



Poised for the next leap

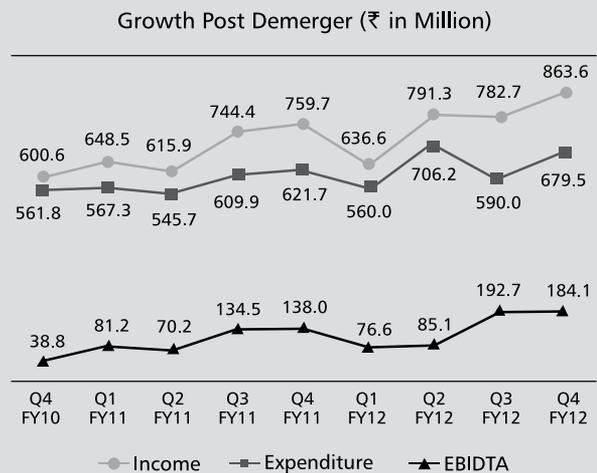
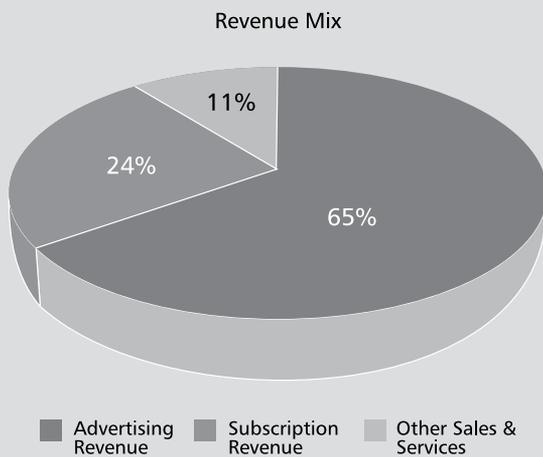


Contents

| | |
|--|----|
| Operational Highlights | 01 |
| Message from the Chairman | 02 |
| Session with the Managing Director | 04 |
| Corporate Information | 06 |
| Notice | 07 |
| Directors' Report | 09 |
| Financial Highlights of Subsidiary Company | 12 |
| Corporate Governance Report | 13 |
| Management Discussion & Analysis | 24 |
| Certification on Financial Statements | 32 |
| Standalone Financial Statements | 33 |
| Performance Ratios and Analysis | 58 |
| Consolidated Financial Statements | 61 |

OPERATIONAL HIGHLIGHTS

Zee News Ltd. continued to be Nation's Largest News Organization and No. 1 in Time Spent Per Viewer in 8 Metros*



- ▲ Efficient network operations coupled with innovative revenue streams led to EBITDA growing by 25.8% at ₹533.5 million from last year's ₹424 million.
- ▲ The existing news channels Zee News, Zee Business, Zee 24 Taas, 24 Ghanta and Zee Punjabi revenue grew by 13.3% to ₹2,940.4 million
- ▲ The new businesses losses have come down to ₹227.4 million from the last year's ₹442.7 million. Zee Tamil has been discontinued.
- ▲ In an environment where news genre advertisement revenues were flat for the industry, advertising revenues for your Company grew by 2.2% to ₹2,004.6 million for the year ended March 31, 2012, despite discontinuance of Zee Tamil.
- ▲ *Zee News Ltd. continued to be nation's largest news organization and also was no. 1 in Time Spent Per Viewer in the 8 metros for the year in the core news viewers (Source: TAM, CS 25+ M ABC, FY 2011-12, 8 metros).
- ▲ The flagship channel Zee News stuck to its content strategy of concentrating on concerns related to the common man through non-frivolous news. It was no. 2 in terms of Time Spent Per Viewer in 8 metros (Source: TAM, CS 15+, FY 2011-12, 8 metros).
- ▲ Zee Business powered on with emphasis on stock market hours and presenting actionable information to the retail investors and SMEs. It was no. 2 in terms of reach in key business viewers (Source: TAM, CS 25+ M ABC, FY 2011-12, HSM).
- ▲ Your Company's Bengali news offering, 24 Ghanta recovered its leadership during the second half of the year bouncing back after it had lost the top spot post state elections and change of government (Source: TAM, CS 25+ M AB, Oct 2011 to Mar 2012, WB).
- ▲ The Marathi news channel, Zee 24 Taas was extremely popular in Mumbai and was no. 2 channel reaching out to about 3.5 million viewers (Source: TAM, CS 15+, FY 2011-12, Mumbai).
- ▲ Amongst the newly launched channels, Zee News Uttarakhand & Uttar Pradesh continued its leadership in the Hindi heartland (Source: TAM, CS 15+, FY 2011-12, UP).
- ▲ Zee 24 Gantalu and Zee Punjabi executed various events like Spoorthi (Woman Entrepreneur Awards) and Anhad Samman (Ananya Samman) respectively to honour the key contributors to the social and economical progress of these states.
- ▲ Your Company now has more options for the new age news consumer. Regional websites for Zee 24 Taas and 24 Ghanta were launched in addition to the launch of the Hindi website. Zeenews.com is the fastest growing news website as per ComScore Direct and Google Analytics.

MESSAGE FROM THE CHAIRMAN

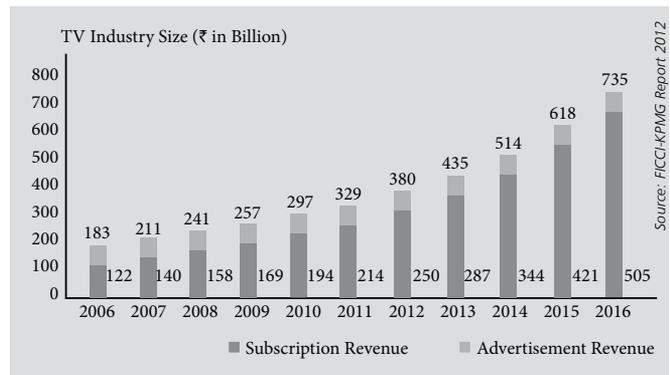


Dear Shareholders,

The year gone by proved to be a testing year for economies across the globe including India. Despite a number of global challenges and high inflation in domestic economy, India did well in recording a GDP growth of 6.5% in fiscal year 2011-12 (FY12). In an adverse year that witnessed continued tightening of liquidity, increase in interest rates and sharp depreciation of Indian rupee against US Dollar, this growth, is a clear reflection of the sound inherent fundamentals of our economy.

Media & Entertainment sector

Indian media and entertainment (M&E) sector has made rapid strides over the recent years. Traditional media of television and print have continued to strengthen their reach and revenue. All along, new media like online, mobile and gaming have also continued to accelerate their expansion in terms of revenues and reach. As a result, Indian M&E sector has achieved a compounded annual growth rate (CAGR) of 9.1% between 2007 and 2011. Going forward, it is estimated to grow at a CAGR of 14.9% between 2011 and 2016 according to FICCI-KPMG Indian Media and Entertainment Industry Report 2012. The study estimates Indian television industry to have grown to ₹ 329.0 Billion in 2011, registering an increase of 10.8% over ₹ 297.0 Billion recorded in 2010.



Digitization in television

Indian television industry appears to be headed towards absolute digitization now. This much awaited step has potential to transform the entire television landscape completely. Better viewing experience, choice of what channel to subscribe to, transmission of more channels to households, etc. are going to benefit the consumers immensely.

What is of greater significance is the addressability that digitization will induce in television ecosystem. Addressability will bring about significant results for the Broadcaster like our Company. Digitization would contribute towards expansion in subscription revenues considerably for paid channels by plugging in the leakages.

Poised for the next leap

Our focus on ensuring current deliverables has kept us in good stead. We have weathered the recessionary pressure of 2008-09 and its aftershocks pretty well. With digitization enhancing our business spectrum, we are going to leverage our strong fundamentals towards accelerated growth. At Zee News, we are poised for our next leap.

Zee News Ltd. in FY12

At Zee News Ltd., we continued to stay focused on our long-term differentiators and growth drivers in the year gone by. Staying focused on news that matters and thoughts that enable work like a lighthouse for us and differentiate us from those who package entertainment or resort to manufacturing sensational news. Our commitment to deliver shareholders value by seeking profitable growth has kept us in good stead once again. Our operating revenues have reached to ₹ 3072.2 Million in FY12,. Profitability has always brought greater significance to our growth. The fact that we have recorded an impressive 51.4% growth in our Net Profit Before Tax, taking it to ₹ 470.3 Million in FY12 from ₹ 310.7 Million in FY 11, testifies our operational excellence and resolve to improve current deliverables.

Encouraging performances like these, that too in difficult economic environment, further strengthens our belief in 'Viewer First' approach. Keeping in line with our philosophy, April 2012 onwards we have reduced our inventory significantly to live up to the consumers interest. It is a strategic decision which should pay rich dividend in the digitized era. Such initiatives help us foster deeper engagements with our viewers and in turn enable us to deliver quality returns to our advertisers.

Our winning strategy comprises:

- i. Increased efficiency through rationalization of cost
- ii. Focus on innovation
- iii. Focus on subscription revenue
- iv. Leveraging the growing viewership of our channels
- v. Leveraging network operation to rationalize cost as well as maximize revenue
- vi. Judicious expansion

These are our solid growth foundations for future and we remain committed in further strengthening them.

Staying together

Business ethics and transparency, a culture of collaborative growth and meritocracy, a fertile workplace that fosters innovation, and a goodwill pool that can never be compromised for anything; these form pillars of our citadel. I take this opportunity to thank all our viewers and advertisers, investors and shareholders, producers and distributors for their continued trust and patronage. I congratulate everyone in the management and staff of Zee News for their valued contributions.

As the Indian television industry steps into an era of phased digitization, I beckon each one of our stakeholders for continuance of their trust and patronage. Together we have grown so far, together we will grow much bigger!

Best regards,

SUBHASH CHANDRA
Chairman

SESSION WITH THE MANAGING DIRECTOR



PUNIT GOENKA
Managing Director

How do you view the performance of Zee News in fiscal year 2011-12?

The year gone by was a very difficult year for our economy and its various constituents including Indian Media & Entertainment sector. Indian television sector's growth is estimated to have moderated to 10.8% in calendar year 2011 as per FICCI-KPMG Indian Media and Entertainment Industry Report 2012.

These facts set the background to review our performance. Staying focused on pursuing qualitative and sustained growth, our consolidated revenues stood at ₹ 3,072.2 Million in FY 12. Our 2 new channels reduced their EBITDA losses despite testing macro-economic environment.

At overall levels, we grew our consolidated net profit before tax by 51.4% to take it to ₹ 470.3 Million in the year under review, up from ₹ 310.7 Million in the previous year. Managing to arrest the increase in operating expenditure to 8.3% and a sharp reduction of over 15.2% in financial expenses remain the high points of operational excellence for the year.

What were the high points of operations during the year?

Continued success and growth of our Company can be attributed to our resolve to serve our viewers with news that makes sense over news that sensationalizes. With five states undergoing poll in the year under review, our news channels played an active role in encouraging voters to participate in electoral process and make right choices in their respective constituencies. Our initiative Apka Vote Apki Taqat, which has been supported and appreciated by Election Commission of India, played a critical role in this regard. We also continued to honour outstanding

achievers from different walks of life through programmes like Ananya Samman, Krishi Samman, and Hunt for India's Smart Investor.

Above initiatives translated into rich gains in competitive standing of our news channels. As a pure-play news company, Zee News Limited reaffirmed its leadership position by remaining No.1 news network in India in terms of time spent per viewer in HSM as per TAM.

How do you view proposed digitization of television content distribution and what impact will it have on the business of Zee News?

The emergence of private broadcasters in India, some three decades ago, was a breakthrough event in the history of independent India. Since then, television has made significant contribution in shaping up generations in this country. If India has emerged as a leading economic force on the world map, television has helped in preparing the young India as a discerned mass – by exposing them to global lifestyles, work ethics, evolved modern mindset and so on. I view television as a big social reformer in India.

Digitization, to me, is the beginning of a new era for Indian television, wherein it will transform itself. This move will help the industry discover an organized and transparent way of working in an integrated ecosystem. All the key stakeholders – customers, broadcasters, aggregators, distributors and exchequer – will benefit from it immensely.

ZNL has always maintained its focus on multiple revenue sources. And now it is expected that digitization shall translate into growth multiplier in subscription revenues. This, in turn shall strengthen our financial position further and enable us to pursue newer avenues of growth, organic as well as inorganic. With all the genres and channels being available equally, content differentiation would be the king. This opens up manifold expansion options in regional news as well as special interest channels.

How does the course of future appear for Zee News?

We have weathered a long stormy phase from FY 09 to FY12 very well. Toughness in the environment appears to be bottoming out somewhere at these levels. Opportunity landscape over the coming 4-5 years is ripe with tremendous potential; given the possible improvements in economic activities, digitization of television content distribution and consolidation in the news space and so on.

At Zee News, we have built a solid growth framework in the 7 news channels across mainstream and business news, across Hindi and also four regional languages. A vast network of physical and human asset stands tested and ready for accelerated growth. I am reasonably certain of delivering much more to our stakeholder in the coming 5-7 years with an enhanced share of viewership, revenues and profitability amongst our peers.

Despite adversities like highly fragmented television news segment, prolonged challenged macro-economic environment and intense competition; we have delivered consistent performance. We are ready to leverage digitization and are poised to take our next leap.

CORPORATE INFORMATION

BOARD OF DIRECTORS

| | |
|------------------------|--------------------------------------|
| Subhash Chandra | : Chairman |
| Naresh Kumar Bajaj | : Non-Executive Independent Director |
| Kancharana Upendra Rao | : Non-Executive Independent Director |
| Vinod Bakshi | : Non-Executive Independent Director |
| Punit Goenka | : Managing Director |

SENIOR MANAGEMENT

| | |
|------------------|---|
| Barun Das | : Chief Executive Officer |
| Amit Tripathi | : Executive Vice President (Sales) |
| Dinesh Garg | : Chief Financial Officer |
| Y. P. Singh | : Sr. Vice President (Technical) |
| Pradeep Gulati | : Sr. Vice President (H. R.) |
| Rohit Kumar | : Dy. Vice President (Marketing Zee News) |
| Raktimanu Das | : Business Head (Zee Business) |
| Uday Nirgudkar | : Head Operations & Editorial (24 Taas) |
| Rakesh Khar | : Head Research & Consulting Editor |
| Pushpal Sanghavi | : Company Secretary |

AUDITORS

MGB & Co, Chartered Accountants

BANKERS

State Bank of India
BNP Paribas
ICICI Bank Ltd.

OFFICES

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

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

Zee 24 Gantalu
6-2-935/2, Savitri Nilayam
Khairtabad
Hyderabad - 500 004
Andhra Pradesh

Zee 24 Taas
4th Floor "B" Wing
Madhu Industrial Estate
Pandurang Budhkar Marg
Worli, Mumbai - 400 013
Maharashtra

NOTICE

Notice is hereby given that the 13th Annual General Meeting of the Members of **Zee News Limited** will be held on Thursday, July 19, 2012 at 11.00 a.m. at The Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited Statement of Profit and Loss of the Company for the year ended on March 31, 2012 and the Balance Sheet as at that date, on a standalone and consolidated basis, together with the report of the Auditors' and Directors' thereon.
2. To appoint a Director in place of Mr. Vinod Bakshi, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint M/s MGB & Co., Chartered Accountants, having Firm Registration No. 101169W, as the Statutory Auditors of the Company to hold office from the conclusion of this meeting until conclusion of the next Annual General Meeting, at a remuneration to be determined by the Board of Directors of the Company.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass the following resolution, with or without modification(s), as a **Special Resolution**:

"Resolved that pursuant to the provisions of Sections 198, 309 and other applicable provisions, if any, of the Companies Act, 1956 ('the Act'), the Non Executive Directors of the Company be paid remuneration by way of Commission not exceeding 1% of net profits of the Company computed in accordance with the provisions of Sections 198(1) of the Act for a period of five years commencing from April 1, 2012, in addition to sitting fees for attending the meetings of Board and/or any Committee thereof, to be divided amongst the Non Executive Directors in such manner and subject to such criteria as the Board of Directors of the Company may determine from time to time."

By order of the Board

Place: Noida
Dated: May 16, 2012

Pushpal Sanghavi
Company Secretary

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

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies in order to be effective must be deposited with the Company not less than 48 hours before the commencement of the meeting.
2. Corporate members are requested to send to the Registered Office of the Company, a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the Annual General Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, July 7, 2012 to Friday, July 13, 2012 (both days inclusive) for the purpose of Annual General Meeting.
4. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Annual General meeting, is annexed
5. Queries on accounts and operations of the Company, if any, may be sent to the Company Secretary at the registered office, seven days in advance of the meeting so as to enable the management to keep the information ready at the meeting.
6. As required under Clause 49 of the Listing Agreement, relevant information in respect of the Director seeking re-appointment at the Annual General Meeting is given in the Report on Corporate Governance, which forms part of the Annual Report.
7. Recognizing the spirit of the Green Initiative in Corporate Governance initiated by the Ministry of Corporate Affairs, the Company proposes to send Annual report and other documents/notices to shareholders to the email address provided by Depositories. Shareholders are requested to register and /or update email address with the respective Depository Participant or the Company, to ensure that documents from the Company reach their preferred email address.
8. Members who are holding Company's shares in dematerialized mode are requested to bring details of their Beneficiary Account Number for identification.
9. Members are requested to register their email address and also notify immediately about any change in their address / email address / mandate / bank details to their Depository Participant in respect of their shareholding in

Demat mode and in respect of their physical shareholding to the Company's Registrar and Share Transfer Agent, M/s Sharepro Services (India) Pvt. Ltd., at 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai-400 072 and/or at 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai-400 021.

10. Under Section 109A of the Companies Act, 1956, members are entitled to make nomination in respect of shares held by them in physical mode. Members desirous of making nominations are requested to send their request in Form 2B, in duplicate (which will be made available on request) to the Company's Registrar and Share Transfer Agent at above addresses.

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

Item No. 4.

At the 8th Annual General Meeting held on July 31, 2007, the Members of the Company had approved a proposal for payment of Commission of upto 1% of Net Profits of the Company, to Non-Executive Directors of the Company for a period of 5 years commencing from April 1, 2007. The said approval of members expired on March 31, 2012. Though the earlier proposal was subject to approval by Central Government, in March 2011 Ministry of Corporate Affairs allowed payment of Commission to Non-Executive Directors in addition to Sitting fees, within the limits prescribed under Section 309(4) of the Companies Act, 1956, subject only to the approval of the shareholders.

Considering the need to attract independent professionals and adequately compensate Non-Executive Directors for their role and responsibilities in the Company and time devoted and contribution made in the affairs of the Company, your Board at its meeting held on May 16, 2012 has recommended payment of Commission to Non-Executive Directors for a period of five financial years commencing from Financial Year 2012-2013.

In compliance with Section 309(4) of the Companies Act, 1956, the aggregate amount of Commission payable to all Non Executive Directors of the Company during any financial year shall not exceed 1% of the net profits as computed under Sections 198 of the Companies Act, 1956.

Your Board recommends Resolution No. 4 for your approval by passing a Special Resolution pursuant to Section 309(4) of the Companies Act, 1956.

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

By order of the Board

Place: Noida
Dated: May 16, 2012

Pushpal Sanghavi
Company Secretary

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

DIRECTORS' REPORT

To the Members

Your Directors take pleasure in presenting the 13th Annual Report of your Company together with Audited Statement of Accounts for the year ended March 31, 2012.

FINANCIAL PERFORMANCE

The financial performance of standalone operations of your Company during the Financial Year 2011-12 is summarized in the following table:

| Particulars | (₹ in Millions) | |
|--|--------------------|-----------------|
| | For the year ended | |
| | March 31, 2012 | March 31, 2011 |
| Total revenues | 2,878.34 | 2,538.97 |
| Total expenses | 2,538.80 | 2,383.20 |
| Profit before tax and exceptional items | 339.54 | 155.77 |
| Exceptional items | (166.74) | - |
| Profit before tax | 172.80 | 155.77 |
| Provision for taxation | 110.80 | 57.97 |
| Profit after tax | 62.00 | 97.80 |
| Balance brought forward | 1,223.22 | 1,125.42 |
| Balance carried to balance sheet | 1,285.22 | 1,223.22 |

DIVIDEND

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

OPERATIONS & STRATEGY

While there was general euphoria of growth in the media industry at the beginning of 2011-12, it began to die down as the year progressed. Eventually, the second half was a sluggish period wherein the advertisement spends by the corporate tapered significantly in addition to the margins taking a hit for the media industry in general. However, your Company like the previous slowdown period, not only swam strongly against the tide, but also emerged as one of the most successful television news operators in the country.

Several Network leveraged properties led to healthy advertisement revenues as well as marketing impact for the company. Ananya Samman, your Company's endeavour to honour the real heroes of our country has been executed across the length and breadth of the nation. The brand has been extended to honour Doctors through Swasth Bharat Samman, Industrialists through Udyami Samman in Uttar Pradesh and Andhra Pradesh and Farmers through Agri Awards. Over 100 odd revenue generating events were conducted to connect with viewers and enhance brand imagery.

The Network through its focus on rational and serious news ensured that it had the highest Time Spent Per Viewer in the 8 metros for the year in the core news viewers segment (Source: TAM, CS 25+M ABC, FY 2011-12, 8 metros).

The flagship channel, Zee News, stuck to its content strategy of concentrating on concerns related to the common man through non-frivolous news. It was No. 2 in terms of Time Spent Per Viewer in 8 metros (Source: TAM, CS 15+, FY 2011-12, 8 metros).

Zee Business powered on with emphasis on stock market hours and presenting actionable information to the retail investors and SMEs. It was No. 2 in terms of reach in key business viewers segment (Source: TAM, CS 25+M ABC, FY 2011-12, HSM).

Your Company's Bengali news offering, 24 Ghanta recovered its leadership during the second half of the year, bouncing back after it had lost the top spot post state elections and change of government (Source: TAM, CS 25+M AB, Oct 2011 to Mar 2012, WB).

The Marathi news channel, Zee 24 Taas, remained extremely popular in Mumbai and was No. 2 channel reaching about 3.5 Million viewers (Source: TAM, CS 15+, FY 2011-12, Mumbai).

Amongst the newly launched channels, Zee News Uttarakhand & Uttar Pradesh continued its leadership in the Hindi heartland (Source: TAM, CS 15+, FY 2011-12, UP).

Zee 24 Gantalu and Zee Punjabi executed various events like Spoothi (Woman Entrepreneur Awards) and Anhad Samman (Ananya Samman) respectively to honour the key contributors to the social and economical progress of these states.

Your Company now has comprehensive and more options for the new age news consumer. Zeenews.com – the mother site in English – was the fastest growing news website in India as per ComScore Direct and Google Analytics. Regional websites for Zee 24 Taas and 24 Ghanta were also launched during the year in addition to the inauguration of the Hindi website.

While the viewership performance has been impressive, the financials are encouraging too, as your Company follows strategy of leveraging Network strength to efficiently keep costs under check. The EBITDA grew from ₹265.4 Million to ₹402.5 Million, a significant growth of 52% year on year.

Overall, your Company has been growing on a year on year basis since demerger of the Regional General Entertainment Channels (R-GECs). As has been said before, the growth has come despite difficult market conditions and is significant considering the performance of the other Television News Networks.

PUBLIC DEPOSITS

During the year under review, your Company has not accepted or renewed any deposits within the meaning of Section 58A of

the Companies Act, 1956 and rules made there under.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) is a key part of your Company's business. Apart from it being a responsible member of the Fourth Estate, your Company also executes several initiatives throughout the year which benefit the society in general. In addition, there is significant amount of content which is devoted to helping the viewers through the programme Zee Helpline, wherein the Network ensures that the rights of the common man are protected and his queries are resolved by the administration.

Our flagship CSR initiative Ananya Samman truly turned national when it was executed in all our Network channels. It is a unique nationwide initiative to identify and honour unsung heroes, who silently contribute to our society. Another environmental campaign 'My Earth My Duty' was appreciated by none other than the United Nations. My Earth My Duty is one of the largest climate awareness campaigns wherein we planted trees across India. The nation's largest voter awareness initiative 'Apka Vote Apki Taqat' truly created an impact in the states where elections took place and was one of the factors leading to increased voter turnout.

Apart from these, your Company, as part of the Essel Group of Companies, has at a unified and centralized level, put in place a CSR policy. 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; Global Foundation for Civilizational Harmony, a body which aims to create a peaceful and harmonious society; and National Foundation of Communal Harmony, an autonomous organization set up by Ministry of Home Affairs.

EMPLOYEES STOCK OPTION SCHEME

Till date of this report your Company has not granted any Stock Option either to its employees or Directors under 'ZNL ESOP Scheme 2009' approved by the Members at the 10th Annual General Meeting held on August 18, 2009. In view of this, particulars as required under Clause 12 (Disclosure in the Directors' Report) of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, are Nil and Company has not obtained any certificate from the Statutory Auditors confirming implementation of the Employees Stock Option Scheme in accordance with SEBI guidelines and the resolution passed by the shareholders.

CORPORATE GOVERNANCE

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

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

DIRECTORS

Mr. Vinod Bakshi, Director, retires by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment. Your Board has recommended his re-appointment.

SUBSIDIARY COMPANY

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

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

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 and accordingly, the Annual Accounts of Zee Akaash News Private Limited for the financial year ended March 31, 2012 are not being attached with this Annual Report. Requisite financial highlights of the said subsidiary is annexed to this Report. The audited Annual Accounts and related information of the subsidiary will be made available, upon request or for inspection at the registered office, by any shareholder of the Company.

AUDITORS

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

The Company has received communication from the Statutory Auditors confirming that (i) their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956; (ii) that they are not disqualified for re-appointment 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 News & Current Affairs Channels in Hindi and various regional languages. Since this does not involve any manufacturing activity, most of the information required to be provided under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is not applicable.

However the information as applicable is given hereunder:

Conservation of Energy:

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

Technology Absorption:

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

Foreign Exchange Earnings and Outgo:

Particulars of foreign exchange earnings and outgo during the year are given in Note No. 37 to 39 of Note to the Financials Statements of the Company

PARTICULARS OF EMPLOYEES

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 copy of the same may write to the Company Secretary.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the Financial Statements for the year ended March 31, 2012, the applicable Accounting Standards have been followed and there are no material departures;
- (ii) they have selected such accounting policies in consultation with the Statutory Auditors and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for the financial year ended March 31, 2012;
- (iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) they have prepared the Annual Financial Statements on a going concern basis.

ACKNOWLEDGEMENTS

Your Board takes this opportunity to place on record its appreciation for the dedication and commitment of employees shown at all levels which have contributed to the success of your Company. Your Directors also express their gratitude for the valuable support and co-operation extended by various Governmental authorities, including Ministry of Information and Broadcasting, Department of Telecommunication and other stakeholders including bankers, financial institutions, viewers, vendors and service providers.

For and on behalf of the Board

Punit Goenka
Managing Director

Naresh Kumar Bajaj
Director

Place: Noida
Date : May 16, 2012

ANNEXURES TO DIRECTORS' REPORT

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

| No. | Name of the Subsidiary | Zee Akaash News Private Limited |
|-----|---|---------------------------------|
| 1 | The Financial year of the subsidiary company ended on | March 31, 2012 |
| 2 | Holding Company | Zee News Limited |
| 3 | Extent of holding Company's interest | 60% |
| 4 | Face value per equity shares | ₹10/- |
| 5 | No. of Equity shares held by the holding company | 2,399,982 |
| 6 | Net aggregate amount of profit/(loss) of the subsidiary so far as it concerns the members of the holding company and is dealt with in account of holding company: | |
| | i) For the financial year ended on March 31, 2012 | NIL |
| | ii) For the previous financial years of the subsidiaries since it became a subsidiary | NIL |
| 7 | Net aggregate amount of profit/(loss) of the subsidiary so far as it concerns the members of the holding company and is not dealt with in account of holding company: | |
| | i) For the financial year ended on March 31, 2012 (₹ in Millions) | 53.47 |
| | ii) For the previous financial years of the subsidiaries since it became a subsidiary (₹ in Millions) | 105.74 |

For and on behalf of the Board

Place: Noida
Date : May 16, 2012

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

FINANCIAL HIGHLIGHTS OF SUBSIDIARY COMPANY FOR THE YEAR ENDED MARCH 31, 2012

Name of the Subsidiary - Zee Akaash News Private Limited

| Particulars | Amount (₹ in Millions) |
|---|---------------------------|
| Summary Balance Sheet | |
| Share Capital | 40.00 |
| Reserves & Surplus | 275.03 |
| Total Assets | 408.31 |
| Total Liabilities | 93.28 |
| Investments (excluding subsidiaries) | - |
| Summary Statement of Profit & Loss | |
| Total Revenues | 361.94 |
| Profit before tax | 130.81 |
| Tax Expense | 41.70 |
| Profit after tax | 89.11 |
| Proposed Dividend | - |

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PHILOSOPHY

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

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

BOARD OF DIRECTORS

Composition & Category of Directors

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

Composition of the Board as on March 31, 2012

| Category of Directors | No of Directors | % to total No. of Directors |
|-------------------------------------|-----------------|-----------------------------|
| Executive Director | 1 | 20.00 |
| Non-Executive Independent Directors | 3 | 60.00 |
| Other Non-Executive Directors | 1 | 20.00 |
| Total | 5 | 100.00 |

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

BOARD MEETINGS AND PROCEDURE

During the financial year under review five (5) meetings of the Board of Directors were held on May 25, 2011, July 25, 2011, October 19, 2011, January 17, 2012 and March 27, 2012. In compliance with Clause 49 of the Listing Agreement, the gap between two Board meetings did not exceed four months.

Particulars of Directors, their attendance at the Annual General Meeting and Board Meetings held during the financial year 2011-12 and also their other directorships in Public Companies (excluding Foreign Companies and Section 25 Companies) & membership of Audit & Share Transfer Committees of other Companies at March 31, 2012 are as under:

| Name of Director | Attendance at | | No of Directorship in other public companies | | No of Committee positions held in other public companies | |
|---|----------------------------------|---------------------------|--|----------|--|----------|
| | Board Meeting (Total 5 Meetings) | 12th AGM held on 25.07.11 | Member | Chairman | Member | Chairman |
| Non-Executive Independent Director | | | | | | |
| Naresh Kumar Bajaj | 5 | Yes | 2 | 3 | 2 | 2 |
| Vinod Bakshi | 5 | Yes | 3 | - | 1 | - |
| K U Rao | 5 | Yes | - | - | - | - |
| Promoter Non-Executive Director | | | | | | |
| Subhash Chandra | 3 | No | 1 | 4 | - | - |
| Executive Director | | | | | | |
| Punit Goenka | 4 | Yes | 9 | - | 1 | - |

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

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

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

Mr. Vinod Bakshi is a Non-Executive Independent Board member of the Company. Mr Bakshi is an experienced professional with career spanning over 4 decades in domestic and overseas marketing, public relations, administration and image building holding senior positions in reputed organisations like Care India, Gabriel India Ltd., Escorts Ltd., Williamson & Magor group, Exide Industries Ltd., BBC etc. As BBC's Resident Director in India, he was responsible for supporting strategic directions, instilling operating standards to achieve goals, building talent and business infrastructure, as well as enhancing business growth and upholding and improving the image of BBC.

Apart from being professional, Mr. Bakshi is a painter of repute and member of Lalita Kala Academy and Central Film Censor Board

Apart from Company, Mr. Bakshi holds directorship in Essel Shyam Communication Limited, Moser Baer India Limited and Wire and Wireless (India) Limited.

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

CODE OF CONDUCT

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

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

Declaration

I confirm that the Company has obtained from all Directors and Senior Management of the Company their affirmation of compliance with the Code of Conduct for Members of the Board and Senior Management of the Company for the financial year ended March 31, 2012.

Punit Goenka
Managing Director
Noida, May 16, 2012

BOARD COMMITTEES

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

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

Audit Committee

Terms of reference

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

- Oversight of Company's financial reporting process and disclosure of its financial information.
- Review with the management, quarterly and annual financial statements.
- Review of related party transactions.
- Review Company's financial and risk management policies.
- Review with the management, external and internal auditors, adequacy of internal control systems.
- Review of financial statements, investments, minutes and related party transactions of subsidiary company.

- Recommend to the Board the appointment, re-appointment and removal of the statutory auditor and fixation of their remuneration.
- Discussion with statutory auditors about the nature and scope of audit as well as post audit discussion to ascertain any area of concern and internal control weaknesses observed by the statutory auditors.
- Discussion of Internal Audit Reports with internal auditors and significant findings and follow-up thereon and in particular internal control weaknesses.

Constitution

The Audit Committee currently comprises of three (3) Independent Directors and is chaired by Mr. Naresh Kumar Bajaj an Independent Director. During the year under review, Audit Committee met for five (5) times on April 14, 2011, May 24, 2011, July 25, 2011, October 19, 2011 and January 17, 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 financial year 2011-12 are as detailed hereunder:

| Name & Designation of Committee Member | Category | No. of meetings attended during the year under review |
|--|-----------------------------|---|
| Naresh Kumar Bajaj, Chairman | Non-Executive - Independent | 5 |
| Vinod Bakshi, Member | Non-Executive - Independent | 5 |
| K. U. Rao, Member | Non-Executive - Independent | 5 |

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

Remuneration Committee & Policy

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 Company's Employees Stock Option Scheme.

Constitution

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

During the year under review, Remuneration Committee met once, on March 27, 2012 and the said meeting was attended by all Members except Mr. Subhash Chandra.

Details of Remuneration Paid

During the year under review, no remuneration was paid to Mr. Punit Goenka, who was appointed as Managing Director of the Company on a contractual basis in terms of resolution passed by the shareholders at the 11th Annual General Meeting held on August 31, 2010 for a period of 3 years with effect from July 5, 2010 at Nil remuneration.

The Non-Executive Directors are paid sitting fee at the rate of ₹20,000 for attending each meetings of the Board and Committees thereof, other than Share Transfer & Investors Grievances Committee.

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

Based on various criterias including contribution made by each Non-Executive Directors, performance of the Company etc., within overall limits approved by the members and Central Government, the Board has approved a Commission of ₹250,000/- per Non-Executive Director on pro rata basis for the Financial Year 2011-12.

Particulars of sitting fees paid and commission payable to Non-Executive Directors of the Company for Financial Year 2011-12 is as under:

| Name of Director | Sitting Fees | Commission | Total |
|--------------------|----------------|------------------|------------------|
| Subhash Chandra | 60,000 | 250,000 | 310,000 |
| Naresh Kumar Bajaj | 200,000 | 250,000 | 450,000 |
| Vinod Bakshi | 220,000 | 250,000 | 470,000 |
| K.U.Rao | 220,000 | 250,000 | 470,000 |
| Total | 700,000 | 1,000,000 | 1,700,000 |

Share Transfer & Investor Grievance Committee

Terms of reference

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

Constitution

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

During the year under review the Committee met four (4) times on April 8, 2011, July 25, 2011, October 19, 2011 and January 17, 2012.

Details of number of 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 | 4 | 4 | - |
| Non-receipt of Annual Report | 3 | 3 | - |
| Letter from Stock Exchanges / SEBI | 1 | 1 | - |
| Total | 8 | 8 | - |

GENERAL BODY MEETINGS

The 13th Annual General Meeting of the Company for the Financial Year 2011-12 will be held on Thursday, the 19th day of July 2012 at 11.00 a.m. at The Hall of Harmony, 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 thereat are as follows:

| FY | Date and Time | Special Resolutions passed | Venue |
|---------|------------------------|--|---|
| 2010-11 | 25.07.2011 -11.00 a.m. | None | The Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai-400 018 |
| 2009-10 | 31.08.2010 -11.00 a.m. | Alteration of Articles of Association of Company | |
| 2008-09 | 18.08.2009 -3.00 p.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. Introduction and implementation of Employee Stock option Scheme Extension of Benefits of Company's ESOP Scheme to Employees/ Directors of Subsidiary and/ or holding companies of the Company Alteration of Articles of Association of Company | Nehru Centre, Nehru Auditorium, Dr. Annie Besant Road, Worli, Mumbai-400 018. |

All the above resolutions were passed with requisite majority.

No ordinary or special resolutions were passed through Postal Ballot during the Financial Year 2011-12. None of the resolution(s) proposed at the ensuing Annual General Meeting needs to be passed by Postal Ballot.

DISCLOSURES

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

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

COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

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

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

Chairman's Office – A Chairman's office with requisite facilities is provided at the corporate office at Noida and maintained at the Company's expenses 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 shares of the Company are listed. Such information is also simultaneously displayed on the Company's website www.zeenews.com. The financial results, quarterly, half yearly and annual results and other statutory information were communicated to the shareholders by way of advertisement in a English newspaper 'Daily News & Analysis (DNA)' and in a vernacular language newspapers 'Punya Nagari (Marathi)' as per the requirements of the Stock Exchanges and requisite information are filed with Stock Exchange(s) in compliance with the Listing Agreement(s). 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 news releases and presentation made to institutional investors or to the analysts, if any, are displayed on Company's website www.zeenews.com.

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

GENERAL SHAREHOLDER INFORMATION

The required information is provided in Shareholders Information Section.



AUDITORS' CERTIFICATE

To
The Members
Zee News Limited

We have examined the compliance of conditions of Corporate Governance by **Zee News Limited** ('the Company'), for the year ended March 31, 2012 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the 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
Firm Registration No. 101169W
Chartered Accountants

Lalit Kumar Jain
Partner
Membership No. 72664
Noida, May 16, 2012

SHAREHOLDERS' INFORMATION

- | | | |
|----|--|--|
| 1 | Date, Time and Venue of Shareholder's Meeting | <p>Meeting : Annual General Meeting Day & Date: Thursday, July 19, 2012 Time : 11.00 a.m. Venue : The Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Besant Road, Worli, Mumbai 400 018</p> |
| 2 | Financial Year | April 1, 2011 to March 31, 2012 |
| 3 | Date of Book Closure | <p>Saturday, July 7, 2012 to Friday, July 13, 2012 (both days inclusive)</p> |
| 4 | Registered Office | <p>Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai-400 018, India Tel: +91-22-2483 1234 Fax: +91-22-2490 0302/ 2495 5974 Website : www.zeenews.com</p> |
| 5 | Corporate Office | <p>Essel Studio, FC-19, Sector 16A, NOIDA 201 301, Uttar Pradesh, India Tel: 0120 251 1064 Fax: 0120 251 5381/82</p> |
| 6 | Listing on Stock Exchanges | <p>Bombay Stock Exchange Limited (BSE) National Stock Exchange of India Limited (NSE)</p> |
| 7 | Stock Code | <p>BSE- 532794 NSE- ZEENEWS-EQ.</p> |
| 8 | ISIN No. | INE966H01019 |
| 9 | Corporate Identification Number | L92100MH1999PLC121506 |
| 10 | Registrar & Share Transfer Agent | <p>Sharepro Services (India) Private Limited, 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri -Kurla Road, Sakinaka, Andheri (East), Mumbai-400 072, India Tel: +91-22-6772 0300/400 Fax: +91-22- 2859 1568/2850 8927 E-Mail: sharepro@shareproservices.com</p> |
| 11 | Investor Relations Officer | <p>Mr. Pushpal Sanghavi Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai - 400 018, India Tel: +91-22-2483 1234 Fax: +91-22-2490 0302/2495 5974 E-mail: sanghavigp@zeenetwork.com</p> |

12. Dividend

During the Financial Year 2011-12, the Board of Directors have not recommended payment of any dividend.

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

13. Change of Address

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

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

The MCA vide circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively (the said Circulars) has clarified that a company will be deemed to have complied with the provisions of Section 53 and 219 (1) of the Companies Act, 1956, in case documents like notice, annual report etc are sent in electronic form to its shareholders subject to compliance with the conditions stated therein. The Company has intimated the adoption of the said initiative to the members who hold equity shares in electronic form and whose email address have been made available to the Company by the Depositories. The Company will be sending the notice and annual report for the Financial Year 2011-12 in electronic form to the said members, in terms of the said circulars.

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

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

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

14. Unclaimed Shares

Pursuant to Clause 5A of the Listing Agreements (as amended in December 2010) the details in respect of the shares, which were issued pursuant to the Scheme of Arrangement and lying in the suspense account, is as under:

| Description | Number of shareholders | Number of Equity Shares |
|--|------------------------|-------------------------|
| Aggregate number of shareholders and the outstanding shares in the suspense account as at April 1, 2011 | 95 | 51,223 |
| Number of shareholders who approached the Company for transfer of shares from Suspense account till March 31, 2012 | - | - |
| Number of shareholders to whom shares were transferred from the Suspense account till March 31, 2012 | - | - |
| Aggregate number of shareholders and the outstanding shares in the Suspense account lying as on March 31, 2012 | 95 | 51,223 |

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.

15. Share Transfer System

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

16. Dematerialisation of Equity Shares & Liquidity

The Equity shares of the Company are in the list of scrips specified by SEBI to be compulsory traded in the

Dematerialized form. As on March 31, 2012, 99.83% of the total issued and paid-up Equity Share capital of the company is held by 128,582 shareholders in Dematerialized form and the balance 0.17% is held by 761 shareholders in physical form. Entire shareholding of the promoters in the Company are held in dematerialized form.

17. Shareholders' Correspondence

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

The Company endeavours to reply all letters 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 above. In case any shareholder is not satisfied with the response or do not get any response within reasonable period, they may approach the Investor Relations Officer at the address given above.

18. Share Capital Build-up

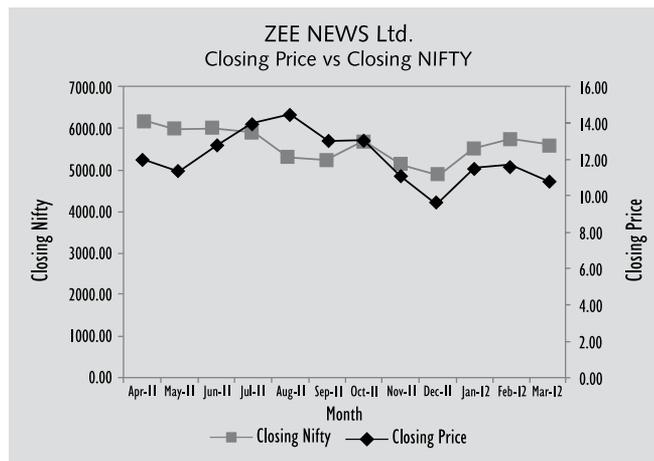
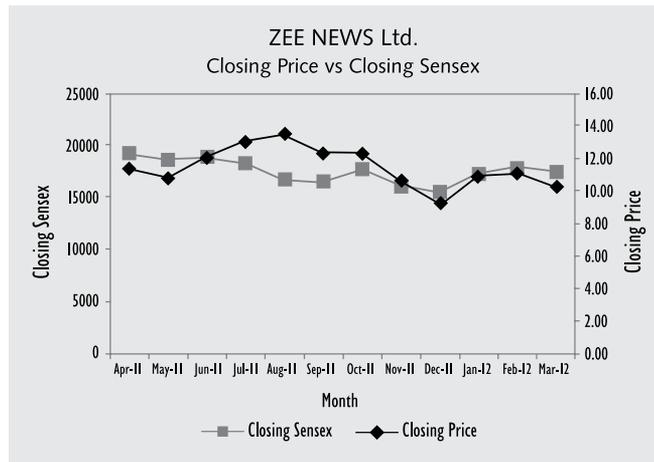
| Particulars | No. of shares issued | Date of issue |
|--|----------------------|-----------------|
| Issued to Subscribers | 70 | 28.08.99 |
| Preferential Issue | 1,000,000 | 26.11.99 |
| Preferential Issue | 8,749,930 | 13.09.05 |
| Preferential Issue | 850,000 | 28.09.05 |
| Preferential Issue | 5,250,000 | 28.09.05 |
| Rights Issue | 4,000,000 | 29.11.05 |
| Cancellation of shareholding of Zee Entertainment Enterprises Limited pursuant to the Scheme | (6,574,920) | 28.11.06 |
| Sub-Division of Shares from ₹10 each to ₹1 each | 132,750,800 | 28.11.06 |
| Reduction of Share Capital pursuant to Scheme | (88,943,036) | 28.11.06 |
| Issued to shareholders of Zee Entertainment Enterprises Limited pursuant to Scheme | 195,956,192 | 28.12.06 |
| Issued & paid up Capital as on 31.03.2012 | 239,763,956 | |

19. Stock Market Data Relating to Shares Listed in India

Monthly high and low quotations and volume of shares traded on BSE & NSE for financial year 2011-2012 are:

| Month | BSE | | | NSE | | |
|----------------|----------|---------|------------------------|----------|---------|-------------------------|
| | High (₹) | Low (₹) | Volume of Share Traded | High (₹) | Low (₹) | Volume of Shares Traded |
| April 2011 | 13.17 | 11.15 | 7,095,076 | 13.15 | 11.10 | 19,585,932 |
| May 2011 | 11.59 | 9.20 | 6,240,261 | 11.65 | 10.00 | 15,812,878 |
| June 2011 | 13.55 | 9.40 | 12,495,116 | 13.60 | 10.75 | 30,528,519 |
| July 2011 | 13.24 | 11.75 | 6,000,467 | 13.25 | 11.80 | 18,857,858 |
| August 2011 | 13.70 | 11.55 | 5,803,051 | 13.70 | 11.60 | 10,286,555 |
| September 2011 | 14.30 | 12.01 | 2,389,555 | 14.30 | 12.00 | 6,686,058 |
| October 2011 | 13.50 | 11.77 | 1,654,673 | 14.60 | 11.65 | 5,250,519 |
| November 2011 | 12.50 | 10.00 | 1,209,435 | 12.45 | 10.05 | 4,762,034 |
| December 2011 | 10.90 | 8.65 | 1,090,455 | 10.95 | 8.60 | 3,195,165 |
| January 2012 | 12.15 | 9.05 | 3,114,827 | 12.40 | 9.05 | 9,806,947 |
| February 2012 | 12.55 | 10.51 | 2,800,948 | 12.40 | 10.50 | 7,251,948 |
| March 2012 | 11.64 | 9.75 | 2,022,316 | 11.70 | 10.00 | 5,103,914 |

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

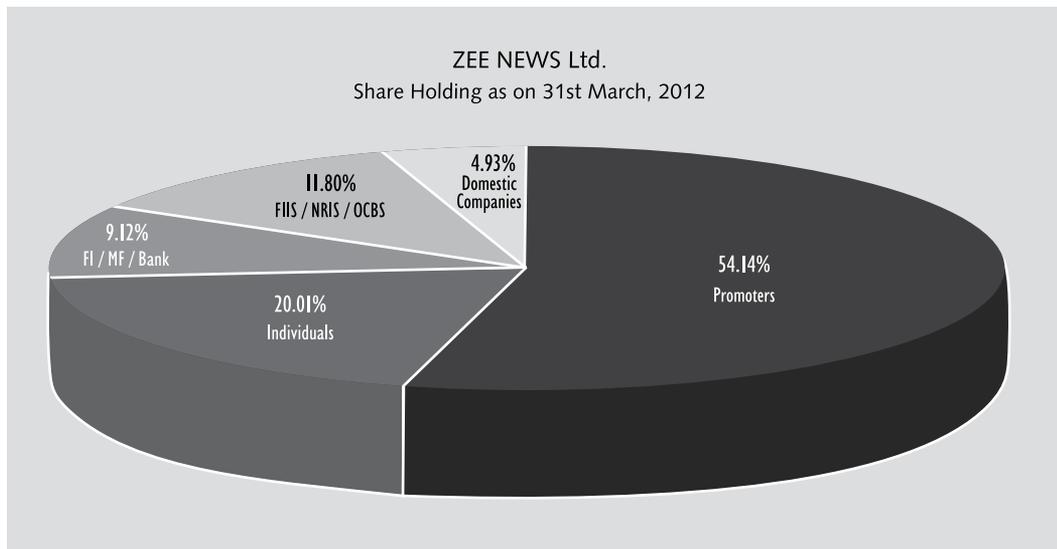


21. Distribution of Shareholding as on March 31, 2012

| No. of Equity Shares | Share Holders | | No. of Shares | |
|----------------------|----------------|----------------|--------------------|----------------|
| | Number | % of Holders | Number | % of Shares |
| Up to 5000 | 128,148 | 99.08% | 36,551,943 | 15.25% |
| 5001 – 10000 | 682 | 0.53% | 5,211,418 | 2.17% |
| 10001-20000 | 284 | 0.22% | 4,082,941 | 1.70% |
| 20001-30000 | 82 | 0.06% | 2,044,816 | 0.85% |
| 30001-40000 | 34 | 0.03% | 1,209,997 | 0.51% |
| 40001-50000 | 30 | 0.02% | 1,386,666 | 0.58% |
| 50001-100000 | 38 | 0.03% | 2,826,415 | 1.18% |
| 100001 and Above | 45 | 0.03% | 186,449,760 | 77.76% |
| Total | 129,343 | 100.00% | 239,763,956 | 100.00% |

22. Categories of Shareholders as on March 31, 2012

| Category | % of shareholding | No. of shares held |
|-----------------------------|-------------------|--------------------|
| Promoters | 54.14% | 129,817,043 |
| Individuals | 20.01% | 47,986,085 |
| Domestic Companies | 4.93% | 11,820,153 |
| FIs, Mutual funds and Banks | 9.12% | 21,865,703 |
| FIIs, OCBs & NRI | 11.80% | 28,274,972 |
| Total | 100.00% | 239,763,956 |



23. Particulars of Shareholding

a) Promoter Shareholding as on March 31, 2012

| Sr. | Name of Shareholder | No of Shares held | % of shareholding |
|-----|-------------------------------|--------------------|-------------------|
| 1 | 25 FPS Media Pvt. Ltd | 127,898,710 | 53.34% |
| 2 | Churu Trading Co Pvt. Ltd | 100 | 0.00% |
| 3 | Laxmi Goel | 802,175 | 0.33% |
| 4 | Essel Infraprojects Ltd | 100 | 0.00% |
| 5 | Prajatma Trading Co. Pvt. Ltd | 100 | 0.00% |
| 6 | Briggs Trading Co. Pvt. Ltd | 1,115,858 | 0.47% |
| | Total | 129,817,043 | 54.14% |

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

| Sr. | Name of Shareholder | No of Shares held | % of shareholding |
|-----|---|-------------------|-------------------|
| 1 | HDFC Trustee Co. Ltd – HDFC Prudence Fund | 17,467,103 | 7.29% |
| 2 | Orange Mauritius Investments Limited | 11,128,419 | 4.64% |
| 3 | Acacia II Partners LP | 8,008,000 | 3.34% |
| 4 | HDFC Trustee Co. Ltd – HDFC Core and Satellite Fund | 3,414,578 | 1.42% |
| 5 | Acacia Institutional Partners LP | 3,388,000 | 1.41% |
| 6 | Acacia Conservation Fund LP | 2,772,000 | 1.16% |
| 7 | Bakshu Securities and Brokers Pvt. Ltd | 1,500,000 | 0.63% |
| 8 | HDFC Trustee Co. Ltd – HDFC MF Monthly Income Plan Long Term Plan | 809,000 | 0.34% |
| 9 | Acacia Banyan Partners | 770,000 | 0.32% |
| 10 | Balanced Marketing Pvt. Ltd | 494,905 | 0.21% |
| | Total | 49,752,005 | 20.76% |

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

COMPANY OVERVIEW:

Zee News Limited (ZNL) (BSE Code: 532794, NSE Code: Zee News eq.) is India's leading news television organization with interests in national as well as regional channels. The Company was incorporated as Zee Sports Limited on Aug 27, 1999. The name of the Company was changed to Zee News Limited on May 27, 2004 after obtaining a fresh Certificate of Incorporation from the Registrar of Companies, Mumbai. To comply with the News Up-linking Guidelines of Government of India, Zee Entertainment Enterprises Limited (ZEEL) transferred its news-gathering activities to Zee News Limited w.e.f. October 2005. To enable clear management focus and direction to be imparted to the various properties of the Company, ZEEL transferred its regional entertainment channels to ZNL by way of a de-merger scheme approved by the Hon'ble High Court of Bombay vide its Order dated November 17, 2006 from March 31, 2006. Thereafter, the Company got listed at Bombay Stock Exchange, National Stock Exchange & Calcutta Stock Exchange in January 2007. The Equity Shares of the Company were subsequently delisted from Calcutta Stock Exchange in 2009.

ZNL, before January 1, 2010, had national news, regional news and Regional General Entertainment as its focus areas. However, considering that the future of TV News industry was getting brighter and ZNL was strongly poised to leverage the potential, it was decided to separate the Regional General Entertainment Channel business from the News Business. Under the Scheme of Arrangement for de-merger, RGEN business of the Company, were transferred to Zee Entertainment Enterprises Limited (ZEEL) from the Appointed Date, January 1, 2010, which was approved by the Hon'ble Bombay High Court vide order passed on March 19, 2010, and become effective on and from March 29, 2010 upon filing of the order the Hon'ble Bombay High Court with the Registrar of Companies of Maharashtra, Mumbai. Zee News Limited's prime focus, now, is to create 24x7 news channels in prominent Indian languages with the required focus on news operations. ZNL has consolidated its operations and experienced significant growth so far.

ZNL also runs a 24X7 Bengali news channel called '24 Ghanta' through a JV M/s Zee Akaash News Pvt. Ltd. wherein it holds

60% equity stake while another JV partner is M/s Sky B (Bangla) Pvt. Ltd. holds the remaining 40% stake.

The Company runs news channels in the following domains:

- i. Hindi General News: Zee News
- ii. Hindi Business News: Zee Business
- iii. Marathi News: Zee 24 Taas
- iv. Telugu News: Zee 24 Gantalu
- v. Uttar Pradesh and Uttarakhand News: Zee News UP
- vi. Punjabi: Zee Punjabi
- vii. Bengali News: 24 Ghanta

MEDIA & ENTERTAINMENT INDUSTRY

In 2011-12, inflation, interest rates, fuel prices, Consumer Price Index, etc., were at high levels. The Euro sovereign crisis, slow US recovery and the tensions in Middle East added to the overall slowdown in the Indian economy.

As per FICCI-KPMG Indian Media and Entertainment Industry Report 2012, the industry grew from ₹652 billion in 2010 to ₹728 billion in 2011, growing at a rate of 11.7%. Television grew slightly slower by 10.8% reaching ₹329 billion in 2011 from ₹297 billion. The television ad revenues grew to ₹116 billion from ₹103 billion, a growth of 12.6%. It is projected to grow by 12% to reach ₹130 billion in 2012.

While DTH subscribers have been growing at a fast pace, the government's decision to fast track digitization across India is a significant step forward to address various issues of the broadcasting industry starting from more options to the viewer to reduction in leakage of subscription revenues to reduction in carriage fees. Digitization would help address the lopsided business model of the television industry, especially of news channels.

News Segment

While overall television advertising grew by 12.6%, news segment, as per our estimates, was flat. This was due to the overall reduction in advertisement budgets of advertisers and shifting of spends to GEC and Sports space.

Meanwhile, viewership bucked the past few year's trends and increased as compared to the previous year. Major 'newsy' events like India Against Corruption movement, terror strikes in Delhi & Mumbai, elections in 5 states which saw a change of guards in some, kept the viewers glued to news channels.

BUSINESS OPERATIONS:

Broadcasting

In terms of newsgathering, the Company has the largest network of news bureaux & correspondents with a pan-India presence. The Company's newsgathering capabilities are significantly

enhanced by its KU Band network and strong relationships with international news agencies. The Company is equipped with state-of-art technology in content creation, packaging and broadcasting.

Distribution

The Company had an arrangement with Zee Turner Ltd. to distribute its pay channels bouquet in India and neighboring countries including the Company's bouquet of pay channels on various DTH platforms across the country. On May 26, 2011, ZEE had announced formation of Media Pro Enterprise India Private Limited ('Media Pro') as a joint venture between Zee Turner and Star Den, which started operations from July 1, 2011. Accordingly the distribution agreement with Zee Turner got discontinued from June 30, 2011 and Media Pro distributes Company's channels in India with effect from July 1, 2011. The financial results for FY12 includes Subscription Revenues as received from Media Pro, which is net of expenses incurred by Media Pro. As a result, the recognition of revenues from domestic subscription business is now being done net of expenses. Hence, subscription revenues are not comparable to those in the previous years.

Up-linking of Channels

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

Business Overview – All Round Performance

Your Company's focus on current deliverables coupled with efficient Network operations has resulted in robust growth in EBITDA, in a period where growth of most of the companies is expected to be low. Our decision of discontinuation of Zee Tamil operations helped us excel in the adverse market conditions. Your Company had an all-round performance in which all the individual channels grew more than their competitors. The Network benefited from the continued emphasis on generating advertisement revenues through properties and special initiatives.

The Network's flagship channel Zee News enhanced its sensible and responsible news channel positioning itself with the tagline *Jazba Soch Ka* which had an underlying thought to empower and enlighten its viewers on the power of thought and the positive difference it can make. Zee News did in-depth coverage of the recent state elections across India with special campaigns and India's largest voter awareness drive *Apka Vote Apki Taqat* in which the channel made the voter aware of the rights and duties. The healthy voter turnout has encouraged us to continue undertaking this initiative in the future. Zee News held a plethora of events and conducted campaigns like *Ananya Samman*, *Agri Awards*, *Swasth Bharat Samman*, Future of Education Summit with Zee Learn, My Earth My Duty, etc.

Zee Business continued with its legacy of creating content and engagements relevant to its core target audience - the retail investor. It executed seasoned properties like Hunt for India's Smart Investor, a show aiming to foster the need for financial planning through a unique and engaging reality show format inducing a lot of consumer participation; Emerging Business Forum, a series for SMEs to gain from newer business opportunities, and Real Estate Investors Forum. It also joined hands with world's leading self regulatory professional body - RICS to introduce the '*Zee Business - RICS Real Estate Awards*'. Another property named '*Investor Ki Kahaani Uski Zubaani*' was launched which focused on ways to overcome common mistakes made by the investors. Zee Business, through a Group association, was made available in USA and has being highly complimented by the viewers across USA.

24 Ghanta regained its viewership leadership in West Bengal in the second half of the year despite the fragmented market wherein the competition news channels were showcasing football content. The flagship event of the channel, '*Ananya Samman*' was held in August wherein India's greatest singer Lata Mangeshkar was bestowed with lifetime achievement honour. Besides, tribute was also paid to several known faces and unsung heroes from West Bengal, who have made significant contribution to the society. A comprehensive and much appreciated Pujo coverage culminated in a standout event '*Dashabhuj*,' wherein the women participants were judged on a multitude of skills. The channel carried out a massive social campaign called '*Sankalpa*', by way of which the channel and the viewers pledged to create awareness about various issues like disappearing tigers and water bodies to salinity of the Ganges to increasing pollution. We connected with our viewers through our flagship city connect event series Amar Shahar which was taken across 18 major cities/towns.

Zee 24 Taas continued to strike a chord with the Mumbaikars, as well as the rest of Maharashtra. A highly effective multimedia campaign called '*Sansanit Kanakhali*' (One Tight Slap) forcing accountability for the sorry state of Mumbai roads during monsoons was launched, leading to huge responses as well as a constructive reaction from the Administration. The channel became the first Marathi News channel to take up the Guest Editor concept on a regular basis and it had eminent personalities coming on air with their views on social, economic and political aspects of the life of a Maharashtrian. The channel also executed one of its oldest properties *Aapla Shahar Aapla Awaaz*. This is an initiative to connect with various cities in Maharashtra to discuss issues plaguing the city and the solutions for the same. Our flagship CSR property *Ananya Samman* saw veteran actors Ramesh Deo and Seema Deo (*of Anand movie fame*) being conferred with the Lifetime Achievement honour, apart from several unsung heroes from the field of education, sports, social work, etc being awarded.

Zee News UP/UK continued to churn out innovative and relevant content for the viewers of Uttar Pradesh and Uttarakhand. Taking the *Samman* series forward, the channel held *Udyami Samman*, an event honouring the key contributors to the industrial development in the states. The channel reaffirmed its role as a neutral and analysis oriented channel during state elections. It introduced new programming on elections starting from the report card of the incumbent government and its post holders, the aspirants and expectations of the public in general.

Zee Punjabi was switched on in Punjab. The channel took initiatives like *Anhad Samman*, and *Saanjh Suran Di* commemorating the 12th anniversary of one of the longest running regional channels in the country. It also began the popular Zee Punjabi *Sa Re Ga Ma Pa*.

Zee 24 Gantalu took initiatives like *Animuthyalu (Ananya Samman)*, *Parishramika Puruskarulu (Udyami Samman)* and *Spoorti (Women Entrepreneur Awards)*.

Taking advantage of the increasing consumption of news online, your company launched websites in Hindi (zeenews.com/hindi), Marathi (24taas.com) and Bengali (24ghanta.com). The existing Zeenews.com - in the English language - put up a phenomenal performance and received huge traffic during the State Elections.

Business Strategy

The initial strategy of expansion of bouquet and leveraging of cost worked for ZNL and it is a robust performance considering the slowing economy has resulted in news channels advertisement revenues being flat for the industry.

The Company continues with its strategic steps (i) Increased efficiency through rationalization of cost (ii) Focus on innovation (iii) Focus on subscription revenue (iv) Leveraging the growing viewership of our channels (v) Leveraging network operation to rationalize cost as well as maximize revenue (vi) Judicious expansion.

The current focus of your Company is on leveraging digitization. As your Company has kept its focus on subscription front, it is expected to enjoy significant competitive advantage in digitized era, compared to its competition. As per Ministry of I&B, the Phase 1 of digitization, wherein the cable operators in 4 metros are to be digitized, is to be done by June 30, 2012. In Phase 2 all the 1 lakh+ population cities are to be digitized by Mar 31, 2013. In Phase 3, the balance urban areas are to be digitized by Sep 30, 2014, while in Phase 4 the rest of India is to be digitized by Dec 31, 2014.

OTHER COMPANY INFORMATION

ZEE NEW LIMITED

1. Internal Control Systems

The Company has in place adequate internal control systems, commensurate with its size and nature of operations so as to ensure smoothness of operations and compliance with

applicable legislation. The Company has a well-defined system of management reporting and periodic review of businesses to ensure timely decision-making. It has an internal audit team with professionally qualified financial personnel, which conducts periodic audits of all businesses to maintain a proper system of checks and control.

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

2. Human Resources

The Company seeks respects and values the diverse qualities and backgrounds that its people bring to it and is committed to utilizing the richness of knowledge, ideas and experience that this diversity provides. The work environment is stimulating and development of core competencies through formal training, job rotation and hands on training is an ongoing activity. The Company's Employee strength as on March 31, 2012 was 1,268 in comparison to 1,278 as on March 31, 2011. Reduction in Employee strength was due to shut down of Zee Tamil on March 31, 2011.

RISK FACTORS:

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

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

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

Recent launches as well as future launches may not be accepted by the audiences. This could be due to a variety of reasons including quality of programming, price, marketing support,

competition, etc. There can be no assurance that all new launches will be successful.

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

Advertising revenues make up about 71% of the Company's revenues and the trend of high levels of contribution of advertising revenues to aggregate revenues is likely to continue for the foreseeable future. In this scenario, if our Company's programming is unable to sustain high levels of viewership rating, the consequent decline in advertising revenues will manifest itself as a significant dip in aggregate revenues. Business and economic cycles also have a cascading effect on advertising budgets of companies. A downturn could cause a decline in our revenues and profits. If future trends favour other forms of advertising media like radio, outdoor, print, etc., our Company could be adversely affected.

Poor implementation of measures like Digital Access System (DAS) could affect revenues:

While Phase I of DAS has been targeted to finish by June 30, 2012, the latest developments in Metros give indications that it is unlikely that the target will be achieved. We, hence, believe that poor and tardy implementation and expansion of Digital Access System by the cable operators could result in delay for us to achieve the related benefits as envisaged.

Regulatory changes related to Carriage Fees under DAS regime may not fructify:

While Ministry of I&B has mooted removal of Carriage Fees in DAS areas, the implementation of the same is pending. The regulatory change may not take place and Carriage Fees could continue to be charged from the broadcasters leading to increase in expenses and a negative impact on margins.

Ministry of I&B guidelines on Ad cap would adversely affect the ad revenues:

TRAI and Ministry of Information & Broadcasting, in a recent development have suggested the channels to stick to 12 minutes per hour of ad inventory without partial screen ads. Implementation of this policy would affect the overall inventory availability and is likely to lead to reduction in ad revenues.

Ad revenues may decrease due to inability to service the Government and Ministries ad campaigns due to low ad rates decided by DAVP:

In a recent development, Department of Audio Visual & Publicity (DAVP), the nodal agency releasing the ad campaigns of central ministries and departments, has released effective rates for various television channels. Due to low effective rates it could become difficult to service the ad campaigns with the current

inventory utilization levels. This may lead to reduction in ad revenues.

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

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

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

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

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

Media, specifically news media, is a strongly regulated industry in India. The regimes that affect your Company's business include broadcasting, cable, advertisement, telecommunications, intellectual property, consumer and competition (anti-trust) laws and regulations. Relevant authorities may introduce additional or new regulations applicable to its business. Changes in regulations relating to one or more of licensing requirements, access requirements, programming transmission, uplinking requirements, spectrum specifications, consumer protection, or other aspects of the Company's or any competitor's business, could have an adverse effect on the Company's business and results of operation. There can be no assurance that the Company will succeed in obtaining all requisite approvals in the future for its operations with or without the imposition of restrictions,

which may have an adverse consequence to the Company nor that compliance issues will not be raised.

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

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

FINANCIALS AND FINANCIAL POSITION

Standalone and Consolidated Financials

Table below presents Standalone & Consolidated Financials for the Current and Previous Financial Year.

| Statement of Profit and Loss for the year ended March 31, | ₹ in million | | | |
|---|----------------|----------------|----------------|----------------|
| | Standalone | | Consolidated | |
| | 2012 | 2011 | 2012 | 2011 |
| Revenues | | | | |
| Revenue from Operations | 2,733.3 | 2,430.5 | 3,072.2 | 2,767.9 |
| Other Income | 145.0 | 108.5 | 155.5 | 113.2 |
| Total Revenues | 2,878.3 | 2,539.0 | 3,227.7 | 2,881.1 |
| Expenses | | | | |
| Operational Cost | 638.4 | 514.3 | 703.7 | 588.6 |
| Employee Benefits Expense | 660.1 | 626.3 | 744.8 | 692.5 |
| Other Expenses | 1,032.3 | 1,024.5 | 1,090.2 | 1,062.7 |
| Total Expenses | 2,330.8 | 2,165.1 | 2,538.7 | 2,343.8 |
| Operating Profit | 547.5 | 373.9 | 689.0 | 537.3 |
| Finance Cost | 106.6 | 125.7 | 106.6 | 125.7 |
| Depreciation / Amortisation Expense | 101.4 | 92.4 | 112.1 | 100.8 |
| Profit before Exceptional Items and Tax | 339.5 | 155.8 | 470.3 | 310.8 |
| Exceptional Items | 166.7 | - | 166.7 | - |
| Profit before Tax and Minority Interest | 172.8 | 155.8 | 303.6 | 310.8 |
| Tax Expense | 110.8 | 58.0 | 152.5 | 103.1 |
| Profit before Minority Interest | 62.0 | 97.8 | 151.1 | 207.7 |
| Minority Interest | - | - | (35.6) | (43.9) |
| Profit for the year | 62.0 | 97.8 | 115.5 | 163.6 |

| Balance Sheet as at March 31, | ₹ in million | | | |
|--------------------------------|----------------|----------------|----------------|----------------|
| | Standalone | | Consolidated | |
| | 2012 | 2011 | 2012 | 2011 |
| EQUITY AND LIABILITIES | | | | |
| Shareholders' Funds | | | | |
| Share Capital | 239.7 | 239.7 | 239.7 | 239.7 |
| Reserves and Surplus | 1,548.5 | 1,486.5 | 1,654.2 | 1,538.8 |
| | 1,788.2 | 1,726.2 | 1,893.9 | 1,778.5 |
| Minority Interest | - | - | 126.0 | 108.9 |
| Non-current Liabilities | | | | |
| Long Term Borrowings | 178.1 | 363.3 | 178.2 | 363.4 |
| Long Term Provisions | 77.2 | 62.3 | 82.6 | 66.0 |
| | 255.3 | 425.6 | 260.8 | 429.4 |
| Current Liabilities | | | | |
| Short Term Borrowings | 412.8 | - | 412.8 | - |
| Trade Payables | 439.0 | 651.2 | 455.7 | 665.4 |
| Other Current Liabilities | 318.0 | 299.3 | 329.0 | 316.8 |
| Short Term Provisions | 3.2 | 2.5 | 6.2 | 4.5 |
| | 1,173.0 | 953.0 | 1,203.7 | 986.7 |
| Total | 3,216.5 | 3,104.8 | 3,484.4 | 3,303.5 |

₹ in million

| Balance Sheet as at March 31, | Standalone | | Consolidated | |
|-------------------------------|----------------|----------------|----------------|----------------|
| | 2012 | 2011 | 2012 | 2011 |
| ASSETS | | | | |
| Non - Current Assets | | | | |
| Fixed Assets | | | | |
| Tangible Assets | 686.9 | 739.9 | 806.8 | 853.3 |
| Intangible Assets | 22.1 | 9.1 | 23.9 | 10.9 |
| Capital work-in-progress | 13.9 | 46.6 | 13.9 | 50.6 |
| Non-Current Investments | 83.3 | 144.2 | - | 60.9 |
| Deferred Tax Assets (Net) | 38.7 | 15.9 | 27.0 | 5.4 |
| Long Term Loans and Advances | 33.9 | 17.9 | 33.9 | 17.9 |
| Other Non-current Assets | 4.4 | 177.5 | 4.4 | 145.2 |
| | 883.2 | 1,151.1 | 909.9 | 1,144.2 |
| Current Assets | | | | |
| Inventories | 9.8 | 220.5 | 9.9 | 221.1 |
| Trade Receivables | 904.9 | 771.0 | 996.4 | 896.4 |
| Cash and Bank Balances | 154.0 | 805.5 | 275.1 | 875.6 |
| Short Term Loans and Advances | 1,261.1 | 155.8 | 1,282.5 | 162.3 |
| Other Current Assets | 3.5 | 0.9 | 10.6 | 3.9 |
| | 2,333.3 | 1,953.7 | 2,574.5 | 2,159.3 |
| Total | 3,216.5 | 3,104.8 | 3,484.4 | 3,303.5 |

A. RESULTS OF OPERATIONS

Consolidated Financial Information for the year ended March 31, 2012 compared to the year ended March 31, 2011. Zee News Limited has only one Subsidiary Company i.e., Zee Akaash News Private Limited (ZANPL) (60% Equity holding) which operates a 24 X 7 Bengali News Channel, "24 Ghanta". Analysis of Consolidated Financials has been done after knocking off the effect of the services between these two Companies and after taking the consolidation effects, if any.

Total Revenue

Total Revenue increased by ₹346.6 million or 12% from ₹2,881.1 million in FY11 to ₹3,227.7 million in FY12.

Revenue from Operations

Revenue from Operations includes Advertisement Income, Subscription Income, Sale of Programs & Film Rights and Franchisee Fees. Revenue from Operations increased by ₹304.3 million or 11% from ₹2,767.9 million in FY11 to ₹3,072.2 million in FY12. As per our estimates overall advertisement revenues for television news industry remained flat, whereas the Company showed a marginal growth of 2-3% in FY12, this was due to Company's new businesses started getting traction, which led to growth in revenue. Post the formation of Media Pro Enterprise Limited (A joint venture between Zee Turner & Star Den), Subscription Revenue figures are now being reported net

of expenses. Hence Subscription Revenue figures for current year are not comparable with previous year's figures.

The increase in revenue from Sale of Programs & Film Rights is mainly due to the unexploited programs and films rights sold to ZEEL pertaining to Zee Tamil post its closure w.e.f. March 31, 2011, which was a onetime transaction.

Other Income

Interest & Other Income increased by ₹42.3 million or 37% from ₹113.2 million in FY11 to ₹155.5 million in FY12. The increase was mainly due to the writing back of excess provisions for liabilities made during previous years which was no longer required.

Operational Cost

Operational Cost increased by ₹115.1 million, or 20% from ₹588.6 million in FY11 to ₹703.7 million in FY12. The increase is mainly due to the amortization of exploited programs of Zee Tamil till March 31, 2011 which was due to be amortized in next 2 years as per the existing program amortization policy, but due to the closure of the channel amortized in this financial year and the unexploited programs and film rights were sold to ZEEL. Meanwhile, Zee Tamil closure has led to savings in costs. However, during the year your Company has conceptualized and executed many new events opening a new revenue stream which further led to increase in operational costs.

Personnel Cost

Overall Personnel Cost increased by ₹52.3 million or 8% from ₹692.5 million in FY11 to ₹744.8 million in FY12, which also has the effect of cost reduction post the closure of Zee Tamil. Cost of ZANPL increased by 18.4 million or 28%, this was due to annual increments, annual incentives and employees welfare cost.

Other Expenses

Other Expenses which includes all Administrative, Selling and Distribution Expenses increased by ₹27.5 million or 3% from ₹1,062.7 million in FY11 to ₹1,090.2 million in FY12. With the development of Media Pro Subscription revenue is being reported net of expenses, which has led to reduced commission cost for the year also closure of Zee Tamil has its share in cost reduction for the year. Other Expenses of ZANPL increased by 51% from ₹38.2 million in FY11 to ₹57.8 million in FY12, due to higher spend on advertising and publicity expenses.

Finance Cost

Finance cost decreased by ₹19.1 million or 15%, from ₹125.7 million in FY11 to ₹106.6 million in FY12, due to efficient and regular monitoring of working capital requirement and maintaining the Cash Credit utilization at the lowest possible level.

Depreciation and Amortization

Depreciation increased by ₹11.3 million or 11% from ₹100.8 million in FY11 to ₹112.1 million in FY12, this is due to the additions of software and technology related fixed assets during the year, which have higher rate of depreciation.

Profit before Tax & Exceptional Items.

Profit before Exceptional Items and Tax increased by ₹159.5 million or 51%, from ₹310.8 million in FY11 to ₹470.3 million in FY12. Profits increased due to excellent operational efficiencies of the channels and reduced cost on account of shut down of Zee Tamil.

Exceptional Items

During the year the Company has provided for ₹166.7 million towards diminution in value of strategic investments and provision for doubtful advance share application money given to a Media Company as Exceptional Items which has led to reduction of Profits.

Provision for Taxation

Provision for Taxation increased by ₹49.4 million or 48% from ₹103.1 million in FY11 to ₹152.5 million in FY12,

which are in line with the rates of taxes taking in account the relevant provisions of Income Tax Act.

Profit After Tax for the Period

Profit for the year after Tax & Minority Interest is ₹115.5 million. Profits reduced by 29%, this was mainly due to the impact of Exceptional Items in ZNL.

B. FINANCIAL POSITION

Equity & Liabilities

Share Capital

Equity Share Capital of ₹239.76 million continued to remain the same as last year.

Reserves & Surplus

Reserves & Surplus stood at ₹1,654.2 million as against ₹1,538.8 million in the year 2011. The increase is ₹115.4 million which is Profit after Tax for the current year.

Long Term Borrowings

Long Term Borrowings stood at ₹178.2 million as on March 31, 2012 as against ₹363.4 million as on March 31, 2011. The decrease is due to repayment of Secured Term Loan from Bank. ZANPL has no Long Term Borrowings.

Long Term Provisions

Long Term Provisions increased from ₹66 million as on March 31, 2011 to ₹82.6 million as on March 31, 2012.

Current Liabilities

Current Liabilities includes Short Term Borrowings, Trade Payables, Short Term Provisions & Other Current Liabilities. Current Liabilities stood at 1,203.7 million as on March 31, 2012 as against ₹986.7 million as on March 31, 2011. The increase was due to Short Term Borrowings facility availed for the period by ZNL.

Assets

Non Current Assets

Fixed Assets

Net Block of Fixed Assets stood at ₹830.7 million as on March 31, 2012 against ₹864.2 million as on March 31, 2011. There has been additions of software and technology related fixed assets during the year, which have higher rate of depreciation and also certain obsolete assets are discarded.

Capital Work-in-Progress decreased by ₹36.7 million to ₹13.9 million as on March 31, 2012, this reduced due to capitalization of SAP.

Investments

Non Current Investments stands to be nil as on March 31, 2012 as against ₹60.9 million as on March 31, 2011. The Company provided for ₹60.9 million towards diminution in value of strategic investments in a Media Company during the year.

Other Non Current Assets

Other Non Current Assets reduced to ₹4.4 million as on March 31, 2012 as against ₹145.2 million as on March 31, 2011. The Company provided for ₹105.8 million towards provision for doubtful advance share application money given to a Media Company during the year.

Current Assets

Inventories

Inventories stood at ₹9.9 million as on March 31, 2012 as against ₹221.1 million as on March 31, 2011. The decrease in Inventory value was due to Sale of Programs & Film Rights pertaining to Zee Tamil, which was shut down as on March 31, 2011 and zero purchases during the year.

Trade Receivables

Trade Receivables stood at ₹996.4 million as on March 31, 2012 as against ₹896.4 million as on March 31, 2011. Average Collection Period stood at 118 days.

Cash & Bank Balances

Cash & Bank Balances stood at ₹275.1 million as on March 31, 2012 as against ₹875.6 million as on March 31, 2011. A few short term deposits got matured as on March 31, 2011 which led to huge Cash & Bank Balances, the same got deployed during the year 2012.

Short Term Loans & Advances

Loans & Advances stood at ₹1,282.5 million as on March 31, 2012 as against ₹162.3 million as on March 31, 2011. Increase in Loans & Advances was due to Loans given to Related Parties out of the surplus Cash & Bank Balance available as on March 31, 2011.

CERTIFICATION ON FINANCIAL STATEMENTS OF THE COMPANY

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

- (a) We have reviewed the financial statements and the cash flow statement of the Company both on Standalone and Consolidated basis for the year ended March 31, 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 those deficiencies.
- (d) During the year:
 - i) There has not been any significant change in internal control over financial reporting;
 - ii) There have not been any significant changes in accounting policies; and
 - iii) There have been no instances of significant fraud of which we are aware that involve management or other employees having significant role in the Company's internal control system over financial reporting.

Punit Goenka
Managing Director

Dinesh Garg
Chief Financial Officer

Place: Noida
Date: May 16, 2012

AUDITORS' REPORT

To,
The Members
Zee News Limited

1. We have audited the attached Balance Sheet of **Zee News Limited** ("the Company") as at March 31, 2012 and also 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 sub section (4A) of Section 227 of the Companies Act, 1956, ("the Act") and on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph (3) above, we report that;
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Act;
 - e) On the basis of written representations received from the directors, as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the directors are disqualified as at March 31, 2012 from being appointed as a director in terms of clause (g) of sub section (1) of the Section 274 of the Act.;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with 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 March 31, 2012;
 - ii) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

Lalit Kumar Jain
Partner
Membership No. 72664

Place : Noida
Date : May 16, 2012

Annexure referred to in Paragraph (3) of our report to the members of Zee News Limited on the accounts for the year ended March 31, 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 (including capital work in progress), 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 films rights verified with reference to title documents/agreements) by the management at reasonable intervals during the year.
- b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) In our opinion, the Company has maintained proper records of inventory and no discrepancies were noticed on physical verification as compared to the book records.
3. a) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- b) The Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods and services. During the course of our audit, no major weaknesses were noticed in the internal control system in respect of the aforesaid areas.
5. According to the information and explanations given to us, there are no contracts or arrangements the particulars of which are required to be entered into the register maintained in pursuance to Section 301 of the Act.
6. The Company has not accepted any deposits from the public during the year.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We 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 appropriate authorities except delay in few cases. There are no undisputed amounts payable in respect of the aforesaid dues which have remained outstanding as at March 31, 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 income tax, which are not deposited on account of any dispute, are as under:

| Name of the Statute | Nature of the Dues | Amount (₹) | Period to which the amount relate | Forum where dispute is pending |
|--------------------------|-------------------------------|------------|-----------------------------------|---|
| The Income Tax Act, 1961 | Income Tax | 522,678 | Assessment year 2008-09 | Commissioner of Income Tax (Appeals), Mumbai |
| The Income Tax Act, 1961 | Income Tax | 225,585 | Assessment year 2009-10 | Commissioner of Income Tax (Appeals)-Mumbai |
| The Income Tax Act, 1961 | Income Tax Deducted at source | 2,081,830 | Assessment year 2008-09 | Commissioner of Income Tax (Appeals)- Ghaziabad |
| The Income Tax Act, 1961 | Income Tax Deducted at source | 588,120 | Assessment year 2009-10 | Commissioner of Income Tax (Appeals)- Ghaziabad |

10. The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
11. On the basis of our examination of records and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions 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 has not dealt in or trading in shares, securities, debentures and other investments during the year.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank and financial institution.
16. According to the information and explanations given to us, the term loan raised during the year has been applied for purpose for which they were raised.
17. According to information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the funds raised on short term basis have not been used for long term investments.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
19. The Company has not issued any secured debentures during the year.
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
Firm Registration No- 101169W
Chartered Accountants

Lalit Kumar Jain
Partner
Membership No. 72664

Place : Noida
Date : May 16, 2012

BALANCE SHEET AS AT MARCH 31,

(Amount in ₹)

| | Note No. | 2012 | 2011 |
|--|----------|----------------------|----------------------|
| I EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| a) Share Capital | 3 | 239,763,956 | 239,763,956 |
| b) Reserves and Surplus | 4 | 1,548,511,290 | 1,486,511,843 |
| | | 1,788,275,246 | 1,726,275,799 |
| Non-current Liabilities | | | |
| a) Long Term Borrowings | 5 | 178,167,001 | 363,325,342 |
| b) Long Term Provisions | 6 | 77,180,928 | 62,324,403 |
| | | 255,347,929 | 425,649,745 |
| Current Liabilities | | | |
| a) Short Term Borrowings | 7 | 412,758,476 | - |
| b) Trade Payables | 8 | 439,000,531 | 651,164,094 |
| c) Other Current Liabilities | 8 | 318,066,799 | 299,305,653 |
| d) Short Term Provisions | 6 | 3,167,408 | 2,492,360 |
| | | 1,172,993,214 | 952,962,107 |
| Total | | 3,216,616,389 | 3,104,887,651 |
| II ASSETS | | | |
| Non - Current Assets | | | |
| a) Fixed Assets | 9 | | |
| Tangible Assets | | 686,907,758 | 739,945,197 |
| Intangible Assets | | 22,131,178 | 9,054,444 |
| Capital work-in-progress | | 13,928,669 | 46,630,336 |
| b) Non-Current Investments | 10 | 83,279,820 | 144,179,820 |
| c) Deferred Tax Assets (Net) | 11 | 38,730,244 | 15,938,864 |
| d) Long Term Loans and Advances | 16 | 33,908,319 | 17,936,631 |
| e) Other Non-Current Assets | 12 | 4,350,000 | 177,425,525 |
| | | 883,235,988 | 1,151,110,817 |
| Current Assets | | | |
| a) Inventories | 13 | 9,756,004 | 220,500,436 |
| b) Trade Receivables | 14 | 904,913,684 | 771,074,551 |
| c) Cash and Bank Balances | 15 | 154,036,721 | 805,489,095 |
| d) Short Term Loans and Advances | 16 | 1,261,142,891 | 155,839,111 |
| e) Other Current Assets | 17 | 3,531,101 | 873,641 |
| | | 2,333,380,401 | 1,953,776,834 |
| Total | | 3,216,616,389 | 3,104,887,651 |
| Notes forming part of the Financial Statements | 1-42 | | |

As per our attached Report of even date

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

Lalit Kumar Jain
Partner
Membership No. 72664

Place: Noida
Date: May 16, 2012

For and on behalf of the Board

Punit Goenka
Managing Director

Dinesh Garg
Chief Financial Officer

Naresh Kumar Bajaj
Director

Pushpal Sanghavi
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31,

(Amount in ₹)

| | Note No. | 2012 | 2011 |
|---|----------|----------------------|----------------------|
| I Revenues | | | |
| Revenue from Operations | 18 | 2,733,344,680 | 2,430,512,405 |
| Other Income | 19 | 144,993,387 | 108,452,659 |
| Total Revenues (I) | | 2,878,338,067 | 2,538,965,064 |
| II Expenses | | | |
| Operational Cost | 20 | 638,366,261 | 514,345,071 |
| Employee Benefits Expense | 21 | 660,137,243 | 626,312,855 |
| Finance Cost | 22 | 106,558,110 | 125,651,194 |
| Depreciation / Amortisation Expense | 24 | 101,416,181 | 92,393,910 |
| Other Expenses | 23 | 1,032,325,611 | 1,024,494,582 |
| Total Expenses (II) | | 2,538,803,406 | 2,383,197,612 |
| III Profit before Exceptional Items and Tax (I - II) | | 339,534,661 | 155,767,452 |
| IV Exceptional Items | 25 | 166,743,191 | - |
| V Profit before Tax (III - IV) | | 172,791,470 | 155,767,452 |
| VI Tax Expense | | | |
| - Current Tax | | 106,700,000 | 52,000,000 |
| - Deferred Tax | | (22,791,380) | 5,168,786 |
| - Tax of earlier years | | 26,883,403 | 799,641 |
| VII Profit for the year | | 61,999,447 | 97,799,025 |
| VIII Basic and Diluted Earnings per equity share | | | |
| - Before Exceptional Items | 41 | 0.95 | 0.41 |
| - After Exceptional Items | 41 | 0.26 | 0.41 |
| Notes forming part of the Financial Statements | 1-42 | | |

As per our attached Report of even date

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

Lalit Kumar Jain
Partner
Membership No. 72664

Place: Noida
Date: May 16, 2012

For and on behalf of the Board

Punit Goenka
Managing Director

Dinesh Garg
Chief Financial Officer

Naresh Kumar Bajaj
Director

Pushpal Sanghavi
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2012

1. Background

Zee News Limited ("ZNL" or "the Company") is incorporated in the State of Maharashtra, India. Its shares are listed on two Stock Exchanges in India. The Company has been mainly in the business of broadcasting of news, current affairs and regional entertainment satellite television channels uplinked from India.

2. Significant Accounting Policies

A Basis of Preparation of Financial Statements

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

B Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, as of the date of 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.

C Tangible Fixed Assets

- a) Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprise purchase price, borrowing cost and directly attributable cost of bringing the assets to its working condition for the intended use.
- b) Capital work in progress comprises cost of fixed assets that are not yet ready for their intended use at the reporting date.

D Intangible Assets

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

E 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 capitalized as part of the cost of respective asset. All other borrowing cost are expensed in the period they occur.

F 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.

G Depreciation on Tangible and Intangible Assets

- a) Depreciation on tangible fixed assets is provided on Straight Line Method at the rate specified in Schedule XIV to the Companies Act, 1956.
- b) 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.

H 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 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.

I 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 retranslated using the exchange rates prevailing at the reporting date. Exchange difference are recognized as income or expense in the period in which they arise.
- c) Non-monetary items denominated in foreign currency are carried at cost.

J Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits that will flow to the Company and the revenue can be reliably measured. Revenue recognition is as under :-

- a) Broadcasting revenue - Advertisement revenue (net of agency commission) is recognized when the related advertisement or commercial appears before the public i.e. on telecast. Subscription revenue is recognized on completion of service.
- b) Sales (includes licensing of Programs, Movies and Rights) are recognized when the delivery is completed.
- c) Franchisee Fee - Franchisee fee is recognized proportionately over the period of service.
- d) Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.
- 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 recognized as and when such services are completed / performed.

K Inventories

- a) Programs/ Film Rights :
Programs/ Film Rights are carried at lower of unamortized cost or realizable value. Where the realizable value on the basis of its useful economic life is less than its carrying amount, the difference is expensed as impairment.
 - i) Cost of news/ current affairs/ chat shows/ events etc are fully expensed in the year incurred.
 - ii) Cost of Programs (other than (i) above) are amortized over three financial years from the year of telecast as per management estimates of future revenue potential.
 - iii) Cost of Movie rights are charged on a straight-line basis over the license period or 60 months from the date of acquisition, whichever is shorter.
- b) Work- in – progress- Programs and 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.

- c) Raw Stock – Tapes are valued at lower of cost or estimated net realizable value. During the year, cost formula for valuation of raw stock is changed to Moving Weighted Average Basis instead of First In First Out Basis followed till the previous year ended March 31, 2011. Due to change in the cost formula, current year tape consumption is higher by ₹52,229 and inventory value is lower by the same amount.

L 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 expensed in the Statement of Profit and Loss in the year the employee render the service. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses are charged to the Statement of Profit and Loss.

M Accounting for Taxes on Income

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

N Leases

- a) Finance Lease
Assets acquired under Finance Lease are capitalized and the corresponding lease liability is recorded at an amount equal to the fair value of the leased asset at the inception of the lease. Initial costs directly attributable to lease are recognized with asset under lease.
- b) Operating Lease
Lease of assets under which all the risk and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments/ revenue under operating leases are recognized as expense/income on accrual basis in accordance with the respective lease agreements.

O Earnings Per Share

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

P 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.

3. Share Capital

3.1 Authorised, Issued, Subscribed and Paid up Share Capital

(Amount in ₹)

| | 2012 | 2011 |
|--|--------------------|--------------------|
| Authorised | | |
| 1,000,000,000 (1,000,000,000) Equity Shares of ₹1 each | 1,000,000,000 | 1,000,000,000 |
| Issued, Subscribed and Paid Up | | |
| 239,763,956 (239,763,956) Equity Shares of ₹1 each fully paid up | 239,763,956 | 239,763,956 |
| Total Issued, Subscribed and paid up Share Capital | 239,763,956 | 239,763,956 |
| There is no change, during the year, in issued, subscribed and paid up share capital of the Company. | | |

3.2 The rights attached to equity shares:

- The Company has only one class of shares i.e. equity shares having face value of ₹1 per share. Each holder of the share has one voting right per share.
- In the event of liquidation of the Company, the holder of the share will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution of assets will be in proportion to the number of shares held by the shareholder.

3.3 Detail of shares held by holding and/or their subsidiaries/associates

| Name of Shareholder | 2012 | | 2011 | |
|--|-------------|--------------|------|--------------|
| | ₹ | % of Holding | ₹ | % of Holding |
| Holding company: 25FPS Media Private Limited 127,898,710 (as at March 31, 2011: Nil) equity shares of ₹1 each fully paid up. | 127,898,710 | 53.34% | - | - |

3.4 Detail of Shareholders holding more than 5 percent shares in the Company:

| Name of Shareholder | 2012 | | 2011 | |
|--|---------------|--------------|---------------|--------------|
| | No. of Shares | % of Holding | No. of Shares | % of Holding |
| 25FPS Media Private Limited | 127,898,710 | 53.34% | - | - |
| HDFC Trustee Company Limited- HDFC Prudence Fund | 17,467,103 | 7.29% | - | - |
| Churu Trading Company Private Limited | 100 | 0.00% | 96,826,048 | 40.38% |

3.5 Details of shares issued for consideration other than cash during 5 years preceding March 31, 2012:

| | Aggregate No. of Shares | |
|---|-------------------------|-------------|
| | 2012 | 2011 |
| Equity Shares of ₹1 each fully paid up allotted for consideration other than cash pursuant to the Scheme of Arrangement approved by the High Court in the year 2006 | 195,956,192 | 195,956,192 |

3.6 The shareholders in their meeting held on August 18, 2009 has approved Employee Stock Option Plan i.e. "ZNL ESOP-2009" to grant, offer, issue and allot Options exercisable and convertible into equity shares upto a maximum of 11,988,000 equity share of ₹1 each of the Company to its employees including directors. No option under "ZNL ESOP-2009" has been granted to any employee including director till March 31, 2012.

4. Reserves and Surplus

(Amount in ₹)

| | 2012 | 2011 |
|--|----------------------|----------------------|
| Capital Reserve | | |
| Opening Balance | 96,790,720 | 96,790,720 |
| Closing Balance | 96,790,720 | 96,790,720 |
| Security Premium Account | | |
| Opening Balance | 76,500,000 | 76,500,000 |
| Closing Balance | 76,500,000 | 76,500,000 |
| General Reserve | | |
| Opening Balance | 90,000,000 | 90,000,000 |
| Closing Balance | 90,000,000 | 90,000,000 |
| Surplus in the Statement of Profit and Loss | | |
| Opening Balance | 1,223,221,123 | 1,125,422,098 |
| Add:- Net Profit for the Current Year | 61,999,447 | 97,799,025 |
| Closing Balance | 1,285,220,570 | 1,223,221,123 |
| Total Reserves and Surplus | 1,548,511,290 | 1,486,511,843 |

5. Long-Term Borrowings

(Amount in ₹)

| 5.1 | Non Current Maturities | | Current Maturities | |
|---|------------------------|--------------------|--------------------|--------------------|
| | 2012 | 2011 | 2012 | 2011 |
| Secured Term Loans (Refer 'Note No. 5.2') | | | | |
| From banks | 170,000,000 | 350,000,000 | 180,000,000 | 150,000,000 |
| | 170,000,000 | 350,000,000 | 180,000,000 | 150,000,000 |
| Secured Vehicle Loans* | | | | |
| From banks | 6,433,449 | 12,050,265 | 7,139,781 | 7,086,487 |
| From others | 1,733,552 | 1,275,077 | 1,875,707 | 2,023,333 |
| | 8,167,001 | 13,325,342 | 9,015,488 | 9,109,820 |
| | 178,167,001 | 363,325,342 | 189,015,488 | 159,109,820 |
| Less: Current maturities disclosed under "Other Current Liabilities" (Refer 'Note No. 8.1') | - | - | 189,015,488 | 159,109,820 |
| Total | 178,167,001 | 363,325,342 | - | - |
| *Secured against hypothecation of vehicles | | | | |

5.2 Secured term loan of ₹500,000,000 was taken from bank in the financial year 2010-11 and is secured by way of first hypothecation charge on entire movable fixed assets of the Company, except vehicles, both present and future. The loan is repayable in 10 installments payable quarterly, commencing April 2011. The loan presently carries interest rate of 13.50% per annum payable monthly.

6. Provisions

(Amount in ₹)

| | Non Current | | Current | |
|----------------------------------|-------------------|-------------------|------------------|------------------|
| | 2012 | 2011 | 2012 | 2011 |
| Provision for Employee Benefits: | | | | |
| Gratuity | 48,845,823 | 36,598,625 | 1,883,851 | 1,424,466 |
| Leave Encashment | 28,335,105 | 25,725,778 | 1,283,557 | 1,067,894 |
| Total | 77,180,928 | 62,324,403 | 3,167,408 | 2,492,360 |

7. Short-Term Borrowings

(Amount in ₹)

| 7.1 | 2012 | 2011 |
|--|--------------------|----------|
| Secured Loans from Bank (Refer 'Note No. 7.2') | 412,758,476 | - |
| Total | 412,758,476 | - |

7.2 Secured working capital facility of ₹500,000,000, repayable on demand, is secured by way of first hypothecation charge on entire current assets as well as movable fixed assets of the Company, both present and future. The facility includes working capital demand loan of ₹400,000,000 which presently carries interest rate of 11.50% per annum, payable monthly and cash credit limit of ₹100,000,000 which presently carries interest rate of 14.75% per annum, payable monthly.

8. Current Liabilities

(Amount in ₹)

| 8.1 | 2012 | 2011 |
|---|--------------------|--------------------|
| a) Trade Payables (Refer 'Note No. 8.2' and 'Note No. 32') | 439,000,531 | 651,164,094 |
| b) Other Current Liabilities | | |
| Current Maturities of Secured Term Loans (Refer 'Note No. 5') | 189,015,488 | 159,109,820 |
| Interest Accrued but Not Due on Borrowings | 8,020,907 | 5,003,351 |
| Advance Received from Customers | 51,820,691 | 30,701,142 |
| Unearned Revenue | 16,667,743 | 4,045,969 |
| Security Deposits | 1,396,493 | 1,396,493 |
| Statutory Liabilities | 45,857,655 | 91,193,188 |
| Creditors for Capital Goods | 4,606,170 | 7,259,646 |
| Unclaimed Dividends (Refer 'Note No. 8.3') | 681,652 | 596,044 |
| | 318,066,799 | 299,305,653 |
| Total | 757,067,330 | 950,469,747 |

8.2 Includes ₹5,033,730 (Previous Year ₹310,532) payable to Subsidiary, ₹2,409,126 (Previous Year ₹ Nil) payable to Holding Company and ₹45,343,237 (Previous Year ₹186,277,703) payable to Other Related Parties.

8.3 There is no amount due and outstanding to be credited to Investors Education and Protection Fund as at March 31, 2012.

9 : FIXED ASSETS

Amount (₹)

| Description of Assets | Gross Block | | | | Depreciation/Amortisation | | | | Net Block | | |
|------------------------------|----------------------|-------------------|-------------------|----------------------|---------------------------|---------------------|-------------------|----------------------|----------------------|---------------------|--|
| | As at April 1, 2011 | Additions | Deductions | As at March 31, 2012 | As at April 1, 2011 | Charge for The Year | Deductions | As at March 31, 2012 | As at March 31, 2012 | As at April 1, 2011 | |
| 9.1 Tangible Assets | | | | | | | | | | | |
| Plant and Machinery | 843,260,845 | 57,701,499 | 64,842,474 | 836,119,870 | 243,851,579 | 62,094,237 | 23,722,424 | 282,223,392 | 553,896,478 | 599,409,266 | |
| Equipments | 105,494,499 | 16,113,130 | 8,001,317 | 113,606,312 | 30,417,763 | 11,020,239 | 3,253,095 | 38,184,907 | 75,421,405 | 75,076,736 | |
| Furniture and Fixture | 10,617,966 | 690,425 | 2,891,080 | 8,417,311 | 3,667,661 | 832,591 | 604,595 | 3,895,657 | 4,521,654 | 6,950,305 | |
| Vehicles | 49,721,422 | 5,921,178 | 4,651,080 | 50,991,520 | 8,964,777 | 4,677,599 | 1,893,042 | 11,749,334 | 39,242,186 | 40,756,645 | |
| Leasehold Improvements | 29,520,708 | - | 7,401,823 | 22,118,885 | 11,768,463 | 3,926,210 | 7,401,823 | 8,292,850 | 13,826,035 | 17,752,245 | |
| Total | 1,038,615,440 | 80,426,232 | 87,787,774 | 1,031,253,898 | 298,670,243 | 82,550,876 | 36,874,979 | 344,346,140 | 686,907,758 | 739,945,197 | |
| Total Previous Year | 1,041,216,355 | 68,383,913 | 70,984,828 | 1,038,615,440 | 249,368,122 | 80,979,012 | 31,676,891 | 298,670,243 | 739,945,197 | | |
| 9.2 Intangible Assets | | | | | | | | | | | |
| Computer Softwares | 57,651,322 | 31,942,040 | 21,500 | 89,571,862 | 48,596,878 | 18,865,305 | 21,500 | 67,440,683 | 22,131,178 | 9,054,444 | |
| Total | 57,651,322 | 31,942,040 | 21,500 | 89,571,862 | 48,596,878 | 18,865,305 | 21,500 | 67,440,683 | 22,131,178 | 9,054,444 | |
| Total Previous Year | 57,621,322 | 30,000 | - | 57,651,322 | 37,181,980 | 11,414,898 | - | 48,596,878 | 9,054,444 | | |
| 9.3 Capital Work-in-Progress | - | - | - | - | - | - | - | - | 13,928,669 | 46,630,336 | |

Current Year Depreciation includes ₹119,746 (Previous Year ₹Nil) for prior period.

10. Non-Current Investments

(Amount in ₹)

| | 2012 | 2011 |
|---|-------------------|--------------------|
| Unquoted Trade Investments in Equity Instruments (Valued at cost unless otherwise stated) | | |
| In Subsidiary | 83,279,820 | 83,279,820 |
| 2,399,982 (Previous Year 2,399,982) Equity Shares of ₹10 each fully paid up of Zee Akaash News Private Limited (extent of holding 60 %) | | |
| In Others | 60,900,000 | 60,900,000 |
| 435,000 (Previous Year 435,000) Equity Shares of ₹10 each fully paid up of Akash Bangla Private Limited (extent of holding 13.26%) | | |
| Less: Provision for Diminution in Value of Investment | 60,900,000 | - |
| | - | 60,900,000 |
| Total | 83,279,820 | 144,179,820 |
| Aggregate book value of all quoted investments | - | - |
| Aggregate book value of all unquoted investments | 83,279,820 | 144,179,820 |

11. Deferred Tax Assets (Net)

The components of deferred tax balances are as under:

(Amount in ₹)

| | 2012 | 2011 |
|--|-------------------|-------------------|
| Deferred Tax Assets | | |
| Provision for Retirement Benefits | 26,069,016 | 21,029,798 |
| Expenses Allowable on Payment Basis | 47,316,849 | 20,677,454 |
| Provision for Doubtful Debts and Advances | 11,363,952 | 23,869,744 |
| | 84,749,817 | 65,576,996 |
| Deferred Tax Liabilities | | |
| Fixed assets: impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting | 46,019,573 | 49,638,132 |
| | 46,019,573 | 49,638,132 |
| Deferred Tax Balances - Assets/(Liabilities) (Net) | 38,730,244 | 15,938,864 |

12. Other Non-Current Assets

(Amount in ₹)

| | 2012 | 2011 |
|---|------------------|--------------------|
| Unsecured, Considered Good Unless Otherwise Stated | | |
| Share Application Money Paid | | |
| To Subsidiary | - | 67,232,334 |
| To Others | 105,843,191 | 105,843,191 |
| Less: Provision for Doubtful Share Application Money | 105,843,191 | - |
| | - | 105,843,191 |
| Fixed Deposits with maturity for more than 12 months* (Refer 'Note No. 15') | 4,350,000 | 4,350,000 |
| Total | 4,350,000 | 177,425,525 |

* Fixed Deposits are lodged with Statutory Authorities.

13. Inventories

| | (Amount in ₹) | |
|---|------------------|--------------------|
| | 2012 | 2011 |
| Raw Materials: | | |
| Raw Stock - Tapes | 2,863,695 | 2,911,750 |
| Finished Goods: | | |
| (Refer 'Note No. 20.2') | | |
| Unamortised cost - Programs | 6,892,309 | 22,441,934 |
| Unamortised cost - Film Rights | - | 195,146,752 |
| Total | 9,756,004 | 220,500,436 |
| (for basis of valuation, refer 'Note No. 2K') | | |

14. Trade Receivables

| | (Amount in ₹) | |
|---|--------------------|--------------------|
| | 2012 | 2011 |
| Unsecured, Considered good unless otherwise stated | | |
| Over six months from the date they are due for payment | | |
| Considered Good | 99,718,849 | 126,782,100 |
| Considered Doubtful | 35,025,312 | 72,569,868 |
| | 134,744,161 | 199,351,968 |
| Less: Provision for Doubtful Debts | 35,025,312 | 72,569,868 |
| | 99,718,849 | 126,782,100 |
| Others | | |
| Considered Good | 805,194,835 | 644,292,451 |
| | 805,194,835 | 644,292,451 |
| Total | 904,913,684 | 771,074,551 |

15. Cash and Bank Balances

| | (Amount in ₹) | | | |
|--|------------------|------------------|--------------------|--------------------|
| | Non Current | | Current | |
| | 2012 | 2011 | 2012 | 2011 |
| Cash and Cash Equivalents | | | | |
| Cash on Hand | - | - | 237,651 | 571,016 |
| Balances with Banks in Current Accounts | - | - | 103,117,418 | 804,322,035 |
| | - | - | 103,355,069 | 804,893,051 |
| Other Bank Balances | | | | |
| Fixed Deposits with maturity within 3 months (under bank's lien) | - | - | 50,000,000 | - |
| Fixed Deposits with maturity for more than 12 months* | 4,350,000 | 4,350,000 | - | - |
| In Unclaimed Dividend Accounts | - | - | 681,652 | 596,044 |
| | 4,350,000 | 4,350,000 | 50,681,652 | 596,044 |
| Less: Disclosed under Other Non Current Assets (Refer 'Note No. 12') | 4,350,000 | 4,350,000 | - | - |
| | - | - | 50,681,652 | 596,044 |
| Total | - | - | 154,036,721 | 805,489,095 |

* Fixed Deposits are lodged with Statutory Authorities.

16. Loans and Advances

(Amount in ₹)

| | Non Current | | Current | |
|--|-------------------|-------------------|----------------------|--------------------|
| | 2012 | 2011 | 2012 | 2011 |
| Capital Advances - Unsecured, Considered Good | 10,429,861 | 2,230,291 | - | - |
| Security Deposits | | | | |
| (Unsecured, Considered Good) | | | | |
| For Programs and Contents | - | - | 512,650,000 | - |
| For Others | 22,478,458 | 14,706,340 | 1,957,752 | 13,849,680 |
| Loans, Advances and Security Deposits to Related Parties (Unsecured, Considered Good) | | | | |
| Loans | - | - | 700,000,000 | - |
| Other Advances | - | - | 16,119,769 | 74,417,045 |
| Security Deposits | - | - | - | 22,000,000 |
| Other Loans and Advances | | | | |
| Advances Recoverable: | | | | |
| Unsecured, Considered Good | 1,000,000 | 1,000,000 | 19,587,656 | 21,635,189 |
| Unsecured, Considered Doubtful | - | - | 1,000,000 | 1,000,000 |
| | 1,000,000 | 1,000,000 | 20,587,656 | 22,635,189 |
| Less: Provision for Doubtful Advances | - | - | 1,000,000 | 1,000,000 |
| | 1,000,000 | 1,000,000 | 19,587,656 | 21,635,189 |
| Advance Direct Tax (Net of Provisions) | - | - | 1,895,824 | 19,992,183 |
| Prepaid Expenses | - | - | 8,931,890 | 3,945,014 |
| Total | 33,908,319 | 17,936,631 | 1,261,142,891 | 155,839,111 |

17. Other Current Assets

(Amount in ₹)

| | 2012 | 2011 |
|---|------------------|----------------|
| Interest Accrued but not Due on Fixed Deposits with Banks | 1,772,188 | 873,641 |
| Interest Accrued but not Due - Others | 34,367 | - |
| Others | 1,724,546 | - |
| Total | 3,531,101 | 873,641 |

18. Revenue from Operations

(Amount in ₹)

| | 2012 | 2011 |
|---------------------------------|----------------------|----------------------|
| Services - Broadcasting Revenue | | |
| Advertisement | 1,665,739,722 | 1,636,450,894 |
| Subscription | 742,671,240 | 723,142,894 |
| Sales - | | |
| Programs | 90,667,189 | 44,770,046 |
| Film Rights | 195,146,752 | 948,571 |
| Franchise Fee Income | 27,720,000 | 25,200,000 |
| Other Operating Income | 11,399,777 | - |
| Total | 2,733,344,680 | 2,430,512,405 |

19. Other Income

| | (Amount in ₹) | |
|---|--------------------|--------------------|
| | 2012 | 2011 |
| Interest Income | | |
| From Bank Deposits | 947,727 | 502,420 |
| From Others | 94,438,112 | 96,244,116 |
| Dividend Income on Current Investments | - | 1,564,067 |
| Liability/ Excess Provisions Written Back | 49,331,654 | 9,042,695 |
| Net Gain on Exchange Difference | - | 536,417 |
| Miscellaneous Income | 275,894 | 562,944 |
| Total | 144,993,387 | 108,452,659 |

20. Operational Cost

| | (Amount in ₹) | |
|---|--------------------|--------------------|
| 20.1 | 2012 | 2011 |
| a) Programs / Film Rights (Refer 'Note No. 20.2') - | | |
| Opening - Unamortised cost - Programs | 22,441,934 | 32,367,435 |
| - Unamortised cost - Film Rights | 195,146,752 | 261,363,994 |
| | 217,588,686 | 293,731,429 |
| Add: Production/ Acquisition Cost | | |
| Acquisition of Programs | 9,700,000 | 20,759,300 |
| Acquisition of Film Rights | - | 200,000 |
| Consultancy and Professional Fee | 131,775,479 | 122,652,452 |
| Subscription and License Fee | 33,028,704 | 26,578,580 |
| Hire Charges | 14,240,071 | 22,922,440 |
| Tapes Consumed | 3,704,024 | 6,064,356 |
| Other Production Expenses | 33,803,724 | 43,531,911 |
| Vehicle Running, Maintenance and Hire Charges | 47,680,526 | 48,540,603 |
| Travelling and Conveyance Expenses | 11,601,565 | 15,004,999 |
| Lease-line and V-Sat Expenses | 44,745,026 | 46,637,044 |
| | 330,279,119 | 352,891,685 |
| Less: Closing - Unamortised Cost - Programs | 6,892,308 | 22,441,934 |
| - Unamortised Cost - Film Rights | - | 195,146,752 |
| | 6,892,308 | 217,588,686 |
| | 540,975,497 | 429,034,428 |
| b) Transmission Cost | 84,861,958 | 85,310,643 |
| c) Distribution Rights Cost | 12,528,806 | - |
| Total (a+b+c) | 638,366,261 | 514,345,071 |

20.2 Programs/Film Rights are intangible assets as defined in AS – 26 but these are acquired and used for its broadcasting business hence considered and included in Operational Cost and Current Assets - Inventories.

20.3 The Company has impaired Programs of ₹4,121,912 (Previous Year ₹606,565).

21. Employee Benefit Expenses

(Amount in ₹)

| | 2012 | 2011 |
|---|--------------------|--------------------|
| Salaries and Allowances | 571,362,345 | 545,989,325 |
| Contribution to Provident and Other Funds | 37,155,259 | 32,326,720 |
| Staff Welfare Expenses | 50,696,065 | 47,472,213 |
| Staff Recruitment and Training Expenses | 923,574 | 524,597 |
| Total | 660,137,243 | 626,312,855 |

22. Finance Cost

(Amount in ₹)

| | 2012 | 2011 |
|-----------------------|--------------------|--------------------|
| Interest on Loans | 104,985,149 | 112,482,557 |
| Interest on Others | 11,381 | 9,121,279 |
| Other Borrowing Costs | 913,432 | 3,250,000 |
| Bank Charges | 648,148 | 797,358 |
| Total | 106,558,110 | 125,651,194 |

23. Other Expenses

(Amount in ₹)

| | 2012 | 2011 |
|--|----------------------|----------------------|
| Rent | 58,537,020 | 58,918,496 |
| Rates and Taxes | 7,097,056 | 5,481,652 |
| Repairs and Maintenance - Building | 1,091,023 | 1,407,237 |
| Repairs and Maintenance - Plant and Machinery | 13,777,264 | 11,683,921 |
| Repairs and Maintenance - Other | 12,496,720 | 10,494,622 |
| Insurance | 2,957,660 | 4,229,339 |
| Electricity and Water Charges | 40,793,233 | 43,351,827 |
| Communication Expenses | 17,605,165 | 20,685,506 |
| Printing and Stationary | 5,132,056 | 5,301,740 |
| Hire and Service Charges | 27,702,039 | 30,522,116 |
| Conveyance and Travelling Expenses | 68,102,848 | 31,611,912 |
| Legal, Professional and Consultancy Charges | 18,754,334 | 21,727,194 |
| Payment to Auditors (Refer 'Note No. 30') | 1,658,224 | 1,323,277 |
| Business Promotion Expenses | 635,910,794 | 602,088,613 |
| Advertisement and Publicity | 33,090,527 | 26,754,686 |
| Commission/ Discount on Sales and Services | 35,237,625 | 80,260,186 |
| Bad Debts / Advances Written Off | 43,187,633 | |
| Less: Provision Written Back | 41,088,972 | 20,974,590 |
| Provision for Doubtful Trade Receivable / Advances | 3,544,416 | 500,000 |
| Loss on Sale/ Discard of Fixed Assets | 32,115,587 | 36,539,418 |
| Net Loss on Exchange Difference | 2,139,216 | - |
| Miscellaneous Expenses | 12,484,143 | 10,638,250 |
| Total | 1,032,325,611 | 1,024,494,582 |

24. Depreciation and Amortisation Expenses

| | (Amount in ₹) | |
|--|--------------------|-------------------|
| | 2012 | 2011 |
| Depreciation on Tangible Assets | 82,550,876 | 80,979,012 |
| Amortisation on Intangible Assets | 18,865,305 | 11,414,898 |
| Total | 101,416,181 | 92,393,910 |
| Includes ₹119,746 (Previous Year ₹Nil) for prior period. | | |

25. Exceptional Items

| | (Amount in ₹) | |
|---|--------------------|----------|
| | 2012 | 2011 |
| Provision for Diminution in Value of Investment | 60,900,000 | - |
| Provision for Doubtful Share Application Money | 105,843,191 | - |
| Total | 166,743,191 | - |

26. Leases:

In respect of assets taken on operating lease :

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

| | (Amount in ₹) | |
|--|---------------|-------------|
| | 2012 | 2011 |
| Lease Rental charges for the year | 118,293,878 | 124,232,016 |
| Future Lease Rental obligation payable (under non-cancellable leases) | | |
| Not later than one year | 57,318,819 | 43,536,427 |
| Later than one year but not later than five years | 126,197,981 | 98,788,516 |
| Later than five years | - | - |

27. Contingent Liabilities not provided for:

| | (Amount in ₹) | |
|--|---------------|---------------|
| | 2012 | 2011 |
| Claims against the Company not acknowledged as debts | - | 2,130,000 |
| Custom Duty on Pending Export Obligations | 18,183,059 | 18,183,059 |
| Disputed Direct Taxes | 3,818,080 | 3,818,080 |
| Legal cases against the Company | Unascertained | Unascertained |

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

28. Capital and Other Commitments:

Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances) is ₹85,863,021 (₹32,657,810).

29. Managerial Remuneration:

Commission provided during the year for Non Executive Directors ₹1,000,000 (₹1,350,000) is included in Miscellaneous Expenses under Note No. 23 "Other Expenses".

30. Payments to the Auditor (excluding Service Tax)

(Amount in ₹)

| | 2012 | 2011 |
|--|------------------|------------------|
| Audit Fees | 800,000 | 700,000 |
| Tax Audit Fees | 200,000 | 150,000 |
| Certification Work, Tax Representation and Other Matters | 650,000 | 463,500 |
| Reimbursement of Expenses | 8,224 | 9,777 |
| Total | 1,658,224 | 1,323,277 |

31. Foreign Exchange Difference:

- a) The foreign exchange loss (net) ₹2,139,216 (previous year gain ₹536,417) on settlement or realignment of foreign exchange transactions has been adjusted under the head "Gain/Loss on Foreign Exchange Difference" in the Statement of Profit and Loss.
- b) Foreign currency exposures that are not hedged by derivative instruments as at March 31,

(Amount in ₹)

| | 2012 | 2011 |
|------------------------------|------------|------------|
| Foreign Currency Payables | 35,066,378 | 36,227,816 |
| Foreign Currency Receivables | 95,409,813 | 35,154,067 |

- c) Derivative contracts (Forward Contracts for hedging purposes) entered into by the Company and outstanding at March 31, 2012 is ₹Nil (Previous Year ₹Nil).

32. Micro, Small and Medium Enterprises:

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

33. Retirement Benefits:

(A) Defined Benefit Plan:

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

- i) Gratuity Benefits cost recognised during the year:

(Amount in ₹)

| | 2012 | 2011 |
|---|-------------------|-------------------|
| Service cost | 8,747,711 | 7,420,122 |
| Interest cost | 3,231,963 | 2,142,479 |
| Net actuarial (gain)/loss on obligation | 3,437,448 | 3,165,429 |
| Net Cost | 15,417,122 | 12,728,030 |

- ii) Net Assets/ (Liability) recognised in the Balance Sheet as at March 31,

(Amount in ₹)

| | 2012 | 2011 |
|---|-------------------|-------------------|
| Obligation at the beginning of the year | 38,023,091 | 26,780,982 |
| Service cost | 8,747,711 | 7,420,122 |
| Interest cost | 3,231,963 | 2,142,479 |
| Actuarial (gain)/loss on obligation | 3,437,448 | 3,165,429 |
| Benefit paid | (2,710,538) | (1,485,921) |
| Obligation at year end | 50,729,675 | 38,023,091 |

iii) Actuarial assumptions used :

| | (Amount in ₹) | |
|---------------------------------|-----------------------------|-------|
| | 2012 | 2011 |
| Discount Rate | 8.50% | 8.00% |
| Expected Salary Escalation Rate | 6.00% | 5.50% |
| Mortality Table | LIC (94 - 96) duly modified | |

Note:

- a) Amount recognised as an expense and included in Note No. 21 "Employee Benefit Expenses" are Gratuity ₹15,417,121 (Previous year ₹12,728,030) and Leave Encashment ₹8,423,422 (Previous Year ₹10,936,123).
- b) The estimates of future salary increases considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(B) Defined Contribution Plan:

"Contribution to Provident Fund and Other Funds" is recognized as an expense in Note No. 21 "Employee Benefit Expenses".

34. Related Party Transactions:

i) List of Parties where control exists:

Holding Company:

25 FPS Media Private Limited (Holding 53.34% w.e.f. March 1, 2012)

(A wholly owned subsidiary of Essel Corporate Resources Private Limited)

Essel Corporate Resources Private Limited (w.e.f. October 20, 2011 to February 28, 2012)

Subsidiary Company:

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

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

Asia Today Limited, Agrani Convergence Limited, Cyquator Media Services Private Limited, Diligent Media Corporation Limited, Dish TV India Limited, E-City Bioscope Entertainment Private Limited, E-City Property Management and Services Private Limited*, Essel International Limited, Essel Shyam Communication Limited, Himgiri Navh Vishwavidyalaya, India Webportal Private Limited, Intrex India Limited*, Media Pro Enterprise India Private Limited, Pan India Network Limited, Pan India Paryatan Private Limited*, Procall Private Limited, Rama Associates Limited, Real Media FZ LLC, RKJ Woods Plantations Private Limited*, Smart Wireless Private Limited, Taj TV Limited, Taj Television (India) Private Limited, Wire and Wireless (India) Limited, Wire and Wireless Tisai Satellite Limited, Veena Investments Private Limited, Zee Entertainment Enterprises Limited, Zee Foundation, Zee Learn Limited, Zee Sports Limited, Zee Telefilms Middle East FZ LLC, Zee Turner Limited.

* Not a related party during the current year

Key Management Personnel

Shri Subhash Chandra, Shri Punit Goenka

iii) Transactions with Related Parties:

| | (Amount in ₹) | |
|---|---------------|-------------|
| | 2012 | 2011 |
| (A) Transactions : | | |
| i) With Holding Company | | |
| - Essel Corporate Resources Private Limited | 13,200,000 | 13,200,000 |
| - Purchase of Services | 13,200,000 | 13,200,000 |
| ii) With Subsidiary Company | | |
| - Zee Akaash News Private Limited | | |
| Loans, Advances and Deposits Given | 2,292,032 | 977,165 |
| Loans, Advances and Deposits Received back | 2,037,490 | 3,762,985 |
| Share Application Money Received back | 67,232,334 | - |
| Purchase of Services | 12,528,806 | - |
| iii) With Other Related Parties: | | |
| - Revenue from Broadcasting Services | 610,138,964 | 91,246,281 |
| Media Pro Enterprise India Private Limited | 562,500,000 | - |
| Dish TV India Limited | 33,680,129 | 87,976,709 |
| Other Related Parties | 13,958,835 | 3,269,572 |
| - Sale of Programs and Film Rights | 284,006,151 | 44,545,047 |
| Zee Entertainment Enterprises Limited | 198,472,793 | - |
| Asia Today Limited | 85,533,358 | 44,545,047 |
| - Sale of Fixed Assets | 16,605,716 | - |
| Zee Entertainment Enterprises Limited | 16,605,716 | - |
| - Interest Received | 94,368,426 | 96,226,028 |
| Wire and Wireless (India) Limited | 46,343,836 | 96,226,028 |
| Essel International Limited | 48,024,590 | - |
| - Purchase of Fixed Assets / Capital Work in Progress | (2,142,026) | 4,827,940 |
| Dish TV India Limited | - | 1,068,750 |
| Real Media FZ LLC | - | 3,596,351 |
| Cyquator Media Services Private Limited | (2,142,026) | - |
| Other Related Parties | - | 162,839 |
| - Purchase of Programs, Goods and Services | 153,295,644 | 211,426,843 |
| Zee Entertainment Enterprises Limited | 27,993,216 | 28,292,572 |
| Zee Turner Limited | 12,594,615 | 59,228,909 |
| Dish TV India Limited | 46,253,472 | 43,276,088 |
| Wire and Wireless (India) Limited | 49,445,240 | 39,347,827 |
| Other Related Parties | 17,009,101 | 41,281,447 |
| - Rent Paid | 27,641,712 | 22,014,312 |
| Zee Entertainment Enterprises Limited | 26,925,114 | 21,784,800 |
| Other Related Parties | 716,598 | 229,512 |
| - Loans, Advances and Deposits Given | 1,405,789,384 | 4,413,815 |
| Wire and Wireless (India) Limited | 702,669,826 | 2,525,860 |
| Essel International Limited | 700,000,000 | - |
| Dish TV India Limited | 18,000 | 499,409 |
| Zee Entertainment Enterprises Limited | 2,951,558 | 894,523 |
| Other Related Parties | 150,000 | 494,023 |
| - Loans, Advances and Deposits Repayment Received | 765,958,175 | 998,093,642 |
| Wire and Wireless (India) Limited | 700,000,000 | 988,316,544 |
| Other Related Parties | 65,958,175 | 9,777,098 |
| - Loans, Advances and Deposits Received | 27,398,126 | 25,398,684 |
| Zee Entertainment Enterprises Limited | 26,376,492 | 25,331,856 |

| | | |
|--|-----------|-------------|
| Other Related Parties | 1,021,634 | 66,828 |
| · Loans, Advances and Deposits Repaid | - | 265,721 |
| Pan India Paryatan Private Limited | - | 265,721 |
| · Balances Written Back | - | 16,080 |
| Asia Today Limited | - | 16,080 |
| · Balances Written Off | - | 109,062 |
| Himgiri Nabh Vishwavidyalaya | - | 109,062 |
| · Donation Given | 2,050,000 | 2,375,000 |
| Zee Foundation | 2,050,000 | 2,375,000 |
| · Corporate Guarantee Released | - | 300,000,000 |
| Zee Entertainment Enterprises Limited | - | 300,000,000 |

(B) Balances at the end of the year :

| | | |
|---|-------------|-------------|
| i) Holding Company | | |
| - Essel Corporate Resources Private Limited | 2,409,126 | - |
| · Trade Payables | 2,409,126 | - |
| ii) Subsidiary Company - Zee Akaash News Private Limited | | |
| · Advance against share application money | - | 67,232,334 |
| · Investment made in equity share capital | 83,279,820 | 83,279,820 |
| · Trade Payables | 5,033,430 | 310,532 |
| iii) Other Related Parties | | |
| · Trade Receivables | 396,873,212 | 176,105,957 |
| Media Pro Enterprise India Private Limited | 194,615,413 | - |
| Asia Today Limited | 89,955,474 | 31,296,765 |
| Dish TV India Limited | 23,370,503 | 116,502,253 |
| Zee Entertainment Enterprises Limited | 78,281,565 | 13,548,774 |
| Other Related Parties | 10,650,257 | 14,758,165 |
| · Loans, Advances and Security Deposits Given | 716,437,804 | 96,417,045 |
| Essel International Limited | 700,000,000 | - |
| Zee Turner Limited | 14,260,187 | 62,289,333 |
| Veena Investments Private Limited | - | 22,000,000 |
| Zee Learn Limited | 77,183 | 10,307,977 |
| Other Related Parties | 2,100,434 | 1,819,735 |
| · Trade Payables | 45,343,237 | 186,277,703 |
| Dish TV India Limited | 20,000,147 | 33,572,064 |
| Wire and Wireless (India) Limited | 2,165,393 | 67,986,972 |
| Asia Today Limited | 21,710,249 | 21,710,250 |
| Zee Entertainment Enterprises Limited | - | 38,778,667 |
| Other Related Parties | 1,467,448 | 24,229,750 |
| · Loans, Advances and Deposits Received | 147,355 | 109,831 |
| Zee Entertainment Enterprises Limited | 48,919 | - |
| Zee Learn Limited | 16,210 | - |
| Smart Wireless Private Limited | 10,453 | - |
| Pan India Network Limited | 71,773 | 74,427 |
| Pan India Paryatan Limited | - | 18,180 |
| E-City Property Management and Services Private Limited | - | 17,224 |

Note:

- (i) Parties with transactions less than 10% of the group total are grouped under the head "Other Related Parties".
(ii) Details of remuneration to Directors is disclosed in Note No. 29.

35. Prior period items included in the respective heads are as under:

(Amount in ₹)

| | 2012 | 2011 |
|--|------------------|----------|
| Income | | |
| Subscription Revenue | 217,548 | - |
| Sale- Programs | 1,317,795 | - |
| Interest Income from Others | 31,498 | - |
| Total Income | 1,566,841 | - |
| Expenses | | |
| Depreciation / Amortisation Expense | 119,746 | - |
| Total Expenses | 119,746 | - |
| Net increase/(decrease) in Profit for the current year | 1,447,095 | - |

36. Value of Imported and Indigenous Raw Stock-Tapes Consumed:

(Amount in ₹)

| | 2012 | | 2011 | |
|--------------|-------------|------------------|-------------|------------------|
| | Percentage | Amount (₹) | Percentage | Amount (₹) |
| Imported | 67.63% | 2,505,003 | 50.31% | 3,050,786 |
| Indigenous | 32.37% | 1,199,021 | 49.69% | 3,013,570 |
| Total | 100% | 3,704,024 | 100% | 6,064,356 |

37. Earning in Foreign Exchange

(Amount in ₹)

| | 2012 | 2011 |
|---------------------------------|------------|------------|
| FOB Value of Export of Programs | 86,851,153 | 44,545,046 |
| Advertising Revenue | 5,058,828 | 7,829,297 |
| Other Income | 12,636 | 325,130 |

38. Expenditure in Foreign Currency (on accrual basis)

(Amount in ₹)

| | 2012 | 2011 |
|--|------------|------------|
| Transmission Cost | 33,410,234 | 27,867,360 |
| Programming, Professional and Other Expenses [includes travelling ₹260,220 (₹1,398,332)] | 12,042,086 | 11,149,665 |
| Travelling Expenses | 16,424 | 220,814 |

39. CIF Value of Imports in respect of

(Amount in ₹)

| | 2012 | 2011 |
|------------------------|------------|------------|
| Raw Stock-Tapes | 2,992,416 | 2,477,521 |
| Capital Equipment | 36,625,171 | 23,360,217 |
| Repair and Maintenance | 5,817,194 | 3,188,985 |

40. Segment Reporting:

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

41. Earnings per share (EPS):

| | (Amount in ₹) | |
|--|---------------|-------------|
| | 2012 | 2011 |
| a) Profit after Tax after Exceptional Items | 61,999,447 | 97,799,025 |
| Adjustments for : | | |
| Diminution in the Value of Investments | 60,900,000 | - |
| Provision for Doubtful Share Application Money | 105,843,191 | - |
| b) Profit after Tax before Exceptional Items | 228,742,638 | 97,799,025 |
| c) Weighted Average number of equity shares for Basic and Diluted EPS (Nos.) | 239,763,956 | 239,763,956 |
| Nominal value of each equity share | 1 | 1 |
| d) Basic and Diluted EPS before Exceptional Items | 0.95 | 0.41 |
| e) Basic and Diluted EPS after Exceptional Items | 0.26 | 0.41 |

42. Schedule VI of the Companies Act, 1956 is revised effective from April 1, 2011 and the adoption of the revised Schedule VI has significantly impacted the presentation and disclosures in the financial statements. Previous year's figures have been regrouped/ reclassified in accordance with current year's classifications/ disclosures. Further, current year's figures are not comparable with previous year's figures due to closure of operations of Tamil channel w.e.f. March 31, 2011.

As per our attached Report of even date

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

Lalit Kumar Jain
Partner
Membership No. 72664

Place: Noida
Date: May 16, 2012

For and on behalf of the Board

Punit Goenka
Managing Director

Dinesh Garg
Chief Financial Officer

Naresh Kumar Bajaj
Director

Pushpal Sanghavi
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31,

(Amount in ₹)

| Particulars | 2012 | 2011 |
|---|----------------------|----------------------|
| A. Cash flow from operating activities | | |
| Net Profit before Taxation | 172,791,470 | 155,767,452 |
| Adjustments for: | | |
| Depreciation and Amortisation | 101,416,181 | 92,393,910 |
| Loss on Sale/Discard of Fixed Assets (Net) | 32,115,587 | 36,539,418 |
| Interest Expense | 104,996,530 | 121,603,836 |
| Interest Income | (95,385,839) | (96,746,536) |
| Dividend Income | - | (1,564,067) |
| Liabilities/Excess Provisions Written Back | (49,331,654) | (9,042,695) |
| Provision for diminution in value of Investment | 60,900,000 | - |
| Provision for doubtful Share Application Money | 105,843,191 | - |
| Provision for doubtful Trade Receivable/Advances | (37,544,556) | (46,502,059) |
| Net unrealised foreign exchange difference (Net) | 3,895,289 | 113,329 |
| Operating profit before working capital changes | 399,696,199 | 252,562,588 |
| Adjustments for: | | |
| (Increase)/Decrease in Inventories | 210,744,432 | 76,998,411 |
| (Increase)/Decrease in Trade and Other Receivables | (529,161,905) | 512,975,320 |
| Increase/(Decrease) in Trade and Other Payables | (165,472,785) | 222,115,871 |
| Cash generated from operations | (84,194,059) | 1,064,652,190 |
| Net Income Tax (paid)/refunds | (115,487,044) | (164,498,000) |
| Net cash flow from operating activities (A) | (199,681,103) | 900,154,190 |
| B. Cash flow from investing activities | | |
| Capital expenditure on Fixed Assets, including Capital Advances | (87,866,175) | (78,707,336) |
| Proceeds from sale of Fixed Assets | 18,797,208 | 2,597,419 |
| Loan given to Others | (1,400,000,000) | - |
| Loan repaid by Others | 700,000,000 | 988,316,544 |
| Advance against Share Application Money paid to Others | - | (35,250,000) |
| Received against Share Application Money paid to Subsidiary | 67,232,334 | - |
| Received against Advance paid to Subsidiary | - | 2,785,820 |
| Purchase of Short-Term Investments | - | (440,000,000) |
| Proceeds from sale of Short-Term Investments | - | 440,000,000 |
| Interest received | 94,452,925 | 224,338,814 |
| Dividend received | - | 1,564,067 |
| Net cash flow from investing activities (B) | (607,383,708) | 1,105,645,328 |

(Amount in ₹)

| Particulars | 2012 | 2011 |
|---|----------------------|------------------------|
| C. Cash flow from financing activities | | |
| Proceeds from Long-Term Borrowings | - | 500,000,000 |
| Repayments of Long-Term Borrowings | (150,000,000) | - |
| Proceeds from Short-Term Borrowings | 1,612,758,476 | 2,200,000,000 |
| Repayments of Short-Term Borrowings | (1,200,000,000) | (3,880,546,808) |
| Proceeds from Vehicle Loans | 4,469,694 | 22,395,000 |
| Repayments of Vehicle Loans | (9,722,367) | (8,233,547) |
| Interest paid | (101,978,974) | (123,454,888) |
| Dividends paid | 85,608 | (95,782) |
| Net cash flow from financing activities (C) | 155,612,437 | (1,289,936,025) |
| Net increase/(decrease) in Cash and Bank Balances (A+B+C) | (651,452,374) | 715,863,493 |
| Cash and cash equivalents at the beginning of the year | 809,839,095 | 93,975,602 |
| Cash and cash equivalents at the end of the year* | 158,386,721 | 809,839,095 |
| Reconciliation of Cash and Bank Balances with the Balance Sheet: | | |
| Cash and Bank Balances as per Balance Sheet (Refer 'Note No. 15') | 154,036,721 | 805,489,095 |
| Add: Bank balances considered as Non Current Assets (Refer 'Note No. 12') | 4,350,000 | 4,350,000 |
| Net Cash and Bank Balances | 158,386,721 | 809,839,095 |
| *Comprise: | | |
| Cash on hand | 237,651 | 571,016 |
| Balances with banks | | |
| In current accounts | 103,117,418 | 804,322,035 |
| In unpaid dividend accounts | 681,652 | 596,044 |
| Other bank balances | | |
| Fixed Deposits with maturity within 3 months | 50,000,000 | - |
| Fixed Deposits considered as Other Non Current Assets | 4,350,000 | 4,350,000 |
| | 158,386,721 | 809,839,095 |

Note:

1. Previous year's figures are regrouped, rearranged or recast wherever considered necessary to conform to this year's classification.

As per our attached Report of even date

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

Lalit Kumar Jain
Partner
Membership No. 72664

Place: Noida
Date: May 16, 2012

For and on behalf of the Board

Punit Goenka
Managing Director

Dinesh Garg
Chief Financial Officer

Naresh Kumar Bajaj
Director

Pushpal Sanghavi
Company Secretary

PERFORMANCE RATIOS & ANALYSIS

(Amount in ₹)

| Year Ending March 31, | Consolidated | | | | | Standalone | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2012 | 2011 | 2010 | 2009 | 2008 | 2012 | 2011 | 2010 | 2009 | 2008 |
| Revenue Account | | | | | | | | | | |
| Income from Operations | 3,072,228,879 | 2,767,911,204 | 5,292,863,628 | 5,221,313,068 | 3,675,120,221 | 2,733,344,680 | 2,430,512,405 | 5,077,489,472 | 5,074,460,460 | 3,582,238,937 |
| Total Expenses | 2,538,686,212 | 2,343,899,960 | 4,368,483,421 | 4,384,949,298 | 2,997,479,314 | 2,330,829,115 | 2,165,152,508 | 4,213,736,157 | 4,247,429,598 | 2,903,805,323 |
| Operating Profit | 533,542,667 | 424,011,245 | 924,380,207 | 836,363,770 | 677,640,908 | 402,515,565 | 265,359,897 | 863,753,315 | 827,030,862 | 678,433,614 |
| % to Income from Operations | 17.4% | 15.3% | 17.5% | 16.0% | 18.4% | 14.7% | 10.9% | 17.0% | 16.3% | 18.9% |
| Other Income | 155,492,241 | 113,231,570 | 185,433,660 | 175,622,366 | 13,951,978 | 144,993,387 | 108,452,659 | 15,680,426 | 175,258,368 | 13,476,852 |
| PBIDT | 689,034,907 | 537,242,815 | 1,109,813,867 | 1,011,986,136 | 691,592,885 | 547,508,952 | 373,812,556 | 879,433,741 | 1,002,289,230 | 691,910,466 |
| Financial Expenses | 106,592,736 | 125,723,140 | 261,366,643 | 210,692,869 | 5,404,698 | 106,558,110 | 125,651,194 | 92,339,269 | 210,662,348 | 5,397,027 |
| Depreciation/Amortisation | 112,098,105 | 100,800,248 | 112,277,757 | 95,192,760 | 84,755,328 | 101,416,181 | 92,393,910 | 104,784,908 | 88,857,790 | 78,227,624 |
| Profit Before Tax & Exceptional Items | 470,344,066 | 310,719,427 | 736,169,467 | 706,100,507 | 601,432,859 | 339,534,661 | 155,767,452 | 682,309,564 | 702,769,092 | 608,285,815 |
| Exceptional Items | 166,743,191 | - | - | - | - | 166,743,191 | - | - | - | - |
| Profit Before Tax | 303,600,875 | 310,719,427 | 736,169,467 | 706,100,507 | 601,432,859 | 172,791,470 | 155,767,452 | 682,309,564 | 702,769,092 | 608,285,815 |
| Tax | 152,490,093 | 103,126,293 | 267,881,319 | 259,128,294 | 232,166,968 | 110,792,023 | 57,968,427 | 242,652,866 | 257,160,250 | 235,251,088 |
| Profit after Tax & before Minority Interest | 151,110,782 | 207,593,134 | 468,288,148 | 446,972,213 | 369,265,891 | 61,999,447 | 97,799,025 | 439,656,698 | 445,608,842 | 373,034,727 |
| Less: Minority Interest | (35,644,935) | (43,918,138) | 11,452,714 | 706,878 | (1,507,551) | - | - | - | - | - |
| PAT | 115,465,847 | 163,674,996 | 456,835,434 | 446,265,335 | 370,773,442 | 61,999,447 | 97,799,025 | 439,656,698 | 445,608,842 | 373,034,727 |
| % to Total Income | 3.8% | 5.9% | 8.6% | 8.3% | 10.1% | 2.3% | 4.0% | 8.6% | 8.5% | 10.4% |
| Dividend | - | - | - | 95,905,582 | 95,905,582 | - | - | - | 95,905,582 | 95,905,582 |
| Dividend Rate % | 0% | 0% | 0% | 40% | 40% | - | - | - | 40% | 40% |
| Capital Account | | | | | | | | | | |
| Share Capital - Equity | 239,763,956 | 239,763,956 | 239,763,956 | 239,763,956 | 239,763,956 | 239,763,956 | 239,763,956 | 239,763,956 | 239,763,956 | 239,763,956 |
| Share Capital - Preference | - | - | - | - | - | - | - | - | - | - |
| Reserves & Surplus | 1,654,248,430 | 1,538,782,583 | 1,375,107,586 | 2,166,105,878 | 1,831,641,475 | 1,548,511,290 | 1,486,511,843 | 1,388,712,818 | 2,196,889,846 | 1,863,485,740 |
| Deferred Tax Balances | - | - | - | - | - | - | - | - | 3,232,273 | 5,282,722 |
| Minority Interest | 126,012,929 | 108,867,994 | 64,949,856 | 53,497,142 | 50,790,253 | - | - | - | - | - |
| Loan Funds | 780,025,142 | 522,631,092 | 1,689,112,907 | 2,017,080,292 | 116,782,294 | 779,940,965 | 522,435,162 | 1,688,820,517 | 2,016,704,641 | 116,782,294 |
| Capital Employed | 2,800,050,457 | 2,410,045,624 | 3,368,934,305 | 4,476,447,268 | 2,238,977,978 | 2,568,216,211 | 2,248,710,961 | 3,317,297,291 | 4,456,590,716 | 2,225,314,712 |
| Fixed Assets | 844,664,975 | 914,846,380 | 952,400,047 | 1,047,281,557 | 812,014,119 | 722,967,604 | 795,629,977 | 850,854,779 | 941,299,628 | 702,917,392 |
| Investments | - | 60,900,000 | 60,900,000 | - | - | 83,279,820 | 144,179,820 | 144,179,820 | 83,279,820 | 83,279,820 |
| Deferred Tax Balances | 27,007,558 | 5,393,717 | 25,843,044 | 19,427,621 | 18,158,045 | 38,730,244 | 15,938,864 | 21,107,650 | - | - |
| Net Current Assets | 1,928,377,924 | 1,428,905,527 | 2,329,791,214 | 3,409,658,690 | 1,408,647,014 | 1,723,238,542 | 1,292,962,300 | 2,301,155,042 | 3,432,011,268 | 1,439,117,500 |
| Misc. Expenditure (to the extent not W/O) | - | - | - | 79,400 | 158,800 | - | - | - | - | - |
| Capital Deployed | 2,800,050,457 | 2,410,045,624 | 3,368,934,305 | 4,476,447,268 | 2,238,977,978 | 2,568,216,210 | 2,248,710,961 | 3,317,297,291 | 4,456,590,716 | 2,225,314,712 |
| Closing Market Price Per Share of Re.I | 10.29 | 12.15 | 68.10 | 32.80 | 50.80 | 10.29 | 12.15 | 68.10 | 32.80 | 50.80 |
| Market Capitalisation | 2,467,171,107 | 2,913,132,065 | 16,327,925,404 | 7,864,257,757 | 12,180,008,965 | 2,467,171,107 | 2,913,132,065 | 16,327,925,404 | 7,864,257,757 | 12,180,008,965 |

PERFORMANCE RATIOS & ANALYSIS

| Year Ending March 31, | Consolidated | | | | | Standalone | | | | |
|--|--------------|------|------|------|------|------------|------|------|------|------|
| | 2012 | 2011 | 2010 | 2009 | 2008 | 2012 | 2011 | 2010 | 2009 | 2008 |
| Financial Performance | | | | | | | | | | |
| Advertisement Income/Income from Operations (%) | 65.2 | 70.9 | 79.1 | 78.4 | 79.7 | 60.9 | 67.3 | 78.4 | 77.7 | 79.2 |
| Subscription Income/Income from Operations (%) | 24.2 | 26.6 | 18.8 | 18.5 | 18.2 | 27.2 | 29.8 | 19.5 | 19.0 | 18.7 |
| Operating Profit/Income from Operations (%) | 17.4 | 15.3 | 17.5 | 16.0 | 18.4 | 14.7 | 10.9 | 17.0 | 16.3 | 18.9 |
| Other Income/Total Income (%) | 4.8 | 3.9 | 3.4 | 3.3 | 0.4 | 5.0 | 4.3 | 0.3 | 3.3 | 0.4 |
| Programming Cost/Income from Operations (%) | 22.9 | 21.3 | 36.8 | 40.9 | 40.7 | 23.4 | 21.2 | 36.9 | 40.8 | 40.7 |
| Personnel Cost/Income from Operations (%) | 24.2 | 25.0 | 14.9 | 12.6 | 13.3 | 24.2 | 25.8 | 14.4 | 12.0 | 12.7 |
| Selling & Admin. Expenses/Income from Operations (%) | 35.5 | 38.4 | 30.9 | 30.5 | 27.6 | 37.8 | 42.2 | 19.6 | 30.9 | 27.7 |
| Total Operating Cost/Income from Operations (%) | 82.6 | 84.7 | 82.5 | 84.0 | 81.6 | 85.3 | 89.1 | 83.0 | 83.7 | 81.1 |
| Financial Expenses/Income from Operations (%) | 3.5 | 4.5 | 4.9 | 4.0 | 0.1 | 3.9 | 5.2 | 1.8 | 4.2 | 0.2 |
| Tax/Income from Operations (%) | 5.0 | 3.7 | 5.0 | 5.0 | 6.3 | 4.1 | 2.4 | 4.8 | 5.1 | 6.6 |
| PAT for the year/Total Income (%) | 4.7 | 7.2 | 8.5 | 8.3 | 10.1 | 2.2 | 3.9 | 8.6 | 8.5 | 10.4 |
| Tax / PBT (%) | 50.2 | 33.2 | 36.1 | 36.7 | 38.6 | 64.1 | 37.2 | 35.6 | 36.6 | 38.7 |
| Dividend Payout/PAT for the year (%) | - | - | - | 21.5 | 25.9 | - | - | - | 21.5 | 25.7 |
| Dividend Payout/Effective Net Worth (%) | - | - | - | 3.9 | 4.6 | - | - | - | 3.9 | 4.6 |
| Balance Sheet | | | | | | | | | | |
| Debt-Equity Ratio (Total Loans/Effective Net Worth) (x) | 0.4 | 0.3 | 1.1 | 0.8 | 0.1 | 0.5 | 0.3 | 1.2 | 0.8 | 0.1 |
| Current Ratio (Current Assets/Current Liabilities) (x) | 2.1 | 2.2 | 3.9 | 3.1 | 2.0 | 2.0 | 2.1 | 4.1 | 3.2 | 2.1 |
| Capital Output Ratio (Income from Operations/Eff.Cap.Employed) (x) | 1.1 | 1.2 | 1.6 | 1.2 | 1.7 | 1.1 | 1.2 | 1.6 | 1.1 | 1.6 |
| Fixed Assets Turnover (Income from Operations/F.A) (x) | 3.6 | 3.0 | 5.6 | 5.0 | 4.5 | 3.8 | 3.1 | 6.0 | 5.4 | 5.1 |
| Cash & Cash equivalents/Total Eff. Capital Employed (%) | 9.9 | 37.4 | 4.4 | 11.4 | 1.8 | 6.3 | 38.6 | 3.0 | 11.3 | 1.5 |
| RONW (PAT for the year/Eff. Networkth) (%) | 7.6 | 11.4 | 29.4 | 18.3 | 17.9 | 3.7 | 6.2 | 30.0 | 18.3 | 17.7 |
| ROCE (PBIT/Eff. Capital Employed) (%) | 20.8 | 18.6 | 30.4 | 20.6 | 27.7 | 18.2 | 13.5 | 24.6 | 20.5 | 27.6 |
| Per Share Data * | | | | | | | | | | |
| Revenue Per Share (₹) | 12.8 | 11.5 | 22.8 | 22.5 | 15.4 | 12.0 | 10.6 | 21.2 | 21.9 | 15.0 |
| Dividend Per Share (₹) | - | - | - | 0.4 | 0.4 | - | - | - | 0.4 | 0.4 |
| Indebtedness Per Share (₹) | 3.3 | 2.2 | 7.0 | 8.4 | 0.5 | 3.3 | 2.2 | 7.0 | 8.4 | 0.5 |
| Earnings Per Share (₹) | 0.5 | 0.7 | 1.9 | 1.9 | 1.6 | 0.26 | 0.41 | 1.8 | 1.86 | 1.6 |
| P.E Ratio (Share Price as of March 31,) | 21.4 | 17.8 | 35.7 | 17.6 | 32.8 | | | | | |

Notes:

* Annualised

Previous years figures have been regrouped wherever necessary

**CONSOLIDATED
FINANCIAL SECTION**

AUDITORS' REPORT

To
The Board of Directors
Zee News Limited

1. We have audited the attached Consolidated Balance Sheet of **Zee News Limited** ("the Company") and its subsidiary (collectively referred to as "the Group") as at March 31, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended on that date, annexed thereto. These financials 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. The financial statements of the subsidiary with total assets (net) of ₹362,838,239 as at March 31, 2012 and total revenues (net) of ₹374,440,664 for the year ended on that date have not been audited by us. The financial statements of the subsidiary has been audited by other auditor whose report has been furnished to us and our opinion in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.
4. We report that the Consolidated Financial Statements have been prepared by the Company's management in

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

5. Based on our audit as aforesaid and on consideration of the report of other auditor on the separate financial statements and on the other financial information of the subsidiary, 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 the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at March 31, 2012;
 - b) In the case of the 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 Cash Flows of the Group for the year ended on that date.

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

Lalit Kumar Jain
Partner
Membership No. 72664

Place: Noida
Date: May 16, 2012

CONSOLIDATED BALANCE SHEET AS AT MARCH 31,

(Amount in ₹)

| | Note No. | 2012 | 2011 |
|---|----------|----------------------|----------------------|
| I EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| a) Share Capital | 3 | 239,763,956 | 239,763,956 |
| b) Reserves and Surplus | 4 | 1,654,248,433 | 1,538,782,582 |
| | | 1,894,012,389 | 1,778,546,538 |
| Minority Interest | | 126,012,929 | 108,867,994 |
| Non-current Liabilities | | | |
| a) Long Term Borrowings | 5 | 178,167,001 | 363,409,518 |
| b) Long Term Provisions | 6 | 82,606,004 | 66,043,145 |
| | | 260,773,005 | 429,452,663 |
| Current Liabilities | | | |
| a) Short Term Borrowings | 7 | 412,758,476 | - |
| b) Trade Payables | 8 | 455,651,908 | 665,434,975 |
| c) Other Current Liabilities | 8 | 328,986,643 | 316,743,800 |
| d) Short Term Provisions | 6 | 6,256,775 | 4,535,664 |
| | | 1,203,653,802 | 986,714,439 |
| Total | | 3,484,452,125 | 3,303,581,634 |
| II ASSETS | | | |
| Non - Current Assets | | | |
| a) Fixed Assets | 9 | | |
| Tangible Assets | | 806,760,187 | 853,288,901 |
| Intangible Assets | | 23,976,119 | 10,912,978 |
| Capital work-in-progress | | 13,928,669 | 50,644,500 |
| b) Non-Current Investments | 10 | - | 60,900,000 |
| c) Deferred Tax Assets (Net) | 11 | 27,007,558 | 5,393,717 |
| d) Long Term Loans and Advances | 16 | 33,908,319 | 17,936,631 |
| e) Other Non-Current Assets | 12 | 4,350,000 | 145,193,191 |
| | | 909,930,852 | 1,144,269,918 |
| Current Assets | | | |
| a) Inventories | 13 | 9,957,745 | 221,113,262 |
| b) Trade Receivables | 14 | 996,389,897 | 896,436,193 |
| c) Cash and Bank Balances | 15 | 275,113,799 | 875,547,519 |
| d) Short Term Loans and Advances | 16 | 1,282,471,467 | 162,287,805 |
| e) Other Current Assets | 17 | 10,588,365 | 3,926,937 |
| | | 2,574,521,273 | 2,159,311,716 |
| Total | | 3,484,452,125 | 3,303,581,634 |
| Notes forming part of the Financial Statements | 1-34 | | |

As per our attached Report of even date

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

Lalit Kumar Jain
Partner
Membership No. 72664

Place: Noida
Date: May 16, 2012

For and on behalf of the Board

Punit Goenka
Managing Director

Dinesh Garg
Chief Financial Officer

Naresh Kumar Bajaj
Director

Pushpal Sanghavi
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31,

(Amount in ₹)

| | Note No. | 2012 | 2011 |
|---|----------|----------------------|----------------------|
| I Revenues | | | |
| Revenue from Operations | 18 | 3,072,228,879 | 2,767,911,204 |
| Other Income | 19 | 155,492,241 | 113,231,570 |
| Total Revenues (I) | | 3,227,721,120 | 2,881,142,774 |
| II Expenses | | | |
| Operational Cost | 20 | 703,703,631 | 588,635,487 |
| Employee Benefits Expense | 21 | 744,795,452 | 692,517,009 |
| Finance Cost | 22 | 106,592,736 | 125,723,140 |
| Depreciation / Amortisation Expense | 24 | 112,098,103 | 100,800,248 |
| Other Expenses | 23 | 1,090,187,128 | 1,062,747,463 |
| Total Expenses (II) | | 2,757,377,050 | 2,570,423,347 |
| III Profit before Exceptional Items and Tax (I - II) | | 470,344,070 | 310,719,427 |
| IV Exceptional Items | 25 | 166,743,191 | - |
| V Profit before Tax (III - IV) | | 303,600,879 | 310,719,427 |
| VI Tax Expense | | | |
| - Current Tax | | 147,135,278 | 81,164,840 |
| - Deferred Tax | | (21,613,841) | 20,449,327 |
| - Tax of earlier years | | 26,968,656 | 1,512,126 |
| VII Profit for the year before Minority Interest | | 151,110,786 | 207,593,134 |
| VIII Minority Interest | | (35,644,935) | (43,918,138) |
| IX Profit for the year | | 115,465,851 | 163,674,996 |
| X Basic and Diluted Earnings per equity share | 33 | | |
| - Before Exceptional Items | | 1.18 | 0.68 |
| - After Exceptional Items | | 0.48 | 0.68 |
| Notes forming part of the Financial Statements | 1-34 | | |

As per our attached Report of even date

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

Lalit Kumar Jain
Partner
Membership No. 72664

Place: Noida
Date: May 16, 2012

For and on behalf of the Board

Punit Goenka
Managing Director

Dinesh Garg
Chief Financial Officer

Naresh Kumar Bajaj
Director

Pushpal Sanghavi
Company Secretary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2012

1. A Background

Zee News Limited (hereinafter referred to as 'the parent company', 'the Company' or 'ZNL') along with its subsidiary (collectively known as "the Group") has been mainly in the business of broadcasting of news, current affairs and regional entertainment satellite television channels uplinked from India. The Company is incorporated in the state of Maharashtra, India.

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

B Basis of Consolidation

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

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

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

2. Significant Accounting Policies

A Basis of Preparation of Financial Statements

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

B Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, as of the date of 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.

C Tangible Fixed Assets

- a) Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprise purchase price, borrowing cost and directly attributable cost of bringing the assets to its working condition for the intended use.
- b) Capital work in progress comprises cost of fixed assets that are not yet ready for their intended use at the reporting date.

D Intangible Assets

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

E 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 capitalized as part of the cost of respective asset. All other borrowing cost are expensed in the period they occur.

F 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.

G Depreciation on Tangible and Intangible Assets

- a) Depreciation on tangible fixed assets is provided on Straight Line Method at the rate specified in Schedule XIV to the Companies Act, 1956.
- b) 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.

H 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 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.

I 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 retranslated using the exchange rates prevailing at the reporting date. Exchange difference are recognized as income or expense in the period in which they arise.
- c) Non-monetary items denominated in foreign currency are carried at cost.

J Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits that will flow to the Company and the revenue can be reliably measured.

Revenue recognition is as under :-

- a) Broadcasting revenue - Advertisement revenue (net of agency commission) is recognized when the related advertisement or commercial appears before the public i.e. on telecast. Subscription revenue is recognized on completion of service.
- b) Sales (includes licensing of Programs, Movies and Rights) are recognized when the delivery is completed.
- c) Franchisee Fee - Franchisee fee is recognized proportionately over the period of service.
- d) Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.
- 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 recognized as and when such services are completed / performed.

K Inventories

- a) Programs/ Film Rights :
Programs/ Film Rights are carried at lower of unamortized cost or realizable value. Where the realizable value on the basis of its useful economic life is less than its carrying amount, the difference is expensed as impairment.
 - i) Cost of news/current affairs/ chat shows/ events etc are fully expensed in the year incurred.
 - ii) Cost of Programs (other than (i) above) are amortized over three financial years from the year of telecast as per management estimates of future revenue potential.
 - iii) Cost of Movie rights are charged on a straight-line basis over the license period or 60 months from the date of acquisition, whichever is shorter.
- b) Work- in – progress- Programs and 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.

- c) Raw Stock – Tapes are valued at lower of cost or estimated net realizable value. During the year, cost formula for valuation of inventories is changed to Moving Weighted Average Basis instead of First In First Out Basis followed till the previous year ended March 31, 2011. Due to change in the cost formula, current year tape consumption is higher by ₹52,229 and inventory value is lower by the same amount. In case of the subsidiary, tapes are valued on FIFO Basis and no adjustment is made in the CFS for difference in method of valuation.

L 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 expensed in the Statement of Profit and Loss in the year the employee render the service. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses are charged to the Statement of Profit and Loss.

M Accounting for Taxes on Income

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

N Leases

a) Finance Lease

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

b) Operating Lease

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

O Earnings Per Share

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

P 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.

3. Share Capital

3.1 Authorised, Issued, Subscribed and Paid up Share Capital

(Amount in ₹)

| | 2012 | 2011 |
|--|--------------------|--------------------|
| Authorised | | |
| 1,000,000,000 (1,000,000,000) Equity Shares of ₹1 each | 1,000,000,000 | 1,000,000,000 |
| Issued, Subscribed and Paid Up | | |
| 239,763,956 (239,763,956) Equity Shares of ₹1 each fully paid up | 239,763,956 | 239,763,956 |
| Total Issued, Subscribed and paid up Share Capital | 239,763,956 | 239,763,956 |
| There is no change, during the year, in issued, subscribed and paid up share capital of the Company. | | |

3.2 The rights attached to equity shares:

- The Company has only one class of shares i.e. equity shares having face value of ₹1 per share. Each holder of the share has one voting right per share.
- In the event of liquidation of the Company, the holder of the share will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution of assets will be in proportion to the number of shares held by the shareholder.

3.3 Detail of shares held by holding and/or their subsidiaries/associates

| Name of Shareholder | 2012 | | 2011 | |
|---|-------------|--------------|------|--------------|
| | ₹ | % of Holding | ₹ | % of Holding |
| Holding company: 25FPS Media Private Limited 127,898,710 (as at March 31, 2011: Nil) equity shares of ₹1 each fully paid up. | 127,898,710 | 53.34% | - | - |

3.4 Detail of Shareholders holding more than 5 percent shares in the Company:

| Name of Shareholder | 2012 | | 2011 | |
|--|---------------|--------------|---------------|--------------|
| | No. of Shares | % of Holding | No. of Shares | % of Holding |
| 25FPS Media Private Limited | 127,898,710 | 53.34% | - | - |
| HDFC Trustee Company Limited- HDFC Prudence Fund | 17,467,103 | 7.29% | - | - |
| Churu Trading Company Private Limited | 100 | 0.00% | 96,826,048 | 40.38% |

3.5 Details of shares issued for consideration other than cash during 5 years preceding March 31, 2012:

| | Aggregate No. of Shares | |
|---|-------------------------|-------------|
| | 2012 | 2011 |
| Equity Shares of ₹1 each fully paid up allotted for consideration other than cash pursuant to the Scheme of Arrangement approved by the High Court in the year 2006 | 195,956,192 | 195,956,192 |

- 3.6 The shareholders in their meeting held on August 18, 2009 has approved Employee Stock Option Plan i.e. "ZNL ESOP-2009" to grant, offer, issue and allot Options exercisable and convertible into equity shares upto a maximum of 11,988,000 equity share of ₹1 each of the Company to its employees including directors. No option under "ZNL ESOP-2009" has been granted to any employee including director till March 31, 2012.

4. Reserves and Surplus

(Amount in ₹)

| | 2012 | 2011 |
|--|----------------------|----------------------|
| Capital Reserve | | |
| Opening Balance | 96,790,720 | 96,790,720 |
| Closing Balance | 96,790,720 | 96,790,720 |
| Security Premium Account | | |
| Opening Balance | 76,500,000 | 76,500,000 |
| Closing Balance | 76,500,000 | 76,500,000 |
| General Reserve | | |
| Opening Balance | 90,000,000 | 90,000,000 |
| Closing Balance | 90,000,000 | 90,000,000 |
| Surplus in the Statement of Profit and Loss | | |
| Opening Balance | 1,275,491,862 | 1,111,816,866 |
| Add:- Net Profit for the current year | 115,465,851 | 163,674,996 |
| Closing Balance | 1,390,957,713 | 1,275,491,862 |
| Total Reserves and Surplus | 1,654,248,433 | 1,538,782,582 |

5. Long-Term Borrowings

(Amount in ₹)

| 5.1 | Non Current Maturities | | Current Maturities | |
|---|------------------------|--------------------|--------------------|-------------|
| | 2012 | 2011 | 2012 | 2011 |
| Secured Term Loans (Refer Note 5.2 below) | | | | |
| From banks | 170,000,000 | 350,000,000 | 180,000,000 | 150,000,000 |
| | 170,000,000 | 350,000,000 | 180,000,000 | 150,000,000 |
| Secured Vehicle Loans* | | | | |
| From banks | 6,433,449 | 12,050,265 | 7,139,781 | 7,086,487 |
| From others | 1,733,552 | 1,359,253 | 1,959,884 | 2,135,086 |
| | 8,167,001 | 13,409,518 | 9,099,665 | 9,221,573 |
| | 178,167,001 | 363,409,518 | 189,099,665 | 159,221,573 |
| Less: Current maturities disclosed under "Other Current Liabilities" (Refer 'Note No. 8.1') | - | - | 189,099,665 | 159,221,573 |
| Total | 178,167,001 | 363,409,518 | - | - |

*Secured against hypothecation of vehicles

- 5.2 Secured term loan of ₹500,000,000 was taken from bank in the financial year 2010-11 and is secured by way of first hypothecation charge on entire movable fixed assets of the Company, except vehicles, both present and future. The loan is repayable in 10 installments payable quarterly, commencing April 2011. The loan presently carries interest rate of 13.50% per annum payable monthly.

6. Provisions

(Amount in ₹)

| | Non Current | | Current | |
|----------------------------------|-------------------|-------------------|------------------|------------------|
| | 2012 | 2011 | 2012 | 2011 |
| Provision for Employee Benefits: | | | | |
| Gratuity | 54,270,899 | 40,317,367 | 1,883,851 | 1,424,466 |
| Leave Encashment | 28,335,105 | 25,725,778 | 4,372,924 | 3,111,198 |
| Total | 82,606,004 | 66,043,145 | 6,256,775 | 4,535,664 |

7. Short-Term Borrowings

(Amount in ₹)

| | 2012 | 2011 |
|--|--------------------|----------|
| 7.1 Secured Loans from Bank (Refer 'Note No. 7.2') | 412,758,476 | - |
| Total | 412,758,476 | - |

7.2 Secured working capital facility of ₹500,000,000, repayable on demand, is secured by way of first hypothecation charge on entire current assets as well as movable fixed assets of the Company, both present and future. The facility includes working capital demand loan of ₹400,000,000 which presently carries interest rate of 11.50% per annum, payable monthly and cash credit limit of ₹100,000,000 which presently carries interest rate of 14.75% per annum, payable monthly.

8. Current Liabilities

(Amount in ₹)

| | 2012 | 2011 |
|---|--------------------|--------------------|
| 8.1 a) Trade Payables (Refer 'Note No. 8.2') | 455,651,908 | 665,434,975 |
| b) Other Current Liabilities | | |
| Current Maturities of Secured Term Loans (Refer 'Note No. 5') | 189,099,665 | 159,221,573 |
| Interest Accrued but Not Due on Borrowings | 8,020,907 | 5,003,351 |
| Advance Received from Customers | 60,054,896 | 36,891,734 |
| Unearned Revenue | 16,667,743 | 4,045,969 |
| Security Deposits | 1,396,493 | 1,396,493 |
| Statutory Liabilities | 48,459,117 | 102,328,990 |
| Creditors for Capital Goods | 4,606,170 | 7,259,646 |
| Unclaimed Dividends (Refer 'Note No. 8.3') | 681,652 | 596,044 |
| Total | 784,638,551 | 982,178,775 |

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

b) Includes ₹2,409,126 (Previous Year ₹ Nil) payable to Holding Company and ₹45,343,237 (Previous Year ₹187,277,703) payable to Other Related Parties.

8.3 There is no amount due and outstanding to be credited to Investors Education and Protection Fund as at March 31, 2012.

9 : FIXED ASSETS

(Amount in ₹)

| Description of Assets | Gross Block | | | | Depreciation/Amortisation | | | | Net Block | | |
|-------------------------------------|----------------------|-------------------|-------------------|----------------------|---------------------------|-------------------|-------------------|----------------------|----------------------|----------------------|--|
| | As at April 1, 2011 | Additions | Deductions | As at March 31, 2012 | As at April 1, 2011 | For The Year | Deductions | As at March 31, 2012 | As at March 31, 2012 | As at March 31, 2011 | |
| 9.1 Tangible Assets | | | | | | | | | | | |
| Plant and Machinery | 949,645,740 | 64,316,322 | 64,842,474 | 949,119,588 | 263,441,017 | 67,472,727 | 23,722,424 | 307,191,320 | 641,928,268 | 686,204,723 | |
| Equipments | 124,019,001 | 21,303,592 | 8,125,077 | 137,197,516 | 37,809,774 | 14,039,494 | 3,363,908 | 48,485,360 | 88,712,156 | 86,209,227 | |
| Furniture and Fixture | 29,956,356 | 1,338,567 | 2,891,080 | 28,403,843 | 9,275,144 | 2,073,952 | 604,595 | 10,744,501 | 17,659,342 | 20,681,212 | |
| Vehicles | 51,715,077 | 10,000,428 | 4,651,080 | 57,064,425 | 9,273,583 | 5,049,498 | 1,893,042 | 12,430,039 | 44,634,386 | 42,441,494 | |
| Leasehold Improvements | 29,520,708 | - | 7,401,823 | 22,118,885 | 11,768,463 | 3,926,210 | 7,401,823 | 8,292,850 | 13,826,035 | 17,752,245 | |
| Total | 1,184,856,882 | 96,958,909 | 87,911,534 | 1,193,904,257 | 331,567,981 | 92,561,881 | 36,985,792 | 387,144,070 | 806,760,187 | 853,288,901 | |
| Total Previous Year | 1,167,305,371 | 88,536,339 | 70,984,828 | 1,184,856,882 | 273,911,870 | 89,333,002 | 31,676,891 | 331,567,981 | 853,288,901 | | |
| 9.2 Intangible Assets | | | | | | | | | | | |
| Computer Softwares | 59,562,204 | 32,599,363 | 21,500 | 92,140,067 | 48,649,226 | 19,536,222 | 21,500 | 68,163,948 | 23,976,119 | 10,912,978 | |
| Total | 59,562,204 | 32,599,363 | 21,500 | 92,140,067 | 48,649,226 | 19,536,222 | 21,500 | 68,163,948 | 23,976,119 | 10,912,978 | |
| Total Previous Year | 57,621,322 | 1,940,882 | - | 59,562,204 | 37,181,980 | 11,467,246 | - | 48,649,226 | 10,912,978 | | |
| 9.3 Capital Work-in-Progress | | | | | | | | | | | |
| | - | - | - | - | - | - | - | - | 13,928,669 | 50,644,500 | |

Current Year Depreciation includes ₹119,746 (previous year ₹Nil) for prior period.

10. Non-Current Investments

(Amount in ₹)

| | 2012 | 2011 |
|--|-------------------|-------------------|
| Unquoted Trade Investments in Equity Instruments | | |
| (Valued at cost unless otherwise stated) | | |
| In Others | 60,900,000 | 60,900,000 |
| 435,000 (Previous Year 435,000) Equity Shares of ₹10 each fully paid up of Akash Bangla Private Limited (extent of holding 13.26%) | | |
| Less: Provision for diminution in value of investment | 60,900,000 | - |
| Total | - | 60,900,000 |
| Aggregate book value of all unquoted investments | - | 60,900,000 |

11. Deferred Tax Assets (Net)

The components of deferred tax balances are as under:

| | (Amount in ₹) | |
|--|-------------------|-------------------|
| | 2012 | 2011 |
| Deferred Tax Assets | | |
| Provision for Retirement Benefits | 26,069,016 | 21,029,798 |
| Expenses Allowable on Payment Basis | 50,079,360 | 22,546,950 |
| Provision for Doubtful Debts and Advances | 11,363,952 | 23,869,744 |
| | 87,512,328 | 67,446,492 |
| Deferred Tax Liabilities | | |
| Fixed assets: impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting | 60,504,770 | 62,052,775 |
| | 60,504,770 | 62,052,775 |
| Deferred Tax Balances - Assets/(Liabilities) (Net) | 27,007,558 | 5,393,717 |

12. Other Non-Current Assets

| | (Amount in ₹) | |
|---|------------------|--------------------|
| | 2012 | 2011 |
| Unsecured, Considered Good Unless Otherwise Stated | | |
| Share Application Money Paid | | |
| To Others | 105,843,191 | 105,843,191 |
| Less: Provision for doubtful Share Application Money | 105,843,191 | - |
| | - | 105,843,191 |
| Fixed Deposits with maturity for more than 12 months* (Refer 'Note No. 15') | 4,350,000 | 39,350,000 |
| Total | 4,350,000 | 145,193,191 |

* Fixed Deposits are lodged with Statutory Authorities.

13. Inventories

| | (Amount in ₹) | |
|---|------------------|--------------------|
| | 2012 | 2011 |
| Raw Materials: | | |
| Raw Stock - Tapes | 3,065,437 | 3,524,576 |
| Finished Goods: | | |
| (Refer 'Note No. 20.2') | | |
| Unamortised cost - Programs | 6,892,308 | 22,441,934 |
| Unamortised cost - Film Rights | - | 195,146,752 |
| Total | 9,957,745 | 221,113,262 |
| (for basis of valuation, Refer 'Note No. 2K') | | |

14. Trade Receivables

(Amount in ₹)

| | 2012 | 2011 |
|---|--------------------|--------------------|
| Unsecured, Considered good unless otherwise stated | | |
| Over six months from the date they are due for payment | | |
| Considered Good | 122,775,226 | 148,002,500 |
| Considered Doubtful | 35,025,312 | 72,569,868 |
| | 157,800,538 | 220,572,368 |
| Less: Provision for Doubtful Debts | 35,025,312 | 72,569,868 |
| | 122,775,226 | 148,002,500 |
| Others | | |
| Considered Good | 873,614,671 | 748,433,693 |
| | 873,614,671 | 748,433,693 |
| Total | 996,389,897 | 896,436,193 |

15. Cash and Bank Balances

(Amount in ₹)

| | Non Current | | Current | |
|--|------------------|-------------------|--------------------|--------------------|
| | 2012 | 2011 | 2012 | 2011 |
| Cash and Cash Equivalents | | | | |
| Cash on Hand | - | - | 327,688 | 633,991 |
| Balances with Banks in Current Accounts | - | - | 124,104,459 | 811,317,484 |
| | - | - | 124,432,147 | 811,951,475 |
| Other Bank Balances | | | | |
| Fixed Deposits with maturity within 3 months [includes ₹50,000,000 (Previous Year ₹Nil) under bank's lien] | - | - | 110,000,000 | 24,000,000 |
| Fixed Deposits with maturity for more than 3 months but less than 12 months | - | - | 40,000,000 | 39,000,000 |
| Fixed Deposits with maturity for more than 12 months* | 4,350,000 | 39,350,000 | - | - |
| In Unclaimed Dividend Accounts | - | - | 681,652 | 596,044 |
| | 4,350,000 | 39,350,000 | 150,681,652 | 63,596,044 |
| Less: Disclosed under Other Non Current Assets (Refer 'Note No. 12') | 4,350,000 | 39,350,000 | - | - |
| | - | - | 150,681,652 | 63,596,044 |
| Total | - | - | 275,113,799 | 875,547,519 |

* Fixed Deposits includes ₹4,350,000 (Previous Year ₹4,350,000) lodged with Statutory Authorities.

16. Loans and Advances

(Amount in ₹)

| | Non Current | | Current | |
|--|-------------------|-------------------|----------------------|--------------------|
| | 2012 | 2011 | 2012 | 2011 |
| Capital Advances - Unsecured, Considered Good | 10,429,861 | 2,230,291 | - | - |
| Security Deposits | | | | |
| (Unsecured, Considered Good) | | | | |
| For Programs and Contents | - | - | 512,650,000 | - |
| For Others | 22,478,458 | 14,706,340 | 2,251,758 | 13,888,873 |
| Loans, Advances and Security Deposits to Related Parties (Unsecured, Considered Good) | | | | |
| Loans | - | - | 700,000,000 | - |
| Other Advances | - | - | 16,119,769 | 74,417,045 |
| Security Deposits | - | - | - | 22,000,000 |
| Other Loans and Advances | | | | |
| Advances Recoverable: | | | | |
| Unsecured, Considered Good | 1,000,000 | 1,000,000 | 24,509,253 | 22,696,168 |
| Unsecured, Considered Doubtful | - | - | 1,000,000 | 1,000,000 |
| | 1,000,000 | 1,000,000 | 25,509,253 | 23,696,168 |
| Less: Provision for Doubtful Advances | - | - | 1,000,000 | 1,000,000 |
| | 1,000,000 | 1,000,000 | 24,509,253 | 22,696,168 |
| Advance Direct Tax (Net of Provisions) | - | - | 13,629,169 | 23,908,535 |
| Balances with Statutory Authorities | - | - | 1,980,731 | - |
| Prepaid Expenses | - | - | 11,330,787 | 5,377,184 |
| Total | 33,908,319 | 17,936,631 | 1,282,471,467 | 162,287,805 |

17. Other Current Assets

(Amount in ₹)

| | 2012 | 2011 |
|---|-------------------|------------------|
| Interest Accrued but not Due on Fixed Deposits with Banks | 8,829,452 | 3,926,937 |
| Interest Accrued but not Due - Others | 34,367 | - |
| Others | 1,724,546 | - |
| Total | 10,588,365 | 3,926,937 |

18. Revenue from Operations

(Amount in ₹)

| | 2012 | 2011 |
|--------------------------------|----------------------|----------------------|
| Services- Broadcasting Revenue | | |
| Advertisement | 2,004,623,921 | 1,961,738,187 |
| Subscription | 742,671,240 | 735,254,400 |
| Sale - | | |
| Programs | 90,667,189 | 44,770,046 |
| Film Rights | 195,146,752 | 948,571 |
| Franchise Fee Income | 27,720,000 | 25,200,000 |
| Other Operating Income | 11,399,777 | - |
| Total | 3,072,228,879 | 2,767,911,204 |

19. Other Income

(Amount in ₹)

| | 2012 | 2011 |
|---|--------------------|--------------------|
| Interest Income | | |
| From Bank Deposits | 11,200,055 | 4,547,117 |
| From Others | 94,637,921 | 96,244,116 |
| Dividend Income on Current Investments | - | 1,564,067 |
| Liability/ Excess Provisions Written Back | 49,361,329 | 9,504,262 |
| Net Gain on Exchange Difference | 354 | 536,417 |
| Miscellaneous Income | 292,582 | 835,591 |
| Total | 155,492,241 | 113,231,570 |

20. Operational Cost

(Amount in ₹)

| 20.1 | 2012 | 2011 |
|---|--------------------|--------------------|
| a) Programs / Film Rights (Refer 'Note No. 20.2') - | | |
| Opening - Unamortised cost - Programs | 22,441,934 | 32,367,435 |
| - Unamortised cost - Film Rights | 195,146,752 | 261,363,994 |
| | 217,588,686 | 293,731,429 |
| Add: Production/ Acquisition Cost | | |
| Acquisition of Programs | 9,700,000 | 20,759,300 |
| Acquisition of Film Rights | - | 200,000 |
| Consultancy and Professional Fee | 139,330,847 | 127,965,478 |
| Subscription and License Fee | 34,422,054 | 27,804,570 |
| Hire Charges | 25,295,206 | 36,095,885 |
| Tapes Consumed | 4,554,694 | 6,960,195 |
| Other Production Expenses | 62,640,581 | 75,676,912 |
| Vehicle Running, Maintenance and Hire Charges | 50,070,970 | 49,747,987 |
| Travelling and Conveyance Expenses | 17,836,030 | 18,785,673 |
| Lease-line and V-Sat Expenses | 46,518,308 | 48,252,572 |
| | 390,368,690 | 412,248,572 |
| Less: Closing - Unamortised Cost - Programs | 6,892,308 | 22,441,934 |
| - Unamortised Cost - Film Rights | - | 195,146,752 |
| | 6,892,308 | 217,588,686 |
| | 601,065,068 | 488,391,315 |
| b) Transmission Cost | 102,638,563 | 100,244,172 |
| c) Distribution Rights Cost | - | - |
| Total (a+b+c) | 703,703,631 | 588,635,487 |

20.2 Programs/Film Rights are intangible assets as defined in AS – 26 but these are acquired and used for its broadcasting business hence considered and included in Operational Cost and Current Assets - Inventories.

20.3 The Company has impaired Programs of ₹4,121,912 (Previous Year ₹606,565).

21. Employee Benefit Expenses

(Amount in ₹)

| | 2012 | 2011 |
|---|--------------------|--------------------|
| Salaries and Allowances | 649,841,723 | 607,318,266 |
| Contribution to Provident and Other Funds | 41,251,107 | 36,188,109 |
| Staff Welfare Expenses | 52,779,048 | 48,486,037 |
| Staff Recruitment and Training Expenses | 923,574 | 524,597 |
| Total | 744,795,452 | 692,517,009 |

22. Finance Cost

(Amount in ₹)

| | 2012 | 2011 |
|-----------------------|--------------------|--------------------|
| Interest on Loans | 105,006,777 | 112,519,476 |
| Interest on Others | 11,872 | 9,121,279 |
| Other Borrowing Costs | 913,432 | 3,250,000 |
| Bank Charges | 660,655 | 832,385 |
| Total | 106,592,736 | 125,723,140 |

23. Other Expenses

(Amount in ₹)

| | 2012 | 2011 |
|--|----------------------|----------------------|
| Administrative Expenses | | |
| Rent | 67,450,770 | 67,198,496 |
| Rates and Taxes | 7,128,491 | 5,489,502 |
| Repairs and Maintenance - Building | 1,091,023 | 1,407,237 |
| Repairs and Maintenance - Plant and Machinery | 15,983,624 | 13,524,511 |
| Repairs and Maintenance - Other | 13,699,772 | 11,248,827 |
| Insurance | 3,149,532 | 4,342,164 |
| Electricity and Water Charges | 47,824,526 | 50,294,565 |
| Communication Expenses | 20,599,278 | 22,828,724 |
| Printing and Stationary | 5,414,151 | 5,571,419 |
| Hire and Service Charges | 37,432,549 | 38,888,997 |
| Conveyance and Travelling Expenses | 70,038,883 | 33,612,401 |
| Legal, Professional and Consultancy Charges | 19,340,814 | 22,041,562 |
| Payment to Auditors | 2,075,463 | 1,543,277 |
| Business Promotion Expenses | 643,869,855 | 608,772,061 |
| Advertisement and Publicity | 46,148,613 | 26,855,686 |
| Commission/ Discount on Sales and Services | 35,237,625 | 80,260,186 |
| Bad Debts / Advances Written Off | 43,653,836 | |
| Less: Provision Written Back | 41,088,972 | 2,564,864 |
| Provision for Doubtful Trade Receivable / Advances | 3,544,416 | 500,000 |
| Loss on Sale/ Discard of Fixed Assets | 32,088,533 | 36,539,418 |
| Net Loss on Exchange Difference | 2,139,216 | - |
| Miscellaneous Expenses | 13,365,130 | 10,853,840 |
| Total | 1,090,187,128 | 1,062,747,463 |

24. Depreciation / Amortisation Expense

(Amount in ₹)

| | 2012 | 2011 |
|--|--------------------|--------------------|
| Depreciation on Tangible Assets | 92,561,881 | 89,333,002 |
| Amortisation on Intangible Assets | 19,536,222 | 11,467,246 |
| Total | 112,098,103 | 100,800,248 |
| Includes ₹119,746 (previous year ₹Nil) for prior period. | | |

25. Exceptional Items

(Amount in ₹)

| | 2012 | 2011 |
|---|--------------------|----------|
| Provision for Diminution in Value of Investment | 60,900,000 | - |
| Provision for Doubtful Share Application Money | 105,843,191 | - |
| Total | 166,743,191 | - |

26. Leases:

In respect of assets taken on operating lease :

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

(Amount in ₹)

| | 2012 | 2011 |
|--|-------------|-------------|
| Lease Rental charges for the year | 127,207,628 | 132,512,016 |
| Future Lease Rental obligation payable (under non-cancellable leases) | | |
| Not later than one year | 67,290,819 | 52,075,177 |
| Later than one year but not later than five years | 143,258,231 | 125,370,766 |
| Later than five years | - | - |

27. Contingent Liabilities not provided for:

(Amount in ₹)

| | 2012 | 2011 |
|--|---------------|---------------|
| Claims against the Company not acknowledged as debts | - | 2,130,006 |
| Custom Duty on Pending Export Obligations | 18,183,059 | 18,183,059 |
| Disputed Direct Taxes | 3,818,080 | 3,818,080 |
| Legal cases against the Company | Unascertained | Unascertained |

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

28. Capital and Other Commitments:

Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances) is ₹85,863,021 (₹32,657,810).

29. Foreign Exchange Difference:

- The foreign exchange loss (net) ₹2,138,862 (previous year gain ₹536,417) on settlement or realignment of foreign exchange transactions has been adjusted under the head "Gain/Loss on Foreign Exchange Difference" in the Statement of Profit and Loss.

- a) Foreign currency exposures that are not hedged by derivative instruments as at March 31, 2012

(Amount in ₹)

| | 2012 | 2011 |
|------------|------------|------------|
| Payable | 35,066,378 | 36,227,816 |
| Receivable | 95,409,813 | 35,154,067 |

- b) Derivative contracts (Forward Contracts for hedging purposes) entered into by the Company and outstanding at March 31, 2012 is ₹Nil (Previous Year ₹Nil).

30. Related Party Transactions:

- i) List of Parties where control exists:

Holding Company:

25 FPS Media Private Limited (Holding 53.34% w.e.f. March 1, 2012)

(A wholly owned subsidiary of Essel Corporate Resources Private Limited)

Essel Corporate Resources Private Limited (w.e.f. October 20, 2011 to February 28, 2012)

Subsidiary Company:

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

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

Asia Today Limited, Agrani Convergence Limited, Cyquator Media Services Private Limited, Diligent Media Corporation Limited, Dish TV India Limited, E-City Bioscope Entertainment Private Limited, E-City Property Management and Services Private Limited*, Essel International Limited, Essel Shyam Communication Limited, Himgiri Navh Vishwavidyalaya, India Webportal Private Limited, Intrex India Limited*, Media Pro Enterprise India Private Limited, Pan India Network Limited, Pan India Paryatan Private Limited*, Procall Private Limited, Rama Associates Limited, Real Media FZ LLC, RKJ Woods Plantations Private Limited*, Smart Wireless Private Limited, Taj TV Limited, Taj Television (India) Private Limited, Wire and Wireless (India) Limited, Wire and Wireless Tisai Satellite Limited, Veena Investments Private Limited, Zee Entertainment Enterprises Limited, Zee Foundation, Zee Learn Limited, Zee Sports Limited, Zee Telefilms Middle East FZ LLC, Zee Turner Limited.

* Not a related party during the current year

Key Management Personnel

Shri Subhash Chandra, Shri Punit Goenka

- iii) Transactions with Related Parties:

(Amount in ₹)

| | 2012 | 2011 |
|---|-------------|------------|
| (A) Transactions: | | |
| i) With Holding Company | | |
| - Essel Corporate Resources Private Limited | 13,200,000 | 13,200,000 |
| · Purchase of Services | 13,200,000 | 13,200,000 |
| ii) With Other Related Parties: | | |
| · Revenue from Broadcasting Services | 610,138,964 | 91,246,281 |
| Media Pro Enterprise India Private Limited | 562,500,000 | - |
| Dish TV India Limited | 33,680,129 | 87,976,709 |
| Other Related Parties | 13,958,835 | 3,269,572 |
| · Sale of Programs and Film Rights | 284,006,151 | 44,545,047 |
| Zee Entertainment Enterprises Limited | 198,472,793 | - |
| Asia Today Limited | 85,533,358 | 44,545,047 |

| | | |
|---|----------------------|--------------------|
| · Sale of Fixed Assets | 16,605,716 | - |
| Zee Entertainment Enterprises Limited | 16,605,716 | - |
| · Interest Received | 94,368,426 | 96,226,028 |
| Wire and Wireless (India) Limited | 46,343,836 | 96,226,028 |
| Essel International Limited | 48,024,590 | - |
| · Purchase of Fixed Assets / Capital Work in Progress | (2,142,026) | 4,827,940 |
| Dish TV India Limited | - | 1,068,750 |
| Real Media FZ LLC | - | 3,596,351 |
| Cyquator Media Services Private Limited | (2,142,026) | - |
| Other Related Parties | - | 162,839 |
| · Purchase of Programs, Goods and Services | 153,295,644 | 226,446,837 |
| Zee Entertainment Enterprises Limited | 27,993,216 | 28,292,572 |
| Zee Turner Limited | 12,594,615 | 59,228,909 |
| Dish TV India Limited | 46,253,472 | 58,296,082 |
| Wire and Wireless (India) Limited | 49,445,240 | 39,347,827 |
| Other Related Parties | 17,009,101 | 41,281,447 |
| · Rent Paid | 27,641,712 | 22,014,312 |
| Zee Entertainment Enterprises Limited | 26,925,114 | 21,784,800 |
| Other Related Parties | 716,598 | 229,512 |
| · Remuneration/ Commission to Key Management Personnel | 1,000,000 | 1,350,000 |
| Non-Executive Directors | 1,000,000 | 1,350,000 |
| · Loans, Advances and Deposits Given | 1,405,789,384 | 4,413,815 |
| Wire and Wireless (India) Limited | 702,669,826 | 2,525,860 |
| Essel International Limited | 700,000,000 | - |
| Dish TV India Limited | 18,000 | 499,409 |
| Zee Entertainment Enterprises Limited | 2,951,558 | 894,523 |
| Other Related Parties | 150,000 | 494,023 |
| · Loans, Advances and Deposits Repayment Received | 765,958,175 | 998,093,642 |
| Wire and Wireless (India) Limited | 700,000,000 | 988,316,544 |
| Other Related Parties | 65,958,175 | 9,777,098 |
| · Loans, Advances and Deposits Received | 27,398,126 | 25,398,684 |
| Zee Entertainment Enterprises Limited | 26,376,492 | 25,331,856 |
| Other Related Parties | 1,021,634 | 66,828 |
| · Loans, Advances and Deposits Repaid | - | 265,721 |
| Pan India Paryatan Private Limited | - | 265,721 |
| · Balances Written Back | - | 16,080 |
| Asia Today Limited | - | 16,080 |
| · Balances Written Off | - | 109,062 |
| Himgiri Nabh Vishwavidyalaya | - | 109,062 |
| · Donation Given | 2,050,000 | 2,375,000 |
| Zee Foundation | 2,050,000 | 2,375,000 |
| · Corporate Guarantee Released | - | 300,000,000 |
| Zee Entertainment Enterprises Limited | - | 300,000,000 |

| | | |
|---|--------------------|--------------------|
| (B) Balances at the end of the year: | | |
| i) Holding Company | | |
| - Essel Corporate Resources Private Limited | 2,409,126 | - |
| Trade Payables | 2,409,126 | - |
| ii) Other Related Parties | | |
| · Trade Receivables | 396,873,212 | 176,105,958 |
| Media Pro Enterprise India Private Limited | 194,615,413 | - |
| Asia Today Limited | 89,955,474 | 31,296,765 |
| Dish TV India Limited | 23,370,503 | 116,502,253 |
| Zee Entertainment Enterprises Limited | 78,281,565 | 13,548,774 |
| Other Related Parties | 10,650,257 | 14,758,166 |
| · Loans, Advances and Security Deposits Given | 716,437,804 | 96,417,045 |
| Essel International Limited | 700,000,000 | - |
| Zee Turner Limited | 14,260,187 | 62,289,333 |
| Veena Investments Private Limited | - | 22,000,000 |
| Zee Learn Limited | 77,183 | 10,307,977 |
| Other Related Parties | 2,100,434 | 1,819,735 |
| · Trade Payables | 45,343,237 | 187,277,703 |
| Dish TV India Limited | 20,000,147 | 34,572,064 |
| Wire and Wireless (India) Limited | 2,165,393 | 67,986,972 |
| Asia Today Limited | 21,710,249 | 21,710,250 |
| Zee Entertainment Enterprises Limited | - | 38,778,667 |
| Other Related Parties | 1,467,448 | 24,229,750 |
| · Loans, Advances and Deposits Received | 147,355 | 109,831 |
| Zee Entertainment Enterprises Limited | 48,919 | - |
| Zee Learn Limited | 16,210 | - |
| Smart Wireless Private Limited | 10,453 | - |
| Pan India Network Limited | 71,773 | 74,427 |
| Pan India Paryatan Limited | - | 18,180 |
| E-City Property Management and Services Private Limited | - | 17,224 |

Note:

Parties with transactions less than 10% of the group total are grouped under the head "Other Related Parties".

31. Prior period items included in the respective heads are as under:

(Amount in ₹)

| | 2012 | 2011 |
|--|------------------|----------|
| Income | | |
| Subscription Revenue | 217,548 | - |
| Sale- Programs/ Film Rights | 1,317,795 | - |
| Interest Income from Others | 31,498 | - |
| Total Income | 1,566,841 | - |
| Expenses | | |
| Depreciation / Amortisation Expense | 119,746 | - |
| Miscellaneous Expenses | 179,599 | - |
| Total Expenses | 299,345 | - |
| Net increase/(decrease) in Profit for the current year | 1,267,496 | - |

32. Segment Reporting:

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

33. Earnings per share (EPS):

(Amount in ₹)

| | 2012 | 2011 |
|---|-------------|-------------|
| a Profit after Tax after Exceptional Items | 115,465,851 | 163,674,996 |
| Adjustments for : | | |
| Diminution in the Value of Investments | 60,900,000 | - |
| Provision for Doubtful Share Application Money | 105,843,191 | - |
| b Profit after Tax before Exceptional Items | 282,209,042 | 163,674,996 |
| c Weighted Average number of equity shares for Basic and Diluted EPS (Nos.) | 239,763,956 | 239,763,956 |
| Nominal value of each equity share | 1 | 1 |
| d Basic and Diluted EPS before Exceptional Items | 1.18 | 0.68 |
| e Basic and Diluted EPS after Exceptional Items | 0.48 | 0.68 |

34. Schedule VI of the Companies Act, 1956 is revised effective from April 1, 2011 and the adoption of the revised Schedule VI has significantly impacted the presentation and disclosures in the financial statements. Previous year's figures have been regrouped/reclassified in accordance with current year's classifications/ disclosures. Further, current year's figures are not comparable with previous year's figures due to closure of operations of Tamil channel w.e.f. March 31, 2011.

As per our attached Report of even date

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

Lalit Kumar Jain
Partner
Membership No. 72664

Place: Noida
Date: May 16, 2012

For and on behalf of the Board

Punit Goenka
Managing Director

Dinesh Garg
Chief Financial Officer

Naresh Kumar Bajaj
Director

Pushpal Sanghavi
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(Amount in ₹)

| Particulars | 2012 | 2011 |
|---|----------------------|----------------------|
| A. Cash flow from operating activities | | |
| Net Profit before Taxation | 303,600,879 | 310,719,427 |
| Adjustments for: | | |
| Depreciation and Amortisation | 112,098,103 | 100,800,248 |
| Loss on Sale/Discard of Fixed Assets (Net) | 32,088,533 | 36,539,418 |
| Interest Expense | 105,018,649 | 121,640,755 |
| Interest Income | (105,837,976) | (100,791,233) |
| Dividend Income | - | (1,564,067) |
| Liabilities/Excess Provisions Written Back | (49,361,329) | (9,504,262) |
| Provision for Diminution in Value of Investment | 60,900,000 | - |
| Provision for Doubtful Share Application Money | 105,843,191 | - |
| Provision for Doubtful Trade Receivable/Advances | (37,544,556) | (46,502,059) |
| Net unrealised foreign exchange difference (Net) | 3,895,289 | 113,329 |
| Operating profit before working capital changes | 530,700,783 | 411,451,556 |
| Adjustments for: | | |
| (Increase)/Decrease in Inventories | 211,155,517 | 76,520,291 |
| (Increase)/Decrease in Trade and Other Receivables | (502,339,362) | 477,005,986 |
| Increase/(Decrease) in Trade and Other Payables | (166,800,945) | 221,976,511 |
| Cash generated from operations | 72,715,993 | 1,186,954,344 |
| Net Income Tax (paid)/refunds | (163,824,568) | (203,112,773) |
| Net cash flow from operating activities (A) | (91,108,575) | 983,841,571 |
| B. Cash flow from investing activities | | |
| Capital expenditure on Fixed Assets, including Capital Advances | (101,042,012) | (104,784,808) |
| Proceeds from sale of Fixed Assets | 18,837,208 | 2,597,419 |
| Loan given to Others | (1,400,000,000) | - |
| Loan repaid by Others | 700,000,000 | 988,316,544 |
| Advance against Share Application Money paid | - | (35,250,000) |
| Decrease in Minority Interest | (18,500,000) | - |
| Purchase of Short-Term Investments | - | (440,000,000) |
| Proceeds from sale of Short-Term Investments | - | 440,000,000 |
| Interest received | 100,901,093 | 225,660,748 |
| Dividend received | - | 1,564,067 |
| Net cash flow from investing activities (B) | (699,803,711) | 1,078,103,970 |

(Amount in ₹)

| Particulars | 2012 | 2011 |
|---|----------------------|------------------------|
| C. Cash flow from financing activities | | |
| Proceeds from Long-Term Borrowings | - | 500,000,000 |
| Repayments of Long-Term Borrowings | (150,000,000) | - |
| Proceeds from Short-Term Borrowings | 1,612,758,476 | 2,200,000,000 |
| Repayments of Short-Term Borrowings | (1,200,000,000) | (3,880,546,808) |
| Proceeds from Vehicle Loans | 4,469,694 | 22,395,000 |
| Repayments of Vehicle Loans | (9,834,119) | (8,330,008) |
| Interest paid | (102,001,093) | (123,491,807) |
| Dividends paid | 85,608 | (95,782) |
| Net cash flow from financing activities (C) | 155,478,566 | (1,290,069,405) |
| Net increase/(decrease) in Cash and Bank Balances (A+B+C) | (635,433,720) | 771,876,136 |
| Cash and Bank Balances at the beginning of the year | 914,897,519 | 143,021,383 |
| Cash and Bank Balances at the end of the year* | 279,463,799 | 914,897,519 |
| Reconciliation of Cash and Bank Balances with the Balance Sheet: | | |
| Cash and Bank Balances as per Balance Sheet (Refer 'Note No. 15') | 275,113,799 | 875,547,519 |
| Add: Bank balances considered as Other Non Current Assets (Refer 'Note No. 12') | 4,350,000 | 39,350,000 |
| Net Cash and Bank Balances | 279,463,799 | 914,897,519 |
| *Comprise: | | |
| Cash on hand | 327,688 | 633,991 |
| Balances with banks | | |
| In current accounts | 124,104,459 | 811,317,484 |
| In unpaid dividend accounts | 681,652 | 596,044 |
| Other bank balances | | |
| Fixed Deposits with maturity within 3 months | 110,000,000 | 24,000,000 |
| Fixed Deposits with maturity for more than 3 months but less than 12 months | 40,000,000 | 39,000,000 |
| Fixed Deposits considered as Other Non Current Assets | 4,350,000 | 39,350,000 |
| | 279,463,799 | 914,897,519 |

Note:

1. Previous year's figures are regrouped, rearranged or recast wherever considered necessary to conform to this year's classification.

As per our attached Report of even date

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

Lalit Kumar Jain
Partner
Membership No. 72664

Place: Noida
Date: May 16, 2012

For and on behalf of the Board

Punit Goenka
Managing Director

Dinesh Garg
Chief Financial Officer

Naresh Kumar Bajaj
Director

Pushpal Sanghavi
Company Secretary



ZEE NEWS LIMITED

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

ATTENDANCE SLIP 13th Annual General Meeting

I hereby record my presence at the 13th Annual General Meeting of the Company at The Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018, on Thursday, July 19, 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 NEWS LIMITED

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

PROXY FORM 13th Annual General Meeting

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

..... being member/members of

ZEE NEWS LIMITED hereby appoint

of

him/her..... or failing

..... of.....

..... as my/our proxy to vote for me/us on

my/our behalf at the 13th Annual General Meeting of the Company to be held on Thursday, July 19, 2012 at 11.00 a. m. at The Hall

of Harmony, 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.....

Folio No.

DP ID No.

Client ID No.

No. of Shares



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.



ZEE NEWS LIMITED

Registered Office:

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

Corporate Office:

Essel Studio FC - 19, Sector - 16A, Noida - 201 301, UP

www.zeenews.com