

Poised for the next leap

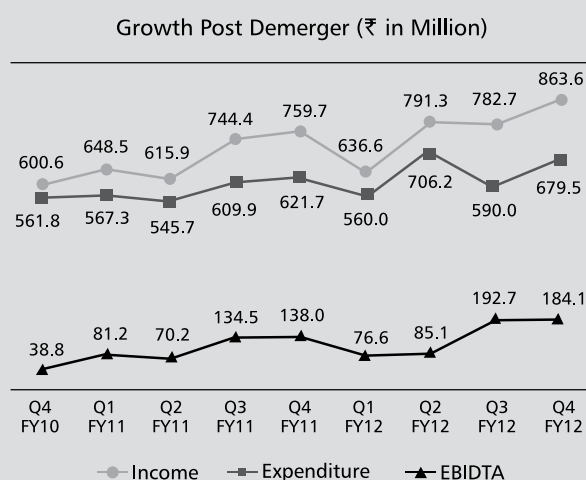
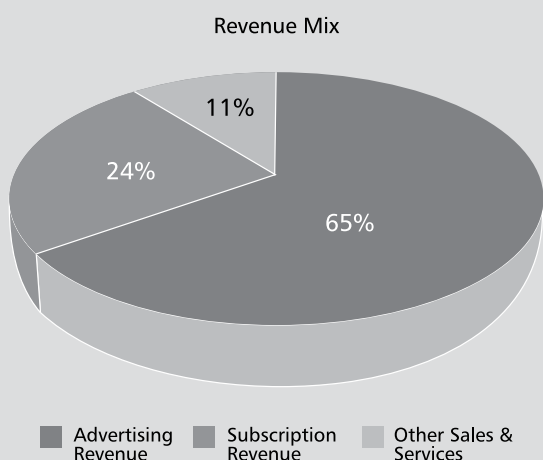


Contents

Operational Highlights	01
Message from the Chairman	02
Session with the Managing Director	04
Corporate Information	06
Notice	07
Directors' Report	09
Financial Highlights of Subsidiary Company	12
Corporate Governance Report	13
Management Discussion & Analysis	24
Certification on Financial Statements	32
Standalone Financial Statements	33
Performance Ratios and Analysis	58
Consolidated Financial Statements	61

OPERATIONAL HIGHLIGHTS

Zee News Ltd. continued to be Nation's Largest News Organization and No. 1 in Time Spent Per Viewer in 8 Metros*



- Efficient network operations coupled with innovative revenue streams led to EBITDA growing by 25.8% at ₹533.5 million from last year's ₹424 million.
- The existing news channels Zee News, Zee Business, Zee 24 Taas, 24 Ghanta and Zee Punjabi revenue grew by 13.3% to ₹2,940.4 million
- The new businesses losses have come down to ₹227.4 million from the last year's ₹442.7 million. Zee Tamil has been discontinued.
- In an environment where news genre advertisement revenues were flat for the industry, advertising revenues for your Company grew by 2.2% to ₹2,004.6 million for the year ended March 31, 2012, despite discontinuance of Zee Tamil.
- *Zee News Ltd. continued to be nation's largest news organization and also was no. 1 in Time Spent Per Viewer in the 8 metros for the year in the core news viewers (Source: TAM, CS 25+ M ABC, FY 2011-12, 8 metros).
- The flagship channel Zee News stuck to its content strategy of concentrating on concerns related to the common man through non-frivolous news. It was no. 2 in terms of Time Spent Per Viewer in 8 metros (Source: TAM, CS 15+, FY 2011-12, 8 metros).
- Zee Business powered on with emphasis on stock market hours and presenting actionable information to the retail investors and SMEs. It was no. 2 in terms of reach in key business viewers (Source: TAM, CS 25+ M ABC, FY 2011-12, HSM).
- Your Company's Bengali news offering, 24 Ghanta recovered its leadership during the second half of the year bouncing back after it had lost the top spot post state elections and change of government (Source: TAM, CS 25+ M AB, Oct 2011 to Mar 2012, WB).
- The Marathi news channel, Zee 24 Taas was extremely popular in Mumbai and was no. 2 channel reaching out to about 3.5 million viewers (Source: TAM, CS 15+, FY 2011-12, Mumbai).
- Amongst the newly launched channels, Zee News Uttarakhand & Uttar Pradesh continued its leadership in the Hindi heartland (Source: TAM, CS 15+, FY 2011-12, UP).
- Zee 24 Gantalu and Zee Punjabi executed various events like Spoorthi (Woman Entrepreneur Awards) and Anhad Samman (Ananya Samman) respectively to honour the key contributors to the social and economical progress of these states.
- Your Company now has more options for the new age news consumer. Regional websites for Zee 24 Taas and 24 Ghanta were launched in addition to the launch of the Hindi website. Zeenews.com is the fastest growing news website as per ComScore Direct and Google Analytics.

MESSAGE FROM THE CHAIRMAN

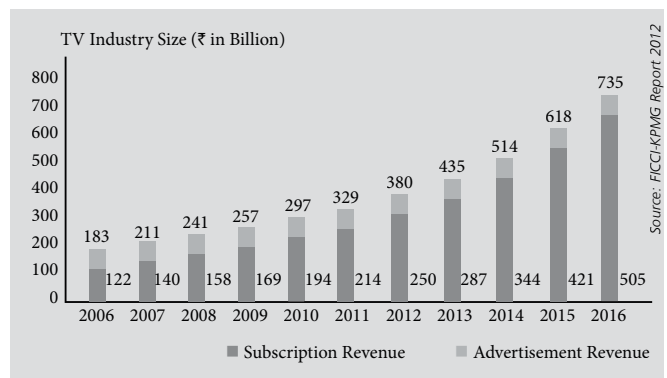


Dear Shareholders,

The year gone by proved to be a testing year for economies across the globe including India. Despite a number of global challenges and high inflation in domestic economy, India did well in recording a GDP growth of 6.5% in fiscal year 2011-12 (FY12). In an adverse year that witnessed continued tightening of liquidity, increase in interest rates and sharp depreciation of Indian rupee against US Dollar, this growth, is a clear reflection of the sound inherent fundamentals of our economy.

Media & Entertainment sector

Indian media and entertainment (M&E) sector has made rapid strides over the recent years. Traditional media of television and print have continued to strengthen their reach and revenue. All along, new media like online, mobile and gaming have also continued to accelerate their expansion in terms of revenues and reach. As a result, Indian M&E sector has achieved a compounded annual growth rate (CAGR) of 9.1% between 2007 and 2011. Going forward, it is estimated to grow at a CAGR of 14.9% between 2011 and 2016 according to FICCI-KPMG Indian Media and Entertainment Industry Report 2012. The study estimates Indian television industry to have grown to ₹ 329.0 Billion in 2011, registering an increase of 10.8% over ₹ 297.0 Billion recorded in 2010.



Digitization in television

Indian television industry appears to be headed towards absolute digitization now. This much awaited step has potential to transform the entire television landscape completely. Better viewing experience, choice of what channel to subscribe to, transmission of more channels to households, etc. are going to benefit the consumers immensely.

What is of greater significance is the addressability that digitization will induce in television ecosystem. Addressability will bring about significant results for the Broadcaster like our Company. Digitization would contribute towards expansion in subscription revenues considerably for paid channels by plugging in the leakages.

Poised for the next leap

Our focus on ensuring current deliverables has kept us in good stead. We have weathered the recessionary pressure of 2008-09 and its aftershocks pretty well. With digitization enhancing our business spectrum, we are going to leverage our strong fundamentals towards accelerated growth. At Zee News, we are poised for our next leap.

Zee News Ltd. in FY12

At Zee News Ltd., we continued to stay focused on our long-term differentiators and growth drivers in the year gone by. Staying focused on news that matters and thoughts that enable work like a lighthouse for us and differentiate us from those who package entertainment or resort to manufacturing sensational news. Our commitment to deliver shareholders value by seeking profitable growth has kept us in good stead once again. Our operating revenues have reached to ₹ 3072.2 Million in FY12,. Profitability has always brought greater significance to our growth. The fact that we have recorded an impressive 51.4% growth in our Net Profit Before Tax, taking it to ₹ 470.3 Million in FY12 from ₹ 310.7 Million in FY 11, testifies our operational excellence and resolve to improve current deliverables.

Encouraging performances like these, that too in difficult economic environment, further strengthens our belief in 'Viewer First' approach. Keeping in line with our philosophy, April 2012 onwards we have reduced our inventory significantly to live up to the consumers interest. It is a strategic decision which should pay rich dividend in the digitized era. Such initiatives help us foster deeper engagements with our viewers and in turn enable us to deliver quality returns to our advertisers.

Our winning strategy comprises:

- i. Increased efficiency through rationalization of cost
- ii. Focus on innovation
- iii. Focus on subscription revenue
- iv. Leveraging the growing viewership of our channels
- v. Leveraging network operation to rationalize cost as well as maximize revenue
- vi. Judicious expansion

These are our solid growth foundations for future and we remain committed in further strengthening them.

Staying together

Business ethics and transparency, a culture of collaborative growth and meritocracy, a fertile workplace that fosters innovation, and a goodwill pool that can never be compromised for anything; these form pillars of our citadel. I take this opportunity to thank all our viewers and advertisers, investors and shareholders, producers and distributors for their continued trust and patronage. I congratulate everyone in the management and staff of Zee News for their valued contributions.

As the Indian television industry steps into an era of phased digitization, I beckon each one of our stakeholders for continuance of their trust and patronage. Together we have grown so far, together we will grow much bigger!

Best regards,

SUBHASH CHANDRA
Chairman

SESSION WITH THE MANAGING DIRECTOR



PUNIT GOENKA
Managing Director

How do you view the performance of Zee News in fiscal year 2011-12?

The year gone by was a very difficult year for our economy and its various constituents including Indian Media & Entertainment sector. Indian television sector's growth is estimated to have moderated to 10.8% in calendar year 2011 as per FICCI-KPMG Indian Media and Entertainment Industry Report 2012.

These facts set the background to review our performance. Staying focused on pursuing qualitative and sustained growth, our consolidated revenues stood at ₹ 3,072.2 Million in FY 12. Our 2 new channels reduced their EBITDA losses despite testing macro-economic environment.

At overall levels, we grew our consolidated net profit before tax by 51.4% to take it to ₹ 470.3 Million in the year under review, up from ₹ 310.7 Million in the previous year. Managing to arrest the increase in operating expenditure to 8.3% and a sharp reduction of over 15.2% in financial expenses remain the high points of operational excellence for the year.

What were the high points of operations during the year?

Continued success and growth of our Company can be attributed to our resolve to serve our viewers with news that makes sense over news that sensationalizes. With five states undergoing poll in the year under review, our news channels played an active role in encouraging voters to participate in electoral process and make right choices in their respective constituencies. Our initiative Apka Vote Apki Taqat, which has been supported and appreciated by Election Commission of India, played a critical role in this regard. We also continued to honour outstanding

achievers from different walks of life through programmes like Ananya Samman, Krishi Samman, and Hunt for India's Smart Investor.

Above initiatives translated into rich gains in competitive standing of our news channels. As a pure-play news company, Zee News Limited reaffirmed its leadership position by remaining No.1 news network in India in terms of time spent per viewer in HSM as per TAM.

How do you view proposed digitization of television content distribution and what impact will it have on the business of Zee News?

The emergence of private broadcasters in India, some three decades ago, was a breakthrough event in the history of independent India. Since then, television has made significant contribution in shaping up generations in this country. If India has emerged as a leading economic force on the world map, television has helped in preparing the young India as a discerned mass – by exposing them to global lifestyles, work ethics, evolved modern mindset and so on. I view television as a big social reformer in India.

Digitization, to me, is the beginning of a new era for Indian television, wherein it will transform itself. This move will help the industry discover an organized and transparent way of working in an integrated ecosystem. All the key stakeholders – customers, broadcasters, aggregators, distributors and exchequer – will benefit from it immensely.

ZNL has always maintained its focus on multiple revenue sources. And now it is expected that digitization shall translate into growth multiplier in subscription revenues. This, in turn shall strengthen our financial position further and enable us to pursue newer avenues of growth, organic as well as inorganic. With all the genres and channels being available equally, content differentiation would be the king. This opens up manifold expansion options in regional news as well as special interest channels.

How does the course of future appear for Zee News?

We have weathered a long stormy phase from FY 09 to FY12 very well. Toughness in the environment appears to be bottoming out somewhere at these levels. Opportunity landscape over the coming 4-5 years is ripe with tremendous potential; given the possible improvements in economic activities, digitization of television content distribution and consolidation in the news space and so on.

At Zee News, we have built a solid growth framework in the 7 news channels across mainstream and business news, across Hindi and also four regional languages. A vast network of physical and human asset stands tested and ready for accelerated growth. I am reasonably certain of delivering much more to our stakeholder in the coming 5-7 years with an enhanced share of viewership, revenues and profitability amongst our peers.

Despite adversities like highly fragmented television news segment, prolonged challenged macro-economic environment and intense competition; we have delivered consistent performance. We are ready to leverage digitization and are poised to take our next leap.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Subhash Chandra	: Chairman
Naresh Kumar Bajaj	: Non-Executive Independent Director
Kancharana Upendra Rao	: Non-Executive Independent Director
Vinod Bakshi	: Non-Executive Independent Director
Punit Goenka	: Managing Director

SENIOR MANAGEMENT

Barun Das	: Chief Executive Officer
Amit Tripathi	: Executive Vice President (Sales)
Dinesh Garg	: Chief Financial Officer
Y. P. Singh	: Sr. Vice President (Technical)
Pradeep Gulati	: Sr. Vice President (H. R.)
Rohit Kumar	: Dy. Vice President (Marketing Zee News)
Raktimanu Das	: Business Head (Zee Business)
Uday Nirgudkar	: Head Operations & Editorial (24 Taas)
Rakesh Khar	: Head Research & Consulting Editor
Pushpal Sanghavi	: Company Secretary

AUDITORS

MGB & Co, Chartered Accountants

BANKERS

State Bank of India
BNP Paribas
ICICI Bank Ltd.

OFFICES

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

Corporate
Essel Studio FC-19
Sector 16A
Noida - 201 301
Uttar Pradesh

Zee 24 Gantalu
6-2-935/2, Savitri Nilayam
Khairtabad
Hyderabad - 500 004
Andhra Pradesh

Zee 24 Taas
4th Floor "B" Wing
Madhu Industrial Estate
Pandurang Budhkar Marg
Worli, Mumbai - 400 013
Maharashtra

NOTICE

Notice is hereby given that the 13th Annual General Meeting of the Members of **Zee News Limited** will be held on Thursday, July 19, 2012 at 11.00 a.m. at The Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited Statement of Profit and Loss of the Company for the year ended on March 31, 2012 and the Balance Sheet as at that date, on a standalone and consolidated basis, together with the report of the Auditors' and Directors' thereon.
2. To appoint a Director in place of Mr. Vinod Bakshi, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint M/s MGB & Co., Chartered Accountants, having Firm Registration No. 101169W, as the Statutory Auditors of the Company to hold office from the conclusion of this meeting until conclusion of the next Annual General Meeting, at a remuneration to be determined by the Board of Directors of the Company.

SPECIAL BUSINESS:

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

"Resolved that pursuant to the provisions of Sections 198, 309 and other applicable provisions, if any, of the Companies Act, 1956 ('the Act'), the Non Executive Directors of the Company be paid remuneration by way of Commission not exceeding 1% of net profits of the Company computed in accordance with the provisions of Sections 198(1) of the Act for a period of five years commencing from April 1, 2012, in addition to sitting fees for attending the meetings of Board and/or any Committee thereof, to be divided amongst the Non Executive Directors in such manner and subject to such criteria as the Board of Directors of the Company may determine from time to time."

By order of the Board

Place: Noida
Dated: May 16, 2012

Pushpal Sanghavi
Company Secretary

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

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies in order to be effective must be deposited with the Company not less than 48 hours before the commencement of the meeting.
2. Corporate members are requested to send to the Registered Office of the Company, a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the Annual General Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, July 7, 2012 to Friday, July 13, 2012 (both days inclusive) for the purpose of Annual General Meeting.
4. 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
5. Queries on accounts and operations of the Company, if any, may be sent to the Company Secretary at the registered office, seven days in advance of the meeting so as to enable the management to keep the information ready at the meeting.
6. As required under Clause 49 of the Listing Agreement, relevant information in respect of the Director seeking re-appointment at the Annual General Meeting is given in the Report on Corporate Governance, which forms part of the Annual Report.
7. Recognizing the spirit of the Green Initiative in Corporate Governance initiated by the Ministry of Corporate Affairs, the Company proposes to send Annual report and other documents/notices to shareholders to the email address provided by Depositories. Shareholders are requested to register and /or update email address with the respective Depository Participant or the Company, to ensure that documents from the Company reach their preferred email address.
8. Members who are holding Company's shares in dematerialized mode are requested to bring details of their Beneficiary Account Number for identification.
9. Members are requested to register their email address and also notify immediately about any change in their address / email address / mandate / bank details to their Depository Participant 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.

10. Under Section 109A of the Companies Act, 1956, members are entitled to make nomination in respect of shares held by them in physical mode. Members desirous of making nominations are requested to send their request in Form 2B, in duplicate (which will be made available on request) to the Company's Registrar and Share Transfer Agent at above addresses.

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

Item No. 4.

At the 8th Annual General Meeting held on July 31, 2007, the Members of the Company had approved a proposal for payment of Commission of upto 1% of Net Profits of the Company, to Non-Executive Directors of the Company for a period of 5 years commencing from April 1, 2007. The said approval of members expired on March 31, 2012. Though the earlier proposal was subject to approval by Central Government, in March 2011 Ministry of Corporate Affairs allowed payment of Commission to Non-Executive Directors in addition to Sitting fees, within the limits prescribed under Section 309(4) of the Companies Act, 1956, subject only to the approval of the shareholders.

Considering the need to attract independent professionals and adequately compensate Non-Executive Directors for their role and responsibilities in the Company and time devoted and contribution made in the affairs of the Company, your Board at its meeting held on May 16, 2012 has recommended payment of Commission to Non-Executive Directors for a period of five financial years commencing from Financial Year 2012-2013.

In compliance with Section 309(4) of the Companies Act, 1956, the aggregate amount of Commission payable to all Non Executive Directors of the Company during any financial year shall not exceed 1% of the net profits as computed under Sections 198 of the Companies Act, 1956.

Your Board recommends Resolution No. 4 for your approval by passing a Special Resolution pursuant to Section 309(4) of the Companies Act, 1956.

All Non-Executive Directors may be deemed to be interested or concerned in passing of this Special Resolution.

By order of the Board

Place: Noida
Dated: May 16, 2012

Pushpal Sanghavi
Company Secretary

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