

ZEE NEWS LIMITED

(REGN. NO. 11-121506)



ANNUAL REPORT 2004-05

ZEE NEWS LIMITED

Reg. office: Continental Building, 135, Dr. A.B. Road,
Worli, Mumbai - 400018.

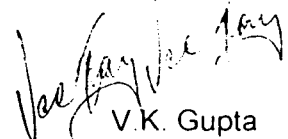
NOTICE

NOTICE is hereby given that the 6th Annual General Meeting of the members of Zee News Limited will be held on Friday the 30th September, 2005 at 11.00 a.m. at Continental Building, 135, Dr. A.B. Road, Worli, Mumbai - 400018 to transact following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited profit and loss account of the Company for the year ended on 31st March, 2005 and the Balance Sheet as at that date together with the report of the Auditors' and Directors' thereon.
2. To appoint Director in place of Mr. Gagan Goel, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. MGB & Co., Chartered Accountants, Mumbai, as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By order of the Board


V.K. Gupta
Director

Place : Mumbai

Dated: 01 September 2005

NOTES:

1. The member entitled to attend and vote at the Meeting is entitled to appoint proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies in order to be effective must be deposited with the Company not less than 48 hours before the meeting.

DIRECTORS' REPORT

To
The Members of
Zee News Limited

Your Directors have pleasure in presenting the 6th Annual Report of the Company together with Audited Annual Accounts for the year ended 31st March 2005.

Financial Results:

Particulars	(Rs. in lacs)	
	Year ended 31.03.2005 (Rs.)	Year ended 31.03.2004 (Rs.)
Gross Income	117.43	-
Total Expenses	121.22	2.80
Profit/(Loss) before Tax	(3.79)	(2.80)
Provision for Taxation	Nil	Nil
Profit/(Loss) after Tax	(3.79)	(2.80)
Balance brought forward	(824.51)	(821.71)
Balance carried to Balance Sheet	(828.29)	(824.51)

Operations and future outlook:

During the year under review, your Company has successfully launched its first business channel and India's first Hindi business channel viz. "**Zee Business**". The object of the channel is to provide valuable information and guidelines to its viewers on various subjects like jobs, careers, education, health, housing, rural development, travel, leisure, lifestyles, clothings, automobiles, FMCG, consumer durables, agriculture, infrastructure development, technological changes, finance, stock markets, savings, investments, loans etc. The channel has been well accepted by the viewers and received splendid response since launching. Your company has entered into an agreement with Zee Telefilms Limited for assigning exclusive rights for a period of one year for Air Time Sale & distribution function of its business channel.

During the year under review, your Company has entered into a Memorandum of Understanding with Zee Telefilms Ltd for acquiring its news and current affairs business with all the rights, assets, liabilities and employees.

Pending transfer of the news business from Zee Telefilms Ltd, your Company has applied to the Ministry of Information and Broadcasting for obtaining its permission to commence uplinking of news and current affairs television channels from India. The Application is under consideration by the Ministry and your Company expects to get the required approval very soon.

Your Company has also signed a strategic Assignment Agreement with Expand Fast Holding Limited (Now Asia Today Ltd as EFHL merged with ATL) for transponder sub-utilization for broadcasting digital and encrypted programmes through satellite television channels for all geographical areas stretching from Eastern Europe to New Zealand.

Further, in order to reflect broadcasting operations as the principle business activity, the name of the Company has been changed to Zee News Limited w.e.f May 27, 2004 and fresh certificate of incorporation consequent on change of name was obtained from the Registrar of Companies.

During the year under review, your company has earned an income of Rs. 117.12 lacs by way of Channel Distribution and Air Time Sale Rights and Rs.0.31 lacs by way of other income. Since this was the first year of broadcasting operation of the Company, it has incurred a net loss of Rs.3.79 lacs. The loss is grossly attributable to high operational, personnel and administrative cost.

Dividend:

In view of the losses incurred and to meet future financial requirements, your Directors express their inability to recommend any dividend for the year under review.

Share Capital:

During the year under review, your company has not issued any further share capital. However, in view of the proposed acquisition of the news business and also to comply with the minimum capital adequacy norms prescribed by Ministry of Information & Broadcasting, your Company has increased the Authorized Capital from Rs.2 Crore to Rs.20 Crore.

Public Deposits:

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

Directors:

In accordance with requirements of the Companies Act, 1956 and the Articles of Association of the Company, Mr.Gagan Goel retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Members are requested to re-appoint Mr. Gagan Goel as Director of the Company.

Auditors:

M/s MGB & Co., the statutory auditor of the Company, retires at the conclusion of the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment as Statutory Auditors for the financial year 2005-06.

Auditor's Report:

The observation and comments made in the Auditors' Report are self-explanatory.

Compliance Certificate U/S 383A of The Companies Act, 1956.

Pursuant to the provisions of section 383A of the Companies Act, 1956, your Company has obtained a Certificate of Compliance from Mr. Satish Shah, a Company Secretary in Whole Time Practice, for the year under review, which forms part of this report.

Additional information under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988:**I. Energy Conservation and Technology Absorption:**

During the year under review, the Company has not carried out any activities involving conservation of energy and technology absorption.

II. Foreign Exchange Earning and Outgo:

Details of foreign exchange earnings and out go during the year under review is given in note no.11(c) of the Notes to Accounts.

Particulars of Employees:

Since none of the employees are drawing salary in excess of limit specified under section 217(2A) of the Companies Act, 1956 information as per that Section, read with Companies (Disclosure of particulars in the Report of Directors) Rules, 1988 is not applicable.

Directors' Responsibility Statement u/s. 217 (2AA) of the Companies Act, 1956

The Board of Directors hereby confirms and declares: -

- (i) That in the preparation of the annual accounts the applicable accounting standards had been followed along with proper explanation relation to material departures, if any;
- (ii) That the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the State of affairs of the Company at the end of the financial year and of the loss of the Company for the year 2004-2005.
- (iii) That the Directors had taken proper and sufficient care of the maintenance of the adequate accounting records in accordance with provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

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

Acknowledgements:

Your directors take this opportunity to express their gratitude to the shareholders, bankers and staff for their continued support. Thanks are also to the Ministry of Information & Broadcasting and Churu Trading Company Pvt. Ltd., the holding Company for their continued support and guidance

For and on behalf of the Board


Gaurav Goel
Director


V K Gupta
Director

Place: Mumbai

Date : 1st September 2005



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AUDITORS' REPORT

To,
The Members
Zee News Limited

1. We have audited the attached Balance Sheet of Zee News Limited as at 31st March 2005 and also the Profit and Loss Account of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express our opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 ('the Order') issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956, ('the Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph (3) above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report complies with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors as on 31st March, 2005 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2005 from being appointed as a director in terms of clause (g) of sub section (1) of the Section 274 of the Companies Act, 1956.

