



ZEE ENTERTAINMENT ENTERPRISES LIMITED

EARNINGS RELEASE FOR THE QUARTER ENDED MARCH 31, 2007

ZEE CONSOLIDATED 4Q REVENUES OF RS 3,844 MILLION, UP 11%

FY2007 FULL YEAR REVENUES UP 31%

4Q FY2007 OPERATING PROFIT OF RS 951 MILLION, UP 112%

4Q FY2007 OPERATING MARGIN IMPROVES TO 25%

OVERALL 4Q NET PROFIT OF RS 699 MILLION, UP 33%

4Q FY2007 - Highlights

- ❖ Advertisement revenue was Rs 1,849 million for the fourth quarter ended March 31 2007, an increase of 8% over the corresponding period last fiscal, based on proforma numbers of ZEEL. For the full year FY2007, advertising revenues went up 32% to Rs 7,063 million.
- ❖ Subscription revenue was Rs 1,849 million for the fourth quarter ended March 31 2007, an increase of 18% as compared to the corresponding period last fiscal, based on proforma ZEEL numbers. For the full year FY2007, subscription revenues went up 27% to Rs 6,606 million.
- ❖ Operating profit was Rs 951 million for the fourth quarter ended March 31 2007, an increase of 112% as compared to the corresponding period last fiscal, based on proforma ZEEL numbers. Operating Profit Margin improved to 25%.
- ❖ Zee TV continues to maintain a strong viewership share at 23% despite competition from Cricket World cup. Zee Cinema maintains its numero uno position in the genre.

Mumbai, India; April 21, 2007 – Zee Entertainment Enterprises Limited (ZEEL) (ZEE.BO, ZEE.NS) today reported fourth quarter consolidated revenues of Rs 3,844 million representing a 11% growth over the corresponding period in the previous fiscal, compared on proforma numbers. The consolidated operating profit stood at Rs 951 million. These are higher by 112% as compared to the corresponding quarter last fiscal. Profit before tax for the fourth quarter of the fiscal 2007 was Rs 1,064 million while Net Profit was Rs 699 million, recording a growth of 33% over the corresponding period last year.

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 March 31, 2007.

Mr. Subhash Chandra, Chairman, stated, "Zee Entertainment finished the fourth quarter of FY2007 with a strong operating profit growth of 112% to 951 million. The operating margins

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have improved to 25% in comparison to the 13% in the corresponding quarter of last fiscal. Despite the disruptions in this quarter, because of the Cricket World Cup and intense competitive activity, we have recorded a revenue growth of 11%, which shows the resilience of our brands.”

“We are investing our time and efforts both in reaching out to new viewers as well as in capturing a larger mind share of our existing viewers. And we have succeeded in our effort consistently in the last several quarters. With rapid digitization of television homes in India through digital satellite (DTH) and digital cable services, we are confident of delivering superior returns”. Mr. Chandra added.

Commenting on the restructuring Mr. Chandra continued, “With listing of Dish TV on April 18th, the restructuring exercise is now complete. We are pleased that DishTV has ended FY2007 with a registered subscriber base of 1.9 million and is well poised to cross the 3.0 million mark in the coming year. DishTV is the one of the fastest growing DTH services in the world and we are confident that it would build long term shareholder value”.

Mr. Punit Goenka, Whole Time Director, commented “During the fourth quarter we faced intense competition for eyeballs from Cricket World Cup and other competition. Despite these events, Zee TV has been able to maintain its ratings across time bands and has averaged 211 gross rating points (GRPs) for the quarter, and an average channel share of 23% within the general entertainment category. Zee TV continues to be a strong leader in the time bands across 6 pm to 8.30 pm on weekdays. Our successful programmes including *Saat Phere*, *Kasamh Se*, *Antakshari*, *Betiyaan* and *Dulhann* continued to deliver strong numbers for the channel. Our recent initiatives *Maayka*, launched at the 8:30 pm slot continues to make inroads into competition while our most recent initiative – *Teen Bahuraniyaan* has been well accepted by the audience. *Saat Phere* & *Maayka* feature in the top 20 shows across the category. Zee TV has on average approx 17-18 shows in the Top 50 & 29-30 shows in the Top 100 across the GEC”.

“The fourth quarter saw Zee Cinema maintaining its ever consistent leadership position. Our youth specific branded block in the evenings “*Klub*” won the prestigious Indian Television's Best Packaging Award. For Zee Café and Zee Studio, we have got a strong increase in the market share & Zee Café has surpassed Star World for 10 of last 13 weeks. We will continue strengthening our vision to provide best content to our viewers and adding more value to the shareholders”, Mr. Goenka added.

Elaborating on the performance, Mr. Pradeep Guha, CEO said, “Our team has done well in delivering good results in a disrupted market scenario. First, we were up against an exceptionally good quarter last year for advertising revenues. Second, we had the Cricket World Cup which affects viewership and revenues, and third our big showcase event - the *Zee Cine Awards*, which is held in fourth quarter every year, got shifted to the next quarter. Against this backdrop, we are pleased with our performance. For the year FY2007, our



advertising revenues have grown 32%, which is almost double the industry growth rate, in our estimate. Looking ahead, we are confident that continued execution of our content strategy would result in a revenue growth faster than the industry”.

Condensed statement of operations

The table below presents the condensed statement of operations for Zee Entertainment Enterprises Limited and its subsidiaries for the fourth quarter of FY2007 versus FY2006, as published. The FY2006 numbers also include the cable, news and direct consumer business undertakings, which have now been demerged. Hence the numbers are not comparable.

(Rs million)	Fourth Quarter		
	FY2007	FY2006	% Growth
Operating Revenues	3,844	3,966	-3.1%
Expenditure	2,893	3,205	-9.8%
Operating Income	951	761	24.9%
Add: Other Income	177	125	41.3%
Depreciation	56	102	-45.1%
Finance Expenses	8	20	-59.0%
PBT before exceptional items	1,064	764	39.2%
Less: Exceptional Item	-	-	
Less: Provision for Tax	365	89	311.0%
Profit After Tax	699	675	3.4%
Minority Interest	96	(8)	

For better understanding of performance of ZEEL, the table below presents the proforma FY2006 numbers of ZEEL, on a comparable basis. These numbers are illustrative of the performance on a like to like basis.

(Rs million)	Fourth Quarter		
	FY2007	FY2006	% Growth
Operating Revenues	3,844	3,476	10.6%
Expenditure	2,893	3,027	-4.5%
Operating Income	951	449	111.9%
Add: Other Income	177	195	-9.5%
Depreciation	56	34	63.2%
Finance Expenses	8	(68)	-112.4%
PBT before exceptional items	1,064	678	57.0%
Less: Exceptional Item	-	-	
Less: Provision for Tax	365	151	142.8%
Profit After Tax	699	527	32.5%
Minority Interest	96	(8)	



Full Year Performance - FY2007 vs. FY2006

The table below presents the condensed statement of operations for Zee Entertainment Enterprises Limited and its subsidiaries on a proforma basis for the full year FY2007 versus FY2006. These numbers are illustrative of the performance on a like to like basis.

(Rs million)	Full Year		% Growth
	FY2007	FY2006	
Operating Revenues	14,411	11,042	30.5%
Expenditure	11,224	8,568	31.0%
Operating Income	3,188	2,474	28.8%
Add: Other Income	630	562	12.2%
Depreciation	228	160	42.7%
Finance Expenses	220	131	67.6%
PBT before exceptional items	3,370	2,745	22.8%
Less: Exceptional Item	-	-	
Less: Provision for Tax	964	603	59.9%
Profit After Tax	2,407	2,142	12.3%
Minority Interest	212	117	

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 for the fourth quarter of 2007 and 2006, as published.

(Rs million)	Fourth Quarter		% of total revenues	
	FY2007	FY2006	FY2007	FY2006
Advertising revenue	1,849	1,956	48.1%	49.3%
Subscription revenue	1,849	1,757	48.1%	44.3%
Other sales and services	146	253	3.8%	6.4%
Total Revenues	3,844	3,966	100.0%	100.0%

For better understanding of performance of ZEEL, the table below presents the proforma FY2006 numbers of ZEEL, on a comparable basis. These numbers are illustrative.



(Rs million)	Fourth Quarter		% of total revenues	
	FY2007	FY2006	FY2007	FY2006
Advertising revenue	1,849	1,711	48.1%	49.2%
Subscription revenue	1,849	1,570	48.1%	45.2%
Other sales and services	146	195	3.8%	5.6%
Total Revenues	3,844	3,476	100.0%	100.0%

Zee's advertising revenues was Rs 1,849 million, an 8% growth as compared to the corresponding quarter last fiscal. The growth in advertising revenues was impacted by the Cricket World Cup, which took away viewership from our channels. Also, *Zee Cine Awards*, a showcase event of Zee has been pushed to the first quarter of FY2008, further impacting revenues of this quarter. Despite this, the performance of Zee Entertainment has been very robust.

Overall subscription revenues at Rs 1,849 million, registered an increase of 18% over the corresponding quarter last fiscal. The domestic subscription revenue stood at Rs 854 million and international was Rs 995 million. Other sales and services was Rs 146 million.

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 fourth quarter of 2007 and 2006, as published.

(Rs million)	Fourth Quarter		% of total expenses	
	FY2007	FY2006	FY2007	FY2006
Cost of goods and operations	1,632	2,099	56.4%	65.5%
Employee cost	292	259	10.1%	8.1%
Other expenses	969	847	33.5%	26.4%
Total Expenses	2,893	3,205	100.0%	100.0%

For better understanding of performance of ZEEL, the table below presents the proforma FY2006 numbers of ZEEL, on a comparable basis. These numbers are illustrative.

(Rs million)	Fourth Quarter		% of total expenses	
	FY2007	FY2006	FY2007	FY2006
Cost of goods and operations	1,632	1,640	56.4%	54.2%
Employee cost	292	226	10.1%	7.5%
Other expenses	969	1,161	33.5%	38.4%
Total Expenses	2,893	3,027	100.0%	100.0%



Overall, the cost of goods and operations were stable at Rs 1,632 million compared to the Rs 1,640 million in the corresponding period last year. Personnel cost were 29% higher than corresponding period last year, whereas other costs were down by 16%. As a result, total expenses were lower by 4%. As a result, the operating profit grew 112% to Rs 951 million, compared to the corresponding quarter last year. This growth has been led by better cost control and steady improvement in advertising and subscription revenues.

During 4Q FY2007, profit before tax increased by 57% to Rs 1,064 million, while profit after tax went up by 33% to Rs 699 million.

Segment Performance

The Company is a diversified entertainment company with a multi-pillar approach to business. Its operations lie in three segments: (i) Content and broadcasting, (ii) Film Production and distribution and (iii) Education. The table below presents Zee's fourth quarter performance for FY2007 in the key segments.

(Rs million)	4 th Quarter revenues		% of total revenues	
	FY2007	FY2006	FY2007	FY2006
Content and broadcasting	3,748	3,456	97.5%	87.1%
Access	-	618	0.0%	15.6%
Film Prodn. / Distribution	-	-	0.0%	0.0%
Education	96	70	2.5%	1.8%
Less: Inter-segment rev.	-	(178)	0.0%	-4.5%
Total Revenues	3,844	3,966	100.0%	100.0%

Sports business

The sports business revenue during the fourth quarter was Rs 351 million, after consolidating the results of Taj TV Limited. Sports business during this quarter had a negative EBITDA of Rs 62 million. Zee Sports & Ten Sports continued their successful telecast of a right mix of sports properties. UEFA Euro 2008 Qualifiers, Serie A & Euro 2008 Qualifiers on Zee Sports and UEFA Championship League on Ten Sports gave a viewer the best quality international football. National Football League continued on Zee Sports and Indian Football received a boost with the recent visit of FIFA President Sepp Blatter and AFC President Mohammad Bin Hammam. Like every year the much hyped Standard Chartered Mumbai Marathon was telecast on Zee Sports. Other key properties on both channels were WTA, Davis Cup, Chennai Open for Tennis and Motor Sports: SuperBike and Moto GP on Zee and Ten Sports respectively.



Listing of Dish TV

As a result of the demerger of the Direct Consumer Undertaking of Zee Entertainment Enterprises Limited (Zee), shareholders of Zee have been allotted equity shares in Dish TV India Limited (DishTV - previously known as ASC Enterprises Limited). DishTV got listed on 18th April 2007 and is trading on the stock exchanges, both BSE and NSE.



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

Zee is one of India's largest media and entertainment companies. It is the largest producer and aggregator of Hindi programming in the world with an extensive library housing television content and movie titles. Zee's channels are widely distributed across many countries, especially for South Asian audiences. It is a significant player in the film production and education business. Zee's well known brands include Zee TV, Zee Cinema, Zee Sports, Zee Muzic, Zee Jagran, Zee Premiere, Zee Classic, Zee Action, Zee Cafe, Zee Studios and Zee Trendz. More information about Zee and its businesses is available at www.zee television.com.