



ZEE NEWS LIMITED

EARNINGS RELEASE FOR THE QUARTER ENDED SEPTEMBER 30, 2009

**ZNL TO UNLOCK VALUE FOR SHAREHOLDERS; SEEKS APPROVAL FOR
DIVESTING REGIONAL ENTERTAINMENT CHANNELS
ZNL BOARD DIRECTS MANAGEMENT TO PROVIDE GROWTH PLAN FOR NEXT 3
YEARS
2Q FY 10 CONSOLIDATED REVENUES OF Rs. 1.6 BILLION, UP 26.3%
EBITDA OF Rs. 258 MILLION, UP 21.8%
NET PROFIT OF Rs. 131 MILLION, UP 14.7%**

Highlights

- ❖ ZNL today announced its plans to divest its regional entertainment channels to ZEEL which will unlock the hidden value of the assets in the hands of shareholders.
- ❖ Management to submit detailed 3 year growth plan in the coming Board meeting.
- ❖ Advertising revenues were Rs 1.3 billion for the quarter ended September 30, 2009, an increase of 26.4% as compared to the corresponding period last fiscal.
- ❖ Subscription revenues were Rs 276 million for the quarter ended September 30, 2009, an increase of 17.8% as compared to the corresponding period last fiscal.
- ❖ EBITDA was Rs 258 million for the quarter ended September 30, 2009, an increase of 21.8% as compared to the corresponding period last fiscal. Net Profit after Tax was Rs. 131 million as against Rs. 115 million in the corresponding period last fiscal.
- ❖ 'Zee Marathi' further cemented its leadership position by garnering 242 average weekly GRPs during the second quarter. 'Zee Bangla' showed steady growth in its endeavor to regain the leadership position. 'Zee News' has embarked on a serious brand building activity to re-enforce its imagery leadership. The 'Zee News India First' initiative has caught the nation's attention.
- ❖ 'Zee Business' established its leadership amongst all business channels in the country during the stock market hours – the prime time for any business channel.
- ❖ Amongst the new businesses 'Zee Telugu', continuing the uphill trend, crossed the 400 GRPs benchmark twice and registered an 8% increase in its average weekly time spent per viewer at the end of this quarter. 'Zee Kannada' emerged stronger and ended the second quarter with an average of 221 GRPs as against 165 GRPs in the previous quarter.

Zee News Limited

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MUMBAI, India; October 23, 2009 – Zee News Limited (ZNL) (BSE: 532794, NSE: ZEENEWS) announced results for another blockbuster quarter today. The company reported second quarter fiscal 2010 consolidated revenues of Rs. 1.6 billion, representing a robust 26.3% growth over the corresponding period last fiscal. Consolidated EBITDA stood at Rs. 258 million, up 21.8% over the corresponding period last fiscal and net profit increased by 14.7% 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 September 30, 2009. The Board also gave its in-principle approval to a possible re-structuring exercise wherein ZNL will divest its regional entertainment channels to ZEEL.

Mr. Subhash Chandra, Chairman, ZNL, said, “Regional media has now firmly established itself to be the growth driver of the Indian media industry. Regional trends in television have opened up a world of opportunities for the existing as well as new players. Notwithstanding economic slowdown, regionalization of news and entertainment has enabled ZNL to consistently deliver on its promised growth. Our sustained investment in news capabilities to further build on the strength of our PAN-India news network is bound to deliver enhanced shareholder value going forward.”

Commenting on the second quarter numbers, Mr. Chandra added, “While the world is now coming out of economic challenges, our second quarter numbers are once again, re-assuring. This quarter saw the regional entertainment channels witness improving conditions and growth while news channels continued on their growth trajectory. Encouraging numbers posted by newer channels on their course to become driver channels is heartening.”

“Zee News Limited is on its path to become a news powerhouse in the times to come. It would be expanding its presence in the news media space in a very big way,” added Mr. Chandra

Mr. Laxmi Narain Goel, Managing Director, ZNL, said, “Our excellent second quarter numbers, in continuation with our performance during all previous quarters is not only a testimony to our robust business practices and plans but also speaks volumes about our focus on current deliverables. While the new businesses have recorded more than 100% growth in top-line, their operating losses in this quarter have largely been maintained in line with the corresponding quarter last fiscal.”

“The traction gained by our news businesses is commendable. The flagship Zee News stands out amongst competition when it comes to delivering sensible news. Zee Business is now a dominant player in the business channel genre, the channel has taken business viewership to a whole new set of small and medium retail investors for whom the channel is now a must watch. Zee 24 Taas continued to be a dominant player in the now growing, Marathi news market. 24 Ghanta, our Bengali news channel retained leadership position during the quarter with 46% channel share each in West Bengal and Kolkata. Having experienced stability post a period of perceptible economic slowdown, the growth in existing businesses in the second half is expected to be of better quality though our judicious approach towards cost elements helped them record a YoY EBITDA growth of 12%.” Mr. Goel added.

EARNINGS RELEASE FOR THE QUARTER ENDED SEPTEMBER 30, 2009

Mr. Barun Das, CEO, ZNL, said, "Zee News Limited has always gone that extra mile to outperform the market growth rate and build on its competitive strength. Having gained significant traction in our news businesses, it was time for us to plan the next big leap. Our existing news operations continued with its dream run while the newly launched channels gained momentum as per our plan."

Commenting on the second quarter numbers, Mr. Barun Das added, "Our focus on improving operating efficiencies, balance sheet strength and viewership share with focus on multiple revenue streams should enable us improve our operating margins going forward."

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 2010 as compared to the corresponding period last fiscal.

(Rs. Million)	2nd Quarter ended		% Growth YoY	Upto 2nd Quarter ended		% Growth YoY
	Sep-09	Sep-08		Sep-09	Sep-08	
Operating Revenue	1,612.3	1,276.9	26.3%	2,986.4	2,406.8	24.1%
Expenditure	1,354.7	1,065.4	27.2%	2,481.0	2,020.1	22.8%
EBITDA	257.6	211.5	21.8%	505.5	386.7	30.7%
Depreciation	30.5	22.4	36.1%	61.0	43.3	40.8%
Operating Profit	227.2	189.1	20.1%	444.5	343.3	29.4%
Less: Finance Expenses	70.8	24.5	189.2%	148.1	27.7	435.1%
Add: Other Income	46.2	15.4	198.9%	87.3	15.9	448.7%
Net Profit before Tax	202.5	180.0	12.5%	383.7	331.6	15.7%
Provision for Tax	67.3	64.9	3.6%	129.4	125.0	3.5%
Minority Interest	3.7	0.4		3.7	(1.2)	
Profit After Tax	131.5	114.7	14.7%	250.6	207.8	20.6%

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 second quarter ended September 30, 2009.

(Rs. Million)	2nd Quarter ended		% of Total Revenues		% Growth YoY
	Sep-09	Sep-08	Sep-09	Sep-08	
Advertising Revenue	1,279.8	1,012.8	79.4%	79.3%	26.4%
Subscription Revenue	275.9	234.2	17.1%	18.3%	17.8%
Other Sales & Services	56.6	29.9	3.5%	2.3%	89.3%
Total Revenues	1,612.3	1,276.9	100.0%	100.0%	26.3%

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 2Q FY10 as compared to the corresponding period last fiscal.

(Rs. Million)	2nd Quarter ended		% of Total Expenditure		% Growth YoY
	Sep-09	Sep-08	Sep-09	Sep-08	
Cost of Goods & Operations	657.9	505.7	48.6%	47.5%	30.1%
Employee Cost	189.8	150.8	14.0%	14.2%	25.8%
Other Expenses	507.0	408.9	37.4%	38.4%	24.0%
Total Expenses	1,354.7	1,065.4	100.0%	100.0%	27.2%

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 second quarter ended September 30, 2009.

(Rs. Million)	2nd Quarter FY 2010			2nd Quarter FY 2009			Growth		
	Existing	New	Total	Existing	New	Total	Existing	New	Total
Total Revenue	1,075.9	482.5	1,558.4	1,032.3	204.3	1,236.6	4.2%	136.2%	26.0%
Total Expenses	717.8	593.8	1,311.6	711.7	315.8	1,027.5	0.9%	88.1%	27.7%
EBITDA	358.1	(111.3)	246.8	320.6	(111.4)	209.2	11.7%	-0.1%	18.0%
EBITDA Margin	33.3%	-23.1%	15.8%	31.1%	-54.5%	16.9%			

(Rs. Million)	Upto 2nd Quarter FY 2010			Upto 2nd Quarter FY 2009			Growth		
	Existing	New	Total	Existing	New	Total	Existing	New	Total
Total Revenue	2,064.9	823.4	2,888.3	2,006.2	328.8	2,335.0	2.9%	150.4%	23.7%
Total Expenses	1,292.0	1,103.2	2,395.1	1,341.5	607.1	1,948.5	-3.7%	81.7%	22.9%
EBITDA	772.9	(279.8)	493.1	664.8	(278.3)	386.5	16.3%	0.5%	27.6%
EBITDA Margin	37.4%	-34.0%	17.1%	33.1%	-84.6%	16.6%			

Corporate developments during 2Q FY2010

ZNL proposes to divest, subject to necessary approvals, its regional entertainment businesses. This 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 demerger would result in shareholders of ZNL getting new shares of ZEEL.

The Board of Directors has in-principle approved the demerger of the regional entertainment business from ZNL to ZEEL. The Board shall meet again to consider among other things the share swap ratio.

During FY 2009, the regional entertainment business had a turnover of Rs 3,403 million and an EBITDA of Rs 797 million and capital employed of Rs 2,319 million on March 31, 2009. During 1H FY2010, the regional entertainment business had a turnover of Rs 1,868 million and an EBITDA of Rs 597 million.

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.