October 17, 2011

Bombay Stock Exchange Limited.
National Stock Exchange of India Limited.

**Kind Attn. Corporate Relationship Department**

Dear Sir,

**Sub: Proceedings of the Board Meeting held on October 17, 2011**

Pursuant to Clause 41 of the Listing Agreement, the Board of Directors of the Company at their meeting held today, i.e. on October 17, 2011 have approved the Un-audited Financial Results for 2nd quarter of the financial year 2011-12 and half year ended on 30th September 2011.

Copy of the Financial Results, subjected to Limited Review by the Statutory Auditors of the Company, along with Earning Release is enclosed herewith.

Yours faithfully,
**ZEE ENTERTAINMENT ENTERPRISES LIMITED**

**M Lakshminarayanan**
**Executive Vice President & Company Secretary**

Zee Entertainment Enterprises Limited Mumbai

Encl. As above

# ZEE ENTERTAINMENT ENTERPRISES LIMITED

Regd. Office: 135, Continental Building, Dr. A. B. Road, Worli, Mumbai - 400 018
www.zeetelevision.com

## UNAUDITED CONSOLIDATED FINANCIAL RESULTS

Of Zee Entertainment Enterprises Ltd. and its Subsidiaries for the quarter / half year ended September 30, 2011

*₹ in Lacs*

| Particulars | Quarter ended September 30, (Unaudited) | | Half-year ended September 30, (Unaudited) | | Year ended March 31, (Audited) |
|---|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 | 2011 |
| **Sales and Services** | | | | | |
| Advertising Revenue (Net) | **39,493** | 41,215 | 77,367 | 78,905 | 1,70,099 |
| Subscription Revenue | **29,104** | 27,368 | 59,613 | 53,509 | 1,12,594 |
| Other Sales & Services | **3,241** | 2,574 | 4,687 | 6,441 | 18,663 |
| **Total Revenue** | **71,838** | **71,157** | **1,41,667** | **1,38,855** | **3,01,356** |
| **Expenditure** | | | | | |
| Prog. & Operating Cost | **32,238** | 34,575 | 66,466 | 65,077 | 1,43,694 |
| Staff Cost | **6,877** | 6,429 | 14,349 | 12,403 | 27,379 |
| Selling, Admin. & Other Exp. | **11,968** | 11,300 | 24,994 | 23,820 | 47,623 |
| Depreciation | **782** | 563 | 1,669 | 1,182 | 2,885 |
| **Total Expenditure** | **51,865** | **52,867** | **1,06,977** | **1,02,482** | **2,21,581** |
| **Operating Profit** | **19,973** | **18,290** | **34,690** | **36,373** | **79,775** |
| Interest / Other Income | **2,793** | 2,397 | 5,338 | 3,656 | 8,513 |
| **Profit before Finance Cost and Exceptional Items** | **22,766** | **20,687** | **40,028** | **40,029** | **88,288** |
| Finance Cost | **557** | 47 | 861 | 554 | 1,036 |
| **Profit before Exceptional Items** | **22,209** | **20,640** | **39,167** | **39,475** | **87,252** |
| Exceptional Item | **-** | - | - | 3,277 | 1,968 |
| **Profit before Tax** | **22,209** | **20,640** | **39,167** | **42,752** | **89,220** |
| Less : Provision for Tax | **6,212** | 8,010 | 10,154 | 15,112 | 28,126 |
| Add : Excess Provision for Tax (earlier years) written back | - | - | - | - | 1,419 |
| **Net Profit after Tax** | **15,997** | **12,630** | **29,013** | **27,640** | **62,513** |
| Minority Interest / Share of Results of Associates & Joint Ventures | **397** | 6 | 44 | (378) | (1,180) |

## CONSOLIDATED STATEMENT OF ASSETS AND LIABILITES

Of Zee Entertainment Enterprises Ltd. and its Subsidiaries

*₹ in Lacs*

| Particulars | As at Sept. 30, 2011 | As at Sept. 30, 2010 |
|---|---|---|
| | (Unaudited) | (Unaudited) |
| **Shareholder's Fund** | | |
| a) Share Capital | **9,662** | 4,890 |
| b) Reserves & Surplus | **3,20,095** | 4,01,596 |
| **Loan Funds** | **198** | 9,026 |
| Total | **3,29,955** | 4,15,512 |
| Fixed Assets | **87,910** | 1,95,286 |
| Investments | **79,026** | 79,814 |
| Deferred Tax Assets | **1,777** | 1,316 |
| Current Assets, Loans and Advances | | |
| a) Interest Accrued on Investment | **645** | 131 |
| b) Inventories | **59,403** | 46,860 |
| c) Sundry Debtors | **91,850** | 90,054 |
| d) Cash and Bank Balances | **16,507** | 17,313 |
| e) Loans and Advance | **51,433** | 48,045 |
| | **2,19,838** | 2,02,403 |
| Less : Current Liabilities and Provision | | |
| a) Current Liabilities | **57,625** | 52,371 |
| b) Provisions | **1,892** | 11,825 |
| | **59,517** | 64,196 |
| **Net Current Assets** | **1,60,321** | 1,38,207 |
| **Minority Interest** | **917** | 886 |
| Miscellaneous Expenditure | **4** | 3 |
| Total | **3,29,955** | 4,15,512 |

## STATEMENT OF ASSETS AND LIABILITES

Of Zee Entertainment Enterprises Ltd. Stand-alone

*₹ in Lacs*

| Particulars (Stand-alone Position) | As at Sept. 30, 2011 | As at Sept. 30, 2010 |
|---|---|---|
| | (Unaudited) | (Unaudited) |
| **Shareholder's Fund** | | |
| a) Share Capital | **9,662** | 4,890 |
| b) Reserves & Surplus | **2,85,387** | 3,03,808 |
| **Loan Funds** | **145** | 131 |
| Total | **2,95,194** | 3,08,829 |
| Fixed Assets | **20,367** | 19,030 |
| Investments | **1,04,745** | 1,89,823 |
| Deferred Tax Assets | **1,305** | 480 |
| Current Assets, Loans and Advance | | |
| a) Interest Accrued on Investment | **645** | 131 |
| b) Inventories | **92,499** | 45,746 |
| c) Sundry Debtors | **60,902** | 55,734 |
| d) Cash and Bank Balances | **5,730** | 4,153 |
| e) Loans and Advance | **48,946** | 40,570 |
| | **2,08,722** | 1,46,334 |
| Less : Current Liabilities and Provision | | |
| a) Current Liabilities | **37,994** | 45,175 |
| b) Provisions | **1,951** | 1,663 |
| | **39,945** | 46,838 |
| **Net Current Assets** | **1,68,777** | 99,496 |
| Total | **2,95,194** | 3,08,829 |

## UNAUDITED FINANCIAL RESULTS

Of Zee Entertainment Enterprises Ltd. for the quarter / half year ended September 30, 2011

*₹ in Lacs*

| Particulars (stand-alone operations) | Quarter ended September 30, (Unaudited) | | Half-year ended September 30, (Unaudited) | | Year ended March 31, (Audited) |
|---|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 | 2011 |
| **Income** | | | | | |
| Net Sales/Income from Operation | **52,109** | 50,098 | 1,05,288 | 95,365 | 2,16,994 |
| **Total Income** | **52,109** | **50,098** | **1,05,288** | **95,365** | **2,16,994** |
| **Expenditure** | | | | | |
| Cost of Goods & Operations | **23,876** | 15,459 | 53,879 | 29,286 | 88,144 |
| Staff Cost | **4,148** | 4,075 | 8,604 | 6,906 | 15,675 |
| Depreciation | **434** | 431 | 1,092 | 713 | 1,667 |
| Admin. & Other Expenses | **2,187** | 2,474 | 4,326 | 5,534 | 11,247 |
| Selling & Dist. Expenses | **6,596** | 5,436 | 14,077 | 11,095 | 23,574 |
| **Total Expenditure** | **37,241** | **27,875** | **81,978** | **53,534** | **1,40,307** |
| **Profit from Operations Before Other Income, Finance Cost and Exceptional Items** | **14,868** | **22,223** | **23,310** | **41,831** | **76,687** |
| Interest / Other Income | **2,234** | 1,581 | 4,508 | 2,993 | 6,431 |
| **Profit Before Finance Cost and Exceptional Items** | **17,102** | **23,804** | **27,818** | **44,824** | **83,118** |
| Finance Cost | **(531)** | 327 | (643) | 370 | 663 |
| **Profit After Finance Cost but before Exceptional Items** | **17,633** | **23,477** | **28,461** | **44,454** | **82,455** |
| Exceptional Items (Net of Tax) | - | - | - | 2,906 | 1,968 |
| **Profit before Tax** | **17,633** | **23,477** | **28,461** | **47,360** | **84,423** |
| Less : Provision for tax, | **5,773** | 7,721 | 9,336 | 14,841 | 26,781 |
| **Net Profit after Tax** | **11,860** | **15,756** | **19,125** | **32,519** | **57,642** |
| Paid up Eq. Share Capital | **9,662** | 4,890 | 9,662 | 4,890 | 9,781 |
| Reserves (Excluding Revaluation reserve) | **-** | - | - | - | 2,80,582 |
| Basic EPS before* | **1.81** | 3.22 | 2.91 | 6.06 | 5.71 |
| Basic EPS after* | **1.81** | 3.22 | 2.91 | 6.65 | 5.89 |
| Diluted EPS before* | **1.81** | 3.22 | 2.91 | 6.05 | 5.71 |
| Diluted EPS after* | **1.81** | 3.22 | 2.91 | 6.65 | 5.89 |
| **Public Shareholding** | | | | | |
| No.of Equity Shares of Re.1 each (in lacs) | **5,476** | 2,797 | 5,476 | 2,797 | 5,596 |
| Percentage of Shareholding | **56.7** | 57.2 | 56.7 | 57.2 | 57.2 |
| **Promotors and Promotors Group Shareholding -Pledge / Encumbured** | | | | | |
| No.of Equity Shares of Re.1 each (in lacs) | **1,191** | 424 | 1,191 | 424 | 1,054 |
| % of Share (As a % of the total Shareholding of Promotor and Promotor Group) | **28.45%** | 20.27% | 28.45% | 20.27% | 25.20% |
| % of Shares (As a % of the total Share capital of the Company) | **12.32%** | 8.67% | 12.32% | 8.67% | 10.78% |
| **- Non-Encumbured** | | | | | |
| No.of Equity Shares of Re.1 each (in lacs) | **2,994** | 1,668 | 2,994 | 1,668 | 3,130 |
| % of Share (As a % of the total Shareholding of Promotor and Promotor Group) | **71.55%** | 79.73% | 71.55% | 79.73% | 74.80% |
| % of Shares (As a % of the total Share capital of the Company | **30.99%** | 34.13% | 30.99% | 34.13% | 32.01% |

(*Exceptional Items)

**NOTES :**

1. Buy-back of the Company's Equity Shares through the open market route commenced on July 27, 2011. As at 30th September 2011, the Company has bought back 12,031,937 Equity Shares, of which 11,951,779 Equity shares of Re. 1 each of the Company stands extinguished by execution of Debit Corporate Action(s) by the Company, consequently the paid-up Share Capital of the Company as at 30th September 2011 stands reduced to 966,191,151 Equity Shares of Re. 1 each.
2. No investor grievance was pending as on July 1, 2011. The Company received 9 letters during the quarter, all of which were resolved and none were lying unresolved as on September 30, 2011.
3. Company's interest in newly formed Joint Venture Media Pro Enterprises Private Limited is accounted for using Equity Method in accordance with AS 23 on a conservative basis.
4. The Statutory Auditors have carried out a 'Limited Review' of the stand-alone financial results for the quarter/half year ended September 30, 2011.
5. Previous year figures have been reclassified / regrouped wherever necessary.
6. The Company operates only in one Segment namely 'Content and Broadcasting' and hence segment details are not required.
7. The above results were reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on 17th October, 2011.

For & on behalf of the Board
Zee Entertainment Enterprises Limited
sd/-
**Punit Goenka**
Managing Director & CEO

Place : Mumbai
Date : October 17, 2011

# EARNINGS RELEASE FOR THE QUARTER ENDED SEPTEMBER 30, 2011

CONSOLIDATED OPERATING REVENUES OF RS 7,184 MILLION

ADVERTISING REVENUES OF RS 3,949 MILLION

SUBSCRIPTION REVENUES OF RS 2,910 MILLION

OPERATING EBITDA OF RS 2,075 MILLION, **UP 10.1%**

PROFIT AFTER TAX STOOD AT RS 1,600 MILLION, **UP 26.7%**

## HIGHLIGHTS

- Advertising revenues for the quarter stood at Rs 3,949 million. While advertising revenues have grown on non-sports business, which is a better like to like comparison of business performance, there has been a decline in advertising revenues on account of sports, due to lack of big sporting events in the quarter. As a result, overall advertising revenues have recorded a decline.
- Subscription revenues for the quarter stood at Rs 2,910 million. While subscription revenues have recorded a robust increase, the reported subscription revenues reflect a growth of 6.3%, 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. Hence, the numbers are not comparable to those of corresponding period last year.
- Operating profit (EBITDA) for the quarter ended September 30, 2011 was Rs 2,075 million. Operating profit margin for the quarter stood at 28.9%.
- Profit after Tax (PAT) stood at Rs 1,600 million for the quarter ended September 30, 2011, recording a growth of 26.7% as compared to the corresponding period last fiscal.
- The sports business revenue during the quarter was Rs 881 million, while the operating losses were at Rs 226 million.

**Mumbai, October 17, 2011:** Zee Entertainment Enterprises Limited (ZEE) (BSE: 505537, NSE: ZEEL.EQ) today reported its second quarter fiscal 2012 consolidated revenue of Rs 7,184 million. The consolidated operating profit (EBITDA) for the quarter stood at Rs 2,075 million and PAT was Rs 1,600 million, representing a growth of 10.1% and 26.7% respectively over the corresponding period in the previous fiscal. The EBITDA margin for the quarter stood at 28.9%.

The Board of Directors in its meeting held today, has taken on record the unaudited consolidated financial results of ZEE and its subsidiaries for the quarter ended September 30, 2011.

Mr. Subhash Chandra, Chairman, ZEE, stated, "The Indian economy continues to grow at a good pace but high inflation and the resultant tight money policy of RBI is taking its toll. While the economic situation in India is far better than most other countries, market sentiment continues to be cautious. This caution has affected advertising spends on television, which has witnessed some deceleration. The good part is that the television economy continues to grow robustly on the back of subscriber growth and digitization. Last week, Cabinet has cleared the ordinance on digitization, which is a very positive move. This development will definitely give a boost to the cable and satellite industry and help create a more sustainable business model for the television industry. Currently, DTH is leading the adoption of digital technology in the distribution value chain. At the end of September 2011, there were around 39 million gross DTH subscribers in the country. With this ordinance, the Cable and DTH industry has got a great opportunity to consolidate the distribution business. I believe that over the next 4-5 years, the television distribution business can completely transform itself from a fragmented unorganized setup to a more transparent, organized and service oriented industry, if digitization process is implemented well. Digitization will also help in wider adoption of new content formats, like HD and 3D, and will open up new revenue streams for the broadcasters."

Commenting on the first quarter results of the Company, Mr. Chandra added "The competitive intensity in the television segment continues to be high. Given the backdrop of slowdown in advertising spends, our performance reflects the same. We have a very strong balance sheet and I am confident that we would take advantage of the growth opportunities ahead of us and will record improved operating performance in the period ahead. Our investments in the sports genre have continued during the quarter."

Mr. Punit Goenka, Managing Director and Chief Executive Officer, ZEE, commented, "Zee Entertainment has a wide portfolio of television channels and we have seen some gains and some losses in our market shares during the quarter. We are confident that we would continue to grow our business profitability in a sustained manner. During the quarter, we have seen a healthy increase in our operating margins, partly due to lower sports losses and partly due to better cost efficiency measures. Though advertising spends are better sequentially, overall trends remain subdued and FY2012 does look to be a year of tepid growth in advertising spends on television. Our strategy during the last few years has been to create a formidable entertainment enterprise and invest in the business in a focused disciplined way"

Speaking about the outlook for the business, Mr. Goenka continued, "We are working towards correcting the loss in market shares in some of our businesses and look forward to further increase

in those where we have gained. Media Pro, our joint venture for subscription revenues, has started operations during the quarter and we are very confident of good performance going forward. With digitization mandate being passed, it will further be able to create value for the business. I am confident that these initiatives will play an important part in helping deliver value and significantly higher returns in the future."

## BUSINESS PERFORMANCE

During the quarter, Zee TV averaged 189 GRPs recording a relative share of 20%. The performance was better in the *All Day Prime Time* band, where Zee TV averaged 122 GRPs recording a relative share of 21%. The channel delivered a weekly average of 17 shows among top 100 shows during the quarter led by the top rated fiction shows like *Pavitra Rishta, Ram Milaayi Jodi* and *Yahan Main Ghar Ghar Kheli,* and the non-fiction show *SRGMP Li'l Champs*. The key properties planned for launch in the forthcoming quarter include *Afsar Bitiya, Hitler Didi, Star Ya Rockstar* and *DID 3*.

| Top properties on Zee TV |
|---|
| Pavitra Rishta |
| Ram Milaayi Jodi |
| Yahan Mein Ghar Ghar Kheli |

The network's Hindi movie channel **Zee Cinema** averaged 139 GRPs during the quarter. The key properties of the channel during the quarter were *Lage Raho*, *Shanivaar Ki Raat Sitaron Ke Saath* and *Double Maza*. The quarter saw the premiere of *No Problem, Mera Badla* and *Shagird.* The channel also began showing five films during the live band each day from four films earlier. The forthcoming quarter would see events like *Dumdar Diwali contest* and *Record Tod Cinema* – a 10 day festival featuring the biggest hits of all time.

| Premiers on Zee Cinema |
|---|
| No Problem |
| Mera Badla |
| Shagird |

The network operates two channels in the English entertainment and movies genres - Zee Café and Zee Studio. Both these channels cater to the upwardly mobile urban Indian audiences and have been steadily consolidating their presence in this target group. The top shows on **Zee Café** were *The Cougar Town, The Big Bang Theory* and *Americas Funniest Home Videos*. The key shows launched in the quarter were *Pretty Little Chairs, Californication* and *Happy Endings*. Another key highlight of the quarter was the airing of the highly popular international beauty contest *Miss Universe 2011*. The top performing properties on **Zee Studio** were *The Game Plan, Hostel* and *The Peacemaker*.

Zing, the network's music and lifestyle channel, showcased popular properties like *Bollywood Bulletin, B Grade* and *Record Makers*. ETC, the Bollywood trade channel, showcased popular shows like *Bollywood Ab Tak, Good Morning ETC,* and *ETC Bollywood Business*.

Zee Khana Khazana, India's first 24 hour food channel, lived up to its promise of delivering rich programming mix from across India and abroad featuring shows that define and refine the culinary expertise. The top properties showcased on the channel were *Simbly South, An Italian In Mexico* and *Mirch Masala*. The key properties launched in the quarter were *Ghar Aaya Chef* – a show that would

take viewers on a roller coaster ride of food not in the studio sets or five-star hotels but to the homes of common people, and *Rasm-e-Rasoi* - an informative and entertaining daily cookery.

ZEE's **International operations** contribute a significant part of the Company's revenues. During the quarter, the Company undertook a number of initiatives to further strengthen its dominance. In America, five new channels - Zee Marathi, Zee Kannada, Zee Smile, Zee Business and Zing - were launched on Dish Network on India's 64th Independence Day. In Middle East, Zee Aflam figured as the No 1 movie channel among the Female TG in the Ramadan month. In Asia Pacific, Zee Cinema was launched in new territories like Myanmar and Hong Kong. In Malaysia, Zee Variasi consistently occupied the No 1 position in terms of viewership among International channels.

**Zee Marathi** delivered 183 GRPs during the quarter recording a relative share of 24% with 27 of the top 100 shows. The top shows in the quarter were *Pinjara, Kunku and Fu Bai Fu*. The quarter saw the launch of *Madhu Yethe Aan Chandra Tithe* and *Ekach Ya Janmi Janu.* Another highlight of the quarter was the World Television Premiere of *Mee Sindhutai Sapkal* - a critically acclaimed movie of 2011.

| Top properties on Zee Marathi |
|---|
| Pinjara |
| Kunku |
| Fu Bai Fu |

**Zee Bangla** delivered 375 GRPs in the quarter ranking a clear second in the Bangla GEC genre recording a relative share of 33%. The top shows during the quarter were *Agnipariksha, Rashi* and *Mirakkel Akkel Challenger 6*. The key properties launched in the quarter were *Kanakanjali* and *Mirakkel Akkel Challenger 6.*

| Top properties on Zee Bangla |
|---|
| Agnipariksha |
| Rashi |
| Mirakkel Akkel Challenger 6 |

**Zee Telugu** averaged 339 GRPs during the quarter recording a relative channel share of 18%. *Chinna Kodalu, Muddubidda* and *SRGMP L'il Champs* were the top shows on the channel during the quarter. Another highlight of the quarter was the live and exclusive telecast of *Santosham Film Awards* - one of the most popular awards given for Telugu Films. **Zee Kannada** averaged 256 GRPs during the quarter driven by popular shows like *Devi, Yariguntu Yarigilla* and *Baduku Jataka Bandi.*

The key highlights of the quarter for **Ten Sports** included telecast of *US Open Tennis Championship, ATP events and WWE*. **Ten Action**+ saw the *Football Season Launch*, whereas **Ten Cricket** aired the popular cricketing events like *West Indies vs India series* and *Sri Lanka vs Australia Series*. The forthcoming quarter would see the telecast of cricketing events like *South Africa vs Australia series* and *Pakistan vs Sri Lanka series*. We have recently renewed television rights agreement with Cricket South Africa for a period of 8 years which covers the South African Cricket seasons from 2012/13 through to 2019/20. The sports business revenues in the second quarter of FY2012 were Rs 881 million, while costs incurred in this quarter were Rs 1,107 million.

## CONDENSED STATEMENT OF OPERATIONS

The table below presents the condensed statement of operations for ZEE and its subsidiaries for the second quarter of FY2012 versus FY2011.

| (Rs million) | Second quarter | | % Growth |
|---|---|---|---|
| | FY2012 | FY2011 | YoY |
| **Operating Revenues*** | **7,184** | **7,116** | ***1.0%*** |
| Expenditure* | 5,108 | 5,231 | *-2.3%* |
| **Operating profit (EBITDA)** | **2,075** | **1,885** | ***10.1%*** |
| Add: Other Income | 279 | 240 | *16.5%* |
| Less: Depreciation | 78 | 56 | *38.9%* |
| Less: Finance Expenses | 56 | 5 | *1085.1%* |
| **PBT before exceptional items** | **2,221** | **2,064** | ***7.6%*** |
| Add: Exceptional Item (Net of Tax) | - | - | - |
| Less: Provision for Tax | 621 | 801 | *-22.4%* |
| **Profit After Tax** | **1,600** | **1,263** | ***26.7%*** |
| Minority Interest (Share of losses) | 39.7 | 0.6 | |

*** NOTE A:** 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.

## REVENUE STREAMS

ZEE's revenues are generated primarily from advertising sales and subscription revenues. The following table sets forth the percentage of revenues that each type contributes to consolidated revenues in the second quarter of FY2012 and FY2011.

| (Rs million) | Second quarter | | % of total revenues | | % Growth |
|---|---|---|---|---|---|
| | FY2012 | FY2011 | FY2012 | FY2011 | YoY |
| Advertising revenue | 3,949 | 4122 | *55.0%* | *57.9%* | *-4.2%* |
| Subscription revenue* | 2,910 | 2,737 | *40.5%* | *38.5%* | *6.3%* |
| Other sales and services | 324 | 257 | *4.5%* | *3.6%* | *25.9%* |
| **Total Revenues** | **7,184** | **7,116** | ***100%*** | ***100%*** | ***1.0%*** |

*** Refer NOTE A above**

ZEE's advertising revenues during the quarter were Rs 3,949 million, showing a decline of 4.2%. The decline is due to the fact that the corresponding quarter last fiscal had some India-centric cricket properties. Excluding sports, advertising revenues have shown an increase.

The total subscription revenues for the quarter were Rs 2,910 million, registering an increase of 6.3% over the corresponding quarter last fiscal. During the current quarter, domestic subscription revenues stood at Rs 1,951 million, while international subscription revenues were Rs 959 million. Domestic subscription revenues are not comparable with the previous year/quarter numbers

because they are now reported as net of expenses. Subscription revenues from international operations are down by 3.0%.

Other sales and services includes syndication sales, expenses on sales, play out & transmission services and facility usage income. During the second quarter, other sales and services stood at Rs 324 million. The company had recorded revenue of Rs 258 million under this head during the corresponding period last fiscal.

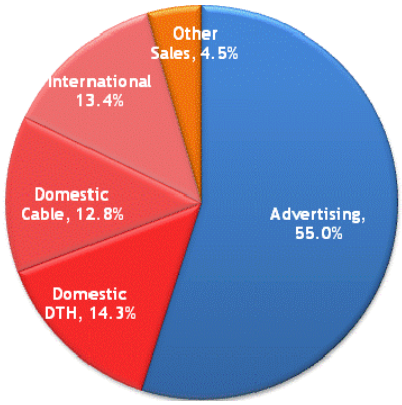



*Figure: Revenue Breakup for Q2 FY2012*

## EXPENDITURE

ZEE's main expenses include cost of goods and operations, employee cost, and administrative and selling expenses. The following table sets forth the percentage of costs that each type contributes to consolidated expenses for the second quarter of FY2012 as compared to the corresponding period last year.

| (Rs million) | Second quarter | | % of total expenses | | % Growth |
|---|---|---|---|---|---|
| | **FY2012** | **FY2011** | **FY2012** | **FY2011** | **YoY** |
| Programming & operating cost | 3,224 | 3,458 | *63.1%* | *66.1%* | *-6.8%* |
| Employee cost | 688 | 643 | *13.5%* | *12.3%* | *7.0%* |
| Selling & other expenses | 1,197 | 1,130 | *23.4%* | *21.6%* | *5.9%* |
| **Total Expenses*** | **5,108** | **5,231** | ***100.0%*** | ***100.0%*** | ***-2.3%*** |

*** Refer NOTE A above**

Overall, programming & operating cost in the quarter was Rs 3,224 million as compared to Rs 3,458 million in the corresponding period last fiscal, a reduction of 6.8%. Employee cost increased by 7.0% over the corresponding period last fiscal. Selling & other expenses in the quarter were at Rs 1,197 million, as compared to Rs 1,130 million in the corresponding period last fiscal. Total costs incurred by the Company in this quarter were Rs 5,108 million, showing a reduction of 2.3% over the corresponding period last fiscal.

During the quarter, the Company's operating profit (EBITDA) was Rs 2,075 million registering a growth of 10.1% over the corresponding quarter last fiscal. The operating (EBITDA) margin for the

quarter was 28.9%, which has gone up from 26.5% in the corresponding quarter last fiscal to 28.9% in a fiercely competitive environment. Excluding sports business, the EBITDA margin stood at a healthy 36.5%. Profit after tax (PAT) for the quarter stood at Rs 1,600 million, representing an increase of 26.7% over the corresponding quarter last fiscal.

## 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.

## SHAREHOLDING PATTERN

The total shares outstanding of the Company as of September 30, 2011 are 966,191,151. The shareholding pattern as of September 30, 2011 is given below:

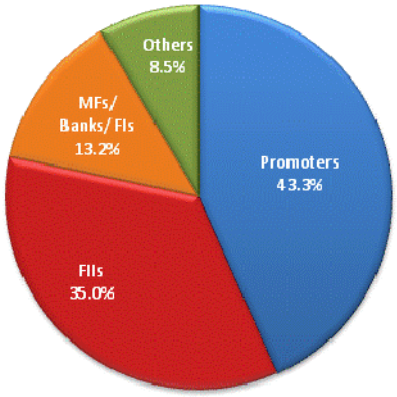



*Figure: Shareholding pattern as on September 30, 2011*

During the quarter, ZEE has bought back its shares under the open market mechanism. Till September 30, 2011, the total number of equity shares bought back was 12,031,937 at an average price of Rs 121.42 per share. Also, the total number of equity shares extinguished during the quarter was 11,951,779. As a result, the number of equity shares of the Company as at Sep 30, 2011 has reduced to 966,191,151. Post September 30, the Company has bought back an additional 1,646,852 shares till October 14, 2011.

**Note: This earnings release contains consolidated results that are unaudited, and prepared as per Indian Generally Accepted Accounting Principles (GAAP).**

## CHANNEL PORTFOLIO

### HINDI ENTERTAINMENT

### HINDI MOVIES

### REGIONAL LANGUAGE ENTERTAINMENT (R-GEC)

### SPORTS

### INTERNATIONAL

### ALTERNATE LIFESTYLE

### ENGLISH ENTERTAINMENT & MOVIES

### MUSIC & LIFESTYLE

## 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 Entertainment Enterprises 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 Entertainment Enterprises Limited ("ZEE")

Zee Entertainment Enterprises Limited is one of India's leading television media and entertainment companies. It is amongst the largest producers of aggregators of Hindi programming in the world, with an extensive library housing over 100,000 hours of television content. With rights to more than 3,000 movie titles from foremost studios and of iconic film stars, ZEE houses the world's largest Hindi film library. Through its strong presence worldwide, ZEE entertains over 500 million viewers across 167 countries. ZEE has been selected Business Superbrands 2010-11, Industry Validated.

Pioneer of television entertainment industry in India, ZEE's well known brands include Zee TV, Zee Cinema, Zee Premier, Zee Action, Zee Classic, Zee Smile, 9X, Ten Sports, Ten Cricket, Ten Action+, Zee Cafe, Zee Studio, Zee Trendz, Zee Jagran, Zee Salaam, Zing, ETC Music and Zee Khana Khazana. The company also has a strong offering in the regional language domain with channels such as Zee Marathi, Zee Talkies, Zee Bangla, Zee Telugu, Zee Kannada, Zee Tamizh and ETC Punjabi.

ZEE and its affiliate companies have leading presence across the media value chain including television broadcasting, cable distribution, direct-to-home satellite services, digital media, multiplexes, amusement parks and print media amongst others. More information about ZEE and its businesses is available on www.zeetelevision.com.

Selected Business Superbrand INDIA 2010/11 Industry Validated