

PIONEERING VISION

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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Vision backed by SOLID EXECUTION

While the world waited with bated breath to see the picture of a liberated Kuwait in 1990, the vision of an entirely different kind of freedom – taking entertainment into people's homes – stirred the mind of Mr. Subhash Chandra, as he watched the developments of the Gulf war. His vision set into motion a series of developments that led to the establishment of India's first private entertainment channel – Zee TV. And to reaffirm a cliché, the rest is history.

Zee Entertainment Enterprises Limited (ZEE) has firmly established its identity as a game-changer in Media and Entertainment (M&E). This Annual Report chronicles our marvelous journey of twenty years and shows the road ahead. The pioneering vision has resulted in continuous innovations, which have not just enabled us to attain industry leadership, but has also made priceless contributions to the industry.





VISION

Global viewership continues to evolve. At ZEE, we keep revisiting the drawing board, in line with our vision to create new entertainment paradigms.

Since inception, we have redefined entertainment for millions of people across the globe. The business of entertainment depends on the fine art of anticipating viewers interest and delivering the content. We anticipated future trends and put our efforts towards translating viewer aspirations into vibrant realities.

The launch of Zee TV was only a start, and what followed over the years was a continual string of path-breaking developments like Hindi movie channel – Zee Cinema, food channel – Khana Khazana and golf channel – Ten Golf. The pioneering vision of Mr. Chandra has led India to emerge as a 600-channel market over the last two decades, attracting global players. The ability to see unfulfilled entertainment opportunities has enabled us to evolve from a single-channel entity to the 30+ channel M&E conglomerate, widening footprints across 168 countries, entertaining 650 million viewers globally.

We have firmly established our identity as the harbinger of innovation in the space of M&E. Here's an overview of some of the most significant contributions that have gone into the making of our twenty-year success story.



TAKING TELEVISION PLACES

We have pioneered cable and satellite distribution through Siti Cable, now known as Wire and Wireless (India) Ltd. to take television to new avenues. Households across the country enjoyed freedom from the 'antenna' route of television watching, with the introduction of cable television.



INTRODUCTION OF DIRECT-TO-HOME

We have pioneered digitisation with the launch of India's first DTH platform, DISH TV. This has resulted in sustained subscriber and Average Revenue Per User (ARPU) growth over the years. This technology platform is now playing a significant role in the growth of the industry.



ROAD AHEAD

Over the next few years, we envision to be among the globally acclaimed media entertainment companies. To enhance global viewership, we will penetrate deeper into existing markets and unexplored geographies.

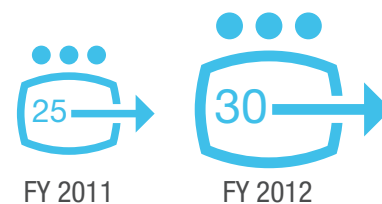
A 5 MINUTE READ

A QUICK GLANCE AT OUR BUSINESS

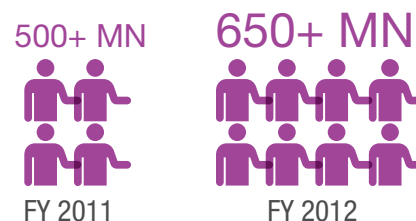
Enriching lives and endearing minds has always been our key value proposition towards our viewers, and all our stakeholders. Each day, of this marvelous journey of twenty years, since our inception, has been invested in achieving this proposition and in realising aspirations.

With the completion of this milestone, we stand firm as one of India's leading M&E companies. Our pioneering steps, taken in this expedition, range from India's first satellite television channel, first 24 hour news channel, first DTH Platform, to the latest Over The Top Television Platform.

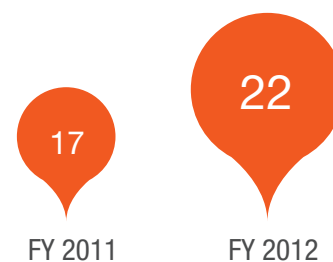
Being amongst the largest producers and aggregators of Hindi programming in the world, with an extensive library housing over 100,000 hours of television content, we have rights to more than 3,000 movie titles from foremost studios and of iconic film stars, enabling us to proudly own world's largest Hindi Film Library.



No. of Channels



Size of Viewer Base



No. of International Beams

OUR MISSION

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

HOW WE PERFORMED

During the year under review, we focused on achieving the three-pronged core strategic approach: creating high-quality family content, making content accessible to various platforms and expanding into international markets.

Be it the completion of 700+ episodes of some of our leading TV Shows, or the rich contribution of our Regional and Sports Channels with optimal and niche content, the successful acquisition of some of the biggest Bollywood titles, or the rapid expansion in the international markets, the year has seen it all.

Clocking ₹ 15.8 billion through advertisement revenues and ₹ 13.2 billion through subscription revenues, the overall financial performance has been stable and steady. With an operating margin of 24%, we have performed remarkably, despite the volatile

market conditions. Our consistent focus and single minded effort in offering value to the investors, has enabled us to offer steady returns to our stakeholders. We have consistently maintained a 30% CAGR in shareholder value generation. Even after 5.22% hike in expenses, we have achieved a PAT of ₹ 5,891 million. Our Effective Networth witnessed an 10.74% increase. As on March 31, 2012 India's first listed M&E company enjoys a ₹ 123,202 million market capitalisation.

OUR ACHIEVEMENTS

Enhancing our consistent expansion drive in the international markets, backed with a successful performance of Zee Aflam, we are already geared up to launch to yet another international channel. Strengthening our existence in the US markets, we have launched four new channels and has achieved presence on newer platforms like Charter LA and Centurylink, leading to an enhanced reach. With an attempt to take Bollywood across Asia, Zee Cinema International was launched with English subtitles in countries like Indonesia, Myanmar and Hong Kong.

With the procurement of landing rights in China, we will get an access to an entirely new territory with a large population base, possessing discretionary spends. Our Sports business was further strengthened with the launch of dedicated channels in popular sports like football and golf. Ten Golf and Ten HD are the new offerings in the sports bouquet. The introduction of high definition (HD) and niche channels, has helped us to achieve the aim of offering specialised content to premium target segments. From a distribution perspective, our JV – MediaPro, with its positive start, brings in immense contribution to the company's value chain. Content Distribution on New

FINANCIAL SNAPSHOT 2011-12

| Particulars (₹ in million) | FY 2012 | FY 2011 | Change (%) |
|---|---------|---------|------------|
| Income from Operations | 30,405 | 30,088 | 1.05 |
| Total Expenses | 23,010 | 21,868 | 5.22 |
| Operating Profit | 7,395 | 8,220 | (10.03) |
| Profit Before Tax & Exceptional Items | 8,406 | 8,725 | (3.66) |
| Profit After Tax for the year | 5,891 | 6,369 | (7.52) |
| Earnings per share (after prior period adjustments) (₹) | 6.1 | 6.5 | (6.15) |
| Fixed Assets | 9,400 | 8,106 | 15.97 |
| Net Assets | 16,598 | 15,610 | 6.33 |
| Effective Networth | 34,308 | 30,982 | 10.74 |
| Market Capitalisation | 123,202 | 120,890 | 1.91 |
| PE Ratio (Share Price as of March 31, 2012) | 20.9 | 19.0 | 10.00 |

Media Platforms, was achieved through the launch of India.com and Ditto TV.

Our strong presence in the regional space, was further amplified with the remarkable achievements by our leading channels like Zee Bangla and Zee Telugu, each emerging as a leader in their respective regions.

Our achievements and successful initiatives taken in the last Financial Year, have been recognised and rewarded by key Industry Awards, like the Dun & Bradstreet, PromaxBDA Asia 2011 Awards and many more. ZEE has been ranked as the No. 1 M&E company in the Fortune India 500 list, listed at the crest of M&E companies in the ET 500 list, and awarded as the Best company in M&E Growth category by Businessworld Infocom ICT Awards.

WHAT NEXT

Envisioning ZEE to be a global M&E player, key strategic action points have been chalked out, in order to achieve the set goals. With the onset of digitisation, arrival of 4G and elimination of anomalies, a positive industry growth is in sight, and we would implement, all the planned strategies to capitalise on the opportunities. Backed with cutting edge technology support, we are surely geared up for the digital dawn.

Letter to the SHAREHOLDERS



Subhash Chandra

Chairman

DEAR SHAREHOLDERS,

A milestone of twenty years is a defining moment in any organisation's life span. It is a reason to celebrate, when the dream we envisioned two decades ago has blossomed. We are now at an inflection point, a position from where we have to leapfrog and move to the next growth trajectory.

In 1992, ZEE was established with strong values, focusing on Customer, Excellence, Creativity, Integrity, and to this day we still espouse these values. It is my belief that the key attributes that we have adopted since inception are Vision and Innovation. Not just in thought, but in action. This has helped us to achieve domain expertise and consistent growth levels, emerging as industry leaders with a single-minded focus on realising aspirations.

We have a proven track record, which provides us with an enviable 30-channel network, reaching 650 million viewers



We are now at an inflection point, a position from where we have to leapfrog and move to the next growth trajectory.



across 168 countries. With a financially robust business model and a professional team, we are one of the largest content producers and aggregators globally.

The business of entertaining people is a good one to be in and there has never been a better time than now, especially in countries, where discretionary incomes are rising and people are seeking quality family entertainment.

Our offerings span varied genres, General Entertainment, Movies, Music, Sports, Lifestyle covering most languages across the world. For twenty years we are dedicated to creating and showcasing engaging content that can be enjoyed by people anywhere.

Our shareholders' value has grown at a compounded annual growth rate (CAGR) of 30% since listing on the stock exchanges. The result of thought leadership, execution excellence, robust value system, capable talent pool, and most importantly an all-encompassing insight into viewer pulse, along with a natural flair for innovation.

In an age of fast-evolving preferences, brand loyalty is the last thing that can be taken for granted by marketers. Translated into actionable units, this tells us to strive even harder in order to maintain our leadership and sustain the momentum that we have created for ourselves.

It is with a sense of pride that I enumerate some of the significant developments for your Company in the last fiscal. Zee TV became the first Indian Channel to be granted the landing rights in China. This will enable us to cater to the large audience base in China, and will open the doors to Indian entertainment.

Our distribution Joint-venture, MediaPro Enterprises, in a short span of time, has been successful in creating efficiencies in the entire value chain. Your Company also launched one more niche channel, TEN Golf in FY'12.

During the year, we were ranked at an impressive 217th position in the ET TOP 500 Companies Report, which was higher than many MNCs in India and chosen as the No. 1 media company by the Fortune Magazine.

2011 was challenging for the global economy, as well as the entertainment industry. Against this backdrop, we have had a sterling collective performance that deserves special mention.

India's Television industry is poised for a quantum leap, riding on the digitisation wave. From mere aspiration, digitisation is now going to become a reality over the next few quarters. As per the latest FICCI KPMG report, the Indian Television industry will grow from ₹ 329 billion to around ₹ 735 billion in the next five years. This provides us with a huge opportunity to grow in the coming years.

I strongly believe that, with the digitisation drive and consolidation in the cable industry, the ability to control the market share in terms of quality, technology and service will rest with few dozen players, rather than the 60,000 cable

operators prevailing today. The market for pay services will have to develop and evolve over the next three to four years, as the current ARPU levels are extremely low. Consolidation is expected in the DTH market as well, since it is not at a profitable level at this stage. Only with increase in the ARPU levels, broadcasters will be able to invest in better quality programming, otherwise it remains an unviable proposition for many players.

On the other hand, the production industry also needs to be more organised. This will bring in correction in programming costs, which have escalated drastically and unduly. In addition, the industry needs a better and comprehensive rating system, crisscrossing the entire length and breadth of the country. This will help the industry to recover the enormous losses that currently prevail. I am sure that with the elimination of anomalies, the industry is poised for an attractive growth in the coming five to seven years.

Over the years, our employees have demonstrated remarkable loyalty, and take great pride in using their talents and experience to build our global brand and businesses. With a strong emphasis on building organisational excellence through 'Samwad', an HR initiative, we are on our way to create an even greater workplace environment.

Finally, I thank our Board of Directors for their support and exemplary guidance. I also take this opportunity to express my gratitude to all our stakeholders, who continue to repose faith and trust in us over the years.

As a dedicated team focused on delivering exceptional service, that add real value to all stakeholders, we are ready to drive the business forward for the next twenty years and beyond.

Subhash Chandra
Chairman

SMARTER entertainment is the new normal

At ZEE, our aim is to entertain and enrich the quality of life of the viewer through entertainment content generated by consistent research and innovation. This is what we call the smarter face of entertainment.



INNOVATION



Few companies succeed in creating pioneering trends, that revolutionise the way entertainment is seen and consumed. We are amongst the chosen companies that have continued to make the world wake up to bigger and brighter times with unfailing regularity, year after year, decade after decade.

Our innovative programmes helped instil family values among the viewers. In addition, the protagonists demonstrate a rare confidence to face the world, and exude an air of optimism in consonance with the spirit of 'Umeed Se Saje Zindagi' or hope makes life blossom. Since inception, we are the industry frontrunner in initiating social change and creating programming formats, which have identified with the common man.

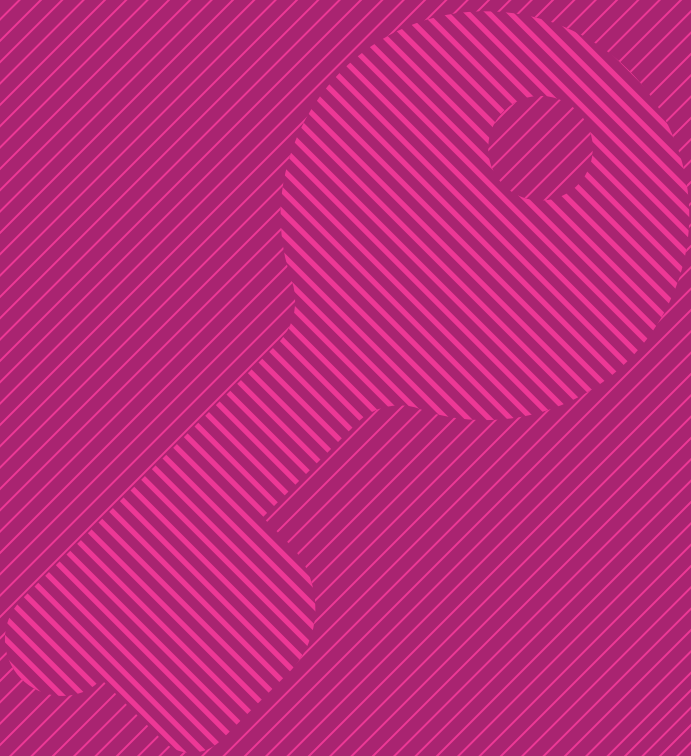


Our programmes – **Ghar ki Lakshmi Betiyaan** (against domestic violence), **Pavitra Rishta** (against injustice meted out to ageing parents), **Agle Janam Mohe Bitiya Hi Kijo** (against girl child trafficking), **Saatphey** (against the stigma of dark complexion), **Aap Ki Antara** (highlighting the issue of autism with sensitivity), and **Punar Vivaah** (against the vices of remarriage) – create awareness about deep-rooted social prejudices and injustices.

Sensing opportunity in the regional space, we have forayed into the Regional GECs, with the launch of Zee Marathi and Zee Bangla in late 90s. Over the years, we have ventured into eight regional markets, creating an unmatched entertainment paradigm.

SEASONED INSIGHT into an evolving business environment

To take the big leap forward, from being a pioneer in the TV broadcast industry, to becoming leaders in M&E, calls for vision and constant innovation. However, there is another crucial element that ensures long-term achievement.



EXPERTISE



To address the varied entertainment requirements, we have introduced specific channels – Hindi and Regional GECs to reflect family values, English Entertainment genre to reflect lifestyle attributes, Sports genre to offer live international sports content, and niche channels like Zee Khana Khazana and Ten Golf to cater to specific audience needs. To deliver enhanced viewer value proposition, we have always evaluated our content as a viewer, and not as broadcaster.

We realised that no two audience preference can ever be the same and have addressed varied entertainment requirements through our expertise. At ZEE, we launched specific channels and content catering to different audience requirements.

We have recently launched 'ZEE BOLLYWORLD', an umbrella brand under which it will consolidate its entire Indian content, including dramas, Bolly-movies, Bolly-documentaries, Bolly-travel, for

anomalies of the present analogue distribution market. It curbs piracy and introduces transparency by accelerating the pace of India's digitisation. The potential revenue growth demonstrates the effectiveness of the collaboration.

We are one of the few broadcasters in India, which are profitable since the beginning. Our unique ability helps us to deliver enhanced value at optimum cost.



syndication. ZEE Bollyworld, an offering from the ZEE stable, reinforces ZEE's global positioning, supported by a vast content library (100,000+ hours of programming). It customises content based on global consumer insight.

After all, without requisite technology, processes, market know-how and resources, the organisation would not be able to transcend from the 'seeing', 'thinking' and 'planning' mode into the 'doing' and 'achieving' mode.

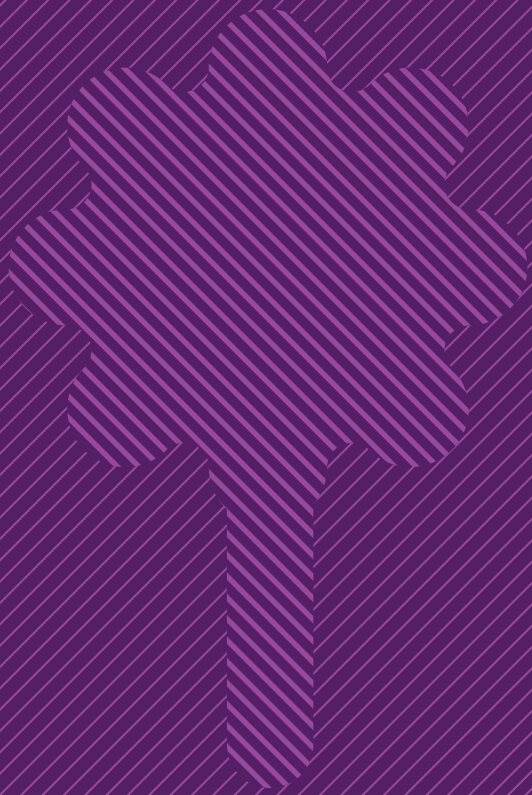
At ZEE, we foresaw the digitisation revolution and entered into the distribution JV (50:50 Joint Venture between Zee Turner and Star-Den) MediaPro to address various

The result: we continue to enjoy double-digit profitability (24% EBITDA margin and 19% PAT margin) in a market where the majority of the companies are in red.

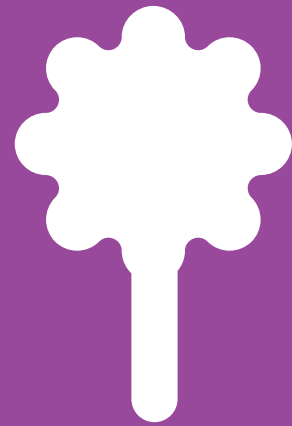
A STEP FORWARD

to globalised entertainment

With an unrelenting desire to grow, ZEE has surmounted every obstacle in its journey with innovative application of technology, expertise and resources. Moving ahead, we want to become a global M&E giant, catering to viewers in their own local languages across the world.



GROWTH



At ZEE, we have introduced four HD channels to leverage the digitisation opportunities and produce innovative content for enduring eye share.

We have got landing rights for China and will be commencing operations in the near future. With a 1.3 billion population, China provides exciting growth opportunities, as the world's biggest Cable and Satellite market. After the success of Zee Aflam, we will be looking at launching yet another international entertainment channel to provide further impetus to growth. To elevate our international business to a new level in the US and UK, we are tying up with new distribution platforms.

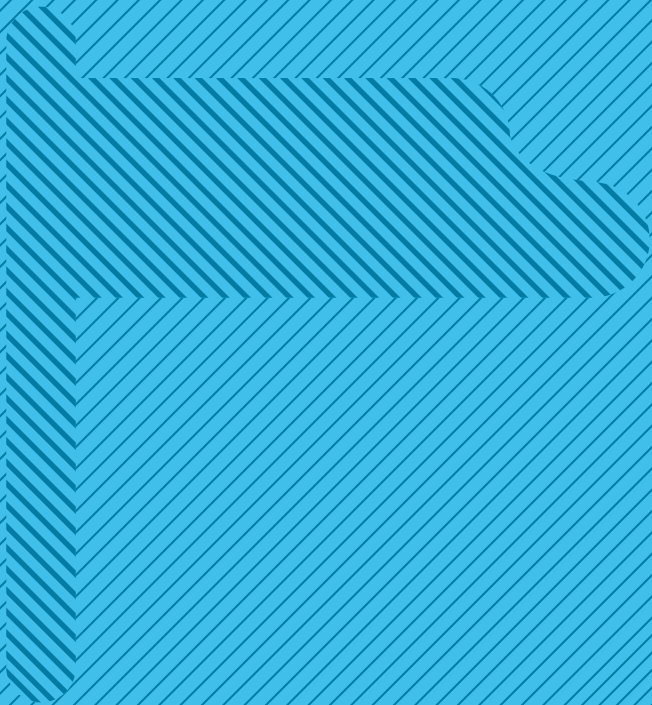


The rollout of India's Digital Addressable System will open up avenues to launch subscription-driven speciality channels. We have already launched two niche channels, Zee Khana Khazana and Ten Golf. We will be launching new niche content channels at appropriate times, going forward.

LOOKING FORWARD

and expanding horizons

At ZEE, we have institutionalised the best standards of corporate governance in an environment of mutual respect, compatible with the values of all our stakeholders.



LEADERSHIP



Leadership to us is not about exceeding standards, set by the competition, but about surpassing limits set by ourselves. We have created a trail of sterling growth: from being the first listed media company in India to acquiring leadership position in the Indian media sector.

Recognising our efforts, the International Academy of Television Arts and Sciences bestowed Mr. Subhash Chandra with a lifetime achievement – the International Emmy Directorate Award.



By virtue of strategic alliances and partnerships, we have maintained our leading position at the cutting-edge of technology. This has enabled us to offer innovations not just in entertainment content, but even in the manner of content distribution. Our consistent efforts in creating future leaders and visionaries have shaped careers of some of the most prominent leaders in M&E.

CEO's PERSPECTIVE



Punit Goenka

Managing Director & CEO



I believe we have the vision and capability to create new entertainment and emerge as a frontrunner M&E player of our times.





DEAR SHAREHOLDERS,

A year of upheavals lies behind us. A year of great opportunities is before us.

When we look back at the preceding twenty years that mark our ascendance from a small entity to one having attained global prominence, we feel happy and honoured. Happy for being able to entertain a widening viewer fraternity across nations and nationalities. And honoured for being an important contributor to industry growth and evolution.

Since inception, we have created timeless stories that can be enjoyed and treasured by audiences across the world. With a benchmark of completing twenty years of excellence, comes a commitment to our stakeholders and partners. A promise to deliver values, fulfil dreams and realise aspirations. A promise to enrich lives and extend footprints across multiple vistas of entertainment.

To us, the pursuit of excellence is ceaseless by way of implementing distinctive and out-of-the-box ideas. The enormous repository of these valuable ideas and thoughts has enabled us to innovate in the realm of content, distribution, marketing, and operations.

The M&E Industry holds out rich opportunities: India, the world's third largest TV market, is expected to grow at a rate of 17% annually. With escalating demand for niche content, the number of channels is increasing. The digitisation drive is shaping the future of the industry, and will definitely give a fillip to industry's average revenue per user (ARPU) over the next quarters.

Hindi GECs have moved from a 3 player to a 4 player market, while regional channels have witnessed adequate growth in the last year. DTH has surged ahead with around 10.5 million gross additions in FY 2012, along with a significant increase in HD channels. We are happy with the way MediaPro is shaping up.

It gives me immense pleasure to mention that we are recognised as the Top Indian Company in the M&E Sector at the Dun & Bradstreet, Rolta Corporate Awards 2010. We have also ranked as the best company in the M&E sector in the Growth category of Businessworld Infocom ICT Awards.

In the last fiscal, we focused on three strategic priorities: creating high-quality family content, making content accessible in each of the available platforms and growing internationally. These priorities have helped in the making of a robust network with a viewership share of close to 14%. Over the last one year, we have acquired some of the best available blockbuster movies, and will continue to make long-term investments in content acquisition.

Our leading TV shows, Pavitra Rishta and Yahaan Main Ghar Ghar Kheli have completed 700 and 600 episodes, respectively. Dance India Dance, the leading reality show has been registered in the Guinness Book of World Records for the Largest Bollywood Dance.

Our regional channels have contributed cinematic masterpieces in Marathi. Zhakaas, released by Zee Talkies, has created enormous ripples at the box office. Natarang is still being showered with awards and recognitions. Zee Bangla has reached the Limca Records through its reality show, Dance Bangla Dance.

The sports business continues to be a focus area. We are celebrating 10 years of Ten Sports. The new feathers in our crown are Ten Golf and Ten HD. In Indian sports genre, we have acquired 35% market share. We are already No. 1 in Pakistan and Sri Lanka. We have also renewed our contract with South African and Zimbabwe Cricket Boards and the UEFA Champions League.

Our international business has also witnessed considerable development. We have made significant progress in the US market, with the launch of four

new channels. Zing has emerged as the No. 1 channel among South Asians in the UK market, while Zee TV continues to enjoy the numero uno position among Asian expatriates in UAE and South Africa.

Overall, our financial performance has been stable in the last fiscal. We have touched ₹ 15.8 billion through advertising revenues and ₹ 13.2 billion through subscription revenues.

With the rollout of India's Digital Addressable System, the industry would get a positive turn. We sense an immense potential for niche channels and will continue to capitalise on the same. International markets will be further penetrated and our global presence will be enhanced.

In New Media, we intend to scale unexplored boundaries in content distribution, following the latest launch of our OTT TV Platform, Ditto TV. Besides, India.com (www.india.com) will continue to offer content across leading genres. With these innovative content formats and advanced distribution avenues, we intend to target new audience segments.

Let me reiterate our unwavering commitment to consolidate industry leadership. I believe we have the vision and capability to create new entertainment and emerge as a frontrunner M&E player of our times. Across the world, more than 1,500 of our employees work tirelessly to create and deliver differentiated content to entertain and inform global viewers.

Thank you for your consistent trust and faith bestowed on us. Your support has not just made us what we are today, but also motivates us to excel in our business and achieve the next set of milestones.

Yours sincerely,

Punit Goenka

Managing Director & CEO

Channel **PORTFOLIO**

168
COUNTRIES

30
CHANNELS

22
INTERNATIONAL BEAMS



650+
MILLION VIEWERS

1,00,000+
HOURS OF TV CONTENT

ZSTUDIO

ZSTUDIO

Zetc
पेंसाधी

Z
Sileasa

Zcafé

Z
जागरण

Z khana
khazana

Zetc

ZTrendz

TEN HD

Zing

TEN SPORTS

TEN GOLF

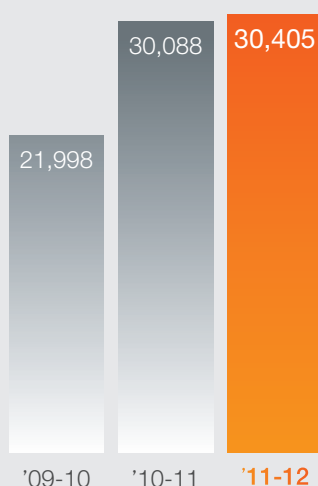
TEN CRICKET

TEN TENNIS

Financial HIGHLIGHTS 2011-12

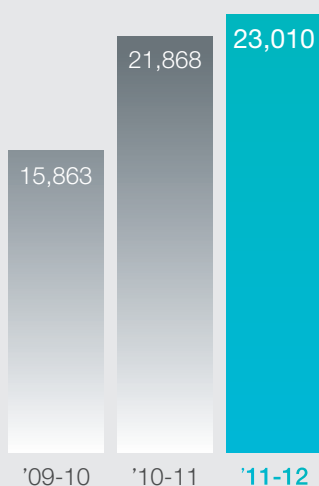
INCOME FROM OPERATIONS

(₹ in million)



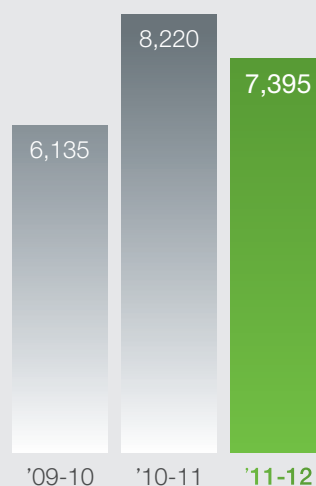
TOTAL EXPENSES

(₹ in million)



EBITDA

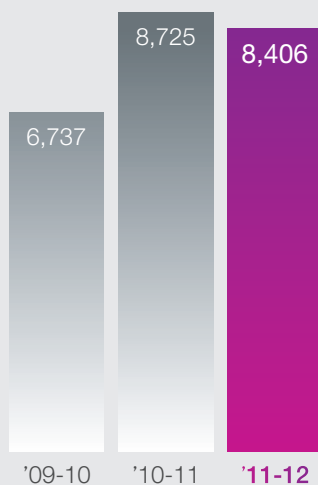
(₹ in million)



PROFIT BEFORE TAX

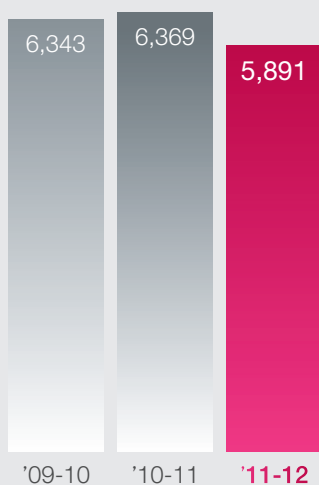
(Before Exceptional Items)

(₹ in million)



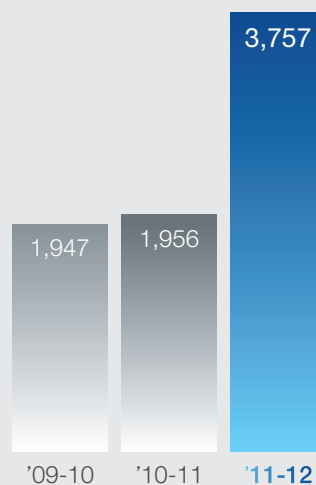
PROFIT AFTER TAX

(₹ in million)



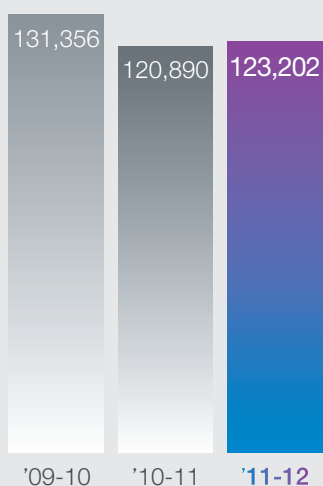
TOTAL PAYOUT TO SHAREHOLDERS

(₹ in million)

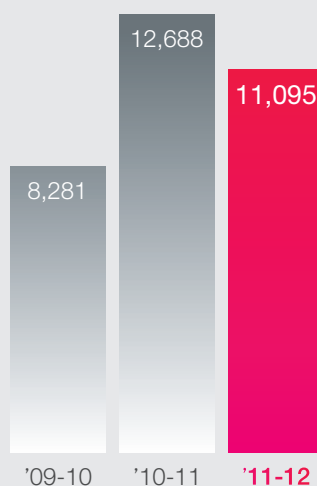


MARKET CAPITALISATION

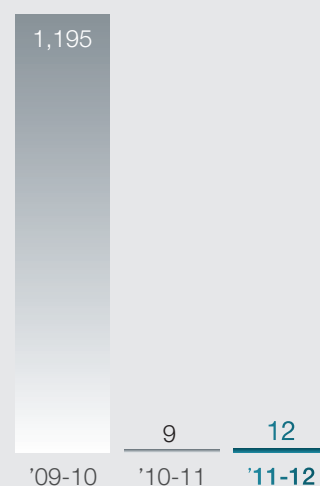
(₹ in million)

**NET CASH POSITION**

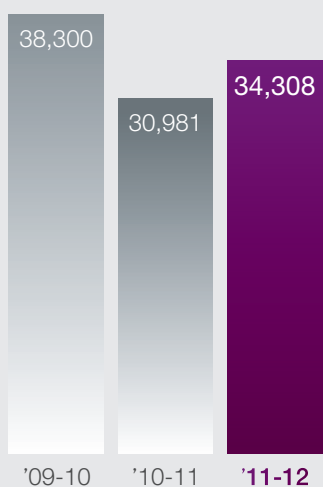
(%)

**GROSS DEBT**

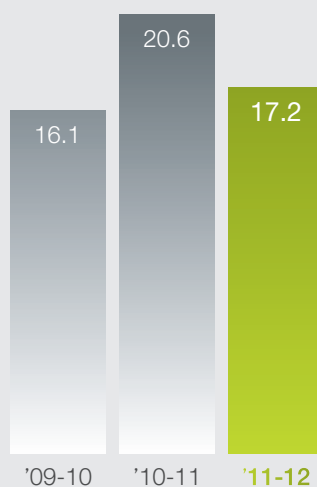
(₹ in million)

**NETWORTH**

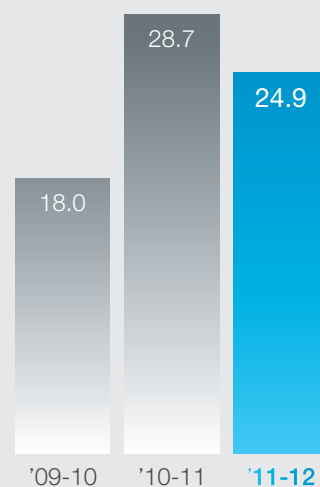
(₹ in million)

**RETURN ON NETWORTH**

(%)

**RETURN ON CAPITAL EMPLOYED**

(%)



Operational HIGHLIGHTS 2011-12

- + ZEE ranked as No. 1 in the media sector in the '**Fortune India 500**' special issue of December 2011
- + Awarded as **the best company in the M&E sector in the Growth category** in the first edition of the Businessworld Infocom ICT awards.
- + Launch of new Zee TV shows - **Afsar Bitiya and Punar Vivaah** received remarkable response



- **Afsar Bitiya, launched against the No. 1 show in Hindi GEC at 7 pm**, achieved considerable growth and touched the 2+ benchmark on average weekly TVR
 - **Punar Vivaah has more than doubled the slot ratings** for traditionally weak 22:30 slot for Zee TV
- + In March 2012, **Dance India Dance created the Guinness World Records** with 4428 dancers for the 'Largest Bollywood Dance'
- + Zee TV continues to **lead in the US, the Middle East and Africa** in terms of viewership within the South Asian channels
- + Zee Cinema has undergone a packaging change. The channel has moved to **lesser advertisement duration that helped in achieving considerable market share**
- + Zee Cinema International was launched with English subtitles in **Indonesia, Myanmar and Hong Kong, breaking the language barrier** for all Bollywood lovers across Asia
- + Zee Marathi recorded a **relative market share of 28%, with 12 programmes** in the top 50 shows of the genre
- + Zee Talkies **continued as a leading movie channel in Maharashtra**
- + Zee Bangla **emerged as Bengal's No. 1 entertainment channel**, both in key target group and digital market.
 - **Dance Bangla Dance entered into the Limca Book of Records** for being the first regional channel to complete 100 episodes with the same set of participants
 - **Zee Bangla Gourab Awards** was initiated to recognise and appreciate the hardwork and talent of theatre, music, television and film
 - **Dadagiri Unlimited Season 3 won the prestigious Srijan Samman**, an advertisement award, felicitating all Bengali advertisements in Bengali language of India and Bangladesh
 - **Mirakkel Akkel Challenger 6 audition** received excellent response in Bangladesh; almost 2,500 people turned up for the audition
- + Zee Telugu continues to be the channel of choice for viewers, and emerged **as the No. 1 channel in prime time non-fiction**.
- + Zee Telugu organised **Zee Kutumbam Awards 2011**, a first-of-its-kind relationship awards and the biggest event in the last twenty months on Telugu Television, which achieved a TVR of 9.25
- + Zee Telugu also **won three Andhra Pradesh State Nandi T.V. Film Awards**
- + Zee Tamil acquired a viewership base of **14 million across Tamil Nadu**
- + '**Olimayamana Ethirkaalam**' maintains the No. 2 position in its slot

Introduction of new channels/ media

Launch of India's only over-the-top television platform
– Ditto TV

Introduction of India's first 24 hour Golf Channel
– Ten Golf

Launch of four HD channels – Zee TV HD, Zee Cinema HD, Zee Studio HD and Ten HD



Key properties on Zee Cinema

Happy New Bollywood Film Festival

Zee Cine Awards Film Festival

- + Zee Kannada **secured the No. 3 position in Karnataka** (GRP increased from 181 in FY 2011 to 253 in FY 2012) with top performing shows like Radha Kalyana, Paravathi Parameshwara, Panduranga Vittala and Yariguntu Yarigilla
- + Zee Kannada has also organised **Zee Kutumba Awards 2011** to honour the excellence of the artists of Zee Kannada
- + Zee Café and Zee Studio showcased **the best and latest of popular American content** including Hollywood movies, and live mega events like **Miss Universe 2011** and **Miss World London 2012**
- + In the sports genre, **TEN completed 10 successful years** of operations
- + It provides maximum live cricketing hours in India, with **35% market share including cricket and 72% market share in non-cricket**
- + In the current year, the sports genre achieved:
 - **Renewed key cricket rights** for South Africa and Zimbabwe Boards



- **Licensing agreement with NBC Universal International Television Distribution for cable rights in India** to original programming from the Golf Channel in the US
- **Three-year exclusive partnership** with PGTI
- **Broadcasting rights** for the European Tour and the Asian Tour from 2013 till 2018

- Ten Sports was **awarded broadcast rights** of MENA Golf tour, TV rights for Champions League T20 for Pakistan and I-League 2011-12
- + Zee Salaam has **scored the highest GRP points (TG: CS4+, HSM)** and recorded maximum growth in Channel Share, emerging as the top player of the genre. **It acquires the second position in both HSM and pan-India parameters.**
- + ZEE continues to **dominate the International South Asian Business globally** with 50% market share
- + **In USA, ZEE launched four new channels**, including Zee Marathi, Zee Kannada, Zing and Zee Smile



- + Zee Africa received the **Diamond Arrow Award** for outstanding performance and **successfully conducted ZEE Mega Challenge** – a local Talent Hunt leading to mega auditions of Sa Re Ga Ma Pa and DID in Mauritius
- + **India.com clocked a subscriber base of 13.5 million UUs Per Month** worldwide, including 12 million+ in India
- + **Ditto TV, India's first OTT platform, launched** with unique features

Key launches on Zee TV

Mrs. Kaushik Ki Paanch Bahuein

Afsar Bitiya

Hitler Didi

DID L'il Masters



Premiers on Zee Cinema

Don 2

Players

DesiBoyz

Agneepath

Awards and ACCOLADES



The Dun & Bradstreet - Rolta Corporate Awards 2011

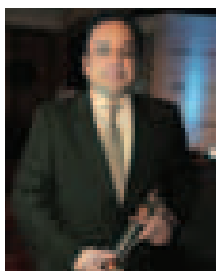
ZEE was recognised as the Top Indian Company under the M&E Sector at Dun & Bradstreet – Rolta Corporate Awards 2011. Surpassing 52 Leading Indian Corporates and Top Performers, ZEE stood out as a prominent winner.



Multiple wins at Big Indian Television Award

The hallmark of excellence in today's Indian Entertainment Industry, BIG Indian Television Awards, felicitated Zee TV with multiple awards. The following popular TV shows made us proud at the esteemed Awards Night:

- ✦ Sa Re Ga Ma Pa Li'l Champs – Best music and Film-based show
- ✦ Pavitra Rishta – The Gr8! Laurel for Ensemble Acting 2011
- ✦ Shobha Somnath Ki – Best Lyricist, Best Editing and Best Costumes



The Businessworld Infocom ICT Awards 2012

Our core objective of creating a profitable business has been recognised by the Businessworld Infocom ICT awards. ZEE has emerged as the best company in the M&E sector in the Growth category, after a comprehensive assessment of each media company's strength and previous three years' performance evaluation. Mr. Punit Goenka received the award in New Delhi on March 19, 2012.



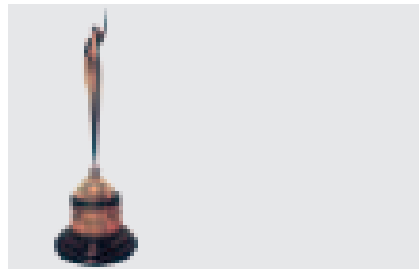
The Generation Next Business Award for Mr. Punit Goenka

The All India Association of Industries (AIAI), in alliance with the Young Entrepreneurs' Society, (YES) felicitated Mr. Punit Goenka's contribution in the Indian media space. Mr. Goenka was presented with the Generation Next Business Award in the Entertainment category.



Recognition as one of India's Business Superbrands

Superbrands, the independent authority and arbiter of branding, felicitated the top 50 brands of the country for their achievements and excellence as India's Most Powerful business brands. ZEE was the only Indian entertainment brand to be awarded and featured in the Business Superbrands book.



The PromaxBDA India 2011 Awards

Zee Cinema bagged two Gold and a Silver awards earlier this year in the PromaxBDA India for Peepli Live and Lage Raho.

AWARDS RECEIVED AT PROMAXBDA INDIA 2011

- + Gold in Best Movie Promo for Peepli Live
- + Gold in Best Comedy Promo for Peepli Live
- + Silver in Break Free Property Promo for Lage Raho



Mr. Subhash Chandra becomes the first ever International Emmy Directorate Award recipient from India

The finest feather in the crown was the 2011 International Emmy Directorate Award received by our Chairman, Mr. Subhash Chandra. The visionary was recognised at the 39th International Emmy Awards held on 21st November 2011, in the New York City. Over 1,000 international decision makers had globally evaluated the award to recognise excellence in television programming produced outside the United States. Adding a special flavour to the twenty years celebration, Mr. Subhash Chandra became the first ever Indian to receive a Directorate Award. Mr. Chandra has also ranked No. 33 in The Economic Times Corporate Dossier - Corporate India's Definitive Power Listing 2012.



Promax Awards for Zee Studio and Zee Khana Khazana

Zee Studio received Promax Gold award for best print campaign for God Father Saturdays. The campaign initiated with a creative teaser – The bad boys are coming home, followed by the property creative – Get ready for a date with the bad boys to highlight the bad boys of Disney World. Promax also recognised the innovative approach of Zee Khana Khazana to provide international appeal to its viewers with Silver award in the Best Channel ID category.

MISSION

To become the world's leading global media company from the emerging markets. As a Corporation, we will be driven by innovation and 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 recognise and have a high regard for individual expression and creative freedom in our quest to provide customer satisfaction.

INTEGRITY

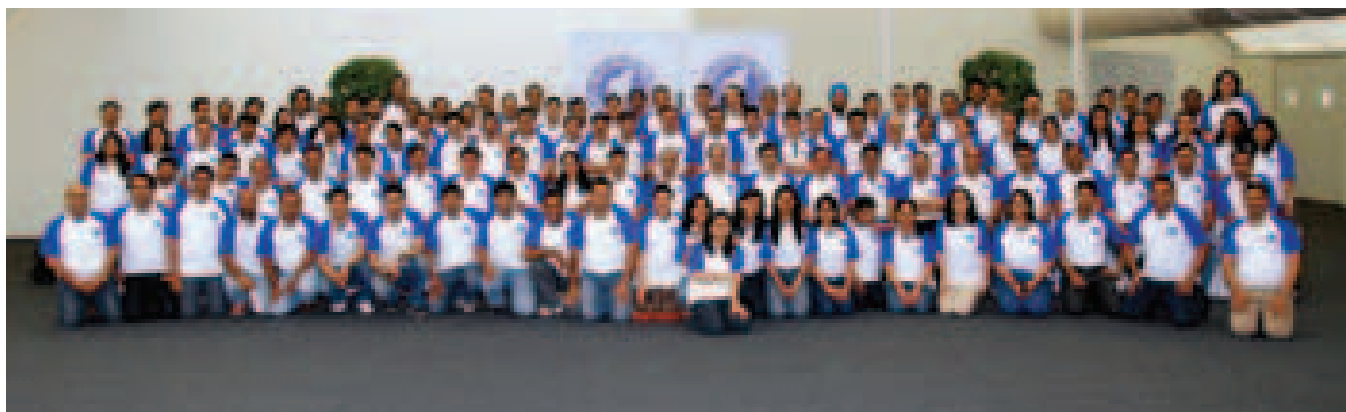
We observe strict ethical standards through editorial independence and creative expression, in order to earn the trust of our viewers and subscribers.

GROWTH DRIVEN

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



Engaging **BETTER**



In the last twenty years, we have been a wellspring of quality industry talent. We take justifiable pride in the fact that in the process of shaping an all new industry, we have also created its leaders. Most of the eminent names in today's M&E sector, at some point in their professional journey, have been closely associated with us.

To elevate us amongst the world's Top 100 'Best Places to Work', we have been extremely meticulous in our Employee Engagement activities. We firmly believe that an effective conversation with the employees is important to enhance their development and to guide them meaningfully to deliver on organisation commitments and objectives. Samwad, our key Human Resource Management initiative, helps us achieve our objective. The core elements of Samwad help us recreate an organisation delivering Excellence. The programme provides a robust platform to recognise and reward one's achievements, voice one's opinion and to facilitate career progression.

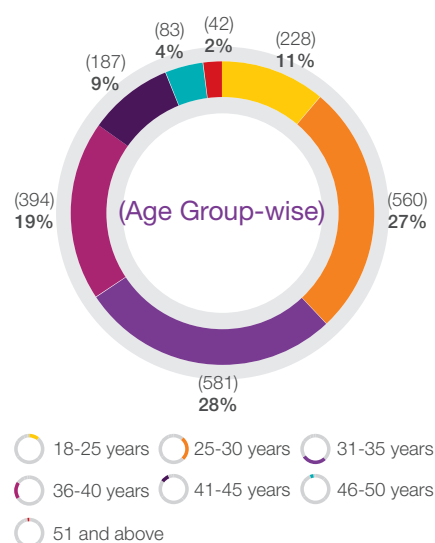
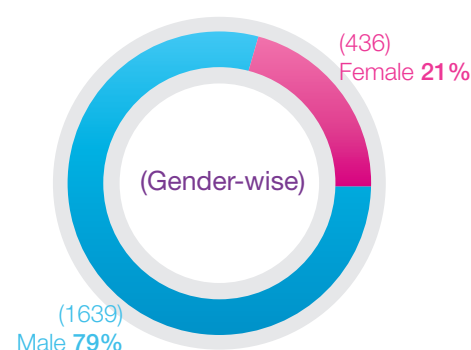
To sustain future growth, we continuously invest in people, upgrade their skill through various learning initiatives and nurture a healthy work environment. This

approach has enabled our people to deliver more, surpassing competition.

Talent has also been the key benchmark in our employee appointment decisions. The resources are judged by the talent they possess and not merely by their experience levels and qualifications. Our managers try to attract the right talent and set clear expectations to define the required outcomes. They also focus on their core strengths and motivate members to achieve excellence.

We firmly believe in discovering the key drivers of employee perception for the organisation and the enablers and disablers in the workplace culture. Leveraging the core strengths of the employees and bridging the identified gaps has been our vital key to ensure productivity.

EMPLOYEE RATIOS



Total Employees (2075)

* Number of employees in bracket

Chronicle of **OUR SUCCESS**



Recapturing the No. 1 position

From a modest beginning to the most popular household name in Bengali Entertainment genre, Zee Bangla has traversed a long way. The viewer response has been encouraging since inception. The channel is currently No. 1 in its genre, and adopts various initiatives to deepen relationship with viewers.

Zee Bangla was the first entrant from the M&E Industry to take an interactive consumer activation initiative at Kolkata Book Fair (the Fair attracts enormous footfalls) in 2010. This move is now being emulated by other industry player. In 2012, Zee Bangla also launched its annual calendar, portraying its own fraternity of television stars.

Shera Paribar, the upcoming family-based reality show of Zee Bangla, includes a door-to-door campaign to invite families from all districts of Bengal. The idea to recruit people from districts catalysed localised promotions.



Creating international records

The concept of reality shows was introduced on Indian Television by Zee TV, with shows like Antakshari and Sa Re Ga Ma Pa. The shows provided an exciting platform for people to showcase their singing talents. However, with limited dance reality shows – and that too focused on celebrities – the Indian audience never got the opportunity to perform and emerge as Dancing Stars. Dance India Dance (DID) provided the opportunity.

DID was also the first ever reality show on Zee TV to be registered with the Registrar of Copyrights. It planned to shortlist 18 dancers through auditions, and three master choreographers and one grandmaster to train the dancers to accomplish their dreams. The challenge was to identify the master choreographers and the grand master, as DID required long-term dedication from each of them. Despite the constraints, the show commenced successfully on 30th January, 2009. Soon, it received extraordinary response and dance terminologies like Contemporary and Modern Dance, Ballet, Freestyle Hip Hop, Popping, Locking, Swing and Salsa became common household topics for conversation.

The extraordinary viewer response resulted in the launch of succeeding series and two more variants, DID L'il masters and DID Doubles. On 1st March 2012, DID broke the Guinness World Record for Largest Bollywood Dance congregation with 4428 people dancing together on a single song for 3 minutes 10 seconds. A truly inspiring benchmark. The DID team has received international recognition.



10 years of TEN

Ten Network – the sports business of ZEE has witnessed manifold in the past ten years. From a modest beginning with just one channel, the network today has grown to five channels, offering premium international sports content to its viewers. The recent launch of Ten Golf and Ten HD, addresses the needs of the niche audiences.

With certain key international sporting events been broadcasted in High Definition, like UEFA Champions League, UEFA Europa Cup, La Liga, Serie A, WWE, Moto GP, US Open, and ATP Tennis, Ten Network caters to the requirements of the premium audiences. With such foray into popular sports like football and golf, Ten Network has spread its reach to a wider set of viewers. With a rapid growth trend shown in the past ten years, Ten Network is marching ahead to become the leading sports broadcaster in the country.



Reaching out to the Islamic world

Zee Salaam epitomises the spirit of winning, despite challenges. The Urdu infotainment channel was launched in February 2010, and within just two years of operations acquired the No. 1 position.

The objective was simple: an honest effort to help enrich the lives of people in the Islamic world by dissemination of information through entertainment.

Board of **DIRECTORS**

(Left to Right)

Lord Gulam K. Noon, Prof. R. Vaidyanathan, Punit Goenka, Subhash Chandra, Ashok Kurien and Dr. Mohammed Y. Khan



| Subhash Chandra | Ashok Kurien | Lord Gulam K. Noon |
|--|---|--|
| <i>Chairman</i> | <i>Director</i> | <i>Independent Director</i> |
| <ul style="list-style-type: none"> Non-Executive Chairman of the Board and Promoter of Essel Group of Companies Consistently demonstrated his ability to identify new businesses and lead them on the path to success His industry leading businesses include television networks and film entertainment, cable systems, satellite communications, theme parks, flexible packaging, family entertainment centres and infrastructure | <ul style="list-style-type: none"> One of the founder Promoters, associated with ZEE since its inception Director and Strategic Marketing Advisor to Dish TV and Playwin One of the Founder partners 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 | <ul style="list-style-type: none"> An accomplished entrepreneur, who founded Bombay Halwa Limited, a Company engaged in the business of manufacturing Indian confectionery, Indian savories and aviation catering Holds five honorary degrees from various leading British universities |
| Dr. Mohammed Y. Khan | Prof. R. Vaidyanathan | Punit Goenka |
| <i>Independent Director</i> | <i>Independent Director</i> | <i>Managing Director & CEO</i> |
| <ul style="list-style-type: none"> 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 (Ph.D) from Burkes University in UK Science graduate from the University of Kashmir | <ul style="list-style-type: none"> Known for his commendable contributions in the areas of Corporate Finance, Risk Management and Pensions 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 | <ul style="list-style-type: none"> Started his career with the Essel Group, which has diversified business interest in the areas of media, entertainment, gaming, packaging and telecommunications A graduate from Bombay University, also participated in various intensive Management Education programmes like Young Managers programme at INSEAD, France and a programme on "Birthing of Giants" hosted by Young Entrepreneurs' Organisation and MIT Enterprise Forum, Inc., Boston, USA |

Team ZEE

1. Punit Goenka
Managing Director & CEO
2. Rajesh Jejurikar
President
3. Amitabh Kumar
Technology
4. Ashish Sehgal
Advertisement Revenue
5. Atul Das
Corporate Strategy
6. Atul Pande
Sports
7. Bharat Ranga
Content & Creative



8. Hitesh Vakil
Finance
9. M. Lakshminarayanan
Company Secretary
10. Nittin Keni
Production
11. Rajendra Mehta
Human Resources
12. Roland Landers
Corporate Brand
13. Sharada Sunder
Content - Regional HSM
14. Utpal Das
Commercial



Advancing **SOCIAL STEWARDSHIP**

“The best way to find yourself is to lose yourself in the service of others.” Mahatma Gandhi

Stakeholder engagement and stewardship is part of our corporate credo. The relationship extends beyond financial assistance to active participation, enriching the quality of life of people and communities. We partner with our stakeholders in educating the underprivileged, generate awareness about social concerns and nurture the environment. Our objective is to emerge as a trustworthy and responsible neighbour of choice.



Fostering education for all

Ekal Vidyalyaya Foundation of India (EVFI) offers free education to over 1 million rural children, as part of a drive to help eradicate illiteracy. The curriculum of these schools (36,783 in number) is tailored to teach the children basic literacy and life skills to inculcate self-confidence to pursue higher education or rural occupations. In short, Ekal extends healthcare education and empowerment to the marginalised sections of society. Ekal received the National Award in 2011 by Lala Dewan Chand Trust, Delhi for its contribution in India.

Enhancing awareness

To help drive social transformation we have always played a proactive role. Our initiatives comprise:

ROAD SAFETY

After Zee Marathi's successful collaboration with the Highway Authorities of Maharashtra to promote road safety last year, Zee Talkies and Zee Marathi had another successful campaign in 2012. This was done during the promotion of the film 'Zhakaas'. Sixty hoardings were put up on Mumbai Pune Expressways, NH4 (Mumbai - Pune), NH3 Mumbai - Nasik and other six important highways of Maharashtra with the popular stars of Zee Marathi and Zee Talkies' newly launched movie Zhakaas. The initiative drew attention to safe driving habits through the use of popular slogans like 'Don't drink and drive', 'Use Helmet', 'No rash driving', 'Follow Signals and many other Traffic Rules'.

WOMEN'S SAFETY AND EMPOWERMENT

Zee Marathi also arranged for a symposium with the help of various social and cultural groups like Shabdagappa, Majestic group, Vanita Samaj, Punya

Nagari Sai, Dadar Bhagini Samaj, and Dombivli Mahila Sangh. The forum communicated the message: Tumchi Mulgi Surakshit Ahe Ka (Is your daughter safe?). The initiative to safeguard women from harassment attracted the participation of social activists, police officers, renowned journalists and performing artists.

On the Women's Day, Zee TV announced the launch of 'Project Protsahan', a drive towards women empowerment. In the inaugural ceremony, the leading ladies of the channel's prime time shows addressed the media and felicitated four extraordinary women who have made a significant contribution across different walks of life. The project will identify issues affecting women and work in a focused manner towards improving the economic and social status of Indian women.

RESPONSIBILITY TOWARDS PARENTS

Zee TV's widely acclaimed soap, Pavitra Rishta, is an attempt to sensitise the audience towards social issues like helplessness of senior citizens. Abandoned by their children, they are compelled to choose old-age homes for support and medical care. The programme promotes a humane approach towards senior citizens.

SCARING OFF EXAM BLUES

Through its prime time show Afsar Bitiya, Zee TV attempts to offer 'Umeed' in the lives of its viewers through an innovative tie-up with Competition Success Review (CSR) magazine. Afsar Bitiya has tied up with the CSR magazine to create a counselling committee for students to help them beat examination blues. Notably, many promising students fall victim to examination blues and even commit suicide.

To combat this stress, a committee of eminent educationists will reach out to students, provide them guidance and help solve their psychological predicament. A first-of-its-kind initiative by any General Entertainment Channel in India. Over 500 students have written to afsarbitiya@zeenetwork.com till now, seeking counselling from the expert panel.

ADDRESSING REMARRIAGE CONCERNS

In India, remarriage (Punar Vivaah) is always considered to be a social taboo. At Zee TV, we have launched a movement against this secret menace, by disseminating relevant information to people. The show provides a platform to interact and share views on the issue, through various helpline, panel discussions, and social media including facebook, Twitter and blogs. Till date, around 15,000 Facebook fans are engaged in a discussion on remarriage. Multiple panel discussions were organised in several cities (Mumbai, Delhi, Ahmadabad, Lucknow and Indore) where a wide cross-section of around 2,000 people (housewives, social activists, remarried couples, divorcees, widows, educationists, students, psychotherapists, marriage bureaus, writers, theatre/ film personalities, politicians and NGOs) participated.

FACILITATING A LIFE OF DIGNITY

Zee Salaam's initiative, Pehal – Ek Koshish, took up the issue of rehabilitation of sex workers and tied-up with the Jaitpur, Delhi based NGO IFRA, which addresses the issues of women forced into prostitution and the subsequent health concerns. As a part of this drive, Zee Salaam and IFRA have successfully rehabilitated women, helping them lead a life of dignity.



Nurturing green sensitivity

We believe 'green is good' for life and business. The answer to unbridled natural exploitation and resource depletion is a collective concern for the environment. At ZEE, we undertook several green initiatives. One such initiative by Zee Café celebrated the World Environment Day by launching 'Green Turn' across four key cities: Mumbai, Delhi, Bengaluru, and Pune. On the eve of World Environment day (June 4th), young environmentalists distributed saplings, along with Zee Café's Green Turn at Hiranandani Garden Powai, Mumbai. On 5th June a sapling drive, along with the distribution of eco-friendly bags, was conducted at Barista outlets.

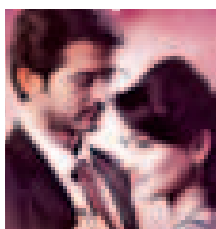
Zee Café conducted an eco-event to create awareness about herbal plants and vermi composting, as well as sapling distribution, together with a tree plantation. Zee Bangla has also created a green awareness drive for children. The participants of the Dance Bangla Dance Junior planted trees at Nicco Park, Kolkata in the esteemed presence of Sri Partha Chatterjee, Honourable Minister, Government of West Bengal.



The ZEE CALENDAR

1

APRIL - JUNE '11



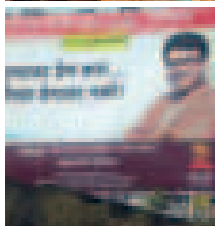
APRIL

- + Pavitra Rishta completes 500 glorious episodes
- + Zee Marathi's popular dance reality show, Eka Peksha Ek – Apsara Ali broadcasted the finale
- + The grand finale of Keeping up with the Kardashians showcased in Zee Café



MAY

- + Zee TV continues the legacy of Hero Honda Sa Re Ga Ma Pa Li'l Champs – Music ka Gurukul
- + Initiation of MediaPro – landmark distribution tie-up in Indian entertainment
- + Zee Marathi wins laurels for social initiatives from the traffic police and the Mumbai Women's Welfare Societies



JUNE

- + A new corporate brand identity 'Umeed Se Saje Zindagi' unveiled for Zee TV
- + Proud moment for Zee Bangla as it becomes a part of the prestigious Limca Book of Records for the popular show 'Dance Bangla Dance'
- + Zee TV presents the biggest ever historical saga - Shobha Somnath Ki on Indian television

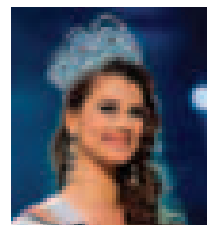
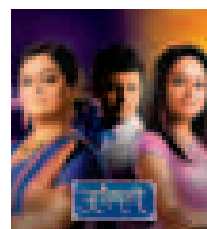


2

JULY - SEPTEMBER '11

JULY

- + Zee TV motivates the youth to adopt a responsible approach towards ageing parents
- + Zee Marathi eases the pain of the children at TATA Memorial Cancer Hospital
- + Zee Café received the exclusive right to broadcast Miss Universe in India



AUGUST

- + ZEE is the only Indian entertainment brand to be featured in Business Superbrands book by the Superbrands Council
- + Anna Hazare appears on a reality show - Sa Re Ga Ma Pa Li'l Champs for the first time
- + Zee Salaam makes the holy Ramadan month special for its viewers



SEPTEMBER

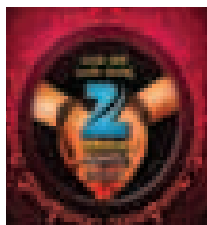
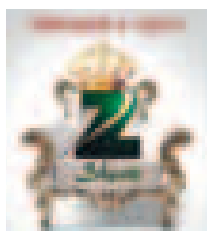
- + India's first Food Styling Award 2011 was organised by Zee Khana Khazana in Mumbai
- + Taj Television acquires television rights for Cricket South Africa (CSA) for eight years
- + Zee Marathi presents 'Zee Marathi Awards 2011' – Utsav Natyancha



3 OCTOBER - DECEMBER '11

OCTOBER

- ✦ Zee Salaam emerges as the leader in Urdu entertainment genre
- ✦ Ten Sports acquires media rights for UEFA Champions League till 2012 and I-League for 2011-12
- ✦ Zee Telugu hosts ZEE Kutumbam Awards – a show that rewards the most loved television characters



NOVEMBER

- ✦ ZEE Punjabi Anhad Sanman acknowledges the real Punjabi heroes
- ✦ Ten Sports acquires broadcasting rights for FIH Champions Challenge and Champions Trophy
- ✦ Zee Classic launches 'Classic Legends', a tribute to the legends of Hindi Cinema, hosted by Javed Akhtar



DECEMBER

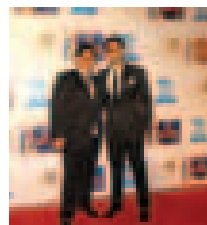
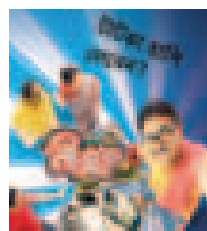
- ✦ ZEE celebrates magical moments with ZEE Rishtey Awards 2011
- ✦ 'Zhakaas', the new movie of Zee Talkies releases at 200 screens across Maharashtra, breaking box office records
- ✦ Zee TV continues to entertain viewers with Dance India Dance 3



4 JANUARY - MARCH '12

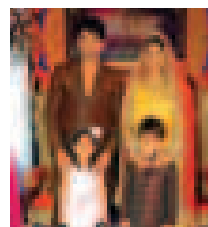
JANUARY

- ✦ Zee Bangla tops the charts in Bengali Entertainment genre
- ✦ ZEE hosts one of the most prestigious award programmes – ZEE Cine Awards 2012
- ✦ Zee Marathi and Zee Talkies tie up with Highway Authorities of Maharashtra for Traffic Safety Week from 1st January, 2012 to 15th January, 2012



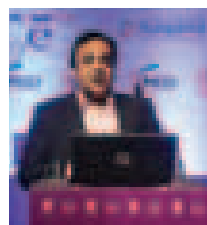
FEBRUARY

- ✦ Initiation of a three-year exclusive partnership between Ten Golf and Professional Golf Tour of India (PGTI)
- ✦ Zee Cinema bags recently released and popular movies, including Agneepath, Agent Vinod, Barfee, Heroine, DesiBoyz, Players, Joker, Michael and My Friend Pinto
- ✦ Zee TV ignites a national debate against remarriage through interactive print campaign for Punar Vivaah



MARCH

- ✦ Punit Goenka addresses a standalone keynote at FICCI Frames 2012 and initiates 'BARC' for the M&E Industry
- ✦ Zee TV's Dance India Dance enters the Guinness World Record for the largest Bollywood dance platform and unveils the first-of-its-kind WAP site and mobile application in India
- ✦ Taj TV Ltd. launches 'Ten Golf' on 19th March, 2012



Corporate INFORMATION

BOARD OF DIRECTORS

Subhash Chandra
Chairman

Ashok Kurien
Director

Lord Gulam K. Noon
Independent Director

Dr. Mohammed Y. Khan
Independent Director

Prof. R. Vaidyanathan
Independent Director

Punit Goenka
Managing Director & CEO

SENIOR MANAGEMENT

Punit Goenka
Managing Director & CEO

Rajesh Jejurikar
President

Amitabh Kumar
Technology

Ashish Sehgal
Advertisement Revenue

Atul Das
Corporate Strategy

Atul Pande
Sports

Bharat Ranga
Content & Creative

Hitesh Vakil
Finance

M. Lakshminarayanan
Company Secretary

Nittin Keni
Production

Rajendra Mehta
Human Resources

Roland Landers
Corporate Brand

Sharada Sunder
Content - Regional HSM

Utpal Das
Commercial

AUDITORS

M/S MGB & Co

COMPANY SECRETARY

M. Lakshminarayanan

BANKERS

Axis Bank Ltd.

Barclays Bank

BNP Paribas

Deutsche Bank

IDBI Bank Ltd.

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



Notice

Notice is hereby given that the Thirtieth Annual General Meeting of the Members of Zee Entertainment Enterprises Limited will be held at the 'Hall of Culture', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018 on Friday, the 20th day of July 2012, 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, 2012, Statement of Profit & Loss 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, 2012.
3. To appoint a Director in place of Mr. Subhash Chandra, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Dr. M.Y. Khan, 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 7, 2012 to Friday, July 13, 2012 (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 6, 2012, 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 July 23, 2012, 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 6, 2012 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 6, 2012.

By Order of the Board

M Lakshminarayanan

Executive Vice President & Company Secretary

Place : Mumbai

Date : 21 May, 2012

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, authorising 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 Beneficiary 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. Recognising the spirit of the Green Initiative in Corporate Governance initiated by the Ministry of Corporate Affairs, the Company proposes to send the Annual Report and other documents/notices to shareholders to the email address provided to the Depository. Shareholders are requested to register and/or update their email address with the respective Depository Participant or with 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, 2005, 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 & September 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, 2005, 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 : 21 May, 2012

Registered Office:

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

Directors' **REPORT**



Your Directors
recommend payment
of Dividend of ₹ 1.50
per equity share of ₹ 1/-
each.



TO THE MEMBERS

Your Directors are pleased to present the Thirtieth Annual Report with the Audited Statement of Accounts of the Company for the year ended March 31, 2012.

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 2011-2012, your Directors confirm the following:

- a) The Financial Statements have been prepared in the revised format of Schedule VI of Companies Act, 1956 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, 2012 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.

34%

payout of the profits of the Company on a standalone basis

The outflow on account of Dividend, and the tax on such dividend distribution, based on current paidup capital of **the Company would aggregate to ₹ 1,671 million**, resulting in a payout of 34% of the profits of the Company on a standalone basis.

FINANCIAL RESULTS

The Financial Performance of your Company for the year ended March 31, 2012 is summarised below:

| Particulars | (₹ in million) | |
|--|--------------------------|--------------------------|
| | Year ended 31.03.2012 | Year ended 31.03.2011 |
| Revenue from Operations | 22,040 | 21,700 |
| Other Income | 1,289 | 610 |
| Total Income | 23,329 | 22,310 |
| Total Expenses | 15,991 | 14,065 |
| Profit before Tax & Exceptional Items | 7,338 | 8,245 |
| Add: Exceptional Item | - | 197 |
| Provision for Taxation (net) | 2,441 | 2,678 |
| Profit after Tax | 4,897 | 5,764 |
| Add: Balance brought forward | 11,602 | 11,111 |
| Amount available for appropriations | 16,499 | 16,875 |
| Appropriations: | | |
| Dividend | 1,438 | 1,956 |
| Tax on Dividend | 233 | 317 |
| General Reserve | 1,500 | 3,000 |
| Balance carried forward | 13,328 | 11,602 |

EQUITY DIVIDEND

Your Directors recommend payment of Dividend of ₹ 1.50 per equity share of ₹ 1/- each and such Dividend shall be payable subject to approval of the Members of the Company on the outstanding equity capital consequent to adjustment of equity shares bought back (and extinguished) in Financial Year 2011-12 and 2012-13. The outflow on account of dividend, and the tax on such dividend distribution, based on current paid-up capital of the Company would aggregate to ₹ 1,671 million, resulting in a payout of 34% of the profits of the Company on a stand-alone basis.

BUSINESS OVERVIEW

Your Company, besides providing high quality and innovative content, continues to build its media assets and in the process continues to create value for the shareholders even in a year that was marked by sharp slowdown in the economy and witnessed quite a few consolidation moves within the industry. The Joint Venture for distribution of

Directors' REPORT

television channels called Media Pro Enterprise India Private Limited which your Company had inked during the year with Star through the distribution subsidiary Zee Turner Limited, resulted in robust growth in subscription revenues. Zee Cine Awards 2012 had the highest ratings. The year also saw launch of several High Definition channels from your network.

Your Company was ranked the Number 1 in Media Sector in the Fortune India 500 issue in December 2011 besides being adjudged as the Best Company in the Media & Entertainment sector in the Growth category in the first edition of the Businessworld Infocom ICT awards.

Zee TV stood true to its core of 'Umeed' - with new show launches of Afsar Bitiya & Punarvivah yielding good ratings and, in March 2012, Zee TV created 'Guinness World Records' for the Largest Bollywood Dance through participation of 4428 dancers as part of its Dance India Dance programme and created another first in licensing & merchandising with the exclusive DID Reebok Dance gears. In the Hindi movie genre, Zee Cinema regained its leadership position and underwent a packaging change. Zee Cinema also won International recognition for promos of 'Peepili Live' movie at the PromaxBDA Asia Awards 2011 held in Singapore and won two Silver Awards at the prestigious Mirchi Kaan 2011 for Lady Raaj.

Zee regional channels continued their strong growth in respective markets. Zee Bangla continuing its rise becoming Bengal's Number 1 entertainment channel and its Dance Bangla Dance entering Limca Book of Records for the first regional channel to complete 100 episodes with the same set of participants and Dadagiri Unlimited Season 3 winning Srijan Samman - an advertisement award felicitating all advertisements of India and Bangladesh in Bengali language. Zee Marathi held on to its ground and has been fighting the competition aggressively without losing touch with its audiences and brought to the audiences fresh and appealing shows through Marathi Paul Padate Pudhe, Guntata Hriday He, Eka Lagnachi Doosri Goshta which have created buzz value and also contributed strongly to the ratings. Zee Telugu continues to be the channel of choice for viewers and its Zee Kutumbam Awards 2011 was a first of its kind relationship awards on Telugu Television and the event

produced highest television ratings of 9.25. Zee Kannada has gained market share and with its top performing shows like Radha Kalyana & Paravathi Parameshwara saw significant boost in rating points during the year. Zee Tamil garnered all time high gross rating points and is currently viewed by 14 million people across Tamil Nadu.

Zee Café and Zee Studio continued showcasing the best and latest of popular American content including Hollywood movies, shows and live mega events like Miss Universe 2011 and Miss World London 2012.

In the sports genre, Ten Sports completed 10 successful years of operations during the year and 'Ten Golf' - a dedicated 24-hours Golf Channel was launched with several medium-term licensing arrangements in place.

As a dominant player in South Asian (SA) Entertainment across international markets, besides entering into newer markets and launch of new channels, your Company continues to dominate the International South Asian Business globally with 50% share with Zee TV continuing its leadership position in US, Middle East & Africas in terms of viewership within the SA channels. Zee Africa received the Diamond Arrow Award for outstanding performance and 'Zee Mega Challenge' - a local Talent Hunt leading to Mega Auditions of Sa Re Ga Ma Pa & Dance India Dance were conducted in Mauritius.

As part of leveraging digital delivery opportunities, your Company launched 'Ditto TV' - an unique television viewing experience through mobile and through its subsidiary, created a webportal called India.com, with accumulated traffic of 13.5 million (GA) Unique Users Per Month Worldwide, which has house of brands such as Bollywoodlife.Com, Oncars.In and Indiancolleges.Com

SUBSIDIARIES

During the year under review, subsequent to the amalgamation of ZES Holdings Limited, Mauritius and Zee Multimedia Worldwide Limited, BVI with the Company pursuant to a Scheme of Amalgamation approved by Hon'ble Bombay High Court vide order passed on June 10, 2011, Zee Sports International Limited, Mauritius - another overseas subsidiary merged with its holding company Asia Today Limited, Mauritius in August 2011. Consequently, as at March 31, 2012, the Company has 18 subsidiaries in India and Overseas.

As the Members are aware, the Ministry of Corporate Affairs, has provided general 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, 2012 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 will be made available, upon request by any shareholder of the Company, or for inspection at the registered office.

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.

BUYBACK OF EQUITY SHARES

The Members of the Company had approved, through a Postal Ballot Special Resolution passed on March 25, 2011, buyback of its equity shares by the Company by using funds upto a limit of ₹ 7,000 million i.e. upto 25% of the networth of the Company as at March 31, 2011, at a maximum market price of ₹ 126 per share. During the financial year under review, commencing from July 27, 2011 until closure on March 23, 2012 (i.e. upon conclusion of one year from the date the Postal Ballot resolution was passed) 19,372,853 Equity shares of ₹ 1 each were bought back by the Company from the open market at an aggregate value of ₹ 2,319.2 million. These equity shares were subsequently extinguished resulting in reduction of the paid-up share capital of the Company to 958,770,077 equity shares of ₹ 1 each.

Subsequent to closure of the said buyback in March 2012, as allowed under the extant

regulations, on April 4, 2012 your Board had approved a fresh buyback of equity shares at a maximum market price of ₹ 140 per Equity share subject to a limit of ₹ 2,800 million i.e. upto 10% of Net Worth of the Company as at March 31, 2011. Under this fresh buyback which commenced on April 23, 2012, your Company has bought back 3,058,119 Equity Shares till the date of this report at an aggregate consideration of ₹ 374.46 million, of which 264,794 Equity Shares have been extinguished, resulting in reduction of the paid-up Share Capital of the Company to 958,505,283 Equity Shares of ₹ 1 each.

EMPLOYEES STOCK OPTION SCHEME

Your Company had not granted any stock options during the year. Details of options granted till March 31, 2012 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. During the year under review, your Company had allotted 66,800 Equity Shares at a price of ₹ 119.90 per Equity Share upon exercise of the Stock Options by the Option Grantee's.

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 constantly 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 formalised system of Corporate

Directors' REPORT

Governance which sets out the structure, processes and practices of governance within the Company and its subsidiaries. Given the emerging pivotal role of Independent Directors in bringing about good governance, your Company continues its efforts in seeking optimum utilisation of their expertise and involving them in all critical decision making processes.

Based on the provisions of 'Corporate Governance Voluntary Guidelines 2009' issued by the Ministry of Corporate Affairs in December 2009 upon recommendation of the Nomination Committee of your Board, the tenure of Independent Directors in the Company was restricted to 6 (Six) years. However, the Companies (Amendment) Bill 2011 introduced at the Parliament provides for tenure of Independent Director(s) – initially for a period of 5 (Five) years and if approved by the Members of the Company by a Special Resolution for another period of 5 (Five) Years. Pending enactment of the said Companies (Amendment) Bill, 2011 and further clarity on statutory / regulatory provisions, your Board has decided that the Independent Directors who have completed 6 years may continue on the Board of your Company. Pursuant to this decision, Lord Gulam Noon and Dr M Y Khan who have completed 6 (Six) years as Independent Directors during the last quarter of year under review, continue their directorship in the Company.

During the year under review, as approved by the Board and the Members of the Company at the Extra Ordinary General Meeting held on April 27, 2012, certain clauses of Articles of Association of the Company have been amended, including Clause 72A which provides the right of nomination of Directors to M/s Essel Media & Entertainment Ltd ('EMEL') to nominate and/or replace such number of Directors equivalent to the number of Independent Directors on the Board of the Company, so long as EMEL directly or through any of its Indian or Overseas Subsidiaries holds or continues to hold minimum of 30 (thirty)% of the shareholding in the Paid-up Equity Share Capital of the Company entitled to voting rights in the Company. Till the date of this report, the said right has not been exercised by EMEL.

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 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 centralised 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, Essel Group continued to support cause of Ekal Vidyalaya Foundation, an NGO that works to bring about basic literacy and health awareness amongst the tribal and rural population of India; 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 Global Foundation for Civilizational Harmony, a body which aims to create a peaceful and harmonious society.

DIRECTORS

Mr. Rajan Jetley resigned from the Board as an Independent Director of your Company at the close of business hours on June 30, 2011 upon completion of 6 (Six) years as per the earlier decision taken to restrict the tenure of Independent Directors in the Company.

Mr Subhash Chandra and Dr. M.Y. Khan, 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 (i) their reappointment, if made would be within the limits prescribed under Section 224(1B) of the

Companies Act, 1956; (ii) that they are not disqualified for reappointment within the meaning of Section 226 of the said Act and (iii) they have been provided a valid certificate from the Peer Review Board of the Institute of Chartered Accountants of India.

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 this 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 and during the year, your Company had launched several High Definition Television Channels.

Foreign Exchange Earnings and Outgo

Particulars of foreign currency earnings and outgo during the year are given in Note 39 to 42 of the Notes to the Accounts forming part of the Annual Accounts.

PARTICULARS OF EMPLOYEES

Your Company had 1,628 employees as of March 31, 2012. The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended are set out in an annexure to this Report. However, in terms of Section 219(1)(b)(iv) of the Act, these details are not being sent as part of this Report and any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

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, Reserve Bank of India, Securities and Exchange Board of India, 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 : 21 May 2012

ANNEXURE TO THE DIRECTORS' REPORT

Statement as at March 31, 2012 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 2011-12 |
| 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 | 5,801,420 |
| d) | Total number of Options exercised | 66,800 |
| e) | Total number of Equity Shares of ₹ 1/- each arising as a result of exercise of Options | 66,800 |
| f) | Total number of Options lapsed (during the year) | 611,600 |
| g) | Variation of terms of Options | Nil |
| h) | Money realised by exercise of Options (₹ in million) | ₹ 8 million |
| i) | Total number of Options in force | 6,825,200 |
| 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'. | ₹ 5.05 (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 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 <ul style="list-style-type: none"> (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 | Not Applicable |

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 Stock Option Scheme has been implemented in accordance with the SEBI Guidelines and the resolution passed by the shareholders, will be placed before the Annual General Meeting and a copy of the same shall be available for inspection by the Members at the Registered Office of the Company on all working days (other than Saturdays) upto 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 : 21 May 2012

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 | | |
|---|---|-----------------|--------------------------------------|---|---|--|--|-----|------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| Taj Television (India) Private Limited | 31/03/2012 | ZEEL | 100% | ₹ 100/- | 10,000 | ₹ 16 | ₹ 110 | | |
| Zee-Turner Limited | 31/03/2012 | ZEEL | 74% | ₹ 10/- | 74,000 | ₹ 328 | ₹ (357) | | |
| Zee Sports Limited | 31/03/2012 | ZEEL | 100% | ₹ 10/- | 50,000 | ₹ (1) | ₹ (45) | | |
| ITM Digital Private Limited | 31/03/2012 | ZEEL | 100% | ₹ 10/- | 1,010,000 | ₹ (1) | ₹ (1) | | |
| India Webportal Private Limited | 31/03/2012 | ZEEL | 51% | ₹ 1/- | 113,939,453 | ₹ (104) | ₹ (35) | | |
| Asia Today Limited (ATL) | 31/03/2012 | ZEEL | 100% | US \$ 1 | 583 | US\$ 6 | US\$ 92 | | |
| Apac Media Ventures Limited | 31/03/2012 | ATL | 100% | HK \$ 1 | 10,000 | HK\$ (0) | HK\$ 0 | | |
| Expand Fast Holdings (Singapore) Pte. Limited | 31/03/2012 | ATL | 100% | US \$1 | 100,000 | US\$ 0 | US\$ 1 | | |
| Zee Multimedia (Maurice) Limited | 31/03/2012 | ATL | 100% | Mauritius Rs. 1 | 1,000 | Mauritius Rs. 1 | Mauritius Rs. 8 | | |
| Zee TV South Africa (Proprietary) Limited | 31/03/2012 | ATL | 100% | RAND 1 | 1 | RAND (4) | RAND 25 | | |
| Zee Telefilms Middle East FZ-LLC | 31/03/2012 | ATL | 100% | AED 1000 | 2,500 | AED 9 | AED 2 | | |
| Zee Technologies (Guangzhou) Limited | 31/03/2012 | ATL | 100% | YUAN 1 | - | YUN 0 | YUN (11) | | |
| Zee Sports International Limited | | ATL | 100% | * | * | US\$ 1 | US\$ (1) | | |

| 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, 2012 (Amt. In million) | For the previous financial years of the subsidiary since it became a subsidiary (Amt. In million) |
| Taj TV Limited | 31/03/2012 | ATL | 100% | US\$ 1000 | 16,950 | US\$ 6 | US\$ (24) |
| Zee Multimedia Worldwide (Mauritius) Limited, (ZMWL) | 31/03/2012 | ZEEL | 100% | US \$ 1 | 56,796,292 | US\$ 0 | US\$ 15 |
| Asia TV Limited (Asia T.V.) | 31/03/2012 | ZMWL | 100% | GBP 1 | 16,438,900 | GBP 0 | GBP (9) |
| Zee CIS LLC | 31/03/2012 | Asia TV & Zee CIS Holdings | 100% | RUB 1 | 12,000 | RUB (5) | RUB (11) |
| Zee TV USA, Inc. | 31/03/2012 | ZMWL | 100% | US \$.01 | 2 | US\$ 0 | US\$ (3) |
| Zee CIS Holding LLC | 31/03/2012 | Asia TV | 100% | - | - | - | - |

Notes:

* Merged During the Year

For and on behalf of the Board

Punit Goenka
Managing Director & CEO

M Y Khan
Director

Place : Mumbai
Date : 21 May 2012

REPORT ON CORPORATE GOVERNANCE

COMPANY'S GOVERNANCE PHILOSOPHY

The convergence of governance practices 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 realising the need to ensure an effective mechanism of checks and balances with transparency and accountability as the hallmark.

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 Agreements. Non-Executive Directors include independent professionals with experience in business, finance, 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, 2012

| Category of Directors | No of Directors | Percentage to total no of Directors |
|-------------------------------------|-----------------|-------------------------------------|
| Executive Director(s) | 1 | 17% |
| Non-Executive Independent Directors | 3 | 50% |
| Other Non-Executive Directors | 2 | 33% |
| Total | 6 | 100% |

Board Meetings & Procedures

During the financial year under review, six (6) meetings of the Board were held on April 19, 2011, June 23, 2011, July 21, 2011, October 17, 2011, January 21, 2012 and March 23, 2012. 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 2011-12 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, 2012 are as under:

REPORT ON CORPORATE GOVERNANCE

| Name of Director | Attendance at | | No of Directorship | | No of Committee | |
|---|--------------------------------------|------------------------------|---------------------------------|--------|-----------------|--|
| | Board Meetings (Total 6 Meetings) | 29th AGM held on 10.08.11 | in other public companies as | Member | Chairman | positions held in other public companies as |
| Non-Executive Independent Director | | | | | | |
| Gulam Noon | 3 | No | - | - | - | - |
| M. Y. Khan | 6 | Yes | 4 | - | - | - |
| R. Vaidyanathan | 6 | Yes | 4 | - | 1 | - |
| Rajan Jetley* | 1 | NA | - | - | - | - |
| Promoter Non-Executive Director | | | | | | |
| Ashok Kurien | 6 | Yes | 1 | - | 1 | 1 |
| Subhash Chandra | 4 | Yes | 1 | 4 | - | - |
| Executive Director | | | | | | |
| Punit Goenka | 6 | Yes | 9 | - | 1 | - |

* Resigned from the Board as at the close of June 30, 2011.

Board 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 finalises the 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 meeting(s) to enable the Board members to take informed decision. Any Board Member may, in consultation with the Chairman, bring up any matter at the meeting for consideration by the Board. Senior management personnel are invited to the Board meetings to make requisite 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

Mr. Subhash Chandra, Chairman of Zee Entertainment Enterprises Limited (ZEE) and promoter of the Essel Group of Companies is among the leading lights of the Indian industry. A self-made man, Mr. Chandra has consistently demonstrated his ability to identify new businesses and lead them on the path to success.

Mr. Chandra who is referred to as the Media Moghul of India, revolutionised the television industry by launching the country's first satellite Hindi channel Zee TV in 1992 and later the first private news channel, Zee News. The ZEE Network today has over 650 million viewers in 168 countries. His bouquet of businesses includes television networks (ZEE & ZNL), a newspaper chain (DNA), cable systems (Wire and Wireless), Direct-to-Home (Dish TV), Satellite Communications (Agrani and Procall), Theme parks (EsselWorld and Water Kingdom), Online gaming (Playwin), Education (Zee Learn), Flexible packaging (Essel Propack), Infrastructure development (Essel Infraprojects) and Family Entertainment centres (Fun Cinemas). Credited with tremendous business astuteness, Mr. Chandra has charted a course of growth and success, unparalleled in business history. All of

Mr. Chandra's ventures are path-breaking in nature, be it the Essel Propack, which is the largest speciality packaging company in the world; Asia's largest amusement park Essel World; or the first satellite television in India (Zee TV).

Mr. Chandra has been recipient of numerous industry awards and civic honors including (a) Entrepreneur of the Year (Ernst & Young) [1998]; (b) Businessman of the Year (Business Standard) [1999]; (c) Enterprising CEO of the Year (International Brand Summit) [1999]; (d) Global Indian Entertainment Personality of the Year by FICCI [2004]; (e) Lifetime Achievement Award at the CASBAA Convention [2009]; (f) Hall of Fame for continuing contribution to industry in Entrepreneurs category at the INBA [2010]; and (g) International Emmy Directorate Award [2011]

Mr. Chandra has made his mark as an influential philanthropist in India. He has set up TALEEM (Transnational Alternate Learning for Emancipation and Empowerment through Multimedia) to provide access to quality education through distance and open learning. He is also the Chairman of the Ekal Vidyalaya Foundation of India — a movement to eradicate illiteracy from rural and tribal India. The Foundation provides free education to nearly 1 million tribal children across 36,783 villages through one-teacher schools. He is also the moving force behind the Global Vipassana Foundation — a trust set up to help people raise their spiritual quotient.

Apart from the Company Mr. Chandra holds directorship in five (5) other Indian Public Limited Companies viz. Dish TV India Limited, Essel Infraprojects Limited, Essel Propack Limited, Wire and Wireless (India) Limited and Zee News Limited.

Mr. Chandra does not hold any equity shares of the Company in his name as at March 31, 2012.

Dr. M. Y. Khan one of the Non-Executive Independent Directors of the Company, is a science graduate from University of Kashmir and Doctorate of Philosophy in Business Management (PHD) from Burkes University in UK. In the past, Dr. Khan has held various senior positions including as Chairman of J&K Bank; Managing Director of J&K Agro Industries Development Corporation, Managing Director of J&K Tourism Development Corporation and Advisor for Berenson & Company, New York. Dr. Khan was nominated as Member of the Chattisgarh Economic Advisory Committee, Government of India, Member of the Banking and Financial Institutions Committee of FICCI and Member of the Managing Committee of India Banking Association, Mumbai, during his tenure with J & K Tourism Development Corporation. Dr. Khan is the recipient of several prestigious awards like (a) Udyog Rattan award; (b) Pride of India & IMM award, for excellence as top professional manager; (c) Excellence Award by Institute of Economic Studies; and (d) Star Achievers Award.

Apart from the Company, Dr. Khan holds directorship in four (4) other Indian Public Limited Companies viz. Bharat Hotels Limited; Raheja Developers Limited; Star Health and Allied Insurance Company Limited and TDI Infrastructure Limited.

Dr. Khan does not hold any equity shares of the Company in his name as at March 31, 2012.

Code of Conduct

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

A declaration affirming compliance with the Code of Conduct by the Members of the Board and Senior Management Personnel is given below

REPORT ON CORPORATE GOVERNANCE

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, 2012.

Punit Goenka

Managing Director & CEO

Mumbai, May 21, 2012

BOARD COMMITTEES

a) Audit Committee

Terms of reference

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.

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.

Constitution

The Audit Committee currently comprises of three (3) Directors and is chaired by Dr. M. Y. Khan, an Independent Director. During the year under review, six (6) Meetings of the Audit Committee were held on April 19, 2011, June 23, 2011, July 21, 2011, October 17, 2011, January 21, 2012 and March 23, 2012.

The details of composition of the Audit Committee, which complies with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement(s) along with attendance of the Committee Members at the meetings held during the year under review, is as detailed herein:

| Name of Directors | Category | Number of Meetings attended |
|-------------------|-----------------------------|-----------------------------|
| M.Y.Khan | Non Executive – Independent | 6 |
| Ashok Kurien | Promoter – Non Executive | 6 |
| Rajan Jetley* | Non Executive – Independent | 1 |
| R.Vaidyanathan | Non Executive – Independent | 6 |

* Resigned from the Audit Committee with effect from the close of June 30, 2011.

b) Remuneration Committee and Policy

Terms of reference

The terms of reference of the Remuneration Committee, *inter alia*, consists of reviewing the overall compensation policy, service agreements, performance incentive and other employment conditions of Executive Director(s). The recommendations of the Remuneration Committee are considered and approved by the Board of Directors, subject to the approval of the shareholders, where necessary. Additionally the Remuneration Committee has been vested with the powers for administration and implementation of ZEEL – Employees Stock Option Scheme – 2009. The Company Secretary is the Secretary to the Committee.

Constitution

The Remuneration Committee currently comprises of three (3) Directors and is chaired by Dr. M.Y. Khan an Independent Director. During the year under review, three (3) Meetings of the Remuneration Committee were held on July 21, 2011, January 21, 2012 and March 23, 2012.

The details of composition of the Remuneration Committee along with attendance of the Committee Members at the meetings held during the year under review, is as detailed herein:

| Name of Directors | Category | Number of Meetings attended |
|-------------------|-----------------------------|-----------------------------|
| M Y Khan | Non Executive – Independent | 3 |
| Subhash Chandra# | Promoter – Non Executive | 1 |
| Ashok Kurien | Promoter – Non Executive | 3 |
| Rajan Jetley* | Non Executive – Independent | NA |

Appointed with effect from June 30, 2011

* Resigned with effect from the close of June 30, 2011.

Remuneration payable to Managing Director

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, club membership / facilities, use of chauffeur driven Company car, telecommunication facilities at residence and other perquisites and allowances including Company's contribution to provident fund, gratuity and leave encashment facilities in accordance with rules of the Company.

The annual increments and performance incentive of the Managing Director & CEO are linked to

REPORT ON CORPORATE GOVERNANCE

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, 2012 is as under:

| (₹ in million) | |
|---|-----------|
| Particulars | |
| Salary & Allowances* | 45 |
| Perquisites | 7 |
| Employer's Contribution to Provident Fund | 3 |
| Total | 55 |

* includes provisions for incentives for Financial Year 2011-12

Remuneration payable to Non-Executive Directors

The Non-Executive Directors are paid sitting fee at the rate of ₹ 20,000 for attending each meeting(s) 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 a pro-rata basis.

Details of the remuneration of the Non-Executive Directors of the Company for Financial year 2011-2012 are as under:

| (₹ in million) | | | |
|------------------|-------------------|--------------------|--------------|
| Name of Director | Sitting Fees paid | Commission payable | Total |
| Subhash Chandra | 0.10 | 1.500 | 1.600 |
| Ashok Kurien | 0.30 | 1.500 | 1.800 |
| #Rajan Jetley | 0.04 | 0.375 | 0.415 |
| Gulam Noon | 0.06 | 1.500 | 1.560 |
| M Y Khan | 0.30 | 1.500 | 1.800 |
| R. Vaidyanathan | 0.24 | 1.500 | 1.740 |
| Total | 1.04 | 7.875 | 8.915 |

Pro-rata payment till June 30, 2011

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 were 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 Independent Directors and outstanding as at March 31, 2012 is as under:

| Name of Directors | Category | Granted | Vested |
|-------------------|---------------------------|----------------|----------------|
| Gulam Noon | Non-Executive Independent | 40,000 | 34,000 |
| M Y Khan | Non-Executive Independent | 40,000 | 34,000 |
| R. Vaidyanathan | Non-Executive Independent | 40,000 | 34,000 |
| Total | | 120,000 | 102,000 |

The Non-Executive Independent 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) Share Transfer and Investors Grievance Committee

Terms of reference

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, and dematerialisation etc of shares of the Company to the executives of the Secretarial Department in the Company.

Constitution

The Share Transfer and Investors Grievance Committee currently comprises of (2) two Directors viz. Mr. Ashok Kuriem, Non Executive Director as Chairman and Mr. Punit Goenka, Managing Director as the Member. During the year under review, Share Transfer and Investors Grievance Committee met four (4) times on April 8, 2011, July 15, 2011, October 5, 2011 and January 10, 2012. These meetings were attended by all Committee Members.

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

Details of number of requests/complaints received and resolved during the year ended March 31, 2012, are as under:

| Nature of Correspondence | Received | Replied/Resolved | Pending |
|---|-----------|------------------|----------|
| Non-receipt of Dividend Warrant(s) | 37 | 37 | - |
| Non-receipt of Certificates | 7 | 7 | - |
| Letter received from SEBI/Stock Exchanges | 10 | 10 | - |
| Non-receipt of Annual Report | 8 | 8 | - |
| Total | 62 | 62 | - |

REPORT ON CORPORATE GOVERNANCE

OTHER BOARD COMMITTEES

In addition to the above, the Board has constituted following Committees to exercise powers delegated by the Board as per the scope mentioned herein:

i) Nomination Committee

With a view to determine and recommend (a) appropriate criteria, expertise and skills required for the Board membership of the Company; (b) the framework for evaluation of performance of the Board and the Directors; and (c) recommend appointment of Directors, the Board has constituted a Nomination Committee, comprising of Mr. Subhash Chandra as Chairman and Mr. Ashok Kurien and Dr. M Y Khan as its Members.

ii) 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 Sub-Committee comprising of Mr. Ashok Kurien, Non-Executive Director and Mr. Punit Goenka, Managing Director & CEO as its Members.

iii) Finance Sub-Committee

With a view to facilitate monitoring and expediting any debt fund raising process; 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 and exercising other authorities as may be delegated by the Board from time to time, the Board has constituted a Finance Sub-Committee comprising of Dr. M. Y. Khan as Chairman and Mr. Ashok Kurien and Mr. Punit Goenka as its Members.

iv) Corporate Management Committee

The Board has also constituted a Corporate Management Committee comprising of Senior Executives of the Company 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.

These Committees meet as and when required to deliberate and decide on various matters within their respective scope or powers delegated by the Board.

GENERAL MEETINGS

The 30th Annual General Meeting of the Company for the Financial Year 2011-12 will be held on Friday, July 20, 2012 at 11.00 a.m. at 'The Hall of Culture', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018.

The location, date and time of the Annual General Meetings held during last 3 years along with Special Resolution(s) passed at these meetings are as follows:

| Year | Date and Time | Special Resolutions passed | Venue |
|---------|---------------------------|---|--|
| 2010-11 | 10.08.2011 -11.00 a.m. | None | |
| 2009-10 | 29.10.2010 -10.30 a.m. | 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 | |
| 2008-09 | 18.08.2009 -11.00 a.m. | 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 | Nehru Centre, Nehru Auditorium, Dr. Annie Besant Road, Worli, Mumbai 400 018 |

All the above resolutions were passed with requisite majority.

No Special resolution was passed through Postal Ballot during the Financial Year 2011-12. None of the resolutions proposed at the ensuing Annual General Meeting need to be passed by Postal Ballot.

Disclosures

There are no materially significant related party transactions between the Company and its promoters, directors or management personnel 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.

During financial year 2009-10, SEBI had issued a Show Cause Notice to ETC Networks Limited, a Subsidiary of the Company (since merged with the Company from the Appointed Date of March 31, 2010) for transactions between ETC Networks Limited and its erstwhile promoters during January to April 2001. The Whole-time Member of SEBI had disposed off the proceedings under the said Show Cause Notice vide a consent order passed on July 12, 2010.

REPORT ON CORPORATE GOVERNANCE

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. As per the Whistle Blower Policy of Company, no employee has been denied access to the Audit Committee of the Board.
- 3. Audit Qualification** – Company is in the regime of unqualified financial statements.
- 4. Chairman's Office** – A Chairman's office with requisite facilities is provided and maintained at the Company's expense for use by its Non-Executive Chairman. The Company also reimburses all travel and other expenses incurred in his furthering the Company's business interests.

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 Listing Agreements. The financial and other information filed by the Company with stock exchanges from time to time are also available on the Corporate Filing and Dissemination System maintained by BSE and NSE and can be accessed on www.corpfiling.co.in

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

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, 2012 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 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 financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in 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 : 21 May 2012

REPORT ON CORPORATE GOVERNANCE

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 : 30th Annual General Meeting
Day & Date : Friday, July 20, 2012
Time : 11.00 a.m.
Venue : The Hall of Culture, Nehru Centre,
Dr Annie Besant Road, Worli,
Mumbai 400 018
2. **Financial Year**

2011-2012
3. **Date of Book Closure**

Saturday, July 7, 2012 to Friday, July 13, 2012
(both days inclusive)
4. **Dividend Payment Date**

July 23, 2012
5. **Registered 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 Relations 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 have recommended payment of dividend @ ₹ 1.50/- per share on paid up value of ₹ 1 per share i.e. 150% on the paid up capital of the Company and such Dividend shall be payable upon approval by the Members of the Company on the outstanding capital (net of shares bought back and extinguished by the Company) at the Book Closure.

Dividend, if approved by Members at the ensuing Annual General Meeting, will be paid to all those shareholders whose name appear in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company or its Registrars on or before July 6, 2012 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 6, 2012.

Dividend for the financial year ended March 31, 2005, which remains unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund on completion of seven years. Members who have not encashed their dividend warrant(s) issued by the Company or ETC Networks Limited (since merged with the Company) for the financial year ended March 31, 2005, 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 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:

Zee Entertainment Enterprises Limited:

| Financial Year Ended | Date of Declaration of Dividend | Last date for Claiming unpaid Dividend | Due date for transfer to IEP fund |
|----------------------|---------------------------------|--|-----------------------------------|
| 31.03.2005 | 28.09.2005 | 03.11.2012 | 02.12.2012 |
| 31.03.2006 | 28.12.2006 | 03.02.2014 | 02.03.2014 |
| 31.03.2007 | 17.08.2007 | 22.09.2014 | 21.10.2014 |
| 31.03.2008 | 23.07.2008 | 28.08.2015 | 27.09.2015 |
| 31.03.2009 | 18.08.2009 | 23.09.2016 | 22.10.2016 |
| 31.03.2010 (Interim) | 20.04.2010 | 21.05.2017 | 20.06.2017 |
| 31.03.2010 (Final) | 29.10.2010 | 30.11.2017 | 29.12.2017 |
| 31.03.2011 | 10.08.2011 | 09.09.2018 | 08.10.2018 |

REPORT ON CORPORATE GOVERNANCE

ETC Networks Limited:

| Financial Year Ended | Date of Declaration of Dividend | Last date for Claiming unpaid Dividend | Due date for transfer to IEP fund |
|----------------------|---------------------------------|--|-----------------------------------|
| 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 | 21.10.2013 |

12. Change of Address

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

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

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 dematerialisation are generally registered and returned within a period of 15 days from the date of receipt of completed and validly executed documents.

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 2011-12 in electronic form to the said members, in terms of the said circulars.

14. Dematerialisation of Equity Shares & Liquidity

Trading in equity shares of the Company became mandatory in dematerialised form with effect from April 5, 1999. To facilitate trading in demat form the Company has made arrangements with both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Shareholders can open account with any of the Depository Participant registered with any of these two depositories. As on March 31, 2012, 99.80 % of the equity shares of the Company is held by 103,006 shareholders in the dematerialised form and the balance 0.20% is held by 905 shareholders in physical form. Entire shareholding of the promoters in the

Company are held in dematerialised form.

15. 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 who were holding shares in physical form, the Company had sent intimation to seek exchange of 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.

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 Vote'. If majority of members raise their hands in favor of particular resolution, it is taken as passed, unless a poll is demanded.

17. Unclaimed Shares

Pursuant to Clause 5A of the Listing Agreements (as amended in December 2010), 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 shareholders | Number of Equity Shares |
|--|------------------------|-------------------------|
| Aggregate number of shareholders and the outstanding shares in the suspense account as at April 1, 2011 | 375 | 201,213 |
| Fresh undelivered cases during the financial year 2011-12 | - | - |
| Number of shareholders who approached the Company for transfer of shares from suspense account till March 31, 2012 | 1 | 136 |
| Number of shareholders to whom shares were transferred from the Suspense account till March 31, 2012 | 1 | 136 |
| Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2012 | 374 | 201,077 |

The voting rights on the shares outstanding in the suspense account as on March 31, 2012 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.

18. Shareholders' Correspondence

The Company has attended to all the investors' grievances / queries / information requests except for the cases where the Company was restrained due to some pending legal proceedings or court/statutory orders.

REPORT ON CORPORATE GOVERNANCE

It is the endeavor of the Company to reply all letters / communications received from the shareholders within a period of 5 working days.

All correspondence may be addressed to the Registrar & Share Transfer Agent at the address given in this Shareholders Diary. In case any shareholder is not satisfied with the response or do not get any response within reasonable period, they may approach the Investor Relations Officer of the Company.

19. Outstanding Convertible Securities

The Company does not have any outstanding GDRs / ADRs / warrants / convertible instruments, other than Stock options granted to employees / Directors, details whereof are set out in annexure to Directors' Report.

20. Share Capital Buildup

| 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 |

| Particulars | No. of shares issued | Date of issue |
|---|----------------------|---------------|
| 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 |
| Less Equity Shares Extinguished in pursuance to Buyback during financial year 2011-12 | 19,372,853 | Various dates |
| Issued and Paid-up Capital as at March 31, 2012 | 958,770,077 | |

21. Stock Market Data Relating to Shares Listed in India

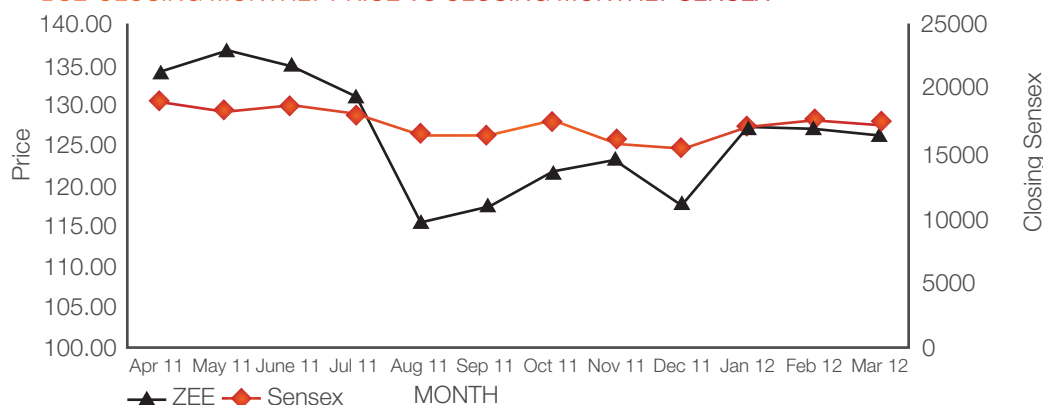
Monthly high and low quotations and volume of shares traded on Bombay Stock Exchange and National Stock Exchange for financial year 2011-2012 are:

| Month | BSE | | | NSE | | |
|----------------|----------|---------|------------------------|----------|---------|-------------------------|
| | High (₹) | Low (₹) | Volume of Share Traded | High (₹) | Low (₹) | Volume of Shares Traded |
| April 2011 | 139.75 | 117.80 | 6,557,428 | 139.80 | 117.90 | 48,739,998 |
| May 2011 | 143.15 | 127.70 | 3,151,168 | 143.20 | 127.75 | 37,524,827 |
| June 2011 | 145.85 | 131.35 | 2,467,237 | 145.70 | 124.55 | 34,875,690 |
| July 2011 | 138.55 | 117.75 | 9,389,483 | 138.70 | 117.85 | 59,668,930 |
| August 2011 | 134.00 | 110.00 | 6,735,449 | 133.90 | 112.20 | 36,675,921 |
| September 2011 | 124.70 | 110.10 | 1,433,736 | 124.90 | 111.30 | 24,491,971 |
| October 2011 | 124.70 | 109.65 | 2,476,943 | 124.90 | 109.50 | 25,985,444 |
| November 2011 | 128.30 | 112.15 | 2,655,579 | 128.30 | 112.00 | 26,272,387 |
| December 2011 | 129.85 | 113.75 | 1,449,039 | 129.95 | 113.85 | 25,341,068 |
| January 2012 | 129.40 | 113.65 | 2,035,464 | 130.90 | 105.55 | 28,008,498 |
| February 2012 | 140.80 | 123.05 | 1,672,748 | 140.40 | 123.15 | 28,164,773 |
| March 2012 | 145.00 | 118.90 | 4,025,206 | 143.50 | 115.05 | 34,674,721 |

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

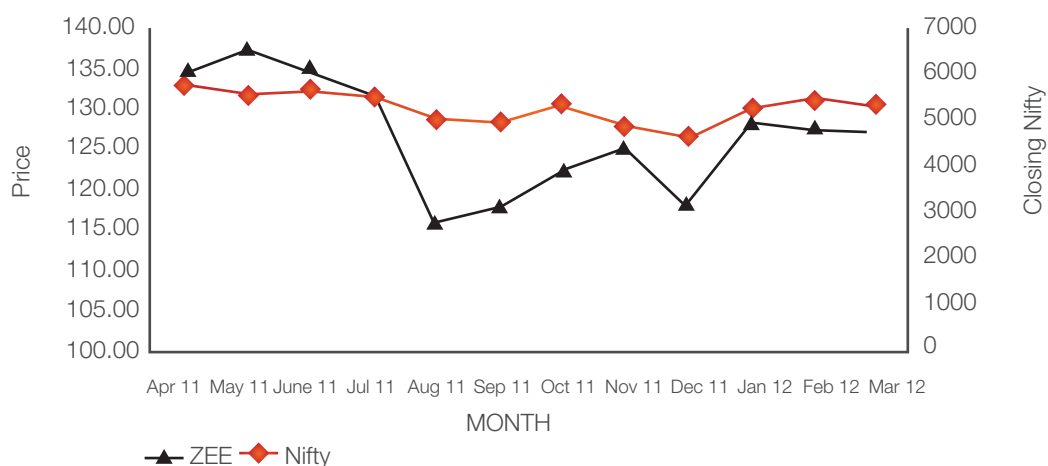
ZEE ENTERTAINMENT ENTERPRISES LTD

BSE-CLOSING MONTHLY PRICE VS CLOSING MONTHLY SENSEX



REPORT ON CORPORATE GOVERNANCE

ZEE ENTERTAINMENT ENTERPRISES LIMITED CLOSING PRICE VS CLOSING NIFTY



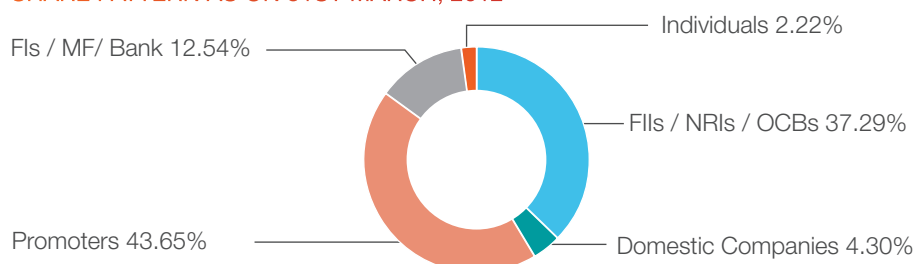
23. Distribution of Shareholding as on March 31, 2012

| No. of Equity Share | Share Holders | | No. of Shares | |
|---------------------|-----------------|----------------|--------------------|----------------|
| | Number | % of Holders | Number | % of Shares |
| Up to 5000 | 1,02,911 | 99.04% | 18,810,867 | 1.96% |
| 5001-10000 | 305 | 0.29% | 2,158,455 | 0.23% |
| 10001-20000 | 186 | 0.18% | 2,537,156 | 0.27% |
| 20001-30000 | 74 | 0.07% | 1,824,096 | 0.19% |
| 30001-40000 | 40 | 0.04% | 1,383,332 | 0.14% |
| 40001-50000 | 16 | 0.02% | 717,054 | 0.07% |
| 50001-100000 | 87 | 0.08% | 6,426,976 | 0.67% |
| 100001 and Above | 292 | 0.28% | 924,912,141 | 96.47% |
| Total | 1,03,911 | 100.00% | 958,770,077 | 100.00% |

24. Categories of Shareholders as on March 31, 2012

| Category | March 31, 2012 | |
|-----------------------------|-------------------|--------------------|
| | % of shareholding | No. of shares held |
| Promoters | 43.65% | 418,472,440 |
| Individuals | 2.22% | 21,237,151 |
| Domestic Companies | 4.30% | 41,266,811 |
| FIs, Mutual funds and Banks | 12.54% | 120,268,358 |
| FIs, OCBs & NRI | 37.29% | 357,525,317 |
| Total | 100.00% | 958,770,077 |

ZEE ENTERTAINMENT ENTERPRISES LIMITED SHARE PATTERN AS ON 31ST MARCH, 2012



25. Particulars of Shareholding

a) Promoter Shareholding as on March 31, 2012

| Sr | Name of Shareholder | No of Shares held | % of shareholding |
|--------------|--|--------------------|-------------------|
| 1 | Delgrada Limited (Renamed as Essel Media Ventures Ltd) | 102,888,286 | 10.73% |
| 2 | Lazarus Investments Limited (Renamed as Essel International Ltd) | 23,000,000 | 2.40% |
| 3 | Prajatma Trading Co. Pvt. Ltd | 100 | 0.00% |
| 4 | Essel Infraprojects Ltd | 100 | 0.00% |
| 5 | Premier Finance and Trading Co Ltd | 100 | 0.00% |
| 6 | Briggs Trading Co. Pvt. Ltd | 958,470 | 0.10% |
| 7 | Churu Trading Co Pvt. Ltd | 100 | 0.00% |
| 8 | Laxmi Goel | 3,843,758 | 0.40% |
| 9 | Veena Investment Pvt. Ltd | 100 | 0.00% |
| 10 | Essel Holding Limited | 46,378,518 | 4.83% |
| 11 | Cyquator Media Services Pvt. Ltd | 241,402,908 | 25.18% |
| Total | | 418,472,440 | 43.65% |

b) Top ten (10) Public Shareholding as on March 31, 2012

| Sr | Name of Shareholder | No of Shares held | % of shareholding |
|--------------|--|--------------------|-------------------|
| 1 | Oppenheimer Developing Markets Fund | 76,026,963 | 7.93% |
| 2 | HDFC Standard Life Insurance Company Limited | 27,586,468 | 2.88% |
| 3 | Life Insurance Corporation Of India | 23,662,218 | 2.47% |
| 4 | Government Pension Fund Global | 20,742,748 | 2.16% |
| 5 | HDFC Trustee Company Limited-HDFC Equity Fund | 18,315,204 | 1.91% |
| 6 | LIC of India Money Plus Growth Fund | 16,411,865 | 1.71% |
| 7 | HDFC Trustee Company Limited - HDFC Top 200 Fund | 16,382,154 | 1.71% |
| 8 | T Rowe Price New Asia Fund | 15,078,084 | 1.57% |
| 9 | Oppenheimer Global Fund | 14,003,568 | 1.46% |
| 10 | Government Of Singapore | 13,021,986 | 1.36% |
| Total | | 241,231,258 | 25.16% |

Management Discussion and **ANALYSIS**



In FY2012, 10.5 million subscribers have adopted satellite based television services via DTH, taking the gross DTH subscriber base to 44.6 million strong.



The figures have been stated in ₹/million in the MD&A for better readability.

Investors are cautioned that this discussion contains forward-looking statements that involve risks and uncertainties including, but not limited to, risks inherent in the Company's growth strategy, acquisition plans, dependence on certain businesses, 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 reaches out to over 650 million viewers across 168 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 Premier, Zee Action, Zee Classic
- iii. English Entertainment, Movies and Life style: Zee Studio, Zee Café, Zee Trendz

11.7%

growth of the Indian Media and Entertainment Industry in 2011

The Indian Media and Entertainment Industry witnessed steady growth in 2011. **The industry grew from ₹ 652 billion in 2010 to ₹ 728 billion in 2011**

- iv. Regional Language Entertainment: Zee Marathi, Zee Bangla, Zee Talkies, Zee Telugu, Zee Kannada, ETC Punjabi, Zee Tamil
- v. Sports: TEN Cricket, TEN Action, TEN Sports, TEN Golf
- vi. Religious and Alternate Lifestyle: Zee Jagran, Zee Salaam
- vii. Music: Zing, ETC
- viii. Niche and Special Interest: Zee Khana Khazana
- ix. HD: Zee TV HD, Zee Cinema HD, Zee Studio HD, TEN HD

Apart from the channels listed above which are available in India, the Company also broadcasts 22 channels in the international markets.

MEDIA AND ENTERTAINMENT INDUSTRY

The Indian Media and Entertainment Industry witnessed steady growth in 2011. The industry grew from ₹ 652 billion in 2010 to ₹ 728 billion in 2011, registering a growth rate of 11.7%. Television sector grew from ₹ 297 billion in 2010 to ₹ 329 billion in 2011, registering a growth of 10.7%. (Source: FICCI-KPMG Indian Media and Entertainment Industry Report 2012).

Total advertising revenue growth has seen a much sharper slowdown, with advertising spends across all media accounting for ₹ 300 billion in 2011, contributing to 41% of the overall M&E industry revenues. Total advertising revenues witnessed a growth of 13% in 2011 against 17% observed in 2010. (Source: FICCI-KPMG Indian Media and Entertainment Industry Report 2012).

Despite the slowdown, Television industry posted high growth due to its high reach & cost-effectiveness. Regionalisation / Localisation drove the reach of media as well revenue, thereby improving the revenue share in the ad pie. Advertisers' also showed a higher preference for Impact properties on leading channels.

FY2013 is expected to be a landmark year for the television media industry. The industry is on the cusp of a big change with the implementation of Digital Addressable System (DAS) starting with the four metros. Implementation of digitisation is expected to significantly improve transparency in the pay-TV ecosystem resulting in more choice to the consumers, better quality of viewing and improved business economics for all players. In FY2012, 10.5 million subscribers have adopted satellite based television services via DTH, taking the gross DTH subscriber base to 44.6 million strong.

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 30 channels that serve the widest array of content in India and is the leading broadcaster across the country. ZEE is also the pioneer in the international markets with 22 channels serving Indian content across 168 countries.

Management Discussion and **ANALYSIS**

Zee TV continued to have a leading share in the Hindi General Entertainment genre (GEC) with an average weekly channel share of 20% and average weekly Gross Rating Points (GRPs) of 186.

Leadership across different Genres:

In the Hindi GEC genre, Zee TV is the flagship product from ZEE. The Hindi GEC genre moved from a 3 player to a 4 player market last year and grew at a fair pace. Last year also saw some consolidation in the Hindi GEC market.

Subscription revenues 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 20% and average weekly Gross Rating Points (GRPs) of 186. Key shows like Pavitra Rishta successfully completed 700+ episodes and Yahan Mein Ghar Ghar Kheli over 600+ episodes.

During the year, the channel launched various new successful shows with its core promise of 'Umeed'. Afsar Bitiya, launched against the No 1 show in Hindi GEC at 7 pm has still grown healthily & touched avg. weekly TVR of 2+. Punarvivah has more than doubled the slot ratings for traditionally weak 22:30 slot for Zee TV.

In March 2012, Dance India Dance created a Guinness World Record for the 'Largest Bollywood Dance' with participation of 4,428 dancers.

In the Hindi Movie Genre, ZEE has 5 channels viz. Zee Cinema, Zee Premier, Zee Action, Zee Classic and Zee Cinema HD. ZEE has the largest film library in the country and its movie channels are a strong favourite with the viewers

as well as advertisers. This was also the year when Zee Cinema underwent a packaging change for the first time in 5 years. Zee Cinema won International recognition for its promos of Peepli Live at the PromaxBDA Asia Awards 2011 held in Singapore recently and 2 silvers at the prestigious Mirchi Kaan 2011 for their radio spots for Lady Raaj.

The Company's sports offerings include 5 channels viz. TEN Cricket, TEN Action, TEN Sports, TEN Golf and TEN HD. Last year saw the launch of TEN HD & TEN Golf, ZEE's latest premium offering targeted at urban up-market audiences. With telecast rights to 5 cricket boards, which ensure coverage of cricket of all test playing countries, along with rights to exciting properties such as UEFA cup football, WWE wrestling, US Open Tennis etc., the sports business has contributed close to 13% of the Company's top line this year. This year, TEN also completed 10 successful years of operations.

Zee Café, Zee Studio and Zee Trendz are Company's English language offerings. 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 strengthen the network subscription bouquet. During the year, the channels showcased popular international shows and live mega events like Miss Universe 2011 and Miss World London 2012.

Zing, the music and lifestyle offering of the Company, showcases 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 Tamil are regional language offerings and enjoy significant market share in their respective markets.

- ✦ Zee Marathi garnered average weekly GRPs of 179 and market share of 28% for FY12 inspite of intense competition in the Marathi genre. True to its brand value, ZM brought to the audiences fresh and appealing shows through Marathi Payul Padate Pudhe, Guntata Hriday He, Eka Lagnachi Doosri Goshta. These properties have created buzz value and also contributed to the ratings of the Company.
- ✦ Zee Bangla was the No.1 channel ahead of all competition in the key Target Group of CS 15+ABC, and continued to be the audience's preferred channel with a share of 36%. Dance Bangla Dance entered the Limca Book of Records for being the first regional channel to complete 100 episodes with the same set of participants.
- ✦ Zee Kannada GRPs moved from 181 (FY11) to 253 (FY12) thereby securing the No. 3 position in the Karnataka market with top performing shows like Radha Kalyana & Paravathi Parameshwara.

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', 'Mirch Masala' and 'Rasm-e-Rasoi'.

Global Presence

The Company reaches more than 650 million viewers globally and in 168 countries worldwide. Internationally, subscription is a key driver of revenues for any broadcaster and international subscription revenues contributed significantly to ZEE's total revenues in this financial year.

Zee Network dominates the International South Asian (SA) Business globally. Zee TV continues to lead in US, Middle East & Africa's in terms of viewership within the SA channels. During the year, the Company undertook various initiatives to further strengthen its dominance in the geographies where it operates.

Key highlights during the year include:

- ✦ In the US, 4 new channels (Zee Marathi, Zee Kannada, Zing & Zee Smile) were launched on Charter LA, CenturyLink and channels were launched in new markets like Aruba, Curacao, Grenada.
- ✦ In Middle East, Zee Aflam reached an all time high of 49.7 GRPs with a share 12.8% (All Adults TG) and 57.6 GRPs with a share of 17.7% (Local Females TG).
- ✦ In APAC, Zee Cinema International launched in Indonesia, Myanmar & Hong Kong with English sub-titles and received landing rights in China. Zee also successfully conducted Zee Nite in Durban, Mauritius and Reunion and Zee Bollywood Nite in Malaysia. In Malaysia, Zee Variasi is now the No.1 international channel among Malays.
- ✦ In UK/Europe, Zee TV was the only Asian channel to start product placement digitally bringing in additional sales revenue.

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) Build presence on new / alternate media platforms (iv) Rationalise on costs

Management Discussion and **ANALYSIS**

ZEE launched India's first and only OTT (over-the-top) platform, Ditto TV, with an aim to offer Live TV Channels and On Demand Video Content to consumers on multiple platforms

across different heads (v) Fortify its expansion in the international markets (vi) 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. The Company aims to further enhance the market share through a planned content lineup and continue to grow business profitability in a sustained manner.

(ii) Concentrate on additional revenues from digital pay platforms:

India is a fast digitising market and the consumer shift towards digital services is exhibited through the rampant expansion from 34 million pay DTH households at the beginning of the fiscal to 44.6 million pay DTH households at the end of it. Key initiatives in the last fiscal include the launch of HD channels and launch of TEN Golf - ZEE's latest premium offering targeted at urban upscale pay-TV audiences.

(iii) Build presence on new / alternate media platforms:

In line with the strategy of growth through focused disciplined investments, ZEE launched India's first and only OTT (over-the-top) platform, Ditto TV, with an aim to

offer Live TV Channels and On Demand Video Content to consumers on multiple platforms including mobile phones, tablets, laptops, desktops and connected TVs.

(iv) Rationalise 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.

(v) 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 as well as launching new channels in some of the geographies. 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.

(vi) 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 utilised 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.

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. Moderating growth, along with high inflation, 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 a rapid pace 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.

Management Discussion and ANALYSIS

Subscription revenue has recorded a growth of 23% from ₹ 5,071 million in FY 2011 to ₹ 6,239 million in FY 2012

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.

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, 2012 compared to the Year Ended March 31, 2011. Previous Year figures have been reclassified and regrouped to comply with revised Schedule VI requirements.

Total Revenue

Total revenue increased by ₹ 1,019 million, or 4.57 % from ₹ 22,310 million in FY 2011 to ₹ 23,329 million in FY 2012 due to higher Broadcasting Revenue and Other Income.

Revenue from Operations

Operating revenue increased by ₹ 340 million or 2 % from ₹ 21,700 million in FY 2011 to ₹ 22,040 million in FY 2012. Subscription revenue has recorded a growth of 23% from ₹ 5,071 million in FY 2011 to ₹ 6,239 million in FY 2012 partly offset by decrease in Advertisement revenue by 5% to ₹ 13,609 million in FY 2012 as against ₹ 14,383 million in FY 2011. Other Sales and Services decreased to ₹ 1,686 in FY 2012 from ₹ 1,791 in FY 2011. Revenue from Other Sales & Services for FY 2012 is not comparable with FY 2011 as last year includes receipt of a non-recurring one time fees of ₹ 700 million towards premature termination of sporting events rights.

Interest & Other Income

Interest & Other income increased by ₹ 679 million from ₹ 610 million in FY 2011 to ₹ 1,289 million in FY 2012. It includes Foreign Exchange Loss of ₹ 33 million regrouped and transferred from Finance Cost and

respective line item to Other Income in compliance to revised Schedule VI guidelines. It also includes balance written back ₹ 138 million being non-recurring in nature.

Total Expenditure

Total Operational expenditure increased by ₹ 1,907 million or 13.76 % from ₹ 13,864 million in FY 2011 to ₹ 15,771 million in FY 2012. The increase in operational cost was principally result of increase in Programming & Other Expenses.

Operational Cost / Cost of Goods

Operational cost/Cost of Goods increased by ₹ 1,330 million, or 15.09 %, from ₹ 8,814 million in FY 2011 to ₹ 10,144 million in FY 2012, increase is mainly attributable overall increase in programming cost.

Personnel Cost

Personnel cost has remained flat from ₹ 1,568 million in FY 2011 to ₹ 1,573 million in FY 2012. This is mainly due to salary rationalisation and right sizing of manpower affected during the year. As a % of sales, manpower cost remained at 7%.

Other expenses

Other expenses increased by ₹ 572 million or 16.43 % from ₹ 3,482 million to ₹ 4,054 million. The increase in administrative and other expenses was principally a result of higher spend on advertising, marketing and increase in cost of Carriage Fees paid by the Company to cable networks and increase in provision doubtful debts during the year.

Operating Profit

Operating profit decreased by ₹ 888 million, or 11.75%, from ₹ 8,446 million in FY 2011 to ₹ 7,558 million in FY 2012. The operating margin is at 32 % for FY 2012. Reduction in Operating profit is due to higher investment in Content and Marketing spends to build the business, further last year operating profit includes receipt of one time fees of ₹ 700 million towards premature termination of sporting right events, hence is not comparable.

Financial Expenses

Financial expenses decreased by ₹ 29 million to ₹ 5 million in FY 2012 to ₹ 34 million in FY 2011.

Depreciation and Amortisation

Depreciation increased by ₹ 48 million, or 29%, from ₹ 167 million to ₹ 215 million.

Profit Before Tax

Profit before tax decreased by ₹ 907 million or 12.36 % from ₹ 8,245 million in FY 2011 to ₹ 7,338 million in FY 2012. Previous year profit before tax excludes exceptional income on sale of Long term investment ₹ 197 million.

Provision for Taxation

Provision for taxation was ₹ 2,441 million, representing effective tax rate of 33%.

Profit After Tax for the Period

Profit after tax for the year decreased by 15.04 % to ₹ 4,897 million from ₹ 5,764 million.

Management Discussion and ANALYSIS

B. FINANCIAL POSITION

Non-Consolidated Financial Position as on March 31, 2012 as compared to March 31, 2011.

Sources of Funds

Share Capital, Reserves & Surplus

During the year, Company bought back 19.37 million equity shares through open market route, further under ESOP 66,800 number of equity shares were allotted and issued during the year. Consequently the Paid-up Share Capital of the Company as at 31 March 2012 stands reduce to ₹ 959 million shares of ₹ 1 each as against ₹ 978 million in FY 2011.

Loan Funds

Total loan funds as on March 31, 2012 stood at ₹ 10 million up from ₹ 6 million. These loan funds are related to vehicle loan taken by the Company.

Long-term Provisions

Long term provisions pertaining to retirement benefits have gone up from ₹ 146 million as on March 31, 2011 to ₹ 160 million as on March 31, 2012.

Current Liabilities and Provisions

Current Liabilities and Provisions, mainly representing Trade Payables, Deposits received, Statutory Dues etc. have reduce by ₹ 1,423 million to ₹ 5,098 million in FY 2012 from ₹ 6,521 million in FY 2011.

Application of Funds

Fixed Assets

During the year, the Company's Gross Fixed Assets block increased by ₹ 364 million. The Net Block increased by ₹ 224 million from ₹ 1,548 million as on March 31, 2011 to ₹ 1,772 million as on March 31, 2012. Increase in Fixed assets was partly

offset by impairment / discard of obsolete assets.

Capital Work in progress increased by ₹ 193 million to ₹ 201 million as on March 31, 2012. Increase in CWIP is mainly on account of purchase of HD and other digital equipments, which were yet to be made operational/installed as on March 31, 2012.

Non-Current Investments

Non current Investments have increased from ₹ 5,823 million in FY 2011 to ₹ 5,923 million in FY 2012. This increase is towards the investment in Subsidiary company "India Web Portal Private Limited".

Long-term Loans, Advances and Other Non-Current Assets

There is marginal decrease in the long term loans and advances from ₹ 658 million as on March 31, 2011 to ₹ 655 million as on March 31, 2012.

Current Assets

Current Assets mainly representing current investment, Inventories, Trade Receivables, Cash & Bank Balances and Other Current Assets have gone down by ₹ 1,011 million to ₹ 26,532 million in FY 2012 as against ₹ 27,543 million in FY 2011.

Current Investment

Current Investment increased by ₹ 647 million to ₹ 4,679 million in FY 2012 on account of increased in Treasury investment as compared to last year.

Inventories

Program, Film and Sports rights held by the Company decreased from ₹ 11,030 million on March 31, 2011 to ₹ 9,930 million on March 31, 2012.

Total revenue increased by ₹ 819 million, or 2.65% from ₹ 30,970 million in 2011 to ₹ 31,789 million in FY 2012 on account of higher broadcasting income and other sales and services. It also includes ₹ 523 million as Company's share of net revenue from JV MPEIPL.

Trade Receivables

Trade receivables net off provision for bad and doubtful debts & Bad Debts written off, stood at ₹ 6,624 million in FY 2012 as against ₹ 6,191 million in FY 2011. The age of trade receivables is 110 days of sales in FY 2012 as against 104 days of sales in FY 2011.

Cash and Bank Balances

The cash and bank balances lying with the Company, as on March 31, 2012 was ₹ 761 million as against ₹ 1,539 million on March 31, 2011. Cash surplus during the year have been invested in Liquid Funds, CPs and Fixed deposits as a part of treasury operations.

Loans and Advances and other current assets (Current)

There was decrease in current portion loans, advances and other current assets from ₹ 4,751 million on March 31, 2011 to ₹ 4,538 million on March 31, 2012.

CONSOLIDATED FINANCIALS

A. Results of Operations

We have provided a comparison between Audited figures for FY 2012 and Audited regrouped figures as per revised Schedule VI for FY 2011. FY 2012 financials result includes 50% proportionate share of income, expenses, assets and liabilities on a line by line basis for Company's interest in Joint Venture (JV) "Media Pro Enterprise India Private Limited (MPEIPL).

Revenue

Total revenue increased by ₹ 819 million, or 2.65% from ₹ 30,970 million in FY 2011 to ₹ 31,789 million in FY 2012 on account of higher broadcasting income and other sales and services. It also includes ₹ 523 million as Company's share of net revenue from JV-MPEIPL.

Revenue from Operations

Operating revenue increased by ₹ 318 million or 1.05 % from ₹ 30,088 million in FY 2011 to ₹ 30,406 million in FY 2012. Subscription Revenue has recorded a growth of 18% from ₹ 13,244 million to ₹ 13,246 million (Including Company's share of JV MPEIPL ₹ 505 million) which

Management Discussion and **ANALYSIS**

Operational cost/Cost of Goods remained almost flat at ₹ 14,311 million in FY 2012 against ₹ 14,370 million in FY 2011. Though, spends on non-sports programming has remained higher, major reason for lower / flat programming and operating cost is that FY 2012 had less sports properties as compared to FY 2011.

is partly offset by decrease in Advertisement revenues by 7% to ₹ 15,841 million in FY 2012 as against ₹ 17,010 million in FY 2011 however advertisement revenues in non-sports business have increased, though marginally. Other Sales and Services representing Syndication sale of Sports right, Program and Film rights, Commission income and other services, decreased to ₹ 1,320 million in FY 2012 (Includes Company's share of JV MPEIPL ₹ 7 million) from ₹ 1,819 million in FY 2011. Syndication sale of Sports rights are mainly event specific and are not comparable on Y-o-Y. FY 2012 Revenue is also not comparable as the numbers for FY 2011 includes receipt of a non-recurring one time fees of ₹ 700 million towards premature termination of sporting events rights.

Other Income

Other income increased by ₹ 502 million or 57% from ₹ 882 million in FY 2011 to ₹ 1,384 million in FY 2012 (Including Company's share of JV MPEIPL ₹ 11 million). Increase in Interest and Other Income also includes interest on income tax refund ₹ 145 million and balance written back

₹ 174 million being non-recurring in nature. It also includes Foreign Exchange Loss of ₹ 19.7 million regrouped and transferred from Finance Cost and respective line item to Other Income in compliance to revised Schedule VI guidelines.

Expenditure

Total Operational expenditure increased by ₹ 1,142 million or 5.22 % from ₹ 21,868 million to ₹ 23,010 million. This increase in cost was due to increase in Administrative & Marketing Spends.

Operational Cost / Cost of Goods

Operational cost/Cost of Goods remained almost flat at ₹ 14,311 million in FY 2012 against ₹ 14,370 million in FY 2011. Though, spends on non-sports programming has remained higher, major reason for lower / flat programming and operating cost is that FY 2012 had less sports properties as compared to FY 2011.

Employee Benefit Expenses

Employee cost increase by ₹ 188 million, or 6.87 %, from ₹ 2,737 million in FY 2011 to ₹ 2,925 million in FY 2012 (FY 2012

Includes Company's share of JV MPEIPL ₹ 179 million). Other than increase due to share of JV - MPEIPL employee cost has remain flat for the year.

Other Expenses

Administrative and Other expenses increase by ₹ 1,013 million or 21.28% from ₹ 4,761 million in FY 2011 to ₹ 5,774 million in FY 2012. FY 2012 include Company's share of Interest in JV ₹ 335 million. Further increase in mainly due to higher spend on advertising , marketing and increase in cost of Carriage Fees paid by the Company to cable networks and increase in provision for doubtful debts during the year.

Operating Profit

Operating profit reduce by ₹ 323 million, or 3.67%, from ₹ 9,102 million in FY 2011 to ₹ 8,779 million in FY 2012. The operating margin is at 28% for FY 2012. Reduction in Operating profit is due to higher investment in Content and Marketing spends to build the business, further last year operating profit includes receipt of one time fees of ₹ 700 million towards premature termination of sporting right events , hence is not comparable.

Financial Expenses

Financial expenses decreased by ₹ 38 million or 43.18%, from ₹ 88 million to ₹ 50 million.

Depreciation and Amortisation

Depreciation increased by ₹ 34 million, or 11.76%, from ₹ 289 million in FY 2011 to ₹ 323 million in FY 2012. Current year includes ₹ 99 million (LY ₹ 71 million) charge towards impairment/ discard of fixed assets.

Profit Before Tax (after exceptional item)

Profit before tax decreased by ₹ 516 million or 6%, from ₹ 8,922 million in FY 2011 to ₹ 8,406 million in FY 2012. FY 2011 Profit before tax includes exceptional income on sale of Long term investment ₹ 197 million.

Provision for Taxation

Provision for taxation decreased to ₹ 2,500 million in FY 2012 from ₹ 2,671 million in FY 2011. Effective Tax Rate for FY 2012 is 30% as against 30% in FY 2011. One of the subsidiary has made provision of tax under Minimum Alternate Tax (Mat) as per provisions of Section 115JB of Income Tax Act, 1961.

Share of Results of Associates

Share of profit in Aplab Limited as Associate company (26.42% holding) is profit of ₹ 2 million in FY 2012 as against ₹ 0.2 million in FY 2011.

Minority Interest

Minority interest payable was at ₹ 17 million in FY 2012. This includes share of minorities of Zee Turner Limited (26%) and India Web Portal Private Limited (49%).

Net Profit After Tax for the Period

Profit after tax for the year decreased by 8 % to ₹ 5,891 million from ₹ 6,369 million. The Net Profit margin in FY 2012 was 19% against 21% in FY 2011.

Management Discussion and ANALYSIS

B. FINANCIAL POSITION

Consolidated Financial Position as on March 31, 2012 as compared to March 31, 2011.

Sources of Funds

Share Capital, Reserves & Surplus

During the year, Company bought back 19.37 million equity shares through open market route, further under ESOP 66,800 number of equity shares were allotted and issued during the year. Consequently the Paid-up Share Capital of the Company as at 31 March 2012 stands reduce to 959 million shares of ₹ 1 each as against 978 million in FY 2011.

Loan Funds

Total loan funds as on March 31, 2012 stood at ₹ 12 million from ₹ 9 million. These loan funds are related to vehicle loan taken by the Company.

Long term Provisions

Long term provision consisting of retirement benefits have increased by ₹ 38 million from ₹ 190 million to ₹ 228 million as on 31 March 2012.

Current Liabilities and Provisions

Current Liabilities and Provisions have increased by ₹ 921 million during the year mainly due to increase in Trade Payables.

Current liabilities and provision on March 31, 2012 are at ₹ 8,591 million down from ₹ 7,670 million on March 31, 2011.

Application of Funds

Fixed Assets

During the year, the Company's Gross Fixed Assets block increased by ₹ 1,440 million. This increase is mainly on account of creation of additional goodwill of ₹ 208 million on purchase of balance 5% share of minority in Taj TV Limited. Foreign Exchange translation of foreign subsidiary assets (Including Goodwill) ₹ 817 million, Purchase of Other Fixed Assets ₹ 653 million (mainly

Plant & Machinery) which was partly offset by Impairment and Sale of Gross Value of fixed assets to the extent of ₹ 239 million. (Including Company's share in JV- MPEIPL ₹ 17 million).

The Net Block increased by ₹ 1,101 million from ₹ 8,098 million as on March 31, 2011 to ₹ 9,199 million as on March 31, 2012. This increase is mainly on account of increase of Gross block of Fixed Assets as mentioned above. (Including Company's share in JV- MPEIPL ₹ 16 million).

Capital Work in progress increased by ₹ 193 million from ₹ 8 million in FY 2011 to ₹ 201 million as on March 31, 2012. Increase in CWIP is mainly on account of purchase of HD and other digital equipments, which were yet to be made operational/installed as on March 31 2012.

Non Current Investments

The Non Current Investment of the Company were valued at ₹ 675 million on March 31, 2012 as compared to ₹ 623 million on March 31, 2011, an increase of ₹ 52 million over FY 2011.

Long term loans, advances and other non-current assets.

The long term loans, advances and other non current assets consisting of capital advances, claim receivables and other assets have decreased by ₹ 181 million to ₹ 1,173 million in FY 2012 as against ₹ 1,354 million in FY 2011. (FY 2012 includes Company's share in JV – MPEIPL ₹ 115 million).

Current Assets

The current assets have increased from ₹ 28,457 million in FY 2011 to ₹ 31,568 million in FY 2012 largely due to increase in inventory and current investments. (FY 2012 includes ₹ 2,632 million towards Company's share in JV – MPEIPL).

Current Assets

Inventories

Program/Film rights held by the Company

increased from ₹ 5,396 million on March 31, 2011 to ₹ 7,339 million on March 31, 2012. The increase is due to acquisition of film rights and other high cost programming.

Trade Receivables

Trade receivables net off provision for bad and doubtful debts & Bad Debts written off, stood at ₹ 8,690 million in FY 2012 (Including Company's share in JV MPEIPL ₹ 1,011 million) as against ₹ 8,704 million in FY 2011. The age of Net Debtors is 104 days of sales in FY 2012 as against 105 days of sales in FY 2011.

Cash and Bank Balances

The cash and bank balances lying with the Company, as on March 31, 2012 was ₹ 3,283 million (including Company's share in JV MPEIPL ₹ 1,253 million) as against ₹ 3,856 million on March 31, 2011.

Loans, Advances and Other Current Assets

There was an increase in loans, advances and other current assets from ₹ 4,160 million as on March 31, 2011 to ₹ 4,932 million on March 31, 2012. Loans given during the year have reduced due to repayment by ₹ 800 million from ₹ 2,500 million in FY 2012 to ₹ 1,700 million in FY 2011. Increase of ₹ 770 million in Other Advances and current assets is mainly due to increase in deposits, advances taxes, prepaid expenses, also due to Company's share of interest in JV-MPEIPL ₹ 368 million.

Current Liabilities and Provisions

Current Liabilities and Provisions have increased by ₹ 921 million during the year mainly due to increase in Trade Payables.

Current liabilities and provision on March 31, 2012 are at ₹ 8,591 million down from ₹ 7,670 million on March 31, 2011.

Certification on **FINANCIAL STATEMENTS**

of the Company

We, Punit Goenka, Managing Director & CEO and Hitesh Vakil, 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, 2012 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, 2012 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.

Punit Goenka
Managing Director & CEO

Hitesh Vakil
Chief Financial Officer

Place : Mumbai
Date : 21 May, 2012

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 31 March, 2012, the Statement of Profit and Loss and the Cash Flow statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (the 'Order') issued by the Central Government of India in terms of 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. 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 Statement of Profit and Loss 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 Statement of Profit and Loss 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 31 March, 2012 and taken on record by the Board, we report that none of the Director is disqualified as at 31 March, 2012 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 notes thereon, 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 31 March, 2012;
 - ii) In the case of the Statement of Profit and Loss, 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 Number 101169W

Hitendra Bhandari
Partner
Membership Number 107832
Mumbai, 21 May, 2012

Annexure referred to in Paragraph (3) of Auditors' Report to the members of Zee Entertainment Enterprises Limited on the accounts for the year ended 31 March, 2012

- 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 film/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. As explained to us, there were no discrepancies 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, we have not observed any continuing failure to correct major weaknesses 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 have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- 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 the appropriate authorities. There are no undisputed amounts payable in respect of the aforesaid dues which have remained outstanding as at 31 March, 2012 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, income tax and wealth tax which are not deposited on account of any dispute are as under:

| Name of the Statute | Nature of the Dues | Amount (₹/million) | Period to which the amount relate | Forum where dispute is pending |
|------------------------------|--|-----------------------|--------------------------------------|---|
| The Central Excise Act, 1944 | Service Tax | 1 | F.Y. 2004-2005 | Commissioner of Service Tax |
| | | 312 | F.Y. 2006-2007 | |
| | | 148 | F.Y. 2007-2008 | |
| | | 2 | F.Y. 2006-2007 | Commissioner of Central Excise (Appeals) |
| | | 0 (₹ 176,706)* | F.Y. 2006-2007, F.Y. 2007- 2008 | Customs Excise and Service Tax Appellate Tribunal |
| The Income Tax Act, 1961 | Tax Deducted at Source (including interest) | 932 | F.Y. 2005-2006 to F.Y. 2009-2010 | Commissioner of Income Tax (Appeals) |
| | Income Tax | 90 | F.Y. 2005-2006 | |
| | | 434 | F.Y. 2007-2008 | |
| | | 3 | F.Y. 2008-2009 | |
| The Wealth Tax Act, 1957 | Wealth Tax | 1 | F.Y. 2004-2005 | Commissioner of Income Tax (Appeals) |
| | | 0 (₹ 488,416)* | F.Y. 2005-2006 | |

* represents absolute amount

- 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 or in the immediately preceding financial year.
- 11) The Company has not defaulted in repayment of dues to banks and financial institutions 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 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.
- 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 Number 101169W

Hitendra Bhandari
Partner
Membership Number 107832
Mumbai, 21 May, 2012

Balance SHEET

as at March 31,

₹ millions

| | Note | 2012 | 2011 |
|--|------|---------------|---------------|
| EQUITY AND LIABILITIES | | | |
| Shareholder's Funds | | | |
| Share Capital | 3 | 959 | 978 |
| Reserves and Surplus | 4 | 28,992 | 28,058 |
| | | 29,951 | 29,036 |
| Non-Current Liabilities | | | |
| Long-Term Borrowings | 5 | 10 | 6 |
| Long-Term Provisions | 6 | 160 | 146 |
| | | 170 | 152 |
| Current Liabilities | | | |
| Trade Payables | 7 | 3,072 | 3,898 |
| Other Current Liabilities | 7 | 347 | 214 |
| Short-Term Provisions | 6 | 1,679 | 2,409 |
| | | 5,098 | 6,521 |
| TOTAL | | 35,219 | 35,709 |
| ASSETS | | | |
| Non-Current Assets | | | |
| Fixed Assets | | | |
| (i) Tangible assets | 8 | 1,632 | 1,444 |
| (ii) Intangible assets | 8 | 140 | 104 |
| (iii) Capital work-in-progress | | 201 | 8 |
| | | 1,973 | 1,556 |
| Non-Current Investments | 9 | 5,923 | 5,823 |
| Deferred Tax Assets (net) | 10 | 136 | 129 |
| Long-Term Loans and Advances | 11 | 653 | 635 |
| Other Non-Current Assets | 12 | 2 | 23 |
| | | 6,714 | 6,610 |
| Current Assets | | | |
| Current Investments | 13 | 4,679 | 4,032 |
| Inventories | 14 | 9,930 | 11,030 |
| Trade Receivables | 15 | 6,624 | 6,191 |
| Cash and Bank Balances | 16 | 761 | 1,539 |
| Short-Term Loans and Advances | 11 | 4,495 | 4,733 |
| Other Current Assets | 12 | 43 | 18 |
| | | 26,532 | 27,543 |
| TOTAL | | 35,219 | 35,709 |
| Notes forming part of the financial statements | 1-46 | | |

As per our attached report of even date

For MGB & Co. Chartered Accountants

Hitendra Bhandari Partner

Place : Mumbai
Date : 21 May, 2012

For and on behalf of the Board

Punit Goenka Managing Director & CEO

M Y Khan Director

Hitesh Vakil Chief Financial Officer

M Lakshminarayanan Company Secretary

Statement of PROFIT AND LOSS

for the year ended March 31,

₹ millions

| | Note | 2012 | 2011 |
|---|------|---------------|---------------|
| Revenue | | | |
| Revenue from Operations | 17 | 22,040 | 21,700 |
| Other Income | 18 | 1,289 | 610 |
| TOTAL | | 23,329 | 22,310 |
| Expenses | | | |
| Operational Cost | 19 | 10,144 | 8,814 |
| Employee benefits expense | 20 | 1,573 | 1,568 |
| Other expenses | 21 | 4,054 | 3,482 |
| Finance costs | 22 | 5 | 34 |
| Depreciation and amortization expense | 23 | 215 | 167 |
| TOTAL | | 15,991 | 14,065 |
| Profit before Exceptional Items and Tax | | 7,338 | 8,245 |
| Add: Exceptional Item | | - | 197 |
| Profit before tax | | 7,338 | 8,442 |
| Less: Tax expense | | | |
| Current tax - current year | | 2,386 | 2,770 |
| - earlier years | | 62 | - |
| Deferred tax | | (7) | (92) |
| Profit after tax | | 4,897 | 5,764 |
| Earnings per equity share of face value of ₹ 1 each | | | |
| Basic and Diluted | 43 | 5.05 | 5.89 |
| Notes forming part of the financial statements | 1-46 | | |

As per our attached report of even date

For MGB & Co. Chartered Accountants

Hitendra Bhandari Partner

Place : Mumbai

Date : 21 May, 2012

For and on behalf of the Board

Punit Goenka Managing Director & CEO

M Y Khan Director

Hitesh Vakil Chief Financial Officer

M Lakshminarayanan Company Secretary

Cash Flow STATEMENT

for the year ended 31 March

| | ₹ millions | |
|--|--------------|----------------|
| | 2012 | 2011 |
| A.CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | 7,338 | 8,442 |
| Adjustments for : | | |
| Depreciation and Amortization expense | 215 | 167 |
| Share issue expenses written off (₹ Nil (₹ 1,966)) | - | 0 |
| Provision for doubtful debts and advances (net) | 60 | 10 |
| Loss on sale / discard of fixed assets (net) | 72 | 79 |
| Interest on vehicle loan | 2 | 33 |
| Profit on sale of investments (net) | - | (197) |
| Loss on redemption of units of mutual funds (₹ Nil (₹ 51,204)) | - | 0 |
| Provision for diminution in value of investments (₹ Nil (₹ 140,000)) | 11 | 0 |
| Dividend income | (126) | (121) |
| Interest income | (760) | (442) |
| Operating profit before working capital changes | 6,812 | 7,971 |
| Adjustments for : | | |
| (Increase) / Decrease in trade and other receivables | (746) | (653) |
| (Increase) / Decrease in Inventories | 1,100 | (796) |
| Increase / (Decrease) in trade and other payables | (680) | 396 |
| Cash Generated from Operations | 6,486 | 6,918 |
| Direct taxes paid (net) | (2,898) | (2,260) |
| Net Cash flow from Operating Activities (A) | 3,588 | 4,658 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets / Capital Work In Progress | (690) | (299) |
| Sale of fixed assets | 3 | 1 |
| Purchase of Non current investments | (111) | (80) |
| Sale of Non current investments | - | 456 |
| Purchase of Current investments | (33,252) | (10,068) |
| Sale of Current investments | 32,605 | 8,130 |
| Loans to others | (200) | (2,500) |
| Loans repaid by others | 1,000 | 1,292 |
| Dividend received | 125 | 121 |
| Interest received | 734 | 431 |
| Net Cash flow from Investing Activities (B) | 214 | (2,516) |

Cash Flow STATEMENT

for the year ended 31 March

₹ millions

| | 2012 | 2011 |
|--|----------------|----------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Dividend paid (including dividend tax) | (2,274) | (2,269) |
| Interest paid | (2) | (34) |
| Proceeds from issue of share capital | 8 | - |
| Payment on buyback of shares | (2,319) | - |
| Proceeds from Long-Term borrowings | 14 | - |
| Repayments of Long-Term borrowings | (7) | (1) |
| Repayments of Short-Term borrowings (net) | - | (676) |
| Net Cash flow from Financing Activities (C) | (4,580) | (2,980) |
| Net Cash Flow during the year (A+B+C) | (778) | (838) |
| Cash and Cash Equivalents at the beginning of the year | 1,539 | 3,003 |
| Cash and Cash Equivalents transferred as per Scheme of Amalgamation | - | (833) |
| Cash and Cash Equivalents transferred as per Scheme of Arrangement on demerger | - | 207 |
| Cash and Cash Equivalents at the end of the year | 761 | 1,539 |
| Notes: | | |
| 1. Previous year's figures have been regrouped, recast wherever necessary. | | |
| 2. Scheme of Amalgamation/Arrangement is not considered in the above cash flow statement, being a non-cash transaction | | |
| 3. Cash and Cash Equivalents at the end of the year: | | |
| Balances with Banks - | | |
| In current accounts | 448 | 916 |
| In deposit accounts | - | 600 |
| Cheques, demand drafts in hand | 303 | 12 |
| Cash in Hand | 1 | 2 |
| Other Bank balances | | |
| In Unclaimed dividend account | 9 | 9 |
| TOTAL | 761 | 1,539 |

As per our attached report of even date

For MGB & Co. Chartered Accountants

Hitendra Bhandari Partner

Place : Mumbai
Date : 21 May, 2012

For and on behalf of the Board

Punit Goenka Managing Director & CEO

M Y Khan Director

Hitesh Vakil Chief Financial Officer

M Lakshminarayanan Company Secretary

Notes

forming part of the Financial Statements

1. CORPORATE INFORMATION

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, films / movies and rights including films / movies and program feeds;
- (d) Production and distribution of films / movies.

2. SIGNIFICANT ACCOUNTING POLICIES

1 Basis of Preparation

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis and comply in all material aspects with the accounting standards notified under Section 211 (3C), Companies(Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI).

2 Use of estimates

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

3 Tangible fixed assets

- (a) Tangible fixed assets are stated at cost, net of accumulated depreciation and impairment losses, if any. Cost include all expenses incurred to bring the assets to its present location and condition.
- (b) Capital work in progress comprises cost of fixed assets and related expenses that are not yet ready for their intended use at the reporting date.

4 Intangible assets

Intangible assets acquired are measured on initial recognition at cost. Intangible assets are carried at cost less accumulated amortisation and impairment loss, if any.

5 Borrowing Costs

Borrowing Costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of respective asset. All other borrowing costs are expensed in the period they occur.

6 Impairment of tangible and intangible assets

At each Balance Sheet date, the Company reviews the carrying amount of 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.

Notes

forming part of the Financial Statements

7 Depreciation / Amortisation on tangible and intangible assets

- (a) Depreciation on tangible fixed assets is provided on Straight Line Method at the rates 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) Intangible assets are amortised on a straight line basis over the economic useful life estimated by the management.

8 Investments

- (a) Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments including investment property are classified as long-term investments.
- (b) Current investments are stated at lower of cost and fair value determined on an individual investment basis. Long-term investments are stated at cost less provision for diminution other than temporary in the value of such investments.
- (c) Investment Property
Investment in land which is not intended to be occupied substantially for use by or in the operations of the company is classified as Investment property. Investment properties are stated at cost. The cost comprises purchase price, borrowing costs, if capitalisation criteria are met and directly attributable cost of bringing the investment property to its working condition for the intended use.

9 Transactions in foreign currencies

- (a) Foreign currency transactions are accounted at the exchange rates prevailing on the date of such transactions.
- (b) Foreign currency monetary items are translated using the exchange rates prevailing at the reporting date. Exchange difference are recognised as income or expense in the period in which they arise.
- (c) Non-monetary items denominated in foreign currency are carried at cost.

10 Revenue recognition

- (a) Broadcasting revenue - Advertisement revenue (net of agency commission) is recognized when the related advertisement or commercial appears before the public i.e. on telecast. Subscription revenue is recognized on completion of service.
- (b) Sales (includes licensing of Programs, Films / Movie 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 income is recognized when the Company's right to receive dividend is established.
- (e) Interest income is recognized on a time proportion basis taking into account outstanding and the applicable interest rate.
- (f) Revenue from other services are recognised as and when such services are completed / performed.

Notes

forming part of the Financial Statements

11 Inventories

(a) Programs, Films / Movie Rights for Broadcasting :

Programs, Films / Movie Rights are carried at lower of unamortized cost or realizable value. Where the realizable value on the basis of its estimated 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 Films/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) Films / Movie produced and/or acquired for distribution:

Cost is allocated to each rights based on management estimates of revenues and amortization of costs of theatrical rights, satellite rights, music rights, video rights and others are made when sold/exploited and films/movie rights carried at lower of unamortized cost or net realizable value.

- i Theatrical rights: 70% of allocated cost is amortized over three months of theatrical release of movie and balance 30% in subsequent three quarters.
- ii Satellite rights, Music rights, Home Video rights etc: Allocated cost of each right is expensed on sale.
- iii Negative rights : 90% of the cost is allocated and amortized as per b(i) and b(ii) above and 10% of the cost is allocated to Intellectual Property Rights (IPR) and amortized over subsequent five years.

(c) Work- in – progress: Programs and Films / Movies under production are stated at cost. Cost comprises of raw stock, 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 Weighted Average basis.

12 Retirement and other employee benefits

(a) Short-term employee benefits are expensed at the undiscounted amount in the Statement of Profit and Loss in the year employee renders the service.

(b) Post employment and other long term employee benefits are recognized as an expense in the Statement of Profit and Loss at the present value of the amount payable determined using actuarial valuation techniques in the year the employee renders the service. Actuarial gains and losses are charged to the Statement of Profit and Loss.

13 Accounting for taxes on income

(a) Current Tax is determined as the amount of tax payable in respect of taxable income 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 relevant enacted tax rates and laws.

14 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 the asset under lease.

Notes

forming part of the Financial Statements

(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.

15 Earnings Per Share

Basic earnings per share is computed and disclosed using the weighted average number of equity shares outstanding during the year. Dilutive earnings per share is computed and disclosed using the weighted average number of equity and dilutive equity 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. Contingent Assets are neither recognized nor disclosed in the financial statements.

| | ₹ millions | |
|---|--------------|--------------|
| | 2012 | 2011 |
| 3. SHARE CAPITAL | | |
| Authorised | | |
| 1,399,200,000 (1,399,200,000) Equity Shares of ₹ 1 each | 1,399 | 1,399 |
| | 1,399 | 1,399 |
| Issued , Subscribed and Paid up | | |
| 958,770,077 (978,076,130) Equity Shares of ₹ 1 each fully paid up | 959 | 978 |
| TOTAL | 959 | 978 |

| Reconciliation of number of Equity shares and share capital | 2012 | | 2011 | |
|---|-------------------------|------------|-------------------------|------------|
| | Number of equity shares | ₹ millions | Number of equity shares | ₹ millions |
| At the beginning of the year | 978,076,130 | 978 | 489,038,065 | 489 |
| Add : Allotted as fully paid Bonus Shares | - | - | 489,038,065 | 489 |
| Less: Shares cancelled on Buyback | 19,372,853 | 19 | - | - |
| Add : Allotted on exercise of Employee Stock Options (₹ 66,800) | 66,800 | 0 | - | - |
| Outstanding at the end of the year | 958,770,077 | 959 | 978,076,130 | 978 |

Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 1 each. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

Notes

forming part of the Financial Statements

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during 5 years preceding 31 March 2012

| | 2012 | 2011 |
|--|-------------|-------------|
| Equity Shares allotted as fully paid for consideration other than cash | 55,471,301 | 55,471,301 |
| Equity Shares allotted as fully paid Bonus shares | 489,038,065 | 489,038,065 |
| Equity Shares bought back and cancelled | 19,372,853 | - |

Details of Shareholders holding more than 5 % of the aggregate shares in the Company

| Name of the Shareholders | 2012 | | 2011 | |
|---|-------------------------|----------------|-------------------------|----------------|
| | Number of equity shares | % shareholding | Number of equity shares | % shareholding |
| Cyquator Media Services Private Limited | 241,402,908 | 25.18% | - | - |
| Delgrada Limited (Renamed as Essel Media Ventures Limited, Mauritius) | 102,888,286 | 10.73% | 102,888,286 | 10.52% |
| Oppenheimer Developing Marketing Fund | 76,026,963 | 7.93% | 69,275,633 | 7.08% |
| Premier Finance and Trading Company Limited | 100 | - | 101,589,186 | 10.39% |

Buyback of shares

Buy-back of the Company's Equity Shares through the open market route commenced on 27 July 2011 and concluded on 23 March 2012, wherein, the Company has bought back 19,372,853 Equity Shares of ₹ 1 each. All these equity shares stands extinguished by execution of Debit Corporate Action(s) by the Company. Consequently the Paid-up Share Capital of the Company as at 31 March 2012 stands reduced to 958,770,077 Equity Shares of ₹ 1 each.

Employees Stock Option Scheme (ESOP):

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 into equity shares not exceeding in the aggregate 5% of the issued and paid up capital of the Company as on 31 March 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 Securities and Exchange Board of India (Employees Stock Options Scheme) Guidelines, 1999 (SEBI (ESOS) Guidelines). The said scheme is administered by the Remuneration Committee of the Board.

During the year ended 31 March 2011 and 31 March 2012, the Company did not grant any stock options. The options earlier 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 vests 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. Upon exercise of 66,800 options, equivalent number of Equity Shares were issued and allotted during the financial year ended on 31 March 2012.

Notes

forming part of the Financial Statements

The options were granted to the employees / directors at an exercise price, being the latest market price as per the SEBI (ESOS) Guidelines. In view of 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 for the value of options as per the SEBI guidelines.

Stock options outstanding as at the year end are as follows:-

| | 2012 | 2011 |
|--|-----------|------------|
| - Options outstanding at the beginning of the year | 7,503,600 | 8,178,400* |
| - Options exercised during the year | 66,800 | - |
| - Options lapsed during the year | 611,600 | 674,800 |
| - Options outstanding at the end of the year | 6,825,200 | 7,503,600 |

* Adjusted for bonus

| | 2012 | 2011 |
|--|---------------|---------------|
| 4. RESERVES AND SURPLUS | | |
| Capital Redemption Reserve | | |
| As per last Balance Sheet | - | 70 |
| Add : Transferred from General Reserve on Buyback of Equity Shares | 19 | - |
| Less: Utilised towards issue of fully paid bonus shares | - | 70 |
| | 19 | - |
| Securities Premium | | |
| As per last Balance Sheet | 11,126 | 11,545 |
| Less: Utilised towards issue of fully paid bonus shares | - | 419 |
| Less: On Buyback of Equity shares | 2,300 | - |
| Add: Received on issue of Shares under ESOP, 2009 | 8 | - |
| | 8,834 | 11,126 |
| General Reserve | | |
| As per last Balance Sheet | 5,330 | 5,037 |
| Less: Adjusted pursuant to the Scheme of Amalgamation / Arrangement (Refer Note 45(b),(c)) | - | 2,076 |
| Less: Adjusted pursuant to Scheme of Arrangement on Demerger (Refer Note 45(d)) | - | 631 |
| Less: Transferred to Capital Redemption Reserve on buyback of Equity Shares | 19 | - |
| Add: Transferred from Statement of Profit and Loss | 1,500 | 3,000 |
| | 6,811 | 5,330 |
| Surplus in Statement of Profit and Loss | | |
| As per last Balance Sheet | 11,602 | 11,111 |
| Add : Profit for the year | 4,897 | 5,764 |
| Less : Appropriations | | |
| Proposed Dividend | 1,438 | 1,956 |
| Tax on Dividend | 233 | 317 |
| Transferred to General Reserve | 1,500 | 3,000 |
| | 13,328 | 11,602 |
| TOTAL | 28,992 | 28,058 |

₹ millions

Notes

forming part of the Financial Statements

| | | ₹ millions | |
|--|--|-------------|----------|
| | | Non-Current | Current |
| | | 2012 | 2011 |
| 5. LONG-TERM BORROWINGS | | | |
| Vehicle Loans * - Secured | | 10 | 5 |
| | | 10 | 5 |
| Less: Amount disclosed under the head "Other current Liabilities" (Refer Note 7) | | - | 5 |
| TOTAL | | 10 | - |

* Secured against hypothecation of vehicles.

| | | ₹ millions | |
|--|--|------------|--------------|
| | | Long-Term | Short-Term |
| | | 2012 | 2011 |
| 6. PROVISIONS | | | |
| Provision for employee benefits | | | |
| - Gratuity | | 78 | 3 |
| - Leave benefits | | 82 | 4 |
| Others | | | |
| - Proposed Dividend | | - | 1,671 |
| - Provision for Taxation (net of advances) | | - | 128 |
| TOTAL | | 160 | 2,409 |

| | | ₹ millions | |
|--|--|--------------|--------------|
| | | 2012 | 2011 |
| 7. CURRENT LIABILITIES | | | |
| Trade payables | | | |
| Trade Payables * | | 2,359 | 3,080 |
| Due to Principals - Subsidiary (pending remittances) | | 713 | 818 |
| | | 3,072 | 3,898 |
| Other Current Liabilities | | | |
| Current maturities of vehicle loans | | 7 | 5 |
| Interest accrued but not due {₹ 10,100 (₹ Nil)} | | 0 | - |
| Unearned Revenue | | 61 | 50 |
| Unclaimed Dividends | | 9 | 9 |
| Creditors for capital expenditure | | 21 | 9 |
| Other payables # | | 249 | 141 |
| | | 347 | 214 |
| TOTAL | | 3,419 | 4,112 |

* Includes cheques overdrawn ₹/millions 54 (163) and ₹/millions 214 (294) due to related parties.

Includes statutory dues, security deposits and advances from customers.

Dividend ₹/million 1 (1) unclaimed for a period of more than seven years is transferred to Investor's Education and Protection Fund during the year and no amounts are due and outstanding to be credited to Investor's Education and Protection Fund as at 31 March 2012.

Notes

forming part of the Financial Statements

8. FIXED ASSETS

| Description | Gross Block | | | Depreciation / Amortization | | | Net Block | |
|---------------------------------|-----------------------|------------|------------------------|-----------------------------|---------------------------|----------------------------|---------------------------|---------------------------|
| | As at 1 April 2011 | Additions | Deductions | As at 31 March 2012 | Up to 31 March 2011 | For the year Deductions | As at 31 March 2012 | As at 31 March 2011 |
| Tangible Assets | | | | | | | | |
| Leashold Land | 66 | - | - | 66 | 6 | 1 | 7 | 59 |
| Leashold Improvements | 80 | 1 | 0 | 81 | 77 | 2 | 79 | 2 |
| Building | 415 | - | - | 415 | 46 | 6 | 52 | 363 |
| Computers | 148 | 21 | 28 | 141 | 76 | 21 | 75 | 66 |
| Plant and Machinery | 1,103 | 329 | 77 | 1,355 | 333 | 102 | 404 | 951 |
| Office Equipments | 103 | 12 | 18 | 97 | 22 | 5 | 20 | 77 |
| Furniture and fixtures | 76 | 6 | 16 | 66 | 29 | 5 | 23 | 43 |
| Vehicles | 59 | 44 | 11 | 92 | 17 | 8 | 21 | 71 |
| TOTAL | 2,050 | 413 | 150 | 2,313 | 606 | 150 | 681 | 1,632 |
| PREVIOUS YEAR | 2,113 | 113 | 176[^] | 2,050 | 549 | 135 | 606 | 1,444 |
| Intangible Assets | | | | | | | | |
| Software | 169 | 101 | 0 | 270 | 65 | 65 | 130 | 140 |
| Trade Mark | 0 | - | - | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 169 | 101 | 0 | 270 | 65 | 65 | 130 | 140 |
| PREVIOUS YEAR | 53 | 118 | 2[^] | 169 | 33 | 32 | 65 | 104 |
| Capital Work-in-Progress | | | | | | | | |
| | | | | | | | | 8 |

"0" (zero) denotes amounts less than a million.

[^] Includes ₹/millions 21 transferred pursuant to the Scheme of Arrangement

Notes:

- 1 Building includes ₹ 114 (114) the value of share in a co-operative society.
- 2 Part of Building has been given on Operating lease.

Notes

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| | ₹ millions | |
|--|--------------|--------------|
| | 2012 | 2011 |
| 9. NON-CURRENT INVESTMENTS | | |
| (i) Trade Investments (valued at cost, unless stated otherwise) | | |
| In Subsidiaries - Wholly Owned - Unquoted | | |
| 56,796,292 (56,796,292) Ordinary shares of USD 1/- each of Zee Multimedia Worldwide (Mauritius) Limited | 2,584 | 2,584 |
| 583 (583) Ordinary shares of USD 1/- each of Asia Today Limited | 2,515 | 2,515 |
| 50,000 (50,000) Equity shares of ₹ 10/- each of Zee Sports Limited | 1 | 1 |
| 10,000 (10,000) Equity shares of ₹ 10/- each of Taj Television India Private Limited | 37 | 37 |
| 1,010,000(600,000) Equity shares of ₹ 10/- each of ITM Digital Private Limited (Previous year Extent of holding 59.40%) | 10 | 6 |
| In Subsidiaries - Others- Unquoted | | |
| 74,000 (74,000) Equity shares of ₹ 10/- each of Zee Turner Limited (Extent of holding 74%) | 1 | 1 |
| 113,939,453 (100,000) Equity shares of ₹ 1/- each of India Webportal Private Limited (Extent of holding 51%) | 114 | 57 |
| In Others - Unquoted | | |
| 3,000 (3,000) Equity shares of ₹ 10/- each of Last Minute Media Private Limited (₹ 300,000 (₹ 300,000)) | 0 | 0 |
| | 5,262 | 5,201 |
| (ii) Other Investments | | |
| In Associate - Quoted | | |
| 1,321,200 (1,321,200) Equity shares of ₹ 10/- each of Aplab Limited (Extent of holding 26.42%) | 47 | 47 |
| Others - Quoted | | |
| 1,822,000 (1,822,000) Equity shares of ₹ 2/- each of Essel Propack Limited | 2 | 2 |
| 50 (Nil) 10.20% Unsecured Redeemable Non- Convertible Debentures of ₹ 10,00,000 each of Yes Bank Limited | 50 | - |
| Investment Property | | |
| Land at Hyderabad * | 573 | 573 |
| | 672 | 622 |
| Less : Provision for diminution in value of trade investments | 11 | - |
| TOTAL | 5,923 | 5,823 |
| (All the above securities are fully paid up) | | |
| Aggregate amount of quoted Investments [Market Value ₹/million 86 (129)] | 99 | 49 |
| Aggregate amount of unquoted Investments | 5,262 | 5,201 |
| Value of investment property | 573 | 573 |
| Diminution in value of trade investments | 11 | - |

* A Public Interest Litigation (PIL) filed in the Hon'ble Andhra Pradesh High Court , interalia, seeking cancellation of the transfer of this Land in favour of the Company, is pending.

Note : Diminution in value of quoted investments of ₹/millions 13 (Nil) not provided for, considering the same to be temporary in nature.

Notes

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10. DEFERRED TAX

The components of deferred tax balances as on 31 March are as under:

₹ millions

| | 2012 | 2011 |
|--|------------|------------|
| Deferred Tax Assets | | |
| Arising on account of timing differences in Employee Retirement benefits | 60 | 50 |
| Provision for doubtful debts | 221 | 201 |
| Allowable on payment basis | 13 | 19 |
| | 294 | 270 |
| Deferred Tax Liabilities | | |
| Depreciation | 158 | 141 |
| | 158 | 141 |
| Deferred Tax Assets (Net) | 136 | 129 |

₹ millions

| | Long-Term | | Short-Term | |
|---|------------|------------|--------------|--------------|
| | 2012 | 2011 | 2012 | 2011 |
| 11. LOANS AND ADVANCES | | | | |
| Capital Advances # | 374 | 391 | - | - |
| Deposits (unsecured, considered good) | 223 | 244 | 39 | 21 |
| Advances and Deposits to related parties | 22 | - | 27 | 62 |
| Loans and Advances to Subsidiaries | | | | |
| Considered good | 28* | - | 1,164 | 1,136 |
| Considered doubtful | - | - | 31 | - |
| | 28 | - | 1,195 | 1,136 |
| Less : Provision for doubtful advances | - | - | 31 | - |
| | 28 | - | 1,164 | 1,136 |
| Other Loans and Advances | | | | |
| Loans | - | - | 1,700 | 2,500 |
| Advances (unsecured, considered good) | 6 | - | 826 | 958 |
| Advances (unsecured, considered doubtful) | - | - | 376 | 228 |
| Less: Provision for doubtful advances | - | - | 376 | 228 |
| | 6 | - | 826 | 958 |
| Prepaid expenses | - | - | 92 | 32 |
| Balance with Government Authorities - | | | | |
| Advance direct taxes (net of provisions) | - | - | 321 | - |
| Advance indirect taxes | - | - | 326 | 24 |
| TOTAL | 653 | 635 | 4,495 | 4,733 |

Enforceable agreements are yet to be executed for advances of ₹/millions 360 (354) for purchase of properties.

* represents Share Application Money.

Notes

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| | Non-Current | | Current | |
|---|-------------|-----------|-----------|-----------|
| | 2012 | 2011 | 2012 | 2011 |
| 12. OTHER ASSETS | | | | |
| Balances with Banks-In Deposit accounts (Refer Note: 16) {₹ 79,365 (₹ 79,365)} | 0 | 0 | - | - |
| Interest accrued on Investments | - | - | 36 | 13 |
| Interest receivable on Loans | - | - | 3 | - |
| Other Receivables | 5 | 23 | 4 | 5 |
| Less : Provision for doubtful receivables | 3 | - | - | - |
| | 2 | 23 | 4 | 5 |
| TOTAL | 2 | 23 | 43 | 18 |

| | 2012 | 2011 |
|--|--------------|--------------|
| 13. CURRENT INVESTMENTS | | |
| (a) Mutual Funds (Units of face value of ₹ 10/- each) - Quoted | | |
| Nil (14,973,197) of DWS Ultra Short Term Fund - Institutional Daily Dividend | - | 150 |
| Nil (30,234,900) ICICI Prudential Interval Fund II Quarterly Interval Plan B Institutional Dividend | - | 302 |
| Nil (9,613,215) of JM Short Term Fund - Institutional Plan - Dividend | - | 101 |
| Nil (19,807,868) of Kotak Floater - Short Term - Daily Dividend | - | 200 |
| Nil (9,988,413) of Templeton India Ultra Short Bond Fund Super Institutional Daily Dividend | - | 100 |
| Nil (19,992,361) of BSL Cash Plus - Institutional Premium - Daily Dividend Reinvestment | - | 200 |
| Nil (25,109,506) TATA Fixed Maturity Plan Series 28 Scheme A Dividend | - | 251 |
| Nil (25,057,639) of Peerless Liquid Fund - Super Institutional Daily Dividend | - | 251 |
| | - | 1,555 |
| (b) Other current investments | | |
| Commercial Paper - Quoted | | |
| Edelweiss Securities Limited | 735 | 983 |
| Religare Finvest Limited | 486 | 494 |
| Reliance Capital Limited | 485 | - |
| Morgan Stanley India Capital Private Limited | 485 | - |
| Tata Capital Limited | 244 | - |
| Aditya Birla Finance Limited | 244 | - |
| Certificate of Deposits (Non-Transferable) - Unquoted | | |
| 10.75% of SICOM Limited | 1,000 | 1,000 |
| 12% of SICOM Limited | 1,000 | - |
| | 4,679 | 2,477 |
| Less: Provision for diminution in value of investments ₹ Nil (₹ 140,000)) | - | 0 |
| TOTAL | 4,679 | 4,032 |

| | | |
|--|-------|-------|
| (All the above securities are fully paid up) | | |
| Aggregate amount of quoted Investments [Market Value ₹/millions 2,679 (3,032)] | 2,679 | 3,032 |
| Aggregate amount of unquoted Investments | 2,000 | 1,000 |
| Diminution in value of investments ₹ Nil (₹ 140,000)) | - | 0 |

Notes

forming part of the Financial Statements

₹ millions

| | 2012 | 2011 |
|-------------------------------------|--------------|---------------|
| 14. INVENTORIES | | |
| Raw Stock - Tapes | 12 | 13 |
| Work-in-progress | | |
| - Under production - Program Rights | 19 | 96 |
| Finished Goods | | |
| - Unamortised cost - Program Rights | 3,679 | 6,386 |
| - Films/ Movie Rights | 6,220 | 4,535 |
| TOTAL | 9,930 | 11,030 |

₹ millions

| | 2012 | 2011 |
|--|--------------|--------------|
| 15. TRADE RECEIVABLES (UNSECURED) | | |
| Over six months | | |
| Considered good | 380 | 459 |
| Considered doubtful | 271 | 393 |
| Others | | |
| Considered good | 6,244 | 5,732 |
| Considered doubtful | - | - |
| | 6,895 | 6,584 |
| Less: Provision for doubtful debts | 271 | 393 |
| TOTAL | 6,624 | 6,191 |

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| | | ₹ millions | |
|--|----------|-------------|--------------|
| | | Non-Current | Current |
| | | 2012 | 2011 |
| 16. CASH AND BANK BALANCES | | | |
| Cash and Cash Equivalents | | | |
| Balances with Banks - | | | |
| In Current accounts | - | - | 448 |
| In Deposit accounts | - | - | 600 |
| Cheques, demand drafts in hand # | - | - | 12 |
| Cash in Hand | - | - | 2 |
| | - | - | 752 |
| | - | - | 1,530 |
| Other Bank balances | | | |
| Balances with Banks - | | | |
| In Deposit accounts ^ {₹ 79,365 (₹ 79,365)} | 0 | 0 | - |
| In Unclaimed dividend account | - | - | 9 |
| | 0 | 0 | 9 |
| Amount disclosed under the head "other assets" (Note:12) | 0 | 0 | - |
| | 0 | 0 | - |
| TOTAL | 0 | 0 | 761 |
| | | | 1,539 |

Includes demand drafts of ₹/millions 300 (Nil) taken for business purposes since cancelled.

^ Pledged with sales tax authorities

| | | ₹ millions | |
|--|---------------|---------------|------|
| | | 2012 | 2011 |
| 17. REVENUE FROM OPERATIONS | | | |
| Services - Broadcasting Revenue | | | |
| Advertisement | 13,609 | 14,383 | |
| Subscription | 6,239 | 5,071 | |
| - Commission - Space selling | 117 | 115 | |
| - Transmission Fees | 348 | 285 | |
| Sales - Program Rights, Films / Movie Rights ^ | 1,686 | 1,791 | |
| Other Operating Revenue | 41 | 55 | |
| TOTAL | 22,040 | 21,700 | |

^ Includes ₹/millions Nil (700) compensation received for pre-matured termination of sporting events rights.

Notes

forming part of the Financial Statements

| | ₹ millions | |
|---|--------------|------------|
| | 2012 | 2011 |
| 18. OTHER INCOME | | |
| Interest Income | | |
| - from Bank Deposits | 5 | 11 |
| - from Current Investments | 444 | 202 |
| - from Long-Term Investments | 2 | - |
| - from Others | 309 | 229 |
| Dividend Income | | |
| - from Current Investments | 125 | 120 |
| - from Long-Term Investments | 1 | 1 |
| Rent Income | 73 | 69 |
| Net gain / (loss) on exchange difference | 175 | (33) |
| Liabilities / Excess provision written back | 138 | 6 |
| Other Miscellaneous Income | 17 | 5 |
| TOTAL | 1,289 | 610 |

| | ₹ millions | |
|--|---------------|--------------|
| | 2012 | 2011 |
| 19. OPERATIONAL COST | | |
| Programs, Films/Movie Rights | | |
| Opening - Unamortised cost - Program Rights | 6,386 | 564 |
| Unamortised cost - Films / Movie Rights | 4,535 | 3,887 |
| Under production - Program Rights | 96 | 39 |
| Add: Acquisition of Program Rights | 3,115 | 5,093 |
| Add: Transferred pursuant to the Scheme of Arrangement | - | 5,733 |
| Add: Acquisition of Films / Movie Rights | 3,281 | 1,976 |
| Add: Production Expenses - Location Hire and Set Charges | 230 | 219 |
| - Equipment Hire Charges | 263 | 207 |
| - Professional Fees | 872 | 733 |
| - Other Production Expenses | 796 | 969 |
| Less: Closing - Unamortised Cost - Program Rights | 3,679 | 6,386 |
| - Unamortised Cost - Films / Movie Rights | 6,220 | 4,535 |
| - Under production - Program Rights | 19 | 96 |
| | 9,656 | 8,403 |
| Telecast Cost | 488 | 411 |
| TOTAL | 10,144 | 8,814 |

Program Rights and Films/Movie Rights are intangible assets as defined in AS – 26 however these are considered as inventories and included in Operational cost and Current Assets -Inventories as being acquired and used for its broadcasting business.

Program Rights, Films / Movie Rights of ₹ /millions 97 (Nil) are impaired during the year.

Notes

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| | ₹ millions | |
|---|--------------|--------------|
| | 2012 | 2011 |
| 20. EMPLOYEE BENEFIT EXPENSES | | |
| Salaries and allowances | 1,465 | 1,467 |
| Contribution to provident and other funds | 68 | 58 |
| Staff Welfare expenses | 40 | 43 |
| TOTAL | 1,573 | 1,568 |

| | ₹ millions | |
|--|--------------|--------------|
| | 2012 | 2011 |
| 21. OTHER EXPENSES | | |
| Rent | 197 | 158 |
| Repairs and Maintenance - Building | 3 | 3 |
| Repairs and Maintenance - Plant and Machinery | 33 | 31 |
| Repairs and Maintenance - Others | 28 | 21 |
| Insurance | 5 | 3 |
| Rates and Taxes | 57 | 55 |
| Electricity and Water charges | 64 | 60 |
| Communication expenses | 63 | 56 |
| Printing and Stationery | 14 | 13 |
| Travelling and Conveyance expenses | 151 | 112 |
| Service charges | 123 | 97 |
| Legal and Professional charges | 143 | 50 |
| Payment to Auditors (Refer Note 28) | 11 | 8 |
| Miscellaneous expenses | 26 | 27 |
| Advertisement and Publicity expenses | 1,123 | 681 |
| Commission / Discounts on sales and services | 209 | 426 |
| Business promotion expenses | 1,511 | 1,248 |
| Provision for doubtful debts and advances | 208 | 249 |
| Bad debts and advances written off | 150 | |
| Less: Provision written back | 148 | 105 |
| Provision for diminution in value of investments (₹ 140,000) | 11 | 0 |
| Loss on sale / discard of fixed assets (net) | 72 | 79 |
| Share issue expenses written off {₹ Nil (₹ 1,966)} | - | 0 |
| Loss on redemption of units of mutual funds {₹ Nil (₹ 51,204)} | - | 0 |
| TOTAL | 4,054 | 3,482 |

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₹ millions

| | 2012 | 2011 |
|--|----------|-----------|
| 22. FINANCE COSTS | | |
| Interest on vehicle loan and fixed loans | 2 | 33 |
| Interest on Others | 3 | 1 |
| TOTAL | 5 | 34 |

₹ millions

| | 2012 | 2011 |
|--|------------|------------|
| 23. DEPRECIATION AND AMORTIZATION EXPENSE | | |
| Depreciation on tangible assets | 150 | 135 |
| Amortization on intangible assets | 65 | 32 |
| TOTAL | 215 | 167 |

24. LEASES

A. Operating Leases:

- (a) The Company has taken office, residential facilities and plant and machinery (including equipments) etc. 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 is generally from 11 months to 108 months.

₹ millions

| | 2012 | 2011 |
|---|------|------|
| Lease rental charges for the year | 566 | 625 |
| Future Lease rental obligation payable (under non-cancellable lease) | | |
| Not later than one year | 280 | 311 |
| Later than one year but not later than five years | 654 | 466 |
| Later than five years | 9 | 12 |

- (b) In respect of assets given under operating lease:

- (i) The Company has given part of its buildings under cancellable operating lease agreement. The initial term of the lease is for 36 months.

Notes

forming part of the Financial Statements

- (ii) The rental revenue for the year is ₹/millions 73 (69).

25. CONTINGENT LIABILITIES

| | ₹ millions | |
|---|-----------------|-----------------|
| | 2012 | 2011 |
| a) Corporate Guarantees | | |
| - For subsidiaries, loans / commitments ₹/millions 1,647 (967) | 2,946 | 2,439 |
| - For other related parties, loans / commitments outstanding ₹/millions 721 (3,011) | 1,727 | 4,114 |
| b) Bank/Counter guarantees outstanding | 87 | 58 |
| c) Letter of Credit (Net of Liabilities provided) | 39 | 13 |
| d) Claims against the Company not acknowledged as debts | 657 | 751 |
| e) Legal cases against the Company | Unascertainable | Unascertainable |
| f) Disputed Direct Taxes * | 2,719 | 1,749 |
| g) Disputed Indirect Taxes | 463 | 475 |

* Tax demands are raised on assessments on account of short deduction of Tax at Source, Transfer Pricing adjustment and certain disallowances which are disputed in Appeals before first Appellate Authorities and management is of the opinion that all these matters will be decided in its favour, hence no provisions are considered necessary at this stage.

26. CAPITAL AND OTHER COMMITMENTS

- a) Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) is ₹/millions 298 (91).
- b) Other commitments as regards Programs, Films/Movie rights are ₹/millions 3,278 (2,659).
- c) The Company has committed to provide continued financial support to various subsidiaries - Amount Unascertainable.

27. MANAGERIAL REMUNERATION

- a) Remuneration paid or provided in accordance with Section 198 of the Companies Act, 1956 to Managing Director, included in Employee benefits expense is as under

| | ₹ millions | |
|------------------------------|------------|------|
| | 2012 | 2011 |
| Salary and Allowances | 45 | 31 |
| Provident fund contributions | 3 | 3 |
| Perquisites | 7 | 5 |

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.

- b) Commission payable to Non-Executive Independent Directors of ₹/millions 8 (13) based on Profits for the year ended 31 March 2012.
- c) Foreign subsidiary has paid remuneration (salaries and allowances) of ₹/millions 4 (4) to a non-executive director.

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28. Payments to Auditors

₹ millions

| | 2012 | 2011 |
|---|-----------|----------|
| Audit fees | 6 | 6 |
| Tax Audit Fees | 1 | 1 |
| Certification and tax representation | 3 | 1 |
| Other matters | 1 | - |
| Reimbursement of expenses {₹ 1,90,000 (₹108,585)} | 0 | 0 |
| TOTAL | 11 | 8 |

29. 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.

30. Exceptional items of ₹/millions Nil(197) represents profit on sale of Non-Current investments (net).

31. Erstwhile ETC Networks Limited (ETC since merged) had taken over running business of Entertainment Television Network Limited during the year 1999-2000 along with the benefits of contracts, agreements and approvals under which business is carried on and certain approvals are yet to be transferred / obtained in the name of erstwhile ETC or in the name of the Company.

32. FOREIGN EXCHANGE

Foreign currency exposures that are not hedged by derivative instruments as at 31 March

₹ millions

| | 2012 | 2011 |
|---------------------------|-------|-------|
| Foreign Currency Payables | 250 | 216 |
| Receivables | 2,179 | 1,673 |

33. MICRO SMALL AND MEDIUM ENTERPRISES

The Company has no dues to Micro, Small and Medium enterprises during the year ended 31 March 2012, on the basis of information provided by the parties and available on record.

Notes

forming part of the Financial Statements

34. EMPLOYEE BENEFITS

A Defined Benefit Plans

₹ millions

| | 2012 | 2011 |
|--|------------------------------|-----------------|
| | Gratuity (Non Funded) | |
| I. Expenses recognized during the year | | |
| 1 Current Service Cost | 14 | 7 |
| 2 Interest Cost | 7 | 3 |
| 3 Actuarial Losses / (Gains) | 2 | 3 |
| 4 Past Service cost | 1 | 23 |
| TOTAL EXPENSES | 24 | 36 |
| II. Net Asset/(Liability) recognized in the Balance Sheet as at 31 March | | |
| 1. Present value of defined benefit obligation | 81 | 70 |
| 2. Net Asset / (Liability) | (81) | (70) |
| III. Reconciliation of Net Asset/(Liability) recognized in the Balance Sheet as at 31 March | | |
| 1 Net Asset/(Liability) at the beginning of year | (70) | (43) |
| 2 Expense as per I above | (24) | (36) |
| 3 Employer contribution | 12 | 8 |
| 4 Net Asset/(Liability) | (81) | (71) |
| Less: Pursuant to the Scheme | - | 1 |
| Net Asset/(Liability) at the end of the year | (81) | (70) |
| IV. Actuarial Assumptions | | |
| 1 Discount rate | 8.70% | 8.30% |
| 2 Expected rate of salary increase | 7.50% | 7.50% |
| 3 Mortality | LIC (1994 - 96) | LIC (1994 - 96) |

Notes:

- (a) Amounts recognized as an expense and included in the Note 20 "Employee benefits expense" are gratuity ₹/ millions 24 (36) and leave encashment ₹/ millions 28 (33)
- (b) The estimate 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 Note 20 of the Statement of Profit and Loss.

Notes

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35. RELATED PARTY TRANSACTIONS

(i) List of Parties where control exists

Subsidiary Companies

(a) Wholly owned

Apac Media Ventures Limited; Asia Today Limited; Asia TV Limited; Expand Fast Holdings (Singapore) Pte. Limited; ITM Digital Private Limited; OOO Zee CIS LLC; OOO Zee CIS Holdings LLC; Taj TV Limited; Taj Television (India) Private Limited; Zee Multimedia (Maurice) Limited; Zee Multimedia Worldwide (Mauritius) Limited; Zee Sports Limited; Zee Technologies (Guangzhou) Limited; Zee Telefilms Middle East FZ-LLC; Zee TV South Africa (Proprietary) Limited; Zee TV USA Inc.; Zee Sports International Limited (merged with Asia Today Limited during the year).

(b) Others - Direct

Zee Turner Limited (extent of holding 74%); India Webportal Private Limited (extent of holding 51%)

(ii) Associates

Aplab Limited (extent of holding 26.42%)

(iii) Joint Venture

Media Pro Enterprise India Private Limited (extent of holding 50%)

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

Agrani Convergence Limited; Agrani Wireless Services Limited; Asian Sky Shop Limited; Cyquator Media Services Private Limited; Churu Trading Company Private Limited; Dakshin Media Gaming Solutions Private Limited; Dish TV India Limited; Diligent Media Corporation Limited; Essel Propack Limited; E-City Bioscope Entertainment Private Limited, E-City Entertainment (India) Private Limited*, E-City Films ((India) Private Limited*, E-City Projects Construction Private Limited*, E-City Property Management Services Private Limited*, E-Cool Gaming Solutions Private Limited, Essel Corporate Resources Private Limited; Essel Sports Private Limited; Essel International Limited; Essel Shyam Communication Private Limited; Fun Multiplex Private Limited*; ITZ Trade Exchange Limited*, ITZ Cash Card Limited*, Jay Properties Private Limited; New Media Broadcasting Private Limited; Pan India Network Private Limited; Pan India Network Infravest Private Limited; Pan India Paryatan Private Limited*; Procall Private Limited; Rama Associates Limited; Real Media FZ-LLC; Siti Energy Limited*; Smart Wireless Private Limited; TALEEM Research Foundation; Wire and Wireless (India) Limited; Zee Learn Limited; Zee Akash News Private Limited; Zee News Limited.

* Not a related party during the current year.

Directors / Key Management Personnel

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

Notes

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(v) Transactions with Related Parties

| | ₹ millions | |
|---|------------|--------|
| | 2012 | 2011 |
| A) Fixed Assets / Capital work in progress | | |
| Assets purchased during the year | | |
| Other Related Parties (₹ 152,000) | 2 | 0 |
| B) Non-Current Investments | | |
| Subsidiaries | | |
| Balance as at 1 April | 5,201 | 12,343 |
| Purchased / Subscribed during the year | 61 | 1,462 |
| Addition pursuant to the Scheme of Arrangement | - | 3,619 |
| Cancellation pursuant to the Scheme of Arrangement | - | 12,287 |
| Balance as at 31 March | 5,262 | 5,201 |
| Associates | | |
| Balance as at 1 April | 47 | 47 |
| Balance as at 31 March | 47 | 47 |
| Other Related Parties | | |
| Balance as at 1 April | 2 | 2 |
| Purchases during the year | - | - |
| Sales during the year {₹ Nil (₹ 33,000)} | - | 0 |
| Balance as at 31 March | 2 | 2 |
| C) Trade Receivables as at 31 March | | |
| Subsidiaries | 1,814 | 765 |
| Joint Venture | 1,220 | - |
| Other Related Parties | 121 | 178 |
| D) Loans, Advances and Deposits as at 31 March | | |
| Subsidiaries | 1,223 | 1,136 |
| Other Related Parties | 49 | 62 |
| E) Trade Payables as at 31 March | | |
| Due to Principals - Pending Remittance | | |
| Subsidiaries | 713 | 818 |
| Purchase of Programs/ Goods and Services | | |
| Subsidiaries | 77 | 177 |
| Associate {₹ Nil (₹ 74,000)} | - | 0 |
| Other Related Parties | 137 | 117 |
| F) Revenue from Operations | | |
| Operating Revenue (net) | | |
| Subsidiaries | 1,888 | 1,256 |
| Other Related Parties | 26 | 30 |
| Subscription Income | | |
| Joint Venture | 3,500 | - |
| Other Related Parties | 400 | 360 |
| Advertisement Income (net) | | |
| Other Related Parties | 60 | 72 |

Notes

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| | ₹ millions | |
|--|------------|-------|
| | 2012 | 2011 |
| Commission received | | |
| Subsidiaries | 117 | 115 |
| G) Other Income | | |
| Dividend received | | |
| Other Related Parties | 1 | 1 |
| Interest received | | |
| Other Related Parties | - | 13 |
| Rent/Miscellaneous Income | | |
| Subsidiaries | 21 | 11 |
| Joint Venture | 3 | - |
| Other Related Parties | 62 | 58 |
| Balances written Back | | |
| Subsidiaries {₹ Nil (₹ 195,000)} | - | 0 |
| Other Related Parties | - | 2 |
| H) Loans, Advances and Deposits given during the year | | |
| Subsidiaries | 3,395 | 141 |
| Other Related Parties | 46 | 36 |
| I) Purchase of Programs, Goods and Services | | |
| Subsidiaries | 20 | 2,143 |
| Other Related Parties | 709 | 448 |
| Acquired pursuant to the Scheme of Arrangement | | |
| Subsidiaries | - | 5,733 |
| J) Commission paid | | |
| Subsidiaries | 94 | 370 |
| K) Balances written off | | |
| Subsidiaries {₹ 146,026 (₹ Nil)} | 0 | - |
| L) Provision for doubtful debts/ advances | | |
| Subsidiaries | 31 | - |
| M) Provision for diminution in value of trade Investments | | |
| Subsidiaries | 11 | - |
| N) Loans and Advances repayment received | | |
| Subsidiaries | 3,307 | 821 |
| Other Related Parties | 59 | 380 |
| O) Guarantees | | |
| Corporate Guarantees given | | |
| Subsidiaries | 2,946 | 2,439 |
| Other Related Parties | 1,727 | 4,114 |

Notes

forming part of the Financial Statements

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

- a. Fixed Assets purchased during the year, Dish TV India Limited ₹/millions 2 (Nil).
- b. Loans, Advances and Deposits given to Taj Television India Private Limited ₹/Millions 1,399 (139); Zee Turner Limited ₹/millions 1,951 (Nil); Zee News Limited ₹/millions Nil (21); Wire and Wireless (India) Limited ₹/millions 0 (14); Essel Corporate Resources Private Limited ₹/millions 45 (Nil).
- c. Loans, Advances and Deposits repayment received from Zee Turner Limited ₹/millions 2,177 (820); Taj Television India Private Limited ₹/millions 1,126 (Nil); Wire and Wireless (India) Limited ₹/millions Nil (113); TALEEM Research Foundation ₹/Millions Nil (199); Jay Properties Private Limited ₹/millions Nil (66); Zee News Limited ₹/millions 21 (Nil), Cyquator Media Services Private Limited ₹/millions 36 (Nil); Pan India Network Private Limited ₹/millions 2 (Nil).
- d. Loans, Advances and Deposits balances outstanding at year end include Zee Sports Limited ₹/millions 31 (29); Zee Turner Limited ₹/millions 701 (928); Taj TV Limited ₹/millions 13 (2); Taj Television India Private Limited ₹/millions 450 (177); Zee News Limited ₹/millions Nil (21); Cyquator Media Services Private Limited ₹/millions Nil (36); Essel Corporate Resources Private Limited ₹/millions 45 (Nil).
- e. Purchase of Programs, Goods and Services includes purchase of Programs - Taj TV Limited ₹/millions Nil (2,089); Zee News Limited ₹/millions 208 (Nil); Telecast cost - Asia Today Limited ₹/millions Nil (55); Dish TV India Limited ₹/millions 62 (42); Essel Shyam Communication Private Limited ₹/millions 10 (14). Advertisement and Publicity expenses - Taj Television India Limited ₹/millions 20 (Nil); Cyquator Media Services Private Limited ₹/millions 12 (Nil); Diligent Media Corporation Limited ₹/millions 3 (6); Dish TV India Limited ₹/millions 6 (3). Rent expenses - Essel Corporate Resources Private Limited ₹/millions 134 (102). Service Charges - Essel Corporate Resources Private Limited ₹/millions 84 (71). Business Promotion expenses - Wire and Wireless (India) Limited ₹/millions 172 (182).
- f. Commission - Zee Turner Limited ₹/millions 57 (261); Taj Television India Private Limited ₹/millions 36 (110); Provision for doubtful debts/advances - Zee Sports Limited ₹/millions 31 (Nil). Provision for diminution in the value of Investment - ITM Digital India Private Limited ₹/millions 10 (Nil).
- g. Trade Payable balances, Principals pending Remittances to Asia Today Limited ₹/millions 713 (818); Purchase of Programs, Goods and Services - Asia Today Limited ₹/millions 77 (68); Taj Television India Private Limited ₹/millions Nil (109); Wire and Wireless (India) Limited ₹/millions 8 (57); Essel Sports Private Limited ₹/millions Nil (14); Real Media FZ-LLC ₹/millions 13 (16); Essel Corporate Resources Private Limited ₹/millions 18 (Nil); Zee News Limited ₹/millions 78 (Nil).
- h. Revenue from Operations (Net) include sales to Asia Today Limited ₹/millions 1,541 (986); Transmission fees - Asia Today Limited ₹/million 323 (256); Zee News Limited ₹/millions 25 (28); Subscription income - Dish TV India Limited ₹/millions 400 (360), Media Pro Enterprise India Private Limited ₹/millions 3,500 (Nil). Advertisement Income - Dish TV India Limited ₹/millions 58 (68); Commission - Asia Today Limited ₹/millions 117 (115).
- i. Trade Receivables balances, Asia Today Limited ₹/millions 1,812 (759); Dish TV India Limited ₹/millions 91 (137); Media Pro Enterprise India Private Limited ₹/millions 1,220 (Nil); Cyquator Media Services Private Limited ₹/millions 27 (Nil).
- j. Other income includes Dividend received - Essel Propack Limited ₹/millions 1 (1); Interest received includes Wire and Wireless (India) Limited ₹/millions Nil (13); Miscellaneous income includes rent income received - Zee Turner Limited ₹/millions 5 (11); Taj Television India Private Limited ₹/millions 3 (Nil); Media Pro Enterprise India Private Limited ₹/millions 3 (Nil); Diligent Media Corporation Limited ₹/millions 2 (2); Dish TV India Limited ₹/millions 28 (25); Zee News Limited ₹/millions 25 (22); Wire and Wireless (India) Limited ₹/millions 4 (4). Commission on Corporate Guarantee - Taj Tv Limited ₹/millions 13 (Nil); Balances written back of Zee Turner Limited ₹/millions Nil (0), Agrani Convergence ₹/millions Nil (2).

Notes

forming part of the Financial Statements

k. Corporate guarantees on behalf of Taj TV Limited ₹/millions 2,946 (2,439) Dish TV India Limited ₹/millions 1,469 (3,899); Wire and Wireless (India) Limited ₹/millions 229 (188).

Note

Details of Remuneration to directors are disclosed in Note 27.

"0" (Zero) denotes amounts less than a million.

36. DISCLOSURES AS REQUIRED BY CLAUSE 32 OF THE LISTING AGREEMENT

Loans and Advances given to Subsidiaries

₹ millions

| | Balance as at 31 March | | Maximum amount outstanding during the year | |
|--|------------------------|------|--|-------|
| | 2012 | 2011 | 2012 | 2011 |
| Zee Sports Limited | 31 | 29 | 31 | 29 |
| Zee Turner Limited | 701 | 928 | 927 | 1,748 |
| Taj Television (India) Private Limited | 450 | 177 | 450 | 177 |
| Taj TV Limited | 13 | 2 | 13 | 2 |
| Asia Today Limited {₹ Nil (₹ 70,000)} | - | - | - | 0 |

37. CONSUMPTION OF RAW STOCK (INCLUDED IN OPERATIONAL COST)

₹ millions

| | 2012 | 2011 |
|--------------|-----------|-----------|
| Raw Tapes | 35 | 49 |
| TOTAL | 35 | 49 |

38. DETAILS OF CONSUMPTION OF IMPORTED AND INDIGENOUS STOCKS

₹ millions

| | 2012 | | 2011 | |
|----------------------|------------|-----------|------------|-----------|
| | % | Amount | % | Amount |
| Imported (₹ 319,000) | - | - | 1 | 0 |
| Indigenous | 100 | 35 | 99 | 49 |
| TOTAL | 100 | 35 | 100 | 49 |

Notes

forming part of the Financial Statements

39. EARNINGS IN FOREIGN EXCHANGE

| | ₹ millions | |
|----------------------|------------|-------|
| | 2012 | 2011 |
| FOB Value of Exports | 1,666 | 1,022 |
| Broadcasting Revenue | 76 | 62 |
| Others | 465 | 371 |

40. REMITTANCES IN FOREIGN CURRENCY

| | ₹ millions | |
|------------------------------------|-------------|-------------|
| | 2012 | 2011 |
| Net Dividend remitted | 345 | 345 |
| Number of Shareholders (Nos) | 113 | 252 |
| Number of Equity Shares held (Nos) | 172,718,795 | 172,740,498 |

41. EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

| | ₹ millions | |
|--------------------------------------|------------|-------|
| | 2012 | 2011 |
| Travelling expenses | 6 | 6 |
| Telecast Cost | 361 | 359 |
| Program Rights / Production expenses | 17 | 2,100 |
| Repairs and Maintenance expenses | 53 | 17 |
| Business Promotion expenses | 11 | - |
| Legal and Professional charges | 78 | - |
| Others | 1 | 18 |

Notes

forming part of the Financial Statements

42. CIF VALUE OF IMPORTS

₹ millions

| | 2012 | 2011 |
|-------------------------------|------|------|
| Capital Equipment | 243 | 95 |
| Raw Stock {₹ Nil (₹ 319,000)} | - | 0 |
| Software - Intangible asset | 8 | - |

43. EARNING PER SHARE (EPS)

| | 2012 | 2011 |
|--|-------------|-------------|
| a. Profit after Tax after Exceptional Item (₹/millions) | 4,897 | 5,764 |
| Less: Profit on sale of Investments-Exceptional Item | - | 197 |
| Add: Tax on Exceptional Item | - | 22 |
| b. Profit after Tax before Exceptional Item (₹/millions) | 4,897 | 5,589 |
| c. Profit after Tax after Exceptional Item for Diluted EPS (₹/millions) | 4,897 | 5,764 |
| d. Profit after Tax before Exceptional Item for Diluted EPS (₹/millions) | 4,897 | 5,589 |
| e. Weighted Average number of equity shares for Basic EPS (Nos.) | 969,418,180 | 978,076,130 |
| Add: Weighted Average outstanding option deemed to be issued for no consideration (Nos.) | - | 685,596 |
| f. Weighted Average number of equity shares for Diluted EPS (Nos.) | 969,418,180 | 978,761,726 |
| Nominal value of equity shares (₹) | 1 | 1 |
| g. Basic EPS before Exceptional Item (₹) | 5.05 | 5.71 |
| h. Basic EPS after Exceptional Item (₹) | 5.05 | 5.89 |
| i. Diluted EPS before Exceptional Item (₹) | 5.05 | 5.71 |
| j. Diluted EPS after Exceptional Item (₹) | 5.05 | 5.89 |

Notes

forming part of the Financial Statements

44. SEGMENT INFORMATION

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.

45. a) During the year, one of the Company's subsidiary Zee Turner Limited entered into 50:50 joint venture with Star Den Media Service Private Limited and formed company in the name of "Media Pro Enterprise India Private Limited (MPEIPL)" for distribution of channels distributed by Zee Turner Limited and Star Den Media Service Private Limited. MPEIPL has started operations w.e.f. 1 July 2011.
- b) Zee Multimedia Worldwide Limited (ZMWL) and ZES Holdings Limited (ZES), both wholly owned foreign subsidiaries have merged with the Company w.e.f. 1 February, 2011, pursuant to the Scheme of Amalgamation approved by the Hon'ble High Court at Mumbai vide Order dated 10 June 2011. The effect to the Scheme has been given in the financial statements for the year ended 31 March 2011 and the difference between transferred assets and liabilities of ₹/ millions 2,076 is adjusted against General Reserve.
- c) ZES Mauritius Limited (ZES Mauritius) and ZES Entertainment Studios Limited (ZES Ent) both wholly owned foreign subsidiaries of ZES Holdings Limited (ZES) have amalgamated with ZES on 18 March 2011 and 31 March 2011 respectively, as per the confirmation of Register of Companies, Republic of Mauritius. Hence, the transactions between the appointed date and the effective date are accounted in the financial statements of the company for the year ended 31 March 2011 and the difference of ₹ 107,000 between assets and liabilities transferred is adjusted to General Reserve.
- d) Pursuant to the Composite Scheme of Amalgamation and Arrangement ('the Scheme') between erstwhile ETC Networks Limited (ETC), Zee Learn Limited (ZLL) and the Company, ETC has merged with the Company on 31 March 2010. Subsequently, pursuant to the Scheme, the education business undertaking is demerged on 1 April 2010 at book value to ZLL and the difference between the book value of assets and liabilities transferred of ₹ / millions 631 is adjusted against General Reserve and effect given in the financial statements for the year ended 31 March 2011.

46. PRIOR YEAR COMPARATIVES

Schedule VI to the Companies Act, 1956 is revised effective from 1 April 2011 and has significantly impacted the disclosures and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classifications / disclosures.

Last FIVE YEARS

Financial Highlights

₹ millions

| Year Ending March 31 | Consolidated | | | | | Standalone | | | | |
|---|--------------|---------|---------|--------|---------|------------|---------|---------|--------|---------|
| | 2012 | 2011 | 2010 | 2009 | 2008 | 2012 | 2011 | 2010 | 2009 | 2008 |
| Revenue Account | | | | | | | | | | |
| Income from Operations | 30,405 | 30,088 | 21,998 | 21,773 | 18,354 | 22,040 | 21,700 | 12,787 | 12,102 | 10,420 |
| Total Expenses | 23,010 | 21,868 | 15,863 | 16,293 | 12,931 | 15,771 | 13,864 | 7,476 | 8,493 | 6,334 |
| Operating Profit | 7,395 | 8,220 | 6,135 | 5,480 | 5,423 | 6,269 | 7,836 | 5,311 | 3,609 | 4,086 |
| % to Income from Operations | 24% | 27% | 28% | 25% | 30% | 28% | 36% | 42% | 30% | 39% |
| Other Income | 1,384 | 882 | 1,220 | 1,572 | 1,138 | 1,289 | 610 | 1,062 | 1,051 | 1,019 |
| PBIDT | 8,779 | 9,102 | 7,355 | 7,053 | 6,561 | 7,558 | 8,446 | 6,373 | 4,660 | 5,105 |
| Financial Expenses | 50 | 88 | 332 | 1,339 | 516 | 5 | 34 | 175 | 779 | 430 |
| Depreciation / Amortisation | 323 | 289 | 285 | 310 | 232 | 215 | 167 | 114 | 119 | 106 |
| Profit Before Tax & Exceptional Items | 8,406 | 8,725 | 6,737 | 5,403 | 5,813 | 7,338 | 8,245 | 6,083 | 3,762 | 4,569 |
| Exceptional Items | - | 197 | - | (26) | 26 | - | 197 | - | (26) | 26 |
| Taxation | 2,500 | 2,671 | 573 | 208 | 1,627 | 2,441 | 2,678 | 495 | 690 | 1,592 |
| Profit After Tax & before exceptional items | 5,906 | 6,251 | 6,164 | 5,195 | 4,186 | 4,897 | 5,567 | 5,588 | 3,072 | 2,977 |
| Profit After Tax & before minority interest / share of profits/(losses) in associates | 5,906 | 6,251 | 6,164 | 5,221 | 4,160 | 4,897 | 5,764 | 5,588 | 3,097 | 2,951 |
| Add: Share of Results of Associates | 2 | 0 | (16) | 1 | 5 | | | | | |
| Less: Minority Interest | 17 | (118) | (195) | 99 | 333 | | | | | |
| Profit After Tax for the year | 5,891 | 6,369 | 6,343 | 5,124 | 3,832 | 4,897 | 5,764 | 5,588 | 3,097 | 2,951 |
| % to Total Income | 19% | 21% | 27% | 22% | 20% | 21% | 26% | 40% | 24% | 26% |
| Dividend | 1,438 | 1,956 | 1,947 | 868 | 868 | 1,438 | 1,956 | 1,947 | 868 | 868 |
| Dividend Rate | 150% | 200% | 400% | 200% | 200% | 150% | 200% | 400% | 200% | 200% |
| Capital Account | | | | | | | | | | |
| Share Capital - Equity | 959 | 978 | 489 | 434 | 434 | 959 | 978 | 489 | 434 | 434 |
| Share Application Money | 46 | | | | | | | | | |
| Share Capital - Preference | | | | | | | | | | |
| Reserves & Surplus | 33,349 | 30,004 | 37,811 | 33,561 | 28,177 | 28,992 | 28,058 | 27,764 | 22,996 | 20,849 |
| Deferred Tax Balances | (337) | (192) | (133) | (113) | (243) | (136) | (129) | (49) | (40) | (66) |
| Minority Interest | (32) | (118) | (22) | 948 | 1,117 | | | | | |
| Loan Funds | 12 | 9 | 1,195 | 5,757 | 3,866 | 10 | 6 | 1,189 | 1,709 | 2,043 |
| Capital Employed | 33,997 | 30,680 | 39,340 | 40,587 | 33,351 | 29,824 | 28,913 | 29,393 | 25,099 | 23,259 |
| Eff. Capital Employed | 33,997 | 30,680 | 39,340 | 40,587 | 33,350 | 29,961 | 29,042 | 29,442 | 25,139 | 23,325 |
| Eff. Networth | 34,308 | 30,982 | 38,300 | 33,995 | 28,611 | 29,951 | 29,036 | 28,253 | 23,430 | 21,282 |
| Fixed Assets | 9,400 | 8,106 | 19,587 | 18,093 | 15,605 | 1,973 | 1,556 | 2,695 | 1,583 | 1,285 |
| Investments (Incl. Current Investments) | 7,999 | 6,964 | 3,203 | 1,271 | 2,516 | 10,602 | 9,855 | 15,319 | 13,496 | 13,495 |
| Net Assets | 16,598 | 15,610 | 16,550 | 21,223 | 15,230 | 17,249 | 17,502 | 11,379 | 10,021 | 8,480 |
| Miscellaneous Expenditure (to the extent not w/o) | - | - | 0 | 0 | 0 | | | 0 | 0 | 0 |
| Capital Deployed | 33,997 | 30,680 | 39,340 | 40,587 | 33,351 | 29,824 | 28,913 | 29,393 | 25,099 | 23,259 |
| Closing market price per share of ₹ 1 | 129 | 124 | 269 | 106 | 245 | 129 | 124 | 269 | 106 | 245 |
| Market capitalisation | 123,202 | 120,890 | 131,356 | 46,157 | 106,072 | 123,202 | 120,890 | 131,356 | 46,157 | 106,072 |

Performance RATIOS

- An Analysis

| Year Ending March 31 | Consolidated | | | | | Standalone | | | | |
|---|--------------|-------|-------|-------|-------|------------|-------|-------|-------|-------|
| | 2012 | 2011 | 2010 | 2009 | 2008 | 2012 | 2011 | 2010 | 2009 | 2008 |
| Financial Performance | | | | | | | | | | |
| Advertisement Income/Income from Operations | 52.1% | 56.5% | 48.5% | 48.6% | 50.7% | 61.7% | 66.3% | 63.4% | 64.9% | 69.8% |
| Subscription Income/Income from Operations | 43.6% | 37.4% | 44.9% | 41.5% | 40.5% | 28.3% | 23.4% | 26.6% | 18.5% | 16.4% |
| Operating Profit/Income from Operations | 24.3% | 27.3% | 27.9% | 25.2% | 29.5% | 28.5% | 36.1% | 41.5% | 29.8% | 39.2% |
| Other Income/Total Income | 4.4% | 2.9% | 5.3% | 6.7% | 5.8% | 5.5% | 2.7% | 7.7% | 8.0% | 8.9% |
| Programming Cost/Income from Operations | 37.4% | 37.9% | 31.1% | 32.6% | 28.2% | 43.8% | 38.7% | 32.1% | 40.6% | 33.8% |
| Personnel Cost/Income from Operations | 9.6% | 9.1% | 8.9% | 9.3% | 7.8% | 7.1% | 7.2% | 6.4% | 7.6% | 6.0% |
| Selling and Admin Expenses/Income from Operations | 19.0% | 15.8% | 20.2% | 20.4% | 20.0% | 18.4% | 16.0% | 18.8% | 21.0% | 20.2% |
| Total Operating Cost/Income from Operations | 75.7% | 72.7% | 72.1% | 74.8% | 70.5% | 71.5% | 63.9% | 58.5% | 70.2% | 60.8% |
| Financial Expenses/Income from Operations | 0.2% | 0.3% | 1.5% | 6.2% | 2.8% | 0.0% | 0.2% | 1.4% | 6.4% | 4.1% |
| Tax/Income from Operations | 8.2% | 8.9% | 2.6% | 1.0% | 8.9% | 11.1% | 12.3% | 3.9% | 5.7% | 15.3% |
| PAT for the year/Total Income | 18.5% | 20.6% | 26.6% | 21.9% | 19.7% | 21.0% | 25.8% | 40.4% | 23.5% | 25.8% |
| Tax/PBT | 29.7% | 30.6% | 8.5% | 3.8% | 28.0% | 33.3% | 31.7% | 8.1% | 18.3% | 34.8% |
| Dividend Payout/PAT for the year | 24.4% | 30.7% | 31.6% | 16.9% | 22.6% | 29.4% | 33.9% | 34.8% | 28.0% | 29.4% |
| Dividend Payout/Effective Networkth | 4.2% | 6.3% | 5.1% | 2.6% | 3.0% | 4.8% | 6.7% | 6.9% | 3.7% | 4.1% |
| Balance Sheet | | | | | | | | | | |
| Debt-Equity ratio (Total loans/Eff. Networkth) | 0.0% | 0.0% | 3.1% | 16.9% | 13.5% | 0.0% | 0.0% | 4.2% | 7.3% | 9.6% |
| Current ratio (Current assets/Current liabilities) | 3.7 | 3.7 | 3.1 | 4.7 | 3.4 | 5.2 | 4.2 | 2.8 | 3.4 | 2.6 |
| Capital Output Ratio (Inc from Ops/Eff. Capital employed) | 0.9 | 1.0 | 0.6 | 0.5 | 0.6 | 0.7 | 0.7 | 0.4 | 0.5 | 0.4 |
| Fixed assets Turnover (Inc from Ops/Fixed assets) | 12.1 | 14.7 | 10.5 | 7.5 | 6.9 | 11.2 | 13.9 | 4.7 | 7.6 | 8.1 |
| Cash & cash equivalents/Total Eff.capital employed | 9.7% | 12.6% | 15.3% | 4.7% | 5.7% | 2.5% | 5.3% | 10.2% | 4.4% | 1.0% |
| RONW (PAT for the year/Eff. Networkth) | 17.2% | 20.6% | 16.1% | 15.1% | 13.4% | 16.4% | 19.9% | 19.8% | 13.2% | 13.9% |
| ROCE (PBIT/Eff. Capital employed) | 24.9% | 28.7% | 18.0% | 16.6% | 19.0% | 24.5% | 28.5% | 21.3% | 18.1% | 21.4% |
| Per Share Data # | | | | | | | | | | |
| Revenue per share | 33.2 | 31.7 | 47.5 | 53.8 | 45.0 | 24.3 | 22.8 | 28.3 | 30.3 | 26.4 |
| Dividend per share | 1.50 | 2.00 | 3.98 | 2.00 | 2.00 | 1.50 | 2.00 | 3.98 | 2.00 | 2.00 |
| Indebtedness per share | 0.0 | 0.0 | 2.4 | 13.3 | 8.9 | 0.0 | 0.0 | 2.4 | 3.9 | 4.7 |
| Book value per share | 35.8 | 31.7 | 78.3 | 78.3 | 66.0 | 31.2 | 29.7 | 57.8 | 54.0 | 49.1 |
| Earnings per share (after prior period adjustments) | 6.1 | 6.5 | 14.2 | 11.8 | 8.8 | | | | | |
| PE Ratio-Price/EPS Ratio (Share Price as of March 31,) | 20.9 | 19.0 | 18.9 | 9.0 | 27.7 | | | | | |

Note

Fixed Assets for the consolidated entity excludes Goodwill on Consolidation ₹/million 6,894 (6,064).

Figures for FY 2011 have been regrouped to confirm with revised Schedule VI requirement.

Annualized

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, associate and joint venture company (collectively referred to as "the Group") as at 31 March, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. 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 certain subsidiaries and joint ventures with total assets of ₹/millions 16,275 as at 31 March 2012 and total revenues of ₹/millions 12,216 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 our opinion, in so far it relates to the amounts included in respect of those subsidiaries and joint ventures is based solely on the report of the other auditors.
(b) The financial statements of an associate for the year ended 31 March, 2012 have been consolidated based on the management estimate and therefore unaudited. The profit of such associate considered for consolidation is ₹ /millions 2 for the year.
4. Without qualifying our report, we draw our attention to:
 - (a) Note 12 regarding recognition of receivable of ₹/millions 312 claimed from a competing broadcaster, which is under litigation. The management on the basis of the review of the current status of this case and on the basis of opinion received from the lawyers representing in this legal matter, are confident that the ultimate outcome of the legal dispute will be in its favour and the receivable will be fully recovered.
 - (b) Note 2(vi) and Note 17 regarding expenses of subscription license fees of ₹/millions 4,325 netted against subscription revenue. However, this has no impact on Profit for the year.
5. We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of the Accounting Standard (AS) 21 "Consolidated Financial Statements" and AS 23 "Accounting for Investments in Associates in the Consolidated Financial statements" and AS 27 "Financial Reporting of Interests in Joint Ventures", as notified by the Companies (Accounting Standards) Rules, 2006.
6. Based on the audit as aforesaid, and on the consideration of reports of other auditors on the separate financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In case of Consolidated Balance Sheet, of the State of Affairs of the Group as at 31 March, 2012;
 - (b) In case of Consolidated Statement of Profit and Loss, of the Profit of the Group for the year ended on that date; and
 - (c) In the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

For **MGB & Co**
Chartered Accountants
Firm Registration Number 101169W

Hitendra Bhandari
Partner
Membership Number 107832
Mumbai, 21 May, 2012

Consolidated BALANCE SHEET

as at March 31,

| | Note | 2012 | 2011 |
|---|------|---------------|---------------|
| ₹ millions | | | |
| EQUITY AND LIABILITIES | | | |
| Shareholder's Funds | | | |
| Share Capital | 3 | 959 | 978 |
| Reserves and Surplus | 4 | 33,349 | 30,004 |
| | | 34,308 | 30,982 |
| Share Application Money received | | 46 | - |
| Non-Current Liabilities | | | |
| Long-Term Borrowings | 5 | 12 | 9 |
| Long-Term Provisions | 6 | 228 | 190 |
| | | 240 | 199 |
| Current Liabilities | | | |
| Trade Payables | 7 | 5,845 | 4,716 |
| Other Current Liabilities | 7 | 1,041 | 657 |
| Short-Term Provisions | 6 | 1,705 | 2,297 |
| | | 8,591 | 7,670 |
| TOTAL | | 43,185 | 38,851 |
| ASSETS | | | |
| Non-Current Assets | | | |
| Fixed Assets | | | |
| (i) Tangible assets | 8 | 2,164 | 1,928 |
| (ii) Intangible assets | 8 | 7,035 | 6,170 |
| (iii) Capital work-in-progress | | 201 | 8 |
| | | 9,400 | 8,106 |
| Non-Current Investments | 9 | 675 | 623 |
| Deferred Tax Assets (net) | 10 | 337 | 192 |
| Long-Term Loans and Advances | 11 | 857 | 1,057 |
| Other Non-Current Assets | 12 | 316 | 297 |
| | | 2,185 | 2,169 |
| Current Assets | | | |
| Current Investments | 13 | 7,324 | 6,341 |
| Inventories | 14 | 7,339 | 5,396 |
| Trade Receivables | 15 | 8,690 | 8,704 |
| Cash and Bank Balances | 16 | 3,283 | 3,856 |
| Short-Term Loans and Advances | 11 | 4,889 | 4,141 |
| Other Current Assets | 12 | 43 | 19 |
| | | 31,568 | 28,457 |
| Minority Interest | | 32 | 119 |
| TOTAL | | 43,185 | 38,851 |
| Notes forming part of the consolidated financial statements | 1-33 | | |

As per our attached report of even date

For MGB & Co. Chartered Accountants

Hitendra Bhandari Partner

Place : Mumbai
Date : 21 May, 2012

For and on behalf of the Board

Punit Goenka Managing Director & CEO

M Y Khan Director

Hitesh Vakil Chief Financial Officer

M Lakshminarayanan Company Secretary

Statement of Consolidated **PROFIT AND LOSS**

for the year ended March 31,

| | | ₹ millions | |
|---|------|---------------|---------------|
| | Note | 2012 | 2011 |
| Revenue | | | |
| Revenue from Operations | 17 | 30,405 | 30,088 |
| Other Income | 18 | 1,384 | 882 |
| TOTAL | | 31,789 | 30,970 |
| Expenses | | | |
| Operational Cost | 19 | 14,311 | 14,370 |
| Employee benefits expense | 20 | 2,925 | 2,737 |
| Other expenses | 21 | 5,774 | 4,761 |
| Finance costs | 22 | 50 | 88 |
| Depreciation and amortization expense | 23 | 323 | 289 |
| TOTAL | | 23,383 | 22,245 |
| Profit before Exceptional Item and Tax | | 8,406 | 8,725 |
| Add: Exceptional Item | | - | 197 |
| Profit before tax | | 8,406 | 8,922 |
| Less: Tax expense | | | |
| Current tax - current year | | 2,585 | 2,926 |
| - earlier years | | 100 | (142) |
| Deferred tax | | (135) | (113) |
| MAT Credit entitlement | | (50) | - |
| Profit after tax before Share of result of Associate and Minority Interest | | 5,906 | 6,251 |
| Add: Share of results of Associates (₹ 219,000) | | 2 | 0 |
| Less: Minority Interest | | 17 | (118) |
| Profit after tax | | 5,891 | 6,369 |
| Earnings per equity share of face value of ₹ 1 each | | | |
| Basic and Diluted | 33 | 6.08 | 6.51 |
| Notes forming part of the consolidated financial statements | 1-33 | | |

As per our attached report of even date

For MGB & Co. Chartered Accountants

Hitendra Bhandari Partner

Place : Mumbai
Date : 21 May, 2012

For and on behalf of the Board

Punit Goenka Managing Director & CEO

M Y Khan Director

Hitesh Vakil Chief Financial Officer

M Lakshminarayanan Company Secretary

Consolidated CASH FLOW STATEMENT

for the year ended March 31,

| | ₹ millions | |
|---|--------------|----------------|
| | 2012 | 2011 |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | 8,406 | 8,922 |
| Adjustments for : | | |
| Depreciation and amortization expense | 323 | 289 |
| Preliminary expenses written off {₹ 117,376 (₹124,129)} | 0 | 0 |
| Provision for doubtful debts and advances | 243 | (1,066) |
| Loss on sale/discard of fixed assets (net) | 99 | 71 |
| Exchange adjustments (net) | 727 | (45) |
| Interest expense | 10 | 62 |
| Profit on sale of investments (net) | - | (197) |
| Loss on redemption of units of mutual funds {₹ Nil (₹ 51,000)} | - | 0 |
| Provision for diminution in value of investments {₹ 3,00,000 (₹ 140,000)} | 0 | 0 |
| Dividend income | (126) | (189) |
| Interest income | (946) | (530) |
| Operating profit before working capital changes | 8,736 | 7,317 |
| Adjustments for : | | |
| (Increase) / Decrease in trade and other receivables | (1,232) | 1,708 |
| (Increase) / Decrease in Inventories | (1,943) | (712) |
| Increase / (Decrease) in Trade and Other Payables | 1,563 | (110) |
| Cash Generated from Operations | 7,124 | 8,203 |
| Direct taxes paid (net) | (3,025) | (2,478) |
| Net Cash flow from Operating Activities (A) | 4,099 | 5,725 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets / Capital work in progress | (835) | (389) |
| Sale of fixed assets | 19 | 13 |
| Acquisition of minority interest | (195) | (576) |
| Purchase of Non-current investments | (50) | - |
| Sale of Non-current investments | - | 456 |
| Purchase of Current investments | (33,587) | (12,376) |
| Sale of Current investments | 32,604 | 8,355 |
| Loans to others | (200) | (2,500) |
| Loans repaid by others | 1,000 | 1,292 |
| Dividend received | 126 | 189 |
| Sale of subsidiary {₹ Nil (₹100,000)} | - | 0 |
| Interest received | 935 | 547 |
| Net Cash flow from Investing Activities (B) | (183) | (4,989) |

Consolidated CASH FLOW STATEMENT

for the year ended March 31,

₹ millions

| | 2012 | 2011 |
|---|----------------|----------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Dividend paid (including dividend tax) | (2,273) | (2,269) |
| Issue of shares to Minority Shareholders | 56 | 58 |
| Share application money received by a subsidiary (minority) | 46 | - |
| Interest paid | (10) | (63) |
| Proceeds from issue of share capital | 8 | - |
| Payment on buyback of shares | (2,319) | - |
| Proceeds from Long-Term borrowings | 14 | 3 |
| Repayments of Long-Term borrowings | (11) | (3) |
| Repayments of Short-Term borrowings (net) | - | (677) |
| Net Cash flow from Financing Activities (C) | (4,489) | (2,951) |
| Net Cash Flow during the year (A+B+C) | (573) | (2,215) |
| Cash and Cash Equivalents at the beginning of the year | 3,856 | 5,864 |
| Cash and Cash Equivalents transferred as per Scheme of Arrangement on demerger | - | 207 |
| Cash and Cash Equivalents at the end of the year | 3,283 | 3,856 |
| Notes: | | |
| 1. Previous year's figures have been regrouped, recast wherever necessary. | | |
| 2. Scheme of Amalgamation / Arrangement is not considered in the above cash flow statement, being a non-cash transaction. | | |
| 3. Cash and Cash Equivalents at the end of the year: | | |
| Balances with Banks | | |
| In Current Accounts | 1,247 | 2,309 |
| In Deposit Accounts | 311 | 971 |
| Cheques, Demand Drafts in hand | 460 | 557 |
| Cash in Hand | 3 | 12 |
| Other Bank Balances | | |
| In unclaimed dividend account | 9 | 7 |
| Group share in Joint Venture | 1,253 | - |
| TOTAL | 3,283 | 3,856 |

As per our attached report of even date

For MGB & Co. Chartered Accountants

Hitendra Bhandari Partner

Place : Mumbai
Date : 21 May, 2012

For and on behalf of the Board

Punit Goenka Managing Director & CEO

M Y Khan Director

Hitesh Vakil Chief Financial Officer

M Lakshminarayanan Company Secretary

Notes

forming part of the Consolidated Financial Statements

1. CORPORATE INFORMATION

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

2. BASIS OF CONSOLIDATION

- i. The Consolidated Financial Statements (CFS) of the Group are prepared under Historical Cost Convention on going concern basis in accordance with Generally Accepted Accounting Principles in India and 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 in case of one of the subsidiary wherein the liability on account of retirement benefits is provided on estimated basis as per local laws instead of actuarial basis. This liability represents 19.30 % (19.43%) of total gratuity and leave benefits 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. Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Group financial statements. 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 | | |
| Asia Today Limited | 100(100) | Mauritius |
| India Webportal Private Limited | 51(51) | India |
| ITM Digital Private Limited (Refer Note 2.2(ii)) | 100(59.4) | India |
| Taj Television (India) Private Limited | 100(100) | India |
| Zee Sports Limited | 100(100) | India |
| Zee Turner Limited | 74(74) | India |

Notes

forming part of the Consolidated Financial Statements

| Name of the Subsidiaries | Proportion of Interest (including beneficial interest) / Voting Power (either directly / indirectly or through Subsidiaries). | Country of Incorporation |
|--|---|--------------------------|
| Indirect Subsidiaries | | |
| Apac Media Ventures Limited | 100(100) | Hongkong |
| Asia TV Limited | 100(100) | United Kingdom |
| Expand Fast Holdings (Singapore) Pte Limited | 100(100) | Singapore |
| OOO Zee CIS Holdings LLC | 100(100) | Russia |
| OOO Zee CIS LLC | 100(100) | Russia |
| Taj TV Limited (Refer Note 2.2(ii)) | 100(95) | Mauritius |
| Zee Multimedia (Maurice) Limited | 100(100) | Mauritius |
| Zee Multimedia Worldwide (Mauritius) Limited | 100(100) | Mauritius |
| Zee Sports International Limited ^ | 100(100) | Mauritius |
| Zee Technologies (Guangzhou) Limited | 100(100) | China |
| Zee Telefilms Middle East FZ-LLC | 100(100) | U.A.E. |
| Zee TV South Africa (Proprietary) Limited | 100(100) | South Africa |
| Zee TV USA Inc. | 100(100) | United States of America |

^ Merged with Asia Today Limited 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 | Extent of Holdings | Country of Incorporation |
|-----------------------|--------------------|--------------------------|
| Aplab Limited | 26.42% | India |

No adjustments are made for differences in accounting policy for depreciation provided on tangible fixed assets on written down value method.

vi. Joint Venture

Interest in Joint Venture "Media Pro Enterprise India Private Limited" (MPEIPL) is accounted for using Proportionate Consolidation Method. Under Proportionate Consolidation method, Venturer proportionate share of income, expenses, assets and liabilities are accounted line by line except for subscription license fees (expenses) of ₹/millions 4,324 netted against group subscription revenue (Refer Note 17) for better presentation of the financials. Shareholding in MPEIPL is through a subsidiary, Zee Turner Limited. The financial statements of the Joint Venture is drawn upto 31 March 2012.

| Name of the Joint Venture | Extent of Holdings | Country of Incorporation |
|--|--------------------|--------------------------|
| Media Pro Enterprise India Private Limited | 50.00% | India |

Notes

forming part of the Consolidated Financial Statements

2.1 Significant Accounting Policies

a. Use of estimates

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

b. Comparatives

Schedule VI to the Companies Act, 1956 is revised effective from 1 April 2011 and has significantly impacted the disclosures and presentation made in the financial statements. Previous years figures have been regrouped, rearranged or recasted wherever necessary to conform to this year's classification. The CFS are not comparable, in view of subsidiaries incorporated/ acquired / divested during the current and previous year.

c. Fixed Assets

(i) Goodwill on Consolidation

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

(ii) Tangible fixed assets

(a) Tangible fixed assets are stated at cost, net of accumulated depreciation and impairment losses, if any. Cost include all expenses incurred to bring the assets to its present location and condition.

(b) Capital work in progress comprises cost of fixed assets and related expenses that are not yet ready for their intended use at the reporting date.

(iii) Intangible assets

Intangible assets acquired are measured on initial recognition at cost. Intangible assets are carried at cost less accumulated amortisation and impairment loss, if any.

d. Borrowing costs

Borrowing Costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of respective asset. All other borrowing costs are expensed in the period they occur.

e. Impairment of tangible and intangible assets

At each Balance Sheet date, the Group reviews the carrying amount of 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.

f. Depreciation on tangible and intangible assets

(i) Depreciation on tangible fixed assets, including leased assets is provided on straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956 or at the rates adopted in the accounts of respective subsidiaries as permissible under applicable local laws 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.

(ii) Premium on leasehold land and leasehold improvements are amortized over the period of Lease.

(iii) No part of goodwill arising on consolidation is amortized.

Notes

forming part of the Consolidated Financial Statements

- (iv) Intangible assets are amortized on a straight line basis over the economic useful life as estimated by the management.

g. Investments

- (i) Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments including investment property are classified as long-term investments.
- (ii) Current investments are stated at lower of cost and fair value determined on an individual investment basis. Long-term investments are stated at cost less provision for diminution other than temporary in the value of such investments.
- (iii) Investment Property
Investment in land which is not intended to be occupied substantially for use by or in the operations of the group is classified as Investment property. Investment properties are stated at cost. The cost comprises purchase price, borrowing costs, if capitalisation criteria are met and directly attributable cost of bringing the investment property to its working condition for the intended use.

h. Inventories

(i) Programs, Films/Movie Rights for Broadcasting

Programs, Films/Movie Rights are carried at lower of unamortized cost or realizable value. Where the realizable value on the basis of its estimated useful economic life is less than its carrying amount, the difference is expensed as impairment.

- (a) Cost of reality shows / chat shows / events / game shows and sports rights etc. are fully expensed on telecast.
- (b) 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.
- (c) Cost of Films/Movie rights are charged on a straight-line basis over the license period or 60 months from the date of acquisition, whichever is shorter.

(ii) Films/Movies produced and/or acquired for distribution

Cost is allocated to each rights based on management estimates of revenues and amortization of costs of theatrical rights, satellite rights, music rights, video rights and others are made when sold / exploited and films / movie rights carried at lower of unamortized cost or net realizable value.

- (a) Theatrical rights: 70% of allocated cost is amortized over three months of theatrical release of movie and balance 30% in subsequent three quarters.
- (b) Satellite rights, Music rights, Home Video rights etc: Allocated cost of each right are expensed on sale.
- (c) Negative rights: 90% of the cost is allocated and amortized as per b(i) and b(ii) above and 10% of the cost is allocated to Intellectual Property Rights (IPR) and amortized over subsequent five years.

(iii) Work - in - progress: Programs and Films / Movies under production are stated at cost. Cost comprises of raw stock, cost of services and other expenses incurred upto the date of balance sheet.

(iv) Raw Stock: Tapes are valued at lower of cost or estimated net realizable value. Cost is taken on Weighted Average basis.

i. Revenue Recognition

- (i) 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.

Notes

forming part of the Consolidated Financial Statements

- (ii) Sales (includes licensing of Programs Films / Movie Rights) are recognized when the delivery is completed.
- (iii) Services
 - a) Commission-Space selling is recognized when the related advertisement or commercial appears before the public i.e. on telecast.
 - b) Theatrical revenue from movies is recognized on receipt of related sale reports.
 - c) Revenue from other services are recognized as and when such services are completed/performed.
- (iv) Dividend income is recognized when the right to receive dividend is established.
- (v) Interest income is recognized on a time proportion basis taking into account outstanding and the applicable interest rate.

j. Foreign Currency Translations

(i) Accounting of Transactions

- (a) Foreign currency transactions are accounted at the exchange rates prevailing on the date of transactions.
- (b) Foreign currency monetary items are translated using the exchange rates prevailing at the reporting date. Gain and losses on settlement/ translation of monetary assets and liabilities are recognized in the Statement of Profit and Loss.
- (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 at the inception of forward contract and date of the Balance Sheet is recognized in the Statement of Profit and Loss. Any profit or loss resulting on settlement/ cancellation of forward contract is recognized as income or as expense in the year it arises.

(ii) Translation and Exchange Rates

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

- (a) 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.
- (b) Revenues and expenses are at yearly average rates. Off Balance Sheet items are translated into Indian Rupees at year-end rates.
- (c) Exchange differences arising on translation of non-integral foreign operations are accumulated in the Foreign Currency Translation reserve until the disposal of such operations.

k. Retirement Benefits

Retirement benefit plans, pensions schemes and defined contribution plans, or funds are governed by the statutes of the countries in which the companies are located and contribution to the fund, future liability on actuarial valuation or liability on termination are charged to the Statement of Profit and Loss. Accrued liabilities for leave benefits are made 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).

l. Accounting for taxes on income

- (i) Current tax is determined as the amount of tax payable on the taxable income in accordance with local tax regulations.
- (ii) Deferred tax is recognised, 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.

m. Leases

(i) Finance Lease

Assets acquired under Finance Lease are capitalized and the corresponding lease liability is recorded at an amount

Notes

forming part of the Consolidated Financial Statements

equal to the fair value of the leased asset at the inception of the lease. Initial costs directly attributable to lease are recognised with the asset under lease.

(ii) 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.

n. Earnings per Share

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

o. 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. Contingent Assets are neither recognized nor disclosed in the financial statements.

2.2 (i) During the year, the Group has acquired minority Shareholders' stake in ITM Digital Private Limited (Direct Subsidiary) and Taj TV Limited (Indirect Subsidiary) by an additional investment of ₹/millions 4 and ₹/millions 191 respectively. Goodwill arising on consolidation is Re./million 1 for ITM Digital Private Limited and ₹/millions 207 for Taj TV Limited.

(ii) During the year, the Group has entered into 50:50 joint venture with Star Den Media Service Private Limited and formed company in the name of "Media Pro Enterprise India Private Limited (MPEIPL)" for distribution of channels distributed by Zee Turner Limited and Star Den Media Service Private Limited. MPEIPL has started operations w.e.f. 1 July 2011.

(iii) Zee Multimedia Worldwide Limited (ZMWL) and Zes Holdings Limited (ZES), both wholly owned foreign subsidiaries have merged with the Company w.e.f. 1 February, 2011, pursuant to the Scheme of Amalgamation approved by the Hon'ble High Court at Mumbai vide Order dated 10 June 2011. The effect to the Scheme has been given in the financial statements for the year ended 31 March 2011. On cancellation of investments in subsidiaries pursuant to the Scheme, goodwill arising on consolidation of ₹/millions 8,653 has been adjusted in General Reserve. Further, ₹/millions 6,390 has been transferred from the Statement of Profit and Loss to General Reserve.

(iv) ZES Mauritius Limited (ZES Mauritius) and ZES Entertainment Studios Limited (ZES Ent) both wholly owned foreign subsidiaries of ZES Holdings Limited (ZES) have amalgamated with ZES on 18 March 2011 and 31 March 2011 respectively, as per the confirmation of Register of Companies, Republic of Mauritius. Hence, the transactions between the appointed date and the effective date are accounted in the financial statements of the company for the year ended 31 March 2011 and the difference of ₹ 107,000 between assets and liabilities transferred is adjusted to General Reserve.

(v) Wholly owned subsidiary Asia Business Broadcasting (Mauritius) Limited (ABBML) stood amalgamated with another wholly owned subsidiary Asia Today Limited (ATL) on 31 March 2011 as per confirmation of Registrar of Companies, Republic of Mauritius. Accordingly, all the assets and liabilities of ABBML is transferred w.e.f. 31 March 2011 at book value to ATL. The Investments of ATL in ABBML is cancelled and Goodwill on Consolidation of ₹/millions 2,226 has accordingly been adjusted in General Reserve. Further, ₹/millions 694 has been transferred from the Statement of Profit and Loss to General Reserve.

(vi) Pursuant to the Composite Scheme of Amalgamation and Arrangement ('the Scheme') between erstwhile ETC Networks Limited (ETC), Zee Learn Limited (ZLL) and the Company, ETC has merged with the Company on 31 March 2010. Subsequently, pursuant to the Scheme, the education business undertaking is demerged on 1 April 2010 at book value to ZLL and the difference between the book value of assets and liabilities transferred of ₹ / millions 631 is adjusted against General Reserve and effect given in the financial statements for the year ended 31 March 2011.

Notes

forming part of the Consolidated Financial Statements

| | ₹ millions | |
|---|--------------|--------------|
| | 2012 | 2011 |
| 3. SHARE CAPITAL | | |
| Authorised | | |
| 1,399,200,000 (1,399,200,000) Equity Shares of ₹1 each | 1,399 | 1,399 |
| | 1,399 | 1,399 |
| Issued , Subscribed and Paid up | | |
| 958,770,077 (978,076,130) Equity Shares of ₹ 1 each fully paid up | 959 | 978 |
| TOTAL | 959 | 978 |

Reconciliation of number of Equity shares and share capital

| | 2012 | | 2011 | |
|---|-------------------------|------------|-------------------------|------------|
| | Number of equity shares | ₹ millions | Number of equity shares | ₹ millions |
| At the beginning of the year | 978,076,130 | 978 | 489,038,065 | 489 |
| Add : Allotted as fully paid Bonus Shares | - | - | 489,038,065 | 489 |
| Less: Shares cancelled on Buyback | 19,372,853 | 19 | - | - |
| Add : Allotted on exercise of Employee Stock Options (₹ 66,800) | 66,800 | 0 | - | - |
| Outstanding at the end of the year | 958,770,077 | 959 | 978,076,130 | 978 |

Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 1 each. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during 5 years preceding 31 March 2012

| | 2012 | 2011 |
|--|-------------|-------------|
| Equity Shares allotted as fully paid for consideration other than cash | 55,471,301 | 55,471,301 |
| Equity Shares allotted as fully paid Bonus shares | 489,038,065 | 489,038,065 |
| Equity Shares bought back and cancelled | 19,372,853 | - |

Notes

forming part of the Consolidated Financial Statements

Details of Shareholders holding more than 5 % of the aggregate shares in the Company

| Name of the Shareholders | 2012 | | 2011 | |
|---|-------------------------|----------------|-------------------------|----------------|
| | Number of equity shares | % shareholding | Number of equity shares | % shareholding |
| Cyquator Media Services Private Limited | 241,402,908 | 25.18% | - | - |
| Delgrada Limited (Renamed as Essel Media Ventures Limited, Mauritius) | 102,888,286 | 10.73% | 102,888,286 | 10.52% |
| Oppenheimer Developing Marketing Fund | 76,026,963 | 7.93% | 69,275,633 | 7.08% |
| Premier Finance and Trading Company Limited | 100 | - | 101,589,186 | 10.39% |

Buyback of shares

Buy-back of the Company's Equity Shares through the open market route commenced on 27 July 2011 and concluded on 23 March 2012, wherein the Company has bought back 19,372,853 Equity Shares of ₹ 1 each. All these equity shares stands extinguished by execution of Debit Corporate Action(s) by the Company. Consequently the Paid-up Share Capital as at 31 March 2012 stands reduced to 958,770,077 Equity Shares of ₹ 1 each.

Employees Stock Option Scheme (ESOP):

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 into equity shares not exceeding in the aggregate 5% of the issued and paid up capital of the Company as on 31 March 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 Securities and Exchange Board of India (Employees Stock Options Scheme) Guidelines, 1999 (SEBI (ESOS) Guidelines). The said scheme is administered by the Remuneration Committee of the Board.

During the year ended 31 March 2011 and 31 March 2012, the Company did not grant any stock options. The options earlier 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 vests 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. Upon exercise of 66,800 options, equivalent number of Equity Shares were issued and allotted during the financial year ended on 31 March 2012.

The options were granted to the employees/ directors at an exercise price, being the latest market price as per the SEBI (ESOS) Guidelines. In view of 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 for the value of options as per the SEBI guidelines.

Stock options outstanding as at the year end are as follows:-

| | 2012 | 2011 |
|--|-----------|------------|
| - Options outstanding at the beginning of the year | 7,503,600 | 8,178,400* |
| - Options exercised during the year | 66,800 | - |
| - Options lapsed during the year | 611,600 | 674,800 |
| - Options outstanding at the end of the year | 6,825,200 | 7,503,600 |

* Adjusted for bonus

Notes

forming part of the Consolidated Financial Statements

₹ millions

| | 2012 | 2011 |
|---|---------------|---------------|
| 4. RESERVES AND SURPLUS | | |
| Capital Redemption Reserve | | |
| As per last Balance Sheet | - | 70 |
| Add : Transferred from General Reserve on Buyback of Equity Shares | 19 | - |
| Less: Utilised towards issue of fully paid bonus shares | - | 70 |
| | 19 | - |
| Securities Premium | | |
| As per last Balance Sheet | 11,126 | 11,545 |
| Less: Utilised towards issue of fully paid bonus shares | - | 419 |
| Less: On Buyback of Equity shares | 2,300 | - |
| Add: Received on issue of Shares under ESOP, 2009 | 8 | - |
| | 8,834 | 11,126 |
| General Reserve | | |
| As per last Balance Sheet | 4,154 | 5,580 |
| Less: Adjusted pursuant to the Scheme of Amalgamation / Arrangement (Refer Note 2.2 (vi)) | - | 631 |
| Less: Adjusted pursuant to Scheme of Arrangement on Demerger (Refer Note 2.2 (iii) (v)) | - | 10,879 |
| Less: Transferred to Capital Redemption Reserve on Buyback of Equity Shares | 19 | - |
| Add: Transferred from Statement of Profit and Loss (Refer Note 2.2 (iii) (v)) | - | 7,084 |
| Add: Appropriated during the year | 1,500 | 3,000 |
| | 5,635 | 4,154 |
| Foreign Currency Translation Reserve | 711 | (706) |
| Surplus in Statement of Profit and Loss | | |
| As per last Balance Sheet | 15,430 | 21,418 |
| Add : Profit for the year | 5,891 | 6,369 |
| Less : Appropriations | | |
| Proposed Dividend | 1,438 | 1,956 |
| Tax on Dividend | 233 | 317 |
| Transferred to General Reserve | 1,500 | 10,084 |
| | 18,150 | 15,430 |
| | 33,349 | 30,004 |
| Group Share in Joint Venture (₹ 148,812) | (0) | - |
| TOTAL | 33,349 | 30,004 |

₹ millions

| | Non-Current | | Current | |
|--|-------------|----------|----------|----------|
| | 2012 | 2011 | 2012 | 2011 |
| 5. LONG-TERM BORROWINGS | | | | |
| Vehicle Loans * - Secured | 12 | 9 | 9 | 8 |
| | 12 | 9 | 9 | 8 |
| Amount disclosed under the head "Other Current Liabilities" (Refer Note 7) | - | - | 9 | 8 |
| | 12 | 9 | - | - |
| Group Share in Joint Venture | - | - | - | - |
| TOTAL | 12 | 9 | - | - |

* Secured against hypothecation of vehicles.

Notes

forming part of the Consolidated Financial Statements

₹ millions

| | Long-Term | | Short-Term | |
|---------------------------------|------------|------------|--------------|--------------|
| | 2012 | 2011 | 2012 | 2011 |
| 6. PROVISIONS | | | | |
| Provision for employee benefits | | | | |
| - Gratuity | 137 | 108 | 4 | 3 |
| - Leave benefits | 91 | 82 | 28 | 20 |
| Group Share in Joint Venture | - | - | 2 | - |
| Others | | | | |
| - Proposed Dividend | - | - | 1,671 | 2,274 |
| | 228 | 190 | 1,705 | 2,297 |
| Group Share in Joint Venture | - | - | - | - |
| TOTAL | 228 | 190 | 1,705 | 2,297 |

₹ millions

| | 2012 | 2011 |
|---|--------------|--------------|
| 7. CURRENT LIABILITIES | | |
| Trade payables | | |
| Trade payables* | 3,908 | 4,033 |
| Due to Principals (pending remittances) | 211 | 683 |
| | 4,119 | 4,716 |
| Group Share in Joint Venture | 1,726 | - |
| | 5,845 | 4,716 |
| Other Current Liabilities | | |
| Current maturities of vehicle loans | 9 | 8 |
| Interest accrued but not due {₹ 10,100 (₹ Nil)} | 0 | - |
| Unearned Revenue | 285 | 211 |
| Unclaimed Dividends | 9 | 9 |
| Creditors for capital expenditure | 28 | 9 |
| Other payables # | 506 | 420 |
| | 837 | 657 |
| Group Share in Joint Venture | 204 | - |
| | 1,041 | 657 |
| TOTAL | 6,886 | 5,373 |

*Includes cheques overdrawn ₹/millions 97 (163).

Includes statutory dues, security deposits and advances from customers.

Notes

forming part of the Consolidated Financial Statements

[illegible]

“0” (zero) denotes amounts less than a million.

^ Includes ₹ / millions 21 transferred pursuant to the Scheme of Arrangement

Notes:

1 Building includes ₹ 14 (14) the value of share in a co-operative society.

2 Part of building has been given on operating lease.

Notes

forming part of the Consolidated Financial Statements

| | ₹ millions | |
|---|------------|------------|
| | 2012 | 2011 |
| 9. NON-CURRENT INVESTMENTS | | |
| (i) Trade Investments (valued at cost, unless stated otherwise) | | |
| In Others - Unquoted | | |
| 3,000 (3,000) Equity shares of ₹ 10/- each of Last Minute Media Private Limited {₹ 300,000 (₹ 300,000)} | 0 | 0 |
| | 0 | 0 |
| (ii) Other Investments | | |
| In Associate - Quoted | | |
| 1,321,200 (1,321,200) Equity shares of ₹ 10/- each of Aplab Limited (Extent of holding 26.42%) | 47 | 47 |
| Add : Share of profit upto previous years | 1 | 1 |
| Add : Share of profit for current year (₹ 219,000) | 2 | 0 |
| | 50 | 48 |
| Others - Quoted | | |
| 1,822,000 (1,822,000) Equity shares of ₹ 2/- each of Essel Propack Limited | 2 | 2 |
| 50 (Nil) 10.20% Unsecured Redeemable Non- Convertible Debentures of ₹ 10,00,000 each fully paid up in Yes Bank Limited | 50 | - |
| Investment Property | | |
| Land at Hyderabad * | 573 | 573 |
| | 675 | 623 |
| Less: Provision for diminution in value of trade investments (₹ -300,000) | 0 | - |
| | 675 | 623 |
| Group Share in Joint Venture | - | - |
| TOTAL | 675 | 623 |
| (All the above securities are fully paid up) | | |
| Aggregate amount of quoted Investments [Market Value ₹/millions 86 (129)] | 102 | 50 |
| Aggregate amount of unquoted Investments {₹ 300,000 (300,000)} | 0 | 0 |
| Value of investment property | 573 | 573 |
| Diminution in the value of trade investments (₹ 300,000) | 0 | - |

* A Public Interest Litigation (PIL) filed in the Hon'ble Andhra Pradesh High Court, interalia, seeking cancellation of transfer of this Land in favour of the Group, is pending.

Note : Diminution in value of quoted investments of ₹/millions 13 (Nil) not provided for, considering the same to be temporary in nature.

Notes

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10. DEFERRED TAX

The components of deferred tax balances as at 31 March are as under:

| | ₹ millions | |
|--|------------|------------|
| | 2012 | 2011 |
| Deferred Tax Assets | | |
| Arising on account of timing differences in Employee Retirement benefits | 66 | 50 |
| Provision for doubtful debts | 327 | 208 |
| Unabsorbed fiscal allowances | 39 | 11 |
| Other Provisions | 69 | 70 |
| | 501 | 339 |
| Deferred Tax Liabilities | | |
| Depreciation | 164 | 145 |
| Other Provisions (₹ 202,044) | 0 | 2 |
| | 164 | 147 |
| Deferred Tax Assets (Net) | 337 | 192 |

| | ₹ millions | | | |
|--|------------|--------------|--------------|--------------|
| | Long-Term | | Short-Term | |
| | 2012 | 2011 | 2012 | 2011 |
| 11. LOANS AND ADVANCES | | | | |
| Capital Advances # | 378 | 392 | - | - |
| Deposits (unsecured, considered good) | 248 | 251 | 70 | 46 |
| Advances and Deposits to related parties | 22 | - | 39 | 62 |
| Other Loans and Advances | | | | |
| Loans | - | - | 1,700 | 2,500 |
| Advances (unsecured, considered good) | 94 | 414 | 1,536 | 1,242 |
| Advances (unsecured, considered doubtful) | - | - | 376 | 228 |
| | 94 | 414 | 1,912 | 1,470 |
| Less: Provision for doubtful advances | - | - | 376 | 228 |
| | 94 | 414 | 1,536 | 1,242 |
| Prepaid expenses | - | - | 160 | 99 |
| Balance with Government Authorities - | | | | |
| Advance direct taxes (net of provisions) | - | - | 558 | 168 |
| Advance indirect taxes | - | - | 458 | 24 |
| TOTAL | 742 | 1,057 | 4,521 | 4,141 |
| Group Share in Joint Venture | 115 | - | 368 | - |
| TOTAL | 857 | 1,057 | 4,889 | 4,141 |

Enforceable agreements are yet to be executed for advances of ₹/millions 360 (354) for purchase of properties.

Notes

forming part of the Consolidated Financial Statements

₹ millions

| | Non-Current | | Current | |
|--|-------------|------------|-----------|-----------|
| | 2012 | 2011 | 2012 | 2011 |
| 12. OTHER ASSETS | | | | |
| Balances with Bank-in Deposit accounts (Refer Note 16) | 2 | 2 | - | - |
| Interest accrued on Investments | - | - | 36 | 13 |
| Interest receivable on loans | - | - | 3 | - |
| Other Receivables # | 317 | 295 | 4 | 5 |
| Less : Provision for doubtful receivables | 3 | - | - | - |
| | 314 | 295 | 4 | 5 |
| Preliminary expenses {₹ 352,120 (₹469,496)} | - | - | 0 | 0 |
| TOTAL | 316 | 297 | 43 | 19 |
| Group Share in Joint Venture (₹ 110,636 (₹Nil)) | - | - | 0 | - |
| TOTAL | 316 | 297 | 43 | 19 |

The Group has recognized a receivable of ₹/millions 312 (272) claimed from competing broadcaster for recovery of the telecast rights money relating to the sports event, which is under litigation. The Management on the basis of review of the current status of this case and on the basis of opinion received from the lawyers representing in this matter, are confident that the ultimate outcome of the legal dispute will be in its favour and the receivable will be fully realised.

₹ millions

| | 2012 | 2011 |
|---|--------------|--------------|
| 13. CURRENT INVESTMENTS | | |
| (a) Mutual Funds (Units of face value of ₹ 10/- each) - Quoted | | |
| 50,832 (50,832) units of USD 1001 each of Socrates Money Market Fund | 2,645 | 2,309 |
| Nil (14,973,197) of DWS Ultra Short Term Fund - Institutional Daily Dividend | - | 150 |
| Nil (30,234,900) ICICI Prudential Interval Fund II Quarterly Interval Plan B Institutional Dividend | - | 302 |
| Nil (9,613,215) of JM Short Term Fund - Institutional Plan - Dividend | - | 101 |
| Nil (19,807,868) of Kotak Floater - Short Term - Daily Dividend | - | 200 |
| Nil (9,988,413) of Templeton India Ultra Short Bond Fund Super Institutional Daily Dividend | - | 100 |
| Nil (19,992,361) of BSL Cash Plus - Institutional Premium - Daily Dividend Reinvestments | - | 200 |
| Nil (25,109,506) TATA Fixed Maturity Plan Series 28 Scheme A Dividend | - | 251 |
| Nil (25,057,639) of Peerless Liquid Fund - Super Institutional Daily Dividend | - | 251 |
| | 2,645 | 3,864 |

Notes

forming part of the Consolidated Financial Statements

| | ₹ millions | |
|--|--------------|--------------|
| | 2012 | 2011 |
| (b) Other current investments | | |
| Commercial Paper - Quoted | | |
| Edelweiss Securities Limited | 735 | 983 |
| Religare Finvest Limited | 486 | 494 |
| Reliance Capital Limited | 485 | - |
| Morgan Stanley India Capital Private Limited | 485 | - |
| Tata Capital Limited | 244 | - |
| Aditya Birla Finance Limited | 244 | - |
| Certificate of Deposits (Non-Transferable) - Unquoted | | |
| 10.75% of SICOM Limited | 1,000 | 1,000 |
| 12% of SICOM Limited | 1,000 | - |
| | 4,679 | 2,477 |
| | 7,324 | 6,341 |
| Less: Provision for diminution in value of investments (₹ Nil (₹140,000)) | - | 0 |
| Group Share in Joint Venture | - | - |
| TOTAL | 7,324 | 6,341 |
| (All the above securities are fully paid up) | | |
| Aggregate amount of quoted Investments [Market Value ₹/millions 5,457 (5,443)] | 5,324 | 5,341 |
| Aggregate amount of unquoted Investments | 2,000 | 1,000 |
| Diminution in value of investments (₹ Nil (₹140,000)) | - | 0 |

| | ₹ millions | |
|-------------------------------------|--------------|--------------|
| | 2012 | 2011 |
| 14. INVENTORIES | | |
| Raw Stock - Tapes | 12 | 14 |
| Work-in-progress | | |
| - Under production - Program Rights | 19 | 96 |
| Finished Goods | | |
| - Unamortised cost - Program Rights | 979 | 707 |
| - Films/Movie Rights | 6,329 | 4,579 |
| | 7,339 | 5,396 |
| Group Share in Joint Venture | - | - |
| TOTAL | 7,339 | 5,396 |

Notes

forming part of the Consolidated Financial Statements

₹ millions

| | 2012 | 2011 |
|--|--------------|--------------|
| 15. TRADE RECEIVABLES (UNSECURED) | | |
| Over six months | | |
| Considered good | 1,233 | 1,887 |
| Considered doubtful | 1,175 | 1,116 |
| Others | | |
| Considered good | 6,446 | 6,817 |
| Considered doubtful | - | - |
| | 8,854 | 9,820 |
| Less: Provision for doubtful debts | 1,175 | 1,116 |
| | 7,679 | 8,704 |
| Group Share in Joint Venture | 1,011 | - |
| TOTAL | 8,690 | 8,704 |

₹ millions

| | Non Current | | Current | |
|---|-------------|----------|--------------|--------------|
| | 2012 | 2011 | 2012 | 2011 |
| 16. CASH AND BANK BALANCES | | | | |
| Cash and Cash Equivalents | | | | |
| Balances with Banks - | | | | |
| In Current accounts | - | - | 1,247 | 2,309 |
| In Deposit accounts | - | - | 311 | 971 |
| Cheques, demand drafts in hand # | - | - | 460 | 557 |
| Cash in Hand | - | - | 3 | 12 |
| | - | - | 2,021 | 3,849 |
| Other Bank balances | | | | |
| Balances with Banks | | | | |
| In Deposit accounts^ | 2 | 2 | - | - |
| In Unclaimed dividend account | - | - | 9 | 7 |
| | 2 | 2 | 9 | 7 |
| Less: Amount disclosed under "Other Assets" (Refer Note 12) | 2 | 2 | - | - |
| | - | - | 9 | 7 |
| | - | - | 2,030 | 3,856 |
| Group Share in Joint Venture | - | - | 1,253 | - |
| TOTAL | - | - | 3,283 | 3,856 |

Includes demand draft of ₹/millions 300 (Nil) taken for business purposes since cancelled.

^ Pledged with sales tax authorities.

Notes

forming part of the Consolidated Financial Statements

| | | ₹ millions | |
|--|-------|---------------|---------------|
| | | 2012 | 2011 |
| 17. REVENUE FROM OPERATIONS | | | |
| Services - Broadcasting Revenue | | | |
| Advertisement | | 15,841 | 17,010 |
| Subscription Revenue | | 12,739 | 11,259 |
| Add: Group Share of Subscription Revenue in Joint Venture (net) | 4,830 | | |
| Less: Group Share in Subscription License Fees (expenses) in Joint Venture (net) | 4,325 | | |
| (Refer Note 2.(vi)) | | | |
| Net Group Share of Revenue in Joint Venture | | 505 | - |
| - Commission - Broadcasters | | 174 | 193 |
| Sales - Program Rights, Films / Movie Rights ^ | | 1,139 | 1,626 |
| | | 30,398 | 30,088 |
| Group Share in Joint Venture | | 7 | - |
| TOTAL | | 30,405 | 30,088 |

^ Includes ₹/millions Nil (700) compensation received for pre-matured termination of sporting events rights.

| | | ₹ millions | |
|---|--|--------------|------------|
| | | 2012 | 2011 |
| 18. OTHER INCOME | | | |
| Interest Income | | | |
| - from Bank Deposits | | 17 | 27 |
| - from Current Investments | | 463 | 500 |
| - from Long-Term Investments | | 2 | - |
| - from Others | | 464 | 3 |
| Dividend Income | | | |
| - from Current Investments | | 125 | 188 |
| - from Long-Term Investments | | 1 | 1 |
| Rent Income | | 65 | 60 |
| Net gain / (loss) on exchange difference | | (24) | 32 |
| Liabilities / Excess provision written back (₹ 392,775) | | 174 | 0 |
| Other Miscellaneous Income | | 86 | 71 |
| | | 1,373 | 882 |
| Group Share in Joint Venture | | 11 | - |
| TOTAL | | 1,384 | 882 |

Notes

forming part of the Consolidated Financial Statements

₹ millions

| | 2012 | 2011 |
|--|---------------|---------------|
| 19. OPERATIONAL COST | | |
| Programs, Films/Movies Rights | | |
| Opening - Unamortised cost - Program Rights | 707 | 662 |
| Unamortised cost - Films / Movie Rights | 4,579 | 3,970 |
| Under production - Program Rights | 96 | 39 |
| Add: Acquisition of Program Rights | 7,587 | 7,853 |
| Add: Acquisition of Films / Movie Rights | 3,281 | 2,160 |
| Add: Production Expenses - Location Hire and Set Charges | 233 | 221 |
| Equipment Hire Charges | 379 | 230 |
| Professional Fees | 936 | 837 |
| Other Production Expenses | 916 | 811 |
| Less: Closing - Unamortised cost - Program Rights | 979 | 707 |
| Unamortised cost - Films / Movie Rights | 6,329 | 4,579 |
| Under production - Program Rights | 19 | 96 |
| | 11,387 | 11,401 |
| Other Operational Expenses | | |
| Subscription Management Services | 2,116 | 2,090 |
| Telecast Cost | 808 | 879 |
| | 2,924 | 2,969 |
| Group Share in Joint Venture | - | - |
| TOTAL | 14,311 | 14,370 |

Program Rights and Film Rights are intangible assets as defined in AS – 26 however these are considered as inventories and included in Operational cost and Current Assets -Inventories as being acquired and used for its broadcasting business.

Program Rights, Films/ Movie Rights of ₹/millions 97 (27) are impaired during the year.

₹ millions

| | 2012 | 2011 |
|---|--------------|--------------|
| 20. EMPLOYEE BENEFIT EXPENSES | | |
| Salaries and wages | 2,585 | 2,573 |
| Contribution to provident and other funds | 99 | 89 |
| Staff Welfare expenses | 62 | 75 |
| | 2,746 | 2,737 |
| Group Share in Joint Venture | 179 | - |
| TOTAL | 2,925 | 2,737 |

Notes

forming part of the Consolidated Financial Statements

| | | ₹ millions | |
|--|-----|--------------|--------------|
| | | 2012 | 2011 |
| 21. OTHER EXPENSES | | | |
| Rent | | 266 | 240 |
| Repairs and Maintenance - Building | | 7 | 3 |
| Repairs and Maintenance - Plant and Machinery | | 56 | 39 |
| Repairs and Maintenance - Others | | 44 | 44 |
| Insurance | | 15 | 12 |
| Rates and Taxes | | 68 | 62 |
| Electricity and Water charges | | 89 | 84 |
| Communication charges | | 121 | 122 |
| Printing and Stationery | | 21 | 23 |
| Travelling and Conveyance expenses | | 260 | 235 |
| Service charges | | 142 | 102 |
| Legal and Professional charges | | 277 | 206 |
| Payment to Auditor (Refer Note 32) | | 26 | 23 |
| Miscellaneous expenses | | 47 | 79 |
| Advertisement and Publicity expenses | | 1,463 | 1,043 |
| Commission / Discounts on sales and services | | 262 | 335 |
| Business Promotion expenses | | 1,720 | 1,490 |
| Provision for doubtful debts and advances | | 424 | 370 |
| Bad debts and advances written off | 213 | | |
| Less: Provision written back | 181 | 32 | 178 |
| Provision for diminution in value of investments {₹ 300,000 (₹ 140,000)} | | 0 | 0 |
| Loss on sale / discard of fixed assets (net) | | 99 | 71 |
| Preliminary expenses written off {₹ 117,376 (₹ 124,129)} | | 0 | 0 |
| Loss on redemption of units of mutual funds {₹ Nil (₹ 51,000)} | | - | 0 |
| | | 5,439 | 4,761 |
| Group Share in Joint Venture | | 335 | - |
| TOTAL | | 5,774 | 4,761 |

| | | ₹ millions | |
|------------------------------|--|------------|-----------|
| | | 2012 | 2011 |
| 22. FINANCE COSTS | | | |
| Interest on Loans | | 10 | 62 |
| Other Financial charges | | 39 | 26 |
| | | 49 | 88 |
| Group Share in Joint Venture | | 1 | - |
| TOTAL | | 50 | 88 |

Notes

forming part of the Consolidated Financial Statements

₹ millions

| | 2012 | 2011 |
|--|------------|------------|
| 23. DEPRECIATION AND AMORTIZATION EXPENSE | | |
| Depreciation on tangible assets | 256 | 239 |
| Amortization on intangible assets | 66 | 50 |
| | 322 | 289 |
| Group Share in Joint Venture | 1 | - |
| TOTAL | 323 | 289 |

24. LEASES

(i) Finance Lease:

Long-term leases, which in economic terms constitute investments financed on a long-term basis (finance lease) are recognized as assets and recorded under tangible fixed assets at their cash purchase value. The minimum lease payments required under this finance lease that have initially or remaining non cancellable lease terms in excess of one year as at 31 March 2012 and its present value are as follows:

Reconciliation of minimum lease payments and present value:

₹ millions

| | 2012 | 2011 |
|--|----------|----------|
| Minimum Lease Payments as at | | |
| Not Later than one year | 2 | 2 |
| Later than one year and not later than five year (₹ 493,152) | 0 | 2 |
| Later than five years | - | - |
| | 2 | 4 |
| Less: Amount representing Interest {₹ 129,324 (₹ 292,589)} | 0 | 0 |
| Present value of Minimum Lease payment | 2 | 4 |
| Amount due not later than one year | 2 | 2 |
| Amount due later than one year and not later than five years (₹ 495,015) | 0 | 2 |
| Amount due later than five years | - | - |

Notes

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(ii) Operating Leases:

(a) In respect of assets taken under operating lease

Leasing liabilities primarily relate to lease of certain offices, residential premises, and other facilities. The initial tenure of the lease is generally for 4 to 96 months. The minimum rental payables under other operating leases that have initially or remaining non-cancellable lease term in excess of one year as at 31 March 2012 are as follows:

| | ₹ millions | |
|---|------------|------|
| | 2012 | 2011 |
| Lease rental charged to Statement of Profit and Loss | 1,004 | 962 |
| Future Lease rental obligation payable (under non-cancellable lease) | | |
| Not later than one year | 359 | 342 |
| Later than one year but not later than five years | 752 | 583 |
| Later than five years | 146 | 179 |

(b) In respect of assets given under operating lease.

- The Group has given part of its buildings under cancellable operating lease agreement. The initial term of the lease is for 11 to 36 months.
- The rental revenue for the year is ₹/millions 65 (60).

25. CONTINGENT LIABILITIES

| | ₹ millions | |
|---|-----------------|-----------------|
| | 2012 | 2011 |
| a) Corporate guarantees, loans/commitments outstanding ₹/millions 2,368 (3,978) | 4,673 | 6,553 |
| b) Bank/Counter guarantees outstanding | 89 | 60 |
| c) Letter of Credit (Net of Liabilities Provided) | 39 | 13 |
| d) Claims not acknowledged as debts | 656 | 801 |
| e) Legal cases against the Group | Unascertainable | Unascertainable |
| f) Disputed Direct Taxes * | 3,390 | 2,312 |
| g) Disputed Indirect Taxes | 464 | 659 |

* Tax demands are raised mainly on assessments on account of short deduction of Tax at Source, Transfer Pricing adjustment and certain disallowances which are disputed in Appeals before Appellate Authorities and management is of the opinion that all these matters will be decided in its favour, hence no provisions are considered necessary at this stage.

26. CAPITAL COMMITMENTS

- Estimated amount of contracts remaining to be executed on capital account (Net of Advances) ₹/millions 298 (92).
- Other Commitments towards program rights and license fees for live future broadcasting and for non live / tape events ₹/millions 20,577 (12,499).

Notes

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27. Exceptional items of ₹/millions Nil (197) represents profit on sale of Non-Current investments (net).

28. Erstwhile ETC Networks Limited (ETC since merged) had taken over running business of Entertainment Television Network Limited during the year 1999-2000 along with the benefits of contracts, agreements and approvals under which business is carried on and certain approvals are yet to be transferred / obtained in the name of erstwhile ETC or in the name of the Company.

29. 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.

30. RELATED PARTY DISCLOSURE

(i) List of Parties where control exists

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

(ii) a. Associate Companies

| Name of the Associate | Extent of Holdings | Country of Incorporation |
|-----------------------|--------------------|--------------------------|
| Aplab Limited | 26.42% | India |

b. Joint Venture

| Name of the Joint Venture | Extent of Holdings | Country of Incorporation |
|--|--------------------|--------------------------|
| Media Pro Enterprise India Private Limited | 50.00% | 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, Agrani Wireless Services Limited, Asian Sky Shop Limited, Cyquator Media Services Private Limited, Churu Trading Company Private Limited, Dakshin Media Gaming Solutions Private Limited, Diligent Media Corporation Limited, Dish TV India Limited, E-City Bioscope Entertainment Private Limited, E-City Entertainment (India) Private Limited*, E-City Films (India) Private Limited*, E-City Property Management Services Private Limited*, E-Cool Gaming Solutions Private Limited, Essel Corporate Resources Private Limited, Essel International Limited, Essel Propack Limited, Essel Shyam Communication Private Limited, Essel Sports Private Limited, Fun Multiplex Private Limited*, ITZ Cash Card Limited*, ITZ Trade Exchange Limited*, Jay Properties Private Limited, New Media Broadcasting Private Limited, Pan India Network Infravest Private Limited, Pan India Network Limited, Pan India Paryatan Private Limited*, Procall Private Limited, Rama Associates Limited, Real Media FZ-LLC, Siti Energy Limited*, Smart Wireless Private Limited, TALEEM Research Foundation, Turner International Private Limited, Veria International Limited, Wire and Wireless (India) Limited, Zee Akaash News Private Limited, Zee Learn Limited, Zee News Limited.

* Not a related party during the current year.

Directors/ Key Management Personnel

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

Notes

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Transactions during the year with Related Parties

| | ₹ millions | |
|--|------------|-------|
| | 2012 | 2011 |
| A) Non-Current Investments as at 31 March | | |
| Associates | 50 | 48 |
| Other Related Parties | 2 | 2 |
| B) Trade Receivables as at 31 March | | |
| Joint Venture | 1,726 | - |
| Other Related Parties | 1,335 | 680 |
| C) Loans, Advances and Deposits Given as at 31 March | | |
| Joint Venture | 12 | - |
| Other Related Parties | 49 | 62 |
| D) Trade Payables as at 31 March | | |
| Associates {(₹ Nil) ₹ 74,000 } | - | 0 |
| Other Related Parties | 511 | 606 |
| E) Loans, Advances and Deposits Received as at 31 March | | |
| Other Related Parties {₹ 247,256 (₹ Nil) } | 0 | - |
| F) Revenue from Operations | | |
| Operating Revenue (net) | | |
| Subscription Revenue | | |
| Joint Venture | 4,291 | - |
| Other Related Parties | 917 | 791 |
| Advertisement Income (net) | | |
| Other Related Parties | 60 | 72 |
| Commission received | | |
| Other Related Parties | 13 | 162 |
| G) Other Income | | |
| Dividend received | | |
| Other Related Parties | 1 | 1 |
| Interest received | | |
| Other Related Parties | - | 13 |
| Rent/Miscellaneous Income | | |
| Joint Venture | 3 | - |
| Other Related Parties | 62 | 58 |
| Balances Written Back | | |
| Other Related Parties | - | 2 |
| Sale of Investments | | |
| Other Related Parties {(₹ Nil) ₹ 100,000 } | - | 0 |
| Sale of Fixed Assets | | |
| Joint Venture | 9 | - |
| H) Share of Profit in Associates (PY ₹ 219,000) | 2 | 0 |
| I) Purchase of Programs, Goods and Services | | |
| Other Related Parties | 1,389 | 1,439 |

Notes

forming part of the Consolidated Financial Statements

| | ₹ millions | |
|--|------------|-------|
| | 2012 | 2011 |
| J) Other Expenses | | |
| Remuneration and Consultancy fees paid | | |
| Key Management Personnel | 59 | 42 |
| Commission paid | | |
| Joint Venture | 8 | - |
| K) Loans, Advances and Deposits given | | |
| Joint Venture | 12 | - |
| Other Related Parties | 180 | 37 |
| L) Purchase of Fixed Assets/CWIP/Capital Advances | | |
| Associates {(₹ Nil) ₹ 152,000} | - | 0 |
| Other Related Parties | 2 | - |
| M) Loans and Advances repayment received | | |
| Other Related Parties | 166 | 381 |
| N) Corporate Guarantees given | | |
| Subsidiaries | 2,946 | 2,439 |
| Other Related Parties | 1,727 | 4,114 |

* Transactions with joint venture has been reported at full value.

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

- Purchase of Fixed Assets from Aplab Limited ₹/millions Nil (0), Dish TV India Limited ₹/millions 2 (Nil). Sale of fixed assets includes assets sold to Media Pro Enterprise India Private Limited ₹/millions 9 (Nil).
- Share of Profit/(Loss) in associates includes from Aplab Limited ₹/millions 2 (0).
- Revenue from Operations include to Dish TV India Limited ₹/millions 821 (662), Wire and Wireless (India) Limited ₹/millions 69 (76), Zee News Limited ₹/millions 26 (49), Media Pro Enterprise India Private Limited ₹/millions 4,292 (Nil). Advertisement Income include to Zee Akash News Private Limited ₹/millions Nil (3), Dish TV India Limited ₹/millions 58 (68). Commission Received from Zee News Limited ₹/millions 13 (59), Turner International Private Limited ₹/millions Nil (103).
- Purchase of Programmes, Goods and Services include from Turner International Private Limited ₹/millions Nil (666), Wire and Wireless (India) Limited ₹/millions 173 (185), Real Media FZ-LLC ₹/millions Nil (257), Essel Corporate Resources Private Limited ₹/millions 219 (174), Zee News Limited ₹/millions 863 (Nil).
- Managerial remuneration paid to Key Management Personnel Mr. Subhash Chandra ₹/millions 4 (4) and to Mr. Puneet Goenka ₹/millions 55 (38).
- Other Income Include, Dividend received from Essel Propack Limited ₹/millions 1 (1). Interest Received From Wire and Wireless (India) Limited ₹/millions Nil (13). Rent/Miscellaneous Income from Dish TV India Limited ₹/millions 28 (25), Zee News Limited ₹/millions 25 (22), Media Pro Enterprise India Private Limited ₹/millions 3 (Nil). Balances Written Back of Agrani Convergence Limited ₹/millions Nil (2). Sale of Investment to Buddha Films Limited ₹/millions Nil (0).
- Loans, Advances and deposits given includes Churu Trading Company Private Limited ₹/millions Nil (0), Zee News Limited ₹/millions Nil (21), Wire and Wireless (India) Limited ₹/millions 0 (14); Real Media FZ-LLC ₹/millions 134 (Nil), Essel Corporate Resources Private Limited ₹/millions 45 (Nil), Media Pro Enterprise India Private limited ₹/millions 12 (Nil).

Notes

forming part of the Consolidated Financial Statements

- h. Loans , Advances and deposits repayment received includes, Churu Trading Company Private Limited ₹/millions Nil (0), Wire and Wireless (India) Limited ₹/millions Nil (113), TALEEM Research Foundation ₹/millions Nil (199) , Jay Properties Private Limited ₹/millions Nil (66), Real Media FZ-LLC ₹/millions 107 (Nil), Cyquator Media Services Private Limited ₹/millions 35 (Nil), Zee News Limited ₹/millions 21 (Nil).
 - i. Balance of loans, advances and deposits given includes Zee News Limited ₹/millions Nil (21) , Cyquator Media Services Private Limited ₹/millions Nil (36), Essel Corporate Resources Private Limited ₹/millions 45 (Nil), Media Pro Enterprise India Private Limited ₹/millions 12 (Nil).
 - j. Loans, advances and deposits received includes, Real Media FZ-LLC ₹/million 0 (Nil).
 - k. Investments at year end includes investment in equity of Essel Propack Limited ₹/millions 2 (2).
 - l. Trade Receivables balances outstanding include receivable from Dish TV India Limited ₹/millions 314 (378), Wire and Wireless (India) Limited ₹/millions 23 (172), Media Pro Enterprise India Private Limited ₹/millions 1,726 (Nil), Veria International Limited ₹/millions 908 (Nil).
 - m. Trade Payables balances include amount due to Zee News Limited ₹/millions 366 (84), Turner International Private Limited ₹/millions Nil (367), Aplab Limited ₹/millions Nil (0), Dish TV India Limited ₹/millions 68 (Nil).
 - n. Corporate Guarantee includes Dish TV India Limited ₹/millions 1,469 (3,899), Wire and Wireless (India) Limited ₹/millions 229 (188) and Taj TV Limited ₹/millions 2,946 (2,439).
- “0” (Zero) denotes amounts less than a million.

31. SEGMENT INFORMATION

(a) Business Segment

The Group operates only in one Segment namely ‘Content and Broadcasting’ and hence business segment disclosure as per AS-17 (Segment Reporting) are not applicable.

(b) Revenue from Geographical Market

The geographical segments considered for disclosure are India and Rest of World.
The revenues are attributable to countries based on location of customers.

| | | ₹ millions | |
|---------------|--|------------|--------|
| | | Revenues | |
| | | 2012 | 2011 |
| India | | 18,981 | 19,323 |
| Rest of World | | 11,424 | 10,765 |

Notes

forming part of the Consolidated Financial Statements

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

₹ millions

| | Segment Assets | | Capital Expenditures | |
|---------------|----------------|--------|----------------------|------|
| | 2012 | 2011 | 2012 | 2011 |
| India | 25,488 | 23,125 | 714 | 339 |
| Rest of World | 16,164 | 15,225 | 329 | 589 |

32. PAYMENTS TO AUDITOR

₹ millions

For Standalone

| | 2012 | 2011 |
|---|-----------|----------|
| Audit fees | 6 | 6 |
| Tax Audit Fees | 1 | 1 |
| Certification and tax representation | 3 | 1 |
| Other matters | 1 | - |
| Reimbursement of expenses {₹ 1,90,000 (₹108,585)} | 0 | 0 |
| TOTAL | 11 | 8 |

₹ millions

For Subsidiaries and Joint Venture

| | 2012 | 2011 |
|-----------------------------------|-----------|-----------|
| Audit fees | 13 | 13 |
| Tax and other Consultancy matters | 2 | 2 |
| TOTAL | 15 | 15 |

Notes

forming part of the Consolidated Financial Statements

33. EARNING PER SHARE (EPS)

| | ₹ millions | |
|---|-------------|-------------|
| | 2012 | 2011 |
| a. Profit after Tax after Exceptional Item (₹/millions) | 5,891 | 6,369 |
| Less: Profit on sale of Investments - Exceptional item | - | 197 |
| Add: Tax on Exceptional item | - | 22 |
| b. Profit after Tax before Exceptional Item (₹/millions) | 5,891 | 6,194 |
| c. Profit after Tax after Exceptional Item for Diluted EPS (₹/millions) | 5,891 | 6,369 |
| d. Profit after Tax before Exceptional Item for Diluted EPS (₹/millions) | 5,891 | 6,195 |
| e. Weighted Average number of equity shares for Basic EPS (Nos.) | 969,418,180 | 978,076,130 |
| Add: Weighted Average outstanding options deemed to be issued for no consideration (Nos.) | - | 685,596 |
| f. Weighted Average number of equity shares for Diluted EPS (Nos.) | 969,418,180 | 978,761,726 |
| Nominal value of equity shares (₹) | 1 | 1 |
| g. Basic EPS before Exceptional Item (₹) | 6.08 | 6.33 |
| h. Basic EPS after Exceptional Item (₹) | 6.08 | 6.51 |
| i. Diluted EPS before Exceptional Item (₹) | 6.08 | 6.33 |
| j. Diluted EPS after Exceptional Item (₹) | 6.08 | 6.51 |

Financial HIGHLIGHTS

As on March 31, 2012

INDIAN SUBSIDIARIES

Particulars

| | ₹ millions | | | | |
|--|--------------------|--------------------|--------------------------------------|-----------------------------|---------------------------------|
| | Zee Turner Limited | Zee Sports Limited | Taj Television India Private Limited | ITM Digital Private Limited | India Webportal Private Limited |
| Summary Balance Sheet | | | | | |
| Share Capital | 1 | 1 | 1 | 10 | 223 |
| Reserve & Surplus | (39) | (46) | 126 | (3) | (272) |
| Total Assets | 1,244 | 10 | 1,095 | 7 | 72 |
| Total Liabilities | 1,282 | 55 | 968 | 0 | 121 |
| Investments (excluding subsidiaries) | - | - | - | - | - |
| Summary Profit & Loss Account | | | | | |
| Total Income | 1,219 | - | 368 | 0 | 23 |
| Profit Before Tax | 349 | (1) | 23 | (1) | (204) |
| Provision for Tax | (95) | - | 7 | - | - |
| Profit after Tax | 444 | (1) | 16 | (1) | (204) |
| Proposed Dividend | - | - | - | - | - |

As on March 31, 2012

[illegible]

NOTES

NOTES



Zee Entertainment Enterprises Limited

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

ATTENDANCE SLIP

30th Annual General Meeting

I hereby record my presence at the 30th Annual General Meeting of the Company at 'The Hall of Culture', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018 on Friday, July 20, 2012 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

30th 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 30th Annual General Meeting of the Company to be held on Friday, July 20, 2012 at 11.00 a.m. at 'The Hall of Culture', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018 and at any adjournment(s) thereof, if any.

Signed this _____ day of _____, 2012.

Signature of Shareholder/Proxy

Folio No. _____

DP ID No. _____

Client ID No. _____

No. of Shares _____

Affix ₹ 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

Zee Studio (News)
Filmcity 19,
Sector 16 - A,
Noida - 201301

Tel 0120 2511064
Fax 0120 2515240

Kolkata

5 A/1 & 5 A/2, 5th Floor,
Park Plaza, 71 Park Street,
Kolkata - 700016.

Tel 033 22275458 / 5459
Fax 033 22275463

Hyderabad

6-2-929 DB Enclave,
Raj Bhavan Road,
Khairatabad, Hyderabad – 500004

Tel 040 23391648 / 23320170
Fax 040 23320164

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 – 560 052

Tel 080 22373183 / 86
Fax 080 22373180

Pune

Girijashankar Bungalow
Next to Girijashankar Apartments
562/4 Shivajinagar Gaothan
Near Congress Bhavan
Pune – 411005

Tel 020 25532049
Fax 020 25532049

Chandigarh

Zee News
DARA Studio
Ph-6, Mohali,
Chandigarh, Punjab – 160055

Tel 0172 2260095/ 2270366
Fax 0172 223822

INTERNATIONAL OFFICES

USA

Zee TV USA, Inc.
P.O. Box 569,
West New York,
NJ 07093. USA

Tel +16467459000

United Kingdom

Asia TV Limited
Hygeia Building, 3rd Floor
66/68 College Road,
Harrow, HA1 1BE

Tel +44 020 88394000
Fax +44 020 8841 9550

South Africa

1st Floor, 109 Atrium Terraces,
272 Oak Avenue, Ferndale,
Randburg, South Africa.

Tel +27 117813352
Fax +27 117813347

Mauritius

2nd Floor, Ebene House, 33,
Cybercity Ebene, Mauritius,

Tel +230 4642222 / 6666
Fax +230 4644040

China

Room 1610, Southern Securities Building,
#148 Ti Yu Rd East, Tianhe District,
Guangzhou, Guangdong,
PRC. PC: 510620

ZEE General Line +86 2038931510

Malaysia

Level 16, 1 Sentral Jalan,
Stesen Sentral 5,
KL Sentral 50470,
Kuala Lumpur, Malaysia.

Tel +603 20929297
Fax +603 20929201

Singapore

Expand Fast Holdings
(Singapore Pte Ltd)
500, Rifle Range Road,
01-09 Bukit Timah Satellite,
Earth Station, Singapore – 588397

Tel +65 64652406
Fax +65 64668837

UAE

Taj TV Ltd.
Dubai Mediacity,
Dubai UAE,
PO Box No. 502018

Tel +971 43919500

Russia Moscow

OOOZee CIS
115419, Moscow Street
Ordzonikidze, Building 11
Stroniy 11, Office 903

Tel + 74959551886
Fax + 74959551883

REPRESENTATIVE OFFICE

Hong Kong

APAC Media Ventures Limited
Suite 605, 6/F,
China Insurance Group Building,
141 Des Voeux Road Central,
Central Hong Kong.

Tel +61 405686020

OTHER OFFICES

Broadcast Operations

Filmcity 18, Sector 16A
Noida – 201301

Tel 0120 2511064
Fax 0120 2515240

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
www.zeetelevision.com

REGISTERED & CORPORATE OFFICE

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

Tel. +91 22 6697 1234