



ZEE NEWS LIMITED

EARNINGS RELEASE FOR THE SECOND QUARTER ENDED SEPTEMBER 30, 2011

NET PROFIT OF RS. 59.4 MN WITH YOY GROWTH OF 85%

ADVERTISING REVENUES OF INR 486.5 MILLION

EBITDA OF INR 85.1 MILLION

SUBSCRIPTION REVENUE OF INR 160.1 MILLION

CONSOLIDATED REVENUES OF INR 791.3 MILLION

Operating Highlights

- ❖ The Advertising revenues recovered strongly to register a YoY growth of 19.5%. Advertising revenue stood at Rs. 486.5 million for the quarter ended September 30, 2011 and constituted 61.5% of the total revenue.
- ❖ The overall revenues increased by 28.5% to Rs. 791.3 mn. This included a one time transaction of sale of programmes and film rights from Zee Tamil to ZEEL.
- ❖ Subscription revenue for Q2 was Rs. 160.1 mn which constituted 20.2% of the total revenue. While, the Subscription revenue figures showed degrowth 17.5%, they have been booked net of expenses. This change has been necessitated due to the formation of Media Pro, a joint venture, which pays subscription revenues to ZEE, net of expenses. Hence, the numbers are not comparable to those of corresponding period last year.
- ❖ EBITDA for the second quarter overall stood at Rs. 85.1 million, up 21.2% from last year's figures of Rs. 70.2 mn.

- ❖ The existing news channels Zee News, Zee Business, Zee 24 Taas, Zee Punjabi & 24 Ghanta reported EBITDA of Rs. 146.0 mn.

NOIDA, India; October 19, 2011 – Zee News Limited (ZNL) (BSE: 532794, NSE: ZEENEWS) today reported second quarter fiscal 2012 consolidated revenues of Rs. 791.3 million. Consolidated EBITDA stood at Rs. 85.1 million.

Net Profit before tax stood at Rs. 59.4 million. The Board of Directors, in its meeting held today, has approved and taken on record the Un-audited financial results of ZNL for the quarter ended on September 30, 2011.

Mr. Subhash Chandra, Chairman, ZNL, said, “The Company has posted encouraging results in second quarter of FY12 with 19.5% growth in advertisement sales. This growth is significant especially as the economy and media sector have been facing a slowdown in recent times. While high inflation still plagues the economy, we hope to ride the somewhat recovery trend in our segment with the ongoing festival season. Meanwhile, the management remains committed to sticking to fundamentals and current deliverables, a policy which has helped the Company wade through choppy waters of the recent months.”

He continued, “The performance, so far, post demerger encourages the management to evaluate judicious expansion possibilities. After all, it is the strength of a balanced bouquet which has enabled Zee News Limited to show encouraging financial performance.”

Mr. Punit Goenka, Managing Director, ZNL, said, “As promised in the last quarter, your Company has delivered growth in this one. This is noteworthy, especially as we operate in the highly cluttered news broadcasting arena. Our prudence related with costs and operational efficiencies along with an aggressive and innovative approach in Sales have helped us surge ahead. I am confident that with Media Pro Enterprise Limited consolidating operations after the transient merger period; we would gain further efficiencies in distribution and carriage fees. It may also be mentioned that the clearance of cable digitization by the Union Cabinet is another positive step towards making the environment more conducive to having relevant news channels with substantial subscription revenues.”

He added, “Besides, the proposed stricter norms for new entrants and new channels notified by the Ministry of Information and Broadcasting have attempted to address one of industry’s biggest challenges – the one related with the mushrooming of small and non-serious players; and thus should be welcomed.”

Mr. Barun Das, CEO, ZNL, said, “The good news is that news GRPs nationwide have shown an upswing. However, advertising scenario in the industry is not as encouraging as we

envisaged at the beginning of the financial year, especially financial services advertising has been slow. To counter this, we have robust plans to maintain advertising growth in the coming quarters. In addition, we expect traction in subscription revenues through Media Pro Enterprise Limited indicating a further improvement. While there is a fear of recession in the air, we are confident on the results expectations for the rest of the year. Also, we are on the drawing board with certain expansion plans since one of the Critical Success Factors for Zee News Limited has been its bouquet strength.”

Condensed Consolidated Statement of Operations

The table below presents the condensed consolidated statement of operations for Zee News Limited and its subsidiary for the second quarter FY 2012.

Consolidated Financials

(Rs. Million)	2nd Quarter ended		% Growth YoY	Upto 2nd Quarter ended		% Growth YoY
	Sep-11	Sep-10		Sep-11	Sep-10	
Operating Revenue	791.3	615.9	28.5%	1,427.9	1,264.4	12.9%
Expenditure	706.2	545.7	29.4%	1,266.2	1,112.9	13.8%
EBITDA	85.1	70.2	21.2%	161.7	151.5	6.7%
Less: Depreciation	26.9	23.9	12.6%	53.1	50.9	4.4%
Less: Finance Expenses	3.1	37.6	-91.8%	4.6	68.9	-93.4%
Add: Other Income	4.3	23.4	-81.8%	6.2	55.8	-88.8%
Net Profit before Tax	59.4	32.1	85.0%	110.2	87.5	26.0%

Consolidated Financials (Break up of Revenues)

(Rs. Million)	2nd Quarter ended		% of Total Revenues		% Growth YoY
	Sep-11	Sep-10	Sep-11	Sep-10	
Advertising Revenue	486.5	407.2	61.5%	66.1%	19.5%
Subscription Revenue	160.1	194.1	20.2%	31.5%	-17.5%
Other Sales & Services*	144.7	14.6	18.3%	2.4%	893.3%
Total Revenues	791.3	615.9	100.0%	100.0%	28.5%

Consolidated Financials (Break up of Expenditures)

(Rs. Million)	2nd Quarter ended		% of Total Expenditure		% Growth YoY
	Sep-11	Sep-10	Sep-11	Sep-10	
Cost of Goods & Operations*	247.4	155.1	35.0%	28.4%	59.6%
Employee Cost	190.6	171.1	27.0%	31.4%	11.4%
Other Expenses	268.2	219.5	38.0%	40.2%	22.2%
Total Expenses	706.2	545.7	100.0%	100.0%	29.4%

* Subsequent to Zee Tamil discontinuance, the company has transferred part of inventory of programs and films related to Zee Tamil to ZEEL of Rs. 124.2 mn. Accordingly, Other Sales & Services as well as Cost of Goods & Operations are higher by this amount for the quarter and up to the quarter.

Consolidated Financials (Break up of Revenues)

(Rs. Million)	Upto 2nd Quarter ended		% of Total Revenues		% Growth YoY
	Sep-11	Sep-10	Sep-11	Sep-10	
Advertising Revenue	923.0	859.4	64.6%	68.0%	7.4%
Subscription Revenue**	341.6	374.5	23.9%	29.6%	-8.8%
Other Sales & Services	163.3	30.5	11.4%	2.4%	435.1%
Total Revenues	1,427.9	1,264.4	100.0%	100.0%	12.9%

**Operating revenues and expenditure for Q2 FY2012 are not comparable to those for Q2 FY2011 because of the change in accounting treatment of domestic subscription revenues, which are now being reported net of expenses. This change has been necessitated due to the formation of Media Pro, a joint venture, which pays subscription revenues to ZEE net of expenses.

Consolidated Financials (Break up of Expenditures)

(Rs. Million)	Upto 2nd Quarter ended		% of Total Expenditure		% Growth YoY
	Sep-11	Sep-10	Sep-11	Sep-10	
Cost of Goods & Operations	352.5	282.8	27.8%	25.4%	24.6%
Employee Cost	380.5	336.7	30.1%	30.3%	13.0%
Other Expenses	533.2	493.4	42.1%	44.3%	8.1%
Total Expenses	1,266.2	1,112.9	100.0%	100.0%	13.8%

Consolidated Financials

(Rs. Million)	2nd Quarter FY 2011			2nd Quarter FY 2010			Growth		
	Existing	New	Total	Existing	New	Total	Existing	New	Total
Total Revenue	636.1	155.2	791.3	578.4	37.5	615.9	10.0%	314.0%	28.5%
Total Expenses	490.1	216.1	706.2	391.7	154.0	545.7	25.1%	40.3%	29.4%
EBITDA	146.0	(60.9)	85.1	186.7	(116.5)	70.2	-21.8%	47.8%	21.3%
EBITDA Margins	22.9%	-39.2%	10.8%	32.3%	-310.7%	11.4%			

Consolidated Financials

(Rs. Million)	Upto 2nd Quarter FY 2011			Upto 2nd Quarter FY 2010			Growth		
	Existing	New	Total	Existing	New	Total	Existing	New	Total
Total Revenue	1,244.5	183.4	1,427.9	1,192.2	72.2	1,264.4	4.4%	154.2%	12.9%
Total Expenses	959.4	306.8	1,266.2	797.2	315.7	1,112.9	20.4%	-2.8%	13.8%
EBITDA	285.1	(123.4)	161.7	395.0	(243.5)	151.5	-27.8%	49.3%	6.7%
EBITDA Margins	22.9%	-67.3%	11.3%	33.1%	-337.5%	12.0%			

Corporate Developments

Media Pro: On 26th May 2011, ZEE had announced formation of Media Pro Enterprise India Private Limited as a joint venture between Zee-Turner and Star-Den. Media Pro started operations from July 1, 2011. The financial result of second quarter of ZEE includes Net subscription revenues as received from Media Pro, which is net of expenses incurred by Media Pro. As a result, the recognition of revenues from domestic subscription business is now being done net of expenses. Hence, subscription revenues are not comparable to those in the previous quarters.

Business Highlights

- ❖ The revenue growth was all round performance with most of the channels contributing to the revenue growth.
- ❖ 'Ananya Samman' has truly become a national brand after venturing into South recently. It now has a pan India presence through Zee News, North through Zee News UP/Uttarakhand, East through 24 Ghanta, West through Zee 24 Taas and South through Zee 24 Gantalu. We expect to make several such properties like *Udyami Samman*, *Aapla Shahar Aapla Awaaz* (My City My Voice) national over the coming quarters.

- ❖ Zee News Limited remains as one of the leading News Networks and was no. 2 in Time Spent per Viewer for the Core TG of CS 25+ AB. (Source: TAM-Qtr2-FY 2011-12, Week 27-40, TG: CS 25+ AB)
- ❖ The flagship channel Zee News continued its focus on sensible and credible content and presented in-depth views on all major events which helped it gain devoted viewership, especially in the Metros. Zee News was no. 1 channel during content. (Source: TAM, Week 17-40, News Content Share, TG: CS 25+ AB, HSM). The channel also had exceptional performance during Anna Hazare Fast reinforcing that whenever there is a hard news relevant to the viewer, Zee News comes out on top.

With commitment towards the society as the core objective, Zee News has always been at the forefront of spreading awareness on issues of national and social significance. 'My Earth My Duty', India's largest climate change awareness drive was rolled out by Zee News. Keeping abreast with the changing scenario, Zee News has launched its new base line 'Jazba Soch Ka' or 'The Power of Thought', driving the thought leadership stance to action.

- ❖ Zee Business, which is closely followed in the stock market band, was a clear No. 2 for entire day as well in its genre with 19.7% relative share. (Source: TAM-Qtr2-FY 2011-12, Week 27-40, TG: CS 25+ M ABC).

Zee Business continued with its legacy of creating content and engagements relevant to its core target audience - the retail investor. Zee Business joined hands with world's leading self regulatory professional body - RICS to introduce the 'Zee Business - RICS Real Estate Awards', Zee Business monthly commodity investor education series – 'Beyond Mandi' continued across 3 cities as a monthly series. Another property named 'Investor Ki Kahaani Uski Zubaan' was launched which focused how to overcome common mistakes made by the investors. Season 2 of the popular Financial Markets reality Show 'Hunt for India's Smart Investor' was also kicked off.

- ❖ 24 Ghanta was the No. 1 in West Bengal in terms of Relative Share with the channel garnering 24.7% in the core TG. (Source: TAM- Qtr2-FY 11-12, Week 27-40, TG: CS 25+ M AB).

The flagship event of the channel, 'Ananya Samman' was held in August. India's greatest singer Smt. Lata Mangeshkar was honoured with lifetime achievement honour apart from unsung heroes from West Bengal, who have made significant contributions to the society at large. In addition, special programming leading to Durga Pujo was unveiled towards the end of September.

- ❖ Zee 24 Taas remains popular in Mumbai. The channel was No. 2 in the Mumbai market in terms of Relative Share, which stood at 30.8%. (Source: TAM- Qtr2-FY 11-12, Week 27-40, CS 15+, Mumbai).

The channel continued to strike its chord amongst the Mumbaikars as well as rest of Maharashtrians. A highly effective multimedia campaign called 'Sansanit Kanakhali' (One Tight Slap) forcing accountability for the sorry state of Mumbai roads during monsoons was launched leading to huge responses as well as a constructive reaction from the Administration. There were a number of events executed during the Ganapati Festival.

- ❖ Among the newly launched news channels, Zee News UP/Uttarakhand stayed the unquestionable No. 1 in the cowbelt region in terms of Relative Share which was 33.7%. (Source: TAM- Qtr2-FY 11-12, Week 27-40, TG: CS 15+).

The channel has initiated a number of first of its kind market building, brand building and revenue building activities which are paying rich dividends.

- ❖ The other newly launched news channel, Zee 24 Gantalu convened Ananya Samman called 'Animuthyalu' wherein well-known personalities as well as various unsung heroes of Andhra Pradesh were honoured.
- ❖ Zee Punjabi finally got switched on in Punjab after three years of switch off. We expect further viewership and revenue traction in the coming quarters in the state.
- ❖ Zee Business, through a Group association, is now available in USA and is being highly complimented by the viewers across USA.

Channel Portfolio

National News Channels



Regional News Channels



Note: This earnings release contains results that are un-audited, and prepared as per Indian Generally Accepted Accounting Principles (GAAP).

Caution Concerning Forward-Looking Statements

This document includes certain forward-looking statements. These statements are based on management's current expectations or beliefs, and are subject to uncertainty and changes in circumstances. Actual results may vary materially from those expressed or implied by the statements herein due to changes in economic, business, competitive, technological and/or regulatory factors. Zee News Limited is under no obligation to, and expressly disclaims any such obligation to, update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

About Zee News Limited Zee News Limited is the leading news network of India. It has a unique cluster of news, current affairs and regional news channels, which includes Zee News, Zee Business, Zee Punjabi, Zee 24 Taas, Zee 24 Gantalu & Zee News U.P More information about Zee News Limited and its businesses is available on www.zeenews.com.