

**ZEE NEWS LIMITED**

(A Public Company incorporated as Zee Sports Limited on 27th August 1999 under the Companies Act, 1956)

Registered Office

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

Tel. 022 6697 1234 Fax. 022 24900302

www.zeenews.com

Contact Person: Mr. Suresh Kumar, Company Secretary

**INFORMATION MEMORANDUM FOR LISTING OF 239,763,956 EQUITY SHARES
OF RE 1 EACH FULLY PAID UP**

General Risks	Issuers absolute responsibility
<p>Investment in equity and equity related securities involve a degree of risk and investors should not invest in the equity of Zee News Limited unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the shares of the Company. For taking an investment decision, investors must rely on their own examination of the Company including the risks involved. The securities have not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document</p> <p>Specific attention of the investors is invited to the statement of Risk Factors on page 5 & 6 of this Information Memorandum</p>	<p>The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Information Memorandum contains all information with regard to the Company, which is material, that the information contained in this Information Memorandum is true and correct in all material respects, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Information Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect</p>

LISTING

The Equity Shares of the Company are proposed to be listed on the Bombay Stock Exchange Limited (BSE), the National Stock Exchange of India Limited (NSE) and Calcutta Stock Exchange Association Limited (CSE)

The Company has submitted this Information Memorandum with BSE and NSE and the same has been made available on the Company's website viz. www.zeenews.com The Information Memorandum would also be made available in the website of BSE (www.bseindia.com) and NSE (www.nseindia.com).

SHARE TRANSFER AGENT

Sharepro Services (India) Pvt Ltd
Satam Estate, Above Bank of Baroda,
Cardinal Gracious Road, Chakala,
Andheri (East), Mumbai 400 099
Tel. 022 2821 5168 / 2832 7836 Fax. 022 2837 5646
Email. sharepro@vsnl.com

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I. DEFINITIONS, ABBREVIATIONS AND INDUSTRY RELATED TERMS

Act	The Companies Act, 1956
Articles	Articles of Association of Zee News Limited
Board	Board of Directors of Zee News Limited
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
Company	Zee News Limited, a Public Limited Company incorporated under the Companies Act, 1956
CSE	The Calcutta Stock Exchange Association Limited
DCA	Department of Company Affairs
Depositories Act	The Depositories Act, 1996 as amended from time to time
Depository	A Depository registered with SEBI under the SEBI (Depositories & Participants) Regulations, 1996 as amended from time to time
Directors	Directors on the Board of Zee News Limited
DP	Depository Participant
Equity Shares	Fully paid-up shares of Re. 1/- each of the Company
Equity Shareholders	Equity Shareholders of the Company
Information Memorandum	This Information Memorandum
I T Act	Income Tax Act, 1961 and subsequent amendments thereto
MOA	Memorandum of Association of Zee News Limited
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
RBI	Reserve Bank of India
Record Date or Book Closure Date	Record Date or Book Closure Date means period from December 24, 2006 to December 28, 2006 (both days inclusive) announced by Zee Telefilms Limited as Book Closure Period.
Registrar and Share Transfer Agent / Registrars / Big Share	Sharepro Services (India) Private Limited Satam Estate, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai 400 099 Tel. 022 2821 5168 / 2832 7836 Fax. 022 2837 5646 Email. sharepro@vsnl.com
ROC	Registrar of Companies, Maharashtra, Mumbai
Scheme/Scheme of Arrangement	Scheme of Arrangement between Zee Telefilms Ltd, Zee News Ltd, Siti Cable Network Ltd, Wire and Wireless (India) Ltd and their respective shareholders, for Demerger of News Business undertaking of Zee Telefilms Limited in favour of Zee News Ltd. Aforesaid scheme was approved by the Hon'ble High Court of Bombay on November 17, 2006 and became effective from November 22, 2006, on filing the Certified copy of the High Court Order with the Registrar of Companies, Maharashtra, Mumbai.

SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI Guidelines	Extant Guidelines for Disclosure and Investor Protection issued by Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992 (as amended), called Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, as amended, including instructions and clarifications issued by SEBI from time to time.

In the Information Memorandum all reference to 'Rs' refer to Rupees, the lawful currency of India, reference to one gender also refers to another gender and the word 'Lakh' or 'Lac' means 'one hundred thousand' and the word 'million' means 'ten lacs' and the word 'crore' means 'ten million'

CERTAIN CONVENTIONS; USE OF MARKET DATA

Unless stated otherwise, the financial data in this Information Memorandum is derived from our restated financial statements. The fiscal year commences on April 1 and ends on March 31 of each year, so all references to a particular fiscal year are to the twelve month period ended March 31 of that year. In this Information Memorandum, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding.

All references to "India" contained in this Information Memorandum are to the Republic of India. All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India.

For additional definitions, please see the section titled "Definitions, Abbreviations and Industry Related Terms" of this Information Memorandum.

Unless stated otherwise, industry data used throughout this Information Memorandum has been obtained from the published data and industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Information Memorandum is reliable, it has not been independently verified.

The information included in this Information Memorandum about various other Companies is based on their respective Annual Reports and information made available by the respective companies.

FORWARD-LOOKING STATEMENTS

We have included statements in this Information Memorandum which contain words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will pursue" and similar expressions or variations of such expressions, that are

“forward looking statements”. Similarly, statements that describe our objectives, plans or goals also are forward-looking statements, actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to:

- General economic and business conditions in India and other countries;
- Regulatory changes and our ability to respond to them;
- Our ability to successfully implement our strategy, our growth and expansion plans;
- Technological changes;
- Our exposure to market risks, general economic and political conditions in India which have an impact on our business activities or investments;
- The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally;
- Changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.

For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors” of this Information Memorandum. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

We do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not materialize.

II. RISK FACTORS AND MANAGEMENT PERCEPTIONS THEREOF

An investment in equity securities involves a high degree of risk. Investors should carefully consider all of the information in this Information Memorandum, including the risks and uncertainties described below, before making an investment in our Equity Shares. Occurrence of any of the following risks as well as the other risks and uncertainties discussed in this Information Memorandum could have a material adverse effect on our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline, which could result in the loss to the investor.

Competition from other players:

With increasing number of players entering the Broadcasting Industry, more specifically News Broadcasting, competition is ever increasing. Companies in similar businesses are eating in to each others businesses. This may be a matter of concern if the Company does not adapt to the changing face of the Industry.

Penetration levels of television in India are among the lowest in the world:

Indian Media sector is in a phase where growth potential is immense. However, if one goes by statistics alone, the penetration level of Television in India, especially the rural areas is quite low. While it is expected that penetration will increase in future, the growths projected for the business might not materialize if penetration of television and specifically of cable and satellite television does not increase.

Implementation of CAS and Effect of CAS on Subscription Revenue:

The critical index for success of CAS lies in implementation. If CAS is to emerge a winner, the dynamics of technology, investment requirement and time involved in implementing the system have to come together in a cohesive manner. Lack of a technical standard (whether to implement analog or digital STBs) for set-top box is a concern. Due to unavailability of enough STBs, pay networks may have to go free-to-air, thus sacrificing their subscription revenues.

With the implementation of CAS in metros, the TRAI has fixed MRP for channels. This MRP may prove to be adverse to company's revenues. Downward revisions to the MRP will harm the interests of Zee News Limited. It would be difficult to predict as to what stand the Government takes on the pricing policy for CAS going forward.

Interest Rate Fluctuations

The Company only hedges a portion of its interest rate exposure from time to time. An increase in prevailing Indian or international interest rates could increase the Company's borrowing costs with respect to its existing floating-rate obligations or new loans, which could adversely affect the Company's financial condition and results of operations.

Personnel Risk

The Company's success to a large part depends on the abilities and continued services of its senior management, as well as other skilled personnel, including creative and programming personnel. The Company's senior management is particularly important to its business because of their experience and knowledge of the media industry. The loss or non-availability to the Company of any of its senior management could have significant adverse affect. The Company may also not be able to either retain its present personnel or attract additional qualified personnel as and when needed. To the extent the Company will be required to replace any of its senior management or other skilled personnel, there can be no assurance that the Company will be able to locate or employ similarly qualified persons on acceptable terms or at all.

Regulatory Risk

The Company relies on intellectual property rights and Proprietary rights which may not be adequately protected under current laws. Further in view of the kind of business in which Company is, it may be subjected to defamation suits, which may have adverse effect on its business.

The Company's business is heavily regulated with regulations in the area of broadcasting, cable, advertisement, telecommunications, intellectual property, consumer and competition (anti trust) laws and regulations. Such regulations, their interpretation and changes therein or failure to obtain required regulatory approval could adversely effect the business and business prospects of the Company and its ability to operate.

After listing, the price of our equity shares may be volatile, or an active trading market for our equity shares may not develop.

The prices of our equity shares may fluctuate after listing due to a wide variety of factors, including volatility in the Indian and global securities markets; our operational performance, financial results and capacity expansion; developments in India's economic liberalization and deregulation policies, particularly in the Media sector; and changes in India's laws and regulations impacting our business. There is no assurance that an active trading market for our equity shares will develop or be sustained after listing.

Introduction

This is only a summary. Investors should read the following summary with the Risk Factors mentioned and the more detailed information about us and our financial statements included elsewhere in this Information Memorandum

Industry and Business Overview

In the last decade, India has witnessed sustained, substantial growth in its economy. Also, during recent years, the television broadcasting industry in India has experienced dramatic changes, ushered in by stratification and

competition. In such a situation, ZNL is poised to taken multiple initiatives in its strategic policies.

Indian Media Sector

Broadly the Indian media & entertainment Industry consists of the following segments. films, television, music, live events and radio. Television broadcasting and content production is the core business of ZNL. Zee Network is the broadcaster of a number of Hindi, English and Regional language channels both in India and many countries across the globe.

Indian Television Industry

The Indian TV market comprises approximately 112 million households. Television remains the most popular media channel for Indian households and the favorite form of media entertainment for the Indian population as compared to press, cinema, and radio. The market has experienced significant growth since the industry was deregulated in 1992. Despite this strong growth, TV penetration stands at approximately 55% of households, much lower than that of developed markets. The television market is divided into three categories: Terrestrial Television, Cable Television and Direct to Home Broadcasting. Indian Media Industry has witnessed whirlwind development in the past few years and the same is expected to continue in the forthcoming years. According to ASSOCHAM research, the Indian Entertainment industry had grown to Rs. 35,000 crores by the end of 2005.

- This industry is poised to grow at 19 per cent compounded annual growth rate to reach Rs. 83,740 crore by 2010
- The television segment is slated to grow to Rs. 42,700 crore by 2010 from the present size of around Rs. 15,000 crore.
- The filmed entertainment is expected to reach Rs. 15,300 crore during 2010
- The print medium is slated to reach the figure of Rs. 19,500 crore in the same period
- Out of the total households in India, 112 million have television. Out of these, 68 million have access to Cable & Satellite television, growing at 14-15% annually.
- Television accounts for 40% of the total Ad spends.
- Ad Spends to GDP ratio is poised at 0.38%, which is among the lowest in the world, thereby having huge untapped potential.
- TV Ad revenue is estimated at INR. 61 bn and is expected to grow at a CAGR of 14% over the next 5 years.

There is an optimistic outlook about the future growth of the Indian Broadcasting, Media and Entertainment industry. By logical extension, intelligent players in the entertainment content field have enormous profit potential if they are able to identify and deliver high quality content to an entertainment hungry audience. These factors, along with the fact that television has the inherent advantages of high reach, low cost of advertising and a relatively lower cost of entertainment (as compared to films) is expected to provide even more momentum to the television revolution.

III. GENERAL INFORMATION**ZEE NEWS LIMITED**

(A Public Company incorporated as Zee Sports Limited on 27th August 1999 under the Companies Act, 1956)

Registered Office

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

Tel. 022 6697 1234 Fax. 022 24900302

www.zeenews.com

The Company was incorporated as Zee Sports Limited on 27th August 1999 under the Companies Act, 1956 under CIN No. U92100MH1999PLC121506 and obtained the certificate of commencement of business on 19th November 1999. The name of the Company was changed to Zee News Limited on 27th May 2004 pursuant to a fresh Certificate of Incorporation consequent to change of name obtained from the Registrar of Companies, Maharashtra, Mumbai.

Authority for listing:

The Hon'ble High Court of Bombay, vide its order dated November 17, 2006 has approved the Scheme of Arrangement between Zee Telefilms Ltd, Zee News Ltd, Siti Cable Network Ltd, Wire and Wireless (India) Ltd and their respective shareholders, for De-merger of News Business undertaking of Zee Telefilms Limited in favour of Zee News Ltd. In accordance with the Scheme, entire News Business Undertaking of Zee Telefilms Limited shall stand transferred to and vested with the Company w.e.f. March 31, 2006 (the appointed date under the Scheme) pursuant to Section 391 to 394 of the Companies Act, 1956. In accordance with the said scheme, the Equity shares of the Company to be issued pursuant to the Scheme as well as its existing shares shall be listed and admitted to trading on Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE) and Calcutta Stock Exchange Association Limited (CSE). Such listing and admission for trading is not automatic and will be subject to fulfillment by the Company of listing criteria of BSE, NSE and CSE for such issues and also subject to such other terms and conditions as may be prescribed by BSE, NSE and CSE at the time of the application by the Company seeking listing.

Eligibility Criterion

There being no initial public offering or rights issue, the eligibility criteria in terms of Clause 2.2.1 of SEBI (DIP) Guidelines, 2000 does not become applicable. However, SEBI has vide its letter CFD/DIL/EB/2006 dated December 28, 2006, relaxed the applicability of provisions of Regulation 19(2)(b) of the Securities Contract (Regulations) Rules, 1957, under Clause 8.3.5 of SEBI (DIP) Guidelines, 2000. The Company has submitted its Information Memorandum, containing information about itself, making disclosure in line with the disclosure requirement for public issues, as

applicable to BSE and NSE for making the said Information Memorandum available to public through their websites viz. www.bseindia.com and www.nseindia.com.

The Company has made the said Information Memorandum available on its website viz. www.zeenews.com.

The Company will publish an advertisement in the news papers containing its details in line with the details required as in terms of clause 8.3.5.4 of SEBI (DIP) Guidelines. The advertisement will draw specific reference to the availability of this Information Memorandum on its website.

Prohibition by SEBI

The Company, its directors, its promoters, other companies promoted by the promoters and companies with which the Company's directors are associated as directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

General Disclaimer from the Company

The Company accepts no responsibility for statement made otherwise than in the Information Memorandum or in the advertisements to be published in terms of Clause 8.3.5.4 of SEBI (DIP) Guidelines, 2000 or any other material issued by or at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

Disclaimer - BSE

As required, a copy of this Information Memorandum has been submitted to BSE. The BSE has vide its letter dated May 26, 2006 approved the Scheme of Arrangement under clause 24(f) of the Listing Agreement and by virtue of that approval the BSE's name in this Information Memorandum as one of the Stock Exchanges on which the Company's securities are proposed to be listed.

The BSE does not in any manner:

- ✓ Warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; or
- ✓ Warrant that this Company's securities will be listed or will continue to be listed on the BSE; or
- ✓ Take any responsibility for the financial or other soundness of this Company; and
- ✓ It should not for any reason be deemed or construed to mean that this Information Memorandum has been cleared or approved by the BSE.

Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of

anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer - NSE

As required, a copy of this Information Memorandum has been submitted to NSE. NSE has vide its letter dated June 16, 2006, approved the Scheme of Arrangement under clause 24(f) of the Listing Agreement and by virtue of the said approval NSE's name in this Information memorandum as one of the stock exchanges on which this Company's securities are proposed to be listed. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that this Information Memorandum has been cleared or approved by NSE; nor does NSE in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; nor does it warrant that the Company's securities will be listed or continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of the Company.

Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which maybe suffered by such person consequent to or in connection with such subscription or acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer - CSE

As required, a copy of this Information Memorandum has been submitted to CSE. CSE has vide its letter dated July 3, 2006, approved the Scheme of Arrangement under clause 24(f) of the Listing Agreement and by virtue of the said approval CSE's name in this Information memorandum as one of the stock exchanges on which this Company's securities are proposed to be listed. It is to be distinctly understood that the aforesaid permission given by CSE should not in any way be deemed or construed that this Information Memorandum has been cleared or approved by CSE; nor does CSE in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; nor does it warrant that the Company's securities will be listed or continue to be listed on the CSE; nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of the Company.

Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against CSE whatsoever by reason of any loss which maybe suffered by such person consequent to or in connection with such subscription or acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

This Information Memorandum has been filed with BSE.

Listing

Applications will be made to BSE, NSE and CSE for permission to deal in and for an official quotation of the Equity Shares of the Company. The Company has nominated BSE as the Designated Stock Exchange for the aforesaid listing of the shares. The Company has taken steps for completion of necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above.

Demat Credit

The Company has executed Tripartite Agreements with the Registrar and the Depositories i.e. NSDL and CDSL for admitting its securities in demat form and has been allotted ISIN – INE966H01019.

Auditors

MGB & Co.,
Chartered Accountants
Jolly Bhavan-2, 1st Floor,
7 New Marine Lines
Churchgate,
Mumbai 400 020

Share Transfer Agent

Sharepro Services (India) Pvt Ltd
Satam Estate, Above Bank of Baroda,
Cardinal Gracious Road, Chakala,
Andheri (East), Mumbai 400 099
Tel. 022 2821 5168 / 2832 7836 Fax. 022 2837 5646
Email. sharepro@vsnl.com

Banker to the Company

BNP Paribas
French Bank Building
62, Homji Street, Fort,
Mumbai 400 001

Compliance Officer

Mr. Suresh Kumar, Company Secretary is the Compliance Officer of the Company.

IV. CAPITAL STRUCTURE**SHARE CAPITAL****PRE SCHEME OF ARRANGEMENT**

Number of Shares	Rupees
Authorised Capital	
20,000,000 Equity Shares of Rs.10/- each	200,000,000
Total	200,000,000
Issued, Subscribed and Paid-up	
19,850,000 Equity Shares of Rs.10/- each fully paid up	198,500,000
Total	198,500,000
Share Premium Account	76,500,000

POST SCHEME OF ARRANGEMENT

Number of Shares	Rupees
Authorised Capital	
290,000,000 Equity Shares of Re.1/- each	290,000,000
10,000,000 Preference Shares of Re. 1/- each	10,000,000
Total	300,000,000
Issued, Subscribed and Paid-up	
* 239,763,956 Equity Shares of Re.1/- each fully paid up	239,763,956
Total	239,763,956
Share Premium Account	76,500,000

* In terms of the Scheme of Arrangement, 6,574,920 equity shares of Rs. 10 each held by Zee Telefilms Limited was cancelled. Further after effecting reduction of existing paid-up share capital to 43,807,764 equity shares of Re. 1 each as envisaged in the Scheme, the Company has on December 29, 2006 issued and allotted 195,956,192 equity shares of Re. 1 each.

Notes to Capital Structure:**Authorised Share Capital :**

The Company was incorporated with authorized capital of Rs. 2 Crores divided into 20 Lacs equity shares of Rs. 10/- each.

The authorized capital of the Company was then increased from Rs. 2 Crores to Rs. 20 Crores divided into 2 Crores equity shares of Rs. 10/- each by a special resolution passed on 26th July 2005.

Pursuant to the Scheme existing share capital of Rs. 10 each was split to equity shares of Re. 1 each and the authorized capital of the Company was further increased from Rs. 20 Crores to Rs. 30 Crores divided into 29 Crores equity shares of Re. 1 each and 1 Crore preference shares of Re. 1 each by a special resolution passed on 25th July 2006.

Issued , Subscribed & Paid up

70 Equity Shares of Rs. 10 each for cash at par aggregating to Rs. 700 were subscribed by the signatories to the memorandum on August 27, 1999.

1,000,000 Equity Shares of Rs. 10 each for cash at par aggregating to Rs. 1 crore were allotted on November 26, 1999.

8,749,930 Equity Shares of Rs. 10 each for cash at par aggregating to Rs. 87,499,300 were allotted on September 13, 2005.

8.50 Lacs Equity Shares of Rs. 10 each for a premium of Rs. 90 per share aggregating to Rs. 8.50 Crores (including premium of Rs. 7.65 Crores) were allotted on September 28, 2005.

52.50 Lacs Equity Shares of Rs. 10 each for cash at par aggregating to Rs. 5.25 Crores were allotted on September 28, 2005.

40 Lacs Equity Shares of Rs. 10 each for cash at par aggregating to Rs. 4 Crores were allotted on November 29, 2005.

In terms of the Scheme of Arrangement, 6,574,920 equity shares of Rs. 10 each held by Zee Telefilms Limited was cancelled. Further after giving effect to reduction of existing paid-up share capital to 43,807,764 equity shares of Re. 1 each, the Company has on December 29, 2006 allotted 195,956,192 equity shares of Re. 1 each.

SHAREHOLDING PATTERN

Statement showing Shareholding Pattern (Pre Allotment)

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as % of total number of shares	
					As % of (A+B)	As % of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group					
(1)	Indian					
(a)	Individuals/ Hindu Undivided Family	6	600	Nil	0.00	0.00
(b)	Central Government/ State Government(s)	Nil	Nil	Nil	Nil	Nil
(c)	Bodies Corporate	3	19,84,99,400	Nil	100.00	100.00
(d)	Financial Institutions/ Banks	Nil	Nil	Nil	Nil	Nil
(e)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil
	Sub-Total (A)(1)	9	19,85,00,000	Nil	100.00	100.00
(2)	Foreign					
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	Nil	Nil	Nil	Nil	Nil
(b)	Bodies Corporate	Nil	Nil	Nil	Nil	Nil
(c)	Institutions	Nil	Nil	Nil	Nil	Nil
(d)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil
	Sub-Total (A)(2)	Nil	Nil	Nil	Nil	Nil
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	9	19,85,00,000	Nil	Nil	Nil

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as % of total number of shares	
					As % of (A+B)	As % of (A+B+C)
(B)	Public holding					
(1)	Institutions					
(a)	Mutual Funds/ UTI	Nil	Nil	Nil	Nil	Nil
(b)	Financial Institutions/ Banks	Nil	Nil	Nil	Nil	Nil
(c)	Central Govt/ State	Nil	Nil	Nil	Nil	Nil

	Govt(s)					
(d)	Venture Capital Funds	Nil	Nil	Nil	Nil	Nil
(e)	Insurance Co's	Nil	Nil	Nil	Nil	Nil
(f)	FII	Nil	Nil	Nil	Nil	Nil
(g)	Foreign Venture Capital Investors	Nil	Nil	Nil	Nil	Nil
(h)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil
	Sub-Total (B)(1)	Nil	Nil	Nil	Nil	Nil
(2)	Non-institutions					
(a)	Bodies Corporate	Nil	Nil	Nil	Nil	Nil
(b)	Individuals -					
	i. Shareholders holding nominal share up to 1 lac ii. Shareholders holding share in excess of 1 lac.	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
(c)	Any Other (specify)	Nil	Nil	Nil	Nil	Nil
	Sub-Total (B)(2)	Nil	Nil	Nil	Nil	Nil
	Total Public Shareholding (B)= (B)(1)+(B)(2)	Nil	Nil	Nil	Nil	Nil
	TOTAL (A)+(B)	9	19,85,00,000	Nil	100.00	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	Nil	Nil	Nil	Nil	Nil
	GRAND TOTAL (A)+(B)+(C)	9	19,85,00,000	Nil	100.00	100.00

¹ For determining public shareholding for the purpose of Clause 40A.

² For definitions of "Promoter" and "Promoter Group", refer to Clause 40A.

³ For definitions of "Public Shareholding", refer to Clause 40A.

(I)(b) **Statement showing Shareholding of persons belonging to the category "Promoter and Promoter Group"**

Sr. No.	Name of the shareholder	Number of shares	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1.	Manish Babel*	100	0.00
2.	Rajeev Dak*	100	0.00
3.	Riddhish Purohit*	100	0.00
4.	Ashok Sanghvi*	100	0.00
5.	Radheshyam Mundra*	100	0.00
6.	Shailesh Dholakia*	100	0.00
7.	Churu Trading Co.Pvt.Ltd.	5,76,08,800	29.02
8.	Jayneer Capital Pvt.Ltd.	7,51,42,000	37.85
9.	Zee Telefilms Ltd	6,57,49,200	33.12
	TOTAL	19,85,00,000	100.00

(I)(c) **Statement showing Shareholding of persons belonging to the category “Public” and holding more than 1% of the total number of shares**

Sr. No.	Name of the shareholder	Number of shares	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1.			NIL
TOTAL			

(I)(d) **Statement showing details of locked-in shares**

Sr. No.	Name of the shareholder	Number of locked-in shares	Locked-in shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1.			NIL
TOTAL			

(II)(a) **Statement showing details of Depository Receipts (DRs)**

Sr. No.	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of outstanding DRs	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1.				NIL
TOTAL				

(II)(b) **Statement showing Holding of Depository Receipts (DRs), where underlying shares are in excess of 1% of the total number of shares**

Sr. No.	Name of the DR Holder	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1.				NIL
TOTAL				

Shareholding pattern of Zee News Limited (Post Scheme of Arrangement)

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as % of total no of shares	
					As % of (A+B)[1]	As % of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group[2]					
1	Indian					
(a)	Individuals/ HUF	10	2,134,816	1,230,616	0.89	0.89
(b)	Central Govt/ State Govt(s)	0	0	0	0	0
(c)	Bodies Corporate	13	85,384,781	41,577,017	35.61	35.61
(d)	FIs/ Banks	0	0	0	0	0
(e)	Any Other (Specify)	0	0	0	0	0
	Sub-Total (A)(1)	23	87,519,597	42,807,633	36.50	36.50
2	Foreign					
(a)	Individuals (NRI/ Foreign Individuals)	0	0	0	0	0
(b)	Bodies Corporate	6	42,286,451	41,924,771	17.64	17.64
(c)	Institutions	0	0	0	0	0
(d)	Any Other (specify)	0	0	0	0	0
	Sub-Total (A)(2)	6	42,286,451	41,924,771	17.64	17.64
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	29	129,806,048	84,732,404	54.14	54.14

Category code	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in dematerialized form	Total holding as % of total no of shares	
					As % of (A+B)	As % of (A+B+C)
(B)	Public shareholding					
1	Institutions					
(a)	Mutual Funds/ UTI	90	18,483,178	18,483,178	7.71	7.71
(b)	FIs/ Banks	23	9,494,668	9,494,668	3.96	3.96
(c)	Central Govet/ State Govet(s)					
(d)	Venture Capital Funds		-	-	0.00	0.00
(e)	Insurance Co		-	-	0.00	0.00
(f)	FIIIs	167	60,614,949	60,610,428	25.28	25.28
(g)	Foreign Venture Capital Investors					

(h)	Foreign Bodies/ Banks/OCBs/ Entities	20	4,598,709	4,598,709	1.92	1.92
	Sub-Total (B)(1)	300	93,191,505	93,186,984	38.87	38.87
2	Non-institutions					
(a)	Bodies Corporate	2,912	7,474,484	7,472,213	3.12	3.12
(b)	Individuals -					
	i. shareholders holding nominal share up to Rs1 lac	106,270	8,606,019	8,108,055	3.59	3.59
	ii. shareholders holding nominal share in excess of Rs. 1 lac	2	679,599	679,599	0.28	0.28
(c)	Trust	17	6,301	6,301	0.00	0.00
	Sub-Total (B)(2)	109,201	16,766,403	16,266,167	6.99	6.99
	Total Public Shareholding (B)= (B)(1)+(B)(2)	109,501	109,957,908	109,453,151	45.86	45.86
	TOTAL (A)+(B)	109,530	239,763,956	194,185,555	100.00	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	0	0
	GRAND TOTAL (A)+(B)+(C)	109,530	239,763,956	194,185,555	100.00	100.00

Statement showing shareholding of persons belonging to the category "Promoter and Promoter Group"				
(1) (b)	Sr.No	NAME OF THE SHAREHOLDER	Shares	%age
	1	ASHOK MATHAI KURIEN	923,188	0.39%
	2	AMBIENCE ADVERTISING PVT LTD	1,028,528	0.43%
	3	GANJAM TRADING CO. PVT. LTD.	2,968,715	1.24%
	4	CHURU TRADING CO. PVT. LTD.	20,842,361	8.69%
	5	PAN INDIA PARYATAN LIMITED	2,893,440	1.21%
	6	LAXMI GOEL	791,175	0.33%
	7	SUSHILA GOEL	307,428	0.13%
	8	SUSHILA DEVI	113,025	0.05%
	9	BRIGGS TRADING CO. PVT. LTD.	2,438,401	1.02%
	10	PRAJATMA TRADING CO. PVT. LTD.	3,763,506	1.57%
	11	PREMIER FINANCE & TRADING CO. LTD.	2,792,170	1.16%
	12	VEENA INVESTMENT PVT. LTD.	194,855	0.08%
	13	DELGRADA LIMITED	37,087,301	15.47%

14	JAYNEER CAPITAL PVT. LTD	48,462,805	20.21%
15	LAZARUS INVESTMENTS LIMITED	5,199,150	2.17%
	TOTAL	129,806,048	54.14%

(1) c)	Statement showing shareholding of persons belonging to the category "Public" and holding more than 1% of the total number of shares		
Sr. No.	Name of the shareholder	No. of shares	%
1	FID FUNDS (MAURITIUS) LTD	13373251	5.58
2	LIFE INSURANCE CORPORATION OF INDIA LTD	9214616	3.84
3	OPPENHEIMER FUNDS INC. A/C OPPENHEIMER	8597243	3.59
4	MERRILL LYNCH GLOBAL ALLOCATION FUND INC	2793141	1.16
5	CITIGROUP GLOBAL MARKETS MAURITIUS PVT	2379838	0.99
6	ICICI PRUDENTIAL LIFE INSURANCE COMP LTD	2021673	0.84
	TOTAL	38379762	16.01

(1) (d)	Statement showing details of locked in shares		
Sr. No.	Name of shareholder	No. of locked-in shares	Locked-in shares as percentage of total no. of shares {i.e. Grand Total(A)+(B)+C) indicated in statement at para(1)(a) above}
1	Churu Trading Co.Pvt.Ltd	19,010,904	7.93%
2	Jayneer Capital Pvt.Ltd.	28,941,887	12.07%
	TOTAL	47,952,791	20.00%

(II) (a)	Statement showing details of Depository Receipts (DRS)		
Sr. No.	Type of outstanding Dr(ADRs, GDRs, SDRs, etc)	No. of shares	No. of shares underlying
1			NA
	TOTAL		

Statement showing details of Depository Receipts (DRS)				
(II) (a)				
Sr. No.	Type of outstanding Dr(ADRs, GDRs, SDRs, etc)	No. of shares	No. of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total no. of shares {I.e. Grand Total (A)+(B)+C} indicated in Statement at para (1)(a)above}
NA				
TOTAL				

Statement showing holding of Depository Receipts (DRs) where underlying shares are in excess of 1% of the total no.of shares				
(II) (b)				
Sr. No.	Name of the DR Holder	Type of outstanding DR(ADRs , GDRs, SDRs, etc.)	No. of shares underlying outstanding DRs.	Shares underlying outstanding DRs as a percentage of total no. of shares {I.e. Grand Total (A)+(B)+C} indicated in Statement at para (1)(a)above}
1	NA			
TOTAL				

1) As on date of this Information Memorandum, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into equity shares of the Company.

2) There will be no further issue of capital by the Company whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of approval of the Scheme by the High Court till listing of the Equity Shares to be allotted as per the Scheme.

3) The face value of the equity shares is Re. 1/- and there shall be only one denomination for the Equity Shares of the Company, subject to applicable regulations and the Company shall comply with such disclosure and accounting norms specified by SEBI, from time to time.

4) The Company has 1,09,530 members as on the date of filing of this Information Memorandum.

V. OBJECTS & RATIONALE OF THE SCHEME**A. Background and rationale for the Scheme of Arrangement:**

(a) Zee Telefilms Limited ('ZTL') is the flagship company of the Zee group and is India's first largest vertically integrated media and entertainment company. To comply with the guidelines of Ministry of Information and Broadcasting, Government of India, the business relating to news gathering, editing, production and uplinking of news and current affairs programmes was transferred to Zee News Limited ('ZNL'). ZTL also broadcasts a bouquet of regional channels spread across languages such as Hindi, English, Marathi, Bengali, Punjabi, Telugu and Gujarati which also have news capsules and other news and current affairs related programmes.

(b) Each of the several businesses carried on by ZTL either directly or through its subsidiaries / group companies, has significant potential for growth. The nature of technology, risk and competition involved in each of these businesses is distinct from each other and, in fact, rapidly divergent. Consequently each business or undertaking is capable of addressing independent business opportunities, deploying different technologies and attracting different sets of investors, strategic partners, lenders and other stakeholders. Further, each of the businesses has a different set of regulations to comply with, which include restrictions on the extent of foreign investment and management in a Company depending on the business activity carried on by it. In connection with the companies engaged in the business of news and current affairs, the Ministry of Information & Broadcasting Guidelines provides that Foreign Direct Investment (including the Foreign Institutional Investors' stake) is restricted to 26%. Further such companies requires a minimum holding of 51% by a single block of resident Indian shareholders

(c) It was therefore proposed to re-organize and segregate the businesses of Zee Telefilms Limited, by way of demerger of News Business Undertaking into Zee News Limited.

Brief Profile of Transferor Company

Zee Telefilms Limited is India's first and one of the India's largest vertically integrated media & entertainment companies with its operations spread across more than 10 countries worldwide including India, USA, UK/Europe, Africa, Caribbean, Canada, Australia, Middle East and many South Asian countries. The Company was formed in 1982. It had its IPO in 1993 and is currently listed at the Calcutta, Mumbai and National Stock Exchanges in India.

Zee has been a pioneer and a trendsetter in the Industry. It introduced Satellite/Cable Television in India by launching the first private sector television station in 1992. For a decade and a half, Zee has been synonymous with quality TV entertainment for viewers. ..Zee.. is a household name today and one of the strongest entertainment brands in India. From fiscal 1995 through fiscal 2006 advertisement revenues increased from Rs. 1,497 million to Rs. 6,566 million.

Brief financials of Zee Telefilms Ltd (consolidated), is as under:
(Rs in '000 except for per share data)

Particulars	Post Demerger	Pre - Demerger		
	2006 Audited	2005 Audited	2004 Audited	2003 Audited
Total Income	16543665	13600336	14478085	12864465
Profits Before Tax and Exceptional Items	2787321	4336832	4183014	3477845
Net Profits After Tax & Exceptional item	2142786	3124605	2968938	2105080
Equity Share Capital	412549	412505	412505	412505
EPS	5.2	7.6	7.2	5.1
Return on Capital Employed	11.3%	15.2%	16.9%	18.4%

VI. SALIENT FEATURES OF THE SCHEME PERTAINING TO DEMERGER OF NEWS BUSINESS UNDERTAKING**The Main Features of the Scheme**

1. Upon the coming into effect of this Scheme and with effect from the Appointed Date i.e. March 31, 2006 and subject to the provisions of this Scheme, the entire News Business Undertaking of Zee Telefilms Limited (ZTL) shall without any further act, instrument or deed, be transferred to and vest in or be deemed to be transferred to and vested in the Company, as a going concern, so as to vest in the Company all the rights, title and interest of ZTL therein, subject to subsisting charges and pledges, if any.

2. All contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature relating to the Demerged Undertakings and to which ZTL is party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of the Company and may be enforced by or against the Company as fully and effectually as if, instead of ZTL, the Company had been a party thereto from inception. The Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any arrangements, confirmations or novations, in order to give formal effect to the provisions of this Scheme. The Company shall be deemed to be authorised to execute any deeds, writings or confirmations on behalf of ZTL and to implement or carry out all formalities required on the part of ZTL to give effect to the provisions of the Scheme.

3. On the Scheme becoming effective, the investments in the equity share capital of the Company as appearing in the books of accounts of ZTL shall stand cancelled. The cancellation which amounts to reduction of share capital of the Company, shall be effected as an integral part of the Scheme itself and as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid up share capital, and the Order of the Court sanctioning the Scheme shall be deemed to be an Order under Section 102 of the Act confirming such reduction.

4. Upon or before the Scheme becoming operative, the paid-up capital of ZNL shall be reorganized into Equity Shares of Re. 1 each.

5. a) In consideration for the transfer of the News Business Undertaking in the Company, the members of ZTL holding fully paid-up equity shares in ZTL and whose names appear in the register of members of ZTL, on the Record Date would be entitled to 137 (One Hundred Thirty Seven Only) fully paid up equity shares of Re.1 each of the Company for every 100 (One Hundred) equity shares of Re 1 each held in ZTL.

b) The fully paid-up equity share capital of the Company after giving effect to the cancellation of investments of ZTL shall be reduced by canceling 67 equity shares of Re 1 each fully paid-up for every 100 equity shares of Re 1 each fully paid-up held in the Company.

c) Consequently the Company shall allot 45.21 fully paid equity shares of Re. 1 each for every 100 equity shares of Re. 1 each held in ZTL.

d) If on the Record Date the FIIs hold more than 32% equity share capital in ZTL, than such class of FIIs holding more than 0.5% shareholding in ZTL or such other class of FIIs as the Board of ZTL deem fit, would be proportionately allotted Preference Shares in ZNL for such excess holding in lieu of their entitlement for equity shares in the proportion of 1,781 fully paid up preference shares of Re 1 (Rupee One only) each of the Company for every 100 (One Hundred) equity shares of Re 1 each held in ZTL by the respective FIIs.

6. No coupons shall be issued in respect of fractional entitlements, by the Company to the members of ZTL at the time of issue and allotment of Equity. The Board of the Company shall consolidate all fractional entitlements and allot Equity Shares in lieu thereof to a director or such other authorized representative(s) as the board shall appoint in this behalf, who shall hold such Shares in trust on behalf of the members entitled to fractional entitlements with the express understanding that such director(s) or other authorized representative(s) shall sell the same in the market at such time or times and at such price or prices and to such person or persons, as it/he/they may deem fit, and pay to the Company, the net sale proceeds thereof, whereupon the Company shall distribute such net sale proceeds, subject to taxes, if any, to the members in proportion to their respective fractional entitlements. The Board of Directors of ZNL, if it deems necessary, in the interests of allottees, approve such other method in this behalf as it may, in its absolute discretion, deem fit.

7. The new Shares of ZNL shall be listed on all the stock exchanges on which the shares of ZTL are listed as on the Effective Date.

8. On the Scheme becoming operative, all staff, workmen and employees relating to the Demerged Undertaking in service on the Effective Date shall be deemed to have become staff, workmen and employees of ZNL, with effect from the Appointed Date without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with ZNL, shall not be less favourable than those applicable to them with reference to ZTL immediately preceding the transfer.

9. As far as the Provident Fund, Gratuity Fund, Superannuation Fund or any other special fund created or existing for the benefit of such permanent employees of the Demerged Undertakings are concerned, on and from the Effective Date, ZNL shall stand substituted for ZTL for all the purposes whatsoever related to administration or operation of such Funds in accordance with provisions of such Funds according to the terms provided in the respective trust deeds or other documents. It is clarified that the services of such permanent employees of the Demerged Undertakings will be treated as having been continuous and not interrupted for the purposes of such Funds.

Particulars of Assets and Liabilities transferred on Demerger of News Business Undertaking to the Company

As per Scheme of Arrangement, “**News Business Undertaking**” means the News and Regional Channel business of Zee Telefilms Ltd (ZTL) including ZTL’s investments in ZNL and all its programme rights, intellectual property

rights, telecasting and broadcasting rights, contracts, engagements, arrangements of all kind, brands, domain names and on a going concern basis and include without limitation:

- i. All assets wherever situated, whether movable or immovable, tangible or intangible, including plant and machinery, furniture, office equipments, appliances, accessories together with all present and future liabilities (including contingent liabilities) appertaining or relatable thereto.
- ii. Without prejudice to the above, the News Business Undertaking of ZTL shall include all the debts, liabilities, duties and obligations and also including, without limitation, all properties and assets in connection with or pertaining or relatable to the News Business Undertaking of ZTL such as licenses, permits, quotas, approvals, registrations, lease, tenancy rights in relation to office and residential properties, permissions, buildings, plant and machinery, office equipments, vehicles, incentives if any, and all other rights, title, interests, copyrights, patents, trademarks, trade names and other industrial or intellectual property rights of any nature whatsoever, consent, approvals or powers of every kind nature and description whatsoever in connection with or pertaining or relatable to the News Undertaking of ZTL and all deposits and or moneys paid or received by ZTL in connection with or pertaining or relatable to the News Business Undertaking of ZTL and all statutory licences, permissions, approvals or consents to carry on the operations of the News Business Undertaking of ZTL.
- iii. For the purpose of this Scheme, it is clarified that liabilities pertaining to the News Business Undertaking of ZTL include:
 - (a) The liabilities, which arise out of the activities or operations of the News Business Undertaking of ZTL.
 - (b) Specific loans and borrowings raised, incurred and utilized solely for the activities or operation of the News Business Undertaking of ZTL.
 - (c) Liabilities other than those referred to in Sub-Clauses (a) and (b) above and not directly relatable to the remaining business of ZTL, being the amounts of general or multipurpose borrowings of ZTL shall be allocated to the News Business Undertaking of ZTL in the same proportion which the value of the assets transferred under this Clause bears to the total value of the assets of ZTL immediately before giving effect to this Scheme.
- (iii) All permanent employees of ZTL employed in and / or relatable to the News Business Undertaking of ZTL as on the Effective Date; and

Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the News Business Undertaking of ZTL or whether it arises out of the activities or operations of the News Business

Undertaking of ZTL shall be decided by mutual agreement between the Board of Directors of ZTL and ZNL.

Particulars of Assets and Liabilities of News Business Undertaking transferred to Zee News Ltd

(Rs./Thousands)

Particulars	Amount
Gross Block	107,798
Less Accumulated Depreciation	13,373
Net Block	94,425
Capital Work in Progress	44,786
Current Assets, Loans and Advances	1,019,972
Deferred Tax Assets / (Liabilities)	64,660
Total Assets	1,223,843
Loan Funds	529,819
Current Liabilities and Provisions	506,915
Total Liabilities	1,036,734
Deficit / (Surplus)	187,109

Approval with respect to the Scheme

The Honorable High Court of Bombay, vide its Order dated November 17, 2006 has approved the Scheme of Arrangement between Zee Telefilms Ltd, Zee News Ltd, Siti Cable Network Ltd, Wire and Wireless (India) Ltd and their respective shareholders made under the provisions of Sections 391 to 394 read with Sections 78, 100 to 103 and other applicable provisions of the Companies Act, 1956, for the proposed De-merger of News Business undertaking of the Company in favor of Zee News Ltd and Cable Business undertakings of the Company and Siti Cable Network Limited, the wholly owned subsidiary of the company, in favor of Wire and Wireless (India) Ltd; whereby the News Business undertakings of Zee Telefilms Ltd shall be transferred and vested in Zee News Ltd wef March 31, 2006 (i.e. the Appointed Date under the Scheme). In accordance with the said Scheme, the equity shares of Zee News Ltd (including new equity shares to be issued pursuant to the Scheme), subject to the applicable regulations are proposed to be listed and admitted to trading on BSE, NSE.& CSE.

The aforesaid Order of the Honorable High Court of Bombay was filed by Zee News Ltd with ROC, Maharashtra, Mumbai on November 22, 2006

VII. STATEMENT OF POSSIBLE TAX BENEFIT

Based on our understanding of Current laws applicable, the following tax benefits shall be available to the Company and the shareholders/prospective shareholders under the current Direct Tax Laws.

A. Under the Income Tax Act, 1961 (“the Act”)**I. Benefits available to the company**

1. As per section 10(33) of the Act, any income arising from a transfer of a capital asset, being a unit of the Unit Scheme, 1964 referred to in Schedule I to the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (58 of 2002) is not liable to tax where transfer of such asset takes place on or after the 1st Day of April, 2002.

2. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1st April, 2003 by domestic companies) received on the shares of any company is exempt from tax.

3. As per section 10(35) of the Act, the following income will be exempt in the hands of the Company:

- a. Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10; or
- b. Income received in respect of units from the Administrator of the specified undertaking; or
- c. Income received in respect of units from the specified company:

However, this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified Company or of a mutual fund, as the case may be.

For this purpose (i) “Administrator” means the Administrator as referred to in section 2(a) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 and (ii) “Specified Company” means a Company as referred to in section 2(h) of the said Act.

4. As per section 10(38) of the Act, Long term capital gains arising to the company from the transfer of long term capital asset being an equity share in a company or a unit of an equity oriented fund where such transaction is chargeable to securities transaction tax will be exempt in the hands of the Company.

For this purpose, “Equity Oriented Fund” means a fund –

- (i) where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such funds; and
- (ii) which has been set up under a scheme of a Mutual Fund specified under section 10(23D) of the Act.

As per section 115JB, while calculating “book profits” the Company will not be able to reduce the long term capital gains to which the provisions of

section 10(38) of the Act apply and will be required to pay Minimum Alternate Tax @ 10% (plus applicable surcharge and education cess) of the book profits.

5. The company is entitled to claim additional depreciation @ 20% (10% if the assets are used for less than 182 days) in accordance with provisions of section 32(1)(iia) for the purchase of new plant and machinery acquired and installed after 31st March, 2005.

6. In accordance with and subject to the provisions of Section 35, the Company would be entitled to deduction in respect of expenditure laid out or expended on scientific research related to the business.

7. In accordance with provisions of Section 35DD of the Act, expenditure incurred for the purpose of amalgamation or demerger of an undertaking, the company shall be allowed a deduction of an amount equal to one fifth of such expenses for each of the five consecutive previous years beginning with the previous year in which the amalgamation or demerger takes place.

8. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A "long term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2006:

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

(ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

9. As per Section 74 Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

10. As per section 111A of the Act, short term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the

rate of 10% (plus applicable surcharge and education cess).

11. As per section 112 of the Act, taxable long-term capital gains, if any, on sale of listed securities or units or zero coupon bonds will be charged to tax at the concessional rate of 20% (plus applicable surcharge and education cess) after considering indexation benefits in accordance with and subject to the provisions of section 48 of the Act or at 10% (plus applicable surcharge and education cess) without indexation benefits, at the option of the Company. Under section 48 of the Act, the long term capital gains arising out of sale of capital assets excluding bonds and debentures (except Capital Indexed Bonds issued by the Government) will be computed after indexing the cost of acquisition/ improvement.

12. Under section 115JAA(1A) of the Act, credit is allowed in respect of any Minimum Alternate Tax ('MAT') paid under section 115JB of the Act for any assessment year commencing on or after April 1st, 2006. Tax credit eligible to be carried forward will be the difference between MAT paid and the tax computed as per the normal provisions of the Act for that assessment year. Such MAT credit is allowed to be carried forward for set off purposes for up to 7 years succeeding the year in which the MAT credit is allowed.

II. Benefits available to Resident Shareholders

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by the domestic companies) received on the shares of the Company is exempt from tax.

2. As per section 10(38) of the Act, long term capital gains arising from the transfer of a long term capital asset being an equity share of the Company, where such transaction is chargeable to securities transaction tax, will be exempt in the hands of the shareholder.

3. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A "long term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2006:

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

(ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

4. As per section 54F of the Act, long term capital gains (in cases not covered under section 10(38)) arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family (HUF) will be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a residential house, or for construction of a residential house within three years. Such benefit will not be available:

(a) if the individual or Hindu Undivided Family-

- owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
- purchases another residential house within a period of one year after the date of transfer of the shares; or
- constructs another residential house within a period of three years after the date of transfer of the shares; and

(b) the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

If only a part of the net consideration is so invested, so much of the capital gain as bears to the whole of the capital gain, the same proportion as the cost of the new residential house bears to the net consideration, will be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

6. As per Section 74 Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

7. As per section 88E of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered into in the course of the business will be eligible for deduction from the amount of income tax on the income chargeable under the head "Profits and Gains of Business or Profession" arising from taxable securities transaction, subject to certain limit specified in the section.

8. As per section 111A of the Act, short term capital gains arising from the sale of equity shares of the Company transacted through a recognized stock exchange in India, where such transaction is chargeable to securities

transaction tax, will be taxable at the rate of 10% (plus applicable surcharge and education cess).

9. As per section 112 of the Act, taxable long-term capital gains, if any, on sale of listed securities or units or zero coupon bonds will be charged to tax at the rate of 20% (plus applicable surcharge and education cess) after considering indexation benefits or at 10% (plus applicable surcharge and education cess) without indexation benefits, whichever is less. Under section 48 of the Act, the long term capital gains arising out of sale of capital assets excluding bonds and debentures (except Capital Indexed Bonds issued by the Government) will be computed after indexing the cost of acquisition/improvement.

III. Benefits available to Non-Resident Indians/Non-Resident Shareholders (Other than FIIs and Venture Capital Companies / Funds)

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by the Company) received on the shares of the Company is exempt from tax.

2. As per section 10(38) of the Act, long term capital gains arising from the transfer of long term capital asset being an equity share of the Company, where such transaction is chargeable to securities transaction tax, will be exempt in the hands of the shareholder.

3. As per first proviso to section 48 of the Act, in case of a non resident shareholder, the capital gain/loss arising from transfer of shares of the Company, acquired in convertible foreign exchange, is to be computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively incurred in connection with such transfer, into the same foreign currency which was initially utilized in the purchase of shares. Cost Indexation benefit will not be available in such a case. As per section 112 of the Act, taxable long-term capital gains, if any, on sale of shares of the company will be charged to tax at the rate of 20% (plus applicable surcharge and education cess).

4. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A "long term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2006:

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the

Central Government in the Official Gazette for the purposes of this section;
or

(ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

5. As per section 54F of the Act, long term capital gains (in cases not covered under section 10(38)) arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family (HUF) will be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a residential house, or for construction of a residential house within three years. Such benefit will not be available:

(a) if the individual or Hindu Undivided Family

-owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or

-purchases another residential house within a period of one year after the date of transfer of the shares; or

-constructs another residential house within a period of three years after the date of transfer of the shares; and

(b) the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

If only a part of the net consideration is so invested, so much of the capital gain as bears to the whole of the capital gain, the same proportion as the cost of the new residential house bears to the net consideration, will be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

6 As per Section 74 Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be setoff against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

7. As per section 88E of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered into in the course of the business will be eligible for deduction from the amount of income tax on the income chargeable under the head "Profits & Gains of Business or Profession" arising from taxable securities transaction subject to certain limit specified in the section.

8. As per section 111A of the Act, short term capital gains arising from the sale of equity shares of the Company transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 10% (plus applicable surcharge and education cess).

9. As per section 115E of the Act, in the case of a shareholder being a non-resident Indian, and subscribing to the shares of the Company in convertible foreign exchange, in accordance with and subject to the prescribed conditions, long term capital gains arising on transfer of the shares of the Company (in cases not covered under section 10(38) of the Act) will be subject to tax at the rate of 10% (plus applicable surcharge and education cess), without any indexation benefit.

10. As per section 115F of the Act and subject to the conditions specified therein, in the case of a shareholder being a non-resident Indian, gains arising on transfer of a long term capital asset being shares of the Company will not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act then such gains would not be chargeable to tax on a proportionate basis. Further, if the specified asset or savings certificates in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

11. As per section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from specified investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

12. As per section 115H of the Act, where Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.

13. As per section 115I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing a declaration along with his return of income for that assessment year under section 139 of the Act, that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

Provisions of the Act vis-à-vis provisions of the Tax Treaty

In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

IV. Benefits available to Foreign Institutional Investors ('FIIs')

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by the Company) received on the shares of the Company is exempt from tax.

2. As per section 10(38) of the Act, long term capital gains arising from the transfer of long term capital asset being an equity share of the Company, where such transaction is chargeable to securities transaction tax, will be exempt to tax in the hands of the FIIs.

3. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from capital gains tax if the capital gains are invested in a "long term specified asset" within a period of 6 months after the date of such transfer. However, if the assessee transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

A "long term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2006:

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, and notified by the Central Government in the Official Gazette for the purposes of this section; or

(ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956, and notified by the Central Government in the Official Gazette for the purposes of this section.

4. As per Section 74 Short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.

5. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII has fiscal domicile. As per the provisions of

section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.

6. As per section 111A of the Act, short term capital gains arising from the sale of equity shares of the Company transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 10% (plus applicable surcharge and education cess).

7. As per section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under the provision of section 10(38) of the Act, at the following rates:

Nature of income	Rate of tax (%)
Long term capital gains	10
Short term capital gains (other than referred to in section 111A)	30

The above tax rates have to be increased by the applicable surcharge and education cess.

In case of long term capital gains, (in cases not covered under section 10(38) of the Act), the tax is levied on the capital gains computed without considering the cost indexation and without considering foreign exchange fluctuation.

VI. Benefits available to Mutual Funds

As per section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf.

VII. Benefits available to Venture Capital Companies / Funds

As per section 10(23FB) of the Act, all Venture Capital Companies / Funds registered with the Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on their entire income, including income from sale of shares of the Company. However, income received by a person out of investment made in a venture capital company or in a venture capital fund shall be chargeable to tax in the hands of such person.

B. Benefits available under the Wealth Tax Act, 1957

Asset as defined under section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares of the Company are not liable to wealth tax.

C. Benefits available under the Gift Tax Act.

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares of the Company will not attract gift tax.

The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

NOTES:

- (i) All the above benefits are as per the current tax laws.
- (ii) In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investments in the shares of the company.

VIII. COMPANY HISTORY & MANAGEMENT

The Company was incorporated as Zee Sports Limited on 27th August 1999 under the Companies Act, 1956 under CIN No. U92100MH1999PLC121506 and obtained the certificate of commencement of business on 19th November 1999. The name of the Company was changed to Zee News Limited on 27th May 2004 pursuant to a fresh Certificate of Incorporation consequent to change of name obtained from the Registrar of Companies, Maharashtra, Mumbai.

The Registered Office of the Company is at Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai 400 018.

MAIN OBJECTS OF THE COMPANY

1. To buy, sell, procure, commission, advise individuals, firms, companies, corporations and others anywhere in the world to organise, sponsor sport events, educational programs, films and entertainment software (programmes) for their exhibition, distribution and dissemination on TV or radio, be it satellite T.V. or radio channels or terrestrial TV channels or cable channels or through DTH or through Pay channels using existing and/or emerging technologies, including distribution via Internet, or webcasting or exhibition in cinema and/or video theatres in all forms, be it as analogue signals or digital signals or through sale of physical materials like cassettes including audio cassettes, video cassettes, digital video discs, CD ROM's etc as also sale of tickets/sponsorship of all events or programmes organised.

2. To buy, sell, procure, commission, films, entertainment, information, News, current affairs, software (Programme) for their exhibition, distribution and dissemination on TV channels, be it satellite TV or terrestrial TV channels or channels or cable channels or through DTH or through Pay channels using existing and/or emerging technologies, including distribution via Internet, or webcasting or exhibition in cinema and/or video theatres in all forms, be it as analogue signals or digital signals or through sale of physical materials like cassettes including audio cassettes, video cassettes, digital video discs, CD ROM's etc as also sale of tickets/sponsorship of all events or programmes organised.

The business relating to broadcasting and uplinking of News and Current affairs contents shall be in compliance with the rules, regulations and guidelines issued by Ministry of Information and Broadcasting, Government of India (MIB) as amended from time to time.

CHANGES IN MEMORANDUM OF ASSOCIATION**Change in Object Clause**

Clause 2 of Main Object Clause of Memorandum of Association of the Company was replaced vide Members resolution dated February 27, 2004.

Main Object Clause was further amended by including MIB compliances for News related business vide Members resolution dated October 14, 2004.

Change of Name

The name of the Company was changed to Zee News Limited vide Special Resolution passed by the Members at Meeting held on April 15, 2004. Aforesaid change on name was effected by fresh Certificate of Incorporation consequent to change of name issued by the Registrar of Companies, Maharashtra, Mumbai, on 27th May 2004.

Change in Authorised Capital

The Company was incorporated with authorized capital of Rs. 2 Crores divided into 20 Lacs equity shares of Rs. 10/- each.

The authorized capital of the Company was then increased from Rs. 2 Crores to Rs. 20 Crores divided into 2 Crores equity shares of Rs. 10/- each by a special resolution passed on 26th July 2005.

Existing share capital of Rs. 10 each was split to equity shares of Re. 1 each and the authorized capital of the Company was further increased from Rs. 20 Crores to Rs. 30 Crores divided into 29 Crores equity shares of Re. 1 each and 1 Crore preference shares of Re. 1 each by a special resolution passed on 25th July 2006.

SUBSIDIARIES OF THE COMPANY

Zee News Akash Private Limited is a Subsidiary of the Company, wherein the Company holds 60% of equity stake.

SHAREHOLDERS AGREEMENT

There is no separate agreement executed between any shareholder and the Company.

STRATEGIC / FINANCIAL PARTNERS AND OTHER MATERIAL CONTRACTS

The Company does not have any strategic/financial partners or has not entered any material contracts other than in ordinary course of business.

MANAGEMENT

The overall management is vested in the Board of Directors, comprised of qualified and experienced persons.

Board of Directors as on the date of the Information Memorandum

Name Address Designation and Occupation of Directors	Other Directorships Held
Subhash Chandra - Chairman 11, Berkly Court, Glentoorh Street, London NW 15 NV Occupation – Business DIN – 00031458 PAN – AACPC4004A	<ol style="list-style-type: none"> 1. Zee Telefilms Limited 2. Pan India Paryatan Limited 3. ASC Enterprises Limited 4. Essel Propack Limited 5. Agrani Satellite Services Limited
Laxmi Narain Goel - Managing Director Essel House, Mandi Road, Sultanpur, Mehrauli, New Delhi – 110 030 Occupation – Business DIN – 00031438 PAN – AAEPG2531Q	<ol style="list-style-type: none"> 1. Essel Minerals Pvt. Ltd 2. Essel Housing Projects Ltd 3. Uddar Gagan Properties Pvt. Ltd 4. Tyagi Anand & Comopany Pvt. . 5. Mod Silica Pvt.Ltd 6. S.T.C. Devlopers Pvt. Ltd. 7. Suncity Projects Pvt. Ltd.

	8. Leisure City India Pvt. Ltd. 9. Zee Akash News Pvt. Ltd. 10. Zee Telefilms Limited 11. Rama Associates Limited 12. ASC Enterprises Limited 13. Essel International Limited 14. Rankey Investments & Trading Co. Ltd. 15. ASC Telecommunication Ltd 16. Zee Turner Limited 17. East India Company (Trading) Ltd
Naresh Kumar Bajaj 56, Model Town, Ghaziabad – 201 001 (UP) Occupation – Business DIN – 00026221 PAN –AAQPB0007J	1. Amrit Banaspati Limited 2. Amrit Enterprises Limited 3. Amrit Agro Industries Limited 4. Amrit Learning Limited 5. SRGP Industries Limited 6. Amrit Pulp & Paper Industries Pvt Ltd
Kancharana Upendra Rao Raheja Empress, Flat No.2001/2002, Prabhadevi, Mumbai – 400 025 Occupation – Service DIN – 01113712 PAN – ADLPR8377D	NIL
Vinod Bakshi 01-02 A Court Greens, The Laburnum, Sushant Lok 1, Sector 28, Gurgaon 122001 Occupation – Business DIN – 00771934 PAN – AEHPB4646L	Essel Shyam Communication Ltd.

Brief Profile of Directors

Subhash Chandra, 55, is Chairman of Zee Telefilms Limited and promoter of Essel Group of Companies. His industry leading businesses include television networks and film entertainment, cable systems, satellite communications, theme parks, flexible packaging, family entertainment centers and online gaming.

Mr. Chandra has been the recipient of numerous honorary degrees, industry awards and civic honors, including being named 'Global Indian Entertainment Personality of the Year' by FICCI for 2004, 'Business Standard's Businessman of the Year' in 1999, 'Entrepreneur of the Year' by Ernst & Young in 1999 and 'Enterprise CEO of the Year' by International Brand Summit. The Confederation of Indian Industry (CII) chose Mr. Chandra as the Chairman of the CII Media Committee for two successive years.

Mr. Chandra has made his mark as an influential philanthropist in India. He set up TALEEM (Transnational Alternate Learning for Emancipation and Empowerment through Multimedia), an organisation which seeks to provide access to quality education and to promote research in various disciplines relating to health & family life, social & cultural anthropology,

communication and media. He is also the trustee for the Global Vipassana Foundation a trust set up for helping people in spiritual upliftment.

Laxmi Narain Goel, 52, is a Director of Zee Telefilms Limited and one of its promoters. He is one of the key architects of the Essel Group of Companies. He started his career in 1969 trading agro commodities and established "Rama Associates Limited" along with his brothers. In 1980, he diversified the Group's activities into handicraft exports and real estate development business. He has contributed enormously in the establishment and progress of Essel Propack Ltd.

At present Mr. Goel holds the position of Vice Chairman of the Essel Group of Companies and is actively involved in the day-to-day developmental activities of the Group. Till 15th December 2006, Mr. Goel was Whole-time Director of Zee Telefilms Limited, heading News Business. In the short span of time since he took over as Director - News Group, in June 2002, Mr Goel successfully positioned Zee News into its market leading position. With human-interest stories as the focus of his editorial policy, he has touched the hearts and lives of the common citizens of India. Currently, with effect from December 16, 2006, Mr. Goel has been appointed as Managing Director of the Company.

Besides business, he is actively involved in social philanthropic work. He has been the trustee of the Agroha Vikas Trust for more than decade. He is also the trustee of the Delhi chapter of the Trust, which undertakes a number of noble social causes including the building and running of colleges, schools and temples. Mr. Goel was head of affairs of the Sewak Sabha Hospital, Hissar, Haryana, for two years.

Mr. Naresh Kumar Bajaj, 69, is an Independent Non-Executive Director of the Company, appointed with effect from November 23, 2006.

Mr. Bajaj, is Chairman and Managing Director of Amrit Banaspati Co. Ltd, a diversified conglomerate with turnover of INR 7000 Million, engaged in manufacturing and distributing wide range of Edible Oil Products and FMCG Commodities, namely vanaspati, refined oils, table margarine, bakery shortening, rice and salt, dairy milk and dairy mixes, writing and printing paper and real estates.

Apart from the Company, Mr. Bajaj holds directorship of Amrit Banaspati Co Ltd, Amrit Enterprises Ltd, Amrit Agro Industries Ltd, Amrit Learnings Ltd, SRGP Industries Ltd and Amrit Pulp & Paper Industries Pvt Ltd.

Kancharana Upendra Rao, 45, is an Independent Non-Executive Director of the Company, appointed with effect from November 23, 2006. Mr. Rao is a Commerce Graduate and MBA from Andhra University.

Currently Mr. Rao is Chief Executive Officer of Diligent Media Corporation Ltd, Company engaged in printing and publishing News paper DNA. Prior to DMCL, Mr. Rao was associated with Royal Dutch / Shell in various senior positions.

Vinod Bakshi, 67, is an Independent Non-Executive Director of the Company, appointed with effect from November 23, 2006. Mr. Bakshi is an

experienced professional with Post Graduation in Public Administration. Mr. Bakshi has a sparkling professional career spanning over 3 decades in Domestic & Overseas Marketing, Liason & Administration, beginning with Care-India, through Gabriel India Ltde, Escorts Ltd etc.

Apart from being professional, Mr. Bakshi is a painter of some standing with several one-Man shows to his credit.

Interest of Director

Other than their respective shareholding in the Company and reimbursement of expenses incurred and normal remuneration/sitting fee from the Company, all Directors of the Company have no interest in the Company.

Compensation of Managing Director

The Board of Directors of the Company has vide its resolution dated November 23, 2006, appointed Mr. Laxmi N. Goel as Managing Director of the Company with effect from December 15, 2006. As per the terms of resolution, Mr. Laxmi N. Goel shall hold the office of Managing Director for a period of 5 years with effect from December 15, 2006 on such remuneration as detailed in the aforesaid resolution.

Shareholding of Directors

The shareholding of Directors as on December 29, 2006 is as under:

Sr. No	Name of Director	No of Shares held	%age
1	Subhash Chandra	Nil	NA
2	Laxmi N. Goel	791,175	0.33%
3	Naresh Kumar Bajaj	Nil	NA
4	Kancharana Upendra Rao	Nil	NA
5	Vinod Bakshi	Nil	NA
	Total	791,175	0.33%

Corporate Governance

The Company is fully compliant with the provisions of Clause 49 of the Listing Agreement and the details are as follows:

The Board of Directors of the Company consists of 5 Members and the Company has 1 Executive and 4 'Non-Executive' Directors of which 3 are Independent and 2 are Promoter Directors. Mr. Subhash Chandra, Non-Executive Chairman and Mr. Laxmi N. Goel, Managing Director are the Promoter Directors.

The Independent Directors of the Company include Mr. Naresh Kumar Bajaj, Mr. Kancharana Upendra Rao and Mr. Vinod Bakshi.

The Board has vide resolution dated November 23, 2006, constituted Audit Committee, Shareholders/Investor's Committee and Remuneration Committee as required under Clause 49 of the Listing Agreement as under:

COMMITTEE	NAME OF DIRECTOR	CATEGORY
Audit Committee	Laxmi N Goel Kancharana U Roa Naresh Kumar Bajaj Vinod Bakshi	Executive Director Non-Executive Independent Director Non-Executive Independent Director Non-Executive Independent Director
Shareholders/ Investor's Committee	Subhash Chandra Kancharana U Rao Naresh Kumar Bajaj	Non-Executive Director Non-Executive Independent Director Non-Executive Independent Director
Remuneration Committee	Subhash Chandra Kancharana U Rao Vinod Bakshi	Non-Executive Director Non-Executive Independent Director Non-Executive Independent Director

The role, powers, scope of functions and duties of the Audit Committee, Shareholders/Investor's Committee and Remuneration Committee of the Board are as per the applicable provisions of the Companies Act, 1956, Clause 49 of the Listing Agreement.

The Board of Director has at its Meeting held on November 23, 2006, approved Code of Conduct for the Members of the Board and Senior Management. Same will be uploaded on Company's website www.zeenews.com immediately after listing of Company's Shares on Stock Exchanges.

Compliance Report on Corporate Governance

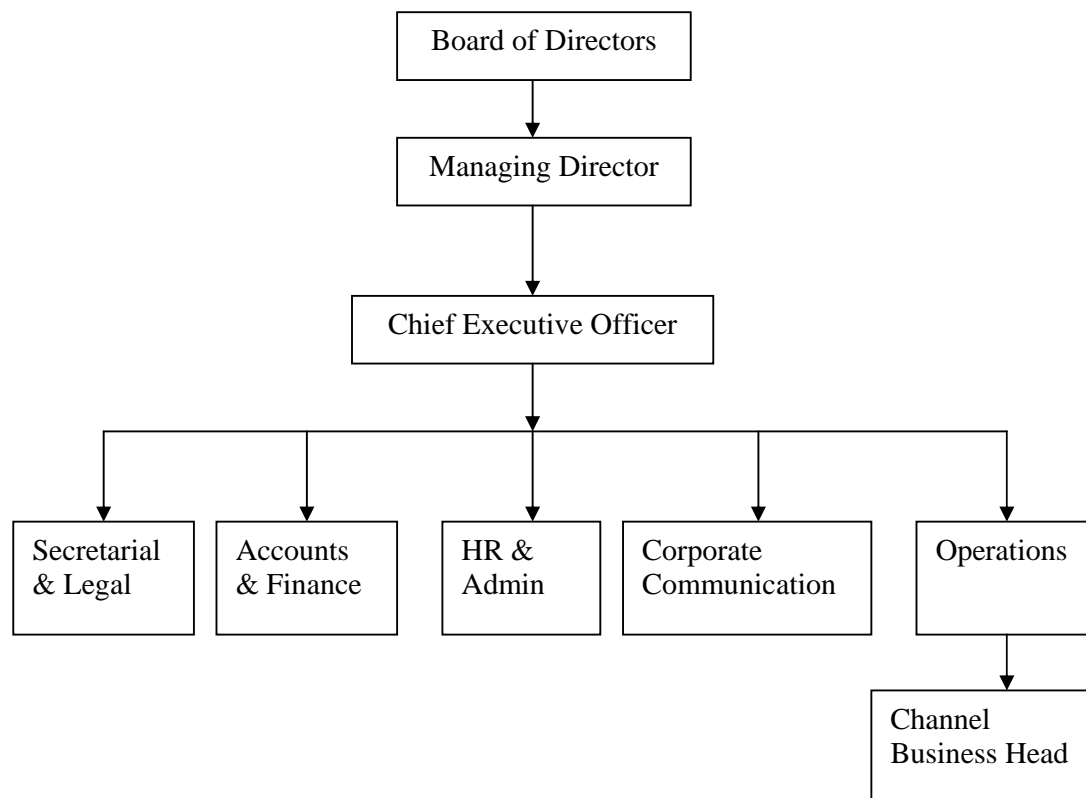
Particulars	Clause of Listing Agreement	Compliance Status Yes/No	Remarks
I Board of Directors	49 I		
(A) Composition of Board	49(IA)	Yes	
(B) Non-executive Directors' compensation & disclosures	49 (IB)	Yes	Shall be disclosed in next Annual Report
(C) Other provisions as to Board and Committees	49 (IC)	Yes	
D) Code of Conduct	(49 (ID)	Yes	
II. Audit Committee	49 (II)		
(A) Qualified & Independent Audit Committee	49 (IIA)	Yes	
(B) Meeting of Audit Committee	49 (IIB)	Yes	
(C) Powers of Audit Committee	49 (IIC)	Yes	
(D) Role of Audit Committee	49 II(D)	Yes	
(E) Review of Information by Audit Committee	49 (IIE)	Yes	Shall be complied with in forthcoming meetings
III. Subsidiary Co's	49 (III)	Yes	
V. Disclosures	49 (IV)		
(A)Basis of related party transactions	49 (IV A)	Yes	Will be disclosed in next Annual

			Report
(B)Board Disclosures	49 (IV C)	Yes	Will be disclosed in next Annual Report
(C)Proceeds from public issues, rights issues, preferential issues etc.	49 (IV D)	Yes	Will be complied with as and when situation arises.
(D)Remuneration of Directors	49 (IV E)	Yes	Will be disclosed in next Annual Report
(E)Management	49 (IV F)	Yes	Will be disclosed in next Annual Report
(F)Shareholders	49 (IV G)	Yes	Will be disclosed in next Annual Report
V.CEO/CFO Certification	49 (V)	Yes	Will be complied during the current financial year
VI. Report on Corporate Governance	49 (VI)	Yes	Will be disclosed in next Annual Report
VII. Compliance	49 (VII)	Yes	Will be disclosed in next Annual Report

Change in Board of Directors since the Company's inception

Name of the Director	Date of Appointment	Date of Resignation	Reason
Mr. Amal Chandra Saha	27.08.1999	09.03.2004	Resigned
Mr. Brijgopal R Jaju	27.08.1999	24.09.2001	Resigned
Mr. Vikas R Gupta	27.08.1999	09.03.2004	Resigned
Mr. Riddhish Purohit	12.12.2001	09.03.2004	Resigned
Mr. Gaurav Goel	09.03.2004	23.11.2006	Resigned
Mr. Gagan Goel	09.03.2004	23.11.2006	Resigned
Mr. Virendra K Gupta	09.03.2004	23.11.2006	Resigned
Mr. Subhash Chandra	23.11.2006	-	Additional Director
Mr.Laxmi N Goel	23.11.2006	-	Additional Director
Mr.Naresh Kumar Bajaj	23.11.2006	-	Additional Director
Mr.K. U. Rao	23.11.2006	-	Additional Director
Mr.Vinod Bakshi	23.11.2006	-	Additional Director

IX. OVERVIEW OF ORGANISATION STRUCTURE & SENIOR MANAGEMENT PERSONNEL



Key Managerial Personnel

Mr. Laxmi N. Goel, Managing Director shall be responsible for day to day operations of the Company and as such he is the key managerial personnel. He shall be assisted in the day to day to management by a team of professionals who shall head respective business area. The Key managerial personnel of the Company are as under:

Name, Designation & age	Date of Joining	Qualification	Exp (years)	Details of previous employer	Share held in Co
Harish Doraiswamy - CEO Age - 40	29.11.2006	PGDM - Kolkata	16	Sr. Vice President - EIH Ltd.	Nil
Suresh Kumar - Company Secretary Age - 33	01.12.2006	B.Com, Master of Financial Management, C.S	6	Company Secretary - Siti Cable Network Ltd.	Nil
R. K. Agarwal - CFO Age 45	09.05.1995	C.A & LLB	17	Buildworth Pvt. Ltd. - Head of Finance	3150
Divya Varma - HR Head Age - 32	29.07.1994	PGDM - HR	14	National Education & Infmn. Films Ltd.	Nil
Raju Santhanam - Chief Editor Age - 53	15.11.2005	B.A	30	Third Eye - Managing Editor	Nil
Amit Tripathi - Head - Sales Age 36	02.01.2006	B.A, PDC A	13	BCCL	Nil

X. PROMOTER AND SUBSIDIARY COMPANIES**Promoters**

Before the Scheme becoming effective, following were major shareholders and promoters of the Company:

Sr. No.	Name of the shareholder	Number of shares	Shares as a percentage of total number of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1.	Manish Babel*	100	0.00
2.	Rajeev Dak*	100	0.00
3.	Riddhish Purohit*	100	0.00
4.	Ashok Sanghvi*	100	0.00
5.	Radheshyam Mundra*	100	0.00
6.	Shailesh Dholakia*	100	0.00
7.	Churu Trading Co.Pvt.Ltd.	5,76,09,800	29.02
8.	Jayneer Capital Pvt.Ltd.	7,51,42,000	37.85
9.	Zee Telefilms Ltd	6,57,49,200	33.12
TOTAL		19,85,00,000	100.00

* Individual holds shares as nominee of Churu Trading Company Pvt Ltd

After the Scheme has become effective, existing promoters (excluding Zee Telefilms Ltd) along with promoters of Zee Telefilms Ltd as detailed hereunder, will hold 54.14% of the paid up capital of the Company.

Sr.No	NAME OF THE SHAREHOLDER	Shares	%age
1	ASHOK MATHAI KURIEN	923,188	0.39%
2	AMBIENCE ADVERTISING PVT LTD	1,028,528	0.43%
3	GANJAM TRADING CO. PVT. LTD.	2,968,715	1.24%
4	CHURU TRADING CO. PVT. LTD.	20,842,361	8.69%
5	PAN INDIA PARYATAN LIMITED	2,893,440	1.21%
6	LAXMI GOEL	791,175	0.33%
7	SUSHILA GOEL	307,428	0.13%
8	SUSHILA DEVI	113,025	0.05%
9	BRIGGS TRADING CO. PVT. LTD.	2,438,401	1.02%
10	PRAJATMA TRADING CO. PVT. LTD.	3,763,506	1.57%
11	PREMIER FINANCE & TRADING CO. LTD.	2,792,170	1.16%
12	VEENA INVESTMENT PVT. LTD.	194,855	0.08%
13	DELGRADA LIMITED	37,087,301	15.47%
14	JAYNEER CAPITAL PVT. LTD	48,462,805	20.21%
15	LAZARUS INVESTMENTS LIMITED	5,199,150	2.17%
	TOTAL	129,806,048	54.14%

The details of the Promoters are given below:

Ashok Kurien, 56, is a well known personality in the advertising world. He is the Managing Director of Ambience Advertising Limited, which is a leading advertising agency of India. He is one of the promoters and directors of the Company.

Laxmi Narain Goel, 52, is the Managing Director and one of the Promoter of the Company. He is one of the key architects of the Essel Group of Companies. He started his career in 1969 trading agro commodities and established "Rama Associates Limited" along with his brothers. In 1980, he diversified the Group's activities into handicraft exports and real estate development business. He has contributed enormously in the establishment and progress of Essel Propack Ltd. At present Mr. Goel holds the position of Vice Chairman of the Essel Group of Companies and is actively involved in the day-to-day developmental activities of the Group.

Besides business, he is actively involved in social philanthropic work. He has been the trustee of the Agroha Vikas Trust for more than decade. He is also the trustee of the Delhi chapter of the Trust, which undertakes a number of noble social causes including the building and running of colleges, schools and temples. Mr. Goel was head of affairs of the Sewak Sabha Hospital, Hissar, Haryana, for two years.

Smt. Sushila Devi, 46, is wife of Mr. Jawahar Goel, brother of Mr. Subhash Chandra and Mr. Laxmi N. Goel.

Ambience Advertising Private Limited was incorporated on 19th January 1987. It carries on the business of Consultance, Research and Hire of Business facilities. The registered office of Ambience is situated at 401-E Neelam Centre, S K Ahire Marg, Worli, Mumbai 400 030

The Shareholding pattern (as on 31st March 2006) is as follows:

Category	No. of Shares held	% of shareholding
Promoters	146,500	93.02
Non Promoters	11,000	6.98
Total	157,500	100.00

Board of Directors:

Mr. Ashok Kurien

Mrs. Elsie Nanji

Ganjam Trading Company Pvt Ltd was incorporated on 3rd September 1982. It carries on the business of Finance, Trading and Investments. The registered office of Ganjam is situated at Continental Building, 135, Dr Annie Besant Road, Worli, Mumbai 400 018.

The Shareholding pattern (as on 31st March 2006) is as follows:

Shares of Rs. 100 each

Category	No. of Shares held	% of shareholding
Promoters	106150	100%
Non Promoters	-	-
Total	106150	100%

Board of Directors:

Mr. Chhajuram Chaudhary

Mr. Ashok B Sanghvi

Churu Trading Company Pvt Ltd was incorporated on 3rd September 1982. It carries on the business of Finance, Trading and Investment. The registered office of Churu Trading Company Pvt Ltd is situated at Continental Building, 135, Dr Annie Besant Road, Worli, Mumbai 400 018.

The Shareholding pattern (as on 31st March 2006) is as follows:

Shares of Rs. 100 each

Category	No. of Shares held	% of shareholding
Promoters	309790	100%
Non Promoters	-	-
Total	309790	-

Board of Directors:

Mr. Chhajuram Chaudhary

Mr. Ashok B Sanghvi

Pan India Paryatan Ltd was incorporated on 7th July 1987, in the name of Essel Amusement Park (India) Ltd and commenced business on 21st July 1987. The name of the company was subsequently changed to Pan India Paryatan Ltd on April 20, 1992. It carries on the business to construct, run, take over, lease, manage amusement centres or parks of all the nature and to carry on, lease or ownership or give on lease the business of hotel, motel restaurant, café, tavern bare, refreshment rooms, eating houses, swimming pools, boarding and lodging, house keepers, clubs, association in India or abroad to broaden the base of the business. The registered office of the Company is situated at Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai 400 018.

The Shareholding pattern (as on 31st March 2006) is as follows:

Category	No. of Shares held	% of shareholding
Promoters	20615175	82.69%
Non Promoters	126740	0.51%
Total	24931985	100.00%

Board of Directors:

Mr. Jawaharlal Goel

Mr. Sanjay Arya

Mr. Ashok Goel

Mr. Punit Goenka

Ms. Kavita Goel

Mr. Subhash Chandra

Briggs Trading Company Pvt Ltd was incorporated on 6th September 1982. It carries on the business of Finance, Trading and Investments. The registered office of Briggs Trading Company Pvt Ltd is situated at Continental Building, 135, Dr Annie Besant Road, Worli, Mumbai 400 018.

The Shareholding pattern (as on 31st March 2006) is as follows:

Shares of Rs. 100 each

Category	No. of Shares held	% of shareholding
Promoters	104184	100%
Non Promoters	-	-
Total	104184	100%

Board of Directors:
Mr. Chhajuram Chaudhary
Mr. Ashok B Sanghvi

Prajatma Trading Company Pvt Ltd was incorporated on 3rd September 1982 It carries on the business of Finance, Trading and Investments. The registered office of Prajatma Trading Company Pvt Ltd is situated at Continental Building, 135, Dr Annie Besant Road, Worli, Mumbai 400 018.

The Shareholding pattern (as on 31st March 2006) is as follows:
Shares of Rs. 100 each

Category	No. of Shares held	% of shareholding
Promoters	44399	100%
Non Promoters	-	-
Total	44399	100%

Board of Directors:
Mr. Chhajuram Chaudhary
Mr. Ashok B Sanghvi

Premier Finance and Trading Company Ltd was incorporated on 20th May 1977 as a Private Limited Company. It converted itself into a public limited company on 13th January 1983. Premier Finance and Trading Company Ltd carries on the business of Finance, Trading and Investment. Its registered office is situated at Continental Building, 135, Dr Annie Besant Road, Worli, Mumbai 400 018.

The Shareholding pattern (as on 31st March 2006) is as follows:
Shares of Rs. 100 each

Category	No. of Shares held	% of shareholding
Promoters	5385	100%
Non Promoters	-	-
Total	5385	100%

Board of Directors:
Mr. J. K. Jain
Mr. Nilesh Mistry
Mr. Shyam Sunder Goel

Veena Investments Pvt Ltd was incorporated on 22nd November 1972. It carries on the business of Finance, Trading and Investments. The registered office of Veena Investments Pvt Ltd is situated at New Prakash Cinema Building, N M Joshi Marg, Delai Road, Lower Parel, Mumbai 400 013.

The Shareholding pattern (as on 31st March 2006) is as follows:
Shares of Rs. 100 each

Category	No. of Shares held	% of shareholding
Promoters	4000	100%
Non Promoters	-	-
Total	4000	100%

Board of Directors:

Mr. Ashok Kumar Goel

Mr. Chhajuram Chaudhary

Delgrada Ltd is a Mauritius Company incorporated on 7th April 2000. It is into Investment Business and has its registered office at 10, Frere Felix de Valois Street, Port Louis, Mauritius. Entire capital of Delgrada Limited are held by Erith International Limited on behalf of Mr. Subhash Chandra as beneficiary. Mr. Deepak Jain and Mr. Uday Gujadhur are Directors of Delgrada Limited.

Jayneer Captial Pvt Ltd was incorporated as Jayneer Consultant Pvt Ltd on 13th March 1986. The name of the Company was subsequently changed to Jayneer Capital Pvt Ltd on 22nd September 1995. Jayneer Capital Pvt Ltd carries on the business of Finance, Trading and Investments. The registered office of Jayneer is situated at Continental Building, 135, Dr Annie Besant Road, Worli, Mumbai 400 018.

The Shareholding pattern (as on 31st March 2006) is as follows:

Shares of Rs. 10 each

Category	No. of Shares held	% of shareholding
Promoters	601000	100%
Non Promoters	-	-
Total	601000	100%

Board of Directors:

Mr. Ashok Kumar Goel

Mr. J. K. Jain

Lazarus Investments Ltd was incorporated on 21st August 2002 It carries on business of Investments and has its registered office at 10, Frere Felix de Valois Street, Port Louis, Mauritius. Majority Shares of the Company are held by Mr. Subhash Chandra. Mr. Deepak Jain, Mr. Uday Gujadhur and Mr. Reza Cassam Uteem are Directors of the Company

Subsidiary Companies

Zee Akash News Pvt Ltd is a Subsidiary of the Company wherein Company holds 60% of its Share Capital.

Audited Accounts of Zee Akash News Pvt Ltd as on 31st March 2006 is as under:

ZEE AKAASH NEWS PVT. LTD.		
(REGD. OFF:- CONTINENTAL BUILDING 135, DR. ANNIE BEASANT ROAD, WORLI, MUMBAI-18)		
PODDAR COURT, 6TH FLOOR 18, RABINDRA SARANI, KOLKATA - 700 001		
<u>BALANCE SHEET AS AT 31st MARCH- 2006</u>		
PARTICULARS	SCHEDULE NO.	CURRENT YR. AMOUNT(Rs)
1) <u>SOURCES OF FUNDS</u>		
<u>SHAREHOLDER'S FUNDS</u>		
SHARE CAPITAL	1	30,500,000.00
		30,500,000.00
2) <u>APPLICATION OF FUNDS</u>		
<u>FIXED ASSETS</u>	2	
a) GROSS BLOCK		34,439,881.83
b) LESS :- DEPRECIATION		-
c) NET BLOCK		34,439,881.83
d) CAPITAL WORK -IN-PROGRESS/ PRE-OPRATIVE EXPENSES PENDING ALLOCATION		7,991,716.19
3) <u>CURRENT ASSETS, LOANS & ADVANCES</u>	3	
a) CURRENT ASSETS		3,237,040.41
b) LOANS & ADVANCES		11,854,538.51
		15,091,578.92
LESS:- <u>CURRENT LIABILITIES & PROVISIONS</u>	4	
a) CURRENT LIABILITIES		27,393,566.94
b) PROVISIONS		66,219.00
		27,459,785.94
NET CURRENT ASSETS (3-4)		(12,368,207.02)
5) <u>MISCELLANEOUS EXPENDITURE</u>	5	
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)		
-PRELIMINARY EXPS.		317,600.00
PROFIT & LOSS ACCOUNT		119,009.00
		30,500,000.00
NOTES TO ACCOUNTS	8	-
	FOR ZEE AKAASH NEWS PVT LTD	
<u>AUDITOR'S REPORT</u>		
AS PER OUR SEPERATE REPORT OF EVEN DATE ANNEXED		
FOR : ASHOK KUMAR AGGARWAL & CO. (DIRECTOR)		
CHARTERED ACCOUNTANTS		
(A.K.AGGARWAL)		
F.C.A.		
PLACE : DELHI (DIRECTOR)		
DATE : 31.08.06		

ZEE AKAASH NEWS PVT. LTD.		
REGD. OFF:- CONTINENTAL BUILDING 135, DR. ANNIE BEASANT ROAD, WORLI, MUMBAI-400018 PODDAR COURT, 6TH FLOOR 18, RABINDRA SARANI, KOLKATA - 700 001		
<i>PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH- 2006</i>		
PARTICULARS	SCHEDULE NO.	CURRENT YR. AMOUNT(Rs)
<u>INCOMES</u>		
SALES OF CASSETES		20,000.00
OTHER INCOMES		<u>7,650.00</u>
		<u>27,650.00</u>
<u>EXPENDITURE</u>		
COST OF SALES	6	1,040.00
OFFICE & ADMINISTRATIVE EXPENSES	7	11,224.00
PREMINERY EXPENSES WRITTEN OFF		<u>79,400.00</u>
		<u>91,664.00</u>
NET PROFIT FOR THE YEAR		(64,014.00)
PROVISION FOR CURRENT TAX		<u>-</u>
		(64,014.00)
PROVISION FOR FRINGE BENEFIT TAX		54,995.00
NET PROFIT / (LOSS) AFTER TAX		<u> </u>
TRANSFERRED TO BALANCE SHEET		<u>(119,009.00)</u>
NOTES TO ACCOUNTS	8	
	FOR ZEE AKAASH NEWS PVT LTD	
<u>AUDITOR'S REPORT</u>		
"AS PER OUR SEPERATE REPORT OF EVEN DATE ANNEXED".		
FOR : ASHOK KUMAR AGGARWAL & CO.		(DIRECTOR)
<i>CHARTERED ACCOUNTANTS</i>		
(A.K.AGGARWAL)		
F.C.A.		
PLACE : DELHI		(DIRECTOR)
DATE : 31.08.06		

ZEE AKAASH NEWS PVT. LTD.

(REGD. OFF:- CONTINENTAL BUILDING 135, DR. ANNIE BEASANT ROAD, WORLI, MUMBAI-400018)

PODDAR COURT, 6TH FLOOR 18, RABINDRA SARANI, KOLKATA - 700 001

**SCHEDULE NO.'S 1 TO 8 FORMING PART TO BALANCE SHEET AND
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH- 2006****CURRENT YR.
AMOUNT(Rs)****SCHEDULE- 1****SHARE CAPITAL****AUTHORISED**4000000 EQUITY SHARES OF Rs.10/- EACH 40,000,000.00**ISSUED, SUBSCRIBED & PAID UP**3050000 EQUITY SHARES OF Rs. 10/- EACH, 30,500,000.000

FULLY PAID UP

30500000.00**FOR: ZEE AKAASH NEWS PVT. LTD.****(DIRECTOR)****(DIRECTOR)****SCHEDULE- 6**OPENING STOCK -ADD: PURCHASE 1,936,050.001,936,050.00LESS :- CLOSING STOCK 1,935,010.00COST OF SALES **1,040.00****SCHEDULE- 7****OFFICE & ADMINISTRATION EXPS.****AUDITOR'S REMUNERATION**AUDIT FEES 10000.00SERVICE TAX 1224.00 11,224.00**11,224.00****FOR : ZEE AKAASH NEWS PVT. LTD.****(DIRECTOR)****(DIRECTOR)**

ZEE AKAASH NEWS PVT. LTD.**(REGD. OFF:- CONTINENTAL BUILDING 135, DR. ANNIE BEASANT ROAD, WORLI, MUMBAI-400018)**

PODDAR COURT, 6TH FLOOR

18, RABINDRA SARANI, KOLKATA - 700 001**SCHEDULE OF FIXED ASSETS FOR THE PERIOD ENDED 31.03.2006**

S. NO.	PARTICULARS	G R O S S A M O U N T			D E P R E C I A T I O N			N E T B L O C K			
		AS AT 1.04.05	ADDITION DURING THE YEAR	SALES ADJUST- MENT	AS AT 31.03.06	UP TO 31.03.05	ON SALE ADJUST- MENT	FOR THE YEAR	UP TO 31.03.2006	AS AT 31.03.2006	AS AT 31.03.05
1	COMPUTER	NA	5,461,163.00	-	5461163.00	NA	-	-	-	5461163.00	NA
2	PLANT & MACHINERY	NA	15,087,789.06	-	15087789.06	NA	-	-	-	15087789.06	NA
3	FURNITURE & FIXTURES	NA	13,890,929.77	-	13890929.77	NA	-	-	-	13890929.77	NA
		NA	34439881.83	-	34439881.83	NA	-	-	-	34439881.83	NA

NOTE: Since Fixed Assets are not put to use during the period under consideration, No depreciation has been provided.

FOR : ZEE AKAASH NEWS PVT. LTD.

(DIRECTOR)

(DIRECTOR)

ZEE AKAASH NEWS PVT. LTD.	
<u>(REGD.CONTINENTAL BUILDING 135, DR. ANNIE BEASANT ROAD, WORLI, MUMBAI-18)</u>	
PODDAR COURT, 6TH FLOOR	
<u>18, RABINDRA SARANI, KOLKATA - 700 001</u>	
	<u>CURRENT YR.</u>
	<u>AMOUNT(Rs)</u>
<u>SCHEDULE- 3</u>	
<u>CURRENT ASSETS LOANS & ADVANCES</u>	
A) <u>CURRENT ASSETS</u>	
1) STOCK IN HAND OF CASSETS & CD`S Valued at cost or market price whichever is less & as certified by management)	1,935,010.00
2) SUNDRY DEBTORS (UNSECURED) DUE FROM MORE THAN SIX MONTHS	-
OTHERS	28,430.30
3) CASH IN HAND (AS CERTIFIED BY MANAGEMENT)	144,780.00
4) BALANCE WITH SCHEDULED BANKS IN CURRENT ACCOUNT	1,128,820.11
SUB TOTAL 'A' :-	3,237,040.41
B) <u>LOANS & ADAVANCES</u>	
1) ADVANCE TO SUPPLIERS	2,913,907.60
2) ADVANCE TO STAFFS FOR OFFICE EXP.	532,874.91
3) FRINGE BENEFIT TAX	15,000.00
4) ADVANCE FOR MACHINERIES/EQUIPMENTS	8,392,756.00
SUB TOTAL 'B' :-	11,854,538.51
TOTAL ('A' + 'B') :-	15,091,578.92
4	
<u>CURRENT LIABILITIES & PROVISIONS</u>	
A) <u>CURRENT LIABILITIES</u>	
SUNDRY CREDITORS	15,400,860.58
EXPENSES PAYABLE	1,261,196.36
SECURITY RECEIVED	2,000.00
AMOUNTS PAYABLE	10,729,510.00
SUB TOTAL 'A' :-	27,393,566.94
B) <u>PROVISIONS</u>	
FOR AUDIT FEE	11,224.00
FOR CURRENT TAX	-
FOR FRINGE BENEFIT TAX	54,995.00
SUB TOTAL 'B' :-	66,219.00
TOTAL ('A' + 'B') :-	27,459,785.94
<u>SCHEDULE- 5</u>	
<u>MISCELLANEOUS EXPENDITURE</u>	
(TO THE EXTENT NOT WRITTEN OF OR ADJUSTED)	
<u>PRELIMINARY EXPENSE</u>	
INCURRED DURING THE YEAR	397,000.00
LESS :- 1/5 th WRITTEN OFF	79,400.00
	317,600.00

Audited Financials of Zee News Akaash News Pvt. Ltd as on November 30, 2006**AUDIT REPORT**

The Members of **M/s Zee Akaash News Private Ltd**

1. We have audited the attached balance sheet of **M/s Zee Akaash News Private Ltd** as at 30th Nov. 2006, the profit & loss account for the period ended on that date and cash flow statement annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an 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 mis-statement. 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. Further to our comments 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 purposes 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, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 31st March 2006 and taken on record by the Board of Director's we report that none of the director's is disqualified as on 31st March 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principal generally accept in India:
 - (a) in the case of balance sheet, of the state of affairs of the company as at 30th Nov. 2006;
 - (b) in the case of the profit and loss account, of the loss incurred for the period ended on that date; and
 - (c) in the case of cash flow statement of the cash flow for the period ended on that date.

For : **ASHOK KUMAR AGGARWAL & CO.**
CHARTERED ACCOUNTANTS

(A.K.AGGARWAL)
F.C.A.

Place: **DELHI**
Date: **January 3, 2007**

ZEE AKAASH NEWS PVT. LTD.			
(REGD. OFF:- CONTINENTAL BUILDING, 135, DR. ANNIE BEASANT ROAD, WORLI, MUMBAI-400018)			
PODDAR COURT, 6TH FLOOR 18, RABINDRA SARANI, KOLKATA - 700 001			
<u>BALANCE SHEET AS AT 30th NOVEMBER' 2006</u>			
PARTICULARS	SCHEDULE NO.	AS AT 30th NOV'06	AS AT 31st MAR'06
		30th Nov, 2006	30th Nov, 2006
A) <u>SOURCES OF FUNDS</u>			
<u>SHAREHOLDER'S FUNDS</u>			
SHARE CAPITAL	1	30,500,000.00	30,500,000.00
SHARE APPLICATION MONEY		70,300,000.00	-
		100,800,000.00	30,500,000.00
B) <u>APPLICATION OF FUNDS</u>			
a) <u>FIXED ASSETS</u>			
b) GROSS BLOCK	2	47,662,453.56	34,439,881.83
c) <u>LESS</u> :- DEPRECIATION		2,349,295.00	-
		45,313,158.56	34,439,881.83
C) <u>CURRENT ASSETS, LOANS & ADVANCES</u>			
CURRENT ASSETS	3	15,046,645.83	3,237,040.41
LOANS & ADVANCES		1,542,965.22	11,854,538.51
		16,589,611.05	15,091,578.92
D) <u>CURRENT LIABILITIES & PROVISIONS</u>			
CURRENT LIABILITIES	4	7,712,308.99	27,393,566.94
PROVISIONS		473,052.00	66,219.00
		8,185,360.99	27,459,785.94
NET CURRENT ASSETS (C-D)		8,404,250.06	(12,368,207.02)
<u>MISCELLANEOUS EXPENDITURE</u>			
5			
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)			
A) PRELIMINARY EXPENSES		264,667.00	317,600.00
B) PRE-OPERATIVE EXPENSES		6,393,373.19	7,991,716.19
PROFIT & LOSS ACCOUNT		40,424,551.19	119,009.00
		100,800,000.00	30,500,000.00
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS			
	10		
<u>AUDITOR'S REPORT</u>		FOR:ZEE AKAASH NEWS PVT LTD.	
AS PER OUR SEPERATE REPORT OF EVEN DATE ANNEXED.			
FOR : ASHOK KUMAR AGGARWAL & CO.		(DIRECTOR)	
CHARTERED ACCOUNTANTS			
A.K.AGGARWAL			
FCA			
Membership No. : 82695			
PLACE : DELHI			
DATE : January 3, 2007		(DIRECTOR)	

ZEE AKAASH NEWS PVT. LTD.			
(REGD. OFF:- CONTINENTAL BUILDING, 135, DR. ANNIE BEASANT ROAD, WORLI, MUMBAI-400018)			
PODDAR COURT, 6TH FLOOR 18, RABINDRA SARANI, KOLKATA - 700 001			
<u>PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 30th NOVEMBER' 2006</u>			
PARTICULARS	SCHEDULE NO.	Period Ended On 30th Nov, 2006	Year Ended On 31st Mar, 2006
<u>INCOME</u>			
SALES & SERVICES		16,143,852.87	20,000.00
OTHER INCOME		3,129.60	7,650.00
		16,146,982.47	27,650.00
<u>EXPENDITURE</u>			
OPERATIONAL COST	6	25,067,070.73	1,040.00
PERSONNEL EXPENSES	7	13,165,280.65	-
OFFICE , ADMINISTRATIVE AND GENERAL EXP.	8	10,668,967.35	11,224.00
SELLING & DISTRIBUTION EXPENSES	9	3,100,030.93	-
DEPRECIATION		2,349,295.00	-
PRELIMINARY EXPENSES & PRE OPERATIVE - EXPENSES WRITTEN OFF		1,651,276.00	79,400.00
		56,001,920.66	91,664.00
NET LOSS FOR THE PERIOD		39,854,938.19	64,014.00
<u>PROVISION FOR :</u>			
- CURRENT TAX		-	-
- FRINGE BENEFIT TAX		450,604.00	54,995.00
		40,305,542.19	119,009.00
LOSSES C/F FROM EARLIER YEAR		119,009.00	-
NET LOSS CARRIED FORWARD TO BALANCE SHEET		40,424,551.19	119,009.00
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	10		
<u>AUDITOR'S REPORT</u>		FOR ZEE AKAASH NEWS PVT. LTD.	
<u>"AS PER OUR SEPERATE REPORT OF EVEN DATE ANNEXED".</u>			
FOR : ASHOK KUMAR AGGARWAL & CO.			
CHARTERED ACCOUNTANTS			(DIRECTOR)
A.K.AGGARWAL			
F.C.A.			
Membership No. : 82695			
PLACE : DELHI			
DATE : January 3, 2007			(DIRECTOR)

ZEE AKAASH NEWS PVT. LTD.

REGD. OFF:- CONTINENTAL BUILDING, 135, DR. ANNIE BEASANT ROAD, WORLI, MUMBAI-400018

PODDAR COURT, 6TH FLOOR 18, RABINDRA SARANI, KOLKATA - 700 001

**SCHEDULE NO.'S 1 TO 10 FORMING PART TO BALANCE SHEET AND
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH NOV- 2006**

	<u>AS AT 30TH NOV'06</u>	<u>AS AT 31ST MAR'06</u>
	<u>AMOUNT(Rs)</u>	<u>AMOUNT(Rs)</u>
<u>SCHEDULE- 1</u>		
<u>SHARE CAPITAL</u>		
<u>AUTHORISED</u>		
4000000 EQUITY SHARES OF Rs.10/- EACH	40,000,000.00	40,000,000.00
<u>ISSUED, SUBSCRIBED & PAID UP</u>		
3050000 EQUITY SHARES OF Rs. 10/- EACH, FULLY PAID UP	30,500,000.000	30,500,000.000
	<u>30,500,000.00</u>	<u>30,500,000.00</u>
	FOR ZEE AKAASH NEWS PVT. LTD.	
		(DIRECTOR)
		(DIRECTOR)

<u>SCHEDULE- 5</u>			
<u>MISCELLANEOUS</u>			
<u>EXPENDITURE</u>			
(TO THE EXTENT NOT WRITTEN OF OR ADJUSTED)			
1) PRELIMINARY EXPENSES	317,600.00		397,000.00
<u>LESS :-</u> 1/5 WRITTEN OFF	<u>52,933.00</u>	264,667.00	<u>79,400.00</u> 317,600.00
2) PRE INCORPORATION EXPENSES	7,991,716.19		7,991,716.19
<u>LESS :-</u> 1/5 WRITTEN OFF	<u>1,598,343.00</u>	6,393,373.19	- 7,991,716.19
	<u>6,658,040.19</u>		<u>8,309,316.19</u>

ZEE AKAASH NEWS PVT. LTD. (REGD. OFF:- CONTINENTAL BUILDING, 135, DR. ANNIE BEASANT ROAD, WORLI, MUMBAI-400018) PODDAR COURT, 6TH FLOOR 18, RABINDRA SARANI, KOLKATA - 700 001 SCHEDULE OF FIXED ASSETS FOR THE PERIOD ENDED 30.11.2006											
<u>SCHEDULE</u>											
- 2											
S. NO.	PARTICULARS	G R O S S A M O U N T			D E P R E C I A T I O N			N E T B L O C K			
		AS AT 01.04.06	ADDITION DURING THE YEAR	SALES ADJUST- MENT	AS AT 30.11.06	UP TO 31.03.06	ON SALE FOR THE YEAR	ADJUST- MENT	UP TO 30.11.06	AS AT 30.11.06	AS AT 31.03.06
1	COMPUTER	5,461,163.00	3,039,644.57	-	8,500,807.57	NA	-	892,166.00	892,166.00	7,608,641.57	5,461,163.00
2	PLANT & MACHINERY	15,087,789.06	6,678,778.13	-	21,766,567.19	NA	-	744,714.00	744,714.00	21,021,853.19	15,087,789.06
3	FURNITURE & FIXTURES	13,890,929.77	3,504,149.03	-	17,395,078.80	NA	-	712,415.00	712,415.00	16,682,663.80	13,890,929.77
		34,439,881.83	13,222,571.73	-	47,662,453.56	NA	-	2,349,295.00	2,349,295.00	45,313,158.56	34,439,881.83
	PREVIOUS YEAR	N.A.	34,439,881.83	-	34,439,881.83	N.A.	-	-	-	34,439,881.83	N.A.

FOR : ZEE AKAASH NEWS PVT. LTD.

(DIRECTOR)

(DIRECTOR)

ZEE AKAASH NEWS PVT. LTD.		
(REGD. OFF:- CONTINENTAL BUILDING, 135, DR. ANNIE BEASANT ROAD, WORLI, MUMBAI-400018)		
PODDAR COURT, 6TH FLOOR		
<u>18, RABINDRA SARANI, KOLKATA - 700 001</u>		
	<u>AS ON 30TH NOVEMBER'06</u>	<u>AS ON 31ST MARCH'06</u>
	<u>AMOUNT(Rs)</u>	<u>AMOUNT(Rs)</u>
SCHEDULE- 3		
<u>CURRENT ASSETS, LOANS & ADVANCES</u>		
A) <u>CURRENT ASSETS</u>		
1) INVENTORIES		
Valued at cost or market price whichever is less & as certified by the management)		
CLOSING STOCK OF TAPES / CASSETES	658,704.00	1,935,010.00
2) SUNDRY DEBTORS (Unsecured considered good) DUE FROM MORE THAN SIX MONTHS		
	1,082,852.39	-
OTHERS	9,658,353.60	28,430.30
3) CASH IN HAND (As certified by management)		
	14,577.05	144,780.00
4) BALANCE WITH SCHEDULED BANKS - IN CURRENT ACCOUNT		
	3,632,158.79	1,128,820.11
SUB TOTAL 'A' :-	15,046,645.83	3,237,040.41
B) <u>LOANS & ADVANCES</u>		
1) ADVANCE TO SUPPLIERS		
	460,726.00	2,913,907.60
2) ADVANCE TO STAFFS FOR OFFICE EXP.		
	502,894.61	532,874.91
3) FRINGE BENEFIT TAX		
	357,260.00	15,000.00
4) ADVANCES FOR MACHINERIES/ EQUIPMENTS		
	-	8,392,756.00
5) PREPAID EXPENSES / UNEXPIRED EXPENSES		
	176,960.00	-
6) TAX DEDUCTED AT SOURCE		
	45,124.61	-
SUB TOTAL 'B' :-	1,542,965.22	11,854,538.51
TOTAL ('A' + 'B') :-	16,589,611.05	15,091,578.92
SCHEDULE- 4		
<u>CURRENT LIABILITIES & PROVISIONS</u>		

A) <u>CURRENT LIABILITIES</u>		
SUNDRY CREDITORS	5,218,556.82	15,400,860.58
EXPENSES PAYABLE	1,647,723.68	1,261,196.36
SECURITY RECEIVED	5,200.00	2,000.00
AMOUNT PAYABLE ADVANCES FROM CUSTOMERS	837,179.29	10,729,510.00
	3,649.20	-
SUB TOTAL 'A' :-	7,712,308.99	27,393,566.94
B) <u>PROVISIONS</u>		
FOR AUDIT FEE	22,448.00	11,224.00
FOR CURRENT TAX FOR FRINGE BENEFIT TAX	-	-
	450,604.00	54,995.00
SUB TOTAL 'B' :-	473,052.00	66,219.00
TOTAL ('A' + 'B') :-	8,185,360.99	27,459,785.94

ZEE AKAASH NEWS PVT. LTD.(REGD. OFF:- CONTINENTAL BUILDING, 135, DR. ANNIE BEASANT ROAD, WORLI,
MUMBAI-400018)

PODDAR COURT, 6TH FLOOR

18, RABINDRA SARANI, KOLKATA - 700 001

<i>Period Ended</i>	
<i>On</i>	<i>Year Ended On</i>
<i>30th Nov,</i>	<i>31st Mar, 2006</i>
<i>2006</i>	<i>2006</i>

SCHEDULE-6**S.No. OPERATIONAL COST**

1	COST OF CONSUMPTION / SALES OF TAPES / CASSETES		
	OPENING STOCK	1,935,010.00	-
	ADD: PURCHASES	1,422,700.00	1,936,050.00
		3,357,710.00	1,936,050.00
	LESS :- CLOSING STOCK	658,704.00	1,935,010.00
		2,699,006.00	1,040.00
2	CONSUMABLE STORES	121,349.00	-
3	TRANSPONDER & UPLINKING CHARGES	4,720,660.00	-
4	LICENCE & ROYALTY	630,000.00	-
5	TRANSMISSION COST	23,621.00	-
6	SUBSCRIPTION CHARGES	424,284.00	-

7	V-SAT CHARGES	77,688.85	-
8	PTI	258,570.00	-
9	KU-BAND CHARGES	1,564,825.00	-
10	PROGRAMMING EXPENSES	6,031,158.31	-
11	STRINGER SERVICES	913,408.00	-
12	EQUIPMENT HIRE CHARGES	904,554.00	-
13	PROFESSIONAL CHARGES	849,278.00	-
14	REPAIR & MAINTENANCE (PLANT & MACHINERY)	57,963.00	-
15	TRAVELLING EXPENSES		-
	- FOREIGN TRAVELLING	20,381.50	
	- OTHER	1,047,607.25	
16	VEHICLE HIRE CHARGES	2,672,586.56	-
17	OB-VAN CHARGES	664,869.39	-
18	TRADE LICENCE	4,100.00	-
19	LEASE LINE CHARGES	802,022.00	-
20	FOOD & BEVERAGE EXPENSES	331,421.87	-
21	PURCHASE TAX	4,625.00	-
22	VEHICLE EXPENSES	71,368.00	-
23	OTHER EXPENSES	171,724.00	-
		25,067,070.73	1,040.00
	<u>SCHEDULE - 7</u>		
S.No.	<u>PERSONNEL EXPENSES</u>		
1	SALARIES, ALLOWANCES AND BONUS	12,370,074.50	-
2	CONTRIBUTION TO PROVIDENT FUND AND OTHER FUNDS	484,746.00	-
3	STAFF WELFARE EXPENSES	310,460.15	-
		13,165,280.65	-
	<u>SCHEDULE - 8</u>		
S.No.	<u>OFFICE, ADMINISTRATIVE & GENERAL EXPENSES</u>		
1	RENT	4,511,445.00	-
2	ELECTRICITY EXPENSES	3,331,724.00	-
3	INSURANCE		-

ZEE NEWS LIMITED**INFORMATION MEMORANDUM**

		139,943.00	
4	TELEPHONE & MOBILE EXPENSES	1,115,545.93	-
5	CONVEYANCE & TRAVELLING EXPENSES	280,987.75	-
6	REPAIRS & MAINTENANCE	148,259.38	-
7	BOOKS & PERIODICALS	36,709.50	-
8	POSTAGE, TELEGRAM & COURIER EXPENSES	161,147.52	-
9	PRINTING & STATIONERY	174,863.80	-
10	INTERNET CHARGES	131,154.00	-
11	SECURITY EXPENSES	73,831.84	-
12	BANK CHARGES	1,037.00	-
13	LEGAL EXPENSES	5,900.00	-
14	GENERAL EXPENSES	37,580.00	-
15	FILLING FEES	687.00	-
16	LOADING CHARGES	10,000.00	-
17	INTEREST ON FBT	1,000.00	-
18	HOTEL RENT	484,703.63	-
19	AUDITOR'S REMUNERATION		
	- AUDIT FEES	20,000.00	10,000.00
	- SERVICE TAX	2,448.00	1,224.00
		22,448.00	11,224.00
		10,691,415.35	22,448.00
<u>SCHEDULE - 9</u>			
S.No.	<u>SELLING & DISTRIBUTION</u>		
1	BUSINESS PROMOTION EXPENSES	1,043,504.54	-
2	OTHER SELLING EXPENSES	2,056,526.39	-
		3,100,030.93	-
FOR ZEE AKAASH NEWS PVT. LTD.			
(DIRECTOR)			
(DIRECTOR)			

ZEE AKAASH NEWS PVT. LTD.

(Regd. Off: Continental Building, 135-Dr. Annie Beasant Road, Worly, Mumbai-400018)

Poddar Court, 6th Floor, 18, Rabindra Sarani, Kolkata-700001.

Schedule- 10**Significant Accounting Policies & Notes to Accounts****1. SIGNIFICANT ACCOUNTING POLICIES****A) ACCOUNTING CONCEPTS, CONVENTIONS & SYSTEMS**

The financial statements are prepared on the basic concept of going concern under historical cost convention on Accrual Basis by following the Mercantile System of Accounting. These statements are in accordance with the requirements of Companies Act, 1956 and comply in all material aspects with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.

B) Fixed Assets & Depreciation

-Fixed assets are shown at cost less Accumulated Depreciation.

-Depreciation on fixed assets has been provided at the rates prescribed in schedule XIV to the Companies Act, 1956 by adopting straight line method.

C) Recognition of Revenue & Expenditure

-The company is following mercantile system of accounting for recognizing both revenue & expenditure.

-No personal expense is charged to revenue.

-Cost of news / current affairs / shows & events are fully charged to revenue.

-Sale of news & current affairs are recognized when the risk and rewards are transferred to the customers.

D) Investments

-Long term Investments are stated at cost. Provision for diminution in value of long term investment is made, if the diminution is not temporary in nature.

-Current Investments are valued at lower of Cost or Realisable value. Realisable value means the net value which can be realised in ordinary course of business.

E) Borrowing Cost

No borrowing cost has been incurred by the company.

F) Inventories

Inventories of cassettes / tapes are valued at lower of cost or net realisable value. Cost of consumption of cassettes / tapes is calculated by adopting FIFO (first in first out) method.

G) Foreign Currency Transactions

-Transactions in foreign currency are accounted for at the equivalent rupee value on the date of transaction.

-No assets or liabilities are acquired / incurred in foreign exchange.

-No imports or exports are made by the company.

H) Retirement Benefits

-Contribution to Provident fund and other funds are charged to Profit & Loss account as revenue expenditure.

-Since this is the first year of operation of the company, no liability for Gratuity and leave encashment etc. arises for the period ended on 30th Nov,2006.

I) Taxes on Income

-Provision for current taxes has been made on the basis of tax due on taxable income computed in accordance with the provisions contained in the Income Tax Act-1961.

-Provision for Deferred Tax liability/ creation of deferred tax asset has been considered on the basis of Accounting Standard-22 issued by The Institute of Chartered Accountants of India.

Since the company has incurred losses and the recovery of which is not certain in near future, deferred tax assets has not been created.

J) Leases

The company has not entered into any leasing agreement.

K) Earning Per Share

-Basic earning per share is calculated on the basis of weighted number of shares outstanding during the period.

2) NOTES TO ACCOUNTS**A. ADDITIONAL INFORMATION PURSUANT TO PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956**

	<u>Period ended</u> <u>30.11.2006</u>	<u>Year ended</u> <u>31.03.2006</u>
(i) Managerial Remuneration	NIL	NIL
(ii) <u>Expenditure in Foreign Exchange</u>		
Traveling expenses	20381.50	NIL
(iii) Remittance in Foreign Exchange	NIL	NIL
(iv) Earnings in Foreign Exchange	NIL	NIL
(v) Due to small scale undertaking for more than 30 days	NIL	NIL
(vi) <u>Payment to Auditors</u>		
a) as Audit Fee	20448.00	11224.00
b) for Taxation matters	NIL	NIL
c) in other capacity	NIL	NIL
(vii) Installed Capacity and capacity utilization	N.A.	N.A.
(viii) <u>Quantitative Details of Raw Cassettes / Tapes</u>		
	Qty. in	Qty. in
	No's	Amount(Rs.)
	Amount(Rs.)	No's
	Amount(Rs.)	Amount(Rs.)
(a) Opening Stock	6201	19,35,010.00
	N.A.	N.A.
(b) Purchases	8685	14,22,700.00
	6301	19,36,050.00
(c) Sales	NIL	NIL
	100	1,040.00

(d) Consumption	10705	26,99,006.00	NIL	NIL
(e) Closing Stock	4181	6,58,704.00	6201	19,35,010.00

(ix) Consumption of Raw Cassettes / Tapes

Imported	NIL	NIL	NIL	NIL
Indigenous	10705	26,99,006.00	NIL	NIL
	(100%)			

(x) C.I.F. Value of Imports NIL NIL

(xi) F.O.B. Value of Exports NIL NIL

B) Capital Contracts

Estimated value of contracts remaining to be executed in capital account NIL NIL

C) Contingent Liabilities not provided for NIL NIL

D) Deferred Expenditure

Preliminary expenses and pre-operative expenses are amortized in five equal installments over a period of five years.

E) Party balances are subject to confirmation and reconciliation if any.

F) Figures for previous year have been re-grouped or rearranged wherever so required.

G) RELATED PARTY TRANSACTIONSa. List of Parties where control existsi. Holding Company
M/s Zee News Ltd.ii. Other Related Parties with whom transactions have taken place
M/s Sky B (Bangla) Pvt. Ltd.

b. Transactions 30.11.2006 31.03.2006

i. with Holding companyM/s Zee News Ltd.

a) Share Application Money Received	34,500,000.00	NIL
b) Value of Equity Shares allotted	NIL	18,299,820.00

ii. with other related partiesM/s Sky B (Bangla) Pvt. Ltd.

a) Share Application Money Received	35,800,000.00	NIL
b) Value of Equity Shares allotted	NIL	12,199,880.00

c. Closing Balancesi. Of Holding companyM/s Zee News Ltd.

1. Credit Balance on account of share application money	34,500,000.00	NIL
2. Credit Balance on account of amount payable towards re-imburement of expenses paid on behalf of the company	254,176.00	NIL

ZEE NEWS LIMITED**INFORMATION MEMORANDUM**

3. Debit Balance on account of amount paid for making payment as advance to machinery / equipment suppliers	NIL	8,392,756.00
4. Value of Equity Shares held in share capital of the company	18,299,820.00 (60%)	18,299,820.00 (60%)
ii. Of other Related Parties		
M/s Sky B (Bangla) Pvt. Ltd.		
Credit Balance on account of share application money	35,800,000.00	NIL
Credit Balance on account of amount payable towards re-imburement of expenses paid on behalf of the company / other advances received	583,003.29	10,729,510.00
Value of Equity Shares held in share capital of the company	12,199,880.00 (40%)	12,199,880.00 (40%)

H) Segment Reporting

Since the company is engaged in single business and in India only, the disclosure requirement relating to primarily and secondary segment as per Accounting Standard – 17 is not applicable to the company.

I) Earning Per Share

S.No.	Particulars	30.11.2006	31.03.2006
1	Profit / (loss) after tax	(40,305,542.19)	(119,009.00)
2	Weighted average number of equity shares of Rs.10/- each (No's)	3,050,000	3,050,000
3	Basic E.P.S. for equity shares of Rs. 10/- each	(13.21)	(0.39)

J) Schedules are related to and form an integral part of the accounts.

FOR : **ZEE AKAASH NEWS (P) LTD.**

(**DIRECTOR**)

(**DIRECTOR**)

PLACE : **DELHI**

DATE : **January 3, 2007**

Stock Market Data for Equity Shares of the Company

Equity Shares of the Company are not listed on any Stock Exchanges. The Company is seeking approval for listing of its shares through this Information Memorandum on BSE, NSE and CSE.

Previous Issues of Promoters

There has been no issue of capital by any of the Promoter Companies during last 3 financial years.

Particulars Regarding Listed Companies under the Same Management which have made Capital Issues during the Last Three Years

There are no issues made by such Companies in the last three years.

XI. FINANCIAL STATEMENTS

On Demerger assets & liabilities relating to News Business has been transferred to the Company. Audited Accounts of the Company as on 31.03.06 is given below

AUDITORS' REPORT

To,
The Members
Zee News Limited

1. We have audited the attached Balance Sheet of Zee News Limited as at 31st March 2006 and also the Profit and Loss Account and the Cash Flow Statement 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 ('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. Reference is drawn to Note 2 in Schedule 18 regarding the Scheme of Arrangement sanctioned by the High Court of Judicature at Bombay on 17th November 2006 pursuant to which transfer of net assets to the company, cancellation of liabilities and reorganization of the share capital are given effect in these financial statements
5. 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 and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report complies with the accounting standards referred to in Section 211(3C) of the Act;

- e) On the basis of written representations received from the directors as on 31st March, 2006 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2006 from being appointed as a director in terms of clause (g) of sub section (1) of the Section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and other notes to accounts as per Schedule 18, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2006;
 - ii) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

L. K. Shrishrimal
Membership No. 72664
Partner
For **MGB & Co**
Chartered Accountants

New Delhi, 28th November, 2006

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT TO THE MEMBERS OF ZEE NEWS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2006.

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) The Company has formulated a phased program of physical verification which in our opinion is reasonable having regard to the size of the Company and nature of its fixed assets. Accordingly physical verification of fixed assets has been carried out at the end of the year and no discrepancy was noticed on such verification.
- (c) The Company has not disposed off substantial part of the fixed assets during the year.

- (ii) (a) The inventory has been physically verified (*except received as per the Scheme*) by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of records, in our opinion, the Company is maintaining proper records of inventory. No discrepancy has been noticed on physical verification between the physical stocks and the book records.

- (iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Consequently, the requirements of clause (iii.b), (iii.c) and (iii.d) of the Order are not applicable to the Company.
- (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. Consequently, the requirements of clause (iii.f) and (iii.g) of paragraph 4 of the Order are not applicable to the Company.

- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that certain items are of special nature for which comparables are not available, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for sales of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in Internal Control system.

- (v) According to the information and explanations given to us, there were no contracts or arrangements that need to be entered into register in pursuance of Section 301 of the Act.

- (vi) The Company has not accepted deposits from the public within the meaning of Section 58A and 58AA or any other relevant provisions of the Act and the rules framed there under. We are informed that no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We are informed that the Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Act in respect of the company's product.
- (ix) (a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, service tax, wealth tax, custom duty, excise duty, cess and other statutory dues, wherever applicable, with appropriate authorities *except delay in few cases*. According to the information and explanation given to us there is no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty and Cess outstanding as at 31st March, 2006 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company there is no dues in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty, Service Tax, Excise Duty and Cess which have not been deposited on account of any dispute.
- (x) The Company has neither accumulated losses exceeding fifty percent of its net worth as at 31st March 2006 nor has incurred cash losses during the year. *However, the Company has incurred cash losses during the immediately preceding financial year.*
- (xi) In our opinion, the Company has not defaulted in payment of dues to Banks.
- (xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a Chit Fund, Nidhi or Mutual Benefit Fund/Societies. Therefore, the provisions of the clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.

- (xv) In our opinion and according to the information and explanations given to us, the company has not provided any guarantees for loans taken by others from banks and financial institutions.
- (xvi) In our opinion, the term loan raised during the year has been applied for the purpose for which it is raised.
- (xvii) On the basis of review of utilization of fund which is based on an overall examination of the Balance Sheet of the Company and related information as made available to us, we report that no funds raised on short term basis have been used for long term investments.
- (xviii) 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 during the year.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised money by way of public issue during the year.
- (xxi) On the basis of our examination and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

L. K. Shrishrimal
Membership No. 72664
Partner
For **MGB & Co**
Chartered Accountants

New Delhi, 28th November, 2006

ZEE NEWS LIMITED**Balance Sheet as at 31st March,****(Amount in Rs.)**

	Schedule	2006	2,005
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	418,000,092	10,000,700
Reserve and Surplus	2	1,421,124,446	-
		1,839,124,538	10,000,700
SHARE APPLICATION MONEY	3	-	8,500,000
LOAN FUNDS			
Secured Loans	4	533,034,108	-
Unsecured Loans	5	18,069,096	70,069,096
		551,103,204	70,069,096
TOTAL		2,390,227,742	88,569,796
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block (at cost)	6	513,689,348	24,245
Less: Depreciation Up-to-date		(28,295,009)	(3,453)
Net Block		485,394,339	20,792
Capital Work-in-progress		48,604,678	-
		533,999,017	20,792
INVESTMENTS	7	18,299,820	-
DEFERRED TAX BALANCES (Refer Note 5)		63,381,156	-
CURRENT ASSETS, LOANS AND ADVANCES	8		-
Inventories		193,927,840	55,877
Sundry Debtors		748,916,153	9,887,232
Cash and Bank Balances		10,264,695	874,662
Loans and Advances		1,380,042,446	616,129
		2,333,151,134	11,433,900
CURRENT LIABILITIES AND PROVISIONS	9		
Current Liabilities		628,724,706	5,335,727
Provisions		26,936,686	378,404
		655,661,392	5,714,131
NET CURRENT ASSETS		1,677,489,742	5,719,769
PROFIT AND LOSS ACCOUNT	10	97,058,007	82,829,235
TOTAL		2,390,227,742	88,569,796

Significant Accounting Policies & Notes to Accounts
As per our attached Report of even date.

18

For and on behalf of the Board

L K Shrishrimal

Membership 72664

Partner

For and on behalf of

MGB & Co.

Chartered Accountants

Place: Delhi**Date: November 28th, 2006**

Director

Director

ZEE NEWS LIMITED**Profit and Loss Account for the year ended 31st March,****(Amount in Rs.)**

	Schedule	2006	2005
INCOME			
Sale and Services	11	358,651,574	11,712,378
Other Income	12	3,614,943	31,020
TOTAL		362,266,517	11,743,398
EXPENDITURE			
Operational Cost	13	112,388,615	4,080,189
Personnel Cost	14	95,493,441	5,376,188
Administrative and Other Expenses	15	71,246,898	2,662,053
Selling and Distribution Expenses	16	31,600,084	-
TOTAL		310,729,038	12,118,430
OPERATING PROFIT / (LOSS)		51,537,479	(375,032)
Financial Expenses	17	12,653,872	110
Depreciation / Amortisation		14,943,978	3,453
PROFIT / (LOSS) BEFORE TAX		23,939,629	(378,595)
Less : Provision for Taxation			
- Current Tax (Including Wealth Tax)		1,888,981	-
- Deferred Tax (Refer Note 5)		1,279,286	-
- Fringe Benefit Tax		2,608,733	-
PROFIT / (LOSS) AFTER TAX		18,162,629	(378,595)
Balance brought forward		(82,829,235)	(82,450,640)
Balance carried to Balance Sheet	TOTAL	(64,666,606)	(82,829,235)
Basic Earning per Share (Refer Note 11)			
Calculated on face value of Rs. 1 each:		0.18	(0.04)
Calculated on face value of Rs. 10 each:		1.77	(0.38)
Significant Accounting Policies & Notes to Accounts	18		
As per our attached Report of even date.			For and on behalf of the Board

L K Shrishrimal
 Membership No 72664
 Partner
 For and on behalf of
MGB & Co.
 Chartered Accountants

Director

Director

Place: Delhi

Date: November 28th, 2006

ZEE NEWS LIMITED**Schedules to the Balance sheet as at 31st March,**

	(Amount in Rs.)	
	2006	2005
SCHEDULE 1 : SHARE CAPITAL		
AUTHORISED (Refer Note 2)		
20,000,000 (2,000,000) Equity Shares of Rs.10/- each	200,000,000	20,000,000
	<u>200,000,000</u>	<u>20,000,000</u>
ISSUED, SUBSCRIBED & PAID UP (Refer Note 2.3)		
19,850,000 (1,000,070) Equity shares of Rs. 10/- each fully paid up.	198,500,000	10,000,700
[Previous year -all held by Churu Trading Co (P) Ltd.]		
Less: Cancellation of 6,574,920 Equity share of Rs.10/-each fully paid up	65,749,200	-
	<u>132,750,800</u>	<u>10,000,700</u>
Share Capital Suspense	285,249,292	-
	TOTAL	10,000,700
	<u>418,000,092</u>	<u>10,000,700</u>
SCHEDULE 2 : RESERVE AND SURPLUS		
Capital Reserve		
Adjustment Pursuant to the Scheme (Refer Note 2.2)	1,344,624,446	-
Securities Premium Account:		
Received during the year	76,500,000	-
	<u>1,421,124,446</u>	<u>-</u>
	TOTAL	-
	<u>1,421,124,446</u>	<u>-</u>
SCHEDULE 3 : SHARE APPLICATION MONEY		
Received from Erstwhile holding company.	-	8,500,000
	<u>-</u>	<u>8,500,000</u>
	TOTAL	8,500,000
	<u>-</u>	<u>8,500,000</u>
SCHEDULE 4 : SECURED LOANS (Refer Note 2.1)		
Vehicle Loan:	3,215,509	-
(Secured against hypothecation of vehicles. Payable within a year Rs 1,016,585)		
All the below mentioned are transferred under the Scheme of Arrangement (Refer Note 2). The security details mentioned are provided by Zee Telefilms Ltd (ZTL) and continued to be secured by assets of ZTL in addition to the assets transferred. The loans are yet to be reorganised by the banks in favour of the company.		
(i) Working Capital Finance from Banks :	87,713,917	-
(Secured by hypothecation of stocks (other than Program & Film Rights), Book debts (other than advertisement debtors and subscription receivables) and other current assets, all ranking pari passu with other financing banks.		
(ii)Term Loan from Bank :		

ZEE NEWS LIMITED**INFORMATION MEMORANDUM**

	433,337,255	-
(Secured by hypothecation by way of first charge of all subscription receivables, present and future. (Due within a year Rs. 400,000,000)		
(iii) Vehicle Loan:	7,889,612	-
(Secured against hypothecation of vehicles. Payable within a year Rs 3,510,848)		
Hire purchase /Lease finance secured against hypothecation of vehicles.(Payable with in one year Rs.877,815)	877,815	-
	<hr/>	<hr/>
TOTAL	533,034,108	-

ZEE NEWS LIMITED**Schedules to the Balance sheet as at 31st March,****(Amount in Rs.)**

	2006	2005
SCHEDULE 5 : UNSECURED LOANS		
- From Corporates	18,069,096	70,069,096
	<hr/>	<hr/>
TOTAL	18,069,096	70,069,096
SCHEDULE 7 : INVESTMENTS		
(Long Term - At cost)		
Unquoted-Trade		
In Subsidiary -		
1,829,982 Equity shares of Rs.10/- each fully paid up of Zee Aakash News Pvt. Ltd.	18,299,820	-
(extent of holding 60 %)		
	<hr/>	<hr/>
TOTAL	18,299,820	-
SCHEDULE 8 : CURRENT ASSETS, LOANS AND ADVANCES		
(Refer Note 2.1)		
A. CURRENT ASSETS		
(a) Inventories		
(as taken, valued and certified by the Management)		
Programs / Film Rights (Refer Note 3)	191,374,164	-
Tapes	2,553,676	55,877
	<hr/>	<hr/>
	193,927,840	55,877
(b) Sundry Debtors		
(Unsecured, Considered Good)		
Outstanding for more than six months	188,429,889	-
Other Debts	560,486,264	9,887,232
	<hr/>	<hr/>
	748,916,153	9,887,232
(c) Cash and Bank Balances		
Cash in hand	819,485	73,234
Balances with Banks in Current Accounts		

ZEE NEWS LIMITED**INFORMATION MEMORANDUM**

	9,106,322	801,428
Balances with Banks in Fixed Deposit (Pledged with Sales Tax Department)	55,000	-
Cheque in hand /transit	283,888	-
	10,264,695	874,662
B. LOANS AND ADVANCES (Unsecured, Considered Good unless otherwise stated)		
Loans -Inter corporate deposit	1,252,390,548	-
Advances Recoverable in cash or in kind or for value to be received	92,834,036	616,129
Deposits	34,817,862	-
	1,380,042,446	616,129
TOTAL	2,333,151,134	11,433,900

ZEE NEWS LIMITED
Schedules to the Balance sheet as at 31st
March,

	(Amount in Rs.)	
	2006	2005
SCHEDULE 9 : CURRENT LIABILITIES AND PROVISIONS (Refer Note 2)		
A. Current Liabilities [Refer Note 2.1&7.4]		
Sundry Creditors:		
For Goods including Capital Assets/Program	167,034,163	145,130
For Expense and Other Liabilities (Refer note 7.2 & 7.3)	448,221,254	5,190,597
Interest Accrued but not due	104,430	-
Trade Advances / Deposites Received	13,364,859	-
	628,724,706	5,335,727
B. Provisions		
Taxation	4,497,714	-
Retirement Benefits	22,438,972	378,404
	26,936,686	378,404
TOTAL	655,661,392	5,714,131
SCHEDULE 10: PROFIT & LOSS ACCOUNT (Refer Note 2.4)		
Balance as per Profit & Loss Account	64,666,606	82,829,235
Add: Adjustment pursuant to the Scheme	32,391,401	-
TOTAL	97,058,007	82,829,235

ZEE NEWS LIMITED**Schedules to Profit and Loss Account for the year ended 31st March,****(Amount in Rs.)**

	2006	2005
SCHEDULE 11 : SALES AND SERVICES		
Revenue from Channel Operations	346,884,179	11,712,378
Sales- News and current affairs	11,767,395	-
TOTAL	<u>358,651,574</u>	<u>11,712,378</u>
SCHEDULE 12 : OTHER INCOME		
Interest (Gross) (TDS Rs. 6,91,644)	3,082,967	-
Balances Written Back	105,085	-
Miscellaneous Income	426,891	31,020
TOTAL	<u>3,614,943</u>	<u>31,020</u>
SCHEDULE 13 : OPERATIONAL COST		
Transponder Rent	15,258,125	-
Up-linking and V-sat	15,573,644	-
Consultancy and Professional Fee	21,386,061	808,066
Programme Software	12,301,310	-
Hire Charges	9,818,211	1,184,248
Tapes	4,547,217	843,477
Subscription and News services	6,973,518	329,982
Other Production exp.	20,790,528	884,229
Vehicle Hire Charges	4,943,244	30,187
Traveling	4,378,074	-
	115,969,932	4,080,189
LESS: CLOSING STOCK		
(Includes Under Production Rs.3,581,317)	3,581,317	-
TOTAL	<u>112,388,615</u>	<u>4,080,189</u>
SCHEDULE 14 : PERSONNEL COST		
Salaries, Allowances and Bonus	83,029,782	4,565,281
Contribution to Provident Fund and Other Funds	5,106,613	289,823
Staff Welfare Expenses	7,357,046	521,084
TOTAL	<u>95,493,441</u>	<u>5,376,188</u>

ZEE NEWS LIMITED**Schedules to Profit and Loss Account for the year ended 31st March,****(Amount in Rs.)**

	2006	2005
SCHEDULE 15 : ADMINISTRATIVE AND OTHER EXPENSES		
Rent	8,401,464	210,000
Rates and Taxes	314,664	18,000
Repairs and Maintenance -Building	508,378	-
- Plant & Machinery	2,207,647	17,850
- Others	1,260,210	37,700
Insurance	459,956	15,849
Electricity Expenses	6,497,584	483,901
Communication Expenses	8,912,360	293,904
Printing and Stationary	1,297,682	66,060
Miscellaneous Expenses (Refer Note 7.9)	23,858,080	1,092,986
Hire and Service Charges	6,277,008	-
Conveyance and Travelling Expenses	2,159,933	312,513
Vehicle Expenses	6,998,912	-
Legal, Professional and Consultancy Charges	490,751	113,290
Loss on sale of Fixed Assets	1,245,504	-
Advances Written Off	356,765	-
TOTAL	<u>71,246,898</u>	<u>2,662,053</u>
SCHEDULE 16 : SELLING AND DISTRIBUTION EXPENSES		
Advertisement and Publicity	20,530,508	-
Business Promotion Expenses	11,069,576	-
TOTAL	<u>31,600,084</u>	<u>-</u>
SCHEDULE 17 : FINANCIAL EXPENSES		
Interest		
Fixed Loans	9,829,423	-
Others	2,773,973	-
Discounting and Financing Expenses	50,476	110
TOTAL	<u>12,653,872</u>	<u>110</u>

ZEE NEWS LIMITED

INFORMATION MEMORANDUM

ZEE NEWS LIMITED

SCHEDULE 6 :- FIXED ASSETS

Schedule to the Balance sheet as at 31st March 2006

DESCRIPTION OF ASSETS	GROSS BLOCK					DEPRECIATION BLOCK					NET BLOCK	
	AS AT 31.03.05	ADDITIONS	ACQUIRED AS PER SCHEME *	DEDUCTIONS	AS AT 31.03.06	AS AT 31.03.05	FOR THE YEAR	ACQUIRED AS PER SCHEME *	DEDUCTIONS	UPTO 31.03.06	AS AT 31.03.06	AS AT 31.03.05
<u>Tangible Assets</u>												
Plant & Machinery	-	365499271	66,944,735	398,993	432,045,013	-	12,890,418	5,794,840	10,790	18,674,468	413,370,545	-
Equipments	3,245	20389850	18,225,584	-	38,618,679	3,245	1,082,854	4,652,255	-	5,738,354	32,880,325	-
Furniture & Fixture	21,000	2,353,989	10,197,781	-	12,572,770	208	132,887	1,219,399	-	1,352,494	11,220,276	20,792
Vehicles	-	18,013,625	7,314,705	1,690,743	23,637,587	-	774,863	641,739	14,442	1,402,160	22,235,427	-
Leasehold Improvements	-	1,699,808	2,335,379	-	4,035,187	-	62,956	178,441	-	241,397	3,793,790	-
TOTAL	24,245	407,956,543	105,018,184	2,089,736	510,909,236	3,453	14,943,978	12,486,674	25,232	27,408,873	483,500,363	20,792
<u>Intangible Assets</u>												
Softwares	-	-	2,780,112	-	2,780,112	-	-	886,136	-	886,136	1,893,976	-
TOTAL	-	-	2,780,112	-	2,780,112	-	-	886,136	-	886,136	1,893,976	-
GRAND TOTAL	24,245	407,956,543	107,798,296	2,089,736	513,689,348	3,453	14,943,978	13,372,810	25,232	28,295,009	485,394,339	20,792
PREVIOUS YEAR	-	24,245	-	-	24,245	-	3,453	-	-	3,453	20,792	-

Note :

1) Includes fixed assets taken on finance lease Rs.4,853,026 (Rs. Nil) and accumulated depreciation Rs.217,946 (Rs.Nil)

2) * Represents fixed assets received as per the Scheme of Arrangement (Refer Note 2)

ZEE NEWS LIMITED**SCHEDULE 18: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****A. SIGNIFICANT ACCOUNTING POLICIES****1. Accounting Convention**

- a) The financial statements are prepared on historical cost convention and in accordance with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
- b) The Company generally follows the mercantile system of accounting and recognizes income and expenditure on accrual basis except those with significant uncertainties.

2. Fixed Assets

- a) Fixed Assets are stated at cost less depreciation. Cost includes capital cost, freight, installation cost, duties and taxes, finance charges and other incidental expenses incurred during the pre-operation period attributable to bringing the asset to working condition for its intended use.
- b) All capital costs and incidental expenditure during the pre operational period are shown as capital work in progress.
- c) Software is capitalized as an intangible asset on meeting recognition criteria.

3. Borrowing Costs

Borrowing Costs attributable to the acquisition or construction of qualifying assets are capitalized as a part of the cost of such assets. All other borrowing costs are charged to revenue.

4. Depreciation/Amortization

- a) Depreciation on fixed assets is provided on Straight-Line Method at the rate specified in Schedule XIV of the Companies Act, 1956.
- b) Leasehold Improvements are amortized over the period of Lease.
- c) Software is amortized over a period of 36 months from the date put to use.

5. Investments

Long-term investments are stated at cost. Provision for diminution in value of long-term investment is made, if the diminution is other than temporary.

6. Programs/Film Rights and Inventories

- a) Program / Film Rights.

Program / Film rights are stated at the net cost (cost less amortization / impairment) or realizable value. Where the realizable value on the basis of its useful economic life is less than its carrying amount, the difference is expensed as impairment loss.

- i. Cost of news / current affairs / chat shows / events etc are fully expensed.
 - ii. Programs [other than (i) above] are amortized over three years from the year of telecast.
 - iii. Film rights are amortized on a straight-line basis over the license period or 60 months from the date of purchase whichever is shorter.
- b) Inventories of Tapes are valued at lower of cost or estimated net realizable value. Cost is taken on First-In-First Out (FIFO) basis

7. Retirement Benefits

- a) Contributions to Provident Fund and other recognized funds are charged to the Profit and Loss Account.
- b) Liability for Gratuity and Leave Encashment is provided on the basis of actuarial valuation at the year end.

8. Transactions in Foreign Currencies

- a) Transactions in Foreign currency are accounted at the equivalent rupee value on the date of transaction.
- b) Monetary assets and liabilities are translated at the rates of exchange prevailing on the date of Balance Sheet. Gains and losses arising on account of settlement/translation of monetary assets and liabilities are recognized in the Profit and Loss Account.

9. Revenue Recognition

- a) Revenue from Channel Operation is recognized when the related activity is completed. .
- b) Sale of News & current affairs are recognized when the risk and rewards is transferred to the customers.

10. Taxes on Income

- a) Current tax is determined as the amount of tax payable in respect of taxable income for the year under the Income Tax Act, 1961.
- b) Deferred tax is recognized, subject to consideration of prudence, 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.

11. Leases**a) Operating Lease**

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

b) Finance Lease

Assets acquired under Finance Lease are capitalized 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 incurred in connection with the specific leasing activities directly attributable to activities performed by the Company are included as part of the amount recognized as an asset under the lease.

12. Impairment of assets

If the carrying amount of fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured at the higher of the net selling price and value in use determined by the present value of estimated cash flows.

13. Earnings Per Share

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

B. NOTES TO ACCOUNTS

1. The News Business consisting of production, gathering, editing & uplinking of News and current affairs of Zee Telefilms Ltd. having net assets value of Rs.392281704 has been transferred to the company on 'as is where is basis' on 30th September 2005 at book value as at 31st March 2005.

2. The Scheme of Arrangement :

The Scheme of Arrangement (the Scheme) under Section 391 to 394 read with Section 78, 100 to 103 of the Companies Act, 1956 between Zee Telefilms Limited (ZTL) and Zee News Limited (the company) and Siti Cable Network Limited (SCNL) and Wire & Wireless (India) Limited (WWIL) and their respective shareholders is sanctioned by the honorable High Court of Judicature at Bombay vide Order dated 17th November, 2006 and copy of the Order has been filed with the Registrar of Companies, Mumbai, Maharashtra on 22nd November, 2006. Pursuant to the Scheme, the News and Regional Channel business (referred to as the News Business Undertaking) of ZTL has been transferred to and vested with the company on appointed date i.e. 31st March, 2006 on a going concern basis. This Scheme has been given effect to in these financial statements.

2.1 Pursuant to the Scheme, the News and Regional Channel business (referred to as the News Business Undertaking) of ZTL with following assets & liabilities are transferred and vested in the company on appointed date i.e. 31st March, 2006 on a going concern basis.

Particulars	Total
Gross Block of Fixed Assets	107798296
Less: Depreciation	13372809
Net Block of fixed assets	94425487
Capital Work in Progress	64660442
Current Assets, Loans and Advances	1064757016
Total – (A)	1223842945
Loan Funds	529818599

Current Liabilities and Provisions	506915655
Total –(B)	1036734254
Net Balance (A) –(B)	187108691

2.2 Pursuant to the Scheme, the inter corporate deposit Rs.125000000 and creditors of Rs. 94624446 due to Zee Telefilms Ltd have been cancelled and adjusted in Capital Reserve.

2.3 Re-organization of Share Capital

2.3.1 The share capital has been sub-divided as approved by the members in their meeting held on 25th July 2006 (after Balance Sheet date) by splitting 19850000 equity share of Rs 10 each into 198500000 equity share of Re. 1 each.

2.3.2 Pursuant to Scheme following are given effect considering the shareholding pattern of ZTL as on 28th November 2006.

- 579188665 Equity shares of Re. 1 each fully paid to be issued in the ratio of 137 equity shares of Re. 1 each fully paid up of the company for every 100 equity shares of Rs. 1 each fully paid up of ZTL.
- 67% of the above shares to be reduced by cancellation resulting in final issue of 191132260 equity shares of Re 1 each fully paid up.
- 183060068 7.25% Non-Cumulative Redeemable Preference Shares of Re. 1 each fully paid to be issued to FIIs in the ratio of 1781 Preference shares of Re.1 each fully paid up for every 100 equity shares of Re. 1 each fully paid up of ZTL. These Preference Shares are redeemable at the end of 2 years from the date of allotment with a call option to redeem at any time after the end of 1 year from the date of allotment.
- The equity Share Capital of the Company of Rs. 65749200 held by ZTL is cancelled and balance capital of Rs 132750800 will be reduced by 67% to Rs. 43807764.
- Pending actual action the difference on allotment, cancellation, reduction and issue of Share Capital as above has been taken to the "Share Capital Suspense " in Schedule 1 to these financial statements.
- Actual allotment, cancellation and reduction of share capital may vary based on the shareholding pattern of ZTL on the record date.

2.3.3 The Stamp duty and other expenses relating to issue and re-organizing of share capital will be accounted when incurred and determined.

2.4 As per Scheme Para 6.1.3 the difference between the value of the net assets of the News Business Undertaking of ZTL transferred to ZNL as adjusted against the face value of equity and preference shares issued and the face value of the equity shares of ZNL cancelled amounting to Rs. 32391401 has been adjusted to the balance of the Profit and Loss Account.

3. Program / film rights etc. for broadcasting are considered as intangible assets as per Accounting Standard (AS) – 26 “Intangible Assets” but shown under current assets as are realizable in the ordinary course of business.

4. Leases

4.1 Additional Information on assets taken on lease:

Minimum lease payment as at

Particulars	31.03.06 Amount (Rs.)	31.03.05 Amount (Rs.)
Not later than one year	906024	--
Later than one year and not later than five years	--	--
Total	906024	--
Less: Amount representing Interest	28209	--
Present Value of Minimum Lease Payments	877815	--
Less: Amount due not later than one year	877815	--
Amount due later than one year and not later than five years	--	--

4.2 In respect of assets taken on operating lease during the year:

The Company's significant leasing arrangements are in respect of operating leases taken for offices premises and equipments. These leases are cancelable/non-cancelable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of the lease generally is for 1 to 60 months.

Particulars	31.03.06 Amount (Rs.)	31.03.05 Amount (Rs.)
Lease Rental charges for the year	32823498	1394248
Future Lease Rental obligation payable (under non-cancellable leases)		
Not later than one year	46017399	504000
Later than one year but not later than five years	131221351	798000

5. Deferred Tax

5.1 In accordance with the Accounting Standard 22 on “Accounting for Taxes on Income” the company has reassessed previously unrecognized deferred tax assets and has recognized the same based on certainty of sufficient future taxable income against which such deferred tax assets can be realized.

5.2 The components of deferred tax balances as at:

Particulars	31.03.06 Amount (Rs.)	31.03.05 Amount (Rs.)
Deferred Tax Assets		
Disallowance under the Income Tax Act, 1961	84637070	-
Minimum Alternative Tax	1788981	-
Unabsorbed Depreciation & Business Losses	1769402	-
Total	88195453	-

Deferred Tax Liabilities		
Depreciation	24814297	-
Total	24814297	-
Deferred Tax Balances (Net)	63381156	-

6. **Auditors Remuneration (included in Miscellaneous Expenses)**

Particulars	31.03.06 Amount (Rs.)	31.03.05 Amount (Rs.)
Audit Fees	200000	33060
Tax Audit Fees	25000	11020
Certification and tax representation	16725	900

7. **Other Disclosures & Information:**

7.1 Previous years' figures are regrouped, rearranged or recast wherever considered necessary. Figures in brackets pertain to previous year. Current year's balance sheet figures are not comparable due to the assignment of business (Refer Note 1) and demerger of business to the company as per the Scheme of Arrangement (Refer Note 2).

7.2 Sundry Creditors for Expenses and other Liabilities include cheques overdrawn of Rs. 18292488 (Rs. Nil).

7.3 Sundry Creditors for Expenses and Other Liabilities include Rs. 8392756 due to the subsidiary.

7.4 **Small Scale Industry Undertakings:**

The total amount due to Small Scale Industrial Undertakings as at March 31, 2006 is Rs.393128 (Rs. Nil). Rs.392652 (Rs. Nil) outstanding for more than 30 days as at March 31, 2006, is due to M/s Nector Prints Pvt. Ltd., Balaji Arts, Jeeva Prints. The above information regarding small scale industrial undertakings have been determined to the extent such parties have been identified on the basis of information available with the Company.

7.5 Foreign Exchange loss (net) Rs. 97813 (Rs. Nil) resulting from settlement and realignment of foreign exchange transactions has been adjusted in respective heads in the Profit and Loss Account.

7.6 Contingent Liabilities not provided for Legal cases filed against the company- liability is unascertained.

7.7 The company is in the process of appointing Managing/Whole Time Director and Company Secretary as provided in Section 269(1) and 383A of the Companies Act, 1956 respectively.

7.8 The company has entered into an agreement with Zee Telefilms Ltd (ZTL) pursuant to which revenue received has been shown as revenue from channel operations.

7.9 Miscellaneous expenses include provision for Rs. 20957416 being stamp duty payable on transfer of business to the Company pursuant to the Scheme.

7.10 Debit and Credit Balances are subject to confirmation and reconciliation (if any).

8. Additional Information

Other Additional Information required to be given pursuant to Part II of Schedule VI to the Companies Act, 1956, are as under:

8.1 The Company is in the business of producing television programs and is not subject to any license hence licensed capacity is not given. Further the nature of business of the company is such that the installed capacity is not quantifiable.

8.2 Quantitative Information

The details of opening stock, acquisitions / productions, sales and closing stock are as under:

Particulars	31.03.06 Amount Rs.)	31.03.05 Amount (Rs.)
Opening Stock		
Programs/ Film Rights	--	--
Acquisitions / Productions		
Programs/ Film Rights	112388615	4080189
Sales & Services		
Programs/ Film Rights	11767395	--
Closing Stock		
Programs/ Film Rights [Excludes Programs/ Film Rights valuing Rs. 187792847 transferred as per the Scheme of Arrangement (Refer note 2)]	--	--

8.3 Consumption of Raw Tapes/ Cassettes (included in Program/Film Rights)

Particulars	31.03.06		31.03.05	
	(Nos.)	Amount (Rs.)	(Nos.)	Amount (Rs.)
Raw Cassettes / Tapes	18916	4547217	4344	843477
Total	18916	4547217	4344	843477

8.4 Value of Imported and Indigenous Raw Tapes/ Cassettes consumed:

Particulars	31.03.06		31.03.05	
	%	Amount (Rs.)	Percentage	Amount (Rs.)
Indigenous	100.00 %	4547217	100.00 %	843477
Total	100.00%	4547217	100.00%	843477

8.5 Other Information

Particulars	31.03.06 Amount (Rs.)	31.03.05 Amount (Rs.)
Earning in Foreign Exchange		
FOB Value of Exports	11767395	-
Expenditure in Foreign Currency		
Traveling Expenses	1086139	42888
Programming Expenses	4008483	-
Transponder Rent	15170625	-
CIF Value of Imports		
Raw Stock	246836	-

9. Capital Commitments

Estimated amount of contracts remaining to be executed on Capital account, not provided for (net of advances) is Rs. 69652996 (Rs. Nil)

10. Related Party transactions

(i) List of Parties where control exists

a) Holding Companies

Churu Trading Co. Pvt. Ltd (Up to 12.09.2005)
Jayneer Capital Pvt. Ltd (From 13.09.2005 to 27.09.2005)

b) Subsidiary Companies

Zee Aakash News Pvt. Ltd. (extent of holding 60%)

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

Zee Telefilms Ltd., Jayneer Capital Pvt. Ltd, New Era Entertainment Network Ltd.

Directors/ Key Management Personnel

Mr. Gaurav Goel, Mr. Gagan Goel & Mr. V.K.Gupta

(iii) Transactions with Related Parties:

Particulars	31.03.06 Amount (Rs.)	31.03.05 Amount (Rs.)
(A) Transactions:		
With Holding Company:		
Share Application Money Received - Churu Trading Co. Pvt. Ltd.	-	8500000
Value of Equity Shares allotted - Jayneer Capital Pvt. Ltd.	60000000	-
With Subsidiary Company - Jayneer Capital Pvt. Ltd.:		
Investments made in equity share capital	18299820	-
Loans and Advances Received	17000000	-
Loans and Advances Repaid	8607244	-
With Other Related Parties:		

Sales, Services & Recoveries net of taxes - Zee Telefilms Ltd.	346884179	11712378
Purchase of Programs, Goods & Services - Zee Telefilms Ltd.	5649000	888248
Interest Paid - Zee Telefilms Ltd.	12603396	-
Rent Paid - Zee Telefilms Ltd.	840000	210000
Loans, Advances & Deposits Given		
Zee Telefilms Ltd.	-	1959873
New Era Entertainment Network Pvt. Ltd.	389821	-
Loans and Advances Received		
Zee Telefilms Ltd	1250000000	-
Churu Trading Co. Pvt. Ltd.	18000000	-
Loans and Advances Repayment Received - Zee Telefilms Ltd.	-	1189064
Value of Equity Shares Allotted		
Churu Trading Co. Pvt. Ltd.	47608100	-
Jayneer Capital Pvt. Ltd.	15142000	-
Zee Telefilms Ltd	65749200	-
Net Assets received pursuant to Agreement to Transfer with Zee Telefilms Limited (Refer note 1)	392281704	-
Adjustment pursuant to the Scheme of Arrangement (Refer Note 2):		
Zee Telefilms Limited:		
Net Assets received	187108691	-
Cancellation of equity share capital	65749200	-
Cancellation of inter corporate loan / creditors	1344624446	-
Churu Trading Co Pvt. Ltd		
Cancellation of equity share capital	38597896	-
Jayneer Capital Pvt. Ltd		
Cancellation of equity share capital	50345140	-
(B) Balances as at March 31st		
(i) From Holding Company - Churu Trading Co. Pvt. Ltd.		
Share Application Money Received	-	8500000
(ii) Subsidiary Company - Zee Aakash News Pvt. Ltd.		
Investments made in equity share capital	18299820	-
Loans / Advances / Deposits Received	8392756	-
(iii) Other Related Parties		
Debtors		
New Era Entertainment Network Pvt. Ltd.	11310714	-
Zee Telefilms Limited.	-	9887232
Loans / Advances / Deposits Given		
New Era Entertainment Network Pvt. Ltd.	389821	-
Loans / Advances / Deposits Received		
Churu Trading Co Pvt. Ltd	18000000	-

11. Earnings per share (EPS)*

S. No.	Particulars	31.03.06 Amount	31.03.05 Amount
a.	Profit/(Loss) after Tax (Rs)	18162629	(378595)
b.	Weighted Average number of equity shares of Rs.10 each (Nos.)	10240032	1000070
c.	Basic EPS for equity share of Rs. 10 each	1.77	(0.38)
d.	Weighted number of equity shares of Re.1 each (Nos.)	102400320	10000700
e.	Basic EPS for share of Re.1 each	0.18	(0.04)

* Based on Re-organization of share capital pursuant to the scheme (Refer Note 2.3.2)

12. Segment Reporting

The company is engaged in the business of production & broadcasting of television software primarily in India. As the Company operates in a single business and geographical segment, the reporting requirement of primarily and secondary segment disclosures prescribed by Accounting Standard-17 "Segment Reporting" have not been provided in these financial statements.

As per our attached report of even date

For and on behalf of the Board

(L.K. Shrishrimal)
Membership No.72664
Partner
For MGB & Co
Chartered Accountants

Director

New Delhi
November 28, 2006

Director

ZEE NEWS LIMITED

Cash Flow Statement for the year ended March 31st,

Amount (Rs.)

	2006	2005
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before taxation and exceptional items	23,939,629	(378,595)
Adjustments for:		
Depreciation & Amortisation	14,943,978	3,453
Loss on the sale of fixed Assets	1,245,504	-
Interest Expenses	12,603,396	-
Interest Income	(3,082,967)	-
Unrealised Foreign Exchange Difference	102,566	-
Operating profit before working capital changes	49,752,106	(375,142)
Adjustments for:		
(Increase) in Inventories	(5,573,555)	(55,877)
(Increase) in Trade & other Receivables	(158,592,478)	(10,503,361)
Increase in trade & other payables	349,317,265	2,141,994
Cash generated from Operations	234,903,338	(8,792,386)
Direct Taxes paid	(9,879,361)	-
Net Cash Flow From Operating Activities	225,023,977	(8,792,386)
B CASH FLOW FROM INVESTMENT ACTIVITIES:		
Purchase of Fixed Assets / CWIP	(411,775,229)	(24,245)
Sale of Fixed Assets	819,000	-
Investments in Subsidiary	(18,299,820)	-
Advance from Subsidiary	17,000,000	-
Repayment of Advance to Subsidiary	(8,607,244)	-
Loans to Others	(1,250,000,000)	-
Interest received	692,419	-
Net Cash Flow From Investing Activities	(1,670,170,874)	(24,245)
C CASH FLOW FROM FINANCING ACTIVITIES:		
Interest Paid	(10,442,099)	-
Increase in Share Capital including Securities Premium	256,499,300	-
Receipt of Share Application Money	-	8,500,000
Loan Received	1,271,215,510	1,176,549
Repayment of Loans	(70,000,000)	7,022
Net Cash Flow From Financing Activities	1,447,272,711	9,683,571
Net Cash Flow during the year (A+B+C)	2,125,814	866,940
Opening Cash and Cash Equivalents	874,662	7,722
Add: Cash & Cash equivalents received as per the Scheme of Arrangement (Refer Note 2)	7,264,219	-
Closing Cash and Cash Equivalents	10,264,695	874,662
Cash and Cash Equivalents comprise:		
Cash in Hand	819,485	73,234
Balance with Scheduled Banks in Current Accounts	9,106,322	801,428
Balance with Scheduled Banks in Deposit Accounts (Pledged with Sales Tax Department)	55,000	-
Cheques in Hand / Transit	283,888	-
Total	10,264,695	874,662

Note:

1. The Scheme of Arrangement (Refer Note 2) have not been considered in above cash flow statement being non - cash transaction.

2. Previous years figures are regrouped, recasted and reconsidered wherever necessary.

As per our attached Report of even date.

For and on behalf of the Board

ZEE NEWS LIMITED

INFORMATION MEMORANDUM

L K Shrishrimal

Membership No. 72664

Partner

For and on behalf of

MGB & Co.

Chartered Accountants

Place: Delhi

Date: November 28th, 2006

Director

Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :																															
I. REGISTRATION DETAILS																															
CIN																		State Code													
U	9	2	1	0	0	M	H	1	9	9	9	P	L	C	1	2	1	5	0	6	1	1									
Balance Sheet date												Date		Month		Year															
												3		1		0		3		0		6									
II. CAPITAL RAISED DURING THE YEAR (AMOUNT RS. IN THOUSANDS)																															
Public Issue										Right Issue																					
N I L										4 0 0 0 0																					
Bonus Issue										Preferential Allotment																					
N I L										1 5 8 5 0 0																					
Issue pursuant to the scheme										Reduction/Cancellation pursuant to the scheme																					
3 7 4 1 9 2										1 5 4 6 9 2																					
III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT RS. IN THOUSANDS)																															
Total Liabilities										Total Assets																					
2 3 9 0 2 2 7										2 3 9 0 2 2 7																					
SOURCES OF FUNDS																															
Paid-up Capital										Reserves and Surplus																					
4 1 8 0 0 0										1 4 2 1 1 2 4																					
Share Application Money										Secured Loans																					
N I L										5 3 3 0 3 4																					
Unsecured Loans																															
1 8 0 6 9																															
APPLICATION OF FUNDS																															
Net Fixed Assets										Investments																					
5 3 3 9 9 9										1 8 2 9 9																					
Net Current Assets										Miscellaneous Expenditure																					
1 6 7 7 4 9 0										N I L																					
Accumulated Losses										Other Assets																					
9 7 0 5 8										6 3 3 8 1																					
IV. PERFORMANCE OF COMPANY (AMOUNT RS. IN THOUSANDS)																															
Turnover*										Total Expenditure *																					
3 6 2 2 6 7										3 3 8 3 2 7																					
* includes other income										* includes prior period adjustments																					
+					-					Profit/(Loss) Before Tax					+					-					Profit/(Loss) After Tax						
+										2 3 9 4 0					+										1 8 1 6 3						
Earnings Per Share of Rs. 1(Rs)										Dividend Rate (%)																					
+																				N I L											
																				0 . 1 8											
V. GENERIC NAMES OF PRINCIPAL PRODUCTS OF THE COMPANY (AS PER MONETARY TERMS)																															
Item Code No. (ITC Code)																		N A													
Product Description																															
Production and Broadcasting of Television Software																															
																		For and on behalf of the Board													
																		Director													
Place : Delhi																															
Dated : November 28th, 2006																		Director													

Audited Financials of Zee News Limited for the period upto 30th November 2006 is as under.**AUDITORS' REPORT**

To,
The Members
Zee News Limited

1. We have audited the attached Balance Sheet of Zee News Limited as at 30th November 2006 and also the Profit and Loss Account and the Cash Flow Statement for the period from 1st April, 2006 to 30th November, 2006, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an 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. Reference is drawn to Note 1 in Schedule 17 regarding the Scheme of Arrangement sanctioned by the High Court of Judicature at Bombay on 17th November 2006, effect of which already given in the financial statements for the year ended 31st March, 2006 except reorganization and allotment of the share capital.
4. 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 and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report complies with the accounting standards issued by the Institute of Chartered Accountants of India, to the extent applicable.
 - e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and other notes to accounts as per Schedule 17, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 30th November, 2006;
 - ii) in the case of the Profit and Loss Account, of the Profit for the period ended on that date; and
 - iii) in the case of Cash Flow Statement, of the cash flows for the period ended on that date.

L. K. Shrishrimal
Membership No. 72664
Partner
For **MGB & Co**
Chartered Accountants

Delhi, 3rd January, 2007

ZEE NEWS LIMITED**Balance Sheet as at**

	Schedule	30-Nov-06	31-Mar-06
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	239,763,956	418,000,092
Reserve and Surplus	2	1,543,289,038	1,421,124,446
		<u>1,783,052,994</u>	<u>1,839,124,538</u>
LOAN FUNDS			
Secured Loans	3	177,830,828	533,034,108
Unsecured Loans	4	18,069,096	18,069,096
		<u>195,899,924</u>	<u>551,103,204</u>
TOTAL		<u>1,978,952,918</u>	<u>2,390,227,742</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block (at cost)	5	561,800,465	513,689,348
Less: Depreciation Up-to-date		56,505,679	(28,295,009)
Net Block		<u>505,294,786</u>	<u>485,394,339</u>
Capital Work-in-progress		138,557,256	48,604,678
		<u>643,852,042</u>	<u>533,999,017</u>
INVESTMENTS	6	18,299,820	18,299,820
DEFERRED TAX BALANCES (Refer Note 4)		63,539,117	63,381,156
CURRENT ASSETS, LOANS AND ADVANCES	7		
Program and Film Rights		371,684,314	191,374,164
Inventories		2,795,734	2,553,676
Sundry Debtors		841,614,577	748,916,153
Cash and Bank Balances		33,442,936	10,264,695
Loans and Advances		1,547,930,674	1,380,042,446
		<u>2,97,024,676</u>	<u>2,333,151,134</u>
CURRENT LIABILITIES AND PROVISIONS	8		
Current Liabilities		1,474,169,658	628,724,706
Provisions		69,593,079	26,936,686
		<u>1,543,762,737</u>	<u>655,661,392</u>
NET CURRENT ASSETS		1,253,261,939	1,677,489,742
PROFIT AND LOSS ACCOUNT	9	-	14,228,772
TOTAL		<u>1,978,952,918</u>	<u>2,307,398,507</u>

Significant Accounting Policies and Notes to Accounts
As per our attached Report of even date.

17

For and on behalf of the Board

L K Shrishrimal
Membership 72664
Partner
For and on behalf of

**Managing
Director** **Director**

MGB & Co.
Chartered Accountants
Place: Delhi
Date: January 3, 2007

**Company
Secretary**

ZEE NEWS LIMITED**Profit and Loss Account for the**

	Schedule	Period Ended 30-Nov-06	Year Ended 31-Mar-06
INCOME			
Sale and Services	10	1,427,980,564	358,651,574
Other Income	11	80,790,480	3,614,943
TOTAL		1,508,771,044	362,266,517
EXPENDITURE			
Operational Cost	12	708,563,491	112,388,615
Personnel Cost	13	225,629,350	95,493,441
Administrative and Other Expenses	14	179,055,645	71,246,898
Selling and Distribution Expenses	15	251,434,642	31,600,084
TOTAL		1,364,683,128	310,729,038
OPERATING PROFIT		144,087,916	51,537,479
Financial Expenses	16	35,454,067	12,653,872
Depreciation / Amortisation		28,595,035	14,943,978
PROFIT BEFORE TAX		80,038,814	23,939,629
Less : Provision for Taxation			
- Current Tax (Including Wealth Tax)		26,336,000	1,888,981
- Deferred Tax (Refer Note 4)		1,887,106	1,279,286
- Fringe Benefit Tax		6,798,653	2,608,733
PROFIT AFTER TAX CARRIED TO BALANCE SHEET		45,017,055	18,162,629
Basic Earning per Share (Refer Note 10)			
Calculated on face value of Re 1 each:		0.19	0.18
Calculated on face value of Rs. 10 each:		1.88	1.77
Significant Accounting Policies and Notes to Accounts			
As per our attached Report of even date.			
L K Shrishrimal		For and on behalf of the Board	
Membership No 72664		Managing Director	
Partner		Director	
For and on behalf of			
MGB & Co.		Company Secretary	
Chartered Accountants			
Place: Delhi			
Date: January 4th, 2007			

ZEE NEWS LIMITED**Schedules to the Balance sheet as at**

	30-Nov-06	31-Mar-06
SCHEDULE 1 : SHARE CAPITAL		
AUTHORISED		
290,000,000 Equity Shares of Re.1/- each (Previous year: 20,000,000 Equity Shares of Rs. 10/- each)	290,000,000	200,000,000
10,000,000 Preference Shares of Re 1/- each	10,000,000	-
	300,000,000	200,000,000
ISSUED, SUBSCRIBED AND PAID UP (Refer Note 1)		
43,807,764 Equity Shares of Re 1/- each fully paid up	43,807,764	198,500,000

(Previous year: 19,850,000 Equity Shares of Rs. 10/- each fully paid up)		
Less: Cancellation of 6,574,920 Equity Share of Rs.10/-each fully paid up		
	-	65,749,200
	43,807,764	132,750,800
Share Capital Suspense	195,956,192	285,249,292
	239,763,956	418,000,092
SCHEDULE 2 : RESERVE AND SURPLUS		
Capital Reserve		
Adjustment Pursuant to the Scheme (Refer Note 1)	1,344,624,446	1,344,624,446
Securities Premium Account		
Received during the previous year	76,500,000	76,500,000
Profit & Loss Account		
Balance as per last Balance Sheet	(97,058,007)	-
Add: adjustment pursuant to the Scheme (Refer Note 1.2)	178,236,136	-
Less: Retirement Benefits transitional liability (Refer Note 7.6)	(4,030,592)	-
Add: Current year profit as per Profit & Loss Account	45,017,055	-
	122,164,592	-
	1,543,289,038	1,421,124,446

ZEE NEWS LIMITED**Schedules to the Balance sheet as at**

	30-Nov-06	31-Mar-06
SCHEDULE 3 : SECURED LOANS		
Vehicle Loan: (Secured against hypothecation of vehicles) All the below mentioned are transferred under the Scheme of Arrangement (Refer Note 1). The security details mentioned are provided by Zee Telefilms Ltd (ZTL) and continued to be secured by assets of ZTL in addition to the assets transferred. The loans are yet to be reorganised by the banks in favour of the Company.	5,807,158	3,215,509
(i) Working Capital Finance from Banks : (Secured by hypothecation of stocks (other than Program & Film Rights), Book debts (other than advertisement commission and subscription receivables) and other current assets, all ranking pari passu with other financing banks)	-	87,713,917
(ii) Term Loan from Bank : (Secured by hypothecation by way of first charge of all subscription receivables, present and future)	166,670,591	433,337,255
(iii) Vehicle Loan:	5,210,715	7,889,612

(Secured against hypothecation of vehicles)		
(iv) Hire purchase /Lease finance secured against hypothecation of vehicles	142,364	877,815
	177,830,828	533,034,108
SCHEDULE 4 : UNSECURED LOANS		
- From Corporates	18,069,096	18,069,096
	18,069,096	18,069,096
SCHEDULE 6 : INVESTMENTS		
(Long Term - At cost)		
Unquoted-Trade		
In Subsidiary -		
1,829,982 Equity shares of Rs.10/- each fully paid up of Zee Aakash News Pvt. Ltd.	18,299,820	18,299,820
(extent of holding 60 %)		
	18,299,820	18,299,820
ZEE NEWS LIMITED		
Schedules to the Balance sheet as at		
	30-Nov-06	31-Mar-06
SCHEDULE 7 : CURRENT ASSETS, LOANS AND ADVANCES		
A. CURRENT ASSETS		
(a) Inventories		
(as taken, valued and certified by the Management)		
Programs / Film Rights (Refer Note 2)	371,684,314	191,374,164
Tapes	2,795,734	2,553,676
	374,480,048	193,927,840
(b) Sundry Debtors		
(Unsecured, Considered Good)		
Outstanding for more than six months	224,361,066	188,429,889
Other Debts	646,909,664	560,486,264
	871,270,730	748,916,153
Less: Provision for Doubtful Debts	29,656,153	-
	841,614,577	748,916,153
(c) Cash and Bank Balances		
Cash in hand	3,068,445	819,485
Balances with Banks in Current Accounts	30,319,491	9,106,322
Balances with Banks in Fixed Deposit (Pledged with Sales Tax Department)	55,000	55,000
Cheque in hand /transit	-	283,888

	33,442,936	10,264,695
B. LOANS AND ADVANCES (Unsecured, Considered Good)		
Loans -Inter corporate deposit	1,327,596,027	1,252,390,548
Advances Recoverable in cash or in kind or for value to be received (Refer Note 6.4)	184,424,797	92,834,036
Deposits	35,466,291	34,817,862
	<u>1,547,487,115</u>	<u>1,380,042,446</u>
	<u>2,797,024,676</u>	<u>2,333,151,134</u>
SCHEDULE 8 : CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities (Refer Note 6.5)		
Sundry Creditors:		
For Goods including Capital Assets / Program	350,564,806	167,034,163
For Expense and Other Liabilities (Refer note 6.2 & 6.3)	1,112,055,719	448,221,254
Interest Accrued but not due	77,541	104,430
Trade Advances / Deposits Received	11,471,592	13,364,859
	<u>1,474,169,658</u>	<u>628,724,706</u>
B. Provisions		
Taxation	28,143,352	1,888,981
Fringe Benefit Tax	9,407,386	2,608,733
Retirement Benefits	32,042,341	22,438,972
	<u>69,593,079</u>	<u>26,936,686</u>
	<u>1,543,762,737</u>	<u>655,661,392</u>
SCHEDULE 9: PROFIT & LOSS ACCOUNT (Refer Note 1)		
Balance as per Profit & Loss Account	-	(18,162,629)
Add: Adjustment pursuant to the Scheme	-	32,391,401
	-	<u>14,228,772</u>
ZEE NEWS LIMITED		
Profit and Loss Account for the		
	Period Ended 30-Nov-06	Year Ended 31-Mar-06
SCHEDULE 10 : SALES AND SERVICES		
Revenue from Channel Operations	1,384,440,864	346,884,179
Sales- News and Current Affairs	43,539,700	11,767,395
	<u>1,427,980,564</u>	<u>358,651,574</u>
SCHEDULE 11 : OTHER INCOME		
Interest (Gross) [TDS Rs. NIL (Rs. 691644)]		

	75,205,479	3,082,967
Miscellaneous Income	5,585,001	531,976
	80,790,480	3,614,943
SCHEDULE 12 : OPERATIONAL COST		
OPENING STOCK	191,374,164	-
(Includes Rs. 187792847 received pursuant to the Scheme of Arrangement and Rs. 3581317 under production).		
Add Productino / Acquisition/Transmission cost and Program and Film rights	510,878,609	12,301,310
Tapes Consumed	10,206,521	4547217
Subscription and News Services	7,449,75	6973518
Other Production Expenses	170,258,323	20790528
Consultance and Professional Fees	71,691,885	21386061
Hire Charges	33,913,949	9818211
Vehicle Hire Charges	9,340,356	4943244
Traveling Expenses	23,550,634	4378074
Transmission Cost	51,583,589	30831769
	888,873,641	115969932
Programs and Film Rights – Closing Balance (Previous year includes under production Rs. 3581317)	371,684,314	3581317
Total	708,563,491	112,388,615
SCHEDULE 13 : PERSONNEL COST		
Salaries, Allowances and Bonus	195,186,487	83,029,782
Contribution to Provident Fund and Other Funds	12,472,953	5,106,613
Staff Welfare Expenses	17,969,910	7,357,046
	225,629,350	95,493,441
ZEE NEWS LIMITED		
Profit and Loss Account for the		
	Period	Year Ended
	Ended	31-Mar-06
	30-Nov-06	
SCHEDULE 14 : ADMINISTRATIVE AND OTHER EXPENSES		
Rent	19,743,018	8,401,464
Rates and Taxes	8,327,869	314,664
Repairs and Maintenance -Building	807,513	508,378
- Plant & Machinery	3,728,013	2,207,647
- Others	5740936	1,260,210
Insurance	3069959	459,956
Electricity Expenses	15078834	6,497,584
Communication Expenses	19645921	8,912,360
Printing and Stationary		

	3108440	1,297,682
Miscellaneous Expenses	4927673	23,858,080
Hire and Service Charges	22548650	6,277,008
Conveyance and Travelling Expenses	17386856	2,159,933
Vehicle Expenses	12730273	6,998,912
Legal, Professional and Consultancy Charges	11,134,77	490,751
Provision for Bad & Doubtful Debts	29,656,153	-
Loss on sale of Fixed Assets	1,420,760	1,245,504
Advances Written Off	-	356,765
	179,055,645	71,246,898
SCHEDULE 15 : SELLING AND DISTRIBUTION EXPENSES		
Advertisement and Publicity	73,117,106	20,530,508
Business Promotion Expenses	134,544,366	11,069,576
Commission Paid	43,773,170	-
	251,434,642	31,600,084
SCHEDULE 16 : FINANCIAL EXPENSES		
Interest		
Fixed Loans	14,835,998	9,829,423
Others	15,635,435	2,773,973
Discounting and Financing Expenses	4,982,634	50,476
	35,454,067	12,653,872

ZEE NEWS LIMITED**SCHEDULE 5 :- FIXED ASSETS**

Schedule to the Balance sheet as at November 30th, 2006

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01.04.06	ADDITIONS	DEDUCTI ONS	AS AT 30.11.06	AS AT 01.04.06	DURING THE YEAR	DEDUCTI ONS	UPTO 30.11.06	AS AT 30.11.06	AS AT 31.03.06
<u>Tangible Assets</u>										
Plant & Machinery	432,045,013	16,670,978	3,033,895	445,682,096	18,674,468	20,605,415	172,767	39,107,116	406,574,980	413,370,545
Equipments	38,618,679	9,499,087	329,657	47,788,109	5,738,354	3,305,867	56,979	8,987,242	38,800,867	32,880,325
Furniture & Fixture	12,572,770	3,172,871	66,977	15,678,664	1,352,494	1,062,141	66,977	2,347,658	13,331,006	11,220,276
Vehicles	23,637,587	7,454,398	980,960	30,111,025	1,402,160	1,765,713	87,642	3,080,231	27,030,794	22,235,427
Leasehold Improvements	4,035,187	-	-	4,035,187	241,397	516,272	-	757,669	3,277,518	3,793,790
TOTAL	510,909,236	36,797,334	4,411,489	543,295,081	27,408,873	27,255,408	384,365	54,279,916	489,015,165	483,500,363
<u>Inangible Assets</u>										
Softwares	2,780,112	15,725,272	-	18,505,384	886,136	1,339,627	-	2,225,763	16,279,621	1,893,976
TOTAL	2,780,112	15,725,272	-	18,505,384	886,136	1,339,627	-	2,225,763	16,279,621	1,893,976
Current Period Total	513,689,348	52,522,606	4,411,489	561,800,465	28,295,009	28,595,035	384,365	56,505,679	505,294,786	485,394,339
Previous Year Total	24,245	515,754,839	2,089,736	513,689,348	3,453	28,316,788	25,232	28,295,009	485,394,339	

Note:

Includes fixed assets taken on finance lease Rs. 2,641,492 (Rs. 4,853,026) and accumulated depreciation Rs.257,798 (Rs.217,946).

ZEE NEWS LIMITED		
Cash Flow Statement for the		
	Period Ended 30-Nov-06	Year Ended 31-Mar-06
A	CASH FLOW FROM OPERATING ACTIVITIES:	
	Net Profit before taxation and exceptional items	23,939,629
	52,551,473	
	Adjustments for:	
	Depreciation & Amortisation	14,943,978
	28,595,035	
	Loss on the sale of fixed Assets	1,245,504
	1,420,760	
	Interest Expenses	12,603,396
	30,471,433	
	Interest Income	(3,082,967)
	(75,205,479)	
	Provision for doubtful debts	-
	32,519,628	
	Unrealised Foreign Exchange Difference	102,566
	(394,358)	
	Operating profit before working capital changes	49,752,106
	69,958,492	
	Adjustments for:	
	(Increase) in Inventories	(5,573,555)
	(180,552,208)	
	(Increase) in Trade & other Receivables	(158,592,478)
	(164,846,221)	
	Increase in trade & other payables	349,317,265
	446,478,638	
	Cash generated from Operations	234,903,338
	171,038,701	
	Direct Taxes paid	(9,879,361)
	(1,731,444)	
	Net Cash Flow From Operating Activities	225,023,977
	169,307,257	
B	CASH FLOW FROM INVESTMENT ACTIVITIES:	
	Purchase of Fixed Assets / CWIP	(411,775,229)
	(142,475,184)	
	Sale of Fixed Assets	819,000
	2,606,364	
	Investments in Subsidiary	(18,299,820)
	(34,500,000)	
	Advance from Subsidiary	17,000,000
	-	
	Repayment of Advance to Subsidiary	(8,607,244)
	(8,646,932)	
	Loans to Others	(1,250,000,000)
	-	
	Interest received	692,419
	-	
	Net Cash Flow From Investing Activities	(1,670,170,874)
	(183,015,752)	
C	CASH FLOW FROM FINANCING ACTIVITIES:	
	Interest Paid	(10,442,099)
	(30,498,322)	

Increase in Share Capital including Securities Premium	-	256,499,300
Loan Received	422,588,338	1,271,215,510
Repayment of Loans	(355,203,280)	(70,000,000)
Net Cash Flow From Financing Activities	36,886,736	1,447,272,711
Net Cash Flow during the year (A+B+C)	23,178,241	2,125,814
Opening Cash and Cash Equivalents	10,264,695	874,662
Add: Cash & Cash equivalents received as per the Scheme of Arrangement (Refer Note 1)	-	7,264,219
Closing Cash and Cash Equivalents	33,442,936	10,264,695
Cash and Cash Equivalents comprise:		
Cash in Hand	3,068,445	819,485
Balance with Scheduled Banks in Current Accounts	30,319,491	9,106,322
Balance with Scheduled Banks in Deposit Accounts (Pledged with Sales Tax Department)	55,000	55,000
Cheques in Hand / Transit	-	283,888
Total	33,442,936	10,264,695
As per our attached Report of even date.		For and on behalf of the Board
L K Shrishrimal		Managing Director
Membership No. 72664		Director
Partner		
For and on behalf of		
MGB & Co.		Company Secretary
Chartered Accountants		
Place: Delhi		
Date: January 3, 2007		

ZEE NEWS LIMITED**SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****SIGNIFICANT ACCOUNTING****A. POLICIES****1 Accounting Convention:**

- a) The financial statements are prepared on historical cost convention and in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
- b) The Company generally follows the mercantile system of accounting and recognizes income and expenditure on accrual basis except those with significant uncertainties.

2 Fixed Assets:

- a) Fixed Assets are stated at cost less depreciation. Cost includes capital cost, freight, installation cost, duties and taxes, finance charges and other incidental expenses incurred during the construction / installation stage attributable to bringing the asset to working

condition for its intended use.

- b) All capital costs and incidental expenditure during the pre operational period are shown as capital work in progress.
- c) Software is capitalized as an intangible asset on meeting recognition criteria.

3 Borrowing Costs:

Borrowing Costs attributable to the acquisition or construction of qualifying assets are capitalized as a part of the cost of such assets. All other borrowing costs are charged to revenue.

4 Depreciation / Amortization:

- a) Depreciation on fixed assets is provided on Straight-Line Method at the rate specified in Schedule XIV of the Companies Act, 1956.
- b) Leasehold Improvements are amortized over the period of Lease.
- c) Software is amortized over a period of 36 months from the date put to use.

5 Investments:

Long-term investments are stated at cost. Provision for diminution in value of long-term investment is made, if the diminution is other than temporary.

6 Programs / Film Rights and Inventories:

- a) Program / Film Rights.
Program / Film rights are stated at the lower of cost less accumulated amortization / impairment or realizable value. Where the realizable value on the basis of its useful economic life is less than its carrying amount, the difference is written off and impairment loss is expensed.
 - i. Cost of news / current affairs / chat shows / events etc. are fully expensed on first telecast.
 - ii. Programs [other than (i) above] are amortized over three years from the year the related program is telecast.
 - iii. Film rights are amortized on a straight-line basis over the license period or 60 months from the date of purchase whichever is shorter
- b) Inventories of Tapes are valued at lower of cost or estimated net realizable value. Cost is taken on First-In-First Out (FIFO) basis.

7 Retirement Benefits:

- a) Contributions to Provident Fund and other recognized funds are charged to the Profit and Loss Account.
- b) The company provides gratuity and leave encashment (the plans) covering the eligible employees in accordance with the payment of the Gratuity Act,1972 and the policy of the company respectively. The plans provides a lumpsum payment to vested employees at retirement, death, incapacitation or termination of employment,of an amount based on the respective employee's salary, the tenure of employment and unavailed leave lying credit to the account of the employee as the case may be. The liability with regard to plan are determined by actuarial valuation as of the balance sheet date and provided in the books of accounts.

8 Transactions in Foreign Currencies:

- a) Transactions in Foreign currency are accounted at the equivalent rupee value on the date of transaction.
- b) Monetary assets and liabilities are translated at the rates of exchange prevailing on the date of Balance Sheet. Gains and losses arising on account of settlement/translation of monetary assets and liabilities are recognized in the Profit and Loss Account.

9 Revenue Recognition:

- a) Revenue from Channel Operation is recognized when the related activity is completed.

- b) Sale of News & Current Affairs Program are recognized when the risk and rewards is transferred to the customers.

10 Taxes on Income:

- a) Current tax is determined as the amount of tax payable in respect of taxable income for the year under the Income Tax Act, 1961.
- b) Deferred tax is recognized, subject to consideration of prudence, 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.

11 Leases:**a) Operating Lease**

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

b) Finance Lease

Assets acquired under Finance Lease are capitalized 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 incurred in connection with the specific leasing activities directly attributable to activities performed by the Company are included as part of the amount recognized as an asset under the lease.

12 Impairment of assets:

If the carrying amount of fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured at the higher of the net selling price and value in use determined by the present value of estimated cash flows.

13 Earnings Per Share:

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

B. NOTES TO ACCOUNTS**1 The Scheme of Arrangement :**

The Scheme of Arrangement (the Scheme) under Section 391 to 394 read with Section 78, 100 to 103 of the Companies Act, 1956 between Zee Telefilms Limited (ZTL) and Zee News Limited (the company or ZNL) and Siti Cable Network Limited (SCNL) and Wire & Wireless (India) Limited (WWIL) and their respective shareholders is sanctioned by the honorable High Court of Judicature at Bombay vide Order dated 17th November, 2006 and copy of the Order has been filed with the Registrar of Companies, Mumbai, Maharashtra on 22nd November, 2006. Pursuant to the Scheme, the News and Regional Channel business (referred to as the News Business Undertaking) of ZTL is transferred to and vested with the Company on appointed date i.e. 31st March, 2006 on a going concern basis. This Scheme has been given effect to in the financial statements for the year ended 31st March, 2006 except issue of share capital and which is carried as share capital Suspense in Schedule 1 of these financial statements.

- 1.1 Pursuant to the Scheme 65,749,200 Equity shares of Re.1 each fully paid held by ZTL are cancelled and 132,750,800 Equity shares of Re.1 each are reduced by 67% ie.Rs.88,943,036 as approved by the Board in the meeting held on 28th November 2006 and the balance Share Capital of Rs.43,807,764 consisting of 43,807,764 Equity shares of Re. 1 each fully paid up are disclosed in Schedule 1 of these financial statements.
- 1.2 As on the record date, the holding of FIIs being not exceeding 32% of paid up equity share capital of ZTL hence no preference shares are required to be issued to the FIIs. Therefore, provision of Rs.183,060,068 in this respect in the Share Capital Suspense as reduced by the face value of equity shares of Rs.4,823,932 to be issued to FIIs,Rs.178,236,136 (Net) is written back to the profit & loss account pursuant to the Scheme.

- 1.3 The Allotment of shares and reduction thereof and final allotment and issue of 195,956,192 of equity shares of Re.1 each fully paid up to the share holders of ZTL (including FIIs, FCCB converted) has been made on the basis of the shareholding pattern of the ZTL on the record date i.e 23.12.2006 pursuant to the Scheme. Therefore related amounts are carried under Share Capital Suspense in Schedule 1 to these Financial Statements.
- 1.4 The transaction of News business undertaking between the appointed date and the effective date, carried out by ZTL are deemed to be made on behalf of ZNL. Accordingly all assets, liabilities, income and expenditure of the de-merged undertaking for the said period accounted in the books of ZTL are taken over by ZNL and given effect in these financial statements.
- 2 Program / film rights etc. for broadcasting are considered as intangibles assets as per Accounting Standard (AS) – 26 “Intangible Assets” but shown under Current Assets as are realizable in the ordinary course of business.
- 3 **Leases:**

- 3.1 Additional Information on assets taken on finance lease:

Minimum Lease payment as at:

Particulars	Period Ended 30.11.06 Amount (Rs.)	Year Ended 31.03.06 Amount (Rs.)
Not later than one year	96,137	906,024
Later than one year and not later than five years	-	-
Total	96,137	906,024
Less: Amount representing Interest	951	28,209
Present Value of Minimum Lease Payments	95,186	877,815
Less: Amount due not later than one year	95,186	877,815
Amount due later than one year and not later than five years	-	-

- 3.2 In respect of assets taken on operating lease during the year:

The Company's significant leasing arrangements are in respect of operating leases taken for offices premises and equipments. These leases are cancelable/non-cancelable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of the lease generally is for 1 to 98 months.

Particulars	Period Ended 30.11.06 Amount (Rs.)	Year Ended 31.03.06 Amount (Rs.)
Lease Rental charges for the year	84,774,138	32,823,498
Future Lease Rental obligation payable (under non-cancellable leases)		
Not later than one year	36,795,250	46,017,399
Later than one year but not later than five years	105,715,190	131,221,351
Later than five years	10,610,100	-

- 4 **Deferred Tax:**

The components of deferred tax balances as at:

Particulars	Period Ended 30.11.06 Amount (Rs.)	Year Ended 31.03.06 Amount (Rs.)
Deferred Tax Assets		
Disallowance under the Income Tax Act, 1961	97,088,033	84,637,070
Minimum Alternative Tax	-	1,788,981
Unabsorbed Depreciation & Business Losses	-	1,769,402
Total	97,088,033	88,195,453
Deferred Tax Liabilities		
Depreciation	32,585,071	24,814,297
Total	32,585,071	24,814,297
Deferred Tax Balances (Net)	64,502,962	63,381,156

5 **Auditors Remuneration (included in Miscellaneous Expenses):**

Particulars	Period Ended 30.11.06 Amount (Rs.)	Year Ended 31.03.06 Amount (Rs.)
Audit Fees	500,000	200,000
Tax Audit Fees	-	25,000
Certification and tax representation	-	16,725
Total	500,000	241,725

6 **Other Disclosures & Information:**

- 6.1 Previous years figures are regrouped, rearranged or recast wherever considered necessary. Figures in brackets pertain to previous year. The current period figures are not comparable with previous year's figures as current period's figures are for eight months ended November 30th, 2006.
- 6.2 Sundry Creditors for Expenses and other Liabilities include cheques overdrawn of Rs.16,124,590 (Rs.18,292,488)
- 6.3 Sundry Creditors for Expenses and Other Liabilities include Rs. NIL (Rs. 8,392,756) due to the subsidiary.
- 6.4 Advances given includes advance against share application money Rs. 34,500,000 given to the subsidiary.
- 6.5 **Small Scale Industry Undertakings;**
- The total amount due to Small Scale Industrial Undertakings as at November 30th, 2006 is Rs.Nil (Rs. 393,128). The above information regarding small scale industrial undertakings have been determined to the extent such parties have been identified on the basis of information available with the Company.
- 6.6 Foreign Exchange loss (net) Rs. 1,446,074 (Rs. 97,813) resulting from settlement and realignment of foreign exchange transactions has been adjusted in respective heads of the Profit and Loss Account.
- 6.7 Contingent Liabilities not provided for legal cases filed against the company - liability unascertained.

6.8 The assets, film rights etc.transferred pursuant to the Scheme of Arrangement and transfer of news business are in the process of registration / transfer in the name of the Company.

6.9 Debit and Credit Balances are subject to confirmation and reconciliation (if any).

7 Additional Information:

Other Additional Information required to be given pursuant to Part II of Schedule VI to the Companies Act, 1956, are as under:

7.1 The Company is in the business of producing television programs and is not subject to any license hence licensed capacity is not given. Further the nature of business of the company is such that the installed capacity is not quantifiable.

7.2 Quantitative Information:

The details of opening stock, acquisitions / productions, sales and closing stock are as under:

Particulars	Period Ended 30.11.06 Amount (Rs.)	Year Ended 31.03.06 Amount (Rs.)
Opening Stock		
Programs/ Film Rights	187,792,847	-
Acquisitions / Productions		
Programs/ Film Rights	892,454,958	112,388,615
Sales & Services		
Programs/ Film Rights	43,539,700	11,767,395
Closing Stock		
Programs/ Film Rights	371,684,314	187,792,847
Previous year - programs/films rights valuing to Rs. 187,792,847 transferred as per the Scheme of Arrangement (refer note 1)		

7.3 Consumption of Tapes

Particulars	Period Ended 30.11.06		Year Ended 31.03.06	
	(No.'s)	Amount (Rs.)	(No.'s)	Amount (Rs.)
Tapes	32,791	10,206,521	18,916	4,547,217
Total	32,791	10,206,521	18,916	4,547,217

7.4 Value of Imported and Indigenous Tapes Consumed

Particulars	Period Ended 30.11.06		Year Ended 31.03.06	
	Percentage	Amount (Rs.)	Percentage	Amount (Rs.)
Imported	35.86%	3,660,280	-	-
Indigenous	64.14%	6,546,241	100.00%	4,547,217
Total	100.00%	10,206,521	100.00%	4,547,217

7.5 Other Information:

Particulars	Period Ended 30.11.06 Amount (Rs.)	Year Ended 30.11.06 Amount (Rs.)
Earning in Foreign Exchange		
FOB Value of Exports	40,104,629	11,767,395
Expenditure in Foreign Currency		
Traveling Expenses	1,097,881	1,086,139
Programming Expenses	4,566,837	4,008,483
Transponder Rent	20,263,500	15,170,625
CIF Value of Imports		
Tapes	3,219,666	246,836
Capital Equipment	36,008,332	-

7.6 **Retirement Benefits to the Employees:**

Effective April 1, 2006, the company adopted the revised accounting standards on employees benefit. Pursuant to the adoption, the transitional obligations of the company amounted to Rs. 4,030,592. As required by the standard, the obligation has been recorded with the transfer of the obligation amount to balance of profit and loss account.

- i) The reconciliation of opening and closing balances of the present value of the defined benefit obligation as at November 30th, 2006.

Particulars	Gratuity Benefits	Leave Encashment Benefits
Obligation at the period beginning	12,675,775	8,359,871
Service cost	2,798,632	2,665,241
Interest cost	633,789	417,994
Actuarial (gain)/loss	3,742,285	4,280,247
Benefit paid	(1,450,543)	(2,080,950)
Obligation at period end	18,399,938	13,642,403

- ii) Cost for the Period -:

Particulars	Gratuity Benefits	Leave Encashment Benefits
Service cost	2,798,632	2,665,241
Interest cost	633,789	417,994
Net actuarial (gain)/loss	3,742,285	4,280,247
Net Cost	7,174,706	7,363,482

The estimates of the future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Defined benefit obligation liability is provided on actuarial valuation as at the balance sheet date and is not funded.

8 Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account, not provided for (net of advances) is Rs. 22,120,476 (Rs. 69,652,996)

9 Related Party transactions:**(i) List of Parties where control exists:****Subsidiary Companies:**

Zee Aakash News Pvt. Ltd. (extent of holding 60%)

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

Zee Telefilms Ltd., Jayneer Capital Pvt. Ltd, New Era Entertainment Network Ltd., Churu Trading Co. (P) Ltd., ASC Enterprises Ltd., Asia TV Ltd.UK, Asia Today Limited, Zee Turner Limited

Directors / Key Management Personnel

Sh.Subhash Chandra , Sh. L.N. Goel, Sh. K.U.Rao , Sh.Vinod Bakshi, Sh.Naresh Bajaj (All appointed wef 23.11.2006)

Sh.Gaurav Goel (upto 01.12.2006)

Sh. Gagan Goel & Sh.V.K.Gupta (upto 23.11.2006)

(iii) Transactions with Related Parties:

Particulars	Period Ended 30.11.06 Amount (Rs.)	Year Ended 30.11.06 Amount (Rs.)
(A) Transactions :		
(i) With Holding Company:		
• Value of Equity Shares allotted - Jayneer Capital Pvt. Ltd.	-	60,000,000
(ii) With Subsidiary Company - Jayneer Capital Pvt. Ltd.:		
• Investments made in equity share capital / share application money	34,500,000	18,299,820
• Loans and Advances Received	-	17,000,000
• Loans and Advances Repaid	8,646,932	8,607,244
(iii) With Other Related Parties:		
• Sales, Services & Recoveries net of taxes - Zee Telefilms Ltd.	7,840,000	346,884,179
• Purchase of Assets - Zee Telefilms Ltd.	18,725,773	-
• Purchase of Programs, Goods & Services - Zee Telefilms Ltd.	1,047,772	5,649,000
• Interest Paid - Zee Telefilms Ltd.	15,093,154	12,603,396
• Rent Paid - Zee Telefilms Ltd.	1,735,680	840,000
• Loans, Advances & Deposits Given		
New Era Entertainment Network Pvt. Ltd.	437,123	389,821
• Loans and Advances Received		
Zee Telefilms Ltd	422,588,338	1,250,000,000
Churu Trading Co. Pvt. Ltd.	-	18,000,000
• Value of Equity Shares Allotted		

Churu Trading Co. Pvt. Ltd.	-	47,608,100
Jayneer Capital Pvt. Ltd.	-	15,142,000
Zee Telefilms Ltd	-	65,749,200
• Net Assets received pursuant to Agreement to Transfer with Zee Telefilms Limited (Refer note 1)	-	392,281,704
• Adjustment pursuant to the Scheme of Arrangement (Refer Note 1):		
Zee Telefilms Limited:		
Net Assets received	-	187,108,691
Cancellation of equity share capital	-	65,749,200
Cancellation of inter corporate loan / creditors	-	1,344,624,446
Churu Trading Co Pvt. Ltd:		
Cancellation of equity share capital	-	38,597,896
Jayneer Capital Pvt. Ltd:		
Cancellation of equity share capital	-	50,345,140
(B) Balances as at :		
(i) Subsidiary Company - Zee Aakash News Pvt. Ltd.		
• Advance against share application money	34,500,000	-
• Investment made in equity share capital	18,299,820	18,299,820
• Loans / Advances / Deposits Received	-	8,392,756
• Loans / Advances / Deposits Given	254,176	-
(ii) Other Related Parties		
• Debtors		
New Era Entertainment Network Pvt. Ltd.	-	11,310,714
ASC Enterprises Limited	6,517,711	-
Asia TV Ltd -UK	6,120,998	-
Asia Today Limited	7,629,831	-
Zee Turner Limited	2,960,024	-
• Loans / Advances / Deposits Given		
New Era Entertainment Network Pvt. Ltd.	12,142,874	389,821
• Loans / Advances / Deposits Received		
Zee Telefilms Limited	815,193,860	-
Churu Trading Co Pvt. Ltd	18,000,000	18,000,000

Transaction during appointed date and effective date as per the scheme (Refer Note 1) are not considered.

10 Earnings per share (EPS):

Sr. No.	Particulars	Period Ended 30.11.06 Amount (Rs.)	Year Ended 30.11.06 Amount (Rs.)
a.	Profit after Tax	23,793,559	18,162,629
b.	Weighted Average number of equity shares of Rs. 10/- each (Nos.)	23,976,396	10,245,583
c.	Basic EPS for equity shares of Rs. 10/- each	0.99	1.77
d.	Weighted number number of equity shares of Re 1/- each (Nos.)	239,763,956	102,455,834
e.	Basic EPS for equity shares of Re 1/- each	0.10	0.18

11 Segment Reporting:

The company is engaged in the business of production & broadcasting of television software primarily in India. As the Company operates in a single business and geographical segment, the reporting requirement of primarily and secondary segment disclosures prescribed by Accounting Standard - 17 "Segment Reporting" have not been provided in these financial statements.

As per our attached report of even date For and on behalf of the Board

(L.K. Shrishrimal)

Membership No.72664

Partner

For MGB & Co

Chartered Accountants

Place: New Delhi

Date: January 3, 2007

Managing Director

Director

Company Secretary

XII. DETAILS & FINANCIAL HIGHLIGHTS OF COMPANIES UNDER SAME MANAGEMENT

Details & Financial Highlights of Top 5 Companies Under Same Management

Zee Telefilms Ltd

Zee Telefilms Limited was incorporated under name and style of Empire Holding Ltd on November 25, 1982. It obtained Certificate of Commencement of Business on January 5, 1983. The name of the Company was changed to Zee Telefilms Ltd on September 8, 1992. The Registration No. of the Company is L92132MH1982PLC028767. The registered Office of ZTL is situated at 135, Continental Building, Dr. Annie Besant Road, Worli, Mumbai 400 018. ZTL is largest vertically integrated Media and Entertainment Companies with world wide operations.

Shareholding as on December 23, 2006

Sr	Category	No of Shares held	% of Shareholding
A	Promoter Holding	190219606	43.89%
B	Non-Promoter Holding	243215899	56.11%
	Total	433435505	100.00%

Board of Directors

Mr. Subhash Chandra
 Mr. Punit Goenka
 Mr. Laxmi N. Goel
 Mr. Ashok Kurien
 Mr. D. P. Naganand
 Mr. B. K. Syngal
 Mr. N. C. Jain
 Dr. M. Y. Khan
 Sir. Gulam Noon
 Mr. Rajan Jetley

Financial Performance

Brief financials of Zee Telefilms Ltd (consolidated), is as under:

(Rs in '000 except for per share data)

Particulars	*2006 Audited	2005 Audited	2004 Audited
Total Income	16543665	13600336	14478085
Profits Before Tax and Exceptional Items	2787321	4336832	4183014
Net Profits After Tax & Exceptional item	2142786	3124605	2968938
Equity Share Capital	412549	412505	412505
EPS	5.2	7.6	7.2
Return on Capital Employed	11.3%	15.2%	16.9%

* Post Demerger

The Company is not a Sick Company within the meaning of the SICA.

Details of Listing

The Shares of the Company are listed on Bombay Stock Exchange, National Stock Exchange & Calcutta Stock Exchange.

Monthly High and Low Price during preceding 6 months

Particulars	BSE		NSE	
	HIGH	Low	High	Low
June 2006	244.95	189.20	240.00	208.80
July 2006	278.00	234.60	268.00	244.50
August 2006	296.50	256.60	292.00	262.70
September 2006	328.90	259.40	325.00	295.90
October 2006	309.45	283.05	307.10	296.25
November 2006	378.75	303.10	366.65	319.00
December 2006	381.00	249.00	379.00	268.90

ETC Networks Ltd

ETC Networks Ltd (erstwhile Econnect India Ltd) was incorporated with ROC, New Dehli on July 1, 1999 and obtained Certificate for Commencement of Business on July 16, 1999. It changed its name to ETC Networks Ltd pursuant to Fresh Certificate consequent to change of Name issued by ROC Delhi on December 9, 2004 and changed its registered office from Delhi to Mumbai vide Certificate of registration of order of CLB on February 17, 2005. The Registration No. of the Company is L72900MH1999PLC151355. Its registered Office is situated at 7-B Shah Industrial Estate, Off Vera Desai Road, Andheri (West), Mumbai 400 053. Company is engaged in the business of Broadcasting of Television Channels.

Shareholding as on December 22, 2006

Sr	Category	No of Shares held	% of Shareholding
A	Promoter Holding	8141259	56.44%
B	Non-Promoter Holding	6283207	43.56%
	Total	14424466	100.00%

Currently ETC Networks Ltd is undergoing a Scheme of Buyback of its Shares in compliance with SEBI Buyback regulations.

Board of Directors

Mr. C. R. Mehta
 Mr. Jagjit Singh Kohli
 Mr. Rajiv Garg
 Mr. Sanjay Agrawal
 Mr. Surjit Banga
 Mr. N. C. Jain

Financial Performance

(Rs in '000 except for per share data)

Particulars	2006 Audited	2005 Audited	2004 Audited
Total Income	452087	479116	442984
Profits Before Tax	110135	114992	136963
Net Profits After Tax	70765	72167	157773
Equity Share Capital	149603	149603	149603
EPS	4.73	4.82	11.03

Details of Listing

The Shares of the Company are listed on Bombay Stock Exchange and National Stock Exchange.

Monthly High and Low Price during preceding 6 months

Particulars	BSE		NSE	
	HIGH	Low	High	Low
June 2006	44.70	28.50	45.40	28.10
July 2006	42.85	36.05	42.40	36.10
August 2006	53.10	37.05	53.50	33.45
September 2006	51.00	44.20	49.95	44.55
October 2006	48.35	43.80	49.45	42.00
November 2006	48.50	42.55	48.00	43.30
December 2006	54.90	45.00	54.90	44.00

Essel Propack Ltd

Essel Propack Ltd was originally incorporated as Essel Packaging Ltd on December 22, 1982 with ROC, Maharashtra. The name of the Company was changed to Essel Propack Ltd w.e.f. September 29, 1983 and fresh Certificate of incorporation was obtained. The Registration No. of EPL is L74950MH1982PLC028947 EPL is engaged in the business of Packaging. Its registered Office is situated at P.O. Vasind Taluka Shahapur, Thane 421 604.

Shareholding as on June 30, 2006

Sr	Category	No of Shares held	% Shareholding of
A	Promoter Holding	92269255	58.92
B	Non-Promoter Holding	64331875	41.08
	Total	156601130	100.00%

Board of Directors

Mr. Subhash Chandra
 Mr. Ashok Kumar Goel
 Mr. Devendra Ahuja
 Mr. Tapan Mitra
 Mr. K. V. Krishnamurthy
 Mr. Andreas Schwyn
 Mr. Boman Moradian

Financial Performance

(Rs in Lacs)

Particulars	31.12.05	31.12.04	31.12.03
Total Income	83323.24	67658.65	58480.00
Net Profits After Tax	9015.22	8086.58	7060.00
Equity Share Capital	3131.26	3131.18	3120.00
EPS	28.78	25.82	22.54

* **Stock split from Rs 10/- to Rs. 2/- wef June 8, 2006**

Details of Listing

The Shares of the Company are listed on Bombay Stock Exchange and National Stock Exchange.

Monthly High and Low Price during preceding 6 months

Particulars	BSE		NSE	
	HIGH	Low	High	Low
June 2006	383.00	66.70	380.00	60.40
July 2006	69.40	61.05	70.00	62.10
August 2006	80.90	66.10	86.00	66.35
September 2006	96.00	75.20	96.00	74.60
October 2006	92.85	82.10	93.00	82.20
November 2006	91.70	79.50	91.45	79.50
December 2006	88.00	73.60	85.50	76.00

Siti Cable Network Limited

The Company was originally incorporated as KMK Machines (India) Pvt Ltd on March 25, 1987 with Registrar of Companies Maharashtra. The name of the Company was changed to Siti Cable Network Pvt Ltd w.e.f. June 19, 1995 and subsequently converted into Public Limited Company w.e.f. June 12, 1998 and consequently fresh certificate of incorporation was obtained. The Registration no. of the Company is U29100MH1987PLC042972. The Company is engaged in the business of providing Cable TV facilities. The Registered office of the Company is situated at Continental Building, 135 Dr Annie Besant Road, Worli, Mumbai 400 018, Maharashtra.

Shareholding

Sr	Category	No of Shares held	% of Shareholding
A	Zee Telefilms Ltd	1936388	100.00
		0	0
	Total	1936388	0

Board of Directors

Mr. Raj Kumar Agrawal
Mr. Pushkar Dutt Bansal
Mr. Subhash Chand Garg

Financial Performance

(Rs in Lacs)

Particulars	*31.03.06	31.03.05	31.03.04
Total Income	13756.08	11266.87	11338.69
Net Profits After Tax	(449.57)	(2495.69)	(2828.49)
Equity Share Capital	19364	234364	2343.64
EPS	-	-	-

* Demerged Balance Sheet consequent to demerger of Cable Business undertaking of the Company to Wire and Wireless (India) Ltd with effect from March 31, 2006

The Company is not a Sick Company within the meaning of the SICA.

Indian Cable Net Company Ltd

The Company was originally incorporated as RPG CableCom Ltd on December 6, 1995 with Registrar of Companies, West Bengal. The name of the Company was changed to RPG Netcom Ltd w.e.f. February 22, 1996 and further it was changed to Indian Cable Net Company Ltd w.e.f. October 25, 2004 and consequently fresh certificate of incorporation was obtained. The Registration no. of the Company is U92132WB1995PTC075754. The Company is engaged in the business of providing cable and wireless communication facilities. The registered office of the Company is situated at Plot No. XI-4, Salt Lake Electronics Complex Block EP & GP Sector V, Salt Lake, Kolkotta – 700091, West Bengal.

Shareholding

Category	No of Shares held	% of Shareholding
Siti Cable Network Ltd & nominees	683100	67.69
Central Bombay Cable Network Ltd	30000	0.31
Others	3230000	32.00
Total	10091070	100.00

Board of Directors

Mr. Avnindra Mohan
Mr. Vimal Kumar Agrawal
Mr. Suresh Kumar

Financial Performance

(Rs in 000's)

Particulars	*31.03.06	31.03.05	31.03.04
Total Income	355640	276640	543608
Net Profits After Tax	86737	(140282)	3133
Equity Share Capital	100911	70361	67861
EPS	-	-	0.46

The Company is not a Sick Company within the meaning of the SICA.

Disclosure on negative net worth/winding up/ sick/ BIFR

There is no group company having a negative net worth or under winding up or a sick company or under BIFR. Further ZNL has not disassociated from any company.

XIII. MANAGEMENT DISCUSSION AND ANALYSIS

Zee News Limited is engaged into the business of Broadcasting of News and Current Affairs Channels. The operations include entire gamut of activities of gathering of content, editing, making it broadcast worthy, broadcasting and uplinking the same on the Channel. As such the Company's operational income comprises of Subscription Income and Advertisement Income.

After Demerger, Zee News Limited business shall consist of Zee News, Zee Business, Zee Bangla, Zee Punjabi, Zee Gujarati, Zee Marathi, Zee Telugu, Zee Kanada and 24 Ghante channels.

As per Scheme of Arrangement, **“News Business Undertaking”** means the News and Regional Channel business of Zee Telefilms Ltd (ZTL) including ZTL's investments in ZNL and all its programme rights, intellectual property rights, telecasting and broadcasting rights, contracts, engagements, arrangements of all kind, brands, domain names and on a going concern basis and include without limitation:

- i. All assets wherever situated, whether movable or immovable, tangible or intangible, including plant and machinery, furniture, office equipments, appliances, accessories together with all present and future liabilities (including contingent liabilities) appertaining or relatable thereto.
- ii. Without prejudice to the above, the News Business Undertaking of ZTL shall include all the debts, liabilities, duties and obligations and also including, without limitation, all properties and assets in connection with or pertaining or relatable to the News Business Undertaking of ZTL such as licenses, permits, quotas, approvals, registrations, lease, tenancy rights in relation to office and residential properties, permissions, buildings, plant and machinery, office equipments, vehicles, incentives if any, and all other rights, title, interests, copyrights, patents, trademarks, trade names and other industrial or intellectual property rights of any nature whatsoever, consent, approvals or powers of every kind nature and description whatsoever in connection with or pertaining or relatable to the News Undertaking of ZTL and all deposits and or moneys paid or received by ZTL in connection with or pertaining or relatable to the News Business Undertaking of ZTL and all statutory licences, permissions, approvals or consents to carry on the operations of the News Business Undertaking of ZTL.
- iii. For the purpose of this Scheme, it is clarified that liabilities pertaining to the News Business Undertaking of ZTL include:
 - (a) The liabilities, which arise out of the activities or operations of the News Business Undertaking of ZTL.
 - (b) Specific loans and borrowings raised, incurred and utilized solely for the activities or operation of the News Business Undertaking of ZTL.

- (c) Liabilities other than those referred to in Sub-Clauses (a) and (b) above and not directly relatable to the remaining business of ZTL, being the amounts of general or multipurpose borrowings of ZTL shall be allocated to the News Business Undertaking of ZTL in the same proportion which the value of the assets transferred under this Clause bears to the total value of the assets of ZTL immediately before giving effect to this Scheme.
- (iv) All permanent employees of ZTL employed in and / or relatable to the News Business Undertaking of ZTL as on the Effective Date; and

Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the News Business Undertaking of ZTL or whether it arises out of the activities or operations of the News Business Undertaking of ZTL shall be decided by mutual agreement between the Board of Directors of ZTL and ZNL.

Particulars of Assets and Liabilities of News Business Undertaking transferred to Zee News Ltd

(Rs./Thousands)

Particulars	Amount
Gross Block	107,798
Less Accumulated Depreciation	13,373
Net Block	94,425
Capital Work in Progress	44,786
Current Assets, Loans and Advances	1,019,972
Deferred Tax Assets / (Liabilities)	64,660
Total Assets	1,223,843
Loan Funds	529,819
Current Liabilities and Provisions	506,915
Total Liabilities	1,036,734
Deficit / (Surplus)	187,109

Industry and Business Overview

In the last decade, India has witnessed sustained, substantial growth in its economy. Also, during recent years, the television broadcasting industry in India has experienced dramatic changes, ushered in by stratification and competition. In such a situation, ZNL is poised to taken multiple initiatives in its strategic policies.

Indian Media Sector

Broadly the Indian media & entertainment Industry consists of the following segments. films, television, music, live events and radio. Television broadcasting and content production is the core business of ZNL. Zee Network is the broadcaster of a number of Hindi, English and Regional language channels both in India and many countries across the globe.

Indian Television Industry

The Indian TV market comprises approximately 112 million households. Television remains the most popular media channel for Indian households

and the favorite form of media entertainment for the Indian population as compared to press, cinema, and radio. The market has experienced significant growth since the industry was deregulated in 1992. Despite this strong growth, TV penetration stands at approximately 55% of households, much lower than that of developed markets. The television market is divided into three categories: Terrestrial Television, Cable Television and Direct to Home Broadcasting. Indian Media Industry has witnessed whirlwind development in the past few years and the same is expected to continue in the forthcoming years. According to ASSOCHAM research, the Indian Entertainment industry had grown to Rs. 35,000 crores by the end of 2005.

- This industry is poised to grow at 19 per cent compounded annual growth rate to reach Rs. 83,740 crore by 2010
- The television segment is slated to grow to Rs. 42,700 crore by 2010 from the present size of around Rs. 15,000 crore.
- The filmed entertainment is expected to reach Rs. 15,300 crore during 2010
- The print medium is slated to reach the figure of Rs. 19,500 crore in the same period
- Out of the total households in India, 112 million have television. Out of these, 68 million have access to Cable & Satellite television, growing at 14-15% annually.
- Television accounts for 40% of the total Ad spends.
- Ad Spends to GDP ratio is poised at 0.38%, which is among the lowest in the world, thereby having huge untapped potential.
- TV Ad revenue is estimated at INR. 61 bn and is expected to grow at a CAGR of 14% over the next 5 years.

There is an optimistic outlook about the future growth of the Indian Broadcasting, Media and Entertainment industry. By logical extension, intelligent players in the entertainment content field have enormous profit potential if they are able to identify and deliver high quality content to an entertainment hungry audience. These factors, along with the fact that television has the inherent advantages of high reach, low cost of advertising and a relatively lower cost of entertainment (as compared to films) is expected to provide even more momentum to the television revolution.

XIV. OUTSTANDING LITIGATIONS, DEFAULTS AND MATERIAL DEVELOPMENTS

As per the Scheme, all suits, actions and proceedings of whatever nature by or against the Transferor Company pending and/ or arising on or before the Effective Date of the Scheme shall not abate, or be discontinued or be in any way prejudicially affected by reason of the transfer of the business of the Transferor Companies pursuant to the Scheme but be continued, prosecuted and enforced by or against the Transferee Company, viz. ZNL as effectually as if the same had been pending and/or arising against ZNL.

Save as stated herein, there are no outstanding or pending material litigation, suit, criminal or civil prosecution, proceeding initiated for offence (irrespective of whether specified in paragraph (I) of Part 1 of Schedule XIII of the Companies Act) or litigation for tax liabilities against the Company, its Promoters, directors or Promoter Group companies and there are no material defaults, non payments or overdue of statutory dues, institutional or bank dues or dues towards holders of debentures, bonds and fixed deposits and arrears of preference shares, other than unclaimed liabilities of the Company, its Promoters or Promoter Group Companies.

From time to time, ZNL experiences routine litigation and disputes with counter parties in its normal course of business, which are typical that are experienced by Companies in Media business. Further similar litigation and disputes, which are pending / outstanding in relation with erstwhile Transferor Company will also continue to be addressed by ZNL. However, ZNL believes that none of such pending routine litigations or disputes either individually or in the aggregate are material.

Litigations Against the Company and other Companies in same Management

1. Pending Litigations of ZNL (transferred from Zee Telefilms Ltd being part of demerged News Business Division)

Description of Suit, Show Causes Notices, Etc.	Facts of Case	Current Status	Amount claimed
Title suit No. 48 of 2001, Leisure Sports Management Pvt. Ltd. V/s Anindita Sarbhadhikari & ZTL	Case fo the plaintiff is that they have prepared a pilot episode of the serial known as Thana Theke bolchi, which is a dramatization of the cases from Calcutta Police. Defindant No.1 lodged the above cassette to D – 2. and D – 2 commissioned D – 1 to produced the serial Police File Theke and registered the concept. Plaintiffs claim the concept and Copyright of the serial. Before any thing could happen palintiff filed a suit before The Court of Junior Judge exparte and the Court refused the same on 21/09/2000, filed the appeal, appeal dismissed for want of jurisdiction. The plaintiff filed a fresh suit and obtained the injunction.	Ad interim granted in the fresh suit on 9.4.2001 restraining the defendants from dealing with the serial.Def filed an application for rejection of the Plaint. Rejected vide order dated 28/2/02. Appeal preferred before the High Court	Nil
T.No.212 and 213 of 2001 Vinod Baid Vs. ZTL &	This petition seeks to restrain telecast of the serial 'India's Most Wanted' where Mr.Baid was depicted as being wanted by the police.	Ex-parte injunction granted	

Ors.			
Case No. 815 of 1999 Samakal Production vs. ZTL & Ors.	It is the case of the Petitioner, that on approval of the project by the Defendant, the Petitioner completed four episode of serial "Dweep" for alleged EI-TV Bangala channel of zee group, and submitted for the telecast. An agreement dated 23rd Sept, 1999 was executed between the Petitioner and Buddha Films Pvt. Ltd. However, the said programme was rejected on /oor about 27/10/99. Therefore, petitioner claiming compensation of Rs. 8.51 lacs towards cost + int, penalty, etc. 7	it will come in due course of time.	Rs. 8.51 Lacs
WP No.... of 2002 Lux Hosiery Industries Ltd. & Anr. Vs. Union of India (ZTL – Res.No.3)	WP is filed in connection with circulars dated 9.7.2001 and 18.10.2001 issued by the Central Board of Excise relating to levy of Service tax payable by advertisers even after payment of advertisement and service tax to ad. Agencies. Prayed that the said circulars be declared illegal, null and void.	Interim Order passed, however the interim order will not prevent the respondent from demanding service tax treating the petitioner in the category of advertising agency.	
C.S.No.235 of 2004, Glaxo Smithline Consumer Health Ltd V/s Heinz India Pvt. Ltd., Prasar Bharati, Ushodaya Enterprises Ltd., ZTL	The present suit is filed in respect of the product Complian & Horlicks. It is the case of the Plaintiff that in the advertisements shown by the Defendants, the Plaintiff's product Holics has been disperaged falsely insinuating by deception & by voice over statement of the Horlicks which has caused irreparable loss to the Petitioner. Prayed for injunction restraining from advertising. The case of ZTL is that the advertisement has been broadcast under RO of Starcom Ad Agency. However, stopped after the Court Order.	The matter was listed before Hon'ble Justice Mr. Shubhro Kamal Mukerjee on 3/9/04 & an interim injunction was passed restraining the Def from telecasting the said Advertisement of Complian. The matter thereafter got transferred in the bench of Justice Kalyan Jyoti Sengupta. 2 out of 3 Contempt applications filed by the petitioner have been disposed of without any direction on ZTL (Resp. No.4).	Rs. 3 Crores
A.P. No.174 of 2003 Rathin Majumdar Vs. ZTL	Arbitration Petition in respect of soap/serial named "Nayantara"	By Order dated 16.07 .2003 Application accepted. Matter to be placed before the Hon'ble Chief Justice for naming the Arbitrator. By Order dated 14.08.03, Mr.M.K.Sengupta Retd. Judge appointed as the Arbitrator.	
Complain Case No. 1100/05, Mukti Nath Jha - VS- Manabendra Nath Roy & Ors.	Application filed under Sec - 500/120B/499 of I.P.C by the petitioner against various persons in respect of an episode of a programme named "Oder Bolte Dao" which was being telecast in the Zee Bangla channel, in which the petitioner was allegedly said to have been defamed in connection to a Tenant-Landlord fight by portrayal of a wrong image of the Tenant to the general public. The accused persons included eminent director, producer, anchor, cameraman, photographer etc. and also some fictitious names (which included all of the accused persons from Zee).	ZTL has undertaken to fight cases for and on behalf of all accused in connection to the production team and all those out of the above, who had supported ZTL (Legal Dept) in the case, have been released on bail bond and P.R. bond (after warrants were issued). Application under Sec- 205 & 317 of Cr.P.C. filed on behalf of all accused.	
Suit No.12 of 2001 Channel 8 Vs. ZTL	The plaintiffs filed the above suit for declaration and permanent injunction for telecast of Bengali film as mentioned in the schedule. Pending before Dist. Judge, Alipore Calcutta	Exparte injunction granted restraining ZTL from telecasting the said films by Order dated 13.02.2001	
Suit No.782 of 2001 Dilip	Suit filed in respect of film Desh Prem and Ithas	Written Statement to be filed	

Kankaria Vs. ZTL			
Suit No.813/2002 Rajkumar Gupta Vs. Buffalo Networks Pvt.Ltd. & Ors.	The Suit is filed claiming damages for Rs.50 lacs, permanent mandatory injunction and rendition of accounts. It is the case of the Plaintiffs that the dates were technically edited, manipulated and concocted into commercial television programmes by Defendants without the consent of the Plaintiffs. The Plaintiffs has not lost his honour and character is doubted..	the list of witness has been filed now the matter has been posted for 10.01.2007 for further proceedings.	Rs.50 lacs
Suit No.887 of 1998 Inspector Anil Kumar Vs. I.SkyB& Ors.	Suit for Mandatory injunction & damages of Rs.10,00,000/- relates to telecast of doc-drama "India's Most Wanted" - CP shoot out case	In this matter, plaintiff has filed his evidence and the matter is listed along with two other matters Satya veer singh and ashok singh rana for proper orders on 27 th July 2006. Now the matter has been fixed for Plaintiff's Evidence on 11.10.2006.	10 Lacs
Suit No.262 of 2001, Satyavir Singh V/s Zee TV	Suit filed in respect of the programme called "India's Most Wanted" C.P shoot out case. The suit is filed against the Def.1 along with other 3 as the cause of action being the same in all the 3 suits. Suit filed for damages & permanent injunction.	In this matter, the plaintiff has filed evidence and the matter is listed along with Anil Kumar and Satyaveer Rathi for proper orders on 27th July 2006. Now the matter has been fixed for Plaintiff's Evidence on 11.10.2006	15 Lacs
Suit No.539 of 2001 Ashok Kumar Rana Vs. ZTL & Ors.	Suit filed in respect of the programme called "India's Most Wanted" for damages & permanent injunction.	In this matter, the plaintiff has to file his evidence and this matter is listed along with other two matters I.e. ins anil kumar and and ashok singh rana for proper orders on 27th July 2006. Now the matter has been fixed for Plaintiff's Evidence on 11.10.2006	10 Lacs
Suit No. 995 of 1998, Raga Production V/s Shohaib Ilyasi & Ors	The present suit is filed in respect of the television programme India's Most Wanted It is the case of the plaintiff that defendant No. 1 has resigned from the employment of plaintiffs and has fraudulently stolen the material and script belonging to the plaintiff. Prays for restraining the defendants from making the use of the episodes of the programme and use of the same story line of the above programme, from broadcasting, to restore records etc	plaintiffs have filed evidence on 1st May 2006. The matter was listed on 28th July 2006 for cross examination of Plaintiff's Witness. Now the matter has been further listed on 22.09.2006 for Plaintiff's evidence and cross examination.	
Suit No.622/2002 Major General M.S.Ahluwalia Vs. Tehelka.Com & Ors.	The suit is filed for damages on account of alleged defamation and claiming Rs.2 crores as damages. It is the case that the Defendants have tarnished the reputation and image of the Plaintiffs and that they have maligned the reputation of Indian Army by roping in many Generals in the Senior post to secure popularity and commercial ventures by launching media blitz and carrying story about alleged corruption in defence deals relating to import of defence equipments.	In the aforesaid matter the cross examination of the witness of the plaintiff I.e. ms ahulawalia is in progress . On 2nd may 06 the further cross examination of the witness will be carried on by the counsle for the def and after that we have to furnish the list of the witness of the defendants . on 13.09.2006 for further cross examination of Plaintiff's witness is complete. now the matter has been adjourned to 7.11.2006 for cross of other witness.	Rs.2 crores
Suit No.833/ 2002 Euro RSCG	The suit is filed seeking an order and decree against D1 to pay the Plaintiffs a sum of	Defendants No.2 & 3 i.e. Zee and ATL have to file Written	Rs.23.45 Lacs

Advertising Pvt.Ltd. Vs. Enkay Texofoods Industries Ltd. (ZTL Def.2)	Rs.23,45,460/- for declaration . The suit filed by the advertising company against advertiser where Zee has been joined as party defendant. This matter is connected with case No. 3749 of 2002 filed by ATL & ZTL.	Statements.	
Criminal Complaint No. 960/2006 Agasti Kanitkar Vs. Chairman & ors.	The complaint filed u/s 500 of I.P.C. for broadcasting the defamatory news on 15th February, 2006 at 7.30 pm on Zee Marathi Channel.	The lower court passed an order for issue process against chairman & ors.on 9th May, 2006. The said order challenged by criminal Revision application filed for quasing and setting aside the order. The CRA dismissed. We have filed writ petition against the order in CRA. Interim relief granted. Next date is 24.01.07	Nil

2. Against Zee Telefilms Limited:

1. The Registrar of Companies, Mumbai has launched prosecution under Sections 217(5) (two cases), 212(9) (one case), 209(5) (one case), 307(7) (one case) and 211(7) (one case) before the Additional Metropolitan Magistrate Court, Mumbai and the cases are pending. The offences as contemplated in above cases being compoundable under section 621A of the Companies Act, 1956 have been compounded by the Regional Director under Regulation 40(1) of the Company Law Board Regulation, 1991 and Section 621A of the Act, vide its Orders dated 2nd September 2004. Requisite Compounding Fees as directed vide aforesaid orders have been paid. However, ROC has not yet initiated process for withdrawal of these cases and the same are pending before the Additional Metropolitan Magistrate Court, Mumbai. The Petitioner Company has learnt that the Registrar of Companies, Mumbai has also launched prosecution under 211(7) (5 cases) on June 15, 2002 and the said cases are pending. However, till date the Petitioner Company and/or their officers/Directors have not been served with any notice or summons or complaint in respect of the said 5 cases.
2. The Service Tax Department has raised demand of Rs. 1747.45 Lacs towards Service Tax and penalty of Rs.1757.45 Lacs on Airtime Sales Commission Income/Advertisement Services. The demand has been confirmed by the first appellate authority, which is challenged before the Customs, Excise and Service Tax Appellate Tribunal, which has since granted a stay unconditionally. However, this liability is not provided, as the Group does not anticipate any liability, as opined by the experts.
3. The Service Tax Department has issued show cause cum demand notice to levy a service tax of Rs.285.18 Lacs plus interest and penalty thereof on advertisement services for the year 2000-01 to 2002-03 and Rs.3.49 for the year 2001-02 to 2003-04.
4. The Adjudicating Officer, Enforcement Directorate, Government of India has imposed a penalty of Rs.125.00 Lacs for contravening the provisions of The Foreign Exchange Regulation Act, 1973. The Foreign Exchange Management Act, 1999 on account of abandonment of imported goods,

which has been challenged before the Appellate Tribunal for Foreign Exchange and is pending. However, this liability is not provided as in the opinion of the Group no liability is anticipated.

3. Against Essel Propack Limited:

1. Essel Propack Limited Vs Essel Software & Services Limited

Suit for infringement of domain name (trade mark) was filed and an injunction restraining use of domain name was passed in favour of Essel Propack Limited. The Parties arrived at out of court settlement.

2. Essel Propack Limited Vs Ameya Cosmetics

Legal case for recovery of Rs.5,17,458.62 which is pending for disposal.

3. Essel Propack Limited Vs Chemi-Kleen (India) Private Limited

Legal case for recovery of Rs.8,27,618.80. Ex-parte decree in favour of Essel Propack Limited is passed. Steps have been taken for transferring the decree for execution to appropriate Court at Rohtak, Haryana.

4. Essel Propack Limited Vs Nature Care Products Private Limited

Legal case for recovery of Rs.8,86,605.72/-. Ex-parte decree in favour of Essel Propack Limited is passed. Steps have been taken for transferring the decree for execution to appropriate Court at Chennai.

5. Essel Propack Limited Vs Dentifrices

Receiver has been appointed by Bombay high Court for taking charge of the machinery. Court order for forcible possession of the machinery is obtained.

6. Essel Propack Limited Vs Royal Anti-Biotics Private Limited

Legal case u/s 138 of NI Act in the Court of M.M., Bhoiwada, Mumbai is filed. Rs.8.89 Lacs have been recovered till date.

4. Against ETC Networks Limited:

1. ETC networks Limited Vs Kunwar Ajay Sarees

Summary Suit for recovery of Rs.12,62,786/- is filed in Bombay High Court on 07-05-2002 which is pending for disposal.

2. ETC networks Limited Vs Plus Advertising

Criminal cases for recovery of Rs.5,35,500/- are filed in Bombay High Court on 01-10-2002, warrants are obtained but could not be served.

3. ETC networks Limited Vs Rejain Healthcare Pvt. Ltd.

Summary Suit for recovery of Rs.2,80,298/- is filed in Bombay High Court on 26-09-2003. Winding up petition is also filed in Bombay High Court on 26-09-2003. Public notices are issued.

4. ETC networks Limited Vs Synthico Exports

Summary Suit for recovery of Rs.5,86,219/- is filed in Bombay High Court on 28-04-2003. Party furnished a letter evidencing acceptance of their claims by the Company. Hence, unconditional leave granted to defend the suit on 21-03-2005.

5. ETC networks Limited Vs H V Network

Summary Suit for recovery of Rs.3,29,623/- is filed in Bombay High Court on 24-11-2003. Unconditional leave granted to the party in Sept. 2005.

6. ETC networks Limited Vs Jupiter Multimedia

Summary Suit for recovery of Rs.7,40,437/- is filed in Bombay High Court on 15-10-2003 which is pending for disposal.

7. ETC networks Limited Vs Hans Aar Productions & Advt. Pvt. Ltd.

Legal notices sent on 31-01-2004 and 31-03-2005. Party assured to pay but not paid till date. Summary Suit for recovery of Rs.51,921/- is filed in Bombay High Court on 09-06-2005 which is pending for disposal.

8. ETC networks Limited Vs S M Dyechem Ltd.

Summary Suit for recovery of Rs.88,830/- is filed in Bombay High Court on 06-09-2004. Winding up petition is also filed in Bombay High Court.

9. ETC networks Limited Vs Milestone Entertainment Pvt. Ltd.

Summary Suit for recovery of Rs.44,209/- is filed in Bombay High Court on 24-11-2003. Winding up petition is also filed and admitted on 03-02-2005, Public Notice is issued.

10. ETC networks Limited Vs Catrack Entertainment Ltd.

Summary Suit for recovery of Rs.9,29,723/- is filed in Bombay High Court. Winding up petition is also filed.

11. ETC networks Limited Vs Zaheerons Productions

Summary Suit for recovery of Rs.108,97,226/- is filed in Delhi High Court on 13-04-2005. Injunction granted on 24-05-2005. Notice issued at new address.

12. ETC networks Limited Vs Headstart Advertising & Marketing Pvt. Ltd.

Summary Suit for recovery of Rs.2,64,813/- is filed in Bombay High Court on 11-09-2003. Winding up petition is also filed and admitted on 20-01-2005. Public Notice is issued.

13. ETC networks Limited Vs Launchers the Moder

Notices sent on 28-09-2004 and 30-03-2005. Summary Suit for recovery of Rs.3,63,805/- is filed in Delhi High Court in October 2005. Decree granted on 13-02-2006.

14. ETC networks Limited Vs Any Time Advertising

Notices sent on 28-09-2004. Summary Suit for recovery of Rs.1,41,019/- is filed in Delhi High Court on 30-07-2005.

15. ETC networks Limited Vs Usha Kaal Advt. Pvt. Ltd.

Notices sent on 28-09-2004 and 31-03-2005. Summary Suit for recovery of Rs.89,251/- is filed in Delhi High Court. Party left address. Notice being served at new address.

16. ETC networks Limited Vs Sangam Marketing & Network Pvt. Ltd., Surat

Notice u/s 138 issued on 30-05-2005 and 138 Complaint is also filed. Amount involved is Rs.19,10,659/-

17. ETC networks Limited Vs Wings Advt., Delhi

Section 138 complaint is filed at Delhi. Summons are issued. Amount involved is Rs.1,80,000/-.

18. ETC networks Limited Vs Wings Advt., Delhi

Summary Suit for recovery of Rs.21,86,489/- is filed in Delhi High Court on 30-12-2005.

19. ETC networks Limited Vs Arihant Advt., Delhi

Notice is issued on 02-09-2005. Summary Suit for recovery of Rs.94,554/- is filed in Delhi High Court on 19-04-2006.

5. Against Siti Cable Network Limited

1. The Registrar of Companies, Mumbai has launched prosecutions for contravention of Sections 58A, 193 and 215 of the Companies Act, 1956 before the Additional Metropolitan Magistrate Court, Mumbai and the cases are pending. The offences as contemplated in above cases other than offence u/s 58A being compoundable under section 621A of the Companies Act, 1956 have been compounded by the Regional Director under Regulation 40(1) of the Company Law Board Regulation, 1991 and Section 621A of the Act, vide its Order dated 24th January 2005. Requisite Compounding Fees as directed vide aforesaid order have been paid by the Company. However, ROC has not yet initiated process for withdrawal of these cases and the same are pending before the Additional Metropolitan Magistrate Court, Mumbai.

2. Franchnet Cable:

A case relating to dispute against acquisition is pending between Siti Cable and Franchnet Cable. The amount involved is Rs. 6,12,00,000/-

3. Mamlatdar, Entertainment Tax Dept., Ahmadabad:

A case relating to dispute against entertainment tax is pending between Siti Cable and Mamlatdar, Ahmadabad. The amount involved is Rs. 1,98,23,270/-

4. Muncipal Corp. of Hyderabad:

A case relating to dispute against Muncipal Corporation of Hyderabad is pending between Siti Cable and Muncipal Corporation of Hyderabad. The amount involved is Rs. 1,18,13,450/-

5. West Bengal Entertainment cum – Amusement Tax Dept.:

A case relating to dispute against entertainment cum amusement tax is pending between Siti Cable and West Bengal Entertainment cum – Amusement Tax Dept.. The amount involved is Rs. 1,92,18,065/-

6. State of Karnataka:

A case relating to dispute against Entertainment Tax leviable under section 4-C & 4-D from 01.04.02 to 31.03.06 acquisition is pending between Siti Cable and State of Karnataka.

7. Additional CIT:

A case relating to dispute against Income Tax Dept. is pending under FERA/FEMA between Siti Cable and Addl. Commissioner of Income Tax. The amount involved is Rs. 1,25,00,000/-

8. Kanpur Nagar Nigam Ltd.:

A case relating to dispute against Pole Charges is pending between Siti Cable and Kanpur Nagar Nigam Ltd. The amount involved is Rs. 12,50,000/-

9. Maharashtra Kamgar Samiti, Mumbai:

A case relating to Labour dispute is pending between Siti Cable and Maharashtra Kamgar Samiti, Mumbai. The amount involved is Rs. 9,69,650/-

10. A case relating to Unpaid Pole Rent is pending. The amount involved is Rs. 19,38,130/-

11. A case relating to dispute against the liability for the period of January 2005 to March 2005 arising from the Agreement for international Bandwidth which was terminated in December 2004. The amount involved is Rs. 44,29,688/-

12. A case relating to dispute against the software license fee for the period of January 2005 to March 2005 which remains unpaid on 1,30,000 cards @\$8,666/- per month. The amount involved is Rs. 11,37,413/-

6. Against Promoter Companies

Briggs Trading Co. Pvt Ltd

1. The Registrar of Companies, Mumbai has launched prosecutions for contravention of Sections 217(3), 372(6) & (7), 301, 211, 211(3c) and 305, 383A and 297 of the Companies Act, 1956 before the Additional Metropolitan Magistrate Court, Mumbai and the cases are pending. The offences as contemplated in above cases being compoundable under section 621A of the Companies Act, 1956 have been compounded by the Company Law Board and Regional Director vide their orders dated 10th May 2004 (CLB – 2 orders) and 18th March 2004 (RD-5 orders), respectively. Requisite Compounding Fees as directed vide aforesaid order have been paid by the Company. However, ROC has not yet initiated process for withdrawal of these cases and the same are pending before the Additional Metropolitan Magistrate Court, Mumbai.

Ganjam Trading Co. Pvt Ltd

2. The Registrar of Companies, Mumbai has launched prosecutions for contravention of Sections 193, 217, 372, 301, 211, 297 and 383A of the Companies Act, 1956 before the Additional Metropolitan Magistrate Court, Mumbai and the cases are pending. The offences as contemplated in above cases being compoundable under section 621A of the Companies Act, 1956 have been compounded by the Company Law Board and Regional Director vide their orders dated 31st August 2004 (CLB-2 Orders) and 22nd September 2004 (RD – 5 Orders) respectively. Requisite Compounding Fees as directed vide aforesaid order have been paid by the Company. However, ROC has not yet initiated process for withdrawal of these cases and the same are pending before the Additional Metropolitan Magistrate Court, Mumbai.

Churu Trading Co. Pvt Ltd

3. The Registrar of Companies, Mumbai has launched prosecutions for contravention of Sections 301, 305, 372, 211& 383A of the Companies Act, 1956 before the Additional Metropolitan Magistrate Court, Mumbai and the cases are pending. The offences as contemplated in above cases being compoundable under section 621A of the Companies Act, 1956 have been compounded by the Company Law Board and Regional Director vide their orders dated 10th May 2004 (CLB-1 Order) and 12th and 15th February 2004 (RD – 4 Orders) respectively. Requisite Compounding Fees as directed vide aforesaid order have been paid by the Company. However, ROC has not yet initiated process for withdrawal of these cases and the same are pending before the Additional Metropolitan Magistrate Court, Mumbai.

Prajatma Trading Co. Pvt Ltd

4. The Registrar of Companies, Mumbai has launched prosecutions for contravention of Sections 193, 372, 301 & 211 of the Companies Act,

1956 before the Additional Metropolitan Magistrate Court, Mumbai and the cases are pending. The offences as contemplated in above cases being compoundable under section 621A of the Companies Act, 1956, applications for compounding of these cases have been made to Regional Director. Order of Regional Director is awaited and the cases are pending before the Additional Metropolitan Magistrate Court, Mumbai.

Previous Public/Rights Issues by the Company in the last 5 years

There were no Public/ Rights issues by the Company in the last 5 years.

Revaluation of Assets

The Company has not revalued its assets during the last five years.

XV. ARTICLES OF ASSOCIATION

The Board of Directors of the Company has vide its resolution dated November 28, 2006 approved amendments to the Articles of Association of the Company, to meet requirements of the Listing Agreement. Main provisions of Articles including aforesaid amendments are as under:

FURTHER ISSUE OF SHARES

1. Where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares either out of the unissued capital or out of the increased share capital then:

a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.

b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.

c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right. PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.

d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.

2. Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.

a) If a special resolution to that effect is passed by the company in General Meeting, or

b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the company.

3. Nothing in sub-clause (c) of (1) hereof shall be deemed ;

a) To extend the time within which the offer should be accepted; or
b) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

4. Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued or loans raised by the company :

i) To convert such debentures or loans into shares in the company;
or
ii) To subscribe for shares in the company (whether such option is conferred in these Articles or otherwise).

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term :

a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and

b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in General Meeting before the issue of the debentures or raising of the loans.

SHARES AT THE DISPOSAL OF THE DIRECTORS

Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

LIMITATION OF TIME FOR ISSUE OF CERTIFICATES

Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee

as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be borne to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder.

ISSUE OF NEW CERTIFICATE IN PLACE OF ONE DEFACED, LOST OR DESTROYED

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, an a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificates under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

TRANSFER OF SECURITIES

The provisions of Section 111 of the Companies Act, 1956, regarding powers to refuse Registration of Transfera and appeal against such refusal should be adhered to. Provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the company has a lien on the shares. Transfer of shares/debentures **in whatever** lot shall not be refused.

INSTRUMENT OF TRANSFER

The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly compiled with in respect of all transfer of shares and registration thereof.

NO FEE ON TRANSFER OR TRANSMISSION

No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

PAYMENT IN ANTICIPATION OF CALL MAY CARRY INTEREST

The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

COMPANY'S LIEN ON SHARE/DEBENTURES

The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

TERM OF ISSUE OF DEBENTURE

Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares,

attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

UNPAID OR UNCLAIMED DIVIDEND

Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 42 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 42 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of Zee News Limited" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of three years from the date of such transfer, shall be transferred by the Company to the Investor Education and protection Fund established the Central Government. A claim to any money so transferred to the above fund may be preferred to the Central Government/Committee appointed by the Central Government by the shareholders to whom the money is due.

No unclaimed or unpaid dividend shall be forfeited by the Board.

CERTIFICATES

1. The certificate to title of shares and duplicates thereof when necessary shall be issued under the Seal of the Company in accordance with the provisions of Section 84 of the Act and the rules prescribed by the Central Government for the said purposes as in force from time to time.
2. Every member shall be entitled to one Certificate for all the shares registered in his name or, if the directors so approve to several certificates each for one or more of such shares. Provided however, that no share certificate(s) shall be issued in respect of the shares held in Depository"
3. The certificate of shares registered in the name of two or more persons shall be delivered to the person first named on the Register.

CALLS

1. The Directors may, from time to time subject to the terms on which any shares may have been issued, and subject to Section 91 of the Act, make such calls as they may think fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the person and at the time and place appointed by the Directors. A call may be made payable by installments and shall be deemed to have been made at the time

when the resolution of the Directors authorising such call was passed.

2. If the sum payable in respect of any call or installment not paid on or before the day appointed for payment thereof, the holder for the time being of the share in respect of which the call shall have been made for the installment shall be due, shall pay interest for the same at from the day appointed for the payment thereof to the time of the actual payment at such rate as the Directors may determine. The Directors shall be at liberty to waive payment of any such interest wholly or in part.
3. If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed times, whether on account of the amount of the share or by way of premium every such amount or installment shall be payable as it were a call duly made by the Directors and of which due notice had been given and all the provisions herein contained in respect of calls shall relate to such amount or installment accordingly.
4. Subject to the provisions of the Act and these Articles, on the trial or hearing of any action or suit brought by Company against any shareholder or his representatives to recover any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of defendant is or was, when the claim arose, on the register of the company as a holder, or one of the holders, of the shares, in respect of which such claim is made, and that the amount claimed is not entered as paid in the books of the company and it shall not be necessary to prove the appointment of the Directors who made any call, nor that a quorum of Directors was present at the meeting at which any call nor that the meeting at which any call was made duly convened or constituted nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive of the debt.
5. The Directors may, if they think fit, receive from any member willing to advance the same all or any part of the money due upon the shares held by him beyond the sums actually called for, and upon the money so paid in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the share in respect of which such advance has been made, the company may pay interest at such rate as the Directors think fit. Money so paid in excess of the amount of call shall not rank for dividends or participation in profits. the Director may at any time repay the amount so advanced.
6. A call may be revoked or postponed at the discretion of the Directors.

FORFEITURE, SURRENDER AND LIEN

7. If any member fails to pay the whole or any part of any call or installment or any money due in respect of any shares either by way of principal or interests on or before the day appointed for the

payment of the same or any extension thereof as aforesaid, the Directors may at any time thereafter during such time as the call or installment remains unpaid or decree remains unsatisfied serve a notice on such member, or on the person (if any) entitled to share by transmission, requiring him to pay such call or installment or such part thereof or other moneys as remains unpaid together with any interest that may have accrued and all expenses (legal or otherwise) that may have accrued by the Company by reason of such non-payment.

8. If the requisitions of any such notice shall not be complied with, every or any share in respect of which notice is given, may at any time thereafter, before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include dividend declared in respect of the forfeited shares and not actually paid before the forfeiture.
9. When any share is declared to be forfeited, notice of forfeiture shall be given to the member in whose name it stood immediately prior to forfeiture and an entry of forfeiture with the date thereof, shall forthwith be made in the Register but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.
10. Every share so forfeited as aforesaid shall thereupon be the property of the Company and may be sold, reallocated or otherwise disposed of either to original holder thereof or to any other person upon such terms and in such manner as the Board shall think fit.
11. The Directors may at any time before any share so forfeited shall have been sold, reallocated or otherwise disposed of, annul the forfeiture thereof upon such conditions as they may think fit.
12. Any member whose shares may be forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company all calls and other money owing upon the shares at the time of the forfeiture with interest thereon from the time of the forfeiture, until payment, at such rate as Directors may decide, and the Directors may enforce the payment thereof if they think fit, but shall not be under any obligation to do so.
13. The Company may receive the consideration, if any, given for the share on any sale or other disposition thereof and the person to whom such share is sold or disposed of may be registered as holder of the share, and he shall not be bound to see the application of the consideration, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceeding in reference to the forfeiture, sale, or other disposal of the same.
14. The Directors may at any time, subject to the provisions of the Act, accept the surrender of any share from or by member desirous of surrendering on such terms as the Directors may think fit.

15. The Company shall have a first and paramount lien upon all the shares (other than fully paid up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any shares shall be created. Any such lien shall extend to all dividends and bonus from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any on such shares.

TRANSFER OF SHARES

1. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Companies Act and of any statutory modification thereof for the time being, shall be duly complied with, in respect of all transfer of shares and the registration thereof.
2. The Company shall have power to keep foreign Register of Members or debenture holders in any country or State outside India as may be decided by the Board from time to time. If any shares are to be entered in any such register, the instrument of transfer shall be in a form recognised under the law of such country or state or in such form as may be approved by the Board.
3. (a) The Company shall cause to be kept a Register and Index of Members in accordance with all applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996 with details of shares held in material and dematerialised forms in any media as may be permitted by law including in any form of electronic media. the Company shall be entitled to keep in any State or Country outside India a branch Register of Members Resident in that State or Country.

(b) The shares in the capital shall be numbered progressively accordingly to their several denominations and except in the manner hereinbefore mentioned, no share shall be sub-divided, provided however, that the provisions relating to progressive numbering shall not apply to the shares of the Company which are in dematerialised form.

(c) Save as herein otherwise provided the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the depository, as the absolute owner thereof and accordingly shall not except as ordered by a Court of competent jurisdiction or as by law required, be found to recognise any benami trust or equity or equitable, contingent, future or partial or other claim or claims or right to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof. No notice of any trust, express, implied or constructive shall be entered in the Register of members or debentureholders.

- (d) The Company shall be entitled to dematerialise its existing shares, debentures and other securities, rematerialise its shares, debentures and other securities, in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder if any.
4. Subject to the provisions of Section III of the Act, the Board may, on behalf of the Company, and as its own absolute and uncontrolled discretion and without assigning any reason, decline, to register or acknowledge any transfer of shares notwithstanding that the proposed transfer be already a member) but in such case, it shall within two months from the date of which the instrument of transfer was lodged with the Company send to the transferee and the transferor notice of the refusal to register such transfer and return the documents lodged as aforesaid to the transferor.
 5. If the Company refuses to register the transfer of any share or transmission of any right therein, the Company within one month from the date on which the instrument of transfer or intimation of transmission was lodged with the Company, shall send notice of refusal to the transferee and the transferor or to the person giving intimation of the transmission, as the case may be, and thereupon the provisions of Section 111 of the Act or any statutory modification of the provisions for the time being in force shall apply.
 6. The instruments of transfer shall after registration be retained by the Company and shall remain in its custody. Such instruments of transfer may be destroyed by the Company at the sole discretion of the Directors.
 7. The Directors shall have power, on giving not less than seven days previous notice by advertisement as required by Section 154 of the Act, to close the Register of Members and debenture holders of the company in the manner provided under Section 154 of the Act.
 8. Subject to the provisions of the Act and these Articles, any person becoming entitled to a share in consequence of the death, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this clause, or of his title, as the Board may think sufficient and upon giving such indemnity as the Directors may require either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the Board, registered as such holder, provided nevertheless, that if such person nominated by him and approved by the Board, registered as such holder, provided nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by execution, to his nominee of instrument of transfer of the shares in accordance with the provision herein contained, and until he does so, he shall not be free from any liability in respect of the share. This clause is herein referred to "The transmission Clause."

9. (A) The company shall keep a book to be called "Register of Transfer" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of nay share held in material form.
- (B) In the case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.
10. Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.
11. Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified, or until or unless an indemnity be given to the Company with regard to such registration which the Board at its discretion shall consider sufficient provided nevertheless that there shall not be any obligation on the Company or Board to accept any indemnity.
12. The Company will not make any charge for :
- (i) registration of transfers of its shares and debentures.
 - (ii) subdivision and consolidation of shares and debenture certificates and for subdivision of Letters of Allotment and split, consolidation of Renewal and Pucca Transfer Receipts into denominations corresponding to the market units of trading.
 - (iii) Sub-division of renounceable Letter of Right.
 - (iv) Issue of new certificate in replacement of those which are old script or worn out or where the cages on the reverse for recording transfer have been fully utilised.
 - (v) Registration of any power of attorney, probate, letters of administration or similar other documents.
13. The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made, by any apparent legal owner thereof (as shown or appearing in the Register) to the prejudice of persons having or claiming any equitable right, title, or interest to or in the same shares notwithstanding that the Company have had notice of such equitable right, title, or interest to or in the same shares notwithstanding that the Company have had notice of such equitable right, title or interest or prohibiting registration of such transfer, and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to notice which

may be given to them of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting to do so though it may have been entered or referred to in some books of the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Directors shall so think fit.

**INCREASE, REDUCTION AND ALTERATION IN AUTHORISED
ISSUED AND SUBSCRIBED CAPITAL**

1. The Company may from time to time in general meeting by ordinary resolution alter the conditions of its memorandum by increase of authorised share capital by creation of new shares of such amount as it thinks expedient.
2. Except so far as may be otherwise provided by the conditions of issue or by these presents any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, transfer and transmission, forfeiture, lien, surrender, voting and otherwise.
3. The Company may (subject to the provisions of Section 100 to 105 of the Act) from time to time by special Resolution reduce its share capital or any Capital Redemption Reserve Account or Share Premium Account in any way authorised by law and in particular may pay off any paid up share capital upon the footing that it may be called up again, or otherwise, and may, if and as far as is necessary alter its Memorandum by reducing the amount of its share capital and of its shares accordingly.
4. The Company may in general meeting alter the conditions of Memorandum as follows:
 - (a) Consolidate and divide all or any of its share capital into share of larger amount than its existing shares.
 - (b) Sub-divide its shares or any of them into shares of smaller amounts than originally fixed by the Memorandum, subject nevertheless to the provision of the Act and of these Articles.
 - (c) Cancel shares, which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

JOINT HOLDERS

1. Where two or more persons are registered as the holders of any shares, they shall be deemed to hold the same as joint tenants with

benefits of survivorship subject to the following and other provisions contained in these Articles:

- a) On the death of any such joint holders, the survivor or survivors shall be the only person or persons recognised by the Company as having any title or interest in the share but the Directors may require such evidence of death as they deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person.
 - (b) Any one of the joint holders may give effectual receipt of any dividends or other moneys payable in respect of such shares.
 - (c) Only the person whose name stands first in the register as one of the joint holders of any share, shall be entitled to delivery of the certificate relating to such shares or to receive documents (which expression shall be deemed to include all documents referred to in Article 110) from the Company and documents served on or sent to such person shall be deemed as good service on all the joint holders.
 - (d) Any one of two or more joint holders may vote at any meeting either personally or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy than one of such persons so present whose name stands first or higher (as the case may be) on the Register in respect of such shares shall alone be entitled to vote in respect thereof but the other or others of the joint holders present at any meeting personally shall be entitled to vote in preference to a joint holder present by proxy and stands first or higher (as the case may be) in the Register in respect of such shares. Several executors or administrators of deceased member in whose (deceased member's) sole name any share stands shall for the purpose of this sub-clause be deemed joint holders.
2. Subject to the provisions of the Act and these Articles and without prejudice to the other powers conferred by these Articles, the Directors shall have the power from time to time at their discretion to accept deposits from members of the Company either in advance of calls or otherwise and generally to raise or borrow or secure the payment of any sum of money for the purpose of the Company, provided that the aggregate of the amount borrowed (a part from temporary loans as defined in Section 293 of the Act obtained from the company's bankers in the ordinary course of business) and remaining outstanding and undischarged at that time, shall not without the consent of the Company in general meeting, exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say reserves not set apart for any specified purpose.
 3. Subject to the provisions of the Act and these Articles, the Board may raise and secure the payment or repayment of such sums or sums in

such manner and upon such terms and conditions in all respects as it thinks fit and in particular by the issue of bonds, perpetual or redeemable debentures, debenture stock or any mortgage or charge or other security on the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.

4. Any bonds, stocks or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.
5. Any bonds, debentures, debenture stock, or other securities may be issued at a discount, premium or otherwise and with any special privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending and voting at general meetings provided that debentures with the right of conversion into shares shall not be issued except in conformity with the provisions of Section 81(3) of the Act.
6. Subject to the provision of the Act and these Articles if the Directors or any of them or other person shall incur or be about to incur any liability as surely for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.
7. If any uncalled capital of the Company is included or charged by any mortgage or other security, the Directors shall subject to the provisions of the Act, and these Articles make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.

GENERAL MEETING

1. Subject to the provisions of the Act, the Company shall hold from time to time as provided by the Act in addition to any other meetings as general meeting as its Annual General Meeting. The provisions of Section 166 of the Act shall apply to such Annual General Meeting.
2. Subject to the provisions of the Act, the Board of Directors may whenever it thinks fit, call an Extra-ordinary General Meeting of the Company other than an Annual General Meeting.

PROCEEDINGS AT GENERAL MEETING

1. Five members entitled to vote and present in person shall form quorum for General Meeting No business shall be transacted at any

General Meeting unless the quorum requisite be present at the commencement of a meeting.

2. If within half an hour from the time appointed for holding a meeting of the company, a quorum is not present, the meeting if called upon the requisition of members, shall stand dissolved. In any other case the meeting shall stand adjourned to the same day in the next week (not being a holiday) at the same time and place or to such other day and at such other time and place as the Board may determine. If at any adjourned meeting also a quorum is not present within half an hour of the time appointed for holding the Meeting, the members present, whatever number (not being less than two) shall be quorum and shall have power to decide upon all the matters which could properly have been disposed of at the meeting from which the adjournment took place.
3. Any one of the Directors present, shall be elected to be chairman of a General Meeting by the members present at the meeting.
4. If at any General Meeting a quorum of members shall be present and the Chair shall not be taken by a Director at the expiration of half an hour from the time appointed for holding the meeting or if before the expiration of half an hour from the time appointed for holding the meeting all the Directors decline to take the chair, the members present shall on a show of hands choose one of their own members to be the Chairman of the meeting.
5. The Chairman may with the consent of any meeting at which quorum is present and shall if so directed by the adjourned any meeting from time to time and place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at meeting from which the adjournment took place.
6. When a meeting is adjourned for thirty days or more notice of the adjourned meeting shall be given as in the case of original meeting. Save as aforesaid it shall not be necessary to give any notice adjournment or the business to be transacted at adjournment meeting.
7. In case of equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting, shall be entitled to a casting vote in addition to his own vote or votes to which he may be entitled as member.
8. The Board shall cause minutes of all proceedings of every general meeting and of all proceedings of every meeting of its Board or of every committee of the Board to be kept in accordance with Section 193 of the Act.
9. The books containing the minutes of all proceedings of general meeting of the Company shall be kept at the office of the Company and be open to the inspection of any members as prescribed by Section 196 of the Act.

VOTES OF MEMBERS

1. Subject to the provisions of the Act and these Articles votes may be given either personally or by proxy or in the case of a body corporate also by a representative duly authorised under Section 187 of the Act and Articles 64 hereof.
3. Subject to the provisions of the Act (and particularly of Sections 87, 89 and 92(2) thereof and of these Articles:
 - (1) Upon a show of hands every member holding equity shares and entitled to vote and present in person (including as Attorney or a representative of a body corporate as mentioned in Article 87) shall have one vote.
 - (2) Upon a poll the voting right of every member holding equity shares and entitled in vote and present in person (including a body corporate present as aforesaid) or by proxy shall be in proportion to his share in the paid-up equity capital of the Company.
 - (3) The voting right of every member holding preference shares, if any shall upon a show of hands or upon a poll be subjected to the provisions, limitations and restrictions laid down in Section 87 of the Act.
4. No member not personally present shall be entitled to vote on a show of hands unless such member is body corporate present by attorney or by representative duly authorised under Section 187 of the Act in which case such attorney or representative may vote on show of hands as if he were an individual member of the Company.
5. Subject to the provisions of the act, no members shall be entitled to voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him, have not been paid or in regard to which the Company has, and has exercised any right or lien.
6. Any person entitled under the Transmission clause (Article 36 hereof) to transfer any shares, may vote at any general meeting in respect thereof as if he was the registered holder of such shares, provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting as the case may be, at which he proposes to vote, he shall satisfy the Board of his right to transfer such shares unless the board shall have previously admitted his right to vote at such meeting in respect thereof.
7. On a poll taken at a meeting of the Company a member entitled to more than one vote, or his proxy, or other person entitled to votes for him as the case may be need not, if he votes, use all his votes or cast in the same way all the votes he uses.

8. The instrument appointing a proxy and the Power of Attorney or other authority(if any) under which it is signed or a notarially certified copy of that power of authority shall be deposited at the office not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.
9. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous insanity or lunacy or death of the principal or revocation of the proxy or any power of attorney, as the case may be, under which such proxy was signed, or the transfer of share in respect of which the vote is given provided that no intimation in writing of the insanity, lunacy, death, revocation or transfer shall have been received at the office before the meeting.
10. Subject to the provisions of the Act and these Articles no objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote, whether given, personally or by proxy or by any means hereby authorised and not disallowed at such meeting or poll, shall be deemed valid for all purposes of meeting or poll whatsoever.
11. Subject to the provisions of the Act and these Articles no objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote, whether given, personally or by proxy or by any means hereby authorised and not disallowed at such meeting or poll, shall be deemed valid for all purpose of meeting or poll whatsoever.

XVI. DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Information Memorandum) which are or may be deemed material have been entered or to be entered into by our Company.

Copies of following documents are available at our registered office of Continental Building, 135, Dr Annie Besant Road, Worli, Mumbai 400 018, for inspection on any working day (i.e. Monday to Friday and not being a bank holiday in Mumbai) from 2.00 p.m. to 5.00 p.m.

1. Memorandum and Articles of Association of the Company along with Certificate of Incorporation and Certificate of Commencement of Business issued by Registrar of Companies, Maharashtra, Mumbai
2. The Order of Hon'ble High Court of Bombay dated November 17, 2006 sanctioning the Scheme of Arrangement for demerger of News Business Undertaking of Zee Telefilms Ltd in to the Company.
3. Letters issued by BSE, NSE and CSE dated May 26, 2006, June 16, 2006 and July 3, 2006, respectively according their no objection to the Scheme
4. Return of Allotment filed by the Company for allotment of Shares pursuant to the Scheme
5. Copy of Tripartite Agreement with National Securities Depository Ltd and Central Depository Services (India) Ltd
6. Memorandum of Understanding with the Registrar and Share Transfer Agent
7. Annual Report containing the Audited Accounts of the Company and its subsidiary as on 31st March, 2006 and also as on 30th November 2006
8. Resolution for appointment of Managing Director
9. SEBI Letter CFD/DIL/EB/2006 dated December 28, 2006 granting relaxation from the applicability of Rule 19(2)(b) of the Securities Contract Regulation (Rules) 1975 for listing of Shares of ZNL.

XVII. DECLARATION

No statement made in this Information Memorandum contravenes any of the provisions of the Companies Act, 1956 and the rules made thereunder. All the legal requirements connected with the said issue as also the guidelines, instructions etc. issued by SEBI, Government and any other competent authority in this behalf have been duly complied with.

All the information contained in this document is true and correct.

**On behalf of the Board of Directors of
Zee News Limited**

Director

Place: Mumbai

Date: January 5, 2007