rd Floor, Modern Town Building
87/49 Ekamai Soi 3, Sukhumvit 63
North Klongtan, Wattana,
Bangkok - 10110
Tel: + 66 (02) 3924351-53

Australia
36-38 Cowper Street,
Parramatta, NSW 2150
Australia
Tel: +61 405 686020

Other Offices

Zee Marol Office
Plot No - 99 ,
Marol Co - Op Industrial Estate ,
Marol , Andheri (E) ,
Mumbai - 400059
Tel - 022 28521199

Braodcast Operations
Filmcity 19, Sector 16A
Noida - 201301
Tel - 0120 - 2511064

Broadcasting Division - ETC
7B, Shah Industrial Estate ,
Off. Veera Desai Road ,
Andheri (W) , Mumbai - 400053
Tel - 022 67813737
Fax - 022 26732030

Zee Entertainment Enterprises Limited

Registered & Corporate Office
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Maharashtra, India.
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Fax +91 22 2490 0302
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concept, content and design at Atherstone (info@aicl.in)