

India: Media

Cyclical recovery underway, but no longer value picks; prefer Zee

Mid-cycle valuations reflect cyclical recovery in media industry

Over the last couple of weeks, major broadcasters such as Zee Entertainment and Sun TV Network have indicated plans to hike rates on flagship channels by 5%-15%, pointing to improving utilizations and signs of a broader recovery in advertising spend. This is in line with our earlier view of 10%-12% sequential growth in advertising spend for 2H FY10E and argument for higher valuations for established broadcasters such as Zee. We raise our FY10E-12E EPS estimates by 1%-64% and target prices by 17%-29%.

Aside from this cyclical recovery, we believe the thesis of structural positives for the broadcasters from increased digitization is intact and strengthening as digital subscriber growth has continued to be robust (average 13% qoq growth in subscriber base for Dish TV for the last eight quarters) but without any incremental increases in ARPU's.

The stocks under our coverage have risen substantially (average 33% over the last six months vs. 20% for Sensex), limiting the absolute upside in the sector, in our view. However, valuations for broadcasters are still close to historical median levels. We continue to value our coverage stocks on mid-cycle P/E multiples, except Dish TV (DCF).

Buy Zee and Sell Dish TV – Broadcasters still preferred way to play digital distribution

We continue to prefer established broadcasters as the best way to gain exposure to increasing penetration of digital distribution platforms (like DTH, digital cable) and reiterate our Buy on Zee Entertainment.

We believe the market is now also assigning higher valuation multiples for Zee given the strength of its content pipeline (avg market share of c. 18% over the last 12 months, despite a rise in competition), as well as the higher quality of revenue contribution from digitization going forward. Upside from here would be driven by earnings above market expectations, in our view.

We reiterate our Sell rating on Dish TV, as we believe its current market cap reflects a best-case scenario (above 20% market share and 10% ARPU CAGR over the next five years). We believe it still faces a tough path to profitability; as such valuations leave little room for positive surprise.

Risks

Downside: 1) Continued sluggishness in corporate advertising spend; 2) new entrants in broadcasting. Upside: 1) Reduced price-based competition.

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VALUATION SUMMARY

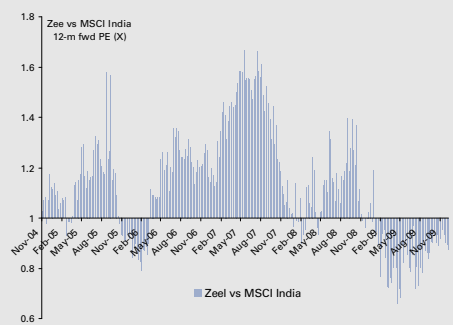
	Rating	Price (Rs)		Potential upside	P/E(X)	
		Current	12-mo TP		1-yr fwd	2-yr fwd
Zee Entertainment	Buy	262	295	13%	21.6	17.3
Sun TV Network	Neutral	329	331	0%	27.3	21.9
Dish TV	Sell	42	35	-16%	NM	NM

Closing prices are as of December 21, 2009 close.

Note: Target prices are based on 20X FY2011E EPS for Zee Entertainment and on 22X FY2011E EPS for Sun TV. For Dish TV, our target price is based on DCF methodology.

Source: Datastream, Goldman Sachs Research estimates.

ZEE VS MSCI INDIA INDEX



Source: Datastream, Goldman Sachs Research estimates.

SUMMARY OF OUR ESTIMATES AND 12-M TARGET PRICE CHANGES

	12-mo TP(Rs)		Change in EPS estimates		
	New	Old	FY10E	FY11E	FY12E
Zee Entertainment	295	229	6%	6%	7%
Sun TV Network	331	264	4%	3%	1%
Dish TV	35	30	-4%	24%	64%

Source: Goldman Sachs Research estimates.

Cyclical recovery under way; established broadcasters to benefit

A cyclical recovery for the Indian media companies appears to be under way, with major broadcasters, including Zee Entertainment and Sun Network announcing ad rate hikes over the last quarter. Zee Entertainment raised ad rates across its channels by up to 10% starting September 2009. Sun TV Network also announced 9%-33% hikes in ad rates across its Tamil channels and by 5%-16% across others. Driven by these ad rate hikes and a noticeable increase in ad inventory utilization, we continue to expect 10%-12% sequential growth in advertising income in 2HFY10 and 14%-15% yoy growth in FY2011.

Strong growth in DTH subscription revenues has helped partly offset the slump in advertising revenues over the last four quarters. The trend of strong growth in Digital subscribers continues to play out (DTH net subscriber base for Dish TV has grown at a sequential growth rate of 13% on average over the last eight quarters). **We continue to believe that broadcasters are the best way to gain exposure to the increase in penetration of digital subscriber growth in India and reiterate our Buy on Zee Entertainment and Sell on Dish TV.** Sun TV's business model strength is reflected in its premium valuations relative to peers, underpinning our Neutral rating on the stock. We raise our FY09-FY11E sales and EPS CAGR forecasts for our media coverage group to 27% and 30% (from 22% and 29%), respectively.

Zee Entertainment: Strength in content; valuations in line with historical median; Buy

- **We expect a strong revival in ad revenues in 2HFY10:** Zee's ad revenues 1HFY10 ad revenues were down 21% yoy. However, with signs of an economic revival emerging, we expect a strong recovery in 2HFY10 and forecast 10%-12% sequential growth in ad revenues in 2HFY10E. The company hiked ad rates in September across its channels.
- **Continued uptrend in uptake of digital platforms driving subscription growth:** We forecast the subscription base to expand at a CAGR of 29% over FY10E-FY12E to c. 30 million from c. 12 million at the end of FY09. Digitization of distribution platforms (DTH/ CAS) and HITS Policy approval should drive subscription growth for broadcasters – we expect its overall subscription revenues to grow at a 13% CAGR over FY10E-FY12E with DTH revenues growing 24% over the same period.
- **Acquisition of R-GECs would be EPS accretive:** On October 29, Zee Entertainment (ZEEL) announced the acquisition of six Regional GECs from Zee News (ZNL) in a share swap deal (four shares of ZEEL for 19 shares of ZNL). We expect this deal to be EPS accretive and expect Zee to gain access to an additional 30 million homes once completed.
- **Valuations:** Zee currently trades at 21.6X FY10E EPS and 17.3X FY11E EPS vs. its historical median 12-month forward P/E of 17X. On a 12-mo forward P/E basis, Zee is trading at a 14% discount to MSCI India vs. historical average premium of 16%.
- **Target price:** We raise our 12-month target price to Rs295 (from Rs229) and base it on 20X FY11E EPS (vs. 16X previously), an 18% premium to historical median 12-month forward P/E multiple. This reflects our view that the company's growth prospects have recovered and are closer to median now.
- **Key risks:** 1) Continued slowdown in ad spending through FY10, 2) loss of market share to new entrants, and 3) delay in payments from digital distribution companies.

Sun TV Network: Business model strength factored in premium price; Neutral

- **At 27.3X FY10E EPS (26% premium to Zee Entertainment), the stock is fairly valued, in our view:** We believe the share price, which has doubled over the last 12 months, now adequately reflects the structural strengths of Sun's business model, its relatively high and sustainable ROE levels, and strong cash flow generation.
- **Unique business model:** Sun TV's unique business model – selling slots to independent producers on ad revenue-sharing basis – and consistently high market shares, have enabled it to deliver higher EBITDA margins than peers (avg. 69% over past two years).
- **Valuations:** Sun TV currently trades at 27.3X FY10E EPS and 21.9X FY11E EPS. On a 12-month forward P/E basis, the stock currently trades at a 10% premium to MSCI India. This premium seems justified to us given relatively higher growth and returns profile we project for Sun over the next two years.
- **Target price:** We raise our 12-month target price to Rs331 (from Rs264) based on 22X FY11E EPS (vs. 18X previously), in line with the company's two-year median multiple).
- **Key risks:** 1) Volatility in ad spending through FY10 and 2) Changes in market share due to new entrants.

Dish TV: High competition, close to "blue sky" scenario seems priced in; Sell

- **Strong subscriber additions on DTH platform:** We expect the DTH market in India to expand to 30 million by FY2012E from c. 12 million currently. Consequently, we expect Dish TV's revenues to grow at a CAGR of 30% over FY09-FY13E (subscriber growth from 4.4mn at end of FY09 to 8.4mn end of FY12E).
- **Competition will continue to pressure costs and delay profitability:** The race to gain market share has already put a lot of pressure on profitability through higher marketing and SAC costs, and we believe this will only get more intense when overall market growth slows down (after rising close to about 20% penetration of TV households in India by FY2012E vs. 8%-10% currently).
- **Comparison with global DTH:** Compared with global established satellite TV operators across the world, Dish TV seems to be at a structural disadvantage in its business model, given no content exclusivity and multiple players in market, all of which have larger balance sheets – hence, we think it may be unrealistic to assume mature-stage profitability levels for Dish similar to these companies.
- **Valuations:** We believe the current price and market cap for the company reflect a "blue sky" scenario in terms of incremental market share and pricing over the next 3-4 years (see Exhibit 11).
- **Target price:** We raise our DCF-based 12-month target price to Rs35 (from Rs30), which assumes a market share of c. 20% market share of net adds by FY2012E for Dish TV and average ARPU increase of 5%-7% over the next four years and implies 16% downside from current price. The change in our target price is due to the effect of recent equity raising by the company replacing high cost debt and slightly lower WACC due to changed market risk premium.
- **Key risks:** 1) Dish TV maintaining its share among new subscriber additions and 2) Better-than-expected margin performance.

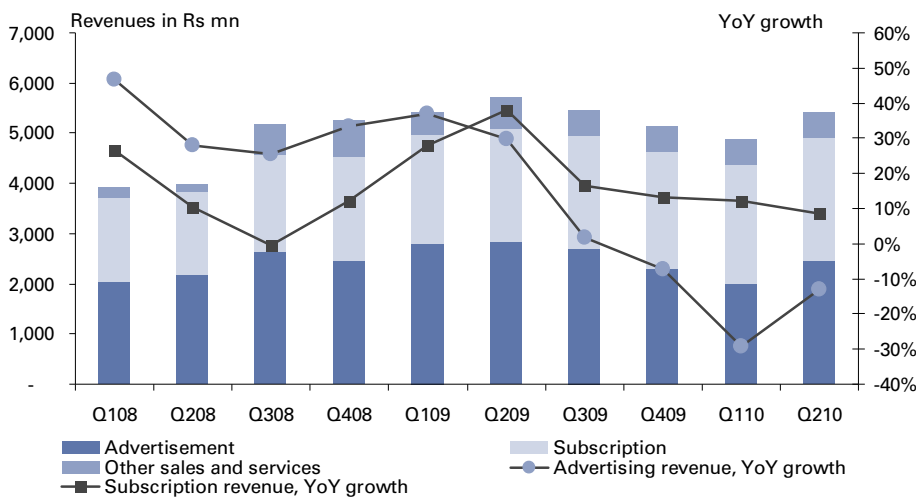
We continue to prefer broadcasters over distribution operators

We expect corporate advertising spend to pick up

Corporate profitability is the most important determinant in ensuring a steady advertising revenue stream for broadcasters, in our view. The global economic slowdown and its effect on corporate profitability has driven down advertising revenues for broadcasters over the last four quarters. Advertising revenues for Zee were down 21% in 1HFY10E over 1HFY09. With our economists expecting India’s economy to return to secular growth of >8%, we expect ad spend by Indian corporates to pick up and believe this will translate into an acceleration in advertising revenue growth for broadcasters over FY11E and FY12E.

Zee Entertainment raised ad rates across its channels by up to 10% starting September 2009. Sun TV Network also announced 9%-33% hikes in ad rates across its Tamil channels and by 5%-16% across its channels catering to the other languages. Bottom-up data from some of the largest media spenders in India (e.g., Fast Moving Consumer Goods (FMCG) and telecom companies’ guidance through their latest earnings disclosures) indicate the possibility of a sequential pickup of 10%-12% in ad spend for the second half of FY10E. Factoring this in, we expect 10%-12% sequential growth in advertising revenues in 2HFY10E and 14%-15% yoy growth in FY11E. We expect subscription revenue growth to remain strong and expect 14% yoy growth in subscription revenue in FY2011E.

Exhibit 1: Despite negative yoy growth, the trend of accelerating decline in ad revenues reversed in 2QFY10; steady subscription revenues have offset declining advertising revenues over the last 4-5 quarters
 Advertising and subscription revenue growth for Zee Entertainment over the last 10 quarters



Source: Company data.

We expect the acquisition of the R-GECs to be EPS accretive for Zee

In October, Zee Entertainment approved the acquisition of Regional GECs (R-GEC business) of its group firm Zee News Limited (effective Jan 1, 2010). The acquisition will be funded by issuance of new shares by Zee Entertainment to shareholders of Zee News Limited at a share swap ratio of four equity shares of Zee Entertainment for 19 equity shares of Zee News Limited. The acquisition of R-GEC business includes six television

channels (Zee Marathi, Zee Bangla, Zee Talkies, Zee Telugu, Zee Kannada and Zee Cinemalu) along with the assets and liabilities of these businesses.

Exhibit 2: The six R-GECs that Zee is acquiring will broaden its target viewership market by 30 million C&S homes

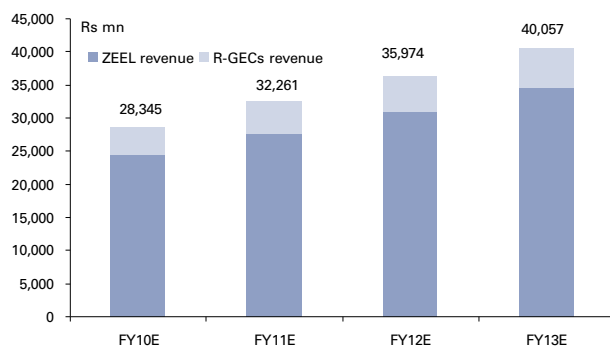
	Position of Zee Network's channel	Mkt share of Zee Network's channel (%)	Mkt share of segment leader (%)
Zee Marathi	1	42.1	24.3*
Zee Bangla	2	24.9	46.1
Zee Telugu	4	19.5	31.5
Zee Kannada	4	13.9	39.2

* - Market share of nearest competitor

The other two channels acquired are Zee Talkies and Zee Cinemalu

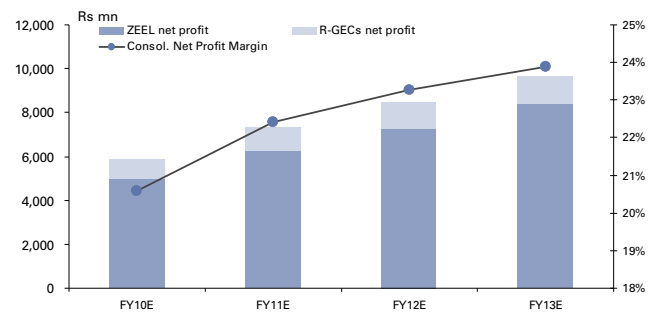
Source: Company data, TAM, Goldman Sachs Research.

Exhibit 3: We expect the R-GECs to add to Zee Entertainment's revenues...



Source: Company data, Goldman Sachs Research estimates.

Exhibit 4: ...And also contribute to an improvement in margins for the company



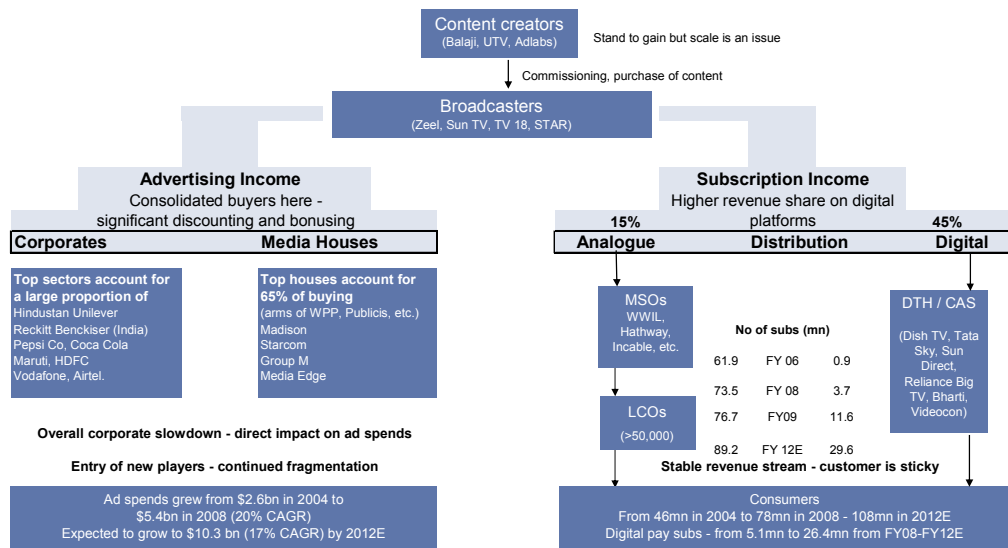
Source: Company data, Goldman Sachs Research estimates.

Encouraging growth of digital platforms in India – we prefer broadcasters

Unlike DTH markets elsewhere, content exclusivity is not permitted in India, leaving DTH players able to differentiate their services only on the basis of price and/or reach. However, in our view, the trend towards digitization stands to benefit broadcasters significantly by driving their subscription revenues higher (see Exhibit 5). Owing to significant underdeclaration of the subscriber base by cable operators, broadcasters currently have only a minimal share of the analog subscription pie (about 15% per industry estimates). The digitization of distribution platforms would also effectively prevent revenue leakage, leading to our view that greater uptake of DTH would benefit broadcasters and content creators more than the DTH operators themselves. While digitization should lead to strong top-line growth for DTH players like Dish TV, profitability will be delayed due to the steady increase in subscriber acquisition costs. We forecast Dish TV to record 42% sales CAGR over FY09-11E, but do not expect the company to turn positive at the EBIT level before FY12.

Exhibit 5: Broadcasters and content creators are best positioned in the current value chain, in our view

Established companies in both segments stand to gain from increase in digital subscriptions

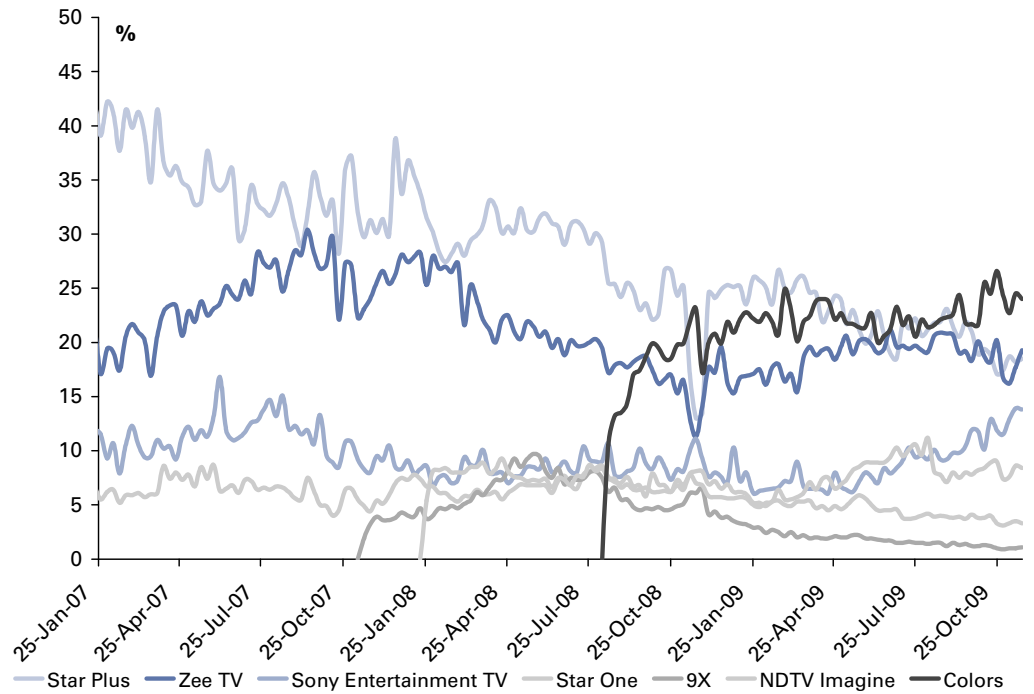


Source: NRS, FICCI – Frames, Goldman Sachs Research estimates.

Market slowdown has slowed the pace of fragmentation in Hindi GEC

Fragmentation in the Hindi GEC space has declined over the last few months, with many planned channel launches delayed or scrapped. The top three players have aggregated to similar gross rating points (GRPs) in FY10. This has reduced the risk of content cost inflation, at least in the short term, providing broadcasters an opportunity to rationalize carriage and personnel costs.

Exhibit 6: The top three players in the GEC space have aggregated towards similar GRPs
 Market share of different players in the Hindi GEC space, January 2007–November 2009

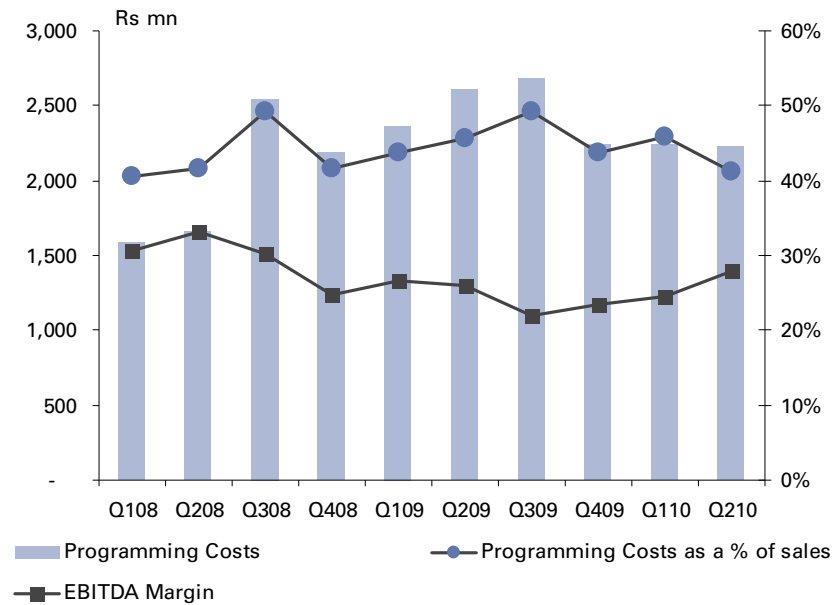


Source: TAM.

Zee consciously avoided the strategy of using high-cost content to attract viewers and GRPs and has seen a 440 bp improvement in operating margins over 1HFY10. We also note that Zee has not lost market share because of competition from new entrant Colors, but has actually managed to increase its share by c. 200bp since the launch of Colors in August 2008.

Exhibit 7: Zee Entertainment's EBITDA margins have improved significantly over the last three quarters, driven by efficient cost management strategies

EBITDA margin profile for last 10 quarters – Zee Entertainment Enterprises



Note – FY ends in March.

Source: Company data.

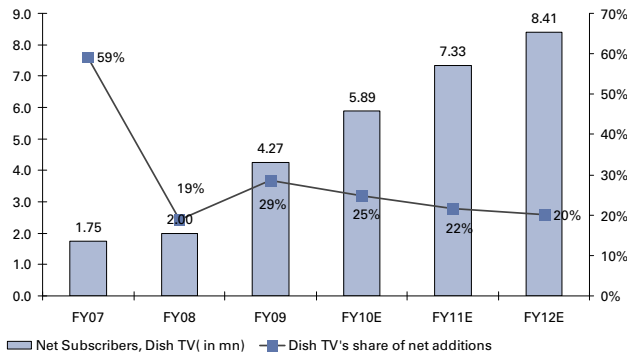
DTH market increasingly fragmented; Dish TV market share under pressure

Given intensifying competition in this segment and current operators' focus on gaining market share regardless of costs, we believe it will be some time before DTH companies become profitable. It appears to us that the business case assumption for these companies is that once established on a given platform, customers will provide cash flow over the long term and churn will be moderate as the effort to change platform will outweigh potential savings. Using these assumptions, we believe that DTH companies with stronger balance sheets have a greater ability to invest and have the option to offer (potentially loss-making) triple-play services over a longer period of time, placing them at an advantage.

We expect Dish TV's net subscriber base to reach 8.41 million by FY2012E from 4.98 million as of September. However, we believe the company's share of overall subscriber additions in the country will decline, as competitors gain traction. Dish TV's share of the gross pay DTH market stood at 38% as of Sep 2009 vs. 42% in Dec 2008 – with the share of incremental sub additions at about 20% ytd. While current valuations reflect expectations of strong subscriber additions, in our view – about 2 mn net adds per year vs. our estimate of about 1.4 mn – we expect 20% market share of incremental subs at best for Dish TV till FY2012E. Increasing competition in DTH will lead to a cap on pricing in the medium term, in our view.

Exhibit 8: We expect a deceleration in subscriber additions for Dish TV and a reduced share of net additions in the DTH market, going forward

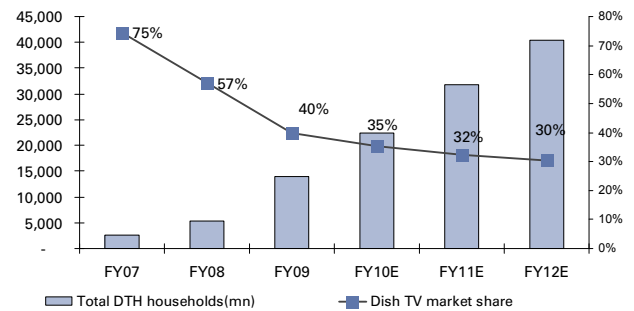
Addition of net subscribers for Dish TV



Source: Company data, Goldman Sachs Research estimates.

Exhibit 9: As the number of DTH households increase, we expect Dish TV's market share to decline substantially

Capex trend for Dish TV



Source: Company data, Goldman Sachs Research estimates.

Exhibit 10: Dish TV is trading at a premium to most global DTH players on a simple ARPU-based multiple

Comparison of Dish TV with global peers on ARPU based multiple

	Dish TV	B Sky B	DirectTV	DISH Network	ASTRO
Gross Subs,mn	5.5	12.1	18.5	13.4	2.7
M.Cap. \$mn	947	15,901	32,342	9,410	1,757
ARPU (Rs eq.)	139	3,200			1,118
1-yr fwd EV/Rev.(X)	3.4	2	1.7	1.2	2.2

Source: Company data, Bloomberg.

We estimate moderate 5%-7% growth in ARPU over FY10E-FY12E as we believe ARPU growth will be capped due to competition with six DTH players as well as from analog platforms. However, in our view, Dish TV's valuations currently reflect expectations of substantial growth in ARPU in the medium term. Even under a best-case scenario – assuming 10% growth in ARPU every year starting FY2012 – once critical subscriber mass is achieved, the implied valuation would only be at a slight premium to current valuations. As seen in Exhibit 11, the market cap implied by best-case scenario valuation would only be at a 9% premium to current market capitalization, indicating that current valuations are already pricing in close to a best-case scenario for Dish TV.

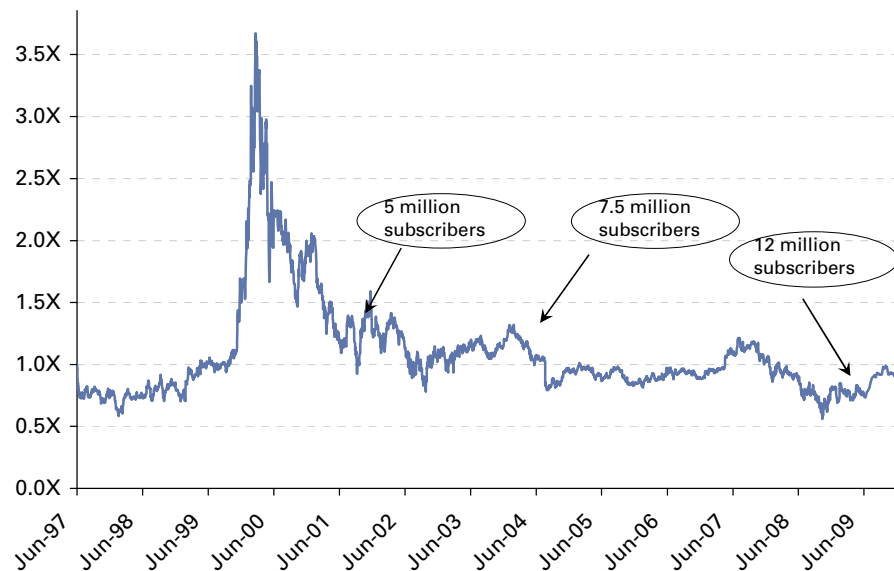
Exhibit 11: We believe high market expectations of potential future growth and profitability are already priced into Dish TV's current market cap; even a best-case scenario (strong ARPU increase, high market share) yields <10% upside
 Dish TV's implied valuation, assuming best-case scenario execution over FY10E-FY12E

	FY2011E	FY2012E	FY2013E	FY2014E	FY2015E
Total Revenue (Rs mn), assuming a 10% YoY growth in ARPU every year starting FY2012	14,882	18,190	21,221	24,922	28,938
Net Profit margin					20%
Net Profit in FY2015E, assuming best case margin of 20% (Rs mn)					5,788
Market Cap in FY2015 at 15X EPS (\$mn)					1,736
Implied current Market Cap (\$ mn) (Discounting FY15 Market cap at 14%)		1,028			
Current Market cap (\$ mn)		947			

Source: Company Data, Goldman Sachs Research estimates

We believe high expectations of potential future growth and profitability are already priced into Dish TV's current market cap – as appears to be the case of one of its global peers – British Sky Broadcasting (BSkyB). In our view, most future expectations were priced in the first two years of BSkyB's listing (see Exhibit 12).

Exhibit 12: We think most future expectations were priced in the first two years of listing of British Sky Broadcasting; the share price has declined over the last 10 years
 Indexed price performance of BSkyB



Source: Datastream, Goldman Sachs Research estimates.

No longer value picks, but prefer Zee on improving corporate ad spend

Even though the stocks in our coverage group have risen an average 33% over the last six months (vs. 20% for Sensex), they are still trading close to their historical median levels (see Exhibits 15 and 16). We value our coverage stocks on mid-cycle P/E multiples (except

Dish TV, for which we use DCF), as we believe medium-term growth will gradually pick up from a recovery in advertising spend starting 2HFY10E.

Zee Entertainment: Zee currently trades at a 12-month forward P/E of 18.9X, which is at a 7% premium to historical median 12-month forward P/E of 17X. We reiterate our Buy rating on Zee and value the stock at 20X FY11E P/E, at a 18% premium to its historical median, as we believe the company is best positioned to benefit from an improvement in corporate ad spend starting 2HFY10E.

Sun TV: Sun TV is currently trading at a 12-month forward P/E of 23.3X, in line with its last two-year median 12-month forward P/E of 23X. We retain our Neutral rating on the stock with a target price of Rs 331 (22X FY11E EPS), as we believe its current premium valuation (24% premium to Zee on 12-month forward P/E) adequately reflects the structural strengths of Sun's business model, its relatively high and sustainable ROE levels, and strong cash flow generation.

Exhibit 13: We reiterate our Buy rating on Zee Entertainment and raise our target price to Rs295

Snapshot of ratings and target prices for our media coverage universe

	Ticker	Mkt. cap (\$ mn)	Free float	Rating	Price			FY2010E(X)			FY2011E (X)			GS 2 year CAGR		
					Current (Rs)	12-month TP (Rs)	Potential upside/downside	P/E	P/B	EV/ EBITDA	P/E	P/B	EV/ EBITDA	Sales	EPS	
Zee Entertainment	ZEE.BO	2,427	61%	Buy	262	295	13%	21.6	3.3	15.1	17.3	2.9	12.1	22%	33%**	
Sun TV Network	SUTV.BO	2,771	23%	Neutral	329	331	0%	27.3	6.4	13.6	21.9	5.2	10.7	27%	27%	
Dish TV	DSTV.BO	947	42%	Sell	42	35	-16%	NM	NM	NM	NM	NM	19.3	42%	NM	
Media group average								24.4	4.8	14.3	19.6	4.0	11.4	27%	30%	
MSCI India								21.6	3.12	NA						

** After adjusting for tax write-backs in FY09
Closing prices are as of the December 21, 2009 close.

Source: Datastream, Goldman Sachs Research estimates.

We raise our sales estimates for our media coverage group by 2%-18% and EPS estimates by 1%-64% for FY10E-FY12E and also introduce our FY13E estimates. For both Zee Entertainment and Sun TV, we build in the impact of an improving corporate ad spend scenario. In addition to this, for Zee, we also factor in incremental revenue and earnings from the consolidation of the six R-GECs. For Dish TV, we revise our estimates upwards, as we incorporate better-than-expected operating margin performance that the company has delivered over 1HFY10E. However, we continue to expect that the company will not turn positive at the EBIT level before FY12E.

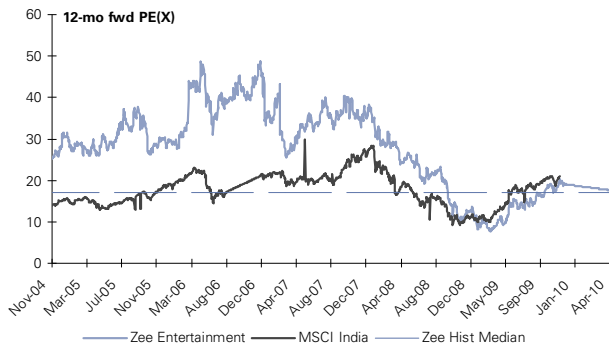
Exhibit 14: Summary of changes to target prices and estimates for our media coverage group

	Rating		12-mo TP(Rs)		Change in Sales estimates			Change in EPS estimates			EPS est. FY13E
	New	Old	New	Old	FY10E	FY11E	FY12E	FY10E	FY11E	FY12E	
Zee Entertainment	Buy	Buy	295	229	18%	19%	19%	6%	6%	7%	19.98
Sun TV Network	Neutral	Neutral	331	264	4%	8%	7%	4%	3%	1%	20.57
Dish TV	Sell	Sell	35	30	0%	2%	9%	-4%	24%	64%	-0.10

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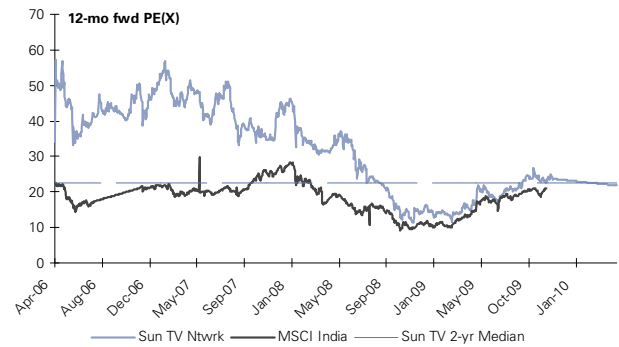
Source: Goldman Sachs Research estimates.

Exhibit 15: Zee Entertainment is currently trading at a 12-m fwd P/E of 18.2X vs. historical median of 17X
12-month fwd P/E trend – Zee Entertainment Enterprises



Source: Bloomberg, Goldman Sachs Research estimates.

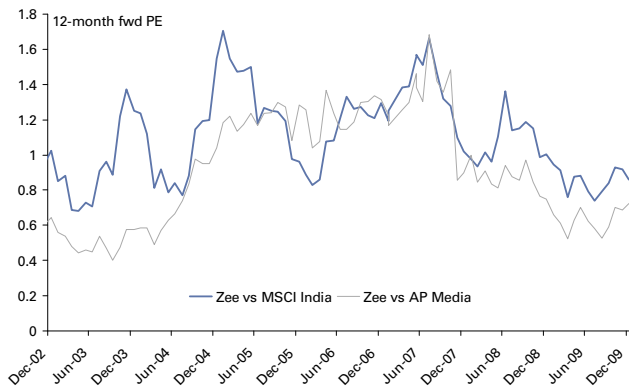
Exhibit 16: Sun TV Network is currently trading at a 12-m fwd P/E of 23.3X vs. 2-year median of 23X
12-month fwd P/E trend – Sun Tv Network Ltd



Source: Bloomberg, Goldman Sachs Research estimates.

Exhibit 17: Zee Entertainment is currently trading at a 12% discount to MSCI India vs 5-year avg premium of 16%

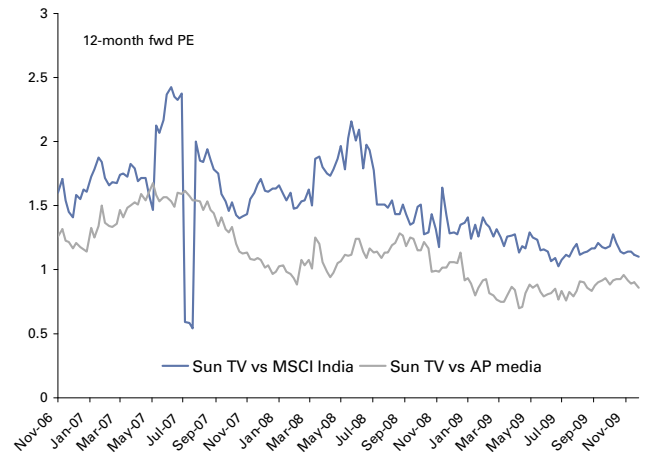
Zee vs. MSCI India and AP media on 12-month fwd P/E (X)



Source: Datastream, Goldman Sachs Research estimates.

Exhibit 18: Sun TV is currently trading at an 11% premium to MSCI India vs historical avg premium of 50%

Sun TV vs MSCI India and AP media on 12-month fwd P/E (X)



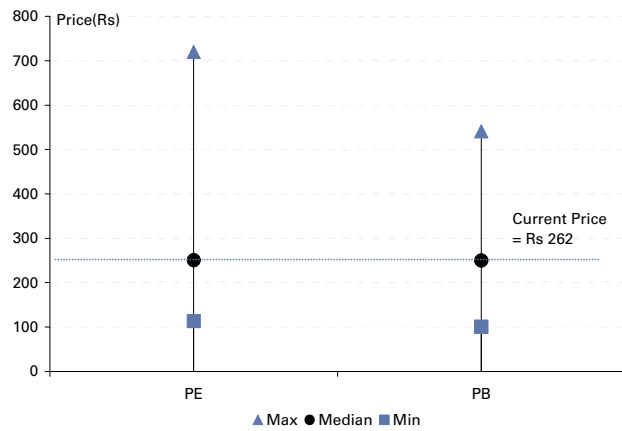
Source: Datastream, Goldman Sachs Research estimates.

Exhibit 19: Zee trades at a discount to global peers on both 1-yr and 2-yr fwd P/E, Sun TV trades in line
Zee and Sun TV vs. global peers

	P/E(X)		EV/EBITDA(X)	
	1-yr fwd	2-yr fwd	1-yr fwd	2-yr fwd
Zee	21.6	17.3	15.1	12.1
Sun TV	27.3	21.9	13.6	10.7
Asia Pacific Broadcasters Average	16.8	14.6	8.9	7.6
Europe Broadcasters Average	29.0	22.7	17.0	13.0
US Broadcasters Average	16.4	13.9	8.0	7.4
Global Broadcasters Average	23.3	17.9	9.8	8.5

Source: Bloomberg, Goldman Sachs Research estimates.

Exhibit 21: Zee Entertainment currently trades in line with its historical median valuation



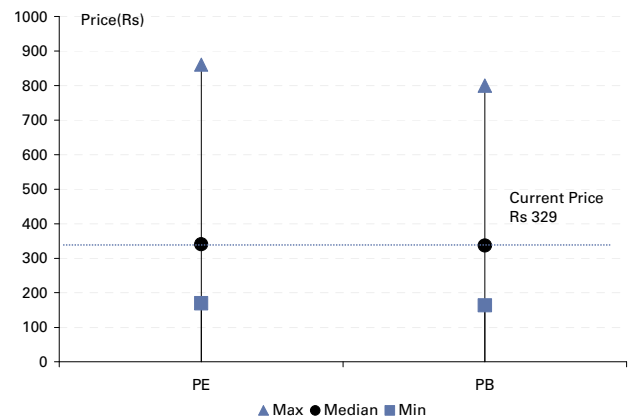
Source: Datastream, Goldman Sachs Research estimates.

Exhibit 20: Our above-consensus estimates for Zee reflect our expectation of a cyclical recovery
We believe consensus estimates will be upgraded

	Sales (Rs mn)		EPS (Rs)	
	FY2010E	FY2011E	FY2010E	FY2011E
Zeel	28,582	32,653	12.14	15.11
Sun TV	13,438	16,758	12.08	15.04
Dish TV	11,519	14,882	-2.71	-1.43
	vs. consensus		vs. consensus	
Zeel	29%	26%	21%	25%
Sun TV	2%	9%	0%	3%
Dish TV	2%	-6%	2%	-22%

Source: Bloomberg, Goldman Sachs Research estimates.

Exhibit 22: Though Sun TV also trades in line with its historical median, it is at a 22% premium to global peers on 2-yr fwd P/E; we believe valuations are reasonable



Source: Datastream, Goldman Sachs Research estimates.

Exhibit 23: Valuation snapshot – Global Pay TV operators

Companies	BB Ticker	Currency symbol	Price 21-Dec-09	Rating	Market Cap (US\$ mn)	Enterprise Value	P/E (X) 1-yr fwd 2-yr fwd	EV/EBITDA (X) 1-yr fwd 2-yr fwd	EV/FCF (X) 1-yr fwd 2-yr fwd	EV/revenues (X) 1-yr fwd 2-yr fwd	EPS CAGR 2-yr	ROE (%) FY1	EBITDA margin (%) 1-yr fwd 2-yr fwd
India Satellite TV													
Dish TV	DITV IN	Rs	42	Sell	947	49,907	NM NM	51.0 19.3	NM NM	3.4 2.7	NM NM	NM NM	19% 24%
US Satellite TV													
DirectV	DTV US	\$	34	Buy	32,887	38,484	24.3 15.5	7.3 6.2	23.3 17.2	1.8 1.6	26% 45%	24% 26%	
DISH Network Corp.	DISH US	\$	21	Sell	9,410	13,761	15.4 12.6	5.9 5.4	11.8 22.7	1.2 1.1	-8% -29%	20% 21%	
Weighted Average							22.3 14.8	7.0 6.0	20.8 18.4	1.7 1.5	19% 29%	23% 25%	
European Satellite TV													
British Sky Broadcasting	BSY LN	£	563	Sell	15,901	11,576	17.8 13.9	9.0 7.9	20.1 16.2	2.0 1.8	NA NA	NM NM	22% 23%
Weighted Average							17.8 13.9	9.0 7.9	20.1 16.2	2.0 1.8	NA NA	NM NM	22% 23%
Asian Satellite TV													
Sky Perfect	9412 JP	¥	36,450	Neutral	1,349	173,288	17.8 15.7	5.2 4.8	NM 34.7	1.2 1.1	NA 4%	23% 24%	
ASTRO	ASTR MK	RM	3	NC	1,757	7,137	NA 22.7	9.5 8.6	NA NA	2.2 2.0	NM 25%	23% 23%	
Weighted Average							17.5 19.7	7.6 6.9	NA 15.1	1.8 1.6	NA 16%	23% 24%	
US Cable TV													
Cablevision	CVC US	\$	26	Neutral	7,639	18,597	23.7 18.9	7.4 7.2	26.1 22.3	2.4 2.4	NA -6%	33% 33%	
Comcast	CMCSA US	\$	17	Not Rated	49,887	77,935	15.2 14.6	5.7 5.6	13.9 16.0	2.2 2.1	17% 8%	38% 38%	
Weighted Average							16.3 15.2	5.9 5.8	15.5 16.9	2.2 2.1	15% 6%	38% 37%	
Asian Cable TV													
i-Cable	1097 HK	HK\$	1	NC	263	1,435	NA 22.7	4.9 3.7	NA NA	0.8 0.7	NA 1%	22% 21%	
Jupiter Telecommunications	4817 JP	¥	87,400	Buy	6,591	806,614	21.0 18.1	5.7 5.4	17.2 13.4	2.5 2.3	NA 8%	43% 43%	
Weighted Average							21.0 18.2	5.7 5.3	16.5 12.9	2.4 2.3	NA 8%	42% 42%	
India Cable TV													
Wire & Wireless	WNV IN	Rs	19	NC	179	5,105	NA NA	-13.8 -43.1	NA NA	1.8 1.2	-25% 133%	-13% -3%	
Australia													
Sky Network	SKT NZ	NZD	5	NC	1,390	2,234	20.1 16.4	7.9 7.0	NA NA	3.0 2.8	16% 8%	38% 40%	
AUN	AUN AU	AUD	1	NC	1,606	2,512	37.1 25.2	11.3 9.8	NA NA	3.7 3.4	NA -14%	33% 34%	
Weighted Average							29.2 21.1	9.7 8.5	NA NA	3.4 3.1	7% -4%	35% 37%	
Global Cable & Satellite TV average							18.6 15.2	6.0 5.2	17.0 16.5	1.8 1.7	13% 13%	31% 31%	

* - Stock is on our regional Conviction list. NC – Not Covered

For important disclosures, please go to <http://www.gs.com/research/hedge.html>

Source: Datastream, Bloomberg, Goldman Sachs Research estimates.

Exhibit 24: Valuation snapshot – Global broadcasting companies

Companies	BB Ticker	Currency Symbol	Price 21-Dec-09	Rating	Market cap (US\$mn)	P/E (x) 1-yr fwd 2-yr fwd	EV/EBITDA (x) 1-yr fwd 2-yr fwd	EV/FCF (x) 1-yr fwd 2-yr fwd	EV/Revenues (x) 1-yr fwd 2-yr fwd	EPS CAGR 2-yr	ROE (%) FY1	EBITDA margins (%) 1-yr fwd 2-yr fwd
India TV channel operators												
Zee Entertainment	Z IN	Rs	262	Buy	2,427	21.6 17.3	15.1 12.1	20.4 18.1	3.9 3.5	13%	15%	31% 32%
Sun TV	SUNTV IN	Rs	329	Neutral	2,721	27.3 21.3	13.8 19.7	19.0 15.0	7.7 6.8	27%	23%	72% 72%
TV 18	TLEI IN	Rs	92	NC	309	NA NA	21.5 12.8	NA NA	NA NA	-61%	NM	6% 13%
Zee News	ZEEN IN	Rs	58	NC	286	27.1 19.4	9.1 7.4	NA NA	1.7 1.4	26%	20%	18% 20%
New Delhi Television	NDTV IN	Rs	140	NC	179	NA NA	NM NM	NA NA	2.4 1.8	NM	NM	-24% -6%
UTV Software	UTV IN	Rs	464	NC	325	26.7 18.3	26.2 11.0	NA NA	2.3 1.6	66%	3%	9% 15%
TV Today Network	TVTIN IN	Rs	118	NC	140	14.4 11.9	9.2 7.4	NA NA	NA NA	30%	13%	23% 26%
IBN 18	IBN18 IN	Rs	92	NC	362	NA NA	NM 37.6	NA NA	4.1 3.2	NM	NM	-9% 9%
Weighted Average						21.5 17.1	13.7 12.2	15.0 13.0	5.0 4.4	18%	16%	41% 44%
US TV channel operators												
CBS Corp.	CBS US	\$	14	Neutral	9,523	26.8 17.5	8.9 7.9	65.0 17.6	1.2 1.2	-30%	4%	14% 15%
Clear Channel Communications	CCU US	\$	11	NC	3,948	NA NA	12.4 11.3	NA NA	2.5 2.4	-84%	-25%	20% 21%
The Walt Disney Company	DIS US	\$	32	Neutral	60,750	17.5 15.1	8.2 7.6	21.0 18.2	1.9 1.8	8%	10%	23% 24%
Time Warner Cable Inc.	TWC US	\$	42	Neutral	15,034	14.0 12.4	5.6 5.4	35.2 24.3	2.0 1.9	NM	14%	36% 36%
Viacom Inc.	VIAB US	\$	30	Buy	18,386	12.7 12.1	7.5 7.3	16.4 15.2	1.8 1.8	2%	17%	24% 25%
Weighted Average						16.4 13.9	8.0 7.4	25.3 17.8	1.8 1.8	-0.9%	9.7%	23.7% 24.8%
Europe TV channel operators												
ITV	ITV LN	£	53	Buy	3,331	43.7 18.9	17.9 10.1	-214.2 19.9	1.6 1.6	-2%	-54%	9% 16%
Mediaset	MS IM	€	6	Neutral	9,157	19.7 15.9	12.7 10.1	28.0 23.5	2.6 2.4	-7%	12%	21% 24%
TF1	TF1 FP	€	13	Sell	3,849	32.4 44.8	18.1 18.6	56.5 54.1	1.2 1.1	-39%	12%	7% 6%
Telecinco	TL5 SM	€	10	Sell	3,389	31.3 21.9	21.9 16.2	23.6 26.6	3.5 3.4	-38%	11%	16% 21%
Antena3	A3TV SM	€	8	Sell	2,297	35.5 19.5	23.7 14.9	-24.0 24.1	2.5 2.4	-6%	13%	11% 16%
Weighted Average						29.0 22.7	17.0 13.0	-9.8 28.8	2.4 2.2	-16.6%	1.8%	14.8% 18.4%
Japanese TV channel operators												
Tokyo Broadcasting System	9401 JP	¥	1,325	Neutral	2,769	NA NA	14.7 13.9	NM 41.1	0.9 0.9	4%	-1%	6% 6%
Fuji Media Holdings	4676 JP	¥	130,700	Buy	3,311	55.7 39.1	7.8 7.3	13.2 19.4	0.4 0.4	-32%	1%	5% 5%
Nippon Television Network	9404 JP	¥	12,220	Buy	3,319	24.1 21.8	8.5 7.5	NA 19.0	0.8 0.8	57%	3%	9% 11%
TV Asahi Corp	9409 JP	¥	135,700	Neutral	1,501	36.0 36.3	6.1 5.8	13.1 14.7	0.4 0.4	NM	2%	7% 7%
Weighted Average						28.1 22.6	9.2 8.5	5.6 23.3	0.6 0.6	8.4%	1.3%	6.6% 7.2%
Asia TV channel operators												
TVB	511 HK	HK\$	37	Neutral	2,073	16.5 14.2	9.3 8.0	NA 11.9	3.6 3.3	4%	17%	38% 41%
BEC	BEC TB	Bt	24	NC	1,468	18.5 16.5	8.9 8.1	NA NA	5.2 4.8	1%	37%	58% 59%
ABS	ABS PM	P	29	NC	490	15.0 12.8	5.5 5.2	NA NA	1.3 1.2	12%	9%	24% 24%
SCMP	583 HK	HK\$	1	NC	278	13.1 10.9	11.4 6.5	NA NA	2.9 1.8	7%	5%	25% 28%
Weighted Average						16.8 14.6	8.9 7.6	0.0 5.7	3.8 3.5	4.1%	22.0%	42.4% 44.3%
Eastern European TV channel operators												
CTC Media	CTCM US	\$	14	Neutral	2,083	17.0 13.9	10.3 8.4	13.0 11.5	4.0 3.4	-22%	18%	39% 41%
ProSiebenSat.1	PSM GR	€	8	Neutral	2,565	13.7 8.5	8.0 7.1	NM 18.3	1.8 1.8	60%	29%	23% 25%
Modern Times Group	MTGB SS	Skr	335	NC	3,209	16.9 15.7	14.9 12.4	NA NA	1.8 1.7	-30%	13%	12% 14%
Central European Media Enterprises	CETV US	\$	24	Buy	1,485	NA NA	32.9 14.8	36.8 NM	3.1 2.8	-85%	3%	10% 19%
TVN S.A.	TVN PW	PLN	14	Neutral	1,642	15.9 16.1	8.7 9.8	26.9 -134.5	2.6 2.3	-10%	12%	30% 24%
Weighted Average						13.8 11.6	13.9 10.3	11.5 -13.7	2.6 2.3	-11.9%	16.2%	22.3% 23.8%
Ten Network	TEN AU	AUD	2	NC	1,454	19.1 14.6	11.0 9.1	NA NA	2.1 1.9	NM	10%	19% 21%
Seven Network	SEV AU	AUD	7	NC	1,136	25.7 23.1	-2.5 -2.2	NA NA	-1.1 -1.0	89%	3%	43% 46%
Global Broadcasters average						23.3 17.9	9.8 8.5	17.3 17.2	2.0 1.9	0%	10%	23% 24%

NC – Not Covered

For important disclosures, please go to <http://www.gs.com/research/hedge.html>

Source: Datastream, Bloomberg, Goldman Sachs Research estimates.

The prices in the body of this report are based on the market close of December 21, 2009.

Exhibit 25: Zee Entertainment summary financials

Profit model (Rs mn)	3/09	3/10E	3/11E	3/12E	Balance sheet (Rs mn)	3/09	3/10E	3/11E	3/12E
Total revenue	21,773.1	28,582.4	32,653.3	36,449.2	Cash & equivalents	1,926.3	4,166.1	8,041.0	12,760.2
Cost of goods sold	(10,120.0)	(12,256.0)	(14,044.9)	(15,750.4)	Accounts receivable	6,436.5	8,449.4	9,652.9	10,775.0
SG&A	(6,483.0)	(8,215.6)	(8,783.7)	(9,622.6)	Inventory	43.9	53.2	61.0	68.4
R&D	--	--	--	--	Other current assets	18,619.6	18,619.6	18,619.6	18,619.6
Other operating profit/(expense)	0.0	0.0	0.0	0.0	Total current assets	27,026.3	31,288.3	36,374.4	42,223.1
EBITDA	5,480.4	8,455.7	10,218.8	11,516.1	Net PP&E	2,897.1	3,727.8	4,297.7	4,898.9
Depreciation & amortization	(310.3)	(345.0)	(394.1)	(440.0)	Net intangibles	15,195.4	15,185.8	15,174.8	15,162.6
EBIT	5,170.1	8,110.7	9,824.7	11,076.2	Total investments	1,384.0	1,384.0	1,384.0	1,384.0
Interest income	1,255.7	154.1	333.3	643.3	Other long-term assets	0.0	0.0	0.0	0.0
Interest expense	(1,339.1)	(496.0)	(444.5)	(393.1)	Total assets	46,502.9	51,585.9	57,230.9	63,668.7
Income/(loss) from uncons. subs.	0.0	0.0	0.0	0.0	Accounts payable	3,250.4	4,266.9	4,874.6	5,441.3
Others	342.3	400.0	450.0	450.0	Short-term debt	2,211.3	1,568.0	924.7	281.3
Pretax profits	5,429.0	8,168.8	10,163.4	11,776.4	Other current liabilities	1,067.2	1,067.1	1,067.1	1,067.1
Income tax	(207.9)	(2,287.3)	(2,845.8)	(3,297.4)	Total current liabilities	6,528.8	6,902.0	6,866.4	6,789.8
Minorities	(98.9)	0.0	0.0	0.0	Long-term debt	3,545.6	3,545.6	3,545.6	3,545.6
Net income pre-preferred dividends	5,122.3	5,881.5	7,317.7	8,479.0	Other long-term liabilities	1,485.8	1,485.8	1,485.8	1,485.8
Preferred dividends	0.0	0.0	0.0	0.0	Total long-term liabilities	5,031.4	5,031.4	5,031.4	5,031.4
Net income (pre-exceptionals)	5,122.3	5,881.5	7,317.7	8,479.0	Total liabilities	11,560.2	11,933.4	11,897.8	11,821.2
Post-tax exceptionals	1.4	0.0	0.0	0.0	Preferred shares	0.0	0.0	0.0	0.0
Net income	5,123.6	5,881.5	7,317.7	8,479.0	Total common equity	33,995.0	38,704.8	44,385.4	50,899.8
EPS (basic, pre-exception) (Rs)	11.80	12.14	15.11	17.50	Minority interest	947.7	947.7	947.7	947.7
EPS (basic, post-exception) (Rs)	11.81	12.14	15.11	17.50	Total liabilities & equity	46,502.9	51,585.9	57,230.9	63,668.7
EPS (diluted, post-exception) (Rs)	11.79	12.14	15.11	17.50	BVPS (Rs)	78.34	79.90	91.63	105.08
DPS (Rs)	2.82	3.38	4.06	4.87					
Dividend payout ratio (%)	23.9	27.8	26.8	27.8					
Free cash flow yield (%)	0.4	3.3	4.9	5.7					
Growth & margins (%)	3/09	3/10E	3/11E	3/12E	Ratios	3/09	3/10E	3/11E	3/12E
Sales growth	18.6	31.3	14.2	11.6	ROE (%)	16.4	16.2	17.6	17.8
EBITDA growth	1.1	54.3	20.9	12.7	ROA (%)	11.9	12.0	13.4	14.0
EBIT growth	(0.4)	56.9	21.1	12.7	ROACE (%)	15.0	15.4	18.0	19.6
Net income growth	33.7	14.8	24.4	15.9	Inventory days	1.4	1.4	1.5	1.5
EPS growth	33.6	2.8	24.4	15.9	Receivables days	103.5	95.0	101.2	102.3
Gross margin	53.5	57.1	57.0	56.8	Payable days	118.6	111.9	118.8	119.5
EBITDA margin	25.2	29.6	31.3	31.6	Net debt/equity (%)	11.0	2.4	(7.9)	(17.2)
EBIT margin	23.7	28.4	30.1	30.4	Interest cover - EBIT (X)	62.0	23.7	88.3	NM
Cash flow statement (Rs mn)	3/09	3/10E	3/11E	3/12E	Valuation	3/09	3/10E	3/11E	3/12E
Net income pre-preferred dividends	5,122.3	5,881.5	7,317.7	8,479.0	P/E (analyst) (X)	22.2	21.6	17.3	15.0
D&A add-back	310.3	345.0	394.1	440.0	P/B (X)	3.3	3.3	2.9	2.5
Minorities interests add-back	0.0	0.0	0.0	0.0	EV/EBITDA (X)	14.3	15.1	12.1	10.2
Net (inc)/dec working capital	(4,836.8)	(1,005.7)	(603.5)	(562.9)	Dividend yield (%)	1.1	1.3	1.5	1.9
Other operating cash flow	405.9	341.9	111.3	(250.2)					
Cash flow from operations	1,001.7	5,562.8	7,219.6	8,105.9					
Capital expenditures	(594.4)	(1,166.1)	(953.1)	(1,029.0)					
Acquisitions	(16,442.0)	0.0	0.0	0.0					
Divestitures	14,872.3	0.0	0.0	0.0					
Others	1,349.3	154.1	333.3	643.3					
Cash flow from investments	(814.8)	(1,011.9)	(619.8)	(385.7)					
Dividends paid (common & pref)	(999.3)	(1,222.1)	(1,637.1)	(1,964.5)					
Inc/(dec) in debt	1,958.9	(643.3)	(643.3)	(643.3)					
Common stock issuance (repurchase)	0.0	50.4	0.0	0.0					
Other financing cash flows	(872.2)	(496.0)	(444.5)	(393.1)					
Cash flow from financing	87.4	(2,311.1)	(2,725.0)	(3,000.9)					
Total cash flow	274.3	2,239.8	3,874.9	4,719.3					

Note: Last actual year may include reported and estimated data.
Source: Company data, Goldman Sachs Research estimates.

Source: Company data, Goldman Sachs Research estimates.

Exhibit 26: Dish TV summary financials

Profit model (Rs mn)	3/09	3/10E	3/11E	3/12E	Balance sheet (Rs mn)	3/09	3/10E	3/11E	3/12E
Total revenue	7,381.1	11,519.4	14,882.0	18,190.4	Cash & equivalents	805.3	5,114.4	6,170.5	7,473.1
Cost of goods sold	(7,137.5)	(9,730.0)	(11,557.8)	(13,851.1)	Accounts receivable	526.1	821.1	1,060.7	1,296.5
SG&A	(3,765.0)	(4,036.4)	(4,082.5)	(4,159.7)	Inventory	32.2	48.6	57.8	69.3
R&D	--	--	--	--	Other current assets	6,705.9	6,705.9	6,705.9	6,705.9
Other operating profit/(expense)	0.0	0.0	0.0	0.0	Total current assets	8,069.4	12,689.9	13,994.9	15,544.7
EBITDA	(1,232.8)	978.4	2,813.4	4,363.4	Net PP&E	12,950.5	14,055.4	13,528.5	12,316.2
Depreciation & amortization	(2,288.6)	(3,225.4)	(3,571.7)	(4,183.8)	Net intangibles	394.4	164.0	15.2	(166.7)
EBIT	(3,521.4)	(2,247.1)	(758.3)	179.6	Total investments	0.0	0.0	0.0	0.0
Interest income	--	64.4	409.2	493.6	Other long-term assets	0.0	0.0	0.0	0.0
Interest expense	(1,292.7)	(1,162.3)	(1,368.8)	(1,458.4)	Total assets	21,414.3	26,909.4	27,538.6	27,694.2
Income/(loss) from uncons. subs.	0.0	0.0	0.0	0.0	Accounts payable	883.1	1,378.1	1,780.4	2,176.3
Others	12.8	700.0	200.0	300.0	Short-term debt	1,000.0	(255.1)	(1,510.1)	(2,765.2)
Pretax profits	(4,801.3)	(2,644.9)	(1,518.0)	(485.1)	Other current liabilities	15,427.8	15,427.8	15,427.8	15,427.8
Income tax	(5.7)	--	--	--	Total current liabilities	17,310.9	16,550.8	15,698.0	14,838.8
Minorities	0.0	0.0	0.0	0.0	Long-term debt	10,491.9	14,591.9	17,591.9	19,091.9
Net income pre-preferred dividends	(4,807.0)	(2,644.9)	(1,518.0)	(485.1)	Other long-term liabilities	86.1	86.1	86.1	86.1
Preferred dividends	0.0	0.0	0.0	0.0	Total long-term liabilities	10,578.0	14,678.0	17,678.0	19,178.0
Net income (pre-exceptionals)	(4,807.0)	(2,644.9)	(1,518.0)	(485.1)	Total liabilities	27,888.8	31,228.8	33,376.0	34,016.7
Post-tax exceptionals	0.0	0.0	0.0	0.0	Preferred shares	0.0	0.0	0.0	0.0
Net income	(4,807.0)	(2,644.9)	(1,518.0)	(485.1)	Total common equity	(6,474.5)	(4,319.4)	(5,837.4)	(6,322.6)
EPS (basic, pre-except) (Rs)	(10.11)	(2.71)	(1.43)	(0.46)	Minority interest	0.0	0.0	0.0	0.0
EPS (basic, post-except) (Rs)	(10.11)	(2.71)	(1.43)	(0.46)	Total liabilities & equity	21,414.3	26,909.4	27,538.6	27,694.2
EPS (diluted, post-except) (Rs)	(10.11)	(2.71)	(1.43)	(0.46)	BVPS (Rs)	(13.62)	(4.06)	(5.49)	(5.95)
DPS (Rs)	0.00	0.00	0.00	0.00					
Dividend payout ratio (%)	0.0	0.0	0.0	0.0					
Free cash flow yield (%)	(62.2)	(8.2)	(1.6)	2.4					
Growth & margins (%)	3/09	3/10E	3/11E	3/12E	Ratios	3/09	3/10E	3/11E	3/12E
Sales growth	79.0	56.1	29.2	22.2	ROE (%)	86.0	49.0	29.9	8.0
EBITDA growth	41.0	179.4	187.6	55.1	ROA (%)	(28.4)	(10.9)	(5.6)	(1.8)
EBIT growth	3.8	36.2	66.3	123.7	ROACE (%)	(158.5)	(33.9)	(12.4)	14.5
Net income growth	(16.1)	45.0	42.6	68.0	Inventory days	2.3	1.5	1.7	1.7
EPS growth	(4.6)	73.2	47.3	68.0	Receivables days	23.0	21.3	23.1	23.7
Gross margin	3.3	15.5	22.3	23.9	Payable days	35.1	42.4	49.9	52.1
EBITDA margin	(16.7)	8.5	18.9	24.0	Net debt/equity (%)	(165.1)	(213.5)	(169.8)	(140.0)
EBIT margin	(47.7)	(19.5)	(5.1)	1.0	Interest cover - EBIT (X)	NM	NM	NM	0.2
Cash flow statement (Rs mn)	3/09	3/10E	3/11E	3/12E	Valuation	3/09	3/10E	3/11E	3/12E
Net income pre-preferred dividends	(4,807.0)	(2,644.9)	(1,518.0)	(485.1)	P/E (analyst) (X)	NM	NM	NM	NM
D&A add-back	2,288.6	3,225.4	3,571.7	4,183.8	P/B (X)	NM	NM	NM	NM
Minorities interests add-back	0.0	0.0	0.0	0.0	EV/EBITDA (X)	NM	51.0	19.3	12.2
Net (inc)/dec working capital	(640.4)	183.6	153.5	148.5	Dividend yield (%)	NM	NM	NM	NM
Other operating cash flow	830.1	1,097.9	959.7	964.7					
Cash flow from operations	(2,328.6)	1,862.0	3,166.9	4,811.9					
Capital expenditures	(5,472.8)	(4,100.0)	(2,896.0)	(2,789.6)					
Acquisitions	(588.0)	0.0	0.0	0.0					
Divestitures	583.9	0.0	0.0	0.0					
Others	9.3	64.4	409.2	493.6					
Cash flow from investments	(5,467.7)	(4,035.6)	(2,486.8)	(2,295.9)					
Dividends paid (common & pref)	0.0	0.0	0.0	0.0					
Inc/(dec) in debt	5,900.3	2,844.9	1,744.9	244.9					
Common stock issuance (repurchase)	3,076.9	4,800.0	0.0	0.0					
Other financing cash flows	(887.0)	(1,162.3)	(1,368.8)	(1,458.4)					
Cash flow from financing	8,090.2	6,482.6	376.1	(1,213.4)					
Total cash flow	293.9	4,309.1	1,056.1	1,302.5					

Note: Last actual year may include reported and estimated data.
Source: Company data, Goldman Sachs Research estimates.

Source: Company data, Goldman Sachs Research estimates.

Exhibit 27: Sun TV Network summary financials

Profit model (Rs mn)	3/09	3/10E	3/11E	3/12E	Balance sheet (Rs mn)	3/09	3/10E	3/11E	3/12E
Total revenue	10,393.6	13,437.9	16,757.7	19,112.9	Cash & equivalents	3,654.0	725.0	1,147.4	2,737.4
Cost of goods sold	(3,318.3)	(3,933.5)	(4,708.9)	(4,892.9)	Accounts receivable	2,449.2	3,166.6	3,948.9	4,503.9
SG&A	(1,912.3)	(2,351.6)	(2,848.8)	(3,249.2)	Inventory	1.3	1.0	1.0	1.0
R&D	--	--	--	--	Other current assets	2,859.5	2,859.5	2,859.5	2,859.5
Other operating profit/(expense)	0.0	0.0	0.0	0.0	Total current assets	8,964.0	6,752.0	7,956.7	10,101.8
EBITDA	7,367.5	9,571.5	12,048.8	13,837.8	Net PP&E	6,696.7	10,831.0	13,649.1	16,523.1
Depreciation & amortization	(2,204.5)	(2,418.8)	(2,848.8)	(2,866.9)	Net intangibles	3,021.3	6,080.8	8,424.9	10,786.4
EBIT	5,163.0	7,152.7	9,200.0	10,970.8	Total investments	1,806.1	1,806.1	1,806.1	1,806.1
Interest income	388.8	292.3	58.0	91.8	Other long-term assets	0.0	0.0	0.0	0.0
Interest expense	(137.9)	(57.3)	(57.3)	(57.3)	Total assets	20,488.1	25,469.9	31,836.8	39,217.5
Income/(loss) from uncons. subs.	0.0	0.0	0.0	0.0	Accounts payable	497.3	643.0	801.8	914.5
Others	279.2	50.0	60.0	60.0	Short-term debt	0.0	0.0	0.0	0.0
Pretax profits	5,693.1	7,437.8	9,260.7	11,065.3	Other current liabilities	1,377.0	2,720.9	4,396.7	6,116.9
Income tax	(2,292.7)	(2,677.6)	(3,333.9)	(3,983.5)	Total current liabilities	1,874.3	3,363.8	5,198.5	7,031.4
Minorities	281.1	0.0	0.0	0.0	Long-term debt	716.1	716.1	716.1	716.1
Net income pre-preferred dividends	3,681.5	4,760.2	5,926.9	7,081.8	Other long-term liabilities	729.2	729.2	729.2	729.2
Preferred dividends	0.0	0.0	0.0	0.0	Total long-term liabilities	1,445.3	1,445.3	1,445.3	1,445.3
Net income (pre-exceptionals)	3,681.5	4,760.2	5,926.9	7,081.8	Total liabilities	3,319.6	4,809.1	6,643.8	8,476.7
Post-tax exceptionals	1.8	0.0	0.0	0.0	Preferred shares	0.0	0.0	0.0	0.0
Net income	3,683.3	4,760.2	5,926.9	7,081.8	Total common equity	16,783.7	20,276.0	24,808.2	30,355.9
EPS (basic, pre-exception) (Rs)	9.34	12.08	15.04	17.97	Minority interest	384.8	384.8	384.8	384.8
EPS (basic, post-exception) (Rs)	9.35	12.08	15.04	17.97	Total liabilities & equity	20,488.1	25,469.9	31,836.8	39,217.5
EPS (diluted, post-exception) (Rs)	9.35	12.08	15.04	17.97	BVPS (Rs)	42.59	51.45	62.95	77.03
DPS (Rs)	3.22	3.54	3.89	4.28					
Dividend payout ratio (%)	34.4	29.3	25.9	23.8					
Free cash flow yield (%)	(1.2)	4.0	5.3	6.2					
Growth & margins (%)	3/09	3/10E	3/11E	3/12E	Ratios	3/09	3/10E	3/11E	3/12E
Sales growth	19.5	29.3	24.7	14.1	ROE (%)	23.6	25.7	26.3	25.7
EBITDA growth	23.3	29.9	25.9	14.8	ROA (%)	19.0	20.7	20.7	19.9
EBIT growth	9.0	38.5	28.6	19.2	ROACE (%)	25.3	26.4	26.1	26.4
Net income growth	17.7	29.2	24.5	19.5	Inventory days	0.2	0.1	0.1	0.1
EPS growth	12.8	29.2	24.5	19.5	Receivables days	87.5	76.3	77.5	80.7
Gross margin	68.1	70.7	71.9	74.4	Payable days	44.2	52.9	56.0	64.0
EBITDA margin	70.9	71.2	71.9	72.4	Net debt/equity (%)	(17.1)	0.0	(1.7)	(6.6)
EBIT margin	49.7	53.2	54.9	57.4	Interest cover - EBIT (X)	NM	NM	NM	NM
Cash flow statement (Rs mn)	3/09	3/10E	3/11E	3/12E	Valuation	3/09	3/10E	3/11E	3/12E
Net income pre-preferred dividends	3,681.5	4,760.2	5,926.9	7,081.8	P/E (analyst) (X)	35.2	27.3	21.9	18.3
D&A add-back	2,204.5	2,418.8	2,848.8	2,866.9	P/B (X)	7.7	6.4	5.2	4.3
Minorities interests add-back	0.0	0.0	0.0	0.0	EV/EBITDA (X)	11.6	13.6	10.7	9.2
Net (inc)/dec working capital	110.4	(571.4)	(623.5)	(442.3)	Dividend yield (%)	1.0	1.1	1.2	1.3
Other operating cash flow	(121.4)	(235.0)	(0.7)	(34.5)					
Cash flow from operations	5,875.0	6,372.5	8,151.5	9,472.0					
Capital expenditures	(7,084.9)	(1,268.8)	(1,335.2)	(1,382.3)					
Acquisitions	(5,336.5)	(7,000.0)	(5,000.0)	(5,000.0)					
Divestitures	8,222.0	0.0	0.0	0.0					
Others	484.1	292.3	58.0	91.8					
Cash flow from investments	(3,715.3)	(7,976.4)	(6,277.2)	(6,290.5)					
Dividends paid (common & pref)	(1,844.2)	(1,267.9)	(1,394.6)	(1,534.1)					
Inc/(dec) in debt	6.0	0.0	0.0	0.0					
Common stock issuance (repurchase)	61.7	0.0	0.0	0.0					
Other financing cash flows	(1,026.3)	(57.3)	(57.3)	(57.3)					
Cash flow from financing	(2,802.8)	(1,325.1)	(1,451.9)	(1,591.4)					
Total cash flow	(643.1)	(2,929.0)	422.4	1,590.1					

Note: Last actual year may include reported and estimated data.
Source: Company data, Goldman Sachs Research estimates.

Source: Company data, Goldman Sachs Research estimates.

Reg AC

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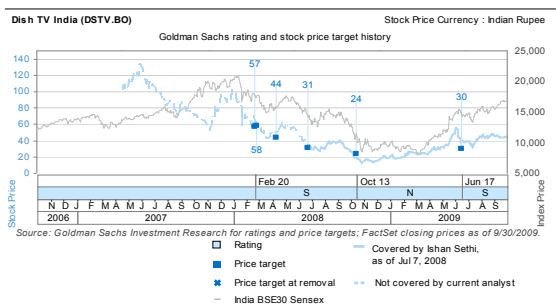
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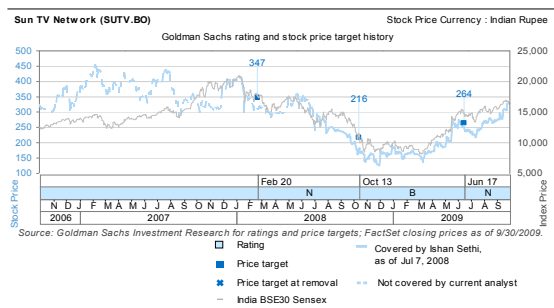
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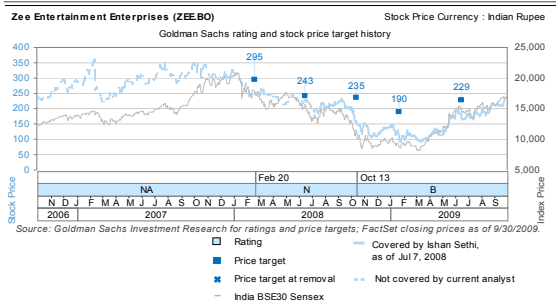
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