

PIONEERING VISION

FORWARD-LOOKING STATEMENT

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

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Vision backed by SOLID EXECUTION

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

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





VISION

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

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

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

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



TAKING TELEVISION PLACES

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



INTRODUCTION OF DIRECT-TO-HOME

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



ROAD AHEAD

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

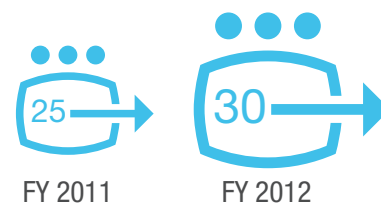
A 5 MINUTE READ

A QUICK GLANCE AT OUR BUSINESS

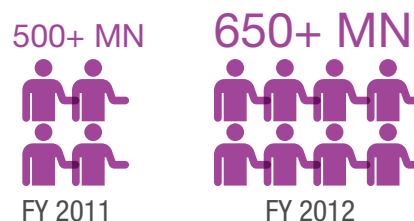
Enriching lives and endearing minds has always been our key value proposition towards our viewers, and all our stakeholders. Each day, of this marvelous journey of twenty years, since our inception, has been invested in achieving this proposition and in realising aspirations.

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

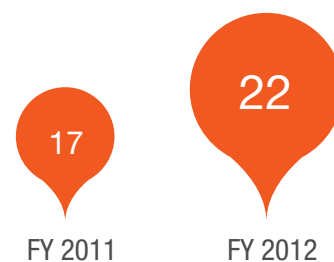
Being amongst the largest producers and aggregators of Hindi programming in the world, with an extensive library housing over 100,000 hours of television content, we have rights to more than 3,000 movie titles from foremost studios and of iconic film stars, enabling us to proudly own world's largest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



No. of Channels



Size of Viewer Base



No. of International Beams

OUR MISSION

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

HOW WE PERFORMED

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

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

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

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

OUR ACHIEVEMENTS

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

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

FINANCIAL SNAPSHOT 2011-12

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

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

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

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

WHAT NEXT

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

Letter to the SHAREHOLDERS



Subhash Chandra

Chairman

DEAR SHAREHOLDERS,

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

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

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



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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Subhash Chandra
Chairman

SMARTER entertainment is the new normal

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

INNOVATION



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

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



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

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

SEASONED INSIGHT into an evolving business environment

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

EXPERTISE



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

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

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

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

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



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

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

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

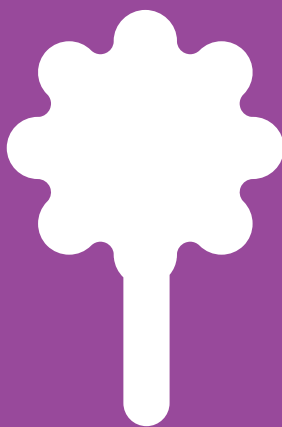
The result: we continue to enjoy double-digit profitability (24% EBITDA margin and 19% PAT margin) in a market where the majority of the companies are in red.

A STEP FORWARD

to globalised entertainment

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

GROWTH



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

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



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

LOOKING FORWARD

and expanding horizons

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

LEADERSHIP



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

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



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

CEO's PERSPECTIVE



Punit Goenka

Managing Director & CEO



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





DEAR SHAREHOLDERS,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Yours sincerely,

Punit Goenka

Managing Director & CEO

Channel **PORTFOLIO**

168
COUNTRIES

30
CHANNELS

22
INTERNATIONAL BEAMS



650+
MILLION VIEWERS

1,00,000+
HOURS OF TV CONTENT

ZSTUDIO

ZSTUDIO

Zetc
पंचाक्षरी

Z
Sāleao

Zcafé

Z
जागरण

Z khana
khazana

Zetc

ZTrendz

TEN HD

Zing

TEN SPORTS

TEN GOLF

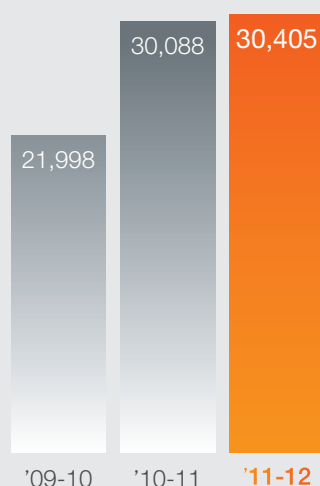
TEN CRICKET

TEN ACTION

Financial HIGHLIGHTS 2011-12

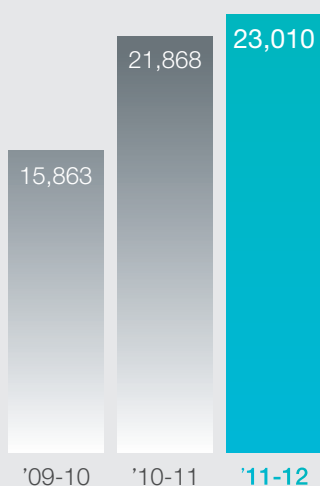
INCOME FROM OPERATIONS

(₹ in million)



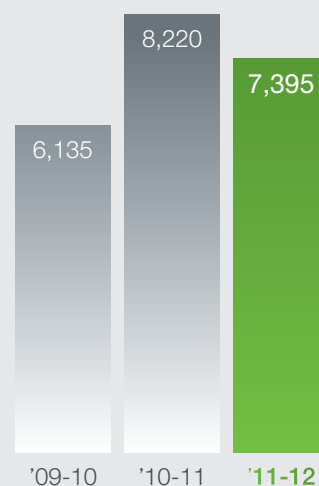
TOTAL EXPENSES

(₹ in million)



EBITDA

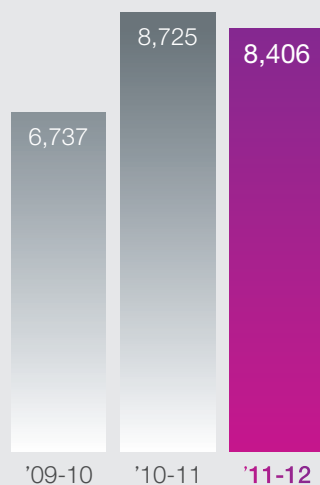
(₹ in million)



PROFIT BEFORE TAX

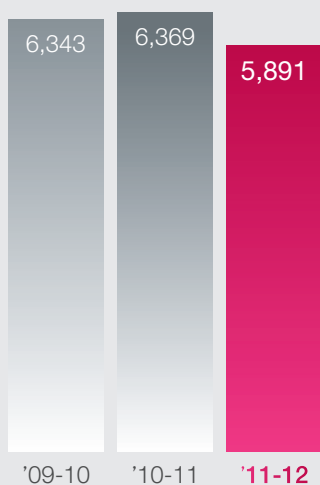
(Before Exceptional Items)

(₹ in million)



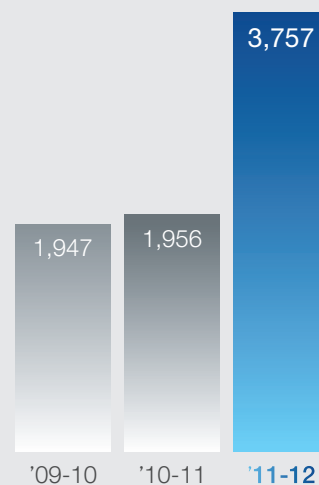
PROFIT AFTER TAX

(₹ in million)



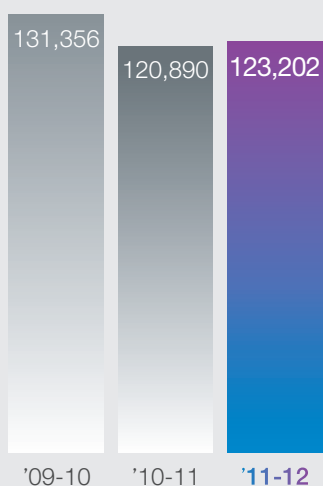
TOTAL PAYOUT TO SHAREHOLDERS

(₹ in million)

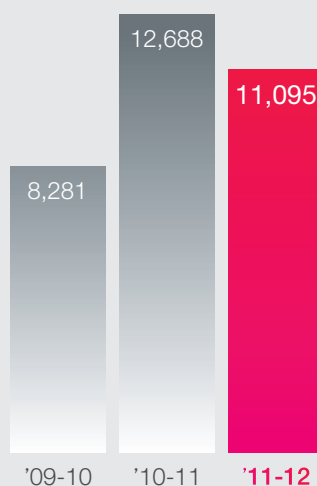


MARKET CAPITALISATION

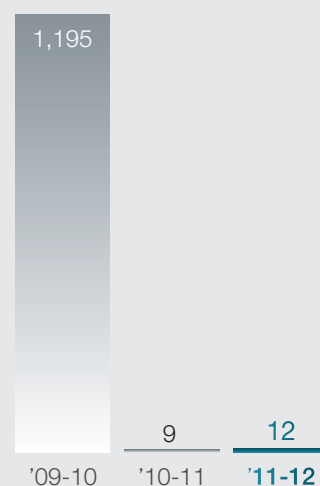
(₹ in million)

**NET CASH POSITION**

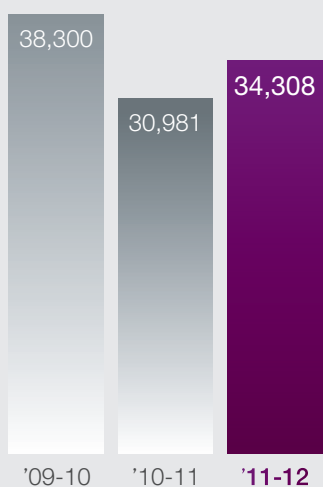
(%)

**GROSS DEBT**

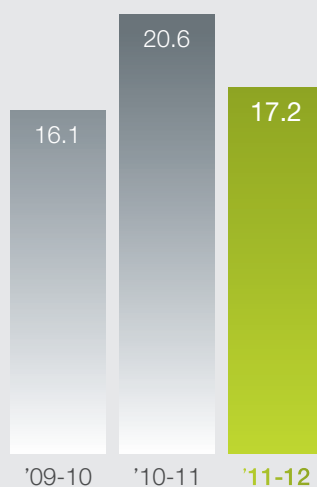
(₹ in million)

**NETWORTH**

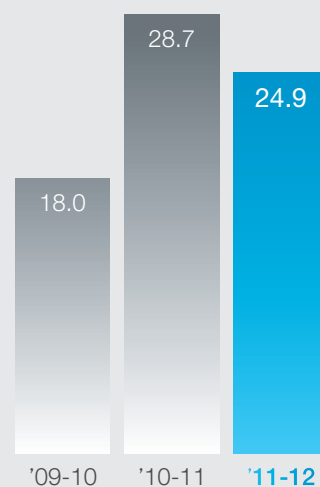
(₹ in million)

**RETURN ON NETWORTH**

(%)

**RETURN ON CAPITAL EMPLOYED**

(%)



Operational HIGHLIGHTS 2011-12

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



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

Introduction of new channels/ media

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

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

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



Key properties on Zee Cinema

Happy New Bollywood Film Festival

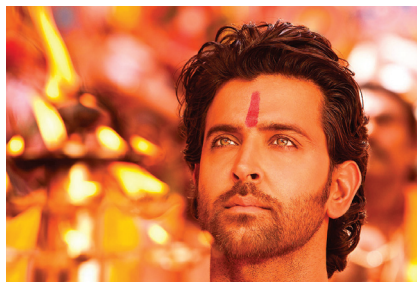
Zee Cine Awards Film Festival

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



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

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



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

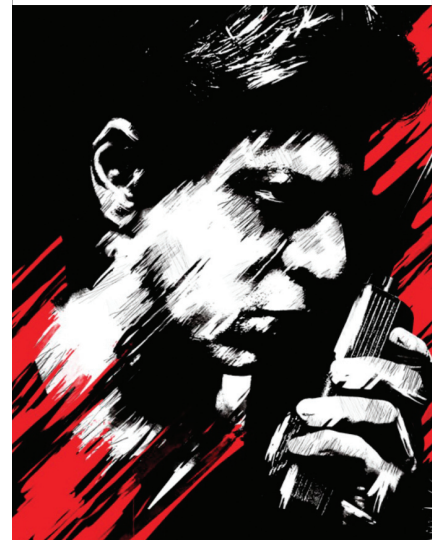
Key launches on Zee TV

Mrs. Kaushik Ki Paanch Bahuein

Afsar Bitiya

Hitler Didi

DID L'il Masters



Premiers on Zee Cinema

Don 2

Players

DesiBoyz

Agneepath

Awards and ACCOLADES



The Dun & Bradstreet - Rolta Corporate Awards 2011

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



Multiple wins at Big Indian Television Award

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

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



The Businessworld Infocom ICT Awards 2012

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



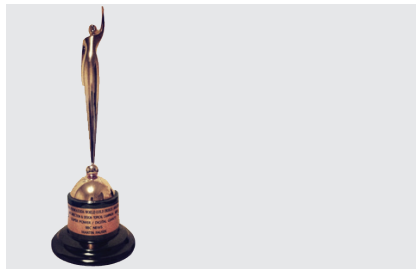
The Generation Next Business Award for Mr. Punit Goenka

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



Recognition as one of India's Business Superbrands

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



The PromaxBDA India 2011 Awards

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

AWARDS RECEIVED AT PROMAXBDA INDIA 2011

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



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

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



Promax Awards for Zee Studio and Zee Khana Khazana

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

MISSION

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

VALUES

CUSTOMER FOCUS

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

EXCELLENCE

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

CREATIVITY

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

INTEGRITY

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

GROWTH DRIVEN

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



Engaging **BETTER**



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

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

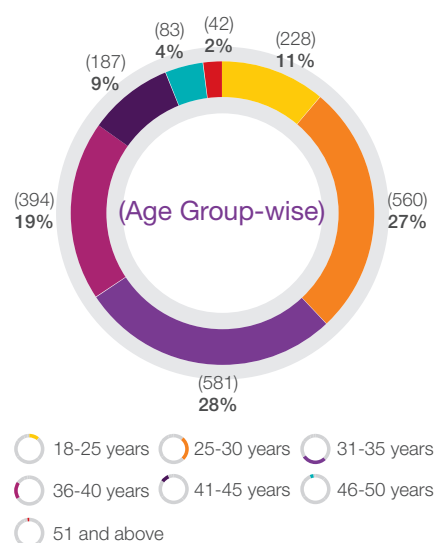
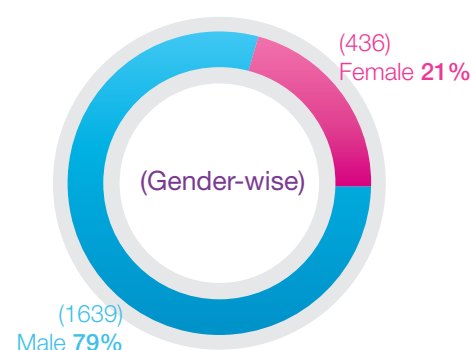
To sustain future growth, we continuously invest in people, upgrade their skill through various learning initiatives and nurture a healthy work environment. This

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

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

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

EMPLOYEE RATIOS



Total Employees (2075)

* Number of employees in bracket

Chronicle of **OUR SUCCESS**



Recapturing the No. 1 position*

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

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

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

* Zee Bangla is in the No 1 position in Digital & SEC A,B,C



Creating international records

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

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

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



10 years of TEN

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

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



Reaching out to the Islamic world

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

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

Board of **DIRECTORS**

(Left to Right)

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



Subhash Chandra	Ashok Kurien	Lord Gulam K. Noon
<i>Chairman</i>	<i>Director</i>	<i>Independent Director</i>
<ul style="list-style-type: none"> Non-Executive Chairman of the Board and Promoter of Essel Group of Companies Consistently demonstrated his ability to identify new businesses and lead them on the path to success His industry leading businesses include television networks and film entertainment, cable systems, satellite communications, theme parks, flexible packaging, family entertainment centres and infrastructure 	<ul style="list-style-type: none"> One of the founder Promoters, associated with ZEE since its inception Director and Strategic Marketing Advisor to Dish TV and Playwin One of the Founder partners of Hanmer & Partners, one of India's top-three public relations agencies, Flora2000, one of the leading global online flower distribution services, as well as Remindo, an Intranet 2.0 Office Communication Network He also works as a special advisor to the US\$ 7 billion Publicis Group 	<ul style="list-style-type: none"> An accomplished entrepreneur, who founded Bombay Halwa Limited, a Company engaged in the business of manufacturing Indian confectionery, Indian savories and aviation catering Holds five honorary degrees from various leading British universities
Dr. Mohammed Y. Khan	Prof. R. Vaidyanathan	Punit Goenka
<i>Independent Director</i>	<i>Independent Director</i>	<i>Managing Director & CEO</i>
<ul style="list-style-type: none"> Has been the Chairman of J&K Bank and Director on the Board of Bharat Hotels, as well as Advisor for Berenson & Company, New York Doctorate of Philosophy in Business Management (Ph.D) from Burkes University in UK Science graduate from the University of Kashmir 	<ul style="list-style-type: none"> Known for his commendable contributions in the areas of Corporate Finance, Risk Management and Pensions Professor of Finance and Control at the Indian Institute of Management, Bangalore and UTI Chair Professor in the area of Capital Markets Fellow Member in Management (Doctorate) from the Indian Institute of Management, Kolkata Masters from the Indian statistical Institute and graduate from Loyola College, Chennai 	<ul style="list-style-type: none"> Started his career with the Essel Group, which has diversified business interest in the areas of media, entertainment, gaming, packaging and telecommunications A graduate from Bombay University, also participated in various intensive Management Education programmes like Young Managers programme at INSEAD, France and a programme on "Birthing of Giants" hosted by Young Entrepreneurs' Organisation and MIT Enterprise Forum, Inc., Boston, USA

Team ZEE

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



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



Advancing **SOCIAL STEWARDSHIP**

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

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



Fostering education for all

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

Enhancing awareness

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

ROAD SAFETY

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

WOMEN'S SAFETY AND EMPOWERMENT

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

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

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

RESPONSIBILITY TOWARDS PARENTS

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

SCARING OFF EXAM BLUES

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

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

ADDRESSING REMARRIAGE CONCERNS

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

FACILITATING A LIFE OF DIGNITY

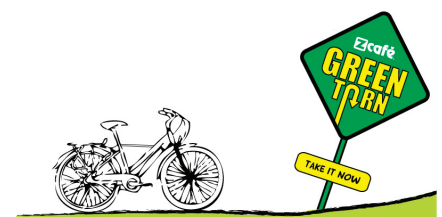
Zee Salaam's initiative, Pehal – Ek Koshish, took up the issue of rehabilitation of sex workers and tied-up with the Jaitpur, Delhi based NGO IFRA, which addresses the issues of women forced into prostitution and the subsequent health concerns. As a part of this drive, Zee Salaam and IFRA have successfully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



Nurturing green sensitivity

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

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



The ZEE CALENDAR

1

APRIL - JUNE '11



APRIL

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

MAY

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



JUNE

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



2

JULY - SEPTEMBER '11

JULY

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



AUGUST

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

SEPTEMBER

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



3 OCTOBER - DECEMBER '11

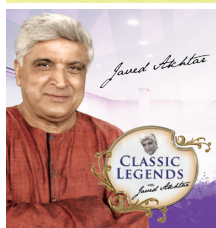
OCTOBER

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



NOVEMBER

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



DECEMBER

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



4 JANUARY - MARCH '12

JANUARY

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



FEBRUARY

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



MARCH

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



Corporate INFORMATION

BOARD OF DIRECTORS

Subhash Chandra
Chairman

Ashok Kurien
Director

Lord Gulam K. Noon
Independent Director

Dr. Mohammed Y. Khan
Independent Director

Prof. R. Vaidyanathan
Independent Director

Punit Goenka
Managing Director & CEO

SENIOR MANAGEMENT

Punit Goenka
Managing Director & CEO

Rajesh Jejurikar
President

Amitabh Kumar
Technology

Ashish Sehgal
Advertisement Revenue

Atul Das
Corporate Strategy

Atul Pande
Sports

Bharat Ranga
Content & Creative

Hitesh Vakil
Finance

M. Lakshminarayanan
Company Secretary

Nittin Keni
Production

Rajendra Mehta
Human Resources

Roland Landers
Corporate Brand

Sharada Sunder
Content - Regional HSM

Utpal Das
Commercial

AUDITORS

M/S MGB & Co

COMPANY SECRETARY

M. Lakshminarayanan

BANKERS

Axis Bank Ltd.

Barclays Bank

BNP Paribas

Deutsche Bank

IDBI Bank Ltd.

ING Vysya Bank Ltd.

Standard Chartered Bank

Yes Bank Ltd.

REGISTERED OFFICE

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

www.zeetelevision.com



Notice

Notice is hereby given that the Thirtieth Annual General Meeting of the Members of Zee Entertainment Enterprises Limited will be held at the 'Hall of Culture', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018 on Friday, the 20th day of July 2012, at 11.00 a.m., to transact the following **Ordinary business:**

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012, Statement of Profit & Loss of the Company for the financial year ended on that date on a stand alone and consolidated basis and the Reports of the Auditors and Directors thereon.
2. To declare Dividend on equity shares for the financial year ended March 31, 2012.
3. To appoint a Director in place of Mr. Subhash Chandra, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Dr. M.Y. Khan, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint M/s MGB & Co., Chartered Accountants, Mumbai, having Firm Registration No. 101169W, as the Statutory Auditors of the Company to hold such office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Board of Directors of the Company.

The Register of Members and Share Transfer Books of the Company will remain closed from Saturday July 7, 2012 to Friday, July 13, 2012 (both days inclusive). Share Transfers received in order at the Registered Office of the Company or at the office of the Registrar of the Company, by 5.30 p.m. on July 6, 2012, will be processed for payment of equity dividend, if declared, to the transferees or their mandatees.

Dividend, if approved by Members at the ensuing Annual General Meeting, will be paid on July 23, 2012, to all those shareholders whose name appear in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company or its Registrar on or before July 6, 2012 and in the list of beneficial owners furnished by National Securities Depository Limited and/or Central Depository Services (India) Limited, in respect of shares held in electronic form, as at the end of the business day on July 6, 2012.

By Order of the Board

M Lakshminarayanan

Executive Vice President & Company Secretary

Place : Mumbai

Date : 21 May, 2012

Registered Office:

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

NOTES:

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

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

2. Corporate Members are requested to send to the Registered Office of the Company, a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorising their representative to attend and vote at the Annual General Meeting.

3. Additional information, pursuant to Clause 49 of the Listing Agreement(s) with Stock Exchanges, on Directors recommended by the Board for re-appointment at the Annual General Meeting forms part of the Report on Corporate Governance in the Annual Report.
4. Members who are holding Company's shares in dematerialised form are required to bring details of their Beneficiary Account Number for identification.
5. Queries on accounts and operations of the Company, if any, may be sent to the Company Secretary seven days in advance of the meeting so as to enable the management to keep the information ready at the Meeting.
6. Recognising the spirit of the Green Initiative in Corporate Governance initiated by the Ministry of Corporate Affairs, the Company proposes to send the Annual Report and other documents/notices to shareholders to the email address provided to the Depository. Shareholders are requested to register and/or update their email address with the respective Depository Participant or with the Company, to ensure that documents from the Company reach their preferred email address.
7. Members are requested to notify immediately about any change in their address / dividend mandate / bank details to their Depository Participant (DP) in respect of their shareholding in Demat mode and in respect of their physical shareholding to the Company's Registrar and Share Transfer Agent, M/s Sharepro Services (India) Pvt. Ltd., at 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai-400 072 and/or at 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai-400 021.
8. Under Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form No 2B in duplicate (which will be made available on request) to M/s Sharepro Services (India) Pvt. Ltd.
9. Dividend for the financial year ended March 31, 2005, declared by the Company & erstwhile ETC Networks Ltd (now merged with the Company) which remains unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government ('IEPF') in December & September 2012 respectively.

Members, who have not encased their dividend warrants, issued by the Company and/or ETC Networks Ltd, for the financial year ended March 31, 2005, or any subsequent financial years, are requested to lodge their claims with the Company's Registrar and Share Transfer Agent. Members are advised that in terms of provisions of Section 205C of the Companies Act, 1956, once unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof.

By Order of the Board

M Lakshminarayanan

Executive Vice President & Company Secretary

Place : Mumbai

Date : 21 May, 2012

Registered Office:

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

Directors' **REPORT**



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



TO THE MEMBERS

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

RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, in relation to the Annual Financial Statements for the Financial Year 2011-2012, your Directors confirm the following:

- a) The Financial Statements have been prepared in the revised format of Schedule VI of Companies Act, 1956 on a going concern and on the accrual basis and in the preparation of these Financial Statements, applicable accounting standards have been followed and there are no material departures;
- b) Accounting policies selected were applied consistently and the judgements and estimates related to the financial statements have been made on a prudent and reasonable basis, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the profit of the Company for the year ended on that date; and
- c) Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

34%

payout of the profits of the Company on a standalone basis

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

FINANCIAL RESULTS

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

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

EQUITY DIVIDEND

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

BUSINESS OVERVIEW

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

Directors' REPORT

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

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

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

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

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

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

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

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

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

SUBSIDIARIES

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

As the Members are aware, the Ministry of Corporate Affairs, has provided general exemption to companies from complying with Section 212 (8) of the Companies Act, 1956, provided such companies publish the audited consolidated financial statements in the Annual Report. Your Board has decided to avail the said general exemption from applicability of provisions of Section 212 of the Companies Act, 1956, and accordingly, the annual accounts of the subsidiaries of the Company for the financial year ended March 31, 2012 are not being attached with the Annual Report of the Company and certain financial highlights of the subsidiaries are disclosed in the Annual Report, as part of the Consolidated financial statements. The audited Annual Accounts and related information of the subsidiaries will be made available, upon request by any shareholder of the Company, or for inspection at the registered office.

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

BUYBACK OF EQUITY SHARES

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

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

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

EMPLOYEES STOCK OPTION SCHEME

Your Company had not granted any stock options during the year. Details of options granted till March 31, 2012 and other disclosures as required under Clause 12 (Disclosure in the Directors' Report) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('SEBI Guidelines') are set out in the Annexure to this Report. During the year under review, your Company had allotted 66,800 Equity Shares at a price of ₹ 119.90 per Equity Share upon exercise of the Stock Options by the Option Grantee's.

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

PUBLIC DEPOSITS

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

CORPORATE GOVERNANCE

Your Company has been constantly reassessing and benchmarking itself with well-established Corporate Governance practices besides strictly complying with the requirements of Clause 49 of the Listing Agreement. Your Company has documented internal governance policies and put in place a formalised system of Corporate

Directors' REPORT

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

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

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

A separate detailed report on Corporate Governance together with the Statutory Auditors' Certificate on compliance is attached to this Annual Report. Management's Discussion

and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is presented in a separate section forming part of the Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

As part of the Essel Group of Companies, your Company has at a unified and centralised level, put in place a Corporate Social Responsibility (CSR) policy which is based on a belief that a Business cannot succeed in a society that fails and therefore it is imperative for business houses to invest in the future by taking part in social building activities.

During the year under review, Essel Group continued to support cause of Ekal Vidyalaya Foundation, an NGO that works to bring about basic literacy and health awareness amongst the tribal and rural population of India; Global Vipassana Foundation which helps propagate Vipassana, the non-sectarian rational process of self-purification with the aim of bringing about peace both within the individual and the society in general; and Global Foundation for Civilizational Harmony, a body which aims to create a peaceful and harmonious society.

DIRECTORS

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

Mr Subhash Chandra and Dr. M.Y. Khan, Directors, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. Your Board has recommended their re-appointment.

AUDITORS

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

Your Company has received confirmation from the Auditors to the effect that (i) their reappointment, if made would be within the limits prescribed under Section 224(1B) of the

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

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

Your Company is into the business of Broadcasting of General Entertainment Television Channels. Since this do not involve any manufacturing activity, most of the Information required to be provided under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are not applicable.

However the information, as applicable, are given hereunder:

Conservation of Energy

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

Technology Absorption

In its endeavor to deliver the best to its viewers and business partners, your Company is constantly active in harnessing and tapping the latest and best technology in the industry and during the year, your Company had launched several High Definition Television Channels.

Foreign Exchange Earnings and Outgo

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

PARTICULARS OF EMPLOYEES

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

ACKNOWLEDGEMENTS

Employees are our vital and most valuable assets. Your Directors value the professionalism and commitment of all employees of the Company and place on record their appreciation of the contribution made by employees of the Company and its subsidiaries across the world at all levels that has contributed to your Company's success and remain in the forefront of media and entertainment business. Your Directors thank and express their gratitude for the support and co-operation received from the Central and State Governments / regulatory authorities viz. the Ministry of Information & Broadcasting, the Department of Telecommunication, Ministry of Corporate Affairs, Reserve Bank of India, Securities and Exchange Board of India, Foreign Investment Promotion Board, the Stock Exchanges and Depositories, and other stakeholders including viewers, producers, vendors, financial institutions, banks, investors and service providers.

For and on behalf of the Board of Directors

Punit Goenka
Managing Director & CEO

M Y Khan
Director

Place : Mumbai
Date : 21 May 2012

ANNEXURE TO THE DIRECTORS' REPORT

Statement as at March 31, 2012 pursuant to Clause 12 (Disclosure in the Directors' Report) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

a)	Details of Options Granted and Exercise Price per Option	No options were granted during the Financial Year 2011-12
b)	Pricing Formula	The pricing formula as approved by the Shareholders of the Company, shall be the "market price" as per the SEBI Guidelines i.e. the latest available closing price prior to the date of grant of option at the Stock Exchange where there is highest trading volume
c)	Total number of Options vested	5,801,420
d)	Total number of Options exercised	66,800
e)	Total number of Equity Shares of ₹ 1/- each arising as a result of exercise of Options	66,800
f)	Total number of Options lapsed (during the year)	611,600
g)	Variation of terms of Options	Nil
h)	Money realised by exercise of Options (₹ in million)	₹ 8 million
i)	Total number of Options in force	6,825,200
j)	Details of Options granted to	No options granted during the year
	(i) Senior Managerial Personnel	None
	(ii) Any other employee who received a grant in any one year of Options amounting to 5% or more of the Options granted during that year	None
	(iii) Identified employees who were granted Options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	None
k)	Diluted Earnings Per Share pursuant to issue of Ordinary Shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'.	₹ 5.05 (Diluted EPS after exceptional item)

l) Difference, if any, between employee compensation cost (calculated using the intrinsic value of stock option) and the employee compensation cost (calculated on the basis of fair value of options)	The issuance of the equity shares upon exercise of option shall not affect the Profit & Loss account of the Company, as the Pricing formula as approved by the Shareholders of the Company is the Market Price as per SEBI Guidelines i.e. latest available closing price prior to the date of grant of option at the Stock Exchange where there is highest trading volume.
m) Weighted-average exercise prices and weighted-average fair values of options, separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Not Applicable
n) A description of the method and significant assumptions used during the year to estimate the fair value of options, including the following weighted-average information (i) Risk-free interest rate (ii) Expected life (iii) Expected volatility (iv) Expected dividends (v) The price of the underlying share in market at the time of option grant	Not Applicable

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

For and on behalf of the Board of Directors

Punit Goenka
Managing Director & CEO

M Y Khan
Director

Place : Mumbai
Date : 21 May 2012

Annexure TO THE DIRECTORS' REPORT

Statement Pursuant to Section 212 of The Companies Act, 1956 relating to Subsidiary Companies

Name of the Subsidiary Company	The financial Year of the Subsidiary Company ended on	Holding Company	Extent of Holding Company's Interest	Face value of equity shares (per share)	Number of equity shares held by the holding Company and/or its subsidiaries	Net aggregate amount of profits / (losses) of the subsidiary so far as it concerns the members of the holding Company and is dealt with in accounts of holding Company	Net aggregate amount of profits / (losses) of the subsidiary so far as it concerns the members of the holding Company and is not dealt with in accounts of holding Company		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Taj Television (India) Private Limited	31/03/2012	ZEEL	100%	₹ 100/-	10,000	For the financial year ended on March 31, 2012 (Amt. In million)	For the previous financial years March 31, 2012 of the subsidiary since it became a subsidiary (Amt. In million)	₹ 16	₹ 110
Zee-Turner Limited	31/03/2012	ZEEL	74%	₹ 10/-	74,000			₹ 328	₹ (357)
Zee Sports Limited	31/03/2012	ZEEL	100%	₹ 10/-	50,000			₹ (1)	₹ (45)
ITM Digital Private Limited	31/03/2012	ZEEL	100%	₹ 10/-	1,010,000			₹ (1)	₹ (1)
India Webportal Private Limited	31/03/2012	ZEEL	51%	₹ 1/-	113,939,453			₹ (104)	₹ (35)
Asia Today Limited (ATL)	31/03/2012	ZEEL	100%	US \$ 1	583			US\$ 6	US\$ 92
Apac Media Ventures Limited	31/03/2012	ATL	100%	HK \$ 1	10,000			HK\$ (0)	HK\$ 0
Expand Fast Holdings (Singapore) Pte. Limited	31/03/2012	ATL	100%	US \$1	100,000			US\$ 0	US\$ 1
Zee Multimedia (Maurice) Limited	31/03/2012	ATL	100%	Mauritius Rs. 1	1,000			Mauritius Rs. 1	Mauritius Rs. 8
Zee TV South Africa (Proprietary) Limited	31/03/2012	ATL	100%	RAND 1	1			RAND (4)	RAND 25
Zee Telefilms Middle East FZ-LLC	31/03/2012	ATL	100%	AED 1000	2,500			AED 9	AED 2
Zee Technologies (Guangzhou) Limited	31/03/2012	ATL	100%	YUAN 1	-			YUN 0	YUN (11)
Zee Sports International Limited		ATL	100%	*	*			US\$ 1	US\$ (1)

Name of the Subsidiary Company	The financial Year of the Subsidiary Company ended on	Holding Company	Extent of Holding Company's Interest	Face value of equity shares (per share)	Number of equity shares held by the holding Company and/or its subsidiaries	Net aggregate amount of profits / (losses) of the subsidiary so far as it concerns the members of the holding Company and is dealt with in accounts of holding Company	Net aggregate amount of profits / (losses) of the subsidiary so far as it concerns the members of the holding Company and is not dealt with in accounts of holding Company
						For the financial year ended on March 31, 2012 (Amt. In million)	For the previous financial years of the subsidiary since it became a subsidiary (Amt. In million)
Taj TV Limited	31/03/2012	ATL	100%	US\$ 1000	16,950	US\$ 6	US\$ (24)
Zee Multimedia Worldwide (Mauritius) Limited, (ZMWL)	31/03/2012	ZEEL	100%	US \$ 1	56,796,292	US\$ 0	US\$ 15
Asia TV Limited (Asia T.V.)	31/03/2012	ZMWL	100%	GBP 1	16,438,900	GBP 0	GBP (9)
Zee CIS LLC	31/03/2012	Asia TV & Zee CIS Holdings	100%	RUB 1	12,000	RUB (5)	RUB (11)
Zee TV USA, Inc.	31/03/2012	ZMWL	100%	US \$.01	2	US\$ 0	US\$ (3)
Zee CIS Holding LLC	31/03/2012	Asia TV	100%	-	-	-	-

Notes:

* Merged During the Year

For and on behalf of the Board

Punit Goenka
Managing Director & CEO

M Y Khan
Director

Place : Mumbai
Date : 21 May 2012

REPORT ON CORPORATE GOVERNANCE

COMPANY'S GOVERNANCE PHILOSOPHY

The convergence of governance practices brings to the fore the critical role played by the Board to ensure governance framework enjoins far higher level of transparency and effective governance standards to enhance the competitiveness and to protect long term interests of all stakeholders. Corporate Governance, which assumes great deal of importance at Zee Entertainment Enterprises Limited (ZEE), is intended to ensure value creation for all its stakeholders. ZEE believes that the governance practices must ensure adherence and enforcement of the principles of sound Corporate Governance with the objectives of fairness, transparency, professionalism, trusteeship and accountability, while facilitating effective management of the businesses and efficiency in operations. The Board is committed to achieve and maintain highest standards of Corporate Governance on an ongoing basis. In its endeavor to improve in all aspects of Corporate Governance, ZEE Board has approved and implemented a comprehensive Corporate Governance Manual, containing guidelines covering decision making, authority levels, the policies and processes, which provide an effective and flexible governance framework in the Company realising the need to ensure an effective mechanism of checks and balances with transparency and accountability as the hallmark.

BOARD OF DIRECTORS

Composition and Category of Directors

ZEE has a balanced Board with combination of Executive and Non-Executive Directors, to ensure independent functioning and the composition of the Board is in conformity with Clause 49 (I)(A) of the Listing Agreements. Non-Executive Directors include independent professionals with experience in business, finance, technology and media. Independent Directors of the Company provide appropriate annual certifications to the Board confirming satisfaction of the conditions of their being independent as laid down in Clause 49.

Composition of the Board as on March 31, 2012

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

Board Meetings & Procedures

During the financial year under review, six (6) meetings of the Board were held on April 19, 2011, June 23, 2011, July 21, 2011, October 17, 2011, January 21, 2012 and March 23, 2012. The intervening period between any two Board Meetings were well within the maximum time gap of 4 months prescribed under Clause 49 of the Listing Agreement. The annual calendar of meetings is broadly determined at the beginning of each year. The Board meets atleast once a quarter to review the quarterly performance and financial results of the Company.

Particulars of Directors, their attendance at the Annual General Meeting and Board Meetings mentioned hereinabove held during the Financial year 2011-12 and also their other Directorships held in Public Companies (excluding Foreign Companies and Section 25 Companies) and Membership of other Board Committees (excluding Remuneration Committee) as at March 31, 2012 are as under:

REPORT ON CORPORATE GOVERNANCE

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

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

Board Meetings of the Company are governed by a structured agenda. The Board meetings are generally held at the Registered and Corporate office of the Company at Mumbai. The Company Secretary in consultation with Chairman, and the Managing Director & Chief Executive Officer finalises the agenda of the Board meetings. All major agenda items, backed up by relevant and comprehensive background information, are sent well in advance of the date of the Board meeting(s) to enable the Board members to take informed decision. Any Board Member may, in consultation with the Chairman, bring up any matter at the meeting for consideration by the Board. Senior management personnel are invited to the Board meetings to make requisite presentations on relevant issues or provide necessary insights into the operations / working of the Company and corporate strategies.

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

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

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

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

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

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

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

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

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

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

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

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

Code of Conduct

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

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

REPORT ON CORPORATE GOVERNANCE

Declaration

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

Punit Goenka

Managing Director & CEO

Mumbai, May 21, 2012

BOARD COMMITTEES

a) Audit Committee

Terms of reference

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

- + Accounting and financial reporting process of the Company
- + Audited and un-audited financial results
- + Internal audit reports, risk management policies & report on internal control systems of the Company
- + Discusses the larger issues that are of vital concern to the Company including adequacy of internal controls, reliability of financial statements/other management information, adequacy of provisions for liabilities and whether the audit tests are appropriate and scientifically carried out in accordance with Company's business and size of operations.

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

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

Constitution

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

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

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

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

b) Remuneration Committee and Policy

Terms of reference

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

Constitution

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

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

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

Appointed with effect from June 30, 2011

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

Remuneration payable to Managing Director

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

REPORT ON CORPORATE GOVERNANCE

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

The details of the remuneration paid to Mr. Punit Goenka, Managing Director & CEO of the Company during the year ended March 31, 2012 is as under:

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

* includes provisions for incentives for Financial Year 2011-12

Remuneration payable to Non-Executive Directors

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

Additionally, the Non-Executive Directors are entitled to remuneration by way of Commission for each financial year up to an aggregate limit of 1% of net profits of the Company, as approved by the Members at the Annual General Meeting held on October 29, 2010. The commission payable is determined by the Board based *inter alia* on the performance of, and regulatory provisions applicable to, the Company. As per the current remuneration policy, the Company pays equal amount of commission to Non-executive Directors on a pro-rata basis.

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

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

Pro-rata payment till June 30, 2011

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

Consequent to issuance of Bonus Shares in ratio of 1:1, the said Stock Options were doubled to 40,000 each and the exercise price was reduced to ₹ 119.90 per Stock Option.

Particulars of Stock Options granted to the Non-Executive Independent Directors and outstanding as at March 31, 2012 is as under:

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

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

c) Share Transfer and Investors Grievance Committee

Terms of reference

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

Constitution

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

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

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

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

REPORT ON CORPORATE GOVERNANCE

OTHER BOARD COMMITTEES

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

i) Nomination Committee

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

ii) ESOP Allotment Sub-Committee

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

iii) Finance Sub-Committee

With a view to facilitate monitoring and expediting any debt fund raising process; approve financing facilities offered and/or sanctioned to the Company by various Banks and/or Indian Financial Institutions from time to time, in the form of Term Loans, Working Capital facilities, Guarantee Facilities, etc., including the acceptance of terms and conditions of such facilities being offered and exercising other authorities as may be delegated by the Board from time to time, the Board has constituted a Finance Sub-Committee comprising of Dr. M. Y. Khan as Chairman and Mr. Ashok Kurien and Mr. Punit Goenka as its Members.

iv) Corporate Management Committee

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

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

GENERAL MEETINGS

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

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

Year	Date and Time	Special Resolutions passed	Venue
2010-11	10.08.2011 -11.00 a.m.	None	
2009-10	29.10.2010 -10.30 a.m.	Payment of Commission to Non-Executive Directors for five (5) financial years from the year ended March 31, 2011. Alteration of Capital Clause of Articles of Association	
2008-09	18.08.2009 -11.00 a.m.	Maintenance of Register & Index of Members of Equity Shares and Share transfer Register at the office of Registrar & Share Transfer Agent instead of Registered Office of the Company Approval for Employee Stock option Scheme and extension of benefits of ESOP Scheme to Subsidiary and/or Holding companies. Alteration of Articles of Association of Company Alteration of Capital Clause of Articles of Association Appointment of Mr. Subhash Chandra, Non-Executive Chairman of the Company for holding an office or place of profit in Asia TV Limited, UK, a wholly owned foreign subsidiary of the Company	Nehru Centre, Nehru Auditorium, Dr. Annie Besant Road, Worli, Mumbai 400 018

All the above resolutions were passed with requisite majority.

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

Disclosures

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

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

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

REPORT ON CORPORATE GOVERNANCE

Compliance with Non-Mandatory requirements

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

- 1. Remuneration Committee** – The Company has setup Remuneration Committee to recommend/review overall compensation policy, service agreements and other employment conditions of Executive Directors and to administer Company's Employee Stock Option Scheme.
- 2. Whistle Blower Policy** – The Board of Directors of the Company approved the Whistle Blower Policy, pursuant to which employees can raise concern relating to the fraud, malpractice or any other untoward activity or event which is against the interest of the Company and/or its stakeholders. As per the Whistle Blower Policy of Company, no employee has been denied access to the Audit Committee of the Board.
- 3. Audit Qualification** – Company is in the regime of unqualified financial statements.
- 4. Chairman's Office** – A Chairman's office with requisite facilities is provided and maintained at the Company's expense for use by its Non-Executive Chairman. The Company also reimburses all travel and other expenses incurred in his furthering the Company's business interests.

Means of Communication

The Company has promptly reported all material information including declaration of quarterly financial results, press releases, etc. to all Stock Exchanges where the securities of the Company are listed. Such information is also simultaneously displayed immediately on the Company's corporate website, www.zeetelevision.com. The financial results quarterly, half yearly and annual results and other statutory information were communicated to the shareholders by way of an advertisement in a English newspaper viz. 'Daily News & Analysis (DNA)' and in a vernacular language newspaper viz. 'Punya Nagari (Marathi)' as per requirements of the Listing Agreements. The financial and other information filed by the Company with stock exchanges from time to time are also available on the Corporate Filing and Dissemination System maintained by BSE and NSE and can be accessed on www.corpfiling.co.in

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

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

General Shareholder Information

The required information is provided in Shareholders' Information Section.

AUDITORS' CERTIFICATE

To
The Members,
Zee Entertainment Enterprises Limited

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

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

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

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

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

Hitendra Bhandari
Partner
Membership Number 107832

Place : Mumbai
Date : 21 May 2012

REPORT ON CORPORATE GOVERNANCE

SHAREHOLDERS' INFORMATION

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

- | | |
|--|---|
| 1. Date, Time and Venue of Shareholder's Meeting | Meeting : 30th Annual General Meeting
Day & Date : Friday, July 20, 2012
Time : 11.00 a.m.
Venue : The Hall of Culture, Nehru Centre,
Dr Annie Besant Road, Worli,
Mumbai 400 018 |
| 2. Financial Year | 2011-2012 |
| 3. Date of Book Closure | Saturday, July 7, 2012 to Friday, July 13, 2012
(both days inclusive) |
| 4. Dividend Payment Date | July 23, 2012 |
| 5. Registered office | Continental Building, 135, Dr. Annie Besant Road,
Worli, Mumbai-400 018, India
Tel: +91-22-2483 1234
Fax: +91-22-2490 0302/0213
Website : www.zeetelevision.com |
| 6. Listing on Stock Exchanges | The Bombay Stock Exchange Limited (BSE)
The National Stock Exchange of India Limited (NSE) |
| 7. Stock Code | BSE - 505537
NSE - ZEEL EQ
Reuters - ZEE.BO (BSE)
ZEE.NS (NSE)
Bloomberg - Z IN (BSE)
NZ IN (NSE) |
| 8. ISIN No. | INE256A01028 |
| 9. Registrar & Share Transfer Agent | Sharepro Services (India) Private Limited,
13AB, Samhita Warehousing Complex,
Second Floor, Sakinaka Telephone Exchange Lane,
Off Andheri Kurla Road, Sakinaka, Andheri (East)
Mumbai-400 072, India
Tel: +91-22-6772 0400,
Fax: +91-22-2859 1568
E.Mail: sharepro@shareproservices.com |

10. Investor Relations Officer

Mr. Pushpal Sanghavi

Zee Entertainment Enterprises Limited
Continental Building,
135, Dr. Annie Besant Road,
Worli, Mumbai - 400 018, India

Tel: +91-22-2483 1234,

Fax: +91-22-2490 0302/0213

E.Mail: shareservice@zeenetwork.com

11. Dividend

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

Dividend, if approved by Members at the ensuing Annual General Meeting, will be paid to all those shareholders whose name appear in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company or its Registrars on or before July 6, 2012 and in the list of beneficial owners furnished by National Securities Depository Limited and/or Central Depository Services (India) Limited, in respect of shares held in electronic form, as at the end of the business on July 6, 2012.

Dividend for the financial year ended March 31, 2005, which remains unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund on completion of seven years. Members who have not encashed their dividend warrant(s) issued by the Company or ETC Networks Limited (since merged with the Company) for the financial year ended March 31, 2005, or any subsequent financial year(s), are requested to seek issue of duplicate warrant(s) by writing to the Registrar and Share Transfer Agent of the Company. Members will not be able to claim any unpaid dividend from the Investor Education and Protection Fund or the Company once it is transferred to the fund.

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

Zee Entertainment Enterprises Limited:

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

REPORT ON CORPORATE GOVERNANCE

ETC Networks Limited:

Financial Year Ended	Date of Declaration of Dividend	Last date for Claiming unpaid Dividend	Due date for transfer to IEP fund
31.03.2005	22.07.2005	27.08.2012	26.09.2012
31.03.2006	03.07.2006	08.08.2013	07.09.2013
31.03.2007	25.06.2007	31.07.2014	30.08.2014
31.03.2008	24.07.2008	29.08.2015	28.09.2015
31.03.2009	17.08.2009	22.09.2016	21.10.2013

12. Change of Address

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

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

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

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

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

13. Share Transfer System

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

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

The Company has intimated the adoption of the said initiative to the members who hold equity shares in electronic form and whose email address have been made available to the Company by the Depositories. The Company will be sending the notice and annual report for the financial year 2011-12 in electronic form to the said members, in terms of the said circulars.

14. Dematerialisation of Equity Shares & Liquidity

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

15. Sub-division of Shares

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

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

Shareholders who could not exchange their old certificates earlier for the new certificates and who are desirous of exchanging the same, should write to the Company or its Registrar and Share Transfer agent requesting for sub-divided share certificate and attaching old share certificate in original.

16. Voting Rights

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

17. Unclaimed Shares

Pursuant to Clause 5A of the Listing Agreements (as amended in December 2010), details in respect of the physical shares, which were issued by the Company from time to time and lying in the suspense account is as under:

Description	Number of shareholders	Number of Equity Shares
Aggregate number of shareholders and the outstanding shares in the suspense account as at April 1, 2011	375	201,213
Fresh undelivered cases during the financial year 2011-12	-	-
Number of shareholders who approached the Company for transfer of shares from suspense account till March 31, 2012	1	136
Number of shareholders to whom shares were transferred from the Suspense account till March 31, 2012	1	136
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2012	374	201,077

The voting rights on the shares outstanding in the suspense account as on March 31, 2012 shall remain frozen till the rightful owner of such shares claims the shares. In compliance with the said requirements, these shares will be transferred into one folio in the name of 'Unclaimed Suspense Account' in due course.

18. Shareholders' Correspondence

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

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

REPORT ON CORPORATE GOVERNANCE

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

19. Outstanding Convertible Securities

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

20. Share Capital Buildup

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

Particulars	No. of shares issued	Date of issue
Issued to 9X shareholders pursuant to the Scheme	140,844	08.11.2010
Bonus Issue in ratio of 1:1	489,038,065	15.11.2010
Allotment under ESOP 2009	20,000	01.06.2011
Allotment under ESOP 2009	46,800	13.06.2011
Less Equity Shares Extinguished in pursuance to Buyback during financial year 2011-12	19,372,853	Various dates
Issued and Paid-up Capital as at March 31, 2012	958,770,077	

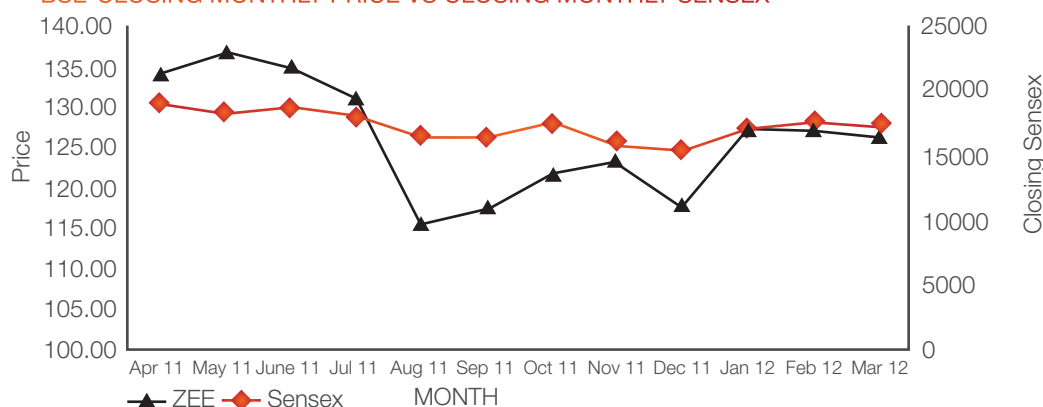
21. Stock Market Data Relating to Shares Listed in India

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

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

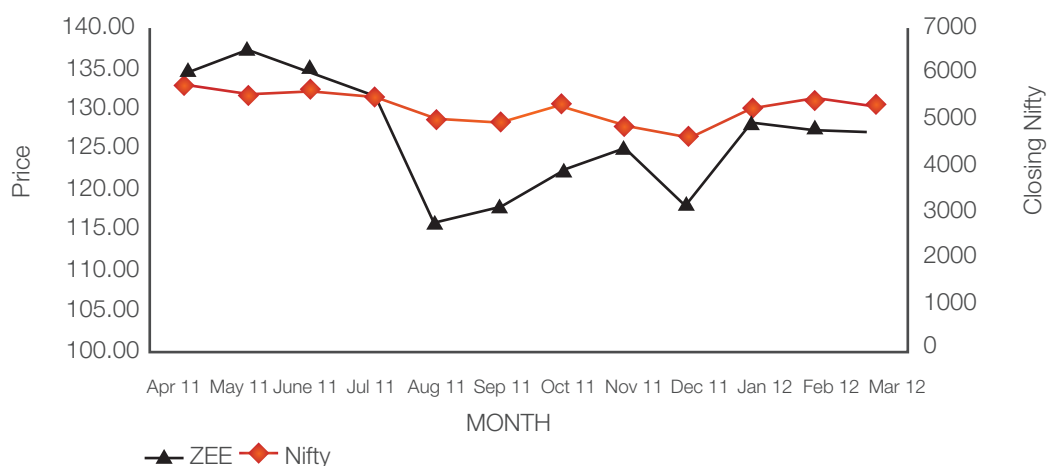
22. Relative Performance of Zee Shares Vs. BSE Sensex & Nifty Index

ZEE ENTERTAINMENT ENTERPRISES LTD
BSE-CLOSING MONTHLY PRICE VS CLOSING MONTHLY SENSEX



REPORT ON CORPORATE GOVERNANCE

ZEE ENTERTAINMENT ENTERPRISES LIMITED CLOSING PRICE VS CLOSING NIFTY



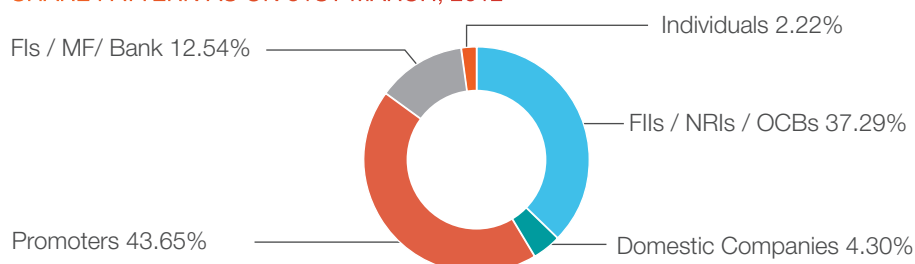
23. Distribution of Shareholding as on March 31, 2012

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

24. Categories of Shareholders as on March 31, 2012

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

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



25. Particulars of Shareholding

a) Promoter Shareholding as on March 31, 2012

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

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

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

Management Discussion and **ANALYSIS**



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



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

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

OVERVIEW

Zee Entertainment Enterprises Limited (ZEE) (BSE Code: 505537, NSE Code: ZEEL.EQ) is one of India's largest vertically integrated media and entertainment company. The Company was formed in 1982. ZEE was the first company to launch a satellite channel in India and from being a single channel for a single geography today operates multiple channels across multiple geographies in different languages and genres. The Company's programming reaches out to over 650 million viewers across 168 countries.

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

- i. Hindi Entertainment: Zee TV, Zee Smile, 9X
- ii. Hindi Movies: Zee Cinema, Zee Premier, Zee Action, Zee Classic
- iii. English Entertainment, Movies and Life style: Zee Studio, Zee Café, Zee Trendz

11.7%

growth of the Indian Media and Entertainment Industry in 2011

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

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

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

MEDIA AND ENTERTAINMENT INDUSTRY

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

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

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

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

BUSINESS PROFILE

ZEE is an integrated media and entertainment company engaged primarily in broadcasting and content development, production and its delivery via satellite. The Company has 30 channels that serve the widest array of content in India and is the leading broadcaster across the country. ZEE is also the pioneer in the international markets with 22 channels serving Indian content across 168 countries.

Management Discussion and **ANALYSIS**

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

Leadership across different Genres:

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

Subscription revenues increased robustly with increased DTH penetration and healthy improvement in revenues from Cable.

Zee TV continued to have a leading share in the Hindi General Entertainment genre (GEC) with an average weekly channel share of 20% and average weekly Gross Rating Points (GRPs) of 186. Key shows like Pavitra Rishta successfully completed 700+ episodes and Yahan Mein Ghar Ghar Kheli over 600+ episodes.

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

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

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

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

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

Zee Café, Zee Studio and Zee Trendz are Company's English language offerings. Zee Café has the rights to the latest series programming of super-hit shows while Zee Studio has tied up with leading studios from across the globe. The channels continue to strengthen the network subscription bouquet. During the year, the channels showcased popular international shows and live mega events like Miss Universe 2011 and Miss World London 2012.

Zing, the music and lifestyle offering of the Company, showcases popular Bollywood-oriented properties. The content on Zing revolves around the world of music, lifestyle, movies and celebrities.

Zee Marathi, Zee Talkies, Zee Bangla, Zee Telugu, Zee Kannada, ETC Punjabi and Zee Tamil are regional language offerings and enjoy significant market share in their respective markets.

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

Zee Khana Khazana, the Company's 24-hour food channel, was launched in December 2010. The channel brings in a rich programming mix from across India and abroad featuring shows that define and refine the culinary expertise that has become synonymous with "food". The top properties showcased on the channel were 'Khana Khazana', 'Mirch Masala' and 'Rasm-e-Rasoi'.

Global Presence

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

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

Key highlights during the year include:

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

BUSINESS STRATEGY

The key elements of ZEE's strategy during the year were (i) to take appropriate steps to safeguard its leadership position in a fiercely competitive environment (ii) to concentrate on additional revenues from digital pay platforms (iii) Build presence on new / alternate media platforms (iv) Rationalise on costs

Management Discussion and ANALYSIS

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

across different heads (v) Fortify its expansion in the international markets (vi) maintain consistently high standards of corporate governance.

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

The launch of new shows across network channels along with the tie up of cricket rights and current series rights of programs has helped ensure that in a highly fragmented environment, the network maintained and grew its dominance. The Company aims to further enhance the market share through a planned content lineup and continue to grow business profitability in a sustained manner.

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

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

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

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

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

(iv) **Rationalise on costs across different heads:**

The belief at the Company has always been that higher spends will not necessarily result in sustained incremental viewership. Even in the wake of competition, the network maintained its cost structures though with increased competition our costs also moved up. Better negotiations with suppliers and stricter control on distribution spends will help in further keeping costs under check.

(v) **Fortify its expansion in the international markets:**

During the year, the Company undertook various initiatives to further strengthen its dominance in international markets by entering into deals with new platform operators as well as launching new channels in some of the geographies. The success of these initiatives has given the management confidence that low cost experiments such as these are an innovative way of enhancing network strength in international markets.

(vi) **Corporate Governance:**

ZEE firmly believes that good governance is critical to sustaining corporate development, increasing productivity and competitiveness and creating shareholder wealth. The governance process should

ensure that the available resources are utilised in a manner that meets the aspirations of all its stakeholders. Your Company's essential charter is shaped by the objectives of transparency, professionalism and accountability. The Company continuously endeavours to improve on these aspects on an ongoing basis. While the increasing emphasis on transparency and accountability, standards have been set by various governing bodies on disclosure as well as judiciousness in conduct. ZEE has always tried to go a step further in this direction.

RISK FACTORS

Competition from other players:

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

Ever changing trends in Media sector:

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

Cost of programming mix might affect its bottom line:

The urge to compete and provide the best content to viewers, ZEE would have to incur high expenditure to provide an impetus on its programming front from time to time. The increase in costs might not necessarily perk up its revenues in the same proportion.

Investments in new channels:

The Company may from time to time launch new channels. Content for these channels is obtained from its existing library as well as from programmes acquired in the normal course of its business. The success of any new channel depends on various factors, including the quality of programming, price, extent of marketing, competition etc. There can be no assurance that the Company will be as successful in launching new channels as it has been the case of its existing channels.

Macroeconomic environment:

Macroeconomic environment can be a potential source of risk. Moderating growth, along with high inflation, can adversely impact advertising revenues of the Company, which forms the largest component of the Company's revenues.

Slowdown in DTH/Digital rollout:

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

Increased competitive environment in the Hindi General Entertainment Space:

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

Management Discussion and ANALYSIS

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

Sluggish consumer uptake in the international markets:

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

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

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

The Company may be exposed to foreign exchange rate fluctuations:

The Company receives a significant portion of its revenues and incurs a significant portion of its expenses in foreign currencies, particularly US dollars and UK pounds. Accordingly, the Company is exposed to fluctuations in the exchange rates between those currencies and the Rupee, the Company's reporting currency, which may have a substantial impact on its revenues and expenses.

STAND-ALONE FINANCIALS

A. RESULTS OF OPERATIONS

Non-Consolidated Financial Information for the Year Ended March 31, 2012 compared to the Year Ended March 31, 2011. Previous

Year figures have been reclassified and regrouped to comply with revised Schedule VI requirements.

Total Revenue

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

Revenue from Operations

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

Interest & Other Income

Interest & Other income increased by ₹ 679 million from ₹ 610 million in FY 2011 to ₹ 1289 million in FY 2012. It includes Foreign Exchange Loss of ₹ 33 million regrouped and transferred from Finance Cost and respective line item to Other Income in compliance to revised Schedule VI guidelines. It also includes balance written back ₹ 138 million being non-recurring in nature.

Total Expenditure

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

Operational Cost / Cost of Goods

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

Personnel Cost

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

Other expenses

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

Operating Profit

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

Financial Expenses

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

Depreciation and Amortisation

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

Profit Before Tax

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

Provision for Taxation

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

Profit After Tax for the Period

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

B. FINANCIAL POSITION

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

Sources of Funds**Share Capital, Reserves & Surplus**

During the year, Company bought back 19.37 million equity shares through open market route,

Management Discussion and ANALYSIS

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

Loan Funds

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

Long-term Provisions

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

Current Liabilities and Provisions

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

Application of Funds

Fixed Assets

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

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

Non-Current Investments

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

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

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

Current Assets

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

Current Investment

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

Inventories

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

Trade Receivables

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

Cash and Bank Balances

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

Loans and Advances and other current assets (Current)

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

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

CONSOLIDATED FINANCIALS

A. Results of Operations

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

Revenue

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

Revenue from Operations

Operating revenue increased by ₹ 318 million or 1.05 % from ₹ 30,088 million in FY 2011 to ₹ 30,406 million in FY 2012. Subscription Revenue has recorded a growth of 18% from ₹ 13,244 million to ₹ 13,246 million (Including Company's share of JV MPEIPL ₹ 505 million) which is partly offset by decrease in Advertisement revenues by 7% to ₹ 15,841 million in FY 2012 as against ₹ 17,010 million in FY 2011 however advertisement revenues in non-sports business have increased, though marginally. Other Sales and Services representing Syndication sale of Sports right, Program and Film rights, Commission income and other services, decreased to ₹ 1,320 million in FY 2012 (Includes Company's share of JV MPEIPL ₹ 7 million) from ₹ 1,819 million in FY 2011. Syndication sale of Sports rights are mainly event specific and are not comparable on Y-o-Y. FY 2012 Revenue is also not comparable as the numbers for FY 2011 includes receipt of a non-recurring one time fees of ₹ 700 million towards premature termination of sporting events rights.

Other Income

Other income increased by ₹ 502 million or 57% from ₹ 882 million in FY 2011 to ₹ 1,384 million in FY 2012 (Including Company's share of JV MPEIPL ₹ 11 million). Increase in Interest and Other Income also includes interest on income tax refund ₹ 145 million and balance written back ₹ 174 million being non-recurring in nature. It also includes Foreign Exchange Loss of ₹ 19.7 million regrouped and transferred from Finance Cost and respective line item to Other Income in compliance to revised Schedule VI guidelines.

Management Discussion and ANALYSIS

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

Expenditure

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

Operational Cost / Cost of Goods

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

Employee Benefit Expenses

Employee cost increase by ₹ 188 million, or 6.87 %, from ₹ 2,737 million in FY 2011 to ₹ 2,925 million in FY 2012 (FY 2012 Includes Company's share of JV MPEIPL ₹ 179 million). Other than increase due to share of JV - MPEIPL employee cost has remain flat for the year.

Other Expenses

Administrative and Other expenses increase by ₹ 1,013 million or 21.28% from ₹ 4,761 million in FY 2011 to ₹ 5,774 million

in FY 2012. FY 2012 include Company's share of Interest in JV ₹ 335 million. Further increase in mainly due to higher spend on advertising , marketing and increase in cost of Carriage Fees paid by the Company to cable networks and increase in provision for doubtful debts during the year.

Operating Profit

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

Financial Expenses

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

Depreciation and Amortisation

Depreciation increased by ₹ 34 million, or 11.76%, from ₹ 289 million in FY 2011 to

₹ 323 million in FY 2012. Current year includes ₹ 99 million (LY ₹ 71 million) charge towards impairment/discard of fixed assets.

Profit Before Tax (after exceptional item)

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

Provision for Taxation

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

Share of Results of Associates

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

Minority Interest

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

Net Profit After Tax for the Period

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

B. FINANCIAL POSITION

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

Sources of Funds

Share Capital, Reserves & Surplus

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

Loan Funds

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

Long term Provisions

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

Current Liabilities and Provisions

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

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

Management Discussion and ANALYSIS

Application of Funds

Fixed Assets

During the year, the Company's Gross Fixed Assets block increased by ₹ 1,440 million. This increase is mainly on account of creation of additional goodwill of ₹ 208 million on purchase of balance 5% share of minority in Taj TV Limited. Foreign Exchange translation of foreign subsidiary assets (Including Goodwill) ₹ 817 million, Purchase of Other Fixed Assets ₹ 653 million (mainly Plant & Machinery) which was partly offset by Impairment and Sale of Gross Value of fixed assets to the extent of ₹ 239 million. (Including Company's share in JV- MPEIPL ₹ 17 million).

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

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

Non Current Investments

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

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

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

Current Assets

The current assets have increased from ₹ 28,457 million in FY 2011 to ₹ 31,568

million in FY 2012 largely due to increase in inventory and current investments. (FY 2012 includes ₹ 2,632 million towards Company's share in JV – MPEIPL).

Current Assets

Inventories

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

Trade Receivables

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

Cash and Bank Balances

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

Loans, Advances and Other Current Assets

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

Current Liabilities and Provisions

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

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

Certification on **FINANCIAL STATEMENTS**

of the Company

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

- (a) We have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2012 and that to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2012 are fraudulent, illegal or violative to the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken to rectify these deficiencies.
- (d) During the year:
 - i) there has not been any significant change in internal control over financial reporting;
 - ii) there have not been any significant changes in accounting policies; and
 - iii) there have been no instances of significant fraud of which we are aware that involve management or other employees having significant role in the Company's internal control system over financial reporting.

Punit Goenka
Managing Director & CEO

Hitesh Vakil
Chief Financial Officer

Place : Mumbai
Date : 21 May, 2012

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Auditors' REPORT

To
The Members,

Zee Entertainment Enterprises Limited

1. We have audited the attached Balance Sheet of Zee Entertainment Enterprises Limited ("the Company") as at 31 March, 2012, the Statement of Profit and Loss and the Cash Flow statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (the 'Order') issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 ("the Act"), and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph (3) above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Act;
 - (e) On the basis of written representations received from the directors, as at 31 March, 2012 and taken on record by the Board, we report that none of the Director is disqualified as at 31 March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together the notes thereon, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2012;
 - ii) In the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date; and
 - iii) In the case of the Cash Flow statement, of the cash flows of the Company for the year ended on that date.

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

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

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

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) All the fixed assets, except assets lying with third parties, have been physically verified by the management during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) During the year, there was no disposal of substantial part of fixed assets.
- 2) (a) The inventory has been physically verified (copyrights of programs and film/movie rights verified with reference to title documents/agreements) by the management at reasonable intervals during the year.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion, the Company has maintained proper records of inventory. As explained to us, there were no discrepancies noticed on physical verification as compared to the book records.
- 3) (a) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (b) The Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- 4) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system in respect of the aforesaid areas.
- 5) According to the information and explanations given to us, there are no contracts or arrangements the particulars of which are required to be entered into the register maintained in pursuance to Section 301 of the Act.
- 6) The Company has not accepted any deposits from the public during the year.
- 7) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 8) We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- 9) According to the records of the Company examined by us and information and explanations given to us:
 - (a) Undisputed Statutory dues including provident fund, investor education and protection fund, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and others as applicable have generally been regularly deposited with the appropriate authorities. There are no undisputed amounts payable in respect of the aforesaid dues which have remained outstanding as at 31 March, 2012 for a period of more than six months from the date they became payable.

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

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

* represents absolute amount

- 10) The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year or in the immediately preceding financial year.
- 11) The Company has not defaulted in repayment of dues to banks and financial institutions during the year.
- 12) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) The Company is not chit fund or a nidhi / mutual benefit fund / society.
- 14) The Company is not dealing in or trading in shares, securities, debentures and other investments.
- 15) In our opinion, the terms and conditions of guarantees given by the Company for loans taken by subsidiaries and others are prima-facie not prejudicial to the interests of the Company.
- 16) The Company has not raised any term loan during the year.
- 17) According to information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that funds raised on short term basis have not been used for long term investments.
- 18) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- 19) The Company has not issued any secured debentures during the year.
- 20) The Company has not raised any money by public issue during the year.
- 21) Based on the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

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

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

Balance SHEET

as at March 31,

₹ millions

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

As per our attached report of even date

For MGB & Co. Chartered Accountants

Hitendra Bhandari Partner

Place : Mumbai
Date : 21 May, 2012

For and on behalf of the Board

Punit Goenka Managing Director & CEO

M Y Khan Director

Hitesh Vakil Chief Financial Officer

M Lakshminarayanan Company Secretary

Statement of PROFIT AND LOSS

for the year ended March 31,

₹ millions

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

As per our attached report of even date

For MGB & Co. Chartered Accountants

Hitendra Bhandari Partner

Place : Mumbai
Date : 21 May, 2012

For and on behalf of the Board

Punit Goenka Managing Director & CEO

M Y Khan Director

Hitesh Vakil Chief Financial Officer

M Lakshminarayanan Company Secretary

Cash Flow STATEMENT

for the year ended 31 March

₹ millions

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

Cash Flow STATEMENT

for the year ended 31 March

₹ millions

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

As per our attached report of even date

For MGB & Co. Chartered Accountants

Hitendra Bhandari Partner

Place : Mumbai
Date : 21 May, 2012

For and on behalf of the Board

Punit Goenka Managing Director & CEO

M Y Khan Director

Hitesh Vakil Chief Financial Officer

M Lakshminarayanan Company Secretary

Notes

forming part of the Financial Statements

1. CORPORATE INFORMATION

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

- (a) Broadcasting of Satellite Television Channels uplinked from India;
- (b) Space Selling agent for other television channels;
- (c) Sale of Television programs, films / movies and rights including films / movies and program feeds;
- (d) Production and distribution of films / movies.

2. SIGNIFICANT ACCOUNTING POLICIES

1 Basis of Preparation

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

2 Use of estimates

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

3 Tangible fixed assets

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

4 Intangible assets

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

5 Borrowing Costs

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

6 Impairment of tangible and intangible assets

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

Notes

forming part of the Financial Statements

7 Depreciation / Amortisation on tangible and intangible assets

- (a) Depreciation on tangible fixed assets is provided on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956.
- (b) Premium on Leasehold Land and Leasehold Improvements are amortized over the period of Lease.
- (c) Intangible assets are amortised on a straight line basis over the economic useful life estimated by the management.

8 Investments

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

9 Transactions in foreign currencies

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

10 Revenue recognition

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

Notes

forming part of the Financial Statements

11 Inventories

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

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

- i Cost of reality shows / chat shows / events/ game shows and sports rights etc. are fully expensed on telecast.
- ii Cost of Programs (other than (i) above) are amortized over three financial years from the year of telecast as per management estimates of future revenue potential.
- iii Cost of Films/Movie rights are charged on a straight-line basis over the license period or 60 months from the date of acquisition, whichever is shorter.

(b) Films / Movie produced and/or acquired for distribution:

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

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

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

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

12 Retirement and other employee benefits

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

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

13 Accounting for taxes on income

(a) Current Tax is determined as the amount of tax payable in respect of taxable income as per the provisions of the Income Tax Act, 1961.

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

14 Leases

(a) Finance Lease

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

Notes

forming part of the Financial Statements

(b) Operating Lease

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

15 Earnings Per Share

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

16 Provisions, Contingent Liabilities and Contingent Assets

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

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

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

Terms/ rights attached to equity shares

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

Notes

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

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

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

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

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

Buyback of shares

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

Employees Stock Option Scheme (ESOP):

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

During the year ended 31 March 2011 and 31 March 2012, the Company did not grant any stock options. The options earlier granted under the Scheme shall vest not less than one year and not more than five years from the date of grant of options. The options granted vests in the ratio of 50:35:15 at the expiry of one, two and three years from the date of grant and once vested, these would be exercisable at any time within a period of four years and the equity shares arising on exercise of options shall not be subject to any lock in. Upon exercise of 66,800 options, equivalent number of Equity Shares were issued and allotted during the financial year ended on 31 March 2012.

Notes

forming part of the Financial Statements

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

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

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

* Adjusted for bonus

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

₹ millions

Notes

forming part of the Financial Statements

		₹ millions	
		Non-Current	Current
		2012	2011
5. LONG-TERM BORROWINGS			
Vehicle Loans * - Secured		10	6
		10	6
Less: Amount disclosed under the head "Other current Liabilities" (Refer Note 7)		-	7
TOTAL		10	6

* Secured against hypothecation of vehicles.

		₹ millions	
		Long-Term	Short-Term
		2012	2011
6. PROVISIONS			
Provision for employee benefits			
- Gratuity		78	67
- Leave benefits		82	79
Others			
- Proposed Dividend		-	1,671
- Provision for Taxation (net of advances)		-	128
TOTAL		160	146

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

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

Includes statutory dues, security deposits and advances from customers.

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

Notes

forming part of the Financial Statements

8. FIXED ASSETS

Description	Gross Block			Depreciation / Amortization			Net Block		₹ millions	
	As at 1 April 2011	Additions	Deductions	As at 31 March 2012	Up to 31 March 2011	For the year	Deductions	As at 31 March 2012		As at 31 March 2011
Tangible Assets										
Leashold Land	66	-	-	66	6	1	-	7	59	60
Leashold Improvements	80	1	0	81	77	2	0	79	2	3
Building	415	-	-	415	46	6	-	52	363	369
Computers	148	21	28	141	76	21	22	75	66	72
Plant and Machinery	1,103	329	77	1,355	333	102	31	404	951	770
Office Equipments	103	12	18	97	22	5	7	20	77	81
Furniture and fixtures	76	6	16	66	29	5	11	23	43	47
Vehicles	59	44	11	92	17	8	4	21	71	42
TOTAL	2,050	413	150	2,313	606	150	75	681	1,632	1,444
PREVIOUS YEAR	2,113	113	176^	2,050	549	135	78	606	1,444	
Intangible Assets										
Software	169	101	0	270	65	65	0	130	140	104
Trade Mark	0	-	-	0	0	0	-	0	0	0
TOTAL	169	101	0	270	65	65	0	130	140	104
PREVIOUS YEAR	53	118	2^	169	33	32	-	65	104	
Capital Work-in-Progress										
									201	8

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

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

Notes:

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

Notes

forming part of the Financial Statements

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

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

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

Notes

forming part of the Financial Statements

10. DEFERRED TAX

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

₹ millions

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

₹ millions

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

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

* represents Share Application Money.

Notes

forming part of the Financial Statements

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

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

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

Notes

forming part of the Financial Statements

₹ millions

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

₹ millions

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

Notes

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	₹ millions			
	Non-Current		Current	
	2012	2011	2012	2011
16. CASH AND BANK BALANCES				
Cash and Cash Equivalents				
Balances with Banks -				
In Current accounts	-	-	448	916
In Deposit accounts	-	-	-	600
Cheques, demand drafts in hand #	-	-	303	12
Cash in Hand	-	-	1	2
	-	-	752	1,530
Other Bank balances				
Balances with Banks -				
In Deposit accounts ^ {₹ 79,365 (₹ 79,365)}	0	0	-	-
In Unclaimed dividend account	-	-	9	9
	0	0	9	9
Amount disclosed under the head “other assets” (Note:12)				
{₹ 79,365 (₹ 79,365)}	0	0	-	-
TOTAL	0	0	761	1,539

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

^ Pledged with sales tax authorities

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

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

Notes

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

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

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

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

Notes

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

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

Notes

forming part of the Financial Statements

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

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

24. LEASES

A. Operating Leases:

- (a) The Company has taken office, residential facilities and plant and machinery (including equipments) etc. under cancellable/non-cancellable agreements that are renewable on a periodic basis at the option of both the Lessee and the Lessor. The initial tenure of the lease is generally from 11 months to 108 months.

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

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

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

Notes

forming part of the Financial Statements

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

25. CONTINGENT LIABILITIES

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

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

26. CAPITAL AND OTHER COMMITMENTS

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

27. MANAGERIAL REMUNERATION

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

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

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

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

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28. Payments to Auditors

₹ millions

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

29. The company has been deploying its surplus funds as short term demand loans / inter corporate deposits. The borrowers are regular in repayment of principal and interest, hence are considered good.

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

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

32. FOREIGN EXCHANGE

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

₹ millions

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

33. MICRO SMALL AND MEDIUM ENTERPRISES

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

Notes

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34. EMPLOYEE BENEFITS

A Defined Benefit Plans

₹ millions

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

Notes:

- (a) Amounts recognized as an expense and included in the Note 20 "Employee benefits expense" are gratuity ₹/ millions 24 (36) and leave encashment ₹/ millions 28 (33)
- (b) The estimate of future salary increases considered in the actuarial valuation, taking into account the rate of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

B Defined contribution plan:

"Contribution to provident and other funds" is recognized as an expense in Note 20 of the Statement of Profit and Loss.

Notes

forming part of the Financial Statements

35. RELATED PARTY TRANSACTIONS

(i) List of Parties where control exists

Subsidiary Companies

(a) Wholly owned

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

(b) Others - Direct

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

(ii) Associates

Aplab Limited (extent of holding 26.42%)

(iii) Joint Venture

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

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

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

* Not a related party during the current year.

Directors / Key Management Personnel

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

Notes

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(v) Transactions with Related Parties

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

Notes

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

Notes

forming part of the Financial Statements

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

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

Notes

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

Note

Details of Remuneration to directors are disclosed in Note 27.

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

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

Loans and Advances given to Subsidiaries

₹ millions

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

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

₹ millions

	2012	2011
Raw Tapes	35	49
TOTAL	35	49

38. DETAILS OF CONSUMPTION OF IMPORTED AND INDIGENOUS STOCKS

₹ millions

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

Notes

forming part of the Financial Statements

39. EARNINGS IN FOREIGN EXCHANGE

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

40. REMITTANCES IN FOREIGN CURRENCY

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

41. EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

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

Notes

forming part of the Financial Statements

42. CIF VALUE OF IMPORTS

₹ millions

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

43. EARNING PER SHARE (EPS)

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

Notes

forming part of the Financial Statements

44. SEGMENT INFORMATION

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

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

46. PRIOR YEAR COMPARATIVES

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

Last FIVE YEARS

Financial Highlights

₹ millions

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

Performance RATIOS

- An Analysis

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

Note

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

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

Annualized

Auditors' REPORT

To
The Board of Directors

Zee Entertainment Enterprises Limited

1. We have audited the attached Consolidated Balance Sheet of Zee Entertainment Enterprises Limited ("the Company") and its subsidiaries, associate and joint venture company (collectively referred to as "the Group") as at 31 March, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.
3. (a) The financial statements of certain subsidiaries and joint ventures with total assets of ₹/millions 16,275 as at 31 March 2012 and total revenues of ₹/millions 12,216 for the year ended on that date have not been audited by us. These financial statements have been audited by other auditors whose report have been furnished to us and our opinion, in so far it relates to the amounts included in respect of those subsidiaries and joint ventures is based solely on the report of the other auditors.
(b) The financial statements of an associate for the year ended 31 March, 2012 have been consolidated based on the management estimate and therefore unaudited. The profit of such associate considered for consolidation is ₹ /millions 2 for the year.
4. Without qualifying our report, we draw our attention to:
 - (a) Note 12 regarding recognition of receivable of ₹/millions 312 claimed from a competing broadcaster, which is under litigation. The management on the basis of the review of the current status of this case and on the basis of opinion received from the lawyers representing in this legal matter, are confident that the ultimate outcome of the legal dispute will be in its favour and the receivable will be fully recovered.
 - (b) Note 2(vi) and Note 17 regarding expenses of subscription license fees of ₹/millions 4,325 netted against subscription revenue. However, this has no impact on Profit for the year.
5. We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of the Accounting Standard (AS) 21 "Consolidated Financial Statements" and AS 23 "Accounting for Investments in Associates in the Consolidated Financial statements" and AS 27 "Financial Reporting of Interests in Joint Ventures", as notified by the Companies (Accounting Standards) Rules, 2006.
6. Based on the audit as aforesaid, and on the consideration of reports of other auditors on the separate financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In case of Consolidated Balance Sheet, of the State of Affairs of the Group as at 31 March, 2012;
 - (b) In case of Consolidated Statement of Profit and Loss, of the Profit of the Group for the year ended on that date; and
 - (c) In the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

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

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

Consolidated BALANCE SHEET

as at March 31,

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

As per our attached report of even date

For MGB & Co. Chartered Accountants

Hitendra Bhandari Partner

Place : Mumbai
Date : 21 May, 2012

For and on behalf of the Board

Punit Goenka Managing Director & CEO

M Y Khan Director

Hitesh Vakil Chief Financial Officer

M Lakshminarayanan Company Secretary

Statement of Consolidated **PROFIT AND LOSS**

for the year ended March 31,

₹ millions

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

As per our attached report of even date

For MGB & Co. Chartered Accountants

Hitendra Bhandari Partner

Place : Mumbai
Date : 21 May, 2012

For and on behalf of the Board

Punit Goenka Managing Director & CEO

M Y Khan Director

Hitesh Vakil Chief Financial Officer

M Lakshminarayanan Company Secretary

Consolidated CASH FLOW STATEMENT

for the year ended March 31,

₹ millions

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

Consolidated CASH FLOW STATEMENT

for the year ended March 31,

₹ millions

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

As per our attached report of even date

For MGB & Co. Chartered Accountants

Hitendra Bhandari Partner

Place : Mumbai
Date : 21 May, 2012

For and on behalf of the Board

Punit Goenka Managing Director & CEO

M Y Khan Director

Hitesh Vakil Chief Financial Officer

M Lakshminarayanan Company Secretary

Notes

forming part of the Consolidated Financial Statements

1. CORPORATE INFORMATION

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

2. BASIS OF CONSOLIDATION

- i. The Consolidated Financial Statements (CFS) of the Group are prepared under Historical Cost Convention on going concern basis in accordance with Generally Accepted Accounting Principles in India and Accounting Standard -21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India (ICAI), to the extent possible in the same manner as that adopted by the parent company for its separate financial statements by regrouping, recasting or rearranging figures, wherever considered necessary.
- ii. The CFS is prepared using uniform accounting policies for transactions and other events in similar transactions except in case of one of the subsidiary wherein the liability on account of retirement benefits is provided on estimated basis as per local laws instead of actuarial basis. This liability represents 19.30 % (19.43%) of total gratuity and leave benefits of the group as at the year end.
- iii. The consolidation of the financial statements of the parent company and its subsidiaries is done to the extent possible on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Group financial statements. All significant inter-group transactions, unrealized inter-company profits and balances have been eliminated in the process of consolidation. Minority interest in subsidiaries represents the minority shareholders proportionate share of the net assets and net income.
- iv. The CFS includes the Financial Statements of the parent company and the subsidiaries (as listed in the table below). Subsidiaries are consolidated from the date on which effective control is acquired and are excluded from the date of transfer/disposal.

Name of the Subsidiaries	Proportion of Interest (including beneficial interest) / Voting Power (either directly / indirectly or through Subsidiaries).	Country of Incorporation
Direct Subsidiaries		
Asia Today Limited	100(100)	Mauritius
India Webportal Private Limited	51(51)	India
ITM Digital Private Limited (Refer Note 2.2(ii))	100(59.4)	India
Taj Television (India) Private Limited	100(100)	India
Zee Sports Limited	100(100)	India
Zee Turner Limited	74(74)	India

Notes

forming part of the Consolidated Financial Statements

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

^ Merged with Asia Today Limited during the year

v. Associates

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

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

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

vi. Joint Venture

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

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

Notes

forming part of the Consolidated Financial Statements

2.1 Significant Accounting Policies

a. Use of estimates

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

b. Comparatives

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

c. Fixed Assets

(i) Goodwill on Consolidation

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

(ii) Tangible fixed assets

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

(iii) Intangible assets

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

d. Borrowing costs

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

e. Impairment of tangible and intangible assets

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

f. Depreciation on tangible and intangible assets

- (i) Depreciation on tangible fixed assets, including leased assets is provided on straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956 or at the rates adopted in the accounts of respective subsidiaries as permissible under applicable local laws on straight line basis from the time they are available for use, so as to write off their costs over the estimated useful life of the assets.
- (ii) Premium on leasehold land and leasehold improvements are amortized over the period of Lease.
- (iii) No part of goodwill arising on consolidation is amortized.

Notes

forming part of the Consolidated Financial Statements

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

g. Investments

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

h. Inventories

(i) Programs, Films/Movie Rights for Broadcasting

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

- (a) Cost of reality shows / chat shows / events / game shows and sports rights etc. are fully expensed on telecast.
- (b) Cost of Programs (other than (i) above) are amortized over three financial years from the year of telecast as per management estimates of future revenue potential.
- (c) Cost of Films/Movie rights are charged on a straight-line basis over the license period or 60 months from the date of acquisition, whichever is shorter.

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

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

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

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

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

i. Revenue Recognition

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

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

j. Foreign Currency Translations

(i) Accounting of Transactions

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

(ii) Translation and Exchange Rates

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

- (a) Assets and Liabilities at the exchange rate prevailing at the end of the year. Depreciation is accounted at the same rate at which assets are converted.
- (b) Revenues and expenses are at yearly average rates. Off Balance Sheet items are translated into Indian Rupees at year-end rates.
- (c) Exchange differences arising on translation of non-integral foreign operations are accumulated in the Foreign Currency Translation reserve until the disposal of such operations.

k. Retirement Benefits

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

l. Accounting for taxes on income

- (i) Current tax is determined as the amount of tax payable on the taxable income in accordance with local tax regulations.
- (ii) Deferred tax is recognised, subject to consideration of prudence in respect of deferred tax assets, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and measured using tax rates and laws enacted.

m. Leases

(i) Finance Lease

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

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

(ii) Operating Lease

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

n. Earnings per Share

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

o. Provisions, Contingent Liabilities and Contingent Assets

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

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

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

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

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

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

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

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

Reconciliation of number of Equity shares and share capital

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

Terms/ rights attached to equity shares

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

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

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

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

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

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

Buyback of shares

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

Employees Stock Option Scheme (ESOP):

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

During the year ended 31 March 2011 and 31 March 2012, the Company did not grant any stock options. The options earlier granted under the Scheme shall vest not less than one year and not more than five years from the date of grant of options. The options granted vests in the ratio of 50:35:15 at the expiry of one, two and three years from the date of grant and once vested, these would be exercisable at any time within a period of four years and the equity shares arising on exercise of options shall not be subject to any lock in. Upon exercise of 66,800 options, equivalent number of Equity Shares were issued and allotted during the financial year ended on 31 March 2012.

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

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

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

* Adjusted for bonus

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₹ millions

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

₹ millions

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

* Secured against hypothecation of vehicles.

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₹ millions

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

₹ millions

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

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

Includes statutory dues, security deposits and advances from customers.

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8. FIXED ASSETS

Description	Gross Block				Depreciation / Amortization				Net Block		₹ millions	
	As at 1 April 2011	Additions	Deductions	Translation	As at 31 March 2012	Up to 31 March 2011	During the Year	Deductions	Translation	As at 31 March 2012		As at 31 March 2011
Tangible Assets												
Leasehold Land	66	-	-	-	66	6	1	-	0	7	59	60
Leasehold Improvements	105	10	15	(3)	97	95	18	7	(12)	94	3	10
Building	649	0	-	40	689	133	4	-	27	164	525	516
Computers	351	25	42	(97)	237	181	28	34	(24)	151	86	170
Plant and Machinery	2,025	431	97	126	2,485	1,010	167	35	98	1,240	1,245	1,015
Office Equipments	73	13	24	116	178	53	10	10	40	93	85	20
Furniture and Fixures	136	8	41	8	111	67	13	24	5	61	50	69
Vehicles	103	48	16	5	140	35	15	7	2	45	95	68
TOTAL	3,508	535	235	195	4,003	1,580	256	117	136	1,855	2,148	1,928
Group Share in Joint Venture	-	17	-	-	17	-	1	-	-	1	16	-
TOTAL	3,508	552	235	195	4,020	1,580	257	117	136	1,856	2,164	1,928
PREVIOUS YEAR	3,540	184	222 ^	6	3,508	1,463	239	119	(2)	1,580	1,928	
Intangible Assets												
Goodwill - On Consolidation	6,064	208	-	622	6,894	-	-	-	-	-	6,894	6,064
Software	193	101	4	0	290	87	66	3	0	150	140	106
Trademark	0	-	-	-	0	0	0	-	-	0	0	0
TOTAL	6,257	309	4	622	7,184	87	66	3	0	150	7,034	6,170
Group Share in Joint Venture	-	1	-	-	1	-	0	-	-	0	1	-
TOTAL	6,257	310	4	622	7,185	87	66	3	0	150	7,035	6,170
PREVIOUS YEAR	16,440	673	10,881 ^	26	6,257	38	50	-	(0)	88	6,170	
Capital Work-In-Progress											201	8

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

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

Notes:

1 Building includes ₹ 114 (114) the value of share in a co-operative society.

2 Part of building has been given on operating lease.

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

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

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

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10. DEFERRED TAX

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

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

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

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

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₹ millions

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

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

₹ millions

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

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

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

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₹ millions

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

₹ millions

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

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

^ Pledged with sales tax authorities.

Notes

forming part of the Consolidated Financial Statements

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

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

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

Notes

forming part of the Consolidated Financial Statements

₹ millions

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

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

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

₹ millions

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

Notes

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

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

Notes

forming part of the Consolidated Financial Statements

₹ millions

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

24. LEASES

(i) Finance Lease:

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

Reconciliation of minimum lease payments and present value:

₹ millions

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

Notes

forming part of the Consolidated Financial Statements

(ii) Operating Leases:

(a) In respect of assets taken under operating lease

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

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

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

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

25. CONTINGENT LIABILITIES

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

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

26. CAPITAL COMMITMENTS

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

Notes

forming part of the Consolidated Financial Statements

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

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

29. Loans

The group has been deploying its surplus funds as short-term demand loans/ inter corporate deposits, the parties are regular in repayment of principal and interest, hence are considered good.

30. RELATED PARTY DISCLOSURE

(i) List of Parties where control exists

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

(ii) a. Associate Companies

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

b. Joint Venture

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

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

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

* Not a related party during the current year.

Directors/ Key Management Personnel

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

Notes

forming part of the Consolidated Financial Statements

Transactions during the year with Related Parties

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

Notes

forming part of the Consolidated Financial Statements

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

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

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

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

Notes

forming part of the Consolidated Financial Statements

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

31. SEGMENT INFORMATION

(a) Business Segment

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

(b) Revenue from Geographical Market

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

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

Notes

forming part of the Consolidated Financial Statements

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

₹ millions

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

32. PAYMENTS TO AUDITOR

₹ millions

For Standalone

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

₹ millions

For Subsidiaries and Joint Venture

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

Notes

forming part of the Consolidated Financial Statements

33. EARNING PER SHARE (EPS)

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

Financial HIGHLIGHTS

As on March 31, 2012

INDIAN SUBSIDIARIES

Particulars

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

As on March 31, 2012

[illegible]



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