ZEE ENTERTAINMENT ENTERPRISES LIMITED

EARNINGS RELEASE FOR THE QUARTER ENDED DECEMBER 31, 2010

ADVERTISING REVENUES OF RS 4,398 MILLION, UP 62% YOY

CONSOLIDATED OPERATING REVENUES OF RS 8,249 MILLION, UP 55%

OPERATING EBITDA OF RS 2,242 MILLION, UP 43%

EBITDA MARGIN AT 27.2%

PAT BEFORE EXTRA-ORDINARY ITEMS STOOD AT RS 1,554 MILLION, UP 35%

3Q FY2011 - Highlights

- Total revenues were Rs 8,249 million for the quarter ended December 31, 2010, recording a growth of 55% as compared to the corresponding period last fiscal.
- Advertising revenues were Rs 4,398 million and subscription revenues were Rs 2,818 million for the quarter ended December 31, 2010. While advertising revenues increased by 62%, subscription revenues showed an increase of 14% as compared to the corresponding period last fiscal. Subscription revenues from domestic DTH were Rs 821 million during this quarter, an increase of 30% over 3Q FY2010.
- Operating profit (EBITDA) for the quarter ended December 31, 2010 was Rs 2,242 million, an increase of 43% as compared to the corresponding period last fiscal. Operating profit margin during the quarter stood at 27.2%.
- Profit after Tax before extraordinary items stood at Rs 1,554 million for the quarter ended December 31, 2010, recording a growth of 35% as compared to the corresponding period last fiscal.

Singapore; January 14, 2011 - Zee Entertainment Enterprises Limited (ZEEL) (BSE: 505537, NSE: ZEEL.EQ) today reported its third quarter fiscal 2011 consolidated revenue of Rs 8,249 million representing a 55% growth over the corresponding period in the previous fiscal. The consolidated operating profit (EBITDA) for the quarter stood at Rs 2,242 million and profit after tax before extraordinary items at Rs 1,554 million. The EBITDA margin for the quarter stood at 27.2%.

The numbers as published are after consolidating the financials of Taj TV Limited (Taj). The Board of Directors in its meeting held today, has taken on record the unaudited consolidated financial results of ZEEL and its subsidiaries for the quarter ended December 31, 2010. The numbers of the third quarter fiscal 2011 include financial results of Regional General Entertainment Channel business (R-GEC) acquired from Zee News Limited (ZNL). The R-GEC business was acquired w.e.f. January 1, 2010. 9X business undertaking of 9X Media Pvt Ltd and ETC Networks Ltd were also merged with the Company w.e.f. March 31, 2010. Post the merger of ETC Networks Ltd with ZEEL,

the entire education business undertaking of ZEEL was demerged into a new listed company, Zee Learn Limited w.e.f. April 01, 2010. Hence, the numbers for this quarter are not comparable with those of the corresponding quarter last fiscal.

Mr. Subhash Chandra, Chairman, stated, "We are pleased to see continuing buoyancy in media spends in India. A rapid adoption of satellite based television services via DTH proves that consumers are opting for better digital technology. This augurs well for the television industry, both for content owners and for DTH industry. While DTH has shown the way in leading the adoption of digital technology, cable has not been able to match the pace. During the nine months ended December 2010, India added 9.6 million digital homes on DTH alone, and the DTH subscriber base has gone upto 30.6 million homes."

Commenting on the third quarter results of the Company, Mr. Chandra added "While the competition has intensified in the Indian television segment, our performance remained steady across genres and across languages. Our investments in sports genre have continued during the quarter."

Mr. Punit Goenka, Managing Director and Chief Executive Officer, ZEEL, commented, "The performance of Zee Network has been satisfactory on all parameters, despite intensified competition in the Hindi entertainment segment. During the quarter, our advertising revenues have grown by 62%, and we have seen healthy growth in cable revenues. DTH revenues also continued to grow, reflecting a growing adoption of digital DTH services."

Speaking on the regional television landscape, Mr. Goenka said, "We continue to see robust growth in the regional segment. While we continued to lead the Marathi genre strongly with 33 of the top 50 shows, we managed to gain market share in the Bangla genre from an average of 271 GRPs in the second quarter of this fiscal to an average of 383 GRPs during the current quarter."

Elaborating on the sports business, Mr. Goenka added, "We had a sports heavy calendar during the quarter including several soccer properties and multiple cricket properties showcased on our channels. It included the cricket matches played by *South Africa vs Pakistan*, *Sri Lanka vs West Indies* and *India vs South Africa tests*. This has resulted in an increase in our operating cost on account of Sports."

Business Performance

Zee TV, the network's flagship channel in the Hindi General Entertainment genre (GEC) recorded average channel share of 19% and average weekly Gross Rating Points (GRPs) of 200. The performance was better in the *All Day Prime Time* band, where Zee TV averaged 141 GRPs during the quarter. The channel delivered an average 18 of the top 100 weekly shows in the quarter led by top rated shows like *Pavitra Rishta, Jhansi Ki Rani* and *Yahan Main Ghar Ghar Kheli*. Key events like *Zee Rishtey Awards* and *Saregamapa Singing Superstar Grand Finale were also* showcased during the quarter.

The quarter saw the launch of *Dil Se Diya Vachan*, *Bhagonwali - Baante Apni Taqdeer*, and *Apno Ke Liye Geeta Ka Dharmyudh*. The key properties planned in the forthcoming quarter include *Dance India Dance Doubles, Sanskar Laxmi,* and *Choti Bahu (Season-2)*. In addition, *Zee Cine Awards* is also planned in the next quarter.

The network's Hindi movie channel **Zee Cinema** averaged 126 GRPs during the quarter translating to an average channel share of 27%. The key programming initiatives of the channel included *Malamaal Diwali* - a six day movie festival during Diwali week, *Mast Mast Akshay* - a film festival of Akshay Kumar's biggest hits, *Christmas Festival* - Disney films dubbed in Hindi, and the premiere of *Ishqia*, *Love Aajkal* and *Sholay*. The key properties planned in the forthcoming quarter include *Zee Cine Awards*, premier of *Peepli Live* and *Akrosh*, and *Best of Shanivaar Ki Raat Amitabh Ke Saath*.

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 two channels underwent a re-branding exercise during the quarter and unveiled a new on-air identity and logo design. During this quarter, **Zee Café** garnered a genre share of 10% and launched various popular properties such *The Vampire Diaries*, *The Mentalist* and *Hells Kitchen UK Season 3*. The key highlights of the quarter for **Zee Studio** were *Godfather Saturdays - Disney Animated Movies, Diwali special - Knock Out*, and *Thank God its Friday*.

Zing, the network's music and lifestyle channel, runs popular Bollywood oriented properties like *Page 3 Life*, *Record Makers*, *World of Bollywood, Inside Bollywood, Hott Ten and Bollywood Bulletin*. **ETC**, the Bollywood trade channel, continued to strengthen its position during the quarter through shows like *ETC Bollywood Business Awards 2010, Bollywood Business with Komal Nahta and Bol India Bol*. Zing and ETC produce over 2.5 hours of Bollywood content per day. The quarter also saw the successful launch of **Zee Khana Khazana**, India's first 24 hours food channel. The Hinglish language channel would bring in a rich programming mix from across India and abroad featuring shows that define and refine the culinary expertise that has become synonymous with "Food".

Zee's **International operations** contribute a significant part of the Company's revenues. During the quarter, the Company undertook various initiatives to further strengthen its dominance in the geographies where it operates. In Russia, Zee CIS and Sistema Mass-Media signed a Letter of Intent on cooperation in the field of TV content distribution and broadcast in India, Russia and several other countries. In Middle East, Zee Aflam garnered an all-time high viewership of around 39 GRPs in the Arab market. In Malaysia, Zee was the consistent No.2 International channel among Malays (in 9 out of 12 weeks) with an average weekly GRP of 74. In Australia, four zee channels - Zee TV APAC, Zee Cinema, Zing and Zee Salaam were launched on Fetch TV further strengthening Zee's penetration across markets.

Another highlight of the quarter was that *Pavitra Rishta* won the Special Jury award at Tokyo Drama Festival. In the forthcoming quarter, in America, Zee TV would become available on CenturyLink platform, which is the third largest Telco in US. In Malaysia, Zee channel is being rechristened as Zee Variasi.

Zee Marathi continued to maintain its leadership position in Maharashtra market during the quarter delivering 209 average weekly GRPs with 33 of the top 50 shows and 68 of the top 100 shows. The channel launched two non-fiction shows – *Khupte Tithe Gupte* and *Eka Peksha Ek -Apsara Aali,* and one fiction show – *Waaras*. The top rated shows of the quarter were *Fu Bai Fu, Bhagyalakshmi* and *Kunku*. The channel also aired movies like *Harishchandrachi Factory and Huppa Huiyya*. **Zee Talkies,** the network's Marathi movies channel, underwent a repositioning exercise with the channel now having a new tagline in *'Aapla Talkies, Zee Talkies'*. As part of the repositioning exercise, the channel would premiere a new movie every month apart from fresh and new packaging that enhances the movie watching experience for the viewer.

Zee Bangla averaged 383 weekly GRPs in the quarter, ranking a clear second in the Bangla GEC genre with a relative share of 33%. The top rated shows during the quarter were *Dadagiri Unlimited, Dance Bangla Dance – Junior, Agnipariksha* and *Suvarnolata*. During the quarter, the channel launched a game show *Didi No.1*.

Zee Telugu averaged 344 weekly GRPs during the quarter and had a relative channel share of 18% in its genre. The key properties launched in the quarter included three fiction shows – *Pasupu Kumkuma, Maha Devi* and *Sri Raghavendra Swami Mahathyam*, and two non-fiction shows - *Nachore* and *SRGMP - Nuvva Nena*. *Chinna Kodalu*, *Nachore*, and *Jhansi Lakshmi Bai* were the top rated shows of the channel during the quarter.

Zee Kannada averaged 178 weekly GRPs during the quarter driven by popular shows like *Parvati Parameshwara, Chi Sow Savitri and Devi*. The quarter saw the launch of a paranormal show *Bhalaare Vichitram,* a socio-mythological serial *Devi*, a fiction show *Gejje Pooje,* a cookery show *Oggarne Dabbi* and a musical event *Haadu Habba*.

Ten Sports showcased *Asian Games, Ryder Cup, Shangai Rolex Masters* and *TNT NBA Basketball during the quarter*. **Ten Cricket** had a several live properties including *Hong Kong Sixes*, *South Africa vs Pakistan series*, *Sri Lanka vs West Indies* and *India vs South Africa test series*. The key properties of the quarter for **Ten Action+** included *ATP World Rakuten Open* and *Asian Games*. During this quarter, company has received Rs 700 million as one time fees for pre-mature termination of sporting event rights.

In the forthcoming quarter, the key events planned on the Sports network include *WWE Royal Rumble, WWE Elimination Chamber, Grand Prix of Qatar, NBA Basketball* and *Aircel Chennai Open*. In addition, **Ten Cricket** would telecast the popular cricketing events like *Sri Lanka vs West Indies series* and *India vs South Africa Tests, ODIs and T20*. The sports business revenues in the third quarter of FY11 were Rs 1,665 million, while costs incurred in this quarter were Rs 1,995 million.

Condensed statement of operations

The table below presents the condensed statement of operations for Zee Entertainment Enterprises Limited and its subsidiaries for the third quarter of FY2011 versus FY2010.

	Third quarter		% Growth
(Rs million)	**FY2011**	**FY2010**	***Y o Y***
Operating Revenues	8,249	5,309	*55.4%*
Expenditure	6,007	3,737	*60.8%*
Operating profit (EBITDA)	**2,242**	**1,572**	***42.6%***
Add: Other Income	232	323	*-28.2%*
Less: Depreciation	78	76	*2.6%*
Less: Finance Expenses	24	65	*-63.1%*
PBT before extraordinary items (Provision for tax)	**2,372**	**1,754**	***35.2%***
Add: Extraordinary Items	0	313	*-100.0%*
Less: Provision for Tax	818	603	*35.7%*
Profit After Tax	**1,554**	**1,464**	***6.1%***
Minority Interest (Share of losses)	(45.4)	(100)	

Note 1: 3Q FY2011 numbers include the results of Regional General Entertainment Channel (R-GEC) business acquired from Zee News Limited; R-GEC numbers are consolidated effective January 1, 2010. 9X business undertaking of 9X Media Pvt Ltd and ETC Networks Ltd were also merged with the Company w.e.f. March 31, 2010. Post the merger of ETC Networks Ltd with ZEEL, the entire education business undertaking of ZEEL was demerged into a new listed company, Zee Learn Limited w.e.f April 01, 2010. Hence, the above numbers are not comparable on a like to like basis.

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 third quarter of FY2011 and FY2010.

	Third quarter		% of total revenues		% Growth
(Rs million)	**FY2011**	**FY2010**	**FY2011**	**FY2010**	**Y o Y**
Advertising revenue	4,398	2,707	*53.3%*	*51.0%*	***62.4%***
Subscription revenue	2,818	2,467	*34.2%*	*46.5%*	***14.2%***
Other sales and services	1,033	135	*12.5%*	*2.5%*	***665.1%***
Total Revenues	**8,249**	**5,309**	***100.0%***	***100.0%***	***55.4%***

Note 2: 3Q FY2011 numbers are not comparable on a like to like basis. Refer to Note 1 above.

ZEEL's advertising revenues during the quarter were Rs 4,398 million, an increase of 62% as compared to the corresponding quarter last fiscal. Advertising revenues continued to show a robust increase attributable to a buoyant macro environment and a strong market shares across the

network. The total subscription revenues for the quarter were Rs 2,818 million, registering an increase of 14% over the corresponding quarter last fiscal. During the current quarter, domestic subscription revenues stood at Rs 1,807 million, while international subscription revenues were Rs 1,011 million. Revenues from domestic DTH operators, part of domestic subscription revenue, were Rs 821 million as against Rs 787 million in the second quarter of fiscal 2011. Subscription revenues from international operations increased by 2.2% and subscription revenues from domestic cable increased by 2.6% as compared to the second quarter of fiscal 2011.

Other sales and services comprises syndication sales, play out & production services, events and commission on advertisement & subscription sales. During the third quarter, company has received Rs 700 million as one time fees for pre-mature termination of sporting event rights, which is also included in other sales and services, which stood at Rs 1,033 million. The company had recorded revenue of Rs 135 million under this head during the corresponding period last fiscal. Revenues from education business were also part of this head upto Q1 FY11. The education business was demerged from the Company w.e.f. April 1, 2010. Hence, the above numbers are not comparable on a like to like basis.

Expenditure

ZEEL'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 third quarter of FY2011 as compared to the corresponding period last year.

	Third quarter		% of total expenses		% Growth
(Rs million)	**FY2011**	**FY2010**	**FY2011**	**FY2010**	**Y o Y**
Programming & operating cost	4,152	2,306	*69.1%*	*61.7%*	*80.0%*
Employee cost	687	372	*11.4%*	*9.9%*	*84.7%*
Selling & other expenses	1,168	1,059	*19.4%*	*28.3%*	*10.3%*
Total Expenses	**6,007**	**3,737**	***100.0%***	***100.0%***	***60.8%***

Note 3: 3Q FY2011 numbers are not comparable on a like to like basis. Refer to Note 1 above.

Overall, programming & operating cost in the quarter was Rs 4,152 million as compared to Rs 2,306 million in the corresponding period last fiscal, an increase of 80%. Employee cost increased by 85% over the corresponding period last fiscal. Selling & other expenses in the quarter were Rs 1,168 million, indicating, an increase of 10% over the corresponding period last fiscal. Total costs incurred by the Company in this quarter were Rs 6,007 million, showing an increase of 61% over the corresponding period last fiscal.

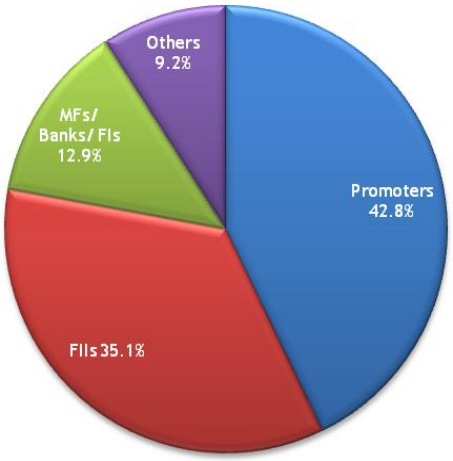
During the quarter, the Company's operating profit (EBITDA) was Rs 2,242 million, an increase of 43% over the corresponding period last fiscal. Operating profit margin stood at 27.2%. Finance expenses in the quarter were Rs 24 million, down 63% year on year. Profit before Tax (PBT) stood at Rs 2,372 million, while Profit after Tax (PAT) before extraordinary items was Rs 1,554 million representing an increase of 35% in both cases, over the corresponding quarter last fiscal.

Corporate Developments during 3Q FY2011

With a view to simplify the corporate structure and reduce the number of foreign subsidiaries of the Company, two wholly owned subsidiaries ZES Holdings Limited, Mauritius (ZES) and Zee Multimedia Worldwide Limited, BVI (ZMWL) are being amalgamated with the Company through a Scheme of Amalgamation. The Board has approved the proposal of amalgamation/merger of the following entities, which is subject to requisite statutory and regulatory approvals in India and the respective jurisdictions, with Appointed Date for this Scheme being February 1, 2011.

Shareholding Pattern

The shareholding pattern of the Company as on December 31, 2010 is given in the chart below. The total shares outstanding as of December 31, 2010 is 978,076,130, which includes Bonus shares issued in November, 2010.



Note: This earnings release contains consolidated results that are unaudited, 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 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 Entertainment Enterprises Limited ("Zee") 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 80,000 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, Zee Sports, Zee Cafe, Zee Studio, Zee Trendz, Zee Jagran, 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 Bangla, Zee Telugu, Zee Kannada, Zee Talkies, Zee Cinemalu 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