



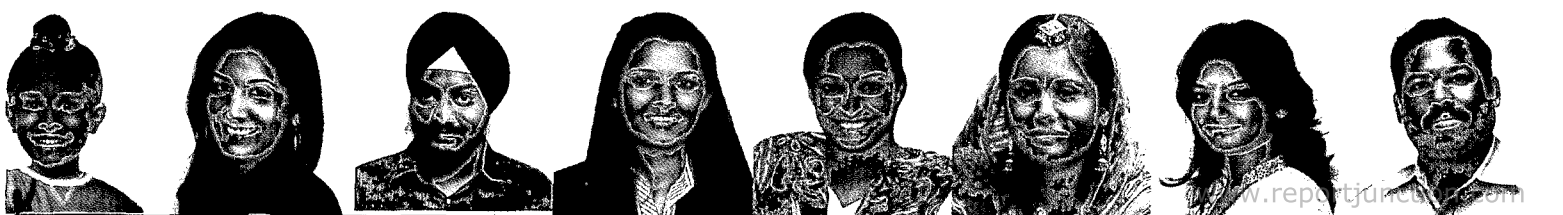
ZEE NEWS LIMITED

Inform. Entertain. Empower



Report Junction.com

Diversity. Growth. Sustenance | Annual Report 2008 - 2009







Zee News Limited (ZNL) stands strong, with its mission: **"Inform. Entertain. Empower."** With a distinct focus on its strategy to leverage diversity for sustainable growth, your company continues to outperform the industry in all relevant parameters.

India is a diverse country, with 28 states, 22 official languages and many more dialects. The consumerism slowly but steadily has been spreading beyond the top metros. This opportunity has been the foundation of your company's strategy. The growth delivered by ZNL in the fiscal 2008 - 09, despite overall economic slowdown is a testimony of your company's potential.

Regional media and news genre continue to grow exponentially. ZNL therefore, with its diverse bouquet in these chosen verticals, is well poised to capitalize on this opportunity. We are optimistic that going forward, we would be able to deliver sustainable growth.

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Board of Directors

Subhash Chandra - Chairman
 Laxmi Narain Goel - Managing Director
 K U Rao - Independent Director
 Naresh Kumar Bajaj - Independent Director
 Vinod Bakshi - Independent Director
 Punit Goenka - Director

Company Secretary

Pushpal Sanghavi

Auditors

MGB & Co., Chartered Accountants

Bankers

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

Registered Office

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

Corporate Office

Essel Studio FC-19, Sector 16A
 NOIDA 201 301, (U.P.), India.

LEVERAGING DIVERSITY

The regional entertainment genre is a nascent vertical. Given the regional diversity in language, culture and literature in India, there exists exponential growth potential of media consumption in local languages. This is reflected in the rapid proliferation and growing viewership of regional media.

Increasing advertisers' preference in regional media justifies the consuming potential of regional media audience.

ZNL with its current presence in most of the major language differentiated markets in the country, is well positioned to leverage the opportunity present in this diversity.



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To be India's pre-eminent provider of news and regional entertainment content to viewers belonging to all regions and linguistic denominations. Also, by engaging audiences in their native language through a mix of news and entertainment to truly 'Inform. Entertain. Empower.', the people of India and in doing so provide value to advertisers. As a corporation, we will be profitable, productive, creative, trend setting and financially sound with care and concern for all stakeholders.

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 customers.

Creativity

The key to our value system is innovation and originality. We recognize 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 gain the trust of our viewers and subscribers.

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.

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, markets and businesses around the world.

CHAIRMAN'S MESSAGE

Dear Shareholders,

I take this opportunity to greet you and thank you for the trust bestowed on the organization and share with you my thoughts on your company's performance during the year gone by.

Diversity the Growth Driver

Few other periods in World history have seen such financial turmoil and global market crisis like the year 2008-09. However, fueled by increasing local advertising, regional media continued on its growth path. As the economy shows signs of recovery, this segment is now poised for rapid expansion and growth. Zee News Limited had identified this opportunity in diversity well ahead of its time and implemented plans to capitalize on the same. Diversity, which shaped the history of India, is now propelling Indian economic growth. Quite aptly, our strategy continues to leverage the opportunity that diversity presents to us for sustainable growth of your company.

Reaching Far and Wide

True to its mission of conducting a fair and informed discourse on the issues affecting regional aspirations and providing quality entertainment to various regional audiences, Zee News Limited has further enriched its bouquet and it now operates thirteen channels in the news and regional entertainment space. Bucking the slowdown, your company successfully launched Zee Tamil in October '08 followed by Zee News Uttar Pradesh and Zee 24 Gantalu in April '09. Living up to our commitments, even during adverse economic conditions, we protected your company's margins, despite aggressive expansion. We are now present in most of the diverse language-differentiated regional television markets in the country. Apart from the other untapped regional markets, global English news and English business news channel continue to be on our radar.

Leveraging Digitization

Our vision of making early investments in digitally encrypted channels is bound to yield positive results with subscription revenue from digital cable formats expected to be a key growth driver going forward. Today, Zee News Limited stands apart from the crowd in terms of its capability to garner subscription revenues. In the fiscal year gone by, your company recorded continuous increase in digital subscription and closed the year with subscription from digital connections forming 34% of the total subscription revenue. Given the rapid DTH proliferation that the country is witnessing, subscription revenue would continue to enjoy high traction going forward.

Inclusive Growth

Your company continues to enjoy leadership position in key growth markets. The flagship Zee News, now a well-respected imagery leader, often emerged number one in terms of time spent by viewers during any event of significant national interest. Zee Business evolved and grew by leaps and bounds during the year and rose from an average channel share of 13% to a share of 25% in the business channel genre. It is arguably the most successful media turnaround story of the year. Zee Marathi, along with Zee 24 Taas and Zee Talkies is an essential for the Marathi viewer while Zee Bangla and 24 Ghanta dominate West Bengal households. While Zee Marathi and Zee Bangla continued to be leaders, both Zee 24 Taas and 24 Ghanta emerged as No.1 news channels in their respective genres. Zee Telugu and Zee Kannada are now a name to reckon within the South Indian television market. Zee Telugu operationally broke even during the year, as guided.

ZNL Financial Highlights: 2008-09

While diversifying and creating new ventures of growth, we also focused on building balance sheet strength and maintaining adequate liquidity

levels. Your company has been performing with characteristic efficiency and profitability. Zee News Limited delivered solid top-line results for the year. Operating revenue grew 42% to Rs 5.2 billion. Our advertisement revenue stream delivered an increase of 39% to Rs 4.0 billion, while the subscription revenue stream delivered an even better 45% increase to Rs 969.6 million. The operating profits (EBITDA) improved by 23% to Rs 836.4 million, despite investments in new products like Zee Tamil, Zee 24 Gantalu and Zee News Uttar Pradesh. Profit after Tax was up 20% to Rs 446.3 million, while earnings per share increased to Rs 1.86 during FY2009.

Looking Ahead: Sustainable Growth

A fundamentally strong entity with focus on current deliverables, your company's strategies are aimed at rapid growth and continuous improvement in performance by expanding presence in other key markets, technological up-gradation, adoption of best practices and global benchmarking. Our recent strategic partnership with Akaash Bangla, a premier Bengali GEC brand, highlights our intention to grow through inorganic growth strategies as well, whenever such suitable opportunity arises.

With the advertiser becoming increasingly conscious with his choice of platform and seeking value for money, news and regional channels are expected to be the beneficiaries. That, along the viewer's propensity to pay for regional media consumption and the resulting subscription revenues, is conducive for sustainable growth in your company going forward.

At the end, I would like to conclude by thanking, on behalf of the Board of Directors of Zee News Limited, all our viewers, investors and other stakeholders for their support and confidence in the management of your company.

Subhash Chandra
Chairman



MANAGING DIRECTOR'S MESSAGE

Dear Shareholders,

I have great pleasure in sharing with you the highlights of yet another year of great achievements. Your company set new benchmarks of performance in the Indian Media and Entertainment industry in 2008-09.

Building on Core Strengths

Our vision of investing in news and regional entertainment media has been right on course. Notwithstanding the current economic slowdown, your company continued on its growth path. Zee News Limited, with its news and regional entertainment channels bouquet, created a special place in the minds of the Indian television viewer. All channels' viewership share of the company in the total C&S universe grew to 5.5% compared to 4.9% in 2007-08.

Zee News, the flagship Hindi news channel after its re-launch last year has delivered steady growth in revenue and maintained channel share in a competitive market. Our Hindi business news channel, Zee Business, grew consistently to reach close to leadership position while news channels Zee 24 Taas and 24 Ghanta emerged as clear leaders in their respective genres.

On the regional entertainment front, both Zee Marathi and Zee Bangla maintained their supremacy throughout the year. Bengal continues to

be a critical market and our strategic partnership with Akaash Bangla channel, with a right to acquire 26% equity therein, makes our Bengali bouquet insurmountable. Zee Telugu and Zee Kannada firmly established their presence and are dominant players in the South Indian television market. Zee Telugu achieved operational break even during the year. Our foray in the biggest regional television market in the country was marked by the launch of Zee Tamil on 12th October, '08. Having largely overcome the initial distribution issues, the channel is now progressing as per plan and should ramp up its performance going forward.

Last year through these pages, I had also promised about the launch of Zee Telugu news. I am glad to share, that to further build on our competence and to strengthen the existing bouquet of channels, we not only launched Zee 24 Gantalu, a 24 hours Telugu news channel but also Zee News Uttar Pradesh, a 24 hours Hindi news channel for the Uttar Pradesh and Uttarakhand market. The success enjoyed by both these channels ever since their launch in April, '09 is heartening.

Your company has always had a strong emphasis on profitable growth. We closed the financial year 2009 with a 42% YoY growth in top-line and a 20% increase in Profit after Tax. Innovative solution driven approach for the advertisers helped us clock a 39% YoY growth in advertisement revenues, while increasing digitization and a paid channel bouquet