



ZEE NEWS LIMITED

EARNINGS RELEASE FOR THE QUARTER ENDED DECEMBER 31, 2009

3Q FY 10 ADVERTISING REVENUES OF Rs. 1.4 BILLION, UP 25.6% YOY

SUBSCRIPTION REVENUES OF Rs. 281 MILLION, UP 18.8% YOY

CONSOLIDATED REVENUES OF Rs. 1.7 BILLION, UP 19.3% YoY

EBITDA OF Rs. 364 MILLION, UP 21.6% YoY

EBITDA MARGIN AT 21.3%

NET PROFIT OF Rs. 191 MILLION, UP 26.7% YoY

Highlights

- ❖ Advertising revenues were Rs 1.4 billion for the quarter ended December 31, 2009, an increase of 25.6% as compared to the corresponding period last fiscal.
- ❖ Subscription revenues were Rs 281 million for the quarter ended December 31, 2009, an increase of 18.8% as compared to the corresponding period last fiscal.
- ❖ EBITDA was Rs 364 million for the quarter ended December 31, 2009, an increase of 21.6% as compared to the corresponding period last fiscal. EBITDA margin stood at 21.3%. Net Profit after tax was Rs 191 million as against Rs 151 million in the corresponding period last fiscal.
- ❖ The existing news operations comprising of Zee News, Zee Business, Zee 24 Taas and 24 Ghanta recorded a sequential growth in revenue and EBITDA.
- ❖ All channels' viewership share of ZNL channels in the total C&S Universe grew to 4.7% in Q3 FY10 as compared to 4.4% in the corresponding period last fiscal.
- ❖ Amongst the newly launched news channels, 'Zee News U.P' has often emerged as the market leader in terms of share and time spent and is targeting break-even in a record time amongst any regional news channel.
- ❖ Amongst the existing regional GECs, 'Zee Marathi' maintained its leadership position in the Maharashtra market and 'Zee Bangla' continues to be the favourite pick of advertisers.
- ❖ 'Zee Telugu' continued with its exponential growth after breaking – even last year while 'Zee Kannada' saw a remarkable increase in its fiction GRPs during the quarter. It ended the quarter with a steady average weekly GRP of 40 from fiction properties.

NOIDA, India; January 22, 2010 – Zee News Limited (ZNL) (BSE: 532794, NSE: ZEENEWS) today reported third quarter fiscal 2010 consolidated revenues of Rs. 1.7 billion, representing a 19.3% growth over the corresponding period last fiscal. Consolidated EBITDA stood at Rs. 364 million, up 21.6% over

Zee News Limited

135, Continental Building, Dr. Annie Besant Road, Worli, Mumbai 400 018, India
Tel: +91 22 6697 1234

the corresponding period last fiscal and net profit increased by 26.7% year on year. 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 December 31, 2009.

Mr. Subhash Chandra, Chairman, ZNL, stated, "As we move towards an era of digitization and convergence, the efficiency and viability of any television news company would largely depend on its network strength. Zee News Limited with its diverse regional news bouquet will certainly have an edge over other players in the genre. To further build on its existing strength, ZNL now is on the path to consolidate its news operations and unlock tremendous cost and synergy benefits going forward. Zee News Limited has with it all essential pre-requisites that would make it a news powerhouse going forward and the next media explosion driven by digitization would surely help this process catch up speed."

Commenting on the third quarter performance, Mr. Chandra said, "The Company has maintained its growth momentum and going forward, with renewed focus on brand- building, programming and positioning each of our channels should capture a bigger market share both in terms of viewership and revenue."

Mr. Laxmi Narain Goel, Managing Director, ZNL, said, "We have seen a positive overall environment that has driven growth across most of our channels in the third quarter. This can be attributed to a healthy increase in both subscription and advertising revenues this quarter."

"Each of our channels continues to be a dominant player in the respective genre. The flagship Zee News has the top of the mind recall for viewers when it comes to watching reliable and unbiased Hindi news content. Zee Business frequently emerges India's No.1 business channel amongst various Industry benchmarks. For the year 2009, the channel had an average 37% channel share during business prime time amongst the core business news audience. Zee 24 Taas was recently re-launched with a completely new look and feel. Our Bengali News channel 24 Ghanta is the undisputed leader in prime-time in Kolkata and a perpetual leader in terms of its sheer reach in the Bengal market. Ever since launch in April last year, Zee News U.P has been further accentuating our strength in the cow-belt in the country and holds tremendous promise going forward. Zee Tamil would soon become a pre-dominantly news channel and would see substantial reduction in costs going forward. The channel recorded more than 100% growth in GRP during the third quarter and is expected to continue the good show. The regional GECs continued gaining traction in their respective genres." Mr. Goel added.

Mr. Barun Das, CEO, ZNL, said, "Zee News Limited has time and again delivered on the promised growth and I am glad with the trust which the company has been able to build amongst all its stakeholders. The third quarter of this fiscal has been eventful, our team is now fully charged up for the next big leap to take the company where no news organization in the country has ever ventured before. Our diversified presence, network strength, revenue composition, cost efficacy and well-laid out

expansion plan will be the key drivers of our growth going forward. As in the past, our expansion plan would be chalked out keeping the current deliverables on top-priority.”

“At the exit of the quarter, ZNL had already emerged as the No. 1 News Network in the country in viewership terms. This is a significant achievement and going forward, it is going to be the key growth driver of the company.” Mr. Das added.

Condensed Consolidated Statement of Operations

The table below presents the condensed consolidated statement of operations for Zee News Limited and its subsidiary for the third quarter FY 2010 as compared to the corresponding period last fiscal.

(Rs. Million)	3rd Quarter ended		% Growth YoY	Upto 3rd Quarter ended		% Growth YoY
	Dec-09	Dec-08		Dec-09	Dec-08	
Operating Revenue	1,706.0	1,429.8	19.3%	4,692.5	3,836.6	22.3%
Expenditure	1,342.4	1,130.8	18.7%	3,823.4	3,151.0	21.3%
EBITDA	363.6	299.0	21.6%	869.1	685.6	26.8%
Less: Depreciation	28.8	23.3	23.5%	89.8	66.6	34.7%
Less: Finance Expenses	80.1	93.0	-13.8%	228.2	120.7	89.2%
Add: Other Income	47.3	61.1	-22.6%	134.6	77.0	74.8%
Net Profit before Tax	302.0	243.8	23.9%	685.7	575.3	19.2%
Provision for Tax	101.5	94.2	7.8%	230.8	219.1	5.3%
Minority Interest	9.0	(1.6)		12.7	(2.8)	
Profit After Tax	191.5	151.2	26.7%	442.2	359.0	23.2%

Revenue Streams

ZNL’s revenues are generated primarily from advertising sales and subscription income. The table below will enable a better understanding of the performance of the various revenue streams for the third quarter ended December 31, 2009.

(Rs. Million)	3rd Quarter ended		% of Total Revenues		% Growth YoY
	Dec-09	Dec-08	Dec-09	Dec-08	
Advertising Revenue	1,402.0	1,116.5	82.2%	78.1%	25.6%
Subscription Revenue	280.6	236.2	16.4%	16.5%	18.8%
Other Sales & Services	23.4	77.1	1.4%	5.4%	
Total Revenues	1,706.0	1,429.8	100.0%	100.0%	19.3%

Expenditure

ZNL's main expenses include goods and operations cost, employee cost and administrative & selling expenses. The table below sets forth the percentage of cost that each type contributed to the consolidated expenses in the 3Q FY10 as compared to the corresponding period last fiscal.

(Rs. Million)	3rd Quarter ended		% of Total Expenditure		% Growth YoY
	Dec-09	Dec-08	Dec-09	Dec-08	
Cost of Goods & Operations	637.1	565.4	47.5%	50.0%	12.7%
Employee Cost	205.6	146.1	15.3%	12.9%	40.7%
Other Expenses	499.8	419.3	37.2%	37.1%	19.2%
Total Expenses	1,342.5	1,130.8	100.0%	100.0%	18.7%

Revenue and Operating Profits

The tables below present a comparison of the performance of existing businesses v/s new businesses (excluding the channel 24 Ghanta) for and upto the third quarter ended December 31, 2009.

(Rs. Million)	3rd Quarter FY 2010			3rd Quarter FY 2009			Growth		
	Existing	New	Total	Existing	New	Total	Existing	New	Total
Total Revenue	1,153.9	492.7	1,646.6	1,089.5	303.1	1,392.6	5.9%	62.6%	18.2%
Total Expenses	784.6	522.5	1,307.1	688.5	403.1	1,091.5	14.0%	29.6%	19.7%
EBITDA	369.3	(29.8)	339.5	401.0	(100.0)	301.1	-7.9%	-70.2%	12.8%
EBITDA Margin	32.0%	-6.1%	20.6%	36.8%	-33.0%	21.6%			

(Rs. Million)	Upto 3rd Quarter FY 2010			Upto 3rd Quarter FY 2009			Growth		
	Existing	New	Total	Existing	New	Total	Existing	New	Total
Total Revenue	3,218.7	1,316.1	4,534.8	3,095.8	631.9	3,727.6	4.0%	108.3%	21.7%
Total Expenses	2,076.6	1,625.6	3,702.2	2,029.9	1,010.1	3,040.1	2.3%	60.9%	21.8%
EBITDA	1,142.1	(309.5)	832.6	1,065.8	(378.2)	687.5	7.2%	-18.2%	21.1%
EBITDA Margin	35.5%	-23.5%	18.4%	34.4%	-59.9%	18.4%			

Corporate developments during 3Q FY2010

1. Status of the proposed de-merger of the Regional Entertainment Channels from Zee News Limited

The Board of Directors of the company in its meeting held on 29th October, 2009 had approved the proposed share swap ratio by Zee Entertainment Enterprises Limited (ZEEL) for the de-merger of Zee News Limited's (ZNL) regional entertainment business to ZEEL. The proposed de-merger includes six television channels (Zee Marathi, Zee Bangla, Zee Talkies, Zee Telugu, Zee Kannada and Zee Cinemalu)

along with the assets and liabilities pertaining to these businesses. The proposed de-merger would be funded by issuance of new shares by ZEEL to shareholders of ZNL and the share swap ratio has been proposed at 4 equity shares of Rupee 1/- each of ZEEL for 19 equity shares of Rupee 1/- each held in ZNL, as a consideration for the de-merger of the regional entertainment business undertaking.

A court convened meeting of the members of the company was held on 29th December, 2009 and the resolution for approving the arrangement embodied in the Scheme of Arrangement between ZNL, ZEEL and their respective Shareholders, under Section 391 to 394 and other applicable provisions of the Companies Act, 1956, was passed by the members of the company with requisite majority.

The appointed date for the de-merger of regional entertainment business is January 1, 2010. The entire process of approvals is expected to be completed by March 2010.

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 one of India's leading media and entertainment companies. It has a unique cluster of news & current affairs and regional entertainment channels, which includes Zee News, Zee Business, Zee Marathi, Zee Bangla, Zee Punjabi, Zee 24 Taas, Zee Kannada, Zee Telugu, Zee Tamil, Zee Talkies, Zee 24 Gantalu & Zee News U.P More information about Zee News Limited and its businesses is available on www.zeenews.com.