

Date :- 18.07.2014

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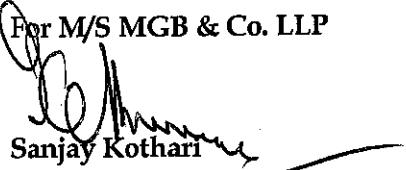
Covering letter of the annual audit report to be filed with the stock exchanges

1	Name of the Company	Zee Learn Limited
2	Annual financial statements for the year ended	March 31, 2014
3	Type of Audit observation	Company is in the regime of unqualified
4	Frequency of observation	Not Applicable
5	To be signed by - <ul style="list-style-type: none">CEO/Managing DirectorCFOAuditor of the companyAudit Committee Chairman	

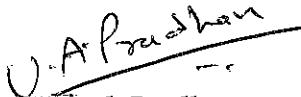
For Zee Learn Limited


K V S Seshasai
Chief Executive Officer

For M/S MGB & Co. LLP


Sanjay Kothari
Partner
Statutory Auditors
Chartered Accountants
Firm Registration No. 101169W/W-100035
Membership No.048215

For Zee Learn Limited


Umesh Pradhan
Chief Financial Officer

For Zee Learn Limited


Surjit Banga
Director & Audit Committee
Chairman

ANNUAL
REPORT
2013/14

Leading in Education



CIN: L80301MH2010PLC198405

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

Corporate Office
Level 6, Fun Republic, Off. New Link Road,
Andheri (West), Mumbai - 400 053.

www.zeelearn.com



ZEE LEARN ANTHEM

You are within me, you are infinite,
You are unique,
my potential inside!

You are the wings, beneath my flight,
You define me,
my potential inside!

Today I pledge, with all my might,
I shall achieve you,
my potential inside!



ANNUAL REPORT 2013|14

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We nurture the unique potential of children to improve the human capital of our country



KIDZEE
INDIA'S FAVOURITE PRESCHOOL




Mount Litera School
INTERNATIONAL

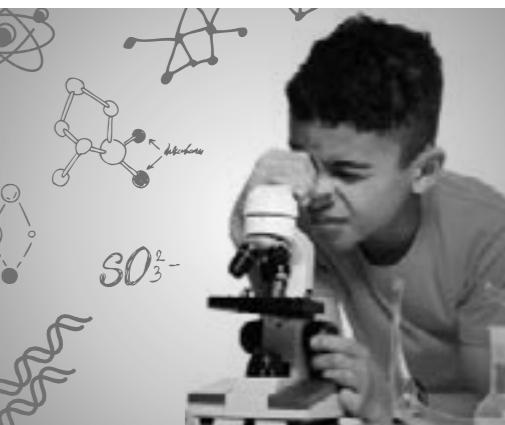


**Mount Litera
Zee School**
Great School. Great Future

Mount Litera
World Preschool



ZICA
ZEE INSTITUTE
OF CREATIVE ART
unleash your potential



ZIMA
ZEE Institute of Media Arts
www.zimainstitute.com

Zee Learn Ltd. is a leading education company, founded with the purpose of 'Improving Human Capital'. The company has contributed in the field of education across age groups, all the while maintaining its core values of integrity, ownership, leadership, trust and continuous learning. We believe that every child has a unique and infinite potential and we are committed to help children realize their capabilities.

Under its Portfolio, Zee Learn is currently operating over 1200 pre- schools & 81 K-12 schools, through its leading brands, " Kidzee" & " Mount Litera Zee School" respectively. By the current financial year end Kidzee has reached to over 3,50,000 students & MLZs has reached to about 23,000 students through its network of school chain.

For subject and skill-specific interventions in schools, Zee Learn provide a curriculum-mapped activity-based science program called Braincafé Science to schools across India.

The youth is looking to explore vocational courses outside the traditional curriculum. Zee Institute of Media Arts (ZIMA) provides diploma courses in TV and film making courses and Zee Institute of Creative Art (ZICA) provides diploma courses in 2D and 3D animation.



board of directors

1 Subodh Kumar Non-Executive Chairman He holds an M.Sc in Physics and several diplomas and management certificates from IIM-A, IIM-B, IIM-C, Harvard Business School, IDS Sussex, IMF amongst other Ivy League institutions. He had one of the most illustrious careers in the Indian Administrative Service, spanning 35 years, heading various key government agencies with stellar integrity and transparency.

2 Himanshu Mody Non-Executive Director He is M.Sc in Finance from University of Strathclyde, Glasgow. He has rich experience and skills in Corporate Strategy and Finance. He has worked for over 12 years in various Corporate Strategy, Fund raising and M&A initiatives undertaken by the Essel Group.

3 Dr. Manish Agarwal Independent Director He is M.B.B.S from University of Bombay, D. (Ortho) from College of Physicians & Surgeons, M.S. (Ortho) from University of Bombay, D.N.B. (Ortho), National Board of Examination, New Delhi and Diploma in Tissue Banking from National University of Health, Singapore. He is an Orthopaedic Oncologist involved in clinical, teaching and Research work.

4 Surjit Banga Independent Director He is a Graduate in Sociology, Fellow of All India Management Association and is a Certified Associate of Indian Institute of Bankers. He has held the position of Managing Director of SBI factors and Commercial Services Limited and was associated with the State Bank of India in various capacities in his 40 years career in Banking.

5 Sangeeta Pandit Independent Director She is commerce graduate and fellow member of the Institute of Chartered Accountants of India. Presently, she is associated with Sydenham Institute of Management Studies, Research and Entrepreneurship Education (SIMSREE) as HOD Finance.

senior management

K V S Seshasai
Chief Executive Officer

Pradeep Pillai
Chief Operating Officer

Umesh Pradhan
Manager & Chief Financial Officer

Amanpal Singh
Head – Human Resources

Sindu Aven
Head – Academic Content

Vinay Agarwal
Head – Procurement & Supply Chain

Vivek Bhanot
Business Head – Strategic Acquisition Team

Sukhvinder Singh Bindra
Business Head – K 12

Mayank Jain
Business Head – Brain Café

Abhinav Upadhyay
Head - Marketing and Innovation

Deepa George
Head – Legal



letter from the chief executive officer

2014

Dear Shareholders,

The last year was characterised by a troubled economic environment, where growth rates slowed down, consumer and business confidence took a beating and the general outlook for the future was gloomy. In spite of such an environment, I am happy to report that your business was able to perform admirably. While our revenues grew by 19%, more importantly, we were able to deliver a positive operating EBITDA of Rs.1,036.72 lacs as against an operating EBITDA loss of Rs. 846.08 lacs during FY12. Significantly, we were able to reduce our losses from Rs. 2,122.35 lacs to Rs. 132.65 lacs. Your business is set to become profitable during the Financial Year FY2014-2015.

The education sector in India has tremendous growth potential for companies that bring unique and innovative methods of teaching and highly differentiated and appropriate content. Your Company is uniquely positioned to capitalise on the potential of this sector given its strength in brand building, franchise development and management, content creation and academic execution.



“While we remain committed to our vision of building India's human potential, we are also focused on building leaders for tomorrow through our preschool and K-12 verticals.”

While we remain committed to our vision of building India's human potential, we are also focused on building leaders for tomorrow through our preschool and K-12 verticals.

The Kidzee vertical has grown from strength to strength in the past year and we have extended and solidified our leadership position in the industry. Our chain has now grown to 1200 operating preschools across 500 cities of India and we expect to add at least 300 preschools every year to our chain. This growth is the result of the tremendous commitment and energy shown by our education partners and our employees.

Our Mount Litera Zee Schools continues to remain the fastest growing chain of schools in the country and we are investing a lot of resources in this vertical to gain an intellectual leadership position with respect to curriculum, learning resources and pedagogy. We now have 81 schools operating across the country and expect to add between 15-20 schools every year. There is still a tremendous demand for quality schools in the country and we will seek to fulfil this demand

through the expansion of the Mount Litera Zee School program.

Going forward, we will also evaluate new growth areas, for your organisation like higher education, teacher training and e-learning.

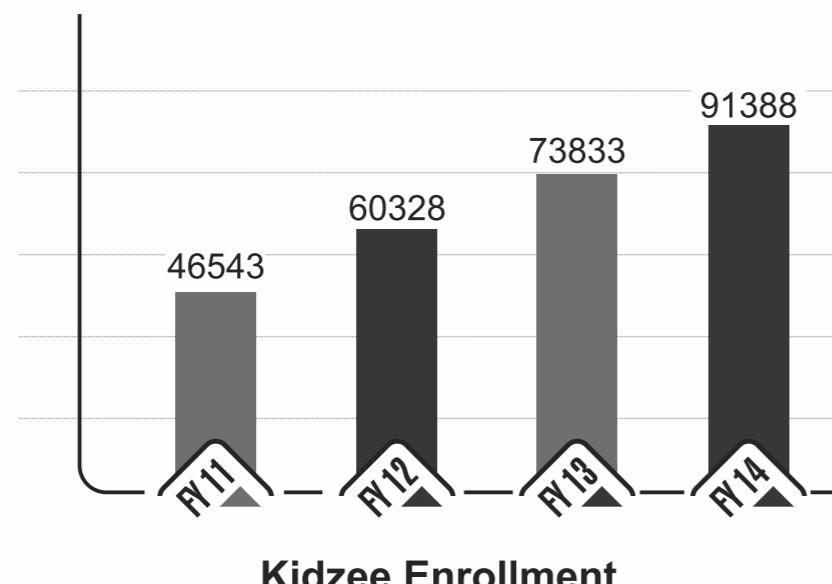
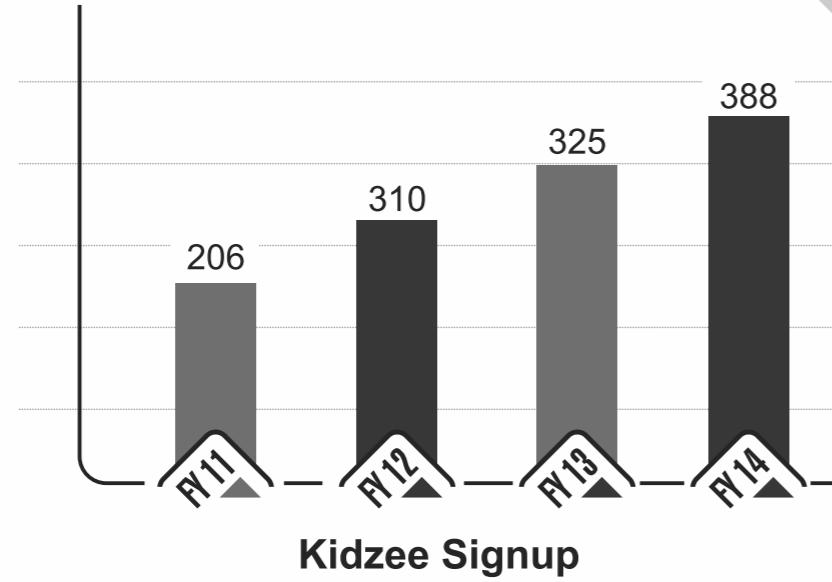
The focus for the current year is to strengthen our brands even further through innovative marketing, increase our profitability through operating efficiencies and fiscal prudence, and drive significant increases in partner, parent and student satisfaction, while continuing to expand geographically and increasing our market penetration.

I believe your organisation is poised to become the benchmark in the education sector both intellectually and financially. I look forward to your continued support to help create an organisation that we will be proud of in coming years.

K V S Seshasai
Chief Executive Officer
Zee Learn Limited

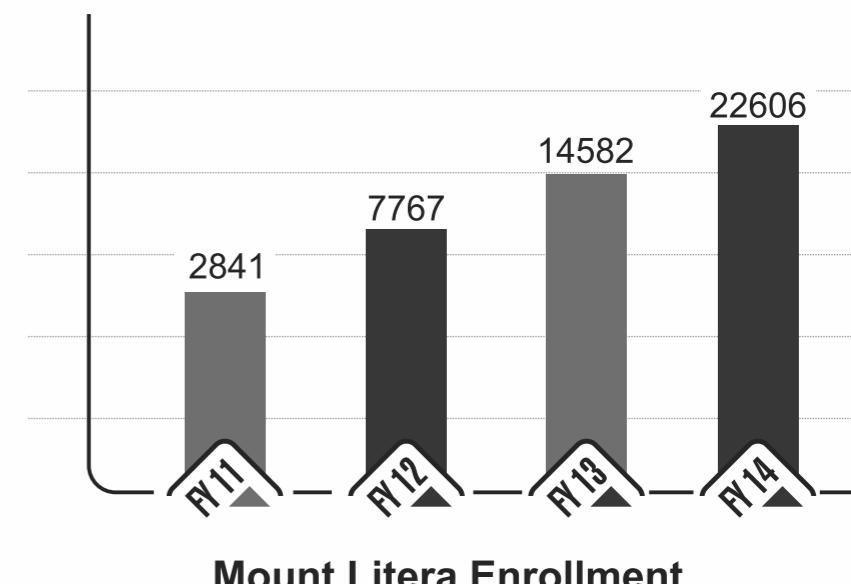
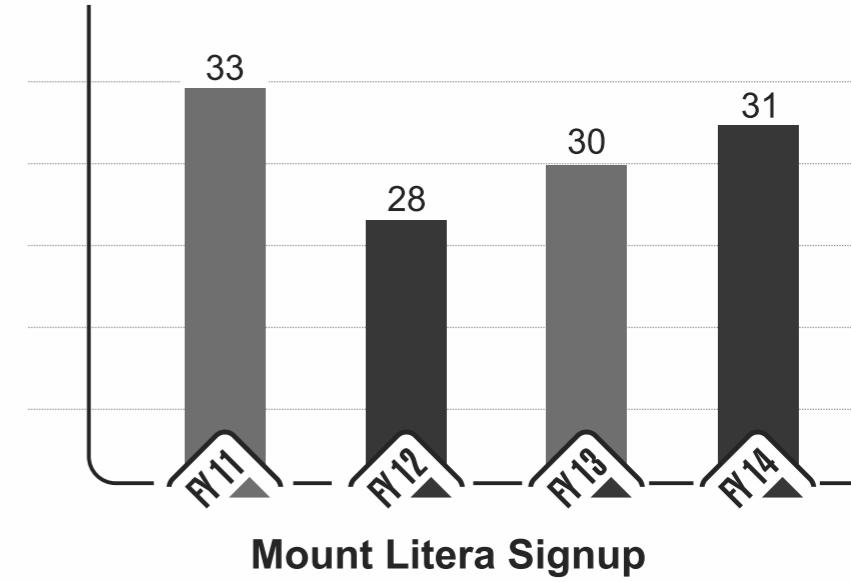
KIDZEE

Highlights



MOUNT LITERA ZEE SCHOOL

Highlights



Helping India achieve its potential

At Zee Learn Limited, 'Helping India Achieve its Potential' is not just a theme. It is the vision, the commitment and the belief that gives us the impetus to go a step further and make quality education the right of every child. We are dedicated to supporting India's brightest and promising minds so that they achieve their potential and in turn help India become a leader in innovation, thought leadership and technical prowess.



We have a deep belief that every child in this country must and should get quality education. Ably supported by a dedicated R&D team, we have made significant interventions across the spectrum of education with special focus on pedagogy, curriculum design, content creation and teacher training. We have created formidable brand strength in each of our focused segments and have made each of our brands amongst the most sought after across India. As a testament to our popularity, our growth rate is phenomenal and our revenues have more than doubled over the last two years.

Making Smart kids the 'Kidzee' way

Early years are very important for a child's overall development. Studies show that 85 percent of a child's intellect, personality and social skills are developed by the age of five. Pre-school sets the right foundation for a child's learning and all-round development.

While the learning aptitude is high in initial years, every child has a unique way of learning and responding to the given learning environment. We at Kidzee understand this fact very well. After carrying out a detailed research with the help of approximately 20,000 parents, 2000 teachers and 1,30,000 children, we have developed a flexible pedagogy christened iLLUME. iLLUME enables us to observe children on pre-defined parameters and accordingly identify the preferred learning style of each and every child. Subsequently, activities are created around the preferred learning style that empowers children to think and explore.

While our peers stress on using the standard 'Learning while Playing' approach, we emphasize on the overall

development of the learning faculties of the child using iLLUME. The content created is engaging, intriguing and uses the right blend of traditional and modern learning tools. Our digital content and activity-based learning methods allow children to choose the learning path as per their comfort.

To ensure a consistent learning environment across all franchisee centers, we have created a repository of best practices and standards. Each centers must follow these guidelines and are audited on a periodic basis to ensure consistency. The centers also carry similar design and architecture and their teachers are periodically trained by our dedicated academic team to keep them abreast of contemporary teaching methods, tools and technologies.

As a result, brand Kidzee has become one of the largest and the fastest growing preschool networks in Asia. During the year under review, the number of students enrolled has increased to over 91,000 in Kidzee centers across India. Keeping its growth trajectory, Company has signed 388 new centers during the year.



Making Smart adolescents the 'Mount Litera' way

It is an age of technological revolutions. Modern tools and technologies are fast becoming part of everyday lifestyle. Hence, the need of the hour is to provide an opportunity to make the classroom an interesting place to learn and explore.

Mount Litera Zee School provides world-class learning environment through its state-of-the-art infrastructure, contemporary learning and teaching methods, well-researched proprietary content and constructive learning environment. Leveraging modern tools and technologies, Mount Litera Zee School strives to seamlessly integrate the classroom with a child's comfort zone. Also, unlike a traditional one-size-fits-all approach, Mount Litera Zee School follows a flexible teaching model that allows more personalised learning experiences. Zee Learn's additional service offerings like teacher training, assessment, parenting programs, seminars, branding, marketing and enrollment assistance helps it to stay ahead of the curve.

To facilitate deeper concept understanding, Zee Learn has created an integrated educational model, 'Litera Octave', which is practiced in all Mount Litera Zee Schools. The model was developed after years of research and development focusing on pedagogy, infrastructure, classroom design, assessment procedures and tools and technologies.

Zee Learn operates Mount Litera Zee School as both a franchisee model and self-managed schools.

In a short span of time, Mount Litera Zee School has become the fastest growing private-aided school chain in India. During the current financial year, 20 more schools got operational taking the total number of operational schools to 81 while there were 31 new sign-ups done during the year.



Making Smart Careers the 'ZIMA' & 'ZICA' way

India has one of the largest working age populations and one of the youngest demographics. It is at an enviable position as over the next two decades the working-age population would continue to increase, when for most other nations it would decline. To realize this demographic dividend, it must provide world-class skills that can help create a global standard force.

Zee Learn provides world-class vocational educational programs in Media Arts, Film Making, Design and Animation through Zee Institute of Media Arts (ZIMA) and Zee Institute of Creative Art (ZICA). Through a mix of degrees, diplomas and certificate courses. The institutes offer options to both fresh graduates and professionals to up-grade and refresh their skill-set.

The courses crafted are contemporary, backed by research and are periodically upgraded. ZICA

has associated itself with renowned universities like Himgiri Zee University and Annamalai University to create content for some of its courses.

While ZICA operates through a mix of franchise, company-owned-and-company-operated centres, the ZIMA centre remains a company-owned one. Both ZICA and ZIMA offer key services including placements, faculty training, content development and marketing support among others.

The students of both ZIMA and ZICA have won several accolades, including Best Film, Best Animation Movie, Best Director, Best Cinematographer and Best Actor awards at various State and International film festivals held across the country.



Providing Smarter School Solutions the 'BrainCafé' way

The effectiveness of a pedagogy is measured by independence of the learner. The traditional teaching model puts the entire onus of learning on the child as (s)he is expected to raise to the wavelength of the teacher.

To bring synergy between learning and teaching methods, Zee Learn has collaborated with Gakken J. Holdings, a leading Japanese education company, to formulate a science program titled 'BrainCafé' for students from K-12



schools in India. It runs along with the regular curriculum and makes learning more interactive, engaging and interesting, thereby, improving the conceptual understanding of the students. With an aim to develop Higher Order Thinking Skills (HOTS) among students through the route of science, BrainCafé has developed programs that help to bring better understanding and appreciation of science.

Management Discussion and Analysis

Zee Learn Ltd (ZLL) (BSE Code: 533287 and NSE Code: ZEE LEARN) is a leading child development and Education Company in India and is uniquely positioned to cater to unmet needs of large & growing market through its innovative and well researched educational offerings. Our strategy is to improve human capital by offering high quality education services to meet the demand. We are uniquely positioned to capitalize on the growth of the education sector in India with our deep capabilities in content and curriculum creation, education infrastructure management and educational technology. Through its portfolio encompassing one of the largest preschool networks in Asia along with the fastest growing chain of K-12 schools, it aims to improve the human capital of country.

Economy Overview

As per the Asian Development Outlook 2014, the economic slowdown bottomed out last year. A spell of global financial turbulence caused capital outflows and pressure on the exchange rate. India's economic growth during FY2014 was slowed because of persistently high inflation, policy paralysis, little progress on economic reforms, high interest rates and continued uncertainty in global economy. As a result of this, along with other sectors, the Indian automobile sector, real estate sector saw a new low point of their business cycle.

With widespread reform measures initiated in recent months and the global economy poised for a recovery, the Indian economy is expected to witness an improved outlook in 2014-15. India's medium-term growth outlook is positive due to a young

population and corresponding low dependency ratio, healthy savings and investment rates and increasing integration into the global economy.

With the opening up of Foreign Direct Investment (FDI) in several sectors, India is today an eye-catching destination for overseas investors. The relaxation of norms by the government has created a vast opportunity for foreign players, who are competing for a greater role in the Indian market. Sectors projected to do well in the coming years include education, infrastructure, automotive, technology, life sciences and consumer products.

The UN World Economic Situation and Prospects (WESP) 2014 mid-year update said India's economy would grow by 5 per cent in FY2015 and 5.5 per cent in FY2016, only slightly up from 4.8 per cent in FY2014 and 4.7 per cent in FY2013.

Indian Education Industry

Education is the key to the task of nation-building. It is also well-accepted that providing the right knowledge and skills to the youth can ensure overall national progress and economic growth. The Indian education system recognizes the role of education in instilling the values of secularism, equality, respect for democratic traditions and civil liberties and quest for justice. A progressive higher education sector plays a predominant role in economic growth and development of a nation.

Zee Learn, through its leading educational portfolio Kidzee (Pre School) and Mount Litera Zee School (K-12), caters to the growing demand of Indian students.

Market Size

With a median age of 25 years, India has over 570 million people below the age of 25 years. According to Census 2011, over 29 per cent of the 1.2 billion populations are between the age group 0-14 years. This means that the number of people in India needing primary and secondary education alone exceeds the entire population of the US. Since these students will be seeking higher education in India over the next decade, it illustrates the sheer size of the Indian education market.

K-12 sector (including public and private) is expected to reach Rs. 3,050 billion in 2015 from Rs.1,200 billion in 2008, growing at an estimated compound annual growth rate (CAGR) of 14 percent.

The private education sector is estimated to reach Rs. 5,479 billion by 2020, with enrollments in K-12 expected to grow to 375 million, requiring an additional 36 million seats by 2020.

Government Initiatives

Government support for the sector has also seen a boost, with substantial reforms and increased financial outlays being announced and implemented. These reforms aim at not only strengthening the sector but facilitating planned expansion of the sector.

The following are some of the major initiatives taken by the government for the infrastructural development of the education sector:

The Government has prepared the University Grants Commission (UGC) - Establishment and Operation of Campuses of Foreign Educational Institutions Rules, 2013. Under the proposed rules, Foreign Educational Institutions (FEIs) can set up campuses in India, once they

have been notified as Foreign Education Provider (FEPs) by the UGC, subject to fulfillment of certain eligibility conditions.

The Indian education sector is on the cusp of exponential growth and revolutionary changes. The new government has expressed "Better Education" as one of the six measures that it will focus to meet the demands of the common man. Also, it has brought specific focus on the task to equip and nurture the youth with right kind of education and skill-set.

Road Ahead

India plans to enhance its formally skilled workforce through vocational education and training from the current 12 per cent to 25 per cent by 2017, thereby adding about 70 million people in the next five years. Hence, the higher education segment is expected to undergo intense changes and activities in terms of foreign partnerships and foreign players entering the market in the coming years, with Indian players rejuvenating and improvising their methodology, technology and course content to match the competition.

Industry Segment Overview

Pre School Market

As per Jean Piagets cognitive development theory, human beings learn and grasp the most until the age of 5. During this time, children learn to assimilate information, express interest and develop cognitive & emotional skills. Hence, pre schools play an important role in the overall development of a child's cognitive skills and intelligence. Over the past few years, preschools have gained in popularity. Rising urbanization, growing aspirations for a quality education, improved affordability and more women joining the workforce are factors driving strong growth in this segment. Preschools are a part of the non

formal education system, with current industry size of INR 69 billion. They cater to children ages 1.5-6 and offer play group, nursery, junior kindergarten and senior kindergarten classes.

Preschool market to grow at a 15% CAGR

Unlike K-12 school education and higher educational institutions, which are barred by law from becoming for profit ventures, preschools are largely unregulated. This makes the industry free to operate on its own terms, which has also led to its highly unorganized nature.

Education Research projects that the overall preschool market will grow at a CAGR of 15% over 2014-20 from the current market size of Rs.69 billion to Rs.159 billion, driven by increasing penetration levels in the industry. Further, the organized market is expected to increase contribution from 20% to 26% over the next four years, owing to rising urbanization. Consequently, the organized preschool market is expected to grow at a CAGR of 26% over FY13-18E to INR 42.8bn from INR 13.2bn currently.

It is estimated that the organized sector will add 8,400 preschools, tripling the count to more than 12,700 preschools. India's total students catered by the organized preschool are set to reach 1.02 mn from 0.35 mn currently.

K-12 Market

Schooling segment covers the largest population of our society as compared to any other form of education. The segment is also the largest education segment valued at Rs. 717 billion in 2011 expected to reach Rs. 2,944 billion by the year 2020.

The growth momentum in the K-12 educational space will continue owing to the following factors

- Population in the age group 5-19 years (K-12 target population age) comprising approximately 30% of the Indian population represents huge target market both in the immediate as well as long run;
- Growing proportion of country's middle class population implying higher propensity to spend on child's education. The per capita public expenditure on secondary education has increased from Rs. 315 in FY08 to Rs. 784 in FY12;
- Lower enrolment rates especially at the upper primary level as compared to other developed nations of the world (with enrolment rates > 90%) owing to the drop-out rate post the primary education remaining high especially in rural India;
- Increase in expenditure outlay during the XIIth plan period earmarked by the Government of India (GoI) for the Primary & Secondary education; and
- Greater role of private entrepreneurs / institutes in the K-12 educational space through Public-Private Partnership.

In view of the above-mentioned factors together with the GoI's vision to universalize K-12 education in the country, the XIIth plan envisages the following for the growth of Primary & Secondary education

- Integration of pre-school education with primary schooling for the overall development of child right from the early stage;
- Strive to achieve Gross Enrolment Ratio (GER) > 90% at the secondary level and 65% in the higher secondary level by FY17; much in line with the global trends;

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- Reduction in drop-out rates to < 25% by FY17;
- Promoting the use of technology in education through the introduction of Information & Communication Technology (ICT) in schools;
- Focus on teacher training so as to familiarize them with real-life classroom situation; and
- Implementation of common school curriculum & syllabus across all the schools in the country especially for studies relating to Science, Mathematics & English.

Key issues currently faced by the segment include

- **Public School Infrastructure** - Poor infrastructure in Govt. schools and lack of good teachers have forced the Indian middle class to withdraw their children from Govt. schools and enroll them in private schools. While private schools account for 20% (0.26 million) of the total number of schools (1.3 million), they provide education to more than 30% of students. The increasing demand for quality education is also backed by the willingness to pay for it. Metros like Delhi and Mumbai have very high land prices and almost no vacant education land parcels, thereby limiting capacity expansion. A state wise analysis on the need gap indicates a shortage of schools in Chandigarh, Kerala and Delhi/NCR.

- **Shortage of Trained Teachers** - The education system in India suffers from a shortage of trained teachers and this has become a big concern for the education sector. As per the estimates, India will require 6.0mn more teachers by 2020 to attain the world average in terms of student teacher ratio. This would mean a requirement to train 0.75mn teachers p.a., as against this the total capacity of all B.Ed. Colleges currently is only 0.25mn p.a. Thus in order to improve the quality of education, it is imperative to

to improve the quality of education, it is imperative to address the shortage of teachers as well as the quality of teachers and teacher training courses. As a result of this, leading chains of schools are setting up in-house teacher training facilities.

- **Quality of Education** - As if the shortage of teachers was not sufficient to degrade the quality of Indian education, most schools still follow the rote learning practices, which hamper the quality of education severely. This is further supplemented by ineffective assessment of students. The overwhelming acceptance of international boards like the IB and the Cambridge, indicate that people are looking at alternative curriculums and pedagogies that lean towards practical and applied learning rather than rote learning.

Higher Education Market

According to our estimates, India boasts of more than 26,000 higher education institutes higher than any other country. However, despite having such a large number of institutes, India's Gross Enrolment Ratio (GER) still lags at 10%, which is significantly less than the global average. The Government has set itself a highly aggressive target of achieving 30% GER by 2020, which translates into an enrolment of 40 million students in the higher education system.

As per the estimates, the higher education sector in India is expected to witness a growth of 14.0 per cent CAGR till 2020. At present, the sector witnesses spends of more than Rs. 462 billion, which is estimated to grow at an average rate of more than 14 per cent to over Rs. 900 billion by 2020.

The total government outlay for higher education has increased from 21% of total education spend in the Xth

BUSINESS OVERVIEW

Zee Learn Limited runs programs in 1) Early Childhood Education, 2) School Education 3) Activity based learning centers and 4) Vocational Training in Media and Design through partnerships/franchising and through running its own institutes.

Fy14 saw your company making significant changes for the betterment of the way it delivers its educational philosophy. There were several initiatives taken in its Kidzee centers and K-12 schools. Kidzee consolidated its leadership position in the preschool segment by signing 388 preschools and serving over 91,400 children – the highest of any preschool chain in the country.

Mount Litera Zee Schools, on the back of significant investments in content, branding and delivery team surged forward to become one of the key players in the K-12 space by signing 31 MLZS schools during the year and serving over 22,000 students.

During the period under review, your company consolidated its financial position by earning revenue of Rs. 11,918 lacs and cutting down its Net losses from Rs. 2,122 lacs in FY13 to Net Loss of Rs. 133 lacs in FY14 (Standalone).

Zee Learn portfolio, across various genres in the Indian market, includes

- **PreSchool: Kidzee**
- **K-12: Mount Litera Zee Schools**
- **Vocational courses: ZICA and ZIMA**

Kidzee

The year FY14 was a landmark year for Kidzee as it continued its growth story and crossed 1200 operational centres across 500+ cities. In FY14, Kidzee grew by 24% over the last year with over 91,400 children studying in its network across the country. A leader in the Early Childhood Development and Education (ECDE) domain for over a decade now, Kidzee has nurtured over 350,000 children till date, thus truly standing for India's Favorite Preschool.

Kidzee's proprietary curriculum places the child at its center and designs everything around the developmental requirements of the child. The overriding principle 'What's Right For Child' (WRFC) governs everything that we do at Kidzee and serves as a filter to deliver only what is in the best interest of the child. Being committed to the cause of Child Abuse Prevention, Kidzee continues to empower the child and educate all stakeholders to prevent incidence of child abuse in any form under the 'I Care' initiative.

Kidzee understands that parents are equal partners in a child's development and in order to demonstrate the Kidzee experience to all the parents in the network, Kidzee held city-based events twice last year. The 'Kidzee Summer Bash' and 'Kidzee Karnival' touched more than 10,000 families and served to showcase the Kidzee network nationally. Also several other initiatives like Education on Sustainable development and various workshops and activities were held at the centre gave ample opportunity for the children to express and engage through the year.

Mount Litera Zee School

Mount Litera Zee Schools (MLZS) aim to provide Learner

Centered education with an integrated approach - where the child is at the center of everything. Mount Litera Zee Schools were initiated to bring about a quantum leap in how school education is delivered to the modern day child. The purpose is to help children realize their unique potential through our state-of-the-art infrastructure and facilities, well trained teachers and a proprietary pedagogy. MLZS provides holistic and quality education to all its students.

Our Pedagogy for MLZS: Litera OCTAVE

It is an integrated educational model that has been honed over years of research and development integrating various pillars such as content, infrastructure, classroom design, assessment and systems that impact the child during his/her learning and development in school.

Zee Institute of Creative Art (ZICA)

ZICA is a Classical and Digital Animation training academy that trains students in classical 2D and modern 3D animation. The institute has adopted a novel training style and is focused entirely on creating a stimulating environment for its curriculum.

Zee Institute of Media Arts (ZIMA)

ZIMA is engaged in the world of direction, cinematography, editing, sound, film animation, visual effects and the training of other high end software like Autodesk, Smoke and Flame. ZIMA offers the platform and infrastructure supporting the media education for the students fulfilling global standards.

GROWTH PLANS

With a clear vision to become a force to reckon in the Preschool and K-12 market, we believe that this segment offers unparalleled opportunity to improve the human capital of the country and huge potential for growth.

To accomplish our vision and maximize wealth creation for our stakeholders, the key focus areas are:

Enrolment growth: Driving enrolments in order to maximize capacity utilization will give us a significant upside.

Larger Footprints: Our core sales and marketing efforts are always driven towards expanding our footprint in new cities and penetrating the existing cities. We will be leveraging different options for this growth including franchising, partnerships, JV's etc to tap the unexplored markets of the country.

Increase share of wallet: With constant innovations and well researched products which can cater to wide range of education needs, we endeavor to increase our share of the parents' wallet. This in turn increases our revenue potential and return on investment of the capital deployed to run our education venture.

Factor affecting the growth of Education Sector in India

The education sector is likely to be driven by the following factors over the next decade:

Favorable Demographics

India is a country where a major proportion of the population is young and close to half the population is projected to be below the age of 30 as of 2011. With the literacy rates at about 74% as per the 2011 census and relatively favorable demographics, continuous investment in education is required to continue economic growth in India.

(Source:http://planningcommission.nic.in/data/datatable/1705/final_132.pdf).

Rising Middle class

Underlying demand from the rising middle class is fuelling the demand for more and more quality schools and pre-schools. India is still underdeveloped in terms of pre-schools with only 18% of Urban India sending their children to a pre-school compared to close to 85% in more developed countries. Further, recent studies show that there is a need for close to 1 lakh good quality schools to meet the rising demand.

Changes in the economy

Higher economic growth and growing urbanization is expected to translate to higher disposable income. This is likely to result into higher affordability, especially for the middle class, which in turn, is expected to increase spending and investment in education. This, in turn should translate into higher growth in education services.

Government policies

As indicated above, the Government is looking to invest and upgrade elementary education significantly over the last few years and into the foreseeable future- as evidenced by increasing allocations for investments in the 5 year plans. For examples, the Government has envisaged an investment of Rs.2,700 billion in the Eleventh five year plan. The Government has promulgated the Right to Education Act and has various ongoing programmes such as the Mid-day Meal Scheme to encourage and foster education services in India. Continued investment by the Government is likely to spur the growth of education sector in India.

Increased private sector investment

The number of private players has been increasing particularly on account of the need for quality education and better infrastructure which are lacking in Government institutions.

Increasing penetration level in pre-school industry

The pre-school industry is likely to grow to Rs. 159 billion by 2020 from Rs. 69 billion in 2014. Greater thrust on education and increasing awareness about the necessity of quality pre-school education, are likely to be key drivers resulting in growth of the pre-school industry.

Rising urbanization, growing need for a quality education, affordability are important factors driving strong growth in the private education sector in India over last few years.

Challenges of the Education sector

Following are the key challenges of the education sector in India:

Quality of education delivery

Many state-funded schools, especially those in the rural areas, lack even basic infrastructure facilities. Moreover the quality of education remains quite dismal. Additionally the Indian pupil-teacher ratio remains substantially high relative to the world average and the developing countries average. An improvement in the aforesaid areas is a pre-requisite for nation building.

Access

While the Government has been looking to expand the elementary school programme the physical availability of institutions, other barriers to access – e.g. socio-economic, linguistic – academic, physical barriers for the disabled continue to remain.

Relevance

Education in India needs to be more skill-oriented – both in terms of life-skills as well as livelihood skills. In sheer numerical terms, India has the manpower to substantially meet the needs of a world hungry for skilled workers,

provided its education system can convert those numbers into a skilled work-force with the needed diversity of skills.

Management

Management of Indian education needs to build in greater decentralization, accountability, and professionalism, so that it is able to deliver good quality education to all, and ensure optimal utilization of available resources.

Risk Factors

Competition from other players

The education business has seen the entry of host of new players in almost all the sectors we have established our presence. Education as a business is one of high growth prospects with presence of a mix of various professional academies, private and public schools, international schools / academies, private tutors, government schools etc. Changes in technology have made previously impossible things a possibility and also have almost levelled the playing field for small players in the industry to compete with big conglomerates in the same space. Technological developments paired with regulatory changes have spawned new delivery mechanisms. The Company operates in a highly competitive environment that is subject to innovations, changes and varying levels of resources available to each player in each segment of business. This can be a matter of concern if the company does not adapt to the changing face of the Industry. The company has been keeping itself abreast with the latest technological changes in the industry to implement the same in its operation to keep itself ahead of competition.

Interest rate fluctuations

The Company does not hedge any portion of its interest rate exposure from time to time. An increase in prevailing Indian or international interest rates could increase the

Company's borrowing costs with respect to its existing obligations or new loans, which could adversely affect the Company's financial condition and results of operations. Considering the fact that the current borrowings are at fixed interest rates, the Company does not hedge its interest rate exposure. However the finance team shall take appropriate steps to limit borrowing cost of the Company as and when felt necessary.

Personnel Risk

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. The Company's senior management is particularly important to its business because of their experience and knowledge of the industry. The loss or non-availability to the Company of any of its senior management could have significant adverse effect. 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's HR policy & compensation levels are in line with the industry levels to enable the Company to retain talent. Further, the management continuously reviews its talent pool for upgrading.

Regulatory Risk

K-12 schools are under regulatory scrutiny and with Right to Education Act; there are headwinds of change which will shift some of the fee burden on the 'paying' students.

The Company relies on intellectual property rights and proprietary rights which may not be adequately protected under current laws. Further, in view of the kind of business

in which the Company is, it may be subjected to defamation suits, which may have adverse effects on its business.

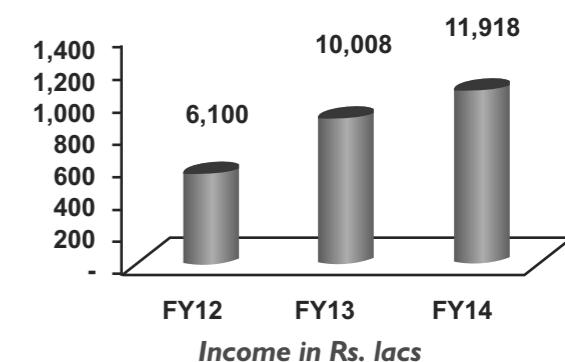
Regulatory enactments are monitored regularly and the Company shall constantly monitor and if need be adapt its business model from time to time according to the needs. Further, all necessary legal vetting is done by the management to ensure that Intellectual Property rights relating to content have requisite protection.

Standalone Financial performance

Financial Year 2014 Compared to Financial Year 2013

Income

Our total income increased by 19 per cent to Rs. 11,918 lacs in FY14 from Rs. 10,008 lacs in FY13 largely due to revenues flowing from increase in selling of educational goods and equipments for Kidzee and MLZS from Rs. 3,953 lacs in FY13 to Rs. 4994 lacs in FY14. A surge in enrollment also attributed to increase in royalty income from Rs. 2,778 lacs in FY13 to Rs. 3,543 lacs in FY14.

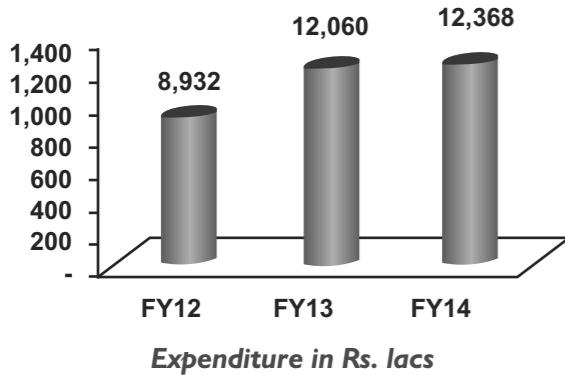


Other Income

The Company earned other income of Rs. 318 lacs in FY14 up from Rs. 62 lacs in FY13, which include one time foreign exchange gain of Rs. 180 lacs on the remittance received through GDR.

Expenditure

Total expenditure increased by a meager 3 per cent to Rs. 12,368 lacs in FY14 from Rs. 12,060 lacs in FY 13.



Cost of Goods Sold and operational expenses

Cost of goods sold and operational expenses increased by 13 per cent to Rs. 3,842 lacs in FY14 from Rs. 3,400 lacs in FY13 mainly because of increase in sales of educational goods and equipments and also on account of cost of sales of television content of ZQ channel.

Employee Benefits Expenses

Employee benefits expenses decreased by 6 per cent to Rs. 3,127 lacs in FY14 from Rs. 3,311 lacs in FY13 mainly due to restructuring of our Braincafe business model from coach based to non coach based.

Other Expenses

Other expenses decreased by 6 per cent to Rs. 3,912 lacs in FY14 from Rs. 4,143 lacs in FY13 mainly on account of reduction in marketing spend to Rs. 1,371 lacs in FY14 as compare to Rs. 1,687 lacs in FY13. However, other heads of expenses increased in commensuration with the size of business and inflation.

Finance Costs

Finance costs increased by 46 per cent to Rs. 823 lacs in FY14 from Rs. 564 lacs in FY13 on account of interest on

term loan raised by the company and processing fees pertaining to new loan disbursed during the year.

Depreciation and amortisation expenses

Depreciation and amortisation expenses increased by a meager 3 per cent to Rs. 664 lacs in FY14 from Rs. 642 lacs in FY13.

Profit After Tax

Loss after tax decreased to Rs.133 lacs in FY14 from Rs. 2,122 lacs in FY13 due to better revenue from operational activities and control on expenses.

Source of funds

Share Capital

The share capital increased by Rs. 563.2 lacs from Rs. 2630.1 lacs as at March 31, 2013, to Rs. 3193.3 lacs as on March 31, 2014, largely on account of issuance of 5.61 mn Global Depository Receipt ("GDR") aggregating to USD 19.99 mn wherein each GDR representing 10 fully paid up equity shares of the Company and also on account of issuance of shares under the Employee Stock Option scheme.

Reserve and Surplus

The reserve and surplus as at March 31, 2014, saw an increase of Rs. 9,864 lacs from Rs. 9,339 lacs as at March 31, 2013, on account of premium on issuance of GDR.

Long-term Borrowings

Long-term borrowings saw an increase of Rs. 2,846 lacs from Rs. 5,750 lacs as at March 31, 2013 to Rs. 8,596 lacs as at March 31, 2014, on account of term loan taken of Rs. 5,200 lacs. The Company also made the repayment of debenture to the tune of Rs.1,250 lacs. Also Rs. 2,354 lacs term loan is classified under short-term loan due to its

maturity in next the 12 months.

Long-term provisions

Long-term provisions saw an increase of Rs. 22 lacs from Rs. 122 lacs as at March 31, 2013 to Rs. 144 lacs as at March 31, 2014, on account of increase in gratuity and leave encashment provisions.

Current Liabilities

Current liabilities saw a decrease of Rs. 7,452 lacs from Rs. 14,629 lacs as at March 31, 2013 to Rs. 7,177 lacs as at March 31, 2014, mainly on account of repayment of Inter Corporate Deposits to the tune of Rs.9,013 lacs, increase in current maturities of long-term borrowing from Rs.1,750 lacs to Rs. 2,354 lacs, increase in unearned revenue by Rs. 683 lacs and net increase in advance from customers by Rs.195 lacs.

Application of funds

Fixed Assets

Fixed assets saw a net decrease of Rs. 2,718 lacs from Rs. 4,436 lacs as at March 31, 2013, to Rs. 1,718 lacs as at March 31, 2014, on account of Training equipments (part of tangible fixed assets) worth Rs. 6,10 lacs (pertaining to Braincafe) have been classified as inventories during the year due to change in business model and on account of cancellation of operating rights of Rs. 2,072 lacs for one of its school operations intangibles assets.

Long-term loans and advances

Long-term loans and advances saw a decrease of Rs. 8,031 lacs from Rs. 8,782 lacs as at March 31, 2013, to Rs. 751 lacs as at March 31, 2014, on account of cancellation of operating rights of Rs. 7,500 lacs for one of its school operations and as long term advance to the tune of Rs. 900 lacs is classified under short term loans and advance. Apart

from this, there is an increase in deposits with government and other deposits.

Current Assets

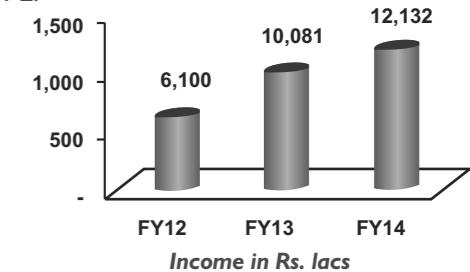
Current assets saw an increase of Rs. 16,536 lacs from Rs. 9,695 lacs as at March 31, 2013, to Rs. 26,230 lacs as at March 31, 2014, on account of investment made in Non-Convertible Non-Cumulative Redeemable Preference Shares of Rs. 9,572 lacs in its wholly owned subsidiary company, increase in Inter Corporate Deposit of Rs. 4,101 lacs, Rs. 900 lacs classified as short term loans and advance from long term loans and advances, increase in inventory on account of training equipments (part of tangible fixed assets) worth Rs. 610 lacs (pertaining to Braincafe- reclassified from fixed assets) and increase in investment of Rs. 464 lacs in various mutual funds.

Consolidated Financial performance

Financial Year 2014 Compared to Financial Year 2013

Income

Our total income increased by 20 per cent to Rs. 12,132 lacs in FY14 from Rs. 10,081 lacs in FY13 largely due to revenues flowing from increase in selling of educational goods and equipments for Kidzee and MLZS from Rs. 3,953 lacs in FY13 to Rs. 4,994 lacs in FY14. A surge in enrollment also attributed to increase in royalty income from Rs. 2,778 lacs in FY13 to Rs.3,543 lacs in FY14. There was also an increase of Rs.141 lacs in lease rental income in DVPL.

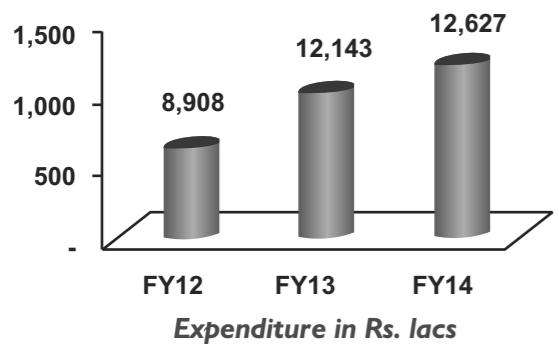


Other Income

The Company earned other income of Rs. 302 lacs in FY14 up from Rs. 62 lacs in FY13, which include one time foreign exchange gain of Rs. 180 lacs on the remittance received through GDR.

Expenditure

Total expenditure increased by a meager 4 per cent to Rs. 12,627 lacs in FY14 from Rs. 12,143 lacs in FY13.



Cost of Goods Sold and operational expenses

Cost of goods sold and operational expenses increased by 13 per cent to Rs. 3,842 lacs in FY14 from Rs. 3,400 lacs in FY13 mainly because of increase in sales of educational goods and equipments and also on account of cost of sale of television content of ZQ channel.

Employee Benefits Expenses

Employee benefits expenses decreased by 6 per cent to Rs. 3,127 lacs in FY14 from Rs. 3,311 lacs in FY13 mainly due to restructuring of our Braincafe business model from coach based to non coach based.

Other Expenses

Other expenses decreased by 5 per cent to Rs. 3,948 lacs in FY14 from Rs. 4,153 lacs in FY13 mainly on account of

reduction in marketing spend to Rs. 1,371 lacs in FY14 as compare to Rs. 1,686 lacs in FY13. However, other heads of expenses increased in commensuration with the size of business and inflation.

Finance Costs

Finance costs increased by 58 per cent to Rs. 975 lacs in FY14 from Rs. 616 lacs in FY13 on account of interest on term loan raised by the company and processing fees pertaining to new loan disbursed during the year.

Depreciation and amortisation expenses

Depreciation and amortisation expenses increased by 11 per cent to Rs. 736 lacs in FY14 from Rs. 663 lacs in FY13 on account of addition of new fixed assets.

Profit After Tax

Loss after tax decreased to Rs. 194 lacs in FY14 from Rs. 2141 lacs in FY13 due to better revenue from operational activities and control on expenses.

Source of funds

Share Capital

The share capital increased by Rs. 563.2 lacs from 2630.1 lacs as at March 31, 2013, to Rs. 3193.3 lacs as on March 31, 2014, largely on account of issuance of Rs. 5.61 lacs Global Depository Receipt ("GDR") aggregating to USD Rs. 19.99 lacs wherein each GDR representing 10 fully paid up equity shares of the Company and also on account of issuance of share under Employee Stock Option scheme.

Reserve and Surplus

The reserve and surplus as at March 31, 2014, saw an increase by Rs. 9,803 lacs from Rs. 9,316 lacs as at March 31, 2013, on account of premium on issuance of GDR.

Long-term Borrowing

Long-term borrowing saw an increase of Rs. 4,261 lacs from Rs. 23,972 lacs as at March 31, 2013 to Rs. 28,233 lacs as at March 31, 2014, on account of term loan taken of Rs. 7,200 lacs. The Company also made the repayment of debenture to the tune of Rs. 1,250 lacs. Also Rs. 2,965 lacs term loan is classified under short-term loan due to its maturity in next 12 months.

Long-term provisions

Long-term provisions saw an increase of Rs. 24 lacs from Rs. 123 lacs as at March 31, 2013 to Rs. 147 lacs as at March 31, 2014, on account of increase in gratuity and leave encashment provisions.

Current Liabilities

Current liabilities saw a decrease of Rs. 5,800 lacs from Rs. 16,008 lacs as at March 31, 2013 to Rs. 10,208 lacs as at March 31, 2014, mainly on account of repayment of Inter Corporate Deposits to the tune of Rs. 90,103 lacs, increase in current maturities of long-term borrowing from Rs. 1,750 lacs to Rs. 2,965 lacs, increase in unearned revenue of Rs. 683 lacs, net increase in advance from customers by Rs. 195 lacs and increase in creditors in DVPL by Rs. 970 lacs.

Application of funds

Fixed Assets

Fixed assets saw a net increase of Rs. 14,145 lacs from Rs. 33,011 lacs as at March 31, 2013, to Rs. 47,156 lacs as at March 31, 2014, on account of increase of Rs. 15,484 lacs in Capital Work in Progress in DVPL, decrease Training equipments (part of tangible fixed assets) worth Rs. 610 lacs (pertaining to Braincafe) have been classified as inventories during the year due to change in business model.

Long-term loans and advances

Long-term loans and advances saw a decrease by Rs. 9,186 lacs from Rs. 15,959 lacs as at March 31, 2013, to Rs. 6,773 lacs as at March 31, 2014, on account of decrease in capital advance by Rs. 4,650 lacs, increase in security deposits by Rs. 41 lacs and long term advance to the tune of Rs. 900 lacs is classified under short term loans and advance. Apart from this, there is an increase in deposits with government and other deposits.

Current Assets

Current assets saw an increase of Rs. 3,162 lacs from Rs. 3,878 lacs as at March 31, 2013, to Rs. 7,040 lacs as at March 31, 2014, on account of Rs. 900 lacs classified as short term loans and advance from long term loans and advances, increase in inventory on account of training equipments (part of tangible fixed assets) worth Rs. 610 lacs have been classified as inventories during the year due to change in business model, increase in investment of Rs. 464 lacs in various mutual funds, increase in trade receivable by Rs. 225 lacs and increase in cash and bank balance by Rs. 601 lacs.

Internal Controls

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 business to ensure timely decision-making. Internal audit is conducted by professionally qualified financial personnel, which conducts periodic audits/review to maintain a proper system of checks and control.

Corporate Information

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.

Material developments in Human Resources/Industrial Relations front, including number of people employed

The HR strategy of Zee Learn Limited is aligned with the overall strategy of the Company.

Talent Acquisition

To create a rich talent pool, we believe in hiring across industries and not restricting ourselves to the Education Industry. While hiring, we look for people who have the right attitude towards the role and have an endearing interest in children and their growth.

Talent Retention

Multiple measures have been initiated to retain key talent in the organization. We actively encourage people to take up different roles within the organization. This promotes learning and makes them eligible to take up senior positions at a later date. It also keeps them engaged because of the challenge of each assignment. We have identified high potential employees within the organization and the senior management of the organization engages with them regularly to ensure that they are getting the right environment to achieve their maximum potential. Having an approachable leadership team, helps to solve employee grievances across the table, thereby reducing attrition.

High performance & meritocracy

Zee Learn fosters a culture of meritocracy with an emphasis on caring for employees. Whilst the Managers in Zee Learn are fairly demanding when it comes to performance, they also are sensitive and caring towards their fellow colleagues and team members. Treating others with dignity, respect and empathy are important aspects of the company's culture. The Company lends a helping hand to team members in their difficult times whether it by way of a loan or by personal help.

Employee Engagement

At Zee Learn, we believe that an engaged employee is a happy employee and therefore a productive one. Towards this we launched 'Enrich' an employee engagement initiative, to get people together across departments and verticals. So, engagement activities were conducted not only at HO, but they were spread across Zones. As over 30 per cent of our workforce comprises women, we initiated special sessions for women under the aegis of iDiva a women empowerment initiative. The Q12 survey is a powerful tool to assess the engagement of the employees. We conducted it twice this year to gauge the engagement level of the employees in different teams and see the impact of our engagement initiatives.

Learning and Development

Enabling people to perform their function effectively is core to Zee Learn's philosophy. We not only believe in thorough induction training but also take up regular refresher training to keep our people abreast of the latest development within and outside the organization. Some of our senior team members have also undergone specific knowledge and skill based training programmes at prestigious institutes like IIM.

Board of Directors	Board Committees	
Subodh Kumar <i>Non-Executive Chairman</i>	Audit Committee	
Surjit Banga <i>Independent Director</i>	Surjit Banga - <i>Chairman</i> Subodh Kumar - <i>Member</i> Sangeeta Pandit - <i>Member</i>	
Dr. Manish Agarwal <i>Independent Director</i>	Stakeholders Relationship Committee	
Sangeeta Pandit <i>Independent Director</i> (w.e.f. December 1, 2013)	Surjit Banga - <i>Chairman</i> Himanshu Mody - <i>Member</i>	
Himanshu Mody <i>Non-Executive Director</i>		
Samir Raval <i>Company Secretary</i>	Nomination and Remuneration Committee	
Auditors M/s MGB & Co. <i>Chartered Accountants</i>	Dr. Manish Agarwal - <i>Chairman</i> Surjit Banga - <i>Member</i> Himanshu Mody - <i>Member</i>	
Senior Management		
KVS Seshasai <i>Chief Executive Officer</i>	Pradeep Pillai <i>Chief Operating Officer</i>	
Amanpal Singh <i>Head – Human Resources</i>	Sindu Aven <i>Head – Academic Content</i>	
Vivek Bhanot <i>Business Head – Strategic Acquisition Team</i>	Sukhvinder Singh Bindra <i>Business Head – K 12</i>	
Abhinav Upadhyay <i>Head - Marketing and Innovation</i>	Deepa George <i>Head – Legal</i>	
Bankers		
Axis Bank Limited Yes Bank Limited ICICI Bank Limited IDBI Bank Limited State Bank of India Deutsche Bank		
Registered Office	Corporate Office	Registrar & Share Transfer Agent
Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai - 400 018.	Fun Republic, Level 6 th , Off. New Link Road, Andheri (W), Mumbai - 400053.	Sharepro Services (India) Private Limited 13 AB, Samhita Warehousing Complex, 2 nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai 400 072 - INDIA.
Investor Email ID: investor_relations@zeelearn.com Corporate Identity Number : L80301MH2010PLC198405 website: www.zeelearn.com		

NOTICE

Notice is hereby given that the Fourth Annual General Meeting of the members of Zee Learn Limited will be held on Monday, the 11th day of August, 2014 at 11.00 a.m., at 'The Hall of Culture', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018, to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Financial Statements of the Company - on a standalone and consolidated basis, for the financial year ended March 31, 2014 including the Balance Sheet as at March 31, 2014, the Statement of Profit & Loss for the financial year ended on that date and the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Himanshu Mody (DIN 00686830), who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
3. To re-appoint M/s MGB & Co., Chartered Accountants, Mumbai, having Firm Registration No.101169W, as the Statutory Auditors of the Company to hold such office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at remuneration to be determined by the Board of Directors of the Company.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013('Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for time being in force), Dr. Manish Agarwal (DIN 02069969), Independent Director of the Company who was earlier appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting, be and is hereby appointed as an Independent Director of the Company not liable to retirement by rotation for a period of 3(three) consecutive years up to March 31, 2017".

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

"RESOLVED THAT pursuant to the provisions of Sections

149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013('Act')and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for time being in force), Dr. Manish Agarwal (DIN 02069969), Independent Director of the Company who was earlier appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting, be and is hereby appointed as an Independent Director of the Company not liable to retirement by rotation for a period of 3(three) consecutive years up to March 31, 2017".

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ('Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for time being in force), Mr. Surjit Banga (DIN 00001637), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company not liable to retirement by rotation for a period of 3 (three) consecutive years up to March 31, 2017".

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

"RESOLVED THAT in supersession to earlier resolution passed by the Members under Section 293(1)(d) of the Companies Act, 1956 at the 1st Annual General Meeting held on 29th June, 2011 and pursuant to the Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 (corresponding Section 293(1)(d) of the erstwhile Companies Act, 1956) and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for time being in force), the consent of the Company be and is hereby accorded to the Board of Directors (which term shall include any Board Committee duly authorized by the Board) to borrow moneys from time to time in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained / to be obtained from the Company's Bankers

in the ordinary course of business, shall not be in excess of Rs. 500,00,00,000/- (Rupees Five Hundred Crores) over and above the aggregate of the paid up share capital and free reserves of the Company."

By order of the Board

Place: Mumbai
Date : May 29, 2014

Samir Raval
Company Secretary

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

CIN:- L80301MH2010PLC198405
E-mail :- investor_relations@zeelearn.com

Notes:

1. **A member entitled to attend and vote at the meeting is entitled to appoint proxy to attend and vote on a poll on his/ her behalf. Such a proxy need not be a member of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting.**

A person can act as proxy on behalf of the members not exceeding 50 (fifty) and holding in the aggregate not more than 10% (ten) of the total share capital of the Company. Any member holding more than 10% (ten) of the total share capital of the Company may appoint a single person as proxy and in such person shall not act as a proxy for any other person or member.
2. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of special businesses to be transacted at the Annual General Meeting is annexed herewith.
3. Corporate Members are requested to send to the Registered Office of the Company, a duly certified copy of the Board Resolution, pursuant to Section 113 of the Companies Act, 2013, authorizing their representative to attend and vote at the Annual General Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, August 4, 2014 to Monday, August 11, 2014 (both days inclusive) for the purpose of Annual General Meeting.
5. Additional information, pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, on Directors recommended by the Board for appointment / re-

appointment at the Annual General Meeting forms part of the Report on Corporate Governance in the Annual Report.

In connection with appointment / re-appointment of Mrs. Sangeeta Pandit, Dr. Manish Agarwal and Mr. Surjit Banga in terms of Section 149 read with Schedule IV of the Companies Act, 2013, the Board of Directors have reviewed the declarations made by each of them that they meet the criteria of Independence as provided in Section 149(6) of the Companies Act, 2013 and the Board is of opinion that they fulfill the conditions specified in the Act and the rules made there under and they are Independent of the management of the Company.

Members who are holding Company's shares in dematerialized form are required to bring details of their Depository Account Number for identification.

Members who wish to obtain information on the Financial Statements for the year ended March 31, 2014, may send their queries at least 7 (seven) days before the AGM to the Company Secretary at the registered office of the Company or at Email ID investor_relations@zeelearn.com

6. Electronic Copy of the Annual Report for FY 2013-14 is being sent to all the members whose e-mail IDs are registered with the Company/ Depository Participant(s) for communication. For members who have not registered their email address, physical copy of the Annual Report for FY 2013-14 is being sent in permitted mode. The Annual Report may also be accessed in the Company's Corporate website www.zeelearn.com.
7. Members are requested to notify immediately about any change in their address / e-mail address /dividend mandate / bank details to their Depository Participant (DP) in respect of their shareholding in Demat mode and in respect of their physical shareholding to the Company's Registrar and Share Transfer Agent, M/s Sharepro Services (India) Pvt. Ltd., at 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai-400 072 and/or at 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai-400 021. Shareholders holding Equity Shares of the Company in physical form may register their email address with the Registrar and Share Transfer agent of the Company to receive all communications by the Company including Annual Report and Notice of Meeting by email, by sending appropriate communication on sharepro@shareproservices.com.
8. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. electronically from the Company.

9. E-voting

In compliance with Clause 35B of the Listing Agreement entered into with the Stock Exchanges and Section 108 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 4th Annual General Meeting (AGM) by electronic means and all the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

The E-voting period for all items of business contained in this Notice shall commence from Monday the 4th day of August, 2014 at 9.00 a.m. and will end on Wednesday, the 6th day of August, 2014 at 6.00 p.m. During this period shareholders of the Company holding shares either in physical form or in dematerialized form as on the cutoff date of July 4, 2014, may cast their vote electronically. The E-voting module shall be disabled by CDSL for voting there after. Once the vote on a resolution is cast by any Member, he/she shall not be allowed to change it subsequently.

The voting rights of Members shall be in proportion to their equity shareholding in the paid up equity share capital of the Company as on July 4, 2014.

10. The Company shall appoint an Independent Professional as Scrutinizer to conduct the E-voting in a fair and transparent manner. The Scrutinizer shall within a period of not exceeding 3 working days from the conclusion of voting period, shall unblock the votes in presence of two witness, who are not in employment of the Company and after scrutinizing such votes received shall make a Scrutinizers report of the votes cast in favor or against or invalid votes in connection with the resolution(s) mentioned in the Notice of the Meeting and submit the same forthwith to the Chairman of the Company.

11. The Results of E-voting shall be declared at the AGM of the Company and the results along with Scrutinizer's report shall be placed on the website of the Company thereafter and shall also be communicated to the Stock Exchanges. The Resolutions shall be deemed to be passed, if approved, on the date of AGM.

12. The instructions and process for e-voting are as under:

- Open your web browser during the voting period and log on to the e-voting website www.evotingindia.com
- Now click on 'Shareholders' tab to cast your votes
- Now, select the 'Electronic Voting Event Number (EVSN)' along with 'Zee Learn Limited' from the drop down menu and click on 'SUBMIT'

- Now Enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.
- If you are holding shares in Demat form and had logged on to www.evotingindia.com and casted your vote earlier for EVSN of any company, then your existing password is to be used. If you are a first time user follow the steps given below.
- Now, fill up the following details in the appropriate boxes:

PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (in Capital) (Applicable for both demat shareholders as well as physical shareholders)
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records in dd/mm/yyyy format or folio no. as per Company records.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.

- * Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and demat account/ folio number in PAN field.
- # Please enter any one of the details in order to login. In case either of the details are not recorded with the depository please enter number of shares held in the Dividend Bank details field.
- After entering these details appropriately, click on 'SUBMIT'
- Shareholders holding Equity shares in Physical form will then reach directly to the EVSN selection screen. However Equity Shareholders holding shares in Demat form will now reach 'Password Change' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- Equity Shareholders holding shares in physical form can use these details only for e-voting on the resolutions contained in this Notice.
- Click on the relevant EVSN on which you choose to vote.
- On the voting page, you will see Description of Resolution(s) and option for voting Yes/No for voting. Select the option yes or no as desired. The option 'YES' implies that you assent to the resolution & 'NO' implies that you dissent to the resolution.
- Click on the Resolution file link if you wish to view the entire Notice.
- After selecting the resolution you have decided to vote on, click on 'SUBMIT'. A confirmation box will be displayed. If you wish to confirm your vote, click on 'OK', else to change your vote, click on 'CANCEL' and accordingly modify your vote.
- Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- You can also take out print of the voting done by you by clicking on 'Click here to print' option on the Voting page.
- If Demat account holder has forgotten the changed password then enter the User ID and Captcha Code click on Forgot password & enter the details as prompted by the system.
- Institutional Equity Shareholders (i.e. other than individuals, HUF, NRI etc) are required to log on <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board resolution and Power of Attorney which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions and e-voting manual available at www.evotingindia.co.in under help section or write an email to CDSL on helpdesk.evoting@cdslindia.com or to the Investor relations officer of the Company on investor_relations@zeelearn.com

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4

Mrs. Sangeeta Pandit was appointed as an Additional Director of the Company by the Board with effect from December 1, 2013. Pursuant to provisions of Section 161(1) of the Companies Act, 2013, Mrs. Sangeeta Pandit holds office only

up to the date of this Annual General Meeting of the Company. Appropriate notice along with requisite amount of deposit under Section 160(1) of the Companies Act, 2013 has been received by the Company from a member proposing appointment of Mrs. Sangeeta Pandit as a Director of the Company and requisite consent has been received from Mrs. Sangeeta Pandit pursuant to the provisions of Section 152 of the Companies Act, 2013. In opinion of the Board, Mrs. Sangeeta Pandit who is proposed to be appointed as an Independent Director of the Company for the period up to November 30, 2016 fulfills the conditions specified under Section 149(6) and Schedule IV of the Companies Act, 2013 and is an Independent of the Management.

Mrs. Sangeeta Pandit does not hold by herself or for any other person on a beneficial basis, any shares in the Company. She is neither a Director nor a member in any other Company registered in India.

Brief Profile and other details of Mrs. Sangeeta Pandit forms part of the Corporate Governance Report.

Your Board recommends the Ordinary resolution as set out in Item No. 4 for approval of Members.

None of the Directors and/or Key Managerial Personnel of the Company or their relatives, except Mrs. Sangeeta Pandit whose appointment is proposed in this resolution are in any way concerned or interested in the resolution.

Item No. 5

Dr. Manish Agarwal is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on January 4, 2010 and was liable to retire by rotation as per the terms of the said appointment, retires at the ensuing Annual General Meeting in pursuance of applicable provisions of erstwhile Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Dr. Agarwal is proposed to be appointed as an Independent Director, not liable to retire by rotation, for a term up to March 31, 2017.

In the opinion of the Board, Dr. Agarwal fulfills the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is Independent of the Management.

Dr. Manish Agarwal holds 25,500 Equity Shares in the Company. He is neither a Director nor a member in any other Company registered in India.

Brief Profile and other details of Dr. Manish Agarwal forms part of the Corporate Governance Report.

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

None of the Directors and/or Key Managerial Personnel of the Company or their relatives, except Dr. Manish Agarwal whose appointment is proposed in this resolution are in any way concerned or interested in the resolution.

Item No. 6

Mr. Surjit Banga is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on September 01, 2010 and was liable to retire by rotation as per the terms of his appointment. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Banga is proposed to be appointed as an Independent Director, not liable to retire by rotation, for a term up to March 31, 2017. A notice along with requisite amount of deposit under Section 160(1) of the Companies Act, 2013 (corresponding to Section 257 of the Companies Act, 1956) has been received from a member proposing appointment of Mr. Banga as a Director of the Company.

In the opinion of the Board, Mr. Surjit Banga fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is Independent of the Management.

Mr. Surjit Banga holds 62,950 Equity Shares in the Company. He is a Director in Zee Media Corporation Ltd. & Jetking Infotrain Ltd.

Brief Profile and other details of Mr. Surjit Banga forms part of the Corporate Governance Report.

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

None of the Directors and/or Key Managerial Personnel of the Company or their relatives, except Mr. Surjit Banga whose appointment is proposed in this resolution are in any way concerned or interested in the resolution.

Item No. 7

The members of the Company at their 1st Annual General Meeting held on June 29, 2011 approved by way of an ordinary resolution under Section 293(1)(d) of the Companies Act, 1956 borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of Rs.500 Crores (Rupees Five Hundred Crores).

Upon effectiveness of Section 180(1)(c) of the Companies Act, 2013 from September 12, 2013 and repeal of Section 293(1)(d) from the said date in accordance with clarification issued by Ministry of Corporate Affairs vide circular no. 04/2014 dated March 25, 2014, the Ordinary Resolution passed by the Members on June 29, 2011 will be valid till September 11, 2014. As per Section 180(1)(c) of the Companies Act, 2013, the Board

of Directors shall not borrow money in excess of the Company's paid up share capital and free reserves, apart from temporary loans obtained from the Company's banker in the ordinary course of business, except with the consent of the Company accorded by way of Special Resolution.

It is therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out in Item no.7 of the Notice, to enable to the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money upto Rs. 500 crores (Rupees Five Hundred Crores) in excess of the aggregate of the paid up share capital and free reserves of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out in Item no.7.

By order of the Board

Place: Mumbai
Date: May 29, 2014

Samir Raval
Company Secretary

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

CIN:- L80301MH2010PLC198405
E-mail :- investor_relations@zeelearn.com

Directors' Report

To,
The Members of
Zee Learn Limited

Your Directors take pleasure in presenting the Fourth Annual Report of the Company together with Audited Financial Statements for the year ended March 31, 2014.

FINANCIAL PERFORMANCE (Rs. in lacs)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Revenue from Operations	11,917.54	10,007.76
Other Income	318.09	62.32
Total Income	12,235.63	10,070.08
Total Expenses	10,880.82	10,853.84
Operating Profit/Loss	1,354.81	(783.76)
Less: Finance Cost	823.30	564.05
Less: Depreciation	664.16	642.00
Profit/Loss before Tax	(132.65)	(1,989.81)
Provision for Taxation (Net)	-	132.54
Profit/Loss after Tax	(132.65)	(2,122.35)
Balance Carried To Balance Sheet	(132.65)	(2,122.35)

DIVIDEND

In view of losses during the year, your Directors have not recommended any dividend on Equity Shares for the year under review.

BUSINESS OVERVIEW

Your Company is a key player in education industry, being the clear market leader in the preschool segment through its brand 'Kidzee' and have a growing presence in the K-12 school segment through the Mount Litera Zee School brand. Your Company has grown steadily @19% over last year inspite of overall economic slowdown and has signed up 388 preschools and 31 K-12 schools during the year. Your Company has catered to more than 350,000 students in preschools and around 25,000 students in K-12 till March 31, 2014.

SUBSIDIARY COMPANY

Statement pursuant to Section 212 of the Companies Act, 1956 in respect of the wholly owned subsidiary viz. Digital Ventures Private Limited is attached herewith and forms part of this report.

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

Your Board has decided to avail the general exemption granted by Ministry of Corporate Affairs from complying with Section 212(8) of the Companies Act, 1956 and accordingly the financial statements of the wholly owned subsidiary viz. Digital Ventures Private Limited for the financial year ended March 31, 2014 is not being attached with this Annual Report of the Company and certain financial highlights of the said subsidiary is disclosed in the Annual Report, as part of the Consolidated Financial Statements. The audited Annual Accounts and related information of the subsidiary will be made available upon request or for inspection at the registered office, by any shareholder of the Company.

SHARE CAPITAL

During the year under review, your Company had allotted 1,41,625 Equity Shares of Re. 1/- each upon exercise of Stock Options by the Option grantees under the Employee Stock Option Scheme. Further, your Company had issued and allotted 5,61,79,770 fully paid equity shares of Re. 1/- each at the price of Rs. 19.50 per share to the Overseas Depository in the form of underlying shares to the Global Depository Receipt issued by the Company. This has resulted an increase in the paid-up equity share capital of the Company from Rs. 26,30,10,249 to Rs. 31,93,31,644 comprising of 31,93,31,644 equity shares of Re. 1/- each.

NON-CONVERTIBLE DEBENTURES & CREDIT RATING

During the year under review, third tranche of 12% Secured Redeemable Non-Convertible Debentures ('SRNCD's) of Rs. 50 Crores, listed on Wholesale Debt Market Segment of National Stock Exchange of India Ltd. (NSE), was redeemed as per the terms of issue. As at March 31, 2014, SRNCD's of Rs. 12.50 Crores are outstanding and listed on Wholesale Debt Market segment of NSE.

Credit Analysis & Research Limited (CARE) has reaffirmed the rating of 'CARE AA (SO)', assigned to the SRNCD's issued by the

Company and the said rating denotes high degree of safety for timely servicing of debt obligation and carries very low credit risk.

GLOBAL DEPOSITORY RECEIPTS

Pursuant to the requisite approvals and in accordance with applicable regulations including the Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipts Mechanism) Scheme, 1993, as amended, the Global Depository Receipt (GDR) offer of the Company for 56,17,977 GDRs opened for subscription on May 13, 2013 at a price of US\$ 3.56 per GDR, each GDR representing 10 fully paid Equity Shares of the Company.

The pricing of the GDR as per the pricing formula prescribed under Clause 5(4)(D) of the Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipts Mechanism) Scheme, 1993, as amended, was Rs. 19.50 per equity share and the relevant date for this purpose was May 13, 2013.

Upon opening, the GDR issue was fully subscribed by overseas investors and the Company received USD 19999998.12 towards the subscription money. Upon receipt of the subscription money, the Issue Committee of the Board, at its meeting held on May 21, 2013, issued and allotted 5,61,79,770 fully paid equity shares @ Rs. 19.50 per share to Deutsche Bank Trust Company Americas (being the depository) to be held by the Deutsche Bank AG, Mumbai Branch as the local custodian to the order of Deutsche Bank Trust Company Americas, underlying the Global Depository Receipt issued to foreign investors. The GDR's are listed at the Luxembourg Stock Exchange.

As on March 31, 2014, total 41,17,977 GDRs have remained outstanding, the underlying shares of which forms part of the existing paid up share capital of the Company.

EMPLOYEES STOCK OPTION SCHEME

Your Company has implemented an Employee Stock Option Scheme called ZLL ESOP-2010, in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (SEBI Guidelines) for grant of stock options to its eligible employees. The Remuneration Committee of the Board administers and monitors the Scheme. The applicable disclosures as stipulated under the SEBI Guidelines as at March 31, 2014 are provided in the Annexure I to this report.

During the year under review, 18,16,350 Stock Options were granted on September 10, 2013 and 50,000 stock options were granted on February 4, 2014. Further, your Company had issued and allotted 1,41,625 Equity Shares of Re. 1/- each upon exercise of equivalent number of vested Stock Options by the Option Grantees at Option price of Rs. 26.05 (7, 500 Shares) and Rs. 14.50 (1,34,125 Shares) per share.

The Company has received a Certificate from the Statutory

Auditors, M/s. MGB & Co., Chartered Accountants, confirming that the Scheme has been implemented in accordance with SEBI Guidelines and the resolution passed by the shareholders. The Certificate shall be placed at the ensuing Annual General Meeting and a copy of the same shall be available for inspection at the Registered Office of the Company on all working days (except Saturdays) between 2.00 p.m. to. 5.00 p.m., up to the date of ensuing Annual General Meeting.

CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out in the Listing Agreement with the Stock Exchanges. Report on Corporate Governance as stipulated under the Listing Agreement(s) with the Stock Exchanges as also the Management Discussions 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 compliance with the provisions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement(s), is annexed to the said Corporate Governance Report.

DIRECTORS

During the year under review, your Board inducted Mrs. Sangeeta Pandit as an Additional Director of the Company in the category of Independent Director. In terms of Section 161 of the Companies Act 2013 (corresponding Section 260 of the Companies Act 1956) Mrs. Sangeeta Pandit will hold office up to the date of the ensuing Annual General meeting. The Company has received notice in writing along with deposit pursuant to Section 160 of Companies Act, 2013, proposing appointment of Mrs. Sangeeta Pandit as an Independent Director. Your Board has recommended appointment of Mrs. Sangeeta Pandit as Independent Director not liable to retire by rotation for a period of 3(three) consecutive years up to November 30, 2016.

As per the provisions of the Companies Act, 1956 read with Article 97 of the Articles of Association, Mr. Himanshu Mody, Director, retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting. Your Board has recommended his re-appointment.

As per the provisions of Companies Act, 2013, Independent Directors are required to be appointed for a term of maximum of 5 (five) consequent years and Independent Directors shall not be liable to retire by rotation. Accordingly, Dr. Manish Agarwal, Director, who was earlier appointed as an Independent Director liable to retire by rotation and retiring at the conclusion of the ensuing AGM as per the terms of his earlier appointment, is proposed to be appointed as an Independent Director not liable to retire by rotation for a period of 3(three) consecutive years up to March 31, 2017. Your Board recommends the said appointment.

Pursuant to Section 149 and other applicable provisions of the Companies Act, 2013, your Directors are seeking appointment of Mr. Surjit Banga as an Independent Director for 3(three) consecutive years for a period up to March 31, 2017. The Company has received notice in writing along with deposit pursuant to Section 160 of Companies Act, 2013, proposing appointment of Mr. Surjit Banga as an Independent Director. Your Board recommends the said appointment.

Pursuant to Sections 149 and 152 of the Companies Act, 2013, approval of the shareholders has been sought for the appointment of Mrs. Sangeeta Pandit, Dr. Manish Agarwal and Mr. Surjit Banga as an Independent Directors not liable to retire by rotation for a period of 3 (three) years.

Brief Profile of the Directors proposed to be appointed / re-appointed at the ensuing Annual General Meeting are included in the Report on the Corporate Governance forming part of the Annual Report.

AUDITORS

M/s. MGB & Co., Chartered Accountants, (which is in the process of being converted into a LLP under the name and style of MGB & Co. LLP) the Statutory Auditors of the Company having firm registration No. 101169W hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

Your Company has received a letter from the Auditors to the effect that their re-appointment, if made, would be in accordance with the limits specified under the Companies Act, 2013 and the firm satisfies the criteria specified in Section 141 of the Companies Act, 2013 read with Rule 4 of Companies (Audit & Auditors) Rules 2014. The Audit Committee and the Board of Directors recommends the re-appointment of M/s. MGB & Co., Chartered Accountants, as Statutory Auditors for Financial Year 2014-15. Members are requested to consider their re-appointment as Statutory Auditors of the Company from the conclusion of ensuing Annual General Meeting till next Annual General Meeting at remuneration as may be decided by the Board.

CORPORATE SOCIAL RESPONSIBILITY

Your Company believes that Corporate Social Responsibility (CSR) is about the integration of social, environmental and economic considerations into the decision-making structures and processes of business. It is about using innovation to find creative and value-added solutions to societal and environmental challenges. It is about engaging shareholders and other stakeholders and collaborating with them to more effectively manage potential risks and build credibility and trust in society. Ultimately, it is about delivering improved shareholder value, providing enhanced goods and services for customers, building trust and credibility in the society in which the business operates, and becoming more

sustainable over the longer term.

During the year, your Company undertook many initiatives at Mount Litera Zee School to educate and connect with the local communities around the school and created various campaign to support various causes. Initiatives such as 'The Japan Peace Crane' project and 'World Heart Day Walkathon' raised awareness towards 'hazards of nuclear proliferation' and 'Importance of daily exercise' respectively. The Company also launched "Literacy Caterpillar" campaign, a unique & fun way to encourage children of all ages to read. Besides these, the schools also conducted various events such as tree plantation activities, water conservation efforts etc. in their local communities.

In continuation to the I Care initiative – this year too OMEP India has led 'I Care' program across the country sensitizing on Anti Child Abuse and Neglect. This year the program extended to schools apart from preschools. The 'I care' campaign is part of a national movement to change the way we think about prevention of child abuse.

PUBLIC DEPOSITS

Your Company has not accepted any public deposits and as such no amount on account of principal or interest on public deposits under Section 58A and Section 58AA of the Companies Act, 1956, read with Companies (Acceptance of Deposits) Rules, 1975, was outstanding as on the date of the Balance Sheet.

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

Your Company is engaged in the business of delivering learning solutions and training to entire spectrum of the society from toddler to teens through its multiple products. 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 are given hereunder:

I. Energy Conservation

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

II. Technology Absorption:

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

harnessing and tapping best technology in the industry.

III. Foreign Exchange Earnings and Outgo:

During the year under review, Foreign Exchange Earnings were Nil and the particulars of Foreign Exchange out go is given in Note number 35 of the Notes to Accounts forming part of the Annual Accounts.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in an annexure to this Report. However, in terms of Section 219(1)(b)(iv) of the said Act, the annexure is not forming part of this Report and any shareholder interested in obtaining copy of the same may write to the Company Secretary.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, in relation to the Annual Financial Statements for the Financial Year 2013-2014, your Directors confirm the following:

- The Financial Statements of the Company comprising of the Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss for the year ended on that date, have been prepared on a going concern basis following applicable accounting standards read with the requirements specified in Schedule VI of the Companies Act, 1956 and that no material departures have been made from the same;
- Accounting policies selected were applied consistently and the judgments and estimates related to the financial statements have been made on a prudent and reasonable basis, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and of the loss of the Company for the year ended on that date; and
- Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

ACKNOWLEDGEMENTS

Your Board takes this opportunity to place on record their appreciation for the dedication and commitment of employees shown at all levels, Franchisees and Business Partners that have contributed to the success of your Company. Your Directors also express their gratitude for the valuable support

and co-operation received from the Central and State Governments including Ministry of Human Resource Development and other stakeholders including Bankers, Financial Institutions, Investors, Service Providers as well as regulatory and government authorities.

For and on behalf of the Board

Place: Mumbai
Date : 29th May, 2014

Subodh Kumar
Chairman

Annexure I

Disclosures pursuant to Clause 12 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and forming part of Directors' Report for the year ended March 31, 2014

	Particulars	Grant of Options
a	Total number of Options Granted	During F.Y. 2013 - 14, total 18,66,350 stock options granted. Total 45,83,050 stock options granted so far.
b	Exercise Price (Rs.)	i) 11,07,000 options granted @ Rs. 26.05 per option on January 27, 2011; ii) 16,09,700 options granted @ Rs. 14.50 per option on January 30, 2012; iii) 18,16,350 options granted @ Rs. 20.85 per option on September 10, 2013; and iv) 50,000 options granted @ Rs. 27.55 per option on February 4, 2014.
c	Total number of Options Vested	Total 12,94,914 options vested out of which 3,19,169 options vested during FY 2013-14
d	Total number of Options Exercised	Total 4,13,275 options exercised out of which 1,41,625 options exercised during FY 2013-14
e	Total number of Shares arising as a result of Exercise of option	4,13,275
f	Total number of Options Lapsed	Total 16,05,525 options lapsed out of which 2,94,725 options lapsed during F.Y. 2013-14.
g	Variation in terms of Options	NIL
h	Money realized by exercise of Options	Rs. 21,40,187.50 realized during F.Y.2013-14
i	Total number of Options in force	25,64,250
j	Employee wise details of Options granted to:	
	(i) Senior Management Personnel	1,40,000
	KVS Seshasai- Chief Executive Officer	50,000
	Pradeep Pillai – Chief Operating Officer	45,000
	Umesh Pradhan – Chief Financial Officer	45,000
	(ii) Any other employee who received a grant in any one year of Options amounting to 5 % or more of Options granted during that year	None
	(iii) Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	None
k	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20. 'Earning Per Share'	(Rs.0.04)

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

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

Place: Mumbai
Date : 29th May, 2014

For and on behalf of the Board

Subodh Kumar
Chairman

Annexure II		
Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Company and forming part of Directors' Report for the year ended March 31, 2014		
Name of the subsidiary company	Digital Ventures Private Limited	
The financial year of the subsidiary company ended on	March 31, 2014	
Name of the holding company	Zee Learn Limited	
Extent of holding company's interest	100.00%	
Face Value of equity shares (per share)	Rs.10/-	
No. of equity shares held by the holding company and / or its subsidiaries	50,10,000	
Face Value of preference shares (per share)	Rs.10/-	
No. of preference shares held by the holding company and / or its subsidiaries	1,00,000	
Net aggregate amount of profits/ (losses) of the subsidiary so far as it concerns the members of the holding company and is dealt with in accounts of holding company:	For the financial year ended on March 31, 2014 (Amount Rs. In lacs) (61.17)	(61.17)
	For the previous financial years of the subsidiary since it became a subsidiary (Amount Rs. In lacs) (19.07)	(19.07)
Net aggregate amount of profits/ (losses) of the subsidiary so far as it concerns the members of the holding company and is not dealt with in accounts of holding company:	For the financial year ended on March 31, 2014 (Amount Rs. In lacs) N.A	N.A
	For the previous financial years of the subsidiary since it became a subsidiary (Amount Rs. In lacs) N.A	N.A

For and on behalf of the Board

Place: Mumbai
Date : 29th May, 2014

Subodh Kumar
Chairman

Report On Corporate Governance

COMPANY'S GOVERNANCE PHILOSOPHY

Corporate Governance Philosophy of Zee Learn 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. 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 Learn 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 appropriate system, process and technology. In its endeavor to improve on the Corporate

Governance practices, the Board has adopted a Corporate Governance Manual which serves as guide in various activities and decisions in normal course of business.

BOARD OF DIRECTORS

a) Composition & Category of Directors

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

Composition of the Board as at the close of March 31, 2014

Category of Directors	No. of Directors	Percentage to total No. of Directors
Non-Executive Independent Directors	3	60%
Other Non-Executive Directors	2	40%
Total	5	100%

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

Particulars of Directors, their attendance at the Annual General Meeting and Board Meetings held during the financial year 2013-14 and also their other directorships in other Public Companies (excluding Foreign Companies and Section 25 Companies) and Membership/Chairmanship of Audit Committee and Share Transfer Committee of other Public Companies as at March 31, 2014 are as under:

Sr. No.	Name of Director	Category	Attendance at		No. of Directorship of other Public Companies	No. of Committee positions held in other public Companies	
			Board Meetings (Total 6 Meetings)	3rd AGM held on 07/08/13		Chairman	Member
1.	Mr. Subodh Kumar	Non-Executive Chairman	04	No	-	4	-
2.	Mr. Himanshu Mody	Non Executive	06	Yes	-	7	-
3.	Mr. Surjit Banga	Non- Executive Independent	06	Yes	-	2	1
4.	Dr. Manish Agarwal	Non-Executive Independent	06	Yes	-	-	-
5.	Mrs. Sangeeta Pandit*	Non-Executive Independent	02	N.A	-	-	-

*Mrs. Sangeeta Pandit was appointed as an additional director w.e.f. 01.12.2013.

None of the Directors on the Board is a member of more than ten (10) Committees (other than Remuneration Committee) or Chairman of more than five (5) Committees across all the companies in which he is a Director.

b) Board Meetings & Procedures

During the financial year under review, six (6) meetings of the Board were held. The intervening period between the Board Meetings were well within the maximum time gap of four (4) months prescribed under Clause 49 of the Listing Agreement. The annual calendar of meetings is broadly determined at the beginning of each year. The details of the meetings held during the year are as under:

Sr. No.	Date of Board Meeting	Board Strength	No. of Directors present
1	April 15, 2013	3	3
2	May 29, 2013	4	4
3	August 07, 2013	4	3
4	October 30, 2013	4	4
5	January 29, 2014	5	5
6	March 24, 2014	5	5

Board Meetings of the Company are governed by a structured agenda. All major agenda items, backed up by comprehensive background information, are sent well in advance of the date of the Board Meetings to enable the Board to take informed decision. Any Board Member may, in consultation with the Chairman, bring up any matter for consideration by the Board. Chief Financial Officer is normally invited to the Board Meetings to provide necessary insights into the working of the Company and for discussing corporate strategies. All the 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.

in South Asia). He also launched the Indian Cricket League (ICL) for the Essel Group during this tenure.

Apart from the Company, Mr. Himanshu Mody currently holds directorships in various Essel Group Companies viz. Zee Sports Limited, Diligent Media Corporation Limited, Essel Sagar Damoh Toll Roads Limited, Essel Damoh - Jabalpur Toll Roads Limited, Taj TV Ltd, Mauritius, Tatva Global Environment (Deonar) Limited.

Mr. Himanshu Mody does not hold any Shares of the Company in his name as at March 31, 2014.

Dr. Manish Agarwal, 48, is a M.B.B.S from University of Bombay, D. (Ortho) from College of Physicians & Surgeons, M.S. (Ortho) from University of Bombay, D.N.B. (Ortho), National Board of Examination, New Delhi and Diploma in Tissue Banking from National University of Health, Singapore.

Dr. Manish Agarwal is an Orthopaedic Oncologist involved in clinical, teaching and Research work. He has been member of various professional organisations and has been recipient of various prestigious awards/Medals like Shree Jairamdas Berry Gold Medal, Gold Medal for Orthopaedic Surgery etc. Dr. Agarwal has contributed articles in various publications and authored various books in area of his specialization.

Apart from the Company, Dr. Manish Agarwal does not hold directorship in any other Indian Public Limited Companies.

Dr. Manish Agarwal holds 25,500 Equity Shares of Re. 1/- each (0.00% of the paid-up capital) in the Company.

Mrs. Sangeeta Pandit, is an honors commerce graduate and fellow member of the Institute of Chartered Accountants of India. Mrs. Sangeeta Pandit is having 29 years of sound experience and expert knowledge in the areas of audit and

representative practice, statutory and internal audits and tax and finance related matters. She is also actively involved in attending various social responsibilities such as conducting community development programs, organizing blood donation drives and doing patient counseling. She has attended and presented papers in patient counseling conferences / workshops at AIMS & Cancer Sahyog (Delhi), Tata Memorial Hospital and Red Cross Society(Mumbai), Queensland Cancer Center(Australia), ESMO (European Society of Medical Oncologists) Vienna, BMT NGO at Dallas, US etc. Presently, she is associated with Sydenham Institute of Management Studies, Research and Entrepreneurship Education (SIMSREE) as HOD Finance, Co-opted as member of BSE Brokers Forum – Student Empowerment Committee & CSR Committee, Co-opted as member of Seminar Committee & of PR Committee of Bombay Chartered Accountants' Society.

Apart from the Company, Mrs. Sangeeta Pandit does not hold directorship in any other Indian Public Limited Companies.

Mrs. Sangeeta Pandit does not hold any Shares of the Company in her name as at March 31, 2014.

Mr. Surjit Banga, 73, is a senior and experienced banker and is known for his leadership and commendable contribution to the

Banking sector. Mr. Surjit Banga held the position of Managing Director of SBI Factors and Commercial Services Limited and was associated with the State Bank of India in various capacities in his 40 years career in Banking. He is a Graduate in Sociology, Fellow of All India Management Association and is a Certified Associate of Indian Institute of Bankers.

Apart from the Company, Mr. Surjit Banga holds Directorship in two (2) other Indian Public Limited Companies viz., Zee Media Corporation Limited and Jetking Infotrain Limited.

Mr. Surjit Banga holds 45,450 Equity shares of Re. 1/- each as a first holder (0.01% of the paid up capital) and 17,500 equity shares of Re. 1/- each as a second holder (0.00 % of the paid up capital) jointly with his wife in the Company.

d) Code of Conduct

The Company has instituted a Code of Conduct for Members of the Board and Senior Management of the Company and the compliance of the same is affirmed by the Board and Senior Management Personnel annually. The Code has also been posted on Company's corporate website viz. www.zeelearn.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 Personnel of the Company their affirmation of compliance with the 'Code of Conduct for Members of the Board of Directors and Senior Management' of the Company for the financial year ended March 31, 2014.

Subodh Kumar
Chairman
Mumbai, May 29, 2014

BOARD COMMITTEES

a) Audit Committee

The Board has constituted an Audit Committee, comprising of three (3) members, two (2) of whom are Independent Directors, with Mr. Surjit Banga, a Non-Executive Independent Director as its Chairman.

The composition of the Audit Committee of the Board which complies with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement(s) is as under:

Name of Directors	Category
Mr. Surjit Banga	: Non-Executive – Independent
Dr. Manish Agarwal	: Non-Executive – Independent
* Mr. Himanshu Mody	: Non-Executive
** Mr. Subodh Kumar	: Non-Executive

*Up to 07.08.2013

**w.e.f. 07.08.2013

The role and the powers of the Audit Committee are as per guidelines set out in Clause 49 of the Listing Agreement(s) and provisions of Section 292A of the Companies Act, 1956. The Committee meets periodically and reviews various agenda items as per the terms of reference which broadly includes:

- Oversight of Company's financial reporting process and disclosure of its financial information.
- Review with the management, quarterly and annual financial statements.
- Review of related party transactions.
- Review Company's financial and risk management policies.
- Review with the management, external and internal auditors, adequacy of internal control systems.
- Review of financial statements, investments, minutes and related party transactions of subsidiary company.
- Recommend to the Board the appointment, re-appointment and removal of the statutory auditor and fixation of their remuneration.
- Discussion with statutory auditors about the nature and scope of audit as well as post audit discussion to ascertain any area of concern and internal control weaknesses observed by the statutory auditors.
- Discussion of Internal Audit Reports with internal auditors and significant findings and follow-up thereon and in particular internal control weaknesses.

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

The details of composition of the Audit Committee, which complies with the requirements of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement along with attendance of the Committee Members at the 5 (five) meetings held during the financial year are as under:

Sr. No.	Date of Meeting	Committee Strength	No. of Directors present	No. of Independent Directors present
1	May 29, 2013	3	3	2
2	August 7, 2013	3	3	2
3	October 30, 2013	3	3	2
4	January 29, 2014	3	3	2
5	March 24, 2014	3	3	2

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

b) Remuneration Committee and Policy

The Remuneration Committee of the Company comprises of Dr. Manish Agarwal, Non Executive Independent Director as Chairman, Mr. Himanshu Mody and Mr. Surjit Banga as members.

The terms of reference of the Remuneration Committee, *inter alia*, consist of reviewing the overall compensation policy, service agreements and other employment conditions of Executive Director(s) and administering Company's Employee Stock Option Scheme. The remuneration of Executive Director is decided by the Board of Directors on the recommendation of the Remuneration Committee as per the remuneration policy of the Company within the overall ceiling approved by shareholders.

The Company Secretary acts as the secretary to the Remuneration Committee.

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

Sr. No.	Date of Meeting	Committee Strength	No. of Directors present
1	April 15, 2013	3	3
2	July 02, 2013	3	3
3	September 10, 2013	3	3
4	January 29, 2014	3	3
5	February 04, 2014	3	3

Remuneration payable to Non-Executive Director

Non-Executive Directors were entitled to sitting fees of Rs. 20,000/- per meeting of the Board and Committees thereof, other than Share Transfer and Investors Grievances Committee.

Particulars of sitting fees paid to Non-Executive Independent Directors of the Company for the financial year 2013-2014 are as under:

Name of Director	Sitting Fees Paid (Rs.)
Mr. Surjit Banga	3,80,000/-
Dr. Manish Agarwal	3,00,000/-
Mrs. Sangeeta Pandit	40,000/-
Total	7,20,000/-

In addition to this, the Non-Executive Independent Directors were granted Stock Options (each convertible into equivalent number of equity shares of Re. 1/- each of the Company) as per the following details at an exercise price equivalent to Market Price, as per the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

Particulars of Stock Options granted under ZLL ESOP 2010 scheme to the Non-Executive Independent Directors and outstanding as at March 31, 2014, are as under:

Name of Director	No. of Stock Options granted @ Rs. 26.05 per stock option	No. of Stock Options granted @ Rs. 14.50 per stock option	No. of Stock Options granted @ Rs. 20.85 per stock option	Total Stock Options granted	Total Stock Options vested	Total Stock Options exercised
Mr. Surjit Banga	30,000	30,000	30,000	90,000	55,500	48,000
Dr. Manish Agarwal	30,000	30,000	30,000	90,000	55,500	40,500

c) Share Transfer and Investors Grievance Committee

The Share Transfer and Investors Grievance Committee of the Company comprises of Mr. Surjit Banga as Chairman and Mr. Himanshu Mody as member.

Terms of reference of Share Transfer and Investors Grievance Committee are to supervise and ensure efficient transfer of shares and proper and timely attendance to investors' grievances. The Committee has delegated the power of approving requests for transfer, transmission, rematerialization, dematerialization etc. of Shareholders to the officials of the Secretarial Department.

Mr. Samir Raval, Company Secretary of the Company is Compliance Officer of the Company.

During the financial year under review, Share Transfer and Investors Grievance Committee met nine (9) times. The details of the meetings are as under:

Sr. No.	Date of Meeting	Committee Strength	Directors present
1	May 29 2013	2	2
2	June 19 2013	2	2
3	July 15 2013	2	2
4	August 28 2013	2	2
5	December 18 2013	2	2
6	January 27 2014	2	2
7	February 11 2014	2	2
8	March 10 2014	2	2
9	March 18 2014	2	2

Details of number of requests/complaints received and resolved during the year ended March 31, 2014, are as under:

Nature of Correspondence	Received	Replied/Resolved	Pending
Non-receipt of Share Certificate (Demerger)	0	0	0
Non-receipt of Dividend	1	1	0
Non-receipt of Annual Report	1	1	0
Letter from Stock Exchange/ROC/SEBI	2	2	0
Total	4	4	0

OTHER BOARD COMMITTEES

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

ESOP Allotment Sub-Committee

In order to process and facilitate allotment of Equity Shares, from time to time, upon exercise of Stock Options granted under Company's ESOP Scheme, the Remuneration Committee has constituted ESOP Allotment Sub-Committee comprising of Mr. Himanshu Mody, Non Executive Director, Mr. K V S Seshasai, Chief Executive Officer and Mr. Samir Raval, Company Secretary as its members.

Finance Sub-Committee

The Finance Sub-Committee of the Company's comprises of Mr. Surjit Banga and Mr. Himanshu Mody as members.

With a view to facilitate monitoring and expediting any debt fund raising process, approve financing facilities offered and / or

sanctioned to the Company by various Banks and /or Indian Financial Institutions from time to time, in the form of Term Loans, Working Capital facilities, Guarantee facilities etc., including the acceptance of terms and conditions of such facilities being offered and exercising other authorities as may be delegated by the Board from time to time, the Board has constituted a Finance Sub-Committee.

Issue & Allotment Sub- Committee

In order to facilitate the process of approving Company's Offering Document for issue of Global Depository Receipts (GDRs), appointment of various intermediaries, approving various agreements, deciding on the terms of issue along with timing thereof, obtaining approval of Stock Exchange(s) and/or other regulatory / statutory / administrative authorities etc., the Board has constituted an Issue and Allotment Committee comprising of Mr. Himanshu Mody, Non-Executive Director and Mr. Surjit Banga, Non- Executive Independent Director as its members.

Corporate Management Committee

The Board has constituted a Corporate Management Committee comprising of senior executives i.e. Chief Executive Officer, Chief Financial Officer and Company Secretary of the Company to review, approve and / or grant authorities for managing day-to-day affairs of the Company within the limits delegated by the Board.

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

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

Financial year	Day, Date and Time of the meeting	Special Resolutions passed	Venue
2010-2011	Wednesday, June 29, 2011 at 10.30 a.m.	Maintenance of Register & Index of Members and Register & Index of Debenture Holders and Share / Debenture Transfer Register at the office of Registrar and Share Transfer Agent instead of Registered Office of the Company.	The Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.
2011-2012	Wednesday, August 8, 2012 at 11.00 a.m.	Extending the benefits of Employees Stock Option Scheme to the eligible employees of holding / subsidiary company. Fixing the investment limit by FIIs / QFI in the equity share capital of the Company subject to condition that total investment shall not exceed an aggregate limit of 49% of paid-up equity share capital of the Company.	The Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.
2012- 2013	Wednesday August 7, 2013 At 11.00 a.m	Appointment of Mr. Umesh Pradhan, Chief Financial Officer of the Company as Manager under Schedule XIII of the Companies Act, 1956 for a period of 3 years w.e.f. April 1, 2013.	The Hall of Harmony', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai- 400 018.

All the above resolutions were passed with requisite majority.

Subsequent to coming into effect of most of the provisions of Companies Act, 2013 from April 1, 2014 and Clause 49 of Listing Agreement from October 1, 2014, the Board is in the process of reorganizing various Board committees and revising the terms of reference of such committees as required.

GENERAL MEETINGS

The Fourth Annual General Meeting of the Company for the financial year 2013-14 will be held on Monday, August 11, 2014 at 11.00 a.m. at 'The Hall of Culture', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018.

No Ordinary or Special resolutions were passed through Postal Ballot during the year ended March 31, 2014. None of the resolutions proposed at the ensuing Annual General Meeting needs to be passed by Postal Ballot.

DISCLOSURES

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

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

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 is 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) and also to manage Company's Employee Stock Option Scheme.

Whistle Blower Policy – The Board of Directors of the Company have approved the Whistle Blower Policy, pursuant to which employees can raise concern relating to the fraud,

malpractice or any other untoward activity or event which is against the interest of the Company and/or its stakeholders. As per the Whistle Blower Policy of Company, no employee has been denied access to the Audit Committee of the Board.

Audit Qualification – The financial statements of the Company are unqualified.

Means of Communication

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

Official news, releases and presentations made to the institutional investors or to the analysts, if any, are displayed on Company's website www.zeelearn.com

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

General Shareholders Information

The required information is provided in Shareholders Information Section.

Auditors' Certificate

To
The Members,
Zee Learn Limited

We have examined the compliance of conditions of Corporate Governance by **Zee Learn Limited ('the Company')**, for the year ended March 31, 2014 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 the above mentioned Listing Agreement.

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

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

Sanjay Kothari
Partner
Membership No. 048215

Mumbai, 29th May, 2014

SHAREHOLDERS' INFORMATION

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

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

Meeting : Fourth Annual General Meeting
Day & Date : Monday, August 11, 2014
Time : 11.00 a.m.
Venue : 'The Hall of Culture', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai-400 018.

April 1, 2013 till March 31, 2014.

2. Financial Year

From Monday, August 4, 2014 to Monday, August 11, 2014 (both days inclusive)

3. Date of Book Closure

Not Applicable as the Board has not recommended any equity dividend.

4. Dividend Payment Date

Registered Office:-
Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai - 400 018.
Tel: +91-22-2483 1234, Fax: +91-22-2495 5974
Website : www.zeelearn.com

5. Address for correspondence

Corporate Office:-

Level 6, Fun Republic, Off. New Link Road, Andheri (West), Mumbai - 400 053.
Tel: +91-22-4034 3900, Fax: +91-22-2674 3422

L80301MH2010PLC198405

6. Corporate Identity No.

Equity Shares:
BSE Limited (BSE)
The National Stock Exchange of India Limited (NSE)
Debentures :
The National Stock Exchange of India Limited (NSE)

7. Listing on Stock Exchanges

Equity Shares BSE : 533287
NSE : ZEELEAR
Non-Convertible Debentures NSE : ZLE15

8. Stock Code

Equity Shares : INE565L01011
Non-Convertible Debentures : INE098J07022

9. ISIN No.

10. Global Depository Receipts (GDRs) Details

During the Financial year 2013-14, Global Depository Receipts (GDRs) offer of the Company for 56,17,977 GDRs opened for subscription at an issue price of US\$ 3.56 per GDR representing 5,61,79,770 fully paid Equity Shares of Re. 1/- each of the Company(each GDR representing 10 Equity Shares). Upon subscription of the GDR, the Company issued and allotted 5,61,79,770 fully paid Equity Shares at Rs. 19.50 per share underlying Global Depository Receipts ("GDRs") on May 21, 2013. 56,17,977 Global Depository Receipts have been listed on the Luxembourg Stock Exchange since May 24, 2013. As on March 31, 2014, total 41,17,977 GDRs have remained outstanding, the underlying shares of which forms part of the existing paid up share capital of the Company.

a. Listed at

Societe DE LA Bourse De Luxembourg
 Societe Anonyme,
 35A, Boulevard Joseph II
 L- 1840,Luxembourg.

b. Overseas Depository

Deutsche Bank Trust Company Americas
 Trust & Securities Services
 Global Equity Services- Depository Receipts
 60 Wall Street,
 New York, NY-10005.

c. Domestic Custodian

Deutsche Bank AG,
 Securities & Custody Services
 Block B1, Nirlon Knowledge Park
 Western Express Highway
 Goregaon (East), Mumbai – 400 063.

d. ISIN Code

US9892181028

e. Market Data Relating to GDRs Listed on Luxembourg Stock Exchange

Luxembourg Stock Exchange (figures in USD)			
Month	Monthly Closing (Maximum)	Monthly Closing (Minimum)	Average
May 2013	3.30	3.027	3.149
June 2013	3.035	2.546	2.803
July 2013	3.097	2.435	2.72
August 2013	3.462	2.868	3.176
September 2013	4.017	2.997	3.612
October 2013	4.582	3.719	4.171
November 2013	4.841	4.507	4.69
December 2013	4.831	4.538	4.685
January 2014	4.96	4.443	4.726
February 2014	4.459	4.163	4.323
March 2014	4.594	4.086	4.343

11. Registrar & Share Transfer Agent

Sharepro Services (India) Private Limited,
 13AB, Samhita Warehousing Complex, Second Floor,
 Sakinaka Telephone Exchange Lane, Off Andheri - Kurla
 Road, Sakinaka, Andheri (East), Mumbai - 400 072.
 Tel: +91-22-67720400 / Fax: +91-22- 28591568
 E-Mail: sharepro@shareproservices.com

12. Investor Relations Officer

Mr. Samir Raval
 Zee Learn Limited
 Continental Building, 135, Dr. Annie Besant Road, Worli,
 Mumbai - 400 018.
 Tel: +91-22-2483 1234 / Fax: +91-22-2490 0302/0213
 E-mail: samir.raval@zeelearn.com

13. Change of Address

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

The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding Shares in dematerialized form are requested to submit their PAN, notify the change of address/ dividend mandate, if any, to their respective Depository Participant (DP). Members holding shares in physical form can submit their PAN, notify the change of address/ dividend mandate, if any, to the Company/ Registrar & Share Transfer Agent.

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

The Company will be sending the notice and annual report for the Financial Year 2013-14 in electronic form to the members whose e-mail addresses are registered with DP/ the Company in terms of the said circulars.

Keeping with the spirits of the "Green Initiative in Corporate Governance" notified by the Ministry of Corporate Affairs, Members holding shares in electronic form but who have not registered their email address with their DP and members holding shares in physical form are requested to register their email address with their DP / Company, as the case may be.

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

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

14. Unclaimed Shares

As per Clause 5A of the Listing Agreement inserted as per SEBI Notification no. CIR/CSD/DIL/10/2010 dated December 16, 2010, the details in respect of the Shares, which were issued pursuant to the Scheme of Arrangement and lying in the Suspense account, is as under:

Description	Number of shareholders	Number of Equity Shares
Aggregate number of shareholders and the outstanding shares in the suspense account post allotment and issuance on October 14, 2010	224	42,439
Number of shareholders who approached the Company for transfer of shares from suspense account till March 31, 2014	NIL	NIL
Number of shareholders to whom shares were transferred from the Suspense account till March 31, 2014	NIL	NIL
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2014	224	42,439

The voting rights on the shares outstanding in the suspense account as on March 31, 2014 shall remain frozen till the rightful owner of such shares claims the shares. In compliance with the said requirements, these shares will be transferred into one folio in the name of 'Unclaimed Suspense Account' in due course.

15. Share Transfer System

Equity Shares sent for physical transfer or for dematerialisation are generally registered and returned within a period of 7 days from the date of receipt of completed and validly executed documents.

16. Dematerialisation of Equity Shares / Debentures & Liquidity

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 / Debenture holders may open account with any of the Depository Participant registered with any of these two depositories. As on March 31, 2014, 99.93% of the equity shares and 100% of Non Convertible Debentures issued by the Company are in the dematerialised form.

17. Shareholders' Correspondence

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

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

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

18 Share Capital Build-up

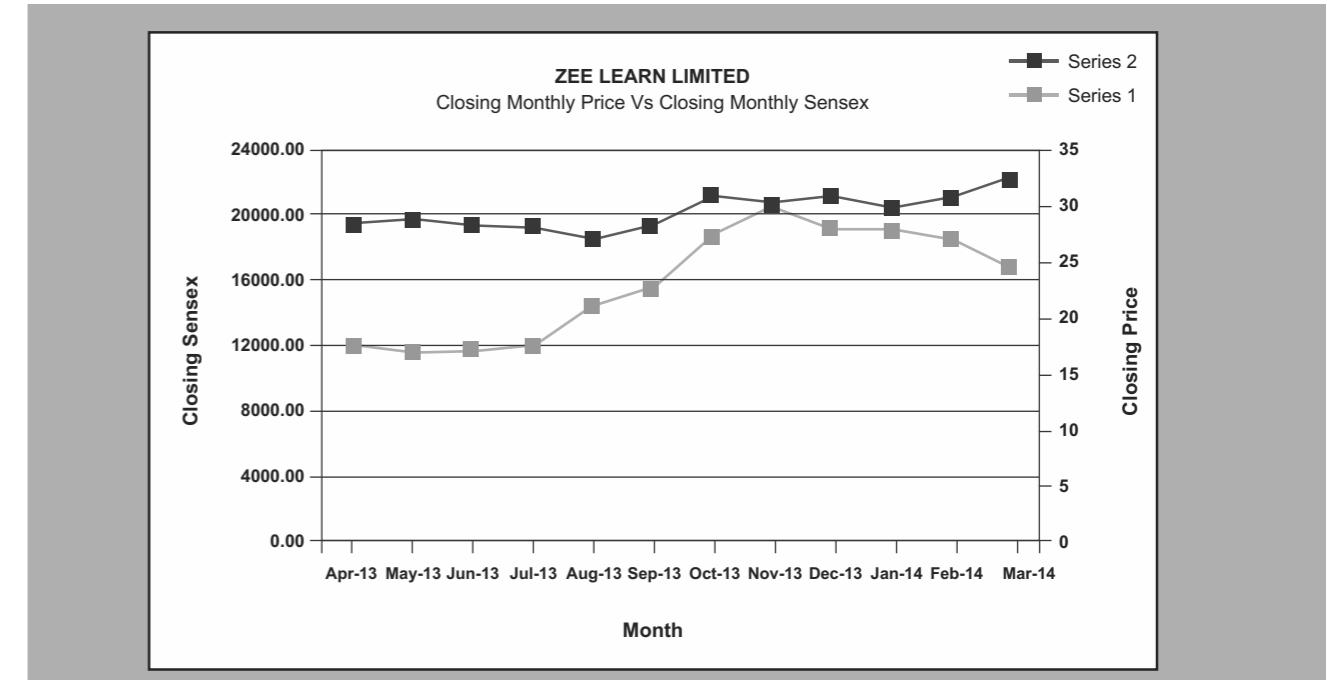
Particulars	No. of Shares Issued	Date of Issue
i) Issued to Subscribers	50,000	20.01.2010
Sub- Division of Shares from Rs. 10/- each to Shares of Re. 1/- each	5,00,000	22.01.2010
ii) Issued to Shareholders of Zee Entertainment Enterprises Limited pursuant to Composite Scheme of Amalgamation and Arrangement	12,22,38,599	14.10.2010
iii) Issued to Shareholders of Essel Entertainment Media Limited pursuant to Scheme of Amalgamation	14,00,00,000	01.07.2011
iv) Issued to eligible employees pursuant to the ESOP Scheme	2,12,000	30.11.2012
v) Issued to eligible employees pursuant to the ESOP Scheme	59,650	13.03.2013
vi) Issued underlying Equity Shares pursuant to issue of Global Depository Receipts	5,61,79,770	21.05.2013
vii) Issued to eligible employees pursuant to the ESOP Scheme	18,500	14.08.2013
viii) Issued to eligible employees pursuant to the ESOP Scheme	52,500	25.10.2013
ix) Issued to eligible employees pursuant to the ESOP Scheme	54,700	30.01.2014
x) Issued to eligible employees pursuant to the ESOP Scheme	15,925	24.03.2014
Issued & Paid- up Capital as on 31.03.2014	31,93,31,644	

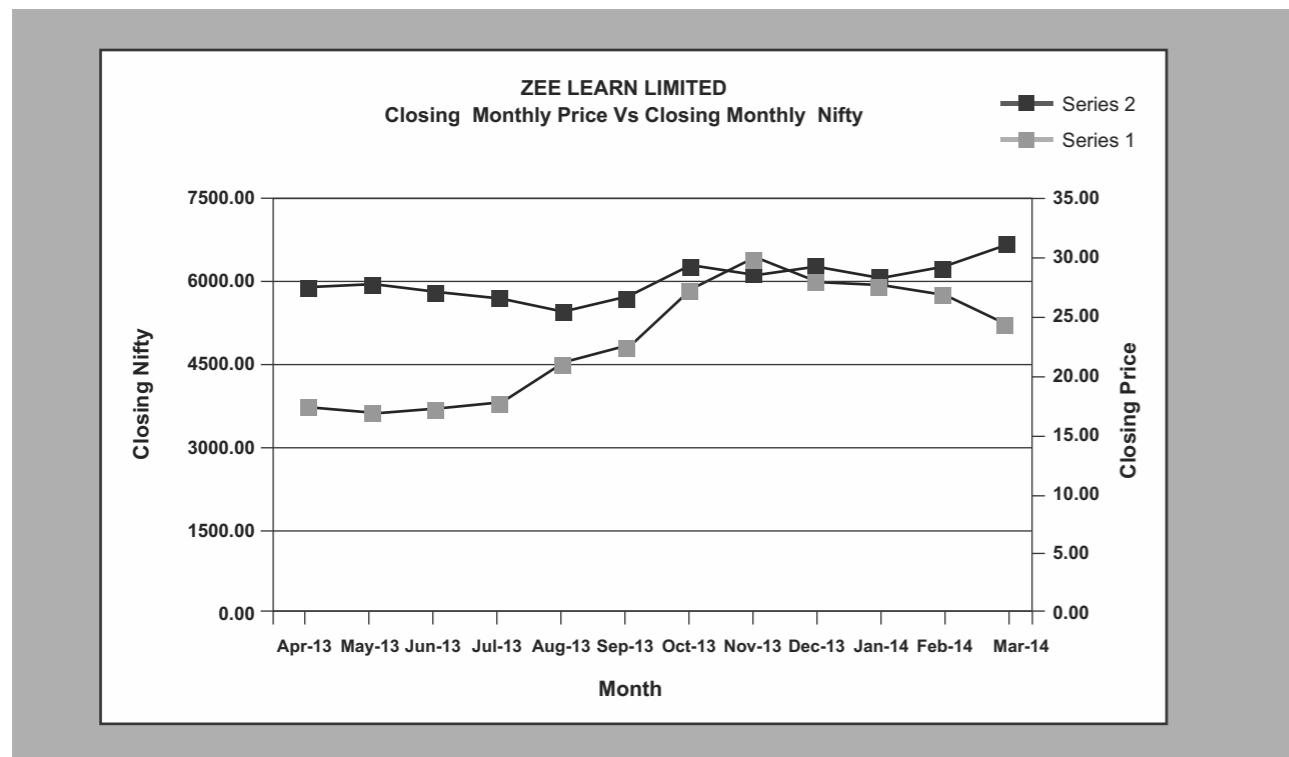
19. Stock Market Data Relating to Shares Listed in India

Monthly high and low quotations and volume of Equity Shares traded on the BSE Limited and National Stock Exchange of India Limited for the financial year 2013-2014 are given as under:

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume of Shares Traded	High (Rs.)	Low (Rs.)	Volume of Shares Traded
April 2013	23.00	17.20	6,53,666	22.90	17.20	33,45,540
May 2013	20.75	17.00	20,46,923	20.90	17.00	69,25,576
June 2013	18.15	15.10	7,27,363	18.20	15.10	35,92,857
July 2013	18.60	14.05	49,92,695	18.90	14.05	1,18,38,385
August 2013	22.45	17.05	12,04,720	22.50	17.25	45,06,608
September 2013	25.75	19.90	10,32,248	25.80	20.00	59,61,173
October 2013	29.65	22.00	11,63,590	29.70	22.05	71,09,550
November 2013	31.15	26.15	19,68,727	31.30	26.30	49,00,305
December 2013	30.55	26.30	5,79,178	30.50	27.60	24,83,097
January 2014	31.15	26.80	8,13,814	31.25	26.75	26,58,059
February 2014	28.50	24.55	2,54,588	28.25	25.40	13,96,523
March 2014	30.70	24.25	16,93,574	28.75	24.30	39,32,836

20. Relative Performance of the shares of Zee Learn Limited Vs. BSE Sensex & Nifty Index for Fully Paid up Equity Shares:-



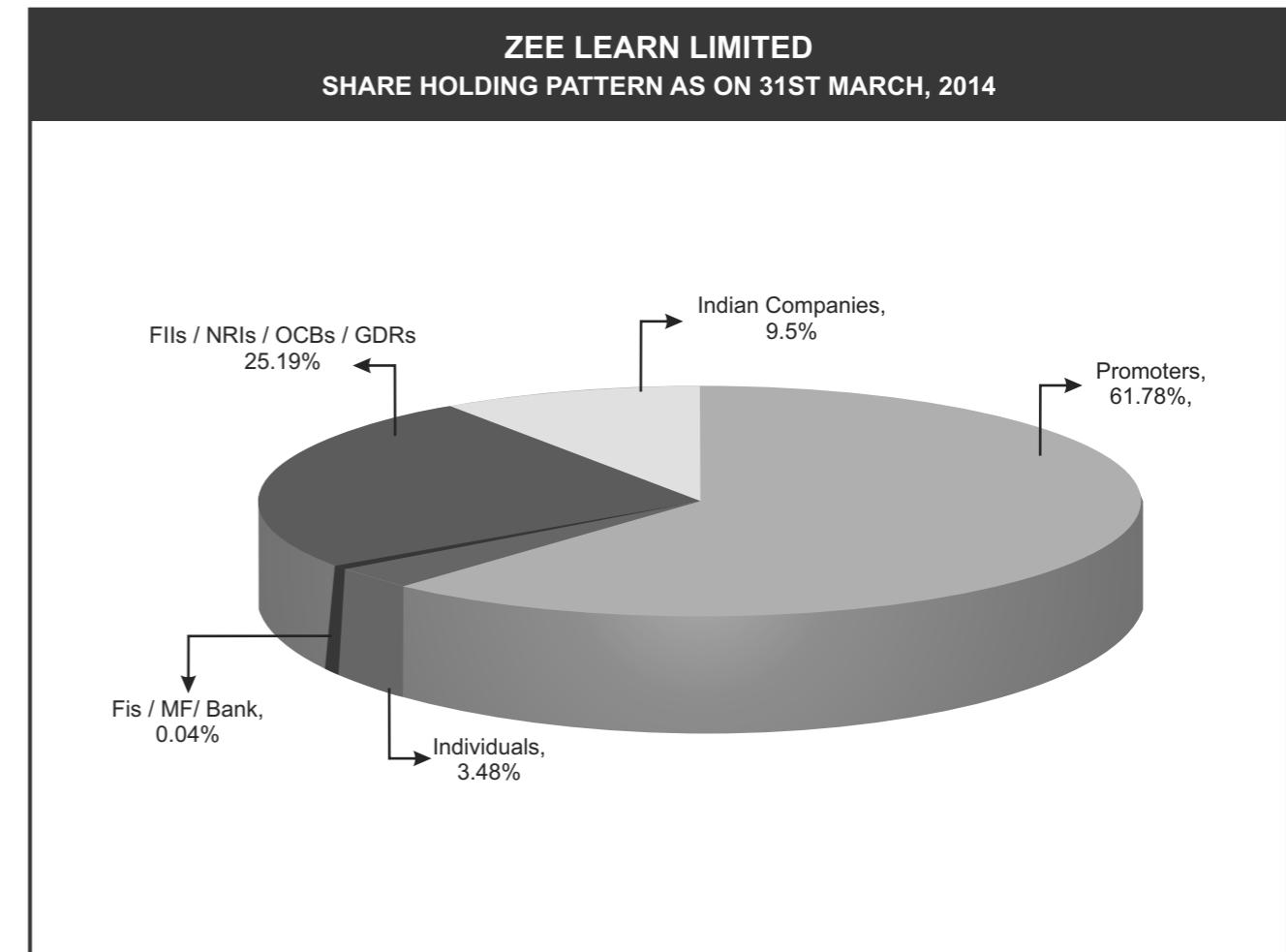


21. Distribution of Shareholding as on March 31, 2014

No. of Equity Shares	Share Holders		No. of Shares	
	Number	% of Holders	Number	% of Capital
Up to 5000	91,130	99.614	75,51,563	2.365
5001 - 10000	161	0.176	12,37,765	0.388
10001 - 20000	80	0.087	11,78,832	0.369
20001 - 30000	17	0.019	4,13,539	0.130
30001 - 40000	17	0.019	6,09,602	0.191
40001 - 50000	14	0.015	6,21,115	0.195
50001 -100000	14	0.015	10,42,585	0.326
100001 and Above	50	0.055	30,66,76,643	96.037
Total	91,483	100	31,93,31,644	100

22. Categories of Equity Shareholders as on March 31, 2014:

Category	March 31, 2014	
	% of shareholding	No. of shares held
Promoters	61.78	19,72,92,879
Individuals	3.48	1,11,01,408
FIs/MF/Banks	0.04	1,20,076
FII/ NRIs/OCBs/GDRs	25.19	8,04,28,628
Indian Companies	9.51	3,03,88,653
Total	100.00	31,93,31,644



23. Particulars of Shareholding

a) Promoter Shareholding as on March 31, 2014

Sr. No.	Name of Shareholder	No of Shares held	% of shareholding
1.	Asian Satellite Broadcast Pvt. Ltd.	6,30,52,512	19.74%
2.	Jayneer Capital Pvt. Ltd.	7,79,75,375	24.42%
3.	Essel Media Ventures Pvt. Ltd.	1,28,61,036	4.03%
4.	Sprit Textiles Pvt. Ltd.	1,11,03,864	3.48%
5.	Ganjam Trading Company Pvt. Ltd.	49,49,506	1.55%
6.	Veena Investment Pvt. Ltd.	34,49,013	1.08%
7.	Essel Infraprojects Ltd.	17,52,286	0.55%
8.	Ambience Business Services Pvt. Ltd.	6,22,883	0.19%
9.	Essel Holdings Ltd.	57,97,315	1.82%
10.	Jayneer Enterprises LLP	1,50,00,000	4.70%
11.	Ashok Mathai Kurien	5,59,089	0.17%
12.	Sushila Goel	1,70,000	0.05%
Total		19,72,92,879	61.78%

b) Top ten (10) Public Shareholding as on March 31, 2014

Sr. No.	Name of Shareholder	No of Shares held	% of shareholding
1.	Deutsche Bank Trust Company Americas	4,11,79,770	12.90
2.	Orange Mauritius Investments Ltd.	2,35,46,529	7.37
3.	Polus Global Fund	1,50,00,000	4.70
4.	Religare Finvest Ltd.	1,18,17,956	3.70
5.	Penguin Deal Trade Pvt. Ltd.	22,16,298	0.69
6.	P.R.B. Securities Pvt. Ltd.	20,88,905	0.65
7.	IOTA Mtech Power LLP	18,25,000	0.57
8.	Prism Commodeal Pvt. Ltd.	17,26,196	0.54
9.	Hopeful Tradelink Pvt. Ltd.	12,14,399	0.38
10.	Kotak Mahindra Investments Ltd.	8,84,040	0.28
Total		10,14,99,093	31.78

Certification on Financial Statements of the Company

We, **K V S Seshasai**, Chief Executive Officer and **Umesh Pradhan**, Chief Financial Officer of Zee Learn Limited ('the Company'), certify that:

- (a) We have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2014 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, 2014 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 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 changes in internal control over financial reporting;
 - (ii) There have not been any significant changes in accounting policies; and
 - (iii) There have been no instances of significant fraud of which we are aware that involve management or other employees having significant role in the company's internal control system over financial reporting.

Mumbai,
May 29, 2014

K V S Seshasai
Chief Executive Officer.

Umesh Pradhan
Chief Financial Officer.

Financials

Independent Auditor's Report

To,
The Members of,
Zee Learn Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Zee Learn Limited** ("the Company") which comprise the Balance Sheet as at 31 March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2014;
 - (b) In the case of the Statement of Profit and Loss, of the Loss of the Company for the year ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

8. As required by Section 227(3) of the Act, 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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report comply with the applicable Accounting Standards referred to in sub-section (3C) of Section 211 of the Act read with the General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and other principles generally accepted in India.
- (e) On the basis of written representation received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2014, from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **MGB & Co**

Chartered Accountants
Firm Registration Number 101169W

Sanjay Kothari
Partner
Membership Number 048215
Mumbai, 29th May, 2014

Annexure referred to in Paragraph 8 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date.

- (I) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) All the fixed assets have been physically verified by the management during the year. In our opinion, this periodicity of the physical verification is reasonable having regards to the size of the Company and nature of its assets. Discrepancies noticed on such verification, which are not material, have been properly dealt with in the books of accounts.
- (c) In our opinion, the Company has not disposed off substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
- (ii) (a) The inventory has been physically verified (television content verified with reference to title document / agreements except training equipments lying with third parties) by the management at reasonable intervals during the year.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company has maintained proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification as compared to the book records.
- (iii) (a) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (b) According to the information and explanations given to us, the Company has taken interest free unsecured loan from a Company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year is ₹/lakhs 9,262.50 and there is no amount outstanding at the year-end.
- (c) In our opinion and according to the information and explanations given to us, the other terms and conditions on which loans have been taken from Companies covered in the register maintained under Section 301 of the Companies Act, 1956 are prima-facie not prejudicial to the interest of the Company.
- (d) The Company is regular in repayment of the loan taken considering the terms of the loan.
- (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 with regard to purchases of inventory, fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system in respect of the aforesaid areas.
- (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 maintained in pursuance to Section 301 of the Act except matters covered in paragraph (iii) above.
- (vi) The Company has not accepted any deposits from the public during the year.
- (vii) In our opinion, 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 the cost records under Section 209(1) (d) of the Companies Act, 1956 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) Undisputed Statutory dues including provident fund, investor education and protection fund, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and others as applicable have generally been regularly deposited with the appropriate authorities. There are no undisputed amounts payable in respect of the aforesaid dues outstanding as at 31 March, 2014 for a period of more than six months from the date they became payable.
 - (b) According to the records of the Company, the dues of sales tax, income tax and service tax which are not deposited on account of any dispute are as under:

Name of the Statute	Nature of the Dues	Amount (₹ lakhs)	Period to which the amount relate	Forum where dispute is pending
Maharashtra Value Added Tax Act, 2002	Sales Tax Sales Tax - Penalty	75.64 46.55	F.Y. 2005-2006 F.Y. 2005-2006	Deputy Commissioner of Sales Tax (Appeals)
Central Sales Tax Act, 1956	Sales Tax	3.44 6.16 52.95	F.Y. 2003-2004 F.Y. 2004-2005 F.Y. 2005-2006	Deputy Commissioner of Sales Tax (Appeals)
Bombay Sales Tax Act, 1959	Sales tax	3.07 3.67 6.66	F.Y. 2002-2003 F.Y. 2003-2004 F.Y. 2004-2005	Deputy Commissioner of Sales Tax (Appeals)
Central Excise Act, 1944	Service tax	57.87	F.Y. 2009-2010 to F.Y. 2011-2012	Commissioner of Service tax
Central Excise Act, 1944	Service tax	21.66*	F.Y. 2007-2008 to F.Y. 2010-2011	Additional Commissioner of Service tax
Central Excise Act, 1944	Service tax	1.79	F.Y. 2011-2012	Assistant Commissioner of Service tax
Central Excise Act, 1944	Service Tax	2.95	F.Y. 2012-2013	Assistant Commissioner of Service Tax
The Income Tax Act, 1961	Income Tax	16.50	F.Y. 2010-2011	Income Tax Officer

* does not include penalty of ₹/lakhs 21.66.

- (x) The Company has been registered for a period of less than five years. Hence, the requirement of Clause (x) of paragraph 4 of the said order is not applicable.
- (xi) The Company has not defaulted in repayment of dues to banks, financial institutions and debenture holders during the year.
- (xii) 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 is not dealing in or trading in shares, securities, debentures and other investments.
- (xv) In our opinion, the terms and conditions of guarantees given by the Company for loans taken by a subsidiary are prima-facie not prejudicial to the interests of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans raised during the year have been applied for the purpose for which they were raised.
- (xvii) According to information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the funds raised on short term basis have not been used for long term investments.
- (xviii) The Company has not made any preferential allotment of shares to companies or parties covered in the register maintained under Section 301 of the Act.

- (xix) The Company has not issued any secured debentures during the year.
- (xx) The Company has raised funds by issue of Global Depository Receipts, which have been utilized for the purposes for which they were raised as referred in Note 37.
- (xxi) Based on the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

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

Sanjay Kothari
Partner
Membership Number 048215

Mumbai, 29th May, 2014

Balance Sheet as at 31 March, 2014

(₹ lakhs)

	Note	2014	2013
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	3	3,193.32	2,630.10
Reserves and Surplus	4	19,203.24	9,339.28
		22,396.56	11,969.38
Non-Current Liabilities			
Long-Term Borrowings	5	8,596.00	5,750.00
Long-Term Provisions	6	144.46	122.04
Other Long-Term Liabilities	7	71.39	42.44
		8,811.85	5,914.48
Current Liabilities			
Trade Payables	8	871.64	961.39
Other Current Liabilities	8	7,176.93	14,629.47
Short-Term Provisions	6	43.91	40.20
		8,092.48	15,631.06
	Total	39,300.89	33,514.92
ASSETS			
Non-Current Assets			
Fixed Assets	9		
Tangible assets		571.07	1,398.88
Intangible assets		874.35	348.56
Intangible assets under development		273.06	2,688.77
		1,718.48	4,436.21
Non-Current Investments	10	10,601.05	10,601.05
Long-Term Loans and Advances	11	750.50	8,782.31
Other Non-Current Assets	12	0.46	0.46
		13,070.49	23,820.03
Current Assets			
Current Investments	13	10,035.93	-
Inventories	14	1,924.16	1,039.97
Trade Receivables	15	1,027.14	995.06
Cash and Bank Balances	16	1,780.76	1,306.67
Short-Term Loans and Advances	11	11,323.91	6,296.72
Other Current Assets	12	138.50	56.47
		26,230.40	9,694.89
	Total	39,300.89	33,514.92

Notes forming part of the financial statements

1-39

As per our attached report of even date

For and on behalf of the Board

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

Subodh Kumar
Chairman

Surjit Banga
Director

Sanjay Kothari
Partner
Membership Number 048215

Umesh Pradhan
Chief Financial Officer

Samir Raval
Company Secretary

Place: Mumbai
Date: 29 May, 2014

Statement of Profit and Loss for the year ended 31 March, 2014

(₹ lakhs)

	Note	2014	2013
REVENUE			
Revenue from Operations	17	11,917.54	10,007.76
Other Income	18	318.09	62.32
	Total	12,235.63	10,070.08
Expenses			
Operational cost	19	3,842.28	3,400.06
Employee benefits expense	20	3,126.85	3,310.94
Finance costs	21	823.30	564.05
Depreciation and amortization expenses	22	664.16	642.00
Other expenses	23	3,911.69	4,142.84
	Total	12,368.28	12,059.89
Profit/(Loss) before tax			
		(132.65)	(1,989.81)
Less: Tax expense			
Current tax- current year		-	-
Deferred tax		-	132.54
		(132.65)	(2,122.35)
Profit/(Loss) after tax			
Earnings per share (face value ₹ 1 each)	38		
Basic		(0.04)	(0.81)
Diluted		(0.04)	(0.81)

Notes forming part of the financial statements

1-39

As per our attached report of even date

For and on behalf of the Board

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

Subodh Kumar
Chairman

Surjit Banga
Director

Sanjay Kothari

Partner
Membership Number 048215

Umesh Pradhan
Chief Financial Officer

Samir Raval
Company Secretary

Place: Mumbai

Date: 29 May, 2014

Notes forming part of the Financial Statements

1 Corporate Information

Zee Learn Limited ("the Company") was incorporated in State of Maharashtra on 4 January, 2010. The Company is one of the most diversified premium education companies which delivers learning solutions and training through its multiple products viz. Kidzee, Mount Litera Zee Schools, Braincafe, Mount Litera World Preschool, Zee Institute of Media Arts (ZIMA), Zee Institute of Creative Arts (ZICA) and E - Learning Online Education. The Company is also engaged in production/acquisition of television content.

2 A Significant Accounting Policies

a Basis of preparation of financial statements

The financial statements of the company have been prepared on going concern basis in accordance with generally accepted accounting principle in India (Indian GAAP). The company has prepared these financial statements to comply in all material respect with the accounting standards notified under the Companies (Accounting standards) Rules, 2006, (as amended) and the relevant provision of the Companies Act, 1956 read with general circular 8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statement are consistent with those of previous year.

b Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities, as of the date of the financial statements and the reported amount of revenue and expenses of the year. Difference between the actual results and estimates are recognised in the period in which results are known / materialized.

c Tangible fixed assets

- (i) Tangible fixed assets are stated at cost, less accumulated depreciation and impairment loss, if any. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the assets to its working condition for intended use.
- (ii) Capital work in progress comprises cost of fixed assets and related expenses that are not yet ready for their intended use at the reporting date.

d Intangible assets

- (i) Intangible assets are recognised in the year it is put to use at cost. Intangible assets are carried at cost less accumulated amortization and impairment loss, if any.
- (ii) Intangible assets under development comprises of purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost incurred on asset that are not ready for their intended use at the reporting date.

e Borrowing costs

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

f Impairment of tangible and intangible 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

Notes forming part of the Financial Statements

value in use, determined by discounting the estimated future cash flows expected from the continuing use of the asset to their present value.

g Depreciation/amortization on tangible/intangible assets

- (i) Depreciation on tangible fixed assets is provided on straight line method at the rates specified in Schedule XIV to the Companies Act, 1956 except training equipments on which depreciation is provided based on the estimated useful life of 3 years. The rate of depreciation so derived is more than the rate prescribed under Schedule XIV.
- (ii) Leasehold Improvements are amortized over the period of Lease.
- (iii) Intangible assets are amortised on straight line basis over the economic useful life estimated by the management.

h Investments

Investments, which are intended to be held for more than one year from the date on which such investments are made, are classified as long-term investments. Long term investments are stated at cost less provision for diminution other than temporary in value of such investments.

i Transactions in foreign currencies

- (i) Foreign currency transactions are accounted at the exchange rate prevailing on the date of such transaction.
- (ii) Foreign currency monetary items are translated using the exchange rate prevailing at the reporting date. Exchange differences arising on settlement of monetary items or on reporting such monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements are recognised as income or as expenses in the year in which they arise.

j Revenue recognition

- (i) Sales- Educational goods and equipments and television content is recognized when the significant risk and rewards of ownership are passed onto the customers, which is generally on dispatch.
- (ii) Services
 - a) Course fees and Royalty income is recognized over the duration of the course.
 - b) Franchise fees is recognized as per the agreed terms of the agreement.
 - c) Revenue from other services is recognised as and when such services are completed/Performed.
- (iii) Interest income is recognised on a time proportion basis taking into account principal outstanding and the applicable interest rate.

k Inventories

Educational goods and equipments and television content are valued at lower of cost or estimated net realizable value. Cost includes cost of purchase, freight and other expense incurred in bringing the inventories to their present location and condition. Costs are taken on weighted average basis and specific identification method.

l Retirement and other employee benefits

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

m Accounting for taxes on income

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

Notes forming part of the Financial Statements

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

n Operating lease

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

o Earnings per share

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

p Provisions, Contingent liabilities and Contingent assets

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

3 Share Capital		(₹ lakhs)	
		2014	2013
Authorised			
1,000,000,000 (1,000,000,000) Equity Shares of ₹1/- each		10,000.00	10,000.00
		10,000.00	10,000.00
Issued, Subscribed and Paid up			
319,331,644 (263,010,249) Equity Shares of ₹1/- each fully paid up		3,193.32	2,630.10
	Total	3,193.32	2,630.10

a) Reconciliation of number of Equity shares and Share capital

	2014	2013		
	Number of equity shares	₹ Lakhs	Number of equity shares	₹ Lakhs
At the beginning of the year				
Add : Allotted on exercise of Employee Stock Option (Refer (e) below)	263,010,249	2,630.10	262,738,599	2,627.39
	141,625	1.42	271,650	2.72
Add : Issue of Shares pursuant to Global Depository Receipts (Refer note 37)	56,179,770	561.80	-	-
Outstanding at the end of the year	319,331,644	3,193.32	263,010,249	2,630.10

Notes forming part of the Financial Statements

b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 1 each. Each holder of equity shares is entitled to one vote per share, however the holders of global depository receipts (GDR's) do not have voting rights in respect of the equity shares represented by the GDRs till the shares are held by custodian. The Company declares and pays dividend in Indian Rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

c) The Company has not issued any bonus shares or bought back equity shares during the five years preceding 31 March, 2014. Details of aggregate number of shares issued for consideration other than cash during the five years preceding 31 March, 2014 is as under:

	2014	2013
Pursuant to the Composite Scheme of Arrangement/Amalgamation	262,238,599	262,238,599

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

Name of the Shareholders	2014		2013	
	Number of equity shares	% Shareholding	Number of equity shares	% Shareholding
Jayneer Capital Private Limited.	77,975,375	24.42%	72,391,275	27.53%
Asian Satellite Broadcast Private Limited.	63,052,512	19.75%	63,052,512	23.97%
Jayneer Enterprises LLP	-	-	15,000,000	5.70%
Orange Mauritius Investments Limited	23,546,529	7.37%	23,546,529	8.95%
Deutsche Bank Trust Company Americas	41,179,770	12.89%	-	-

e) Employees Stock Option Scheme (ESOP):

The Company has instituted an Employee Stock Option Plan (ZLL ESOP 2010) as approved by the Board of Directors and Shareholders in 2010 for issuance of stock options convertible into equivalent number of equity shares not exceeding the aggregate of 5% of the issued and paid up capital of the Company i.e upto 6,136,930 equity shares of ₹ 1 each to the employees of the Company as well as that of its subsidiary and also to non-executive directors including Independent Directors of the Company at the market price determined as per the SEBI (ESOS) Guidelines, 1999. The said Scheme is administered by the Remuneration Committee of the Board.

During the year ended 31 March, 2014, the Company issued 1,866,350 stock options. The options granted under the Scheme shall vest not less than one year and not more than five years from the date of grant of options. The options granted vests in the ratio of 50:35:15 at the expiry of one, two and three years from the date of grant and once vested, these would be exercisable at any time within a period of four years and the equity shares arising on exercise of options shall not be subject to any lock in. Upon exercise of 141,625 (271,650) options, equivalent number of equity shares were issued and allotted during the year ended 31 March, 2014.

The options were granted to the employees/independent directors' at an exercise price, being the latest market price as per the SEBI (ESOS) Guidelines 1999. In view of this, there being no intrinsic value on the date of the grant (being the excess of market price of share under the Scheme over the exercise price of the option), the Company is not required to account the accounting value of options as per the SEBI guidelines.

Notes forming part of the Financial Statements

Summary of stock options outstanding is as follows:

	2014	2013
Options outstanding at the		
- beginning of the year	1,134,250	2,561,200
- granted during the year	1,866,350	-
- lapsed during the year	294,725	1,155,300
- exercised during the year	141,625	271,650
Options outstanding at the end of the year	2,564,250	1,134,250
4 Reserves and Surplus		(₹ lakhs)
	2014	2013
Securities Premium		
As per last Balance sheet	62.53	-
Add: On issue of Employee Stock Option Plan	19.99	62.53
Add: On issue of Global Depository Receipts	10,393.26	-
Less: Expenses on issue of Global Depository Receipts	416.63	-
General Reserve*	10,059.15	62.53
As per last Balance sheet	13,971.80	13,971.80
Surplus/(Deficit) in the Statement of Profit and Loss**	13,971.80	13,971.80
As per last Balance sheet	(4,695.05)	(2,572.70)
Add : Loss for the year	(132.65)	(2,122.35)
	(4,827.70)	(4,695.05)
Total	19,203.24	9,339.28

* Pursuant to the Scheme of Amalgamation, sanctioned by the Hon'ble High Court of Bombay ₹/lakhs 8,881.25 (Previous year ₹/lakhs 8,881.25) shall not be used for the purpose of declaring dividend.

** In view of the loss incurred during the year, Debenture Redemption Reserve aggregating to ₹/lakhs 1,250.00 (Previous year ₹/lakhs 2,500.00) has not been created.

	(₹ lakhs)			
	Non-Current		Current	
	2014	2013	2014	2013
Debentures - Secured				
125 (250), 12% Secured Redeemable Non-Convertible Debentures of Rs. 1,000,000 each fully paid up	-	1,250.00	1,250.00	1,250.00
Term Loan from Banks- Secured	8,596.00	4,500.00	1,104.00	500.00
Intercorporate Deposits - Unsecured	-	-	-	9,012.50
	8,596.00	5,750.00	2,354.00	10,762.50
The above amount includes:				
Secured Borrowings	8,596.00	5,750.00	2,354.00	1,750.00
Unsecured Borrowings	-	-	-	9,012.50
Amount disclosed under the head "Other Current Liabilities" (Refer Note 8)	-	-	(2,354.00)	(10,762.50)
Total	8,596.00	5,750.00	-	-

Notes forming part of the Financial Statements

a) Debentures are secured by first charge on free hold land, all fixed and current assets including fixed deposits, escrow account, reserve account, assignment of all benefits under agreement for Operation of school and further DSRA Undertaking by Zee Entertainment Enterprises Limited. The debentures carries interest @ 12% p.a and are redeemable at par in four equal installments of 25% each beginning at the end of 2nd year from the date of allotment, viz 6 January, 2010.

b) Term Loan from Bank ₹/lakhs 4,500.00 (Previous year ₹/lakhs 5,000.00) is secured by first pari passu charge on all the fixed and current assets (present and future) of the Company and also reserve account and DSRA Undertaking by Zee Entertainment Enterprises Limited. The loan carries interest @12.25% p.a (base rate) and is repayable in 8 half yearly installments beginning from 30 June, 2013.

c) Term Loan from Bank ₹/lakhs 5,200.00 (Previous year ₹/lakhs Nil) is secured by first pari passu charge on all the movable assets (including current assets, loans and advances) of the Company and lien over debt service reserve account .The loan is further secured by way of securities and corporate guarantee provided by related parties. The loan carries interest @11.85% p.a (base rate plus 1.1%) and is repayable in 12 half yearly installments beginning from 30 June, 2014.

6 Provisions

	(₹ lakhs)			
	Long - Term		Short - Term	
	2014	2013	2014	2013
Provision for employee benefits				
- Gratuity	88.96	70.61	10.33	7.57
- Leave benefits	55.50	51.43	6.45	5.50
Others	-	-	27.13	27.13
Provision for litigation				
Total	144.46	122.04	43.91	40.20

7 Other Long-Term Liabilities

	(₹ lakhs)	
	2014	2013
Unearned Revenue	61.39	32.44
Deposits from customers	10.00	10.00
Total	71.39	42.44

8 Current Liabilities

	(₹ lakhs)	
	2014	2013
Trade payables	871.64	961.39
Other Current Liabilities	871.64	961.39
Current maturities of debentures and term loan	2,354.00	1,750.00
Current maturities of Intercorporate Deposits	-	9,012.50
Interest accrued and due	-	52.02
Interest accrued but not due	100.11	76.44
Unearned Revenue	1,582.84	899.65
Cheques overdrawn	27.44	-
Deposits from customers	2.00	2.00
Advance received from customers	1,404.69	1,210.14
Creditors for capital expenditure	42.57	78.24
Statutory dues payable	128.97	360.59
Creditors for expenses	1,534.31	1,187.89
Total	7,176.93	14,629.47
	8,048.57	15,590.86

Notes forming part of the Financial Statements

9. Fixed Assets

Notes forming part of the Financial Statements

*Acquired pursuant to the Composite Scheme of Arrangement, yet to be transferred

** Includes Borrowing costs for the year ₹/lakhs Nil (Previous year ₹/lakhs 415.17)

Notes forming part of the Financial Statement

10 Non-Current Investments (valued at cost, unless stated otherwise)

	2014	2013
[A] Trade Investments		
(i) Equity shares in wholly owned subsidiary company - Unquoted *		
50,10,000 (5,010,000) Equity shares of ₹ 10/- each of Digital Ventures Private Limited	10,601.00	10,601.00
(ii) Preference shares in wholly owned subsidiary company - Unquoted		
100,000(Nil) 0.1%, Non-Convertible Non-Cumulative Redeemable Preference Shares of ₹ 10/- each of Digital Ventures Private Limited	9,572.00	-
(These shares are redeemable on 31st March 2015 at a premium of ₹ 9,725 per share)		
Amount disclosed under the head "Current Investments" (Refer Note 13)	(9,572.00)	-
[B] Others- Unquoted		
In National Savings Certificate	0.05	0.05
(Pledged with Sales Tax Authorities)		
(All the above securities are fully paid up)		
Total	10,601.05	10,601.05

* Non disposal undertaking for 51% shares held by the Company for loan taken by subsidiary Company viz Digital Venture Private Limited

11 Loans and Advances (unsecured)

	Long-Term		Short-Term	
	2014	2013	2014	2013
Capital Advances				
- Subsidiary^	-	7,500.00	-	-
- Others	72.60	6.17	-	-
Deposits				
- considered good	294.49	93.09	9.79	41.81
- considered doubtful	-	-	-	-
Loans and advances and Deposits to related parties	294.49	93.09	9.79	41.81
- Subsidiary	-	-	10,148.76	6,047.34
- Related parties *	160.00	1,060.00	900.00	45.97
Other Loans and Advances				
Other Advances				
- considered good	-	-	212.43	96.60
- considered doubtful	-	-	1.71	1.71
Less: Provision for doubtful advances	-	-	214.14	98.31
	-	-	1.71	1.71
Prepaid expenses	-	-	212.43	96.60
	0.68	1.58	29.33	44.27
Balance with Government Authorities				
- Advance Direct Taxes (net of provisions)	222.73	121.47	-	-
- Advance Indirect Taxes	-	-	23.60	20.73
Total	750.50	8,782.31	11,323.91	6,296.72

[^] For acquisition of operating rights in respect of school

* Includes ₹ lakhs 900.00 (Previous year ₹/lakhs 900.00) towards refundable deposit against school operating rights.

Notes forming part of the Financial Statements

12 Other Assets

	(₹ lakhs)			
	Non-Current		Current	
	2014	2013	2014	2013
Balances with banks -in deposit account (Refer Note 16)*	0.46	0.46	-	-
Interest accrued on bank deposits	-	-	9.80	5.91
Premium on redemption of Preference Shares	-	-	23.29	-
Other receivables	-	-	105.41	50.56
Total	0.46	0.46	138.50	56.47

* Pledged ₹/lakhs 0.46 (Previous year ₹/lakhs 0.46) with sales tax authorities.

13 Current Investments

	(₹ lakhs)	
	2014	2013
(i) Trade Investments		
Preference shares in wholly owned subsidiary company - Unquoted	9,572.00	-
100,000(Nil) 0.1%, Non-Convertible Non-Cumulative Redeemable Preference Shares of ₹ 10/- each of Digital Ventures Private Limited	-	-
(These shares are redeemable on 31st March 2015 at a premium of ₹ 9,725 per share)		
(ii) Others - Investments in Mutual Funds- Quoted		
39,789.80 (Nil) units of Axis Mutual fund - Daily Dividend	398.02	-
248,082.14 (Nil) units of ICICI Prudential Ultra Short Term	25.09	-
40,795.26 (Nil) units of ICICI Prudential Liquid- Daily Dividend	40.82	-
Total	10,035.93	-
Aggregate amount of unquoted Investments	9,572.00	-
Aggregate amount of quoted Investments	463.93	-
Aggregate market value of quoted Investments	463.93	-

14 Inventories

	(₹ lakhs)	
	2014	2013
Educational goods and equipments	1,672.63	891.44
Television content	251.53	148.53
Total	1,924.16	1,039.97

15 Trade Receivable (unsecured)

	(₹ lakhs)	
	2014	2013
Over six months		
- considered good	180.76	80.77
- considered doubtful	726.03	625.72
Others		
- considered good	846.38	914.29
- considered doubtful	-	-
Less: Provision for doubtful debts	1,753.17	1,620.78
	726.03	625.72
Total	1,027.14	995.06

Notes forming part of the Financial Statements

16 Cash and Bank Balances

	(₹ lakhs)			
	Non-Current		Current	
	2014	2013	2014	2013
Cash and Cash Equivalents				
Balances with Banks in current accounts	-	-	1,361.31	1,057.54
Cash in Hand	-	-	0.02	1.48
	-	-	1,361.33	1,059.02
Other bank balances				
Balances with Banks -				
in deposits account*	-	-	419.43	247.65
in deposits accounts with banks maturity				
more than 12 months	0.46	0.46	-	-
Amount disclosed under the head "Other Assets"				
(Refer Note 12)	(0.46)	(0.46)	-	-
Total	-	-	1,780.76	1,306.67

* Pledged/Lien ₹/Lakhs 414.70 (Previous year ₹/Lakhs 237.06) against Term Loan/Debentures

17 Revenue from Operations

	(₹ lakhs)	
	2014	2013
Sales - Educational goods and equipments		
- Television content	4,993.59	3,952.76
- Television content	1,319.72	1,096.74
Services - Education and Other Services		
- Course Fees/Royalty	3,543.41	2,777.90
- Franchisee Fees	1,609.14	1,621.34
- Others	19.38	26.44
Other Operating Revenue		
	432.30	532.58
Total	11,917.54	10,007.76

18 Other Income

	(₹ lakhs)	
	2014	2013
Interest Income		
- from Bank Deposits	62.50	37.10
- from Others	2.08	0.77
Dividend on Mutual Funds		
Premium on Redemption of Preference shares	9.53	-
Gain on exchange difference (net)	23.29	-
Liabilities/Excess provision written back (net)	180.44	-
	40.25	24.45
Total	318.09	62.32

Notes forming part of the Financial Statements

19 Operational cost

	(₹ lakhs)	
	2014	2013
a) Educational goods and equipments		
Opening	891.44	872.87
Add: Purchases *	3,054.36	1,990.45
	3,945.80	2,863.32
Less: Closing	1,672.63	891.44
	2,273.17	1,971.88
b) Television content		
Opening	148.53	-
Add: Commissioned/Acquisition	1,302.74	1,145.16
	1,451.27	1,145.16
Less: Closing	251.53	148.53
	1,199.74	996.63
c) Other Educational Operating Expenses		
	369.37	431.55
Total	3,842.28	3,400.06

* During the year, Training equipments of ₹/lakhs 610.89 (Written down Value) have been converted into Stock in Trade.

20 Employee benefits expense

	(₹ lakhs)	
	2014	2013
Salaries and allowances	2,937.19	3,085.88
Contribution to provident and other funds	70.83	74.93
Training and Recruitment cost	43.44	116.84
Staff Welfare expenses	75.39	33.29
Total	3,126.85	3,310.94

21 Finance costs

	(₹ lakhs)	
	2014	2013
Interest- Loan	755.24	558.12
- Others	6.96	4.43
Bank and other financial charges	61.10	1.50
Total	823.30	564.05

22 Depreciation and amortization expenses

	(₹ lakhs)	
	2014	2013
Depreciation on tangible assets	222.31	454.21
Amortisation on intangible assets	441.85	187.79
Total	664.16	642.00

Notes forming part of the Financial Statements

23 Other expenses

	(₹ lakhs)	
	2014	2013
Rent	313.06	377.94
Repairs and Maintenance - others	333.74	223.06
Insurance	11.74	6.60
Rates and Taxes	29.40	50.09
Electricity and water charges	31.60	30.51
Communication expenses	155.35	161.48
Printing and Stationery	52.80	31.16
Travelling and Conveyance expenses	645.30	636.22
Legal and Professional charges	319.12	223.07
Payment to Auditors (Refer note 34)	15.56	13.07
Miscellaneous expenses	99.07	104.96
Freight and packing charges	392.87	247.85
Directors Sitting fees	7.20	3.20
Provision for doubtful debts and advances	100.32	338.38
Loss on sale / discard of fixed assets	33.73	8.44
Marketing, Advertisement and Publicity expenses	1,370.83	1,686.46
Loss on exchange difference (net)	-	0.35
Total	3,911.69	4,142.84

24 Operating Leases:

The Company has taken office, residential facilities and plant and machinery (including equipments) etc. on lease under cancellable/non-cancellable lease agreements that are renewable on a periodic basis at the option of both the Lessor and the Lessee. The initial tenure of the lease generally is for 11 months to 60 months.

	(₹ lakhs)	
	2014	2013
Lease rental charges for the year	420.90	503.16
Future Lease rental obligation payable (under non-cancellable lease)		
Not later than one year	132.88	234.95
Later than one year but not later than five years	49.59	111.13

25 a) Current Tax

In view of losses incurred during the year, no provision for current tax is required to be made as per Income Tax Act 1961.

b) Deferred tax balances are as under:-

In accordance with the Accounting Standard 22 on "Accounting for Taxes on Income" (AS 22) issued by ICAI, deferred tax assets and liabilities should be recognized for all timing differences in accordance with the said standard. However, considering the present financial position and requirement of the accounting standard regarding certainty / virtual certainty, deferred tax asset (net) for the year is not accounted for. However, the same will be reassessed at a subsequent balance sheet date and will be accounted for in the year of certainty / virtual certainty in accordance with the aforesaid accounting standard.

Notes forming part of the Financial Statements

26 Managerial Remuneration

Remuneration paid or provided to in accordance with Section 198 of the Companies Act, 1956 to the Whole-time Director / Manager is as under:

	2014		2013	
	Manager	Whole Time Director	Manager	Whole Time Director *
Salary and Allowances	32.22	-	-	76.05
Provident fund contributions	1.78	-	-	1.67
Perquisites	3.60	-	-	0.03
Total	37.60	-	-	77.75
Maximum permissible managerial remuneration as per Schedule XIII (excluding Provident fund contribution)	48.00	-	-	48.00
Excess Remuneration paid#				
Financial Year 2012-13	-	-	-	28.08
Financial Year 2011-12	-	-	-	54.45

* Resigned w.e.f. 25 July, 2012

#In respect of remuneration payable to the Whole-time Director in excess of the limits prescribed under section 198 read with Schedule XIII, the Company has applied for approval from the Central Government which is still pending. However the Ministry of Corporate Affairs (MCA) has communicated that the approval of the Central Government is no longer necessary in case of unlisted enterprises (the Company was unlisted at the time of filing) which are not subsidiaries of listed enterprises in view of amendment made in Schedule XIII of the Companies Act, 1956 vide Gazette of India Notification G.S.R 70 (E) dated 8 February, 2011.

Note: Salary and Allowances includes basic salary, house rent allowance, leave travel allowance and performance bonus.

27 Employee Benefits

As per the Accounting Standard 15 "Employee Benefits", the disclosures are as under:

A Defined Benefit Plans

The present value of gratuity obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave benefits (non funded) is also recognised using the Projected Unit Credit Method.

	Gratuity (Non Funded) (₹ lakhs)	
	2014	2013
I. Expenses recognized during the year		
1. Current Service Cost	33.51	33.38
2. Interest Cost	6.02	5.14
3. Actuarial Losses / (Gains)	(11.74)	(18.77)
Total Expenses	27.79	19.75
II. Net Asset/(Liability) recognized in the Balance Sheet as at 31 March, 2014		
1. Present value of defined benefit obligation	99.29	78.18
2. Net Asset / (Liability)	(99.29)	(78.18)
III. Reconciliation of Net Asset/(Liability) recognized in the Balance Sheet as at 31 March, 2014		
1. Net Asset/(Liability) at the beginning of year	(78.18)	(61.08)

Notes forming part of the Financial Statements

2 Expense as per I above	(27.79)	(19.75)
3 Employer contribution	6.67	2.64
4 Net Asset/(Liability) at the end of the year	(99.29)	(78.18)
IV. Actuarial Assumptions:		
1 Discount rate	9.10%	8.05%
2 Expected rate of salary increase	6.00%	6.00%
3 Mortality Ultimate	IALM (2006-08) Ultimate	LIC (1994-96)

Notes:

(a) Amounts recognized as an expense and included in the Note 20: "Employee benefits expense" are Gratuity ₹/lakhs 27.79 (Previous year ₹/lakhs 19.75) and Leave benefits ₹/lakhs 29.49 (Previous year ₹/lakhs 47.70)

(b) The estimates of rate of escalation in salary considered in actuarial valuation take into account the inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

B Defined contribution plan:

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

28 Related Party Transactions

(i) List of Parties where control exists Subsidiary Company-Wholly owned

Digital Ventures Private Limited

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

Asian Satellite Broadcast Private Limited, Cyquator Media Services Private Limited, Dish TV India Limited, Essel Corporate Resources Private Limited, Essel Infraprojects Limited, Essel Vision Productions Limited, Himgiri Nabh Vishwavidhyalaya, Jay Properties Private Limited, Pan India Paryatan Private Limited, Pan India Network Infravest Private Limited, Premier Finance and Trading Company Limited, TALEEM Research Foundation, Zee Entertainment Enterprises Limited, Zee Media Corporation Limited, Diligent Media Corporation Limited

Transactions with Related Parties

	2014	2013
A) Transactions with Related Parties		
Intercorporate Deposits taken Other Related Parties	13,082.00	9,183.75
Asian Satellite Broadcast Private Limited Premier Finance and Trading Company Limited	13,082.00	9,038.50
Repayment of Intercorporate Deposits taken Other Related Parties	22,094.50	2,829.71
Premier Finance and Trading Company Limited Asian Satellite Broadcast Private Limited Essel Infraprojects Limited	- 22,094.50	2,710.50 26.00 93.21
Loans, advances and deposits given Subsidiary Company	7,570.56	5,236.63
Digital Ventures Private Limited	7,570.56	5,236.63

Notes forming part of the Financial Statements

(₹ lakhs)

	2014	2013
Loans, advances and deposits given repaid	3,469.14	1,807.79
Subsidiary Company		
Digital Ventures Private Limited	3,469.14	1,796.00
Other Related Parties		
Zee Entertainment Enterprises Limited	-	4.04
Zee Media Corporation Limited	-	7.75
Sales and Services	2,037.29	1,575.46
Other Related Parties		
Zee Entertainment Enterprises Limited	2,037.29	1,540.79
Jay Properties Private Limited	-	34.67
Sale of Fixed Assets	7.54	-
Other Related Parties		
Cyquator Media Services Pvt. Ltd	5.50	-
Essel Vision Productions Ltd	2.04	-
Purchase of Services	350.35	170.33
Other Related Parties		
Pan India Network Infravest Private Limited	21.97	26.47
Pan India Paryatan Private Limited	-	3.63
Cyquator Media Services Private Limited	2.84	2.43
Zee Entertainment Enterprises Limited	34.54	30.46
Zee Media Corporation Limited	-	8.44
Essel Corporate Resources Private Limited	52.22	58.20
Essel Vision Productions Limited	225.15	33.98
Diligent Media Corporation Ltd.	13.07	-
Dish TV India Limited	-	0.74
Taleem Research Foundation	0.57	5.99
B) Balances outstanding as at 31 March		
Intercorporate Deposits taken		
Other Related Parties		
Asian Satellite Broadcast Private Limited	-	9,012.50
Capital Advances		
Subsidiary Company		
Digital Ventures Private Limited	-	7,500.00
Investment		
Subsidiary Company		
Equity shares of Digital Ventures Private Limited	20,336.00	10,601.00
Preference shares of Digital Ventures Private Limited	10,601.00	10,601.00
	9,735.00	-
Loans, Advances and Deposits given		
Subsidiary Company		
Digital Ventures Private Limited	11,048.76	6,993.31
Other Related Parties		
Himgiri Nabh Vishwavidhyalaya	10,148.76	6,047.34
Zee Entertainment Enterprises Limited	900.00	900.00
Zee Media Corporation Limited	-	45.78
	-	0.19
Trade Receivable		
Other Related Parties		
Taleem Research Foundation	551.28	729.36
Zee Entertainment Enterprises Limited	1.55	1.25
	542.20	728.12

Notes forming part of the Financial Statements

(₹ lakhs)

	2014	2013
Cyquator Media Services Pvt. Ltd	5.50	-
Essel Vision Productions Ltd	2.04	-
Trade Payables	49.43	33.98
Other Related Parties		
Essel Vision Productions Limited	49.43	33.98
Creditors for expenses	131.09	61.74
Other Related Parties		
Pan India Network Infravest Private Limited	10.11	16.83
Cyquator Media Services Private Limited	0.37	0.08
Essel Corporate Resources Private Limited	96.36	44.14
Zee Media Corporation Limited	0.51	0.69
Zee Entertainment Enterprises Ltd	23.75	-

Details of remuneration to director are disclosed in Note 26.

29 Disclosures as required by Clause 32 of the listing agreement

a) Loans and Advances given to Subsidiary

	Balance as at 31 March	Maximum amount outstanding during the year	(₹ lakhs)
	2014	2013	2014
Digital Ventures Private Limited- Interest Free	10,148.76	6,047.34	10,148.76
			6,047.34

b) Loanees have not made investments in the shares of the company

30 Contingent Liabilities not provided for

	2014	2013
a) Claims against the Company not acknowledged as debts	54.27	55.29
b) Disputed Direct Tax	16.51	16.51
c) Disputed Indirect Taxes*	304.07	257.80
d) Corporate guarantee for subsidiaries to the extent of loans availed/ outstanding ₹/lakhs 14,631.53 (Previous year ₹/lakhs 12,606.16)	14,631.53	12,606.16

* includes ₹/lakhs 46.27 show cause cum demand notice received subsequent to the balance sheet date.

31 Capital and other commitments/undertakings

(a) Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) is ₹/lakhs 27.88 (Previous year ₹/lakhs 2,534.70)

(b) Non disposal undertaking for 51% shares held by the Company in Digital Ventures Private Limited for loan taken by subsidiary Company.

32 CIF Value of Imports for capital equipment is ₹/lakhs NIL (Previous year ₹/lakhs 765.43)

Notes forming part of the Financial Statements

33 Expenditure in foreign currency

	(₹ lakhs)	
	2014	2013
a. Purchase of Television Content	140.58	141.39
b. Operational cost	11.31	38.27
c. Travelling expenses	14.76	20.80
d. Legal and Professional charges	379.45	-

34 Payments to Auditors

	(₹ lakhs)	
	2014	2013
Audit fees (including Limited review)	11.00	10.00
Tax Audit Fees	2.00	1.50
Tax Representation	1.02	1.02
Certification and others #	1.54	0.55
Total	15.56	13.07

Does not includes ₹/lakhs 6.25 towards certification fees for GDR issue as adjusted in Securities premium account

35 Foreign Exchange

Foreign exchange exposures that are not hedged by derivative instruments as at 31 March, 2014 are as under: (₹ lakhs)

	2014	2013
Receivables	8.57	11.85
Payables	23.50	27.71

36 Micro, Small and Medium enterprises

The Company has no dues to Micro, Small and Medium enterprises during the year ended 31 March, 2014, on the basis of information provided by the parties and available on record.

37 The Company has issued 5,617,977 Global Depository Receipts (GDRs) aggregating to US\$ 20 million at an equivalent price of ₹ 19.50 per share, each GDR represents 10 fully paid equity shares of the Company. The GDRs are listed at the Luxembourg Stock Exchange. The entire proceeds have been utilised for the purpose stated in offer documents.

38 Earnings per share (EPS)

	2014	2013
a. Profit/ (Loss) after Tax (₹/lakhs)	(132.65)	(2,122.35)
b. Weighted Average number of equity shares for Basic EPS (in numbers)	311,538,034	262,812,564
c. Weighted Average number of equity shares for Diluted EPS (in numbers)	311,922,794	262,812,564
d. Nominal value of equity shares (₹)	1	1
e. Basic EPS (₹)	(0.04)	(0.81)
f. Diluted EPS (₹)	(0.04)	(0.81)

39 Prior year Comparatives

Previous years figures have been regrouped, rearranged or recasted wherever necessary to conform to this year's classification. Figures in brackets pertain to previous year.

Cash Flow Statement for the year ended 31 March 2014

	(₹ lakhs)	
	2014	2013
A. Cash Flow from Operating Activities		
Profit/ (Loss) before tax	(132.65)	(1,989.81)
Adjustments for:		
Depreciation / Amortisation expenses	664.16	642.00
Interest Income	(62.50)	(37.10)
Gain on exchange difference (net)	-	0.37
Interest expense	755.24	558.12
Provision for doubtful debts (net)	100.32	338.38
Loss on sale / discard of fixed assets (net)	33.71	8.44
Operating Profit before Working Capital Changes	1,358.28	(479.62)
Adjustments for:		
Decrease / (Increase) in trade and other receivables	(4,538.23)	(4,325.08)
Decrease / (Increase) in Inventories	(273.30)	(167.10)
Increase / (Decrease) in Trade and other payables	985.32	1,097.00
Cash Generated from Operations	(2,467.93)	(3,874.80)
Direct Taxes paid	(101.26)	(104.13)
Net Cash from/(used in) Operating Activities (A)	(2,569.19)	(3,978.93)
B. Cash Flow from Investing Activities		
Purchase of fixed assets	(1,059.23)	(1,323.59)
Decrease / (Increase) in Capital Work in Progress	9,849.27	(667.04)
Sale of fixed assets	16.81	19.80
Interest received	58.62	63.06
Investments in bank deposits	(171.78)	(139.78)
Investments in bank deposits (having original maturity of more than 12 months)	-	227.44
Investments in Mutual fund	(463.93)	-
Investments in Subsidiary	(9,572.00)	-
Net Cash from/(used in) Investing Activities (B)	(1,342.24)	(1,820.11)

Cash Flow Statement for the year ended 31 March 2014

	(₹ lakhs)	
	2014	2013
C. Cash Flow from Financing Activities		
Proceeds from issue of share capital	10,559.83	65.25
Proceeds from intercorporate deposits	13,082.00	9,183.75
Repayment of intercorporate deposits	(22,094.50)	(2,829.71)
Proceeds from long-term borrowings	4,700.00	1,750.00
Repayment of long-term borrowings	(1,250.00)	(1,250.00)
Interest paid	(783.59)	(671.49)
Net Cash from/(used in) Financing Activities (C)	4,213.74	6,247.80
Net Cash flow during the year (A+B+C)	302.31	448.76
Cash and cash equivalents at the beginning of the year	1,059.02	610.26
Net cash and cash equivalents	1,361.33	1,059.02
Add: Balances earmarked	419.43	247.65
Cash and Bank Balances at the end of the year	1,780.76	1,306.67

As per our attached report of even date

For and on behalf of the Board

For MGB & Co.

Chartered Accountants

Firm Registration Number 101169W

Subodh Kumar
Chairman

Surjit Banga
Director

Sanjay Kothari

Partner

Membership Number 048215

Umesh Pradhan
Chief Financial Officer

Samir Raval
Company Secretary

Place : Mumbai

Date : 29 May, 2014

Independent Auditor's Report

To,
The Board of Directors of
Zee Learn Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of **Zee Learn Limited** ("the Company") and its subsidiary (collectively referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31 March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the report of other auditor on the financial statements of the subsidiary referred to below in the Other Matter Paragraph, the 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 state of affairs of the Group as at 31 March, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the Loss of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matter

7. We did not audit the financial statements of a subsidiary of the Group whose financial statements reflect revenue of ₹/lakhs 221.13, total assets of ₹/lakhs 52,016.07 and net cash flows inflows amounting to ₹/lakhs 126.94 for the year then ended. These financial statements have been audited by other auditor whose report has been furnished to us by the Management, and our opinion in so far as it relates to the amounts and disclosures included in respect of the subsidiary is based solely on the report of the other auditor.

Our opinion is not qualified in respect of this matter.

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

Sanjay Kothari
Partner
Membership Number 048215
Mumbai, 29th May, 2014

Consolidated Balance Sheet as at 31 March, 2014

(₹ lakhs)

	Note	2014	2013
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	3	3,193.32	2,630.10
Reserves and Surplus	4	19,119.20	9,316.41
		<u>22,312.52</u>	<u>11,946.51</u>
Non-Current Liabilities			
Long-Term Borrowings	5	28,232.74	23,971.84
Deferred Tax Liabilities	6	-	9.01
Long-Term Provisions	7	146.98	123.35
Other Long-Term Liabilities	8	71.39	792.45
		<u>28,451.11</u>	<u>24,896.65</u>
Current Liabilities			
Trade Payables	9	871.63	961.38
Other Current Liabilities	9	9,292.45	15,006.72
Short-Term Provisions	7	44.21	40.35
		<u>10,208.29</u>	<u>16,008.45</u>
	Total	60,971.92	52,851.61
ASSETS			
Non-Current Assets			
Fixed Assets	10		
Tangible assets		3,063.98	2,513.10
Intangible assets		874.35	348.56
Capital work-in-progress		32,444.84	16,960.92
Intangible assets under development		10,773.07	13,188.77
		<u>47,156.24</u>	<u>33,011.35</u>
Non-Current Investments	11	0.05	0.05
Long-Term Loans and Advances	12	6,773.10	15,958.59
Other Non-Current Assets	13	2.28	3.18
		<u>53,931.66</u>	<u>48,973.17</u>
Current Assets			
Current Investments	14	463.93	-
Inventories	15	1,924.16	1,039.97
Trade Receivables	16	1,286.22	1,061.21
Cash and Bank Balances	17	2,065.29	1,464.27
Short-Term Loans and Advances	12	1,185.43	256.51
Other Current Assets	13	115.23	56.48
		<u>7,040.26</u>	<u>3,878.44</u>
	Total	60,971.92	52,851.61

Notes forming part of the consolidated financial statements 1-35

As per our attached report of even date

For MGB &Co.

Chartered Accountants

Firm Registration Number 101169W

Sanjay Kothari

Partner

Membership Number 048215

For and on behalf of the Board

Subodh Kumar
Chairman

Surjit Banga
Director

Umesh Pradhan
Chief Financial Officer

Samir Raval
Company Secretary

Place: Mumbai
Date: 29 May, 2014

Consolidated Statement of Profit and Loss for the year ended 31 March, 2014

(₹ lakhs)

	Note	2014	2013
Revenue			
Revenue from Operations	18	12,131.91	10,081.26
Other Income	19	301.56	62.32
		<u>12,433.47</u>	<u>10,143.58</u>
Expenses			
Operational cost	20	3,842.28	3,400.06
Employee benefits expenses	21	3,126.85	3,310.94
Finance costs	22	974.82	616.41
Depreciation and amortization expenses	23	735.67	662.67
Other expenses	24	3,947.67	4,153.37
		<u>12,627.29</u>	<u>12,143.45</u>
Profit/(Loss) before tax			
Less: Tax expense			
Current tax- Current year		-	-
Deferred tax		-	141.55
		<u>(193.82)</u>	<u>(1,999.87)</u>
Profit/(Loss) after tax			
Earnings per share (face value ₹1 each)	33		
Basic		(0.06)	(0.81)
Diluted		(0.06)	(0.81)

Notes forming part of the consolidated financial statements 1-35

As per our attached report of even date

For and on behalf of the Board

For MGB &Co.

Chartered Accountants

Firm Registration Number 101169W

Subodh Kumar
Chairman

Surjit Banga
Director

Sanjay Kothari

Partner
Membership Number 048215

Umesh Pradhan
Chief Financial Officer

Samir Raval
Company Secretary

Place: Mumbai

Date: 29 May, 2014

Notes forming part of the Consolidated Financial Statements

1 Corporate information

Zee Learn Limited (herein after referred to as "the parent company" or "the Company") together with its subsidiary (collectively known as "the Group"). The Group is one of the most diversified premium education companies which delivers learning solutions and training through its multiple products viz. Kidzee, Mount Litera Zee Schools, BrainCafe, Mount Litera World Preschool, Zee Institute of Media Arts (ZIMA), Zee Institute of Creative Arts (ZICA), E - Learning Online Education and is also engaged in production/acquisition of television content. The Group is also in the business of constructing and leasing of properties for commercial use.

2 A Basis of Consolidation

i Basis of preparation of financial statements

The Consolidated Financial Statements (CFS) of the Group are prepared under Historical Cost Convention on going concern basis in accordance with Generally Accepted Accounting Principles in India and Accounting Standard -21 on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India (ICAI), to the extent possible in the same manner as that adopted by the parent company for its separate financial statements by regrouping, recasting or rearranging figures, wherever considered necessary.

ii The CFS are prepared using uniform accounting policies for transactions and other events in similar transactions.

iii The consolidation of 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, unrealized intra-company profits and balances have been eliminated in the process of consolidation.

iv The CFS includes the Financial Statements of the parent company and the subsidiary (as listed in the table below). Subsidiary is consolidated from the date on which effective control is acquired and are excluded from the date of transfer/disposal.

Name of the Subsidiary	Proportion of Interest (including beneficial interest) / Voting Power (either directly / indirectly or through Subsidiary).	Country of Incorporation
Direct Subsidiary		
Digital Ventures Private Limited	100 (100)	India

2 B Significant Accounting Policies

a Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, on the date of the financial statements and the reported amount of revenue and expenses of the year. Difference between the actual results and estimates are recognised in the period in which results are known/materialized.

b Tangible fixed assets

- (i) Tangible fixed assets are stated at cost, less accumulated depreciation and impairment loss, if any. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the assets to its working condition for intended use.
- (ii) Capital work in progress comprises cost of fixed assets and related expenses that are not yet ready for their intended use at the reporting date.

Notes forming part of the Consolidated Financial Statements

c Intangible assets

- (i) Intangible assets are recognised in the year it is put to use at cost. Intangible assets are carried at cost less accumulated amortization and impairment loss, if any.
- (ii) Intangible assets under development comprises of purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost incurred on asset that are not ready for their intended use at the reporting date.

d Borrowing costs

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

e Impairment of tangible and intangible 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.

f Depreciation/amortization on tangible/intangible assets

- (i) Depreciation on tangible fixed assets is provided on straight line method at the rates specified in Schedule XIV to the Companies Act, 1956 except training equipments on which depreciation is provided based on the estimated useful life of 3 years and buildings on which the depreciation is provided over the period of the lease. The rate of depreciation so derived is more than the rate prescribed under Schedule XIV.
- (ii) Leasehold Improvements are amortized over the period of Lease.
- (iii) Intangible assets are amortised on straight line basis over the economic useful life estimated by the management.

g Investments

Investments, which are intended to be held for more than one year from the date on which such investments are made, are classified as long-term investments. Long term investments are stated at cost less provision for diminution other than temporary in value of such investments.

h Transactions in foreign currencies

- (i) Foreign currency transactions are accounted at the exchange rate prevailing on the date of such transaction.
- (ii) Foreign currency monetary items are translated using the exchange rate prevailing at the reporting date. Exchange differences arising on settlement of monetary items or on reporting such monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements are recognised as income or as expenses in the year in which they arise.

i Revenue recognition

- (i) Sales- Educational goods and equipments and television content is recognized when the significant risk and rewards of ownership are passed onto the customers, which is generally on dispatch.
- (ii) Services
 - a) Course fees and Royalty income is recognized over the duration of the course.

Notes forming part of the Consolidated Financial Statements

- b) Franchise fees is recognized as per the agreed terms of the agreement.
- c) Revenue from other services is recognised as and when such services are completed/Performed.
- d) Lease income is recognised as per the agreed terms of the lease agreements.
- (iii) Interest income is recognised on a time proportion basis taking into account principal outstanding and the applicable interest rate.
- j Inventories**
Educational goods and equipments and television content are valued at lower of cost or estimated net realizable value. Cost includes cost of purchase, freight and other expense incurred in bringing the inventories to their present location and condition. Costs are taken on weighted average basis and specific identification method.
- k Retirement and other employee benefits**
 - (i) Short-term employee benefits are expensed at the undiscounted amount in the Statement of Profit and Loss in the year the employee renders the service.
 - (ii) Post employment and other long term employee benefits are recognised as an expense in the Statement of Profit and Loss at the present value of the amount payable determined using actuarial valuation techniques in the year the employee renders the service. Actuarial gains and losses are charged to the Statement of Profit and Loss.
- l Accounting for taxes on income**
 - (i) Current Tax is determined as the amount of tax payable in respect of taxable income as per the provisions of the Income Tax Act, 1961.
 - (ii) Deferred tax is recognized, subject to consideration of prudence in respect of deferred tax asset, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and measured using relevant enacted tax rates and laws.
- m Operating lease**
Lease of assets under which all the risk and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as expense on accrual basis in accordance with the terms of respective lease agreements.
- n Earnings per share**
Basic earnings per share is computed and disclosed using the weighted average number of equity shares outstanding during the year. Dilutive earnings per share is computed and disclosed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except when the results would be anti-dilutive.
- o Provisions, Contingent liabilities and Contingent assets**
Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes to accounts. Contingent Assets are neither recognized nor disclosed in the financial statements.
- p Miscellaneous Expenditure**
Preliminary expenses are amortised over a period of five years.

Notes forming part of the Consolidated Financial Statements

3 Share Capital	(₹ lakhs)	
	2014	2013
Authorised 1,000,000,000 (1,000,000,000) Equity Shares of ₹1/- each	10,000.00	10,000.00
	10,000.00	10,000.00
Issued , Subscribed and Paid up 319,331,644 (263,010,249) Equity Shares of ₹1/- each fully paid up	3,193.32	2,630.10
	Total	3,193.32
		2,630.10
a) Reconciliation of number of Equity shares and Share capital (₹ lakhs)		
	2014	2013
	Number of equity shares	₹ lakhs
	Number of equity shares	₹ lakhs
At the beginning of the year	263,010,249	2630,10
Add : Allotted on exercise of Employee Stock Option (Refer (e) below)	141,625	1.42
Add : Issue of Shares pursuant to Global Depository Receipts (GDR's) (Refer note 32)	56,179,770	561.80
Outstanding at the end of the year	319,331,644	3,193.32
		263,010,249
		2,630.10
b) Terms/ rights attached to equity shares		
The Company has only one class of equity shares having a par value of ₹1 each. Each holder of equity shares is entitled to one vote per share, however the holders of global depository receipts (GDR's) do not have voting rights in respect of the equity shares represented by the GDRs till the shares are held by custodian. The Company declares and pays dividend in Indian Rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.		
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
c) The Company has not issued any bonus shares or bought back equity shares during the five years preceding 31 March, 2014. Details of aggregate number of, shares issued for consideration other than cash during the five years preceding 31 March, 2014 is as under:		
	2014	2013
Pursuant to the Composite Scheme of Arrangement/Amalgamation	262,238,599	262,238,599

Notes forming part of the Consolidated Financial Statements

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

Name of the Shareholders	2014		2013	
	Number of equity shares	% Shareholding	Number of equity shares	% Shareholding
Jayneer Capital Private Limited.	77,975,375	24.42%	72,391,275	27.53%
Asian Satellite Broadcast Private Limited.	63,052,512	19.75%	63,052,512	23.97%
Jayneer Enterprises LLP	-	-	15,000,000	5.70%
Orange Mauritius Investments Limited	23,546,529	7.37%	23,546,529	8.95%
Deutsche Bank Trust Company Americas	41,179,770	12.89%	-	-

e) Employees Stock Option Scheme (ESOP):

The Company has instituted an Employee Stock Option Plan (ZLL ESOP 2010) as approved by the Board of Directors and Shareholders in 2010 for issuance of stock options convertible into equivalent number of equity shares not exceeding the aggregate of 5% of the issued and paid up capital of the Company i.e upto 6,136,930 equity shares of ₹1 each to the employees of the Company as well as that of its subsidiary and also to non-executive directors including Independent Directors of the Company at the market price determined as per the SEBI (ESOS) Guidelines, 1999. The said Scheme is administered by the Remuneration Committee of the Board.

During the year ended 31 March, 2014, the Company issued 1,866,350 stock options. The options granted under the Scheme shall vest not less than one year and not more than five years from the date of grant of options. The options granted vests in the ratio of 50:35:15 at the expiry of one, two and three years from the date of grant and once vested, these would be exercisable at any time within a period of four years and the equity shares arising on exercise of options shall not be subject to any lock in. Upon exercise of 141,625 (271,650) options, equivalent number of equity shares were issued and allotted during the year ended 31 March, 2014.

The options were granted to the employees/independent directors' at an exercise price, being the latest market price as per the SEBI (ESOS) Guidelines 1999. In view of this, there being no intrinsic value on the date of the grant (being the excess of market price of share under the Scheme over the exercise price of the option), the Company is not required to account the accounting value of options as per the SEBI guidelines.

Summary of stock options outstanding is as follows:

	2014	2013
Options outstanding at the		
- beginning of the year	1,134,250	2,561,200
- granted during the year	1,866,350	-
- lapsed during the year	294,725	1,155,300
- exercised during the year	141,625	271,650
Options outstanding at the end of the year	2,564,250	1,134,250

4 Reserves and Surplus

	(₹ lakhs)	
	2014	2013
Securities Premium		
As per last Balance sheet	62.53	-
Add: On issue of Shares under Employee Stock Option Plan	19.99	62.53
Add: On issue of Global Depository Receipts	10,393.26	-
Less: Expenses on issue of Global Depository Receipts	416.63	-
10,059.15	62.53	
General Reserve*		
As per last Balance sheet	13,971.80	13,971.80
13,971.80	13,971.80	
Surplus/(Deficit) in the Statement of Profit and Loss**		
As per last Balance sheet	(4,717.91)	(2,576.49)
Add : Profit/(Loss) for the year	(193.82)	(2,141.42)
	(4,911.74)	(4,717.91)
Total	19,119.20	9,316.41

Notes forming part of the Consolidated Financial Statements

* Pursuant to the Scheme of Amalgamation, sanctioned by the Hon'ble High Court of Bombay ₹/lakhs 8,881.25 (Previous year ₹/lakhs 8,881.25) shall not be used for the purpose of declaring dividend.

** In view of the loss incurred during the year Debenture Redemption Reserve aggregating to ₹/lakhs 1250.00 (Previous year ₹/lakhs 2500.00) has not been created.

5 Long-Term Borrowings

	Non-Current		Current	
	2014	2013	2014	2013
Debentures - Secured 125 (250), 12% Secured Redeemable Non-Convertible Debentures of Rs. 1,000,000 each fully paid up	-	1,250.00	1,250.00	1,250.00
Term Loan from Bank - Secured Term Loan from Others - Secured Intercorporate Deposits - Unsecured	26,297.38 1,935.36	20,705.84 2,016.00	1,634.60 80.64	500.00 - 9,012.50
	28,232.74	23,971.84	2,965.24	10,762.50
The above amount includes: Secured Borrowings Unsecured Borrowings Amount disclosed under the head "Other Current Liabilities" (Refer Note 9)	28,232.74	23,971.84	2,965.24	1,750.00 9,012.50
Total	28,232.74	23,971.84	(2,965.24)	(10,762.50)

- Debentures are secured by first charge on free hold land, all fixed and current assets including fixed deposits, escrow account, reserve account, assignment of all benefits under agreement for Operation of school and further DSRA Undertaking by Zee Entertainment Enterprises Limited. The debentures carries interest @ 12% p.a and are redeemable at par in four equal installments of 25% each beginning at the end of 2nd year from the date of allotment, viz 6 January, 2010.
- Term Loan from Bank ₹/lakhs 4,500 (Previous year ₹/lakhs 5,000) is secured by first pari passu charge on all the fixed and current assets (present and future) of the Company and also reserve account and DSRA Undertaking by Zee Entertainment Enterprises Limited. The loan carries interest @12.25% p.a (base rate) and is repayable in 8 half yearly installments beginning from 30 June, 2013.
- Term Loan from Bank ₹/lakhs 5,200 (Previous year ₹/lakhs Nil) is secured by first pari passu charge on all the movable assets (including current assets, loans and advances) of the Company and lien over debt service reserve account. The loan is further secured by way of securities and corporate guarantee provided by related parties. The loan carries interest @11.85% p.a (base rate plus 1.1%) and is repayable in 12 half yearly installments beginning from 30 June, 2014.
- Term loan from Bank ₹/lakhs 4,067 (Previous year ₹/lakhs 4,067) is secured by first charge on over all present and future immovable assets of the Projects by way of mortgage, movable and intangible assets of the Projects by way of hypothecation, the entire current assets of the Project, all the escrow accounts held by the subsidiary company for the Projects, by way of hypothecation in favor of lenders of all the present and future rights, titles and interests of the Project from all contracts, insurances, documents, which the company is party to including contracts or letter of credit, guarantee, performance bond provided by any party to the subsidiary company; pledge of shares in company to the extent of 30% of ₹/lakhs 4,067 and corporate guarantee from the company and non disposal undertaking for 51% shares held by company in the subsidiary company. The loan carries interest @3.5% p.a plus base rate and is repayable in 36 quarterly installments beginning from 4th year i.e FY 2015.
- Term loan from Bank ₹/lakhs 7,000 (Previous year ₹/lakhs 5,000) is secured by first charge on over all present and future immovable assets of the Projects by way of mortgage, movable and intangible assets of the Projects by way of hypothecation, the entire current assets of the Project, all the escrow accounts held by the subsidiary company for the

Notes forming part of the Consolidated Financial Statements

Projects, by way of hypothecation in favor of lenders of all the present and future rights, titles and interests of the Project from all contracts, insurances, documents, which the company is party to including contracts or letter of credit, guarantee, performance bond provided by any party to the subsidiary company and corporate guarantee from the company and non disposal undertaking for 51% shares held by company in the subsidiary company. The loan carries interest @2.75% p.a plus base rate and is repayable in 36 quarterly installments beginning from 4th year i.e FY 2017 excluding 3 years construction period.

- f) Term Loan from Bank ₹/lakhs 1,770.06 (Previous year ₹/lakhs 1,767.35) is secured by first pari passu charge on the entire immovable assets created out of project (both present & future), entire cashflows of the project which are routed through an escrow account, equitable mortgage of lease hold rights of the project land whose leased hold rights are owned by TALEEM Research Foundation, in favour of vendors and corporate guarantee from Essel Infraprojects Limited, TALEEM Research Foundation and the Company. The loan carries an interest rate @3% p.a. plus base rate viz., 13.75% p.a. and is repayable in 39 quarterly installments beginning from June 2014.
- g) Term Loan from Bank ₹/lakhs 1,794.48 (Previous year ₹/lakhs 1,771.82) is secured by first pari passu charge on the entire immovable and movable assets of the project, entire cashflows of the project which are routed through an escrow account, equitable mortgage of lease hold rights of the project land whose leased hold rights are owned by TALEEM Research Foundation, in favour of vendors and corporate guarantee from Essel Infraprojects Limited and TALEEM Research Foundation and Company. The loan carries an interest rate @3.25% p.a. plus base rate plus 0.75% tenor premium viz., 13.75% p.a. and is repayable in 39 quarterly installments beginning from April 2014.
- h) Term Loan from Bank ₹/lakhs 3,600.44 (Previous year ₹/lakhs 3,599.68) is secured by first pari passu charge on the entire immovable and movable asset of the project, entire cashflows of the subsidiary Company which are routed through an escrow account, equitable mortgage of lease hold rights of the project land whose leased hold rights are owned by TALEEM Research Foundation, in favour of vendors and corporate guarantee from Essel Infraprojects Limited and TALEEM Research Foundation. The loan carries an interest rate @2.50% plus base rate plus tenor premium viz., 13.75% p.a. and is repayable in 40 quarterly installments with 1 year 9 months construction period and one year moratorium, and repayment to begin from the financial year 2014-15.
- i) Term loan of ₹/lakhs 2,016 (Previous year ₹/lakhs 2,016) from Others carries an interest rate @13.5 % p.a and is repayable in 39 quarterly installments beginning from April 2014.

6 a) Current Tax

In view of losses incurred during the year, no provision for current tax is required to be made as per Income Tax Act 1961.

b) Deferred tax balances are as under:-

In accordance with the Accounting Standard 22 on "Accounting for Taxes on Income" (AS 22) issued by ICAI, deferred tax assets and liabilities should be recognized for all timing differences in accordance with the said standard. However, considering the present financial position and requirement of the accounting standard regarding certainty / virtual certainty, deferred tax asset (net) for the year is not accounted for. However, the same will be reassessed at a subsequent balance sheet date and will be accounted for in the year of certainty / virtual certainty in accordance with the aforesaid accounting standard.

	(₹ lakhs)	
	2014	2013
Deferred Tax Liabilities	9.01	9.01
Depreciation	9.01	9.01
Deferred Tax Assets	-	-
Arising on account of timing differences in Employee Retirement Benefit	-	-
Provision for doubtful debts	-	-
Allowable on payment basis	-	-
Depreciation	9.01	-
Deferred Tax Liabilities (Net)	9.01	-

Notes forming part of the Consolidated Financial Statements

7 Provisions

	Long - Term		Short - Term		(₹ lakhs)
	2014	2013	2014	2013	
Provision for employee benefits					
- Gratuity	90.58	71.22	10.53	7.63	
- Leave benefits	56.40	52.13	6.55	5.59	
Others					
Provision for litigation	-	-	27.13	27.13	
Total	146.98	123.35	44.21	40.35	

8 Other Long-Term Liabilities

	2014	2013
Unearned Revenue	61.39	32.45
Deposits from customers	10.00	760.00
Total	71.39	792.45

9 Current Liabilities

	2014	2013
Trade payables	871.63	961.38
Other Current Liabilities	871.63	961.38
Current maturities of debentures and term loan	2,884.60	1,750.00
Current maturities of term loan from others (Secured)	80.64	-
Intercorporate Deposits from Holding Company (Unsecured)	-	9,012.50
Interest accrued and due	-	52.02
Interest accrued but not due	224.89	177.21
Interest Payable on term loan from others (Secured)	345.64	100.70
Unearned Revenue	1,582.84	899.65
Cheques overdrawn	27.44	-
Deposits from customers	2.00	2.00
Advance received from customers	1,404.69	1,210.14
Creditors for capital expenditure	1,052.66	120.92
Statutory dues payable	136.89	469.19
Creditors for expenses	1,550.16	1,212.39
Total	9,292.45	15,006.72
	10,164.08	15,968.10

10. Fixed Assets

Description	Gross Block			Depreciation / Amortization			Net Block (₹ lakhs)
	As at 1 April 2013	Additions	Deductions	As at 31 March 2014	Up to 31 March 2013	For the year Deductions	
Tangibles							
Freehold Land*	648.16	-	-	648.16	-	-	648.16
Buildings	490.42	1,044.79	-	1,535.21	20.43	37.59	1,477.19
Leasehold Asset Improvements	332.78	6.79	44.52	295.05	142.71	74.21	117.94
Equipments	152.58	185.58	2.18	335.98	19.75	15.79	300.79
Training Equipments #	1,020.91	-	1,020.91	-	351.48	408.30	-
Computer	49.92	147.91	67.70	579.44	133.76	97.02	374.18
Furniture and Fixtures	58.35	121.05	0.29	179.11	21.20	12.39	145.72
Total	3,202.43	1,506.12	1,135.60	3,572.95	689.33	293.82	474.18
Previous year	1,680.46	1,562.67	40.70	3,202.43	226.51	474.88	12.06
							689.33
							2,513.10
Intangibles							
Content Development	284.97	933.98	-	1,218.95	180.20	319.88	-
Softwares	398.60	33.66	-	432.26	15.81	121.97	-
Total	683.57	967.64	-	1,651.21	335.01	441.85	-
Previous year	422.48	261.10	-	683.57	147.22	187.79	-
							335.01
Capital Work in Progress							
Intangible under development**							
							10,773.07
							13,188.77

*Acquired pursuant to the Composite Scheme of Arrangement, yet to be transferred in the name of the Company and is mortgaged against the Secured Debentures.

**Includes Borrowing costs for the year ₹/lakhs Nil (Previous year ₹/lakhs 415.17)

During the year, Training equipments of ₹/lakhs 610.89 (Written down Value) have been converted into Stock in Trade.

Notes forming part of the Consolidated Financial Statements

11 Non-Current Investments

	2014	2013
Others- Unquoted In National Savings Certificate (Pledged with Sales Tax Authorities)	0.05	0.05
Total	0.05	0.05

12 Loans and Advances (unsecured)

	Long-Term		Short-Term	
	2014	2013	2014	2013
Capital Advances - Related Parties	1,701.45	6,490.75	-	-
- Others	139.67	-	-	-
Deposits - considered good	578.45	537.02	9.79	41.81
- considered doubtful	-	-	-	-
Loans, Advances and Deposits to related parties*	4,096.91	8,800.00	900.00	45.97
Other Loans and Advances Other Advances - considered good	4.00	-	212.53	96.70
- considered doubtful	-	-	1.71	1.71
Less: Provision for doubtful advances	4.00	-	214.24	98.40
	-	-	1.71	1.71
Prepaid expenses	0.68	1.58	39.51	51.31
Balance with Government Authorities - Advance Direct Taxes (net of provisions)	251.94	129.24	-	-
- Advance Indirect Taxes	-	-	23.60	20.72
Total	6,773.10	15,958.59	1,185.43	256.51

*Includes ₹/lakhs 900 (Previous year ₹/lakhs 900) towards refundable deposit against school operating rights

Notes forming part of the Consolidated Financial Statements

13 Other Assets

	(₹ lakhs)			
	Non-Current		Current	
	2014	2013	2014	2013
Balances with banks -in deposit account (Refer Note 17)*	0.46	0.46	-	-
Interest accrued on bank deposits	-	-	9.80	5.92
Preliminary expenses	1.82	2.72	-	-
Other receivables	-	-	105.43	50.56
Total	2.28	3.18	115.23	56.48

* Pledged ₹/lakhs 0.46 (Previous year ₹/lakhs 0.46) with sales tax authorities.

14 Current Investments

	(₹ lakhs)	
	2014	2013
Investments in Mutual Funds- Quoted		
39,789.80 (Nil) units of Axis Mutual fund - Daily Dividend	398.02	-
248,082.14 (Nil) units of ICICI Prudential Ultra Short Term	25.09	-
40,795.26 (Nil) units of ICICI Prudential Liquid- Daily Dividend	40.82	-
	463.93	-
Aggregate amount of quoted Investments	463.93	-
Aggregate Market value of quoted Investments	463.93	-

15 Inventories

	(₹ lakhs)	
	2014	2013
Educational goods and equipments	1,672.63	891.44
Television content	251.53	148.53
Total	1,924.16	1,039.97

Notes forming part of the Consolidated Financial Statements

16 Trade Receivable (unsecured)

	2014	2013
Over six months		
- considered good	253.89	113.84
- considered doubtful	726.03	625.72
Others		
- considered good	1,032.33	947.37
- considered doubtful	-	-
Less: Provision for doubtful receivables	2,012.25	1,686.93
	726.03	625.72
Total	1,286.22	1,061.21

17 Cash and Bank Balances

	Non-Current		Current	
	2014	2013	2014	2013
Cash and Cash Equivalents				
Balances with Banks in current accounts	-	-	1,645.61	1,214.51
Cash on Hand	-	-	0.26	2.11
	-	-	1,645.87	1,216.62
Other bank balances				
Balances with Banks -				
in bank deposits*	-	-	419.42	247.65
in deposits accounts with banks maturity				
more than 12 months	0.46	0.46	-	-
Amount disclosed under the head "Other Assets"				
(Refer Note 13)	(0.46)	(0.46)	-	-
Total	-	-	2,065.29	1,464.27

* Pledged/Lien ₹/lakhs 414.70 (Previous year ₹/lakhs 237.06) against Term Loan/Debentures

Notes forming part of the Consolidated Financial Statements

18 Revenue from Operations

			(₹ lakhs)	
			2014	2013
Sales	- Educational goods and equipments		4,993.59	3,952.76
	- Television content		1,319.72	1,096.74
Services	- Education and Other Services			
	- Course Fees/Royalty		3,543.41	2,777.90
	- Franchisee Fees		1,609.14	1,621.34
	- Others		19.37	26.44
Other Operating Revenue			646.68	606.08
	Total		12,131.91	10,081.26

19 Other Income

			(₹ lakhs)	
			2014	2013
Interest Income				
	- from Bank Deposits		62.50	37.10
	- from Others		8.62	0.77
Dividend on Mutual Funds			9.53	-
Gain on exchange difference (net)			180.44	-
Liabilities/Excess provision written back (net)			40.47	24.45
	Total		301.56	62.32

20 Operational cost

			(₹ lakhs)	
			2014	2013
a) Educational goods and equipments				
Opening			891.44	872.87
Add: Purchases *			3,054.36	1,990.45
			3,945.80	2,863.32
Less: Closing			1,672.63	891.44
			2,273.17	1,971.87
b) Television content				
Opening			148.53	-
Add: Commissioned/Acquisition			1,302.74	1,145.16
			1,451.27	1,145.16
Less: Closing			251.53	148.53
			1,199.74	996.64
c) Other Educational Operating Expenses				
			369.37	431.55
	Total		3,842.28	3,400.06

* During the year, Training equipments of ₹/lakhs 610.89 (Written down Value) have been converted into Stock in Trade.

Notes forming part of the Consolidated Financial Statements

21 Employee benefits expenses

			(₹ lakhs)	
			2014	2013
Salaries and allowances			2,937.19	3,085.88
Contribution to provident and other funds			70.83	74.93
Training and Recruitment cost			43.44	116.84
Staff Welfare expenses			75.39	33.29
	Total		3,126.85	3,310.94

22 Finance costs

			(₹ lakhs)	
			2014	2013
Interest - Loan			906.76	601.45
	- Others		6.96	13.46
Bank and other financial charges			61.10	1.50
	Total		974.82	616.41

23 Depreciation and amortization expenses

			(₹ lakhs)	
			2014	2013
Depreciation on tangible assets			293.81	474.88
Amortisation on intangible assets			441.86	187.79
	Total		735.67	662.67

Notes forming part of the Consolidated Financial Statements

24 Other expenses

	(₹ lakhs)	
	2014	2013
Rent	332.46	382.74
Repairs and Maintenance - Others	333.82	223.06
Insurance	11.91	6.71
Rates and Taxes	29.53	50.09
Electricity and Water charges	31.77	30.51
Communication expenses	155.35	161.48
Printing and Stationery	53.15	31.16
Travelling and Conveyance expenses	645.38	636.22
Legal and Professional charges	321.37	225.73
Payment to Auditors (Refer note 30)	19.97	15.11
Miscellaneous expenses	107.11	105.88
Freight and packing charges	392.87	247.85
Directors Sitting fees	7.20	3.20
Provision for doubtful debts and advances	100.32	338.38
Loss on sale / discard of fixed assets	33.73	8.44
Marketing, Advertisement and Publicity expenses	1,370.83	1,686.46
Loss on exchange difference (net)	-	0.35
Miscellaneous expenditure written off	0.91	-
Total	3,947.67	4,153.37

25 Operating Leases:

The Group has taken office, residential facilities and plant and machinery (including equipments) etc. on lease under cancellable/non-cancellable lease agreements that are renewable on a periodic basis at the option of both the lessee and the lessor. The initial tenure of the lease generally is for 11 months to 480 months.

	(₹ lakhs)	
	2014	2013
Lease rental charges for the year	596.85	620.73
Future Lease rental obligation payable (under non-cancellable lease)		
Not later than one year	330.27	428.36
Later than one year but not later than five year	894.87	944.44

26 Related Party Transactions

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

Asian Satellite Broadcast Private Limited, Cyquator Media Services Private Limited, Dish TV India Limited, Essel Corporate Resources Private Limited, Essel Infraprojects Limited, Essel Vision Productions Limited, Himgiri Nabh Vishwavidhyalaya, Jay Properties Private Limited, Pan India Paryatan Private Limited, Pan India Network Infravest Private Limited, Pan India Infrastructures Private Limited, Premier Finance and Trading Company Limited, TALEEM Research Foundation, Zee Entertainment Enterprises Limited, Zee Media Corporation Limited, Diligent Media Corporation Limited

Notes forming part of the Consolidated Financial Statements

Transactions with Related Parties

	(₹ lakhs)	
	2014	2013
A) Transactions with Related Parties		
Intercorporate Deposits taken	14,180.47	9,940.60
Other Related Parties		
Asian Satellite Broadcast Private Limited	13,082.00	9,038.50
Essel Infraprojects Limited	1,098.47	756.85
Premier Finance and Trading Company Limited	-	145.25
Repayment of Intercorporate Deposits taken	22,094.50	4,721.25
Other Related Parties		
Premier Finance and Trading Company Limited	-	2,710.50
Asian Satellite Broadcast Private Limited	22,094.50	26.00
Essel Infraprojects Limited	-	1,984.75
Capital advances given	6,952.97	12,317.13
Other Related Parties		
Pan India Infrastructures Private Limited	6,952.97	12,317.13
Capital advances repaid	2,979.00	-
Pan India Infrastructures Private Limited	2,979.00	-
Loans, advances and deposits given	-	7,779.18
Other Related Parties		
Pan India Infrastructures Private Limited	-	7,600.00
Essel Infraprojects Limited	-	179.18
Loans, advances and deposits given repaid	-	11.79
Other Related Parties		
Zee Entertainment Enterprises Limited	-	4.04
Zee Media Corporation Limited	-	7.75
Sales and Services	2,037.29	1,575.46
Other Related Parties		
Zee Entertainment Enterprises Limited	2,037.29	1,540.79
Jay Properties Private Limited	-	34.67
Sale of Fixed Assets	7.54	-
Other Related Parties		
Cyquator Media Services Private Limited	5.50	-
Essel Vision Productions Limited	2.04	-
Capital expenditure	11,349.87	7,297.32
Pan India Infrastructures Private Limited	11,349.87	7,297.32
Purchase of Services	350.35	170.33
Other Related Parties		
Pan India Network Infravest Private Limited	21.97	26.47

Notes forming part of the Consolidated Financial Statements

	(₹ lakhs)	
	2014	2013
Pan India Paryatan Private Limited	-	3.63
Cyquator Media Services Private Limited	2.84	2.43
Zee Entertainment Enterprises Limited	34.54	30.46
Zee Media Corporation Limited	-	8.44
Essel Corporate Resources Private Limited	52.22	58.20
Essel Vision Productions Limited	225.15	33.98
Diligent Media Corporation Limited	13.07	-
Dish TV India Limited	-	0.74
TALEEM Research Foundation	0.57	5.99
B) Balances outstanding as at 31 March		
Intercorporate Deposits taken	919.29	9,012.50
Other Related Parties		
Essel Infraprojects Limited	919.29	9,012.50
Asian Satellite Broadcast Private Limited	-	9,012.50
Loans, Advances and Deposits given		
Other Related Parties		
Himgiri Nabh Vishwavidhyalaya	900.00	900.00
Zee Entertainment Enterprises Limited	-	45.78
Essel Infraprojects Limited	-	179.18
Pan India Infrastructures Private Limited	5,522.45	14,046.83
Zee Media Corporation Limited	-	0.19
Loans, Advances and Deposits taken		
Other Related Parties		
Taleem Research Foundation	115.91	100.00
Trade Receivable		
Other Related Parties		
TALEEM Research Foundation	1.55	1.25
Zee Entertainment Enterprises Limited	542.20	728.12
Cyquator Media Services Private Limited	5.50	-
Essel Vision Productions Limited	2.04	-
Trade Payables		
Other Related Parties		
Essel Vision Productions Limited	49.43	33.98
Creditors for expenses		
Other Related Parties		
Pan India Network Infravest Private Limited	10.11	16.83
Cyquator Media Services Private Limited	0.37	0.08
Essel Corporate Resources Private Limited	96.36	44.14
Zee Media Corporation Limited	0.51	-
Zee Entertainment Enterprises Limited	23.75	0.69

Notes forming part of the Consolidated Financial Statements

27 Contingent Liabilities not provided for

	(₹ lakhs)	
	2014	2013
a) Claims against the Company not acknowledged as debts	54.27	55.29
b) Disputed Direct Tax	794.69	16.51
c) Disputed Indirect Taxes*	304.07	257.80

* includes ₹/lakhs 46.27 show cause cum demand notice received subsequent to the balance sheet date.

28 Capital and other commitments/undertakings

Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) is ₹/lakhs 919.83 (Previous year ₹/lakhs 3,652.02)

29 Managerial Remuneration

Remuneration paid or provided to in accordance with Section 198 of the Companies Act, 1956 to the Whole-time Director / Manager is as under:

	(₹ lakhs)	
	2014	2013
Manager	Manager	Manager
Salary and Allowances	32.22	-
Provident fund contributions	1.78	-
Perquisites	3.60	-
Total	37.60	77.75
Maximum permissible managerial remuneration as per Schedule XIII (excluding Provident fund contribution)	48.00	48.00
Excess Remuneration paid #		
Financial Year 2012-13	-	-
Financial Year 2011-12	-	-

* Resigned w.e.f. 25 July, 2012

#In respect of remuneration payable to the Whole-time Director in excess of the limits prescribed under section 198 read with Schedule XIII, the Company has applied for approval from the Central Government which is still pending. However the Ministry of Corporate Affairs (MCA) has communicated that the approval of the Central Government is no longer necessary in case of unlisted enterprises (the Company was unlisted at the time of filing) which are not subsidiaries of listed enterprises in view of amendment made in Schedule XIII of the Companies Act, 1956 vide Gazette of India Notification G.S.R 70 (E) dated 8 February, 2011.

Note: Salary and Allowances includes basic salary, house rent allowance, leave travel allowance and performance bonus.

30 Payments to Auditors

For Standalone

	(₹ lakhs)	
	2014	2013
Audit fees (including Limited review)	11.00	10.00
Tax Audit Fees	2.00	1.50
Tax Representation	1.02	1.02
Certification and others #	1.54	0.55
Total	15.56	13.07

Does not include ₹/lakhs 6.25 towards certification fees for GDR issue as adjusted in Securities premium account

Notes forming part of the Consolidated Financial Statements

For Subsidiary	(₹ lakhs)	
	2014	2013
Audit fees	4.42	1.77
Certification and others	-	0.26
Total	4.42	2.04

31 Foreign Exchange

Foreign exchange exposures that are not hedged by derivative instruments as at 31 March, 2014 are as under:

	(₹ lakhs)	
	2014	2013
Receivables	8.57	11.85
Payables	23.50	27.71

32 The Company has issued 5,617,977 Global Depository Receipts (GDRs) aggregating to US\$ 20 million at an equivalent price of ₹ 19.50 per share, each GDR represents 10 fully paid equity shares of the Company. The GDRs are listed at the Luxembourg Stock Exchange. The entire proceeds have been utilised for the purpose stated in offer documents.

33 Earnings Per Share (EPS)

	2014	2013
a. Profit/ (Loss) after Tax (₹/lakhs)	(193.82)	(2,141.42)
b. Weighted Average number of equity shares for Basic EPS (in numbers)	311,538,034	262,812,564
c. Weighted Average number of equity shares for Diluted EPS (in numbers)	311,922,794	262,812,564
c. Nominal value of equity shares (₹)	1	1
d. Basic EPS (₹)	(0.06)	(0.81)
e. Diluted EPS (₹)	(0.06)	(0.81)

34 Educational Infrastructure Projects under execution by subsidiary

The Group through its subsidiary has taken lands at four locations on lease and has acquired land at one location for the purposes of setting up of educational infrastructures. The Group has also acquired development rights to develop a piece and parcel of land, from TALEEM Research Foundation at Mumbai, to build educational infrastructure. This development right is acquired for 30 years w.e.f 1 January, 2010 against a lump sum development fee of ₹/lakhs 10,500. The civil work for construction of all these educational infrastructures is in progress and are at different stages of construction.

35 Prior year Comparatives

Previous years figures have been regrouped, rearranged or recasted wherever necessary to conform to this year's classification. Figures in brackets pertain to previous year.

Consolidated Cash Flow Statement for the year ended 31 March, 2014

	(₹ lakhs)	
	2014	2013
A. Cash Flow from Operating Activities		
Profit/ (Loss) before tax	(193.82)	(1,999.87)
Adjustments for:		
Depreciation / Amortisation expenses	735.67	662.67
Interest Income	(62.50)	(37.10)
Gain on exchange difference (net)	-	0.37
Interest expense	906.76	616.41
Provision for doubtful debts (net)	100.32	338.38
Loss on sale / discard of fixed assets (net)	33.71	8.42
Operating Profit before Working Capital Changes	1,520.14	(410.72)
Adjustments for:		
Decrease / (Increase) in trade and other receivables	3,350.36	(1,711.77)
Decrease / (Increase) in Inventories	(273.30)	(167.10)
Increase / (Decrease) in Trade and other payables	118.33	1,914.95
Cash Generated from Operations	4,715.53	(374.64)
Direct Taxes paid	(122.70)	(111.49)
Net Cash from/(used in) Operating Activities (A)	4,592.83	(486.13)
B. Cash Flow from Investing Activities		
Purchase of fixed assets	(1,542.02)	(1,858.75)
Decrease / (Increase) in Capital Work in Progress	(8,418.59)	(15,114.71)
Sale of fixed assets	16.81	19.80
Interest received	58.62	37.60
Investments in bank deposits	(171.78)	(139.78)
Investments in bank deposits (having original maturity of more than 12 months)	-	227.43
Investments in Mutual Fund	(463.93)	-
Net Cash from/(used in) Investing Activities (B)	(10,520.89)	(16,828.41)

Consolidated Cash Flow Statement for the year ended 31 March, 2014

	(₹ lakhs)	
	2014	2013
C. Cash Flow from Financing Activities		
Proceeds from issue of share capital	10,559.83	65.25
Proceeds from intercorporate deposits	-	11,129.20
Repayment of intercorporate deposits	(9,012.50)	(3,793.15)
Proceeds from long-term borrowings	6,726.13	11,705.87
Repayment of long-term borrowings	(1,250.00)	(1,250.00)
Interest paid	(666.15)	(661.54)
Net Cash from/(used in) Financing Activities (C)	6,357.31	17,195.63
Net Cash flow during the year (A+B+C)	429.25	(118.91)
Cash and cash equivalents at the beginning of the year	1,216.62	1,335.53
Net cash and cash equivalents	1,645.87	1,216.62
Add: Balances earmarked	419.42	247.65
Cash and bank balances at the end of the year	2,065.29	1,464.27

As per our attached report of even date

For and on behalf of the Board

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

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date : 29 May, 2014

Subodh Kumar
Chairman

Surjit Banga
Director

Umesh Pradhan
Chief Financial Officer

Samir Raval
Company Secretary



ZEE LEARN LIMITED

Regd. Office: Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai - 400 018
Tel: +91-22-2483 1234 • Fax: +91-22-2495 5974

CIN: L80301MH2010PLC198405 | Website: www.zeelearn.com

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

ATTENDANCE SLIP

4th Annual General Meeting

I/We, hereby record my presence at the 4th Annual General Meeting of the Company at "The Hall of Culture", Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018 on Monday the 11th day of August, 2014 at 11.00 a.m.

Name of Shareholder/Proxy:
(IN BLOCK LETTERS)

Signature
of Shareholder/Proxy

Address of Shareholder: _____

DP ID*

Folio No.

Client ID*

No. of Shares

* (Applicable for shareholders holding shares in dematerialized form)



ZEE LEARN LIMITED

Regd. Office: Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai - 400 018
Tel: +91-22-2483 1234 • Fax: +91-22-2495 5974

CIN: L80301MH2010PLC198405 | Website: www.zeelearn.com

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management & Administration) Rules, 2014)

4th Annual General Meeting

Name of the member(s): _____

Registered Address: _____

E-mail ID : _____ Folio No. _____

Client ID* : _____ DP ID*: _____

I/We, being the member(s) holding _____ Shares of Zee Learn Limited, hereby appoint:

1. Name: _____ E-mail ID: _____

Address: _____

Signature: _____ or failing him.

2. Name: _____ E-mail ID: _____

Address: _____

Signature: _____ or failing him.

3. Name: _____ E-mail ID: _____

Address: _____

Signature: _____ or failing him.

Our Numbers

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Fourth Annual General Meeting of the Company to be held on Monday, August 11, 2014 at 11.00 a.m. at "The Hall of Culture", Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018 and at any adjournment thereof in respect of such resolutions as are indicated below:

I wish my above proxy to vote in the manner as indicated in the box below

Resolutions	For	Against
1. Adoption of Audited Financial Statements of the Company on a standalone and consolidated basis for the financial year ended March 31, 2014 including the Balance Sheet, Statement of Profit & Loss and the Reports of the Auditors and Directors thereon.		
2. Re-appointment of Mr. Himanshu Mody as a Director of the Company.		
3. Appointment of Auditors.		
4. Appointment of Mrs. Sangeeta Pandit as an Independent Director.		
5. Appointment of Dr. Manish Agarwal as an Independent Director.		
6. Appointment of Mr. Surjit Banga as an Independent Director.		
7. Approval of borrowing powers in excess of aggregate of paid - up share capital & free reserves of the Company.		

Signed this _____ day of _____ 2014

Signature of Shareholder

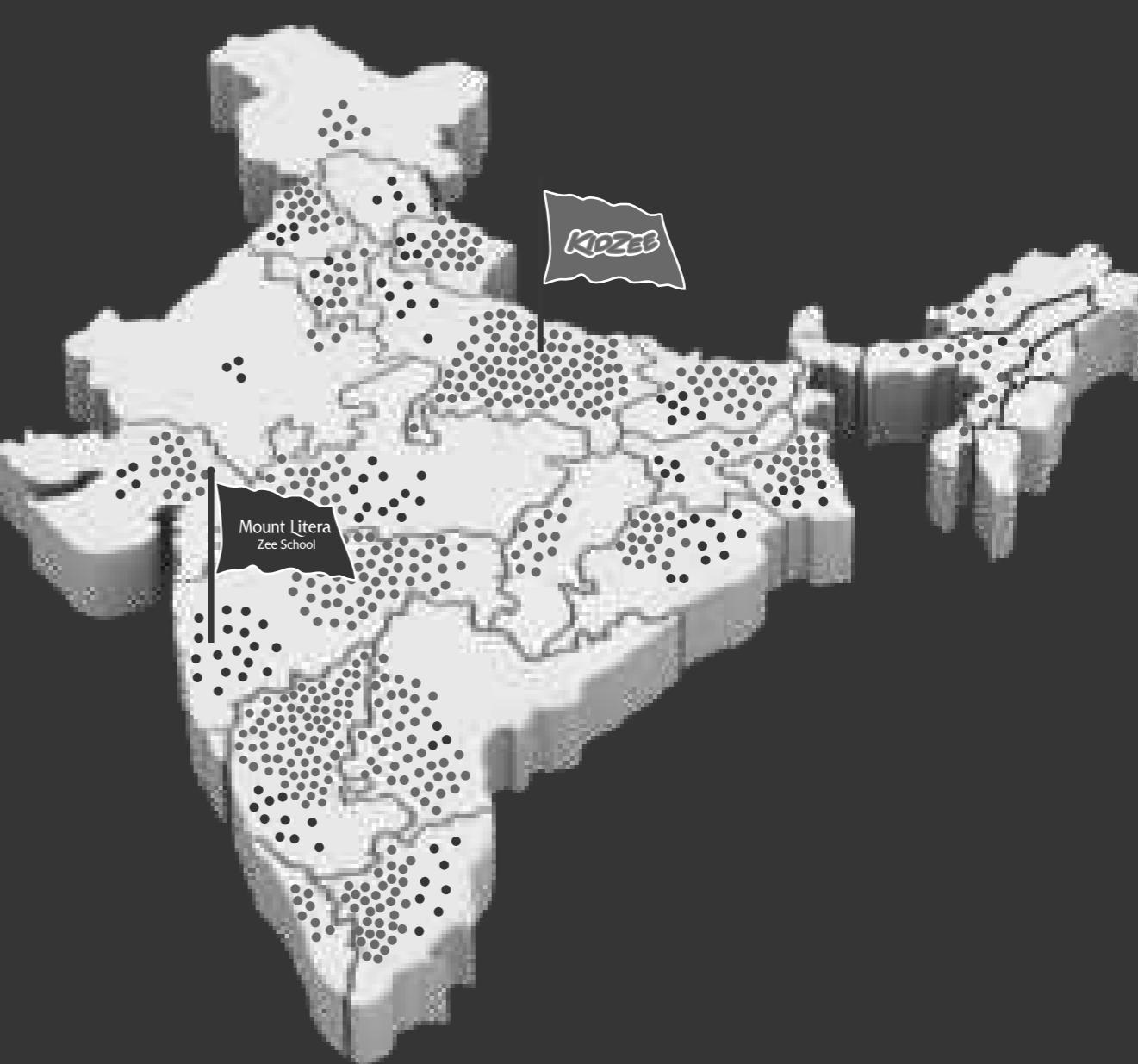
Signature of first
Proxy holder

Signature of second
Proxy holder

Signature of third
Proxy holder

Notes:

1. **This form in order to be effective should be duly completed and deposited at the Registered Office of the Company at Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai - 400 018, not less than 48 hours before the commencement of the Meeting.**
2. **A proxy need not be a member of the Company.**
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
4. This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/ she thinks appropriate.
5. Appointing a proxy does not prevent a member from attending the meeting in person if he/she so wishes.
6. In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.



- Kidzee: 1200
- Mount Litera Zee School : 81