



ZEE NEWS LIMITED

EARNINGS RELEASE FOR THE NINE MONTHS ENDED DECEMBER 31, 2006

ZEE NEWS LIMITED REPORTS NINE MONTHS RESULTS, FIRST SINCE DEMERGER

ZEE NEWS LIMITED TOTAL REVENUES OF RS 1,665 MILLION, UP 39%

OPERATING PROFIT OF RS 131 MILLION, UP 179%

OPERATING PROFIT OF EXISTING BUSINESS OF RS 487 MILLION, UP 76%

OVERALL NET PROFIT OF RS 93 MILLION

Nine Months FY2007 - Highlights

- ❖ Advertisement revenue was Rs 1,213 million for the nine months ended December 31 2006, an increase of 54% as compared to the proforma numbers for the corresponding period last fiscal.
- ❖ Subscription revenue was Rs 416 million for the nine months ended December 31 2006, an increase of 12% as compared to the proforma numbers for the corresponding period last fiscal.
- ❖ Operating profit was Rs 131 million for the nine months ended December 31 2006, an increase of 179% as compared to the proforma numbers for the corresponding period last fiscal. Operating Profit margin on existing business improves to 31%.
- ❖ Zee Marathi and Zee Bangla continue to climb the ratings chart. Zee Marathi is the No. 1 channel in its genre, while Zee Bangla is strong No. 2. Zee News continues to remain strong in Northern India.

Noida, India; January 29, 2007 – Zee News Limited (ZNL) today reported nine months revenues of Rs. 1,665 million representing a 39% growth over the corresponding period in the previous fiscal, compared on proforma numbers. The operating profit stood at Rs 131 million, after expensing of initial investments in new activities, amounting to Rs 356 million. These are higher by 179% as compared to the proforma numbers of the corresponding period last fiscal. Operating profit margin on existing businesses improved to 31.3%. Profit before tax for the nine months of the fiscal 2007 was Rs 150 million while Net Profit was Rs 93 million.

The Board of Directors in its meeting held today, has taken on record the unaudited financial results of Zee News Limited for the nine months ended December 31, 2006.

Zee News Limited

135, Continental Building, Dr. Annie Besant Road, Worli, Mumbai 400 018, India
Tel: +91 22 6697 1234



Mr. Subhash Chandra, Chairman, stated, "Zee News Limited finished the nine months with a good performance, highlighted by strong advertising revenue growth of 54% and robust operating profit growth of 179%. We believe that Zee News Limited has the potential to grow into a media giant with a regional focus."

"We are extremely pleased to see the steady steps towards digitization of the Indian cable and satellite industry. CAS has been successfully implemented in the notified areas of Mumbai, Delhi and Kolkata. With more subscribers opting for digital services even in other parts of the country, it will give a big boost to our subscription revenues in the near future. All these have extremely positive and long term impact on our business given that most of our channels are pay." Mr. Chandra added.

Commenting on the restructuring exercise, Mr. Chandra continued, "The restructuring exercise for ZNL is now complete. ZNL is ready to exploit the vast emerging opportunities and will deliver long term shareholder value."

Mr. Laxmi Goel, Managing Director, commented, "Many of our channels have turned in strong performances in the third quarter. Zee Marathi now leads the Marathi entertainment genre, while Zee Bangla continues to build its Strong No.2 position. Zee News continues to deliver stable ratings and as the only pay channel in the Hindi News genre has been successful in garnering strong revenues from both advertising and subscription. 24 Ghanta, a Bengali News channel operated by our subsidiary company has quickly vaulted to a Strong No.2 position. We will continue to reinforce our competitive advantage and deliver more value to viewers and shareholders." Mr. Goel added.

Elaborating on the performance, Mr. Harish Doraiswamy, CEO said, "Though we are pleased with the operating results in the first nine months, there is a lot more to be achieved. While we have done well in the Marathi and Bangla genre, our efforts are directed towards a ramp-up in the performance of new businesses viz. Zee Telugu and Kannada. Additionally, we would continue to strengthen our presence in the news genre."

Condensed statement of operations

The table below presents the condensed statement of operations for Zee News Limited for the nine months of FY2007 versus FY2006, as published. The FY2006 numbers do not include the performance of many channels like Zee Marathi, Zee Bangla, Zee Telugu, Zee Punjabi and Zee Gujarati etc., which have now been demerged from Zee Telefilms Limited and merged into ZNL. Hence the numbers are not comparable.



EARNINGS RELEASE FOR NINE MONTHS ENDED DECEMBER 31, 2006

(Rs million)	Nine Months		% Growth
	FY2007	FY2006	
Operating Revenues	1,665	197	744.1%
Expenditure	1,534	157	880.2%
Operating Income	131	41	222.1%
Add: Other Income	91	0	
Depreciation	33	7	341.9%
Finance Expenses	40	4	842.9%
PBT before exceptional items	150	29	410.9%
Less: Exceptional Item	-	-	
Less: Provision for Tax	57	5	973.6%
Profit After Tax	93	24	286.7%

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

(Rs million)	Nine Months		% Growth
	FY2007	FY2006*	
Operating Revenues	1,665	1,197	39.1%
Expenditure	1,534	1,150	33.4%
Operating Income	131	47	179.6%
Add: Other Income	91	3	2564.7%
Depreciation	33	26	27.7%
Finance Expenses	40	10	312.5%
PBT before exceptional items	150	15	884.9%
Less: Exceptional Item	-	-	
Less: Provision for Tax	57	4	1525.7%
Profit After Tax	93	12	693.2%
<i>* Proforma Numbers</i>			

The table below presents the performance of existing business vs. new business in ZNL. Operating profit margin increased from 23.4% to 31.3% on existing businesses.

(Rs million)	Nine Months FY2007			Nine Months FY2006 *		
	Existing	New	Total	Existing	New	Total
Total Revenues	1,555	110	1,665	1,182	15	1,197
Total Expenses	1,068	466	1,534	905	245	1,150
Operating Profit	487	(356)	131	277	(230)	47
<i>* Proform Numbers</i>						



EARNINGS RELEASE FOR NINE MONTHS ENDED DECEMBER 31, 2006

Revenue Streams

ZNL's revenues are generated primarily from advertising sales and subscription revenues. For better understanding of performance of ZNL, the following table sets forth the percentage of revenues that each type contributes to revenues for the nine months of 2007 and 2006, based on proforma financials. These numbers are illustrative.

(Rs million)	Nine Months		% of total revenues	
	FY2007	FY2006*	FY2007	FY2006*
Advertising revenue	1,213	789	72.9%	65.9%
Subscription revenue	416	371	25.0%	31.0%
Other sales and services	36	37	2.2%	3.1%
Total Revenues	1,665	1,198	100.0%	100.0%
<i>* Proforma Numbers</i>				

Zee's advertising revenues increased to Rs 1,213 million, a 54% growth as compared to the corresponding nine months period last fiscal. This growth in advertising revenues was a result of superior inventory utilization and higher average advertising rates on some of the channels.

Overall subscription revenues at Rs 416 million, registered an increase of 12% over the corresponding nine months period last fiscal. Direct to Home services contributed significantly to the growth in subscription revenues.

Expenditure

ZNL's main expenses include cost of goods and operations, employee cost and administrative and selling expenses. Overall, the costs went up 33% compared to proforma numbers during the corresponding period last year, which is lower than the percentage increase in revenues.

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

(Rs million)	Nine Months		% of total expenses	
	FY2007	FY2006*	FY2007	FY2006*
Cost of goods and operations	759	725	49.5%	63.0%
Employee cost	251	170	16.3%	14.8%
Other expenses	525	255	34.2%	22.2%
Total Expenses	1,534	1,150	100.0%	100.0%
<i>* Proforma Numbers</i>				



Restructuring in Zee News

As a result of the demerger, shareholders of erstwhile Zee Telefilms Limited (now called Zee Entertainment Enterprises Limited) have been allotted equity shares in Zee News Limited (ZNL) and ZNL is now listed and is trading on the stock exchanges w.e.f January 10, 2007. ZNL has an equity share capital of 239.76 million equity shares of Re 1 each.



Note: This earnings release contains 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 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 channels including Zee News, Zee Business, Zee Marathi, Zee Bangla, Zee Punjabi, Zee Gujarati, Zee Kannada and Zee Telugu. Zee News was India's first 24-hour Hindi news channel in the country. Zee News is the only pay channel in the Hindi News genre and is among the leading news channels in North India. More information about Zee News Limited and its businesses is available at www.zeenews.com.