

HELPING *India* achieve its POTENTIAL



Annual Report 2012-13



Zee Learn Anthem

You are within me, you are infinite,

You are unique,

my potential inside!

You are the wings, beneath my flight,

You define me,

my potential inside!

Today I pledge, with all my might,

I shall achieve you,

my potential inside!



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We nurture the unique potential



KIDZEE

INDIA'S FAVOURITE PRESCHOOL



Mount Litera Zee School

Great School. Great Future



Mount Litera World Preschool



Zee Learn Ltd. is a leading education company, founded with the purpose of 'Improving Human Capital'. The company has contributed in the field of education across age groups, all the while maintaining its core values of integrity, ownership, leadership, trust and continuous learning. We believe that every child has a unique and infinite potential and we are committed to help children realize their capabilities.

Under its portfolio, Zee Learn has over 1250 centres of the leading preschool chain in India, Kidzee, educating over 270,000 children over the years. With over 135 K-12 schools already signed under franchise network and the endeavours of our skilled professionals and academicians we have created the fastest growing chain of schools in India—Mount Litera Zee School (MLZS). With the ever-growing need for premium preschool education, Zee Learn has also initiated Mount Litera World Pre School in its brand portfolio.

of children to improve the human capital of our country



Mount Litera School
INTERNATIONAL



ZIMA
ZEE Institute of Media Arts
www.zimainstitute.com



INDIA'S 1st EDUTAINMENT CHANNEL



A new world of learning

Capitalising on our experience of running high-performance schools, we have branched out in providing school management services to 6 schools under MLZS. For subject and skill-specific interventions in schools, we provide a curriculum-mapped activity-based science program called BrainCafé Science to 95 schools across India.

In FY13 Zee Learn also started providing educational content and management services to India's first edutainment TV channel for children, 'ZeeQ'. The youth is looking to explore vocational courses outside the traditional curriculum. Zee Institute of Media Arts (ZIMA) provides diploma courses in TV and film making courses and Zee Institute of Creative Art (ZICA) is India's first full-fledged institute providing diploma courses in 2D and 3D animation, widespread across the country with 31 centres spread across 16 cities in India.

Board of Directors



Himanshu Mody
Chairman



Subodh Kumar
Non-Executive Director



Dr. Manish Agarwal
Independent Director



Surjit Banga
Independent Director

Senior Management



Navneet Anhal
Chief Executive Officer

Pradeep Pillai
Chief Operating Officer

Umesh Pradhan
Manager & Chief Financial Officer (CFO)

Subhadarshi Tripathy
Business Head – Content

Amit Bhatnagar
Business Head – Schools Operations

Sindu Aven
Head – Academic Content

Vinay Agarwal
Head - Procurement & Supply Chain

Aman Pal Singh
Head – Human Resources

Deepa George
Head - Legal

CEO's Message



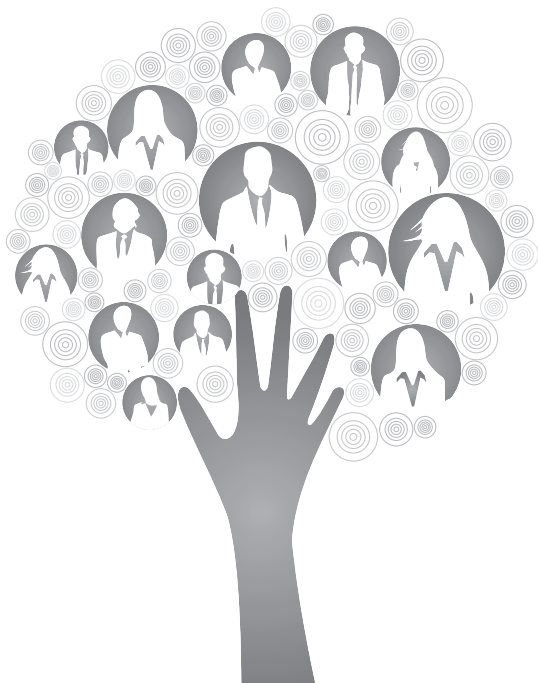
Dear Shareholders,

A retrospect over last year's fiscal is rather a pleasant moment for us, as we reached a milestone of ₹.100 crores, first time ever. While the overall economic growth remained somber, we maintained our growth momentum and our standalone revenues, despite the market challenges, grew by an impressive 63% to 1 billion.

Every child is unique and different children learn differently is an ethos that permeates through our brands. Our innovation kit of iLLume for Kidzee, Litera Octave for Mount Litera Zee Schools (MLZS), and QuarC for

BrainCafé claims our right to differentiation by way of not only instituting a unique pedagogy but also firming up our growth plan for the next year, in addition to strengthening our operations for Youth segment (ZICA and ZIMA).

Kidzee has set in a sound learning foundation for over 2,70,000 students across the country. Leveraging our proprietary pedagogy iLLUME, we support parents to spot the unique potential in their child and help them excel in their chosen discipline. In a short stint of less than a decade, Kidzee has set up over 1250 centers in over 350 cities pan India and has become the largest Pre-school chain in Asia.



“ The focus would also remain on improving profitability by increasing utilisation, enhancing operational excellences and by tapping synergies between our various brands.”

Our K-12 schools also benefit from the credibility already established through Kidzee. We have developed a proprietary pedagogy, Litera Octave, for our K-12 schools. MLZS is the fastest growing chain of schools in India and in a short span of five years we have a total of 135 schools under the franchise network in over 100 cities including 61 operational schools. Our vocational training courses in Media Arts, Film Making, Design and Animation offered through ZIMA and ZICA also maintained their impressive growth during the year.

BrainCafé, our School Solutions package, helps student gain conceptual understanding through hands-on experiment tools. In duration of less than two years, BrainCafé Science has received an overwhelming acceptance across schools in India. Pleased by the success of BrainCafé in the secondary schools, we plan to introduce a BrainCafé module for the Pre-primary section as well.

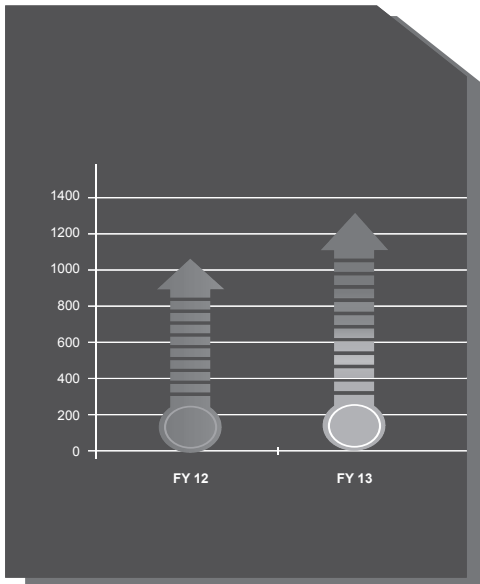
Globally, our nation is considered a young country with over 500 million of its population under the age of 25. We need world-class education systems today to become a leader tomorrow. Going ahead, leveraging the strong brand equity that we have generated since our inception, we expect to maintain our high growth momentum in each of our focused segments. The focus would also remain on improving profitability by increasing utilisation, enhancing operational excellence and by tapping synergies between our various brands. We remain confident on India's growth potential and our capabilities. We remain focused to create value for our stakeholders and thank them for their continued support and patronage.

Best wishes,

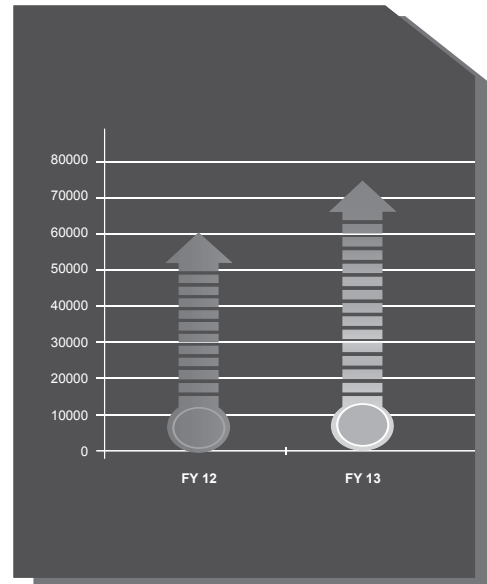
Navneet Anhal
Chief Executive Officer
Zee Learn Limited

Highlights

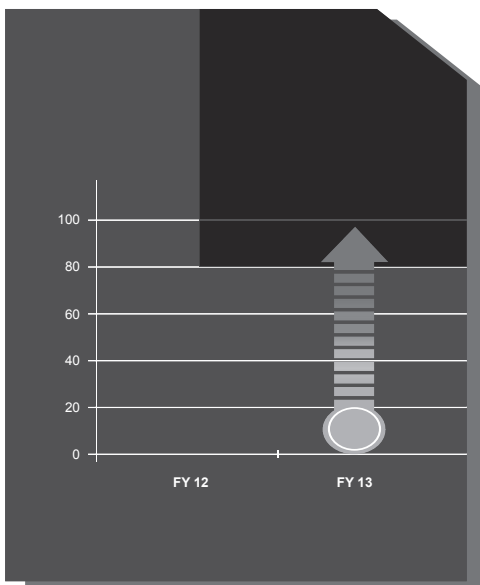
Kidzee Centre Growth



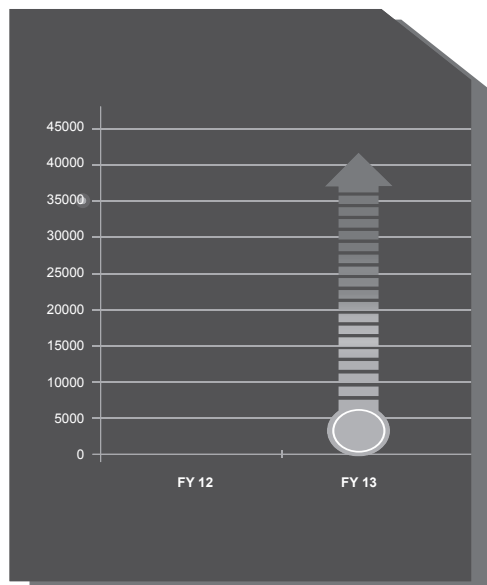
Kidzee Enrollment Growth



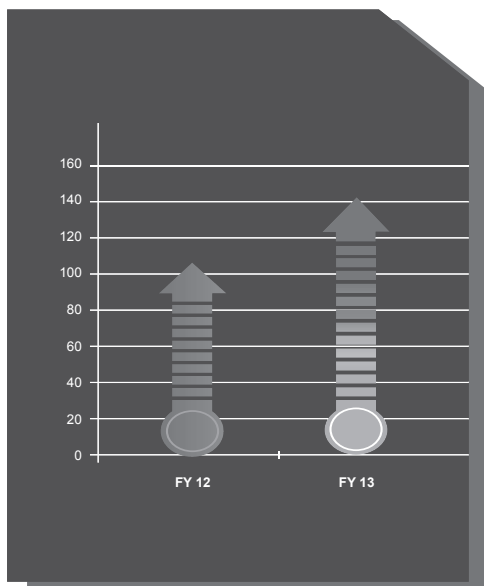
**BrainCafé Learning Centres
(Under New Model)**



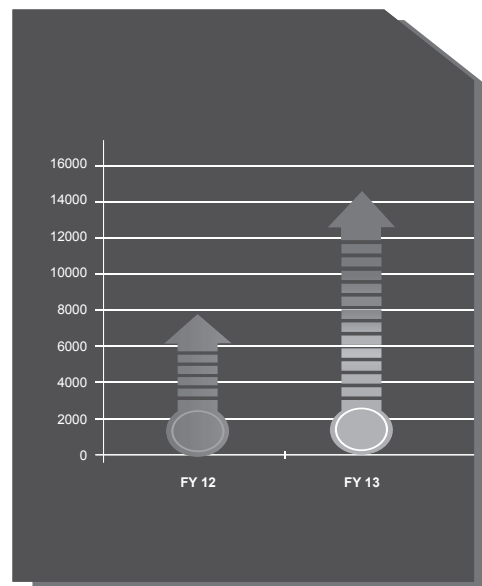
**BrainCafé Enrollment Growth
(Under New Model)**



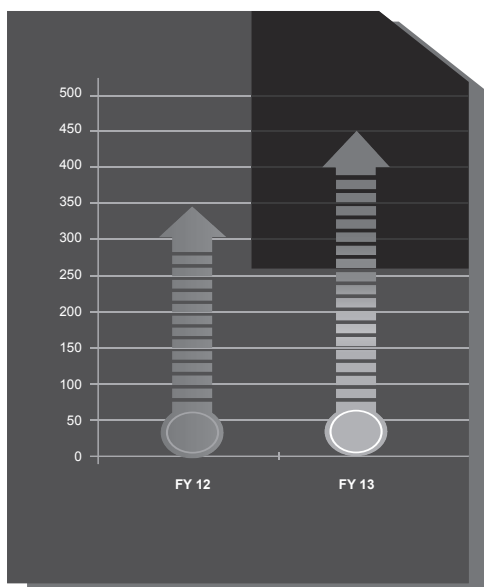
Mount Litera Zee Schools (MLZS)



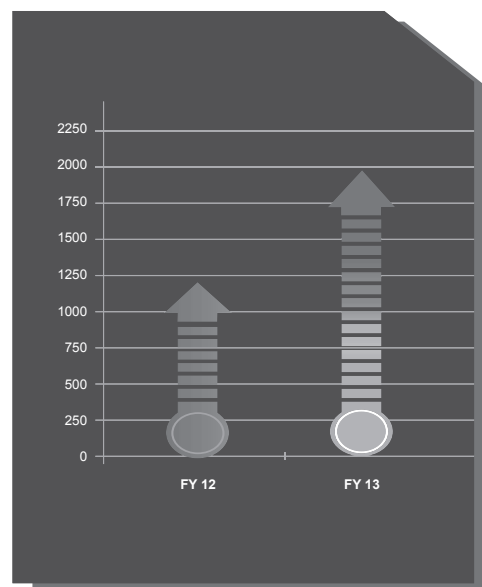
MLZS Enrollment Growth



ZIMA Enrollment Growth



ZICA Enrollment Growth



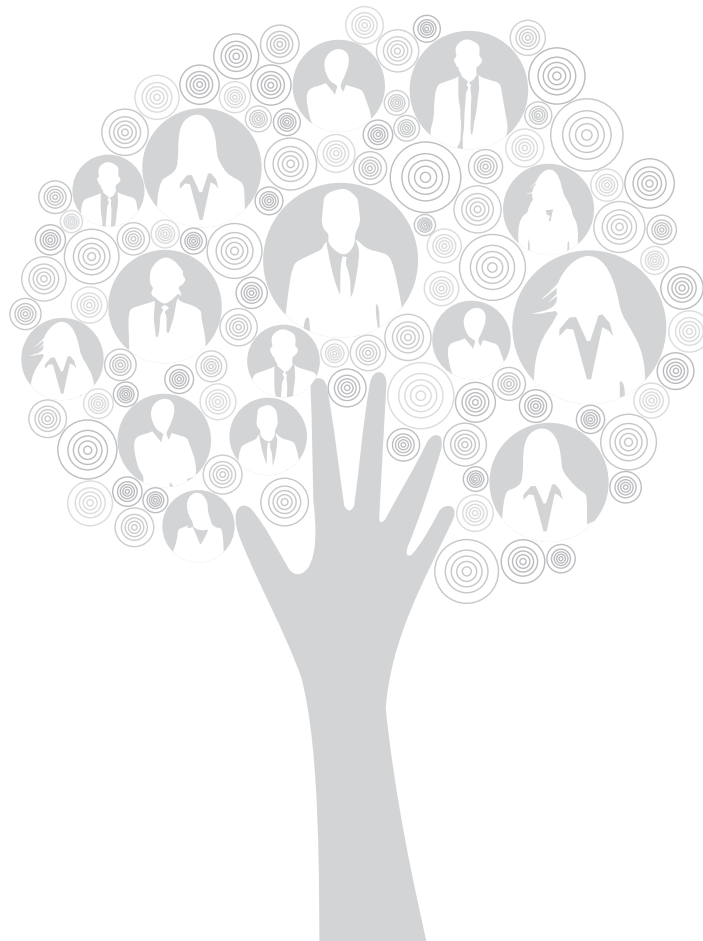


Helping India achieve its Potential



At Zee Learn Limited, 'Helping India Achieve its Potential' is not just a theme. It is the vision, the commitment and the belief that gives us the impetus to go a step further and make quality education the right of every child. We are dedicated to supporting India's brightest and promising minds so that they achieve their potential and in turn help India become a leader in innovation, thought leadership and technical prowess.

We have a deep belief that every child in this country must and should get quality education. Ably supported by a dedicated R&D team of 60 members, we have made significant interventions across the spectrum of education with special focus on pedagogy, curriculum design, content creation and teacher training. We have created formidable brand strength in each of our focused segments and have made each of our brands amongst the most sought after across India. As a testament to our popularity, our growth rate is phenomenal and our revenues have more than doubled over the last two years.



Making Smart kids the 'Kidzee' way

KIDZEE

INDIA'S FAVOURITE PRESCHOOL

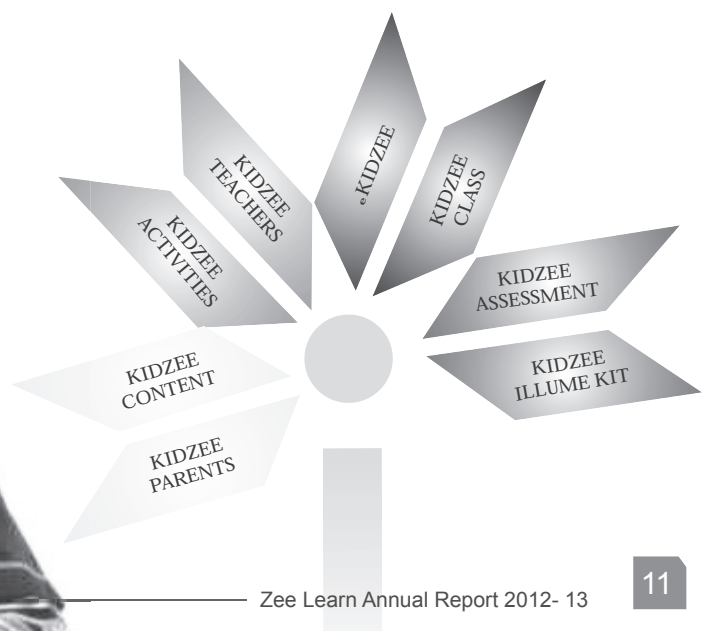
Early years are very important for a child's overall development. Studies show that 85 percent of a child's intellect, personality and social skills are developed by the age of five. Pre-school sets the right foundation for a child's learning and all-round development.

While the learning aptitude is high in initial years, every child has a unique way of learning and responding to the given learning environment. We at Kidzee understand this fact very well. After carrying out a detailed research with the help of approximately 20,000 parents, 2000 teachers and 1,30,000 children, we have developed a flexible pedagogy christened iLLUME. iLLUME enables us to observe children on pre-defined parameters and accordingly identify the preferred learning style of each and every child. Subsequently, activities are created around the preferred learning style that empowers children to think and explore.

While our peers stress on using the standard 'Learning while Playing' approach, we emphasize on the overall development of the learning faculties of the child using iLLUME. The content created is engaging, intriguing and uses the right blend of traditional and modern learning tools. Our digital content and activity-based learning methods allow children to choose the learning path as per their comfort.

To ensure a consistent learning environment across all franchisee centres, we have created a repository of best practices and standards. Each centre must follow these guidelines and are audited on a periodic basis to ensure consistency. The centres also carry similar design and architecture and their teachers are periodically trained by our dedicated academic team to keep them abreast of contemporary teaching methods, tools and technologies.

As a result, brand Kidzee has become one of the largest and the fastest growing preschool networks in Asia. During the year under review, the number of students enrolled has increased to over 73,800 in Kidzee centres across India.



Making Smart adolescents the 'Mount Litera' way

Mount Litera Zee School

Great School. Great Future

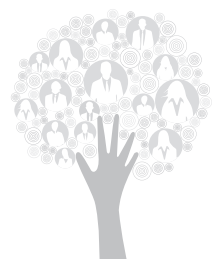
It is an age of technological revolutions. Modern tools and technologies are fast becoming part of everyday lifestyle. Hence, the need of the hour is to provide an opportunity to make the classroom an interesting place to learn and explore.

Mount Litera Zee School provides world-class learning environment through its state-of-the-art infrastructure, contemporary learning and teaching methods, well-researched proprietary content and constructive learning environment. Leveraging modern tools and technologies, Mount Litera Zee School strives to seamlessly integrate the classroom with a child's comfort zone. Also, unlike a traditional one-size-fits-all approach, Mount Litera Zee School follows a flexible teaching model that allows more personalised learning experiences. Zee Learn's additional service offerings like teacher training, assessment, parenting programs, seminars, branding, marketing and enrollment assistance helps it to stay ahead of the curve.

To facilitate deeper concept understanding, Zee Learn has created an integrated educational model, 'Litera Octave', which is practiced in all Mount Litera Zee Schools. The model was developed after years of research and development focusing on pedagogy, infrastructure, classroom design, assessment procedures and tools and technologies.

Zee Learn operates Mount Litera Zee School as both a franchisee model and self-managed schools.

In a short span of time, Mount Litera Zee School has become the fastest growing private-aided school chain in India. During FY13, 9 more schools got operational taking the total number of operational schools to 61 while there were 30 new sign-ups that got added to the franchise network.



Making Smart Career the 'ZIMA' & 'ZICA' way



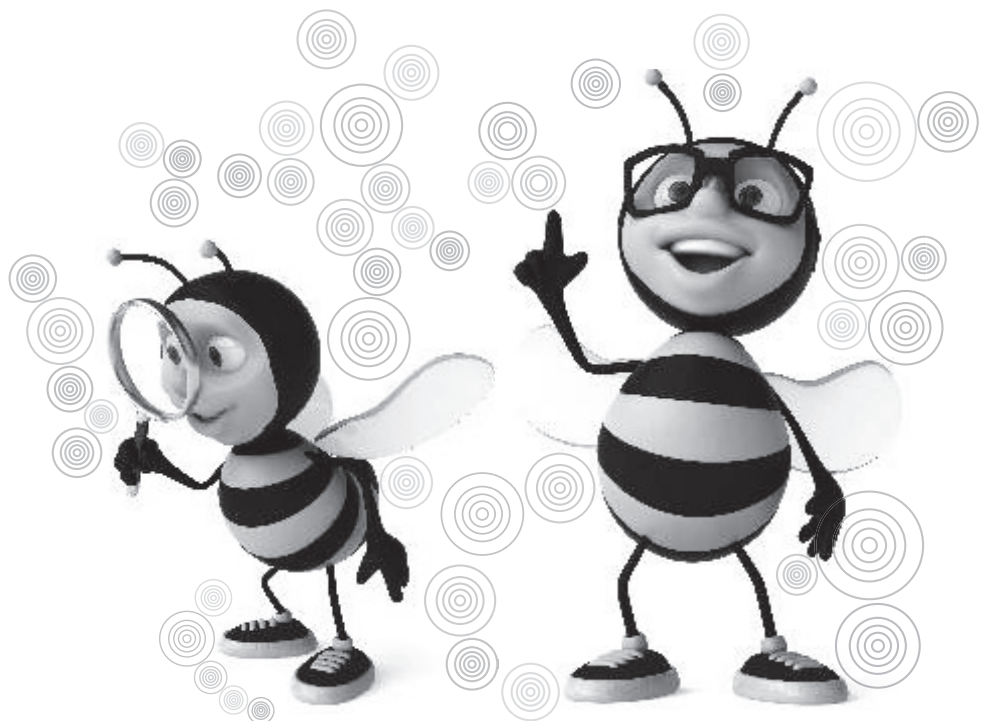
India has one of the largest working age populations and one of the youngest demographics. It is at an enviable position as over the next two decades the working-age population would continue to increase, when for most other nations it would decline. To realize this demographic dividend, it must provide world-class skills that can help create a global standard force.

Zee Learn provides world-class vocational educational programs in Media Arts, Film Making, Design and Animation through Zee Institute of Media Arts (ZIMA) and Zee Institute of Creative Art (ZICA). Through a mix of degrees, diplomas and certificate courses (varying from 6 to 36 months for ZICA and from 2 to 24 months for ZIMA), the institutes offer a plethora of options to both fresh graduates and professionals to up-grade and refresh their skill-set.

ZICA is spread over 16 cities in India through its 31 Creative Art institutes, while ZIMA has its centre in Mumbai. The courses crafted are contemporary, backed by thorough research and are periodically upgraded. ZICA has associated itself with renowned universities like Himgiri Zee University and Annamalai University to create content for some of its courses.

While ZICA operates through a mix of franchise, company-owned-and-company-operated centres, the ZIMA centre remains a company-owned one. Both ZICA and ZIMA offer key services including placements, faculty training, content development and marketing support among others.

The students of both ZIMA and ZICA have won several accolades, including Best Film, Best Animation Movie, Best Director, Best Cinematographer and Best Actor awards at various State and International film festivals held across the country.



Providing Smarter School Solutions 'BrainCafé' way



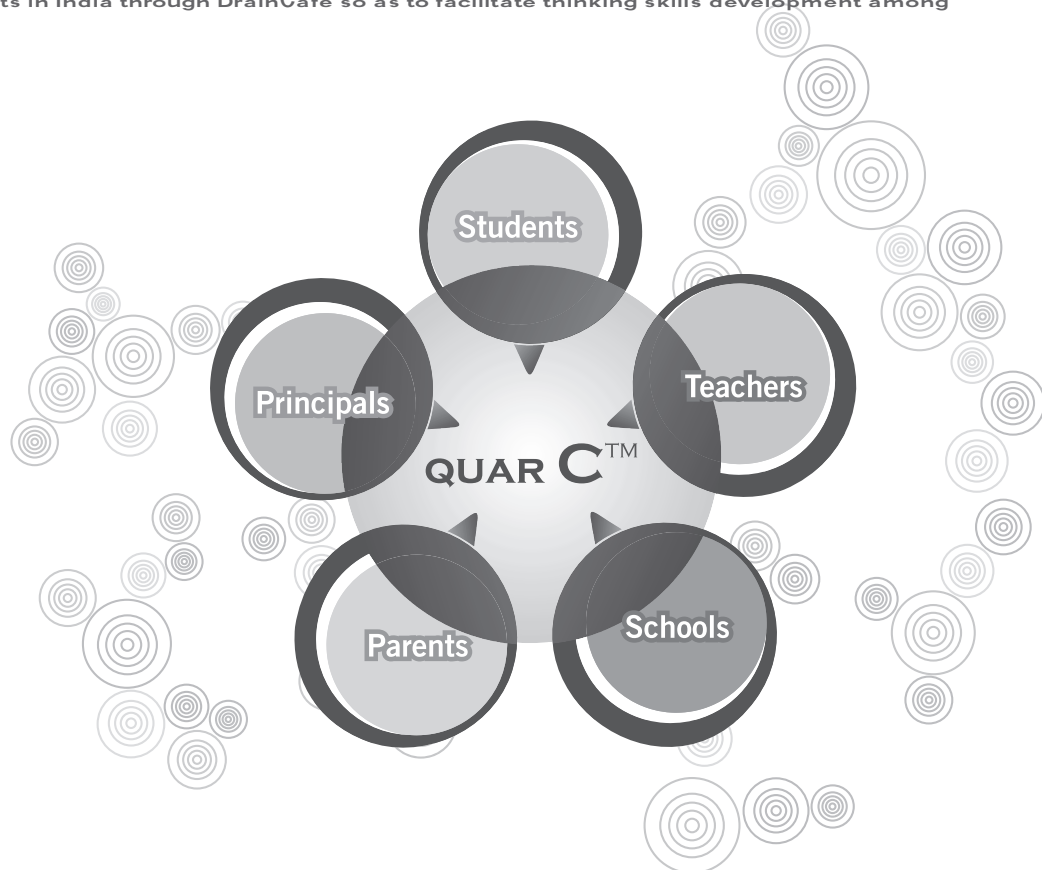
The effectiveness of a pedagogy is measured by independence of the learner. The traditional teaching model puts the entire onus of learning on the child as (s)he is expected to raise to the wave length of the teacher.

To bring synergy between learning and teaching methods, Zee Learn has collaborated with Gakken J. Holdings, a leading Japanese education company, to formulate a science program titled 'BrainCafé' for students from K-12 schools in India. It runs along with the regular curriculum and makes learning more interactive, engaging and interesting, thereby, improving the conceptual understanding of the students.

With an aim to develop Higher Order Thinking Skills (HOTS) among students through the route of science, BrainCafé has developed a series of programs that helps to bring better understanding and appreciation of science. Similarly, to stimulate the thinking process among children, BrainCafé has developed a unique pedagogy known as 'QuarC'. BrainCafé also helps schools in establishing science laboratories, teacher training programs and preparing lesson plans and operations manuals. To further the spirit of innovation amongst students, BrainCafé organises an Interschool Science Contest at National Level called Budding Scientist Contest.

In a short span of two years, over 1,00,000 students in India have already taken the benefit of this program. We are aiming to touch the lives of millions of students in India through BrainCafé so as to facilitate thinking skills development among children.

QUAR C™



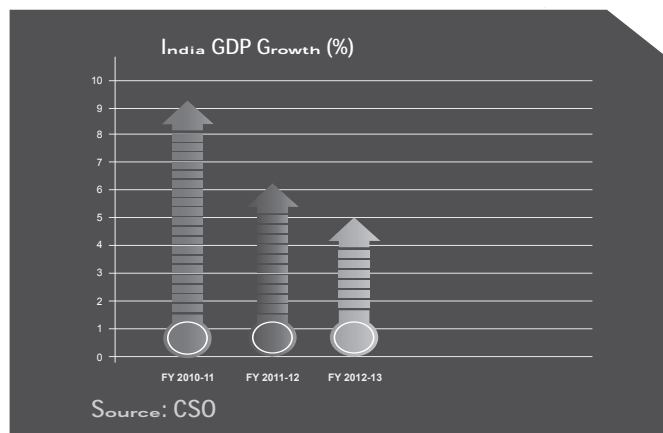


Management Discussion and Analysis



Economic Overview

The economic environment remained weak and was much lower than anticipated at the start of the year. The global economy grew by 3.2% during the year 2012, against the growth of 3.8% and 5.2% during the year 2011 and 2010, respectively. During the financial year 2012-13, Indian economic growth slowed to a decade low of 5.0% against 6.2% and 9.3% during the financial year 2011-12 and 2010-11, respectively.



The year saw continued decline in all domestic macro-economic variables including record high current account deficit. The INR lost strength due to continued weakness and depreciated to a record low of 60.72 against USD, a depreciation of 20% from 50.876 in April 2012.

Industry Overview



Over the last couple of decades, the success of Indian IT industry at a global level has attracted huge global interest. India, today, is known as the knowledge capital. For it to live up to this name and to replicate the success it achieved in technology to other sectors, it would need to create a scalable world-class educational system. There is a strong correlation between country's education system and its economic development. A good education system sets a firm foundation in the early years, helping industries to benefit from the world-class talent to compete globally. Zee identified India's need for world-class education institutes more than a decade back and made a direct foray into the classroom through its Kidzee brand. Today, with over 1250 centers across India, Kidzee has become one of the largest pre-school networks in Asia.

Given the scale of Indian education system, with approximately 450 million enrolled students, almost one and a half times the US population and government's budget constraints, there is a limited impact that the government can make directly to the sector. In the budget presented during the fiscal, the government has allocated ₹.658.67 billion to education, an increase of 17% over the last year. The space left unattended by the government has been picked up by the private sector. Over the last few years, there has been a visible increase of the private companies in the sector. As per a report on the sector by a brokerage house IL&FS, private education revenues are estimated at USD 30 billion in 2012 and are expected to grow at 19% and reach USD 45 billion by 2015.

Other factors like poor quality of existing government

facilities, rising per capita income, increased realisation of the financial and social benefits associated with high education system have also been instrumental for the high growth of the sector. Within education space, due to perceived quality gaps in public education, there has been a growing preference for private schools.

Key Market Segments

Pre-school Market

As the name suggest, Pre-schools are targeted at kids in the age bracket of 1.5 – 3.5 years. The segment is broadly categorised into Play School, Daycare Centres, Nurseries and Crèches. Pre-schools are not part of formal education system and hence are less regulated. The growing realisation of the benefits of early education, along with increasing proportion of working women and increasing affordability have resulted in high demand of the segment. Low funding requirements, high availability of talent at competitive price, limited working hours and fast growing demand have resulted in strong interest from private companies in the sector.

The segment has lately witnessed increasing interest from organised sectors and as per a report from Gyan Analytics, published in the year 2012; the share of organised sector is expected to increase to 25% by the year 2015 from the current 17%. The report expects the Pre-school segment revenues to increase at a CAGR of 27.33% from USD 750 million in 2011 to USD 3.24 billion by 2017.

The increasing awareness of the benefits of preschooling has resulted in high demand for Pre-school especially from smaller town and cities.

K-12

The literacy level in India remains one of the lowest among the developing countries. Realising the need to fast track it, the government over the last few years has increased its budgeted expenditure towards education and has initiated number of elementary education programs like Sarva Shiksha Abhiyan (SSA) and mid day meal scheme among others. The government has set a target of 100% Gross Enrollment Ratio (GER) by the end of its 12th five year from an estimated GER of 64% and 76% in 2005-06 and 2010-11, respectively (Source – Crisil report).

Indian education system also suffers from exceptionally high dropouts and the GER in higher education was at

18.8% in 2011. The government plans to improve it to 30% by the end of the 12th five year plan period (FY'17) (Source: Fitch).

Even though K-12 is extremely regulated, high level of synergies between Pre-school and K-12 have driven many private companies into the sector. The share of private institution in total enrolment is expected to increase to 47% in 2015-16 from 36% and 42% in 2005-06 and 2010-11, respectively.

School Solution



The lacuna in the quality of formal education has been picked up by supplemental education. Other factors like rising disposable incomes, increasing education spends, working parents and a well thought through outcome based course structure have been instrumental for the growth in demand for School Solution business.

Vocational

India has world's second largest working age population, yet many of the vacancies go unfilled in need of the desired candidate. With a near double digit growth during the last decade, the demand for skilled resources has increased manifold. The high proportion of school drop-

School Solution Strives to bridge the learning gap between the desired and actual. As per a report on the sector from Anand Rathi, a leading brokerage house, the School Solution business is estimated to have a revenue of USD 4.5 billion in 2012 and is expected to grow at a CAGR of 21.1% to USD 8 billion.

out along with rising impact of technology in almost all industries has expanded the demand of vocational training in India. Vocational training bridges the gap between theoretical classroom training and real work environment through its job-specific skill training.

Business Overview

With a strong focus on improving human capital, Zee Learn has crafted contemporary educational services and solutions to provide world-class learning environment in India. Through a mix of franchisee, partnership, self-managed institutes and school management services, the Company serves specific education needs of both children & adults in the age bracket of 1.5 to 24 years. Over the last decade, the Company has created distinct and strong brand identity in each of its focused segment, viz. Kidzee in Pre-school, Mount Litera Zee School (MLZS) in K-12, BrainCafé in School Solution, Zee Institute of Creative Art (ZICA) & Zee Institute of Media Arts (ZIMA) in vocational training in Media & Design. Zee Learn is an ISO 9001:2008 certified Company for design and development of various educational content up to 8th standard and deployment through multiple delivery mechanisms.

This financial year saw your company undertaking new initiatives in its Kidzee centre, Mount Litera Zee Schools (MLZS) and BrainCafé to deliver its educational

philosophy, which helped us reaching to wider students' base. Kidzee consolidated its leadership position in the preschool segment by adding 325 pre-schools and serving over 73,800 children – the highest for any preschool chain in the country. During the current year in the K-12 space, the company added 30 new MLZS under the franchisee route and has 6 schools under School Management Contracts and is now serving over 14,500 students. On the back of significant investments in content, branding and delivery, the company surged forward to become one of the key players in the K-12 space. During FY13 the company's school solution program 'BrainCafé Science' has undergone a Business Model change to make the program more effective and profitable and already has 95 schools under this New Business Model. BrainCafé which focuses on conceptual understanding of science has touched the lives of over 91,000 students during FY13. Your company has started to provide management services to and sale of Television content to India's first edutainment TV channel for

children 'ZeeQ' which will contribute to the profitable growth of the Company. The company's existing business in animation (ZICA) & film/TV training (ZIMA) continued to grow with 32 institutes and over 2400 students enrolled.

The following section provides a snapshot on each of its focused education business segments:

Pre-school – Kidzee & Mount Litera International School



Mount Litera
World Preschool

Kidzee is by far the largest and most well-known brand in Pre-school education in India. With over 1250 centers, Kidzee is nearly double the size of its nearest competitor. During the fiscal 2012-13, Kidzee completed its first decade of providing world-class educational solution for Early Childhood Development and Education (ECDE) domain. Kidzee, through its presence in over 350 cities, is setting a strong learning foundation for nearly 73,800 children during FY 13 and helping India achieve its potential.

Maintaining its strong growth momentum, during the fiscal 2012-13, the enrolment in Kidzee grew by an impressive 22.4% and 325 new centers were added to its network. Through its well-researched and focused learning methodology called 'ILLUME', Kidzee helps parents and teachers to identify the unique potential in each child and help them discover their strengths. Since its inception in 2003, Kidzee has developed strong learning foundation in over 2,70,000 children. Kidzee

operates through a mix of franchisee and company owned centers. To ensure consistent learning environment and implementation of high quality standards, Kidzee conducts regular audits across all its franchisee centers.

Regular teacher training is critical for a classroom to have a conducive learning environment. Through regular training of its teachers, Kidzee help them to leverage contemporary teaching aids. To ensure the programs' relevance, Kidzee continuously updates its teaching programs. During the fiscal, Kidzee academic team trained over 2,800 teachers across Kidzee centres in India.

To tap the growing aspiration of global standards school education amongst parents, Zee Learn has launched international standard Pre-school by the name of Mount Litera World Pre-school (MLWP). MLWP pedagogy is based on constructivism-based global curriculum and operates through company owned modern learning centers.

K-12 - Mount Litera Zee School (MLZS)

Mount Litera
Zee School

Great School. Great Future

Mount Litera Zee School (MLZS) is one of the fastest and most coveted school in India. Over a short span of time, Zee Learn through a mix of franchise and company managed school has established over 140 schools across India. During the year under review, 9 new schools got operational taking the number of current operational

schools to 61 in India. The number of students enrolled during the year increased much faster by 87.8% to 14,582, thereby, leading to considerable improvement in the capacity utilization across its schools. MLZS added 30 new MLZS franchisee across India during the fiscal.

To provide a learning edge to its students, MLZS has developed a proprietary pedagogy for its K-12 schools called Litera Octave. Litera Octave integrates various components such as content, infrastructure, class room design, assessment and systems that impact the child during his/her learning and development in school.



An event to brainstorm on how to prepare children for an unknown future. The participants included mix of policy makers, educationists and students. Recommendations from the summit were compiled and presented in the form of a coffee table book to the Education Ministry at the Central Government and Chairman, CBSE. MLZS internalised the recommendations across its 61 schools bringing immediate benefit to its students.



An annual national level festival with myriad activities based on our Emerging Student Profile (ESP). Students from various Mount Litera Zee School participated in a national level competition to cater to his/her interest and talent while also getting the relevant exposure and networking platform to meet fellow students from other Mount Litera Zee Schools. The online platform gave students the exposure to online competitions, which is what the world is moving towards. The offline events were held at the school level, zonal level and national level.

Over the year MLZS has conducted series of events and undertaken initiatives that has helped it to gain recognition and established it as a thought leader in school education space.

A few of such initiatives have been briefly discussed below:



for spreading awareness of innovative and inclusive educational practices. The Torch of Learning housed a typical Litera Class and toured 44 cities across the country in 110 days. The lesson plan demonstrations brought to life the best practices of catering to the learning style of every child and encouraging every child to perform their best in a technology-enabled learning environment.

Vocational Training in Media & Design

India is fast emerging as a global hub of many industries. Media and Design is one such industry where India has huge competitive advantage over other countries. Raising Indian talent to global standards is one of the biggest challenges for India to reach the coveted position. In line with its objective to improve Human Capital via quality

education and development, Zee Learn provides Vocational Training courses in Media, Design and Animation through Zee Institute of Creative Art (ZICA) and Zee Institute of Media Arts (ZIMA). A few of these courses are in affiliation with Himgiri Zee University and Annamalai University.



ZICA has been the first institute in India to provide full-fledged vocational training in 2D Animation, 3D Animation, Visual Effects & Gaming, covering the stages of visualization, pre-production, production and post-production. During the seventeen year of its existence, the institute has developed a few of the brightest talents in the world of animation.

ZICA has 31 centers spread across 16 cities including Mumbai, Delhi, Bangalore, Hyderabad, Pune, Lucknow, Chandigarh, Bhubaneswar and Ahmedabad, including one self-owned center. During the year, ZICA added one more operational center. The number of students enrolled in ZICA, during the fiscal, increased by an impressive 65% to 1960.



ZIMA is amongst the most sought after names in the field of Media and Film Making. The institute provides globally-accepted standards of media education in the field of film making, direction, acting, voicing & TV presentation, screenwriting, production, ad film making, cinematography, sound engineering, editing, autodesk smoke & flame and other related fields.

ZIMA offers 2 to 24 months courses including diploma courses in film making, direction, advertising film making, cinematography, executive production for film

and television, editing, acting, voicing and television presentation and sound and writing.

The institute leverages the strong foundation and learning of Zee Network. ZIMA's state-of-the-art center provides cutting-edge technology, a rich wealth of teaching faculty and diverse, updated and relevant courseware to suit individual talents and industry demands. During the fiscal, the number of students enrolled in ZIMA increased by impressive 30% to 450.

School Solutions

Zee Learn in collaboration with Gakken J. Holdings Company Limited, Japan, ("Gakken"), has developed a customised science module for India called BrainCafé. BrainCafé helps students to identify innovative ways to practically apply their learning. BrainCafé supplements regular curriculum through activity based hands-on programs. In a short span of two years, BrainCafé has been implemented in over 14 states including Andhra Pradesh, Chattisgarh, Delhi & NCR, Gujarat, Haryana, Karnataka, Kerala, Maharashtra, Madhya Pradesh,



Punjab, Rajasthan, Tamil Nadu, Uttarakhand and Uttar Pradesh. During FY13 BrainCafé Science has undergone a model change to improve profitability and efficiency. Zeelearn has already signed 95 schools under the new model in FY13.

Leveraging its unique research-based pedagogy, QuarC, BrainCafé helps its student to develop independent thought process, thereby, equipping them to actively participate in the process of knowledge creation and not just be a mute audience.

To take the thought process to the next level, BrainCafé provided a platform to test budding ideas. The Company during the fiscal conducted an Interschool Science Competition at National Level called Budding Scientist Contest. The contest generated wide appeal and 9040 students from over 224 schools enrolled in this innovation contest.

Edutainment – ZeeQ



During the fiscal, Zee Entertainment Enterprises Limited (ZEE) launched a dedicated 24-hour edutainment channel for children called ZeeQ. ZEE has entered into an agreement with Zee Learn for sourcing the channel content, specifically procured, designed and produced for the channel. Zee Learn would also be involved in channel management, content acquisition, content production, editing and quality control.

The channel would cater to children across all age groups. It provides huge platform to Zee Learn to bring its innovative and engaging content to the fore. By leveraging the potential of DTH, Zee Learn would reach out to millions of children.

Risk Factors

Low barriers to entry

a. Risk: Education sector's High growth and resilience across economic cycles can lure number of new players with high balance sheet strength.

b. Mitigation Plan: The Company has gained sufficient reach, experience and created distinct brands in each of its focus segment that would help it differentiate its service offerings

Obsolescence Risk

a. Risk: The risk that a process, product or technology used or produced by a company for profit will become obsolete, and is no longer competitive in the marketplace.

b. Mitigation Plan: Zee Learn has been keeping itself abreast with the latest technological changes in the industry to implement the same in its operations to keep itself ahead of the competition.

Interest Rate Risk

a. Risk: An increase in interest rate could increase the Company's borrowing costs with respect to its existing obligations or new loans, which could adversely affect the Company's financial condition and results of operations

b. Mitigation Plan: Company's borrowings cost is at fixed interest rates and the Company does not hedge its interest rate exposure. The finance team closely monitors the overall level of debt and interest coverage ratio to ensure optimal mix for any new funding

Personnel Risk

a. 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. The Company's senior management is particularly important to its business because of their experience and knowledge of the industry. The loss or non-availability to the Company of any of its senior management could have significant adverse effect.

b. Mitigation Plan: The Company's HR policy & compensation levels are in line with the industry levels to enable the Company to retain talent. Further, the management continuously reviews its talent pool for upgrading.

Regulatory Risk

a. Risk: K-12 schools are under regulatory scrutiny and with Right to Education Act, there are headwinds of change, which will shift some of the fee burden on the 'paying' students. 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 the Company is, it may be subjected to defamation suits, which may have adverse effects on its business.

b. Mitigation Plan: Regulatory enactments are monitored regularly and the Company shall constantly monitor and if need be adapt its business model from time-to-time according to the needs. Further, all necessary legal vetting is done by the management to ensure that Intellectual Property rights relating to content have requisite protection.

Financial performance

Financial 2013 Compared to Financial 2012

Income

Our total income increased by 63% to ₹. 1,007.01 million in FY'13 from ₹.619.12 million in FY'12 largely due to increase in course fee and royalty income to ₹.277.79 million from ₹.177.33 million. An increase in the sale of educational goods and equipment to ₹.395.28 million from ₹. 264.08 million was also registered during the year. This increase is attributed to increase in number of students being serviced at the Kidzee centres, MLZS, youth vocation institutes and also to the new Kidzee and MLZS franchisees signed during the year. The Company also added new stream of revenue through sale of television content, which added ₹.109.67 million during FY'13.

Expenditure

Our total expenditure increased by 35% to ₹.1,205.99 million in FY'13 from ₹.893.23 million in FY'12, primarily due to a corresponding increase in cost of material sold and increase in operational expenses, employee benefit expenses and depreciation/amortisation expenses.

Cost of Goods Sold and Operational Expenses

Cost of goods sold and operational expenses increased by 101% to ₹.340.00 million in FY'13 from ₹.169.06 million in FY'12, this is mainly because of increase in sale of educational goods and equipment and also on account of cost of television content, which was not there in FY'12.

Employee Benefits Expense

Employee benefits expense increased by 32% to ₹.331.09 million in FY'13 from ₹.251.61 million in FY'12, mainly due to setting up of full channel sales team for rapid expansion of BrainCafé and entire product vertical team for television content.

Other Expenses

Other expenses increased by 2% to ₹.414.28 million in FY'13 from ₹.406.88 million in FY'12, mainly due to increase in expenses related to legal & professional, rents and rent escalation, repairs and maintenance at our corporate office, ZICA and ZIMA centres and travelling cost. There was a reduction in marketing, advertising and

publicity spending by Company to the tune of ₹.64.3 million.

Finance Costs

Finance costs increased by 59% to ₹.56.41 million in FY'13 from ₹.35.47 million in FY'12 on account of interest on term loan raised by the Company during the year.

Depreciation and Amortisation Expenses

Depreciation and amortisation expenses increased by 113% to ₹.64.20 million in FY'13 from ₹.30.21 million in FY'12, due to amortisation cost of 'BrainCafé' Kits and educational content.

Loss after Tax

Loss after tax decreased to ₹. 212.24 million in FY'13 from a loss of ₹.275.79 million in FY'12, due to higher revenue and corresponding contribution to margins and lower cost incurred as compared to % of sales.

Share Capital

The share capital increased marginally by ₹.0.27 million from ₹.262.74 million as at March 31, 2012, to ₹.263.01 million March 31, 2013, on account of issuance of share under Employee Stock Option scheme.

Reserve and Surplus

The reserve and surplus as at March 31, 2013, saw a reduction of ₹.205.98 million from ₹.1,139.91 million as at March 31, 2012, to ₹.933.93 million as at March 31, 2013, largely on account of operational losses incurred during the FY'13.

Long-term Borrowings

Long-term borrowings saw a reduction of ₹.9.32 million from ₹.584.32 million as at March 31, 2012, to ₹.575.00 million as at March 31, 2013, on account of repayment of debenture to the tune of ₹.125 million and repayment of IDCs to the tune of ₹.9.32 million. Also ₹.50 million term loan is classified under short-term loan due to its maturity in next the 12 months. This year also witnessed an increase in term loan to the tune of ₹.175 million.

Long-term provisions

Long-term provisions saw an increase of ₹.2.62 million from ₹.9.58 million as at March 31, 2012, to ₹.12.20 million as at March 31, 2013, on account of increase in gratuity and leave encashment provisions.

Current Liabilities

Current liabilities saw an increase of ₹.790.03 million from ₹.773.08 million as at March 31, 2012, to ₹.1,563.11 million as at March 31, 2013, mainly on account of increase in current maturities of long-term borrowing that increased from ₹.125.00 million to ₹.175.00 million, net increase in ICDs received during the year of ₹.644.73 million, increase in unearned revenue of ₹.29.98 million and net increase in advance from customers by ₹.31.14 million.

Fixed Assets

Fixed assets saw a net increase of ₹.138.09 million from ₹.305.52 million as at March 31, 2012, to ₹.443.62 million as at March 31, 2013, on account of increase in training equipment, computers and accessories, software, contents and interest on debenture capitalised.

Non-Current Investments

Non-current investments increased by ₹.1,060.00 million from ₹.0.10 million as at March 31, 2012, to ₹.1,060.10 million as at March 31, 2013, on account of shares application money in its wholly owned subsidiary Digital Venture Private Limited (DVPL) converted into share capital.

Long-term loans and advance

Long-term loans and advances saw a decrease of ₹.301.25 million from ₹.1,179.48 million as at March 31, 2012, to ₹.878.23 million as at March 31, 2013, on account of refund of Security deposit of ₹.150 million from DVPL, ₹.50 million share application money converted into shares of DVPL, ICD to DVPL of ₹.106.00 million have now become short-term ICD.

Current Assets

Current assets saw a decrease of ₹.279.49 million from ₹.1,248.98 million as at March 31, 2012, to ₹.969.49 million as at March 31, 2013, largely on account of ₹.1010.00 million share application money converted into

shares of DVPL. We also saw an increase in ICD to DVPL increased by ₹.604.73 million, increase lease deposit, trade receivable and fixed deposits now falling under short-term liquid assets.

Internal Controls

The Company has in place adequate internal control systems, commensurate with its size and nature of operations so as to ensure smoothness of operations and compliance with applicable legislation. The Company has a well-defined system of management reporting and periodic review of business to ensure timely decision-making. A structured process by the name of 'Initiative Review Meetings' happens on a monthly basis, where new projects/initiatives are presented and the Corporate Cell vet the projects for feasibility and strategic fit for the organisation. Internal audit is conducted by professionally qualified financial personnel, which conducts periodic audits/review to maintain a proper system of checks and control.

The management information system (MIS) forms an integral part of the Company's control mechanism. All operating parameters are monitored and controlled. Any material change in the business outlook is reported to the Board. Material deviations from the annual planning and budgeting, if any, are reported to the Board on quarterly basis.

Material development in Human Resources/Industrial Relations

In line with the purpose of Zee Learn Limited, the Company continues to invest in its human resources.

Talent Acquisition

Talent pool of the Company is comprised of talent from across industries. While hiring, we look for people who have the best interests of the child at heart as we believe in doing what is right for the child.

Talent Retention

It is essential to note that most of our attrition is non-regrettable in nature and as a Company we have been able to hold to our talent pool. Several initiatives have been taken to combat attrition by investing in learning and development programs for employees, competitive compensation, creating a compelling work environment, empowering employees at all levels, as well as a well-structured reward and recognition mechanism. We have done various training programs, both behavioural and functional, and also rolled out initiatives like Employee of the Month (EOM) and annual awards function JOSH.

Career Orientation

We compete in a dynamic environment and evolving industry in which values are defined at each turn by Company's most important asset: The Human Capital. Last year, we at Zee Learn Limited rolled out a process to continuously track employees aspirations and their career goals through an internal intranet based

application known as My Career @ My Zee Learn. This process is integrated with the Company's performance management system. Through this process, the Company is able to envision and enable employees in achieving their desired career goals. This year, we successfully completed the second cycle and have formed all KRAs in advance, we have also launched the career paths for our employees.

Employee Engagement

The Company continues to engage employees through several initiatives. One of the most prominent and structured initiatives adopted is through Q12 employee engagement survey. This survey enables supervisors and team leads to gauge the engagement index of their team. The engagement areas in this survey include role clarity, alignment to mission and purpose, opportunities to learn and grow, materials and equipment required to perform, recognition and progress discussion etc. We are proud to share that our employee satisfaction index is amongst the best in the industry. We have also started knowledge session to generate new ideas and have made the monthly employee meet 'The Open Forum' more interactive.



Company Information



BOARD OF DIRECTORS

Himanshu Mody
Chairman

Surjit Banga
Independent Director

Dr. Manish Agarwal
Independent Director

Subodh Kumar
Non-Executive Director (w.e.f May 29, 2013)

Sumeet Mehta
Whole-time Director (till July 24, 2012)

COMPANY SECRETARY

Samir Raval

AUDITORS

M/s MGB & Co.
Chartered Accountants

REGISTERED OFFICE

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

CORPORATE OFFICE

6th Level, Fun Republic, Off. New
Link Road, Andheri (W),
Mumbai - 400 053.

BANKERS

Axis Bank Limited
ICICI Bank Limited
IDBI Bank Limited
State Bank of India

REGISTRAR & SHARE TRANSFER AGENT

Sharepro Services (India) Private Limited
13 AB, Samhita Warehousing Complex,
2nd Floor, Sakinaka Telephone Exchange Lane,
Off Andheri-Kurla Road, Sakinaka,
Andheri (East), Mumbai – 400 072. India.

NOTICE

NOTICE is hereby given that the Third Annual General Meeting of the Members of **Zee Learn Limited** will be held on Wednesday, the 7th day of August, 2013 at 11.00 a.m., at 'The Hall of Harmony', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018, to transact the following businesses:

ORDINARY BUSINESS:

1. To consider and adopt the audited Statement of Profit and Loss of the Company for the year ended on March 31, 2013 and the Balance Sheet as at that date, on a standalone and consolidated basis, together with the report of the Auditors' and Directors' thereon.
2. To appoint a Director in place of Mr. Surjit Banga, who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
3. To appoint M/s. MGB & Co., Chartered Accountants, having Firm Registration No. 101169W, as the Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting, at a remuneration to be determined by the Board of Directors of the Company.

SPECIAL BUSINESS:

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

"RESOLVED THAT Mr. Subodh Kumar, IAS (Retd.) who was appointed by the Board of Directors as an Additional Director of the Company with effect from May 29, 2013 and who holds office up to the conclusion of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 ('Act') and in respect of whom the Company has received a notice in writing along with requisite deposit from a member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 387 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, approval of the Members be and is hereby accorded to the appointment of Mr. Umesh Pradhan, Chief Financial

Officer of the Company as Manager under the Companies Act, 1956, for a period of 3 years with effect from April 1, 2013, upon the terms and conditions, as set out in the explanatory statement annexed to the Notice convening this meeting, with liberty to the Board of Directors (which terms shall be deemed to include any Committee of the Board constituted to exercise its powers including powers conferred by this resolution) to alter and/or vary the terms and conditions of the appointment and/or remuneration, subject to same not exceeding limits specified under Schedule XIII of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof."

By order of the Board

Place: Mumbai
Date: 29 May, 2013

Samir Raval
Company Secretary

Registered Office:

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

Notes:

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

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

2. Corporate Members are requested to send to the Registered Office of the Company, a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the Annual General Meeting.
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of special businesses to be transacted at the Annual General Meeting is annexed herewith.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, July 27, 2013 to Friday, August 2, 2013 (both days inclusive) for the purpose of Annual General Meeting.

5. Additional information, pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, on Directors recommended by the Board for appointment/re-appointment at the Annual General Meeting forms part of the Report on Corporate Governance in the Annual Report.
6. Members / Proxies should bring their Attendance Slips along with copy of the Annual Report to the meeting.
7. Queries on accounts and operations of the Company, if any, may be sent to the Company Secretary at least seven days in advance of the meeting.
8. Members who are holding Company's shares in dematerialised form are required to bring details of their Depository Account Number for identification.
9. Members holding equity shares in physical form are requested to notify the change of address/dividend mandate, if any, to the Company's Registrar and Share Transfer Agent, Sharepro Services (India) Private Limited, 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai-400 072 or at 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai-400 021.
10. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, ECS mandates, email addresses, nominations, power of attorney, change of address / name etc. to their Depository Participant (DP) only and not to the Company or its Registrar and Transfer Agent. Any such changes effected by the DPs will automatically reflect in the Company's subsequent records.
11. The 3rd Annual Report circulated to the members of the Company will be made available on the Company's website at www.zeelearn.com
12. Recognizing the spirit of the Green Initiative in Corporate Governance initiated by the Ministry of Corporate Affairs, the Company proposes to send Annual Report and other documents/notices to shareholders to the email address provided by Depositories. Shareholders are requested to register and /or update email address with the respective Depository Participant or the Company, to ensure that documents from the Company reach their preferred email address.
13. Under Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect

of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form No. 2B in duplicate (which will be made available on request) to M/s. Sharepro Services (India) Pvt. Ltd.

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

Item No. 4

Mr. Subodh Kumar, IAS (Retd.) was appointed as an Additional Director of the Company by the Board with effect from May 29, 2013. Pursuant to provisions of Section 260 of the Act and Article 85 of Articles of Association of the Company, Mr. Subodh Kumar vacates his office at the conclusion of this Annual General Meeting. Due notice along with requisite deposit under Section 257 of the Act has been received from a member proposing appointment of Mr. Subodh Kumar as Director of the Company, liable to retire by rotation. Requisite consent has been filed by Mr. Subodh Kumar pursuant to the provisions of Section 264(1) of the Act, to act as a Director, if appointed.

Brief profile and other details of Mr. Subodh Kumar forms part of the Corporate Governance Report.

Your Board recommends the Ordinary Resolution as set out in Item No. 4 for approval of the members.

None of the Directors of the Company, except Mr. Subodh Kumar is concerned or interested in this resolution.

Item No. 5

At the Meeting held on April 15, 2013, on the recommendation of the Remuneration Committee, your Board had subject to the approval of members appointed Mr. Umesh Pradhan, Chief Financial Officer of the Company as a Manager under Companies Act, 1956 on the terms and remuneration as detailed herein:

(1) Tenure

The appointment of Mr. Umesh Pradhan as the Manager shall be for a period of 3 years commencing from 1st April, 2013.

(2) Remuneration

a) Basic Salary:

The Basic Salary of Mr. Umesh Pradhan shall be ₹ 1,23,333/- per month, with the authority to the Board of Directors to determine any performance based increase from time to time within the scale of ₹ 1,23,000/- to ₹ 2,50,000/- per month.

b) **Perquisites & Allowances:**

In addition to the basic salary payable, Mr. Pradhan shall be entitled to perquisites and allowances like:

- (i) House Rent Allowance of ₹ 61,667/- per month with such increase as may be determined by the Board, subject to a ceiling of 50% of Basic Salary as per rules of the Company;
- (ii) Special Allowance of ₹ 1,06,484/- per month with such increase as may be determined by the Board, subject to a ceiling of 100% of Basic Salary;
- (iii) Medical Reimbursements, Fuel Allowance, Leave Travel Allowance (subject to 10% of basic salary) and such other perquisites and allowances in accordance with rules of the Company;
- (iv) Company's contribution to provident fund, gratuity and leave encashment as per the rules of the Company; and
- (v) Annual performance bonus/incentive and Stock Options, if any, based on the performance and other criteria as laid down or approved by the Board of Directors or Remuneration Committee, from time to time.

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rules, perquisites shall be evaluated at actual cost.

Since the Company has incurred loss during last financial year, the proposed remuneration payable to Mr. Umesh Pradhan shall fall within the limits specified in Section II (B) of Part II of Schedule XIII of the Companies Act, 1956. Additional information relevant to appointment of Mr. Umesh Pradhan, as per requirement of Schedule XIII of the Companies Act, 1956 are as detailed herein:

I. General Information:

- (i) **Nature of Industry:** The Company is engaged in the business of setting up learning network centers and education institutions and providing education through various media forms and mainly in providing, equipping and delivering systems/technology led education interactive or otherwise to individuals, corporates, non-corporate entities and homes across the globe.

- (ii) **Date of Commencement of production:** Education Business Undertaking of Zee Entertainment Enterprises Ltd. pursuant to a Composite Scheme of Amalgamation and Arrangement, was demerged and vested with the Company with effect from April 1, 2010 (Appointed Date) upon which the Company commenced its business operations.

- (iii) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** Not Applicable

- (iv) **Financial Performance as per the published audited financial results for the financial year ended March 31, 2013:**

Particulars	₹ in Lacs
Turnover and Other Income	10,070.07
Profit / (Loss) Before Tax	(1,989.81)
Profit / (Loss) After Tax	(2,122.35)
Net Worth	11,969.38

- (v) **Export performance and foreign exchange earned for the financial year ended March 31, 2013:** NIL

- (vi) **Foreign Investments or collaborators, if any:** The Company does not have any foreign collaboration. However the foreign investments in the form of Portfolio Investments in the Company, being a listed entity, along with Foreign Direct Investment as at March 31, 2013 is 3,63,91,789 Equity Shares comprising of 13.84% of the paid-up Capital of the Company.

Subsequent to March 31, 2013, the Company had issued 56,17,977 Global Depository Receipts (GDRs) aggregating US\$ 19999998.12 to the foreign investors and the said GDRs are listed on Luxembourg Stock Exchange and convertible into 5,61,79,770 Equity Shares of ₹ 1 each of the Company as per terms of Issue.

II. Information about the appointee:

- (i) **Background Details:** Mr. Umesh Pradhan, a Commerce Graduate from Bombay University and a Cost Accountant has over 2 decades of experience in areas of Finance and Accounts, Audit and GAAP (Indian & International), Strategic Financial Planning, Budgeting/MIS implementation, Internal Controls, Financial Accounting and Audit, Cash Flow

Management, Taxation and Auditing. Mr. Pradhan, joined the Company as Chief Financial Officer with effect from January 2, 2013.

In past he was associated with various business houses like Cadbury India Limited, J. K. Helene Curtis Limited, Zee Entertainment Enterprises Ltd., Reliance Big Broadcasting Pvt. Ltd., Turner General Entertainment Networks India Pvt. Ltd. and last employment being as the Financial Controller with Balaji Telefilms Ltd.

- (ii) **Past Remuneration drawn:** There has been no change in remuneration of Mr. Umesh Pradhan, consequent to his appointment as Manager. Mr. Umesh Pradhan is being paid annual remuneration of ₹ 37 lacs as CFO of the Company.
- (iii) **Recognition & Awards / Achievements:** Mr. Umesh Pradhan has demonstrated excellence in mapping business requirements with proven ability in designing & implementing systems to achieve cost control & financial discipline and enhance the overall efficiency of the organisation. He is proficient leader, a dynamic go getter and one who aligns financial initiatives to achieve strategic objectives/goals. While working in various organizations he is successful in building strong, lasting relationships with managers, associates, and customers & possesses strong planning & relationship management skills with vital contribution in running of the company. He is highly accomplished accounting & finance management professional with skills in achieving greater organisational efficiency & profitability with reducing organisational risk through suggesting comprehensive changes to each department, ensuring maximum accuracy & quality.
- (iv) **Job Profile & Suitability:** Mr. Pradhan is responsible for (i) preparation, review and maintenance of Books of Accounts and Financial Statements of the Company (ii) establishing, maintaining and evaluating effectiveness of internal controls for financial reporting (iii) implementing accounting policies and practices in compliance with the existing accounting standards, applicable laws and regulations etc. The Board considered Mr. Umesh Pradhan for the position of Manager of the Company due to vast experience and managerial skill possessed by him.

- (v) **Remuneration proposed:** The proposed remuneration shall be as detailed herein:

a) **Basic Salary:**

The Basic Salary of Mr. Umesh Pradhan shall be ₹ 1,23,333/- per month, with the authority to the Board of Directors to determine any performance based increase from time to time within the scale of ₹ 1,23,000/- to ₹ 2,50,000/- per month.

b) **Perquisites & Allowances:**

In addition to the basic salary payable, Mr. Pradhan shall be entitled to perquisites and allowances like:

- (i) House Rent Allowance of ₹ 61,667/- per month with such increase as may be determined by the Board, subject to a ceiling of 50% of Basic Salary as per rules of the Company;
- (ii) Special Allowance of ₹ 1,06,484/- per month with such increase as may be determined by the Board, subject to a ceiling of 100% of Basic Salary;
- (iii) Medical Reimbursements, Fuel Allowance, Leave Travel Allowance (subject to 10% of basic salary) and such other perquisites and allowances in accordance with rules of the Company;
- (iv) Company's contribution to provident fund, gratuity and leave encashment as per the rules of the Company; and
- (v) Annual performance bonus/incentive and Stock Options, if any, based on the performance and other criteria as laid down or approved by the Board of Directors or Remuneration Committee, from time to time.
- (vi) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:** Mr. Umesh Pradhan joined the Company as Chief Financial Officer and there was

no change in his remuneration consequent to his appointment as Manager under Companies Act, 1956.

- (vii) **Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any:** Mr. Umesh Pradhan does not have any direct or indirect pecuniary relationship with the Company or relationship with any managerial personnel except for the remuneration being paid to him as CFO / Manager of the Company.

III. Other Information:

- (i) **Reasons of loss or inadequate profits:** FY 11 and FY 12 saw significant spends in brand building of the Company's products and setting up a full channel sales team for the rapid expansion of BrainCafe.
- (ii) **Steps taken or proposed to be taken for improvement:** The Company aims to drive profitable growth through proactive cost management and strong internal controls. The existing products are building scale through bringing economies of scale in cost and improve profitability. The Company have plans to initiate new businesses that would potential to become the torchbearers of the growth plans.
- (iii) **Expected increase in productivity & profits in measurable terms:** The Company is one of the largest pre-school chain in Asia i.e. Kidzee and one of the fastest growing chain of K-12 schools i.e Mount Litera Zee School (MLZS). The Company is expected to consistently add new franchisee every year in the Kidzee and MLZS. Also, the Company

is focused on increasing the average number of enrolments in both Kidzee centers and MLZS by increasing footfalls in the existing operational centers/schools and also by increasing the number of new operational centers/schools each year. The Company has also upgraded the BrainCafe model to improve profitability and reduce cost. The Company has initiated new business such as sale of content and management of ZeeQ TV channel for children which will contribute to the profitable growth of the Company.

IV. Disclosures:

Mr. Umesh Pradhan, is an independent professional and does not have any shareholding or any other interest directly or indirectly in the Company or its Holding Company and is not related to any of the Directors or Promoters of the Company.

Your Board recommends the Special Resolution as set out in Item No. 5 for approval of the Members.

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

By order of the Board

Place: Mumbai
Date: 29 May, 2013

Samir Raval
Company Secretary

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

Directors' Report

To,
The Members of
Zee Learn Limited

Your Directors take pleasure in presenting the Third Annual Report of the Company together with Audited Financial Statements for the year ended March 31, 2013.

FINANCIAL PERFORMANCE

(₹ in lacs)

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Revenue from Operations	10,007.76	6,100.29
Other Income	62.32	90.95
Total Income	10,070.07	6,191.24
Total Expenses	10,853.84	8,275.54
Operating Profit/Loss	(783.77)	(2,084.30)
Less: Finance Cost	564.05	354.75
Less: Depreciation	642.00	302.05
Profit/Loss before Tax	(1,989.81)	(2,741.10)
Provision for Taxation (Net)	132.54	16.81
Profit/Loss after Tax	(2,122.35)	(2,757.90)
Balance Carried To Balance Sheet	(2,122.35)	(2,757.90)

DIVIDEND

In view of losses during the year, your Directors have not recommended any dividend on Equity Shares for the year under review.

BUSINESS OVERVIEW

Performance of your Company during Financial Year 2012-13 is on the back of over 73,000 enrolments in Kidzee, over 14,000 enrolments in Mount Litera Zee Schools, 1,960 enrolments in Zee Institute of Creative Arts (ZICA) and 450 enrolments in Zee Institute of Media Arts (ZIMA). Your Company also added 325 new Kidzee franchisees, 30 new Mount Litera Zee School franchisees, 4 new Company managed Mount Litera Zee Schools during the year under review. In school solution business, your Company changed the business model of BrainCafé Science to make the program more effective and profitable. During the year under review, 95 schools were signed under the new model of BrainCafé Science.

Your Company continues to be the largest chain of pre-schools and one of the fastest growing K-12 school chains in India.

SUBSIDIARY COMPANY

Statement pursuant to Section 212 of the Companies Act, 1956 in respect of the wholly owned subsidiary Digital Ventures Private Limited is attached herewith and forms part of this report.

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

Your Board has decided to avail the general exemption granted by Ministry of Corporate Affairs from complying with Section 212(8) of the Companies Act, 1956 and accordingly the financial statements of the wholly owned subsidiary Digital Ventures Private Limited for the financial year ended March 31, 2013 is not being attached with this Annual Report. Requisite financial highlight of the said subsidiary is annexed to this Report and the audited Annual Accounts and related information of the subsidiary will be made available upon request or for inspection at the registered office, by any shareholder of the Company.

NON-CONVERTIBLE DEBENTURES & CREDIT RATING

During the year under review, second tranche of 12% Secured Redeemable Non-Convertible Debentures ('SRNCD's) of ₹ 50 Crores, listed on Wholesale Debt Market Segment of National Stock Exchange of India Ltd. (NSE), was redeemed as per the terms of issue. As at March 31, 2013, SRNCD's of ₹ 25 Crores are outstanding and listed on Wholesale Debt Market segment of NSE.

Credit Analysis & Research Limited (CARE) has reaffirmed the rating of 'CARE AA (SO)', assigned to the SRNCD's issued by the Company and the said rating denotes high degree of safety for timely servicing of debt obligation and carries very low credit risk.

GLOBAL DEPOSITORY RECEIPTS

Pursuant to Members approval at the Extra-ordinary General Meeting held on October 19, 2011, your Company had, subsequent to March 31, 2013, issued 56,17,977 Global Depository Receipts (GDRs) to Overseas investors at an issue price of US\$ 3.56 per GDR, representing 5,61,79,770 Equity

Shares of ₹ 1 each of the Company (each GDR representing 10 Equity Shares). The allotment of the GDRs and underlying Equity Shares was made at an issue price of ₹ 19.50 Per Equity Share, as per the pricing formula prescribed under Clause 5 (4) (D) of the Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Mechanism) Scheme, 1993. The GDRs are listed at the Luxembourg Stock Exchange.

Consequent to said GDR issuance, the paid-up Share Capital of the Company stand increased to ₹ 31,91,90,019 comprising of 31,91,90,019 Equity Shares of ₹ 1 each.

EMPLOYEES STOCK OPTION SCHEME

Your Company has implemented an Employee Stock Option Scheme called ZLL ESOP-2010, in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (SEBI Guidelines) for grant of stock options to its eligible employees. The Remuneration Committee of the Board administers and monitors the Scheme. The applicable disclosures as stipulated under the SEBI Guidelines as at March 31, 2013 are provided in the Annexure I to this report.

During the year under review, no Stock Options were granted. However, your Company had issued and allotted 2,71,650 Equity Shares upon exercise of equivalent number of Stock Options by the employees at Option price of ₹ 26.05 (2,23,900 Shares) and ₹ 14.50 (47,750 Shares) per share.

The Company has received a Certificate from the Statutory Auditors, M/s. MGB & Co., Chartered Accountants, confirming that the Scheme has been implemented in accordance with SEBI Guidelines and the resolution passed by the shareholders. The Certificate shall be placed at the ensuing Annual General Meeting and a copy of the same shall be available for inspection at the Registered Office of the Company on all working days (except Saturdays) between 2.00 p.m. to 5.00 p.m., up to the date of ensuing Annual General Meeting.

CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out in the Listing Agreement with the Stock Exchanges. Report on Corporate Governance as stipulated under the Listing Agreement(s) with the Stock Exchanges as also the Management Discussions and Analysis Report forms part of the Annual Report.

Certificate from the Statutory Auditors of the Company M/s MGB & Co., Chartered Accountants, Mumbai, confirming compliance with the provisions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement(s), is annexed to the said Corporate Governance Report.

DIRECTORS

Mr. Sumeet Mehta, Whole-time Director and CEO of the Company resigned with effect from July 25, 2012. Your Board places on record its appreciation for the contributions made by Mr. Sumeet Mehta during his tenure as Whole-time Director of the Company.

Mr. Subodh Kumar, IAS (Retd.) was appointed as an Additional Director, with effect from May 29, 2013. Pursuant to the provisions of Section 260 of the Companies Act, 1956, Mr. Subodh Kumar holds office up to the conclusion of the ensuing Annual General Meeting of the Company. The Company has received appropriate notice from a Member under Section 257 of the Companies Act, 1956, along with requisite deposit, proposing the candidature of Mr. Subodh Kumar for the office of Director, liable to retire by rotation. Your Board recommends appointment of Mr. Subodh Kumar as Director of the Company.

As per the provisions of the Companies Act, 1956 read with Article 97 of the Articles of Association, Mr. Surjit Banga, Independent Director, retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

Brief Profile of the Directors proposed to be appointed / re-appointed at the ensuing Annual General Meeting has been included in the Report on the Corporate Governance forming part of the Annual Report.

In compliance with Section 269 of the Companies Act, 1956, your Board had appointed Mr. Umesh Pradhan, Chief Financial Officer of the Company as a Manager for a period of three years with effect from April 1, 2013. A proposal seeking Members approval for appointment and payment of remuneration to Mr. Umesh Pradhan as Manager of the Company forms part of the Notice of ensuing Annual General Meeting.

AUDITORS

M/s. MGB & Co., Chartered Accountants, the Statutory Auditors of the Company having firm registration No. 101169W hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received a letter from them to the effect that their re-appointment, if made, would be in accordance with the limits prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for reappointment within the meaning of Section 226 of the said Act.

CORPORATE SOCIAL RESPONSIBILITY

Your Company believes that Corporate Social Responsibility (CSR) is about the integration of social, environmental and economic considerations into the decision-making structures and processes of business. It is about using innovation to find creative and value-added solutions to societal and environmental challenges. It is about engaging shareholders and other stakeholders and collaborating with them to more effectively manage potential risks and build credibility and trust in society. Ultimately, it is about delivering improved shareholder value, providing enhanced goods and services for customers, building trust and credibility in the society in which the business operates, and becoming more sustainable over the longer term.

As part of its CSR activity, Zee Institute of Creative Arts (ZICA), Zee Learn's animation institutes, announced the addition of their new block in the Noida center. ZICA has partnered with two NGO's namely: Perna Niketan Sangh & Deepalaya to provide free creative course scholarship for the underprivileged students. The scholarship will serve as a gateway for underprivileged students keen to make a career in the exciting and unbounded world of animation.

Through this initiative, ZICA in association with Perna Niketan Sangh & Deepalaya will provide scholarship up to 100%, applicable to ZICA center in Noida. Perna Niketan Sangh is registered with Delhi Government and is working for physically challenged children since 1998. Deepalaya is an NGO working on issues affecting the urban and rural poor, with a special focus on children.

The scholarship would be based on first come – first serve basis. To be eligible for the creative course scholarship students need to register at the ZICA centre and take a test, called the "Creativity Test". Students will be awarded scholarship based on their performance in this test. Under this scholarship one can choose from an array of creative courses available at ZICA.

PUBLIC DEPOSITS

During the year under review, your Company has neither accepted nor renewed any deposits within the meaning of Section 58A of the Companies Act, 1956 and rules made there under.

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

Your Company is engaged in the business of delivering learning solutions and training to entire spectrum of the society from toddler to teens through its multiple products. Since these activities do not involve any manufacturing activity, most of the information required to be provided under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is not applicable.

However the information as applicable are given hereunder:

I. Energy Conservation

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

II. Technology Absorption

In its endeavor to deliver the best to its users and business partners, your Company has been constantly active in harnessing and tapping best technology in the industry.

III. Foreign Exchange Earning and Outgo

During the year under review, Foreign Exchange Earnings were Nil and the particulars of Foreign Exchange out go is given in Note number 34 of the Notes to Accounts forming part of the Annual Accounts.

PARTICULARS OF EMPLOYEES

During the year under review, no employee, other than Mr. Sumeet Mehta, Whole-time Director of the Company till July 24, 2012, drew remuneration in excess of limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended. Requisite details of remuneration paid to Mr. Sumeet Mehta is as detailed herein:

Name, Designation & Age	Sumeet Mehta, Whole-time Director, 37
Total Remuneration	₹ 77,75,489
Qualification	MBA (IIM, Ahmedabad)
Total Experience & Date of Joining	14 Years, September 1, 2010
Previous Employment	Zee Entertainment Enterprises Ltd.

Total remuneration includes Salary, Bonus, Incentive, Allowances, Leave Travel Assistance, Medical Benefits, Gratuity, Company's contribution to Provident Fund and other perquisites and benefits valued as per the Income Tax Act, 1961.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) The Financial Statements comprising of the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss for the year ended on that date have been prepared in the revised format of Schedule VI of the Companies Act, 1956 on a going concern and on the accrual basis and in the preparation of these Financial Statements, applicable accounting standards have been followed and there are no material departures;
- b) Accounting policies selected were applied consistently and the judgments and estimates related to the financial statements have been made on a prudent and reasonable basis, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and

of the loss of the Company for the year ended on that date; and

- c) Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

ACKNOWLEDGEMENTS

Your Board takes this opportunity to place on record their appreciation for the dedication and commitment of employees shown at all levels, Franchisees and Business Partners that have contributed to the success of your Company. Your Directors also express their gratitude for the valuable support and co-operation received from the Central and State Governments including Ministry of Human Resource Development and other stakeholders including Bankers, Financial Institutions, Investors, Service Providers as well as regulatory and government authorities.

For and on behalf of the Board

Place : Mumbai
Date : 29 May, 2013

Surjit Banga **Himanshu Mody**
(Director) (Director)

Annexure I

Disclosures pursuant to Clause 12 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and forming part of Directors' Report for the year ended March 31, 2013

	Particulars	Grant of Options
a	Total number of Options Granted	27,16,700 During FY 2012-13, there was no grant of ESOPs.
b	Exercise Price (₹)	11,07,000 options granted @ ₹ 26.05 per option on January 27, 2011 and 16,09,700 options granted @ ₹ 14.50 per option on January 30, 2012.
c	Total number of Options Vested	9,75,745
d	Total number of Options Exercised	2,71,650
e	Total number of Shares arising as a result of Exercise of option	2,71,650
f	Total number of Options Lapsed	Total 13,10,800 options lapsed(i.e. 11,55,300 in FY 2012-13 and 1,55,500 in previous years)
g	Variation in terms of Options	NIL
h	Money realized by exercise of Options	₹ 65,24,970
i	Total number of Options in force	11,34,250
j	Employee wise details of Options granted to:	
	(i) Senior Management Personnel	No Option granted during the year
	(ii) Any other employee who received a grant in any one year of Options amounting to 5 % or more of Options granted during that year	None
	(iii) Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	None
k	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20. 'Earning Per Share'	(₹ 0.81)
l	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	The issuance of the equity shares upon exercise of option shall not affect the Profit & Loss account of the Company, as the Pricing formula as approved by the Shareholders of the Company is the Market Price as per the SEBI Guidelines i.e. latest available closing price prior to the date of grant of option at the Stock Exchange where there is highest trading volume.
m	Weighted-average exercise prices and weighted-average fair values of options, separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	Not Applicable

n	A description of the method and significant assumptions used during the year to estimate the fair value of options, including the following weighted-average information (i) Risk-free interest rate (ii) Expected life (iii) Expected volatility (iv) Expected dividends (v) The price of the underlying share in market at the time of option grant	Not Applicable
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A Certificate received by the Company from the Statutory Auditors of the Company M/s MGB & Co., Chartered Accountants, Mumbai to the effect that the Stock Option Scheme has been implemented in accordance with the SEBI Guidelines and the resolution passed by the Shareholders, will be placed before the ensuing Annual General Meeting and a copy of the same shall be available for inspection by the Members at the Registered Office of the Company on all working days (except Saturdays) up to the date of the ensuing Annual General Meeting of the Company.

For and on behalf of the Board

Place: Mumbai
Date: 29 May, 2013

Surjit Banga **Himanshu Mody**
(Director) (Director)

ANNEXURE II

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2013

Name of the subsidiary company		Digital Ventures Private Limited
The financial year of the subsidiary company ended on		March 31, 2013
Name of the holding company		Zee Learn Limited
Extent of holding company's interest		100%
Face Value of equity share (per share)		₹ 10/-
No. of equity shares held by the holding company and / or its subsidiaries		50,10,000
Net aggregate amount of profits/ (losses) of the subsidiary so far as it concerns the members of the holding company and is dealt with in accounts of holding company:	For the financial year ended on March 31, 2013 (Amount ₹ In Millions)	(1.90)
	For the previous financial years of the subsidiary since it became a subsidiary (Amount ₹ In Millions)	(0.38)
Net aggregate amount of profits/ (losses) of the subsidiary so far as it concerns the members of the holding company and is not dealt with in accounts of holding company:	For the financial year ended on March 31, 2013 (Amount ₹ In Millions)	N.A.
	For the previous financial years of the subsidiary since it became a subsidiary (Amount ₹ In Millions)	N.A.

For and on behalf of the Board

Place: Mumbai
Date: 29 May, 2013

Surjit Banga **Himanshu Mody**
(Director) (Director)

Report on Corporate Governance

COMPANY'S GOVERNANCE PHILOSOPHY

Corporate Governance Philosophy of Zee Learn stems from its belief that the Company's business strategy, plans and decisions should be consistent with the welfare of all its stakeholders, including Shareholders. Good Corporate Governance practices enable a Company to attract financial and human capital and leverage these resources to maximize long-term shareholder value, while preserving the interests of multiple stake holders, including the society at large. Corporate Governance at Zee Learn is founded upon 4 pillars of Core Values viz., Transparency, Integrity, Honesty and Accountability.

Your Company has laid strong foundation for making Corporate Governance a way of life by constituting a Board with a balanced mix of professionals of eminence and integrity from within and outside the business, forming a core group of top executives, inducting competent professionals across the organization and putting in place appropriate system, process and technology. In its endeavor to improve on the Corporate Governance practices, the Board has adopted a Corporate Governance Manual which serves as guide in various activities and decisions in normal course of business.

BOARD OF DIRECTORS

a) Composition & Category of Directors

Your Company is in strict compliance of Board composition requirements of the Listing Agreement. The day-to-day management of the Company is entrusted to its key management personnel led by the Chief Executive Officer of the Company who operates under the superintendence, direction and control of the Board. The Board reviews and approves strategy and oversees the actions and performance of the Management to ensure that the long-term objective of enhancing stakeholder's value is met.

Composition of the Board as on March 31, 2013

Category of Directors	No. of Directors	Percentage to total No. of Directors
Non-Executive Independent Directors	2	66.67%
Other Non-Executive Director	1	33.33%
Total	3	100%

Independent Directors provide an annual certification to the Board confirming satisfaction of the conditions of their 'being independent' as laid down in Clause 49 of the Listing Agreement.

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

Sr. No.	Name of Director	Category	Attendance at		No. of Directorships in other public companies		No. of Committee positions held in other public companies	
			Board Meetings (Total 6 Meetings)	2nd AGM held on 08/08/12				
					Chairman	Member	Chairman	Member
1	Mr. Himanshu Mody	Non-Executive Chairman	06	Yes	-	6	-	-
2	Mr. Surjit Banga	Non-Executive Independent	06	Yes	-	2	2	2
3	Dr. Manish Agarwal	Non-Executive Independent	06	Yes	-	2	-	-
4	Mr. Sumeet Mehta*	Executive Director	02	No	-	-	-	-

* Mr. Sumeet Mehta resigned as the Chief Executive Officer and Whole-time Director of the Company with effect from July 25, 2012.

None of the Directors on the Board is a member of more than ten (10) Committees (other than Remuneration Committee) or Chairman of more than five (5) Committees across all the companies in which he is a Director.

b) Board Meetings & Procedures

During the financial year under review, six (6) meetings of the Board were held. The intervening period between the Board Meetings were well within the maximum time gap of four (4) months prescribed under Clause 49 of the Listing Agreement. The annual calendar of meetings is broadly determined at the beginning of each year. The details of the meetings held during the year are as under:

Sr. No.	Date of Board Meeting	Board Strength	No. of Directors present
1	May 16, 2012	4	4
2	July 20, 2012	4	4
3	August 8, 2012	3	3
4	October 31, 2012	3	3
5	January 30, 2013	3	3
6	March 25, 2013	3	3

Board Meetings of the Company are governed by a structured agenda. All major agenda items, backed up by comprehensive background information, are sent well in advance of the date of the Board Meetings to enable the Board to take informed decision. Any Board Member may, in consultation with the Chairman, bring up any matter for consideration by the Board. Chief Financial Officer is normally invited to the Board Meetings to provide necessary insights into the working of the Company and for discussing corporate strategies. All the relevant information required to be placed before the Board of Directors as per Clause 49 of the Listing Agreement, are considered and taken on record / approved by the Board.

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

c) Brief profile of the Director of the Company to be appointed / re-appointed at the Annual General Meeting

Mr. Surjit Banga, 72, is a senior and experienced banker and is known for his leadership and commendable contribution to the Banking sector. Mr. Surjit Banga held the position of Managing Director of SBI Factors and Commercial Services Limited and was associated with the State Bank of India in various capacities in his 40 years career in Banking. He is a Graduate in Sociology, Fellow of All India Management Association and is a Certified Associate of Indian Institute of Bankers.

Apart from the Company, Mr. Surjit Banga holds Directorship in two (2) other Indian Public Limited Companies viz., Zee News Limited and Jetking Infrotrain Limited.

Mr. Surjit Banga holds 30,000 Equity shares of ₹ 1/- each as a first holder (0.011% of the paid up capital) and 20,000 equity shares of ₹ 1/- each as a second holder (0.007 % of the paid up capital) jointly with his wife in the Company.

Mr. Subodh Kumar, 61, IAS (Retd.) has had one of the most illustrious careers in the Indian Administrative Service, spanning 35 years, heading various key government agencies with stellar integrity and transparency. A 1977 batch IAS officer, Shri Kumar has served as the Managing Director of Maharashtra State Seeds Corporation Limited, as a District Collector, as Vice Chairman of Maharashtra Housing and Area Development Authority (MHADA) as well as Director, World Bank Project; as Director of Small Scale Industries and in Ministry of Urban Development. He also served as the Commissioner of Sales Tax and State Excise as well as Principal Secretary in Finance Department for Government of Maharashtra. Apart from his contribution to Department of Telecommunications and Ministry of Textile, the last assignment of Shri Kumar was as Municipal Commissioner of Mumbai Municipal Corporation (BMC). In each position he earned the rare distinction of serving by the highest Principles without compromise. His relentless efforts combined with his creative trouble shooting acumen have made him one of the most sought after officers of the Indian Administrative Service. In each of these challenging assignments, Shri Kumar has been proven as a fearless visionary with impeccable integrity, raising

the bar of excellence in the toughest political and bureaucratic environments. He has consistently provided sustainable solutions in tackling the most complex challenges of governance at the District, State and National levels. Shri Kumar has always championed the cause of the weakest link and strived to eradicate discrepant, partisan or monopolistic policies.

In his last assignment as the BMC Chief, within a short span of 9 months, he made the much required critical modifications to the Development Control Regulations thereby drastically reducing the manipulation in building industry, providing level playing field to all developers, protecting flat buyers, stopping large level corruption and at the same time generate nearly ₹ 2,000 crores per annum of additional funds for development of city infrastructure. He also streamlined the complex Property Tax system.

Similarly his recommendation as Additional Secretary (Telecom), on moving away from administrative allocation of spectrum to open auctions along with trading and sharing of spectrum among telecom operators would have added ₹ 1,06,000 crores to the Government exchequer against an estimated receipt of ₹ 35,000 crores. Shri Kumar has consistently demonstrated the ability to maximum gains for the public stakeholders despite seemingly insurmountable opposition and challenges.

Shri Kumar holds a MSc Physics (Hons) and several diplomas and management certificates from IIM-A, IIM-B, IIM-C, Harvard Business School, IDS Sussex, IMF amongst other ivy league institutions. He shares special interest in the areas of urban planning and development, financial management, project management, taxation (direct and indirect), economics, fiscal and public policies.

d) Code of Conduct

The Board of Directors of the Company have approved and adopted Code of Conduct for Members of the Board of Directors and Senior Management of the Company. The Code is circulated to all the members of the Board and management personnel and the compliance of the same is affirmed by them annually. The Code has been posted on Company's website, viz. www.zeelearn.com

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

Declaration:

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

Mr. Navneet Anhal

Chief Executive Officer

Mumbai, May 29, 2013

BOARD COMMITTEES

a) Audit Committee

The Board has constituted an Audit Committee, comprising of three (3) members, two (2) of whom are Independent Directors, with Mr. Surjit Banga, a Non-Executive Independent Director as its Chairman.

The Composition of the Audit Committee of the Board which complies with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement(s) is as under:

Name of Directors	Category
Mr. Surjit Banga	Non-Executive-Independent
Dr. Manish Agarwal	Non-Executive-Independent
Mr. Himanshu Mody	Non-Executive

The role and the powers of the Audit Committee are as per guidelines set out in Clause 49 of the Listing Agreement(s) and provisions of Section 292A of the Companies Act, 1956. The Committee meets periodically and reviews various agenda items as per the terms of reference which broadly includes:

- Oversight of Company's financial reporting process and disclosure of its financial information.
- Review with the management, quarterly and annual financial statements.
- Review of related party transactions.
- Review Company's financial and risk management policies.
- Review with the management, external and internal auditors, adequacy of internal control systems.
- Review of financial statements, investments, minutes and related party transactions of subsidiary company.
- Recommend to the Board the appointment, re-appointment and removal of the statutory auditor and fixation of their remuneration.
- Discussion with statutory auditors about the nature and scope of audit as well as post audit discussion to ascertain any area of concern and internal control weaknesses observed by the statutory auditors.
- Discussion of Internal Audit Reports with internal auditors and significant findings and follow-up thereon and in particular internal control weaknesses.

The Audit Committee also reviews adequacy of disclosures and compliance with all relevant laws.

During the financial year under review, four (4) Audit Committee meetings were held. The details of the meetings are as under:

Sr. No.	Date of Meeting	Committee Strength	No. of Directors present	No. of Independent Directors present
1	May 16, 2012	3	3	2
2	August 8, 2012	3	3	2
3	October 31, 2012	3	3	2
4	January 30, 2013	3	3	2

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

b) **Remuneration Committee and Policy**

The Remuneration Committee of the Company comprises of Dr. Manish Agarwal, Non Executive Independent Director as Chairman, Mr. Himanshu Mody and Mr. Surjit Banga as members.

The terms of reference of the Remuneration Committee, *inter alia*, consist of reviewing the overall compensation policy, service agreements and other employment conditions of Executive Director(s) and administering Company's Employee Stock Option Scheme. The remuneration of Executive Director is decided by the Board of Directors on the recommendation of the Remuneration Committee as per the remuneration policy of the Company within the overall ceiling approved by shareholders.

During the financial year under review, two (2) meetings of Remuneration Committee were held. The details of the meetings are as under:

Sr. No.	Date of Meeting	Committee Strength	No. of Directors present
1	July 26, 2012	3	3
2	November 27, 2012	3	3

Remuneration to Executive Director

Details of remuneration paid to Mr. Sumeet Mehta, Whole-time-Director from 1st April, 2012 to 24th July, 2012 is as under:

Particulars	Amount (₹)
Salary, Allowances & Perquisites	76,08,496
Employer's Contribution to Provident Fund	1,66,993
TOTAL	77,75,489

Remuneration payable to Non-Executive Director

Non-Executive Directors were entitled to sitting fees of ₹ 10,000/- per meeting of the Board and Committees thereof till October 2012. The sitting fees increased to ₹ 20,000/- per meeting of the Board and Committees thereof effective from November 2012.

Particulars of sitting fees paid to Non-Executive Independent Directors of the Company for the financial year 2012-2013 are as under:

Name of Director	Sitting Fees Paid (₹)
Mr. Surjit Banga	1,60,000
Dr. Manish Agarwal	1,60,000
Total	3,20,000

In addition to this, the Non-Executive Independent Directors were granted Stock Options (each convertible into equivalent number of equity shares of ₹ 1/- each of the Company) as per the following details at an exercise price equivalent to Market Price, as per the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

Particulars of Stock Options granted under ZLL ESOP 2010 scheme to the Non-Executive Independent Directors and outstanding as at March 31, 2013, are as under:

Name of Director	No. of Stock Options granted @ ₹ 26.05 per stock option	No. of Stock Options granted @ ₹ 14.50 per stock option	Total Stock Options granted	Total Stock Options vested	Total Stock Options exercised
Mr. Surjit Banga	30,000	30,000	60,000	40,500	30,000
Dr. Manish Agarwal	30,000	30,000	60,000	40,500	15,000

c) Share Transfer and Investors Grievance Committee

The Share Transfer and Investors Grievance Committee of the Company comprises of Mr. Surjit Banga as Chairman with effect from August 8, 2012 and Mr. Himanshu Mody as member.

Terms of reference of Share Transfer and Investors Grievance Committee are to supervise and ensure efficient transfer of shares and proper and timely attendance to investors' grievances. The Committee has delegated the power of approving requests for transfer, transmission, rematerialization, dematerialization etc. of Shareholders to the officials of the Secretarial Department.

Mr. Samir Raval, Company Secretary of the Company is Compliance Officer of the Company.

During the financial year under review, Share Transfer and Investors Grievance Committee met seven (7) times. The details of the meetings are as under:

Sr. No.	Date of Meeting	Committee Strength	Directors present
1	June 14, 2012	2	2
2	July 9, 2012	2	2
3	August 31, 2012	2	2
4	September 24, 2012	2	2
5	October 22, 2012	2	2
6	November 26, 2012	2	2
7	December 21, 2012	2	2

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

Nature of Correspondence	Received	Replied/ Resolved	Pending
Non-receipt of Share Certificate (Demerger)	0	0	0
Non-receipt of Dividend	3	3	0
Non-receipt of Annual Report	3	3	0
Letter from Stock Exchange/ROC/SEBI	5	5	0
Total	11	11	0

OTHER BOARD COMMITTEES

In addition to the above, the Board has constituted following Committees to exercise powers delegated by the Board as per the scope mentioned herein:

ESOP Allotment Sub-Committee

In order to process and facilitate allotment of Equity Shares, from time to time, upon exercise of Stock Options granted under Company's ESOP Scheme, the Remuneration Committee has constituted ESOP Allotment Sub-Committee comprising of Mr. Himanshu Mody, Non-Executive Director, Mr. Navneet Anhal, Chief Executive Officer and Mr. Samir Raval, Company Secretary as its members.

Finance Sub-Committee

With a view to facilitate monitoring and expediting any debt fund raising process, approve financing facilities offered and / or sanctioned to the Company by various Banks and /or Indian Financial Institutions from time to time, in the form of Term Loans, Working Capital facilities, Guarantee facilities etc., including the acceptance of terms and conditions of such facilities being offered and exercising other authorities as may be delegated by the Board from time to time, the Board has constituted a Finance Sub-Committee.

Issue and Allotment Committee

In order to facilitate the process of approving Company's Offering Document for issue of Global Depository Receipts (GDRs), appointment of various intermediaries, approving various agreements, deciding on the terms of issue along with timing thereof, obtaining approval of Stock Exchange(s) and/or other regulatory / statutory / administrative authorities etc., the Board has constituted an Issue and Allotment Committee comprising of Mr. Himanshu Mody, Non-Executive Director and Mr. Surjit Banga, Non- Executive Independent Director as its members.

Corporate Management Committee

The Board has constituted a Corporate Management Committee comprising of senior executives i.e. Chief Executive Officer, Chief Financial Officer and Company Secretary of the Company to review, approve and / or grant authorities for managing day-to-day affairs of the Company within the limits delegated by the Board.

These committees meet as and when required to deliberate and decide on various matters within their respective scope or powers delegated by the Board.

General Meetings

The Third Annual General Meeting of the Company for the financial year 2012-13 will be held on Wednesday, August 7, 2013 at 11.00 a.m. at 'The Hall of Harmony', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018.

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

Financial year	Day, Date and Time of the meeting	Special Resolutions passed	Venue
2010-2011	Wednesday, June 29, 2011 at 10.30 a.m.	Maintenance of Register & Index of Members and Register & Index of Debenture Holders and Share / Debenture Transfer Register at the office of Registrar and Share Transfer Agent instead of Registered Office of the Company.	The Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.
2011-2012	Wednesday, August 8, 2012 at 11.00 a.m.	<p>(a) Extending the benefits of Employees Stock Option Scheme to the eligible employees of holding / subsidiary company.</p> <p>(b) Fixing the investment limit by FII's / QFI in the equity share capital of the Company subject to condition that total investment shall not exceed an aggregate limit of 49% of paid-up equity share capital of the Company.</p>	The Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018.

All the above resolutions were passed with requisite majority.

No Ordinary or Special resolutions were passed through Postal Ballot during the year ended March 31, 2013. None of the resolutions proposed at the ensuing Annual General Meeting needs to be passed by Postal Ballot.

Disclosures

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

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

Compliance with Non-Mandatory Requirements

The Company confirms that it has complied with all mandatory requirements to Clause 49 of the Listing Agreement(s). Particulars of non mandatory requirements complied by the Company is as detailed hereunder:

Remuneration Committee – The Company has setup Remuneration Committee to recommend/review overall compensation policy, service agreements and other employment conditions of Executive Director(s) and also to manage Company's Employee Stock Option Scheme.

Means of Communication

The Company has promptly reported all material information including declaration of quarterly financial results, press releases etc., to all Stock Exchanges where the securities of the Company are listed. Such information is also simultaneously displayed on the Company's website, www.zeelearn.com. The financial results, quarterly, half yearly and annual results and other statutory information were communicated to the shareholders by way of an advertisement in a English daily viz. 'Daily News & Analysis (DNA)' and in a vernacular language newspaper viz. 'Punya Nagari (Marathi)' as per requirements of the Stock Exchanges and requisite information are filed with Stock Exchange(s) in compliance with the Listing Agreement(s). The financial and other information filed by the Company with Stock Exchange(s) from time to time are also available on the Corporate Filing and Dissemination System maintained by BSE and NSE and can be accessed on www.corpfiling.co.in

Official news, releases and presentations made to the institutional investors or to the analysts, if any, are displayed on Company's website www.zeelearn.com

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

General Shareholders Information

The required information is provided in Shareholders Information Section.

AUDITORS' CERTIFICATE

To
The Members,
Zee Learn Limited

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

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

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

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

For and on behalf
MGB & Co.
Chartered Accountants
Firm Registration No. 101169W

Sanjay Kothari
Partner
Membership No 048215

Mumbai, 29 May, 2013

1. Date, Time and Venue of Shareholder's Meeting	: Meeting : Third Annual General Meeting Day & Date : Wednesday, August 7, 2013 Time : 11.00 a.m. Venue : 'The Hall of Harmony', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018.
2. Financial Year	: April 1, 2012 till March 31, 2013.
3. Date of Book Closure	: Saturday, July 27, 2013 to Friday, August 2, 2013 (both days inclusive)
4. Dividend Payment Date	: Not Applicable as the Board has not recommended any equity dividend.
5. Address for Correspondence	: Registered Office - Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai-400 018, India. Tel: +91-22-2483 1234 Fax: +91-22-2490 0302 / 0213 Website : www.zeelearn.com Corporate Office - Level 6, Fun Republic, Off. New Link Road, Andheri (West), Mumbai - 400 053, India. Tel: +91-22-4034 3900 Fax: +91-22-2674 3422
6. ROC Registration no./Corporate Identity no.	: L80301MH2010PLC198405
7. Listing on Stock Exchanges	: Equity Shares: BSE Limited (BSE) The National Stock Exchange of India Limited (NSE) Debentures : The National Stock Exchange of India Limited (NSE) Global Depository Receipts: Luxembourg Stock Exchange (LUXSE)
8. Stock Code	: Equity Shares: BSE : 533287, NSE : ZEELEARN Non-Convertible Debentures : NSE : ZLE15
9. ISIN No.	: Equity Shares : INE565L01011 Non-Convertible Debentures : INE098J07022 Global Depository Receipts : US9892181028
10. Registrar & Share Transfer Agent	: Sharepro Services (India) Private Limited 13AB, Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri -Kurla Road, Sakinaka, Andheri (East), Mumbai-400 072, India. Tel: +91-22-67720400, Fax: +91-22- 28591568 E.Mail: sharepro@shareproservices.com
11. Investor Relations Officer	: Mr. Samir Raval Zee Learn Limited Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai - 400 018. Tel: +91-22-2483 1234 : Fax: +91-22-2490 0302/0213 E-mail: samir.raval@zeelearn.com

12. Change of Address

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

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

The Ministry of Corporate Affairs vide its circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively (the said circulars) has clarified that a Company will be deemed to have complied with the provisions of Section 53 and 219(1) of the Companies Act, 1956, in case documents like notice, annual report etc. are sent in electronic form to its shareholders subject to compliance with the conditions stated therein.

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

Keeping with the spirits of the "Green Initiative in Corporate Governance" notified by the Ministry of Corporate Affairs, Members holding shares in electronic form but who have not registered their email address with their DP and members holding shares in physical form are requested to register their email address with their DP / Company, as the case may be.

Members who have registered their email address with their DP / the Company but wish to receive the said documents in physical form are requested to write to samir.raval@zeelearn.com duly quoting their DP ID and Client ID/ Folio No., as the case may be, to enable the Company to record their decision.

Please note that a shareholder of the Company is entitled to receive on request, a copy of the said documents, free of cost in accordance with the provisions of the Companies Act, 1956.

13. Unclaimed Shares

As per Clause 5A of the Listing Agreement inserted as per SEBI Notification no. CIR/CSD/DIL/10/2010 dated December 16, 2010, the details in respect of the Shares, which were issued pursuant to the Scheme of Arrangement and lying in the Suspense account, is as under:

Description	Number of shareholders	Number of Equity Shares
Aggregate number of shareholders and the outstanding shares in the suspense account post allotment and issuance on October 14, 2010	231	44,645
Number of shareholders who approached the Company for transfer of shares from suspense account till March 31, 2013	7	2,206
Number of shareholders to whom shares were transferred from the Suspense account till March 31, 2013	7	2,206
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2013	224	42,439

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

14. Share Transfer System

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

15. Dematerialisation of Equity Shares / Debentures & Liquidity

To facilitate trading in demat form, the Company has made arrangements with both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Shareholders / Debenture holders may open account with any of the Depository Participant registered with any of these two depositories. As on March 31, 2013, 99.91% of the equity shares and 100% of Non-Convertible Debentures issued by the Company are in the dematerialised form.

16. Shareholders' Correspondence

The Company has attended to all the investors' grievances/ queries/ information requests and every endeavor is made to reply to all letters received from the shareholders within a period of 5 working days.

All correspondence may please be addressed to the Registrar & Share Transfer Agent at the address given above. In case any shareholder is not satisfied with the response or do not get any response within reasonable period, they may approach the Investor Relation Officer at the address given above.

17. Share Capital Build- up

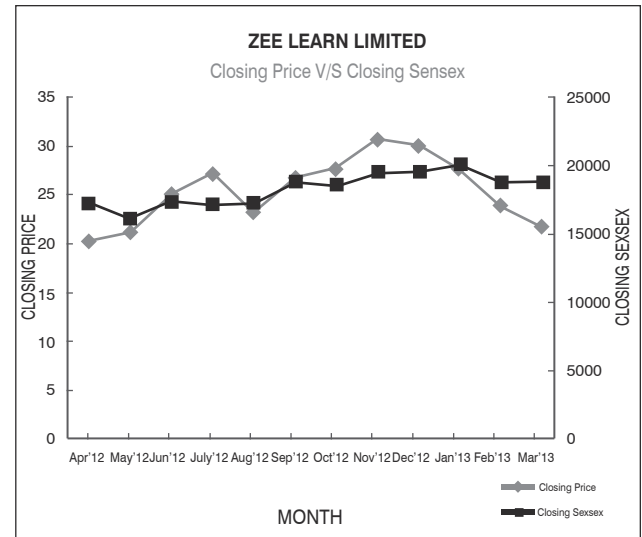
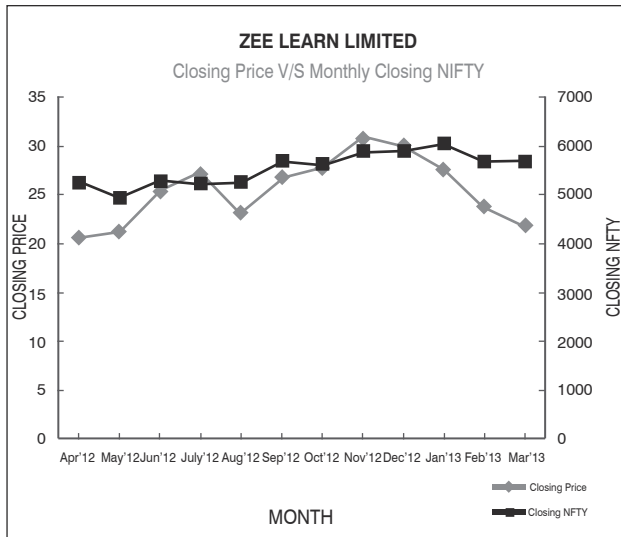
Particulars	No. of Shares Issued	Date of Issue
i) Issued to Subscribers	50,000	20.01.2010
Sub- Division of Shares from ₹ 10/- each to Shares of ₹ 1/- each	5,00,000	22.01.2010
ii) Issued to Shareholders of Zee Entertainment Enterprises Limited pursuant to Composite Scheme of Amalgamation & Arrangement	12,22,38,599	14.10.2010
iii) Issued to Shareholders of Essel Entertainment Media Limited pursuant to Scheme of Amalgamation	14,00,00,000	01.07.2011
iv) Issued to eligible employees pursuant to the ESOP Scheme	2,12,000	30.11.2012
v) Issued to eligible employees pursuant to the ESOP Scheme	59,650	13.03.2013
Issued & Paid- up Capital as on 31.03.2013	26,30,10,249	

18. Stock Market Data Relating to Shares Listed in India

Monthly high and low quotations and volume of Equity Shares traded on the BSE Limited and National Stock Exchange of India Limited for the financial year 2012-2013 are given as under:

Months	BSE			NSE		
	High (₹)	Low (₹)	Volume of Shares Traded	High (₹)	Low (₹)	Volume of Shares Traded
April'12	20.35	14.42	36,87,406	20.45	14.45	1,35,38,791
May'12	22.50	18.35	31,18,770	22.60	18.25	43,64,451
June'12	26.00	20.30	61,33,540	26.10	20.30	1,31,98,481
July'12	29.00	23.60	56,81,993	29.20	23.95	1,38,41,508
August'12	29.00	22.20	27,67,620	28.70	22.20	66,47,353
September'12	27.70	22.85	11,83,933	28.90	22.85	26,72,854
October'12	30.50	23.00	1,09,45,948	29.90	25.60	1,57,68,576
November'12	32.80	27.35	55,97,032	32.85	27.45	1,17,37,091
December'12	32.25	25.50	56,71,965	32.30	28.60	1,13,75,728
January'13	32.50	26.35	28,74,310	31.50	26.05	47,18,811
February'13	28.15	23.35	12,76,603	28.10	23.50	26,60,391
March'13	26.50	21.60	17,38,384	26.65	21.30	32,76,196

19. Relative Performance of the shares of Zee Learn Limited Vs. BSE Sensex & Nifty Index for Fully Paid up Equity Shares: -

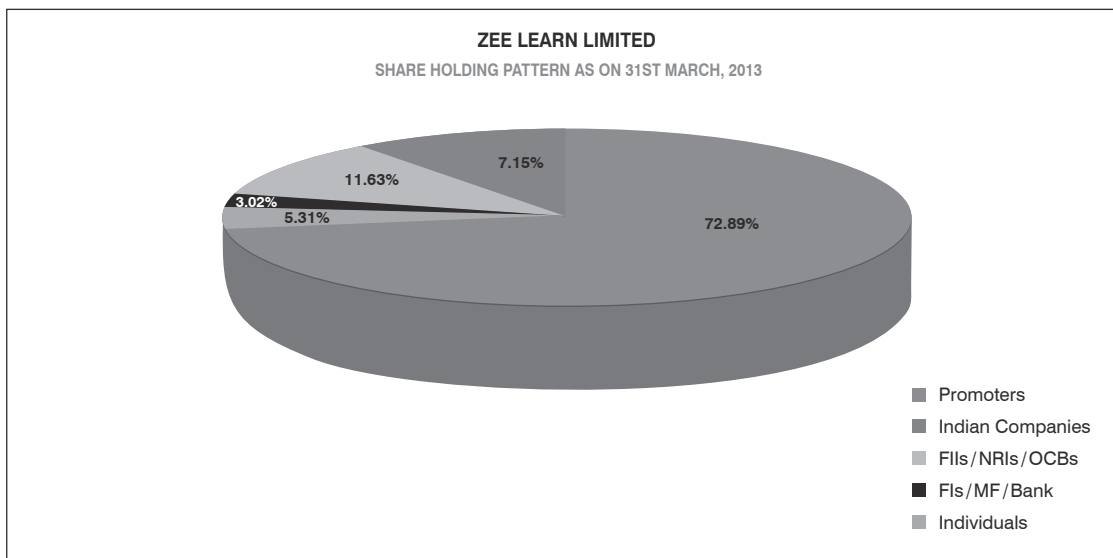


20. Distribution of Shareholding as on March 31, 2013

No. of Equity Shares	Share Holders		No. of Shares	
	Number	% of Holders	Number	% of Shares
Up to 5000	99,871	99.570	90,14,893	3.428
5001 - 10000	199	0.198	15,32,921	0.583
10001 - 20000	99	0.099	14,82,476	0.564
20001 - 30000	28	0.028	7,16,888	0.273
30001 - 40000	12	0.012	3,99,399	0.152
40001 - 50000	16	0.016	7,51,579	0.286
50001 -100000	24	0.024	17,41,688	0.662
100001 and Above	53	0.053	24,73,70,405	94.054
Total	1,00,302	100.00	26,30,10,249	100.00

21. Categories of Equity Shareholders as on March 31, 2013

Category	March 31, 2013	
	% of shareholding	No. of shares held
Promoters	72.89	19,17,08,779
Individuals	5.31	1,39,75,948
FIs/MF/Banks	3.02	79,26,696
FIs/ NRIs/OCBs	11.63	3,05,94,474
Indian Companies	7.15	1,88,04,352
Total	100.00	26,30,10,249



22. Particulars of Shareholding

a) Promoter Shareholding as on March 31, 2013

Sr. No.	Name of Shareholder	No. of Shares held	% of shareholding
1.	Jayneer Capital Pvt. Ltd.	7,23,91,275	27.53
2.	Asian Satellite Broadcast Pvt. Ltd.	6,30,52,512	23.97
3.	Jayneer Enterprises LLP	1,50,00,000	5.70
4.	Essel Media Ventures Private Ltd.	1,28,61,036	4.89
5.	Essel Holdings Ltd.	57,97,315	2.20
6.	Churu Trading Company Pvt. Ltd.	59,90,102	2.28
7.	Ganjam Trading Company Private Ltd.	49,49,506	1.88
8.	Prajatma Trading Co. Pvt. Ltd.	51,13,662	1.95
9.	Veena Investment Pvt. Ltd.	34,49,013	1.31
10.	Ambience Business Services Pvt. Ltd.	6,22,883	0.24
11.	Ashok Mathai Kurien	5,59,089	0.21
12.	Sushila Goel	1,70,000	0.06
13.	Essel Infra Projects Limited	17,52,286	0.67
14.	Premier Finance And Trading Co. Ltd.	100	0.00
	Total	19,17,08,779	72.89

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

Sr. No.	Name of Shareholder	No. of Shares held	% of shareholding
1.	Orange Mauritius Investments Ltd.	2,35,46,529	8.95
2.	Reliance Capital Trustee Co. Ltd. A/C Reliance Equity Opportunities Fund	40,51,633	1.54
3.	Religare Securities Ltd.	38,49,553	1.46
4.	Religare Finvest Ltd.	31,75,198	1.21
5.	Prism Commodore Pvt. Ltd.	27,01,750	1.03
6.	Morgan Stanley Asia (Singapore) PTE	24,03,000	0.91
7.	Reliance Capital Trustee Co. Ltd. A/C Reliance Equity Opportunities Fund	23,95,270	0.91
8.	Penguin Deal Trade Pvt. Ltd.	19,42,013	0.74
9.	FID Funds (Mauritius) Ltd.	15,52,264	0.59
10.	A E Securities & Investments Pvt. Ltd.	14,97,900	0.57
	TOTAL	4,71,15,110	17.91

Certification on Financial Statements of the Company

We, **Navneet Anhal**, Chief Executive Officer and **Umesh Pradhan**, Manager & Chief Financial Officer of Zee Learn Limited ('the Company'), certify that:

- (a) We have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2013 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2013 are fraudulent, illegal or violative to the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken to rectify these deficiencies.
- (d) During the year:
 - (i) There has not been any significant changes in internal control over financial reporting;
 - (ii) There have not been any significant changes in accounting policies; and
 - (iii) There have been no instances of significant fraud of which we are aware that involve management or other employees, having significant role in the company's internal control system over financial reporting.

For **Zee Learn Limited**

Place: Mumbai
Date: 29 May, 2013

Navneet Anhal
Chief Executive Officer

Umesh Pradhan
Manager & Chief Financial Officer

Independent Auditors' Report

To
The Members,
Zee Learn Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Zee Learn Limited** ("the Company") which comprise the Balance Sheet as at 31 March 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2013;
 - b) In the case of the Statement of Profit and Loss, of the Loss of the Company for the year ended on that date; and
 - c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of Matter

7. We draw attention to Note 26 regarding remuneration paid / provided in respect of whole-time director of the Company, in excess of the limits prescribed under Section 198 read with schedule XIII to the Act, which is subject to the approval of the Central Government.

Our opinion is not qualified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), issued by the Central Government of India in terms Section 227 (4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
9. As required by Section 227(3) of the Act, we report that:
- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in Section 211 (3C) of the Act; and
 - (v) On the basis of written representation received from the directors as at 31 March 2013 and taken on record by the Board of Directors, none of the directors is disqualified as at 31 March 2013, from being appointed as a director in terms of Section 274 (1) (g) of the Act.

For **MGB & Co.**

Chartered Accountants

Firm Registration Number 101169W

Sanjay Kothari

Partner

Membership Number 048215

Mumbai, 29 May 2013

Annexure referred to in Paragraph (8) under the heading of “Report on Other Legal and Regulatory Requirements” of our report of even date

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) All the fixed assets, except training equipments lying with third parties, have been physically verified by the management during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Discrepancies noticed on such verification, which are not material, have been properly dealt with in the books of accounts.
- (c) In our opinion, the Company has not disposed off substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
- 2) (a) The inventory has been physically verified (television content verified with reference to title documents/agreements) by the management at reasonable intervals during the year.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company has maintained proper records of inventory. As explained to us, there were no discrepancies noticed on physical verification as compared to the book records.
- 3) (a) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (b) The Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- 4) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system in respect of the aforesaid areas.
- 5) According to the information and explanations given to us, there are no contracts or arrangements the particulars of which are required to be entered into the register maintained in pursuance to Section 301 of the Act.
- 6) The Company has not accepted any deposits from the public during the year.
- 7) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 8) We are informed that the Central Government has not prescribed the maintenance of cost accounting records under Section 209(1)(d) of the Act in respect of the Company's activities.
- 9) According to the records of the Company examined by us and information and explanations given to us:
 - (a) Undisputed Statutory dues including provident fund, investor education and protection fund, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and others as applicable have generally been regularly deposited with the appropriate authorities. There are no undisputed amounts payable in respect of the aforesaid dues outstanding as at 31 March, 2013 for a period of more than six months from the date they became payable.

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

Name of the Statute	Nature of the Dues	Amount (Rs./ million)	Period to which the amount relate	Forum where dispute is pending
Maharashtra Value Added Tax, 1944	Sales Tax	7,564,093	F.Y. 2005-2006	Dy Commissioner of Sales Tax (Appeals)
	Sales Tax- Penalty	4,654,843	F.Y. 2005-2006	
Central Sales Tax Act	Sales Tax	343,950	F.Y. 2003-2004	Dy Commissioner of Sales Tax (Appeals)
		616,453	F.Y. 2004-2005	
		5,294,518	F.Y. 2005-2006	
Bombay Sales Tax Act	Sales Tax	306,981	F.Y. 2002-2003	Dy Commissioner of Sales Tax (Appeals)
		366,544	F.Y. 2003-2004	
		665,795	F.Y. 2004-2005	
The Central Excise and Service Tax Act (Refer Note 30)	Service Tax	5,787,468	F.Y. 2010-2011 and F.Y. 2011-2012	Commissioner of Service Tax
		179,249	F.Y. 2011-2012	Asst Commissioner of Service Tax
The Income Tax Act, 1961	Income Tax	1,650,500	F.Y. 2010-2011	Income Tax Officer

- 10) The Company has been registered for a period of less than five years and hence the requirement of clause (x) of paragraph 4 of the said order is not applicable.
- 11) The Company has not defaulted in repayment of dues to banks, financial institutions and debenture holders during the year.
- 12) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) The Company is not a chit fund or a nidhi / mutual benefit fund / society.
- 14) The Company is not dealing in or trading in shares, securities, debentures and other investments.
- 15) In our opinion, the terms and conditions of guarantees given by the Company for loans taken by subsidiaries are prima-facie not prejudicial to the interests of the Company.
- 16) The term loan raised by the Company during the year has been utilized for the purpose it is raised.
- 17) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the funds raised on short term basis have not been used for long term investments.
- 18) The price at which shares are issued to parties covered in the registered maintained under Section 301 of the Act is prima-facie not prejudicial to the interests of the Company.

- 19) The Company has not issued any secured debentures during the year.
- 20) The Company has not raised any money by public issue during the year.
- 21) Based on the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

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

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date : 29 May 2013

Balance Sheet as at 31 March,

	Note	2013 ₹	2012 ₹
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	3	263,010,249	262,738,599
Reserves and Surplus	4	933,928,048	1,139,909,843
		<u>1,196,938,297</u>	<u>1,402,648,442</u>
Non-Current Liabilities			
Long-Term Borrowings	5	575,000,000	584,320,661
Long-Term Provisions	6	12,203,984	9,576,126
Other Long-Term Liabilities	7	4,243,811	3,053,065
		<u>591,447,795</u>	<u>596,949,852</u>
Current Liabilities			
Trade Payables	8	96,138,358	49,048,756
Other Current Liabilities	8	1,462,947,489	720,240,353
Short-Term Provisions	6	4,020,250	3,787,962
		<u>1,563,106,097</u>	<u>773,077,071</u>
Total		<u>3,351,492,189</u>	<u>2,772,675,365</u>
ASSETS			
Non-Current Assets			
Fixed Assets	9		
Tangible assets		139,888,356	81,163,731
Intangible assets		34,856,196	27,525,599
Capital work-in-progress		-	855,955
Intangible assets under development		<u>268,876,619</u>	<u>195,976,832</u>
		443,621,171	305,522,117
Non-Current Investments	10	1,060,105,000	105,000
Deferred Tax Assets (net)	11	-	13,253,921
Long-Term Loans and Advances	12	878,231,024	1,179,480,939
Other Non-Current Assets	13	46,098	25,336,179
		<u>2,382,003,293</u>	<u>1,523,698,156</u>
Current Assets			
Inventories	14	103,997,065	87,286,756
Trade Receivables	15	99,505,515	42,767,996
Cash and Bank Balances	16	130,666,954	71,813,675
Short-Term Loans and Advances	12	629,671,554	1,046,467,388
Other Current Assets	13	5,647,808	641,394
		<u>969,488,896</u>	<u>1,248,977,209</u>
Total		<u>3,351,492,189</u>	<u>2,772,675,365</u>
Notes forming part of the financial statements	1-40		

As per our attached report of even date

For and on behalf of the Board

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

Himanshu Mody
Director

Surjit Banga
Director

Sanjay Kothari
Partner
Membership Number 048215

Umesh Pradhan
Manager &
Chief Financial Officer

Samir Raval
Company Secretary

Place: Mumbai
Date: 29 May, 2013

Statement of Profit and Loss for the year ended 31 March,

	Note	2013 ₹	2012 ₹
Revenue			
Revenue from Operations	17	1,000,775,705	610,029,164
Other Income	18	6,231,657	9,095,113
Total		1,007,007,362	619,124,277
Expenses			
Operational cost	19	340,005,551	169,057,133
Employee benefits expenses	20	331,093,957	251,614,310
Finance costs	21	56,405,203	35,474,978
Depreciation and amortisation expenses	22	64,199,567	30,205,273
Other expenses	23	414,284,278	406,882,127
Total		1,205,988,556	893,233,821
Profit/(Loss) before tax		(198,981,194)	(274,109,544)
Less: Tax expense			
Current tax - Current year		-	-
- Earlier years		-	1,680,847
Deferred tax		13,253,921	-
Profit/(Loss) after tax		(212,235,115)	(275,790,391)
Earnings per equity share (face value of ₹ 1 each)	39		
Basic and Diluted		(0.81)	(1.05)
Notes forming part of the financial statements	1-40		

As per our attached report of even date

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

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date: 29 May, 2013

For and on behalf of the Board

Himanshu Mody
Director

Umesh Pradhan
Manager &
Chief Financial Officer

Surjit Banga
Director

Samir Raval
Company Secretary

Notes forming part of the Financial Statements

1. Corporate Information

Zee Learn Limited ("the Company") was incorporated in State of Maharashtra on 4 January, 2010. The Company is one of the most diversified premium education companies which delivers learning solutions and training through its multiple products viz. Kidzee, Mount Litera Zee Schools, Braincafe, Mount Litera World Preschool, Zee Institute of Media Arts (ZIMA), Zee Institute of Creative Arts (ZICA) and E - Learning Online Education and Testing. The Company is also engaged in production/acquisition of television content.

2. Significant Accounting Policies

a. Basis of Preparation of financial statements

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

b. Use of estimates

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

c. Tangible fixed assets

- (i) Tangible Fixed assets are stated at cost, less accumulated depreciation and impairment loss, if any. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the assets to its working conditions for intended use.
- (ii) Capital work in progress comprises cost of fixed assets and related expenses that are not yet ready for their intended use at the reporting date.

d. Intangible assets

- (i) Intangible assets are recognised in the year it is put to use at cost. Intangible assets are carried at cost less accumulated amortization and impairment loss, if any.
- (ii) Intangible assets under development comprises of purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost incurred on asset that are not ready for their intended use at the reporting date.

e. Borrowing costs

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

f. Impairment of tangible and intangible assets

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

Notes forming part of the Financial Statements

g. Depreciation/amortisation on tangible/intangible assets

- (i) Depreciation on tangible fixed assets is provided on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956 except Training equipments on which depreciation is provided based on the estimated useful life of 3 years. The rate of depreciation so derived is more than the rate prescribed under Schedule XIV.
- (ii) Leasehold Improvements are amortized over the period of Lease.
- (iii) Intangible assets are amortised on straight line basis over the economic useful life estimated by the management.

h. Investments

Investments, which are intended to be held for more than one year from the date on which such investment are made, are classified as long term investments. Long term investments are stated at cost less provision for diminution other than temporary in value of such investment.

i. Transactions in foreign currencies

- (i) Foreign currency transactions are accounted at the exchange rates prevailing on the date of such transaction.
- (ii) Foreign currency monetary items are translated using the exchange rate prevailing at the reporting date. Exchange differences arising on settlement of monetary items or on reporting such monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements are recognised as income or as expenses in the year in which they arise.

j. Revenue recognition

- (i) Sales- Educational goods, equipments and television content is recognized when the significant risk and rewards of ownership are passed onto the customers, which is generally on dispatch.
- (ii) Services
 - a) Course fees and Royalty income is recognized over the duration of the course.
 - b) Franchise fees is recognized as per the agreed terms of the agreement.
 - c) Revenue from other services are recognised as and when such services are completed/performed.
- (iii) Interest income is recognised on a time proportion basis taking into account principal outstanding and the applicable interest rate.

k. Inventories

Educational goods, equipments and television content are valued at lower of cost or estimated net realisable value. Cost includes cost of purchase, freight and other expense incurred in bringing the inventories to their present location and condition. Costs are taken on weighted average basis and specific identification method.

l. Retirement and other employee benefits

- (i) Short-term employee benefits are expensed at the undiscounted amount in the Statement of Profit and Loss in the year the employee renders the service.
- (ii) Post employment and other long term employee benefits are recognised as an expense in the Statement of Profit and Loss at the present value of the amount payable determined using actuarial valuation techniques in the year the employee renders the service. Actuarial gains and losses are charged to the Statement of Profit and Loss.

Notes forming part of the Financial Statements

m. Accounting for taxes on income

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

n. Operating Lease

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

o. Earnings per share

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

p. Provisions, Contingent liabilities and Contingent assets

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

3. Share Capital

	2013 ₹	2012 ₹
Authorised		
1,000,000,000 (1,000,000,000) Equity Shares of ₹ 1/- each	1,000,000,000	1,000,000,000
	1,000,000,000	1,000,000,000
Issued , Subscribed and Paid up		
263,010,249 (262,738,599) Equity Shares of ₹ 1/- each	263,010,249	262,738,599
Total	263,010,249	262,738,599

a. Reconciliation of number of Equity Shares and Share capital

	2013		2012	
	Number of equity shares	₹	Number of equity shares	₹
At the beginning of the year	262,738,599	262,738,599	122,738,599	122,738,599
Add : Allotted on exercise of Employee Stock Option Plan (Refer (e) below)	271,650	271,650	-	-
Add : Issue of Shares pursuant to the Scheme of Amalgamation (Refer Note 24)	-	-	140,000,000	140,000,000
Outstanding at the end of the year	263,010,249	263,010,249	262,738,599	262,738,599

Notes forming part of the Financial Statements

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 1 each. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. The Company has not issued any bonus shares or bought back equity shares during the five years preceding 31 March, 2013. Details of aggregate number of, shares issued for consideration other than cash during the five years preceding 31 March, 2013 is as under:

	2013 ₹	2012 ₹
Pursuant to the Composite Scheme of Arrangement/Amalgamation (Refer Note 24)	262,238,599	262,238,599

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

Name of Shareholders	2013		2012	
	Number of shares held	% Shareholding	Number of shares held	% Shareholding
Jayneer Capital Private Limited	72,391,275	27.53%	72,391,275	27.55%
Asian Satellite Broadcast Private Limited	63,052,512	23.97%	63,052,512	24.00%
Jayneer Enterprises LLP	15,000,000	5.70%	15,000,000	5.71%
Orange Mauritius Investments Limited	23,546,529	8.95%	-	-

e. Employees Stock Option Scheme (ESOP):

The Company has instituted an Employee Stock Option Plan (ZLL ESOP 2010) as approved by the Board of Directors and Shareholders of the Company in 2010 for issuance of stock options convertible into equivalent number of equity shares not exceeding the aggregate of 5% of the issued and paid up capital of the company i.e upto 6,136,930 equity shares of ₹ 1 each to the employees of the Company as well as that of its subsidiary and also to non-executive directors including Independent Directors of the Company at the market price determined as per the SEBI (ESOS) Guidelines, 1999. The said scheme is administered by the Remuneration Committee of the Board.

During the year ended 31 March 2013, the Company did not grant any stock options. The balance options granted under the Scheme shall vest not less than one year and not more than five years from the date of grant of options. The options granted vests in the ratio of 50:35:15 at the expiry of one, two and three years from the date of grant and once vested, these would be exercisable at any time within a period of four years and the equity shares arising on exercise of options shall not be subject to any lock in. Upon exercise of 271,650 options, equivalent number of equity shares were issued and allotted during the financial year ended 31 March, 2013.

The options were granted to the employees/independent directors' at an exercise price, being the latest market price as per the SEBI (ESOS) Guidelines 1999. In view of this, there being no intrinsic value on the date of the grant (being the excess of market price of share under the Scheme over the exercise price of the option), the Company is not required to account the accounting value of options as per the SEBI guidelines.

Notes forming part of the Financial Statements

Summary of stock options outstanding is as follows:

	2013	2012
Options outstanding at the		
- beginning of the year	2,561,200	1,086,000
- granted during the year	-	1,609,700
- lapsed during the year	1,155,300	134,500
- exercised during the year	271,650	-
Options outstanding at the end of the year	1,134,250	2,561,200

4. Reserves and Surplus

	2013 ₹	2012 ₹
Securities Premium		
As per last Balance sheet	1,397,179,549	509,054,495
Add: Adjusted pursuant to the Scheme of Amalgamation (Refer note 24)	-	888,125,054
	1,397,179,549	1,397,179,549
General Reserve*		
As per last Balance sheet	-	-
Add: On issue of Shares under Employee Stock Option Plan	6,253,320	-
	6,253,320	-
Surplus/(Deficit) in the Statement of Profit and Loss**		
As per last Balance sheet	(257,269,706)	18,520,685
Add : Profit/(Loss) for the year	(212,235,115)	(275,790,391)
	(469,504,821)	(257,269,706)
Total	933,928,048	1,139,909,843

* Pursuant to the Scheme of Amalgamation, sanctioned by the Hon'ble High Court of Bombay ₹ 888,125,054 (₹ 888,125,054) shall not be used for the purpose of declaring dividend.

** In view of the loss incurred during the year, Debenture Redemption Reserve aggregating to ₹ 250,000,000 (₹ 250,000,000) has not been created.

Notes forming part of the Financial Statements

5. Long-Term Borrowings

	Non-Current		Current	
	2013 ₹	2012 ₹	2013 ₹	2012 ₹
Debentures - Secured				
250 (375), 12% Secured Redeemable Non-Convertible Debentures of ₹ 1,000,000 each fully paid up	125,000,000	250,000,000	125,000,000	125,000,000
Term Loan from Bank- Secured	450,000,000	325,000,000	50,000,000	-
Intercompany Deposits Unsecured	-	9,320,661	901,250,000	256,525,000
	575,000,000	584,320,661	1,076,250,000	381,525,000
The above amount includes:				
Secured Borrowings	575,000,000	575,000,000	175,000,000	125,000,000
Unsecured Borrowings	-	9,320,661	901,250,000	256,525,000
Amount disclosed under the head "Other Current Liabilities" (Refer Note 8)	-	-	(1,076,250,000)	(381,525,000)
Total	575,000,000	584,320,661	-	-

- Debentures are secured by first charge on free hold land, all fixed and current assets including fixed deposits, escrow account, Reserve account, assignment of all benefits under agreement for Operation of school and further DSRA Undertaking by Zee Entertainment Enterprises Limited. The debentures carry interest @ 12% p.a and are redeemable at par in four equal installments of 25% each beginning at the end of 2nd year from the date of allotment, viz 6 January, 2010.
- Term loan from Bank is secured by first pari passu charge on all the fixed and current assets (present & future) of the company and also reserve account and DSRA Undertaking by Zee Entertainment Enterprises Limited. The loan carries interest @12.25% (base rate) and is repayable in eight half yearly instalments beginning from 30 June, 2013.
- Intercompany Deposits are interest free and repayable by 31 March, 2014.

6. Provisions

	Long- Term		Short- Term	
	2013 ₹	2012 ₹	2013 ₹	2012 ₹
Provision for employee benefits				
- Gratuity	7,061,312	5,490,995	756,659	616,619
- Leave benefits	5,142,672	4,085,131	550,980	458,732
Others				
Provision for litigation	-	-	2,712,611	2,712,611
Total	12,203,984	9,576,126	4,020,250	3,787,962

Notes forming part of the Financial Statements

7. Other Long-Term Liabilities

	2013 ₹	2012 ₹
Unearned Revenue	3,243,811	2,053,065
Deposits from customers	1,000,000	1,000,000
Total	4,243,811	3,053,065

8. Current Liabilities

	2013 ₹	2012 ₹
Trade Payables	96,138,358	49,048,756
	96,138,358	49,048,756
Other Current Liabilities		
Current maturities of debentures and term loan	175,000,000	125,000,000
Current maturities of Intercompany Deposits	901,250,000	256,525,000
Interest accrued and due	5,202,055	-
Interest accrued but not due	7,643,836	24,183,253
Unearned Revenue	89,964,563	59,978,629
Deposits from customers	200,000	448,000
Advance received from customers	121,013,916	89,628,794
Creditors for capital expenditure	7,824,361	7,063,935
Statutory dues payable	36,058,957	30,221,277
Creditors for expenses	118,789,801	127,191,465
	1,462,947,489	720,240,353
Total	1,559,085,847	769,289,109

Notes forming part of the Financial Statements

9. Fixed Assets

Description	Gross Block			Depreciation/ Amortization				Net Block		
	As at 1 April 2012	Additions	Deductions	As at 31 March 2013	Up to 31 March 2012	For the year	Deductions	Up to 31 March 2013	As at 31 March 2013	As at 31 March 2012
Tangibles										
Freehold Land*	584,890	-	-	584,890	-	-	-	-	584,890	584,890
Leasehold Asset improvements	21,047,420	12,230,214	-	33,277,634	5,393,458	8,877,354	-	14,270,812	19,006,822	15,653,962
Equipments	11,176,189	5,523,796	1,498,256	15,201,729	1,345,640	736,372	109,980	1,972,032	13,229,697	9,830,549
Training Equipments	30,939,044	72,000,029	848,070	102,091,003	7,376,251	28,222,930	450,926	35,148,255	66,942,748	23,562,793
Computers	34,245,459	17,045,176	1,477,560	49,813,075	6,859,568	7,109,672	611,094	13,358,146	36,454,929	27,385,891
Furniture and Fixtures	5,821,797	210,249	246,205	5,785,841	1,676,151	474,149	33,729	2,116,571	3,669,270	4,145,646
Total	103,814,799	107,009,464	4,070,091	206,754,172	22,651,068	45,420,477	1,205,729	66,865,816	139,888,356	81,163,731
Previous year	37,494,646	68,028,641	1,708,488	103,814,799	4,966,101	18,009,648	324,681	22,651,068	81,163,731	
Intangibles										
Content Development	28,497,104	-	-	28,497,104	8,641,602	9,377,961	-	18,019,563	10,477,541	19,855,502
Softwares	13,750,644	26,109,687	-	39,860,331	6,080,547	9,401,129	-	15,481,676	24,378,655	7,670,097
Total	42,247,748	26,109,687	-	68,357,435	14,722,149	18,779,090	-	33,501,239	34,856,196	27,525,599
Previous year	15,693,854	26,553,894	-	42,247,748	2,526,524	12,195,625	-	14,722,149	27,525,599	
Capital Work in Progress									-	855,955
Intangible under development**									268,876,619	195,976,832

* Acquired pursuant to the Composite Scheme of Arrangement, yet to be transferred in the name of the Company and is mortgaged against the Secured Debentures.

** Includes Borrowing costs for the year ₹ 41,517,293 (₹ 56,601,168)

Notes forming part of the Financial Statements

10. Non-Current Investments

	2013 ₹	2012 ₹
(i) Trade Investments (valued at cost unless stated otherwise)		
In Subsidiary- Wholly Owned- Unquoted*		
50,10,000 (10,000) Equity shares of ₹ 10/- each of Digital Ventures Private Limited	1,060,100,000	100,000
(ii) Others- Unquoted		
In National Savings Certificate	5,000	5,000
(Pledged with Sales Tax Authorities)		
(All the above securities are fully paid-up)		
Total	1,060,105,000	105,000

* Non disposal undertaking for 51% shares held by the Company for loan taken by subsidiary Company viz Digital Ventures Private Limited

11. a) Current Tax

In view of losses incurred during the year and income computed as per Income Tax Act 1961, no provision for current tax is required to be made.

b) Deferred tax balances are as under:-

In accordance with the Accounting Standard 22 on "Accounting for Taxes on Income Tax" (AS 22) issued by ICAI, deferred tax assets and liabilities should be recognized for all timing differences in accordance with the said standard. However, considering the present financial position and requirement of the accounting standard regarding certainty / virtual certainty, deferred tax asset (net) for the year is not provided. However, the same will be reassessed at a subsequent balance sheet date and will be accounted for in the year of certainty / virtual certainty in accordance with the aforesaid accounting standard.

	2013 ₹	2012 ₹
Deferred Tax Assets		
Arising on account of timing differences in Employee Retirement Benefit	-	1,351,430
Provision for doubtful debts	-	10,063,657
Allowable on payment basis	-	1,006,364
Depreciation	-	832,470
Total	-	13,253,921
Deferred Tax Liabilities	-	-
Deferred Tax Assets (Net)	-	13,253,921

Notes forming part of the Financial Statements

12. Loans and Advances (Unsecured)

	Long-Term		Short-Term	
	2013 ₹	2012 ₹	2013 ₹	2012 ₹
Capital Advances				
- Subsidiary ^	750,000,000	750,000,000	-	-
- Others	617,329	5,957,033	-	-
	750,617,329	755,957,033	-	-
Deposits				
- Considered good	9,309,393	7,493,337	4,181,359	1,225,459
- Considered doubtful	-	-	-	1,444,010
	9,309,393	7,493,337	4,181,359	2,669,469
Less: Provision for doubtful deposits	-	-	-	1,444,010
	9,309,393	7,493,337	4,181,359	1,225,459
Advance Share Application money to subsidiary	-	50,000,000	-	1,010,000,000
Loans, Advances and Deposits to subsidiary#	-	258,125,000	604,733,996	-
Loans, Advances and Deposits to related parties*	106,000,000	106,000,000	4,596,524	5,776,010
Other Advances				
Considered good	-	-	9,659,664	8,794,237
Considered doubtful	-	-	170,547	-
	-	-	9,830,211	8,794,237
Less: Provision for doubtful advances	-	-	170,547	-
	-	-	9,659,664	8,794,237
Prepaid expenses	157,607	172,769	4,427,230	2,343,382
Balance with Government Authority				
Advance Direct Taxes (net of provisions)	12,146,695	1,732,800	-	-
Advance Indirect Taxes	-	-	2,072,781	18,328,300
Total	878,231,024	1,179,480,939	629,671,554	1,046,467,388

^ Paid for acquisition of operating rights in respect of school.

Includes ₹ Nil (₹ 150,000,000) towards refundable deposit against school operating rights.

* Includes ₹ 90,000,000 (₹ 90,000,000) towards refundable deposit against school operating rights.

Notes forming part of the Financial Statements

13. Other Assets

	Non-Current		Current	
	2013 ₹	2012 ₹	2013 ₹	2012 ₹
Balances with Bank - in deposit account (Refer Note 16)*	46,098	22,789,848	-	-
Interest accrued on				
- loans to subsidiary	-	2,546,331	-	-
- bank deposits	-	-	591,608	641,394
Other receivables	-	-	5,056,200	-
Total	46,098	25,336,179	5,647,808	641,394

* Pledged ₹ 46,098 (₹ 46,098) with sales tax authorities, ₹ Nil (₹ 22,743,750) against Term Loan/Debentures.

14. Inventories

(valued at lower of cost or estimated net realisable value)

	2013 ₹	2012 ₹
Educational goods and equipments	89,144,342	87,286,756
Television content	14,852,723	-
Total	103,997,065	87,286,756

15. Trade Receivable (unsecured)

	2013 ₹	2012 ₹
Over six months		
- Considered good	8,076,800	14,006,881
- Considered doubtful	62,571,508	24,234,796
Others		
- Considered good	91,428,715	28,761,115
- Considered doubtful	-	4,669,258
	162,077,023	71,672,050
Less: Provision for doubtful debts	62,571,508	28,904,054
Total	99,505,515	42,767,996

Notes forming part of the Financial Statements

16. Cash and Bank Balances

	Non-Current		Current	
	2013 ₹	2012 ₹	2013 ₹	2012 ₹
Cash and Cash Equivalents				
Balances with Banks -				
in current accounts	-	-	105,754,462	60,962,740
Cash in Hand	-	-	147,724	63,867
	-	-	105,902,186	61,026,607
Other bank balances				
Balances with Banks -				
in bank deposits*	-	-	24,764,768	10,787,068
in Deposit with banks maturity more than 12 Months	46,098	22,789,848	-	-
Amount disclosed under the head "Other Assets" (Refer Note 13)	(46,098)	(22,789,848)	-	-
Total	-	-	130,666,954	71,813,675

* Pledged/Lien ₹ 23,705,818 (₹ Nil) against Term Loan/Debentures

17. Revenue from operations

	2013 ₹	2012 ₹
Sales - Educational goods and equipments	395,275,953	264,084,722
- Television content	109,673,648	-
Services - Education and Other Services		
- Course Fees/Royalty	277,790,081	177,330,685
- Franchisee Fees	162,134,225	161,853,155
- Others	2,644,238	5,184,943
Other Operating Revenue	53,257,560	1,575,659
Total	1,000,775,705	610,029,164

18. Other Income

	2013 ₹	2012 ₹
Interest Income		
- from Bank Deposits	3,710,055	2,783,051
- from Others	77,325	-
- from Subsidiary	-	2,829,257
Gain on exchange difference (Net)	-	72,028
Liabilities/excess provision written back (net)	2,444,277	3,410,777
Total	6,231,657	9,095,113

Notes forming part of the Financial Statements

19. Operational cost

	2013 ₹	2012 ₹
a) Educational goods and equipments		
Opening	87,286,756	46,151,053
Add: Purchases	199,044,999	183,168,113
	286,331,755	229,319,166
Less: Closing	89,144,342	87,286,756
	197,187,413	142,032,410
b) Television content		
Opening	-	-
Add: Commissioned/Acquisition	114,516,306	-
	114,516,306	-
Less: Closing	14,852,723	-
	99,663,583	-
c) Other Educational Operating Expenses	43,154,555	27,024,723
Total	340,005,551	169,057,133

20. Employee benefits expenses

	2013 ₹	2012 ₹
Salaries and allowances	308,588,497	227,138,343
Contribution to provident and other funds	7,493,207	4,243,851
Training and Recuritment cost	11,684,141	17,755,952
Staff Welfare expenses	3,328,112	2,476,164
Total	331,093,957	251,614,310

21. Finance costs

	2013 ₹	2012 ₹
Interest on Loan	55,811,800	30,104,623
Interest on Others	443,576	106,504
Bank and other financial charges	149,827	5,263,851
Total	56,405,203	35,474,978

22. Depreciation and amortization expenses

	2013 ₹	2012 ₹
Depreciation on tangible assets	45,420,477	18,009,648
Amortisation on intangible assets	18,779,090	12,195,625
Total	64,199,567	30,205,273

Notes forming part of the Financial Statements

23. Other expenses

	2013 ₹	2012 ₹
Rent	37,793,560	25,893,119
Repairs and Maintenance - Others	22,306,475	12,974,992
Insurance	660,092	773,252
Rates and Taxes	5,009,148	2,717,076
Electricity and Water charges	3,050,779	5,056,164
Communication expenses	16,148,476	12,632,143
Printing and Stationery	3,115,636	2,796,217
Travelling and Conveyance expenses	63,621,728	51,693,118
Legal and Professional charges	22,307,090	10,463,932
Payment to Auditors (Refer note 34)	1,306,851	1,195,749
Miscellaneous expenses	10,815,855	6,795,115
Freight and Packing charges	24,784,532	15,807,339
Bad Debts and Advances written off (net of provisions)	1,444,010	
Less: Provision written back	1,444,010	-
Provision for doubtful debts and advances	33,838,001	23,954,589
Loss on sale / discard of fixed assets	843,513	1,341,198
Marketing, Advertisement and Publicity expenses	168,645,674	232,679,355
Loss on exchange difference (net)	36,868	-
Total	414,284,278	406,882,127

24. Scheme of Amalgamation of Essel Entertainment Media Limited (EEML) and the Company

The Scheme of Amalgamation of EEML with the Company u/s 391 to 394 of the Companies Act, 1956 is approved by the Hon'ble High Court of Bombay on 17 June, 2011. The said approved Scheme of Amalgamation has been given effect in the financial statements for the year ended 31 March, 2012 as per the "pooling of interest method" as prescribed by Accounting Standard 14 "Accounting for Amalgamations". Pursuant to the Scheme 1 (One) fully paid up equity share of ₹ 1/- each of the Company is issued and allotted to the shareholders of EEML for every 5 (Five) equity shares of ₹ 1/- each held by them in EEML i.e the Company has issued 140,000,000 shares. The difference between transferred assets and liabilities and expenses incurred on amalgamation of ₹ 888,125,054 is adjusted against General Reserve as per the Scheme of Amalgamation sanctioned by the Honourable High Court.

25. Leases

Operating Leases:

The Company has taken office, residential facilities and plant and machinery (including equipments) etc. on lease under cancellable/non-cancellable lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of the lease generally is for 11 months to 60 months.

	2013 ₹	2012 ₹
Lease rental charges for the year	50,316,386	32,887,762
Future Lease rental obligation payable (Under non-cancellable lease)		
Not later than one year	23,494,735	20,730,026
Later than one year but not later than five year	11,113,379	25,836,635

Notes forming part of the Financial Statements

26. Managerial Remuneration

Remuneration paid or provided to Whole-time Director (resigned w.e.f. 25 July, 2012), included in Employee benefits expense is as under:

	2013 ₹	2012 ₹
Salary and Allowances	7,605,099	9,927,710
Provident fund contributions	166,993	519,120
Perquisites	3,397	317,235
Total	7,775,489	10,764,065
Maximum permissible remuneration to Whole-time Director as per Schedule XIII (excluding Provident fund contribution)	4,800,000	4,800,000
Excess Remuneration paid#	2,808,496	5,444,945

In respect of remuneration payable to the Whole-time Director in excess of the limits prescribed under section 198 read with Schedule XIII, the Company has applied for approval from the Central Government which is still pending. However the Ministry of Corporate Affairs (MCA) has communicated that the approval of the Central Government is no longer necessary incase of unlisted enterprises (the Company was unlisted at the time of filing) which are not subsidiaries of listed enterprises in view of amendment made in Schedule XIII of the Companies Act, 1956 vide Gazette of India Notification G.S.R 70 (E) dated 8 February, 2011.

Note: Salary and Allowances includes basic salary, house rent allowance, leave travel allowance and performance bonus.

27. Employee Benefits

As per the Accounting Standard 15 "Employee Benefits", the disclosures are as under:

A. Defined Benefit Plans

The present value of gratuity obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave benefits (non funded) is also recognised using the Projected Unit Credit Method.

	Gratuity (Non Funded)	
	2013 ₹	2012 ₹
I. Expenses recognized during the year		
1 Current Service Cost	3,338,328	2,958,371
2 Interest Cost	513,884	221,256
3 Actuarial Losses / (Gains)	(1,877,410)	314,281
Total Expenses	1,974,802	3,493,908

Notes forming part of the Financial Statements

	Gratuity (Non Funded)	
	2013 ₹	2012 ₹
II. Net Asset/(Liability) recognised in the Balance Sheet as at 31 March,		
1. Present value of defined benefit obligation	7,817,971	6,107,614
2. Net Asset / (Liability)	(7,817,971)	(6,107,614)
III. Reconciliation of Net Asset/(Liability) recognised in the Balance Sheet as at 31 March,		
1 Net Asset/(Liability) at the beginning of year	(6,107,614)	(2,717,752)
2 Expense as per I above	(1,974,802)	(3,493,908)
3 Employer contribution	264,445	104,046
4 Net Asset/(Liability) at the end of the year	(7,817,971)	(6,107,614)
IV. Actuarial Assumptions:		
1 Discount rate	8.05%	8.60%
2 Expected rate of salary increase	6.00%	6.00%
3 Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

Notes:

- (a) Amounts recognised as an expense and included in the Note 20: "Employee benefits expense" are Gratuity ₹ 1,974,802 (₹ 3,493,908) and Leave benefits ₹ 4,769,782 (₹ 3,438,421)
- (b) The estimates of rate of escalation in salary considered in actuarial valuation take into account the inflation, seniority, promotion and other relevant factors including supply and demand in the employmen market. The above information is certified by the actuary.

B Defined contribution plan:

"Contribution to provident and other funds" is recognised as an expense in Note 20 "Employee Benefits Expense" of the Statement of Profit and Loss.

28. Related Party Transactions

(I) List of Parties where control exists

Subsidiary Company-Wholly owned

Digital Ventures Private Limited

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

Asian Satellite Broadcast Private Limited, Cyquator Media Services Private Limited, Dish TV India Limited, Essel Infraprojects Limited, Essel Vision Productions Limited, E-City Project Constructions Private Limited, Essel Corporate Resources Private Limited, Himgiri Zee Universe (formerly known as Himgiri Nabh Vishwavidhyalaya), Jay Properties Private Limited, Pan India Paryatan Private Limited, Pan India Network Infravest Private Limited, Packaging India Private Limited, Premier Finance and Trading Company Limited, TALEEM Research Foundation, Wire and Wireless India Limited, Zee Entertainment Enterprises Limited, Zee News Limited.

Directors / Key Management Personnel

Mr. Himanshu Mody, Mr. Sumeet Mehta (resigned w.e.f. 25 July 2012)

Notes forming part of the Financial Statements

Transactions with Related Parties

	2013 ₹	2012 ₹
A) Transactions with Related Parties		
Intercompany Deposits taken	918,375,000	372,922,720
Other Related Parties		
Asian Satellite Broadcast Private Limited	903,850,000	-
Essel Infraprojects Limited	-	2,397,720
Premier Finance and Trading Company Limited	14,525,000	370,525,000
Repayment of Intercompany Deposits taken	282,970,661	155,000,000
Other Related Parties		
Premier Finance and Trading Company Limited	271,050,000	155,000,000
Asian Satellite Broadcast Private Limited	2,600,000	-
Essel Infraprojects Limited	9,320,661	-
Loans, advances and deposits given	523,662,665	153,625,000
Subsidiary Company		
Digital Ventures Private Limited	523,662,665	137,625,000
Other Related Parties		
E-City Project Constructions Private Limited	-	16,000,000
Loans, advances and deposits given repaid	180,779,486	79,500,000
Subsidiary Company		
Digital Ventures Private Limited	179,600,000	79,500,000
Other Related Parties		
Zee Entertainment Enterprises Limited	404,391	-
Zee News Limited	775,095	-
Sales and Services	157,454,590	-
Other Related Parties		
Zee Entertainment Enterprises Limited	154,078,591	-
Jay Properties Private Limited	3,466,999	-
Interest expense	-	21,506,056
Other Related Parties		
Premier Finance and Trading Co. Limited	-	21,506,056
Purchase of Services	50,228,139	27,906,813
Other Related Parties		
E-City Project Constructions Private Limited	33,195,326	20,070,811
Pan India Network Infravest Private Limited	2,646,695	1,376,777
Pan India Paryatan Private Limited	362,889	2,093,773
Cyquator Media Services Private Limited	242,520	96,020
Zee Entertainment Enterprises Limited	3,045,536	2,653,049
Zee News Limited	844,410	847,925
Essel Corporate Resources Private Limited	5,820,000	-
Essel Vision Productions Limited	3,397,763	-
Dish TV India Limited	73,800	-
Taleem Research Foundation	599,200	-

Notes forming part of the Financial Statements

	2013 ₹	2012 ₹
Packaging India Private Limited	-	768,458
Interest Income	-	2,829,257
Subsidiary Company		
Digital Ventures Private Limited	-	2,829,257
B) Balances outstanding as at 31 March		
Intercompany Deposits taken	901,250,000	265,845,661
Other Related Parties		
Asian Satellite Broadcast Private Limited	901,250,000	-
Premier Finance and Trading Company Limited	-	256,525,000
Essel Infraprojects Limited*	-	9,320,661
Capital Advances	750,000,000	750,000,000
Subsidiary Company		
Digital Ventures Private Limited*	750,000,000	750,000,000
Investment	1,060,100,000	100,000
Subsidiary Company		
Digital Ventures Private Limited*	1,060,100,000	100,000
Loans, Advances and Deposits given	-	1,060,000,000
Subsidiary Company		
Digital Ventures Private Limited*	-	1,060,000,000
Loans, Advances and Deposits given	715,330,520	1,429,901,010
Subsidiary Company		
Digital Ventures Private Limited	604,733,996	258,125,000
Other Related Parties		
Himgiri Zee University (Formely Himgiri Nabh Vishwavidhyalaya)	90,000,000	90,000,000
E-City Project Constructions Private Limited	16,000,000	16,000,000
Zee Entertainment Enterprises Limited	4,577,773	4,982,164
Zee News Limited	18,751	793,846
Trade Receivable	72,936,485	-
Other Related Parties		
Taleem Research Foundation	124,500	-
Zee Entertainment Enterprises Limited	72,811,985	-
Trade Payables	3,397,763	-
Other Related Parties		
Essel Vision Productions Limited	3,397,763	-
Other Current Liabilities	14,200,865	350,695
Other Related Parties		
Pan India Network Infravest Private Limited	1,682,804	223,707
E-City Project Constructions Private Limited	8,026,847	126,988
Cyquator Media Services Private. Limited	7,840	-
Essel Corporate Resources Private Limited	4,414,059	-
Zee News Limited	69,315	-
Interest receivable	-	2,546,331

Notes forming part of the Financial Statements

	2013 ₹	2012 ₹
Subsidiary Company		
Digital Ventures Private Limited	-	2,546,331
Interest Accrued but not Due	-	20,827,088
Other Related Parties		
Premier Finance and Trading Company Limited	-	20,827,088
Corporate guarantees	1,260,616,262	325,000,000
Subsidiary Company		
Digital Ventures Private Limited	1,260,616,262	325,000,000

Details of remuneration to directors are disclosed in note 26

* The assets and liabilities have been transferred pursuant to the Scheme of Amalgamation (Refer Note 24)

29. Disclosures as required by Clause 32 of the listing agreement

- (a) Loans and Advances given to Subsidiary

	Balance as at 31 March		Maximum amount outstanding during the year	
	2013 ₹	2012 ₹	2013 ₹	2012 ₹
Digital Ventures Private Limited	604,733,996	108,125,000	604,733,996	108,125,000

- (b) Loanee have not made investments in the shares of the Company.

30. Contingent Liabilities

	2013 ₹	2012 ₹
a) Claims against the Company not acknowledged as debts	5,529,463	3,273,602
b) Disputed Direct Tax	1,650,550	-
c) Disputed Indirect Taxes*	25,779,894	19,813,177
d) Corporate guarantee for subsidiaries to the extent of loans availed/ outstanding ₹ 1,260,616,262 (₹ 325,000,000)	1,260,616,262	325,000,000

* Includes ₹ 5,966,717 show cause cum demand notice received subsequent to the Balance Sheet date.

31. Capital and other commitments / undertakings

- (a) Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) is ₹ 253,470,087 (₹ 272,394,687)
- (b) Non disposal undertaking for 51% shares held by the Company in Digital Ventures Private Limited for loan taken by subsidiary Company.

32. CIF Value of Imports for capital equipment is ₹ 76,542,836 (₹ 28,425,419)

Notes forming part of the Financial Statements

33. Expenditure in foreign currency includes

	2013 ₹	2012 ₹
a. Purchase of Television Content	14,139,032	-
b. Operational cost	3,827,170	-
c. Travelling expenses	2,080,331	229,953
d. Legal and Professional charges	-	224,808

34. Payments to Auditors

	2013 ₹	2012 ₹
Audit fees (including limited review)	1,000,000	1,000,000
Tax Audit Fees	150,000	150,000
Tax Representation	101,851	45,749
Certification and others	55,000	-
Total	1,306,851	1,195,749

35. Foreign Exchange

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

	2013 ₹	2012 ₹
Receivables	1,184,757	630,200
Payables	2,770,928	-

36. Micro, Small and Medium enterprises

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

37. The Finance Bill, 2012 had sought to bring in certain class of domestic transactions in the ambit of the transfer pricing regulations with effect from 1 April, 2012. The Management is of the opinion that its specified domestic transactions for the year are at arm's length price and that the transfer pricing study will not have any impact on the amount of tax expense and provision of taxation in these financials.

38. Subsequent to the balance sheet date, the Company has issued 56,17,977 Global Depository Receipts (GDRs) aggregating to US\$ 20 million at an equivalent price of ₹ 19.50 per share, each GDR represents 10 fully paid equity shares of the Company. The GDRs are listed at the Luxembourg Stock Exchange.

39. Earnings Per Share (EPS)

	2013	2012
a. Profit/ (Loss) after Tax (₹)	(212,235,115)	(275,790,392)
b. Weighted Average number of equity shares for Basic and Diluted EPS (in numbers)	262,812,564	262,738,599
c. Nominal value of equity shares (₹)	1	1
d. Basic EPS	(0.81)	(1.05)
e. Diluted EPS	(0.81)	(1.05)

40. Prior year Comparatives

Previous years figures have been regrouped, rearranged or recasted wherever necessary to conform to this year's classification. Figures in brackets pertain to previous year.

Cash Flow Statement for the year ended 31 March,

	2013 ₹	2012 ₹
A. Cash Flow from Operating Activities		
Net Profit/ (Loss) before tax	(198,981,194)	(274,109,544)
Adjustments for:		
Depreciation / Amortisation expenses	64,199,567	30,205,273
Interest Income	(3,710,055)	(5,612,308)
Gain on exchange difference (net)	36,868	(72,028)
Interest expense	55,811,800	30,104,623
Provision for doubtful debts (net)	33,838,001	(3,780,963)
Loss on sale / discard of fixed assets (net)	843,513	1,341,198
Operating Profit before Working Capital Changes Adjustments for:	(47,961,500)	(221,923,749)
Decrease / (Increase) in trade and other receivables	(432,507,829)	(91,112,612)
Decrease / (Increase) in Inventories	(16,710,309)	(41,135,703)
Increase / (Decrease) in Trade and other payables	109,699,565	163,525,219
Cash Generated from Operations	(387,480,073)	(190,646,845)
Direct Taxes paid	(10,413,896)	(5,314,992)
Net Cash from/(used in) Operating Activities (A)	(397,893,969)	(195,961,837)
B. Cash Flow from Investing Activities		
Purchase of fixed assets (including Capital Work in Progress)	(199,062,853)	(183,862,930)
Sale of fixed assets	1,980,033	42,608
Interest received	6,306,172	3,761,327
Investments in bank deposits	(13,977,700)	9,626,754
Investments in bank deposits (having original maturity of more than 12 months)	22,743,750	(7,070,508)
Net Cash from/(used in) Investing Activities (B)	(182,010,598)	(177,502,749)

	2013 ₹	2012 ₹
C. Cash Flow from Financing Activities		
Proceeds from issue of share capital	6,524,970	-
Proceeds from intercorporate deposits	918,375,000	372,922,720
Repayment of intercorporate deposits	(282,970,661)	(155,000,000)
Proceeds from long term borrowings	175,000,000	325,000,000
Repayment of long term borrowings	(125,000,000)	(125,000,000)
Interest paid	(67,149,162)	(6,978,230)
Net Cash from/(used in) Financing Activities (C)	624,780,147	410,944,490
Net Cash Flow during the year (A+B+C)	44,875,580	37,479,904
Cash and Cash equivalents at the beginning of the year	61,026,606	23,546,702
Net Cash and Cash Equivalent	105,902,186	61,026,606
Add Balance earmarked	24,764,768	10,787,068
Cash and Bank Balances at the end of the year	130,666,954	71,813,674

Notes

1. Previous years figures have been regrouped, recast wherever necessary.

As per our attached report of even date

For and on behalf of the Board

For **MGB & Co.**

Chartered Accountants

Firm Registration Number 101169W

Himanshu Mody

Director

Surjit Banga

Director

Sanjay Kothari

Partner

Membership Number 048215

Umesh Pradhan

Manager &

Chief Financial Officer

Samir Raval

Company Secretary

Place: Mumbai

Date: 29 May, 2013

Independent Auditors' Report

To
The Board of Directors of
Zee Learn Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of **Zee Learn Limited** ("the Company") and its subsidiary (collectively referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31 March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We did not audit the financial statements of a subsidiary of the Group whose financial statements reflects revenue of Rs. 7,350,000 and total assets of Rs. 4,348,503,290 for the year then ended. These financial statements have been audited by other auditors. Our opinion in so far as it relates to the amounts included in respect of the subsidiary is based solely on the report of such other auditor which has been furnished to us.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

7. Based on our audit and on consideration of report of other auditor on separate financial statements and on the other financial information of the components of the Group as referred to in paragraph 5 above, and to the best of our information and according to the explanations given to us, in our opinion, the accompanying consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;

- (b) in the case of the Consolidated Statement of Profit and Loss, of the Loss of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Emphasis of Matter

- 8. We draw attention to Note 29 regarding remuneration paid/provided in respect of Whole-time director of the Company, in excess of the limits prescribed under Section 198 read with Schedule XIII to the Act, which is subject to the approval of the Central Government.

Our opinion is not qualified in respect of the above matter.

For **MGB & Co.**

Chartered Accountants

Firm's Registration Number 101169W

Sanjay Kothari

Partner

Membership Number 048215

Place: Mumbai

Date : 29 May, 2013

Consolidated Balance Sheet as at 31 March,

	Note	2013 ₹	2012 ₹
Equity and Liabilities			
Shareholder's Funds			
Share Capital	3	263,010,249	262,738,599
Reserves and Surplus	4	931,641,429	1,139,530,273
		<u>1,194,651,678</u>	<u>1,402,268,872</u>
Non-Current Liabilities			
Long-Term Borrowings	5	2,407,254,383	1,322,786,861
Long-Term Provisions	6	12,335,307	9,576,126
Other Long-Term Liabilities	7	79,243,811	3,053,065
Deferred Tax Liabilities	11	901,255	-
		<u>2,499,734,756</u>	<u>1,335,416,052</u>
Current Liabilities			
Trade Payables	8	96,138,358	49,048,756
Other Current Liabilities	8	1,490,602,292	738,680,924
Short-Term Provisions	6	4,034,397	3,787,963
		<u>1,590,775,047</u>	<u>791,517,643</u>
Total		5,285,161,481	3,529,202,567
Assets			
Non-Current Assets			
Fixed Assets	9		
Tangible assets		251,310,305	145,394,899
Intangible assets		34,856,196	27,525,599
Capital work-in-progress		1,696,091,841	691,280,921
Intangible assets under development		<u>1,318,876,619</u>	<u>1,245,976,832</u>
		3,301,134,961	2,110,178,251
Non-Current Investments	10	5,000	5,000
Deferred Tax Assets (net)	11	-	13,253,921
Long-Term Loans and Advances	12	1,595,859,303	1,073,952,909
Other Non-Current Assets	13	318,442	23,152,973
		<u>4,897,317,706</u>	<u>3,220,543,054</u>
Current assets			
Inventories	14	103,997,065	87,286,756
Trade Receivables	15	106,120,515	42,767,996
Cash and Bank Balances	16	146,426,961	144,339,921
Short-Term Loans and Advances	12	25,651,426	33,623,446
Other Current Assets	13	5,647,808	641,394
		<u>387,843,775</u>	<u>308,659,513</u>
Total		5,285,161,481	3,529,202,567
Notes forming part of the consolidated financial statements	1-37		

As per our attached report of even date

For and on behalf of the Board

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

Himanshu Mody
Director

Surjit Banga
Director

Sanjay Kothari
Partner
Membership Number 048215

Umesh Pradhan
Manager &
Chief Financial Officer

Samir Raval
Company Secretary

Place: Mumbai
Date: 29 May, 2013

Consolidated Statement of Profit and Loss for the year ended 31 March,

	Note	2013 ₹	2012 ₹
Revenue			
Revenue from operations	17	1,008,125,705	610,029,164
Other Income	18	6,231,657	6,265,856
Total		1,014,357,362	616,295,020
Expenses			
Operational cost	19	340,005,551	169,057,133
Employee benefits expenses	20	331,093,957	251,614,310
Finance costs	21	61,640,732	32,696,637
Depreciation and amortisation expenses	22	66,266,656	30,205,273
Other expenses	23	415,337,454	407,210,781
Total		1,214,344,350	890,784,134
Profit/(Loss) before tax		(199,986,988)	(274,489,114)
Less: Tax expense			
Current tax - Current year		-	-
- Earlier years		-	1,680,847
Deferred tax charge		14,155,176	-
Profit/(Loss) after tax		(214,142,164)	(276,169,961)
Earning per equity share (face value of ₹ 1 each)	34		
Basic and Diluted		(0.81)	(1.05)
Notes forming part of the consolidated financial statements	1-37		

As per our attached report of even date

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

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date: 29 May, 2013

For and on behalf of the Board

Himanshu Mody
Director

Umesh Pradhan
Manager &
Chief Financial Officer

Surjit Banga
Director

Samir Raval
Company Secretary

Notes forming part of the Consolidated Financial Statements

1. Corporate Information

Zee Learn Limited (herein after referred to as the parent company, “the Company”) together with its subsidiary (collectively known as “the group”). The Company is one of the most diversified premium education companies which delivers learning solutions and training through its multiple products viz. Kidzee, Mount Litera Zee Schools, Braincafe, Mount Litera World Preschool, Zee Institute of Media Arts (ZIMA), Zee Institute of Creative Arts (ZICA) E - Learning Online Education Testing and is also engaged in production/acquisition of television content. The Group is also in the business of constructing and leasing of properties for commercial use.

2. A. Basis of Consolidation

i. Basis of Preparation of financial statements

The Consolidated Financial Statements (CFS) of the Group are prepared under Historical Cost Convention on going concern basis in accordance with Generally Accepted Accounting Principles in India and Accounting Standard -21 on “Consolidated Financial Statements” issued by the Institute of Chartered Accountants of India (ICAI), to the extent possible in the same manner as that adopted by the parent company for its separate financial statements by regrouping, recasting or rearranging figures, wherever considered necessary.

- ii. The CFS are prepared using uniform accounting policies for transactions and other events in similar transactions.
- iii. The consolidation of financial statements of the parent company and its subsidiaries is done to the extent possible on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. All significant inter-group transactions, unrealised intra-company profits and balances have been eliminated in the process of consolidation.
- iv. The CFS includes the Financial Statements of the parent company and the subsidiary (as listed in the table below). Subsidiary are consolidated from the date on which effective control is acquired and are excluded from the date of transfer/disposal.

Name of the Subsidiary	Proportion of Interest (including beneficial interest) / Voting Power (either directly / indirectly or through Subsidiary).	Country of Incorporation
Direct Subsidiary		
Digital Ventures Private Limited	100(100)	India

B. Significant Accounting Policies

a. Use of Estimates

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

b. Tangible fixed assets

- (i) Tangible Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use.
- (ii) Capital work in progress comprises cost of fixed assets and related expenses that are not yet ready for their intended use at the reporting date.

Notes forming part of the Consolidated Financial Statements

c. Intangible assets

- (i) Intangible assets are recognised in the year it is put to use at cost. Intangible assets are carried at cost less accumulated amortisation and impairment loss if any.
- (ii) Intangible assets under development comprises of purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost incurred on asset that are not ready for their intended use at the reporting date.

d. Borrowing costs

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

e. Impairment of tangible and intangible assets

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

f. Depreciation / amortisation on tangible / intangible assets

- (i) Depreciation on tangible fixed assets is provided on Straight Line Method at the rate specified in Schedule XIV to the Companies Act, 1956 except training equipments on which is depreciation is provided based on the estimated useful life of 3 years and "Buildings" on which the depreciation is provided over the period of the lease. The rate of depreciation so derived is more than the rate prescribed under Schedule XIV.
- (ii) Leasehold Improvements are amortised over the period of Lease.
- (iii) Intangible assets are amortised on straight line basis over the economic useful life estimated by the management.

g. Investments

Investments, which are intended to be held for more than one year from the date on which such investments are made are classified as long-term investments. Long term investments are stated at cost less provision for diminution other than temporary in value of such investment.

h. Transactions in foreign currencies

- (i) Foreign currency transactions are accounted at the exchange rate prevailing on the date of transactions.
- (ii) Foreign currency monetary items are translated using the exchange rate prevailing at the reporting date. Exchange differences arising on settlement of monetary items or on reporting such monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements are recognised as income or as expenses in the year in which they arise.

i. Revenue recognition

- (i) Sales- Educational goods, equipments and television content is recognized when the risk and rewards of ownership are passed onto the customers, which is generally on dispatch.
- (ii) **Services**
 - a) Course fees and Royalty income is recognised over the duration of the course.

Notes forming part of the Consolidated Financial Statements

- b) Franchise fees is recognised as per the agreed terms of the agreement.
- c) Revenue from other services are recognised as and when such services are completed/performed.
- d) Lease income is recognised as per the agreed terms of the lease agreements.
- (iii) Interest income is recognised on a time proportion basis taking into account principal outstanding and the applicable interest rate.
- j. Inventories**

Educational goods, equipments and television content are valued at lower of cost or estimated net realisable value. Cost includes cost of purchase, freight and other expense incurred in bringing the inventories to their present location and condition. Costs are taken on weighted average basis and specific identification method.
- k. Retirement and other employee benefits**
 - (i) Short-term employee benefits are expensed at the undiscounted amount in the statement of profit and loss in the year the employee renders the service.
 - (ii) Post employment and other long term employee benefits are recognised as an expense in the statement of profit and loss at the present value of the amount payable determined using actuarial valuation techniques in the year the employee renders the service. Actuarial gains and losses are charged to the statement of Profit and Loss.
- l. Accounting for taxes on income**
 - (i) Current Tax is determined as the amount of tax payable in respect of its taxable income as per the provisions of the Income Tax Act, 1961.
 - (ii) Deferred tax is recognised, subject to consideration of prudence in respect of deferred tax asset, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and measured using tax rates and laws enacted.
- m. Operating Lease**

Lease of assets under which all the risk and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised as expense on accrual basis in accordance with the terms of respective lease agreements.
- n. Earnings per share**

Basic earnings per share is computed and disclosed using the weighted average number of equity shares outstanding during the year. Dilutive earnings per share is computed and disclosed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period, except when the results would be anti-dilutive.
- o. Provisions, Contingent liabilities and Contingent assets**

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

Preliminary expenses are amortised over a period of 5 years.

Notes forming part of the Consolidated Financial Statements

3. Share Capital

	2013 ₹	2012 ₹
Authorised		
1,000,000,000 (1,000,000,000) Equity Shares of ₹ 1/- each	1,000,000,000	1,000,000,000
	1,000,000,000	1,000,000,000
Issued , Subscribed and Paid up		
263,010,249 (262,738,599) Equity Shares of ₹ 1/- each	263,010,249	262,738,599
Total	263,010,249	262,738,599

a. Reconciliation of number of Equity Shares and Share capital

	2013		2012	
	Number of equity shares	₹	Number of equity shares	₹
At the beginning of the year	262,738,599	262,738,599	122,738,599	122,738,599
Add : Allotted on exercise of Employee Stock Option Plan (Refer (e) below)	271,650	271,650	-	-
Add : Issue of Shares pursuant to the Scheme of Amalgamation (Refer Note 24)	-	-	140,000,000	140,000,000
Outstanding at the end of the year	263,010,249	263,010,249	262,738,599	262,738,599

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 1 each. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. The Company has not issued any bonus shares or bought back equity shares during the five years preceding 31 March, 2013. Details of aggregate number of, shares issued for consideration other than cash during the five years preceding 31 March, 2013 is as under:

	2013 ₹	2012 ₹
Pursuant to the Composite Scheme of Arrangement/Amalgamation (Refer Note 24)	262,238,599	262,238,599

Notes forming part of the Consolidated Financial Statements

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

Name of Shareholders	2013		2012	
	Number of shares held	% Shareholding	Number of shares held	% Shareholding
Jayneer Capital Private Limited	72,391,275	27.53%	72,391,275	27.55%
Asian Satellite Broadcast Private Limited.	63,052,512	23.97%	63,052,512	24.00%
Jayneer Enterprises LLP	15,000,000	5.70%	15,000,000	5.71%
Orange Mauritius Investments Limited	23,546,529	8.95%	-	-

e. Employees Stock Option Scheme (ESOP):

The Company has instituted an Employee Stock Option Plan (ZLL ESOP 2010) as approved by the Board of Directors and Shareholders of the Company in 2010 for issuance of stock options convertible into equivalent number of equity shares not exceeding the aggregate of 5% of the issued and paid up capital of the company i.e upto 6,136,930 equity shares of ₹ 1 each to the employees of the Company as well as that of its subsidiary and also to non-executive directors including Independent Directors of the Company at the market price determined as per the SEBI (ESOS) Guidelines, 1999. The said scheme is administered by the Remuneration Committee of the Board.

During the year ended 31 March 2013, the Company did not grant any stock options. The balance options granted under the Scheme shall vest not less than one year and not more than five years from the date of grant of options. The options granted vests in the ratio of 50:35:15 at the expiry of one, two and three years from the date of grant and once vested, these would be exercisable at any time within a period of four years and the equity shares arising on exercise of options shall not be subject to any lock in. Upon exercise of 271,650 options, equivalent number of equity shares were issued and allotted during the financial year ended 31 March, 2013.

The options were granted to the employees/independent directors' at an exercise price, being the latest market price as per the SEBI (ESOS) Guidelines 1999. In view of this, there being no intrinsic value on the date of the grant (being the excess of market price of share under the Scheme over the exercise price of the option), the Company is not required to account the accounting value of options as per the SEBI guidelines.

Summary of stock options outstanding is as follows:

	2013	2012
Options outstanding at the		
- beginning of the year	2,561,200	1,086,000
- granted during the year	-	1,609,700
- lapsed during the year	1,155,300	134,500
- exercised during the year	271,650	-
Options outstanding at the end of the year	1,134,250	2,561,200

Notes forming part of the Consolidated Financial Statements

4. Reserves and Surplus

	2013 ₹	2012 ₹
Securities Premium		
As per last Balance sheet	1,397,179,549	509,054,495
Add: Adjusted pursuant to the Scheme of Amalgamation (Refer note 24)	-	888,125,054
	1,397,179,549	1,397,179,549
General Reserve*		
As per last Balance sheet	-	-
Add: On issue of Shares under Employee Stock Option Plan (ESOP 2010)	6,253,320	-
	6,253,320	-
Surplus/(Deficit) in the Statement of Profit and Loss**		
As per last Balance sheet	(257,649,276)	18,520,685
Add : Profit/(Loss) for the year	(214,142,163)	(276,169,961)
	(471,791,440)	(257,649,276)
Total	931,641,429	1,139,530,273

* Pursuant to the Scheme of Amalgamation, sanctioned by the Hon'ble High Court of Bombay ₹ 888,125,054 (₹ 888,125,054) shall not be used for the purpose of declaring dividend.

** In view of the loss incurred during the year Debenture Redemption Reserve aggregating to ₹ 250,000,000 (₹ 250,000,000) has not been created.

5. Long-Term Borrowings

	Non-Current		Current	
	2013 ₹	2012 ₹	2013 ₹	2012 ₹
Debentures - Secured				
250 (375), 12% Secured Redeemable Non-Convertible Debentures of ₹ 1,000,000 each fully paid up	125,000,000	250,000,000	125,000,000	125,000,000
Term Loan from Bank- Secured	2,070,584,463	949,997,044	50,000,000	-
Intercompany Deposits Unsecured	211,699,920	122,789,817	901,250,000	256,525,000
	2,407,254,383	1,322,786,861	1,076,250,000	381,525,000
The above amount includes:				
Secured Borrowings	2,195,584,463	1,199,997,044	175,000,000	125,000,000
Unsecured Borrowings	211,669,920	122,789,817	901,250,000	256,525,000
Amount disclosed under the head "Other Current Liabilities" (Refer Note 8)	-	-	(1,076,250,000)	(381,525,000)
Total	2,407,254,383	1,322,786,861	-	-

Notes forming part of the Consolidated Financial Statements

- a) Debentures are secured by first charge on certain free hold land, all fixed and current assets including fixed deposits, escrow account, Reserve account, assignment of all benefits under agreement for Operation of school of the Company and further DSRA Undertaking by Zee Entertainment Enterprises Limited. The debentures carries interest @ 12% p.a and are redeemable at par in four equal installments of 25% each beginning at the end of 2nd year from the date of allotment, viz 6 January, 2010.
- b) Term Loan from Bank ₹ 500,000,000 (₹ 325,000,000) is secured by first pari passu charge on all the fixed and current assets (present and future) of the Company and also reserve account and DSRA Undertaking by Zee Entertainment Enterprises Limited, the loan carries interest @12.25% (base rate) and is repayable in 8 half yearly installments beginning from 30 June, 2013.
- c) Term Loan from Bank ₹ 176,734,642 (₹ nil) is secured by first charge on entire immovable and movable asset of the project, entire cashflows of the subsidiary Company which are routed through an escrow account, equitable mortgage of lease hold rights of the project land whose leased hold rights are owned by TALEEM Research Foundation, in favour of vendors and corporate guarantee from Essel Infraprojects Limited and TALEEM Research Foundation and the subsidiary Company. The loan carries an interest rate @3% plus base rate, and is repayable in 39 quarterly installments beginning from April 2014.
- d) Term Loan from Bank ₹ 177,181,620 (₹ nil) is secured by first charge on entire immovable and movable asset of the project, entire cashflows of the subsidiary Company which are routed through an escrow account, equitable mortgage of lease hold rights of the project land whose leased hold rights are owned by TALEEM Research Foundation, in favour of vendors and corporate guarantee from Essel Infraprojects Limited and TALEEM Research Foundation and the subsidiary Company. The loan carries an interest rate @3.25% plus base rate plus 0.75% tenor premium, and is repayable in 39 quarterly installments beginning from April 2014.
- e) Term Loan from Bank ₹ 359,968,201 (₹ 299,938,432) is secured by first charge on entire immovable and movable asset of the project, entire cashflows of the subsidiary Company which are routed through an escrow account, equitable mortgage of lease hold rights of the project land whose leased hold rights are owned by TALEEM Research Foundation, in favour of vendors and Corporate Guarantee from Essel Infraprojects Limited and TALEEM Research Foundation. The loan carries an interest rate @2.50% plus base rate plus tenor premium, and is repayable in 38 quarterly installments beginning from April 2014.
- f) Term Loan of ₹ 906,700,000 (₹ 325,000,000) from Bank is secured by first charge on over all present and future immovable assets of the project by way of mortgage, movable and intangible assets of the project by way of hypothecation, entire current assets of the project, the escrow accounts held by the subsidiary Company for the project, by way of hypothecation in favor of lenders of all the present and future rights, titles and interests of the project from all contracts, insurances, documents, which the company is party to including contracts or letter of credit, guarantee, performance bond provided by any party to the subsidiary Company and the entire project from all contracts, insurances, documents, which the subsidiary Company is party to including contracts or letter of credit, guarantee, performance bond provided by any party to the company; pledge of shares in the Company to the extent of 30% of ₹ 406,700,000 crores and corporate guarantee from the Company and non disposal undertaking for 51% shares held by the Company in subsidiary company. The loan carries interest @3.5% plus base rate and is repayable in 36 quarterly yearly installments beginning from 4th year i.e FY 2015.
- g) Intercompany deposits ₹ 211,669,920 (₹ nil) from related party is interest free and are repayable after 3 years from the date of deposits and ₹ 901,250,000 (₹ nil) are interest free and repayable by 31 March, 2014.

Notes forming part of the Consolidated Financial Statements

6. Provisions

	Long- Term		Short- Term	
	2013 ₹	2012 ₹	2013 ₹	2012 ₹
Provision for employee benefits				
- Gratuity	7,122,394	5,490,995	763,239	616,619
- Leave benefits	5,212,913	4,085,131	558,547	458,732
Others				
Provision for litigation	-	-	2,712,611	2,712,612
Total	12,335,307	9,576,126	4,034,397	3,787,963

7. Other Long-Term Liabilities

	2013 ₹	2012 ₹
Unearned Revenue	3,243,811	2,053,065
Deposits from customers	76,000,000	1,000,000
Total	79,243,811	3,053,065

8. Current Liabilities

	2013 ₹	2012 ₹
Trade Payables	96,138,358	49,048,756
	96,138,358	49,048,756
Other Current Liabilities		
Current maturities of debentures and term loan	175,000,000	125,000,000
Current maturities of Intercompany Deposits	901,250,000	256,525,000
Interest accrued and due	5,202,055	-
Interest accrued but not due	17,721,342	27,437,156
Unearned Revenue	89,964,563	59,978,629
Deposits from customers	200,000	448,000
Advance received from customers	121,013,916	89,628,794
Creditors for capital expenditure	12,091,766	15,590,198
Statutory dues	46,918,836	36,056,610
Creditors for expenses	121,239,814	128,016,537
	1,490,602,292	738,680,924
Total	1,586,740,650	787,729,680

Notes forming part of the Consolidated Financial Statements

9. Fixed Assets

(Amount in ₹)

	Gross Block				Depreciation/ Amortization				Net Block	
Description	As at 1 April 2012	Additions	Deductions	As at 31 March 2013	Up to 31 March 2012	For the year	Deductions	Up to 31 March 2013	As at 31 March 2013	As at 31 March 2012
Tangibles										
Freehold Land*	64,816,058	-	-	64,816,058	-	-	-	-	64,816,058	64,816,058
Buildings	-	49,041,765	-	49,041,765	-	2,043,407	-	2,043,407	46,998,358	
Leasehold Asset Improvements	21,047,420	12,230,214	-	33,277,634	5,393,458	8,877,354	-	14,270,812	19,006,822	15,653,962
Office Equipments	11,176,189	5,580,458	1,498,256	15,258,391	1,345,640	739,063	109,980	1,974,723	13,283,668	9,830,549
Training Equipments	30,939,044	72,000,029	848,070	102,091,003	7,376,251	28,222,930	450,926	35,148,255	66,942,748	23,562,793
Computer	34,245,459	17,155,479	1,477,560	49,923,378	6,859,568	7,127,552	611,094	13,376,026	36,547,352	27,385,891
Furniture and Fixtures	5,821,797	259,389	246,205	5,834,981	1,676,151	477,260	33,729	2,119,682	3,715,299	4,145,646
Total	168,045,967	156,267,334	4,070,091	320,243,210	22,651,068	47,487,566	1,205,729	68,932,905	251,310,305	145,394,899
Previous year	37,494,646	132,259,809	1,708,488	168,045,967	4,966,101	18,009,648	324,681	22,651,068	145,394,899	
Intangibles										
Content Development	28,497,104	-	-	28,497,104	8,641,602	9,377,961	-	18,019,563	10,477,541	19,855,502
Softwares	13,750,644	26,109,687	-	39,860,331	6,080,547	9,401,129	-	15,481,676	24,378,655	7,670,097
Total	42,247,748	26,109,687	-	68,357,435	14,722,149	18,779,090	-	33,501,239	34,856,196	27,525,599
Previous year	15,693,854	26,553,894	-	42,247,748	2,526,524	12,195,625	-	14,722,149	27,525,599	
Capital Work in Progress									1,696,091,841	691,280,921
Intangible under development**									1,318,876,619	1,245,976,832

* Includes ₹ 584,890 (₹ 584,890) acquired pursuant to the Composite Scheme of Arrangement, yet to be transferred in the name of the Company and is mortgaged against the secured debentures.

** Includes Borrowing Costs for the year ₹ 41,517,293 (₹ 56,601,168).

Notes forming part of the Consolidated Financial Statements

10. Non-Current Investments

(i) Others- Unquoted

	2013 ₹	2012 ₹
In National Savings Certificate (Pledged with Sales Tax Authorities)	5,000	5,000
Total	5,000	5,000

11. a) Current Tax

In view of losses incurred during the year, and income computed as per Income Tax Act 1961, no provision for current tax is required to be made.

b) Deferred tax balances are as under:-

In accordance with the Accounting Standard 22 on "Accounting for Taxes on Income Tax" (AS 22) issued by ICAI, deferred tax assets and liabilities should be recognised for all timing differences in accordance with the said standard. However, considering the present financial position and requirement of the accounting standard regarding certainty / virtual certainty, deferred tax asset (net) for the year is not provided. However, the same will be reassessed at a subsequent balance sheet date and will be accounted for in the year of certainty / virtual certainty in accordance with the aforesaid accounting standard.

	2013 ₹	2012 ₹
Deferred Tax Assets		
Arising on account of timing differences in Employee Retirement Benefit	-	1,351,430
Provision for doubtful debts	-	10,063,657
Allowable on payment basis	-	1,006,364
Depreciation	-	832,470
	-	13,253,921
Deferred Tax Liabilities	-	-
Depreciation	901,255	-
Deferred Tax Assets (Net)	901,255	13,253,921

Notes forming part of the Consolidated Financial Statements

12. Loans and Advances (Unsecured)

	Long-Term		Short-Term	
	2013 ₹	2012 ₹	2013 ₹	2012 ₹
Capital Advances to				
– Related Parties	649,075,444	215,315,116	-	-
– Others	-	-	-	-
	649,075,444	215,315,116	-	-
Deposits				
– Considered good	53,701,969	597,988,776	4,181,359	1,225,459
– Considered doubtful	-	-	-	1,444,010
	53,701,969	597,988,776	4,181,359	2,669,469
Less: Provision for doubtful deposit	-	-	-	1,444,010
	53,701,969	597,988,776	4,181,359	1,225,459
Loans, Advances and Deposits to related parties*	880,000,000	258,700,861	4,596,524	5,776,010
Other Loans and Advances				
Other Advances				
– Considered good	-	-	9,669,664	8,794,237
– Considered doubtful	-	-	170,547	-
	-	-	9,840,211	8,794,237
Less: Provision for doubtful advances	-	-	170,547	-
	-	-	9,669,664	8,794,237
Prepaid expenses	157,607	172,769	5,131,098	2,543,382
Balance with government authority				
Advance Direct Taxes (net of provisions)	12,924,283	1,775,387	-	-
Advance Indirect Taxes	-	-	2,072,781	15,284,358
Total	1,595,859,303	1,073,952,909	25,651,426	33,623,446

* Includes ₹ 90,000,000 (₹ 90,000,000) towards refundable security deposit against school operating rights

13. Other Assets

	Non-Current		Current	
	2013 ₹	2012 ₹	2013 ₹	2012 ₹
Balances with Bank - in deposit Account (Refer Note 16)*	46,098	22,789,848	-	-
Interest accrued but not due on deposits with banks	-	-	591,608	641,394
Preliminary Expenses	272,344	363,125	-	-
Other receivables	-	-	5,056,200	-
Total	318,442	23,152,973	5,647,808	641,394

* Pledged ₹ 46,098 (₹ 46,098) with sales tax authorities, ₹ Nil (₹ 22,743,750) against Term Loan/Debentures.

Notes forming part of the Consolidated Financial Statements

14. Inventories

(valued at lower of cost or estimated net realisable value)

	2013 ₹	2012 ₹
Educational goods and equipments	89,144,342	87,286,756
Television content	14,852,723	-
Total	103,997,065	87,286,756

15. Trade Receivable (unsecured)

	2013 ₹	2012 ₹
Over six months		
- Considered good	11,384,300	14,006,881
- Considered doubtful	62,571,508	24,234,796
Others		
- Considered good	94,736,215	28,761,115
- Considered doubtful	-	4,669,258
	168,692,023	71,672,050
Less: Provision for doubtful receivables	62,571,508	28,904,054
Total	106,120,515	42,767,996

16. Cash and Bank Balances

	Non-Current		Current	
	2013 ₹	2012 ₹	2013 ₹	2012 ₹
Cash and Cash Equivalents				
Balances with Banks -				
in current accounts	-	-	121,451,371	133,424,259
Cash in Hand	-	-	210,822	128,594
	-	-	121,662,193	133,552,853
Other bank balances				
Balances with Banks -				
in bank deposits*	-	-	24,764,768	10,787,068
in Deposit with banks maturity more than 12 Months*	46,098	22,789,848	-	-
Amount disclosed under the head "Other Assets" (Refer Note 13)	(46,098)	(22,789,848)	-	-
Total	-	-	146,426,961	144,339,921

* Pledged/Lien ₹ 23,705,818 (₹ Nil) against Term Loan/Debentures

Notes forming part of the Consolidated Financial Statements

17. Revenue from Operations

	2013 ₹	2012 ₹
Sales - Educational goods and equipments	395,275,953	264,084,722
- Television content	109,673,648	-
Services - Education and Other Services		
- Course Fees/Royalty	277,790,081	177,330,685
- Franchisee Fees	162,134,225	161,853,155
- Others	2,644,238	5,184,943
Other Operating Revenue	60,607,560	1,575,659
Total	1,008,125,705	610,029,164

18. Other Income

	2013 ₹	2012 ₹
Interest Income		
- from Bank Deposits	3,710,055	2,783,051
- from Others	77,325	-
Gain on exchange difference (net)	-	72,028
Liabilities/excess provision written back (net)	2,444,277	3,410,777
Total	6,231,657	6,265,856

19. Operational cost

	2013 ₹	2012 ₹
a) Educational goods and equipments		
Opening	87,286,756	46,151,053
Add: Purchases	199,044,999	183,168,113
	286,331,755	229,319,166
Less: Closing	89,144,342	87,286,756
	197,187,413	142,032,410
b) Television content		
Opening	-	-
Add: Commissioned/Acquisition	114,516,306	-
	114,516,306	-
Less: Closing	14,852,723	-
	99,663,583	-
c) Other Educational Operating Expenses	43,154,555	27,024,723
Total	340,005,551	169,057,133

Notes forming part of the Consolidated Financial Statements

20. Employee benefits expenses

	2013 ₹	2012 ₹
Salaries and allowances	308,588,497	227,138,343
Contribution to provident and other funds	7,493,207	4,243,851
Training and Recuritment cost	11,684,141	17,755,952
Staff Welfare expenses	3,328,112	2,476,164
Total	331,093,957	251,614,310

21. Finance costs

	2013 ₹	2012 ₹
Interest on Loan	60,144,978	27,146,885
Interest on Others	1,345,924	129,010
Bank and other financial charges	149,830	5,420,742
Total	61,640,732	32,696,637

22. Depreciation and amortisation expenses

	2013 ₹	2012 ₹
Depreciation on tangible assets	47,487,566	18,009,648
Amortisation on intangible assets	18,779,090	12,195,625
Total	66,266,656	30,205,273

23. Other expenses

	2013 ₹	2012 ₹
Rent	38,273,560	25,893,119
Repairs and Maintenance - Others	22,306,475	12,974,992
Insurance	670,775	773,252
Rates and Taxes	5,009,148	2,717,076
Electricity and Water charges	3,050,779	5,056,164
Communication expenses	16,148,476	12,632,143
Printing and Stationery	3,115,636	2,796,217

Notes forming part of the Consolidated Financial Statements

		2013 ₹	2012 ₹
Travelling and Conveyance expenses		63,621,728	51,693,118
Legal and Professional charges		22,572,822	10,507,694
Payment to Auditors (Refer note 30)		1,510,545	1,364,289
Bad Debts and Advances written off (net of provisions)	1,444,010		
Less: Provision written back	1,444,010	-	108,769
Miscellaneous expenses		10,908,921	6,888,396
Freight & Packing charges		24,784,532	15,807,339
Provision for doubtful debts and advances		33,838,002	23,954,589
Loss on sale / discard of fixed assets		843,513	1,341,198
Advertisement and Publicity expenses		168,645,674	232,702,426
Loss on exchange difference (net)		36,868	-
Total		415,337,454	407,210,781

24. Scheme of Amalgamation of Essel Entertainment Media Limited (EEML) and the Company

The Scheme of Amalgamation of EEML with the Company u/s 391 to 394 of the Companies Act, 1956 is approved by the Hon'ble High Court of Bombay on 17 June, 2011. The said approved Scheme of Amalgamation has been given effect in the financial statements for the year ended 31 March, 2012 as per the "pooling of interest method" as prescribed by Accounting Standard 14 "Accounting for Amalgamations". Pursuant to the Scheme 1 (One) fully paid up equity share of ₹ 1/- each of the Company is issued and allotted to the shareholders of EEML for every 5 (Five) equity shares of ₹ 1/- each held by them in EEML i.e the Company has issued 140,000,000 shares. The difference between transferred assets and liabilities and expenses incurred on amalgamation of ₹ 888,125,054 is adjusted against General Reserve as per the Scheme of Amalgamation sanctioned by the Honourable High Court.

25. Leases

Operating Leases:

The Group has taken office, residential facilities and plant and machinery (including equipments) etc. on lease under cancellable/non-cancellable lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of the lease generally is for 11 months to 480 months.

	2013 ₹	2012 ₹
Lease rental charges for the year	62,072,781	36,187,762
Future Lease rental obligation payable (Under non-cancelable lease)		
Not later than one year	42,836,308	36,925,454
Later than one year but not later than five year	94,444,448	116,014,631

Notes forming part of the Consolidated Financial Statements

26. Managerial Remuneration

Remuneration paid or provided to Whole-time Director (resigned w.e.f. 25 July, 2012), included in Employee benefits expense is as under:

	2013 ₹	2012 ₹
Salary and Allowances	7,605,099	9,927,710
Provident fund contributions	166,993	519,120
Perquisites	3,397	317,235
Total	7,775,489	10,764,065
Maximum permissible remuneration to Whole-time Director as per Schedule XIII (excluding Provident fund contribution)	4,800,000	4,800,000
Excess Remuneration paid#	2,808,496	5,444,945

#In respect of remuneration payable to the Whole-time Director in excess of the limits prescribed under section 198 read with Schedule XIII, the Company has applied for approval from the Central Government which is still pending. However the Ministry of Corporate Affairs (MCA) has communicated that the approval of the Central Government is no longer necessary in case of unlisted enterprises (the Company was unlisted at the time of filing) which are not subsidiaries of listed enterprises in view of amendment made in Schedule XIII of the Companies Act, 1956 vide Gazette of India Notification G.S.R 70 (E) dated 8 February, 2011.

Note: Salary and Allowances includes basic salary, house rent allowance, leave travel allowance and performance bonus.

27. Related Party Transactions

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

Asian Satellite Broadcast Private Limited, Cyquator Media Services Private Limited, Dish TV (India) Limited, Essel Corporate Resources Private Limited, Essel Infraprojects Limited, Essel Vision Productions Limited, E-City Project Constructions Private Limited, Himgiri Nabh Vishwavidhyalaya, Jay Properties Private Limited, Pan India Paryatan Private Limited, Pan India Network Infravest Private Limited, Pan India Infrastructures Private Limited, Packaging India Private Limited, Premier Finance and Trading Company Limited, TALEEM Research Foundation, Zee Entertainment Enterprises Limited, Zee News Limited.

Directors / Key Management Personnel

Mr. Himanshu Mody, Mr. Sumeet Mehta (resigned w.e.f. 25 July 2012).

Transactions with Related Parties

	2013 ₹	2012 ₹
A) Transactions with Related Parties		
Intercompany Deposits taken	994,060,447	422,081,373
Other Related Parties		
Asian Satellite Broadcast Private Limited	903,850,000	
Essel Infraprojects Limited	75,685,447	51,556,373
Premier Finance and Trading Company Limited	14,525,000	370,525,000

Notes forming part of the Consolidated Financial Statements

	2013 ₹	2012 ₹
Repayment of Intercompany Deposits taken	472,125,264	156,500,000
Other Related Parties		
Premier Finance and Trading Company Limited	271,050,000	155,000,000
Asian Satellite Broadcast Private Limited	2,600,000	-
Essel Infraprojects Limited	198,475,264	1,500,000
Capital advances given	1,231,713,448	142,700,861
Other Related Parties		
Pan India Infrastructure Private Limited	1,231,713,448	142,700,861
Loans, advances and deposits given	777,918,398	36,000,000
Other Related Parties		
Pan India Infrastructure Private Limited	760,000,000	20,000,000
Essel Infraprojects Limited	17,918,398	-
E-City Project Constructions Private Limited	-	16,000,000
Loans, advances and deposits given repaid	1,179,486	-
Other Related Parties		
Zee Entertainment Enterprises Limited	404,391	-
Zee News Limited	775,095	-
Sales and Services	157,545,590	-
Other Related Parties		
Zee Entertainment Enterprises Limited	154,078,591	-
Jay Properties Private Limited	3,466,999	-
Interest expense	-	21,506,056
Other Related Parties		
Premier Finance and Trading Company Limited	-	21,506,056
Capital expenditure	729,731,803	152,197,097
Pan India Infrastructure Private Limited	729,731,803	152,197,097
Purchase of Services	50,228,139	27,906,813
Other Related Parties		
E-City Project Constructions Private Limited	33,195,326	20,070,811
Pan India Network Infravest Private Limited	2,646,695	1,376,777
Pan India Paryatan Private Limited	362,889	2,093,773
Cyquator Media Services Private Limited	242,520	96,020
Zee Entertainment Enterprises Limited	3,045,536	2,653,049
Zee News Limited	844,410	847,925

Notes forming part of the Consolidated Financial Statements

	2013 ₹	2012 ₹
Essel Corporate Resources Private Limited	5,820,000	-
Essel Vision Productions Limited	3,397,763	-
Dish TV India Limited	73,800	-
TALEEM Research Foundation	599,200	-
Packaging India Private Limited	-	768,458
B) Balances outstanding as at 31 March		
Intercompany Deposits taken	901,250,000	379,314,817
Other Related Parties		
Asian Satellite Broadcast Private Limited	901,250,000	-
Premier Finance and Trading Company Limited	-	256,525,000
Essel Infraprojects Limited	-	122,789,817
Loans, Advances and Deposits given	1,533,197,428	254,476,871
Other Related Parties		
Himgiri Nabh Vishwavidhyalaya	90,000,000	90,000,000
E-City Project Constructions Private Limited	16,000,000	16,000,000
Zee Entertainment Enterprises Limited	4,577,773	4,982,164
Essel Infraprojects Limited	17,918,398	-
Pan India Infrastructure Private Limited	1,404,682,506	142,700,861
Zee News Limited	18,751	793,846
Loans, Advances and Deposits taken	10,000,000	10,000,000
Other Related Parties		
Taleem Research Foundation	10,000,000	10,000,000
Trade Receivable	72,936,485	-
Other Related Parties		
TALEEM Research Foundation	124,500	-
Zee Entertainment Enterprises Limited	72,811,985	-
Trade Payables	3,397,763	-
Other Related Parties		
Essel Vision Productions Limited	3,397,763	-
Creditors for expenses	14,200,865	350,695
Other Related Parties		
Pan India Network Infravest Private Limited	1,682,804	223,707
E-City Project Constructions Private Limited	8,026,847	126,988
Cyquator Media Services Private Limited	7,840	-

Notes forming part of the Consolidated Financial Statements

	2013 ₹	2012 ₹
Essel Corporate Resources Private Limited	4,414,059	-
Zee News Limited	69,315	-
Interest Accrued but not Due	-	20,827,088
Other Related Parties		
Premier Finance and Trading Company Limited	-	20,827,088

For managerial remuneration refer Note 29.

28. Contingent Liabilities

	2013 ₹	2012 ₹
a) Claims against the Company not acknowledged as debts	5,529,463	3,273,602
b) Disputed Direct Tax*	1,650,550	-
c) Disputed Indirect Taxes	25,779,894	19,813,177

* Includes ₹ 5,966,717 show cause come demand notice received subsequent to the balance sheet date.

29. Capital and other commitments

- (a) Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) is ₹ 365,201,526 (₹ 1,503,663,293).

30. Payments to Auditors

For Standalone

	2013 ₹	2012 ₹
Audit fees (including limited review)	1,000,000	1,000,000
Tax Audit Fees	150,000	150,000
Tax Representation	101,851	45,749
Certification and others	55,000	-
Total	1,306,851	1,195,749

For Subsidiary

	2013 ₹	2012 ₹
Audit fees	177,290	168,540
Certification and others	26,404	-
Total	203,694	168,540

Notes forming part of the Consolidated Financial Statements

31. Foreign Exchange

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

	2013 ₹	2012 ₹
Receivables	1,184,757	630,200
Payables	2,770,928	-

32. The Finance Bill, 2012 had sought to bring in certain class of domestic transactions in the ambit of the transfer pricing regulations with effect from 1 April, 2012. The Management is of the opinion that its specified domestic transactions for the year are at arm's length price and that the transfer pricing study will not have any impact on the amount of tax expense and provision of taxation in these financials.
33. Subsequent to the balance sheet date, the Company has issued 56,17,977 Global Depository Receipts (GDRs) aggregating to US\$ 20 million at an equivalent price of ₹ 19.50 per share, each GDR represents 10 fully paid equity shares of the Company. The GDRs are listed at the Luxembourg Stock Exchange.

34. Earnings Per Share (EPS)

	2013	2012
a. Profit/ (Loss) after Tax (₹)	(214,142,164)	(276,169,961)
b. Weighted Average number of equity shares for Basic and Diluted EPS (in numbers)	262,812,564	262,738,599
c. Nominal value of equity shares (₹)	1	1
d. Basic EPS	(0.81)	(1.05)
e. Diluted EPS	(0.81)	(1.05)

35. The Group through its subsidiary has acquired lands at four locations on lease for the purposes of setting up of educational institutions. The civil work for construction of the buildings is in progress. The development rights acquired by the subsidiary Company is also for the said purpose. The subsidiary Company has further acquired on lease one land for Construction of Sports Complex.

36. Projects under execution

A development agreement dated 5 January, 2010 on BOT basis for constructing a building to set up an educational institution, had been entered into by and between the Group through its subsidiary and TALEEM Research Foundation (TALEEM). The Group had undertaken to develop a piece and parcel of land given for Eighty years on lease to TALEEM by MMRDA, Bandra Mumbai, vide Lease Deed dated 16 December, 2009. In consideration of lump sum development fee of ₹ 1,050,000,000 had been paid within six months from 5 January, 2010 and an annual fee of ₹ 300,000 the company will have development rights for 30 years wef 1 January, 2010. The civil work is going on and a sum of ₹ 1,269,801,358 had been spent thereon excluding ₹ 1,050,000,000 given as development fee. Further the company has undertaken new projects at three locations by acquiring the leased lands and further project execution works relating thereto are underway.

37. Prior year Comparatives

Previous years figures have been regrouped, rearranged or recasted wherever necessary to conform to this year's classification. Figures in brackets pertain to previous year.

Consolidated Cash Flow Statement for the year ended 31 March,

	2013 ₹	2012 ₹
A. Cash Flow from Operating Activities		
Net Profit / (Loss) before tax	(199,986,988)	(274,489,114)
Adjustments for:		
Depreciation / Amortisation	66,266,656	30,205,273
Interest Income	(3,710,055)	(5,612,308)
Gain on exchange difference (net)	36,868	(72,028)
Interest expense	61,640,732	30,127,658
Provision for doubtful debts (net)	33,838,002	(3,780,963)
Loss on sale / discard of fixed assets (net)	843,513	1,341,198
Operating Profit before Working Capital Changes	(41,071,272)	(222,280,284)
Adjustments for:		
Decrease / (Increase) in trade and other receivables	(171,177,141)	(141,698,603)
Decrease / (Increase) in Inventories	(16,710,309)	(87,286,752)
Increase / (Decrease) in Trade and other payables	191,494,521	131,152,963
Cash Generated from Operations	(37,464,201)	(320,112,676)
Direct Taxes paid	(11,148,896)	(5,827,486)
Net Cash from/(used in) Operating Activities (A)	(48,613,097)	(325,940,162)
B. Cash Flow from Investing Activities		
Purchase of fixed assets (including Capital Work in Progress)	(1,697,346,488)	(358,177,686)
Sale of fixed assets	1,980,033	42,608
Interest received	3,759,841	3,761,327
Investments in bank deposits	(13,977,700)	9,626,754
Investments in bank deposits (having original maturity of more than 12 months)	22,743,750	(7,070,508)
Net Cash from/(used in) Investing Activities (B)	(1,682,840,564)	(351,817,505)

	2013 ₹	2012 ₹
C. Cash Flow from Financing Activities		
Proceeds from issue of share capital	6,524,970	-
Proceeds from intercorporate deposits	1,112,919,920	263,183,654
Repayment of intercorporate deposits	(379,314,817)	-
Proceeds from long-term borrowings	1,170,587,419	650,058,612
Repayment of long-term borrowings	(125,000,000)	(125,000,000)
Interest paid	(66,154,491)	(7,001,264)
Net Cash from/(used in) Financing Activities (C)	1,719,563,001	781,241,002
Net Cash flow during the year (A+B+C)	11,890,660	103,483,335
Cash and cash equivalents at the beginning of the year	133,552,853	30,069,518
Net cash and cash equivalents	121,662,193	133,552,853
Add: Balances earmarked	24,764,768	10,787,068
Cash and bank balances at the end of the year	146,426,961	144,339,921

Notes

1 Previous years figures have been regrouped, recast wherever necessary

As per our attached report of even date

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

Sanjay Kothari
Partner
Membership Number 048215

Place: Mumbai
Date: 29 May, 2013

For and on behalf of the Board

Himanshu Mody
Director

Umesh Pradhan
Manager &
Chief Financial Officer

Surjit Banga
Director

Samir Raval
Company Secretary

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ZEE LEARN LIMITED

Regd. Office: Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai - 400 018.

ATTENDANCE SLIP (To be presented at the entrance)

I hereby record my presence at the Third Annual General Meeting of the Company held on Wednesday, August 7, 2013 at 11.00 a.m. at the 'Hall of Harmony', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018.

.....

Name of the Shareholder/Proxy (in block letters)

.....

Signature of Shareholder/Proxy

Folio No.

DP ID No.

Client ID No.

No. of Shares

Note : Please carry your copy of Annual Report at the Annual General Meeting



ZEE LEARN LIMITED

Regd. Office: Continental Building, 135, Dr. Annie Besant Road, Worli, Mumbai - 400 018.

PROXY FORM

I/We..... of.....

..... being member/members of

ZEE LEARN LIMITED hereby appoint

of

him/her..... or failing

..... of.....

..... as my/our proxy to attend and vote for

me/us on my/our behalf at the Third Annual General Meeting of the Company to be held on Wednesday, August 7, 2013 at 11.00

a.m. at the 'Hall of Harmony', Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018, and at any adjournment(s) thereof.

Signed this.....day of....., 2013.

Signature of Shareholder.....

Folio No.

DP ID No.

Client ID No.

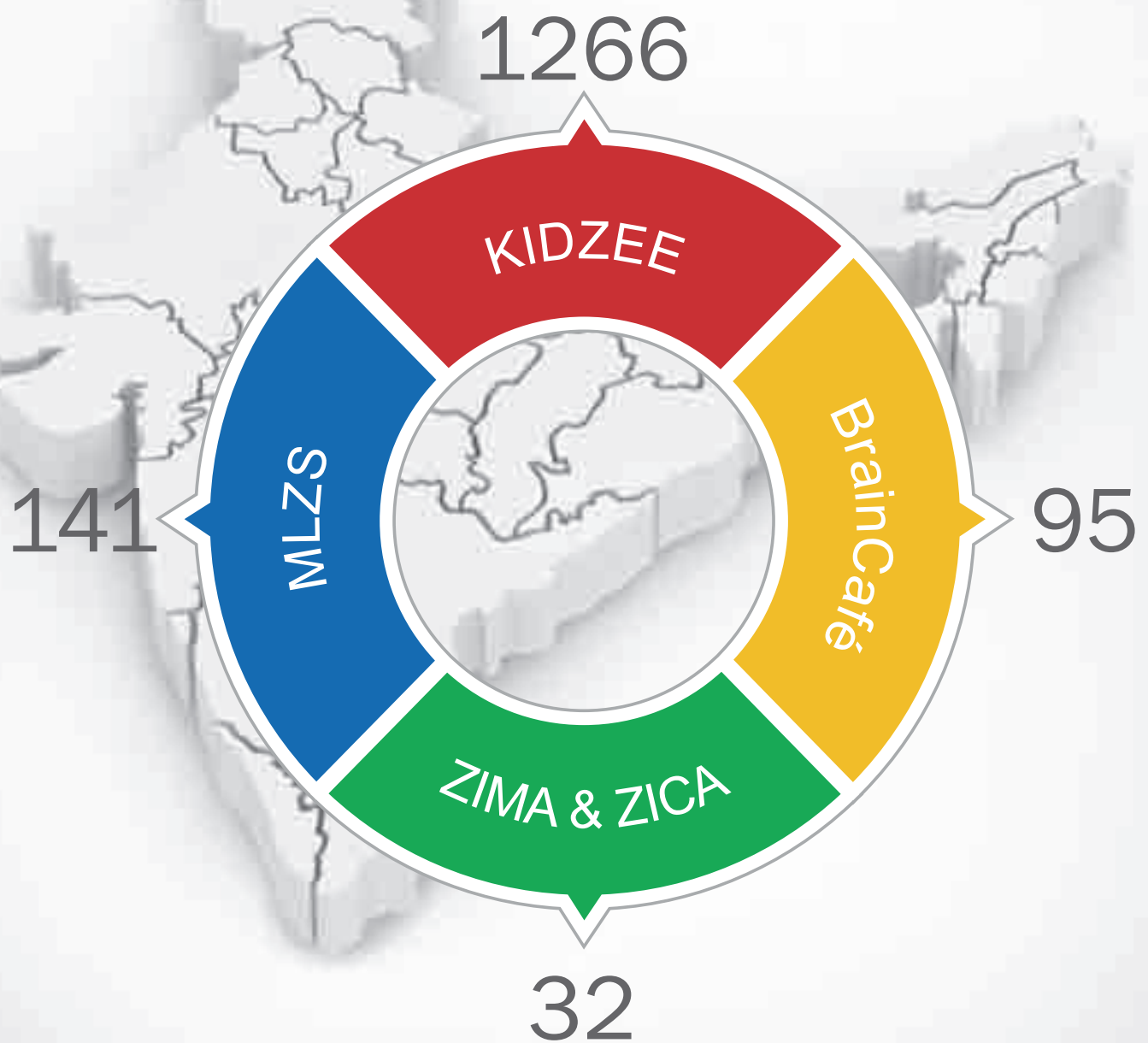
No. of Shares

₹1/-
Revenue
Stamp



NOTE: The Proxy completed in all respects must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding of the meeting.

Zee Learn





Zee Learn Limited

Registered Office

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

Corporate Office

Level 6, Fun Republic, Off. New Link Road,
Andheri (West), Mumbai - 400 053.

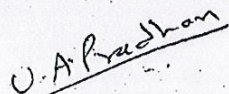
www.zeelearn.com

FORM A

Covering letter of the annual audit report to be filed with the stock exchanges

1	Name of the Company	Zee Learn Limited
2	Annual financial statements for the year ended	31 st March 2013
3	Type of Audit observation	Company is in the regime of unqualified
4	Frequency of observation	Not Applicable
5	To be signed by - <ul style="list-style-type: none">• CEO/Managing Director• CFO• Auditor of the company• Audit Committee Chairman	

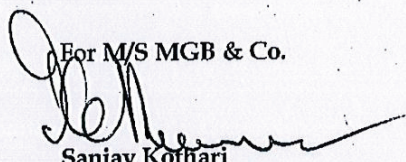
For Zee Learn Limited



Umesh Pradhan

Manager & Chief Financial Officer

For M/S MGB & Co.



Sanjay Kothari

Partner

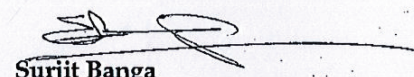
Statutory Auditors

Chartered Accountants

Firm Registration No. 101169W

Membership No. 048215

For Zee Learn Limited



Surjit Banga

Director & Audit Committee

Chairman