ZEE ENTERTAINMENT ENTERPRISES LIMITED

EARNINGS RELEASE FOR THE QUARTER ENDED SEPTEMBER 30, 2010

ADVERTISING REVENUES OF INR RS 4,122 MILLION, UP 66% YOY

CONSOLIDATED OPERATING REVENUES OF RS 7,116 MILLION, UP 32%

OPERATING EBITDA OF RS 1,885 MILLION, UP 25%

EBITDA MARGIN AT 26.5%

PAT STOOD AT RS 1,263 MILLION, UP 13.8%

2Q FY2011 - Highlights

- Total revenues were Rs 7,116 million for the quarter ended September 30, 2010, recording a growth of 32% as compared to the corresponding period last fiscal.
- Advertising revenues were Rs 4,122 million and subscription revenues were Rs 2,737 million for the quarter ended September 30, 2010. While advertising revenues increased by 66%, subscription revenues showed an increase of 12% as compared to the corresponding period last fiscal. Subscription revenues from domestic DTH were Rs 787 million during this quarter, an increase of 53% over 2Q FY2010.
- Operating profit (EBITDA) for the quarter ended September 30, 2010 was Rs 1,885 million, an increase of 25% as compared to the corresponding period last fiscal. Operating profit margin during the quarter stood at 26.5%.
- Profit after Tax stood at Rs 1,263 million for the quarter ended September 30, 2010, recording a growth of 14% as compared to the corresponding period last fiscal.

Mumbai, India; October 28, 2010 – Zee Entertainment Enterprises Limited (ZEEL) (BSE: 505537, NSE: ZEEL.EQ) today reported its second quarter fiscal 2011 consolidated revenue of Rs 7,166 million representing a 32% growth over the corresponding period in the previous fiscal. The consolidated operating profit (EBITDA) for the quarter stood at Rs 1,885 million and profit after tax at Rs 1,263 million. The EBITDA margin for the quarter stood at 26.5%.

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 September 30, 2010. The numbers of the second 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 Network Ltd were also merged with the Company w.e.f. March 31, 2010. Hence, the numbers for this quarter are not comparable with those of the corresponding quarter last fiscal.

Mr. Subhash Chandra, Chairman, stated, "The Indian media industry continues to witness buoyant growth across platforms. A good consumption story in India is driving robust growth in media businesses. While advertising spends continue to rise in India fuelling healthy growth for all media platforms - including television, the bigger driver of positive change is the wholehearted adoption of digital distribution technology, largely DTH, by consumers across the country. This is the big game changer for television business in India and would create a more sustainable business model for the industry. During the six months ended September 2010, India added 5.3 million digital homes on DTH alone and the DTH subscriber base has gone up to 26 million."

Commenting on the second quarter results of the Company, Mr. Chandra added "We had a commendable second quarter performance and Zee has delivered good operating results across genres and across languages. I am confident that Zee is well placed to take advantage of the growth opportunities that this sector provides. We have a strong balance sheet to grow our business both organically and inorganically."

Mr. Punit Goenka, Managing Director and Chief Executive Officer, ZEEL, commented, "The performance of Zee Network has been very satisfactory on all parameters, including advertising & subscription. We have delivered strong improvement in operating margin on our business excluding sports. During the quarter, our advertising revenues have grown robustly by 66%, and we have seen healthy growth in cable revenues as well as continued strong performance from the DTH segment."

Elaborating on the sports business, Mr. Goenka said, "We are making renewed investments in our sports business. During the quarter we have launched *Ten Cricket*, a cricket focused sports channel, and also *Ten Action+*, which is focused on soccer. Because of the initial launch expenses and an effort to aggressively expand our portfolio, our sports business margins have been lower. Partly, this has been due to delay in launching *Ten Cricket*. We continue to make efforts to increase opportunities of monetizing sports better, and are hopeful of improved performance in the future. Competition continues to be intense in the industry, but we are confident of our team's ability to deliver quality content and enhance our market share."

"I am happy to inform you that during the quarter, Zee Entertainment has been selected Business Superbrands 2010-11" Mr. Goenka added.

Business Performance

Zee TV, the network's flagship channel, continued to dominate the Hindi General Entertainment genre (GEC) with an average weekly channel share of 22% and average weekly Gross Rating Points (GRPs) of 237. The performance was even better in the *All Day Prime Time* band, where Zee TV averaged 152 GRPs during the quarter. The channel delivered an average 27 of the top 100 weekly shows in the quarter. A key highlight of the quarter was the grand finale of *DID Li'l Masters*, which was a huge success with a rating of 5.4.

This quarter saw the launch of *SaReGaMaPa Singing Superstar, Sanjog Se Bani Sangini* and *Mera Naam Karegi Roshan*. *Pavitra Rishta, Jhansi Ki Rani* and *Yahan Mein Ghar Ghar Kheli* were the top rated shows on Zee TV during the quarter. In the forthcoming quarter, Zee TV has planned a lot of new launches and the festive period would be lined up with events to enhance the celebratory

mood and increase sampling of the channel. The focus would also be to expand the original hours of programming. The key shows that would be launched in the forthcoming quarter are *Ram Milaaye Jodi and Dance India Dance Doubles*. In addition, the key events planned in the next quarter are *Action Replay - Dhinchak Diwali* and *Zee Rishtay Awards.*

The network's Hindi movie channel **Zee Cinema** averaged 131 GRPs during the quarter translating to an average weekly channel share of 25.3%. A key programming initiative of the channel was *Dil To Bachcha Hai* – an 8-week long festival of the best of Disney's animated films like *Alladdin, Cars, Finding Nemo* etc. Other key activities during the quarter included a trip to *Disneyland Hong Kong*, a contest during the movies where winners would be sent across to Disney Land, and *Gift a Toy*. The key properties planned for the forthcoming quarter include *Best of Shanivaar Ki Raat, Amitabh Ke Saath* - showing films like *Shaan* that have not been on television for 3 years, *Sholay* - Indian cinema's biggest blockbuster back after a 2 year lay-off on Zee Cinema, *Love Aaj Kal* and *Mast Mast Akshay,* a film festival of Akshay Kumar's biggest hits like *Hera Pheri, Heyy Baby*, etc.

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. During this quarter, **Zee Café** had a genre share of 18% and launched various popular properties such as *Gossip Girl, Scrubs, Gordon's Great Escape, Less Than Perfect, Survivor Samoa, Brothers and Sisters, Primetime Emmy Awards,* and *Café LOL Weekend*. The key highlights for **Zee Studio** during the quarter were the *Single Break Movies, Godfather Saturdays, and Premiere movies* (*Friday Premieres & Sunday noon premieres*). The key properties planned for the forthcoming quarter include world satellite premiere of *The Last Lear*, *Godfather Saturdays*, *Disney Animated Movies*, *Diwali special action movies,* etc.

Zing, the network's music and lifestyle channel, runs popular Bollywood oriented properties like *World of Bollywood, Inside Bollywood, Hot Shots, Hott Ten and Bollywood Bulletin*. **ETC**, the Bollywood trade channel, continued to strengthen its position through popular shows like *Bollywood Business with Komal Nahta, Hot Shots and Bol India Bol*. Zing and ETC produce over 2.5 hours of Bollywood content per day.

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 UK, Zee launched a new hybrid channel *Zee Café* - a male skewed channel launched to complete the appeal of the Zee Family Pack. With a combination of live and exclusive international cricket tournaments, news, current affairs and business shows, along with Bengali and Marathi soaps, Zee Café will capture the hitherto neglected South Asian male audience. In Malaysia, Zee has been consistently ranked amongst the top two International channels among Malay Viewers. In the Middle East, as per recent IPSOS Ramadan ratings, Zee Aflam emerged as the No.1 Arabic channel amongst its core TG - 'All females'. In the forthcoming quarter, Zee Aflam is planning to start a dubbing slot to reach out further to the viewers. Zee Network recently hosted an incredibly successful *Zee Nite* in Mauritius as well as Malaysia.

From 4Q FY2010, Zee Entertainment has started consolidating the financials of the Regional Entertainment Channel business (R-GEC), comprising language channels **Zee Marathi, Zee Talkies, Zee Bangla, Zee Telugu and Zee Kannada.**

Zee Marathi continues to maintain its leadership position in Maharashtra market during the quarter delivering 229 average weekly GRPs, and a staggering 45 of the top 50 shows and 77 of the top 100 shows. The channel launched two new fiction shows - *Lajja* and *Amar Prem,* and two new non-fiction shows – *SRGMP Li'l champs* and *Foo Bai Foo 2*. The key events of the quarter included *SRGMP 8 Finale* and *Foo Bai Foo 1 finale*. The channel also aired movies like *Natarang, Mi Shivaji Raje Boltoy* and *Gallit Gondhal Dillit Mujra*. The top rated shows of the quarter were *Foo Bai Foo, Kunku* and *SRGMP Li'l champs*. The next quarter would see the *Zee Marathi Awards 2010* and premiere of the popular film *Harishchandrachi Factory*. **Zee Talkies,** the network's Marathi movies channel, aired popular movies like *Tingya, Natarang, Haay Kaay Naay Kaay* and *Tukya Tuvila Nagya Na*.

The network's Bangla language GEC **Zee Bangla** averaged 271 weekly GRPs in the quarter, ranking second in the Bangla GEC genre with a relative share of 25%. During the quarter, the channel launched properties like *Saat Paake Bandha, Dance Bangla Dance Junior*, *Sharad Shrimati* and a game based show *Dadagiri Unlimited*. The top rated shows during the quarter were *Dadagiri Unlimited, Dance Bangla Dance – Junior* and *Suvarnolata.* Over the last 6 months Zee Bangla has shown a steady growing trend and to build strengthen its position further; the channel has plans to increase original programming hours, create brand campaign and to use Durga Pujo as the stepping stone for on-ground sampling.

Zee Telugu averaged 314 weekly GRPs during the quarter and had a relative channel share of 17% in its genre. The fiction offerings *Chinna Kodalu* and *Happy Days Season 2*, and a non-fiction show *Mee Inti Vanta* were the new launches during the quarter. *Aata 5 Juniors, Thrill - Real Fun, Bathuku Jataka Bandi* and *Chinna Kodalu* were the top rated shows of the channel during the quarter.

Zee Kannada averaged 158 weekly GRPs during the quarter driven by shows like *Parvati Parameshwara, Panduranga Vittala, Chi Sow Savitri*, and *Bruhat Brahmanda*. The quarter saw the launch of two big shows *SRGMP Li'l champs and Naaniruvudu Nimagaagi*. *Parvathi Parameshwara, Panduranga Vittala* and *Chi Sou Savitri* were the top rated shows of the channel during the quarter.

The key highlights of the quarter for **Ten Sports** were *India-New Zealand-Sri Lanka ODI series, India Sri Lanka Test Series, US Open Tennis, Yonex BWF Badminton* and *PGA Championship - Golf*. Ten Sports was the number one channel with 49% share of sports viewing during the quarter. The key properties of the quarter for **Ten Action (**earlier **Zee Sports)** included *LA LIGA- Spanish Football League, SERIA A-Italian Football League* and *C2K Countdown 2 Kick-off.* In the forthcoming quarter, the key events planned on the network include *India-South Africa Test Series, Asian Games, and Ryder Cup in Golf.* In addition, **Ten Cricket** would telecast the popular cricketing events like *Pakistan v South Africa* and *South Africa vs India series.* The sports business revenues in the second quarter of FY11 were Rs 1,190 million, while costs incurred in this quarter were Rs 1,732 million.

Condensed statement of operations

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

	Second quarter		% Growth
(Rs million)	**FY2011**	**FY2010**	*Y o Y*
Operating Revenues	7,116	5,405	*31.7%*
Expenditure	5,231	3,897	*34.2%*
Operating profit (EBITDA)	**1,885**	**1,508**	*25.0%*
Add: Other Income	240	291	*-17.6%*
Less: Depreciation	56	77	*-27.2%*
Less: Finance Expenses	5	83	*-94.0%*
PBT before exceptional items	**2,064**	**1,639**	*25.9%*
Add: Exceptional Item	-	-	-
Less: Provision for Tax	801	529	*51.4%*
Profit After Tax	**1,263**	**1,110**	*13.8%*
Minority Interest (Share of losses)	0.6	(31.7)	

Note: 2Q 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 Network Ltd were also merged with the Company w.e.f. March 31, 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. Other sales and services include revenues from syndication and education sales. The following table sets forth the percentage of revenues that each type contributes to consolidated revenues in the second quarter of FY2011 and FY2010.

	Second Quarter		% of total revenues		% Growth
(Rs million)	**FY2011**	**FY2010**	**FY2011**	**FY2010**	**Y o Y**
Advertising revenue	4,122	2,476	*57.9%*	*45.8%*	*66.5%*
Subscription revenue	2,737	2,435	*38.5%*	*45.0%*	*12.4%*
Other sales and services	257	494	*3.6%*	*9.1%*	*-47.9%*
Total Revenues	**7,116**	**5,405**	*100.0%*	*100.0%*	*31.7%*

Note: 2Q 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 Network Ltd were also merged with the Company w.e.f. March 31, 2010. Hence, the above numbers are not comparable on a like to like basis.

ZEEL's advertising revenue was Rs 4,122 million, an increase of 66% as compared to the corresponding quarter last fiscal. Advertising revenues continued to show a robust increase attributable to higher channel shares across the network, a buoyant macro environment and a continued preference of advertisers towards television.

The total subscription revenue for the quarter was Rs 2,737 million, registering an increase of 12.4% over the corresponding quarter last fiscal. During the current quarter, domestic subscription revenue stood at Rs 1,748 million, while international subscription revenue was Rs 989 million. Revenue from domestic DTH operators, part of domestic subscription revenue, was Rs 787 million as against Rs 710 million in the first quarter of fiscal 2011. Subscription revenues from international operations declined by 2% and subscription revenues from domestic cable increased by 7.5% as compared to the first quarter of fiscal 2011.

Other sales and services, comprising syndication sales, play out and production services, events and commission on advertisement and subscription sales, stood at Rs 258 million. Upto the first quarter of fiscal 2011, revenues from education business were also part of other sales and services. The education business has been demerged from the Company from the Appointed Date April 1, 2010, pursuant to the Scheme of Amalgamation and Arrangement which became effective from August 30, 2010. Accordingly, an amount of Rs 109 million, which was revenue from the education business during the first quarter, has been reversed during this quarter.

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 second quarter of FY2011 as compared to the corresponding period last year.

	Second Quarter		% of total expenses		% Growth
(Rs million)	**FY2011**	**FY2010**	**FY2011**	**FY2010**	**Y o Y**
Programming & operating cost	3,458	2,229	*66.1%*	*57.2%*	*55.1%*
Employee cost	643	442	*12.3%*	*11.3%*	*45.5%*
Selling & other expenses	1,130	1,226	*21.6%*	*31.5%*	*-7.8%*
Total Expenses	**5,231**	**3,897**	*100.0%*	*100.0%*	*34.2%*

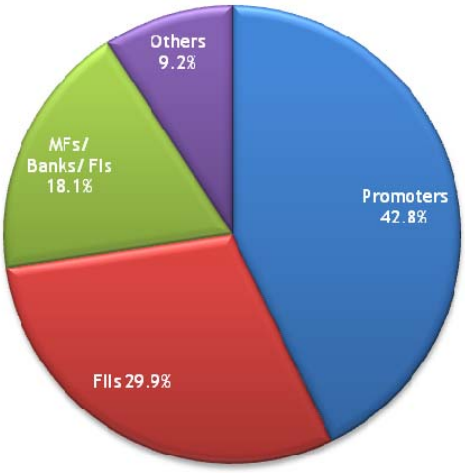
Note: 2Q FY2011 numbers include the results of Regional General Entertainment Channel (R-GEC) business acquired from Zee News Limited; R-GEC numbers are consolidated effective January 1, 2010. 9X business undertaking of 9X Media Pvt Ltd and ETC Network Ltd were also merged with the Company w.e.f. March 31, 2010. Hence, the above numbers are not comparable on a like to like basis.

Overall, programming & operating cost for the quarter was Rs 3,458 million as compared to Rs 2,229 million in the corresponding period last fiscal, an increase of 55.1%. Employee cost increased by 45.5% over the corresponding period last fiscal. Selling & other expenses for the quarter were Rs 1,130 million, indicating a decline of 7.8% over the corresponding period last fiscal. Total costs incurred by the Company in this quarter were Rs 5,231 million, showing an increase of 34.2% over the corresponding period last fiscal.

During the quarter, the Company's operating profit (EBITDA) was Rs 1,885 million, an increase of 25% over the corresponding period last fiscal. Operating profit margin stood at 26.5%. Finance expenses during the quarter were Rs 4.7 million, down 94% year on year. Profit before Tax (PBT) stood at Rs 2,064 million, while Profit after Tax (PAT) before exceptional items was Rs 1,263 million representing an increase of 25.9% and 13.8% respectively, over the corresponding quarter last fiscal.

Shareholding Pattern

The shareholding pattern of the Company as on Sep 30, 2010 is given in the chart below.



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 and ETC Music. 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