



ZEE NEWS LIMITED
ENGAGE INFORM EMPOWER



Annual Report 2009 - 10

making

NEWS



ZEE NEWS LIMITED

making of a

NEWS POWERHOUSE

With its accent on serious news and thought innovation, Zee News Limited has definitively emerged as the foremost and the most credible news network in the country.

The company is now set to consolidate its news operations through the demerger of the R-GECs; a process that was duly completed this year. Post demerger, ZNL has eight 24x7 news channels, namely: Zee News, Zee Business, Zee 24 Taas, Zee News UP, Zee 24 Gantalu, Zee Punjabi, Zee Tamizh and 24 Ghanta.

The flagship Zee News is among the most watched during prime time, whereas Zee Business remains the most viewed during the stock market band. 24 Ghanta is the acknowledged leader in West Bengal and Zee 24 Taas leads the pack in Mumbai. Of the newly launched channels, Zee News UP has been making a steady progress towards the top spot.

To retain our edge in this very competitive market, it will be our concerted effort to tap and maximize all revenue streams available to the business. While news operations in India are yet to be a profitable venture for most players, ZNL with its novel and aggressive approach stands out as an exception.

For us, subscription income has been a key factor. While Zee News has been a pay channel from the beginning, we will vigorously look at replicating this revenue model in the vernacular space as well. Moreover, the advertisement market of news channels is also expected to grow by 13% this year.

Importantly, news is getting localized by the day and the next push is expected to come from the regional arena. Having spotted this trend early, ZNL has successfully established a bouquet of national and regional news channels to take advantage of the new growth prospects. Going forward, the network span, leading to rational efficiency, would render the company further advantage to expand profitability.

As we emerge from the recession, rising consumption across metros and the regions beyond will drive demand. It is here that ZNL will be strategically poised to leverage its network strength. Its first mover advantage in the regional markets coupled with ambitious expansion plans will help drive growth, thus making it a throbbing and vibrant news powerhouse.



chairman's message

Dear Shareholders,

It gives me immense pleasure to present before you the annual results of Zee News Limited for the Financial Year 2009-10. At the onset, let me thank you for the trust that you have reposed in the Company and the support you have extended to the management. I would like to add here, with great satisfaction, that the performance of the Company has been equally commendable.

Restructuring of the Organization

It goes without saying that we have all had a very eventful 2009-10. Not only have we weathered the recession and emerged unscathed, we have also restructured the organization.

Having already built a nationwide news network and riding on our spectacular performance of news operations despite recession, it was a natural strategic decision for us to move towards creating a sensible and respectable News Powerhouse in the country. Clearly, the growth potential of regional television as well as rapidly spreading digitalization would significantly fuel our endeavour.

Upon receipt of all the regulatory and statutory approvals, including from the Honourable Bombay High Court, the de-merger process of the Regional General Entertainment Channels (R-GECs) was effectively concluded on March 29, 2010.

This, on one hand, has resulted in unlocking shareholders value and, on the other, has paved way for Zee News Limited to focus on its main area of business i.e. News, and firmly ensconce its presence in the regional expanse.

Your Company is already the largest news network of the country and is set to further entrench itself in the national and vernacular markets.



Overall Performance

Notwithstanding the economic slowdown, the two-pronged strategy of regionalization and consolidation within the existing areas of business has worked and borne fruit.

Zee News continues with its emphasis on sensible programming and concerted policy to move away from frivolity and hype. Zee News has thus, not surprisingly, been found to be the most favoured Hindi news channel in Delhi and all the other major Metros, whenever a major news story broke. It has also scored over rivals in stickiness and has recorded a solid performance when evaluated on the time spent criteria.

Zee Business has been another success story. It is now a firm leader in terms of viewership during the stock market hours – the most vital segment in the business genre. The channel also launched several top notch initiatives and campaigns during the year to reach out to the viewer, and is doing particularly well amongst the decision makers in the medium and small scale industry sector.

Zee 24 Taas is a front runner in the Mumbai market, while 24 Ghanta is a clear leader in West Bengal.

Of the three new channels in our bouquet, Zee News UP and Zee 24 Gantalu have completed a year each.

Zee News UP has shown unprecedented growth, and immediately occupied

the top slot after its launch. Its continued popularity in UP and Uttarakhand has helped it gain a big chunk in the advertising pie of the region. Zee 24 Gantalu is focusing on establishing itself as an unbiased and objective news channel in the crowded, but the largest in terms of advertisement revenue, AP market. Zee Tamizh has now cut down on losses and is also innovating to increase reach.

Financial Highlights

We continued with our exceptional performance in profitability and revenue all through the year. Buoyed by the encouraging performance of the channels, we have grown exponentially in terms of advertising and subscription revenue. While the year-on-year figures are not comparable because of the de merger, focus on current deliverables remains our driving principle. The year closed with a PAT of Rs 468 mn.

During the first nine months, when the numbers were comparable, we have grown by 26% in operating profit and 22% in revenue.

Even after the de merger, we maintained a robust growth momentum and during the fourth quarter we registered a 30% growth in advertising revenue and posted a net profit of Rs 22 mn

despite losses of the three newly launched channels.

As we focus on consolidation in the year 2010-11, we expect the news operations to outperform the TV news industry.

Human Capital, Social Responsibility and Corporate Governance

We seek to recruit and aim at retaining the best talent in the market. The faces of our channels are among the most recognized and respected names in journalism. We have been undertaking training programmes for our employees to keep them abreast with the latest technology and hone their skill sets.

Zee News Ltd aspires to be both a customer and employee friendly Company. As a part of an initiative to get our finger on the pulse of the employees, we implemented an Employee Feedback system, which gave us several useful insights. Like always, we also completed performance appraisal for the entire group based on pre-decided set of Key Result Areas (KRAs).

As for our social responsibility which is an integral part of our philosophy for the news business, the Company honoured brave soldiers and unsung heroes of the country through the Ananya Samman events held in Delhi, Kolkata and Mumbai.

I also assure you that your Company is fully compliant with the Corporate Governance Code laid down by SEBI and the stock exchanges. The Company continues to look to the Board of Directors for their constant guidance and encouragement.

Future Course

Not only has there been an explosive growth of news channels in this past decade, digitalization and regionalization have changed the rules of the game.

Your Company has persevered and made profits leveraging our first-mover advantage and a well thought out strategy. Our investments in digitization will now help us reap benefits in the coming years, as we reach more and more viewers through DTH, the subscription of which is estimated to reach 35 million households in 2012, and Digital cable.

In 2009, television industry stood at USD 5.65 billion registering a growth of 6.8 per cent. According to estimates, the industry is projected to grow at a compounded annual growth rate of 13-15% and reach about USD 11.45 billion by 2014. Your Company is therefore laying great emphasis on distribution, so that we can capture more eyeballs in the fast expanding market.

As more and more retail advertisers are turning to the audio-visual medium, our penetration in the regional markets will give us a great competitive advantage. Your Company, with its bouquet of national and regional channels, is well equipped and favourably poised to utilize its network strength for synergies. We have already spread

our network wide, but our aspirations are soaring and we will continue to invest and grow in areas which afford opportunity. However our expansion, as always, would be judicious, as we embark upon our journey to become a News Powerhouse. A firm editorial policy and focus on current deliverables would continue to be our guiding philosophy

Your Company was determined and remains resolute to consolidate its position in the existing, as well as untapped markets, to stay firmly saddled as the No. 1 and the most dependable news network of the country.

At the end, I would like to sincerely thank all our stake holders – shareholders, viewers, advertisers, bankers and employees- for reposing trust in us and encouraging us to move forward from strength to strength.

Your company was determined and remains resolute to consolidate its position in the existing as well as untapped markets to stay firmly saddled as the No.1 and the most dependable news network of the country.



India's pioneering, most respectable and responsible Hindi news channel

Zee News, the flagship channel of the ZNL, is the oldest of its bouquet, reaching millions of viewers across the country. Launched in 1992, the channel revolutionised the way news was viewed and consumed by audiences in India.

Zee News created history in 1999 by becoming the first 24-hour Hindi news channel in the country. Since its launch, Zee News has consolidated its position as one of the most viewed Hindi news channels and continues to maintain its leadership position in the market till date.

While the rapid mushrooming of news channels in recent years has led to trivialization of news in a blind race to capture eyeballs in a fragmented market continued focus of Zee News on providing serious news, sets it apart as a responsible and credible channel.

Nonstop@9

A complete daily news magazine is the first and only break-free bulletin offered at 9 pm, the eternal news hour.

Badi Khabar

A daily current affairs show on Zee News that analyzes the biggest news of the day in terms of its impact on the nation and society.

Zara Sochiye

The winner of the New York Festival Award under the 'Community Service Programs' category, Zara Sochiye takes a serious view of issues that affect the life of the common man. It prods viewers to pause and contemplate on matters that affect civil society and encourages proactive action.

Mera Ghar Meri Jeb

The only programme on the national news channel, which talks about Personal Finance and focuses on Household Budgeting.



India's first Hindi Business News channel - Leader of the Stock Market band

A leader and trendsetter in its genre, the channel has a distinct and clear edge over its competitors during business prime time - the stock market band. For the fact that it vibes with ambition and passion of today's entrepreneurs, it is received enthusiastically by the Small and Medium Sector - the growth engine of Indian business and economy.

Bechein Ya Rakhein

A call-in programme well received by the viewers for its actionable advice pertaining to stock market investing. No beating around the bush, just straight answers. Top stock picks for the day are selected in association with reputed financial markets experts and consultants, making it a tool kit for the day's trading.

Mandi Live

India's first programme on the commodity market. It remains India's No. 1 programme in the segment, despite a proliferation of clones, and is considered a barometer for the commodity market at the local Mandi level.

Share Bazaar Live

Coverage of the market opening hours (every weekday, 8.30 am to 10.00 am). It features important news & events that could have an impact on the markets for the day and also gives trading tips in association with reputed market experts.



Online Properties



The sizzling pot of glamour, entertainment and lifestyle stories.

ZEENEWS.COM

Being one of the most read news sites on the web and a leader in Breaking News, Zeenews.com strives to fulfill its promise of providing information at lightning speed. It gives the readers crisp, clear and un-biased journalistic views, making news reading an invigorating experience.

ZEECRICK.COM

A website that is fully equipped with Live Scorecard, Highlights, Wagon-wheels, Graphs and Commentary, Real Time Updates and all the News on and off the cricket field.

The acknowledged leader in West Bengal

The acknowledged leader in Bengali news market, 24 Ghanta has been consistently ahead of competition in reach and share. Not only is it popular, but equally credible and dynamic. Its leadership position has won it huge following among the citizens and power centres, making it a clear opinion maker in Bengal.

Apnar Raay

Apnar Raay is one of the most talked about properties of 24 Ghanta. The show monitors special happenings including developments in politics, socio-cultural and socio economic issues during the day. It is the only interactive live discussion programme running 365 days a year on any news channel.

Banglar 24 Ghanta

Banglar 24 Ghanta concentrates on news from every corner of the 18 districts of West Bengal.

The most watched Marathi channel in Mumbai

Zee 24 Taas, the first 24X7 Marathi news channel of India, reinforces an attitudinal statement through its new positioning i.e. 'Ek Paul Pudhe' (One Step Ahead). The channel always strives to keep its viewers one step ahead of others in getting news and information. Zee 24 Taas also leads in viewership in Mumbai.

Aapla Shahar Aapla Awaaz

A unique initiative started in 2007, with the purpose of strengthening the common man's voice. The event 'Aapla Shahar Aapla Awaaz' travels to 24 cities of Maharashtra, where local residents are provided a platform and an opportunity to discuss, debate & question administrators and political leaders from their vicinity pertaining to various issues of development and welfare.

24 Taas Vishesh

A half an hour weekday news-based debate show, wherein the most important news is put under the magnifying glass. The debate tries to bring forth various points of view, so that viewers get a holistic roundup.



খবর যেখানে থেমে থাকে না



एक पाऊल पुढे



A leader in the making in Uttar Pradesh and Uttarakhand

Within just six months of its inception, Zee News UP emerged as a leader in the Uttar Pradesh and Uttarakhand markets. Its steadfast adherence to truth, accountability, focus on local issues and its bold yet unadulterated and neutral news presentation has enabled it to firmly establish itself as a serious player to reckon with.

Hamara Shahr

With localisation at its best, the property is an issue based city and state centric bulletin covering areas that the channel caters to. It has dedicated daily city specific specials on Bareilly, Gorakhpur, Agra, Meerut, Kanpur & Varanasi and state specials on Uttarakhand & Uttar Pradesh.

Aap Ki Awaaz

As a true representative of the people of the region, the show covers and amplifies all social issues that concern the larger part of society. It is an interactive platform that gives the audiences a chance to raise their concerns and get heard by those who matter.

Growing in popularity with Tamil viewers

Zee Tamizh is unique in its way and has a variety of quality programmes, which best suit the Tamil audiences.

The global Punjabi channel that is fair and balanced

A name that has been synonymous with Punjabi television for years among the local populace and the entire diaspora. The channel is immensely popular globally, and is highly appreciated across the genre for its fairness, objectivity and balanced content – news & current affairs, religious programmes & infotainment.

Arguably, the only objective news channel in the Telugu market

Zee 24 Gantalu is not just the fastest growing Telugu news channel, but the only Telugu national news channel. Arguably the most objective news channel in the market, it is respected for its credibility and is fast emerging as an opinion maker.



जड़ से जहां तक



ਆਪਣੀ ਬੋਲੀ ਆਪਣਾ ਘਾਟ



తెలుగు న్యూస్-ఛానల్

the road ahead

Digitalization and Regionalisation

Taking a step forward in its endeavour to create a 'News Powerhouse', ZNL decided to demerge the regional entertainment channels.

The company is now leaner, fitter and more structured to consolidate its position in the news business. It has not only outperformed competition as a network, but is constantly setting new benchmarks in terms of quality programming, viewership and revenue generation. The vernacular news market in India has witnessed exponential enlargement over the last four years, augmenting to become a Rs 5 billion market. It is expected to maintain this scorching pace of growth over the coming years as well.

With increase in literacy, consumption and disposable incomes in Tier 2 & 3 cities, the big push in the future is likely to come from these markets. Advertisers are also increasing focus on the emerging rural segment, as urban market gets overheated and saturated. This will further fuel the demand for regional content. And this is where we have a headstart. Our continued concentration on regionalization will prove to be of great advantage. It will help us both consolidate and enter untapped markets and script a whole new growth story.

ZNL will also benefit greatly from digitization of the distribution channels. As per the report of Media Partners Asia, India will become the largest direct-to-home (DTH) market in the world in terms of subscribers by 2012. From an installed base of 17 million in 2009, the number of DTH subscribers will reach 45 million by the year 2014. The digitization of TV platforms will certainly pave the way for transparent distribution of revenues for stakeholders.

In days ahead, synergy will be the key deciding factor for any news network. Our channels are set to draw benefit from each others' strengths, maximizing use of huge

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pan-India resources and advantages. As a logical extension, our focus will therefore be on consolidation. A start in this direction has already been made. Down the road, we will also look at all avenues for judicious expansion, so as to fully exploit potential areas of growth and revenue. Zee News Limited as the No. 1 news network in the country is now perfectly aligned to ride the market momentum, on the back of its inherent network strength, to chart novel growth curves, test new waters and scale greater heights.

BOARD OF DIRECTORS

Subhash Chandra	<i>Chairman</i>
Laxmi Narain Goel	<i>Director</i>
K U Rao	<i>Independent Director</i>
Naresh Kumar Bajaj	<i>Independent Director</i>
Vinod Bakshi	<i>Independent Director</i>
Punit Goenka	<i>Managing Director</i>

SENIOR MANAGEMENT

Barun Das	<i>Chief Executive Officer</i>
Amit Tripathi	<i>Executive Vice President (Sales)</i>
Dinesh Garg	<i>V. P. (F & A) & CFO</i>
Y. P. Singh	<i>Sr. Vice President (Technical)</i>
Rohit Kumar	<i>Dy. V. P. (Marketing – Zee News)</i>
Raktimanu Das	<i>Business Head (Zee Business)</i>
Bhushan Khot	<i>Business Head (Zee 24 Taas)</i>
Prem Menon	<i>Business Head (Zee Tamil)</i>
Pushpal Sanghavi	<i>Company Secretary</i>

AUDITORS

MGB & Co, Chartered Accountants

OFFICES

Registered	Corporate	Zee 24 Gantalu	Zee Tamil
Continental Building, 135 Dr. Annie Besant Road Worli, Mumbai - 400 018 Maharashtra	Essel Studio FC-19 Sector 16A Noida - 201 301 Uttar Pradesh	6-2-935/2, Savitri Nilayam Khairtabad, Hyderabad - 500 004 Andhra Pradesh	Alpha Centre, No - 150 & 151 2nd Flr, North Usman Rd T. Nagar, Chennai - 600 017 Tamilnadu

BANKERS

Bank of Baroda	ICICI Bank Ltd
Bank of India	Standard Chartered Bank
BNP Paribas	State Bank of India

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NOTICE

Notice is hereby given that the 11th Annual General Meeting of the Members of **Zee News Limited** will be held on Tuesday, August 31, 2010 at 11.00 a.m. at The Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018 to transact following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited profit and loss account of the Company for the year ended on 31st March, 2010 and the Balance Sheet as at that date together with the report of the Auditors' and Directors' thereon.
2. To appoint a Director in place of Mr. Subhash Chandra, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Naresh Kumar Bajaj, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint M/s MGB & Co, Chartered Accountants, Mumbai, having Firm Registration No. 101169W, as the Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting, at a remuneration to be determined by the Board of Directors of the Company.

SPECIAL BUSINESS:

5. **To consider and if thought fit, to pass, with or without modification, the following resolution, as an Ordinary Resolution**
"Resolved that pursuant to the provisions of Section 269, 316 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval to the appointment of Mr. Punit Goenka, as the Managing Director of the Company, for a period of 3 years with effect from July 5, 2010, without any remuneration, and on such other terms as detailed in the explanatory statement."
6. **To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution.**
"Resolved that pursuant to the provisions of Section 16, 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased and reorganized by converting the existing un-issued Preference Shares into Equity Shares and increasing the Authorised Share Capital of the Company from Rs. 50,00,00,000/- (Rupees Fifty Crores Only) divided into 49,00,00,000 (Forty Nine Crores) Equity Shares of Re. 1/- (Rupee One) each and 1,00,00,000 (One Crore) Preference Shares of Re. 1/- (Rupee One) each to Rs. 100,00,00,000/- (Rupees One Hundred Crores only) divided into 100,00,00,000 (One Hundred Crores) Equity Shares of Re. 1/- (Rupee One) each and in consequence thereof the existing Clause V of the Memorandum of Association of the Company relating to share capital be substituted by the following clause:
V. The Authorised Share Capital of the Company is Rs 100,00,00,000/- (Rupees One Hundred Crores Only) divided into 100,00,00,000 (One Hundred Crores) Equity Shares of Re. 1/- (Rupee One) each with the power to increase or decrease, consolidate or sub-divide the shares under the powers of the Companies Act, 1956."
7. **To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution.**
"Resolved that pursuant to provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered by substitution of the existing Article 17 of the Articles of Association of the Company with the following:

Article 17 – Authority for making Call

The Board (including any Committee authorised by the Board) may from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, make such calls as it thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively and each member shall pay the amount of every call so made on him to the persons and at the time(s) and place(s) approved by the Board and in connection with such call, the Board shall have authority for altering the same including extending the time or altering the place or other terms of call or revoking such call."

By order of the Board

Pushpal Sanghavi
Company Secretary

Place: Noida
Dated: July 5, 2010

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

NOTES:

1. A Member entitled to attend and vote at the meeting is entitled to appoint Proxy to attend and vote instead of himself and the Proxy need not be a Member of the Company. Proxies in order to be effective must be deposited with the Company not less than 48 hours before the commencement of the Meeting.
2. Corporate Members are requested to send to the Registered Office of the Company, a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the Annual General Meeting.
3. Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Businesses, are annexed herewith.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, August 24, 2010 to Tuesday, August 31, 2010 (both days inclusive).
5. Queries on accounts and operations of the Company, if any, may be sent to the Company Secretary at the registered office, seven days in advance of the meeting so as to enable the management to keep the information ready at the meeting.
6. As required under Clause 49 of the Listing Agreement, relevant information in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting is given in the Report on Corporate Governance, which forms part of the Annual Report.
7. Members who are holding Company's shares in dematerialized mode are requested to bring details of their Depository Account Number for identification.
8. Members are requested to notify immediately about any change in their address/ 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.
9. Under Section 109A of the Companies Act, 1956, members are entitled to make nomination in respect of shares held by them in physical mode. Members desirous of making nominations are requested to send their request in Form 2B to the Company's Registrar and Share Transfer Agent at above addresses.

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

Item No. 5

Mr. Laxmi N. Goel resigned from his executive position as Managing Director of the Company on and from July 5, 2010. Consequent to this resignation of Mr. Laxmi N. Goel, the Board of Directors of the Company at its meeting held on July 5, 2010, had pursuant to provisions of Section 269, 316 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, unanimously appointed Mr. Punit Goenka, a Director of the Company and currently Managing Director of Zee Entertainment Enterprises Limited, as the Managing Director of the Company on following terms:

- | | | |
|-----------------|---|---|
| a) Tenure | : | The appointment of Mr. Punit Goenka, as Managing Director of the Company shall be valid from July 5, 2010 for a period of 3 years. |
| b) Remuneration | : | Nil. The Company shall however reimburse any expenses that may be incurred by Mr. Punit Goenka towards discharge of his responsibilities towards the Company. |

Brief profile and other details of Mr. Punit Goenka forms part of the Corporate Governance Report.

Your Board recommends the resolution as set out in Item No. 5 for Members' approval.

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

Item No. 6

Post Demerger of Regional General Entertainment Channel business, your Company plans to expand in News space either by way of acquisitions and/or by launching an array of Regional News Channels, which would require additional financial resources. Considering the current issued & paid up share capital of Rs. 23.97 Crores and issuance of further shares upon conversion of any Stock Options that may be granted in future (under ZNL-ESOP 2009 plan as approved by the Members

at the previous Annual General Meeting), to facilitate any further capital infusion as a part of fund raising option(s) in future, your Board feels that it would be desirable to increase the existing Authorised Share Capital to Rs. 100 Crore and re-classify the existing un-issued Preference Shares into Equity Shares as proposed in the resolution.

Pursuant to the provisions of Section 94 of the Companies Act, 1956, any reorganization and/or increase in the authorized share capital would need consent of the shareholders and the proposed substitution of Clause V of the Memorandum of Association of the Company is consequential in nature.

Your Board recommends the resolution as set out in Item No. 6 for Members' approval.

None of the Directors of the Company are in any way concerned or interested in this resolution.

Item No. 7

Any fund raising plans in future may include issue of partly paid up equity shares on which calls may be made in tranches in line with regulatory requirements, from time to time. Currently, Article 16 of the Articles of Association of the Company provides for making Calls on shares, but the Articles of Association does not provide requisite clarity on authority and process in this regard. With a view to bring in requisite clarity, it is proposed to alter Article 17, whereby the Board (including any Committee duly authorized by the Board) may be authorized to make or decide on any such call.

As per the provisions of Section 31 of the Companies Act, 1956, any alteration to Articles of Association of the Company would require approval of the Members by passing a Special Resolution.

Your Board recommends the Special resolution as set out in Item No. 7 for Members' approval.

None of the Directors of the Company are in any way concerned or interested in this resolution.

By order of the Board

Pushpal Sanghavi
Company Secretary

Place: Noida

Date: July 5, 2010

Registered Office:

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

CERTIFICATION ON FINANCIAL STATEMENTS OF THE COMPANY

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

- (a) We have reviewed the financial statements and the cash flow statement of the Company both on Standalone and Consolidated basis for the year ended March 31, 2010 and that to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2010 are fraudulent, illegal or violative to the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken to rectify these deficiencies.
- (d) During the year:
 - i) There has not been any significant change in internal control over financial reporting;
 - ii) There have not been any significant changes in accounting policies during the year; and
 - iii) There have been no instances of significant fraud of which we are aware that involve management or other employees having significant role in the Company's internal control system over financial reporting.



Punit Goenka
Managing Director



Dinesh Garg
V P (Finance & Accounts)
& Chief Financial Officer

Place: Noida
Date: July 5, 2010

DIRECTORS' REPORT

To,
The Members of
Zee News Limited

Your Directors take pleasure in presenting the 11th Annual Report of the Company together with Audited Statement of Accounts of the Company for the year ended March 31, 2010.

FINANCIAL PERFORMANCE

(Rs. in Millions)

Particulars	For the year ended	
	March 31, 2010	March 31, 2009
Gross Income	5,262.13	5,249.72
Total Expenses	4,579.82	4,546.95
Profit before Tax	682.31	702.77
Provision for Taxation	242.65	257.16
Profit after Tax	439.66	445.61
Balance Brought Forward	685.76	402.36
Amount available for Appropriation	1,125.42	847.97
Appropriations:		
Proposed Dividend	-	95.91
Tax on Dividend	-	16.30
General Reserve	-	50.00
Balance Carried to Balance Sheet	1,125.42	685.76

DIVIDEND

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

OPERATIONS

As the world economy began to slowly but surely come out of the Great Recession, financial year 2009-10 proved to be one of the most eventful years for Zee News Limited. The Company continued with its strong performance in this fiscal, backed by a number of strong channels in its bouquet. In fact, the news operations have steadily gained momentum and a number of channels, besides the flagship Zee News channel, have grown rapidly and occupied leadership positions in their respective genres.

At the same time, in terms of operations, the regional general entertainment channels (R-GECs) increasingly drew more synergies with the national GECs under Zee Entertainment Enterprises Limited.

All these developments led the company to go for a de-merger, which has resulted in two-pronged benefits. Now the company, with its substantial size of nationwide news operations, is poised to focus on building a news powerhouse in the country, while at the same time, the de-merger has resulted in significant unlocking of shareholder values. With the 6 Regional General Entertainment Channels viz., Zee Marathi, Zee Talkies, Zee Bangla, Zee Telugu, Zee Kannada & Zee Cinemalu (to be launched), getting transferred to Zee Entertainment Enterprises Limited from the Appointed Date of January 1, 2010, the Company would now focus on consolidating and further building on its highly successful news operations.

As far as the news operations are concerned, Zee News continuing with its sensible news focus gained viewership share, and Zee Business continued with its supremacy during the stock market time band. It is also making its presence felt increasingly as a top contender. During the year Zee 24 Taas was re-launched with a completely new look and feel. It also leads the pack in Mumbai. 24 Ghanta continues with its undisputed leadership amongst the Bengali news channels.

The much awaited 24-hour Telugu News channel, Zee 24 Gantalu was launched on April 2, 2009 and 24-hour UP News channel, Zee News Uttar Pradesh was launched on April 5, 2009. Amongst the newly launched news channels, Zee News UP has often emerged as the market leader in terms of share and time spent and is targeting break-even in a record time amongst any regional news channel. 24 Gantalu has also established its credentials as a serious news channel.

As another eventful year comes to an end, we are glad to share with you the commendable performance of your company. Zee News Limited, with its focus on serious news, continued to outperform market expectations by delivering significant revenue and viewership growth.

Upto December 31, 2009, (before de-merger) consolidated operating revenue was Rs. 4,692.5 million, with 22.3% growth year on year. Consolidated EBITDA stood at Rs. 869.1 million, up 26.8% over the corresponding period last fiscal and net profit increased by 23.2% year on year.

For the last quarter of the current financial year, consolidated operating revenue was Rs. 600.6 million, consolidated EBITDA was Rs. 38.8 million and PAT was Rs. 28.2 million, despite the losses of the three newly launched channels. During this period, the advertising revenue of the company grew by 30% which is much higher than the industry growth. This again was an all round performance. Besides the flagship Zee News channel, a number of other channels are now leveraging their tremendous viewership growth to boost the company's advertising revenue. Going forward our focus on news operations is expected to result in further enhancement of our performance.

CORPORATE RESTRUCTURING AND FUTURE OUTLOOK

The Scheme of Arrangement for demerger of Regional General Entertainment Channel business undertaking of the Company with effect from the Appointed Date of January 1, 2010 and transfer/vesting of the said undertaking to Zee Entertainment Enterprises Limited was approved by Hon'ble Bombay High Court on March 19, 2010 and upon completion of other compliance requirements the said Scheme became effective from March 29, 2010. In pursuance to the Scheme the members of the Company as on record date of April 16, 2010, were allotted equity shares of Zee Entertainment Enterprises Limited on April 20, 2010 in the ratio of 4 equity shares of Re. 1 each of Zee Entertainment Enterprises Limited against 19 equity shares of Re. 1 each held in the Company.

With 8 News Channels viz. Zee News, Zee Business, Zee 24 Taas, Zee 24 Gantalu, Zee News UP, Zee Punjabi, 24 Ghanta and Zee Tamil, under its umbrella, your Company shall now look at further growth and judicious expansion. As a

funding option for any such expansion plan, your Board has proposed alteration and increase in the Authorised Share Capital of the Company, for your approval.

PUBLIC DEPOSITS

During the year under review, your Company has not accepted or renewed any deposits within the meaning of section 58A of the Companies Act, 1956 and rules made there under.

CORPORATE SOCIAL RESPONSIBILITY

Your Company believes that a business cannot succeed in a society that fails. It is therefore imperative for business houses, to invest in the future by taking part in social-building activities. In line with this belief, your Board has adopted a Corporate Social Responsibility Policy. With a view to make maximum effective contribution to the society, the CSR activities of the Company has been unified with those of other Companies within Essel Group.

Corporate Social Responsibility (CSR) is a very broad concept and includes an obligation by every corporate to consider the interests of the society by taking responsibility for the impact of its activities on customers, suppliers, employees, shareholders, communities and other stakeholders.

During the year under review, a number of social activities have been undertaken both by the individual companies and the Group as a whole including:

- ❖ Adoption of school(s)/village(s) in tribal areas through Ekal Vidyalaya Foundation, an NGO that works to bring about basic literacy and health awareness amongst the tribal people, who constitute the most marginalized section of Indian society. It runs over 26,000 schools, spread across 24 States and reaches almost 8 lakh children. Income augmentation and skill enhancement programmes have been recently initiated in some of its schools and will soon become a permanent feature of the Ekal movement. ZNL has also played an important part in highlighting the work being done by Ekal and aiding it in its stated goal of eradicating illiteracy from tribal India by 2011.
- ❖ The Essel Group supports the Global Vipassana Foundation and helps to 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. The Group has been involved in the 'Global Vipassana Pagoda' project since the beginning. The Pagoda, one of the most significant monuments to be built in modern times, is an international collaborative effort to bring about peace and harmony in the world. The land for the site was donated by the Group and a large amount of contribution, both monetarily and in terms of time and expertise, has been made over the years. The website www.globalpagoda.org too is designed and hosted by the Group.
- ❖ The Essel Group also supports the Global Foundation for Civilizational Harmony, a body which aims to create a peaceful and harmonious society by resolving disputes between the various religions and cultures of the world. The Essel Group has contributed immensely in terms of both time and effort to this cause. The Group has also designed and hosted the website www.gfchindia.com.

- ❖ Being a news organization, a part of the fourth estate, social responsibility is an integral part of our way of doing business. We are conscious about our responsibilities towards the society and our editorial policies are developed keeping that in mind. Besides, we continuously engage ourselves in various activities addressing social issues. Ananya Samman is our unique nationwide initiative to identify and honour unsung heroes, who silently contribute to our society. Our 'Apka Vote Apki Taqat' was aimed at inspiring the whole nation to exercise their voting rights.

EMPLOYEES STOCK OPTION SCHEME

Pursuant to the Members approval at the 10th Annual General Meeting held on August 18, 2009, your Company has put in place ZNL-ESOP 2009 Scheme to grant Stock Options to its Employees and Directors. As approved by the Members, options convertible into a maximum of 11,988,000 Equity Shares of Re. 1 each of the Company, comprising of 5% of paid up capital of the Company can be granted to the Employees and Directors of the Company.

During the year under review, since the Company was in the process of demerging its Regional General Entertainment Channel Business undertaking and the consequent effect of the same on the market value of Company's equity shares, your Company has not granted any Stock Option either to its employee or Directors. In view of the foregoing particulars as required under Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, are Nil.

CORPORATE GOVERNANCE

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

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

DIRECTORS

Due to other pre-occupations, Mr. Laxmi N. Goel, resigned from his executive position, as Managing Director of the Company, with effect from July 5, 2010. Mr. Laxmi N. Goel shall continue to guide the Company as a Non-Executive Director on the Board. Your Board places on record its deep appreciation for the contributions made by Mr. Laxmi N. Goel during his tenure as Managing Director of the Company.

Upon resignation of Mr. Laxmi N. Goel, your Board has appointed Mr. Punit Goenka, son of Mr. Subhash Chandra and Managing Director of Zee Entertainment Enterprises Limited, as Managing Director of the Company without any remuneration for a period of 3 year with effect from July 5,

2010. A proposal seeking Members approval for appointment of Mr. Punit Goenka as Managing Director forms part of the notice of the ensuing Annual General Meeting. Considering the benefits that may accrue to the Company due to Mr. Punit Goenka's experience in the Media and Entertainment Business, your Board recommends your approval to the proposal for appointment of Mr. Punit Goenka as Managing Director of the Company.

Mr. Subhash Chandra and Mr. Naresh Kumar Bajaj, retire by rotation and being eligible have offered themselves for re-appointment at the ensuing Annual General Meeting. Your Board recommends their re-appointment.

SUBSIDIARY COMPANY

Your company continues to hold 60% equity stake in its Subsidiary, Zee Akaash News Private Limited. Statement pursuant to Section 212 of the Companies Act, 1956, and the Audited financial statements, Directors report and Auditors Report of Company's Subsidiary viz., Zee Akaash News Pvt. Ltd., is attached herewith and forms part of this report.

CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS & AUDITORS REPORT

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

In respect of the observation of the Statutory Auditors in the Audit Report, the Members may note that during the process of routine management checks and internal audit, certain instances of misappropriation and/or leakages having financial implication of upto Rs. 70 Lacs, were noticed in Zee Bangla operations and appropriate criminal actions have been initiated by the Company.

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

Your Company is into the business of Broadcasting of News & Current Affairs and Regional Language Channels. Since these activities do not involve any manufacturing activity, most of the Information required to be provided under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is not applicable.

However the information as applicable is given hereunder:

Conservation of Energy:

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

Technology Absorption:

In its endeavor to deliver the best to its viewers and business partners, your Company has been constantly active in

harnessing and tapping the latest and best technology in the industry.

Foreign Exchange Earnings and Outgo:

Particulars of foreign exchange earnings and outgo during the year are given in Note No. 15.5 of Part B of Notes to Accounts in Schedule 16 of the Annual Report of the Company.

PARTICULARS OF EMPLOYEES

Information required to be furnished under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is annexed to and forms part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the Annual Accounts for the year ended March 31, 2010, the applicable Accounting Standards have been followed and there are no material departures;
- (ii) they have selected such accounting policies in consultation with the Statutory Auditors and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for the financial year;
- (iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) they have prepared the Annual Accounts on a going concern basis.

ACKNOWLEDGEMENTS

Your Board takes this opportunity to place on record their appreciation for the dedication and commitment of employees shown at all levels which have contributed to the success of your company. Your Directors also express their gratitude for the valuable support and co-operation extended by various Governmental Authorities, including Ministry of Information and Broadcasting, Ministry of Communications and Information Technology - Department of Telecommunication and other stakeholders including Bankers, Financial Institutions, Viewers, Vendors and Service Providers.

For and on behalf of the Board

Punit Goenka	Naresh Kumar Bajaj
Managing Director	Director

Place: Noida

Date : July 5, 2010

ANNEXURE TO DIRECTORS' REPORT

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

Sr. No.	Name	Age	Designation	Remuneration Total (Rs.)	Qualification	Exp. in Years	Date of Joining	Last Employment
1	Amit Tripathi	39	EVP - Sales	2,747,250	BA, PDCA (Dip. in Comp. Education)	16	02.01.2006	BCCL
2	Barun Das	40	Chief Executive Officer	7,160,004	B.Tech Electronics & Comm., PGDBM	18	01.11.2007	MCCS (JV between Star Group & ABP Ltd.)
3	Divya Varma*	36	Vice President - HR	2,711,380	PGDBM	17	01.10.2005	Zee Entertainment Enterprises Limited
4	J. Shekhar	46	Vice President - Sales	2,534,515	B.E.	26	01.05.2008	BPL Ltd.
5	Laxmi N. Goel	56	Managing Director	8,439,600	Graduate	31	15.12.2006	Zee Entertainment Enterprises Limited
6	R. K. Agarwal*	49	Chief Financial Officer	1,440,049	CA, LLB	23	01.10.2005	Zee Entertainment Enterprises Limited
7	Renuka Iyer	36	Sr. VP Sales	2,424,240	MA, MBA	12	01.12.2006	Zee Entertainment Enterprises Limited
8	Sridhar Adhepalli*	49	CFO - Southern Channels	989,730	B.Com., C.A.	23	01.07.2008	Mahindra Holidays & Resorts Ltd.
9	T. Sanjay Reddy*	42	Executive Vice President - Programming	2,377,831	B.Com., MBA	20	12.09.2007	Pearl Media
10	V. Chandrashekhar*	50	Sr. Vice President - Programming	3,221,486	M.S.C. Instrumental Science	16	21.11.2007	MAA TV

* Indicates remuneration is for part of the year.

Notes:

- All appointments are contractual and terminable by notice on either side.
- Remuneration includes Salary, Allowances, Company's Contribution to Provident Fund, Medical Benefits, Leave Travel Allowance & Other Perquisites and benefits valued on the basis of the provisions of Income Tax Act, 1961.
- None of the employees, except Mr. Laxmi N. Goel is related to any of the Directors.

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

No.	Name of the Subsidiary	Zee Akaash News Pvt. Ltd.
1	The Financial year of the subsidiary company ended on	March 31, 2010
2	Holding Company	Zee News Limited
3	Extent of holding Company's interest	60%
4	Face value per equity share	Rs. 10/-
5	No. of Equity shares held by the holding company	2,399,982
6	Net aggregate amount of profit/(loss) of the subsidiary so far as it concerns the members of the holding company and is dealt with in account of holding company: i) For the financial year ended on March 31, 2010 ii) For the previous financial years of the subsidiaries since it became a subsidiary	NIL NIL
7	Net aggregate amount of profit/(loss) of the subsidiary so far as it concerns the members of the holding company and is not dealt with in account of holding company: i) For the financial year ended on March 31, 2010 (Rs. in Lacs) ii) For the previous financial years of the subsidiaries since it became a subsidiary (Rs. in Lacs)	162.20 (288.66)

For and on behalf of the Board

Place: Noida
Date : July 5, 2010

Punit Goenka
Managing Director

Naresh Kumar Bajaj
Director

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PHILOSOPHY

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

Your Company has laid strong foundation for making Corporate Governance a way of life by constituting a Board with a balanced mix of professionals of eminence and integrity from within and outside the business, forming a core group of top executives, inducting competent professionals across the organization and putting in place system, process and technology. In its endeavor to improve on the Corporate Governance practices, your Board has adopted a Corporate Governance Manual in 2008 which serves as guide to various activities and decisions in the ordinary course of business.

BOARD OF DIRECTORS

Composition & Category of Directors

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

Composition of the Board as on March 31, 2010

Category of Directors	No. of Directors	% to total No. of Directors
Executive Directors	1	16.67
Non-Executive Independent Directors	3	50.00
Other Non-Executive Directors	2	33.33
Total	6	100.00

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

Particulars of Directors, their attendance at the Annual General Meeting and Board Meetings held during the financial year 2009-10 and also their other directorships in Public Companies (excluding Foreign Companies and Section 25 Companies) & Membership of Audit & Share Transfer Committees of other Companies as at March 31, 2010 are as under:

Name of Director	Category	Attendance at		No. of Directorship of other Public Companies	No. of memberships / Chairmanship of other Board Committees	
		Board Meetings (7 Meetings)	10th AGM held on 18/08/09		Membership	Chairmanship
Subhash Chandra	Promoter - Non- Executive	5	Yes	6	-	-
Laxmi N. Goel*	Promoter - Executive	6	No	8	-	-
Naresh Kumar Bajaj	Independent - Non-Executive	6	Yes	7	2	2
Vinod Bakshi	Independent - Non-Executive	7	Yes	1	-	-
K. U. Rao	Independent - Non-Executive	7	Yes	-	-	-
Punit Goenka**	Promoter - Non-Executive	2	Yes	11	-	1

* Resigned as Managing Director with effect from July 5, 2010

** Appointed as Managing Director with effect from July 5, 2010

Board Meetings and Procedure

During the financial year under review seven (7) meetings of the Board of Directors were held on April 23, 2009, June 18, 2009, July 23, 2009, October 23, 2009, October 29, 2009, January 22, 2010 and March 25, 2010. In compliance with Clause 49 of the Listing Agreement, the gap between two Board meetings did not exceed four months.

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

The Board periodically reviews compliance of all laws applicable to the Company.

BRIEF PROFILE OF DIRECTORS PROPOSED TO BE APPOINTED / RE-APPOINTED AT THE ENSUING ANNUAL GENERAL MEETING

Subhash Chandra, 59, is Non-Executive Chairman of the Company and promoter of Essel Group of Companies. His industry leading businesses include television networks and film entertainment, cable systems, satellite communications, theme parks, flexible packaging, family entertainment centers and online gaming. Mr. Chandra has been the recipient of numerous honorary degrees, industry awards and civic honors, including being named 'Global Indian Entertainment Personality of the Year' by FICCI for 2004, 'Business Standard's Businessman of the Year' in 1999, 'Entrepreneur of the Year' by Ernst & Young in 1999 and 'Enterprise CEO of the Year' by International Brand Summit. The Confederation of Indian Industry (CII) choose Mr. Chandra as the Chairman of the CII Media Committee for two successive years.

Mr. Chandra has made his mark as an influential philanthropist in India. He set up TALEEM (Transnational Alternate Learning for Emancipation and Empowerment through Multimedia), an organisation which seeks to provide access to quality education and to promote research in various disciplines relating to health & family life, social & cultural anthropology, communication and media. He is also the trustee for the Global Vipassana Foundation a trust set up for helping people in spiritual upliftment.

Apart from the Company Mr. Chandra holds directorship in six (6) other Indian Public Limited Companies viz., Agrani Satellite Services Ltd., Dish TV India Ltd., Essel Propack Ltd., Essel Infraprojects Ltd., Wire and Wireless (India) Ltd., and Zee Entertainment Enterprises Ltd.

Mr. Chandra does not hold any Shares in the Company.

Naresh Kumar Bajaj, 72, is an Independent Non-Executive Board Member of the Company. Mr. Bajaj, is the Chairman and Managing Director of Amrit Banaspati Co. Ltd., a diversified conglomerate with turnover of INR 7000 Million, engaged in manufacturing and distributing wide range of Edible Oil Products and FMCG Commodities, namely vanaspati, refined oils, table margarine, bakery shortening, rice and salt, dairy milk and dairy mixes, writing and printing paper and real estates.

Apart from the Company, Mr. Bajaj holds directorship in seven (7) other Indian Public Limited Companies viz., ABC Paper Ltd., Amrit Corp Ltd., Amrit Banaspati Co. Ltd., Amrit Agro Industries Ltd., Amrit Learnings Ltd., Amrit Realities Ltd., and SRGP Industries Ltd.

Mr. Bajaj does not hold any Shares in the Company.

Punit Goenka, 36, a Non-Executive Member of the Board was appointed as the Managing Director of the Company with effect from July 5, 2010. Mr. Punit Goenka, a graduate from Bombay University, is a young professional with an entrepreneurial background. He began his career with the Essel Group which has diversified business interest in the areas of media, entertainment, gaming, packaging, telecommunications etc. Mr. Punit Goenka, son of Mr. Subhash Chandra, Chairman of Essel Group of Companies, has been contributing to several Essel Group projects at the corporate decision-making level and he has also held senior positions in other Group Companies. Apart from the Company, Mr. Punit Goenka is currently the Managing Director of Zee Entertainment Enterprises Ltd., one of the India's largest Media and Entertainment Company.

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

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

Mr. Punit Goenka, does not hold any shares in the Company.

CODE OF CONDUCT

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

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

Declaration
I confirm that the Company has obtained from all Directors and Senior Management of the Company their affirmation of compliance with the Code of Conduct for Members of the Board and Senior Management of the Company for the financial year ended March 31, 2010.
Punit Goenka Managing Director Noida, July 5, 2010

BOARD COMMITTEES

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

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

Audit Committee

Your Board has constituted an Audit Committee comprising of four (4) Directors as its Members as on 31st March 2010. Of these, three (3) members are Non-Executive Independent Directors. Mr. Naresh Kumar Bajaj, Chairman of the Committee is a Non-Executive Independent Director.

During the year under review, Audit Committee met for five (5) times on April 23, 2009, June 18, 2009, July 23, 2009, October 22, 2009 and January 22, 2010. Composition of the Audit Committee and attendance of Members at the Audit Committee Meetings held during financial year 2009-10 are as detailed hereunder:

Name & Designation of Committee Member	Category	No. of meetings attended during the year under review
Naresh Kumar Bajaj, Chairman	Non-Executive - Independent	4
Vinod Bakshi, Member	Non-Executive - Independent	5
K. U. Rao, Member	Non-Executive - Independent	5
Laxmi N. Goel, Member	Promoter-Executive	3

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

- Oversight of Company's financial reporting process and disclosure of its financial information.
- Review with the management, quarterly and annual financial statements.
- Review of related party transactions.
- Review Company's financial and risk management policies.
- Review with the management, external and internal auditors, adequacy of internal control systems.
- Review of financial statements, investments, minutes and related party transactions of subsidiary company.
- Recommend to the Board the appointment, re-appointment and removal of the statutory auditor, fixation of their remuneration.

- Discussion with external auditors about the nature and scope of audit as well as post audit discussion to ascertain any area of concern and internal control weaknesses observed by the Statutory Auditors.
- Discussion of Internal Audit Reports with internal auditors and significant findings and follow up there on and in particular internal control weaknesses.

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

Remuneration Committee & Policy

The Remuneration Committee comprises of Mr. Vinod Bakshi, Independent Director as Chairman and Mr. K. U. Rao, Independent Director and Mr. Subhash Chandra, Non-Executive Director as Members. The Company Secretary is the Secretary of the Committee. The broad terms of reference of the Remuneration Committee are as follows:

- To decide all the elements of remuneration package of Executive Director(s).
- To decide on details of fixed component and performance linked incentives along with the performance criteria.
- To decide on the terms and conditions of the service contracts, notice period, severance fees.
- To decide the eligibility criteria, stock option details, price of issue and term over which exercisable.

Pursuant to Members approval at previous Annual General Meeting held on August 18, 2009, the Company has put in place an Employee Stock Option Scheme viz., ZNL ESOP 2009, whereby Options convertible into 11,988,000 equity shares constituting 5% of paid-up capital of the Company (as on March 31, 2009) can be granted to the employees and Directors of the Company. The management of ZNL ESOP 2009 scheme has been delegated to the Committee. The Committee has not granted any option during the year under review.

Remuneration Policy of the Company is to benchmark against best policies and compensation levels based on Industry standard. The policy also provides for rewarding and retaining talent in the Company.

During the year under review, Remuneration Committee met only once on October 22, 2009.

Details of remuneration paid to Mr. Laxmi N. Goel, Managing Director during the year ended March 31, 2010 is as under:

Particulars	Remuneration (Rs.)
Salary and Allowances	84,00,000
Perquisites	39,600
Total	84,39,600

Details of remuneration paid to Non-Executive Directors

During the financial year 2009-10, Non-Executive Directors were paid remuneration by way of sitting fees of Rs.10,000 for attending each meeting of the Board, Audit Committee and Remuneration Committee.

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

Based on various criteria's including contribution made by each Non-Executive Directors, performance of the Company, etc., within overall limits approved by the Members and Central Government, the Board has approved a Commission of Rs. 600,000 per Non-Executive Director for the financial year 2009-10.

Particulars of Sitting Fees paid and Commission payable to Non-Executive Directors of the Company for Financial Year 2009-10 is as under:

Name of Director	Sitting Fees Paid	Commission Payable	Total
Subhash Chandra	50,000	600,000	650,000
Naresh Kumar Bajaj	100,000	600,000	700,000
Vinod Bakshi	130,000	600,000	730,000
K. U. Rao	130,000	600,000	730,000
@Punit Goenka	20,000	600,000	620,000
Total	430,000	3,000,000	3,430,000

@ Appointed as Managing Director with effect from July 5, 2010

Within the overall limits permissible under the provisions of the Companies Act, 1956, your Board has at its meeting held on March 25, 2010, approved increase in sitting fees payable to the Non-Executive Directors to Rs. 20,000 per meeting effective April 1, 2010

Share Transfer & Investor Grievance Committee

As on 31st March 2010, the Share Transfer & Investor Grievance Committee comprises of Mr. K. U. Rao, Non-Executive Independent Director as Chairman and Mr. Naresh Kumar Bajaj, Non-Executive Independent Director and Mr. Punit Goenka, Non-Executive Director as Members. During the year under review, Mr. Subhash Chandra resigned and Mr. Punit Goenka was appointed in his place as a Member of Share Transfer & Investor Grievance Committee with effect from April 23, 2009. The Company Secretary is the Secretary of the Committee.

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

During the year under review the Committee met four (4) times on April 06, 2009, July 06, 2009, October 06, 2009 and January 11, 2010.

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

Nature of Correspondence	Received	Replied / Resolved	Pending
Non-receipt of Dividend payment	11	11	-
Non-receipt of Shares / Share Certificates (Demerger)	1	1	-
Non-receipt of Annual Report	9	9	-
Others	4	4	-
Total	25	25	-

GENERAL BODY MEETINGS

The 11th Annual General Meeting of the Company for the year 2009-10 will be held on Tuesday, the 31st day of August 2010 at 11.00 a.m. at The Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018.

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

Financial Year	Day, Date and Time of the meeting	Venue
2008-09	Tuesday, August 18, 2009 at 3.00 p.m.	Nehru Centre, Nehru Auditorium, Dr. Annie Besant Road, Worli, Mumbai – 400 018
2007-08	Wednesday, July 23, 2008 at 3.00 p.m.	
2006-07	Tuesday, July 31, 2007 at 2.00 p.m.	

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

At 10th Annual General Meeting dated August 18, 2009	Maintainance of Register & Index of Members of Equity Shares and Share transfer Register at the office of Registrar & Share Transfer Agent instead of Registered Office of the Company Introduction and implementation of Employee Stock Option Scheme Extension of benefits of Company's ESOP Scheme to Employees/ Directors of Subsidiary and / or holding companies of the Company Alteration of Articles of Association of Company
At 9th Annual General Meeting dated July 23, 2008	Delist Equity Shares of the Company from the Calcutta Stock Exchange Association Ltd.
At 8th Annual General Meeting dated July 31, 2007	Payment of Commission to Non-Executive Directors of the Company

All the above resolutions were passed with requisite majority.

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

DISCLOSURES

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

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

COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

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

Remuneration Committee – The Company has setup Remuneration Committee to recommend/review overall compensation policy, service agreements and other employment conditions of Executive Director(s).

MEANS OF COMMUNICATION

The Company has promptly reported all material information including declaration of quarterly financial results, press releases, etc., to all Stock Exchanges where the shares of the Company are listed. Such information is also simultaneously displayed on the Company's website www.zeenews.com. The financial results, quarterly, half yearly and annual results and other statutory information were communicated to the shareholders by way of advertisement in a English newspaper 'Daily News & Analysis (DNA)' and in a vernacular language newspapers 'Punya Nagari (Marathi)' as per the requirements of the Stock Exchanges and requisite information are filed with Stock Exchange(s) in compliance with the Listing Agreement(s).

Official news releases and presentation made to institutional investors or to the analysts are displayed on Company's website www.zeenews.com.

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

GENERAL SHAREHOLDER INFORMATION

The required information is provided in Shareholders Information Section.

AUDITORS' CERTIFICATE

To
The Members,
Zee News Limited

We have examined the compliance of conditions of Corporate Governance by **Zee News Limited** ('the Company'), for the year ended March 31, 2010 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We state that no investor grievances are pending for a period exceeding 30 days against the Company as per the records maintained by the Company.

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

L. K. Shrishrimal
Partner
Membership No. 72664

For and on behalf
MGB & Co
Firm Registration No. 101169W
Chartered Accountant

Noida, July 5, 2010

SHAREHOLDERS' INFORMATION

1. **Date, Time and Venue of Shareholder's Meeting**

Meeting : Annual General Meeting
 Day & Date : Tuesday, August 31, 2010
 Time : 11.00 a.m.
 Venue : The Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018
2. **Financial Year** 2009-2010
3. **Date of Book Closure** Tuesday, August 24, 2010 to Tuesday, August 31, 2010 (both days inclusive)
4. **Registered office**

Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai-400 018, India
 Tel: +91-22-6697 1234 Fax: +91-22-2490 0302/
 Website : www.zeenews.com
5. **Corporate Office**

Essel Studio, FC-19, Sector 16A, NOIDA 201 301, Uttar Pradesh, India
 Tel. 0120 251 1064 Fax. 0120 251 5381 / 82
6. **Listing on Stock Exchanges**

The Bombay Stock Exchange Limited (BSE)
 The National Stock Exchange of India Limited (NSE)
7. **Stock Code**

BSE- 532794
 NSE- Zee News eq.
8. **ISIN No.** INE966H01019
9. **Company Identification No.** L92100MH1999PLC121506
10. **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 - 72.
 Tel: +91-22-67720400, Fax: +91-22- 28591568
 E-Mail: sharepro@shareproservices.com
11. **Investor Relation Officer**

Mr. Pushpal Sanghavi
 Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai - 400 018, India
 Tel: +91-22-6697 1234, Fax: +91-22-2490 0302/0213
 E-Mail: sanghavi@zeenetwork.com
12. **Dividend**

During the year 2009-10, the Board of Directors have not recommended payment of any dividend.
 Members who have not encashed their dividend warrant(s) for the financial year ended March 31, 2009, are requested to seek issue of duplicate warrant(s) by writing to the Registrar and Share Transfer Agent of the Company.
13. **Change of Address**

Members holding equity share in physical form are requested to notify the change of address, 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, if any, to their respective Depository Participant (DP).
14. **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.
15. **Dematerialisation of Equity Shares & Liquidity**

Trading in equity shares of the Company is mandatory in dematerialized form. To facilitate trading in demat form the Company has made arrangements with both the depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Shareholders can open account with any of the Depository Participant registered with any of these two depositories. As on date 99.68% of the equity shares of the Company are in the dematerialized form.
16. **Shareholders' Correspondence**

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

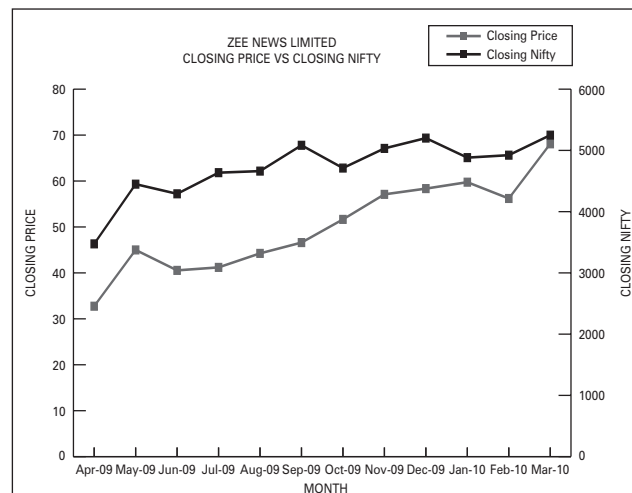
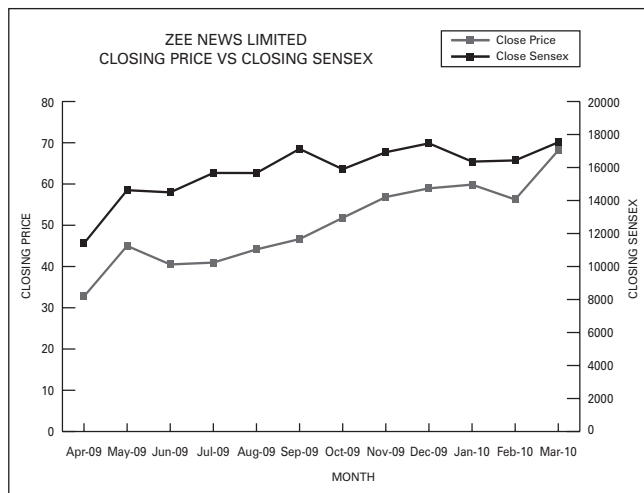
We endeavor to reply all letters received from the shareholders within a period of 6 working days. All correspondence may be addressed to the Registrar & Share Transfer Agent at the address given above. In case any shareholder is not satisfied with the response or do not get any response within reasonable period, they may approach the Investor Relation Officer at the address given above.

17. Stock Market Data Relating to Shares Listed in India

Monthly high and low quotations and volume of shares traded on BSE and NSE for financial year 2009-2010 are:

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume of Share Traded	High (Rs.)	Low (Rs.)	Volume of Shares Traded
April 2009	40.80	32.25	3,644,329	40.50	31.00	8,548,546
May 2009	49.70	31.60	10,910,794	49.60	31.45	19,750,082
June 2009	52.40	38.10	21,460,992	52.20	38.10	37,977,348
July 2009	44.40	34.65	4,797,951	44.35	34.60	11,668,602
August 2009	46.85	39.20	6,184,012	46.75	39.00	14,756,177
September 2009	48.80	42.20	6,281,032	48.75	42.25	14,061,997
October 2009	58.40	43.25	29,670,730	58.30	43.20	55,343,013
November 2009	60.30	50.50	10,437,336	60.25	48.65	22,284,596
December 2009	62.10	55.65	4,624,328	62.20	55.45	17,390,445
January 2010	65.95	57.25	3,757,208	66.00	57.55	12,766,041
February 2010	61.45	55.30	1,674,249	63.30	52.00	7,049,439
March 2010	70.15	55.00	4,839,896	70.45	56.50	15,790,266

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

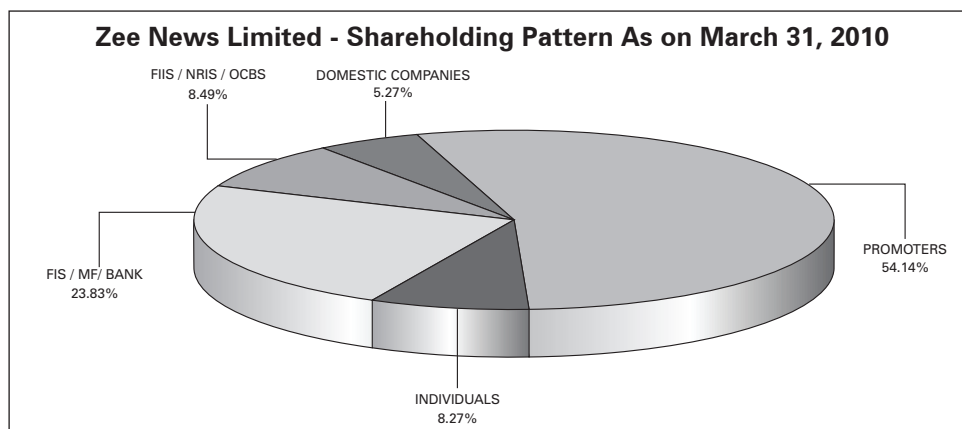


19. Distribution of Shareholding as on March 31, 2010

No. of Equity Share	Share Holders		No. of Shares	
	Number	% of Holders	Number	% of Shares
Up to 5000	94,249	99.42%	12,452,473	5.19%
5001 – 10000	249	0.26%	1,795,562	0.75%
10001 – 20000	130	0.14%	1,850,706	0.77%
20001 – 30000	37	0.04%	921,858	0.38%
30001 – 40000	22	0.02%	759,931	0.32%
40001 – 50000	11	0.01%	515,627	0.22%
50001 – 100000	28	0.03%	2,051,035	0.86%
100001 and Above	75	0.08%	219,416,764	91.51%
Total	94,801	100.00%	239,763,956	100.00%

20. Categories of Shareholders as on March 31, 2010

Category	March 31, 2010	
	% of shareholding	No. of shares held
Promoters	54.14	129,817,043
Individuals	8.27	19,817,979
Domestic Companies	5.27	12,636,622
FIs, Mutual funds and Banks	23.83	57,135,029
FIIIs, OCBs & NRI	8.49	20,357,283
Total	100.00%	239,763,956



21. Particulars of Shareholding

a) Promoter Shareholding as on March 31, 2010

Sr.	Name of Shareholder	No. of Shares held	% of shareholding
1	Ashok Mathai Kurien	923,188	0.39%
2	Ambience Advertising Pvt. Ltd.	1,028,527	0.43%
3	Ganjam Trading Co. Pvt. Ltd.	2,968,714	1.24%
4	Churu Trading Co. Pvt. Ltd.	20,842,163	8.69%
5	Essel Infraprojects Ltd. (formerly Pan India Paryatan Ltd.)	2,893,440	1.20%
6	Laxmi Goel	802,175	0.33%
7	Briggs Trading Co. Pvt. Ltd.	2,438,401	1.02%
8	Prajatma Trading Co. Pvt. Ltd.	6,555,675	2.73%
9	Veena Investment Pvt. Ltd.	615,308	0.26%
10	Jayneer Capital Pvt. Ltd.	90,749,452	37.85%
11	ICL Superstar Sports Pvt. Ltd.	100	0.00%
Total		129,817,043	54.14%

b) Top ten (10) Public Shareholding as on March 31, 2010

Sr.	Name of Shareholder	No. of Shares held	% of shareholding
1	HDFC Trustee Co. Ltd. – HDFC Prudence Fund	21,473,511	8.96%
2	Reliance Capital Trustee Co. Ltd. A/c Reliance Media and Entertainment Fund	8,837,000	3.69%
3	Life Insurance Corporation of India	7,427,432	3.10%
4	Canara Robeco Mutual Fund A/c Canara Robeco	5,404,057	2.25%
5	Acacia II Partners LP	5,096,520	2.13%
6	DSP Blackrock Opportunities Fund	4,997,455	2.08%
7	Morgan Stanley Mauritius Company Ltd.	3,651,500	1.52%
8	RBS Financial Services (India) Private Ltd.	2,726,450	1.14%
9	Deutsche Securities Mauritius Ltd.	2,316,462	0.97%
10	Escorts Investment Trust Ltd. A/c. Escorts Mutual Fund- Growth Plan	2,080,519	0.87%
Total		64,010,906	26.70%

MANAGEMENT DISCUSSION AND ANALYSIS

The figures have been stated in Rs. millions (except wherever mentioned specifically), in this MD&A for better readability.

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

MARKET & INDUSTRY OVERVIEW

With likely sinking out of the economic Recession by 2010, the Indian E&M Industry is expected to make a strong recovery from one of the worst economic crisis of recent times.

The Indian E&M industry with various segments in it like television, advertising, radio, print media and filmed entertainment is estimated to grow from Rs. 580.8 billion in 2009 at a CAGR of 12.3% for the next 5 years to reach Rs. 1,040.8 billion in 2014. Television industry is projected to continue to be the major contributor to the overall industry revenue pie and is estimated to grow at a CAGR of 12.9% from an estimated Rs. 265.5 billion in 2009 to Rs. 488.0 billion in 2014. A pleasant future for, television advertising industry is projected to command a share of 35% in 2014, having increased from its current share of 33% in the total television advertisement industry pie. The relative share of the television content industry is expected to remain constant at 4%.

Projected growth of Television Industry in 2009-14

Rs. Billion	2009	2010F	2011F	2012F	2013F	2014F	CAGR
Television Distribution	165.0	194.0	216.0	241.5	270.0	295.0	
% change		17.6%	11.3%	11.8%	11.8%	9.3%	12.3%
Television Advertising	89.0	100.0	114.0	131.0	150.0	170.0	
% change		12.4%	14.0%	14.9%	14.5%	13.3%	13.8%
Television Content	11.5	13.0	15.0	17.0	20.0	23.0	
% change		13.0%	15.4%	13.3%	17.6%	15.0%	14.9%
Total	265.5	307.0	345.0	389.5	440.0	488.0	12.9%

Source (Table & Information above): Industry Estimates and PwC Analysis

Apart from the existing cluster of segments in E&M industry, there are also a few spanking new emerging segments like Internet Advertising, Animation, Gaming & VFX Industry, and Sports Entertainment which are entering the market with a bustle. Apparently, the industry is growing with alacrity.

The Indian television advertising has seen a robust growth of 13% CAGR between 2005 and 2009, which slowed in 2009 to 6% because of economic recession. Fuelling the growth in the television distribution industry is expected to be contributed by both subscriptions spending by pay TV subscribers as well as growth in the pay TV homes. The Pay TV homes are expected to reach Rs. 133 million in 2014 from current size of Rs. 86 million in 2009. Currently, cable TV homes command a penetration of 83% of the pay TV homes in 2009. This is projected to come down to 62% by 2014, largely in favor of the emerging DTH homes. Cable homes are projected to increase from 72 million in 2009 to 83 million

households in 2014. This growth in Cable homes is expected to be largely from semi-urban and rural areas. The new era of digitalization has seen DTH growing with great velocity. DTH homes are expected to reach Rs. 50 million in 2014 from 14 million in 2009, thus increasing their penetration from 12% of the television homes in 2008 to 35% in 2013. Overall, pay television homes are projected to increase from 86 million in 2009 to 133 million by 2014 at a growth rate of 55% over the next five years.

Projected Growth of Television Households in India 2009-2014

Rs. Billion	2009	2010F	2011F	2012F	2013F	2014F
TV Households	124.0	127.0	131.0	133.0	137.0	143.0
% Change		2.0%	3.0%	2.0%	3.0%	4.0%
Pay TV Households	86.0	98.0	106.0	115.0	124.0	133.0
% Change		14.0%	8.0%	8.0%	8.0%	7.0%
Cable TV Households	72.0	74.03	75.0	77.0	80.0	83.0
% Change		3.0%	1.0%	3.0%	4.0%	4.0%
DTH Households	14.0	24.0	31.0	38.0	44.0	50.0
% Change		71.0%	29.0%	23.0%	16.0%	14.0%

Source (Table & Information above): Industry Estimates and PwC Analysis

The news television space continues to get more and more fragmented with the proliferation of new players and addition of channels. The country now has more than seventy five 24X7 news channels in various languages. And the number is still growing.

Moreover, as per TAM reports, the viewership (GRP) figures of news television in India paint a disquieting picture. The GRPs slipped from 236 in 2007 to 221 in 2008 and to 166 last year, a 30% shrink in just two years.

One does have to acknowledge that viewers moved away from national news channels despite last year being that of the general election, which itself is extremely attention-grabbing. In such a scenario, Hindi news channels as a whole often have been accused of trivializing content.

The fragmentation of the market and shrinking viewership are leading to further pressure on advertising rates and revenue. Profitability is a prerogative of a select few.

The exception to the trend seems to come from the regional channels, which are robustly augmenting both in terms of eyeballs as well as revenues.

Businesses would have to wake up to serious questions on returns and profitability. In the long run, TRP rankings and profitability may not always have a direct co-relation.

While advertising still accounts for about 80% of broadcast industry revenue in India, other criteria will come into play. Rational cost structure, innovative strategy, network economy of scale, etc., would have significant influence on the way business is done and also have a serious impact on the bottomlines in the future. In other words, operational efficiency would hold the key to success.

COMPANY OVERVIEW

Zee News Limited (ZNL) is one of India's leading and entertainment companies with strong presence in news and regional entertainment. The Company was incorporated as Zee Sports Limited on August 27, 1999. The name of the

Company was changed to Zee News Limited on May 27, 2004 after obtaining a fresh Certificate of Incorporation from the Registrar of Companies, Mumbai. To comply with the News Up-linking Guidelines of Government of India, Zee Entertainment Enterprises Limited (ZEEL) transferred its news-gathering activities to Zee News Limited w.e.f. October 2005. To enable clear management focus and direction to be imparted to the various properties of the Company, ZEEL transferred its regional entertainment channels to ZNL by way of a de-merger scheme approved by the Hon'ble High Court of Bombay vide its Order dated November 17, 2006 from March 31, 2006. Thereafter, the Company got listed at Bombay Stock Exchange, National Stock Exchange & Calcutta Stock Exchange in January 2007.

Zee News Limited's prime focus was to create 24x7 news channels in prominent Indian regional languages, therefore it considered to separate the Regional General Entertainment Channel business from the News Business. Under the Scheme of Arrangement for de-merger of Regional General Entertainment Channel business undertaking of the Company comprising of 6 television channels viz., Zee Marathi, Zee Talkies, Zee Bangla, Zee Telugu, Zee Kannada & Zee Cinemalu (to be launched), were transferred to Zee Entertainment Enterprises Limited (ZEEL) from the Appointed Date, January 1, 2010. The Scheme was approved by the Hon'ble Bombay High Court on March 19, 2010, and became effective on and from March 29, 2010 upon filing of the order of the Hon'ble Bombay High Court with the Registrar of Companies of Maharashtra, Mumbai.

The Year that was – Business Overview

The FY 2009-10 was another year of exceptional performance by Zee News Limited. During the first nine months, we grew by 26% in operating profit and 22% in revenue.

Post the de-merger, the Company is now marching towards its mission of being India's pre-eminent provider of news and regional language content with care and concern for all stakeholders. It has delivered excellent numbers both in terms of viewership as well as top and bottom-line.

Each of our channels constitutes to be a dominant player in the respective genre. The flagship Zee News has the top of the mind recall for viewers when it comes to watching reliable and unbiased Hindi News content. Zee Business is also making its presence felt increasingly as a top contender and has frequently emerged as India's No.1 business channel amongst various industry benchmarks. In the year 2009, the channel had a good channel share during business prime time amongst the core business news audience. During the year Zee 24 Taas was re-launched with a completely new look and feel. Our Bengali news channel 24 Ghanta is the undisputed leader in prime time in Kolkata and a perpetual leader in terms of its sheer reach in the Bengal market. Our revenues continued to grow through advertising and subscriptions.

The much awaited 24 hour Telugu News channel, Zee 24 Gantalu was launched on April 2, 2009 and 24 hour UP News

channel, Zee News Uttar Pradesh was launched on April 5, 2009. Both the newly launched channels, Zee 24 Gantalu and Zee News Uttar Pradesh have steadily climbed the rating charts since launch and achieved tremendous success. Zee News UP is often the leader in the Hindi belt, and is showing impressive growth in viewership numbers. Zee Tamil has also cut down losses and is increasing reach.

With 8 News Channels viz., Zee News, Zee Business, Zee 24 Taas, Zee 24 Gantalu, Zee News UP, Zee Punjabi, 24 Ghanta and Zee Tamil, in its bouquet, the Company shall now look at growth, judicious expansion and consolidation either through acquisitions or by launching an array of regional news channels.

In October 2009, pursuant to a strategic partnership as approved by the Board, the Company had entered into an agreement to acquire 26% equity in Akash Bangla Pvt. Ltd., that owns and operates a Bangla infotainment channel 'Akash Bangla'. During financial year 2009-10, the Company acquired 4.35 Lac equity shares comprising 12.82% stake in that company. The said agreement has been discontinued since April 2010.

BUSINESS OPERATIONS

Broadcasting

The channels operated by Zee News Limited are Zee News, Zee Business, Zee 24 Taas, Zee Punjabi, Zee News UP, Zee Tamil and Zee 24 Gantalu. In addition, Zee Akaash News Private Limited, a company in which your Company has a 60% stake, operates 24 Ghanta, a 24X7 Bengali news channel. Having created a nationwide bouquet of national and regional channels, it is a natural strategic decision to next move towards creating a vibrant and respected news powerhouse.

In terms of newsgathering, the Company has the largest network of news bureaux & correspondents with a pan-India presence. The Company's newsgathering capabilities are significantly enhanced by its KU Band network and strong relationships with international news agencies. The Company is equipped with state-of-the-art technology in content creation, packaging and broadcasting. Zee News is one of India's leading Hindi news channel, with a rich legacy of incisive news reporting and presentation. Zee Business is India's first Hindi business channel and has a long-term mission of making business news relevant and accessible to a mass Hindi audience.

To further its vision of bringing 24x7 news to all Indian homes in their native language your Company launched 24 hour UP news channel, Zee News UP, in April 2009 and 24-hour Telugu news channel, 24 Gantalu in April 2009. 24 Ghanta is a successful Bengali news channel, chalking up impressive gains in a short period.

With our constant focus and endeavour to increase reach, your Company derived almost 19-20% of its total revenue for the year FY 10 from subscription and is well positioned

to monetize the digital distribution boom.

Distribution

The Company has an arrangement with Zee Turner Ltd., to distribute its pay channels bouquet in India and neighboring countries. Zee Turner has also been assigned to distribute the Company's bouquet of pay channels on various DTH platforms across the country.

Up-linking of Channels

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

BUSINESS STRATEGY

In the last decade, India has witnessed sustained and substantial growth in its economy. Also, during recent years, the television broadcasting industry in India has experienced dramatic changes, ushered by the stratification and competition. In such a situation, your Company has taken multiple initiatives in its strategic policies.

The key elements of the Company's strategy during the year were (i) Increased efficiency through rationalization of cost (ii) Focus on innovation, (iii) Focus on subscription revenue, (iv) Leveraging the growing viewership of our channels, (v) Leveraging network operation to rationalize cost as well as maximize revenue, (vi) Judicious Expansion

- i. **Increased efficiency through rationalization of cost:** Rationalized cost structure has always been an important competition advantage of ZNL. However the Company has not restricted expenses which are about investment in brand and content.
- ii. **Focus on innovation:** The Company pursued a solution driven approach for alluring advertisers. During recession, our focus was on offering various tailor-made advertisement solutions to clients, which reaped rich dividends.
- iii. **Focus on subscription revenue:** The Company have always focused on subscription revenues. Zee News has been a paid news channel, which is a rarity amongst Hindi news channels. Making it an archetype, we plan to replicate the revenue model in the vernacular space as well.
- iv. **Leveraging the growing viewership of our channels:** Our focus has been on creation of a bouquet of national and regional channels, thus reducing overdependence on the flagship channel. With the regional market expanding fast, we used opportunities provided in this area to the hilt.
- v. **Leveraging network operations to rationalize cost as well as maximize revenue:** We were able to derive benefit from the network strength to reduce the cost of operations, as well as improve advertising prospects. We were uniquely placed to make a bouquet offer to national advertisers and thus enjoyed a distinct

advantage over competitors. Our regional arms proved to be a magnet for retail advertisers, who are major players in the vernacular areas.

- vi. **Judicious expansion:** Zee News Limited utilized the low cost entry opportunity during the economic recession and is now well placed to grow from here. Moreover, the newly launched channels are on course to meet their break-even targets and will thus boost the Company's performance overall.

OTHER COMPANY INFORMATION

1. Internal Control Systems

The Company has in place adequate internal control systems, commensurate with its size and nature of operations so as to ensure smoothness of operations and compliance with applicable legislation. The Company has a well-defined system of management reporting and periodic review of businesses to ensure timely decision-making. It has an internal audit team with professionally qualified financial personnel, which conducts periodic audits of all businesses to maintain a proper system of checks and control.

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

2. Human Resources

The Company seeks respects and values the diverse qualities and backgrounds that its people bring to it and is committed to utilizing the richness of knowledge, ideas and experience that this diversity provides. The work environment is stimulating and development of core competencies through formal training, job rotation and hands on training is an ongoing activity.

RISK FACTORS

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

With increasing number of players entering the Broadcasting Industry, more specifically News Broadcasting, competition is ever increasing. Technological and regulatory changes have spawned new distribution platforms. To maintain its competitive edge in such a scenario, the Company will need to anticipate viewer preferences to create, acquire, commission and produce compelling content and maintain viewer-pull. It will also need to reinforce its ability to do so at favorable commercial terms. While the Company proposes to make investments in content and technology to stay ahead of the game, it is impossible to predict how future changes could affect the Company's competitiveness.

New channel launches might not be successful in the marketplace:

Recent launches as well as future launches may not be accepted by the audiences. This could be due to a variety of reasons including quality of programming, price, marketing support, competition, etc. There can be no assurance that all new launches will be successful.

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

Advertising revenues make up 71.2% of the Company's revenues and the trend of high levels of contribution of advertising revenues to aggregate revenues is likely to continue for the foreseeable future. In this scenario, if our Company's programming is unable to sustain high levels of viewership rating, the consequent decline in advertising revenues will manifest itself as a significant dip in aggregate revenues. If future trends favour other forms of advertising media like radio, outdoor, print, etc., our Company could be adversely affected. Business and economic cycles also have a cascading effect on advertising budgets of companies. A downturn could cause a decline in our revenues and profits. Further, loss of advertising business from any one of its principal advertisers, could adversely affect the business results of the Company. Advertisers' businesses are seasonal and so are their advertising spends. Typically, owing to festival season, the third quarter of the financial year is the most buoyant in terms of advertising revenues. If, for some reason, there is low level of advertising activity in the third quarter, the impact on the Company's results could be negative.

Lack of cooperation from local cable operators and multi-system operators could harm us:

The Company's penetration among cable and satellite homes is primarily as a result of its distribution system and the cooperation it has enjoyed over the years from MSO's and local cable operators, who control signal access to the homes. If such support is not forthcoming for any reason, including the lack of viewer appeal of our channels or failure to strike mutually acceptable commercial terms with such operators, viewers' access to our channels could be impaired, resulting in a decline of both advertising and subscription revenues.

Continued underreporting of subscribers by local cable operators may adversely affect growth prospects:

While advertising accounts for a lion's share of our revenues, subscription revenues are already significant. They could be even more so, if it were not for rampant under-declaration of subscribers by cable operators. This affects our revenues and therefore our ability to invest for the future. If this does not trend down in future, our results could be further adversely affected.

Poor implementation of measures like Conditional Access System (CAS) could affect revenues:

The Company welcomes recent moves by the Government to implement Conditional Access System and allow other platforms like Direct-to-Home. We believe, however, that poor and tardy implementation and expansion of Conditional Access by the Government and cable operators could result in a loss of viewership and hence of advertising and subscription revenues.

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

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

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

The Company's services largely consist of content which it owns, or has licensed the intellectual property rights, delivered through a variety of media, including broadcast programming. The Company relies on trademark, copyright and other intellectual property laws to establish and protect its rights in these products. There can be no assurance that the Company's rights will not be challenged, invalidated or circumvented or that the Company will successfully renew its rights or licenses. Third parties may be able to copy, infringe or otherwise profit from the Company's rights without its authorisation. Further, the weak enforcement regime in India coupled with the high levels of cable, satellite and video piracy could impose an increased burden on the Company to protect the intellectual property rights in its television and film programming.

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

Media, specifically news media, is a strongly regulated industry in India. The regimes that affect your Company's business include broadcasting, cable, advertisement, telecommunications, intellectual property, consumer and competition (anti-trust) laws and regulations. Relevant

authorities may introduce additional or new regulations applicable to its business. Changes in regulations relating to one or more of licensing requirements, access requirements, programming transmission, uplinking requirements, spectrum specifications, consumer protection, or other aspects of the Company's or any competitor's business, could have an adverse effect on the Company's business and results of operation. There can be no assurance that the Company will succeed in obtaining all requisite approvals in the future for its operations with or without the imposition of restrictions, which may have an adverse consequence to the Company nor that compliance issues will not be raised.

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

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

FINANCIALS AND FINANCIAL POSITION

Standalone and Consolidated Financials as on March 31, 2010:

Table below presents Standalone & Consolidated Financials for the Current and previous Financial Year. Current year's figures are not comparable with previous year's figures due to the de-merger of Regional General Entertainment Channels from the Appointed Date i.e. January 1, 2010.

(Rs. Millions)

Profit and Loss Account for the year ended	Standalone		Consolidated	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
INCOME				
Sale and Services	5,077.49	5,074.46	5,292.86	5,221.31
Other Income	184.64	175.26	185.43	175.62
	5,262.13	5,249.72	5,478.29	5,396.93
EXPENDITURE				
Operational Cost	1,873.69	2,068.95	1,946.74	2,132.97
Personnel Cost	732.23	609.27	786.54	660.46
Administrative and Other Expenses	610.87	442.84	635.37	466.09
Selling and Distribution Expenses	996.95	1,126.37	999.83	1,125.42
	4,213.74	4,247.43	4,368.48	4,384.94
OPERATING PROFIT	1,048.39	1,002.29	1,109.81	1,011.99
Financial Expenses	261.30	210.66	261.37	210.69
Depreciation / Amortization	104.78	88.86	112.28	95.19
PROFIT BEFORE TAX	682.31	702.77	736.16	706.11
Less: Provision for Taxation	242.65	257.16	267.88	259.13
PROFIT AFTER TAX BEFORE MINORITY INTEREST	439.66	445.61	468.28	446.98
Minority Interest	-	-	(11.45)	(0.71)
PROFIT AFTER TAX	439.66	445.61	456.83	446.27

Balance Sheet as at	Standalone		Consolidated	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
SHAREHOLDERS' FUNDS				
Share Capital	239.76	239.76	239.76	239.76
Reserve and Surplus	1,388.71	2,196.89	1,375.11	2,166.11
	1,628.47	2,436.65	1,614.87	2,405.87
DEFFERED TAX BALANCES (Net)	-	3.23	-	-
LOAN FUNDS	1,688.82	2,016.70	1,689.11	2,017.08
MINORITY INTEREST	-	-	64.95	53.50
	3,317.29	4,456.58	3,368.93	4,476.45

Balance Sheet as at	Standalone		Consolidated	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
FIXED ASSETS				
Gross Block (at cost)	1,098.84	1,006.90	1,224.93	1,129.94
Less: Depreciation Up-to-date	286.55	237.30	311.09	254.35
Net Block	812.29	769.60	913.84	875.59
Capital Work-in-progress	38.57	171.69	38.57	171.69
	850.86	941.29	952.41	1,047.28
DEFFERED TAX BALANCES (Net)	21.10	-	25.84	19.43
INVESTMENTS	144.18	83.28	60.90	-
CURRENT ASSETS, LOANS AND ADVANCES				
Program and Film Rights	293.73	1,643.72	293.73	1,643.72
Inventories	3.77	6.20	3.90	6.66
Sundry Debtors	652.42	1,718.28	736.97	1,790.87
Cash and Bank Balances	93.97	503.49	143.02	508.03
Loans and Advances	2,010.78	1,147.97	1,951.37	1,084.91
	3,054.67	5,019.66	3,128.99	5,034.19
CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities	614.95	1,427.85	649.37	1,461.57
Provisions	138.57	159.80	149.84	162.96
	753.52	1,587.65	799.21	1,624.53
NET CURRENT ASSETS	2,301.15	3,432.01	2,329.78	3,409.66
MISCELLANEOUS EXPENSES TO THE EXTENT NOT WRITTEN OFF	-	-	-	0.08
	3,317.29	4,456.58	3,368.93	4,476.45

* Previous year numbers are not comparable.

CONSOLIDATED FINANCIALS:

A. RESULTS OF OPERATIONS

Current year's figures are not comparable with the previous year's figures due to the de-merger of Regional General Entertainment (RGEC) Channels viz., Zee Bangla, Zee Marathi, Zee Kannada, Zee Telegu, Zee Talkies, Zee Cinemalu (yet to be launched). Those R-GEC and assets of discontinued channel Zee Gujarati were transferred to Zee Entertainment Enterprises Limited from the Appointed Date i.e., January 1, 2010.

However comparison of the financials for the nine months period ended December 31, 2009 with corresponding period of last fiscal happens to be like-to-like. It is worthwhile to look at that comparison which bears testimony of the company's robust performance.

Comparison of Financials period Apr- Dec '09 V/s '08 (like-to-like basis):

While the global economy was recuperating from the turmoil during the above mentioned period, the total income from operations of the Company increased by more than 22%, wherein the advertisement revenue increased by 25%, to Rs. 3,772.7 million compared to corresponding period last fiscal and total subscription revenue was Rs. 821.9, a growth of more than 20%

The total expenses increased by 21%, which was mainly due to the launch of two new channels Zee

News Uttar Pradesh & Zee 24 Gantalu (launched in April 2009). Operational cost increased by 20%, Personnel cost increased by 28% and administrative expenses increased by 63%.

Operating Profit for the period showed a robust growth of 41% and stood at Rs.1,003.7 million.

January – March '10

After the de-merger, the company continued with its strong run with the news operations and reported encouraging EBITDA numbers of Rs. 39 millions despite the losses of Zee Tamil, Zee News Uttar Pradesh & Zee 24 Gantalu. The existing news operations comprising of Zee News, Zee Business, Zee 24 Taas and 24 Ghanta recorded 30% growth YOY in advertising revenues for the quarter, which has outperformed the industry by a significant margin.

B. FINANCIAL POSITION

The Company has Equity Share Capital standing at the same level of Rs. 239.76 million. The total assets of discontinued operations, that is, the R-GEC business were Rs. 3,656 millions and the total liabilities for the same were Rs. 2,407 million. After the transfer, reserves amount to Rs. 1,375 million. Total loans have reduced to Rs. 1,689 million. Total liabilities and total assets of the Company amount to Rs. 2,488 million Rs. 4,168 million respectively.

AUDITORS' REPORT

To,
The Members
Zee News Limited

1. We have audited the attached Balance Sheet of Zee News Limited ("the Company") as at March 31, 2010 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956, ("the Act") and on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph (3) above, we report that;
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Act;
 - e) On the basis of written representations received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors are disqualified as at March 31, 2010 from being appointed as a director in terms of clause (g) of sub section (1) of the Section 274 of the Act;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and notes to accounts as per Schedule 16, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - ii) In the case of the Profit and Loss Account, of the **Profit** for the year ended on that date; and
 - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

L. K. Shrishrimal
Membership No. 72664
Partner

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

Place: Noida
Date: July 05, 2010

Annexure referred to in Paragraph (3) of our report to the members of Zee News Limited on the accounts for the year ended March 31, 2010.

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) According to the information and explanations given to us, the fixed assets except lying with third parties have been physically verified by the management as per the phased program of verification and the *material discrepancies* noticed on such verification have been properly dealt with in books of account. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and nature of its assets.
- (c) During the year, the Company has transferred a substantial part of its fixed assets pursuant to the Scheme of Arrangement (Refer Note 1 to the financial statements). However, such transfer has not affected the going concern status of the Company.
- (ii) (a) The inventory has been physically verified by the management (copyright of programs/films rights verified with reference to title documents/agreements) at reasonable intervals during the year.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company has maintained proper records of inventory and no discrepancies were noticed on physical verification as compared to the book records.
- (iii) (a) The Company has not granted any loans, 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.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and sale of goods and services. During the course of our audit, no major weakness has been observed in the internal control system in respect of the aforesaid areas.
- (v) According to the information and explanations given to us, there are no contracts or arrangements the particulars of which are required to be entered into the register in pursuance of Section 301 of the Act.
- (vi) The Company has not accepted any deposits from the public during the year.
- (vii) The Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We are informed that the Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Act in respect of the Company's activities.
- (ix) According to the records of the Company examined by us and information and explanations given to us:
 - (a) The Company has been generally regular in depositing its statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, VAT, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and others as applicable. There are no undisputed amounts payable in respect of the aforesaid dues which have remained outstanding as at March 31, 2010 for a period of more than six months from the date they became payable
 - (b) There are no disputed amounts on account of Income Tax, Wealth Tax, Sales Tax, VAT, Custom Duty, Service Tax, Excise Duty and Cess which have not been deposited.
- (x) The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses during the current financial year or in the immediately preceding financial year.
- (xi) On the basis of our examination of records and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institution.
- (xii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi/ mutual benefit fund / society.
- (xiv) The Company has not dealt in or traded in shares, securities, debentures and other investments during the year.
- (xv) According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from bank or financial institution.
- (xvi) According to the information and explanations given to us, the term loan raised during the year has been applied for the purposes for which they were raised.

- (xvii) On the basis of overall examination of the Balance Sheet and Cash Flows of the Company and related information as made available to us, we report that no short term funds have been utilized for long term investments.
- (xviii) 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 during the year.
- (xix) The Company has not issued any secured debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) Based on the audit procedures performed and according to the information and explanations given to us, no fraud on the Company or by the Company has

been noticed or reported *except misappropriation of Rs. 70 lacs approximately by certain employees reported by the Company.*

L. K. Shrishrimal
Membership No. 72664
Partner

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

Place: Noida
Date: July 05, 2010

BALANCE SHEET AS AT MARCH 31,

			Amount (Rs.)
	Schedule	2010	2009
Sources of Funds			
Shareholders' Funds			
Share Capital	1	239,763,956	239,763,956
Reserve and Surplus	2	1,388,712,818	2,196,889,846
		<u>1,628,476,774</u>	<u>2,436,653,802</u>
Loan Funds			
Secured Loans	3	1,188,820,517	2,016,704,641
Unsecured Loans	4	500,000,000	-
		<u>1,688,820,517</u>	<u>2,016,704,641</u>
Deferred Tax Liabilities (Net) (Refer Note 7)		-	3,232,273
	Total	<u>3,317,297,291</u>	<u>4,456,590,716</u>
Application of Funds			
Fixed Assets	5		
Gross Block		1,098,837,677	1,006,904,930
Less: Depreciation/ Amortisation		<u>286,550,102</u>	<u>237,296,795</u>
Net Block		<u>812,287,575</u>	<u>769,608,135</u>
Capital Work-in-progress		<u>38,567,204</u>	<u>171,691,493</u>
		<u>850,854,779</u>	<u>941,299,628</u>
Investments	6	144,179,820	83,279,820
Deferred Tax Assets (Net) (Refer Note 7)		21,107,650	-
Current Assets, Loans and Advances	7		
Program and Film Rights		293,731,429	1,643,716,376
Inventories		3,767,418	6,199,772
Sundry Debtors		652,421,754	1,718,283,732
Cash and Bank Balances		93,975,602	503,489,487
Loans and Advances		<u>2,010,779,414</u>	<u>1,147,972,709</u>
		<u>3,054,675,617</u>	<u>5,019,662,076</u>
Current Liabilities and Provisions	8		
Current Liabilities		614,949,142	1,427,847,174
Provisions		<u>138,571,433</u>	<u>159,803,634</u>
		<u>753,520,575</u>	<u>1,587,650,808</u>
Net Current Assets		<u>2,301,155,042</u>	<u>3,432,011,268</u>
	Total	<u>3,317,297,291</u>	<u>4,456,590,716</u>
Significant Accounting Policies and Notes to Accounts	16		

As per our attached report of even date

For and on behalf of the Board

L. K. Shrishrimal
Membership No. 72664
Partner

Punit Goenka
Managing Director

Naresh Kumar Bajaj
Director

For and on behalf of
MGB & Co
Firm Registration No. 101169W
Chartered Accountants

Dinesh Garg
V. P. (F & A)

Pushpal Sanghavi
Company Secretary

Place : Noida
Date : July 5, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,

			Amount (Rs.)
	Schedule	2010	2009
Income			
Sales and Services	9	5,077,489,472	5,074,460,460
Other Income	10	184,638,106	175,258,368
	Total	5,262,127,578	5,249,718,828
Expenditure			
Operational Cost	11	1,873,690,719	2,068,951,851
Personnel Cost	12	732,225,579	609,274,893
Administrative and Other Expenses	13	610,874,380	442,835,277
Selling and Distribution Expenses	14	996,945,479	1,126,367,577
	Total	4,213,736,157	4,247,429,598
Operating Profit		1,048,391,421	1,002,289,230
Financial Expenses	15	261,296,949	210,662,348
Depreciation/Amortisation		104,784,908	88,857,790
Profit before Tax		682,309,564	702,769,092
Less: Provision for Taxation			
- Current Tax		291,073,000	246,144,205
- Deferred Tax Expense/(Benefit)		(50,291,736)	(2,050,449)
- Fringe Benefit Tax (including of earlier years)		-	13,066,494
- Income Tax of earlier years		1,871,602	-
Net Profit after Tax		439,656,698	445,608,842
Net Profit/(Loss) After Tax of Continuing Operations		(77,731,199)	76,017,008
Net Profit/(Loss) After Tax of Discontinuing Operations		517,387,897	369,591,834
Add: Balance Brought forward		685,765,400	402,361,294
Amount Available for Appropriation		1,125,422,098	847,970,136
Appropriations			
Proposed Dividend		-	95,905,582
Tax on Dividend		-	16,299,154
General Reserve (Refer Schedule 2)		-	50,000,000
Balance carried to Balance sheet		1,125,422,098	685,765,400
		1,125,422,098	847,970,136
Basic and Diluted Earning per Share before discontinuing business (Refer Note 13)		1.83	1.86
Basic and Diluted Earning per Share of continuing business (Refer Note 13)		(0.32)	0.32
Significant Accounting Policies and Notes to Accounts	16		

As per our attached report of even date

For and on behalf of the Board

L. K. Shrishrimal
Membership No. 72664
Partner

Punit Goenka
Managing Director

Naresh Kumar Bajaj
Director

For and on behalf of
MGB & Co
Firm Registration No. 101169W
Chartered Accountants

Dinesh Garg
V. P. (F & A)

Pushpal Sanghavi
Company Secretary

Place : Noida
Date : July 5, 2010

SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH,

		Amount (Rs.)
	2010	2009
Schedule 1 : Share Capital		
Authorised		
490,000,000 Equity Shares of Re. 1 each	490,000,000	490,000,000
10,000,000 Preference Shares of Re. 1 each	10,000,000	10,000,000
	<u>500,000,000</u>	<u>500,000,000</u>
Issued, Subscribed and Paid Up		
239,763,956 Equity Shares of Re. 1 each fully paid-up	239,763,956	239,763,956
[Of the above 195,956,192 Equity Shares of Re. 1 each fully paid-up were allotted for consideration other than cash pursuant to the Scheme of Arrangement of 2006]		
Total	<u>239,763,956</u>	<u>239,763,956</u>
Schedule 2 : Reserve and Surplus		
Capital Reserve*		
As per last Balance Sheet	1,344,624,446	1,344,624,446
Less: Transfer pursuant to the Scheme of Arrangement (Refer Note 1)	1,247,833,726	-
	<u>96,790,720</u>	<u>1,344,624,446</u>
*As per Scheme of Arrangement of 2006		
Securities Premium		
As per last Balance Sheet	76,500,000	76,500,000
General Reserve		
As per last Balance Sheet	90,000,000	40,000,000
Add: Appropriated during the year	-	50,000,000
	<u>90,000,000</u>	<u>90,000,000</u>
Profit and Loss Account		
	<u>1,125,422,098</u>	<u>685,765,400</u>
Total	<u>1,388,712,818</u>	<u>2,196,889,846</u>
Schedule 3 : Secured Loans (Refer Note 3)		
Short Term Working Capital Loan		
From Banks	1,180,546,808	-
From Others	-	750,000,000
Term Loans from Banks	-	1,250,000,000
Vehicle Loan	8,273,709	16,704,641
Total	<u>1,188,820,517</u>	<u>2,016,704,641</u>

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31,

Amount (Rs.)

Schedule 4 : Unsecured Loans

Short Term Loans from Banks

2010	2009
500,000,000	-
500,000,000	-

SCHEDULE 5 : Fixed Assets

Amount (Rs.)

Description of Assets	Gross Block					Depreciation					Net Block	
	As at 01.04.09	Additions	Deductions	Transferred pursuant to the Scheme of Arrangement	As at 31.03.10	Upto 31.03.09	For The Year	Deductions	Transferred pursuant to the Scheme of Arrangement	As at 31.03.10	As at 31.03.10	As at 31.03.09
Tangible Assets												
Plant and Machinery	751,014,710	184,796,202	18,524,112	43,262,512	874,024,288	155,605,870	66,446,281	6,483,716	17,057,519	198,510,916	675,513,372	595,408,840
Equipments	131,987,710	19,092,758	18,997,272	33,439,963	98,643,233	28,756,476	11,694,891	6,438,429	12,773,458	21,239,480	77,403,753	103,231,234
Furniture and Fixture	21,067,975	958,734	1,484,852	10,444,326	10,097,531	5,213,847	1,342,139	421,339	3,311,879	2,822,768	7,274,763	15,854,128
Vehicles	42,453,984	1,111,994	6,847,202	5,677,778	31,040,998	7,957,117	3,546,627	1,778,969	1,366,225	8,358,550	22,682,448	34,496,867
Leasehold Improvements	27,333,479	7,916,798	-	7,839,972	27,410,305	18,152,023	5,992,854	56,566	5,651,903	18,436,408	8,973,897	9,181,456
Total (A)	973,857,858	213,876,486	45,853,438	100,664,551	1,041,216,355	215,685,333	89,022,792	15,179,019	40,160,984	249,368,122	791,848,233	758,172,525
Intangible Assets												
Computer Softwares	33,047,072	24,963,700	-	389,450	57,621,322	21,611,462	15,762,116	-	191,598	37,181,980	20,439,342	11,435,610
Total (B)	33,047,072	24,963,700	-	389,450	57,621,322	21,611,462	15,762,116	-	191,598	37,181,980	20,439,342	11,435,610
Current Year Total (A+B)	1,006,904,930	238,840,186	45,853,438	101,054,001	1,098,837,677	237,296,795	104,784,908	15,179,019	40,352,582	286,550,102	812,287,575	769,608,135
Previous Year	850,864,794	171,146,702	15,106,566	-	1,006,904,930	152,126,608	88,857,790	3,687,603	-	237,296,795	769,608,135	

Schedule 6 : Investments

(Long Term - At cost)

Unquoted - In Subsidiary

2,399,982 Equity Shares of Rs.10 each fully paid up of Zee Aakash News Private Ltd. (extent of holding 60%)

Unquoted - Trade

435,000 (Nil) Equity Shares of Rs.10 each fully paid up of Aakash Bangla Private Limited

2010	2009
83,279,820	83,279,820
60,900,000	-
144,179,820	83,279,820
Nil	Nil
144,179,820	83,279,820

Total

Aggregate Book Value of all quoted investments

Aggregate Book Value of all un-quoted investments

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31,

	Amount (Rs.)	
	2010	2009
Schedule 7 : Current Assets, Loans and Advances		
A. Current Assets		
Program/Film Rights (Refer Note 4)	293,731,429	1,643,716,376
Inventories		
(as taken, valued and certified by the Management)		
Raw Stock - Tapes	3,767,418	6,199,772
Sundry Debtors		
(Unsecured, Considered Good, unless otherwise stated)		
More than six months old [includes doubtful Rs.119,571,927 (Rs. 103,923,493)]	298,911,784	481,857,126
Others	473,081,897	1,340,350,099
	771,993,681	1,822,207,225
Less: Provision for doubtful debts	119,571,927	103,923,493
	652,421,754	1,718,283,732
Cash and Bank Balances		
Cash in hand	726,912	2,117,852
Balances with Banks:		
In Current Accounts	88,898,690	468,866,635
In Fixed Deposit/Margin (Refer Note 5)	4,350,000	32,505,000
	93,975,602	503,489,487
B. Loans and Advances		
(Unsecured, Considered Good, unless otherwise stated)		
Loans	988,316,544	125,500,000
Advances [Recoverable in cash or in kind or for value to be received] (Refer Note 10.4)	962,365,122	938,986,132
Deposits	60,597,748	83,986,577
	2,011,279,414	1,148,472,709
Less: Provisions for Doubtful Advances	500,000	500,000
	2,010,779,414	1,147,972,709
Total	3,054,675,617	5,019,662,076
Schedule 8 : Current Liabilities and Provisions		
A. Current Liabilities		
Sundry Creditors: (Refer Note 10.5)		
For Goods/Programs	7,790,386	224,567,736
For Expense and Other Liabilities (Refer Note 10.2)	578,419,556	1,172,274,997
Trade Advances/Deposits Received	21,192,971	22,626,904
Investor Education and Protection Fund		
Unclaimed dividend *	691,826	336,752
Interest Accrued but not due	6,854,403	8,040,785
*(There is no amount due and outstanding to be credited to Investors Education and Protection Fund as at March 31, 2010)		
	614,949,142	1,427,847,174
B. Provisions		
Provision For : Taxation (Net of Advances)	91,806,679	-
: Retirement Benefits	46,764,754	47,598,898
Proposed Dividend (including tax)	-	112,204,736
	138,571,433	159,803,634
Total	753,520,575	1,587,650,808

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,

	Amount (Rs.)	
	2010	2009
Schedule 9 : Sales and Services		
Broadcasting Revenue	4,966,782,137	4,910,268,647
Sales	110,707,335	164,191,813
Total	5,077,489,472	5,074,460,460
Schedule 10 : Other Income		
Interest Income (Gross) [TDS Rs.14,624,052 (Rs. 22,186,317)]	168,957,680	98,714,566
Miscellaneous Income	2,152,869	2,023,486
Balances Written Back	7,447,853	74,520,316
Foreign Exchange Fluctuation Difference	6,079,704	-
Total	184,638,106	175,258,368
Schedule 11 : Operational Cost		
Programs and Film Rights -		
Opening	1,643,716,376	764,090,908
Add: Production / Acquisition Cost	2,090,829,132	2,837,796,561
	3,734,545,508	3,601,887,469
Less: Transfer pursuant to the Scheme of Arrangement (Refer Note 1)	1,679,198,521	-
	2,055,346,987	3,601,887,469
Closing	293,731,429	1,643,716,376
	1,761,615,558	1,958,171,093
Transmission Cost	112,075,161	110,780,758
Total	1,873,690,719	2,068,951,851
Schedule 12 : Personnel Cost		
Salaries, Allowances and Bonus	639,546,209	514,924,290
Contribution to Provident and other funds	32,303,897	30,147,405
Staff Welfare Expenses	58,014,433	57,756,306
Staff Recruitment and Training	2,361,040	6,446,892
Total	732,225,579	609,274,893

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,

	Amount (Rs.)	
	2010	2009
Schedule 13 : Administrative and Other Expenses		
Rent	115,351,858	104,165,959
Rates and Taxes	4,402,349	12,058,348
Repairs and Maintenance - Building	593,101	3,572,763
- Plant and Machinery	17,710,478	10,140,243
- Others	16,826,025	17,142,336
Insurance	4,383,334	4,049,168
Electricity Expenses	43,923,368	36,706,232
Communication Expenses	40,926,998	32,730,397
Printing and Stationary	9,040,822	8,073,061
Miscellaneous Expenses [Includes Director's Sitting Fee Rs. 430,000 (Rs. 460,000)]	20,200,832	15,788,900
Hire and Service Charges	54,879,003	38,251,400
Conveyance and Travelling Expenses	51,555,154	63,131,410
Legal, Professional and Consultancy Charges	48,842,494	53,902,608
Bad Debts/Advances Written Off	70,236,554	10,420,940
Provision for Doubtful Debts/Advances	88,751,585	27,919,038
Loss on sale/ Discard/Shortage of Fixed Assets	23,250,425	4,782,474
Total	610,874,380	442,835,277
Schedule 14 : Selling and Distribution Expenses		
Business Promotion Expenses	795,993,497	565,798,765
Advertisement and Publicity	119,214,721	200,468,552
Commission - Space Selling	-	269,271,560
Commission - Others	81,737,261	90,828,700
Total	996,945,479	1,126,367,577
Schedule 15 : Financial Expenses		
Interest		
Fixed Loans	194,922,659	142,981,304
Others	61,717,000	25,833,985
Discounting and Financing Expenses	4,657,290	41,847,059
Total	261,296,949	210,662,348

Schedule 16: Significant Accounting Policies and Notes to Accounts

Background

Zee News Limited ("ZNL"/"the Company") was incorporated in the State of Maharashtra, India. The Company has been mainly in the business of broadcasting of news, current affairs and regional entertainment satellite television channels uplinked from India. Pursuant to the Scheme of Arrangement, certain Regional Entertainment Satellite Television Channels has been demerged effective from Appointed Date i.e. January 1, 2010.

A. Significant Accounting Policies

1. Basis of Accounting:

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

2. Use of Estimates:

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

3. Fixed Assets:

- a) Fixed assets are stated at original cost of acquisition/installation net of accumulated depreciation, amortization and impairment losses. The cost of fixed assets includes taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.
- b) Capital Work-in-progress is stated at the amount expended upto the date of Balance Sheet including advance for capital expenditure.
- c) Software is capitalized as an intangible asset in the year it is put to use.

4. Borrowing Costs:

Borrowing Costs attributable to the acquisition or construction of qualifying assets are capitalized as a part of the cost of such assets. All other borrowing costs are charged to revenue.

5. Depreciation/Amortization:

- a) Depreciation on fixed assets is provided on Straight-Line Method at the rate specified in Schedule XIV of the Companies Act, 1956.
- b) Leasehold Improvements are amortised over the period of Lease.
- c) Software is amortised over a period of three years based on management's estimate of useful life.

6. Investments:

Investments intended to be held for more than one year, from the date of acquisition, are classified as long-term investments and are carried at cost. Provision for diminution in value of these investments is made to recognize a decline other than temporary.

7. Programs/Film Rights and Inventories:

- a) Program/Film Rights.
Program/Film rights are stated at the lower of net cost (cost minus accumulated amortization/impairment) or realizable value. Where the realizable value on the basis of its useful economic life is less than its carrying amount, the difference is expensed as impairment.
 - i. Cost of news/ current affairs/ chat shows/ events etc. are fully expensed.
 - ii. Programs [other than (i) above] are amortised over three years from the year the related program is telecast.
 - iii. Film rights are amortised on a straight-line basis over the license period or 60 months from the date of purchase whichever is shorter.
- b) Inventory of Raw Stock – Tapes are valued at lower of cost or estimated net realisable value. Cost is taken on First-In-First-Out (FIFO) basis.

8. Retirement Benefits:

- a) Short-term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- b) Post employment and other long-term employee benefits are recognised as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognised at the present value of the amount payable determined at Balance Sheet date using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long-term benefits are charged to the Profit and Loss Account.

9. Transactions in Foreign Currencies:

- a) Transactions in foreign currency are accounted at the exchange rate prevailing on the date of transaction.
- b) Monetary assets and liabilities as at the balance sheet date are translated at the rates of exchange prevailing on the date of Balance Sheet. Gains and losses arising on account of settlement/translation of monetary assets and liabilities are recognised in the Profit and Loss Account. Non-monetary items are reported using exchange rate prevailing on the date of transaction.

10. Revenue Recognition:

- a) Broadcasting Revenues: Advertisement revenue (net of agency commission) is recognised when the related advertisement or commercial appears before the public i.e. on telecast. Subscription revenue is recognised on completion of service.
- b) Sales (Program/Film Rights) are recognised when the risk and rewards of ownership are passed onto the customers, which is generally on dispatch of goods.
- c) Income from services is recognised proportionately over the period of service.

11. Taxes on Income:

- a) Current tax is determined as the amount of tax payable in respect of taxable income for the year under the Income Tax Act, 1961.
- b) Deferred tax is recognised, subject to consideration of prudence, 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.

12. Operating Lease:

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

13. Impairment of Assets:

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

14. Earnings Per Share:

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

15. Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised 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 recognised but are disclosed in the notes to accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.

B. Notes to Accounts

1. Restructuring:

"The Scheme of Arrangement under Section 391 to 394 and other applicable provisions of the Companies Act, 1956 between Zee News Limited (ZNL) and Zee Entertainment Enterprises Limited (ZEEL) and their respective shareholders and creditors was sanctioned by the Hon'ble Bombay High Court at Mumbai on March 19, 2010 and filed with the Registrar of Companies on March 29, 2010. Pursuant to the Scheme, the Regional General Entertainment Channel (RGEC) Business Undertaking of the Company, comprising of six television channels namely Zee Marathi, Zee Talkies, Zee Bangla, Zee Kannada, Zee Telugu and Zee Cinemalu (broadcasting yet to be commenced), assets of Zee Gujarati, a discontinued television channel, on a going concern basis has been transferred to and vested in ZEEL with effect from the appointed date i.e. January 1, 2010. The Scheme has been given effect to in these financial statements."

In consideration for the transfer and vesting of the RGEC Business Undertaking in ZEEL, the members of the Company holding fully paid-up equity shares in the Company, and whose names appear in the register of members of the Company, on the Record Date, are allotted 4 fully paid Equity Shares of Re. 1 each of ZEEL for every 19 fully paid Equity Shares of Re. 1 each held in ZNL.

In pursuance of the Scheme of Arrangement approved by the Hon'ble Bombay High Court, Mumbai, the Board of Directors in the meeting held on March 25, 2010 has approved the transfer of assets and liabilities as under and approved adjustment of excess of the book value of the assets transferred over the book value of liabilities aggregating to Rs. 1,247,833,726 against Capital Reserve Account.

Particulars	Amount (Rs.)	Amount (Rs.)
ASSETS		
Fixed Assets		63,897,199
Deferred Tax Assets		25,951,813
Current Assets, loans and advances:		
Program and Film Rights	1,679,198,521	
Inventories	2,157,317	
Sundry Debtors	1,251,107,276	
Cash and Bank Balances	86,664,122	
Loans and Advances	546,324,272	
	3,565,451,508	
Less: Current liabilities and provisions	1,144,371,318	2,421,080,190
TOTAL		2,510,929,202
Less: LIABILITIES		
Secured and Unsecured Loans		1,263,095,476
NET ASSETS		1,247,833,726

2. Disclosure in accordance with Accounting Standard - 24:

- i) Carrying amount of assets and liabilities of continuing and discontinuing operations:

Amount (Rs.)

Particulars	2010		2009	
	Continuing Operations	Discontinued Operations	Continuing Operations	Discontinued Operations
Total Assets	4,070,817,866	3,655,300,520	2,916,023,252	3,128,218,272
Total Liabilities	2,442,341,092	2,407,466,794	1,468,976,733	2,138,610,989

ii) Revenue and expenses of continuing and discontinuing operations:

Amount (Rs.)

Particulars	2010		2009	
	Continuing Operations	Discontinued Operations	Continuing Operations	Discontinued Operations
Income	2,319,483,915	2,942,643,663	1,919,470,021	3,330,248,807
Expenditure	2,421,025,185	2,158,792,829	1,781,557,508	2,765,392,228
Profit/(Loss) Before Tax	(101,541,270)	783,850,834	137,912,513	564,856,579
Tax Benefit/Expenses	23,810,071	(266,462,937)	(61,895,505)	(195,264,745)
Profit/(Loss) After Tax	(77,731,199)	517,387,897	76,017,008	369,591,834

iii) Cash flows from continuing and discontinuing operations:

Amount (Rs.)

Particulars	2010		2009	
	Continuing Operations	Discontinued Operations	Continuing Operations	Discontinued Operations
Net Cash from/(used in):				
- Operating activities	(398,109,288)	493,289,378	(103,848,532)	(649,987,112)
- Investing activities	(952,632,085)	(30,933,417)	(385,642,442)	(18,528,485)
- Financing activities	710,135,851	(144,600,202)	450,457,090	1,176,685,619
Net Increase/(decrease) in cash and cash equivalents	(640,605,522)	317,755,759	(39,033,884)	508,170,022

3. Secured Loans:

- 3.1 Short-term working capital loan of Rs. 1,180,546,808 (Rs. Nil) from bank is secured by way of first hypothecation charge, on pari passu basis with other lenders, on the current assets as well as movable fixed assets of the Company, both present and future.
- 3.2 Short-term working capital loan of Rs. Nil (Rs. 750,000,000) from others was secured by way of first hypothecation charge over the current assets (excluding a bank account on which the lender has first charge) of the Company ranking pari passu with other lenders.
- 3.3 Term Loans from Banks is secured by way of hypothecation charge on entire fixed assets (both movable and immovable) and current assets including program and media rights ranking pari passu with other term lenders. [Due within one year Rs. Nil (Rs. 150,000,000)]. The loan has been transferred to Zee Entertainment Enterprises Limited, pursuant to Scheme of Arrangement.
- 3.4 Vehicle loans are secured against hypothecation of Vehicles [Due within one year Rs. 5,862,231 (Rs. 8,023,546)].
4. Program/film rights etc. for broadcasting are intangible assets as defined in AS – 26 but considered and shown under current assets as are used for broadcasting in the ordinary course of business.
5. Fixed Deposits/Margin includes Rs. 4,380,000 (Rs. 4,380,000) lodged with Tax Authorities and Rs. Nil (Rs. 28,125,000) is under charge of Term Loan Lenders.

6. Leases:

In respect of assets taken on operating lease:

The Company's significant leasing arrangements are in respect of operating leases taken for offices premises and equipments. These leases are cancellable/non-cancellable, that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of the lease period is for 1 to 108 months.

Amount (Rs.)

Particulars	2010	2009
Lease Rental charges for the year	307,237,737	387,807,414
Future Lease Rental obligation payable (under non-cancellable)		
Not later than one year	36,274,320	104,399,833
Later than one year but not later than five years	61,280,517	268,845,665
Later than five years	-	971,047

7. Deferred Tax:

The components of deferred tax balances as at March 31:

Amount (Rs.)

Particulars	2010	2009
Deferred Tax Assets		
Provision for Retirement Benefits	15,534,082	16,178,865
Expenses allowable on payment basis	21,838,159	1,190,779
Provision for Doubtful debts and Advances	39,884,892	35,493,546
Total	77,257,133	52,863,190
Deferred Tax Liabilities		
Depreciation	56,149,483	56,095,463
Total	56,149,483	56,095,463
Deferred Tax Balances - Assets/(Liabilities) (Net)	21,107,650	(3,232,273)

8. Auditors Remuneration (included in Miscellaneous Expenses):

Amount (Rs.)

Particulars	2010	2009
Audit Fees*	800,000	800,000
Tax Audit Fees*	150,000	150,000
Certification Work, tax representation and other matters*	1,351,149	1,010,789
Reimbursement of Expenses*	12,702	-
Total	2,313,851	1,960,789

*excluding service tax

9. Managerial Remuneration:

9.1 The computation of Net Profit in accordance with the provisions of Section 349 of the Companies Act, 1956:

Amount (Rs.)

Particulars	2010	2009
Net Profit before tax as per Profit and Loss Account	682,309,564	702,769,092
Add:		
Directors sitting fees	430,000	460,000
Managerial remuneration	8,439,600	8,400,000
Commission paid/payable to Non-Executive Directors	3,000,000	2,827,000
Depreciation	104,784,908	88,857,790
Loss on sale of fixed assets	23,250,425	4,782,474
Provision for doubtful debts/Advances	88,751,585	27,919,038
Less:		
Depreciation u/s 350 of the Companies Act, 1956	104,784,908	88,857,790
Net Profit as per Section 198/349 of the Companies Act, 1956	806,181,174	747,157,604
Maximum Permissible remuneration to Managing Director as per Section 198/309	40,309,059	37,357,880
Maximum Permissible Commission to Non-Executive Directors under Section 198/309	8,061,812	7,471,576
Remuneration and commission restricted as per service agreement	11,439,600	11,227,000

9.2 Remuneration paid or provided in accordance with Section 198 of the Companies Act, 1956 to the Managing Director included in Schedule 12 "Personnel Cost" is as under:

Amount (Rs.)

Particulars	2010	2009
Salary and Allowances	8,400,000	8,400,000
Perquisites	39,600	-
Total	8,439,600	8,400,000

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

9.3 Commission paid/payable to Non-Executive Directors Rs. 3,000,000 (Rs. 2,827,000) is included in Miscellaneous Expenses under Schedule 13 "Administrative and Other Expenses".

10. Other Disclosures:

10.1 Current year's figures are not comparable with previous year's figures due to demerger of Regional General Entertainment Channels from the appointed date i.e. January 1, 2010 (Refer Note 1). Previous year's figures are regrouped/recasted wherever considered necessary. Figures in bracket pertain to previous year.

10.2 Sundry Creditors for Expenses and Other Liabilities includes cheques overdrawn of Rs. 51,221,586 (Rs. 115,570,032).

10.3 Capital work-in-progress includes capital advance of Rs. 32,636,466 (Rs.23,097,799).

10.4 Advances given includes:

- a) Share application money Rs. 67,232,334 (Rs. 67,232,334) and Advance recoverable Rs. 2,475,288 (Rs. 650,511) recoverable from the subsidiary and also a private limited company in which Director of the Company is a Director.
- b) Share Application Money paid Rs. 70,593,191 (Rs. 8,500,000) to others.
- c) Interest recoverable Rs. 128,487,866 (Rs. 34,576,358).

10.5 Micro, Small and Medium Enterprises:

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

10.6 Foreign Exchange Difference:

- a) The foreign exchange gain (net) Rs. 2,954,478 (Rs.11,325,047) on settlement or realignment of foreign exchange transactions has been adjusted in respective heads of the Profit and Loss Account.
- b) As at Balance Sheet date, the Company has foreign currency payable and receivable amounting to Rs. 7,740,922 (Rs. 57,947,203) and Rs. 29,453,407 (Rs. 82,839,642) respectively which are not hedged by a derivative instrument or otherwise.
- c) Derivative contracts (Forward Contracts for hedging puposes) entered into by the Company and outstanding at March 31, 2010 is Rs. Nil (Nil).

10.7 Contingent Liabilities not provided for:-

		Amount (Rs.)
Particulars	2010	2009
Claims against the Company not acknowledged as debts	2,130,006	2,130,006
Letter of Credit (Net of Liability provided)	-	48,610,973
Custom Duty on Pending Export Obligations	18,183,059	18,183,059
Disputed Direct Taxes	3,585,088	3,396,973
Legal cases against the Company	Unascertained	Unascertained

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

10.8 During the year, the Company has shared expenses with a related party, as under:

		Amount (Rs.)
Particulars	2010	2009
Personnel Cost	84,100,570	26,060,162
Administrative and Other Expenses	81,975,502	35,731,084
Selling and Distribution Expenses	720,534	1,368,991
Total	166,796,606	63,160,237

10.9 Prior period expenses included in the respective heads are as under:

Particulars	2010	2009
Program Production Expenses	150,400	-
Salary, Allowances and Bonus	6,364,648	-
Conveyance and Travelling Expenses	54,159	-
Commission - Others	1,695,454	-
Miscellaneous Expenses	39,853	-
Total	8,304,514	-

10.10 Retirement Benefits:

(A) Defined Benefit Plan:

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

- (i) The reconciliation of opening and closing balances of the present value of the defined benefit obligation as at March 31:

Amount (Rs.)

Particulars	2010		2009	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Obligation at the beginning of the year	27,770,566	19,828,332	20,423,175	16,528,840
Service cost	6,044,776	6,132,588	7,283,241	6,946,304
Interest cost	2,082,792	1,487,125	1,429,622	1,157,019
Actuarial (gain)/loss	(6,436,249)	(3,159,973)	963,330	(358,756)
Benefit paid	(2,680,903)	(4,304,300)	(2,328,802)	(4,445,075)
Obligation at year end	26,780,982	19,983,772	27,770,566	19,828,332

- (ii) Cost for the year:

Amount (Rs.)

Particulars	2010		2009	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Service cost	6,044,776	6,132,588	7,283,241	6,946,304
Interest cost	2,082,792	1,487,125	1,429,622	1,157,019
Net actuarial (gain)/loss	(6,436,249)	(3,159,973)	963,330	(358,756)
Net Cost	1,691,319	4,459,740	9,676,193	7,744,567

(iii) Actuarial assumptions used :

Amount (Rs.)

Particulars	2010		2009	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Discount Rate	7.50%	7.50%	7.00%	7.00%
Salary Escalation Rate	5.00%	5.00%	4.50%	4.50%
Mortality Table	LIC (94 - 96) duly modified		LIC (94 - 96) duly modified	

Notes:

- (a) The above information is in respect of continuing business remained after demerger of Regional General Entertainment Channels. The total Gratuity and Leave Encashment costs for the year recognized as an expense and included in the Schedule 12 - "Personnel Cost" are Gratuity Rs. 8,554,447 (Rs. 9,676,193) and Leave Encashment Rs. 12,183,594 (Rs. 7,744,567). The Gratuity and Leave Encashment liability of discontinued business transferred to ZEEL was Rs. 6,164,878 and Rs. 6,343,294 respectively.
- (b) The estimates of future salary increases considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(B) Defined Contribution Plan:

"Contribution to Provident Fund and Other Funds" is recognised as an expense in Schedule 12 - "Personnel Cost" of the Profit and Loss Account.

11. Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances) is Rs. 8,940,660 (Rs.45,545,849).

12. Related Party Transactions:

(i) List of Parties where control exists:

Subsidiary Company:

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

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

Agrani Convergence Limited, Asia Today Limited, Asia TV Limited, Asian Sky Shop Limited, Continental Drugs Company Private Limited, Cornershop Entertainment Company Private Limited, Cyquator Media Services Private Limited, Cyquator Technologies Limited, Dakshin Communication Limited, Diligent Media Convergence Limited, Diligent Media Corporation Limited, Dish TV India Limited, E-City Bioscope Entertainment Private Limited, E-City Projects Construction Private Limited, ETC Networks Limited, E-City Entertainment Network Limited, E-City Property Management Services Private Limited, Essel Corporate Resources Private Limited, Essel Shyam Communication Limited, Himgiri Navh Vishwavidyalaya, Interactive Tradex India Private Limited, Intrex Trade Exchange Limited, Pan India Network Limited, Pan India Network Infravest Private Limited, Pan India Paryatan Limited, Prime Publishing Limited, Playwin Infravest Private Limited, Procall Private Limited, Rama Associates Limited, Real Media FZ LLC, RKJ Woods Plantations Private Limited, Smart Wireless Private Limited, Suncity Projects Private Limited, United News of India, Wire and Wireless Tisai Limited, Veena Investment Private Limited, Wire and Wireless (India) Limited, Zee Entertainment Enterprises Limited, Zee Interactive Learning Systems Limited, Zee Telefilms Middle East FZ LLC, Zee Turner Limited, Zee Sports Limited.

Key Management Personnel

Shri Laxmi Narain Goel

(iii) Transactions with Related Parties:

		Amount (Rs.)	
	Particulars	2010	2009
(A) Transactions :			
(i) With Subsidiary Company - Zee Aakash News Private Limited			
	• Share application money paid	-	1,450,000
	• Loans, Advances and Deposit Given	3,213,992	-
	• Loans, Advances and Deposit Received back	1,586,370	-
	• Purchase of Services	1,050,662	4,412,133
(ii) With Other Related Parties:			
	• Sales, Services and Recoveries	191,528,644	298,569,926
	Dish TV India Limited.	138,233,771	185,458,883
	Asia Today Limited	37,248,206	78,470,249
	Other Related Parties	16,046,667	34,640,794
	• Interest Received	142,214,868	89,313,681
	Wire and Wireless India Limited	142,214,868	75,184,915
	Dish TV India Limited	-	14,128,766
	• Purchase of Fixed Assets / Capital Work in Progress	6,236,675	500,000
	Zee Turner Limited	-	500,000
	Cyquator Media Services Private Limited	6,159,000	-
	Other Related Parties	77,675	-
	• Purchase of Programs, Goods and Services	581,000,313	830,528,337
	Zee Entertainment Enterprises Limited	282,611,859	580,252,945
	Wire and Wireless India Limited	129,306,754	32,491,225
	Other Related Parties	169,081,700	217,784,167
	• Rent Paid	24,870,312	28,982,880
	Veena Investments Private Limited	4,200,000	4,200,000
	Zee Entertainment Enterprises Limited	20,440,800	20,440,800
	E-City Construction Private Limited	-	4,342,080
	E-City Bioscope Entertainment Private Limited	229,512	-
	• Loans, Advances and Deposit Given	1,898,669,993	1,723,620,566
	Dish TV India Limited.	924,367	692,500,000
	Wire and Wireless India Limited	1,878,549,768	1,018,000,000
	Other Related Parties	19,195,858	13,120,566
	• Loans, Advances and Deposit Repayment Received	1,041,000,000	1,594,758,277
	Dish TV India Limited.	-	692,500,000
	Wire and Wireless India Limited	1,041,000,000	892,500,000
	Other Related Parties	-	9,758,277
	• Loans, Advances and Deposit Received	21,902,249	-
	Zee Entertainment Enterprises Limited	21,012,027	-
	Other Related Parties	890,222	-
	• Loans, Advances and Deposit Repaid	452,178	-
	Zee Telefilms Middle East FZ LLC	171,658	-
	Prime Publishing Limited	280,520	-
	• Balances Written Back	87,489	-
	Dakshin Communications Private Limited	87,489	-

Particulars	2010	2009
<ul style="list-style-type: none"> Net assets transferred pursuant to the Scheme of Arrangement (Refer Note 1) Zee Entertainment Enterprises Limited 	1,247,833,726	-
(B) Balances as at :		
(i) Subsidiary Company - Zee Aakash News Private Limited <ul style="list-style-type: none"> Advance against share application money Investment made in equity share capital Loans, Advances and Deposit Given 	152,987,442 67,232,334 83,279,820 2,475,288	151,162,665 67,232,334 83,279,820 650,511
(ii) Other Related Parties <ul style="list-style-type: none"> Debtors <ul style="list-style-type: none"> Asia Today Limited Dish TV India Limited. Other Related Parties Loans, Advances and Deposit Given <ul style="list-style-type: none"> Zee Turner Limited Wire and Wireless India Limited. Zee Entertainment Enterprises Limited Other Related Parties Creditors <ul style="list-style-type: none"> Dish TV India Limited. Wire and Wireless India Limited. Asia Today Limited Zee Entertainment Enterprises Limited Other Related Parties Loans, Advances and Deposit Received <ul style="list-style-type: none"> E City Entertainment Network Limited Pan India Paryatan Limited Essel Infraprojects Limited Zee Telefilms Middle East FZ LLC Other Related Parties Corporate Guarantee Given by <ul style="list-style-type: none"> Zee Entertainment Enterprises Limited 	231,270,790 23,860,003 176,251,032 31,159,755 1,805,188,827 152,778,971 1,116,309,925 492,814,269 43,285,662 117,864,610 19,543,525 67,501,597 1,304,064 - 29,515,424 265,721 - 265,721 - - - - 300,000,000 300,000,000	440,068,800 74,983,752 316,986,570 48,098,478 519,549,709 315,786,869 153,316,544 - 50,446,296 376,341,835 73,057,288 40,337,624 51,674,893 174,846,355 36,425,675 1,599,238 749,453 265,721 406,163 171,658 6,243 300,000,000 300,000,000

Notes

- Transactions carried out between the appointed date and the effective date i.e. January 01, 2010 and March 29, 2010 respectively by the Company as per the Scheme of Arrangement (Refer Note 1) are not considered in the above disclosure requirements.
- Parties with transactions less than 10% of the group total are grouped under the head "Other Related Parties".
- Detail of remuneration to Directors is disclosed in Note 9.

13. Earnings per share (EPS):

Amount (Rs.)

Sr. No.	Particulars	2010	2009
a)	Profit after Tax (including discontinued operations)	439,656,698	445,608,842
b)	Profit after Tax of continuing operations	(77,731,199)	76,017,008
c)	Weighted average number of equity shares for Basic and Diluted EPS (Nos.)	239,763,956	239,763,956
d)	Nominal value of each equity share	1	1
e)	Basic and Diluted EPS before discontinuing operations	1.83	1.86
f)	Basic and Diluted EPS of continuing operations	(0.32)	0.32

14. Segment Reporting:

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

15. Additional Information:

Other Additional Information required to be given pursuant to Part II of Schedule VI to the Companies Act, 1956, are as under:

15.1 The Company is in the business of producing television programs and is not subject to any license hence there is no licensed capacity. Further the nature of business of the Company is such that the installed capacity is not quantifiable.

15.2 The details of opening stock, acquisitions/productions, sales and closing stock of programs and film rights are as under:

Amount (Rs.)

Particulars	2010	2009
Opening Stock		
Programs and Film Rights	1,643,716,376	764,090,908
Acquisitions/Productions		
Programs and Film Rights	2,090,829,132	2,837,796,561
Sales and Services		
Broadcasting Revenues	4,966,782,137	4,910,268,647
Sale - Programs and Film Rights	110,707,335	164,191,813
Closing Stock		
Programs and Film Rights	293,731,429	1,643,716,376

15.3 Consumption of Raw Stock - Tapes (included in Program and Film Rights):

Particulars	2010		2009	
	(No.'s)	Amount (Rs.)	(No.'s)	Amount (Rs.)
Tapes	49,195	15,188,355	58,485	27,149,363
Total	49,195	15,188,355	58,485	27,149,363

15.4 Value of Imported and Indigenous Raw Stock - Tapes Consumed:

Particulars	2010		2009	
	Percentage	Amount (Rs.)	Percentage	Amount (Rs.)
Imported	35%	5,390,343	12%	3,258,202
Indigenous	65%	9,798,012	88%	23,891,161
Total	100%	15,188,355	100%	27,149,363

15.5 Other Information:

Particulars	Amount (Rs.)	
	2010	2009
Earning in Foreign Exchange		
FOB Value of Exports	37,248,206	78,470,255
Broadcasting Revenue	19,842,611	24,017,787
Others	79,735	103,291
Remittances in Foreign Currency		
Net Dividend Remitted	44,143	47,940
Number of Shareholders	122	129
Number of Equity Shares Held	110,357	119,849
Expenditure in Foreign Currency (on accrual basis)		
Transmission Cost	33,928,345	45,687,795
Programming, Professional and Other Expenses [includes travelling Rs. 1,266,371 (Rs. 1,750,333)]	10,708,491	10,816,123
Travelling Expenses	106,110	1,363,740
CIF Value of Imports		
Raw Stock-Tapes	5,392,759	3,332,963
Capital Equipment	60,630,099	147,970,425
Stores and Spares	9,816,626	531,403

As per our attached report of even date

L. K. Shrishrimal
Membership No. 72664
Partner

For and on behalf of the Board

Punit Goenka
Managing Director

Naresh Kumar Bajaj
Director

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

Dinesh Garg
V.P. (F & A)

Pushpal Sanghavi
Company Secretary

Place: Noida
Date: July 5, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31,

	2010	Amount (Rs.) 2009
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before taxation and exceptional items	682,309,564	702,769,092
Adjustments for:		
Depreciation/Amortisation	104,784,908	88,857,790
Loss on the Sale/ Discard/ Shortage of Fixed Assets	23,250,425	4,782,474
Interest Expenses	256,639,659	168,815,289
Interest Income	(168,957,680)	(98,714,566)
Provision for Doubtful Debts/ Advances	88,751,585	27,919,038
Unrealised Foreign Exchange Difference (Net)	115,680	6,034,397
Operating profit before working capital changes	986,894,141	900,463,514
Adjustments for:		
(Increase)/Decrease in Programs, Film Rights and Inventories	(328,938,537)	(880,923,819)
(Increase)/Decrease in Trade and Other Receivables	(699,312,814)	(974,093,677)
Increase/(Decrease) in Trade and Other Payables	331,804,921	526,808,692
Cash Generated from Operations	290,447,711	(427,745,290)
Direct Taxes paid (Net)	(195,267,621)	(326,090,354)
Net Cash Flow From Operating Activities	95,180,090	(753,835,644)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets/ Capital Work-in-Progress	(108,911,676)	(338,658,989)
Sale of Fixed Assets	7,423,994	6,636,489
Advance against Share Application Money paid to Subsidiary	-	(1,450,000)
Advance against Share Application Money paid to Others	(59,500,000)	(8,500,000)
Advance to Subsidiary	(1,745,939)	(840,286)
Investment in Shares of Others	(60,900,000)	-
Loans given to Others	(1,876,000,000)	(1,710,500,000)
Loans repaid by Others	1,041,000,000	1,585,000,000
Interest Received	75,068,119	64,141,859
Net Cash Flow From Investing Activities	(983,565,502)	(404,170,927)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Dividend Paid (including Dividend Tax)	(111,849,662)	(111,867,984)
Interest Paid	(257,826,041)	(160,911,654)
Proceeds from Short Term Borrowings	2,291,805,542	800,000,000
Repayments of Short Term Borrowings	(1,250,000,000)	(150,279,892)
Proceeds from Long Term Borrowings	-	1,250,000,000
Repayments of Long Term Borrowings	(100,000,000)	-
Proceeds/(Payments) of Vehicle Loans (Net)	(6,594,190)	202,239
Net Cash Flow From Financing Activities	565,535,649	1,627,142,709
Net Cash Flow during the year (A+B+C)	(322,849,763)	469,136,138
Cash and Cash Equivalents at the beginning of the year	503,489,487	34,353,349
Cash and Cash Equivalents transferred pursuant to Scheme of Arrangement	(86,664,122)	-
Cash and Cash Equivalents at the end of the year	93,975,602	503,489,487
Cash and Cash Equivalents comprise:		
Cash in Hand	726,912	2,117,852
Balances with Banks:		
In Current Accounts	88,898,690	468,866,635
In Fixed Deposit/Margin (Refer Note 5 in Notes to Accounts)	4,350,000	32,505,000
Total	93,975,602	503,489,487

Notes:

- Current year's figures are not comparable with previous year's figures due to demerger of Regional General Entertainment Channels from the Appointed Date i.e. January 1, 2010 (Refer Note 1). Previous year's figures are regrouped/recasted wherever considered necessary.
- The Scheme of Arrangement (Refer Note 1) has not been considered in the above Cash Flow Statement being non cash transaction.

As per our attached Report of even date

L. K. Shrishrimal
Partner

For and on behalf of

MGB & Co

Firm Registration No. 101169W

Chartered Accountants

Place: Noida

Date: July 5, 2010

For and on behalf of the Board

Punit Goenka
Managing Director

Dinesh Garg
V. P. (F & A)

Naresh Kumar Bajaj
Director

Pushpal Sanghavi
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No.

1	2	1	5	0	6
---	---	---	---	---	---

 State Code

1	1
---	---

Balance Sheet date

3	1
---	---

0	3
---	---

2	0	1	0
---	---	---	---

II. CAPITAL RAISED DURING THE YEAR (AMOUNT RS. IN THOUSANDS)

Public Issue

						N	I	L
--	--	--	--	--	--	---	---	---

 Rights Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Bonus Issue

						N	I	L
--	--	--	--	--	--	---	---	---

 Preferential Allotment

						N	I	L
--	--	--	--	--	--	---	---	---

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT RS. IN THOUSANDS)

Total Liabilities

		3	3	1	7	2	9	7
--	--	---	---	---	---	---	---	---

Total Assets

		3	3	1	7	2	9	7
--	--	---	---	---	---	---	---	---

SOURCES OF FUNDS

Paid-up Capital

			2	3	9	7	6	4
--	--	--	---	---	---	---	---	---

Secured Loans

		1	1	8	8	8	2	0
--	--	---	---	---	---	---	---	---

Other Liabilities

						N	I	L
--	--	--	--	--	--	---	---	---

Reserves and Surplus

		1	3	8	8	7	1	3
--	--	---	---	---	---	---	---	---

Unsecured Loans

			5	0	0	0	0	0
--	--	--	---	---	---	---	---	---

APPLICATION OF FUNDS

Net Fixed Assets

			8	5	0	8	5	5
--	--	--	---	---	---	---	---	---

Net Current Assets

		2	3	0	1	1	5	5
--	--	---	---	---	---	---	---	---

Accumulated Losses

						N	I	L
--	--	--	--	--	--	---	---	---

Investments

			1	4	4	1	8	0
--	--	--	---	---	---	---	---	---

Miscellaneous Expenditure

						N	I	L
--	--	--	--	--	--	---	---	---

Other Assets

			2	1	1	0	7
--	--	--	---	---	---	---	---

IV. PERFORMANCE OF COMPANY (AMOUNT RS. IN THOUSAND)

Turnover*

		5	2	6	2	1	2	8
--	--	---	---	---	---	---	---	---

(*includes other income)

+ - Profit/(Loss) Before Tax

+			6	8	2	3	1	0
---	--	--	---	---	---	---	---	---

Earnings Per Share of Re.1 (Rs.)

	+		1	.	8	3
--	---	--	---	---	---	---

Total Expenditure *

		4	5	7	9	8	1	8
--	--	---	---	---	---	---	---	---

(*Includes prior period adjustments)

+ - Profit/(Loss) After Tax

+			4	3	9	6	5	7
---	--	--	---	---	---	---	---	---

Dividend Rate (%)

N	I	L
---	---	---

V. GENERIC NAMES OF PRINCIPAL PRODUCTS OF THE COMPANY (AS PER MONETARY TERMS)

Item Code No. (ITC Code)

N	A
---	---

Product Description

P	R	O	D	U	C	T	I	O	N		A	N	D	
B	R	O	A	D	C	A	S	T	I	N	G		O	F
T	E	L	E	V	I	S	I	O	N		S	O	F	T
W	A	R	E											

For and on behalf of the Board

Punit Goenka
Managing Director

Dinesh Garg
V.P. (F & A)

Naresh Kumar Bajaj
Director

Pushpal Sanghavi
Company Secretary

Place: Noida
Date: July 5, 2010

PERFORMANCE RATIOS & ANALYSIS

Amount (Rs.)

Year Ending March 31,	Consolidated				Standalone			
	2010	2009	2008	2007	2010	2009	2008	2007
Revenue Account								
Income from Operations	5,292,863,628	5,221,313,068	3,675,120,221	2,405,124,438	5,077,489,472	5,074,460,460	3,582,238,937	2,357,303,613
Total Expenses	4,368,483,421	4,384,949,298	2,997,479,314	2,328,026,786	4,213,736,157	4,247,429,598	2,903,805,323	2,224,369,622
Operating Profit	924,380,207	836,363,770	677,640,908	77,097,652	863,753,315	827,030,862	678,433,614	132,933,991
% to Income from Operations	17.5	16.0	18.4	3.2	17.0	16.3	18.9	5.6
Other Income	185,433,660	175,622,366	13,951,978	130,585,644	184,638,106	175,258,368	13,476,852	130,571,032
PBIDT	1,109,813,867	1,011,986,136	691,592,885	207,683,296	1,048,391,421	1,002,289,230	691,910,466	263,505,023
Financial Expenses	261,366,643	210,692,869	5,404,698	51,139,091	261,296,949	210,662,348	5,397,027	51,137,478
Depreciation/Amortisation	112,277,757	95,192,760	84,755,328	52,096,779	104,784,908	88,857,790	78,227,624	47,853,741
Profit Before Tax & Exceptional Items	736,169,467	706,100,507	601,432,859	104,447,426	682,309,564	702,769,092	608,285,815	164,513,804
Tax	267,881,319	259,128,294	232,166,968	46,219,853	242,652,866	257,160,250	235,251,088	65,091,597
Profit After Tax & Before Minority Interest	468,288,148	446,972,213	369,265,891	58,227,573	439,656,698	445,608,842	373,034,727	99,422,207
Less: Minority Interest	11,452,714	706,878	(1,507,551)	(16,478,039)	-	-	-	-
PAT	456,835,434	446,265,335	370,773,442	74,705,611	439,656,698	445,608,842	373,034,727	99,422,207
% to Total Income	8.3	8.3	10.1	2.9	8.4	8.5	10.4	4.0
Dividend	-	95,905,582	95,905,582	-	-	95,905,582	95,905,582	-
Dividend Rate %	0	40	40	-	0	40	40	-
Capital Account								
Share Capital - Equity	239,763,956	239,763,956	239,763,956	239,763,956	239,763,956	239,763,956	239,763,956	239,763,956
Share Capital - Preference	-	-	-	-	-	-	-	-
Reserves & Surplus	1,375,107,586	2,166,105,878	1,831,641,475	1,573,072,768	1,388,712,818	2,196,889,846	1,863,485,740	1,602,655,749
Deferred Tax Balances	-	-	-	634,532	-	3,232,273	5,282,722	20,186,811
Minority Interest	64,949,856	53,497,142	50,790,253	35,797,803	-	-	-	-
Loan Funds	1,689,112,907	2,017,080,292	116,782,294	13,005,504	1,688,820,517	2,016,704,641	116,782,294	13,005,504
Capital Employed	3,368,934,305	4,476,447,268	2,238,977,978	1,862,274,564	3,317,297,291	4,456,590,716	2,225,314,712	1,875,612,020
Fixed Assets	952,400,047	1,047,281,557	812,014,119	807,999,052	850,854,779	941,299,628	702,917,392	695,710,151
Investments	60,900,000	-	-	-	144,179,820	83,279,820	83,279,820	83,279,820
Deferred Tax Balances	25,843,044	19,427,621	18,158,045	-	21,107,650	-	-	-
Net Current Assets	2,329,791,214	3,409,658,690	1,408,647,014	1,054,037,312	2,301,155,042	3,432,011,268	1,439,117,500	1,096,622,049
Miscellaneous Expenditure (to the extent not w/o)	-	79,400	158,800	238,200	-	-	-	-
Capital Deployed	3,368,934,305	4,476,447,268	2,238,977,978	1,862,274,564	3,317,297,291	4,456,590,716	2,225,314,712	1,875,612,020
Closing Market Price Per Share of Re.1	68.10	32.80	50.80	38.80	68.10	32.80	50.80	38.80
Market Capitalisation	16,327,925,404	7,864,257,757	12,180,008,965	9,302,841,493	16,327,925,404	7,864,257,757	12,180,008,965	9,302,841,493

PERFORMANCE RATIOS & ANALYSIS

Year Ending March 31,	Consolidated				Standalone			
	2010	2009	2008	2007	2010	2009	2008	2007
Financial Performance								
Advertisement Income/Income from Operations (%)	79.1	78.4	79.7	69.9	78.4	77.7	79.2	71.2
Subscription Income/Income from Operations (%)	18.8	18.5	18.2	24.3	19.5	19.0	18.7	24.0
Operating Profit/Income from Operations (%)	17.5	16.0	18.4	3.2	17.0	16.3	18.9	5.6
Other Income/Total Income (%)	3.4	3.3	0.4	5.1	3.5	3.3	0.4	5.2
Programming Cost/Income from Operations (%)	36.8	40.9	40.7	49.5	36.9	40.8	40.7	48.7
Personnel Cost/Income from Operations (%)	14.9	12.6	13.3	15.3	14.4	12.0	12.7	14.6
Selling & Administration Expenses/Income from Operations (%)	30.9	30.5	27.6	32.0	31.7	30.9	27.7	31.0
Total Operating Cost/Income from Operations (%)	82.5	84.0	81.6	96.8	83.0	83.7	81.1	94.4
Financial Expenses/Income from Operations (%)	4.9	4.0	0.1	2.1	5.1	4.2	0.2	2.2
Tax/Income from Operations (%)	5.0	5.0	6.3	1.9	4.8	5.1	6.6	2.8
PAT for the year/Total Income (%)	8.5	8.3	10.1	2.9	8.4	8.5	10.4	4.0
Tax / PBT (%)	36.1	36.7	38.6	44.3	35.6	36.6	38.7	39.6
Dividend Payout/PAT for the year (%)	-	21.5	25.9	-	-	21.5	25.7	-
Dividend Payout/Effective Net Worth (%)	-	3.9	4.6	-	-	3.9	4.6	-
Balance Sheet								
Debt-Equity Ratio (Total Loans/Effective Net Worth) (x)	1.1	0.8	0.1	0.0	1.2	0.8	0.1	0.0
Current Ratio (Current Assets/Current Liabilities) (x)	3.9	3.1	2.0	2.1	4.1	3.2	2.1	2.2
Capital Output Ratio (Income from Operations/Eff. Cap. Employed) (x)	1.6	1.2	1.7	1.3	1.6	1.1	1.6	1.3
Fixed Assets Turnover (Income from Operations/F.A.) (x)	5.6	5.0	4.5	3.0	6.0	5.4	5.1	3.4
Cash & Cash equivalents/Total Eff. Capital Employed (%)	4.4	11.4	1.8	2.2	3.0	11.3	1.5	2.1
RONW (PAT for the year/Eff. Networkth) (%)	29.4	18.3	17.9	4.1	30.0	18.3	17.7	5.4
ROCE (PBIT/Eff. Capital Employed) (%)	30.4	20.6	27.7	8.5	29.9	20.5	27.6	11.6
Per Share Data *								
Revenue Per Share (Rs.)	22.8	22.5	15.4	10.6	21.9	21.9	15.0	10.4
Dividend Per Share (Rs.)	-	0.4	0.4	-	-	0.4	0.4	-
Indebtedness Per Share (Rs.)	7.0	8.4	0.5	0.1	7.0	8.4	0.5	0.1
Earnings Per Share (Rs.)	1.9	1.9	1.6	0.30	1.8	1.86	1.6	0.4
P.E. Ratio (Share Price as of March 31,) (x)	35.7	17.6	32.8	125.2				

Notes:

* Annualised

Previous years figures have been regrouped wherever necessary.

AUDITORS' REPORT

To
The Board of Directors
Zee News Limited

1. We have audited the attached Consolidated Balance Sheet of **Zee News Limited ("the Company")** and its subsidiary ("**the Group**") as at March 31, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.
3. The financial statements of the subsidiary with total assets (net) of Rs. 250,311,222 (Rs. 211,127,652) as at March 31, 2010 and total revenues (net) of Rs. 216,169,710 (Rs. 147,216,606) for the year ended on that date have not been audited by us. The financial statements of the subsidiary has been audited by other auditor whose report has been furnished to us and our opinion in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of the Accounting Standard (AS) 21 "Consolidated Financial Statements" as notified by the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of the Company and its subsidiary.
5. Based on our audit and on consideration of the reports of other auditor on separate financial statements of the subsidiary, in our opinion and to the best of our information and according to the explanations given to us, the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at March 31, 2010;
 - (b) In the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Group for the year ended on that date; and
 - (c) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

L. K. Shrishrimal
Membership No. 72664
Partner

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

Place: Noida
Date : July 5, 2010

CONSOLIDATED BALANCE SHEET AS AT MARCH 31,

	Schedule	2010	Amount (Rs.) 2009
Sources of Funds			
Shareholders' Funds			
Share Capital	1	239,763,956	239,763,956
Reserve and Surplus	2	1,375,107,586	2,166,105,878
		<u>1,614,871,542</u>	<u>2,405,869,834</u>
Minority Interest		64,949,856	53,497,142
Loan Funds			
Secured Loans	3	1,189,112,907	2,017,080,292
Unsecured Loans	4	500,000,000	-
		<u>1,689,112,907</u>	<u>2,017,080,292</u>
Total		<u>3,368,934,305</u>	<u>4,476,447,268</u>
Application of Funds			
Fixed Assets	5		
Gross Block		1,224,926,693	1,129,937,757
Less: Depreciation/amortisation		311,093,850	254,347,693
Net Block		<u>913,832,843</u>	<u>875,590,064</u>
Capital Work-in-progress		38,567,204	171,691,493
		<u>952,400,047</u>	<u>1,047,281,557</u>
Investments	6	60,900,000	-
Deferred Tax Assets (Net) (Refer Note 7)		25,843,044	19,427,621
Current Assets, Loans and Advances	7		
Program and Film Rights		293,731,429	1,643,716,376
Inventories		3,902,124	6,655,928
Sundry Debtors		736,968,173	1,790,865,025
Cash and Bank Balances		143,021,383	508,034,051
Loans and Advances		1,951,375,447	1,084,914,280
		<u>3,128,998,556</u>	<u>5,034,185,660</u>
Current Liabilities and Provisions	8		
Current Liabilities		649,367,007	1,461,564,869
Provisions		149,840,335	162,962,101
		<u>799,207,342</u>	<u>1,624,526,970</u>
Net Current Assets		2,329,791,214	3,409,658,690
Miscellaneous Expenditure	9		
(To the extent not written off or adjusted)		-	79,400
Total		<u>3,368,934,305</u>	<u>4,476,447,268</u>
Significant Accounting Policies and Notes to Accounts	17		

As per our attached report of even date

L. K. Shrishrimal
Membership No. 72664
Partner

For and on behalf of
MGB & Co
Firm Registration No. 101169W
Chartered Accountants

Place: Noida
Date: July 5, 2010

For and on behalf of the Board

Punit Goenka
Managing Director

Dinesh Garg
V. P. (F & A)

Naresh Kumar Bajaj
Director

Pushpal Sanghavi
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31 ,

	Schedule	2010	Amount (Rs.) 2009
Income			
Sales and Services	10	5,292,863,628	5,221,313,068
Other Income	11	185,433,660	175,622,366
Total		5,478,297,288	5,396,935,434
Expenditure			
Operational Cost	12	1,946,743,096	2,132,970,830
Personnel Cost	13	786,541,861	660,462,450
Administrative and Other Expenses	14	635,365,182	466,095,199
Selling and Distribution Expenses	15	999,833,282	1,125,420,819
Total		4,368,483,421	4,384,949,298
Operating Profit		1,109,813,867	1,011,986,136
Financial Expenses	16	261,366,643	210,692,869
Depreciation/amortisation		112,277,757	95,192,760
Profit before Tax		736,169,467	706,100,507
Less: Provision for Taxation			
- Current Tax		298,376,953	246,144,205
- Deferred Tax Expense/(Benefit)		(32,367,236)	(1,269,576)
- Fringe Benefit Tax (including earlier years)		-	14,253,665
- Income Tax of earlier years		1,871,602	-
Net Profit after Tax		468,288,148	446,972,213
Minority Interest		(11,452,714)	(706,878)
Profit for the year		456,835,434	446,265,335
Net Profit/(Loss) After Tax of Continuing Operations		(60,552,463)	76,673,501
Net Profit/(Loss) After Tax of Discontinuing Operations		517,387,897	369,591,834
Add: Adjustment pursuant to transitional provisions as per AS 15		-	403,804
Add: Balance Brought forward		654,981,432	370,517,029
Amount Available for Appropriation		1,111,816,866	817,186,168
Proposed Dividend		-	95,905,582
Tax on Dividend		-	16,299,154
General Reserve		-	50,000,000
Balance carried to Balance sheet		1,111,816,866	654,981,432
		1,111,816,866	817,186,168
Basic and Diluted Earning per Share before discontinuing business (Refer Note 11)		1.91	1.86
Basic and Diluted Earning per Share of continuing business (Refer Note 11)		(0.25)	0.32
Significant Accounting Policies and Notes to Accounts	17		

As per our attached report of even date

L. K. Shrishrimal
Membership No. 72664
Partner

For and on behalf of
MGB & Co
Firm Registration No. 101169W
Chartered Accountants

Place: Noida
Date: July 5, 2010

For and on behalf of the Board

Punit Goenka
Managing Director

Dinesh Garg
V. P. (F & A)

Naresh Kumar Bajaj
Director

Pushpal Sanghavi
Company Secretary

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31,

	2010	Amount (Rs.) 2009
Schedule 1 : Share Capital		
Authorised		
490,000,000 Equity Shares of Re. 1 each	490,000,000	490,000,000
10,000,000 Preference Shares of Re. 1 each	10,000,000	10,000,000
	<u>500,000,000</u>	<u>500,000,000</u>
Issued, Subscribed and Paid Up		
239,763,956 Equity Shares of Re. 1 each fully paid-up	239,763,956	239,763,956
[Of the above 195,956,192 Equity Shares of Re. 1 each fully paid-up were allotted for consideration other than cash pursuant to the Scheme of Arrangement (of 2006)]		
Total	<u>239,763,956</u>	<u>239,763,956</u>
Schedule 2 : Reserves and Surplus		
Capital Reserve *		
As per last Balance Sheet	1,344,624,446	1,344,624,446
Less: Transfer pursuant to the Scheme of Arrangement (Refer Note 1)	1,247,833,726	-
	<u>96,790,720</u>	<u>1,344,624,446</u>
*As per Scheme of Arrangement (of 2006)		
Securities Premium		
As per last Balance Sheet	76,500,000	76,500,000
General Reserve		
As per last Balance Sheet	90,000,000	40,000,000
Add: Appropriated during the year	-	50,000,000
	<u>90,000,000</u>	<u>90,000,000</u>
Profit and Loss Account		
	1,111,816,866	654,981,432
Total	<u>1,375,107,586</u>	<u>2,166,105,878</u>
Schedule 3 : Secured Loans (Refer Note 3)		
Short Term Working Capital Loan		
From Banks	1,180,546,808	-
From Others	-	750,000,000
Term Loans from Banks	-	1,250,000,000
Vehicle Loans	8,566,099	17,080,292
Total	<u>1,189,112,907</u>	<u>2,017,080,292</u>
Schedule 4 : Unsecured Loans		
Short Term Loans from Banks	500,000,000	-
	<u>500,000,000</u>	<u>-</u>

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31,

Schedule 5 : Fixed Assets

Amount (Rs.)

Description of Assets	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As at 01.04.09	Additions	Deductions	Transferred pursuant to the Scheme of Arrangement	As at 31.03.10	Upto 31.03.09	For The Year	Deductions	Transferred pursuant to the Scheme of Arrangement	Upto 31.03.10	As at 31.03.10	As at 31.03.09
Tangible Assets												
Plant and Machinery	845,205,956	187,036,877	18,524,112	43,262,512	970,456,209	165,791,201	70,991,687	6,483,716	17,057,519	213,241,653	757,214,556	679,414,755
Equipments	141,726,601	19,785,967	18,997,272	33,439,963	109,075,333	32,440,760	13,366,861	6,438,429	12,773,458	26,595,734	82,479,599	109,285,841
Furniture and Fixture	39,734,010	1,081,039	1,484,852	10,444,326	28,885,871	8,381,265	2,576,244	421,339	3,311,879	7,224,291	21,661,580	31,352,745
Vehicles	42,890,639	1,111,994	6,847,202	5,677,778	31,477,653	7,970,982	3,587,995	1,778,968	1,366,225	8,413,784	23,063,869	34,919,657
Leasehold Improve-ments	27,333,479	7,916,798	-	7,839,972	27,410,305	18,152,023	5,992,854	56,566	5,651,903	18,436,408	8,973,897	9,181,456
Total (A)	1,096,890,685	216,932,675	45,853,438	100,664,551	1,167,305,371	232,736,231	96,515,641	15,179,018	40,160,984	273,911,870	893,393,501	864,154,454
Intangible Assets												
Computer Softwares	33,047,072	24,963,700	-	389,450	57,621,322	21,611,462	15,762,116	191,598	-	37,181,980	20,439,342	11,435,610
Total (B)	33,047,072	24,963,700	-	389,450	57,621,322	21,611,462	15,762,116	191,598	-	37,181,980	20,439,342	11,435,610
Total (A+B)	1,129,937,757	241,896,375	45,853,438	101,054,001	1,224,926,693	254,347,693	112,277,757	15,370,616	40,160,984	311,093,850	913,832,843	875,590,064
Previous Year Total	970,732,264	174,832,059	15,626,566	-	1,129,937,757	162,897,350	95,192,760	3,742,417	-	254,347,693	875,590,064	

Amount (Rs.)
2009

Schedule 6 : Investments

(Long Term - At cost)

Unquoted - Trade

4,35,000 (Nil) Equity Shares of Rs.10 each fully paid-up of Aakash Bangla Private Limited

Total

2010

60,900,000

60,900,000

-

-

Schedule 7 : Current Assets, Loans and Advances

A. Current Assets

Program/Film Rights (Refer Note 4)

Inventories

(as taken, valued and certified by the Management)

Raw Stock - Tapes

Sundry Debtors

(Unsecured, Considered Good, unless otherwise stated)

More than six months old [includes doubtful Rs. 119,571,927 (Rs. 103,923,493)]

Others

Less: Provision for Doubtful Debts

Cash and Bank Balances

Cash in hand

Balances with Banks:

In Current Accounts

In Fixed Deposit/Margin (Refer Note 5)

293,731,429

1,643,716,376

3,902,124

6,655,928

317,793,325

496,557,121

538,746,775

1,398,231,397

856,540,100

1,894,788,518

119,571,927

103,923,493

736,968,173

1,790,865,025

760,421

2,265,508

104,410,962

473,263,543

37,850,000

32,505,000

143,021,383

508,034,051

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31,

	2010	Amount (Rs.) 2009
Schedule 7 : Current Assets, Loans and Advances (Contd.)		
B. Loans and Advances		
(Unsecured, Considered Good, unless otherwise stated)		
Loans	988,316,544	125,500,000
Advances (Recoverable in cash or in kind or for value to be received) (Refer Note 8.3)	902,829,462	875,888,510
Deposits	60,729,441	84,025,770
	1,951,875,447	1,085,414,280
Less: Provisions for Doubtful Advances	500,000	500,000
	1,951,375,447	1,084,914,280
Total	3,128,998,556	5,034,185,660
Schedule 8 : Current Liabilities and Provisions		
A. Current Liabilities		
Sundry Creditors:		
For Goods/Programs	27,465,593	245,796,047
For Expense and Other Liabilities (Refer Note 8.2)	591,013,102	1,184,628,055
Trade Advances/Deposits Received	23,342,083	22,763,230
Investor Education and Protection Fund		
Unclaimed dividend *	691,826	336,752
Interest Accrued but not due	6,854,403	8,040,785
* (There is no amount due and outstanding to be credited to Investors Education and Protection Fund as at March 31, 2010)		
	649,367,007	1,461,564,869
B. Provisions		
Provision For : Taxation (Net of Advances)	99,110,632	-
: Retirement Benefits	50,729,703	50,757,365
Proposed Dividend (including tax)	-	112,204,736
	149,840,335	162,962,101
Total	799,207,342	1,624,526,970
Schedule 9 : Miscellaneous Expenditure		
(To the extent not written off or adjusted)		
Preliminary Expenses	-	79,400
Total	-	79,400

SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,

		Amount (Rs.) 2009
Schedule 10 : Sales and Services	2010	
Broadcasting Revenues	5,181,698,467	5,057,121,255
Sales	111,165,161	164,191,813
Total	5,292,863,628	5,221,313,068
Schedule 11 : Other Income		
Interest Income (Gross) [TDS Rs. 14,337,549 (Rs. 22,186,317)]	169,696,952	98,714,566
Miscellaneous Income	2,209,151	2,387,484
Balances Written Back	7,447,853	74,520,316
Foreign Exchange Fluctuation Difference	6,079,704	-
Total	185,433,660	175,622,366
Schedule 12 : Operational Cost		
Programs and Film Rights:		
Opening	1,643,716,376	764,090,908
Add: Production/Acquisition Cost	2,157,691,369	2,895,811,020
	3,801,407,745	3,659,901,928
Less: Transfer pursuant to the Scheme of Arrangement (Refer Note 1)	1,679,198,521	-
	2,122,209,224	3,659,901,928
Closing	293,731,429	1,643,716,376
	1,828,477,795	2,016,185,552
Transponder Cost	118,265,301	116,785,278
Total	1,946,743,096	2,132,970,830
Schedule 13 : Personnel Cost		
Salaries, Allowances and Bonus	689,574,679	562,853,028
Contribution to Provident and other funds	35,383,132	32,197,063
Staff Welfare Expenses	59,223,010	58,965,467
Staff Recruitment and Training	2,361,040	6,446,892
Total	786,541,861	660,462,450

SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,

	2010	Amount (Rs.) 2009
Schedule 14 : Administrative and Other Expenses		
Rent	123,638,858	111,590,959
Rates and Taxes	4,416,199	12,084,648
Repairs and Maintenance - Building	593,101	3,572,763
- Plant and Machinery	19,986,517	11,807,868
- Others	17,753,118	17,914,661
Insurance	4,474,456	4,173,629
Electricity Expenses	49,724,474	42,637,310
Communication Expenses	43,197,172	35,368,323
Printing and Stationary	9,318,086	8,442,918
Miscellaneous Expenses	20,766,411	16,376,958
Hire and Service Charges	55,008,824	38,388,102
Conveyance and Travelling Expenses	52,125,821	64,079,399
Legal, Professional and Consultancy Charges	52,044,181	56,087,023
Bad Debts/Advances Written Off	70,236,554	10,420,940
Provision for Doubtful Debts/Advances	88,751,585	27,919,038
Loss on sale/Discard/Shortage of Fixed Assets	23,250,425	5,151,260
Preliminary Expenses Written Off	79,400	79,400
Total	635,365,182	466,095,199
Schedule 15 : Selling and Distribution Expenses		
Business Promotion Expenses	797,809,664	568,217,159
Advertisement and Publicity	118,440,709	196,235,069
Commission - Space Selling	-	269,271,560
Commission - Others	83,582,909	91,697,031
Total	999,833,282	1,125,420,819
Schedule 16 : Financial Expenses		
Interest		
Fixed Loans	194,972,778	142,997,760
Others	61,717,000	25,833,985
Discounting and Financing Expenses	4,676,865	41,861,124
Total	261,366,643	210,692,869

Schedule 17: Significant Accounting Policies and Notes to Accounts

A. Background:

Zee News Limited (hereinafter referred to as 'the parent company', 'the Company' or 'ZNL') along with its subsidiary (collectively known as "the Group") has been mainly in the business of broadcasting of news, current affairs and regional entertainment satellite television channels uplinked from India. Pursuant to the Scheme of Arrangement, certain Regional Entertainment Satellite Television Channels has been demerged effective from appointed date i.e. January 1, 2010.

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

B. Basis of Consolidation

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

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

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

C. Significant Accounting Policies

1. Basis of Accounting:

The financial statements are prepared under the Historical Cost Convention and on accrual basis in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 except otherwise stated.

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. Fixed Assets:

- a) Fixed assets are stated at original cost of acquisition/installation net of accumulated depreciation, amortisation and impairment losses. The cost of fixed assets includes taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.
- b) Capital Work-in-progress is stated at the amount expended upto the date of Balance Sheet including advances for capital expenditure.
- c) Software is capitalised as an intangible asset in the year it is put to use.

4. Borrowing Costs:

Borrowing Costs attributable to the acquisition or construction of qualifying assets are capitalised as a part of the cost of such assets. All other borrowing costs are charged to revenue.

5. Depreciation/Amortisation:

- a) Depreciation on fixed assets is provided on Straight-Line Method at the rate specified in Schedule XIV of the Companies Act, 1956.
- b) Leasehold Improvements are amortised over the period of lease.
- c) Software is amortised over a period of three years based on management's estimate of useful life.

6. Investments:

Investments intended to be held for more than one year, from the date of acquisition, are classified as long-term investments and are carried at cost. Provision for diminution in value of investments is made to recognise a decline other than temporary.

7. Programs/Film Rights and Inventories:

- a) Program/Film Rights:

Program/Film rights are stated at the lower of net cost (cost minus accumulated amortisation/impairment) or realisable value. Where the realisable value on the basis of its useful economic life is less than its carrying amount, the difference is expensed as impairment.

- i. Cost of news/ current affairs/ chat shows/ events etc. are fully expensed.
 - ii. Programs [other than (i) above] are amortised over three years from the year the related program is telecast.
 - iii. Film rights are amortised on a straight-line basis over the license period or 60 months from the date of purchase whichever is shorter.
- b) Inventory of Raw Stock - Tapes are valued at lower of cost or estimated net realisable value. Cost is taken on First-In-First-Out (FIFO) basis.

8. Retirement Benefits:

- a) Short-term employee benefits are recognised as an expense at the undiscounted amount in the Profit and Loss account of the year in which the related service is rendered.
- b) Post employment and other long-term employee benefits are recognised as an expense in the Profit and Loss account for the year in which the employee has rendered services. The expense is recognised at the present value of the amount payable determined at balance sheet date using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long-term benefits are charged to the profit and loss account.

9. Transactions in Foreign Currencies:

- a) Transactions in foreign currency are accounted at the exchange rate prevailing on the date of transaction.
- b) Foreign Currency monetary assets and liabilities at the balance sheet date are translated at the rates of exchange prevailing on the date of Balance Sheet. Gains and losses arising on account of settlement/ translation of monetary assets and liabilities are recognised in the Profit and Loss Account. Non-monetary items are reported using exchange rate prevailing on the date of transaction.

10. Revenue Recognition:

- a) Broadcasting Revenue: Advertisement revenue (net of agency commission) is recognised when the related advertisement or commercial appears before the public i.e. on telecast. Subscription revenue is recognised on completion of service.
- b) Sales (Programs and Film Rights) are recognised when the risk and rewards of ownership are passed onto the customers, which is generally on dispatch of goods.
- c) Income from service is recognised proportionately over the period of service.

11. Taxes on Income:

- a) Current tax is determined as the amount of tax payable in respect of taxable income for the year under the Income Tax Act, 1961.
- b) Deferred tax is recognised, subject to consideration of prudence, 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.

12. Operating Lease:

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised as an expense on accrual basis in accordance with the respective lease agreements.

13. Impairment of assets:

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

14. Earnings Per Share:

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

15. Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised 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 recognised but are disclosed in the notes to accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.

16. Miscellaneous Expenditure:

Preliminary expenses are amortised over a period of five years.

D. Notes to Accounts

1. Restructuring:

The Scheme of Arrangement under Section 391 to 394 and other applicable provisions of the Companies Act, 1956 between Zee News Limited (ZNL) and Zee Entertainment Enterprises Limited (ZEEL) and their respective

shareholders and creditors was sanctioned by the Honourable High Court at Mumbai on March 19, 2010 and filed with the Registrar of Companies on March 29, 2010. Pursuant to the Scheme, the Regional General Entertainment Channel (RGE) Business Undertaking of the Company, comprising of six television channels namely Zee Marathi, Zee Talkies, Zee Bangla, Zee Kannada, Zee Telegu and Zee Cinemalu (broadcasting yet to be commenced), assets of Zee Gujarati, a discontinued television channel, on a going concern basis has been transferred to and vested in ZEEL with effect from January 1, 2010. The Scheme has been given effect to in these financial statements.

In consideration for the transfer and vesting of the RGE Business Undertaking in ZEEL, the members of the Company holding fully paid-up equity shares in the Company, and whose names appear in the register of members of the Company, on the Record Date, are allotted 4 fully paid Equity Shares of Re. 1 each of ZEEL for every 19 fully paid Equity Shares of Re. 1 each held in ZNL.

In pursuance of the Scheme of Arrangement approved by the Honourable High Court, Mumbai, the Board of Directors in the meeting held on March 25, 2010 has approved the transfer of assets and liabilities as under and adjustment of excess of the book value of the assets transferred over the book value of liabilities aggregating to Rs. 1,247,833,726 against Capital Reserve Account.

Particulars	Amount (Rs.)	Amount (Rs.)
ASSETS		
Fixed Assets		63,897,199
Deferred Tax Assets		25,951,813
Current Assets, loans and advances:		
Program and Film Rights	1,679,198,521	
Inventories	2,157,317	
Sundry Debtors	1,251,107,276	
Cash and Bank Balances	86,664,122	
Loans and Advances	546,324,272	
	3,565,451,508	
Less: Current Liabilities and Provisions	1,144,371,318	2,421,080,190
TOTAL		2,510,929,202
Less: LIABILITIES		
Secured and Unsecured Loans		1,263,095,476
NET ASSETS		1,247,833,726

2. Disclosure in accordance with Accounting Standard - 24:

i) Carrying amount of assets and liabilities of continuing and discontinued operations: (Amount in Rs.)

Particulars	2010		2009	
	Continuing Operations	Discontinued Operations	Continuing Operations	Discontinued Operations
Total Assets	4,168,141,647	3,655,300,520	2,972,755,966	3,128,218,272
Total Liabilities	2,488,320,249	2,407,466,794	1,556,493,415	2,138,610,989

ii) Revenue and expenses of continuing and discontinued operations: (Amount in Rs.)

Particulars	2010		2009	
	Continuing Operations	Discontinued Operations	Continuing Operations	Discontinued Operations
Income	2,535,653,625	2,942,643,663	2,066,686,627	3,330,248,807
Expenditure	2,594,787,706	2,158,792,829	1,926,149,577	2,765,392,228
Profit/(Loss) Before Tax	(59,134,081)	783,850,834	140,537,050	564,856,579
Tax Benefit/Expenses	(1,418,382)	(266,462,937)	(63,863,549)	(195,264,745)
Profit/(Loss) After Tax	(60,552,463)	517,387,897	76,673,501	369,591,834

iii) Cash flows from continuing and discontinued operations: (Amount in Rs.)

Particulars	2010		2009	
	Continuing Operations	Discontinued Operations	Continuing Operations	Discontinued Operations
Net Cash from/(used in):				
- Operating activities	(352,573,180)	493,289,378	(105,274,499)	(649,987,112)
- Investing activities	(953,533,597)	(30,933,417)	(386,941,113)	(18,528,485)
- Financing activities	710,002,471	(144,600,202)	452,816,295	1,176,685,619
Net Increase/ (decrease) in cash and cash equivalents	(596,104,306)	317,755,759	(39,399,317)	508,170,022

3. Secured Loans

- 3.1 Short term working capital loan of Rs. 1,180,546,808 (Rs. Nil) from bank is secured by way of first hypothecation charge, on pari passu basis with other lenders, on the current assets as well as movable fixed assets of the Company, both present and future.
- 3.2 Short-term working capital loan of Rs. Nil (Rs. 750,000,000) from others was secured by way of first hypothecation charge over the current assets (excluding a bank account on which the lender has first charge) of the Company ranking pari passu with other lenders.
- 3.3 Term Loans from Banks is secured by way of hypothecation charge on entire fixed assets (both movable and immovable) and current assets including program and media rights ranking pari passu with other term lenders. [Due within one year Rs. Nil (Rs. 150,000,000)]. The loan has been transferred to Zee Entertainment Enterprises Limited, pursuant to Scheme of Arrangement.
- 3.4 Vehicle loans are secured against hypothecation of Vehicles [Due within one year Rs. 5,958,692 (Rs. 8,106,807)].

4. Program/Film Rights etc. for broadcasting are intangible assets as defined in AS – 26 but considered and shown under current assets as are used for broadcasting in the ordinary course of business.

5. Fixed Deposits/Margin includes Rs. 4,380,000 (Rs. 4,380,000) lodged with Tax Authorities and Rs. Nil (Rs.28,125,000) is under charge of Term Loan Lenders.

6. Leases:

In respect of assets taken on operating lease:

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

	Amount (Rs.)	
Particulars	2010	2009
Lease Rental charges for the year	315,517,737	395,232,414
Future Lease Rental obligation payable (under non-cancellable leases)		
Not later than one year	44,554,320	112,679,833
Later than one year but not later than five years	96,401,517	304,708,415
Later than five years	-	8,509,297

7. Deferred Tax:

The components of deferred tax balances as at March 31:

	Amount (Rs.)	
Particulars	2010	2009
Deferred Tax Assets		
Provision for Retirement Benefits	16,851,139	17,252,428
Expenses allowable on payment basis	21,838,159	1,190,779
Provision for doubtful debts and advances	39,884,892	35,493,546
Unabsorbed Fiscal Allowances	14,294,871	31,130,771
Total	92,869,061	85,067,524
Deferred Tax Liabilities		
Depreciation	67,026,017	65,639,903
Total	67,026,017	65,639,903
Deferred Tax Asset- Net	25,843,044	19,427,621

8. Other Disclosures and Information:

- 8.1 Current year's figures are not comparable with previous year's figures due to demerger of Regional General Entertainment Channels from the appointed date i.e. January 1, 2010 (Refer Note 1). Previous year's figures are regrouped/recasted wherever considered necessary. Figures in bracket pertain to previous year.
- 8.2 Sundry Creditors for Expenses and Other Liabilities includes cheques overdrawn of Rs. 51,221,586 (Rs. 115,570,032).
- 8.3 Advances given include Share Application Money paid Rs. 70,593,191 (Rs. 8,500,000) and interest recoverable Rs. 128,818,399 (Rs. 34,576,358).
- 8.4 Capital work-in-progress includes capital advance of Rs. 32,636,466 (Rs.23,097,799).
- 8.5 Foreign Exchange Difference:
- As at Balance Sheet date, the Company has foreign currency payable and receivable amounting to Rs.7,740,922 (Rs. 57,947,203) and Rs. 29,453,407 (Rs. 82,839,642) respectively which are not hedged by a derivative instrument or otherwise.
 - Derivative contracts (Forward Contracts for hedging puposes) entered into by the Company and outstanding at 31st March, 2010 is Rs. Nil (Nil).

8.6 Contingent Liabilities not provided for:

	Amount (Rs.)	
Particulars	2010	2009
Claims against the Company not acknowledged as debts	2,130,006	2,130,006
Letter of Credit (Net of Liability provided)	-	48,610,973
Customs Duty on pending export obligation	18,183,059	18,183,059
Disputed Direct Tax demands	3,585,088	3,396,973
Legal cases against the Company	Unascertained	Unascertained

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

8.7 During the year, the Group has shared expenses with a related party as under:

	Amount (Rs.)	
Particulars	2010	2009
Personnel Cost	84,100,570	26,060,162
Administrative and Other Expenses	81,975,502	35,731,084
Selling and Distribution Expenses	720,534	1,368,991
Total	166,796,606	63,160,237

8.8 Prior period expenses included in the respective heads are as under:

	Amount (Rs.)	
Particulars	2010	2009
Program Production Expenses	150,400	-
Salary, Allowances and Bonus	6,364,648	-
Conveyance and Travelling Expenses	54,159	-
Commission - Others	1,695,454	-
Miscellaneous Expenses	39,853	-
Total	8,304,514	-

9. Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances) is Rs. 8,940,660 (Rs.45,545,849).

10. Related Party Transactions:

(i) List of Parties where control exists:

Subsidiary Companies:

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

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

Agrani Convergence Limited, Asia Today Limited, Asia TV Limited, Asian Sky Shop Limited, Continental Drugs Company Private Limited, Cornershop Entertainment Company Private Limited, Cyquator Media Services Private Limited, Cyquator Technologies Limited, Dakshin Communication Limited, Diligent Media Convergence Limited, Diligent Media Corporation Limited, Dish TV India Limited, E-City Bioscope Entertainment Private Limited, E-City Projects Construction Private Limited, ETC Networks Limited, E-City Entertainment Network Limited, E-City Property Management Services Private Limited, Essel Corporate Resources Private Limited, Essel Shyam Communication Limited, Himgiri Navh Vishwavidyalaya, Intrex Trade Exchange Limited, Interactive Tradex India Private Limited, Pan India Network Limited, Pan India Network Infravest Private Limited, Pan India Paryatan Limited, Prime Publishing Limited, Playwin Infravest Private Limited, Procall Private Limited, Rama Associates Limited, Real Media FZ LLC, RKJ Woods Plantations Private Limited, Smart Wireless Private Limited, Suncity Projects Private Limited, United News of India, Wire and Wireless Tisai Limited, Veena Investment Private Limited, Wire and Wireless (India) Limited, Zee Entertainment Enterprises Limited, Zee Interactive Learning Systems Limited, Zee Telefilms Middle East FZ LLC, Zee Turner Limited, Zee Sports Limited.

Directors / Key Management Personnel

Shri Laxmi Narain Goel

		Amount (Rs.)	
Particulars	2010	2009	
(A) Transactions :			
With Other Related Parties:			
• Sales, Services and Recoveries	191,730,732	298,569,926	
Dish TV India Ltd.	138,435,859	185,458,883	
Asia Today Limited	37,248,206	78,470,249	
Other Related Parties	16,046,667	34,640,794	
• Interest Received	142,214,868	89,313,681	
Wire and Wireless (India) Limited	142,214,868	75,184,915	
Dish TV India Limited	-	14,128,766	
• Purchase of Fixed Assets/Capital Work-in-Progress	6,236,675	500,000	
Cyquator Media Services Private Limited	6,159,000	-	
Zee Turner Limited	77,675	500,000	
• Purchase of Programs, Goods and Services	592,410,836	841,332,857	
Zee Entertainment Enterprises Limited	282,611,859	580,252,945	
Wire and Wireless (India) Limited	129,306,754	950,001	
Other Related Parties	180,492,223	260,129,911	
• Rent Paid	24,870,312	28,982,880	
Veena Investments Private Limited	4,200,000	4,200,000	
Zee Entertainment Enterprises Limited	20,440,800	20,440,800	
E-City Construction Private Limited	-	4,342,080	
E-City Bioscope Entertainment Private Limited	229,512	-	
• Remuneration/Commission to Key Management			
Personnel	11,439,600	11,227,000	
Sh. Laxmi Narain Goel	8,439,600	8,400,000	
Non-Executive Directors	3,000,000	2,827,000	
• Loans, Advances and Deposit Given	1,898,669,993	1,723,620,566	
Dish TV India Limited	924,367	692,500,000	
Wire and Wireless (India) Limited	1,878,549,768	1,018,000,000	
Other Related Parties	19,195,858	13,120,566	
• Loans, Advances and Deposit Repayment Received	1,041,000,000	1,594,758,277	
Dish TV India Ltd.	-	692,500,000	
Wire and Wireless (India) Limited	1,041,000,000	892,500,000	
Others	-	9,758,277	
• Loans, Advances and Deposit Received	21,902,249	-	
Zee Entertainment Enterprises Limited	21,012,027	-	
Other Related Parties	890,222	-	
• Loans, Advances and Deposit Repaid	452,178	-	
Zee Telefilms Middle East FZ LLC	171,658	-	
Prime Publishing Limited	280,520	-	
• Balances Written Back	87,489	-	
Dakshin Communications Private Limited	87,489	-	
• Net assets transferred pursuant to the Scheme of Arrangement (Refer Note 1)			
Zee Entertainment Enterprises Limited	1,247,833,726	-	

Particulars	2010	2009
(B) Balances at the end of the year:		
With Other Related Parties		
• Debtors	231,270,790	440,068,800
Asia Today Limited	23,860,003	74,983,752
Dish TV India Limited	176,251,032	316,986,570
Other Related Parties	31,159,755	48,098,478
• Loans, Advances and Deposit Given	1,805,188,827	519,549,709
Zee Turner Limited	152,778,971	315,786,869
Wire and Wireless (India) Limited	1,116,309,925	153,316,544
Zee Entertainment Enterprises Limited	492,814,269	-
Other Related Parties	43,285,662	50,446,296
• Creditors	126,286,324	387,011,523
Dish TV India Limited	27,965,239	83,726,976
Wire and Wireless (India) Limited	67,501,597	40,337,624
Asia Today Limited	1,304,064	51,674,893
Zee Entertainment Enterprises Limited	-	174,846,355
Other Related Parties	29,515,424	36,425,675
• Loans, Advances and Deposit Received	265,721	1,599,238
E-City Entertainment Network Limited	-	749,453
Pan India Network Infravest Limited	-	406,163
Pan India Paryatan Limited	265,721	265,721
Zee Telefilms Middle East FZ LLC	-	171,658
Other Related Parties	-	6,243
• Corporate Guarantee Given by	300,000,000	300,000,000
Zee Entertainment Enterprises Limited	300,000,000	300,000,000

Notes:

a) Transactions carried out between the appointed date and the effective date i.e. January 1, 2010 and March 29, 2010 respectively by the Company as per the Scheme of Arrangement (Refer Note 1) are not considered in the above disclosure requirements.

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

11. Earnings per share (EPS):

Amount (Rs.)

Sr. No.	Particulars	2010	2009
a)	Profit after Tax (including discontinued operations)	456,835,434	446,265,325
b)	Profit after Tax of continuing operations	(60,552,463)	76,673,501
c)	Weighted Average number of equity shares for Basic and Diluted EPS (Nos.)	239,763,956	239,763,956
d)	Nominal value of each equity share	1	1
e)	Basic and Diluted EPS before discontinuing operations	1.91	1.86
f)	Basic and Diluted EPS of continuing operations	(0.25)	0.32

12. Segment Reporting:

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

As per our attached report of even date

L. K. Shrishrimal

Membership No. 72664

Partner

For **MGB & Co**

Firm Registration No. 101169W

Chartered Accountants

Place: Noida

Date: July 5, 2010

For and on behalf of the Board

Punit Goenka

Managing Director

Naresh Kumar Bajaj

Director

Dinesh Garg

V. P. (F & A)

Pushpal Sanghavi

Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31,

	2010	Amount (Rs.) 2009
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before taxation and exceptional items	736,169,467	706,100,507
Adjustments for:		
Depreciation/Amortisation	112,277,757	95,192,760
Loss on the sale/discard/shortage of fixed assets	23,250,425	5,151,260
Interest Expenses	256,689,778	168,831,745
Interest Income	(169,696,952)	(98,714,566)
Preliminary Expenses Written off	79,400	79,400
Provision for doubtful debts and Advances	88,751,585	27,919,038
Unrealised Foreign Exchange Difference (Net)	115,680	6,034,397
Operating profit before working capital changes	1,047,637,140	910,594,541
Adjustments for:		
(Increase)/Decrease in Programs, Film Rights and Inventories	(328,617,087)	(880,918,217)
(Increase)/Decrease in Trade and Other Receivables	(714,241,530)	(974,532,189)
Increase/(Decrease) in Trade and Other Payables	333,311,573	518,457,326
Cash Generated from Operations	338,090,096	(426,398,539)
Direct Taxes paid	(197,373,898)	(328,863,072)
Net Cash Flow From Operating Activities	140,716,198	(755,261,611)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets/CWIP	(111,967,866)	(342,344,346)
Sale of Fixed Assets	7,423,994	6,732,889
Advance against Share Application Money paid	(59,500,000)	(8,500,000)
Investment in Shares	(60,900,000)	-
Loans given to Others	(1,876,000,000)	(1,710,500,000)
Loans repaid by Others	1,041,000,000	1,585,000,000
Interest received	75,476,858	64,141,859
Net Cash Flow From Investing Activities	(984,467,014)	(405,469,598)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Dividend Paid (Including dividend tax)	(111,849,662)	(111,867,984)
Interest Paid	(257,876,160)	(160,928,100)
Increase in Minority Interest	-	2,000,000
Proceeds from Short Term Borrowings	2,291,805,542	800,000,000
Repayments of Short Term Borrowings	(1,250,000,000)	(150,279,892)
Proceeds from Long Term Borrowings	-	1,250,000,000
Repayments of Long Term Borrowings	(100,000,000)	-
Proceeds/(Payments) of Vehicle Loans (Net)	(6,677,451)	577,890
Net Cash Flow From Financing Activities	565,402,269	1,629,501,914
Net Cash Flow during the year (A+B+C)	(278,348,547)	468,770,705
Cash and Cash Equivalents at the beginning of the year	508,034,051	39,263,346
Cash and Cash Equivalents transferred pursuant to Scheme of Arrangement	(86,664,122)	-
Cash and Cash Equivalents at the end of the year	143,021,383	508,034,051
Cash and Cash Equivalents comprise:		
Cash in Hand	760,421	2,265,508
Balances with Banks:		
In Current Accounts	104,410,962	473,263,543
In Fixed Deposit/Margin (Refer Note 5 in Notes to Accounts)	37,850,000	32,505,000
Total	143,021,383	508,034,051

Note :

- Current year's figures are not comparable with previous year's figures due to demerger of Regional General Entertainment Channels from the Appointed Date i.e. January 1, 2010 (Refer Note 1). Previous year's figures are regrouped/recasted wherever considered necessary.
- The Scheme of Arrangement (Refer Note 1) has not been considered in the above Cash Flow Statement being non cash transaction.

As per our attached report of even date

L. K. Shrishrimal
Membership No. 72664
Partner

For and on behalf of
MGB & Co
Firm Registration No. 101169W
Chartered Accountants

Place: Noida
Date: July 5, 2010

For and on behalf of the Board

Punit Goenka
Managing Director

Dinesh Garg
V. P. (F & A)

Naresh Kumar Bajaj
Director

Pushpal Sanghavi
Company Secretary

ZEE AKAASH NEWS PRIVATE LIMITED

DIRECTORS' REPORT

To
The Members of
Zee Akaash News Private Limited

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

FINANCIAL HIGHLIGHTS

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

(Amount in Rs.)

Particulars	March 31, 2010	March 31, 2009
Sales & Services	217,164,090	151,264,741
Other Income	56,282	363,998
Total Income	217,220,372	151,628,739
Total Expenses	164,958,800	149,895,667
Profit / (Loss) before Tax	52,261,572	1,733,072
Provision For Taxation (Net)	25,228,453	1,968,044
Profit / (Loss) after Tax	27,033,119	(234,972)

BUSINESS OVERVIEW

The financial year 2009-10 was a witness to Zee Akaash News Private Limited coming out with one of its best performance in all these years. '24 Ghanta', the 24X7 Bengali News channel run by your Company delivered commendable performance and at the end of the year, emerged at the leadership position amongst all its peers.

During the year, in line with the experience and expertise, of its parent company, your company showed a robust performance with an increase of 44% in operating revenues from Rs. 151.3 million to Rs. 217.2 million. Profit after tax stood at Rs. 27.03 million as against a loss of Rs. 0.2 million in previous fiscal.

Your company is now the undisputed leader in prime time in Kolkata and a perpetual leader in terms of its sheer reach in the Bengal market.

DIVIDEND

In view of carry forward losses and with a view to plough back profits for the year into the operations of the Company, your Directors have not recommended payment of any dividend to the members of the Company for the year under review.

PUBLIC DEPOSIT

During the year under review, the Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and rules made thereunder.

DIRECTORS

During the year under review, Mr. R. K. Agarwal resigned as Director of the Company with effect from July 31, 2009 and the casual vacancy caused due to resignation of Mr. R. K. Agarwal was filled by your Board by appointing Mr. Dinesh Garg as a Director of the Company. Your Board wish to place on record their appreciation for the contribution made by Mr. R. K. Agarwal during his tenure as Director of the Company. Since Mr. R. K. Agarwal was to retire by rotation at the ensuing Annual General Meeting, the office of Directorship of Mr. Dinesh Garg shall vacate at the conclusion of the ensuing Annual General Meeting in pursuance to the provisions of Section 262 of the Companies Act, 1956. The Company has received a notice u/s. 257 of the Companies Act, 1956, from one of the member proposing candidature of Mr. Dinesh Garg as Director of the Company, liable to retire by rotation. A proposal in this regard forms part of the notice of ensuing Annual General Meeting and your Board recommends the same for your approval.

In accordance with the provisions of the Companies Act, 1956, Mr. Avik Dutta is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

AUDITORS

M/s. Ashok Kumar Aggarwal & Co., Chartered Accountants, Delhi, the Statutory Auditors of the Company, retires at the conclusion of the ensuing Annual General Meeting and being eligible, offered themselves for re-appointment as Statutory Auditors of the Company for the financial year 2010-11.

Additional information under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988:

I. Energy Conservation and Technology Absorption:

During the year under review, the Company has not carried out any activities involving conservation of energy and technology absorption and therefore particulars in this regard are NIL.

II. Foreign Exchange Earning and Outgo:

Details of foreign exchange earnings and outgo during the year under review is given in Note No.14(d) & 14(e) of Schedule 18B - Notes to Accounts.

PARTICULARS OF EMPLOYEES

Since none of the employees are drawing salary in excess of limit specified under Section 217(2A) of the Companies Act, 1956, information as per that section read with Companies (Particulars of Employee) Rules, 1975 is not applicable.

DIRECTORS' RESPONSIBILITY STATEMENT U/S. 217 (2AA) OF THE COMPANIES ACT, 1956

The Board of Directors hereby confirms and declares that: -

- (i) in the preparation of the annual accounts of the Company for financial year 2009-10 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for that year;
- (iii) the Directors had taken proper and sufficient care for the maintenance of the adequate accounting records in accordance with provisions of this Act for safeguarding

the assets of the Company and for preventing and detecting fraud and other irregularities; and

- (iv) the Directors had prepared the annual accounts on a going concern basis

ACKNOWLEDGEMENT

Your Directors take this opportunity to place on record their appreciation for the dedication and commitment of employees shown at all levels. Your Directors also expresses their gratitude for the valuable support and co-operation extended during the year by various Governmental Authorities, stakeholders, including bankers, financial institutions, viewers, vendors and service providers.

For and on behalf of the Board

Avik Dutta
Director

Dinesh Garg
Director

Place: Delhi
Date: June 24, 2010

ZEE AKAASH NEWS PRIVATE LIMITED

AUDITOR'S REPORT

The Members of **M/s. Zee Akaash News Private Ltd.**

1. We have audited the attached Balance Sheet of M/s. Zee Akaash News Private Ltd. as at March 31, 2010, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. 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 (Auditor's Report) order, 2003, issued by the Central Government of India in terms of sub-section 4A of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments we report that:
 - (i) 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;
 - (ii) 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;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on March 31, 2010 and taken on record by the Board of Director's we report that none of the director's is disqualified as on March 31, 2010 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principal generally accept in India:
 - (a) in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - (b) in the case of the Profit and Loss account, of the Profit for the year ended on that date; and
 - (c) in the case of Cash Flow Statement of the cash flow for the year ended on that date.

For **Ashok Kumar Aggarwal & Co.**
Chartered Accountants

A. K. Aggarwal
F.C.A.
Membership No. 82695
Firm Registration No. 003705N

Place: Delhi
Date: June 24, 2010

ANNEXURE TO AUDITOR'S REPORT

Referred to paragraph 3 of our report of even date:

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- (b) According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year under consideration and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the Company has not disposed of substantial part of its fixed assets during the year and hence the going concerns status of the Company is not affected.
2. (a) As explained to us, the inventories have been physically verified by management during the year under consideration at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by management were 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. The discrepancies noticed on verification between the physical stock and book stock were not material and have been properly dealt with in the books of account.
3. The Company has not granted or taken any loans, secured or unsecured to/from any company, firm or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, therefore provisions of Clause 4(iii) (a, b, c, d, e, f & g) of the companies (Auditor's Report) order, 2003 are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
5. In respect of particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
 - (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements, that needed to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements entered in the registers maintained under Section 301 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. According to the information and explanations given to us, the Company has not accepted any deposits from the public as defined under the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for any of the activities of the Company.
9. (a) According to the records, information and explanations provided to us, the Company is generally regular in depositing with appropriate authorities undisputed amount of statutory dues including Provident fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other statutory dues applicable to it. No undisputed amounts payable in respect of Income-Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty and Cess were outstanding as at March 31, 2010 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there was no disputed amount towards Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess that have not been paid to the concerned authorities.
10. Since the Company has been registered for a period less than five years, therefore provisions of Clause 4(x) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
11. Based on our examination and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

ZEE AKAASH NEWS PRIVATE LIMITED

12. Based on our examination and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
13. Since the Company is not chit/ nidhi/ mutual benefit fund/ society, therefore provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. As the Company is not dealing or trading in shares, securities, debentures and other investments, therefore provisions of Clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. Based on the examination of the books of account and related records and according to the information & explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions, therefore provisions of Clause 4(xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
16. Based on our examination and according to the information and explanations given to us, the Company has not raised fresh loan during the year under consideration, therefore, provisions of Clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to it.
17. According to the information and explanations given to us and on an overall examination of the financial statements of the Company and after placing reliance on the reasonable assumptions made by the Company for classification of long-term and short-term usage of funds, we are of the opinion that prima facie, as at the close of the year, funds raised on short-term basis have not been used for long-term investment.
18. Based on the examination of the books of account and related records and according to the information & explanations given to us, during the year under consideration the Company has not made any allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956, therefore, provisions of Clause 4(xvii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
19. Based on the examination of the books of account and related records and according to the information & explanations given to us, the Company has not issued any debenture during the year under consideration and therefore question of creation of any security or charge in respect of debentures does not arise.
20. Based on the examination of the books of account and related records and according to the information & explanations given to us, the Company has not raised any money by public issue during the year under consideration.
21. Based upon the audit procedures performed and information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Ashok Kumar Aggarwal & Co.**
Chartered Accountants

A. K. Aggarwal
F.C.A.
Membership No. 82695
Firm Registration No. 003705N

Place: Delhi
Date: June 24, 2010

BALANCE SHEET AS AT MARCH 31,

		Amount (Rs.)	
	Particulars	Schedule	
			2010
			2009
A)	Sources of Funds		
	Shareholder's Funds		
	Share Capital	1	40,000,000.00
	Reserve and Surplus	2	98,800,000.00
	Loan Funds	3	292,390.00
			139,092,390.00
B)	Application of Funds		
	a) Fixed Assets	4	
	b) Gross Block		126,089,016.12
	c) Less: Depreciation		24,543,747.09
			101,545,269.03
C)	Deferred Tax Assets (Net)		4,735,394.00
D)	Current Assets, Loans and Advances		
	Inventories	5	134,706.00
	Sundry Debtors	6	84,546,419.14
	Cash and Bank Balances	7	49,045,780.66
	Other Current Assets	8	330,533.36
	Loans and Advances	9	9,973,121.48
			144,030,560.64
E)	Current Liabilities and Provisions	10	
	Current Liabilities		122,426,947.07
	Provisions		11,467,442.00
			133,894,389.07
	Net Current Assets (D-E)		10,136,171.57
	Miscellaneous Expenditure	11	
	(To the extent not written off or adjusted)		
	A) Preliminary Expenses		-
	B) Pre-Operative Expenses		1,598,344.19
	Profit and Loss Account		21,077,211.21
			139,092,390.00
	Significant Accounting Policies and Notes to Accounts	18	-

The Schedules referred to above form an integral part of the Financial Statements.

Auditor's Report

As per our separate report of even date annexed

For **Zee Akaash News Private Ltd.**

For **Ashok Kumar Aggarwal & Co.**
Chartered Accountants

(A.K. Aggarwal)
F.C.A.
Membership No. 82695
Firm Registration No. 003705N

Avik Dutta
Director

Dinesh Garg
Director

Place: Delhi
Date: June 24, 2010

ZEE AKAASH NEWS PRIVATE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31,

Particulars	Schedule	Amount (Rs.)	
		2010	2009
Income			
Revenue from Channel Operations		215,966,992.00	151,264,741.00
Sales (Cassettes/CD's)		457,826.00	-
Interest Income		739,272.08	-
Other Income		56,281.64	363,998.16
		217,220,371.72	151,628,739.16
Expenditure			
Cost of Sales	12	447,974.00	-
Operational Cost	13	72,615,753.48	64,042,778.91
Personnel Expenses	14	54,316,281.50	51,187,557.00
Office, Administrative and General Expenses	15	21,317,288.16	21,004,687.07
Selling and Distribution Expenses	16	7,021,217.21	5,617,409.68
Financial Expenses	17	69,694.39	30,521.48
Depreciation		7,492,848.00	6,334,970.00
Preliminary Expenses & Pre-Operative			
- Expenses Written Off		1,677,743.00	1,677,743.00
		164,958,799.74	149,895,667.14
Net Profit Before Tax		52,261,571.98	1,733,072.02
Provision for:			
- Current Tax		7,303,953.00	-
- Deferred Tax		17,924,500.00	780,873.00
- Fringe Benefit Tax		-	1,187,171.00
Net Profit After Tax		27,033,118.98	(234,971.98)
Balance b/f from earlier years		(48,110,330.19)	(47,875,358.21)
Net Loss carried forward to Balance Sheet		(21,077,211.21)	(48,110,330.19)
Earnings Per Share			
A) Basic		6.76	(0.06)
B) Diluted		5.69	(0.06)
Significant Accounting Policies and Notes to Accounts	18		

The Schedules referred to above form an integral part of the Financial Statements.

Auditor's Report

As per our separate report of even date annexed

For **Zee Akaash News Private Ltd.**

For **Ashok Kumar Aggarwal & Co.**
Chartered Accountants

(A.K. Aggarwal)
F.C.A.
Membership No. 82695
Firm Registration No. 003705N

Avik Dutta
Director

Dinesh Garg
Director

Place: Delhi
Date: June 24, 2010

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31,

	2010	2009
SCHEDULE 1: SHARE CAPITAL		
Authorised		
4,000,000 (Previous Year 4,000,000)		
Equity Shares of Rs.10/- each	40,000,000.00	40,000,000.00
Issued, Subscribed & Paid-Up		
4,000,000(Previous Year 4,000,000) Equity	40,000,000.00	40,000,000.00
Shares Of Rs. 10/- Each, Fully Paid-Up	40,000,000.00	40,000,000.00
SCHEDULE 2: RESERVE AND SURPLUS		
Share Premium Account	98,800,000.00	98,800,000.00
	98,800,000.00	98,800,000.00
SCHEDULE 3: LOAN FUNDS		
Secured Loans		
Vehicle Loan from Kotak Mahindra Prime Ltd.	292,390.00	375,651.00
(Amount due within one year Rs. 133,380/- which consists of Rs. 96,461/- towards repayment of loan and Rs. 36,919/- towards payment of interest)		
	292,390.00	375,651.00

SCHEDULE 4: FIXED ASSETS

	Amount (Rs.)									
Particulars	GROSS AMOUNT				DEPRECIATION				NET BLOCK	
	As at 01.04.09	Addition during the Year	Sales Adjustment	As at 31.03.2010	Up to 31.03.09	On Sale adjustment	For the year	Up to 31.03.10	As at 31.03.10	As at 31.03.09
Computer	9,738,890.98	693,209.00	-	10,432,099.98	3,684,283.45	-	1,671,968.00	5,356,251.45	5,075,848.53	6,054,607.53
Plant & Machinery	94,191,246.09	2,240,675.50	-	96,431,921.59	10,185,332.09	-	4,545,406.00	14,730,738.09	81,701,183.50	84,005,914.00
Motor Vehicles	436,655.00	-	-	436,655.00	13,865.00	-	41,369.00	55,234.00	381,421.00	422,790.00
Furniture & Fixtures	18,666,034.55	122,305.00	-	18,788,339.55	3,167,418.55	-	1,234,105.00	4,401,523.55	14,386,816.00	15,498,616.00
Total	123,032,826.62	3,056,189.50	-	126,089,016.12	17,050,899.09	-	7,492,848.00	24,543,747.09	101,545,269.03	105,981,927.53
Previous Year	119,867,470.09	3,685,356.53	520,000.00	123,032,826.62	10,770,743.09	54,814.00	6,334,970.00	17,050,899.09	105,981,927.53	109,096,727.00

	2010	2009
SCHEDULE 5: INVENTORIES		
(Valued at cost or market price whichever is less and as certified by the management)		
Closing Stock of Tapes/ Cassettes/ CD's	134,706.00	456,156.00
	134,706.00	456,156.00

ZEE AKAASH NEWS PRIVATE LIMITED

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31,

	Amount (Rs.)	
	2010	2009
SCHEDULE 6: SUNDRY DEBTORS		
(Considered Good unless otherwise stated)		
A) Debts over six months		
Secured	-	-
Unsecured		
i) Due by firms or Private Companies in which any director is a partner or director or a member	74,068.00	-
ii) Others	18,807,473.56	14,699,995.27
B) Other Debts		
Secured	-	-
Unsecured		
i) Due by firms or Private Companies in which any director is a partner or director or a member	47,815.00	197,155.00
ii) Others	65,617,062.58	57,881,298.26
	84,546,419.14	72,778,448.53
SCHEDULE 7: CASH AND BANK BALANCES		
a) Cash in hand		
(As certified by management)	33,509.00	147,656.00
b) Bank Balances		
With Scheduled Bank in		
- Current Accounts	15,512,271.66	4,396,908.25
- Fixed Deposit Accounts	33,500,000.00	-
	49,045,780.66	4,544,564.25
SCHEDULE 8: OTHER CURRENT ASSETS		
Interest accrued		
On Fixed Deposits	330,533.36	-
	330,533.36	-
SCHEDULE 9: LOANS AND ADVANCES		
(Unsecured, Considered Good unless otherwise stated)		
a) Advances recoverable in Cash or in kind or for value to be received		
i) Advance to suppliers	3,352,788.00	70,170.00
ii) Advance to staff	548,282.00	1,019,426.80
iii) Prepaid Expenses / Unexpired Expenses	1,272,415.30	1,111,974.81
iv) Income tax refundable	2,642,890.79	1,017,761.18
v) Other receivables	30,086.00	52,071.50
b) Security Deposits	131,693.00	39,193.00
c) Taxes Paid		
i) Advance Income Tax / FBT	141,625.00	1,075,860.00
ii) Tax deducted at source	1,853,341.39	1,625,129.61
	9,973,121.48	6,011,586.90

SCHEDULES TO THE BALANCE SHEET AS AT MARCH 31,

		2010	2009
SCHEDULE 10: CURRENT LIABILITIES AND PROVISIONS			
A) Current Liabilities			
1) Share Application Money		85,732,334.00	85,732,334.00
2) Sundry Creditors		19,675,207.20	21,228,311.36
3) Expenses Payable/Amounts Payable		14,870,293.81	13,054,030.38
4) Advances from Customers		2,149,112.06	136,325.85
Sub Total 'A'		122,426,947.07	120,151,001.59
B) Provisions			
1) For Auditors Remuneration		198,540.00	146,704.00
2) For Current Tax		7,303,953.00	-
3) For Fringe Benefit Tax		-	1,187,171.00
4) For Employees Benefits		3,964,949.00	3,158,467.00
Sub Total 'B'		11,467,442.00	4,492,342.00
Total ('A' + 'B')		133,894,389.07	124,643,343.59
SCHEDULE 11: MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)			
1) Preliminary Expenses	79,400.00		158,800.00
Less: 1/5 Written Off	79,400.00	-	79,400.00
			79,400.00
2) Pre Incorporation Expenses	3,196,687.19		4,795,030.19
Less: 1/5 Written Off	1,598,343.00	1,598,344.19	1,598,343.00
		1,598,344.19	3,196,687.19
			3,276,087.19
Schedule-12: Cost of Sales			
1. Cost of Cassettes/CD's		316,105.00	-
2. Printing Charges		131,869.00	-
		447,974.00	-
SCHEDULE13: OPERATIONAL COST			
1. Cost of Consumption Cassettes/DVD Cassettes/CD's			
Opening Stock	456,156.00		461,758.00
Add: Purchases	1,074,795.00		2,663,750.00
	1,530,951.00		3,125,508.00
Less: Transferred for Sale	316,105.00		-
	1,214,846.00		3,125,508.00
Less: Closing Stock	134,706.00	1,080,140.00	456,156.00
			2,669,352.00
2. Consumable Stores		128,664.00	238,457.00
3. Transponder Cost		6,190,140.00	6,004,520.00
4. Subscription Charges		736,808.00	1,063,300.00
5. Ku-Band, V-Sat, Deng & Lease Line Charges		7,604,282.91	7,696,669.57
6. Hire Charges of Machinery & Equipments		2,686,498.00	4,580,120.00
7. Vehicle Maintenance Charges		7,759,458.08	7,800,928.93
8. Professional Charges		2,117,666.00	2,579,429.00
9. Travelling Expenses		2,834,934.96	4,304,624.48
[Director's Travelling Rs. Nil (Previous Year Rs. 22,026/-)]			
[Foreign Travelling Rs.301,554.00 (Previous Year Rs. 216,045.50)]			
10. Other Production Cost		41,477,161.53	27,105,377.93
		72,615,753.48	64,042,778.91

ZEE AKAASH NEWS PRIVATE LIMITED

SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH,

			Amount (Rs.) 2009
SCHEDULE 14: PERSONNEL EXPENSES	2010		
1. Salaries, Allowances and Bonus	49,039,458.00		46,304,180.00
2. Contribution to Provident Fund	2,793,254.00		1,525,792.00
3. Staff Welfare Expenses	1,208,576.50		1,209,161.00
4. ESIC	285,981.00		523,866.00
5. Gratuity & Leave Encashment	989,012.00		1,624,558.00
	<u>54,316,281.50</u>		<u>51,187,557.00</u>
SCHEDULE 15: OFFICE, ADMINISTRATIVE AND GENERAL EXPENSES			
1. Rent	8,287,000.00		7,425,000.00
2. Repair and Maintenance			
Plant and Machinery	2,276,039.35	1,667,624.80	
Others	<u>180,247.38</u>	<u>104,663.00</u>	
3. Electricity Expenses	5,801,105.50		5,931,078.00
4. Insurance Charges	91,122.38		124,461.00
5. Telephone and Mobile Expenses	1,765,563.91		2,032,289.37
6. Conveyance and Travelling Expenses	570,667.00		947,989.25
7. Books and Periodicals	66,610.00		65,139.00
8. Postage, Telegram and Courier Expenses	169,748.12		224,603.93
9. Printing and Stationery	277,264.25		369,856.75
10. Internet Charges	334,862.03		381,033.00
11. Security Expenses	129,821.46		136,702.38
12. Legal and Professional Expenses	118,935.00		32,380.00
13. General Expenses	218,955.78		372,918.59
14. Office Maintenance	746,846.00		667,662.00
15. Auditor's Remuneration	200,000.00		150,000.00
16. Employers Professional Tax	2,500.00		2,500.00
17. Loss on claim of Fixed Assets	-		368,786.00
18. Charity and Donation	80,000.00		-
	<u>21,317,288.16</u>		<u>21,004,687.07</u>
SCHEDULE 16: SELLING AND DISTRIBUTION			
1. Sales Promotion Expenses	783,469.21		1,145,493.68
2. Advertisement Expenses	276,650.00		178,650.00
3. Market Research Expenses	1,032,698.00		1,272,900.00
4. Commission Charges	1,845,648.00		868,331.00
5. Retainership Fee	1,875,000.00		1,800,000.00
6. Consultancy Charges	1,207,752.00		352,035.00
	<u>7,021,217.21</u>		<u>5,617,409.68</u>
SCHEDULE 17: FINANCIAL EXPENSES			
1. Bank Charges	19,575.39		14,065.48
2. Finance Charges	50,119.00		16,456.00
	<u>69,694.39</u>		<u>30,521.48</u>

SCHEDULE 18: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. Significant Accounting Policies

1. Accounting Concepts, Conventions and Systems

The financial statements are prepared on the basic concept of going concern under historical cost convention on Accrual Basis by following the Mercantile System of Accounting. These statements are in accordance with the requirements of Companies Act, 1956 and comply in all material aspects with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

2. Fixed Assets and Depreciation

- Fixed assets are shown at cost less Accumulated Depreciation and impairment losses.
- Depreciation on fixed assets has been provided *pro rate* for the period of use at the rates prescribed in Schedule XIV to the Companies Act, 1956 by adopting straight-line method.

3. Impairment of Assets

The Company identifies impairable fixed assets based on cash generating unit concept at the year end in accordance with AS-28 issued by ICAI for the purpose of arriving at impairment loss thereon, if any, being the different between the book value and recoverable value of relevant assets. Impairment loss when crystallizes is charged against revenue of the year.

4. Investments

- Long-term Investments are stated at cost. Provision for diminution in value of long-term investment is made, if the diminution is not temporary in nature.
- Current Investments are valued at lower of Cost or Realisable value. Realisable value means the net value which can be realised in ordinary course of business.

5. Recognition of Revenue and Expenditure

- The Company is following mercantile system of accounting for recognizing both revenue and expenditure.
- No personal expense is charged to revenue.
- Cost of news/ current affairs/ shows and events are fully charged to revenue.
- Revenue from channel operation is recognized on completion of related activity.
- Advertisement and subscription revenue is recognized on net of discount basis.

6. Borrowing Cost

Borrowing costs that are attributable to the acquisition of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the profit and loss account as incurred.

7. Retirement Benefits

- Contributions to Provident fund, ESI and other recognized funds are charged to Profit and Loss Account when the contribution to the fund is due.
- Provision for Gratuity has been made by following the provisions contained in the Gratuity Act, 1972 in accordance with the policy of the Company. Liability has been ascertained as at the date of Balance Sheet and necessary provision has been made in the books of account.
- The balance of unveiled earned leave due to employees is measured and recognized based on expected cost thereof.

8. Inventories

Inventories of cassettes/tapes are valued at lower of cost or net realisable value. Cost of consumption of cassettes/tapes is measured by adopting FIFO (first-in-first-out) method.

9. Foreign Currency Transactions

- Transactions in Foreign currencies are recorded at the exchange rate prevailing on the date of the transactions. Monetary items denominated in foreign currency and outstanding at the Balance Sheet date are translated at the exchange rate prevailing on the Balance Sheet date. Exchange differences on translation of monetary assets and liabilities and realized gain and losses on foreign currency transactions.

ZEE AKAASH NEWS PRIVATE LIMITED

10. Taxes on Income

- Income tax are accounted for in accordance with Accounting Standard (AS)-22 issued by ICAI. Taxes comprises both Current and Deferred Tax.
- Current Tax is measured at the amount expected to be paid/recovered from the revenue authorities using the applicable tax rate and laws.
- The tax effect of the timing difference that results between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax assets or deferred tax liability. Deferred Tax Assets and liabilities are recognized for future tax consequence attributable to timing difference. They are measured using the substantive enacted tax rates and tax regulations. The carrying amount of deferred tax assets at each balance sheet date is reduced to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which deferred tax asset can be realized.

11. Earning Per Share

- The Company reports basic and diluted Earning Per Share (EPS) in accordance with Accounting Standard (AS)-20 on "Earning Per Share". Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of dilutive potential equity shares except where the results are anti-dilutive.

12. Leases

The Company has entered into operating lease agreements. The operating lease agreements is one under which asset has been transferred by the lessor to the lessee for use purposes and risks and rewards of ownership are retained by the lessor. Lease rentals in respect of operating lease are recognized as revenue expenditure and accordingly charged to revenue on accrual basis.

B. Notes to Accounts

1. Contingent Liabilities

- Not provided for

2. Capital Contracts

- Estimated value of contracts remaining to be executed on capital account and not provide for

3. Managerial Remuneration

4. Remuneration to Auditors

- a) As Audit Fees
- b) As Tax Audit Fees
- c) For certification and other services

	31.03.2010	31.03.2009
	NIL	NIL
	NIL	NIL
	NIL	NIL
	1,50,000.00	1,12,500.00
	50,000.00	37,500.00
	NIL	NIL
	<u>2,00,000.00</u>	<u>1,50,000.00</u>
	NIL	NIL

5. Due to Small Scale Industrial Undertaking

There are no Micro and Small Scale Business Enterprises, to whom the company owes dues, which are outstanding for more than 45 days as at March 31, 2010. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

6. Secured loans

Vehicle loan is secured by way of first charged on the vehicle.

7. Segment Reporting

Since the Company is engaged in single business i.e. running of channels only, the disclosure requirement relating to primarily and secondary segment as per Accounting Standard – 17 is not applicable to the Company. Similarly the area of operation of the Company is within one geographical segment only, the disclosure relating to geographical segment is also not applicable.

8. Related Parties Disclosure

A) List of Parties where control exists

- i. Holding Company
M/s. Zee News Ltd. (Extent to holding 60%)
- ii. Other Related Parties with whom transactions have taken place during the year and balances outstanding as on the last day of the year:-
M/s. Sky B (Bangla) Pvt. Ltd.
M/s. Dish TV (India) Ltd.
M/s. Akash Bangla Pvt. Ltd.
Directors/Key Management Personal
Sh. Laxmi Narain Goel
Sh. Avik Datta
Sh. Dinesh Garg

Amount (Rs.)

B) Transactions with Related Parties

- | | | | |
|-----|---|---------------------|--------------|
| i) | Transactions with holding company
M/s Zee News Ltd. | | |
| a) | Share Application Money Received | NIL | 14,50,000.00 |
| b) | Expenditure paid on behalf of our Company | 32,90,563.44 | 45,69,991.00 |
| c) | Expenditure paid by us on behalf of holding Company | 3,10,562.00 | 38,352.00 |
| d) | Revenue from channel operations excluding service tax etc. | 10,50,662.00 | 44,12,132.00 |
| ii) | Transactions with other related parties | | |
| a) | Revenue from channel operations
M/s. Akash Bangla Pvt. Ltd. | 3,67,625.00 | NIL |
| | M/s. Dish TV (India) Ltd. | 2,02,088.00 | NIL |
| b) | Sale of cassetts M/s. Akash Bangla Pvt. Ltd. | 1,89,550.00 | NIL |
| c) | Expenditure paid by us on behalf of other related parties
M/s Akash Bangla Pvt. Ltd. | 5,43,829.74 | NIL |
| d) | Transponder Charges
M/s Dish TV (India) Ltd. | 61,90,140.00 | 60,04,520.00 |
| e) | Ku-Band Charges
M/s Dish TV (India) Ltd. | 51,04,596.00 | 48,00,000.00 |
| f) | Licence & Royalty for WPC
M/s Dish TV (India) Ltd. | 1,15,787.00 | NIL |
| g) | Share Application Money
M/s Sky B (Bangla) Pvt. Ltd. | NIL | 20,00,000.00 |
| h) | Advance Received/Payment of Expenses made on behalf of Company
M/s. Sky B (Bangla) Pvt. Ltd. | NIL | 4,000.00 |

C) Balances with

- | | | |
|---|-----------------------|----------------|
| i) Holding company
M/s. Zee News Ltd. | | |
| a) Credit Balance on account of share application money | 6,72,32,334.00 | 6,72,32,334.00 |
| b) Face Value of Equity Shares held | 2,39,99,820.00 | 2,39,99,820.00 |
| | (60%) | (60%) |
| c) Share premium Account | 5,92,80,000.00 | 5,92,80,000.00 |
| d) Advance Received/Amounts payable towards expenses paid on behalf of Co | 24,75,288.00 | 8,47,666.00 |
| e) Sundry debtor | NIL | 1,97,155.00 |

ZEE AKAASH NEWS PRIVATE LIMITED

	2010	2009
ii) Other Related Parties		
a) Sundry Debtors		
M/s. Akash Bangla Pvt. Ltd.	1,21,883.00	NIL
b) Sundry Creditors		
M/s. Dish TV (India) Ltd.	84,21,714.00	1,06,69,688.00
c) Advance Received/Amounts payable towards expenses paid on behalf of Co.		
M/s. Akash Bangla Pvt. Ltd.	30,086.00	52,071.50
d) Share Capital		
M/s. Sky B (Bangla) Pvt. Ltd.	1,59,99,880.00	1,59,99,880.00
e) Share Premium		
M/s. Sky B (Bangla) Pvt. Ltd.	3,95,20,000.00	3,95,20,000.00
f) Credit balance on account of share application money		
M/s. Sky B (Bangla) Pvt. Ltd.	1,85,00,000.00	1,85,00,000.00

9. Lease Rentals

The Company has taken office premises alongwith maintenance services like air conditions, lifts and generators on operating leases of nine years, commencing from 16th January 2006. The lease agreements do not specifically provides for renewal or cancellation of lease. The lease rentals can be summarized as under:

	2010	2009
a) Lease Rental charges for the year	82,80,000.00	74,25,000.00
b) Future Lease Rental obligations payable		
i) Not later than one year	82,80,000.00	82,80,000.00
ii) Later than one year but not later than five years	3,51,21,000.00	3,58,62,750.00
iii) Later than five years	NIL	75,38,250.00

10. Employees benefits

The present value of the defined benefit obligation and the related current service cost were measured using the projected unit credit method with actuarial valuation being carried out on March 31, 2010. The defined benefit obligations are not funded.

- i) The reconciliation of opening and closing balance of the present value of the defined benefit obligations as at March 31, 2010

Particulars	Gratuity Benefits	Leave Encashment Benefits
a) Obligation at the year beginning	19,23,559.00	12,34,908.00
b) Service cost	7,30,029.00	3,04,982.00
c) Interest cost	1,76,286.60	1,08,650.04
d) Actuarial (gain) loss	(3,21,172.60)	(9,763.04)
e) Benefit paid	25,096.00	1,57,434.00
f) Obligation at year end	24,83,606.00	14,81,343.00
ii) Cost for the year		
a) Service cost	7,30,029.00	3,04,982.00
b) Interest cost	1,76,286.60	1,08,650.04
c) Net actuarial (gain) loss	(3,21,172.60)	(9,763.04)
d) Net cost	5,85,143.00	4,03,869.00
iii) Assumption used:		
Discount Rate	8.00%	8.00%
Rate of increase in salary	5.00%	5.00%

11. Earning Per Share has been computed as under:

	2010	2009
a) Profit/(loss) after tax	2,70,33,118.98	(2,34,971.98)
b) Weighted average number of equity shares outstanding		
i) Basic	40,00,000	40,00,000
ii) Diluted	47,52,038	40,00,000
c) Earning per share (face value Rs. 10 per share)		
i) Basic	6.76	(0.06)
ii) Diluted	5.69	(0.06)

12. Deferred Tax

- a) Deferred Tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws.
- b) Break up of deferred tax assets/liabilities and reconciliation of current year deferred tax charge is as follows:

	2010	2009
A) Deferred Tax Assets		
i) Tax impact of Unabsorbed Depreciation & carry forward of Business Losses	1,42,94,871.00	3,11,30,771.00
ii) Tax impact of Disallowances under the Income Tax Act, 1961 which will be allowed in next years	13,17,057.00	10,73,563.00
	1,56,11,928.00	3,22,04,334.00
B) Deferred Tax Liabilities		
Tax impact of difference between carrying amount of fixed assets in the financial statements and the Income tax return.	1,08,76,534.00	95,44,440.00
Deferred Tax Assets (Net = A - B)	47,35,394.00	2,26,59,894.00

13. Deferred Expenditure

Preliminary expenses and pre-operative expenses are amortized in five equal installments over a period of five years.

14. Additional Information Pursuant to Part II of Schedule VI to the Companies Act, 1956

a) Licensed & Installed capacity and capacity utilization

Since the Company is in the business of running "Channel" only, this information is not applicable to it.

b) Quantitative Details of Raw Cassettes/ Tapes/ CD's

	2010		2009	
	Qty. No's	Amount (Rs.)	Qty. No's	Amount (Rs.)
i. Opening Stock				
a) Imported	Nil	Nil	Nil	Nil
b) Indigenous	2232 (100%)	4,56,156.00	2858 (100%)	4,61,758.00
ii. Purchases				
a) Imported	Nil	Nil	Nil	Nil
b) Indigenous	9184 (100%)	10,74,795.00	6859 (100%)	26,63,750.00
iii. Consumption				
a) Imported	Nil	Nil	Nil	Nil
b) Indigenous	4723 (100%)	10,80,140.00	7485 (100%)	26,69,352.00
iv. Transferred for Sale				
a) Imported	Nil	Nil	Nil	Nil
b) Indigenous	4981 (100%)	3,16,105.00	Nil	Nil

ZEE AKAASH NEWS PRIVATE LIMITED

	2010		2009	
	Qty. No's	Amount (Rs.)	Qty. No's	Amount (Rs.)
v. Closing Stock				
a) Imported	Nil	Nil	Nil	Nil
b) Indigenous	1712 (100%)	1,34,706.00	2232 (100%)	4,56,156.00
c. C.I.F. Value of Imports of Capital Goods (Transmission Equipment)		5,56,207.00		2,59,556.00
d. Expenditure in Foreign Exchange				
Travelling Expenses		NIL		1,63,345.50
Broadcasting Right Fees		NIL		14,00,000.00
Professional Charges		30,000.00		1,53,339.00
Repair & Maintenance		33,053.00		NIL
Advance for Equipment		27,98,591.00		NIL
e) Earnings in Foreign Currency				
- FOB Value of Exports		NIL		NIL
- Others		NIL		NIL

15. The balances of Sundry Debtors, Sundry Creditors, Advances and Lenders are subject to confirmation/reconciliation and adjustments if any.
16. Previous Year's Figures have been re-grouped/ rearranged/ recast wherever necessary to confirm with current year's presentation.
17. Schedules are related to and form an integral part of the accounts.

For **Zee Akaash News Private Ltd.**

Avik Dutta
Director

Dinesh Garg
Director

Place: Delhi
Date: June 24, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31,

	2010	2009
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before taxation and exceptional items	52,261,571.98	1,733,072.02
Adjustments for:		
Depreciation and Amortisation	7,492,848.00	6,334,970.00
Interest Income	(739,272.08)	-
(Profit)/loss on sale of fixed assets	-	368,786.00
Preliminary Expenses	1,677,743.00	1,677,743.00
Operating profit before working capital changes	60,692,890.90	10,114,571.02
Adjustments for:		
(Increase)/Decrease in Inventories	321,450.00	5,602.00
(Increase)/Decrease in Trade & Other Receivables	(16,663,740.19)	(489,091.43)
Increase/(Decrease) in Trade & Other Payables	3,134,263.48	(5,544,487.34)
Cash Generated from Operations	47,484,864.19	4,086,594.25
Direct Taxes paid (FBT/Income Tax)	(252,936.00)	(1,238,721.00)
Net Cash Flow From Operating Activities	47,231,928.19	2,847,873.25
B. CASH FLOW FROM INVESTMENT ACTIVITIES:		
Purchase of Fixed Assets	(3,056,189.50)	(3,685,356.53)
Claim received against loss of fixed assets	-	96,400.00
Interest Received	408,738.72	-
Net Cash Flow From Investing Activities	(2,647,450.78)	(3,588,956.53)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Increase/Decrease in secured loans	(83,261.00)	375,651.00
Net Cash Flow From Financing Activities	(83,261.00)	375,651.00
Net Cash Flow during the year (A+B+C)	44,501,216.41	(365,432.28)
Opening Cash and Cash Equivalents	4,544,564.25	4,909,996.53
Closing Cash and Cash Equivalents	49,045,780.66	4,544,564.25
Cash and Cash Equivalents comprise:		
Cash in Hand	33,509.00	147,656.00
Balance with Scheduled Banks		
a) In Current Accounts	15,512,271.66	4,396,908.25
b) In Fixed Deposits	33,500,000.00	-
Total	49,045,780.66	4,544,564.25

Auditor's Report

As per our separate report of even date annexed

For Zee Akaash News Private Ltd.

For **Ashok Kumar Aggarwal & Co.**
Chartered Accountants

(A.K. Aggarwal)
F.C.A.
Membership No. 82695
Firm Registration No. 003705N

Avik Dutta
Director

Dinesh Garg
Director

Place: Delhi
Date: June 24, 2010

ZEE AKAASH NEWS PRIVATE LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No.
Date Month Year

Balance Sheet date

II. CAPITAL RAISED DURING THE YEAR (AMOUNT RS. IN THOUSANDS)

Public Issue

Bonus Issue

Rights Issue

Preferential Allotment

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT RS. IN THOUSANDS)

Total Liabilities

SOURCES OF FUNDS

Paid-up Capital

Secured Loans

Other Liabilities

Total Assets

Reserves and Surplus

Unsecured Loans

APPLICATION OF FUNDS

Net Fixed Assets

Net Current Assets

Accumulated Losses

Investments

Miscellaneous Expenditure

Other Assets

IV. PERFORMANCE OF COMPANY (AMOUNT RS. IN THOUSAND)

Turnover*

(*includes other income)

+ - Profit/(Loss) Before Tax

Earnings Per Share of Re.10 (Rs.)

Total Expenditure *

(*Includes prior period adjustments)

+ - Profit/(Loss) After Tax

Dividend Rate (%)

V. GENERIC NAMES OF PRINCIPAL PRODUCTS OF THE COMPANY (AS PER MONETARY TERMS)

Item Code No. (ITC Code)

Product Description

For and on behalf of the Board

Place: Delhi
Date: June 24, 2010

Avik Dutta
Director

Dinesh Garg
Director

Notes

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ZEE NEWS LIMITED

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

ATTENDANCE SLIP

11th Annual General Meeting

I hereby record my presence at the 11th Annual General Meeting of the Company at The Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018, on Tuesday, August 31, 2010 at 11.00 a.m.

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

.....
Signature of Shareholder/Proxy

Folio No.

DP ID No.

Client ID No.

No. of Shares

NOTE: Shareholder/Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and handover the same at the entrance, duly signed.



ZEE NEWS LIMITED

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

PROXY FORM

11th Annual General Meeting

I/We of
..... being member/members of

ZEE NEWS LIMITED hereby appoint
of or failing
him/her of

..... as my/our proxy to vote for me/us on
my/our behalf at the 11th Annual General Meeting of the Company to be held on Tuesday, August 31, 2010 at
11.00 a.m. at The Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018, and at any adjournment(s)
thereof, if any.

Signed this day of August, 2010.

Signature of Shareholder

Re. 1/-
Revenue
Stamp

Folio No.

DP ID No.

Client ID No.

No. of Shares

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



Ananya Samman

ZNL's national felicitation programme to honour the real heroes of the nation. Whether it is the jawans, protecting the borders, or the paramilitary forces and police personnel, who fight the scourge of terror and internal threat, the award is a tribute to their valour and devotion to duty. Organized at the national and state levels, Ananya Samman also celebrates the contribution of extraordinary achievers in various fields, as well as unsung heroes, who have done yeomen service for the society and yet are satisfied to remain in the shadows.



The State Summit

In keeping with the aspirations of an ambitious India, 'The State Summit' is ZNL's nationwide initiative to explore the best course available for state building. Held in Kolkata and Mumbai recently, the pinnacle conference brought together luminaries and voices of authority to mull over possible solutions to today's scathing problems. In days to come, the convention will add a national edition and travel to other states as well.





ZEE NEWS LIMITED

Registered Office

Continental Building, 135, Dr Annie Besant Road, Mumbai
Ph: 91 22 66971234, Fax 022-24900302

Corporate Office

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FC 19, Sec 16 A, Film City, Noida 201301
Ph: 91 120 2511064, Fax 91 120 2515240