

DOING



MORE

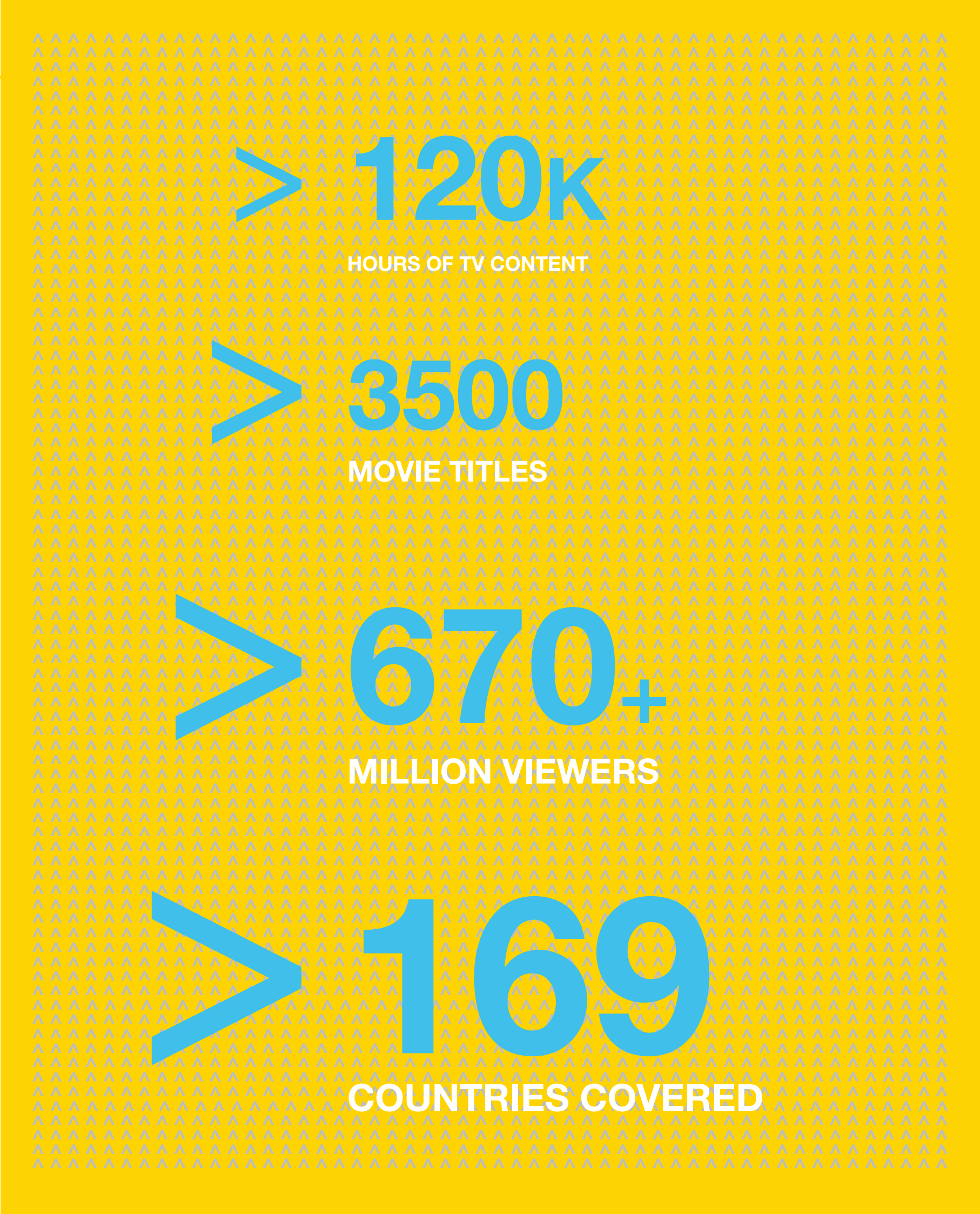
ZEE ENTERTAINMENT ENTERPRISES LIMITED
ANNUAL REPORT

2012-13



॥ VASUDHAIVA KUTUMBAKAM ॥
THE WORLD IS MY FAMILY

**AND
GETTING FROM
GOOD TO
GREAT**



> 120k

HOURS OF TV CONTENT

> 3500

MOVIE TITLES

> 670+

MILLION VIEWERS

> 169

COUNTRIES COVERED

Forward-looking statement

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

CONTENTS

> CORPORATE OVERVIEW

- 02 A Five Minute Read
- 04 Mission and Values
- 05 Creating a Global Brand
- 06 Channel Portfolio
- 08 Operational Highlights 2012-13
- 10 Financial Momentum 2012-13
- 12 Board of Directors
- 14 Team ZEE

> BOARD & MANAGEMENT REPORTS

- 38 Notice
- 40 Directors' Report
- 45 Annexure to Directors' Report
- 48 Report on Corporate Governance
- 62 Management Discussion and Analysis
- 72 Business Responsibility Report

> STRATEGIC OVERVIEW

- 16 Growing > More
- 18 Delivering > More
- 20 Engaging > More
- 22 Expanding > More
- 24 Letter to the Shareholders
- 26 MD & CEO's Review
- 28 Technology Edge
- 30 We at ZEE
- 32 Collaborations at ZEE
- 33 Strengthening Community Initiatives
- 34 Celebrating 20 years of Pioneering Vision
- 36 Corporate Information

> FINANCIAL STATEMENTS

STANDALONE

- 80 Certification on Financial Statements
- 81 Auditors' Report
- 84 Balance Sheet
- 85 Statement of Profit and Loss
- 86 Cash Flow Statement
- 88 Notes
- 111 Last Five Years Financial Highlights
- 112 Performance Ratios - An Analysis

CONSOLIDATED

- 113 Auditors' Report
- 114 Balance Sheet
- 115 Statement of Profit and Loss
- 116 Cash Flow Statement
- 118 Notes
- 140 Financial Highlights of Subsidiaries

At Zee Entertainment Enterprises Limited (ZEE) 'doing > more' is not a decorative wordplay, but the result of constant self-assessment.

There are questions that we keep asking ourselves: How can we elevate entertainment to a new level? How do we exceed standards set not just by the industry, but also by us? Most importantly, how do we sustain industry leadership?

Year after year, decade after decade.

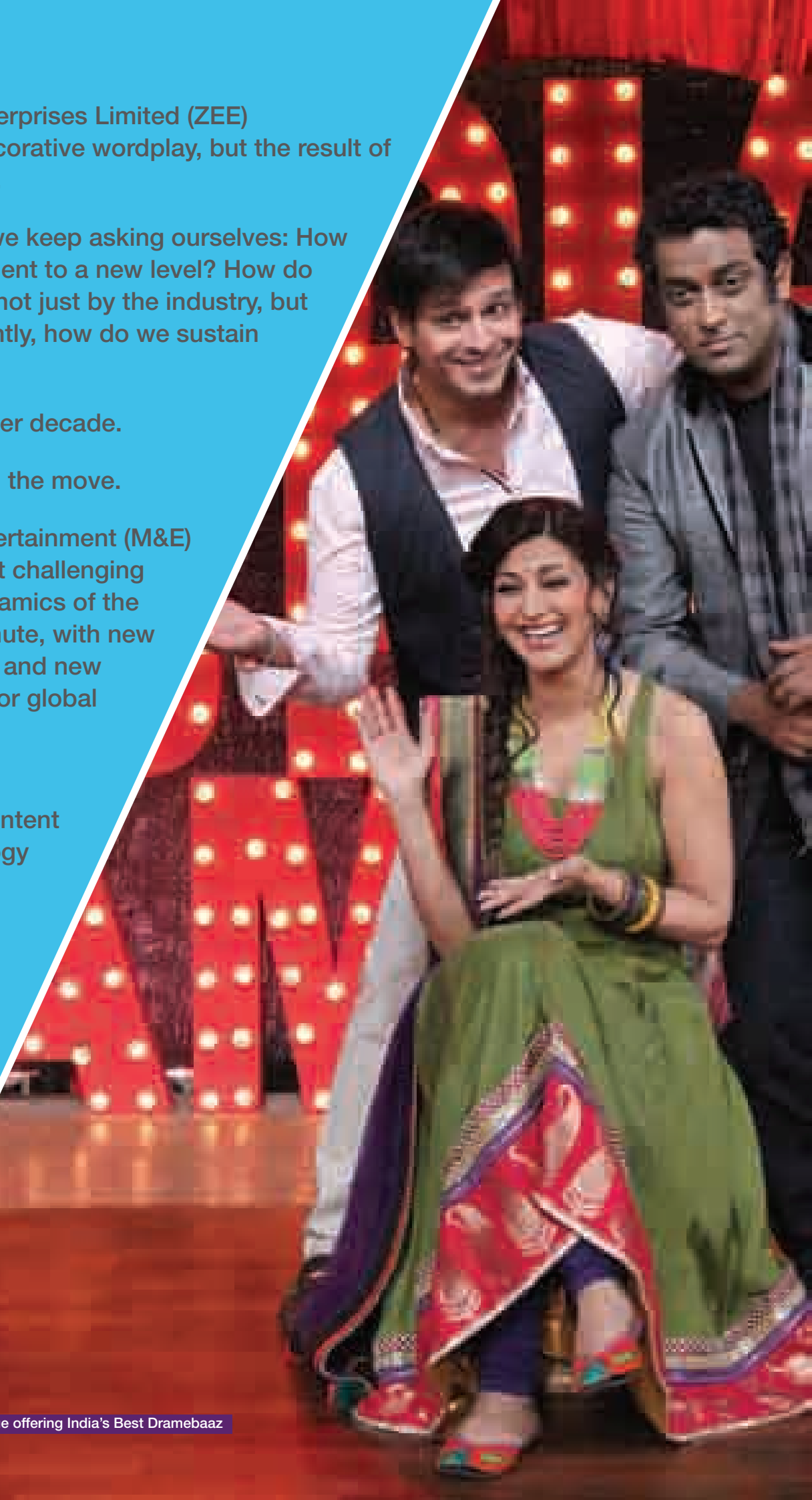
This is the story of ZEE on the move.

The global Media and Entertainment (M&E) industry is one of the most challenging domains to be in. The dynamics of the industry change every minute, with new frontiers being envisioned and new formats being presented for global viewership.

We are redefining future paradigms of engaging content and cutting edge technology to make entertainment more aligned to people's aspirations globally.

Powered by innovation and an ability to outperform industry benchmarks, we are positioned for long-term growth and creation of stakeholder value.

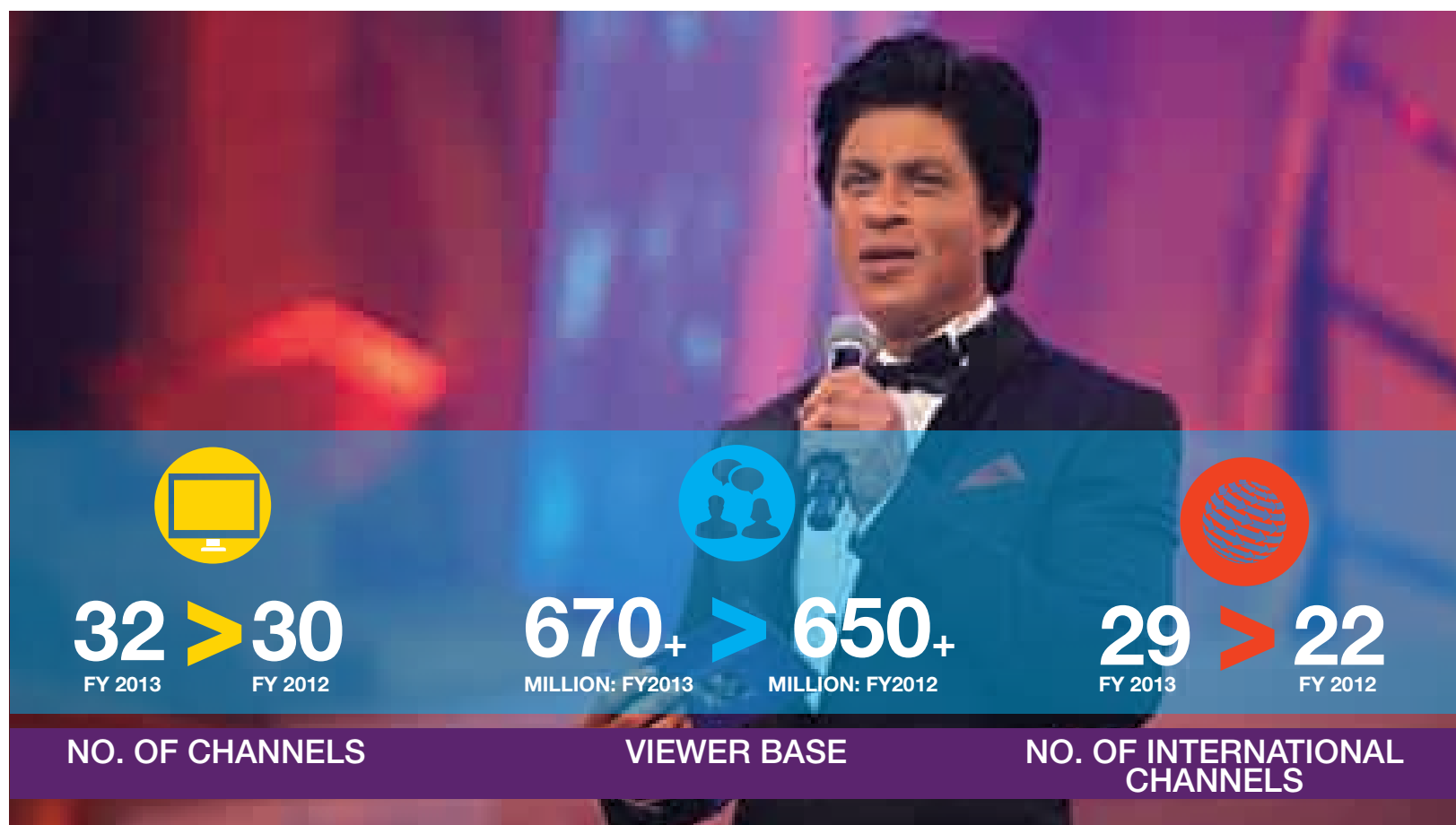
ZEE's unique offering India's Best Dramebaaz





FIVE MINUTES...

ALL IT TAKES TO KNOW ZEE BETTER



For more than 20 years, ZEE has provided quality entertainment, touching lives and emotions of a wide cross-section of people globally.

We are the leading global M&E Company from the emerging markets. We are closely linked to the language, culture and emotions of billions of people, spanning 169 countries across the world. Our content transcends geographical and cultural barriers and enjoys an all-encompassing magnitude.

IN THE BUSINESS OF QUALITY ENTERTAINMENT CONTENT

At ZEE, we create innovative content and broadcast it on all available screens. Over the years, our success has been driven by improved results in each of our business segments. We have built an amazing brand in ZEE, which has carved a niche for itself in the hearts of the audience through an array of television products – Zee TV, Zee Cinema, Zee Cafe and TEN Sports, known across the globe. The channels provide enormous opportunities for us to continuously create high-quality content and unparalleled experiences for diverse audience. The M&E industry is cluttered by growing number of channels, which encourage ‘me-tooism’. Therefore, people look for quality brands they know and love. In the growing world of entertainment – cinema, regional, sports and so forth, people seek our high quality family entertainment.

STORY OF EVOLUTION

India's M&E industry is one of the fastest growing industries in the world. The domestic M&E industry has been strengthened by ZEE's pioneering vision and innovation. We have played a pivotal role in accelerating the growth of this US\$ 15 billion industry (Source:

FICCI KPMG Report 2012- 13) in the last two decades.

Started in 1992 with one channel, in a 21-year span we offer a bouquet of 32 domestic channels and 29 international channels.

Through our prudence and first-mover advantage, we have established ourself as a strong player in the regional entertainment space, while expanding our global presence.

OUTPERFORMING

At ZEE, the passion to innovate and entertain the audience has never digressed us from the path of delivering steady and sustainable returns to our shareholders. We understand the importance of a strong balance sheet and crafted multi-pronged strategies to accomplish our financial goals. Our efforts have enabled us to outperform the industry growth in spite of an overall challenging macro-environment. Since inception, we have consistently maintained a CAGR of more than 30% in shareholder value

generation. Even after a 19.3% increase in expenses owing to new business ventures, we have achieved a PAT growth of 22.1% during fiscal 2013. Our subscription revenues reached ₹ 16,234 million in 2013, 22.6% up y-o-y. Advertising revenues for the year touched ₹ 19,639 million, clocking a growth of 24% over last year. Our growing market capitalisation, which touched ₹ 200,760 million in FY 2013, reflects our position as India's leading listed M&E Company.

NEW OFFERINGS

During the year, we have launched two offerings for Indian audience: ZeeQ, an edutainment channel and Zee Bangla Cinema a 24/7 Bengali movie channel. We have also significantly strengthened our international presence with the launch of two channels in UAE (Zee TV HD and Zee Cinema HD). To further strengthen our presence in Europe, ZEE channels were launched on Your TV and Yupp TV. ZEE entered the Canadian market, with the launch of Zee TV HD in partnership with Ethnic Channels Group Limited (ECG), Canada's largest distributor of third language television services. Our new launch, Zee Alwan has also received commendable response from Arabic viewers within a short time span.

At ZEE, we have substantially increased our presence in the US by launching the first south asian HD channel ZEE TV HD and inking distribution deals with Charter LA and Centurylink. We are strengthening the bond further through a number of events and celebrations.

With the first mover advantage in regional space, our regional channels today have become either the leaders or strong contenders for leadership in their respective genres.

FINANCIAL SUMMARY

Particulars	(₹ in million)		
	FY 2013	FY 2012	Change (%)
Income from Operations	36,996	30,405	21.7
Total Expenses	27,453	23,010	19.3
Operating Profit	9,543	7,395	29.0
Profit After Tax	7,196	5,891	22.1
Earnings per share (after prior period adjustments) (₹)	7.54	6.08	23.5
Fixed Assets	9,975	9,400	6.1
Effective Networth	39,115	34,308	14.0
Market Capitalisation	200,760	123,202	62.9

FUTURE PROSPECTS

The M&E industry shows considerable optimism for future growth, driven by increasing media penetration and rise in per capita consumption. In India, the ratio of advertising expenditure to GDP is significantly lower than developed and developing economies. As the Indian economy continues to accelerate its pace, the advertising

expenditure to GDP ratio is poised to increase over the next five years.

ZEE is at the forefront to take advantage of the evolving landscape. We will launch new channels in various domains and expand international reach globally by the launch of local

channels. With the successful implementation of digitisation in Phase I and II and advancement of technology, ZEE will reach to the audience on every available viewing device.



MISSION AND VALUES



Mission



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

Vision



CUSTOMER FOCUS

Our Company's strategies are driven by the needs of the customer.

Our success can be measured by the satisfaction achieved by our customer.

EXCELLENCE

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

CREATIVITY

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

INTEGRITY

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

GROWTH DRIVEN

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



CREATING A GLOBAL BRAND



ZEE as a brand, has achieved global recognition today, and has grown exponentially over the years, establishing a strong connect in the minds and hearts of its audience globally. In these glorious two decades, brand ZEE has contributed immensely to the network of the Company.

At the time, when Doordarshan was a sole player in the industry, Mr. Subhash Chandra, made inroads owing to his visionary qualities and entrepreneurial mindset to survive and grow. What also helped was his insightful understanding of the trade and great appetite for risk taking. Driven by the passion to create a brand that would dominate the global media landscape, ZEE survived the initial pangs only to emerge as the global media brand resonant to entertainment.

“VASUDHAIVA KUTUMBAKAM” IS AN EXTRACT FROM THE UPANISHADS, AN ANCIENT INDIAN TEXT, WHICH SAYS: “THAT IS YOU, THIS IS I, IS THE WAY OF THE NARROW MINDED. FOR THOSE OF EVOLVED THOUGHT, THE WORLD IS ONE FAMILY.” AT ZEE, WE HAVE EMBRACED THIS 2000-YEAR-OLD MAXIM AS A BELIEF. IT SHAPES OUR VALUES. IT GUIDES OUR ACTIONS. IT DEFINES OUR PURPOSE.

The launch of Zee TV in 1992 was only the beginning. It was an era of liberalisation and the Country's economy was opening up to vibrant opportunities. ZEE being a brand with young, contemporary and aspirational thoughts, capitalised these opportunities. What followed over the years was a continual string of path-breaking developments such as the launch of India's first Hindi movie channel – Zee Cinema, first food channel – Zee Khana Khazana, first golf channel – Ten Golf, first edutainment channel – ZeeQ. Today we have a portfolio of 32 channels in India and 29 dedicated channels in the international market.

Over the years, we have been vigilant in enhancing its brand reputation in every market in which we operate. We have developed globally competitive pricing strategies, technological advantage across the value chain and cultivated a global mindset to build on the cultural diversity. We have adopted successful practices and have given deep thought to the notions of traditional customers, values and innovation and in the process formed a beautiful family of viewers, shareholders, employees and business partners across the globe.

With this global cadre achieved by the brand, there was a definite need for a brand positioning statement, which differentiates ZEE from the other global media brands, and establishes a strong emotional connect with the entire world. With this approach in mind, “Vasudhaiva Kutumbakam” - The World is my Family has been launched as the positioning for Brand ZEE, which conveys the message of creating a world without borders, castes, races and strangers, hence uniting everyone as a part of one Family.



CHANNEL PORTFOLIO

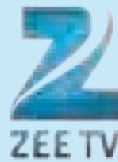


Popular family drama Qubool Hai on Zee TV

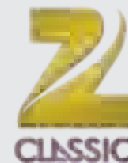


Zee Kannada's popular show,
Chi Sow Savithri

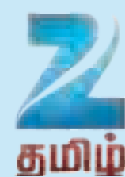
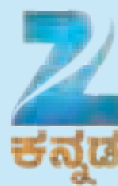
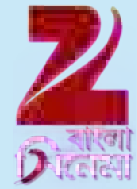
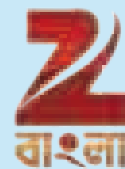
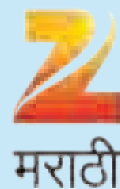
Hindi GEC



Movie Channels



Regional GEC



English Entertainment





India's first 24 hours food channel,
Zee Khana Khazana



India Vs Sri Lanka ODI Series
on Ten Cricket

Alternative Lifestyle

Z
जागरण

Z
Sileasa

Music

Zing

Zetc

Edutainment

ZQ

Niche Offerings

Z khana khazana

HD

Z HD
ZEE TV

Z HD
CINEMA

ZSTUDIO

TEN HD

Sports

TEN CRICKET

TEN SPORTS

TEN GOLF

TEN ACTION

Digital Offerings

ditto TV

india.com

OPERATIONAL HIGHLIGHTS 2012-13



India's Best Dramebaaz

LAUNCHES

ZeeQ

India's first edutainment channel offering a mix of education and animation programmes

Zee Alwan

First GEC for Middle East market

Zee Bangla Cinema

24 hour Bangla movie channel. Emerged as the No. 3 channel in the West Bengal entertainment market within 2 months of its launch

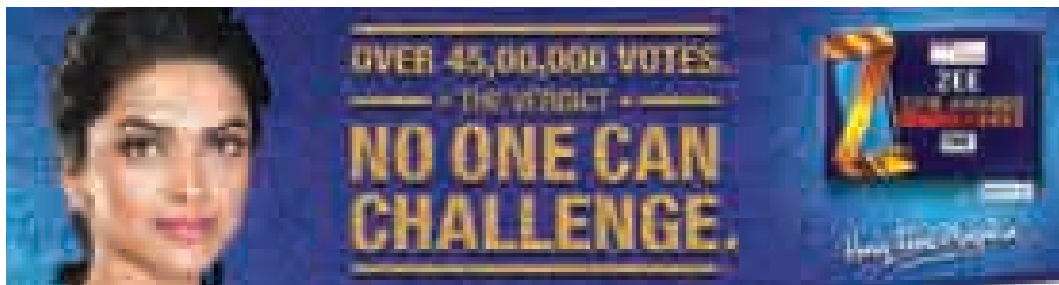
HINDI CHANNELS

Zee TV's Dance India Dance

L'il Masters finale received the highest television viewer ratings (8.0 TVR) in non-fiction genre across Hindi General Entertainment Channels (GECs)

Zee TV's Pavitra Rishta

Reached a 1,000-episode landmark



Sports action on TEN Network

Zee Cinema

Continues to lead the Hindi movie genre and strengthen its library. During the year, it premiered blockbusters like Agneepath, Joker, English Vinglish and Agent Vinod

Agneepath's

Premiere on Zee Cinema achieved TVR of 4.7



Agent Vinod premiere on Zee Cinema

OTHER HIGHLIGHTS

Zee Salaam

The No. 1 player in Urdu entertainment genre

Zee Cafe

Emerged as a leading player in English entertainment genre

India.com

Emerged as the 4th largest Horizontal Indian portal

SPORTS

Launch of Football on Demand by Ten Action in association with Dish TV

Major acquisitions by Ten Sports

- > Brazilian Football League
- > The Football League and The League Cup till 2014-15

- > The US Open Tennis Championships till 2016
- > WTA Premier Event Rights from 2013 till 2016
- > Renewal of Cricket Rights for South Africa, West Indies and Zimbabwe

REGIONAL CHANNELS

Zee Bangla

The No. 1 in Digital C&S 4+ during Prime Time and is a consistent No. 2 in Bengali GEC Space

Zee Marathi

Stands at consistent No. 2 position



Dance show at Zee Bangla

Zee Telugu's

Prime Time Fiction Shows – Pasupu Kumkuma and Muddu Bidda are the slot leaders across all Telugu GECs

Zee Tamil

Talk show Solvathellam Unmai helped solve a triple murder mystery

FINANCIAL MOMENTUM 2012-13

INCOME FROM OPERATIONS

(₹ in million)



TOTAL EXPENSES

(₹ in million)



EBITDA

(₹ in million)



PROFIT BEFORE TAX

(Before Exceptional Items)

(₹ in million)



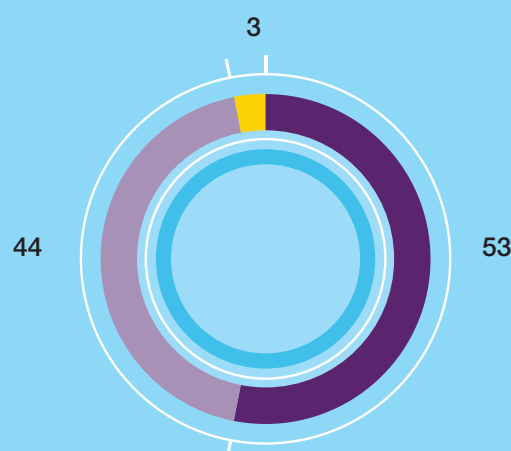
PROFIT AFTER TAX

(₹ in million)



REVENUE FROM OPERATIONS

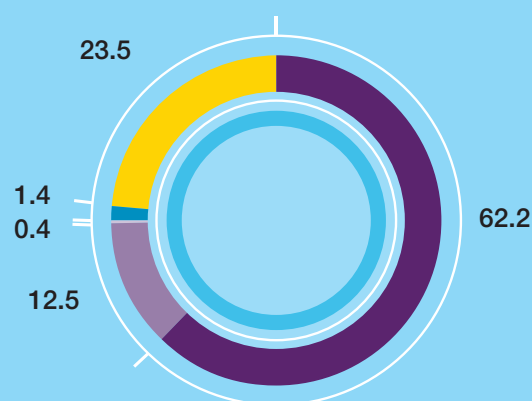
(%)



Advertisement > Subscription > Others >

DISTRIBUTION OF EXPENSES

(%)



Operational Cost > Employee benefits expense > Finance costs > Depreciation and amortisation expense > Other expenses >



TOTAL PAYOUT TO SHAREHOLDERS

(₹ in million)



MARKET CAPITALISATION

(₹ in million)



NETWORTH

(₹ in million)



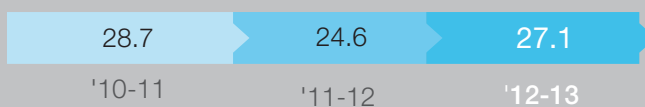
RONW

(%)



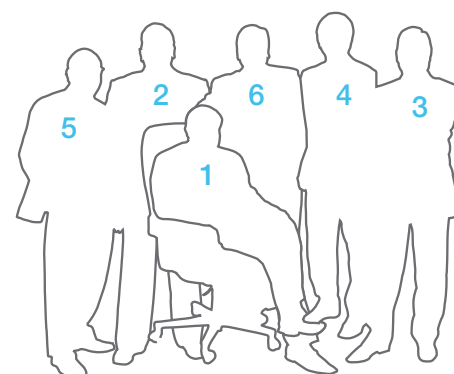
ROCE

(%)



BOARD OF DIRECTORS





1 SUBHASH CHANDRA

Non-Executive Chairman

- > Non-Executive Chairman of the Board and Promoter of Essel Group of Companies
- > Consistently demonstrated his ability to identify new businesses and lead them on the path to success
- > His industry leading businesses include television networks and film entertainment, cable systems, satellite communications, theme parks, flexible packaging, family entertainment centres and infrastructure



2 ASHOK KURIEN

Non-Executive Director

- > One of the Founder Promoters, associated with ZEE since its inception
- > Director and Strategic Marketing Advisor to Dish TV and Playwin
- > One of the Founder partners of Hanmer & Partners, one of India's top-three public relations agencies; Flora2000, one of the leading global online flower distribution services, and Remindo, an Intranet 2.0 Office Communication Network
- > He also works as a special advisor to the US\$ 7 billion Publicis Group



3 DR. MOHAMMED Y. KHAN

Independent Director

- > Has been the Chairman of J&K Bank and Director on the Board of Bharat Hotels, as well as Advisor for Berenson & Company, New York
- > Doctorate of Philosophy (Ph.D) in Business Management from Burkes University in UK
- > Science graduate from the University of Kashmir



4 LORD GULAM K. NOON

Independent Director

- > An accomplished entrepreneur, who founded Bombay Halwa Limited, a Company engaged in the business of manufacturing Indian confectionery, Indian savories and aviation catering
- > Member of the House of Lords, UK
- > Holds five honorary degrees from various leading British universities



5 PROF. R. VAIDYANATHAN

Independent Director

- > Known for his commendable contributions in the areas of Corporate Finance, Risk Management and Pensions
- > Professor of Finance and Control at the Indian Institute of Management, Bangalore and UTI Chair Professor in the area of Capital Markets
- > Fellow Member in Management (Doctorate) from the Indian Institute of Management, Kolkata
- > Masters from the Indian Statistical Institute and graduate from Loyola College, Chennai



6 PUNIT GOENKA

Managing Director & CEO

- > Started his career with the Essel Group, which has diversified business interest in the areas of media, entertainment, gaming, packaging and telecommunications
- > A graduate from Bombay University, also participated in various intensive Management Education programmes like Young Managers programme at INSEAD, France and a programme on "Birthing of Giants" hosted by Young Entrepreneurs' Organisation and MIT Enterprise Forum, Inc., Boston, USA





TEAM ZEE



5



3



6



1



2



4

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



7. Hitesh Vakil | *Finance* 8. M. Lakshminarayanan | *Company Secretary* 9. Nittin Keni | *Production*
10. Rajendra Mehta | *HR* 11. Roland Landers | *Corporate Brand* 12. Sharada Sunder | *Content – Regional HSM*
13. Utpal Das | *Commercial*



₹ **36,996** MN > ₹ **30,405** MN
FY 2013 FY 2012

CONSOLIDATED REVENUE

GROWING

Mr. Subhash Chandra being felicitated by Mr. S. Ramadorai, President, BSE on the occasion of 20 years of ZEE



Celebrating ZEE Rishtey Awards

NO LIMITATIONS IN OUR AMBITION FOR GROWTH

At ZEE, we have never been bound by preconceived notions of growth. Despite a challenging business landscape, we outperformed the industry in more ways than one.

MORE

Since inception, we have nurtured creativity, ensured viewer satisfaction and seized market opportunities. We have invested in business in a disciplined manner with focus on enhancing our efficiencies to achieve superlative financial performance.

Don't take our words for it. The result of our efforts is visible in our numbers. We are one of the few entertainment companies to maintain an operating margin of 25%, whereas the industry reports single-digit margin. Our subscription revenue increased by 22.6% in FY 2013, on the back of the performance of our joint

venture MediaPro. Following pan India digitisation, we look forward to enhanced revenues.

There is another element to the growth factor at ZEE: it has to be inclusive and participatory.

Our efforts to create a commercially viable business model and make ZEE one of the leading global M&E brands was recognised by the Global Association of Billionaires and Millionaires (GABM). We were bestowed with the 'Best India Corporate Citizen Award', which reflects our commitment towards corporate governance, fair trade and business practices.

All Indian Management Association (AIMA) recognised our effort in building the brand ZEE over the last 20 years. We were awarded the 1st runner up award at the 'AIMA RK Swamy High Performance Brand of the Year'. Other awards included the IMC Fusion 2013 Award for excellence in Media, organised by Indian Merchants' Chamber and the Dun & Bradstreet - Rolta Corporate Awards 2012 for "Top Indian Company" under M&E Sector.



32 > 30

IN FY 2013

IN FY 2012

NUMBER OF CHANNELS

120K

HOURS OF TV CONTENT

DELIVERING

Agneepath garnered a TVR of 4.7 on Zee Cinema

3500
MOVIE TITLES



ZeeQ, India's first edutainment channel that makes learning fun

NO CONSTRAINTS IN OUR CREATIVITY

At ZEE, we commenced our journey with a single two-hour channel two decades ago. Powered by boundless innovation to offer quality entertainment to the world, we have indeed covered many miles. We have many more miles to go, as our creative impulse takes us further.

MORE

We have continuously introduced new channels to ensure maximum quality entertainment for our viewers. During FY 2013, we launched ZeeQ, India's first edutainment channel, which fosters a child's curiosity through fun and entertainment. We also launched Zee Bangla Cinema, India's first 24 hours Bengali movie channel. We aspire to create a thrilling movie viewing experience for our audience through this channel.

In the movie genre, Zee Cinema offered super-hit Hindi movies, including Agneepath, English Vinglish and Agent Vinod.

Zee Classic re-launched four super-hit classic films, including Sholay, Deewaar, Karz and Seeta Aur Geeta. With exclusive rights to more than 3500 movie titles, we have created a repository of the world's largest Hindi film library. In the English entertainment genre, Zee Café continued to lead the race in addressing the entertainment requirement of the youth with its contemporary shows. In the sports genre, we have acquired broadcast rights for the US Open Tennis Championship, Brazilian League, The Football League and The League Cup.

Our offerings are not restricted to television any more. We introduced the first over-the-top television platform in India – Ditto TV. In FY 2013, we further increased the number of channels offered on Ditto TV. The platform now offers a wide array of channels across 167 countries worldwide. Our horizontal portal India.com is the fourth largest Indian portal.



670 MN+ **>** **650** MN+
IN FY 2013 IN FY 2012

GLOBAL VIEWERS

ENGAGING

Dance India Dance, one of India's most popular reality shows



Pasupu Kumkuma, slot leader across all Telugu GECs

NO HIGH WALLS TO HINDER HUMAN ENGAGEMENT

Engaging meaningfully with the audience is integral to our core philosophy. Our growing viewer fraternity is a testimony of our ability to deepen viewer connect. However, our objective is not just to break stereotypes of television programming, but to act as a positive 'change agent' in people's lives.

MORE

We have always tried to be vocal against social stigma, whether it is domestic violence, dark complexion, girl-child trafficking or autism, among others. The confidence of protagonists to stand up against adversities strengthens optimism for our viewers. We have also provided a platform to nurture the talents of our viewers through programmes like Sa Re

Ga Ma Pa, Dance India Dance and India's Best Dramebaaz. Our endeavour is to reach out to more and more viewers by eliminating demographic barriers, with the help of programmes like DID Super Moms.

In today's world, information is being increasingly disseminated through digital devices. In line with

this trend, we have introduced mobile application and voting through missed call in Dance India Dance 3, which received enormous response. In our flagship properties Zee Cine Awards and Zee Rishtey Award, viewers have the sole authority.



29 **>** **22**
IN FY 2013 IN FY 2012

**NO. OF INTERNATIONAL
CHANNELS**

169

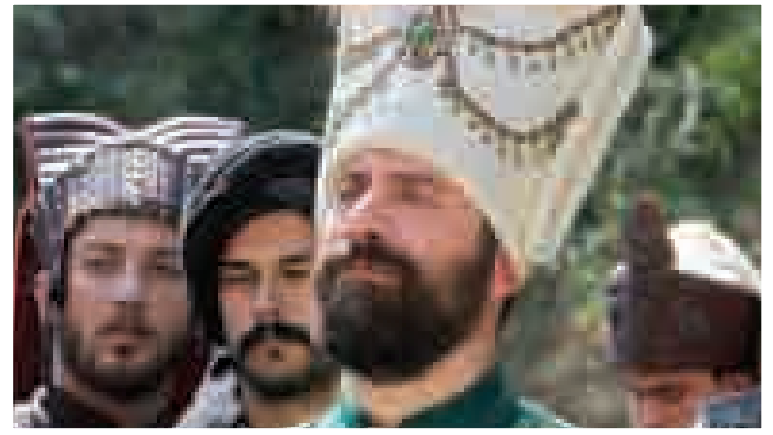
COUNTRIES

EXPANDING

Cloud 9, ZEE's first locally produced British Asian Drama Series on Zing UK

5

CONTINENTS



Zee Alwan's newest offering Hareem Al Sultan

NO GEOGRAPHIC BOUNDARIES FOR NEW-AGE ENTERTAINMENT

Across 169 countries around the world, viewers are embracing our quality entertainment. Our 29 dedicated international channels have opened the access of Indian entertainment globally. Our innovation and creativity have taken India to the world, and brought the world to India's doorsteps.

MORE

We are already dubbing our content in various international languages. After successfully offering dubbed content in Indonesia, Russia and UAE, we have launched our second Arabic channel – Zee Alwan. The channel broadcasts some of India's most popular television serials and shows on cookery, travel, health and fitness to the Middle East in Arabic, considering the growing popularity of Bollywood in the Arab world. Our content also strengthens the historic and cultural bond between UAE and India with our offering. In addition,

ZEE launched two HD channels, Zee TV HD and Zee Cinema HD in UAE.

In Europe, we are now available across new platforms including Your TV and Yupp TV. Our suite of channels, including Zee TV, Zee Cinema, Zee Café, Zee Punjabi, Zing, Zee Bangla and Zee Marathi, are taking entertainment to the next level. In UK, Zing has become the No. 1 Asian channel and is all set to broadcast its very first daily soap-series – Cloud 9, produced in the region.

In the US, after launching four HD channels in the previous fiscal and successfully serving the South Asian diaspora, we are now catering to the mainstream American audience. In Canada, Zee TV HD has been launched in Shaw Cable in association with Ethnic Channels Group Limited.



LETTER TO THE SHAREHOLDERS



ZEE LAUNCHED A GEC - ZEE ALWAN FOR AUDIENCE IN THE MIDDLE EAST, WHICH WILL HOST PROGRAMMES IN LOCAL LANGUAGES APART FROM DUBBED CONTENT.

SUBHASH CHANDRA
Non-Executive Chairman, ZEE

> ZEE aims at entertaining more than a billion viewers by the year 2020 <

Dear Shareholders,

It is no big challenge to produce astounding results in a good economy, but to deliver consistent double-digit growth and outperform the industry in an economy with 5% GDP growth, takes special effort. The World economy is at a cusp, with the US showing signs of a rebound and the EU economy likely to revive in the near future. Keeping this in light, our performance in FY 2013 assumes more significance when evaluated against the backdrop of a challenging global and domestic business environment. I believe the focus on reforms augur well for the Indian economy in the long term. I can say that the overall outlook is one of cautious optimism.

As per the latest FICCI – KPMG Report, Indian Media & Entertainment industry has emerged unscathed by the dismal economic scenario. Indian television sector grew by over 12% in 2012 and is now worth more than ₹ 370 billion. It is further projected to increase to ₹ 848 billion with a CAGR of 18% by 2017. C&S homes are projected to grow to 173 million covering 91% of the total TV households. This points to exciting times for the television industry.

₹ **9,543_{MN}** > ₹ **7,395_{MN}**
INCREASE IN OPERATING PROFIT DURING FY 2013

GROWTH > 26%
**IN DOMESTIC SUBSCRIPTION REVENUE
 FOR FY 2013**

Indian television industry has witnessed the introduction of the much awaited cable digitisation in 2012. Despite initial obstacles, Phase I of digitisation in the four metros has been rolled out smoothly resulting in the much needed transparency in the industry. Currently, the Phase II of digitisation is being implemented in 38 more cities across the country. These efforts have translated into enhanced subscription revenues for broadcasters and make them less dependent on advertising and drive higher value creation. Broadcasters will be relieved from paying huge sums as carriage fee, thereby increasing profitability and enabling them to focus on better content creation. At the same time, subscription revenues will increase for broadcasters and make them less dependent on advertising and drive higher value creation. Niche and specialist channels will now be able to launch and grow since the shortage of bandwidth created by analogue cable systems no longer hold true.

During FY 2013, ZEE's revenue stood at ₹ 36,996 million with EBDITA of ₹ 9,543 and Net Profit of ₹ 7,196 million. Having achieved the milestone of 20 years, your Company has decided to reward shareholders with an issuance of redeemable preference shares aggregating to ₹ 2,015 Crores by way of bonus. ZEE has been able to accomplish this growth, by being innovative on a continuous basis and constantly working on its business model to make it relevant to these times. Improved results year on year reflects the strength of our entire portfolio of brands. It is also the result of our long-term strategy to make significant investments in content, local production, digital foray and our zest to find new ways to entertain viewers globally.

Leveraging the opportunity due to the digitisation drive, we have further diversified our offering of niche channels and launched ZeeQ and Zee Bangla Cinema – a 24-hour Bengali Movie channel during the year. We will be launching various products in the near future to fully exploit the opportunities available in the marketplace.

In twenty years, brand ZEE has earned global recognition and has created a special place in

the hearts and minds of its internal and external stakeholders. With its strong presence in the international markets, covering 169 countries and entertaining over 670 million viewers, ZEE aims at entertaining more than a billion viewers by the year 2020. In this journey of two decades, ZEE has not just bagged prestigious awards and accolades, but has also formed a beautiful family of viewers, shareholders, employees and business partners across the globe.

However, there was a definite need for a positioning statement for brand ZEE, which will differentiate ZEE from other global competitors and establish a strong emotional connect with its stakeholders. With this approach, "Vasudhaiva Kutumbakam - The world is my family" has been launched as our new positioning, which conveys the message of creating a world without borders, caste and strangers, hence uniting everyone as a part of one ZEE family. This positioning will not just be for the front-end, but going forward, would be deeply carved into the ethos of the Organisation, reflecting through our communication, content and conduct.

ZEE has ventured into the production of fiction and non-fiction programming through its in-house production facility Essel Vision. This is part of our backward integration strategy to be present at all the points of value creation. At the same time this will help in cost optimisation, better control on content and quick turnaround time. Further, this will enhance ZEE's capability to enter various other entertainment domains like film production in the near future.

We are building a sustainable digital business model with strong cross platform presence on all devices and screens. Expansion of ZEE's digital business comprising the OTT platform-Ditto TV and mobile applications will play a vital role in the future. In a major drive for new digital services, your Company has made strategic investments in an international digital brand integration specialist firm MirriAd, which has developed an end-to-end platform that can digitally integrate brands into professionally produced video content at scale.

International expansion will also play a significant role in our vision to become a leading global M&E Company by 2020. ZEE is making targeted content investments in local languages across the globe to expand footprint and capitalise on various distribution platforms. Further consolidating its position in international markets, ZEE launched a GEC - ZEE Alwan for audience in the Middle East, which will host programmes in local languages apart from dubbed content. ZEE launched Zee TV HD for audience in Canada and will shortly be launching international channels with content produced in India for global markets.

Our solid operational performance and prudent strategy provide us with the necessary fillip to build ZEE as a leading global M&E brand. The people behind this performance are our employees who create entertaining and inspiring content day after day and develop engagement for our viewers. I am also thankful to our Board of Directors for their continuous support and guidance.

My best wishes go to everyone who contributed to a successful FY 2013. I look forward to greater success for ZEE in the years to come.

Subhash Chandra
Non-Executive Chairman



MD & CEO'S REVIEW

> We will together continue to elevate the Company to new heights of global recognition and deliver '**greater than more**' to all stakeholders in consonance with the spirit of our brand positioning - Vasudhaiva Kutumbakam - The world is my family <

PUNIT GOENKA
MD & CEO, ZEE



21.7%
GROWTH IN
CONSOLIDATED
REVENUE IN FY 2013

Dear Shareholders,

We are a young Company, a little over twenty years. But we are mature enough to foresee opportunities, drive growth and outperform the Industry at a time of global uncertainties. Does that make us complacent? Not the least. It vindicates the strength of our vision, leadership and stability in execution, despite challenges. We are happy that in a constantly evolving global entertainment arena, more and more viewers count upon us as the preferred brand to provide them innovative and quality entertainment.

Entertainment that breaches geographic boundaries and acts as a positive force in an integrated world. That's the cusp of the new positioning for brand ZEE, "Vasudhaiva Kutumbakam"- The world is my family.

OUR JV MEDIAPRO HAS DONE WELL DURING THE YEAR, RESULTING IN 22.6% GROWTH IN SUBSCRIPTION REVENUES OVER THE PREVIOUS FISCAL YEAR. DESPITE SUBDUED ECONOMIC ENVIRONMENT, OUR ADVERTISING REVENUES HAVE GROWN BY 24% IN FY 2013

Our creativity has found global acceptance and our universe of entertainment is expanding. The challenge now is to strengthen an enterprise, which is already performing well, build brand ZEE globally and create new opportunities for growth. India's Media & Entertainment Industry supports fast growth and is open to new ideas for transformation. The Industry is expected to reach a market size of ₹ 1,661 billion by 2017, and the key growth driver is undoubtedly the Television Industry.

Digitisation has been implemented in 42 cities. Our JV MediaPro has done impressively well during the year, resulting in an 22.6% growth in subscription revenues over the previous fiscal year. Despite subdued economic environment, our Company has seen a considerable growth in advertising revenues of 24% during the current fiscal over last year. Our consolidated revenue grew by 21.7% reaching ₹ 37 billion, operating margin increased to 25.8% in FY 2013. PAT grew by 22.1%.

The initiatives we took in FY 2013 were designed to take us one step further in sustaining and consolidating our Industry leadership. Our focus has been to differentiate from the crowd and create our own space in the Industry. Our flagship channel, Zee TV, recorded a relative market share of 19% in the Hindi GEC space with prime time capturing a market share of 20%. It is a matter of pride for us that 'Pavitra Rishta' completed 1000 episodes and Dance India Dance has been recognised for innovation and wholesome entertainment.

Zee Cinema had a 35% market share in the Hindi movie genre and during the year premiered blockbuster movies like Agneepath and English Vinglish. ZEE Café and ZEE Studio have strengthened their foothold in the English entertainment genre with the acquisition of iconic shows like Gossip Girls, Miss Universe 2012 and Vampire Diaries.

ZEE has consolidated its presence in the regional entertainment space. Zee Marathi had an impressive market share of 35% during the fiscal while Zee Bangla led the non-fiction genre with an 87% market share. Zee Bangla Cinema, the first 24 hours Bengali movie channel, is the preeminent destination for the best in Bangla Cinema and is gaining significant popularity among viewers. ZeeQ, India's first edutainment channel for kids, emphasises on learning through entertainment. The channel is a product of extensive research by experts to make learning an enjoyable experience for children

During the year, ZEE launched varied products in the international markets – Zee TV HD and Zee Cinema HD in UAE and Zee TV HD in Canada. Zee TV and Zee Cinema remained No. 1 channels for South Asians in UAE. In UK, Zing launched first locally produced British Asian Drama Series 'Cloud 9'. Zee Alwan our GEC for Middle East market is expanding its viewer base with innovative local and dubbed content. India's first OTT platform Ditto TV is available to international audience across 180 countries. It has added content from various other broadcasters during the year.

ZEE's performance has been remarkable in FY 2013. We implemented the right strategies to leverage the incremental revenue from digitisation vis-à-vis low placement cost, enhancing operational efficiency. In the coming years, we will emphasis more on in-house production, global programming and deliver more to the audience by introducing an array of free-to-air and niche channels.

In its milestone year, ZEE was felicitated by the Industry and peers for its pioneering vision at various forums. ZEE ranked 242 in the prestigious ET 500 ranking and at 85th position in Business India Super 100 ranking. Your Company was adjudged the 1st runner up in the 'AIMA RK Swamy High Performance Brand of the Year' by All Indian Management Association (AIMA). The Indian Merchant Chamber awarded ZEE with 'IMC Fusion 2013 Award for Excellence in Media' and ZEE also won the Dun & Bradstreet - Rolta Corporate Awards - 'Top Indian Company under M&E Sector' for two consecutive years.

Our Team has made ZEE what we are today through dedication and passion. I am confident that we will together continue to elevate the Company to new heights of global recognition and deliver 'greater than more' to all stakeholders in consonance with the spirit of our brand positioning - Vasudhaiva Kutumbakam - The world is my family.

Punit Goenka

Managing Director & CEO



TECHNOLOGY **EDGE**



WHERE
THE ACTION
NEVER STOPS
AND EXCITEMENT
NEVER ENDS

TECHNOLOGICAL EDGE OF THE NOIDA UPLINK FACILITY

State-of-the-art compression and automation systems for play-out of content with file based workflows

Unattended robotic archival & retrieval of content with all India Media Network

Most **advanced Graphics, Branding & Audio processing** including Dolby Digital

Play-out systems are based on GVG K2-Edge, Harris D series and Pebblebeach Automation Systems & Omneon Servers

HD & SD Mixed Mode Playout for all channels

Multiple Satellite Operation with Auto switching of Antennas



Technology has a profound impact on ZEE throughout its value chain, from content creation to distribution.

We have embraced contemporary technologies, which use File based workflows coupled with the use of digitised media archives and a global media network to acquire, process and deliver content. The umbrella of technologies also encompasses enhanced value realisation via linked systems such as the Broadcast Management System (BMS), which is designed for high operational efficiency and revenue maximisation.

The Noida playout & uplink facility is one of the largest play-out facilities of its kind in Asia that caters to all international ZEE channels via a network of earth stations and fibre links and provides advanced channel branding and graphics, subtitling and multiple language

dubbing features. The Mumbai production facilities are linked with the Noida facility via managed data networks and satellite links for content, which needs to be transmitted in real time. It uses highly advanced signal processing, monitoring and redundancy switching facilities.

In addition to Linear Playouts, ZEE also uses Digital deliveries aggressively via OTT and operators such as YouTube. This is an area of increasing thrust for the group.

The content value chain has also evolved with changing technologies. In the past few years, we have witnessed a transformation in content transfer, post the commencement of Digital Media Asset Management facilities. Shift towards a tapeless environment not only ensures smooth media management, but also results in significant cost savings.

SATELLITE FOOTPRINT

ZEE covers various continents with its superior technologies, across:

Africa: Through the **Multichoice DTH Platform, Canalsat, Top TV and a number of cable systems.**

Zee TV Africa is played out from Noida, India via Intelsat.

Asia: Through **C-band on Asiasat-3S, Insat 4A, Apstar-7 and IS-20 satellites.** These cover India, Middle East, Africa, Australia, SAARC Region and Far East.

Americas: Through the **IS-805 satellite**, providing coverage from Canada to South America. In addition, Zee Channels is also available on **Galaxy 23 and Galaxy 13**, satellites popular with Cable communities. The channels are available via all major Cable Systems including **Comcast, Time Warner, Verizon FioS etc. as well as on the Dish Network.**

Europe: Through the **BskyB DTH platform** in UK and a number of **OTT Platforms.**

Middle East: Via Cable Systems on **Asiasat 3S and IS-20 satellites** and on **DTH Platforms on Nilesat and Badr-4 satellites.**



WE AT **ZEE**

ZEE CONTINUES TO WORK TOWARDS CREATING A WORKPLACE, WHICH ATTRACTS AND RETAINS THE BEST OF TALENT FROM ACROSS THE GLOBE. IN THIS EVER EVOLVING DIGITAL WORLD, THE FOCUS OF THE ORGANISATION WILL REVOLVE AROUND CREATING A WORKPLACE WITH THE POTENTIAL TO ENGAGE ITS HUMAN CAPITAL IN A MANNER THAT INSPIRES AND MOTIVATES THE EMPLOYEES TO STRIVE FOR EXCELLENCE, THUS RESULTING IN THEIR PERSONAL AS WELL AS THE ORGANISATION'S GROWTH.



ZEE AIMS TO BE RANKED AMONG THE TOP 100 BEST PLACES TO WORK

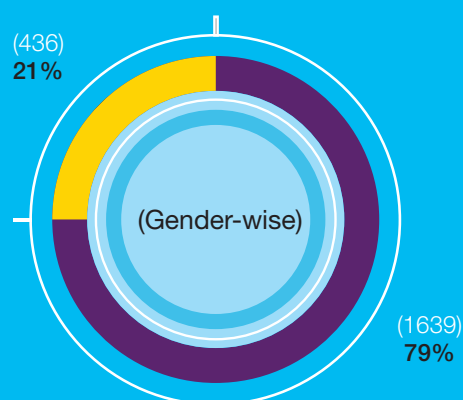


We have embarked upon a mission to be among the Top 100 'Best Places to Work' through the creation of processes and people practices based on our employee philosophy, 'SAMWAD'. As a part of this philosophy, training the employees with the requisite skills to manage and retain talent for the Organisation has been a key initiative. We have always strived to nurture and enhance our biggest asset – the talent pool. It has made it possible for us to touch our sky-bound dreams, keeping us at the crest of competition and helping us successfully complete 20 years. We have also launched the Talent Management Programme with the intent

of building a pool of future leaders, which would keep the Company on its path of prosperity and success in the times to come.

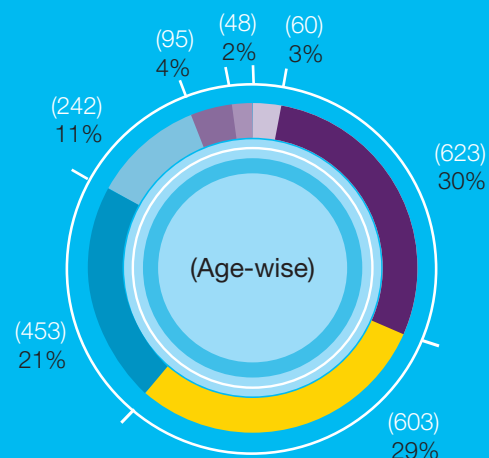
These prudent strategies not only helped our people to grow along with the Company, it has also reinforced the bond between the Organisation and its employees. Our corporate credo revolves around people empathy, encouragement for innovation and energy to seek new avenues for growth.

EMPLOYEE RATIOS[#]



Female > ●

Male > ●



18-25 years > ●

25-30 years > ●

31-35 years > ●

36-40 years > ●

41-45 years > ●

46-50 years > ●

51 years and above > ●

* Figures in bracket indicate the actual number

[#] Includes the employees of ZEE and its subsidiaries



COLLABORATIONS **AT ZEE**

MEDIAPRO ENTERPRISE INDIA PRIVATE LIMITED

A JOINT VENTURE (50:50) BETWEEN ZEE TURNER AND STAR-DEN WILL ADDRESS VARIOUS ANOMALIES OF THE CURRENT ANALOGUE DISTRIBUTION MARKET, CURB PIRACY AND INTRODUCE TRANSPARENCY BY FACILITATING INDIA'S DIGITISATION.



79 CHANNELS | 12 GENRES | 10 LANGUAGES
LARGEST ENTERTAINMENT DISTRIBUTION COMPANY



STRENGTHENING COMMUNITY INITIATIVES



Gender Sanitisation Seminar in association with IAA

AT ZEE, WE BELIEVE DEEPENING OUR SOCIAL BOND IS AN OPPORTUNITY TO MAKE A POSITIVE CHANGE IN SOCIETY. THE SEED OF CHANGE THAT WE IMPLANT TODAY WILL HELP CREATE A STRONG COMMUNITY AND A PROGRESSIVE SOCIETY.



Celebrating Joy of Giving Week in ZEE

EDUCATION

Ekal Vidyalaya Foundation empowers rural and tribal children with basic literacy and life skills. The school curriculum develops self-confidence and helps children to succeed in rural occupations and pursue higher skills. Ekal Vidyalaya Foundation has more than 39,000 vidyalayas, teaching 1 million students in 40,000 villages. It plans to reach 1 Lac villages by 2013.

During the year, Ekal was awarded the National Award 2011 by Lala Dewan Chand Trust for its contribution to spread literacy.

JOY OF GIVING WEEK

Employees at ZEE supported The Friends of Tribal Society during the Joy of Giving Week from October 2nd to October 8th, 2012. Employees took part in the initiative and an amount in excess of ₹ 6 Lac was donated.

RUNNING FOR A CAUSE

We have participated in the Mumbai Marathon 2013 to support The Friends of Tribal Society.

SUPPORTING GENDER SENSITISATION SEMINAR

We have supported the Gender Sensitisation Seminar, conducted by Indian Advertising Association to sensitise content developers about gender nuances. The event was held in collaboration with an NGO (Laadli) and was supported by UNFPA.



Students of Ekal Vidyalaya

ZEE TOUCH INDIA INITIATIVE

Leveraging our ability to reach millions of homes, we focus on generating social awareness among the viewers. We have launched Touch India Initiative in association with various social bodies.

Some of the public service campaigns, aired in various ZEE channels, include:

- > Campaign on breast cancer
- > Campaign for the visually impaired
- > Campaign for HIV/AIDS for the International Aids Day
- > Aids awareness campaign by Mukti Foundation
- > Campaign on pulse polio

SPIRITUAL UPLIFT

We support the Global Vipassana Foundation to encourage a rational process of mental purification. The Foundation propagates Vipassana, the non-sectarian rational process of self-purification, which brings peace to the individual and the society in general. ZEE also supports Global Foundation for Civilisational Harmony, a body, which aims to create a peaceful and harmonious society.

ZEE's Business Responsibility Report is based on the principles of National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, as issued by the Ministry of Corporate Affairs, Government of India. In accordance with the same and Clause 55 of the Listing Agreement, a Business Responsibility Report is attached, forming part of the Annual Report.



CELEBRATING 20 YEARS OF PIONEERING VISION

2012 MARKED A MILESTONE FOR ZEE AS WE CELEBRATED 20 GLORIOUS YEARS OF DELIVERING INNOVATIVE AND ENGAGING ENTERTAINMENT. FOLLOWING ARE THE SNIPPETS OF OUR GRAND CELEBRATIONS:

PRESS CLUB
FELICITED
MR. SUBHASH
CHANDRA ON
THE OCCASION
OF 20 YEARS
OF ZEE



20 YEARS
CELEBRATION
AT ZEE OFFICE



BSE HONORED MR. SUBHASH CHANDRA ON COMPLETION OF 20 YEARS OF ZEE

ZEE ORGANISED A GRAND PARTY, WHICH WAS ATTENDED BY THE KEY PERSONALITIES OF BOLLYWOOD, TELEVISION AND CORPORATE WORLD



ZEE AT FICCI FRAME 2013



ZEE GRAND PARTY





CORPORATE INFORMATION

BOARD OF DIRECTORS

Subhash Chandra
Non-Executive Chairman

Ashok Kurien
Non-Executive Director

Dr. Mohammed Y. Khan
Independent Director

Lord Gulam K. Noon
Independent Director

Prof. R. Vaidyanathan
Independent Director

Punit Goenka
Managing Director & CEO

SENIOR MANAGEMENT

Punit Goenka
Managing Director & CEO

Amitabh Kumar
Technology

Ashish Sehgal
Advertisement Revenue

Atul Das
Corporate Strategy

Atul Pande
Sports

Bharat Ranga
Content & Creative

Hitesh Vakil
Finance

M. Lakshminarayanan
Company Secretary

Nittin Keni
Production

Rajendra Mehta
HR

Roland Landers
Corporate Brand

Sharada Sunder
Content – Regional HSM

Utpal Das
Commercial

AUDITORS

M/S MGB & CO

COMPANY SECRETARY

M. Lakshminarayanan

BANKERS

BNP Paribas

Deutsche Bank

ING Vysya Bank Ltd.

Standard Chartered Bank

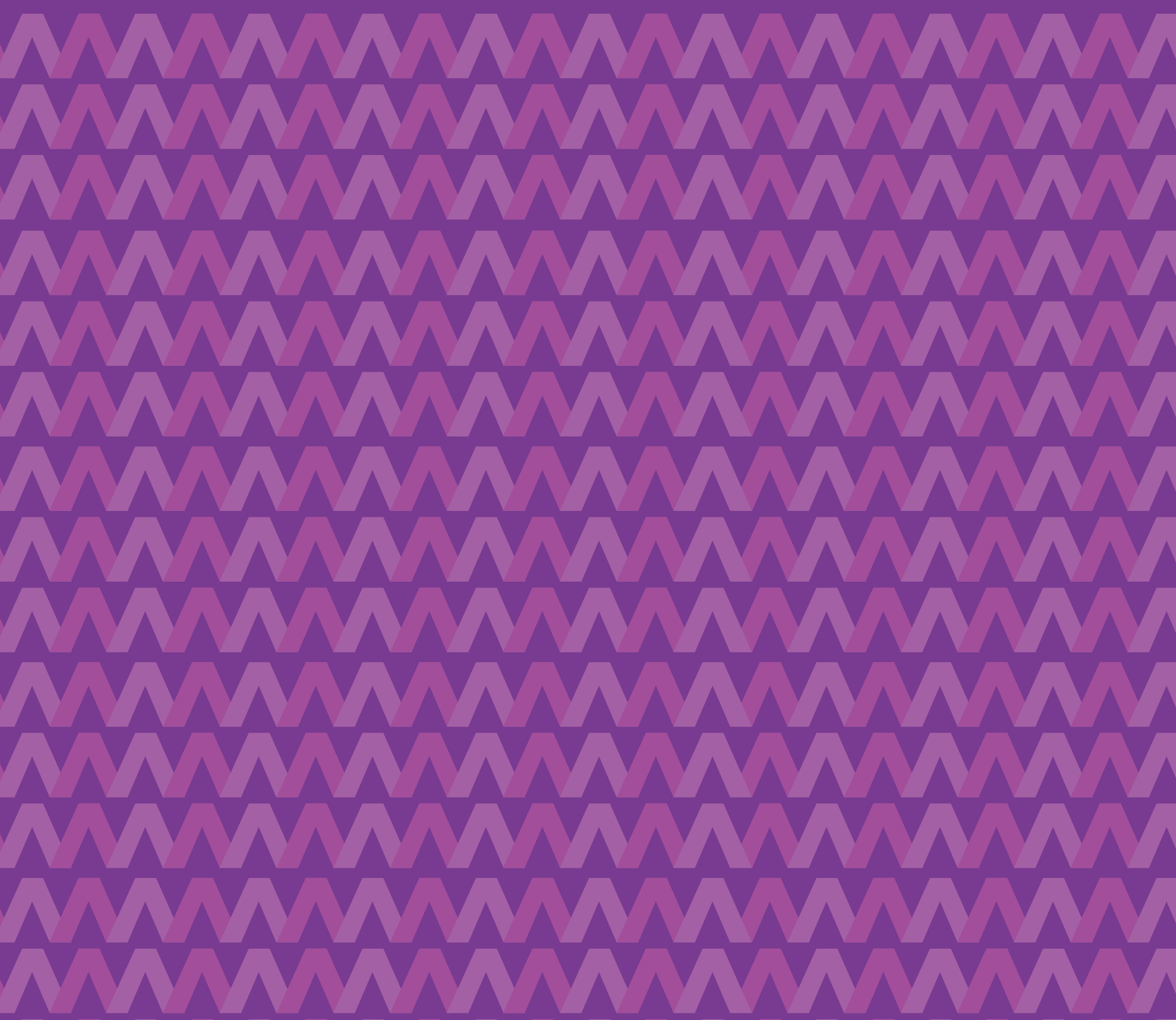
Yes Bank Ltd.

REGISTERED OFFICE

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

www.zeetelevision.com

BOARD & MANAGEMENT REPORTS
AND FINANCIAL STATEMENTS



NOTICE

Notice is hereby given that the Thirty First Annual General Meeting of the Members of Zee Entertainment Enterprises Limited will be held at the 'Nehru Auditorium', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018 on Thursday, the 25th day of July 2013, at 11.00 a.m., to transact the following

Ordinary business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013, the Statement of Profit & Loss of the Company for the financial year ended on that date on a stand alone and consolidated basis, and the Reports of the Auditors and Directors thereon.
2. To declare Dividend on equity shares for the financial year ended March 31, 2013.
3. To appoint a Director in place of Prof. R Vaidyanathan, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Ashok Kurien, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint M/s MGB & Co., Chartered Accountants, Mumbai, having Firm Registration No. 101169W, as the Statutory Auditors of the Company to hold such office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Board of Directors of the Company.

Special Business:

6. **To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution.**

"RESOLVED that subject to the provisions of Consolidated FDI Policy (FDI) issued by the Government of India, the Foreign Exchange Management Act, 1999 and any general / specific regulations / guidelines / approvals of the Reserve Bank of India and/or the Ministry of Information & Broadcasting, investments by Foreign Institutional Investors (FIIs) under the Portfolio Investment Scheme on repatriation basis in the capital of the Company be and is hereby permitted/ increased from the current approved limit of 49% to the sectoral cap of 100 % of Paid up capital of the Company viz. up to the sectoral cap allowed under the FDI to any entity involved in Uplinking of Non-News & Current Affairs TV Channels.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things including seeking appropriate confirmations/consents/ approvals as may be necessary for the purpose of permitting increase of FIIs investment limits in the Company."

The Register of Members and Share Transfer Books of the Company will remain closed from Saturday July 13, 2013 to Friday, July 19, 2013 (both days inclusive). Share Transfers received in order at the Registered Office

of the Company or at the office of the Registrar of the Company, by 5.30 p.m. on July 12, 2013, will be processed for payment of equity dividend, if declared, to the transferees or their mandatees.

Dividend, if approved by Members at the ensuing Annual General Meeting, will be paid on July 29, 2013, to all those shareholders whose name appear in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company or its Registrar on or before July 12, 2013 and in the list of beneficial owners furnished by National Securities Depository Limited and/or Central Depository Services (India) Limited, in respect of shares held in electronic form, as at the end of the business day on July 12, 2013.

By Order of the Board

M Lakshminarayanan

Place: Mumbai Chief Compliance Officer & Company Secretary
Date: May 22, 2013

Registered Office:

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

NOTES:

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

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

2. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Annual General Meeting, is annexed.
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 187 of the Companies Act, 1956, authorising their representative to attend and vote at the Annual General Meeting.
4. Additional information, pursuant to Clause 49 of the Listing Agreement(s) with Stock Exchanges, on Directors recommended by the Board for re-appointment at the Annual General Meeting forms part of the Report on Corporate Governance in the Annual Report.

5. Members who are holding Company's shares in dematerialised form are required to bring details of their Beneficiary Account Number for identification.
6. Members who wish to obtain information on the Company or view the Accounts for the financial year ended March 31, 2013, may visit the Company's corporate website www.zeetelevision.com or send their queries at least seven days before the AGM to the Chief Compliance Officer & Company Secretary at the registered office of the Company or at Email ID shareservice@zee.esselgroup.com.
7. Recognising the spirit of the Green Initiative in Corporate Governance initiated by the Ministry of Corporate Affairs, the Company shall be sending the Annual Report and other documents/notices to shareholders to the email address provided to the Depository. Shareholders are requested to register and/or update their email address with the respective Depository Participant or with the Company, to ensure that documents from the Company reach their preferred email address(es).
8. Members are requested to notify immediately about any change in their address / dividend mandate / bank details to their Depository Participant (DP) in respect of their shareholding in Demat mode and in respect of their physical shareholding to the Company's Registrar and Share Transfer Agent, M/s Sharepro Services (India) Pvt. Ltd., at 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai-400 072 and/or at 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai-400 021.
9. Under Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form No 2B in duplicate (which will be made available on request) to M/s Sharepro Services (India) Pvt. Ltd.
10. Dividend for the financial year ended March 31, 2006, declared by the Company & erstwhile ETC Networks Ltd (now merged with the Company) which remains unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government ('IEPF') in March 2014 & September 2013 respectively.

Members, who have not encashed their dividend warrants, issued by the Company and/or ETC Networks Ltd, for the financial year ended March 31, 2006, or any subsequent financial years, are requested to lodge their claims with the Company's Registrar and Share Transfer Agent. Members

are advised that in terms of provisions of Section 205C of the Companies Act, 1956, once unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof.

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

Item No. 6

At the Extra-ordinary General meeting held on May 30, 2002, the Members had approved and passed a Special resolution permitting investments by FII in the Company upto 49% of the paid up equity share Capital of the Company under the Portfolio Investment Scheme. As per extant Regulations, Foreign Investments in the Company, as an entity involved in uplinking of Non-News & Current Affairs TV Channels, is allowed up to 100% under the Government approval route, which shall include, in addition to the Foreign Direct Investment, investments by FIIs, Non-resident Indians, FCCBs, ADRs, GDRs and convertible preference shares held by foreign entities.

FII investment in the Company as at the close of May 17, 2013 was at 43.02 %. In order to facilitate further FII Investments, your Board deems it desirable to increase the current cap of 49% for FII Investments upto the maximum sectoral cap allowed under the FDI policy and other applicable regulations.

Increased participation by FIIs in the Equity shares of the Company is considered to be in the interest of the Company and your Board recommends the Special Resolution for consideration by the members.

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

By Order of the Board

M Lakshminarayanan

Chief Compliance Officer & Company Secretary

Place: Mumbai

Date: May 22, 2013

Registered Office:

Continental Building

135, Dr Annie Besant Road

Worli, Mumbai 400 018

DIRECTORS' **REPORT**



TO THE MEMBERS

Your Directors are pleased to present the Thirty First Annual Report with the Audited Statement of Accounts of the Company for the year ended March 31, 2013.

RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, in relation to the Annual Financial Statements for the Financial Year 2012-2013, your Directors confirm the following:

- a) The Financial Statements comprising of the Balance Sheet as at March 31, 2013 and the Statement of Profit & Loss for the year ended on that date have been prepared in the revised format of Schedule VI of Companies Act, 1956 on a going concern and on the accrual basis and in the preparation of these Financial Statements, applicable accounting standards have been followed and there are no material departures;
- b) Accounting policies selected were applied consistently and the judgements and estimates related to the financial statements have been made on a prudent and reasonable basis, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and of the profit of the Company for the year ended on that date; and
- c) Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

FINANCIAL RESULTS

The Financial Performance of your Company for the year ended March 31, 2013 is summarised below:

Particulars	₹ millions	
	Year ended 31.03.2013	Year ended 31.03.2012
Revenue from Operations	25,659	22,040
Other Income	1,189	1,289
Total Income	26,848	23,329
Total Expenses	17,329	15,991
Profit before Tax	9,519	7,338
Provision for Taxation (net)	3,112	2,441
Profit after Tax	6,407	4,897
Add: Balance brought forward	13,328	11,602
Add: Proposed Dividend (including tax) on Equity	8	-
Shares bought back and cancelled		
Amount available for appropriations	19,743	16,499
Appropriations:		
Dividend	1,919	1,438
Tax on Dividend	326	233
General Reserve	1,500	1,500
Balance carried forward	15,998	13,328

The outflow on account of Dividend, and the tax on such dividend distribution, based on current paidup capital of the Company would aggregate to ₹ 2,245 million, resulting in a payout of 35% of the profits of the Company on a standalone basis.

EQUITY DIVIDEND

Your Directors recommend payment of Dividend of ₹ 2.00 per equity share of ₹ 1/- each and such Dividend shall be payable subject to approval of the Members of the Company on the outstanding equity capital as at the book closure date. The outflow on account of dividend, and the tax on such dividend distribution, based on current paid-up capital of the Company would aggregate to ₹ 2,245 millions, resulting in a payout of 35% of the profits of the Company on a stand-alone basis.

BUSINESS OVERVIEW

The year marked the completion of 20 years of Brand Zee. In a year which was marked by considerable slowdown in the Indian economy, reflecting focus on superior performance during the year, your Company has recorded industry leading advertising revenue growth of 24% as against overall television advertisement spends which recorded single digit growth. The television media industry continued to grow on the back of better monetisation of subscription revenues. Financial Year 2013 was a defining year in many ways, the biggest transformation being the implementation of Digital Addressable System (DAS) in 42 largest cities of India in two phases. With exciting consumer offers being provided by DTH operators on premium channel subscriptions, Average Revenue Per User (ARPU) on DTH is growing and your Company believes that a similar effort by digital cable operators will ensure more

DIRECTORS' REPORT

robust growth of the industry for all stakeholders.

During the year, your Company enhanced its product portfolios both in domestic as well as international markets, with the launch of:

- **Zee Bangla Cinema :** A 24-hour Bangla movie channel. With over 400 exclusive titles under its belt, Zee Bangla Cinema offers a mixed bag of commercial blockbuster and alternative cinema.
- **Zee Q :** India's first edutainment channel, aimed at children in the age group of 4 to 14 years to address the educational need gaps through an engaging mix of home produced and acquired contents.
- **Zee Alwan:** An Arabic GEC channel. It is a unique channel aimed at Arab family audiences, showcasing a diverse choice of Arabic serials and popular Indian TV serials dubbed in Arabic.

Your Company's flagship channel Zee TV improved its viewership share significantly during the year with the launch of several successful shows, including Dance India Dance - L'il Masters, Fear Files, Qubool Hai, Sapne Suhane Ladakpan Ke and India's Best Dramebaaz. Pavitra Rishta continued its successful run and reaching a landmark of 1,000 episodes. DID L'il Masters got the highest rating in any non-fiction launch across all Hindi GECs. Zee Cinema continues to lead the Hindi Movie genre and strengthened its movie library. During the year, some of the Bollywood's biggest blockbusters including Agneepath, English Vinglish, Joker and Agent Vinod were premiered on Zee Cinema.

Regional entertainment channels of your Company continued their strong growth in respective markets. Zee Marathi improved its viewership share and became consistent No. 2 player in Marathi GECs. World television premier of the movie Kaksparsah was hugely successful and had a TVR rating of 6.5 and a reach of 16.4 which was highest for a movie in Maharashtra Market. Zee Bangla had market leadership in non-fiction genre with 78% market share - driven by shows like Dance Bangla Dance Junior 2012, Sa Re Ga Ma Pa 2012 and Mirakkel Akkel Challenger 7 and continues to be a strong player in the Bangla GEC space and had the position of No 1 Bangla channel in Digital CS 4+ market at the year end.

Zee Telugu was the No.1 GEC channel in the weekday Primetime fiction band between 1800-2030hrs on the back of slot leaders like Pasupu Kumkuma and Muddu Bidda, and had bagged 4 State Nandi Awards during the year including a Golden Nandi for Pasupu Kumkuma. Zee Kannada has consistently been at No.3 spot in the viewership ranking in its genre with its top performing shows during the year Kaas Ge Toss, Mummy No. 1, Radha Kalyana and Parvati Parameshwara. Zee Tamil during the year maintained its No.4 position among Tamil GECs with its most successful talk show 'Solvathellam Unmai' and has improved its viewership share in weekday primetime band and is a No. 3 player in that band.

Zee Cafe has emerged as a leading player in the English Entertainment genre and has acquired some of the best entertainment shows in English genre including The Big Bang Theory, Vampire Diaries, Miss Universe 2012

and Gossip Girl.

Armed with telecast rights from 5 (five) cricket boards covering cricket matches of almost all test playing countries, your Company's sports channels continue to enthrall viewers across the country. Some of the other major acquisitions during the year include US Open Tennis Championships, Brazilian Football League and WTA Premier Event Rights.

Your Company continued its focus on expansion in International markets by signing several deals and launching several channels during the year that enhanced the penetration of ZEE network channels in international territories and these include :

- Agreement with Yupp TV IPTV platform in Europe
- Contract with Russia's 3rd largest GSM operator Megafon for Mobile TV and with regional analog cable operator Barshinform in Russia
- Zing was launched on Rogers, while Zee Salaam and Zee Tamil were launched on Bell Fibe in Canada
- Seven ZEE channels were launched on the Indian Pack with TOT (IPTV) in Thailand.

In Africa, Zee TV became the first ethnic channel to be monitored by TAM in South Africa and was positioned within the Top 50 channels out of the 120 rated channel-list. In Europe, the first locally produced British Asian drama series 'Cloud 9' was launched on Zing channel and ZEE TV HD continues to stand out as the first South Asian channel launched in HD format in the US.

One of our key initiatives in the digital space, India.com which runs the 4th largest Indian Portal with 7.18 mm monthly unique visitors, owns and operates leading websites in key audience categories which include bollywoodlife.com, cricketcountry.com, health.india.com, oncars.in, travel.india.com, and bgr.in. India.com runs the largest original production content channels on YouTube and has launched 6 Original Programming Channels and uploaded 7,200 hours, 31,000 Videos in 2012. Our second digital initiative, DittoTV OTT platform launched last year has picked up significant traction in FY2013 and the platform is now present in over 250 countries and offering over 56 channels and boasts of over 1.5 mm users.

SUBSIDIARIES

As at March 31, 2013, the Company has 18 subsidiaries in India and Overseas. During the year under review, APAC Media Ventures Limited, Hongkong - a wholly owned subsidiary of Asia Today Limited, Mauritius and a step down subsidiary of the Company filed an application in February 2013 for dissolution with Companies Registry, Hongkong since the business operations in the region is currently being managed by another wholly owned subsidiary of Asia Today Limited viz. Zee Technologies (Ghuangzhou) Limited.

During the year under review, ITM Digital Private Limited a wholly owned Indian Subsidiary of the Company was renamed as Essel Vision Productions Limited, which is engaged in the business of production of

television /film contents, mainly catering to Zee Network channels.

Your Board has decided to avail the general exemption provided by the Ministry of Corporate Affairs in 2011 from applicability of provisions of Section 212 (8) of the Companies Act, 1956, and accordingly, the annual accounts of the subsidiaries of the Company for the financial year ended March 31, 2013 are not being attached with the Annual Report of the Company and certain financial highlights of the subsidiaries are disclosed in the Annual Report, as part of the Consolidated financial statements. The audited Annual Accounts and related information of the subsidiaries, will be made available, upon request by any shareholder of the Company, for inspection at the registered office.

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

PREFERENCE SHARES

As a special reward to shareholders on completion of 20 years of broadcasting business of the Company, in addition to the Dividend on Equity Shares, your Board of Directors has approved distribution of about ₹ 2,000 crores, by way of Bonus issue of 6% Cumulative Redeemable Non Convertible Preference shares ('RPS'). Such issuance of RPS will be subject to approval of the shareholders and other statutory & regulatory approvals/ exemptions. Your Board will be formulating a Scheme of Arrangement for the purpose, upon approval of which the Company will issue 21 (Twenty one) RPS of Re 1 each for every Equity share of Re 1 each held in the Company on a Record Date to be fixed subsequently.

BUYBACK OF EQUITY SHARES

Under the fresh buyback of equity shares approved by your Board in April 2012 for buying back equity shares by the Company up to 10% of the net worth of the Company i.e upto a financial limit of ₹ 2,800 millions at a maximum market price of ₹ 140 per share, your Company during the financial year under review and till the closure of the buyback on April 3, 2013, had bought back 48,12,357 Equity shares of ₹ 1 each from the open market at an aggregate value of ₹ 593.5 millions and all these shares were extinguished subsequently. Consequent to the said buyback and extinguishment, the Equity Share Capital of your Company was reduced to 953,957,720 equity shares of Re 1 each as at March 31, 2013.

EMPLOYEES STOCK OPTION SCHEME

Your Company had not granted any stock options during the year. Details of options granted till March 31, 2013 and other disclosures as required under Clause 12 (Disclosure in the Directors' Report) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('SEBI Guidelines') are set out in the Annexure to this Report. Subsequent to the year ended March 2013, upon exercise of some of the vested options issued in 2009, your company had issued and allotted to the Option Grantees 5,448,700 Equity

Shares of Re 1 each till the date of this report.

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

PUBLIC DEPOSITS

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

CORPORATE GOVERNANCE

Your Company has been constantly reassessing and benchmarking itself with well-established Corporate Governance practices besides strictly complying with the requirements of Clause 49 of the Listing Agreement. Your Company has documented internal governance policies and put in place a formalised system of Corporate Governance which sets out the structure, processes and practices of governance within the Company and its subsidiaries. Given the emerging pivotal role of Independent Directors in bringing about good governance, your Company continues its efforts in seeking optimum utilisation of their expertise and involving them in all critical decision making processes.

A separate detailed report on Corporate Governance together with the Statutory Auditors' Certificate on compliance is attached to this Annual Report. Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is presented in a separate section forming part of the Annual Report.

In line with the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' issued by the Ministry of Corporate Affairs in July 2011 and as mandated by the Securities and Exchange Board of India (SEBI), a Business Responsibility Report for the year ended March 31, 2013 is attached to this Annual Report. The said Business Responsibility Report is also available on the Company's website www.zeetelevision.com as part of the Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

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

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

DIRECTORS' REPORT

Harmony, a body which aims to create a peaceful and harmonious society. Additionally, the Company has committed medium term financial support by way of donation to Marrow Donor Registry (India) - MDRI, a society which facilitates Marrow and Blood Stem Cell transplants for patients with life-threatening blood diseases and has data base of voluntary, unrelated Marrow Donors.

In its constant drive to empower and educate women, your Company supported the campaign run by International Advertising Association India Chapter (IAA) and the Gender Sensitisation Seminar held in February 2013. The theme of the event, which was held in collaboration with Laadli and supported by UNFPA, was aimed at content developers in media, advertising and marketing to sensitise them on gender nuances and to encourage creative personnel to come up with compelling campaigns against street sexual harassment.

DIRECTORS

Prof R Vaidyanathan, Independent Director and Mr. Ashok Kurien, Non-Executive Director, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. Your Board has recommended their re-appointment.

AUDITORS

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

Your Company has received confirmation from the Auditors to the effect that (i) their reappointment, if made would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956; (ii) that they are not disqualified for reappointment within the meaning of Section 226 of the said Act and (iii) they have been provided a valid certificate from the Peer Review Board of the Institute of Chartered Accountants of India.

In compliance with Cost Accounting Records (Telecommunication Industry) Rules, 2011, Mr. Vaibhav P Joshi, Practising Cost Accountant, was appointed as Cost Auditor of the Company for Financial year 2012-13.

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

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

However the information, as applicable, are given hereunder:

Conservation of Energy

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

Technology Absorption

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

Foreign Exchange Earnings and Outgo

Particulars of foreign currency earnings and outgo during the year are given in Note 38 to 40 of the Notes to the Accounts forming part of the Annual Accounts.

PARTICULARS OF EMPLOYEES

Your Company had 1,630 employees as of March 31, 2013. The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended are set out in an annexure to this Report. However, in terms of Section 219(1)(b) (iv) of the Act, these details are not being sent as part of this Report and any shareholder interested in obtaining copy of the same may write to the Company Secretary.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Punit Goenka

Managing Director & CEO

M Y Khan

Director

Place: Mumbai

Date: May 22, 2013

ANNEXURE TO THE DIRECTORS' REPORT

Statement as at March 31, 2013 pursuant to Clause 12 (Disclosure in the Directors' Report) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

a) Details of Options Granted and Exercise Price per Option	No options were granted during the Financial Year 2012-13
b) Pricing Formula	The pricing formula as approved by the Shareholders of the Company, shall be the "market price" as per the SEBI Guidelines i.e. the latest available closing price prior to the date of grant of option at the Stock Exchange where there is highest trading volume
c) Total number of Options vested	6,825,200
d) Total number of Options exercised	Nil
e) Total number of Equity Shares of ₹1/- each arising as a result of exercise of Options	Nil
f) Total number of Options lapsed (during the year)	276,400
g) Variation of terms of Options	Nil
h) Money realised by exercise of Options (₹ in millions)	Nil
i) Total number of Options in force	6,548,800
j) Details of Options granted to	
(i) Senior Managerial Personnel	No options granted during the year
(ii) Any other employee who received a grant in any one year of Options amounting to 5% or more of the Options granted during that year	None
(iii) Identified employees who were granted Options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	None
k) Diluted Earnings Per Share pursuant to issue of Ordinary Shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'.	₹ 6.69 (Diluted EPS after exceptional item)
l) Difference, if any, between employee compensation cost (calculated using the intrinsic value of stock option) and the employee compensation cost (calculated on the basis of fair value of options)	The issuance of the equity shares upon exercise of option shall not affect the Profit & Loss account of the Company, as the Pricing formula as approved by the Shareholders of the Company is the Market Price as per SEBI Guidelines i.e. latest available closing price prior to the date of grant of option at the Stock Exchange where there is highest trading volume.
m) Weighted-average exercise prices and weighted-average fair values of options, separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Not Applicable
n) A description of the method and significant assumptions used during the year to estimate the fair value of options, including the following weighted-average information	Not Applicable
(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	

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

For and on behalf of the Board of Directors

Punit Goenka
Managing Director & CEO

M Y Khan
Director

Place: Mumbai

Date: May 22, 2013

ANNEXURE TO THE DIRECTORS' REPORT

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING SUBSIDIARY COMPANIES

Name of the Subsidiary Company	The financial Year of the Subsidiary Company ended on	Holding Company	Extent of Holding Company's Interest	Face value of equity shares (per share)	Number of equity shares held by the Holding Company and/or its subsidiaries	Net aggregate amount of profits / (losses) of the subsidiary so far as it concerns the members of the Holding Company and is dealt with in accounts of Holding Company		Net aggregate amount of profits / (losses) of the subsidiary so far as it concerns the members of the Holding Company and is not dealt with in accounts of Holding Company	
						For the financial year ended on 31 March, 2013	For the previous financial years of the subsidiary since it became a subsidiary	For the financial year ended on 31 March, 2013	For the previous financial years of the subsidiary since it became a subsidiary
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
						(Amt. In 'millions)	(Amt. In 'millions)	(Amt. In 'millions)	(Amt. In 'millions)
Taj Television (India) Private Limited	31/03/2013	ZEEL	100%	₹ 100/-	10,000	₹ 72	₹ 16	₹ 72	₹ 16
Zee Turner Limited	31/03/2013	ZEEL	74%	₹ 10/-	74,000	₹ 93	₹ 328	₹ 93	₹ 328
Zee Sports Limited	31/03/2013	ZEEL	100%	₹ 10/-	50,000	₹ (2)	₹ (1)	₹ (2)	₹ (1)
Essel Vision Productions Limited (formerly ITM Digital Private Limited)	31/03/2013	ZEEL	100%	₹ 10/-	1,010,000	₹ (22)	₹ (1)	₹ (22)	₹ (1)
India Webportal Private Limited	31/03/2013	ZEEL	51%	₹ 1/-	119,884,243	₹ (69)	₹ (104)	₹ (69)	₹ (104)
Asia Today Limited (ATL)	31/03/2013	ZEEL	100%	US \$ 1	583	US\$ 16	US\$ 6	US\$ 16	US\$ 6
Apac Media Ventures Limited *	31/03/2013	ATL	100%	HK \$ 1	10,000	US\$ 0	HK \$ (0)	US\$ 0	HK \$ (0)
Expand Fast Holdings (Singapore) Pte. Limited	31/03/2013	ATL	100%	US \$ 1	100,000	US\$ 0	US\$ 0	US\$ 0	US\$ 0
Zee Multimedia (Maurice) Limited	31/03/2013	ATL	100%	Mauritius ₹ 1	1,000	Mauritius ₹ 1	Mauritius ₹ 1	Mauritius ₹ 1	Mauritius ₹ 1
Zee TV South Africa (Proprietary) Limited	31/03/2013	ATL	100%	RAND 1	1	RAND (8)	RAND (4)	RAND (8)	RAND (4)
Zee Telefilms Middle East FZ-LLC	31/03/2013	ATL	100%	AED 1,000	2,500	AED (1)	AED 9	AED (1)	AED 9
Zee Technologies (Guangzhou) Limited	31/03/2013	ATL	100%	YUAN 1	-	YUAN 0	YUAN (0)	YUAN 0	YUAN (0)

Name of the Subsidiary Company	The financial Year of the Subsidiary Company ended on	Holding Company	Extent of Holding Company's Interest	Face value of equity shares (per share)	Number of equity shares held by the Holding Company and/or its subsidiaries	Net aggregate amount of profits / (losses) of the subsidiary so far as it concerns the members of the Holding Company and is dealt with in accounts of Holding Company	Net aggregate amount of profits / (losses) of the subsidiary so far as it concerns the members of the Holding Company and is not dealt with in accounts of Holding Company
						For the financial year ended on 31 March, 2013	For the previous financial years of the subsidiary since it became a subsidiary (Amt. In 'millions)
Taj TV Limited	31/03/2013	ATL	100%	US\$ 1,000	16,950	US\$ 1	US\$ 6
Zee Multimedia Worldwide (Mauritius) Limited (ZMWL)	31/03/2013	ZEEL	100%	US \$ 1	56,796,292	US\$ 1	US\$ 0
Asia TV Limited (Asia TV)	31/03/2013	ZMWL	100%	GBP 1	16,438,900	GBP 0	GBP 0
Zee CIS LLC	31/03/2013	Asia TV & Zee CIS Holding LLC	100%	RUB 1	12,000	RUB 1	RUB (5)
Zee TV USA, Inc.	31/03/2013	ZMWL	100%	US \$.01	2	US\$ 1	US\$ 0
Zee CIS Holding LLC	31/03/2013	Asia TV	100%	-	-	-	-

Note :

* Applied for deregistration

For and on behalf of the Board of Directors

Punit Goenka
Managing Director & CEO

M Y Khan
Director

Place: Mumbai
Date: 22 May, 2013

REPORT ON CORPORATE GOVERNANCE



COMPANY'S GOVERNANCE PHILOSOPHY

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

BOARD OF DIRECTORS

Composition and Category of Directors

ZEE has a balanced Board with combination of Executive and Non-Executive Directors, to ensure independent functioning and the composition of the Board is in conformity with Clause 49 (I)(A) of the Listing Agreements. Non-Executive Directors include independent

professionals with experience in business, finance, technology and media. Independent Directors of the Company provide appropriate annual certifications to the Board confirming satisfaction of the conditions of their being independent as laid down in Clause 49.

Composition of the Board as on March 31, 2013

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

Board Meetings & Procedures

During the financial year under review, six (6) meetings of the Board were held on April 4, 2012, May 21, 2012, July 20, 2012, October 19, 2012, January 23, 2013 and March 18, 2013. The intervening period between any two Board Meetings were well within the maximum time gap of 4 months prescribed under Clause 49 of the Listing Agreement. The annual calendar of meetings is broadly determined at the beginning of each year. The Board meets atleast once a quarter to review the quarterly performance and financial results of the Company.

Particulars of Directors, their attendance at the Annual General Meeting and Board Meetings mentioned hereinabove held during the Financial year 2012-13 and also their other Directorships held in Public Companies (excluding Foreign Companies and Section 25 Companies) and Membership of other Board Committees (excluding Remuneration Committee) as at March 31, 2013 are as under:

Name of Director	Attendance at		No of Directorship in other public companies as		No of Committee positions held in other public companies as	
	Board Meeting (Total 6 Meetings)	30th AGM held on 20.07.12	Member	Chairman	Member	Chairman
Non-Executive Independent Director						
Gulam Noon	5	Yes	-	-	-	-
M. Y. Khan	6	Yes	5	-	-	-
R. Vaidyanathan	6	Yes	4	-	1	1
Promoter Non-Executive Director						
Ashok Kurien	6	Yes	1	-	1	1
Subhash Chandra	4	Yes	1	4	-	-
Executive Director						
Punit Goenka	5	No	9	-	3	2

REPORT ON CORPORATE GOVERNANCE

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

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

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

Prof. R. Vaidyanathan, 61, a graduate from Loyola College, Madras, holds a Masters from the Indian Statistical Institute, Calcutta and also a Fellow Member in Management (Doctorate) from Indian Institute of Management, Calcutta, is the Professor of Finance and Control at the Indian Institute of Management, Bangalore and UTI Chair Professor in the area of Capital Markets. He is known for his commendable contributions in the areas of Corporate Finance, Risk Management, Pensions, etc. He was a member of secondary market committee of SEBI and committee on Interest rates/inflation of RBI. He was a Member of the L.C.Gupta Committee appointed by SEBI for Derivative Trading and is currently a National Fellow of the Indian Council of Social Science Research, New Delhi. In the past, Prof. Vaidyanathan, also held position of President of Asia Pacific Risk and Insurance Association headquartered in Singapore and he has published a number of articles in India and abroad on Corporate Finance and Capital Markets. He was named as One of the ten best professors at all IIMs by Business today Magazine

Apart from the Company, as at March 31, 2013, Prof Vaidyanathan holds directorship in four (4) other Indian Public Limited Companies viz. General Optics (Asia) Ltd, Gujarat State Petronet Ltd, Birla Sun life Asset Management Company Ltd and Dalmia Cement Ventures Ltd .

As on March 31, 2013, Prof. Vaidyanathan does not hold any shares in the Company. However, subsequent to the year end and pursuant to exercise of Stock Options issued in 2009, Prof. Vaidyanathan was allotted 40,000 Equity shares of the Company in April 2013.

Ashok Kurien, 63, is one of the Founder-Promoter and Non- Executive Director, associated with the Company since its inception. Mr. Kurien has been in the business of building brands for over 35 years, particularly in the fields of media and communications. An early bird, Ashok Kurien has the keen eye of driving start-ups in emerging businesses and guiding them to size and scale, such as TV, DTH, Lottery, PR and dot coms, where he invested and mentored, which have been resounding success stories.

Mr. Kurien, a well known personality in the Advertising world, founded Ambience Advertising, one of most formidable creative powerhouse in its first decade. Ambience has come a long way, and was later sold to the Publicis Groupe. As a special advisor to the US \$ 7 billion Publicis Groupe, he assists their mergers and acquisitions for India. He is founder and promoter of various business ventures including Hanmer & Partners, one of India's top-three Public Relations agencies; Livinguard Technologies, the world's 1st self-disinfecting textiles, as well as a few other internet ventures.

Despite the great heights he's achieved in this career, Mr. Kurien has his feet firmly rooted to the ground. He believes in commitment to society and is involved with a number of charities, NGOs and social service organisations.

Apart from the Company, Mr. Kurien holds directorship in Dish TV India Ltd. Mr. Kurien does not hold any shares in the Company.

Code of Conduct

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

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

Declaration

I confirm that the Company has obtained from all Directors and Senior Management Personnel of the Company their affirmation of compliance with the 'Code of Conduct for Members of the Board and Senior Management' of the Company for the financial year ended March 31, 2013.

Punit Goenka

Managing Director & CEO
Mumbai, May 22, 2013

BOARD COMMITTEES

a) Audit Committee

Terms of reference

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

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

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

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

Constitution

The Audit Committee currently comprises of three (3) Directors and is chaired by Dr. M. Y. Khan, an Independent Director. During the year under review, five (5) Meetings of the Audit Committee were held on May 21, 2012, July 19, 2012, October 19, 2012, January 23, 2013 and March 18, 2013.

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

Name of Directors	Category	Number of Meetings attended
M. Y. Khan	Non Executive – Independent	5
Ashok Kurien	Promoter – Non Executive	5
R. Vaidyanathan	Non Executive – Independent	5

b) Remuneration Committee and Policy

Terms of reference

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

Constitution

The Remuneration Committee currently comprises of three (3) Directors and is chaired by Dr. M.Y Khan an Independent Director. During the year under review one (1) Meeting was held on March 18, 2013.

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

Name of Directors	Category	Number of Meetings attended
M. Y. Khan	Non Executive – Independent	1
Subhash Chandra	Promoter – Non Executive	-
Ashok Kurien	Promoter – Non Executive	1

Remuneration payable to Managing Director

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

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

The details of the remuneration paid to Mr. Punit Goenka, Managing Director & CEO of the Company during the year ended March 31, 2013 is as under:

REPORT ON CORPORATE GOVERNANCE

	(₹ millions)
Name of Directors	
Salary & Allowances	45
Perquisites	7
Employer's Contribution to Provident Fund	4
TOTAL	56

Remuneration payable to Non-Executive Directors

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

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

Details of the remuneration of the Non-Executive Directors of the Company for Financial year 2012-2013 are as under:

			(₹ millions)
Name of Director	Sitting Fees paid	Commission Payable	Total
Subhash Chandra	0.08	2.00	2.08
Ashok Kurien	0.24	2.00	2.24
Gulam Noon	0.10	2.00	2.10
M Y Khan	0.24	2.00	2.24
R. Vaidyanathan	0.22	2.00	2.22
TOTAL	0.88	10.00	10.88

In addition to the remuneration, in October 2009 the Non-Executive Directors were granted 20,000 Stock Options each (convertible into equivalent number of Equity Shares of ₹ 1 each of the Company) at an exercise price equivalent to Market Price, as per Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as on the date of grant of Option i.e. ₹ 239.80 per Stock Option. Consequent to issuance of Bonus Shares in ratio of 1:1, the said Stock Options were doubled to 40,000 each and the exercise price was reduced to ₹ 119.90 per Stock Option.

Particulars of Stock Options granted to the Non-Executive Independent Directors and outstanding as at March 31, 2013 is as under:

Name of Director	Granted	Vested
Gulam Noon	40,000	40,000
M Y Khan	40,000	40,000*
R. Vaidyanathan	40,000	40,000*
TOTAL	120,000	120,000

* Company has issued equivalent number of Equity Shares upon exercise of these vested options subsequent to March 31, 2013.

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

c) Share Transfer and Investors Grievance Committee

Terms of reference

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

Constitution

The Share Transfer and Investors Grievance Committee currently comprises of (2) two Directors viz. Mr. Ashok Kurien, Non Executive Director as Chairman and Mr. Punit Goenka, Managing Director & CEO as the Member. During the year under review, Share Transfer and Investors Grievance Committee met four (4) times on April 23, 2012, July 09, 2012, October 08, 2012 and January 14, 2013. These meetings were attended by all Committee Members.

Mr. M. Lakshminarayanan, Chief Compliance Officer & Company Secretary is the Compliance Officer of the Company.

Details of number of requests/complaints received and resolved during the year ended March 31, 2013, are as under:

Nature of Correspondence	Received	Replied/ Resolved	Pending
Non-receipt of Dividend Warrant(s)	26	26	-
Non-receipt of Certificates	8	8	-
Letter received from SEBI/ Stock Exchanges	9	9	-
Non-receipt of Annual Report	13	13	-
TOTAL	56	56	-

OTHER BOARD COMMITTEES

In addition to the above, following Committees have been constituted to exercise powers as per the scope mentioned herein:

i) Nomination Committee

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

ii) ESOP Allotment Sub-Committee

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

iii) Finance Sub-Committee

With a view to facilitate monitoring and expediting any debt fund raising process; approve financing facilities offered and/or sanctioned to the Company by various Banks and/or Indian Financial Institutions

from time to time, in the form of Term Loans, Working Capital facilities, Guarantee Facilities, etc., including the acceptance of terms and conditions of such facilities being offered and exercising other authorities as may be delegated by the Board from time to time, the Board has constituted a Finance Sub-Committee comprising of Dr. M. Y. Khan as Chairman and Mr. Ashok Kurien and Mr. Punit Goenka as its Members.

iv) Corporate Management Committee

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

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

GENERAL MEETINGS

The 31st Annual General Meeting of the Company for the Financial Year 2012-13 will be held on Thursday, July 25, 2013 at 11.00 a.m. at 'Nehru Auditorium', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018.

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

Year	Date and Time	Special Resolutions passed	Venue
2011-12	20.07.2012 - 11.00 a.m.	None	Hall of culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018
2010-11	10.08.2011 - 11.00 a.m.	None	Nehru Centre, Nehru Auditorium, Dr. Annie Besant Road, Worli, Mumbai 400 018.
2009-10	29.10.2010 - 10.30 a.m.	Payment of Commission to Non-Executive Directors for five (5) financial years from the year ended March 31, 2011. Alteration of Capital Clause of Articles of Association	

All the above resolutions were passed with requisite majority.

During the year under review, an Extra-ordinary General Meeting of the Members of the Company was held on April 27, 2012 at 11.00 a.m. at 'Hall of Culture', Nehru Centre, Dr Annie Besant Road, Worli, Mumbai 400 018, where a Special Resolution for alteration of Articles of Association of the Company was passed by the Members with requisite majority.

No Special resolution was passed through Postal Ballot during the Financial Year 2012-13. None of the resolutions proposed at the ensuing Annual General Meeting need to be passed by Postal Ballot.

REPORT ON CORPORATE GOVERNANCE

Disclosures

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

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

Compliance with Non-Mandatory requirements

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

1. **Remuneration Committee** – The Company has setup Remuneration Committee to recommend/review overall compensation policy, service agreements and other employment conditions of Executive Directors and to administer Company's Employee Stock Option Scheme.
2. **Whistle Blower Policy** – The Board of Directors of the Company approved the Whistle Blower Policy, pursuant to which employees can raise concern relating to the fraud, malpractice or any other untoward activity or event which is against the interest of the Company and/or its stakeholders. As per the Whistle Blower Policy of Company, no employee has been denied access to the Audit Committee of the Board.
3. **Audit Qualification** – Company is in the regime of unqualified financial statements.

4. **Chairman's Office** – An office with requisite facilities is provided and maintained at the Company's expense for use by its Non-Executive Chairman. The Company also reimburses all travel and other expenses incurred in his furthering the Company's business interests.

Means of Communication

The Company has promptly reported all material information including declaration of quarterly financial results, press releases, etc. to all Stock Exchanges where the securities of the Company are listed. Such information is also simultaneously displayed immediately on the Company's corporate website, www.zeetelevision.com. The financial results quarterly, half yearly and annual results and other statutory information were communicated to the shareholders by way of an advertisement in a English newspaper viz. 'Daily News & Analysis (DNA)' and in a vernacular language newspaper viz. 'Punya Nagari (Marathi)' as per requirements of the Listing Agreement. The financial and other information filed by the Company with stock exchanges from time to time are also available on the Corporate Filing and Dissemination System maintained by BSE and NSE and can be accessed on www.corpfiling.co.in and The NEAPS which is a web based application designed by NSE can be accessed on <https://www.connect2nse.com/LISTING>

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

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

General Shareholder Information

The required information is provided in Shareholders' Information Section.

AUDITORS' CERTIFICATE

Disclosures

To

The Members,

Zee Entertainment Enterprises Limited

We have examined the compliance of conditions of Corporate Governance by **Zee Entertainment Enterprises Limited ('the Company')**, for the year ended March 31, 2013 as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchanges.

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

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

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

For MGB & Co

Chartered Accountants

Firm Registration Number 101169W

Hitendra Bhandari

Partner

Membership Number 107832

Place: Mumbai

Date: May 22, 2013

REPORT ON CORPORATE GOVERNANCE

SHAREHOLDERS' INFORMATION

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

1. Date, Time and Venue of Shareholder's Meeting	Meeting	Annual General Meeting
	Day & Date	Thursday, July 25, 2013
	Time	11 a.m.
	Venue	Nehru Auditorium, Nehru Centre Dr. Annie Besant Road, Worli, Mumbai – 400 018
2. Financial Year	2012-2013	
3. Date of Book Closure	July 13, 2013 to July 19, 2013 (both days inclusive)	
4. Dividend Payment Date	July 29, 2013	
5. Registered office	Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai-400 018, India Tel: +91-22-2483 1234 Fax: +91-22-2490 0302/0213 Website : www.zeetelevision.com	
6. Listing on Stock Exchanges	BSE Limited (BSE) The National Stock Exchange of India Limited (NSE)	
7. Stock Code	BSE	505537
	NSE	ZEEL EQ
	Reuters	ZEE.BO (BSE) ZEE.NS (NSE)
	Bloomberg	Z IN (BSE) NZ IN (NSE)
8. ISIN No.	Equity - INE256A01028	
9. Registrar & Share Transfer Agent	Sharepro Services (India) Private Limited, 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai-400 072, India Tel: +91-22-6772 0400, Fax: +91-22-2859 1568E.Mail: sharepro@shareproservices.com	
10. Investor Relations Officer	Mr. Pushpal Sanghavi Zee Entertainment Enterprises Limited Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai - 400 018, India Tel: +91-22-2483 1234, Fax: +91-22-2490 0302/0213 E.Mail: shareservice@zee.esselgroup.com	

11. Dividend

The Board of Directors have recommended payment of dividend @ ₹ 2 per share on paid up value of ₹ 1 per share i.e. 200% on the paid up capital of the Company and such Dividend shall be payable upon approval by the Members of the Company on the outstanding capital at the Book Closure.

Dividend, if approved by Members at the ensuing Annual General Meeting, will be paid to all those shareholders whose name appear in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company or its Registrars on or before July 12, 2013 and in the list of beneficial owners furnished by National Securities Depository Limited and/or Central Depository Services (India) Limited, in respect of shares held in electronic form, as at the end of the business on July 12, 2013.

Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, unpaid or unclaimed dividends for Financial year 2004-05 declared by the Company and ETC Networks Limited (since merged with the Company) has been transferred by the Company to the Investor Education Protection Fund (the IEPF) established by Central Government.

Dividend for the financial year ended March 31, 2006, which remains unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund on completion of seven years. Members who have not encashed their dividend warrant(s) issued by the Company or ETC Networks Limited (since merged with the Company) for the financial year ended March 31, 2006, or any subsequent financial year(s), are requested to seek issue of duplicate warrant(s) by writing to the Registrar and Share Transfer Agent of the Company. Members will not be able to claim any unpaid dividend from the Investor Education and Protection Fund or the Company once it is transferred to the fund.

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

Zee Entertainment Enterprises Limited:

Financial Year Ended	Date of Declaration of Dividend	Last date for Claiming unpaid Dividend	Due date for transfer to IEP fund
31.03.2006	28.12.2006	03.02.2014	02.03.2014
31.03.2007	17.08.2007	22.09.2014	21.10.2014
31.03.2008	23.07.2008	28.08.2015	27.09.2015
31.03.2009	18.08.2009	23.09.2016	22.10.2016
31.03.2010 (Interim)	20.04.2010	26.05.2017	24.06.2017
31.03.2010 (Final)	29.10.2010	04.12.2017	02.01.2018
31.03.2011	10.08.2011	15.09.2018	14.10.2018
31.03.2012	20.07.2012	25.08.2019	23.09.2019

ETC Networks Limited:

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

12. Change of Address

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

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

13. Share Transfer System

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

Pursuant to the clarification issued by the Ministry of Corporate Affairs in April 2011, a company will be deemed to have complied with the provisions of Section 53 and 219(1) of the Companies Act, 1956, in case documents like notice, annual report etc are sent in electronic form to its shareholders subject to compliance with the conditions stated therein.

The Company has intimated the adoption of the said initiative to the members who hold equity shares in electronic form and whose email address have been made available to the Company by the Depositories. The Company will be sending the notice and annual report for the financial year 2012-13 in electronic form to the said members, in terms of the said circulars.

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

Members who have registered their email address with their DP/the Company but wish to receive the said documents in physical form are requested to write to shareservice@zee.esselgroup.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

REPORT ON CORPORATE GOVERNANCE

with the provisions of the Companies Act, 1956.

14. Dematerialisation of Equity Shares & Liquidity

Trading in equity shares of the Company became mandatory in dematerialised form with effect from April 5, 1999. To facilitate trading in demat form the Company has made arrangements with both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Shareholders can open account with any of the Depository Participant registered with any of these two depositories. As on March 31, 2013, 99.82% of the equity shares of the Company is held by 97,639 shareholders in the dematerialised form and the balance 0.18% is held by 877 shareholders in physical form. Entire shareholding of the promoters in the company are held in dematerialised form.

15. Sub-division of Shares

Pursuant to the approval of the members at the Meeting held on October 25, 1999, the Company had sub-divided the nominal face value of its equity shares from ₹ 10 per share to ₹ 1 per share, with effect from December 06, 1999. From this day onwards trading in equity shares of ₹ 1 each commenced and consequently the equity shares of ₹ 10 each ceased to trade on the exchanges.

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

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

16. Voting Rights

All the shares of the Company carry equal voting rights. Generally, matters at the general meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of 'One Vote'. If majority of members raise their hands in favor of

particular resolution, it is taken as passed, unless a poll is demanded.

17. Unclaimed Shares

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

Description	Number of shareholders	Number of Equity Shares
Aggregate number of shareholders and the outstanding shares in the suspense account as at April 1, 2012	374	201,077
Fresh undelivered cases during the financial year 2012-13	-	-
Number of shareholders who approached the Company for transfer of shares from suspense account till March 31, 2013	14	6,615
Number of shareholders to whom shares were transferred from the Suspense account till March 31, 2013	14	6,615
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2013	360	194,462

The voting rights on the shares outstanding in the suspense account as on March 31, 2013 shall remain frozen till the rightful owner of such shares claims the shares. In compliance with the said requirements, these shares will be transferred into one folio in the name of 'Unclaimed Suspense Account' in due course.

18. Shareholders' Correspondence

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

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

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

19. Outstanding Convertible Securities

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

Directors' Report.

20. Share Capital Build-up

Particulars	No. of shares issued	Date of issue
Initial shareholding at the time of change of name of the Company from Empire Holdings Ltd to Zee Telefilms Ltd	744,000	08.09.1992
Right Issue	8,928,000	15.06.1993
Public Issue	9,000,000	10.09.1993
Allotment under ESOP	160,000	09.06.1999
Allotment under ESOP	190,000	10.07.1999
Allotment under ESOP	396,880	30.09.1999
Issued for acquisition of stake in overseas Company by way of Share Share Swap	19,418,880	30.09.1999
Sub-Division of Shares from ₹ 10 each to ₹ 1 each	388,377,600	23.12.1999
Issued for acquisition of stake in Indian and overseas Company, partly, by way of Share Swap	16,127,412	24.01.2000
Allotment on Preferential basis	4,100,000	31.03.2000
Allotment on Preferential basis	3,900,000	24.04.2000
Allotment on conversion of FCCB	111,237	29.03.2006
Allotment on conversion of FCCB	111,237	10.04.2006
Allotment on conversion of FCCB	222,475	17.04.2006
Allotment on conversion of FCCB	1,288,131	15.05.2006
Allotment on conversion of FCCB	309,240	05.06.2006
Allotment on conversion of FCCB	273,645	01.08.2006
Allotment on conversion of FCCB	355,959	30.08.2006
Allotment on conversion of FCCB	7,731,027	12.09.2006
Allotment on conversion of FCCB	2,658,581	26.09.2006
Allotment on conversion of FCCB	2,431,656	09.10.2006
Allotment on conversion of FCCB	1,793,154	17.10.2006
Allotment on conversion of FCCB	709,697	08.11.2006
Allotment on conversion of FCCB	2,542,897	25.11.2006
Allotment on conversion of FCCB	391,557	07.12.2006
Allotment on conversion of FCCB	131,260	05.02.2007
Allotment on conversion of FCCB	386,018	15.05.2008
Allotment on conversion of FCCB	54,328	14.06.2008
Issued to ZNL shareholders pursuant to Scheme	50,476,622	20.04.2010
Issued to ETC shareholders pursuant to the Scheme	4,413,488	23.09.2010
Issued to 9X shareholders pursuant to the Scheme	140,844	08.11.2010
Bonus Issue in ratio of 1:1	489,038,065	15.11.2010
Allotment under ESOP 2009	20,000	01.06.2011
Allotment under ESOP 2009	46,800	13.06.2011
Less Equity Shares Extinguished in pursuance to Buyback during financial year 2011-12	19,372,853	Various dates
Less Equity Shares Extinguished in pursuance to Buyback during financial year 2012-13	4,812,357	Various dates

REPORT ON CORPORATE GOVERNANCE

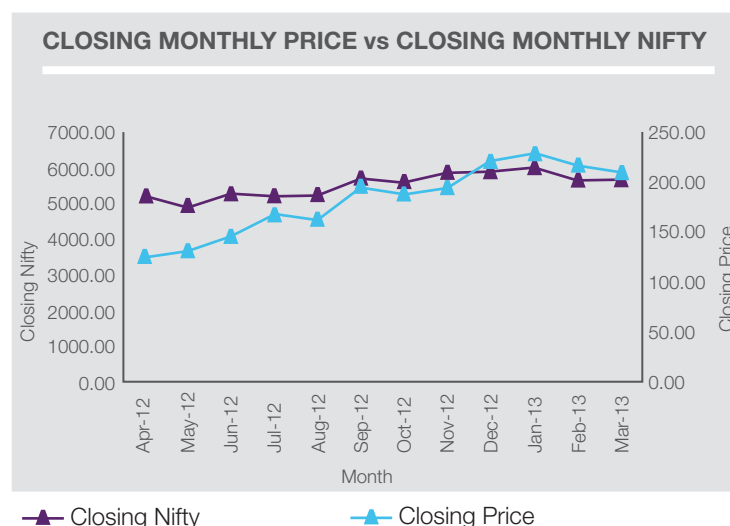
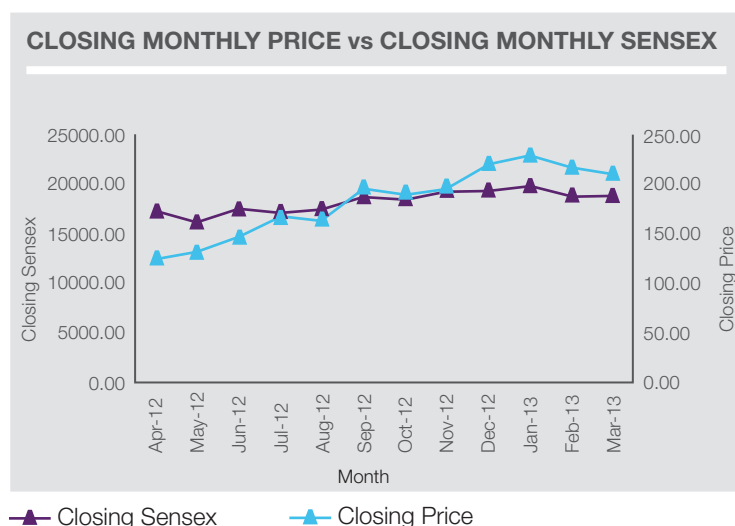
Particulars	No. of shares issued	Date of issue
Issued and Paid-up Capital as at March 31, 2013	953,957,720	
Post March 2013		
Allotment under ESOP 2009	27,70,250	08.04.2013
Allotment under ESOP 2009	980,200	17.04.2013
Allotment under ESOP 2009	13,94,400	02.05.2013
Allotment under ESOP 2009	3,03,850	20.05.2013
Issued and Paid-up Capital as at May 22, 2013	959,406,420	

21. Stock Market Data Relating to Shares Listed in India

Monthly high and low quotations and volume of shares traded on Bombay Stock Exchange and National Stock Exchanges for financial year 2012-2013 are:

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume of Share Traded	High (₹)	Low (₹)	Volume of Shares Traded
April 2012	141.00	121.35	1223918	141.00	121.15	16666557
May 2012	134.65	119.30	2353772	135.05	118.90	34333034
June 2012	149.00	125.00	2957871	149.00	124.80	46196578
July 2012	168.95	140.00	4667810	169.70	140.25	54359985
August 2012	175.50	160.35	3417037	175.40	160.50	32804532
September 2012	202.15	159.00	4891565	202.00	159.10	47307676
October 2012	208.35	173.80	5398523	208.25	173.70	52795320
November 2012	207.20	185.50	4329029	207.20	185.10	38021396
December 2012	247.00	193.25	9391732	231.20	193.15	64273373
January 2013	238.80	216.00	9716074	239.00	216.40	67483541
February 2013	241.00	212.10	10823279	241.00	212.00	55270448
March 2013	225.00	198.70	4692884	224.70	198.80	51247908

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

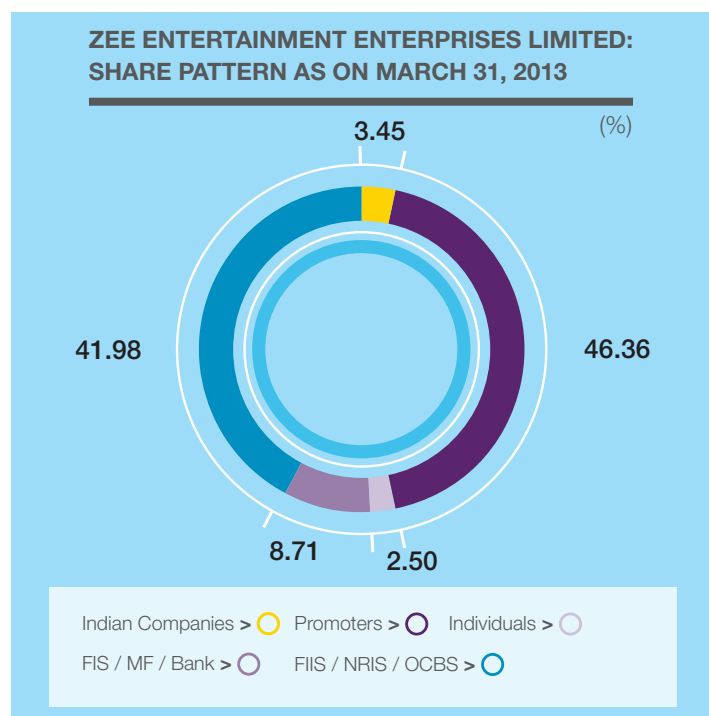


23. Distribution of Shareholding as on March 31, 2013

No. of Equity Share	Share Holders		No. of Shares	
	Number	% of Holders	Number	% of Shares
Up to 5000	97,376	98.84%	17,299,285	1.81%
5001 – 10000	320	0.33%	2,306,557	0.24%
10001-20000	191	0.19%	2,647,137	0.28%
20001-30000	76	0.08%	1,875,770	0.20%
30001-40000	45	0.05%	1,571,835	0.16%
40001-50000	31	0.03%	1,420,649	0.15%
50001-100000	100	0.10%	7,365,276	0.77%
100001 and Above	377	0.38%	919,471,211	96.39%
TOTAL	98,516	100.00%	953,957,720	100.00%

24. Categories of Shareholders as on March 31, 2013

Category	March 31, 2013	
	% of shareholding	No. of shares held
Promoters	43.36%	413,670,212
Individuals	2.50%	23,766,143
Domestic Companies	3.45%	32,946,925
FIs, Mutual funds and Banks	8.71%	83,102,901
FIs, OCBs & NRI	41.98%	400,471,539
TOTAL	100.00%	953,957,720



25. Particulars of Shareholding

a) Promoter Shareholding as on March 31, 2013

Sr	Name of Shareholder	No of Shares held	% of shareholding
1	Churu Trading Co Pvt. Ltd	100	0.00%
2	Cyquator Media Services Pvt. Ltd	241,402,908	25.31%
3	Essel Media Ventures Ltd	102,888,286	10.79%
4	Essel International Ltd	23,000,000	2.41%
5	Essel Infraprojects Ltd	100	0.00%
6	Essel Holdings Limited	46,378,518	4.86%
7	Prajatma Trading Co. Pvt. Ltd	100	0.00%
8	Premier Finance and Trading Co Ltd	100	0.00%
9	Veena Investment Pvt. Ltd	100	0.00%
TOTAL		413,670,212	43.36%

b) Top ten (10) Public Shareholding as on March 31, 2013

Sr	Name of Shareholder	No of Shares held	% of shareholding
1	Oppenheimer Developing Markets Fund	86,953,280	9.12%
2	Government Pension Fund Global	19,452,062	2.04%
3	Government of Singapore	14,740,154	1.55%
4	Life Insurance Corporation of India	14,162,218	1.48%
5	Oppenheimer Global Fund	14,003,568	1.47%
6	New World Fund INC	11,250,000	1.18%
7	Vanguard Emerging Market Stock Index Fund, A Series of Vanguard International Equity Index Fund	9,705,227	1.02%
8	HDFC Trustee Company Limited-HDFC Equity Fund	8,460,089	0.89%
9	HDFC Trustee Company Limited-HDFC Top 200 Fund	8,314,182	0.87%
10	CLSA (Mauritius) Ltd	8,254,165	0.87%
TOTAL		195,294,945	20.47%

MANAGEMENT DISCUSSION AND ANALYSIS



OVERVIEW

Zee Entertainment Enterprises Limited (ZEE) (BSE Code: 505537, NSE Code: ZEEL.EQ) is one of India's largest vertically integrated media and entertainment company. The Company was formed in 1982. ZEE was the first company to launch a satellite channel in India and from being a single channel for a single geography today operates multiple channels across multiple geographies in different languages and genres. The Company's programming reaches out to over 670 million viewers across 169 countries.

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

- i. **Hindi Entertainment:** Zee TV, Zee Smile, 9X
- ii. **Hindi Movies:** Zee Cinema, Zee Premier, Zee Action, Zee Classic
- iii. **English Entertainment, Movies and Life style:** Zee Studio, Zee Café, Zee Trendz
- iv. **Regional Language Entertainment:** Zee Marathi, Zee Bangla, Zee Bangla Cinema, Zee Talkies, Zee Telegu, Zee Kannada, ETC Punjabi, Zee Tamil
- v. **Sports:** TEN Cricket, TEN Action, TEN Sports, TEN Golf
- vi. **Religious and Alternate Lifestyle:** Zee Jagran, Zee Salaam
- vii. **Music:** Zing, ETC
- viii. **Niche and Special Interest:** Zee Khana Khazana and Zee Q
- ix. **HD:** Zee TV HD, Zee Cinema HD, Zee Studio HD, TEN HD

Apart from the channels listed above which are available in India, the Company also broadcasts 29 dedicated channels in the international markets.

MEDIA AND ENTERTAINMENT INDUSTRY

The Indian Media and Entertainment Industry witnessed a slow growth in 2012. The industry grew from ₹ 728 billion in 2011 to ₹ 821 billion in 2012, registering a growth rate of 12.6%. Television sector grew from ₹ 329 billion in 2011 to ₹ 370 billion in 2012, registering a growth of 12.5%. (Source: FICCI-KPMG Indian Media and Entertainment Industry Report 2013).

Total advertising spend across media was ₹ 327 billion in 2012. Television contributes 38% of Media & Entertainment industry advertising revenues. In the light of continued economic slowdown, advertising revenues saw a growth of 9% in 2012 as against 13% in 2011.

FY2013 was a defining year for the television media sector in many ways. The biggest transformation was the implementation of Digital Addressable System (DAS) in the 42 largest cities of India. At the end of March 2013, there were an estimated 33 million digital pay TV homes on DTH and an estimated 16 million homes on digital cable, up from 29 million DTH and 4 million digital cable homes in March 2012. Digitisation of cable is expected to bring in transparency and increase subscription revenues for Multi System Operators (MSOs) and broadcasters. It is also expected to reduce carriage fees, building a case for the launch of niche channels and investment in content for existing channels. Developments and refinements in viewership measurement systems may affect the way advertising is distributed among channels.

BUSINESS PROFILE

ZEE is an integrated media and entertainment company engaged primarily in broadcasting and content development, production and its delivery via satellite. The Company has 32 channels that serve the widest array of content in India and is the leading broadcaster across the country. ZEE is also the pioneer in the international markets with 29 dedicated channels serving Indian content across 169 countries.

Leadership across different Genres:

In the Hindi GEC genre, Zee TV is the flagship product from ZEE. The Hindi GEC space continued to see sustained competition amongst the top four channels with extremely dynamic channel rankings.

Zee TV continued to be a leading channel in the Hindi General Entertainment genre with an average weekly channel share of 19% amongst top six GECs and average weekly Gross Rating Points (GRPs) of 218. Key shows like Pavitra Rishta successfully completed 1,000+ episodes.

During the year, the channel launched various new successful shows in different genres. Fear Files, launched in the thriller genre, was very well received by the audience. India's

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

MANAGEMENT DISCUSSION AND ANALYSIS

Best Dramebaaz was completely new format launched for the first time on Indian TV by Zee TV. DID Lil Masters-2 and Dance ke Super Kids were both weekend slot leaders garnering an average of 4+ GRPs during the season.

In the Hindi Movie Genre, ZEE has 5 channels, viz. Zee Cinema, Zee Premier, Zee Action, Zee Classic and Zee Cinema HD. ZEE has the largest film library in the country and its movie channels are a strong favourite with the viewers as well as advertisers. During the year popular movies like Agneepath, Joker, English Vinglish and Agent Vinod were premiered on Zee Cinema. Agneepath premiere was one of the highest rated premieres of this year amongst all Hindi Movie channels, with a rating of 4.7 TVR.

The Company's sports offerings include 5 channels viz. TEN Cricket, TEN Action, TEN Sports, TEN Golf and TEN HD. TEN has telecast rights to 5 cricket boards, which ensure coverage of cricket of all test playing countries, along with rights to exciting properties such as UEFA cup football, WWE wrestling, US Open Tennis etc. TEN is a clear leader in the non cricket genre with a 52% viewership share in FY2013. The sports business has contributed to over 13% of the Company's top line this year.

Zee Café, Zee Studio and Zee Trendz are Company's English language offerings. Zee Café has the rights to the latest series programming of super-hit shows while Zee Studio has tied up with leading studios from across the globe. The channels continue to strengthen the network subscription bouquet. During the year, the channels showcased popular international shows and live mega events like Miss Universe 2012. Zing, the music and lifestyle offering of the Company, showcases popular Bollywood oriented properties. The content on Zing revolves around the world of music, lifestyle, movies and celebrities.

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

- > Zee Marathi improved its viewership share and became consistent No. 2 player in Marathi GECs with average weekly GRPs of 188 and market share of 27% for FY13. True to its brand value, Zee Marathi brought to the audiences fresh and appealing shows through Uncha Mazha Jhoka, Maharashtra Lokdhara, Mala Saasu Havi and Tu Tithe Mee. The channel premiered block buster movie "Kakspars", the highest rated movie across all GECs in the year 2012.
- > Zee Bangla continues to be a strong player in the Bangla GEC space. It exited the year as No. 1 Bangla channel in Digital CS 4+ market. Zee Bangla is the market leader in non-fiction genre with 78% market share, driven by shows like Dance Bangla Dance Junior 2012, Sa Re Ga Ma Pa 2012 and Mirakkel Akkel Challenger 7.
- > Further expanding its share in the Bengal market, the Company launched Zee Bangla Cinema, a 24-hour Bangla movie channel. With

over 400 exclusive titles under its belt, Zee Bangla Cinema offers a mixed bag of commercial blockbuster and alternative cinema.

- > Zee Kannada GRPs garnered 222 GRPs with 18% market share, thereby retaining the No. 3 position in the Karnataka market with top performing shows like Kaas Ge Toss, Mummy No. 1, Radha Kalyana & Paravathi Parameshwara.
- > Zee Telugu is the No.1 GEC channel in the weekday Primetime fiction band between 1800-2030hrs on the back of slot leaders like Pasupu Kumkuma and Muddu Bidda. It also bagged 4 State Nandi Awards including a Golden Nandi for Pasupu Kumkuma. The Nandi Award is the highest award ceremony for excellence in Telugu Cinema, Telugu Theatre and Television, presented annually by Government of Andhra Pradesh.

Further strengthening our position in the niche/ special interest genre, the Company launched ZeeQ, India's first edutainment channel, aimed at children in the age group of 4 to 14 years. The channel will address the educational need gaps through an engaging mix of home produced and acquired content. ZEE will manage ZeeQ's broadcast operations, while Zee Learn will look after the content and channel management.

This year the Company brought in a refreshed avatar of its 24-hour food channel Zee Khana Khazana with the tagline 'Ab Khana Sawal Nahi, Lajawab Hai!' featuring shows that define and refine the culinary expertise that has become synonymous with "Food". With a content of new shows Breakfast Xpress, Food Ka Mood, Bacha Party and Ab Har Koi Chef, Zee Khana Khazana is One-stop destination for Food for all.

GLOBAL PRESENCE

The Company reaches more than 670 million viewers globally and in 169 countries worldwide. Internationally, subscription is a key driver of revenues for ZEE and international subscription revenues contributed significantly to ZEE's total revenues in this financial year.

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

Key highlights during the year include:

- > In the US, ZEE TV HD continues to stand out as the first South Asian channel launched in HD
- > Zing was launched on Rogers, while Zee Salaam and Zee Tamizh were launched on Bell Fibe in Canada
- > In Europe, the first locally produced British Asian drama series 'Cloud 9' was launched on Zing. A new agreement was signed with Yupp TV IPTV platform.

- > In Africa, Zee TV became the first ethnic channel to be monitored by TAM in South Africa and was positioned within Top 50 channels out of the 120 rated channel-list
- > In Middle East, following the success of Zee Aflam, the Company launched Zee Alwan, an Arabic GEC channel. It is a unique channel aimed at Arab family audiences, showcasing a diverse choice of Arabic serials and popular Indian TV serials dubbed in Arabic
- > In Russia, the Company signed a contract with Russia's 3rd largest GSM operator Megafon for Mobile TV and with regional analog cable operator Barshinform
- > Seven ZEE channels were launched on the Indian Pack with TOT (IPTV) in Thailand

BUSINESS STRATEGY

The key elements of ZEE's strategy during the year were (i) to take appropriate steps to safeguard its leadership position in a fiercely competitive environment (ii) to concentrate on additional revenues from digital pay platforms (iii) Build presence on new / alternate media platforms (iv) Rationalise on costs across different heads (v) Fortify its expansion in the international markets (vi) maintain consistently high standards of corporate governance.

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

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

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

India is a fast digitising market and the consumer shift towards digital services is exhibited through the rampant expansion of digital homes. At the end of March 2013, there were an estimated 33 million net digital pay TV homes on DTH and an estimated 16 million net homes on digital cable, up from 29 million DTH and 4 million digital cable homes in March 2012. Key initiatives in the last fiscal include the launch of ZeeQ - India's first edutainment channel, aimed at children in the age group of 4 to 14 years.

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

In line with the strategy of growth through focused disciplined investments, ZEE launched India's first and only OTT (over-the-top) platform, Ditto TV, in February 2012 with an aim to offer Live TV Channels and On Demand Video Content to consumers on multiple platforms including mobile phones, tablets, laptops, desktops and connected TVs. The platform picked up

significant traction in FY2013. The platform is now present in over 180 countries offers over 56 channels and boasts of over 1.5 mm users.

(iv) Rationalise on costs across different heads:

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

(v) Fortify its expansion in the international markets:

During the year, the Company undertook various initiatives to further strengthen its dominance in international markets by entering into deals with new platform operators as well as launching new channels in some of the geographies. In line with this expansion strategy, the Company launched Zee Alwan, an Arabic GEC channel in the Middle East market.

(vi) Corporate Governance:

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

RISK FACTORS

Competition from other players:

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

Ever changing trends in Media sector:

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

Cost of programming mix might affect its bottom line:

The urge to compete and provide the best content to viewers, ZEE would have to incur high expenditure to provide an impetus on its programming

MANAGEMENT DISCUSSION AND ANALYSIS

front from time to time. The increase in costs might not necessarily perk up its revenues in the same proportion.

Investments in new channels:

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

Macroeconomic environment:

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

Slowdown in DTH/Digital rollout:

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

Increased competitive environment in the Hindi General Entertainment Space:

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

Sluggish consumer uptake in the international markets:

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

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

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

The Company may be exposed to foreign exchange rate fluctuations:

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

STANDALONE FINANCIALS

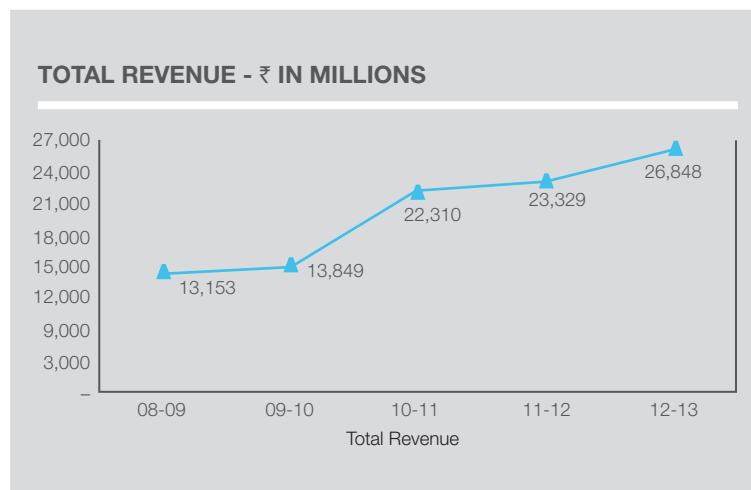
A. RESULTS OF OPERATIONS

Non-Consolidated Financial Information for the Year Ended 31 March, 2013 compared to the Year Ended 31 March, 2012.

Total Revenue

Total revenue increased by ₹ 3,519 million or 15% from ₹ 23,329 million in FY 2012 to ₹ 26,848 million in FY 2013 driven by increase in Broadcasting Revenue .

Following chart depicts the movement of revenue over last 5 years.



Sales & Services

Revenue from Sales & Services increased by ₹ 3,619 million or 16% from ₹ 22,040 million in FY 2012 to ₹ 25,659 million in FY 2013. Among major sources of income, the advertisement revenue has increased by 20% to ₹ 16,266 million in FY 2013 as against ₹ 13,609 million in FY 2012 and Subscription revenue has recorded a growth of 26 % by ₹ 1,616 million from ₹ 6,239 million in FY 2012 to ₹ 7,855 million in FY 2013 due to continuous growth of DTH and Cable Subscribers.

Interest & Other Income

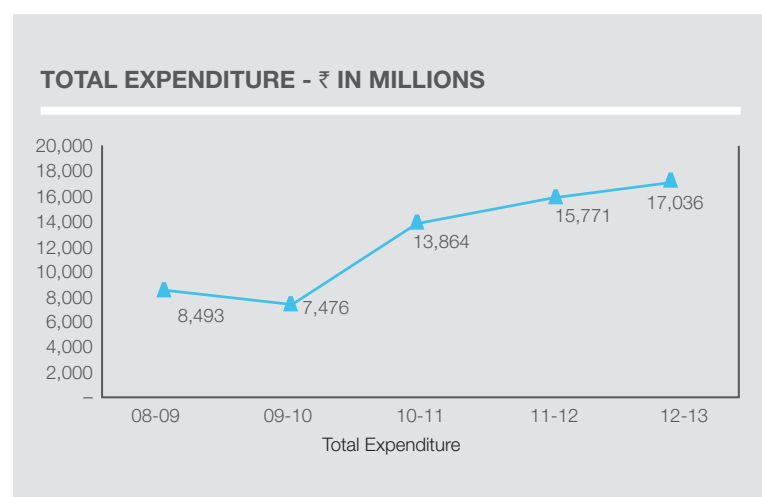
Interest & Other income decreased by ₹ 100 million i.e. 8 % from ₹ 1,289 million in FY 2012 to ₹ 1,189 million in FY 2013. The decrease is

attributable mainly to reduction in sundry balances written back by ₹ 85 million and reduction in gain from foreign exchange by ₹ 70 million which is partially offset by increase in interest income by ₹ 31 million.

Total Expenditure

Total Operational expenditure increased by ₹ 1,265 million or 8% from ₹ 15,771 million in FY 2012 to ₹ 17,036 million in FY 2013. It represents 63% of total revenue in FY 2013 as against 68% in FY 2012.

Following chart depicts the movement of total operating expenditure over last 5 years:



Operational Cost / Cost of Goods

Operational cost / Cost of Goods increased by ₹ 559 million or 6%, from ₹ 10,144 million in FY 2012 to ₹ 10,703 million in FY 2013. The increase is mainly attributable to launch of two new channels i.e. Zee Q & Zee Bangla Cinema during the year. Further, the Company impaired program and film rights of ₹ 199 million during the year, as against ₹ 97 million in previous year.

Personnel Cost

Personnel cost has increased by ₹ 331 million i.e. 21% from ₹ 1,573 million in FY 2012 to ₹ 1,904 million in FY 2013.

Other Expenses

Other expenses has increased by ₹ 375 million or 9% from ₹ 4,054 million to ₹ 4,429 million. The increase in other expenses is mainly on account of higher spend on advertising, marketing and increase in distribution cost partially offset by decrease in loss on sale / discard / impairment of fixed assets and lower legal and professional fees in the current year.

Operating Profit

Operating profit increased by ₹ 2,354 million, or 38%, from ₹ 6,269 million in FY 2012 to ₹ 8,623 million in FY 2013. The operating margin is at 34

% for FY 2013. Increase in Operating profit is mainly due to increase in broadcasting revenue partially offset by increase in operational costs by ₹ 559 million and increase in personnel and other expenses.

Financial Cost

Financial cost has increased by ₹ 8 million to ₹ 13 million in FY 2013 from ₹ 5 million in FY 2012.

Depreciation and Amortisation

Depreciation increased by ₹ 65 million or 30%, from ₹ 215 million to ₹ 280 million. Depreciation for FY2013 and FY 2012 includes an amount of ₹ 63 million and ₹ 34 million respectively, towards 100% depreciation on assets costing less than ₹ 5,000.

Profit Before Tax

Profit before tax increased by ₹ 2,181 million or 30% from ₹ 7,338 million in FY 2012 to ₹ 9,519 million in FY 2013. The increase is attributable to increase in revenue resulting in improved profits from operations.

Provision for Taxation

Provision for taxation for the year was ₹ 3,112 million, representing effective tax rate of 32%.

Profit After Tax for the Period

Profit after tax for the year increased by ₹ 1,510 million to ₹ 6,407 million from ₹ 4,897 million.

B. FINANCIAL POSITION

Non-Consolidated Financial Position as on 31 March, 2013 as compared to 31 March, 2012.

Sources of Funds

Share Capital, Reserves & Surplus

During the year, the Company has bought back 4.8 million equity shares of ₹ 1 each through open market route. Consequently, the Paid-up Share Capital of the Company as at 31 March, 2013 stands reduced to ₹ 954 million as against ₹ 959 million in FY 2012.

Securities premium account has reduced by ₹ 588 million during the year on payment of premium on buyback of 4.8 million equity shares.

Loan Funds

Total loan funds as on 31 March, 2013 stood at ₹ 15 million up from ₹ 10 million. These loan funds are related to vehicle loan taken by the Company.

Long term liabilities and provisions

Long term provisions pertaining to retirement benefits have gone up from ₹ 160 millions as on 31 March, 2012 to ₹ 206 million as on 31 March, 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Current Liabilities and Provisions

Current Liabilities and Provisions mainly representing Trade Payables, Statutory Dues, Unearned revenue, provisions and other payables etc. The same has increased by ₹ 1,063 million to ₹ 6,161 million as on 31 March, 2013 from ₹ 5,098 million as on 31 March, 2012. The increase is mainly attributable to increase in proposed dividend by ₹ 574 million, trade payables by ₹ 539 million and unearned revenue by ₹ 90 million which is partially offset by reduction in other payables by ₹ 206 million.

Application of Funds

Fixed Assets

During the year, the Company's Gross Fixed Assets block increased by ₹ 832 million mainly on account of purchase of aircraft, plant and machinery and other equipments. The capital expenditure is mainly funded out of internal accruals.

During the year, Gross block has reduced by ₹ 113 million due to impairment and disposal of various obsolete assets.

Capital Work in Progress reduced by ₹ 132 million to ₹ 69 million as on 31 March, 2013. Reduction is mainly of account of capitalisation of HD and other digital equipments in the current year from CWIP.

Non-Current Investments

Non current Investments have increased from ₹ 5,923 million as on 31 March, 2012 to ₹ 5,995 million as on 31 March, 2013. This increase is towards additional investment in Subsidiary company "India Webportal Private Limited" by ₹ 92 million to obtain business benefits, partially offset by provision for diminution in value of investment of associate aggregating to ₹ 20 million.

Long term loans and advances

The increase of ₹ 2,833 million in the long term loans and advances from ₹ 976 million as on 31 March, 2012 to ₹ 3,809 as on 31 March, 2013. The increase is mainly on account of loans of ₹ 2,852 million to subsidiary for obtaining business benefits and operational efficiency.

Current Assets

Current Assets mainly representing current investment, Inventories, Trade Receivables, Cash & Bank Balances, Short term loans and advances and Other Current Assets. The increase in current assets by ₹ 1,438 million from ₹ 26,211 million to ₹ 27,649 million is mainly attributable to increase in cash and bank balance by ₹ 1,633 million.

Current Investment

Current Investment has remained at ₹ 4,697 million as on 31 March, 2013 compared to ₹ 4,679 million as on 31 March, 2012.

Inventories

Programs and Film rights held by the Company decreased by ₹ 345 million from ₹ 9,930 million as on 31 March, 2012 to ₹ 9,585 million as on 31 March, 2013.

Trade Receivables

Trade receivables net off provision for bad and doubtful debts stood at ₹ 7,171 million in FY 2013 as against ₹ 6,784 million in FY 2012. The age of Net Debtors is 102 days of sales in FY 2013 as against 112 days of sales in FY 2012.

Cash and Bank Balances

The cash and bank balances lying with the Company, as on 31 March, 2013 was ₹ 2,394 million as against ₹ 761 million on 31 March, 2012 reflecting an increase by ₹ 1,633 million. Such increase is mainly attributable to the surplus funds invested during the year in fixed deposits aggregating to ₹ 2,000 million.

Loans and Advances (Current)

There was decrease by ₹ 341 million in current portion of loans and advances from ₹ 4,009 million on 31 March, 2012 to ₹ 3,668 million on 31 March, 2013. The decrease is mainly on account of reduction in advances (including to subsidiaries by ₹ 140 million) by ₹ 408 million.

Other current assets

Other current assets have increased by ₹ 86 million from ₹ 48 million on 31 March, 2012 to ₹ 134 million on 31 March, 2013 mainly on account of increase in interest accrued but not due on treasury investment.

CONSOLIDATED FINANCIALS

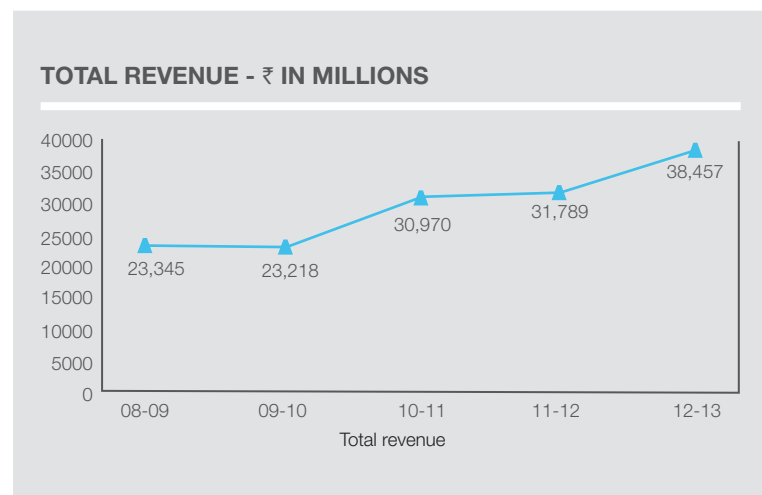
A. RESULTS OF OPERATIONS

We have provided a comparison between Audited figures for FY 2013 and for FY 2012. Financial results include 50% proportionate share of income; expenses; assets and liabilities on a line by line basis for Company's interest in Joint Venture (JV) "Media Pro Enterprise Private Limited" (MPEIPL). MPEIPL became operational from 1 July, 2011; accordingly the previous year figures are for nine months and hence not strictly comparable.

Revenue

Total revenue increased by ₹ 6,668 million, or 21% from ₹ 31,789 million in FY 2012 to ₹ 38,457 million in FY 2013 on account of higher broadcasting income. It also includes Company's share of revenue from JV MPEIPL which has increased by ₹ 104 million or 20% from ₹ 523 million in FY 2012 to ₹ 627 million in FY 2013.

Following chart depicts the movement of Total Revenue over last 5 years:



Revenue from Operations

Operating revenue increased by ₹ 6,591 million or 22% from ₹ 30,405 million in FY 2012 to ₹ 36,996 million in FY 2013.

Overall growth was witnessed in advertisement revenues of ₹ 3,798 million i.e. 24% to ₹ 19,639 million in FY 2013 as against ₹ 15,841 million in FY 2012. Subscription Revenue has recorded a growth of 23% from ₹ 13,244 million to ₹ 16,234 million (Including Company's share of JV - MPEIPL ₹ 584 million (₹ 505 million in FY 2012)) due to continuous growth of DTH and cable subscribers. Consistent growth percentage has been achieved from sports as well as non sports business.

Sales - television content includes Syndication sale of Sports rights, Programs and Film rights which has decreased by ₹ 177 million to ₹ 820 million in FY 2013 from ₹ 997 million in FY 2012 mainly on account of reduction in Syndication sale of Sports rights which are event specific and hence are not comparable on year on year basis which has resulted in decrease during the year.

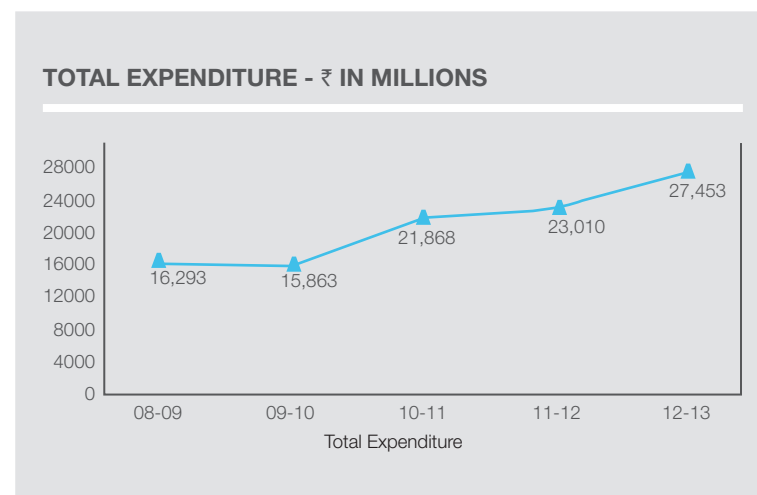
Other Income

Other income increased by ₹ 77 million or 6% from ₹ 1,384 million in FY 2012 to ₹ 1,461 million in FY 2013 (Includes Company's share of JV - MPEIPL ₹ 42 million (₹ 11 million in FY 2012)). Increase in other income is mainly on account of profit on sale of investments by ₹ 204 million.

Expenditure

Total Operational expenditure increased by ₹ 4,443 million or 19 % from ₹ 23,010 million to ₹ 27,453 million. This increase in cost is attributable to higher content costs as well as the increase in Administrative & Marketing Spends.

Following chart depicts the movement of operating expenditure over last 5 years:



Operational Cost / Cost of Goods

Operational cost/Cost of Goods has increased by ₹ 3,090 million to ₹ 17,401 million in FY 2013 as against ₹ 14,311 million in FY 2012. The overall increase in operational cost is mainly attributable to non sports business which has incurred higher cost on acquisition and amortisation of programming content (including on account of new channels i.e. ZEE Q, ZEE Bangla Cinema and ZEE Alwan).

Employee Benefit Expenses

Employee cost increase by ₹ 566 million, or 19 %, from ₹ 2,925 million in FY 2012 to ₹ 3,491 million in FY 2013.

Other expenses

Administrative and Other expenses increased by ₹ 787 million or 14% from ₹ 5,774 million in FY 2012 to ₹ 6,561 million in FY 2013. The increase is mainly on account of higher spend on advertising , marketing & distribution cost incurred by the Company and increase in provision for doubtful debts / write offs during the year.

Operating Profit

Operating profit increased by ₹ 2,148 million, or 29%, from ₹ 7,395 million in FY 2012 to ₹ 9,543 million in FY 2013. The operating margin is at 26% for FY 2013. The increase in operating profit is mainly attributable to increase in broadcasting revenue during the year which is partially offset by increase in operating costs i.e. higher investment in content and marketing spends to build the business.

Financial Expenses

Financial expenses increased by ₹ 36 million or 72% from ₹ 50 million to ₹ 86 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Depreciation and Amortisation

Depreciation increased by ₹ 76 million, or 24%, from ₹ 323 million in FY 2012 to ₹ 399 million in FY 2013. Increase is mainly on account of depreciation on additions during the year.

Profit Before Tax

Profit before tax increased by ₹ 2,113 million or 25% from ₹ 8,406 million in FY 2012 to ₹ 10,519 million in FY 2013.

Provision for Taxation

Provision for taxation increased by ₹ 837 million to ₹ 3,337 million in FY 2013 from ₹ 2,500 million in FY 2012. Effective Tax Rate for FY 2013 is 31% as against 29% in FY 2012 based on current year tax expense. One of the subsidiaries has made provision for tax under Minimum Alternate Tax (MAT) as per provisions of Section 115JB of Income Tax Act, 1961.

Share of Results of Associates

Share of results in Aplab Limited as Associate Company (26.42% holding) is loss of ₹ 10 million in FY 2013 as against profit of ₹ 2 million in FY 2012.

Minority Interest

Receivable from Minority interest on account of current year net share of loss was ₹ 24 million in FY 2013. This includes share of minorities of Zee Turner Limited (26%) and India Webportal Private Limited (49%).

Net Profit After Tax for the year

Profit after tax for the year increased by 22 % to ₹ 7,196 million from ₹ 5,891 million. The Net Profit margin has remained static at 19% in FY 2013 as compared to FY 2012.

B. FINANCIAL POSITION

Consolidated Financial Position as on 31 March, 2013 as compared to 31 March, 2012.

Sources of Funds

Share Capital, Reserves & Surplus

During the year, the Company has bought back 4.8 million equity shares of ₹ 1 each through open market route. Consequently the Paid-up Share Capital of the Company as at 31 March, 2013 stands reduce to ₹ 954 million as against ₹ 959 million in FY 2012.

Securities premium account has reduced by ₹ 588 million during the year on payment of premium on buyback of 4.8 million equity shares.

Loan Funds

Total loan funds as on 31 March, 2013 stood at ₹ 17 million from ₹ 12 million as on 31 March, 2012. These loan funds are related to vehicle loan taken by the Company.

Long term Provisions

Long term provision consisting of retirement benefits have increased by ₹ 77 million from ₹ 228 million to ₹ 305 million as on 31 March, 2013.

Non Current liabilities

Non current liabilities represents the advance received for syndication of sports rights.

Current Liabilities and Provisions

Current Liabilities and Provisions have increased by ₹ 2,322 million during the year mainly due to increase in Trade Payables by ₹ 1,300 million, provision for proposed dividend by ₹ 574 million and advance received from customers by ₹ 212 million.

Current liabilities and provision as on 31 March, 2013 is at ₹ 10,914 million vis-a-vis ₹ 8,592 million on 31 March, 2012. (FY 2013 includes ₹ 2,209 million (FY 2012- ₹ 1,932 million) towards Company's share in JV – MPEIPL).

Application of Funds

Fixed Assets

During the year, the Company's Gross Fixed Assets block increased by ₹ 1,101 million. This increase is mainly on account of purchase of plant and machinery, aircraft and other assets including foreign exchange translation of foreign subsidiary assets. There is a partial reduction in assets due to impairment / disposal of various obsolete assets aggregating to ₹ 125 million. (Gross block included Company's share in JV- MPEIPL ₹ 21 million). The capital expenditure was mainly funded from internal accruals.

Capital Work in progress reduced by ₹ 132 million to ₹ 69 million as on 31 March, 2013. Reduction is mainly of account of capitalisation of HD and other digital equipments in the current year from CWIP.

Non Current Investments

The reduction of ₹ 24 million in non current investments to ₹ 651 million as at 31 March, 2013 from ₹ 675 million is on account of diminution in value of investments in associate and share of loss in associate recorded during the year.

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

The long term loans, advances and other non current assets consisting of capital advances, advance taxes, claim receivables and other assets have increased by ₹ 852 million to ₹ 2,583 million in FY 2013 as against ₹ 1,731 million in FY 2012. ((FY 2013 includes ₹ 591 million (FY 2012- ₹ 114 million) towards Company's share in JV – MPEIPL). The increase is mainly attributable to trade advances paid for acquisition of sports rights and increase in the MPEIPL's non current assets.

Current Assets

There has been an overall increase in current assets whereby the assets stand increased by ₹ 6,050 million from ₹ 31,011 million in FY 2012 to ₹ 37,061 million in FY 2013. (FY 2013 includes ₹ 3,025 million (FY 2012- ₹ 2,631 million) towards Company's share in JV – MPEIPL).

Current Assets

Inventories

Programs, Film rights held by the Company increased from ₹ 7,339 million on 31 March, 2012 to ₹ 8,745 million on 31 March, 2013. The increase is mainly due to acquisition of film rights.

Trade Receivables

Trade receivables net off provision for bad and doubtful debts stood at ₹ 9,890 million in FY 2013 as against ₹ 8,660 million in FY 2012 reflecting an increase of ₹ 1,230 million. (FY 2013 includes ₹ 1,471 million (FY 2012 ₹ 1,010 million) towards Company's share in JV – MPEIPL)). The age of Net Debtors is 98 days of sales in FY 2013 as against 104 days of sales in FY 2012.

Cash and Bank Balances

The cash and bank balances lying with the Company, as on 31 March, 2013 was ₹ 5,316 million (including Company's share in JV – MPEIPL ₹ 1,258 million) as against ₹ 3,283 million on 31 March, 2012 (including Company's share in JV MPEIPL ₹ 1,253 million). Such increase is mainly attributable to the surplus funds invested during the year in fixed deposits of ₹ 2,000 million.

Short term loans, advances and other current assets

There is an increase in loans and advances by ₹ 1,440 million from ₹ 4,405 million as on 31 March, 2012 to ₹ 5,845 million on 31 March, 2013 ((FY 2013 includes ₹ 296 million (FY 2012 ₹ 368 million) towards Company's share in JV – MPEIPL). Other advances increased by ₹ 1,323 million mainly due to trade advances given (including for sports rights).



Punit Goenka addressing the audience at FICCI Frame 2013

BUSINESS RESPONSIBILITY REPORT



SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. **Corporate Identity Number (CIN)** : L92132MH1982PLC028767
2. **Name of the Company** : Zee Entertainment Enterprises Limited
3. **Registered Address** : Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai 400018
4. **Website** : www.zeetelevision.com
5. **Email id** : shareservice@zee.esselgroup.com
6. **Financial Year reported** : April 1, 2012 – March 31, 2013
7. **Sector(s) that the Company is engaged in (industrial activity code-wise):**

The Company is mainly engaged in the business of Broadcasting of Non-News & Current Affairs Television Channels falling into 'Television Programming & Broadcasting Services – NIC code 6020.

8. **List three key products/services that the Company manufactures/provides (as in balance sheet):**

The Company mainly provides Broadcasting Services and is engaged in the business of Broadcasting of various National and Regional General Entertainment Television Channels.

As a part of the said broadcasting business, apart from Advertisement revenue and Subscription revenue, the Company earns revenue from out of Syndication of Media Contents and Commission earned on services provided and/or advertisement space sold for channels broadcasted by Company's subsidiaries overseas.

9. Total number of locations where business activity is undertaken by the Company

- i) **Number of International locations:** Company's international business operations are carried out by various direct and in-direct subsidiaries overseas through their offices in 10 International locations (including representative office and/or distribution arrangement) and the major ones are Singapore, Mauritius, United Kingdom, UAE, China etc.
- ii) **Number of National Locations:** Indian operations of the Company are carried out through over 10 offices located in major commercial hubs of the Country including Mumbai, New Delhi, Chennai, Kolkata, Noida, Hyderabad, Bangalore, Pune etc.

10. Markets served by the Company

Company's television channels reach out to over 670 million viewers across 169 countries.

SECTION B: FINANCIAL DETAILS OF THE COMPANY (STANDALONE OPERATIONS)

1. **Paid up Capital** : ₹ 954 million
2. **Total Revenue** : ₹ 26,848 million
3. **Total Profit after taxes** : ₹ 6,407 million

4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)

During the year under, the Company has spent approx 0.22% of its current profits towards CSR activities by way of Donations/ sponsorship to various NGO's and other charitable organisations.

5. List of activities in which expenditure in 4 above has been incurred

The major areas in which the above expenditure has been incurred includes education, empowerment, healthcare, livelihood support, rural development, environment protection initiatives for the society.

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/Companies?

As at March 31, 2013, the Company has 18 subsidiaries, including 13 direct and indirect subsidiaries overseas.

2. Do the Subsidiary Company/Companies participate in the BR initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s)

No

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity /entities (Less than 30 %, 30-60%, More than 60%)

No

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR:

a) Details of the Director/Directors responsible for implementation of the BR policy/policies:

All Corporate Policies including the Business Responsibility and/or CSR Policies of the Company are engrained in day-to-day business operations of the Company and are implemented by Management at all levels. The responsibility for implementation of BR/CSR Policies of the Company is ultimately shouldered by Mr. Punit Goenka (DIN - 00031263) Managing Director & CEO of the Company.

b) Details of the BR head:

Sr No	Particulars	Details
1	DIN Number	00031263
2	Name	Mr Punit Geonka
3	Designation	Managing Director & Chief Executive Officer
4	Telephone Number	022 – 24831234
5	E mail Id	goenkap@zee.esselgroup.com

BUSINESS RESPONSIBILITY REPORT

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

Sr No	Questions	Business Ethics	Product responsibility	Employee wellbeing	Shareholders engagement	Human Rights	Environment Protection	Public & regulatory policy	CSR	Customer relation
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a Policy/policies for	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2	Policy been formulated in consultation with stakeholders	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3	Does policy conform to any national /international standards	NA	Yes	NA	Yes	Yes	NA	NA	NA	NA
4	Has the policy been approved by the board? if yes has it been signed by MD/CEO/appropriate Board Director	Yes	No	No	Yes	No	No	No	Yes	No
5	Does the Company has specified committee of the Board/Director to oversee implementation of the policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
6	Indicate the link for the policy to be viewed online									
7	Has the policy been formally communicated to all relevant internal and external stakeholders	Yes								
8	Does the Company have in-house structure to implement the policy	All Corporate Policies including Business Responsibility Policy are engrained in all day-to-day business operations of the Company and are implemented at all Management levels and reviewed by the Managing Director & CEO from time to time.								
9	Does Company have a grievance redressal mechanism related to the policy to address stakeholders grievances related to the policy	Yes								
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency	No								

2a. If answer to Sr No 1 against any principle , is “No”, please explain why:

No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the principles									
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The Company does not have financial or manpower resources available for the task									
4	It is planned to be done within next six months									
5	It is planned to be done within next one year									
6	Any other reason									

Within the overall guidance of the Board, the Corporate Policies framed and/or modified from time to time, in connection with Business Operations & Human Resources have been implemented and followed over a period of time as per industry norms and/or best practices and were not approved by the Board specifically. However these Policies as and when approved are released for implementation by the CEO(s) and/or Executive Directors of the Company at the relevant point in time.

3. Governance related to BR:

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year –

The assessment of BR performance is done on an ongoing basis by the Managing Director and Senior Management of the Company.

- Does the Company publish a BR or sustainability Report? What is hyperlink for viewing this report? How frequently it is published?

The Company has not published any BR or sustainability report till financial year 2011-12. However from this year the BR is being published on a yearly basis and report is/shall be available available at www.zeetelevision.com

part of HR policy framed/circulated a policy restraining giving and receiving gift and other benefits in the course of business relationship, which is applicable to the employees at all levels.

Though the Company policies currently does not apply to external stakeholders including suppliers, contractors, NGO's etc, the Company follows Zero tolerance on such agencies acts of bribery, corruption etc during their dealings with the Company.

2. **How many stakeholders' complaints have been received has been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

As mentioned in the Corporate Governance Report, 56 complaints were received from investors during the FY 2012-13, all of which have been resolved. Additionally on an ongoing basis the complaints / grievances / views from viewers and other stakeholders are dealt with by respective functions.

SECTION E: PRINCIPLE-WISE PERFORMANCE
Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. **Does the policy relating to ethics, bribery and corruption only the Company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

The Company considers Corporate Governance as an integral part of management. The Company has a Code of Conduct that is approved by the Board of Directors and this code is applicable to all Board Members and Senior Management. The code is available on the Company's website: www.zeetelevision.com. Additionally, as

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.**

The Company's broadcasting services and distribution of contents thereof are in compliance with applicable regulations/advisories issued by Ministry of Information and Broadcasting, TRAI and the self regulatory guidelines / advisories issued by Indian Broadcasting Federation (IBF) from time to time.

BUSINESS RESPONSIBILITY REPORT

2. For each such product, provide the following details in respect of resource use (energy, water, raw materials etc) per product (optional):

- Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain
- Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The Company's business operations as service provider requires minimal of energy consumption.

3. Does the Company procedures in place for sustainable sourcing (including transportation). If yes, what percentage of your inputs was sourced sustainably?

The Company maintains a healthy relationship with its content providers, vendors and other suppliers and the business policies of the Company include them in its growth. The process of vendor registration lays emphasis on conformity of safe working conditions, prevention of child labour, business ethics and general housekeeping by the vendor. Further various events / programs like Sa Re Ga Ma Pa, Dance India Dance (in various formats) broadcast on Company's television channels' are designed to offer opportunities to talents from all strata of society.

4. Has Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve the capacity and capability of local and small vendors

Most of the business operations of the Company are carried out from commercial hubs of the country and the content provider and other goods and service providers required for the day-to-day operations are sourced from local vendors and small producers, which has contributed to their growth. Additionally the Company encourages local talent in production of contents for its television channels.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste.(Separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

As the Company is a service provider, it does not discharge any effluent or waste.

Principle 3: Business should promote the well being of all employees

- Please indicate the total number of employees: 1630
- Please indicate the total number of employees hired on temporary/contractual/casual basis:183
- Please indicate the number of permanent women employees: 339
- Please indicate the number of permanent employee with disabilities: 1
- Do you have employee association that is recognised by management? No employee association exist
- What percentage of your permanent employees are members of this recognised employee association? NA
- Please Indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending as on the end of the financial year. Nil
- What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?

The Company organises various training sessions in-house and also sponsors its employees to training sessions organised by external professional bodies to facilitate upgradation of skill, of employees handling relevant functions.

Principle 4: Businesses should respect interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

1. Has the Company mapped its internal and external shareholders ?

The Company has mapped in its major internal and external stakeholders, the major/key categories include (i) Central and State Governments / regulatory authorities viz. the Ministry of Information & Broadcasting, the Department of Telecommunication, Ministry of Corporate Affairs, Reserve Bank of India, Securities and Exchange Board of India, Foreign Investment Promotion Board, Stock Exchanges and Depositories; (ii) Producers; (iii) Vendors; (iv) financial institutions; (v) banks; (vi) investors and (vii) service providers.

However the process of mapping of stakeholder is an ongoing effort of updation on regular basis.

2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised stakeholders?

Yes

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof

During the course of its broadcasting operations the Company has been known to give opportunity to a wide range of talent be it producer, writer, singer, dancer, actor or otherwise. Through its various television programs like Sa Re Ga Ma Pa, Dance India Dance (in various formats) running from over a period of time, the Company has done its best to identify, recognise and bring talents from all strata of society to the audience at national level. Many of these stakeholders have earned fame for themselves through such recognition.

Additionally the Company supports various NGO's including Ekal Vidyalaya Foundation of India which offers free education to over 1 million rural children as a part of a drive to help eradicate illiteracy. The curriculum of these schools is tailored to teach the children basic literacy and life skills to inculcate self-confidence to pursue higher education or rural occupations. Ekal extends health care education and empowerment to the marginalised sections of society. The Company has also committed medium term financial support by way of donation to Marrow Donor Registry (India) - MDRI, a society which facilitates Marrow and Blood Stem Cell transplants for patients with life-threatening blood diseases and has data base of voluntary, unrelated Marrow Donors.

Principle 5: Business should respect and promote human rights

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint ventures/ suppliers/ contractors/ NGOs/ Others?

Zee believes that an organisation rests on a foundation of business ethics and valuing of human rights. Zee adheres to all statutes which embodies the principles of human rights such as prevention of child labour, woman empowerment etc. Zee promotes awareness of the importance of human rights within its value chain and discourage instances of any abuse.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the Management?

There were no complaints reported on violation of Human rights during the financial year 2012-13

Principle 6: Business should respect, protect, and make efforts to restore the environment

1. Does the policy related to principle 6 cover only the Company or extend to the Group/Joint ventures/suppliers/contractors/ Ngos/Others?

Nurturing and safeguarding the environment for long term sustainability is of prime importance. The Company has undertaken several green initiatives at all its office locations during the year.

2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc

No

3. Does the company identify and assess potential environmental risks? Y/N

No, the Company being in the business of Broadcasting does not involve in any manufacturing activity.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

No, the Company being in the business of Broadcasting does not involve in any manufacturing activity.

5. Has Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy etc? Y/N. If yes, please give hyperlink to web page etc.

No, the Company being in the business of Broadcasting does not involve in any manufacturing activity.

6. Are the Emissions/Waste generated by the Company within permissible limits given by CPCB/SPCB for the financial year being reported?

Not applicable, since the Company being in the business of Broadcasting, does not involve any manufacturing activity

7. Number of show cause/legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as of end of financial year.

Nil

Principle 7: Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your Company a member of any trade and chambers or association? If yes, name only those major ones that your business deals with.

The Company is a Member of:

- A. Confederation of Indian Industry(CII)
- B. Federation of Indian chambers of Commerce and Industry (FICCI)

BUSINESS RESPONSIBILITY REPORT

- C. Indian Broadcasting Foundation
- D. Advertising Agencies Association of India
- E. Association of Motion Pictures & T.V.Programme Producers
- F. Indian Motion Pictures Association

2. Have you advocated/lobbied through above associations for advancement or improvement of public good? Yes/No; If yes, specify the broad areas

Yes. The Company through these associations has supported / advocated implementation of Digital Addressable System (DAS) prescribed by Ministry of Information & Broadcasting, which would result in better quality and viewing experience for the viewers.

Principle 8: Businesses should support inclusive growth and equitable development

1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8?

Yes, the Company has specific programmes/initiatives/projects in pursuance of its CSR policy. The Company has at a unified and centralised group level put in place a Corporate Social Responsibility activities, process, monitoring and evaluation activities. The CSR project include

- > Support to Ekal Vidyalaya Foundation, an NGO that's works to bring about basic literacy and health awareness amongst the tribal and rural population of India.
- > Support Global Vipassana Foundation which helps propagate Vipassana, the non-sectarian rational process of self-purification with the aim of bringing about peace both within the individual and the society in general, and global Foundation for Civilisational Harmony, a body which aims to create a peaceful and harmonious society
- > Medium term financial support by way of donation to Marrow Donor Registry (India) - MDRI, a society which facilitates Marrow and Blood Stem Cell transplants for patients with life-threatening blood diseases and has data base of voluntary, unrelated Marrow Donors.
- > Nurturing Green Sensitivity - On World Environment Day, young environmentalists distributed saplings. Zee Café conducted an eco-event to create awareness about herbal plants and vermin composting and sapling distribution together with tree plantation. The participants of DID junior planted trees at Nicco Park, Kolkata

- > Zee Marathi successfully collaborated with Highway Authorities of Maharashtra to promote Road safety
- > Women Safety and Empowerment – With a view to empower and educate women, the Company supported the campaign run by International Advertising Association India Chapter (IAA) and the Gender Sensitisation Seminar held in February 2013. The theme of the event, which was held in collaboration with Laadli and supported by UNFPA, was aimed at content developers in media, advertising and marketing to sensitise them on gender nuances and to encourage creative personnel to come up with compelling campaigns against street sexual harassment.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organisation?

The Company's CSR projects are implemented through an internal team as well as in partnership with Non-governmental organisations (NGOs)

3. Have you done any impact assessment of your initiative?

No

4. What is Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

Excluding expenses incurred by the Company as a part of CSR initiatives in the Business operations, which , the Company spent by way of Donation and/or other financial support, an amount of ₹ 14 million to various NGO's engaged in development projects as under

Sr No	Details	Expenditure (₹ in millions)
1	Health Care	10
2	Religion	3.65
3	Education	0.28

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

Yes

Principle 9: Business should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints/ consumer cases as on the end of financial year?

There are no material consumer cases / customer complaints outstanding as at the end of financial year.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws?

Not applicable

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and or anti-competitive behavior during the last five years and pending as of end of financial year?

None

4. Did your Company carry out any consumer survey/consumer satisfaction trends?

TAM ratings in Television Media industry provide report of popularity and viewership of Television channels/Program periodically and the marketing department on a regular basis carries out surveys (either web-based or otherwise) for identifying consumers viewing behavior and emerging trends on consumer preferences. The Company also carries out studies from time to time on process requirement areas through consulting firms.



Punar Vivah on Zee TV



CERTIFICATION ON FINANCIAL STATEMENTS OF THE COMPANY

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

- (a) We have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2013 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, 2013 are fraudulent, illegal or violative to the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken to rectify these deficiencies.
- (d) During the year:
 - i) there has not been any significant change in internal control over financial reporting;
 - ii) there have not been any significant changes in accounting policies; and
 - iii) there have been no instances of significant fraud of which we are aware that involve management or other employees having significant role in the Company's internal control system over financial reporting.

Hitesh Vakil
Chief Financial Officer

Place: Mumbai
Date: 22 May, 2013

Punit Goenka
Managing Director & CEO

INDEPENDENT AUDITORS' REPORT

To
The Members of

Zee Entertainment Enterprises Limited

REPORT ON THE FINANCIAL STATEMENTS

1. We have audited the accompanying financial statements of Zee Entertainment Enterprises Limited ("the Company") which comprise the Balance Sheet as at 31 March, 2013, the Statement of Profit and Loss and 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"). 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. 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 said financial statements together with the notes thereon, give the information required by the Act in the

manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2013;
- b) In the case of the Statement of Profit and Loss, of the Profit 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 sub-section (4A) of Section 227 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:
 - (i) 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;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act; and
 - (v) On the basis of written representation received from the directors as at 31 March, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as at 31 March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For **MGB & Co.**
Chartered Accountants

Firm Registration Number 101169W

Hitendra Bhandari
Partner
Membership Number 107832

Place: Mumbai
Date: 22 May, 2013

INDEPENDENT AUDITORS' REPORT

ANNEXURE REFERRED TO IN PARAGRAPH (7) UNDER THE HEADING OF "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
(b) All the fixed assets, except Integrated Receiver Decoders (IRD) boxes lying with third parties, have been physically verified by the management during the year. In our opinion, the periodicity of verification is reasonable having regard to the size of the Company and the nature of its assets. Discrepancies noticed on such verification, which are not material, have been properly dealt with in the books of account.
(c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
- 2) (a) The inventory has been physically verified (copyrights of programs and film rights verified with reference to title documents/agreements) by the management at reasonable intervals during the year.
(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) In our opinion, the Company has maintained proper records of inventory. As explained to us, no discrepancies were noticed on physical verification as compared to the book records.
- 3) (a) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
(b) The Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- 4) In our opinion and according to the information and explanations given to us, there is 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.
- 5) According to the information and explanations given to us, there are no contracts or arrangements the particulars of which are required to be entered into the register maintained in pursuance to Section 301 of the Act.
- 6) The Company has not accepted any deposits from the public during the year.
- 7) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 8) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Act and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- 9) According to the records of the Company examined by us and information and explanations given to us:
 - (a) Undisputed Statutory dues including provident fund, investor education and protection fund, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and others as applicable have generally been regularly deposited with the appropriate authorities. There are no undisputed amounts payable in respect of the aforesaid dues outstanding as at 31 March, 2013 for a period of more than six months from the date they became payable.

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

Name of the Statute	Nature of the Dues	Amount (₹ /million)	Period to which the amount relate	Forum where dispute is pending
The Central Excise Act, 1944	Service Tax	1	F.Y. 2004-2005	Commissioner of Service Tax
		312	F.Y. 2006-2007	Commissioner of Service Tax
		148	F.Y. 2007-2008	Commissioner of Service Tax
		2	F.Y. 2006-2007	Commissioner of Central Excise (Appeals)
		0 (₹ 176,706)^	F.Y. 2006-2007, F.Y. 2007- 2008	Customs Excise and Service Tax Appellate Tribunal
The Income Tax Act, 1961	Tax Deducted at Source (including interest)	119	F.Y. 2010-2011	Commissioner of Income Tax (Appeals)
	Income Tax	88	F.Y. 2005-2006	Income Tax Appellate Tribunal
		1,440	F.Y. 2008-2009	Dispute Resolution Panel
		3*	F.Y. 2008-2009	Commissioner of Income Tax (Appeals)
		45*	F.Y. 2009-2010	Commissioner of Income Tax (Appeals)
The Wealth Tax Act, 1957	Wealth Tax	0	F.Y. 2004-2005	Income Tax Appellate Tribunal
		(₹ 427,020)^		
		0 (₹ 385,733)^	F.Y. 2005-2006	Income Tax Appellate Tribunal

^ represents absolute amount

*pertains to erstwhile ETC Networks Limited, merged with the Company.

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

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

Hitendra Bhandari
Partner
Membership Number 107832

Place: Mumbai
Date: 22 May, 2013

BALANCE SHEET

as at 31 March, 2013

		(₹ millions)	
	Note	2013	2012
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	3	954	959
Reserves and Surplus	4	32,574	28,992
		33,528	29,951
Non-Current Liabilities			
Long-Term Borrowings	5	15	10
Long-Term Provisions	6	206	160
		221	170
Current Liabilities			
Trade Payables	7	2,264	1,725
Other Current Liabilities	7	1,643	1,694
Short-Term Provisions	6	2,254	1,679
		6,161	5,098
TOTAL		39,910	35,219
ASSETS			
Non-Current Assets			
Fixed Assets	8		
Tangible assets		2,199	1,698
Intangible assets		61	74
Capital work-in-progress		69	201
		2,329	1,973
Non-Current Investments	9	5,995	5,923
Deferred Tax Assets (net)	10	128	136
Long-Term Loans and Advances	11	3,809	976
Other Non-Current Assets (₹ 54,365 (₹ 79,365))	12	0	0
		12,261	9,008
Current Assets			
Current Investments	13	4,697	4,679
Inventories	14	9,585	9,930
Trade Receivables	15	7,171	6,784
Cash and Bank Balances	16	2,394	761
Short-Term Loans and Advances	11	3,668	4,009
Other Current Assets	12	134	48
		27,649	26,211
TOTAL		39,910	35,219

Notes forming part of the financial statements

1-45

As per our attached report of even date

For **MGB & Co.** Chartered Accountants

Hitendra Bhandari Partner

Place: Mumbai
Date: 22 May, 2013

For and on behalf of the Board

Punit Goenka Managing Director & CEO

M Y Khan Director

Hitesh Vakil Chief Financial Officer

M Lakshminarayanan Company Secretary

STATEMENT OF PROFIT AND LOSS

for the year ended 31 March, 2013

		(₹ millions)	
	Note	2013	2012
Revenue			
Revenue from Operations	17	25,659	22,040
Other Income	18	1,189	1,289
TOTAL		26,848	23,329
Expenses			
Operational Cost	19	10,703	10,144
Employee benefits expense	20	1,904	1,573
Finance costs	21	13	5
Depreciation and amortisation expenses	22	280	215
Other expenses	23	4,429	4,054
TOTAL		17,329	15,991
Profit before tax		9,519	7,338
Less : Tax expense			
Current tax - current year		3,044	2,386
- earlier years		60	62
Deferred tax		8	(7)
Profit after tax		6,407	4,897
Earnings per equity share (face value ₹ 1 each)	43		
Basic		6.71	5.05
Diluted		6.69	5.05

Notes forming part of the financial statements

1-45

As per our attached report of even date

For **MGB & Co.** Chartered Accountants

Hitendra Bhandari Partner

Place: Mumbai
Date: 22 May, 2013

For and on behalf of the Board

Punit Goenka Managing Director & CEO

M Y Khan Director

Hitesh Vakil Chief Financial Officer

M Lakshminarayanan Company Secretary

CASH FLOW STATEMENT

for the year ended 31 March, 2013

	(₹ millions)	
	2013	2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	9,519	7,338
Adjustments for :		
Depreciation and amortisation expenses	280	215
Provision for doubtful debts and advances	42	60
Liabilities / excess provision written back	(53)	(138)
Unrealised loss / (gains) on exchange adjustments (net)	40	(12)
Loss on sale / discard / impairment of fixed assets (net)	22	72
Interest expense	12	4
Provision for diminution in value of investments	20	11
Profit on sale of investments (net)	(1)	-
Dividend income	(133)	(126)
Interest income	(791)	(760)
Operating Profit before working capital changes	8,957	6,664
Adjustments for :		
Increase in trade and other receivables	(3)	(717)
Decrease in inventories	345	1,100
Increase / (Decrease) in trade and other payables	530	(571)
Cash Generated from Operations	9,829	6,476
Direct taxes paid (net)	(3,125)	(2,898)
Net Cash Flow from Operating Activities (A)	6,704	3,578
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets / capital work in progress	(678)	(678)
Sale of fixed assets	43	3
Purchase of non-current investments	(92)	(111)
Purchase of current investments	(29,905)	(33,252)
Sale of current investments	29,888	32,605
Loan to subsidiary company	(2,852)	-
Loans to others	(250)	(200)
Loans repaid by others	200	1,000
Dividend received	133	125
Interest received	702	734
Net Cash Flow from / (used in) Investing Activities (B)	(2,811)	226

CASH FLOW STATEMENT

for the year ended 31 March, 2013

	(₹ millions)	
	2013	2012
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid (including dividend tax)	(1,663)	(2,274)
Interest paid	(12)	(3)
Proceeds from issue of share capital	-	8
Payment on buyback of shares	(593)	(2,319)
Proceeds from long-term borrowings	20	13
Repayments of long-term borrowings	(13)	(7)
Net Cash Flow used in Financing Activities (C)	(2,261)	(4,582)
Net Cash flow during the year (A+B+C)	1,632	(778)
Cash and cash equivalents at the beginning of the year	752	1,530
Net cash and cash equivalents	2,384	752
Add: Balances earmarked	10	9
Cash and bank balances at the end of the year	2,394	761
Note :		
1. Previous year's figures have been regrouped, recast wherever necessary.		

As per our attached report of even date

For **MGB & Co.** Chartered Accountants

Hitendra Bhandari Partner

Place: Mumbai
Date: 22 May, 2013

For and on behalf of the Board

Punit Goenka Managing Director & CEO

M Y Khan Director

Hitesh Vakil Chief Financial Officer

M Lakshminarayanan Company Secretary

NOTES

forming part of the Financial Statements

1 CORPORATE INFORMATION

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

- Broadcasting of Satellite Television Channels;
- Space Selling agent for other satellite television channels;
- Sale of Television Content i.e. programs / film rights / feeds;
- Production and distribution of films.

2 SIGNIFICANT ACCOUNTING POLICIES

1 Basis of preparation

The financial statements are prepared under the historical cost convention on going concern basis in accordance with Indian Generally Accepted Accounting Principles (GAAP) and comply in all material aspects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI). The Company follows the mercantile system of accounting and recognises income and expenditure on accrual.

2 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, on the date of the financial statements and the reported amount of revenue and expenses for the year. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

3 Tangible fixed assets

- 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 asset to its working condition for the intended use. Integrated Receiver Decoders (IRD) boxes are capitalised, when available for deployment.
- Capital work in progress comprises cost of fixed assets and related expenses that are not yet ready for their intended use at the reporting date.

4 Intangible assets

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

5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or

sale are capitalised as part of the cost of respective asset. All other borrowing costs are expensed in the year they occur.

6 Impairment of tangible and intangible assets

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

7 Depreciation / Amortisation on tangible / intangible assets

- Depreciation on tangible fixed assets is provided on straight line method at the rates specified in Schedule XIV to the Companies Act, 1956 except Aircraft on which depreciation is provided based on estimated useful life of 15 years. The rate of depreciation so derived is more than the rate prescribed under Schedule XIV.
- Premium on Leasehold Land and Leasehold Improvements are amortised over the period of Lease.
- Intangible assets are amortised on a straight line basis over the economic useful life estimated by the management.

8 Investments

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

9 Transactions in foreign currencies

- Foreign currency transactions are accounted at the exchange rate prevailing on the date of such transactions.
- 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

NOTES

forming part of the Financial Statements

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.

- (c) Non-monetary foreign currency items are carried at cost.

10 Revenue recognition

- (a) Broadcasting revenue - Advertisement revenue (net of discount and volume rebates) is recognised when the related advertisement or commercial appears before the public i.e. on telecast. Subscription revenue is recognised on time basis on the provision of television broadcasting service to subscribers.
- (b) Sales (including Programs, Film Rights) is recognised, when the significant risks and rewards have been transferred to the customers.
- (c) Services
- Commission-Space selling is recognised when the related advertisement or commercial appears before the public i.e. on telecast.
 - Theatrical revenue from films is recognised on receipt of related sale reports.
- (d) Revenue from other services is recognised as and when such services are completed / performed.
- (e) Interest income is recognised on a time proportion basis taking into account principal outstanding and the applicable interest rate.
- (f) Dividend income is recognised when the Company's right to receive dividend is established.

11 Inventories

(a) Television Content for Broadcasting :

Inventories includes Programs, Film rights (completed (commissioned / acquired) and under production) are stated at lower of cost / unamortised cost or realisable value. Cost comprises acquisition / direct production cost. Where the realisable value on the basis of its estimated useful economic life is less than its carrying amount, the difference is expensed as impairment. Programs, film rights are expensed / amortised as under:

- Programs - reality shows, chat shows, events, current affairs, game shows and sports rights etc. are fully expensed on telecast.
- Programs (other than (i) above) are amortised over three financial years starting from the year of first telecast, as per management estimate of future revenue potential.

- Film rights are amortised on a straight-line basis over the licensed period or 60 months from the commencement of rights, whichever is shorter.

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

Cost is allocated to each right based on management estimate of revenue. Costs of theatrical rights, satellite rights, music rights, home video rights etc are amortised when sold / exploited and residual rights are carried at lower of unamortised cost or net realisable value.

- Theatrical rights: 70% of allocated cost is amortised over three months of theatrical release of films and balance 30% in subsequent three quarters.
- Satellite rights, music rights, home video rights etc: Allocated cost of each right is expensed on sale and amortised on exploitation as per (a) (iii) above.
- Negative rights : 90% of the cost is allocated and amortised as per (i) and (ii) above and 10% of the cost is allocated to Intellectual Property Rights (IPR) and amortised over subsequent five years.

- (c) Raw Stock : Tapes are valued at lower of cost or estimated net realisable value. Cost is taken on weighted average basis.

12 Retirement and other employee benefits

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

13 Accounting for taxes on income

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

14 Leases

(a) Finance Lease

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

NOTES

forming part of the Financial Statements

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

(b) Operating Lease

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

15 Earnings Per Share

Basic earnings per share is computed and disclosed using the weighted average number of equity shares outstanding during the year. Dilutive earnings per share is computed and disclosed

using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except when the results would be anti-dilutive.

16 Provisions, Contingent Liabilities and Contingent Assets

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

		(₹ millions)
	2013	2012
3 SHARE CAPITAL		
Authorised		
1,399,200,000 (1,399,200,000) Equity Shares of ₹ 1 each	1,399	1,399
	1,399	1,399
Issued, Subscribed and Paid up		
953,957,720 (958,770,077) Equity Shares of ₹ 1 each fully paid up	954	959
TOTAL	954	959

a) Reconciliation of number of Equity shares and Share capital

	2013		2012	
	Number of equity shares	₹ millions	Number of equity shares	₹ millions
At the beginning of the year	958,770,077	959	978,076,130	978
Less: Shares cancelled on Buyback (Refer (e) below)	4,812,357	5	19,372,853	19
Add : Allotted on exercise of Employee Stock Options (P.Y. ₹ 66,800) (Refer (f) below)	-	-	66,800	0
Outstanding at the end of the year	953,957,720	954	958,770,077	959

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. 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.

NOTES

forming part of the Financial Statements

c) Details of aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during five years preceding 31 March, 2013

	2013	2012
Equity Shares allotted as fully paid bonus shares	489,038,065	489,038,065
Equity Shares allotted as fully paid for consideration other than cash, pursuant to Scheme of Amalgamation / Arrangement	55,030,954	55,030,954
Equity Shares bought back and cancelled	24,185,210	19,372,853

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

Name of the Shareholders	2013		2012	
	Number of equity shares	% Shareholding	Number of equity shares	% Shareholding
Cyquator Media Services Private Limited	241,402,908	25.31%	241,402,908	25.18%
Essel Media Ventures Limited	102,888,286	10.79%	102,888,286	10.73%
Oppenheimer Developing Marketing Fund	86,953,280	9.12%	76,026,963	7.93%

As per the records of the Company, including its register of shareholders / members and other declaration received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

e) Buyback of shares

Buyback of the Company's Equity Shares through the open market route commenced on 23 April, 2012 and concluded on 3 April, 2013, wherein the Company has bought back 4,812,357 Equity Shares of ₹ 1 each. All these equity shares were extinguished by execution of Debit Corporate Action(s) by the Company. Consequently, the Paid-up Share Capital as at 31 March, 2013 stands reduced to 953,957,720 Equity Shares of ₹ 1 each fully paid up.

determined as per the Securities and Exchange Board of India (Employee Stock Options Scheme) Guidelines, 1999 (SEBI (ESOS) Guidelines). The said scheme is administered by the Remuneration Committee of the Board.

During the year ended 31 March, 2013, the Company did not grant any stock options. The options earlier granted under the Scheme vested during the year and these would be exercisable at any time within a period of four years from each vesting and the equity shares arising on exercise of options shall not be subject to any lock in. In view of Buyback plan during the year, no options could be exercised and consequently no equity shares were issued and allotted during the financial year under the ESOP Scheme.

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

f) Employees Stock Option Scheme (ESOP):

The Company has instituted an Employee Stock Option Plan (ESOP 2009) as approved by the Board of Directors and Shareholders of the Company in 2009 for issuance of stock options convertible into equity shares not exceeding in the aggregate 5% of the issued and paid up capital of the Company as at 31 March, 2009 i.e. up to 21,700,355 equity shares of ₹ 1 each, to the employees of the Company as well as that of its subsidiaries and also to Non-executive Directors including Independent Directors of the Company at the market price

Summary of Stock Options outstanding is as follows :

	2013	2012
Options outstanding at the beginning of the year	6,825,200	7,503,600
Options exercised during the year	-	66,800
Options lapsed during the year	276,400	611,600
Options outstanding at the end of the year	6,548,800	6,825,200

NOTES

forming part of the Financial Statements

		(₹ millions)	
		2013	2012
4 RESERVES AND SURPLUS			
Capital Redemption Reserve			
As per last Balance Sheet		19	-
Add : On Buyback of Equity Shares		5	19
		24	19
Securities Premium			
As per last Balance Sheet		8,834	11,126
Less: On Buyback of Equity shares		588	2,300
Add: On issue of Shares under Employee Stock Option Plan		-	8
		8,246	8,834
General Reserve			
As per last Balance Sheet		6,811	5,330
Less: Transferred to Capital Redemption Reserve on Buyback of Equity Shares		5	19
Add: Appropriated during the year		1,500	1,500
		8,306	6,811
Surplus in Statement of Profit and Loss			
As per last Balance Sheet		13,328	11,602
Add : Proposed Dividend (including tax) on Equity Shares bought back and cancelled		8	-
Add : Profit for the year		6,407	4,897
Less : Appropriations			
Proposed Dividend		1,919	1,438
Tax on Dividend		326	233
Transferred to General Reserve		1,500	1,500
		15,998	13,328
TOTAL		32,574	28,992

		(₹ millions)			
		Non-Current		Current	
		2013	2012	2013	2012
5. LONG-TERM BORROWINGS					
Vehicle Loans * - Secured		15	10	9	7
		15	10	9	7
Less : Amount disclosed under the head "Other Current Liabilities" (Refer Note 7)		-	-	9	7
TOTAL		15	10	-	-

* Secured against hypothecation of vehicles. The aforesaid borrowings carries interest rates ranging from 8.55% p.a. - 11.31% p.a. and are repayable upto March 2017.

NOTES

forming part of the Financial Statements

	(₹ millions)			
	Long-Term		Short-Term	
	2013	2012	2013	2012
6. PROVISIONS				
Provision for employee benefits				
- Gratuity	99	78	3	3
- Leave benefits	107	82	6	5
Others				
- Proposed Dividend	-	-	2,245	1,671
TOTAL	206	160	2,254	1,679

	(₹ millions)	
	Current	
	2013	2012
7. OTHER LIABILITIES		
Trade payables		
Trade Payables	1,755	1,012
Due to Principals - Subsidiary (pending remittances)	509	713
	2,264	1,725
Other Current Liabilities		
Current maturities of long-term borrowings	9	7
Interest accrued but not due (P.Y. ₹ 10,100)	-	0
Unearned revenue	151	61
Advances received from customers	10	1
Deposits received from distributors	41	31
Unclaimed dividends	10	9
Creditors for capital expenditure	55	21
Statutory dues payable	287	224
Cheques overdrawn	-	54
Other payables	1,080	1,286
	1,643	1,694
TOTAL	3,907	3,419

Dividend ₹/million 1 (1) unclaimed for a period of more than seven years is transferred to Investor's Education and Protection Fund during the year. Further, there are no amounts due and outstanding to be credited to Investor's Education and Protection Fund as at 31 March, 2013.

NOTES

forming part of the Financial Statements

8 FIXED ASSETS	(₹ millions)									
	Gross Block			Depreciation / Amortisation			Net Block			
	As at 1 April, 2012	Additions	Deductions	As at 31 March, 2013	Upto 31 March, 2012	For the year	Deductions	Impairment Loss	Upto 31 March, 2013	As at 31 March, 2012
Tangible Assets										
Leasehold Land	66	-	-	66	7	1	-	-	8	59
Leasehold Improvements	81	2	2	81	79	1	0	-	80	2
Building	415	-	8	407	52	7	2	1	56	363
Computers	141	26	25	142	75	20	13	-	82	66
Plant and Machinery	1,430	340	50	1,720	413	153	20	-	546	1,017
Equipments	97	10	3	104	20	6	1	-	25	77
Furniture and Fixtures	66	2	5	63	23	4	3	-	24	43
Aircraft	-	368	-	368	-	21	-	-	21	347
Vehicles	92	40	19	113	21	9	7	-	23	71
TOTAL	2,388	788	112	3,064	690	222	46	1	865	1,698
Previous Year	2,050	488	150	2,388	606	159	75	-	690	1,698
Intangible Assets										
Software	195	44	1	238	121	58	2	-	177	74
Trademark	0	-	-	0	0	0	-	-	0	0
TOTAL	195	44	1	238	121	58	2	-	177	74
Previous Year	169	26	0	195	65	56	0	-	121	74
Capital Work-in-Progress										
										201

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

Notes:

1. Building includes ₹/millions 0 (0) (₹114,100 (₹ 114,100)) the value of share in a co-operative society.
2. Part of Building has been given on Operating lease.
3. Depreciation for the year is net of excess depreciation of ₹/millions 8 (Nil) provided in the earlier year.

NOTES

forming part of the Financial Statements

		(₹ millions)	
		2013	2012
9 NON-CURRENT INVESTMENTS			
(i) Trade Investments (valued at cost, unless stated otherwise)			
In Subsidiaries - Wholly Owned - Unquoted			
56,796,292 (56,796,292) Ordinary shares of USD 1/- each of Zee Multimedia Worldwide (Mauritius) Limited	2,584	2,584	
583 (583) Ordinary shares of USD 1/- each of Asia Today Limited	2,515	2,515	
50,000 (50,000) Equity shares of ₹ 10/- each of Zee Sports Limited	1	1	
10,000 (10,000) Equity shares of ₹ 100/- each of Taj Television (India) Private Limited	37	37	
1,010,000 (1,010,000) Equity shares of ₹ 10/- each of Essel Vision Productions Limited (formerly ITM Digital Private Limited)	10	10	
In Subsidiaries - Others- Unquoted			
74,000 (74,000) Equity shares of ₹ 10/- each of Zee Turner Limited (Extent of holding 74%)	1	1	
119,884,243 (113,939,453) Equity shares of ₹ 1/- each of India Webportal Private Limited (Extent of holding 51%)	206	114	
In Others - Unquoted			
30,000 (30,000) Equity shares of ₹ 10/- each of Last Minute Media Private Limited (₹ 300,000 (₹ 300,000))	0	0	
	5,354	5,262	
(ii) Other Investments			
In Associate - Quoted			
1,321,200 (1,321,200) Equity shares of ₹ 10/- each of Aplab Limited (Extent of holding 26.42%)	47	47	
Others - Quoted			
1,822,000 (1,822,000) Equity shares of ₹ 2/- each of Essel Propack Limited	2	2	
50 (50) 10.20% Unsecured Redeemable Non-Convertible Debentures of ₹ 1,000,000 each of Yes Bank Limited	50	50	
Investment Property			
Land at Hyderabad *	573	573	
	672	672	
Less : Provision for diminution in value of investments	31	11	
TOTAL	5,995	5,923	
(All the above securities are fully paid up)			
Aggregate amount of quoted Investments [Market Value ₹/millions 83 (86)]	99	99	
Aggregate amount of unquoted Investments	5,354	5,262	
Value of investment property	573	573	
Diminution in value of investments	31	11	

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

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

NOTES

forming part of the Financial Statements

		(₹ millions)	
		2013	2012
10. DEFERRED TAX ASSETS (NET)			
The components of deferred tax balances as at 31 March, 2013 are as under:			
Deferred Tax Assets			
Arising on account of timing differences in Employee retirement benefits		72	60
Provision for doubtful debts and advances		236	221
Allowable on payment basis		-	13
		308	294
Deferred Tax Liabilities			
Depreciation		180	158
		180	158
Deferred Tax Assets (Net)		128	136

		(₹ millions)			
		Long-Term		Short-Term	
		2013	2012	2013	2012
11. LOANS AND ADVANCES					
Capital advances #		386	374	-	-
Deposits (unsecured, considered good)		280	223	40	39
Advances and deposits to related parties		-	22	68	54
Loans and advances to subsidiaries					
- Considered good		2,852	28*	833	973
- Considered doubtful		-	-	31	31
		2,852	28	864	1,004
Less : Provision for doubtful advances		-	-	31	31
		2,852	28	833	973
Other Loans and Advances (Unsecured)					
Loans		-	-	1,750	1,700
Other advances					
- Considered good		-	6	558	826
- Considered doubtful		-	-	376	376
Less: Provision for doubtful advances		-	-	376	376
		-	6	558	826
Prepaid expenses		6	2	127	91
Balance with Government Authorities -					
- Advance income tax (net of provisions)		285	321	58	-
- Advance indirect taxes		-	-	234	326
TOTAL		3,809	976	3,668	4,009

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

* represents Share Application Money.

NOTES

forming part of the Financial Statements

	(₹ millions)			
	Non-Current		Current	
	2013	2012	2013	2012
12. OTHER ASSETS				
Balances with Banks - In Deposit accounts (Refer Note 16) (₹ 54,365 (₹ 79,365))	0	0	-	-
Interest accrued on -				
- Current Investments	-	-	57	36
- Bank Deposits	-	-	10	-
- Loans - Subsidiary	-	-	39	-
- Others	-	-	18	3
Other Receivables	-	-	10	9
TOTAL	0	0	134	48

	(₹ millions)	
	2013	2012
13. CURRENT INVESTMENTS		
(a) Mutual Funds - Quoted		
3,495,332 (Nil) units of ₹ 100/- each of Birla Sun Life Cash Plus - Daily Dividend	350	-
	350	-
(b) Other current investments		
Commercial Paper - Quoted		
1,800 (1,500) Edelweiss Securities Limited	858	735
600 (1,000) Religare Finvest Limited	289	486
800 (1,000) Reliance Capital Limited	384	485
1,200 (1,000) Morgan Stanley India Capital Private Limited	570	485
500 (Nil) L&T Fincorp Limited	246	-
Nil (500) Tata Capital Limited	-	244
Nil (500) Aditya Birla Finance Limited	-	244
Certificate of Deposits (Non-Transferable) - Unquoted		
11.75% (10.75%) of SICOM Limited	1,000	1,000
12% (12%) of SICOM Limited	1,000	1,000
	4,347	4,679
TOTAL	4,697	4,679
(All the above securities are fully paid up)		
Aggregate amount of quoted Investments [Market Value ₹/millions 2,697 (2,679)]	2,697	2,679
Aggregate amount of unquoted Investments	2,000	2,000

NOTES

forming part of the Financial Statements

	(₹ millions)	
	2013	2012
14. INVENTORIES		
Raw Stock - Tapes	8	12
Television content*	9,521	9,899
Under production - Programs	56	19
TOTAL	9,585	9,930

* Includes rights ₹/millions 2,227 (3,524), which will commence at a future date.

* Includes Programs, Film rights valued at lower of cost / unamortised cost or realisable value.

	(₹ millions)	
	2013	2012
15. TRADE RECEIVABLES (UNSECURED)		
Over six months		
- Considered good	414	376
- Considered doubtful	317	275
Others		
- Considered good	6,757	6,408
- Considered doubtful	-	-
	7,488	7,059
Less: Provision for doubtful debts	317	275
TOTAL	7,171	6,784

	(₹ millions)			
	Non-Current		Current	
	2013	2012	2013	2012
16. CASH AND BANK BALANCES				
Cash and Cash Equivalents				
Balances with Banks -				
- In Current accounts	-	-	378	448
- In Deposit accounts	-	-	2,000	-
Cheques, demand drafts in hand #	-	-	5	303
Cash in hand	-	-	1	1
	-	-	2,384	752
Other Bank balances				
Balances with Banks -				
- In Deposit accounts ^ (₹ 54,365 (₹ 79,365))	0	0	-	-
- In Unclaimed dividend accounts	-	-	10	9
	0	0	10	9
Amount disclosed under the head "Other Assets" (Note 12) (₹ 54,365 (₹ 79,365))	0	0	-	-
TOTAL	-	-	2,394	761

^ Pledged with sales tax authorities.

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

NOTES

forming part of the Financial Statements

	(₹ millions)	
	2013	2012
17. REVENUE FROM OPERATIONS		
Services - Broadcasting Revenue		
Advertisement	16,266	13,609
Subscription	7,855	6,239
- Commission - Space selling	118	117
- Transmission Revenue	156	348
Sales - Television content	1,211	1,686
Other Operating Revenue	53	41
TOTAL	25,659	22,040

	(₹ millions)	
	2013	2012
18. OTHER INCOME		
Interest Income		
- from Current Investments	444	444
- from Bank Deposits	17	5
- from Subsidiary	39	-
- from Long-Term Investments	5	2
- from Others	286	309
Dividend Income		
- from Current Investments	132	125
- from Long-Term Investments	1	1
Rent Income	77	73
Gain on Exchange Difference (net)	105	175
Liabilities / Excess Provision Written Back	53	138
Profit on Sale of Investments (net)	1	-
Miscellaneous Income	29	17
TOTAL	1,189	1,289

NOTES

forming part of the Financial Statements

	(₹ millions)	
	2013	2012
19. OPERATIONAL COST		
(a) Television Content**		
Opening - Inventory	9,899	10,921
- Under production - Programs	19	96
Add: Commissioned / Acquisition*	7,468	6,486
Add: Production Expenses - Location Hire and Set Charges	225	275
- Equipment Hire Charges	300	258
- Professional / Artist Fees	1,148	1,044
- License Fees	113	112
- Other Production Expenses	716	382
Less: Closing - Inventory	9,521	9,899
- Under production - Programs	56	19
	10,311	9,656
(b) Telecast Cost	392	488
TOTAL (a) + (b)	10,703	10,144

* Includes film rights acquired ₹/millions 1,058 (388), which will commence at a future date.

** Includes cost / unamortised cost of Programs, Film rights.

Programs, Film Rights of ₹/millions 199 (97) are impaired during the year.

	(₹ millions)	
	2013	2012
20. EMPLOYEE BENEFITS EXPENSE		
Salaries and allowances	1,760	1,465
Contribution to provident and other funds	76	68
Staff welfare expenses	68	40
TOTAL	1,904	1,573

	(₹ millions)	
	2013	2012
21. FINANCE COSTS		
Interest - on vehicle loans	2	1
- others	10	3
Other financial charges	1	1
TOTAL	13	5

NOTES

forming part of the Financial Statements

	(₹ millions)	
	2013	2012
22. DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on tangible assets	222	159
Amortisation on intangible assets	58	56
TOTAL	280	215

	(₹ millions)	
	2013	2012
23. OTHER EXPENSES		
Rent	197	197
Repairs and Maintenance - Building	9	3
- Plant and Machinery	79	33
- Others	21	28
Insurance	4	5
Rates and taxes	32	47
Electricity and water charges	87	64
Communication charges	63	63
Printing and stationery	12	14
Travelling and conveyance expenses	190	151
Legal and professional charges	183	237
Payment to auditors	15	11
Donation	13	12
Miscellaneous expenses	63	54
Advertisement and publicity expenses	1,359	1,157
Commission / discounts on services	149	209
Marketing, distribution and promotion expenses	1,730	1,415
Conference expenses	43	62
Provision for doubtful debts and advances	138	197
Bad debts and advances written off	96	
Less: Provision for doubtful debts and advances	96	2
Provision for diminution in value of investments	20	11
Loss on sale of investments	-	10
Loss on sale / discard / impairment of fixed assets (net)	22	72
TOTAL	4,429	4,054

NOTES

forming part of the Financial Statements

24 LEASES

A. Operating Leases:

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

	(₹ millions)	
	2013	2012
Lease rental charges for the year	627	517
Future Lease rental obligation payable (under non-cancellable lease)		
Not later than one year	257	277
Later than one year but not later than five years	422	649
Later than five years	-	9

- (b) In respect of assets given under operating lease :
- (i) The Company has given part of its buildings under cancellable operating lease agreement. The initial term of the lease is for 36 months.
- (ii) The rental revenue for the year is ₹/millions 77 (73).

25 CONTINGENT LIABILITIES

	(₹ millions)	
	2013	2012
a) Corporate Guarantees		
- For subsidiaries, loans / commitments outstanding ₹/millions 1,648 (1,647)	7,986	2,946
- For other related parties, loans / commitments outstanding ₹/millions 797 (721)	928	1,727
b) Disputed Indirect Taxes	463	463
c) Disputed Direct Taxes *	2,637	2,719
d) Claims against the Company not acknowledged as debts #	776	657
e) Legal cases against the Company @	Not ascertainable	Not ascertainable

- * Income tax demands mainly include appeals filed by the Company before various appellate authorities (including Dispute Resolution panel) against the disallowance of expenses / claims, non-deduction / short deduction of tax at source, transfer pricing adjustments etc. The management is of the opinion that its tax cases will be decided in its favour and hence no provision is considered necessary at this stage.
- # The amount represents the best possible estimate arrived at on the basis of available information. The Company has engaged reputed advocates to protect its interests and has been advised that it has strong legal positions against such disputes.
- @ The Company has received legal notices of claims / lawsuits filed against it relating to infringement of copyrights, defamation suits etc in relation to the programs produced / other matters. In the opinion of the management, no material liability is likely to arise on account of such claims / law suits.

26 CAPITAL AND OTHER COMMITMENTS

- (a) Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) is ₹/millions 46 (298).
- (b) Other commitments as regards Television Content and others are ₹/millions 2,954 (3,278).
- (c) The Company has committed to provide continued financial support to various subsidiaries - Amount not ascertainable.

- 27 The Company has preferred a legal case against The Board of Control for Cricket in India (BCCI) for premature termination of Media Rights contract for telecast of cricket matches between India and other countries in neutral territories outside India. The Hon'ble Arbitration Tribunal in November 2012 has passed an Arbitral award of ₹/millions 1,236 (plus interest) in favour of the Company. BCCI has filed a petition before the High Court of Judicature at Madras challenging the Tribunal Award. Accordingly, pending final outcome and receipt of the award amount, effect has not been given in these financial statements.

NOTES

forming part of the Financial Statements

28 MANAGERIAL REMUNERATION

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

	(₹ millions)	
	2013	2012
Salary and allowances	45	45
Provident fund contributions	4	3
Perquisites	7	7

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

- (b) Commission payable to Non-Executive Directors of ₹/millions 10 (8) based on profits for the year ended 31 March, 2013 is included in Legal and Professional charges under note 23 "Other expenses".
- (c) Foreign subsidiary has paid remuneration (salaries and allowances) of ₹/millions Nil (4) to a Non-executive Director.

29 PAYMENT TO AUDITORS

	(₹ millions)	
	2013	2012
Audit fees	6	6
Tax audit fees	1	1
Certification and tax representation	5	3
Other matters	3	1
Reimbursement of expenses (₹ 179,470 (₹190,000))	0	0
TOTAL	15	11

- 30 The Company has been deploying its surplus funds as loans / inter corporate deposits etc. The borrowers are regular in repayment of principal and interest, hence are considered good.

- 31 Operational cost and other expenses are net off recoveries ₹/millions 440 (236).

32 FOREIGN EXCHANGE

Foreign currency exposures that are not hedged by derivative instruments as at 31 March, 2013 are as under :

	(₹ millions)	
	2013	2012
Payables	168	250
Receivables	1,490	2,179
Loans	2,852	-

33 MICRO, SMALL AND MEDIUM ENTERPRISES

The Company has no dues to Micro, Small and Medium enterprises during the year ended 31 March, 2013, on the basis of information provided by the parties and available on record.

NOTES

forming part of the Financial Statements

34 EMPLOYEE BENEFITS

As per 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.

Disclosure of Gratuity in terms of AS 15 is as under:

	(₹ millions)	
	2013	2012
	Gratuity (Non Funded)	
I. Expenses recognised during the year		
1 Current Service Cost	13	14
2 Interest Cost	8	7
3 Actuarial Losses / (Gains)	13	2
4 Past Service cost	1	1
TOTAL EXPENSES	35	24
II. Net Asset / (Liability) recognised in the Balance Sheet as at 31 March, 2013		
1 Present value of defined benefit obligation	102	81
2 Net Asset / (Liability)	(102)	(81)
III. Reconciliation of Net Asset / (Liability) recognised in the Balance Sheet as at 31 March, 2013		
1 Net Asset / (Liability) at the beginning of year	(81)	(70)
2 Expense as per I above	(35)	(24)
3 Employer contribution	11	12
4 Net Asset / (Liability) at the end of the year	(102)	(81)
IV. Actuarial Assumptions		
1 Discount rate	8.20%	8.70%
2 Expected rate of salary increase	7.50%	7.50%
3 Mortality	IAL (2006-08)	LIC (1994-96)

Notes:

- Amounts recognised as an expense and included in the Note 20 "Employee benefits expense" are gratuity ₹/millions 35 (24) and leave encashment ₹/ millions 45 (28).
- The estimates of rate of escalation in salary considered in actuarial valuation, take into account 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 recognised as an expense in Note 20 "Employee benefits expense" of the Statement of Profit and Loss.

35 RELATED PARTY TRANSACTIONS

(i) List of Parties where control exists

Subsidiary Companies

(a) Wholly owned (Direct and indirect subsidiaries)

Apac Media Ventures Limited; Asia Today Limited; Asia TV Limited; Expand Fast Holdings (Singapore) Pte. Limited; Essel Vision Productions Limited; OOO Zee CIS LLC; OOO Zee CIS Holding LLC; Taj TV Limited; Taj Television (India) Private Limited; Zee Multimedia (Maurice) Limited; Zee Multimedia Worldwide (Mauritius) Limited; Zee Sports Limited; Zee Technologies (Guangzhou) Limited; Zee Telefilms Middle East FZ-LLC; Zee TV South Africa (Proprietary) Limited; Zee TV USA Inc.

NOTES

forming part of the Financial Statements

(b) Others - Direct

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

(ii) Associate

Aplab Limited (extent of holding 26.42%)

(iii) Joint Venture (held through Zee Turner Limited)

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

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

Agrani Wireless Services Limited; Cyquator Media Services Private Limited; Diligent Media Corporation Limited; Dakshin Media Gaming Solutions Private Limited; Dish TV India Limited; Essel Propack Limited; E-City Bioscope Entertainment Private Limited; Essel Corporate Resources Private Limited; Essel International Limited; Essel Shyam Communication Private Limited; Essel Walajahpet Poonamallee Toll Roads Private Limited; Pan India Network Limited; Pan India Network Infravest Private Limited; Real Media FZ-LLC; Siti Cable Network Limited; Smart Wireless Private Limited; Zee Learn Limited; Zee Akash News Private Limited; Zee News Limited.

Directors / Key Management Personnel

Mr. Subhash Chandra (Non Executive Director), Mr. Punit Goenka (Managing Director & CEO).

(v) Transactions with Related Parties

	(₹ millions)	
	2013	2012
A) Fixed Assets		
Assets purchased during the year		
Other Related Parties	5	2
Assets sold during the year		
Other Related Parties	4	-
B) Non-Current Investments		
Subsidiaries		
Balance as at 1 April	5,262	5,201
Purchased / Subscribed during the year	92	61
Balance as at 31 March	5,354	5,262
Associates		
Balance as at 1 April	47	47
Balance as at 31 March	47	47
Other Related Parties		
Balance as at 1 April	2	2
Balance as at 31 March	2	2
C) Trade Receivables as at 31 March		
Subsidiaries	1,524	2,004
Joint Venture	2,146	1,220
Other Related Parties	5	94
D) Loans, Advances and Deposits given as at 31 March		
Subsidiaries	3,716	1,032
Other Related Parties	68	76
E) Advances and Deposits received as at 31 March		
Subsidiaries	1	-
F) Interest accrued		
Subsidiaries	39	-

NOTES

forming part of the Financial Statements

(v) Transactions with Related Parties

	(₹ millions)	
	2013	2012
G) Trade Payables / Other Payables as at 31 March		
Subsidiaries	85	77
Other Related Parties	106	137
Due to Principals - Pending Remittances		
Subsidiaries	509	713
H) Revenue from Operations		
Advertisement Income		
Other Related Parties	19	60
Subscription Income		
Subsidiaries	959	1,141
Joint Venture	6,645	3,500
Other Related Parties	180	400
Commission received		
Subsidiaries	118	117
Transmission Income		
Subsidiaries	130	323
Other Related Parties	26	25
Sales - Television Content		
Subsidiaries	1,164	1,565
Other Related Parties	-	1
I) Other Income		
Interest Income		
Subsidiaries	39	-
Dividend Income		
Other Related Parties	1	1
Rent / Miscellaneous Income		
Subsidiaries	29	21
Joint Venture	5	3
Other Related Parties	65	62
Balances written back		
Subsidiaries (₹ 61,005)	0	-
Other Related Parties (₹ 53,713)	0	-
Reimbursements / Recoveries		
Subsidiaries	329	173
Joint Venture	3	1
Other Related Parties	108	62
J) Loans, Advances and Deposits given		
Subsidiaries	3,753	2,254
Other Related Parties	138	46
K) Loans, Advances and Deposits repayment received		
Subsidiaries	1,393	2,180
Other Related Parties	146	33

NOTES

forming part of the Financial Statements

(v) Transactions with Related Parties

		(₹ millions)	
		2013	2012
L) Purchase of Television Content			
Subsidiaries		400	-
Other Related Parties		102	208
M) Purchase of Services			
Subsidiaries		3	20
Joint Venture		1	-
Associate (₹ 182,500)		0	-
Other Related Parties		678	501
N) Commission / Discount on services			
Subsidiaries		54	94
Other Related Parties (₹ 75,795)		0	-
O) Balances written off			
Subsidiaries (P.Y. ₹ 146,026)		-	0
P) Provision for doubtful debts and advances			
Subsidiaries		-	31
Q) Advances and Deposits received			
Subsidiaries		18	-
R) Advances and Deposits refunded			
Subsidiaries		17	-
S) Guarantees			
Corporate Guarantees given			
Subsidiaries		7,986	2,946
Other Related Parties		928	1,727

Disclosure in Respect of Material Related Parties which account for 10% or more of transactions during the year:

- Fixed Assets purchased during the year, Dish TV India Limited ₹/millions 5 (2). Fixed Assets sold during the year, Zee News Limited ₹/millions 4 (Nil).
- Loans, Advances and Deposits given to Asia Today Limited ₹/millions 2,852 (Nil); Essel Vision Productions Limited ₹/millions 647 (Nil); Zee Turner Limited ₹/millions 230 (1,951); Siti Cable Network Limited ₹/millions Nil (0); Zee News Limited ₹/millions 109 (Nil), Cyquator Media Services Private Limited ₹/millions 29 (Nil); Essel Corporate Resources Private Limited ₹/millions Nil (45).
- Loans, Advances and Deposits repayment received from Asia Today Limited ₹/millions 181 (Nil); Essel Vision Productions Limited ₹/millions 605 (Nil); Zee Turner Limited ₹/millions 553 (2,177); Zee News Limited ₹/millions 98 (21); Cyquator Media Services Private Limited ₹/millions 26 (9); Essel Corporate Resources Private Limited ₹/millions 22 (Nil).
- Loans, Advances and Deposits balances outstanding at year end include Asia Today Limited ₹/millions 3,253 (259); Zee Sports Limited ₹/millions 32 (31); Zee Turner Limited ₹/millions 378 (701); Taj TV Limited ₹/millions 12 (13); Zee News Limited ₹/millions 10 (Nil); Essel Corporate Resources Private Limited ₹/millions 22 (45), Cyquator Media Services Private Limited ₹/millions 30 (27).
- Purchase of Television Content includes - Essel Vision Productions Limited ₹/millions 400 (Nil); Zee News Limited ₹/millions Nil (208); Zee Learn Limited ₹/millions 102 (Nil).
- Purchase of Services includes Production expenses - Essel Vision Productions Limited ₹/millions 2 (Nil); Zee Learn Limited ₹/millions 53 (Nil). Telecast cost - Dish TV India Limited ₹/millions 102 (62); Essel Shyam Communication Private Limited ₹/millions 10 (10). Rent expenses - Essel Corporate Resources Private Limited ₹/millions 134 (134). Communication charges - Pan India Network Infravest Private Limited ₹/millions 2 (11). Electricity and water charges - Siti Cable Network Limited ₹/millions 1 (Nil). Legal and Professional charges - Essel Corporate Resources Private Limited ₹/millions 101 (84); Cyquator Media Services Private Limited ₹/millions 1 (Nil); Media Pro Enterprise India Private Limited ₹/millions 1 (Nil). Advertisement and Publicity expenses - Essel Vision Productions Limited ₹/millions 0 (Nil); India Webportal Private Limited ₹/millions 0 (Nil); Taj Television (India)

NOTES

forming part of the Financial Statements

- Private Limited ₹/millions Nil (20); Cyquator Media Services Private Limited ₹/millions 21 (12); Diligent Media Corporation Limited ₹/millions Nil (3); Dish TV India Limited ₹/millions 36 (6); Siti Cable Network Limited ₹/millions 10 (Nil). Marketing, Distribution and Promotion expenses - Essel Vision Productions Limited ₹/millions 1 (Nil); Siti Cable Network Limited ₹/millions 198 (172).
- g. Commission / Discount on services - Zee Turner Limited ₹/millions -4 (57); Taj Television (India) Private Limited ₹/millions 58 (36); Zee Learn Limited ₹/millions 0 (Nil).
- h. Provision for doubtful debts and advances - Zee Sports Limited ₹/millions Nil (31).
- i. Trade Payables / Other Payables balances - Asia Today Limited ₹/millions 82 (77); Dish TV India Limited ₹/millions 13 (Nil); Siti Cable Network Limited ₹/millions 1 (8); Real Media FZ-LLC ₹/millions 12 (13); Essel Corporate Resources Private Limited ₹/millions Nil (18); Zee News Limited ₹/millions Nil (78); Zee Learn Limited ₹/millions 77 (5). Due to Principals - Pending Remittances to Asia Today Limited ₹/millions 509 (713).
- j. Revenue from Operations include Advertisement Income - Dish TV India Limited ₹/millions 15 (58); Diligent Media Corporation Limited ₹/millions 2 (1). Subscription income - Taj Television (India) Private Limited ₹/millions 959 (1,141); Media Pro Enterprise India Private Limited ₹/millions 6,645 (3,500); Dish TV India Limited ₹/millions 180 (400). Commission - Space Selling - Asia Today Limited ₹/millions 118 (117). Transmission Income - Asia Today Limited ₹/million 130 (323); Zee News Limited ₹/millions 26 (25). Sales- Television Content to Asia Today Limited ₹/millions 1,074 (1,541).
- k. Other income includes Interest Income - Asia Today Limited ₹/millions 39 (Nil). Dividend Income - Essel Propack Limited ₹/millions 1 (1). Rent / Miscellaneous Income includes - Taj TV Limited ₹/millions 23 (13); Zee Turner Limited ₹/millions 1 (5); Taj Television (India) Private Limited ₹/millions 5 (3); Media Pro Enterprise India Private Limited ₹/millions 5 (3); Diligent Media Corporation Limited ₹/millions 2 (2); Dish TV India Limited ₹/millions 28 (28); Zee News Limited ₹/millions 25 (25); Siti Cable Network Limited ₹/millions 8 (4).
- l. Reimbursement / Recoveries - Asia Today Limited ₹/millions 324 (171); Media Pro Enterprise India Private Limited ₹/millions 3 (1); Dish TV India Limited ₹/millions 48 (22); Siti Cable Network Limited ₹/millions 14 (5); Zee News Limited ₹/millions 39 (17); Zee Learn Limited ₹/millions 2 (14).
- m. Trade Receivables balances, Asia Today Limited ₹/millions 1,014 (1,554); Taj Television (India) Private Limited ₹/millions 508 (450); Media Pro Enterprise India Private Limited ₹/millions 2,146 (1,220); Dish TV India Limited ₹/millions Nil (91); Diligent Media Corporation Limited ₹/millions 2 (2); E-City Bioscope Entertainment Private Limited ₹/millions 2 (Nil).
- n. Interest accrued on Loans includes Asia Today Limited ₹/millions 39 (Nil).
- o. Advances and Deposits received balance include Zee Multimedia (Maurice) Limited ₹/millions 1 (Nil).
- p. Advances and deposits received during the year from Zee Multimedia (Maurice) Limited ₹/millions 18 (Nil).
- q. Advances and deposits refunded during the year includes Zee Multimedia (Maurice) Limited ₹/millions 17 (Nil).
- r. Corporate guarantees on behalf of Taj TV Limited ₹/millions 7,986 (2,946); Dish TV India Limited ₹/millions 437 (1,469); Siti Cable Network Limited ₹/millions 374 (229); Essel International Limited ₹/millions 95 (8).

Note:

Details of Remuneration to directors are disclosed in Note 28.

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

36 DISCLOSURES AS REQUIRED BY CLAUSE 32 OF THE LISTING AGREEMENT

(a) Loans and Advances given to Subsidiaries (Loanees)

	(₹ millions)			
	Balance as at 31 March		Maximum amount outstanding during the year	
	2013	2012	2013	2012
Zee Sports Limited	32	31	32	31
Zee Turner Limited	378	701	1,081	927
Taj TV Limited	12	13	25	13
Essel Vision Productions Limited	41	-	310	-
Asia Today Limited	3,253	259	3,253	259

(b) None of the loanees have made investments in the shares of the Company.

NOTES

forming part of the Financial Statements

37 (a) Consumption of Raw Stock (included in operational cost)

	(₹ millions)	
	2013	2012
Raw Tapes	27	35
TOTAL	27	35

(b) Details of Consumption of Imported and Indigenous stocks

	(₹ millions)			
	2013		2012	
	%	Amount	%	Amount
Imported	2	1	-	-
Indigenous	98	26	100	35
TOTAL	100	27	100	35

38 EARNINGS IN FOREIGN EXCHANGE

	(₹ millions)	
	2013	2012
FOB Value of Exports	1,165	1,666
Broadcasting Revenue	198	76
Transmission Revenue	130	323
Commission - Space Selling	118	117
Interest Income	39	-
Others	28	25

39 REMITTANCES IN FOREIGN CURRENCY

	(₹ millions)	
	2013	2012
Net Dividend remitted	259	345
Number of Shareholders (Numbers)	114	113
Number of Equity Shares held (Numbers)	172,721,365	172,718,795

40 (a) Expenditure in foreign currency

	(₹ millions)	
	2013	2012
Travelling and conveyance expenses	6	6
Telecast cost	263	361
Production expenses	13	17
Repairs and maintenance expenses	40	53
Marketing, distribution and promotion expenses	10	11
Conference expenses	1	-
Legal and professional charges	9	78
Others	7	1

NOTES

forming part of the Financial Statements

(b) CIF value of imports

	(₹ millions)	
	2013	2012
Capital Equipment	451	243
Raw Stock	1	-
Software - Intangible asset	5	8

- 41** The international transactions with Associated Enterprises (AE's) are at arm's length price as per the independent accountants report for the year ended 31 March, 2012. Further, the Finance Bill, 2012 had sought to bring in certain class of domestic transactions in the ambit of the transfer pricing regulations with effect from 1 April, 2012. The Management is of the opinion that its international transactions with AE's and the specified domestic transactions for the year are at arm's length price and that the transfer pricing study will not have any impact on the amount of tax expense and provision of taxation in these financials.
- 42** The Board of Directors have approved a bonus to shareholders by way of issue of 6% Redeemable Preference Shares (RPS), in the ratio of 21 RPS of ₹ 1 each fully paid up for every equity share of ₹ 1 each held in the Company through a Court approved Scheme of Arrangement and subject to other statutory and regulatory approvals / exemptions. This being event after the date of balance sheet and is subject to regulatory and other approvals hence effect not given in these financials.

43 EARNING PER SHARE (EPS)

	2013	2012
a. Profit after Tax (₹/millions)	6,407	4,897
b. Weighted Average number of equity shares for Basic EPS (in numbers)	954,744,508	969,418,180
Add: Weighted Average outstanding employee stock options (in numbers)	2,831,714	-
c. Weighted Average number of equity shares for Diluted EPS (in numbers)	957,576,222	969,418,180
Nominal value of equity shares (₹)	1	1
d. Basic EPS (₹)	6.71	5.05
e. Diluted EPS (₹)	6.69	5.05

44 SEGMENT INFORMATION

The Company has presented Segment information on the basis of the consolidated financial statements as permitted by Accounting Standard – 17.

45 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.

LAST FIVE YEARS FINANCIAL HIGHLIGHTS

	Consolidated					Standalone				
Year Ending 31 March	2013	2012	2011	2010	2009	2013	2012	2011	2010	2009
Revenue Account										
Income from Operations	36,996	30,405	30,088	21,998	21,773	25,659	22,040	21,700	12,787	12,102
Total Expenses	27,453	23,010	21,868	15,863	16,293	17,036	15,771	13,864	7,476	8,493
Operating Profit	9,543	7,395	8,220	6,135	5,480	8,623	6,269	7,836	5,311	3,609
% to Income from Operations	26%	24%	27%	28%	25%	34%	28%	36%	42%	30%
Other Income	1,461	1,384	882	1,220	1,572	1,189	1,289	610	1,062	1,051
PBIDT	11,004	8,779	9,102	7,355	7,053	9,812	7,558	8,446	6,373	4,660
Financial Expenses	86	50	88	332	1,339	13	5	34	175	779
Depreciation / Amortisation	399	323	289	285	310	280	215	167	114	119
Profit Before Tax & Exceptional Items	10,519	8,406	8,725	6,737	5,403	9,519	7,338	8,245	6,083	3,762
Exceptional Items	-	-	197	-	(26)	-	-	197	-	(26)
Taxation	3,337	2,500	2,671	573	208	3,112	2,441	2,678	495	690
Profit After Tax & before exceptional items	7,182	5,906	6,251	6,164	5,195	6,407	4,897	5,567	5,588	3,072
Profit After Tax & before minority interest / share of profits/(losses) in associates	7,182	5,906	6,251	6,164	5,221	6,407	4,897	5,764	5,588	3,097
Add: Share of Results of Associates	(10)	2	0	(16)	1					
Less: Minority Interest	(24)	17	(118)	(195)	99					
Profit After Tax for the year	7,196	5,891	6,369	6,343	5,124	6,407	4,897	5,764	5,588	3,097
% to Total Income	19%	19%	21%	27%	22%	24%	21%	26%	40%	24%
Dividend	1,919	1,438	1,956	1,947	868	1,919	1,438	1,956	1,947	868
Dividend Rate	200%	150%	200%	400%	200%	200%	150%	200%	400%	200%
Capital Account										
Share Capital	954	959	978	489	434	954	959	978	489	434
Share Application Money	-	46	-	-	-	-	-	-	-	-
Reserves & Surplus	38,161	33,349	30,004	37,811	33,561	32,574	28,992	28,058	27,764	22,996
Deferred Tax Balances	(288)	(337)	(192)	(133)	(113)	(128)	(136)	(129)	(49)	(40)
Minority Interest	33	(32)	(118)	(22)	948					
Loan Funds	17	12	9	1,195	5,757	15	10	6	1,189	1,709
Capital Employed	38,877	33,997	30,680	39,340	40,587	33,415	29,824	28,913	29,393	25,099
Eff. Capital Employed	39,165	34,334	30,872	39,473	40,700	33,543	29,961	29,042	29,442	25,139
Eff. Networth	39,115	34,308	30,982	38,300	33,995	33,528	29,951	29,036	28,253	23,430
Fixed Assets	9,975	9,400	8,106	19,587	18,093	2,329	1,973	1,556	2,695	1,583
Investments (Including Current Investments)	7,916	7,999	6,964	3,203	1,271	10,692	10,602	9,855	15,319	13,496
Net Assets	20,986	16,598	15,610	16,550	21,223	20,394	17,249	17,502	11,379	10,021
Miscellaneous Expenditure (to the extent not w/o)	-	-	-	0	0	-	-	-	0	0
Capital Deployed	38,877	33,997	30,680	39,340	40,587	33,415	29,824	28,913	29,393	25,099
Closing market price per share of ₹ 1	210	129	124	269	106	210	129	124	269	106
Market capitalisation	2,00,760	1,23,202	1,20,890	1,31,356	46,157	2,00,760	1,23,202	1,20,890	1,31,356	46,157

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

PERFORMANCE RATIOS - AN ANALYSIS

		Consolidated					Standalone				
Year Ending 31 March		2013	2012	2011	2010	2009	2013	2012	2011	2010	2009
Financial Performance											
Advertisement Income / Income from Operations	(%)	53.1	52.1	56.5	48.5	48.6	63.4	61.7	66.3	63.4	64.9
Subscription Income / Income from Operations	(%)	43.9	43.6	37.4	44.9	41.5	30.6	28.3	23.4	26.6	18.5
Operating Profit / Income from Operations	(%)	25.8	24.3	27.3	27.9	25.2	33.6	28.5	36.1	41.5	29.8
Other Income / Total Income	(%)	3.8	4.4	2.9	5.3	6.7	4.4	5.5	2.7	7.7	8.0
Programming Cost / Income from Operations	(%)	37.7	37.4	37.9	31.1	32.6	40.2	43.8	38.7	32.1	40.6
Personnel Cost / Income from Operations	(%)	9.4	9.6	9.1	8.9	9.3	7.4	7.1	7.2	6.4	7.6
Selling and Admin Expenses / Income from Operations	(%)	17.7	19.0	15.8	20.2	20.4	17.3	18.4	16.0	18.8	21.0
Total Operating Cost / Income from Operations	(%)	74.2	75.7	72.7	72.1	74.8	66.4	71.5	63.9	58.5	70.2
Financial Expenses / Income from Operations	(%)	0.2	0.2	0.3	1.5	6.2	0.1	0.0	0.2	1.4	6.4
Tax / Income from Operations	(%)	9.0	8.2	8.9	2.6	1.0	12.1	11.1	12.3	3.9	5.7
PAT for the year / Total Income	(%)	18.7	18.5	20.6	26.6	21.9	23.9	21.0	25.8	40.4	23.5
Tax/PBT	(%)	31.7	29.7	30.6	8.5	3.8	32.7	33.3	31.7	8.1	18.3
Dividend Payout / PAT for the year	(%)	26.7	24.4	30.7	31.6	16.9	30.0	29.4	33.9	34.8	28.0
Dividend Payout / Effective Networkth	(%)	4.9	4.2	6.3	5.1	2.6	5.7	4.8	6.7	6.9	3.7
Balance Sheet											
Debt-Equity ratio (Total loans / Eff. Networkth)	(%)	0.0	0.0	0.0	3.1	16.9	0.0	0.0	0.0	4.2	7.3
Current ratio (Current assets / Current liabilities)		3.4	3.6	3.7	3.1	4.7	4.5	5.1	4.2	2.8	3.4
Capital Output Ratio (Inc from Ops/Eff. capital employed)		1.0	0.9	1.0	0.6	0.5	0.8	0.7	0.7	0.4	0.5
Fixed assets turnover (Inc from Ops/ Fixed assets)		13.0	12.1	14.7	10.5	7.5	11.0	11.2	13.9	4.7	7.6
Cash & cash equivalents / Total Eff. capital employed	(%)	13.6	9.6	12.6	15.3	4.7	7.1	2.5	5.3	10.2	4.4
RONW (PAT for the year / Eff. Networkth)	(%)	18.4	17.2	20.6	16.1	15.1	19.1	16.4	19.9	19.8	13.2
ROCE (PBIT / Eff. capital employed)	(%)	27.1	24.6	28.7	18.0	16.6	28.4	24.5	28.5	21.3	18.1
Per Share Data #											
Revenue per share	(₹)	40.3	33.2	31.7	47.5	53.8	28.1	24.3	22.8	28.3	30.3
Dividend per share	(₹)	2.00	1.50	2.00	3.98	2.00	2.00	1.50	2.00	3.98	2.00
Indebtedness per share	(₹)	0.0	0.0	0.0	2.4	13.3	0.0	0.0	0.0	2.4	3.9
Book value per share	(₹)	41.0	35.8	31.7	78.3	78.3	35.1	31.2	29.7	57.8	54.0
Earnings per share (after prior period adjustments)	(₹)	7.5	6.1	6.5	14.2	11.8					
PE Ratio - Price / EPS Ratio (Share Price as of 31 March)		27.9	20.9	19.0	18.9	9.0					

Note:

Fixed Assets for the consolidated entity excludes goodwill on consolidation ₹/millions 7,127 (6,894).

Figures for FY 2012 have been regrouped wherever necessary.

Annualised

INDEPENDENT AUDITORS' REPORT

To
The Board of Directors of

Zee Entertainment Enterprises Limited

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. We have audited the accompanying consolidated financial statements of Zee Entertainment Enterprises Limited ("the Company"), its subsidiaries, jointly controlled entity and associate (collectively referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31 March, 2013, 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 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 Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. 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 did not audit the financial statements of certain subsidiaries and a jointly controlled entity of the Group whose financial statements reflects revenue of ₹/millions 12,906 and total assets of ₹/millions 20,453 for the year then ended. These financial statements have

been audited by other auditors. Our opinion in so far as it relates to the amounts included in respect of these subsidiaries and jointly controlled entity is based solely on the reports of such other auditors, which have been furnished to us.

6. The financial statement of a subsidiary with revenue of ₹/millions 154 and total assets of ₹/millions 232 and Group's share of ₹/millions 10 in the loss of an associate have been consolidated based on the management accounts and therefore unaudited.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

8. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to in paragraph 5 and 6 above, and to the best of our information and according to the explanations given to us, in our opinion, the accompanying consolidated financial statements together with the notes thereon, 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, 2013;
 - (b) in the case of the Consolidated Statement of Profit and Loss, of the Profit of the Group for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

EMPHASIS OF MATTER

9. We draw our attention to Note 12 to the consolidated financial statements regarding recognition of receivable of ₹/millions 327 claimed from a competing broadcaster, which is under litigation. The management on the basis of the review of the current status of this case and on the basis of opinion received from the lawyers representing in this legal matter, are confident that the ultimate outcome of the legal dispute will be in its favour and the receivable will be fully recovered. Our opinion is not qualified in respect of this matter.

For **MGB & Co.**

Chartered Accountants

Firm Registration Number 101169W

Hitendra Bhandari

Partner

Membership Number 107832

Place: Mumbai

Date: 22 May, 2013

CONSOLIDATED BALANCE SHEET

as at 31 March, 2013

		(₹ millions)	
	Note	2013	2012
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	3	954	959
Reserves and Surplus	4	38,161	33,349
		39,115	34,308
Minority Interest		33	(32)
Share Application Money received		-	46
Non-Current Liabilities			
Long-Term Borrowings	5	17	12
Long-Term Provisions	6	305	228
Other Non-Current Liabilities (P.Y. ₹ 171,734)	7	174	0
		496	240
Current Liabilities			
Trade Payables	7	5,172	3,872
Other Current Liabilities	7	3,445	3,015
Short-Term Provisions	6	2,297	1,705
		10,914	8,592
TOTAL		50,558	43,154
ASSETS			
Non-Current Assets			
Fixed Assets	8		
Tangible assets		2,717	2,231
Intangible assets		7,189	6,968
Capital work-in-progress		69	201
		9,975	9,400
Non-Current Investments	9	651	675
Deferred Tax Assets (net)	10	288	337
Long-Term Loans and Advances	11	2,254	1,417
Other Non-Current Assets	12	329	314
		13,497	12,143
Current Assets			
Current Investments	13	7,265	7,324
Inventories	14	8,745	7,339
Trade Receivables	15	9,890	8,660
Cash and Bank Balances	16	5,316	3,283
Short-Term Loans and Advances	11	5,510	4,051
Other Current Assets	12	335	354
		37,061	31,011
TOTAL		50,558	43,154

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

Punit Goenka Managing Director & CEO

Hitendra Bhandari Partner

M Y Khan Director

Hitesh Vakil Chief Financial Officer

Place: Mumbai
Date: 22 May, 2013

M Lakshminarayanan Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31 March, 2013

		(₹ millions)	
	Note	2013	2012
REVENUE			
Revenue from Operations	17	36,996	30,405
Other Income	18	1,461	1,384
TOTAL		38,457	31,789
EXPENSES			
Operational Cost	19	17,401	14,311
Employee benefits expense	20	3,491	2,925
Finance costs	21	86	50
Depreciation and amortisation expense	22	399	323
Other expenses	23	6,561	5,774
TOTAL		27,938	23,383
Profit before tax		10,519	8,406
Less : Tax expense			
Current tax - current year		3,264	2,585
- earlier years		54	100
Deferred tax		52	(135)
MAT Credit entitlement		(33)	(50)
Profit after tax before Share of result of Associate and Minority Interest		7,182	5,906
Add: Share of results of Associate		(10)	2
Less : Minority Interest		(24)	17
Profit for the year		7,196	5,891
Earnings per equity share (face value ₹ 1 each)	33		
Basic		7.54	6.08
Diluted		7.51	6.08

Notes forming part of the consolidated financial statements

1-35

As per our attached report of even date

For **MGB & Co.** Chartered Accountants

Hitendra Bhandari Partner

Place: Mumbai
Date: 22 May, 2013

For and on behalf of the Board

Punit Goenka Managing Director & CEO

M Y Khan Director

Hitesh Vakil Chief Financial Officer

M Lakshminarayanan Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March, 2013

	(₹ millions)	
	2013	2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	10,519	8,406
Adjustments for :		
Depreciation and amortisation expense	399	323
Preliminary expenses written off (₹ 304,600 (₹ 117,376))	0	0
Provision for doubtful debts and advances	260	417
Liabilities / excess provision written back	(142)	(174)
Loss on sale / discard / impairment of fixed assets (net)	23	99
Exchange adjustments (net)	(86)	715
Interest expense	30	10
Profit on sale of current investments (net)	(204)	-
Provision for diminution in value of investments (P.Y. ₹ 300,000)	14	0
Dividend income	(133)	(126)
Interest income	(796)	(946)
Operating Profit before working capital changes	9,884	8,724
Adjustments for :		
Increase in trade and other receivables	(3,022)	(1,379)
Increase in inventories	(1,406)	(1,943)
Increase in trade and other payables	2,086	1,701
Cash Generated from Operations	7,542	7,103
Direct taxes paid (net)	(3,669)	(3,025)
Net Cash Flow from Operating Activities (A)	3,873	4,078
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets / capital work in progress	(757)	(816)
Sale of fixed assets	42	19
Acquisition of minority interest	-	(195)
Purchase of non-current investments	-	(50)
Purchase of current investments	(31,840)	(33,587)
Sale of current investments	32,168	32,604
Loans to others	(250)	(200)
Loans repaid by others	200	1,000
Dividend received	133	126
Interest received	750	935
Net Cash Flow from / (used in) Investing Activities (B)	446	(164)

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March, 2013

	(₹ millions)	
	2013	2012
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid (including dividend tax)	(1,663)	(2,273)
Issue of shares to minority shareholders	-	56
Share application money refunded to minority shareholders	(8)	-
Share application money received from minority shareholders	-	46
Interest paid	(30)	(10)
Proceeds from issue of share capital	-	8
Payment on buyback of shares	(593)	(2,319)
Proceeds from long-term borrowings	22	14
Repayments of long-term borrowings	(15)	(10)
Net Cash Flow used in Financing Activities (C)	(2,287)	(4,488)
Net Cash flow during the year (A+B+C)	2,032	(574)
Cash and Cash Equivalents at the beginning of the year	3,274	3,848
Net Cash and Cash Equivalents	5,306	3,274
Add: Earmarked balances	10	9
Cash and bank balances at the end of the year	5,316	3,283
Note :		
1. Previous year's figures have been regrouped, recast wherever necessary.		

As per our attached report of even date

For **MGB & Co.** Chartered Accountants

Hitendra Bhandari Partner

Place: Mumbai

Date: 22 May, 2013

For and on behalf of the Board

Punit Goenka Managing Director & CEO

M Y Khan Director

Hitesh Vakil Chief Financial Officer

M Lakshminarayanan Company Secretary

NOTES

forming part of the Consolidated Financial Statements

1 CORPORATE INFORMATION

Zee Entertainment Enterprises Limited (hereinafter referred to as 'the parent company', 'the Company' or 'ZEEL') together with its subsidiaries, jointly controlled entity and associate (collectively known as "the Group") derives revenue mainly from advertisements and subscription. The Group also derives revenue from space-selling and distribution for other satellite television channels and sale of television content, film distribution etc.

2 BASIS OF CONSOLIDATION

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

in case of four subsidiaries wherein the liability on account of retirement benefits is provided on estimated basis as per local laws instead of actuarial basis. This liability represents 27.63 % (28.36%) of total gratuity and leave benefits of the Group as at the year end.

- The consolidation of financial statements of the parent company and its subsidiaries is done to the extent possible on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. All significant intra-group transactions, unrealised inter-company profits and balances have been eliminated in the process of consolidation. Minority interest in subsidiaries represents the minority shareholders proportionate share of the net assets and net income.
- The CFS includes the Financial Statements of the parent company and the subsidiaries (as listed in the table below). Subsidiaries are consolidated from the date on which effective control is acquired and are excluded from the date of transfer / disposal.

Name of the Subsidiaries	Proportion of Interest (including beneficial interest) / Voting Power (either directly / indirectly or through Subsidiaries)	Country of Incorporation
Direct Subsidiaries		
Asia Today Limited	100(100)	Mauritius
India Webportal Private Limited	51(51)	India
Essel Vision Productions Limited (formerly ITM Digital Private Limited)	100(100)	India
Taj Television (India) Private Limited	100(100)	India
Zee Sports Limited	100(100)	India
Zee Turner Limited	74(74)	India
Zee Multimedia Worldwide (Mauritius) Limited	100(100)	Mauritius
Indirect Subsidiaries		
Apac Media Ventures Limited *	100(100)	Hongkong
Asia TV Limited	100(100)	United Kingdom
Expand Fast Holdings (Singapore) Pte Limited	100(100)	Singapore
OOO Zee CIS Holding LLC	100(100)	Russia
OOO Zee CIS LLC	100(100)	Russia
Taj TV Limited	100(100)	Mauritius
Zee Multimedia (Maurice) Limited	100(100)	Mauritius
Zee Technologies (Guangzhou) Limited	100(100)	China
Zee Telefilms Middle East FZ-LLC	100(100)	U.A.E.
Zee TV South Africa (Proprietary) Limited	100(100)	South Africa
Zee TV USA Inc.	100(100)	United States of America

* Applied for deregistration.

NOTES

forming part of the Consolidated Financial Statements

v. Associate

The Group has adopted and accounted for Investment in Associate, using the “Equity Method” as per AS - 23 - Accounting for Investments in Associates in Consolidated Financial Statements issued by ICAI.

Name of the Associate	Extent of Holding	Country of Incorporation
Aplab Limited	26.42% (26.42%)	India

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

vi. Jointly controlled entity

Interest in Jointly controlled entity “Media Pro Enterprise India Private Limited” (MPEIPL) is accounted for using Proportionate Consolidation Method whereby its share of each income, expenses, assets and liabilities is reported as separate line item in consolidated financial statements. Shareholding in MPEIPL is through a subsidiary, Zee Turner Limited.

Name of the Jointly controlled entity	Extent of Holding	Country of Incorporation
Media Pro Enterprise India Private Limited	50.00% (50.00%)	India

2.1 Significant Accounting Policies

a. Use of estimates

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

b. 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. The CFS is not comparable, in view of subsidiaries / jointly controlled entity incorporated / acquired during the previous year as referred in Note 2.2 below.

c. Fixed Assets

(i) Goodwill on Consolidation

Goodwill represents the difference between the Group's share in the net worth of the subsidiary / associate / jointly controlled entity and the cost of acquisition at the date on which the investment in the subsidiary / associate / jointly controlled entity is made / acquired. Capital reserve represents negative goodwill arising on consolidation.

(ii) Tangible fixed assets

- (a) 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 asset to its working condition for the intended use. Integrated Receiver Decoders (IRD) boxes are capitalised, when available for deployment.

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

(iii) Intangible assets

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

d. Borrowing costs

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

e. Impairment of tangible and intangible assets

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

f. Depreciation / Amortisation on tangible / intangible assets

- (i) Depreciation on tangible fixed assets including leased assets is provided on straight line method at the rates specified in Schedule XIV to the Companies Act, 1956 or at the rates adopted in the accounts of respective subsidiaries as permissible under applicable local laws on straight line basis from the time they are available for use, so as to write off their costs over the estimated useful life of the assets. Depreciation on Aircraft is provided based on



NOTES

forming part of the Consolidated Financial Statements

estimated useful life of 15 years. The rate of depreciation so derived is more than the rate prescribed under Schedule XIV.

- (ii) Premium on leasehold land and leasehold improvements are amortised over the period of lease.
- (iii) No part of goodwill arising on consolidation is amortised.
- (iv) Intangible assets are amortised on a straight line basis over the economic useful life as estimated by the management.

g. Investments

- (i) Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments including investment property are classified as long-term investments.
- (ii) Current investments are stated at lower of cost and market value determined on an individual investment basis. Long-term investments are stated at cost less provision for diminution other than temporary in the value of such investments.

(iii) Investment property

Investment in land which is not intended to be occupied substantially for use by or in the operations of the Group is classified as Investment property. Investment properties are stated at cost. The cost comprises purchase price, borrowing costs, if capitalisation criteria are met and directly attributable cost of bringing the investment property to its working condition for the intended use.

h. Inventories

(i) Television Content for Broadcasting:

Inventories includes Programs, Film rights (completed (commissioned / acquired) and under production) are stated at lower of cost / unamortised cost or realisable value. Cost comprises acquisition / direct production cost. Where the realisable value on the basis of its estimated useful economic life is less than its carrying amount, the difference is expensed as impairment. Programs, film rights are expensed / amortised as under:

- (a) Programs - reality shows, chat shows, events, current affairs, game shows and sports rights etc. are fully expensed on telecast.
- (b) Programs (other than (a) above) are amortised over three financial years starting from the year of first telecast, as per management estimate of future revenue potential.
- (c) Film rights are amortised on a straight-line basis over the licensed period or 60 months from the commencement of rights, whichever is shorter.

(ii) Film produced and / or acquired for distribution:

Cost is allocated to each right based on management estimate of revenue. Costs of theatrical rights, satellite rights, music rights, home video rights etc are amortised when sold / exploited and residual rights are carried at lower of unamortised cost or net realisable value.

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

- (iii) Raw Stock : Tapes are valued at lower of cost or estimated net realisable value. Cost is taken on weighted average basis.

i. Revenue Recognition

- (i) Broadcasting revenue - Advertisement revenue (net of discount and volume rebates) is recognised when the related advertisement or commercial appears before the public i.e. on telecast. Subscription revenue is recognised on time basis on the provision of television broadcasting service to subscribers.
- (ii) Sales (including Programs, Films Rights) is recognised, when the significant risks and rewards have been transferred to the customers.
- (iii) Services
 - (a) Commission-Space selling is recognised when the related advertisement or commercial appears before the public i.e. on telecast.
 - (b) Revenue from other services is recognised as and when such services are completed / performed.
 - (c) Theatrical revenue from films is recognised on receipt of related sale reports.
- (iv) Interest income is recognised on a time proportion basis taking into account principal outstanding and the applicable interest rate.
- (v) Dividend income is recognised when the right to receive dividend is established.

j. Foreign Currency Translations

i Accounting of Transactions

- (a) Foreign currency transactions are accounted at the exchange rate prevailing on the date of transactions.

NOTES

forming part of the Consolidated Financial Statements

- (b) 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.
 - (c) Non-monetary foreign currency items are carried at cost.
 - ii **Translation and Exchange Rates**
Financial Statements of overseas non-integral operations are translated as under:
 - (a) Assets and Liabilities at the exchange rate prevailing at the end of the year.
 - (b) Revenues and expenses are at yearly average rates. Off Balance Sheet items are translated into Indian Rupees at year-end rates.
 - (c) Exchange differences arising on translation of non-integral foreign operations are accumulated in the Foreign Currency Translation reserve until the disposal of such operations.
 - k. **Retirement and other employee benefits**
 - (a) Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.
 - (b) Retirement benefit plans, pensions schemes and defined contribution plans, or funds are governed by the statutes of the countries in which the companies are located and contribution to the fund, present value of the amount payable determined using actuarial techniques or liability on termination are charged to the Statement of Profit and Loss. Accrued liabilities for leave benefits are made based on unavailed leave to the credit of employees in accordance with the rules of the respective companies. In case of a subsidiary, the gratuity fund benefits are administered by a specific Trust formed and annual contributions are deposited under group policy scheme with an insurance company. In case of jointly controlled entity, the gratuity scheme is funded and managed by an insurance company.
 - l. **Accounting for taxes on income**
 - (i) Current tax is determined as the amount of tax payable on the taxable income in accordance with local tax regulations.
 - (ii) Deferred tax is recognised, subject to consideration of prudence in respect of deferred tax assets, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and measured using relevant enacted tax rates and laws.
 - m. **Leases**
 - (i) **Finance Lease**
Assets acquired under Finance Lease are capitalised and the corresponding lease liability is recorded at an amount equal to the fair value of the leased asset at the inception of the lease. Initial costs directly attributable to lease are recognised with the asset under lease.
 - (ii) **Operating Lease**
Lease of assets under which all the risk and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments / revenue under operating leases are recognised as expense / income on accrual basis in accordance with the respective lease agreements.
 - n. **Earnings per Share**
Basic earnings per share is computed and disclosed using the weighted average number of equity shares outstanding during the year. Dilutive earnings per share is computed and disclosed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except when the results would be anti-dilutive.
 - o. **Provisions, Contingent Liabilities and Contingent Assets**
Provisions involving substantial degree of estimation in measurement are recognised when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.
- 2.2
- (i) The Group has entered into an agreement to subscribe for 172,413,793 number of ordinary shares (extent of holding 14.38%) of GBP 0.01 each of Mirriad Limited, engaged in the business of delivering embedded advertising into video streams and virtual product placement. The transaction is concluded in April 2013.
 - (ii) During the financial year ended 31 March, 2012, the Group has acquired minority Shareholders' stake in Essel Vision Productions Limited (formerly ITM Digital Private Limited) (Direct Subsidiary) and Taj TV Limited (Indirect Subsidiary) by an additional investment of ₹/millions 4 and ₹/millions 191 respectively. Goodwill arising on consolidation is ₹/million 1 for Essel Vision Productions Limited (formerly ITM Digital Private Limited) and ₹/millions 207 for Taj TV Limited.
 - (iii) During the financial year ended 31 March, 2012, the Group has entered into 50:50 joint venture with Star Den Media Service Private Limited, in the name of "Media Pro Enterprise India Private Limited (MPEIPL)" for distribution of channels distributed by Zee Turner Limited and Star Den Media Service Private Limited. MPEIPL has started operations w.e.f. 1 July, 2011.

NOTES

forming part of the Consolidated Financial Statements

		(₹ millions)	
		2013	2012
3 SHARE CAPITAL			
Authorised			
1,399,200,000 (1,399,200,000) Equity Shares of ₹ 1 each		1,399	1,399
		1,399	1,399
Issued, Subscribed and Paid up			
953,957,720 (958,770,077) Equity Shares of ₹ 1 each fully paid up		954	959
TOTAL		954	959

a) Reconciliation of number of Equity shares and Share capital

	2013		2012	
	Number of equity shares	₹ millions	Number of equity shares	₹ millions
At the beginning of the year	958,770,077	959	978,076,130	978
Less: Shares cancelled on Buyback (Refer (e) below)	4,812,357	5	19,372,853	19
Add : Allotted on exercise of Employee Stock Options (P.Y. ₹ 66,800) (Refer (f) below)	-	-	66,800	0
Outstanding at the end of the year	953,957,720	954	958,770,077	959

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. 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) Details of aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during five years preceding 31 March, 2013

	2013	2012
Equity Shares allotted as fully paid bonus shares	489,038,065	489,038,065
Equity Shares allotted as fully paid for consideration other than cash, pursuant to Scheme of Amalgamation / Arrangement	55,030,954	55,030,954
Equity Shares bought back and cancelled	24,185,210	19,372,853

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 Shareholders	2013		2012	
	Number of equity shares	% Shareholding	Number of equity shares	% Shareholding
Cyquator Media Services Private Limited	241,402,908	25.31%	241,402,908	25.18%
Essel Media Ventures Limited	102,888,286	10.79%	102,888,286	10.73%
Oppenheimer Developing Marketing Fund	86,953,280	9.12%	76,026,963	7.93%

As per the records of the Company, including its register of shareholders / members and other declaration received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

e) Buyback of shares

Buyback of the Company's Equity Shares through the open market route commenced on 23 April, 2012 and concluded on 3 April, 2013, wherein the Company has bought back 4,812,357 Equity Shares of ₹ 1 each. All these equity shares were extinguished by execution of Debit Corporate Action(s) by the Company. Consequently, the Paid-up Share Capital as at 31 March, 2013 stands reduced to 953,957,720 Equity Shares of ₹ 1 each fully paid up.

f) Employees Stock Option Scheme (ESOP):

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

During the year ended 31 March, 2013, the Company did not grant any stock options. The options earlier granted under the Scheme vested during the year and these would be exercisable at any time within a period of four years from each vesting and the equity shares arising on exercise of options shall not be subject to any lock in. In view of Buyback plan during the year, no options could be exercised and consequently no equity shares were issued and allotted during the financial year under the ESOP Scheme.

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

Summary of Stock Options outstanding is as follows :

	2013	2012
- Options outstanding at the beginning of the year	6,825,200	7,503,600
- Options exercised during the year	-	66,800
- Options lapsed during the year	276,400	611,600
- Options outstanding at the end of the year	6,548,800	6,825,200

NOTES

forming part of the Consolidated Financial Statements

		(₹ millions)	
		2013	2012
4	RESERVES AND SURPLUS		
	Capital Redemption Reserve		
	As per last Balance Sheet	19	-
	Add : On Buyback of Equity Shares	5	19
		24	19
	Securities Premium		
	As per last Balance Sheet	8,834	11,126
	Less: On Buyback of Equity Shares	588	2,300
	Add: On issue of Shares under Employee Stock Option Plan	-	8
		8,246	8,834
	General Reserve		
	As per last Balance Sheet	5,635	4,154
	Less: Transferred to Capital Redemption Reserve on Buyback of Equity Shares	5	19
	Add: Appropriated during the year	1,500	1,500
		7,130	5,635
	Foreign Currency Translation Reserve	1,152	711
	Surplus in Consolidated Statement of Profit and Loss		
	As per last Balance Sheet	18,150	15,430
	Add : Proposed Dividend (including tax) on Equity Shares bought back and cancelled	8	-
	Add : Profit for the year	7,196	5,891
	Less : Appropriations		
	Proposed Dividend	1,919	1,438
	Tax on Dividend	326	233
	Transferred to General Reserve	1,500	1,500
		21,609	18,150
	TOTAL	38,161	33,349

		(₹ millions)			
		Non-Current		Current	
		2013	2012	2013	2012
5.	LONG-TERM BORROWINGS				
	Vehicle Loans * - Secured	16	12	10	7
	Finance Lease Obligations (P.Y. ₹ 495,015)	1	0	1	2
		17	12	11	9
	Amount disclosed under the head "Other Current Liabilities" (Refer Note 7)	-	-	11	9
		17	12	-	-
	Group Share in Joint Venture	-	-	-	-
	TOTAL	17	12	-	-

* Secured against hypothecation of vehicles. The aforesaid borrowings carries interest rates ranging from 8.55% p.a. - 11.31% p.a. and are repayable upto March 2017.

NOTES

forming part of the Consolidated Financial Statements

	(₹ millions)			
	Long-Term		Short-Term	
	2013	2012	2013	2012
6. PROVISIONS				
Provision for employee benefits				
- Gratuity	184	137	5	4
- Leave benefits	120	91	35	28
Others				
- Proposed dividend	-	-	2,245	1,671
	304	228	2,285	1,703
Group Share in Joint Venture	1	-	12	2
TOTAL	305	228	2,297	1,705

	(₹ millions)			
	Non-Current		Current	
	2013	2012	2013	2012
7. OTHER LIABILITIES				
Trade Payables				
Trade Payables	-	-	3,052	1,978
Due to Principals (pending remittances)	-	-	418	316
	-	-	3,470	2,294
Group Share in Joint Venture	-	-	1,702	1,578
	-	-	5,172	3,872
Other Current Liabilities				
Current maturities of long-term borrowings	-	-	11	9
Interest accrued but not due (P.Y. ₹ 10,100)	-	-	-	0
Unearned revenue	-	-	318	285
Advances received from customers	174	-	290	78
Deposits received from distributors	-	-	78	73
Unclaimed dividends	-	-	10	9
Creditors for capital expenditure	-	-	62	28
Statutory dues payable	-	-	466	374
Cheques overdrawn	-	-	143	97
Other payables	-	-	1,572	1,710
	174	-	2,950	2,663
Group Share in Joint Venture (₹ 190,668 (₹ 171,734))	0	0	495	352
	174	0	3,445	3,015
TOTAL	174	0	8,617	6,887

NOTES

forming part of the Consolidated Financial Statements

[illegible]

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

Notes:

- | | |
|---|---|
| 1 | Building includes ₹/million 0 (₹ 114, 100 (₹ 114, 100)) the value of share in a co-operative society. |
| 2 | Part of building has been given on operating lease. |
| 3 | Depreciation for the year is net of excess depreciation of ₹/millions 8 (Nil) provided in the earlier year. |
| 4 | Vehicle includes Gross Block of ₹/millions 14 (24) acquired under finance lease. |

NOTES

forming part of the Consolidated Financial Statements

		(₹ millions)	
		2013	2012
9	NON-CURRENT INVESTMENTS		
(i)	Trade Investments (valued at cost, unless stated otherwise)		
	In Others - Unquoted		
	30,000 (30,000) Equity shares of ₹ 10/- each of Last Minute Media Private Limited (₹ 300,000 (₹ 300,000))	0	0
		0	0
(ii)	Other Investments		
	In Associate - Quoted		
	1,321,200 (1,321,200) Equity shares of ₹ 10/- each of Aplab Limited (Extent of holding 26.42%)	47	47
	Add : Share of profit upto previous years	3	1
	Add : Share of profit / (loss) for current year	(10)	2
		40	50
	Others - Quoted		
	1,822,000 (1,822,000) Equity shares of ₹ 2/- each of Essel Propack Limited	2	2
	50 (50) 10.20% Unsecured Redeemable Non- Convertible Debentures of ₹ 1,000,000 each of Yes Bank Limited	50	50
	Investment Property		
	Land at Hyderabad *	573	573
		665	675
	Less: Provision for diminution in value of investments (P.Y. ₹ 300,000)	14	0
		651	675
	Group Share in Joint Venture	-	-
	TOTAL	651	675
(All the above securities are fully paid up)			
	Aggregate amount of quoted Investments [Market Value ₹/millions 83 (86)]	92	102
	Aggregate amount of unquoted Investments (₹ 300,000 (₹ 300,000))	0	0
	Value of investment property	573	573
	Diminution in the value of investments (P.Y. ₹ 300,000)	14	0

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

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

NOTES

forming part of the Consolidated Financial Statements

		(₹ millions)	
		2013	2012
10. DEFERRED TAX ASSETS (NET)			
The components of deferred tax balances as at 31 March, 2013 are as under:			
Deferred Tax Assets			
Arising on account of timing differences in Employee retirement benefits		85	66
Provision for doubtful debts and advances		336	327
Unabsorbed fiscal allowances		45	39
Other provisions		5	69
		471	501
Deferred Tax Liabilities			
Depreciation		183	164
Other provisions (₹ 101,270 (₹ 202,044))		0	0
		183	164
Deferred Tax Assets (Net)		288	337

		(₹ millions)			
		Long-Term		Short-Term	
		2013	2012	2013	2012
11. LOANS AND ADVANCES					
Capital Advances *		386	378	-	-
Deposits (unsecured, considered good)		301	248	72	70
Advances and Deposits to related parties		-	22	88	66
Other Loans and Advances (unsecured)					
Loans		-	-	1,750	1,700
Other Advances					
- Considered good		496	94	2,859	1,536
- Considered doubtful		-	-	376	376
Less: Provision for doubtful advances		-	-	376	376
		496	94	2,859	1,536
Prepaid expenses		6	3	286	158
Balance with Government Authorities -					
- Advance income tax (net of provisions)		474	558	58	-
- Advance indirect taxes		-	-	338	458
		1,663	1,303	5,451	3,988
Group Share in Joint Venture		591	114	59	63
TOTAL		2,254	1,417	5,510	4,051

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

NOTES

forming part of the Consolidated Financial Statements

	(₹ millions)			
	Non-Current		Current	
	2013	2012	2013	2012
12. OTHER ASSETS				
Unbilled Revenue	-	-	4	-
Balances with Banks - in Deposit Accounts (Refer Note 16)	2	2	-	-
Interest Accrued on -				
Current Investments	-	-	57	35
Bank Deposits	-	-	11	1
Loans - Others	-	-	18	3
Other Receivables #	327	312	8	10
Preliminary Expenses (₹ 47,520 (₹ 469,496))	-	-	0	0
	329	314	98	49
Group Share in Joint Venture	-	-	237	305
TOTAL	329	314	335	354

The Group has recognised a receivable of ₹/millions 327 (312) claimed from competing broadcaster for recovery of the telecast rights money relating to the sports event, which is under litigation. The management on the basis of review of the current status of this case and on the basis of opinion received from the lawyers representing in this matter, are confident that the ultimate outcome of the legal dispute will be in its favour and the receivable will be fully realised.

	(₹ millions)	
	2013	2012
13. CURRENT INVESTMENTS		
(a) Mutual Funds - Quoted		
3,495,332 (Nil) units of ₹ 100/- each of Birla Sun Life Cash Plus - Daily Dividend	350	-
11,575 (50,832) units of USD 1,000 each of Socrates Money Market Fund Limited	633	2,645
17,500,000 (Nil) units of USD 1 each of First Global Wealth Limited	954	-
18,038 (Nil) units of USD 1,000 each of Globex Fund Limited	981	-
	2,918	2,645
(b) Other current investments		
Commercial Paper - Quoted		
1,800 (1,500) Edelweiss Securities Limited	858	735
600 (1,000) Religare Finvest Limited	289	486
800 (1,000) Reliance Capital Limited	384	485
1,200 (1,000) Morgan Stanley India Capital Private Limited	570	485
500 (Nil) L&T Fincorp Limited	246	-
Nil (500) Tata Capital Limited	-	244
Nil (500) Aditya Birla Finance Limited	-	244
Certificate of Deposits (Non-Transferable) - Unquoted		
11.75% (10.75%) of SICOM Limited	1,000	1,000
12% (12%) of SICOM Limited	1,000	1,000
	4,347	4,679
	7,265	7,324
Group Share in Joint Venture	-	-
TOTAL	7,265	7,324
(All the above securities are fully paid up)		
Aggregate amount of quoted Investments [Market Value ₹/millions 5,360 (5457)]	5,265	5,324
Aggregate amount of unquoted Investments	2,000	2,000

NOTES

forming part of the Consolidated Financial Statements

	(₹ millions)	
	2013	2012
14. INVENTORIES		
Raw Stock - Tapes	6	12
Television Content*	8,675	7,308
Under Production - Programs	64	19
	8,745	7,339
Group Share in Joint Venture	-	-
TOTAL	8,745	7,339

* Includes rights ₹/millions 1,144 (598) which will commence at a future date.

* Includes Programs, Film rights valued at lower of cost / unamortised cost or realisable value.

	(₹ millions)	
	2013	2012
15. TRADE RECEIVABLES (UNSECURED)		
Over six months		
- Considered good	277	1,230
- Considered doubtful	1,225	1,178
Others		
- Considered good	8,142	6,420
- Considered doubtful	-	-
	9,644	8,828
Less: Provision for doubtful debts	1,225	1,178
	8,419	7,650
Group Share in Joint Venture	1,471	1,010
TOTAL	9,890	8,660

	(₹ millions)			
	Non-Current		Current	
	2013	2012	2013	2012
16. CASH AND BANK BALANCES				
Cash and Cash Equivalents				
Balances with Banks -				
- In Current accounts	-	-	1,326	1,247
- In Deposit accounts	-	-	2,536	311
Cheques, demand drafts in hand #	-	-	181	460
Cash in hand	-	-	5	3
	-	-	4,048	2,021

NOTES

forming part of the Consolidated Financial Statements

		(₹ millions)	
		Non-Current	Current
		2013	2012
2013	2012	2013	2012
16. CASH AND BANK BALANCES			
Other Bank balances			
Balances with Banks			
- In Deposit accounts ^	2	2	-
- In Unclaimed dividend account	-	-	10
	2	2	10
Less: Amount disclosed under "Other Assets" (Refer Note 12)	2	2	-
	-	-	10
	-	-	4,058
Group Share in Joint Venture	-	-	1,258
TOTAL	-	-	5,316
			3,283

^ Pledged with sales tax authorities (₹ 54,365 (₹ 78,399))

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

		(₹ millions)	
		2013	2012
2013	2012	2013	2012
17. REVENUE FROM OPERATIONS			
Services - Broadcasting Revenue			
Advertisement	19,639	15,841	
Subscription Revenue	15,650	12,739	
- Commission - Broadcasters	139	174	
Sales - Television Content	820	997	
Other Operating Income	163	142	
	36,411	29,893	
Group Share in Joint Venture	585	512	
TOTAL	36,996	30,405	

		(₹ millions)	
		2013	2012
2013	2012	2013	2012
18. OTHER INCOME			
Interest Income			
- from Current Investments	444	463	
- from Bank Deposits	33	17	
- from Long-Term Investments	5	2	
- from Others	314	464	
Dividend Income			
- from Current Investments	132	125	
- from Long-Term Investments	1	1	
Rent Income	70	65	

NOTES

forming part of the Consolidated Financial Statements

	(₹ millions)	
	2013	2012
18. OTHER INCOME		
Gain / (Loss) on Exchange Difference (net)	30	(24)
Liabilities / Excess Provision Written Back	142	174
Profit on Sale of Current Investments (net)	204	-
Miscellaneous Income	44	86
	1,419	1,373
Group Share in Joint Venture	42	11
TOTAL	1,461	1,384

	(₹ millions)	
	2013	2012
19. OPERATIONAL COST		
(a) Television Content**		
Opening - Inventory	7,308	5,286
- Under production - Programs	19	96
Add: Commissioned / Acquisition *	11,457	10,868
Add: Production Expenses - Location Hire and Set Charges	272	233
- Equipment Hire Charges	391	379
- Professional / Artist Fees	1,553	936
- License Fees	113	112
- Other Production Expenses	1,589	804
Less: Closing - Inventory	8,675	7,308
- Under production - Programs	64	19
	13,963	11,387
(b) Other Operational Expenses		
Subscription Management Services	2,384	2,116
Telecast Cost	1,054	808
	3,438	2,924
Group Share in Joint Venture	-	-
TOTAL (a) + (b)	17,401	14,311

* Includes Film Rights acquired ₹/millions 1,058 (388), which will commence at a future date.

** Includes cost / unamortised cost of Programs, Film Rights.

Program Rights, Film Rights of ₹/millions 203 (97) are impaired during the year.

NOTES

forming part of the Consolidated Financial Statements

	(₹ millions)	
	2013	2012
20. EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	3,041	2,585
Contribution to provident and other funds	109	99
Staff welfare expenses	95	62
	3,245	2,746
Group Share in Joint Venture	246	179
TOTAL	3,491	2,925

	(₹ millions)	
	2013	2012
21. FINANCE COSTS		
Interest - on vehicle loans	19	8
- others	10	2
Other financial charges	56	39
	85	49
Group Share in Joint Venture	1	1
TOTAL	86	50

	(₹ millions)	
	2013	2012
22. DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on tangible assets	332	264
Amortisation on intangible assets	59	58
	391	322
Group Share in Joint Venture	8	1
TOTAL	399	323

	(₹ millions)	
	2013	2012
23. OTHER EXPENSES		
Rent	286	266
Repairs and Maintenance - Building	11	7
- Plant and Machinery	112	56
- Others	30	44
Insurance	13	15
Rates and taxes	53	58
Electricity and water charges	118	89

NOTES

forming part of the Consolidated Financial Statements

		(₹ millions)	
		2013	2012
23. OTHER EXPENSES			
Communication charges		123	121
Printing and stationery		29	21
Travelling and conveyance expenses		311	260
Legal and professional charges		313	371
Payment to auditors		31	26
Donation		13	12
Miscellaneous expenses		120	94
Advertisement and publicity expenses		1,818	1,497
Commission / discounts on services		306	262
Marketing, distribution and promotion expenses		1,923	1,624
Conference expenses		56	62
Provision for doubtful debts and advances		356	423
Bad debts and advances written off	281		
Less: Provision for doubtful debts and advances	96	185	32
Provision for diminution in value of investments (P.Y. ₹ 300,000)		14	0
Loss on sale / discard / impairment of fixed assets (net)		23	99
Preliminary expenses written off (₹ 304,600 (₹ 117,376))		0	0
		6,244	5,439
Group Share in Joint Venture		317	335
TOTAL		6,561	5,774

24 LEASES

(i) Finance Lease:

Long-term leases, which in economic terms constitute investments financed on a long-term basis (finance lease) are recognised as assets and recorded under tangible fixed assets at their cash purchase value. The minimum lease payments required under this finance lease that have initially or remaining non cancellable lease terms in excess of one year as at 31 March, 2013 and its present value are as follows :

Reconciliation of minimum lease payments and present value:

		(₹ millions)	
		2013	2012
Minimum Lease Payments as at			
Not Later than one year		1	2
Later than one year and not later than five year (P.Y. ₹ 493,152)		2	0
Later than five years		-	-
		3	2
Less: Amount representing Interest (₹ 451,763 (₹129,324))		0	0
Present value of Minimum Lease payment		3	2
Amount due not later than one year		2	2
Amount due later than one year and not later than five years (P.Y. ₹ 495,015)		1	0
Amount due later than five years		-	-

NOTES

forming part of the Consolidated Financial Statements

(ii) Operating Leases:

(a) In respect of assets taken under operating lease

Leasing liabilities primarily relate to lease of certain offices, residential premises and other facilities. The initial tenure of the lease is generally for 11 to 108 months. The minimum rental payables under other operating leases that have initially or remaining non-cancellable lease term in excess of one year as at 31 March, 2013 are as follows:

	(₹ millions)	
	2013	2012
Lease rental charge for the year	937	955
Future Lease rental obligation payable (under non-cancellable lease)		
Not later than one year (includes ₹/millions 15 (14) of jointly controlled entity)	338	356
Later than one year but not later than five years (includes ₹/millions 6 (19) of jointly controlled entity)	549	747
Later than five years	148	146

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

- (i) The Group has given part of its buildings under cancellable operating lease agreement. The initial term of the lease is for 11 to 36 months.
- (ii) The rental revenue for the year is ₹/millions 70 (65).

25 CONTINGENT LIABILITIES

	(₹ millions)	
	2013	2012
a) Corporate guarantees, loans / commitments outstanding ₹/millions 2,445 (2,368)	8,914	4,673
b) Disputed Indirect Taxes	658	658
c) Disputed Direct Taxes *	3,557	3,390
d) Claims not acknowledged as debts #	776	657
e) Legal cases against the Group @	Not Ascertainable	Not Ascertainable

* Income tax demands mainly include appeals filed by the Group before various appellate authorities (including Dispute Resolution panel) against the disallowance of expenses / claims / non-deduction / short deduction of tax at source, transfer pricing adjustments etc. The Management is of the opinion that its tax cases will be decided in its favour and hence no provision is considered necessary at this stage.

The amount represents the best possible estimate arrived at on the basis of available information. The Group has engaged reputed advocates to protect its interests and has been advised that it has strong legal positions against such disputes.

@ The Group has received legal notices of claims / lawsuits filed against it relating to infringement of copyrights, defamation suits etc in relation to the programs produced / other matters. In the opinion of the Management, no material liability is likely to arise on account of such claims / law suits.

26 CAPITAL COMMITMENTS

- (i) Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) ₹/millions 46 (298).
- (ii) Other Commitments towards Television Content and license fees for live future broadcasting and for non live / tape events ₹/millions 19,642 (20,577).

27 The Group has preferred a legal case against The Board of Control for Cricket in India (BCCI) for premature termination of Media Rights contract for telecast of cricket matches between India and other countries in neutral territories outside India. The Hon'ble Arbitration Tribunal in November 2012 has passed an Arbitral award of ₹/millions 1,236 (plus interest) in favour of the Group. BCCI has filed a petition before the High Court of Judicature at Madras challenging the Tribunal Award. Accordingly, pending final outcome and receipt of the award amount, effect has not been given in these financial statements.

NOTES

forming part of the Consolidated Financial Statements

28 LOANS

The Group has been deploying its surplus funds as loans / inter corporate deposits etc. The parties are regular in repayment of principal and interest, hence are considered good.

29 RELATED PARTY DISCLOSURE

(i) (a) Associate

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

(b) Joint Venture (held through Zee Turner Limited)

Name of the Jointly Controlled Entity	Extent of Holdings	Country of Incorporation
Media Pro Enterprise India Private Limited	50.00%	India

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

Agrani Wireless Services Limited, Cyquator Media Services Private Limited, Dakshin Media Gaming Solutions Private Limited, Diligent Media Corporation Limited, Dish TV India Limited, E-City Bioscope Entertainment Private Limited, Essel Corporate Resources Private Limited, Essel International Limited, Essel Propack Limited, Essel Shyam Communication Private Limited, Essel Walajahpet Poonamallee Toll Roads Private Limited, Pan India Network Infravest Private Limited, Pan India Network Limited, Real Media FZ-LLC, Siti Cable Network Limited, Smart Wireless Private Limited, Veria International Limited, Zee Akaash News Private Limited, Zee Learn Limited, Zee News Limited.

Directors / Key Management Personnel

Mr. Subhash Chandra (Non Executive Director), Mr. Punit Goenka (Managing Director & CEO).

Transactions during the year with related parties

	₹ millions	
	2013	2012
A) Non-Current Investments as at 31 March		
Associates	40	50
Other Related Parties	2	2
B) Trade Receivables as at 31 March		
Joint Venture	2,743	1,726
Other Related Parties	306	1,308
C) Loans, Advances and Deposits given as at 31 March		
Joint Venture	-	12
Other Related Parties	88	75
D) Trade Payables / Other Payables as at 31 March		
Other Related Parties	469	511
E) Advances and Deposits received as at 31 March		
Other Related Parties (P.Y. ₹ 247,256)	-	0
F) Revenue from Operations		
Advertisement Income		
Other Related Parties	20	60

NOTES

forming part of the Consolidated Financial Statements

	(₹ millions)	
	2013	2012
Subscription Income		
Joint Venture	7,477	4,291
Other Related Parties	669	917
Commission - Broadcaster		
Other Related Parties	3	13
Other Operating Income		
Other Related parties	28	26
G) Other Income		
Dividend Income		
Other Related Parties	1	1
Rent / Miscellaneous Income		
Joint Venture	5	3
Other Related Parties	65	62
Balances written back		
Other Related Parties (₹ 53,713)	0	-
Reimbursements / Recoveries		
Joint Venture	3	1
Other Related Parties	108	62
H) Sale of Fixed Assets		
Joint Venture	-	9
Other Related Parties	4	-
I) Purchase of Fixed Assets / Capital Advances		
Other Related Parties	5	2
J) Purchase of Television Content and Services		
Joint Venture	4	-
Associates (₹ 182,500)	0	-
Other Related Parties	1,796	1,389
Commission / Discount on services		
Joint Venture	1	8
Other Related Parties (₹ 75,795)	0	-
K) Remuneration paid		
Key Management Personnel	56	59
L) Loans, Advances and Deposits given		
Joint Venture	3	12
Other Related Parties	138	180
M) Loans, Advances and Deposits repayment received		
Other Related Parties	146	140
N) Corporate Guarantees given		
Subsidiaries	7,986	2,946
Other Related Parties	928	1,727

* Transactions with Joint Venture has been reported at full value.

NOTES

forming part of the Consolidated Financial Statements

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

- a. Purchase of Fixed Assets from Dish TV India Limited ₹/millions 5 (2). Sale of fixed assets includes assets sold to Media Pro Enterprise India Private Limited ₹/millions Nil (9), Zee News Limited ₹/millions 4 (Nil).
- b. Revenue from Operations includes Advertisement Income - Dish TV India Limited ₹/millions 17 (58), Diligent Media Corporation Limited ₹/millions 3 (Nil). Subscription Income - Media Pro Enterprise India Private Limited ₹/millions 7,477 (4,291), Dish TV India Limited ₹/millions 630 (821), Siti Cable Network Limited ₹/millions 39 (69). Commission - Broadcaster from Zee News Limited ₹/millions 1 (13), Veria International Limited ₹/million 2 (Nil). Other Operating Income - Zee News Limited ₹/millions 26 (26).
- c. Purchase of Television Content and Services include from Media Pro Enterprise India Private Limited ₹/millions 4 (Nil), Siti Cable Network Limited ₹/millions 210 (173), Essel Corporate Resources Private Limited ₹/millions 235 (219), Zee News Limited ₹/millions 979 (863), Dish TV India Limited ₹/millions 162 (Nil), Zee Learn Limited ₹/millions 155 (Nil).
- d. Remuneration paid to Key Management Personnel Mr. Subhash Chandra ₹/millions Nil (4) and to Mr. Puneet Goenka ₹/millions 56 (55).
- e. Other Income Include Dividend received from Essel Propack Limited ₹/millions 1 (1). Rent / Miscellaneous Income from Media Pro Enterprise India Private Limited ₹/millions 5 (3), Dish TV India Limited ₹/millions 28 (28), Zee News Limited ₹/millions 25 (25), Siti Cable Network Limited ₹/millions 8 (Nil).
- f. Reimbursements / Recoveries from Media Pro Enterprise India Private Limited ₹/millions 3 (1), Dish TV India Limited ₹/millions 48 (22), Zee News Limited ₹/millions 39 (17), Siti Cable Network Limited ₹/millions 14 (5), Zee Learn Limited ₹/millions 2 (14).
- g. Loans, Advances and Deposits given includes Media Pro Enterprise India Private Limited ₹/millions 3 (12), Zee News Limited ₹/millions 109 (Nil), Siti Cable Network Limited ₹/millions Nil (0), Real Media FZ-LLC ₹/millions Nil (134), Essel Corporate Resources Private Limited ₹/millions Nil (45), Cyquator Media Services Private Limited ₹/millions 29 (Nil).
- h. Loans, Advances and Deposits repayment received includes Real Media FZ-LLC ₹/millions Nil (107), Cyquator Media Services Private Limited ₹/millions 26 (9), Zee News Limited ₹/millions 98 (21), Essel Corporate Resources Private Limited ₹/millions 22 (Nil).
- i. Loans, Advances and Deposits balances outstanding includes Media Pro Enterprise India Private Limited ₹/millions Nil (12), Zee News Limited ₹/millions 10 (Nil), Essel Corporate Resources Private Limited ₹/millions 22 (45), Cyquator Media Services Private Limited ₹/millions 30 (27), Real Media FZ-LLC ₹/millions 21 (3).
- j. Trade Advances and Deposits received balance includes Real Media FZ-LLC ₹/millions Nil (0).
- k. Investments at year end includes investment in equity of Aplaab Limited ₹/millions 40 (50), Essel Propack Limited ₹/millions 2 (2).
- l. Trade Receivables balances outstanding include receivable from Media Pro Enterprise India Private Limited ₹/millions 2,743 (1,726), Dish TV India Limited ₹/millions 2 (314), Siti Cable Network Limited ₹/millions 23 (23), Veria International Limited ₹/millions 267 (908).
- m. Trade Payables / Other Payables balances - Zee News Limited ₹/millions 328 (366), Dish TV India Limited ₹/millions 27 (68), Zee Learn Limited ₹/millions 77 (Nil).
- n. Corporate Guarantee includes Taj TV Limited ₹/millions 7,986 (2,946), Dish TV India Limited ₹/millions 437 (1,469), Siti Cable Network Limited ₹/millions 374 (229) and Essel International Limited ₹/millions 95 (8).

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

- 30 Operational cost and other expenses are net off recoveries ₹/millions 111 (63).

31 SEGMENT INFORMATION

(a) Business Segment

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

(b) Revenue from Geographical Market

The geographical segments considered for disclosure are India and Rest of the World.

The revenues are attributable to countries based on location of customers.

NOTES

forming part of the Consolidated Financial Statements

	(₹ millions)	
	Revenues	
	2013	2012
India	23,842	18,981
Rest of World	13,154	11,424

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

	(₹ millions)			
	Segment Assets		Capital Expenditures	
	2013	2012	2013	2012
India	29,711	25,488	723	714
Rest of World	19,448	16,164	71	329

32 PAYMENT TO AUDITORS

	(₹ millions)	
For Standalone	2013	2012
Audit fees	6	6
Tax audit fees	1	1
Certification and tax representation	5	3
Other matters	3	1
Reimbursement of expenses (₹ 179,470 (₹190,000))	0	0
TOTAL	15	11

	(₹ millions)	
For Subsidiaries and Joint controlled entity	2013	2012
Audit fees	15	13
Certification and tax representation	1	2
TOTAL	16	15

33 EARNING PER SHARE (EPS)

	2013	2012
a. Profit after Tax (₹/millions)	7,196	5,891
b. Weighted Average number of equity shares for Basic EPS (in numbers)	954,744,508	969,418,180
Add: Weighted Average outstanding employee stock options (in numbers)	2,831,714	-
c. Weighted Average number of equity shares for Diluted EPS (in numbers)	957,576,222	969,418,180
Nominal value of equity shares (₹)	1	1
d. Basic EPS (₹)	7.54	6.08
e. Diluted EPS (₹)	7.51	6.08

34 The international transactions of Indian companies in the Group with Associated Enterprises (AE's) are at arm's length price as per the independent accountants report for the year ended 31 March, 2012. Further, the Finance Bill, 2012 had sought to bring in certain class of domestic transactions in the ambit of the transfer pricing regulations with effect from 1 April, 2012. The management is of the opinion that its international transactions with AE's and the specified domestic transactions for the year are at arm's length price and that the transfer pricing study will not have any impact on the amount of tax expense and provision of taxation in these financials.

35 The Board of Directors have approved a bonus to shareholders by way of issue of 6% Redeemable Preference Shares (RPS), in the ratio of 21 RPS of ₹ 1 each fully paid up for every equity share of ₹ 1 each held in the Company through a Court approved Scheme of Arrangement and subject to other statutory and regulatory approvals / exemptions. This being event after the date of balance sheet and is subject to regulatory and other approvals hence effect not given in the financials.

FINANCIAL HIGHLIGHTS

As on 31 March, 2013

INDIAN SUBSIDIARIES

Particulars	Zee Turner Limited	Zee Sports Limited	Taj Television (India) Private Limited	Essel Vision Productions Limited (formerly ITM Digital Private Limited)	India Webportal Private Limited
Summary Balance Sheet					
Share Capital	1	1	1	10	235
Reserves and Surplus	87	(48)	198	(25)	(239)
Total Assets	1,155	9	1,353	144	99
Total Liabilities	1,067	56	1,154	159	103
Investments (excluding subsidiaries)	-	-	-	-	-
Summary Statement of Profit and Loss					
Total Income	1,025	-	488	433	154
Profit Before Tax	175	(2)	106	(22)	(136)
Provision for Tax	49	-	34	-	-
Profit after Tax	126	(2)	72	(22)	(136)
Proposed Dividend	-	-	-	-	-

OVERSEAS OPERATIONS

Particulars	Functional Currency	Asia Today Limited	Zee Multimedia Worldwide (Mauritius) Limited	Zee Multimedia (Maurice) Limited	Taj TV Limited	Technologies (Guangzhou) Limited	Asia TV Limited	Zee TV USA Inc.	Expand Fast Holdings (Singapore) Pte. Limited	Zee TV South Africa (Proprietary) Limited	Zee Telefilms Middle East FZ-LLC	Apac Media Ventures Limited	OOO Zee CIS Holding LLC	OOO Zee CIS LLC
Conversion Rates														
Balance Sheet	USD	54,505	54,505	1,7477	54,505	8,6873	82,8343	54,505	54,505	5,9019	14,8394	7,0205	1,8408	1,8408
Statement of Profit and Loss	USD	54,4318	54,4318	1,7855	54,4318	8,6334	86,0038	54,4318	54,4318	6,4022	14,8194	7,0180	1,9112	1,9112
Summary Balance Sheet														
Share Capital	0	3,096	0	924	55	98	1,362	55	3	0	37	-	0	-
Reserves and Surplus	6,184	905	(10)	(941)	(55)	(94)	(701)	(55)	72	(218)	139	-	(19)	-
Total Assets	13,181	4,048	27	3,782	-	12	836	-	129	12	407	-	27	-
Total Liabilities	9,660	47	37	3,799	-	8	175	-	54	230	231	-	46	-
Investments (excluding subsidiaries)	2,663	-	-	-	-	-	-	-	-	-	-	-	-	-
Summary Statement of Profit and Loss														
Total Income	6,020	84	27	5,526	76	25	839	76	157	38	995	2	69	-
Profit Before Tax	1,004	75	2	51	76	3	19	76	9	(52)	(13)	1	3	-
Provision for Tax	126	1	0	3	-	-	(4)	-	1	-	-	-	1	-
Profit after Tax	878	74	2	48	76	3	23	76	8	(52)	(13)	1	2	-
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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



Zee Entertainment Enterprises Limited

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

ATTENDANCE SLIP

31st Annual General Meeting

I hereby record my presence at the 31st Annual General Meeting of the Company at 'Nehru Auditorium', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018 on Thursday, July 25, 2013 at 11.00 a.m.

Name of the Shareholder/Proxy (in block letters)

Signature of Shareholder/Proxy

Folio No. _____

DP ID No. _____

Client ID No. _____

No. of Shares _____



Zee Entertainment Enterprises Limited

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

PROXY FORM

31st Annual General Meeting

I/We _____ of

_____ being member/members of

Zee Entertainment Enterprises Limited hereby appoint _____ of _____

_____ or failing

him/her _____ of _____

as my/our proxy to vote for me/us on my/our behalf at the 31st Annual General Meeting of the Company to be held on Thursday, July 25, 2013 at 11.00 a.m. at 'Nehru Auditorium', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018 and at any adjournment(s) thereof, if any.

Signed this _____ day of _____, 2013.

Signature of Shareholder/Proxy

Folio No. _____

DP ID No. _____

Client ID No. _____

No. of Shares _____

Affix ₹ 1/-
Revenue
Stamp

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

> REGIONAL OFFICES

New Delhi

Filmcity 19,
Sector 16 - A,
Noida - 201301

Tel 0120 2511064
Fax 0120 2515240

Kolkata

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

Tel 033 22275458 / 5459
Fax 033 22275463

Hyderabad

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

Tel 040 23391648 / 23320170
Fax 040 23320164

Chennai

Alpha Centre, Essel House,
3rd Floor, No. 150 & 151,
North Usman Road,
T - Nagar, Chennai – 600017

Tel 044 28144964
Fax 044 28144963

Bangalore

204, 2nd Floor,
H.M. Geneva House,
14 Cunningham Road,
Bangalore – 560 052

Tel 080 22373183 / 86
Fax 080 22373180

Bangalore Office 2

3rd Floor, United Mantions,
39 M. G. Road,
Bangalore – 560 001

Tel 080 66109999
Fax 080 25559432

Pune

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

Tel 020 25532049
Fax 020 25532049

> INTERNATIONAL OFFICES

USA

Asia Tv - USA Limited
One Penn Plaza,
250 W 34th Street,
Suite 3501, New York - 10119

Tel 001646 745 9000
Fax 001646 745 9090

United Kingdom

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

Tel +44 020 88394000
Fax +44 020 8841 9550

South Africa

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

Tel +27 117813352
Fax +27 117813347

Mauritius

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

Tel +230 4642222 / 6666
Fax +230 4644040

China

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

ZEE General Line +86 2038931510

Malaysia

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

Tel +603 20929297
Fax +603 20929201

Singapore

Expand Fast Holding
883, North Bridge Road, #09-01,
The Southbank,
Singapore 198785

Tel +65 63147821

UAE

Zee Telefilms Middle East FZ LLC
Ten sports Building, 3rd Floor,
Dubai Media City, Dubai UAE
PO Box 500484

Tel +971 44264100
Fax +971 43625386

Russia Moscow

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

Tel + 74959551886
Fax + 74959551883

> OTHER OFFICES

Broadcast Operations

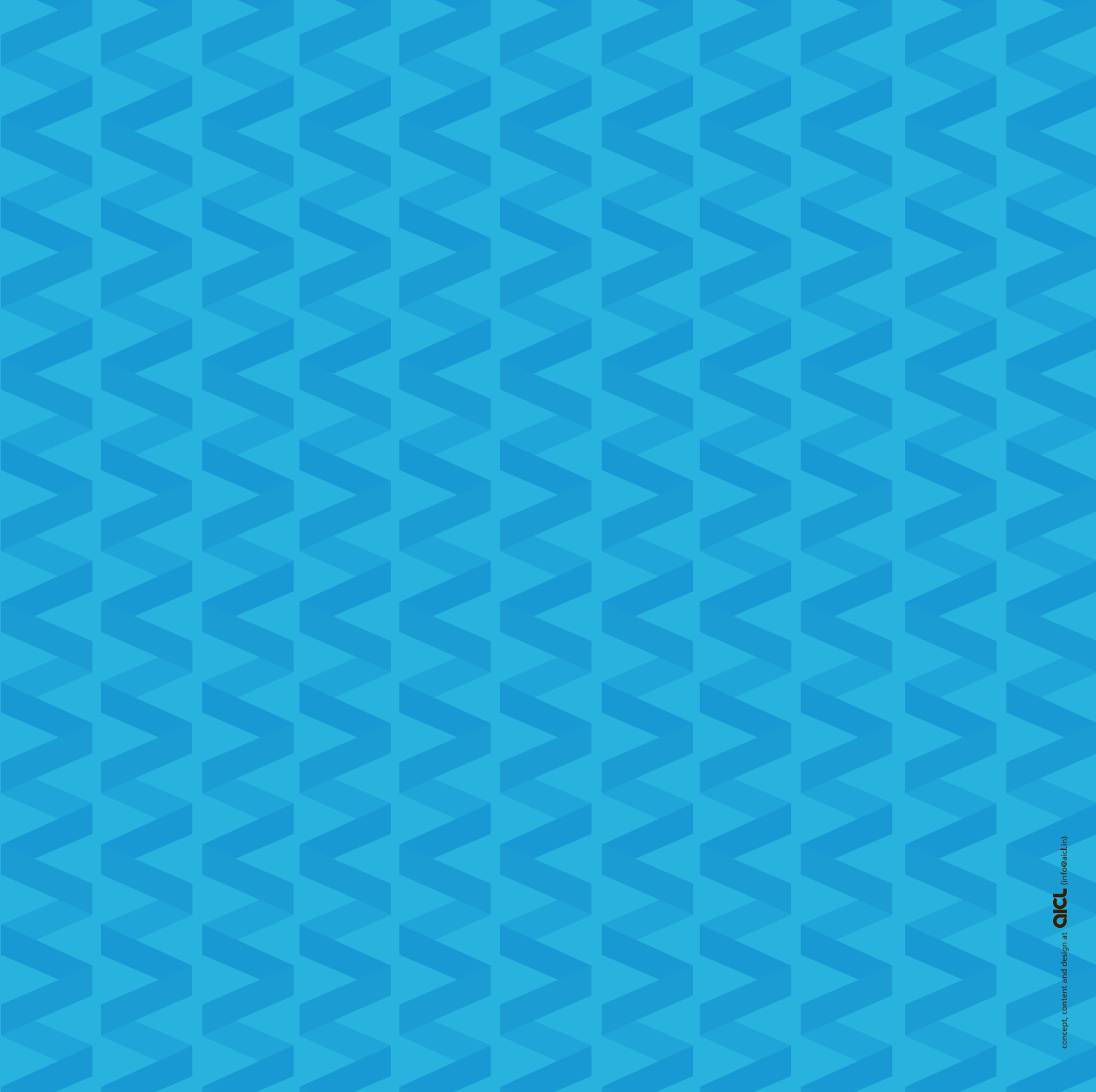
Filmcity 18, Sector 16A
Noida – 201301

Tel 0120 2511064
Fax 0120 2515240

Broadcasting Division – ETC

7B, Shah Industrial Estate,
Off. Veera Desai Road,
Andheri (W), Mumbai – 400053

Tel 022 67813737
Fax 022 26732030



concept, content and design at **aicl** (info@aicl.in)



ZEE ENTERTAINMENT ENTERPRISE LIMITED

REGISTERED & CORPORATE OFFICE

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

Tel. +91 22 2483 1234
www.zeetelevision.com

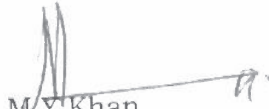
FORM A

Covering letter of the Annual Audit Report to be filed with the stock exchanges
(As per Clause 31(a) of Listing Agreement)

1	Name of the Company	Zee Entertainment Enterprises Limited BSE Code - 505537 NSE Code - ZEEL.EQ
2	Annual financial statements for the year ended	31 st March 2013
3	Type of Audit observation	None
4	Frequency of observation	Not Applicable



Punit Goenka
Managing Director
& Chief Executive Officer



M Y Khan
Independent Director
& Chairman - Audit Committee



Hitesh Vakil
Chief Financial Officer



Hitendra Bhandari
Partner - MGB & Co., Chartered Accountants
Firm Registration No.101169W
Membership No. 107832

Mumbai, dated May 22, 2013



VASUDHAIVA KUTUMBAKAM
THE WORLD IS MY FAMILY