
Media Monitor – January '09

"...the growth of advertising on television and print media will come at a significant cost because of intensifying competition and increasing diversification....Print media will continue to lose market share with the notable exception of India,....."

- Media Partners Asia Report

Predictions for '09 – Consolidation, costs and closures

Caution in the air

We showcase the 10 key events/trends likely to reign in '09 backed by analysis and instinct. The M&E sector is set to worsen before it revives by end-'09 due to slowing ad growth and high competition, thereby implying high costs. For the media sector, consolidation, costs and closures are the key themes in '09. Proven ability of the management to curtail costs, liquidity and strong market position will emerge as the key check points for investing, in our view.

Ad growth moderating – FY10E ad growth at 8-10%

The Indian advertisement growth is expected to be ~8-10% in FY10E, based on the macro indicator of 5-6% GDP growth and FMCG and Telecom holding ground. Post the slowdown, Zenith Optimedia forecasted an ad growth of 13% for India and Group M ~10%. Media Partners Asia is projecting an ad growth of 12.1% for '09. However, we expect significant slowdown in ad growth in Q4FY09 before any revival.

Concentrated cover price hike in Hindi newspapers

Print players in the Hindi belt have taken a concentrated effort and initiated a cover price hike of Rs0.50 from Rs3 to Rs3.5 in all editions, excluding Punjab. The rising newsprint prices have significantly affected the profitability of the print players, driving them to price hike. We expect Jagran Prakashan (JPL) and HT Media to be key beneficiaries from the cover price hike. Decline in newsprint prices and increase in cover prices will enable the print players to combat low advertisement growth.

New GEC programmes gain strong viewership

Post re-start of fresh programming on Hindi GECs, broadcasters launched a slew of new programmes to gain market standing. *STAR Plus'* strategy of launching reality show in weekdays was successful with *Aap Ki Kacheri* featuring regularly in the top-20 shows. New programmes from *Colors*, *Uttaran* and *Jaane Kya Baat Hui* were well accepted. Also, *Zee TV's* new programmes *Chotti Bahu* and *Shree* reported average TRPs of 1.9 and 2.1 and figured in the top-100.

Key things to watch for

i) Performance of rights issue of Dish TV which began December 12, '08 and will end January 9, '09, ii) decline in international newsprint prices and iii) impact on quarterly results of broadcasting companies owing to the black out of fresh content.

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Media sector – Valuations

Valuations summary

	Rating	EPS (Rs)			P/E (x)			EV/EBITDA (x)			EBITDA margin (FY08)	ROE(%) (FY08)	ROCE(%) (FY08)
		FY08	FY09E	FY10E	FY08	FY09E	FY10E	FY08	FY09E	FY10E			
Balaji Telefilms	HOLD	14.7	12.8	12.8	4.6	5.3	5.3	1.5	1.7	1.7	35.6%	28.4%	22.9%
ENIL	BUY	NM	NM	3.7	NM	NM	42.7	21.0	16.9	11.3	10.2%	-1.1%	1.9%
HT Media	BUY	4.3	3.6	5.7	16.6	19.9	12.7	9.6	8.8	6.3	14.1%	12.5%	6.9%
IBN 18 Broadcast	HOLD	NM	NM	NM	NM	NM	NM	215.0	NM	1,299.8	5.1%	-16.2%	-4.4%
NDTV	BUY	NM	NM	NM	NM	NM	NM	NM	NM	NM	-37.7%	-77.1%	-34.9%
Prime Focus	HOLD	27.7	23.6	26.1	4.4	5.2	4.7	6.8	5.0	4.4	30.5%	15.3%	8.5%
Sun TV Network	BUY	8.3	10.4	11.7	22.8	18.3	16.2	11.9	9.6	8.2	68.7%	23.6%	22.5%
TV Today	BUY	7.6	8.7	9.5	10.7	9.4	8.6	5.0	3.8	3.5	27.2%	16.0%	8.5%
Zee Entertainment Enterprises	HOLD	8.9	10.2	10.7	16.2	14.1	13.4	11.8	10.0	9.0	29.5%	14.1%	10.8%
Zee News	STRONG BUY	1.5	2.4	3.0	23.3	14.8	11.9	12.9	8.7	6.8	18.4%	19.1%	17.3%

Source: Bloomberg, Company data, I-Sec Research

- NDTV moved up 79% in December '08 and now we believe that the company has to deliver on fundamentals to continue the upswing. Improvement in *NDTV Imagine's* GEC market share will be the key driver
- Balaji Telefilms (BTL) will likely witness a dismal Q3FY09E, because of a three-week black-out of fresh content and therefore loss in programming hours. Poor performance of *Kahaani Hamaray Mahabharata Kii* and 9X channel are key risks for BTL. Maintain Hold.
- We recommend Zee News (ZNL), Sun TV Network and TV Today Network as our top picks in the sector. Zee Entertainment Enterprises (ZEEL) and IBN18 are fairly valued
- We expect Q3FY09E results to be significantly below market expectations, with advertising growth being the key concern

Market cap ranking – Gainers and losers in '08

Over a two year horizon of '07-08:

- Key gainers in market cap ranking are JPL, IBN18, UTV Software, ZNL
- Key losers in market cap ranking are Deccan Chronicle, Dish TV, NDTV and WWIL
- Positive returns have been generated by UTV Software, IBN18, ZNL & TV Today
- Worst performers are WWIL, Dish TV, Inox Leisure and Cinemax India

Market cap ranking

	Market cap			Returns		Ranking			Gain/Loss
	01-Jan-07	01-Jan-08	01-Jan-09	1-year	2-year	01-Jan-07	01-Jan-08	01-Jan-09	
Sun TV Network	98,894	159,309	74,285	61.1%	-24.9%	2	1	1	Gains
Zee Entertainment	124,548	139,240	62,323	11.8%	-50.0%	1	2	2	Loses
Jagran Prakashan	19,401	45,215	17,920	133.0%	-7.6%	8	7	3	Gains
HT Media	39,116	59,799	16,972	52.9%	-56.6%	4	4	4	Maintains
IBN18 Broadcast	13,522	32,970	15,343	143.8%	13.5%	11	9	5	Gains
TV18 India	30,421	55,003	11,544	80.8%	-62.1%	6	5	6	Maintains
Deccan Chronicle	34,025	52,979	11,068	55.7%	-67.5%	5	6	7	Loses
UTV Software Com	6,255	20,913	9,301	234.4%	48.7%	16	15	8	Gains
Dish TV	43,893	43,979	8,881	0.2%	-79.8%	3	8	9	Loses
Adlabs Films	17,996	59,883	8,612	232.8%	-52.1%	9	3	10	Maintains
Zee News	8,212	21,171	8,596	157.8%	4.7%	15	14	11	Gains
NDTV	15,244	28,980	8,146	90.1%	-46.6%	10	11	12	Loses
ENIL	12,271	30,418	7,568	147.9%	-38.3%	12	10	13	Maintains
TV Today Network	4,536	11,191	4,684	146.7%	3.3%	18	18	14	Gains
Balaji Telefilms	8,239	23,456	4,424	184.7%	-46.3%	14	12	15	Maintains
Wire & Wireless (India)	26,164	21,266	2,791	-18.7%	-89.3%	7	13	16	Loses
PVR	5,297	7,550	2,288	42.5%	-56.8%	17	19	17	Maintains
Inox Leisure	8,940	11,844	2,058	32.5%	-77.0%	13	17	18	Loses
Prime Focus	4,309	15,366	1,550	256.6%	-64.0%	19	16	19	Maintains
Cinemax India	4,264	4,836	1,186	13.4%	-72.2%	20	20	20	Maintains
Saregama India	3,217	4,462	907	38.7%	-71.8%	21	21	21	Maintains

Source: Bloomberg

Predictions for '09 – Caution in the air

- 1. Ad growth set to worsen before it revives – FY10E ad growth at 8-10%.** The Indian advertisement growth is expected to be ~8-10% for FY10E, based on the macro indicator of 5-6% GDP growth and FMCG and Telecom holding ground. Post the slowdown, Zenith Optimedia forecasted an ad growth of 13% for India and Group M ~10%. Media Partners Asia is projecting an ad growth of 12.1% for '09. However, we expect significant slowdown in ad growth in Q4FY09 before any revival.
- 2. Newsprint prices to skid to US\$700 /MT.** Newsprint prices after touching a peak of US\$950-975 in October-December '08 are expected to skid to US\$700/MT. Decline in demand in the US and Europe will outdo the closure or idling of capacity. Newsprint prices as of December '08 have already moved down to US\$800 levels.
- 3. Hindi GEC shake-out – Podium positions to change.** In '08, *Colors*, a Viacom18 channel, displaced *Zee TV* from the #2 position. We expect the current positions of *STAR Plus*, *Colors* and *Zee TV* as #1, #2 & #3 respectively to change further and a new player to emerge in the top 3. The digitalisation wave has shifted the power to content and we expect viewership/market share to be extremely volatile.
- 4. GECs – Costs, consolidation and closure.** In the past 18 months, three GECs, *9X*, *NDTV Imagine* & *Colors* and two youth-based GECs, *Zee Next* & *UTV Bindass* were launched to benefit from the digitalisation. Also two more channels from the Reliance ADAG and Miditech-Alva brothers are waiting in the wings. However, with advertising slowdown and fragmentation, we expect at least one player to shut shop or change target genre as investors shy away from funding huge losses in GECs. The focus this year will be on managing costs.
- 5. Compulsory CAS roll out – Lack of regulatory support; waiting game to continue.** The first phase of mandatory CAS roll-out in top 55 cities was scheduled for October '08, with the first phase beginning in 19 cities. With the full extension of mandatory CAS to the three metros still pending, we do not expect CAS to be rolled out in the top 55 cities in '09, owing to general elections in H1CY09 and lack of political will thereafter.



Predictions for '09 – Caution in the air

6. **DTH – Destined to hurt; constantly on the look-out for capital.** DTH operations recorded Rs20bn losses in '08. We expect the losses to increase as players opt for aggressive expansion. But, continuing price-based competition, with no signs of consolidation will continue to make raising finance for DTH operations a challenge.
7. **BTL stages a comeback.** In '08, viewership shifted from *Saas-bahu* sagas to reality shows. However, with the slowdown, we expect investment by GECs in big-ticket reality shows to decrease and low-budget BTL soaps to be back in favour. Weekday shows are a more cost effective way of gaining loyal and consistent viewership.
8. **Economic Times business news channel launch – A new order.** The business news genre has seen *CNBC TV18* maintaining leadership consistently and new channels such as *NDTV Profit* and *UTVi* have been unable to make any meaningful dent in *CNBC TV18*'s market share. In '09, a business channel, *ET TV*, from the Bennett Coleman Group (publishers of *The Times of India* and *The Economic Times*) is expected to be launched. Since *The Economic Times* is the most read business daily, we expect a disruption in market order.
9. **Third phase of radio licencing – No takers for new licences.** The third phase of bidding for licences for ~680 FM radio stations across 237 cities was expected in early '08, but was delayed. Now with the slowdown looming large and radio business models still struggling to deliver profitability, we expect limited interest for licences in 'C' & 'D' category cities.
10. **Regional advertising and value added services – The next big thing.** Advertising in India is highly skewed towards national advertising owing to lack of infrastructure and property development in smaller towns. We expect the launch of local radio stations and local broadcasting channels to lead to a shift in advertising to regional players. Also, with the advent of 3G and rise in mobile subscriber base to 350mn+, all media players will see increased focus on digital mobile value added services (VAS)-related revenues.

Regulatory wish list for '09

- Increase in FDI/FII in print and news channels
- Phase-I of compulsory CAS rollout in top 55 cities
- Removal of price caps for pay channels
- Budgetary support for set-top-box imports
- News to be allowed on private radio channels and reduction in music royalties
- Rationalisation of entertainment tax across the states for multiplexes

10 big events of '08

1. **The Indian Premiere League (IPL) the media event of the year; T20 cricket rules.** IPL performed better than all expectations in its first outing during March-May '08 and apart from the media frenzy, was exceptional for the money involved. The 10-year rights to IPL were sold to Sony-WSG for US\$1.03bn and the sale of team rights brought in another Rs28.9bn to the Board of Control for Cricket India. The growing popularity of the T20 format and IPL led to ESPN-Star paying US\$975mn for the 10-year rights for T20 Champions League.
2. **Launch of *Colors* and *NDTV Imagine*; *Colors* occupies the #2 spot.** In '08, two GECs were launched in the already crowded Hindi GEC space. While *NDTV Imagine* changed its programming, *Colors* went aggressive with disruptive programming and high decibel advertising along with focus on distribution. *Colors* in a matter of 10 weeks occupied the #2 spot. While *Balika Vadhu* of *Colors* usurped the top programme slot from *Bidayi* of *STAR Plus*, the old music and dance based reality shows saw decline in viewership, and new reality shows such as *Fear Factor - Khatron Ke Khiladi* and *Aap Ki Kachheri* found favour among viewers.
3. **End to political feud in Tamil Nadu.** Sun TV Network's promoters, the Maran family and the ruling party DMK chief Karunanidhi declared a truce. The ongoing tussle between the two parties had gained mega proportions with the launch of state-owned Arasu cable network and rival channel *Kalaigamar TV* to combat the might of *Sun TV*. With normalcy, Sun TV Network will clearly benefit .
4. ***Kyunki, Kahaani* end; STAR-BTL split up.** The partnership between STAR Group and BTL came to an end with STAR wanting to sell the 26% stake held in BTL and deciding to end the two long running programmes of BTL - *Kyunki Saas Bhi Kabhi Bahu Thi (Kynuki)* and *Kahaani Ghar Ghar Kii (Kahaani)*. STAR Group and BTL also decided to dismantle their JV to launch regional channels.
5. **FWICE strike leads to black out for three weeks.** TV production workers belonging to Federation of Western India Cine Employees (FWICE) went on a strike to force producers to increase pay scales. The strike led to a three-week black-out of fresh programming on Hindi GECs in November '08 and a 15-20% wage hike.

10 big events of '08 (cont'd.)

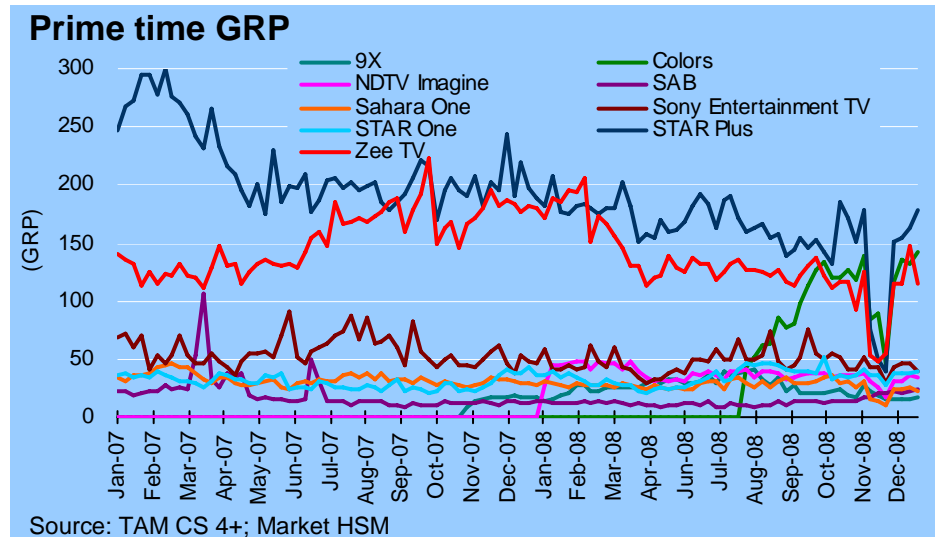
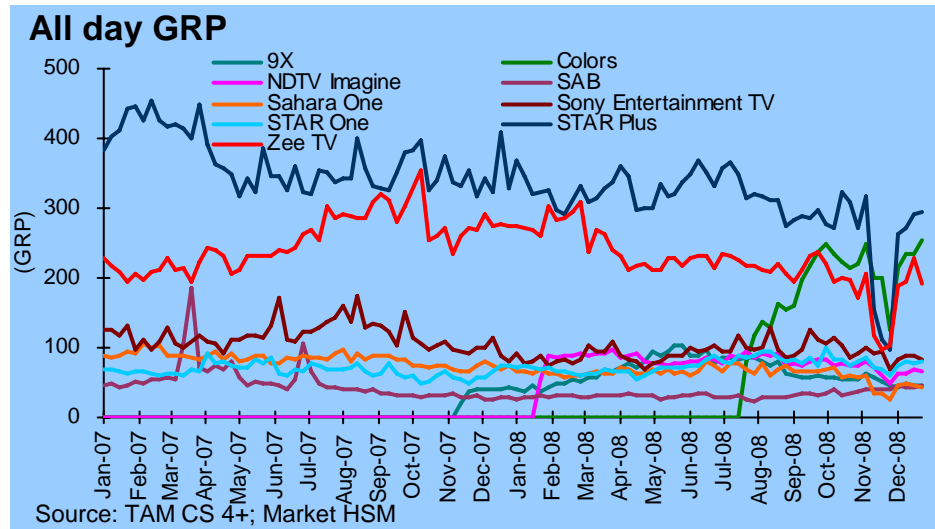
6. **Newsprint prices on the up and up, and then fall.** Newsprint prices continued to rise even after other commodity prices started coming down, but have finally taken a U-turn. Over '08, imported newsprint prices increased 75% from US\$550/MT to US\$960/MT, while domestic newsprint prices reached a high of Rs40k/MT from Rs24.7k/MT, but fell down to Rs31k/MT, posting an overall increase of 21.5% YoY.
7. **Flip flop in Zee Next's de-merger plans.** Zee Entertainment had earlier decided to de-merge *Zee Next*, a youth-focussed GEC, owing to underperformance and initial losses, but later rescinded its intention owing to investor concerns. After announcing a plan for raising equity in the same, the company shelved plans and the channel is currently operating in a standby mode.
8. **DTH launches and the ensuing scramble.** The DTH space saw increased competition with two high-profile launches – Big TV by Reliance ADAG Group and Airtel Digital TV by Bharti Airtel. Sun Direct, which was launched in '07, extended its reach outside South India in '08.
9. **STAR Group's increasing regional focus.** STAR Group launched two regional GECs in '08 - *STAR Pravah* (Marathi) and *STAR Jolsha* (Bengali). In addition, to tap the South Indian regional market, STAR Group entered into a JV to with Rajeev Chandrasekhar's Jupiter Entertainment Ventures to take majority stake in Asianet Communications (ACL), which broadcasts channels in Malayalam (*Asianet*, *Asianet Plus*), Kannada (*Suvarna TV*) and Telugu (*Sitara TV*).
10. **Launch of movies business.** Several broadcasting players entered into movie production & distribution due to the increasing attractiveness of movie economics and to exploit the synergies between the broadcasting and movie businesses. This included the entry of players such as Sun Pictures, NDTV Imagine Films, Studio 18, Fox Star Studios, Zee Entertainment Studios and United Motion Pictures.

2008 – Key investments in media

- **IBN18 & Viacom in Viacom18.** IBN18 and Viacom invested US\$30mn each in Viacom18 warrants in two tranches of US\$15mn each. Further, to fund its plans to buy 50% stake in Viacom18 from TV18, IBN18 raised Rs1.14bn through qualified institutional placement (QIP) to five investors (T. Rowe Price, Reliance Capital, Franklin Templeton, JM Financial and HSBC) and issued to TV18 15mn warrants convertible at Rs102/share. After the conversion of these warrants, TV18 will hold 20.77% stake in IBN18, which will enable TV18 to consolidate IBN18's financial results with itself. Another US\$10mn investment in Viacom18 by IBN18 and Viacom each is pending in '10.
- **Goldman Sachs & Lehman Brothers in Times OOH.** Goldman Sachs and Lehman Brothers each acquired a 8.28% stake for US\$25mn in out-of-home operator Times Innovative Media (TIM), a subsidiary of Entertainment Network India, valuing the company at over US\$300mn.
- **Reliance ADAG and Dreamworks.** Reliance ADAG's Big Entertainment invested US\$500mn in Steven Speilberg's movie production house, Dreamworks for 50% stake. Reliance ADAG will also provide US\$700mn as debt.
- **STAR-Jupiter JV in Asianet.** STAR Group entered into a JV to with Rajeev Chandrasekhar's Jupiter Entertainment Ventures to take a majority stake in ACL, which broadcasts channels in Malayalam (*Asianet*, *Asianet Plus*), Kannada (*Suvarna TV*) and Telugu (*Sitara TV*). STAR Group's Tamil GEC, *Vijay TV* will also be a part of the JV while the news business will remain outside it.

Hindi GECs – GRPs back to normal

- Fresh programming re-started on Hindi GECs in week 49 after the blackout during weeks 46-48
- Hindi GEC GRPs came back to normal, with *STAR Plus* in #1 spot, followed by *Colors* on #2 and *Zee TV* on #3
- *STAR Plus* regained and consolidated its #1 position in spite of sustained efforts by *Colors* to close the gap with *STAR Plus*.



Hindi GECs – New programmes doing well

- For *STAR Plus*, reality show *Aap Ki Kacheri* (week 52 avg TRP 3.8) featured consistently in top-20 shows, while *Tujh Sang Preet Lagayi Sajna* (week 52 avg TRP 2.9) from the BTL stable showed steady improvement in ratings.
- For *Colors*, new programme, *Uttaran* consistently garnered 3+ TRPs and featured in the top-20 shows. The other new programme, *Jaane Kya Baat Hui* improved slightly but remained an average performer (week 52 avg TRP 1.6).
- *Zee TV*'s new programme, *Shree* had an impressive start in week 52 with average TRPs of 2.1 in the first week, while the other new show, *Chhoti Bahu* also improved ratings (week 52 avg GRP 1.9).
- Though new weekday shows have performed well, new shows during weekends have fared poorly. While *Chhote Miyaan* and *Dancing Queen* on *Colors* have been average performers, *Oye Its Friday* starring Farhan Akhtar on *NDTV Imagine* has had a really poor showing with TRP of <1.

New programmes

Time slot	Channel	Programme	Average weekly TRPs			
			wk 49	wk 50	wk 51	wk 52
10:00-10:30PM	STAR Plus	Tujh Sang Preet Lagayi Sajna	2.28	2.35	2.78	2.86
Weekdays	Colors	Uttaran	2.59	3.05	3.37	3.48
10:30-11:00PM	STAR Plus	Aap ki Kachehri	3.33	3.54	3.40	3.77
Weekdays	Colors	Jaane Kya Baat Hui	1.70	1.44	1.59	1.64
	Zee TV	Shree	-	-	-	2.12
7:30-8:00PM	Zee TV	Chhoti Bahu	-	1.83	1.92	2.13
Weekdays						
Sat 9:00-10:00PM	Colors	Chhote Miyaan	-	2.69	2.46	1.82
Fri-Sat 10:00-11:00PM	Colors	Dancing Queen	-	1.92	1.76	1.24
Fri 10:00-11:00PM	NDTV Imagine	Oye It's Friday	-	0.73	0.72	0.47

Source: TAM CS 4+; Market HSM



Hindi GECs – Share of top programmes

- While *STAR Plus* regained its share of top-100 and top-50 programme, *Zee TV* slipped further in the top-50 and top-20 programme categories.
- *Zee TV* is trying to catch up with *Colors* by increasing its movie content. During week 51, *Zee TV* came close to *Colors*' ratings, but only due to the showing of hit movie *Taare Zameen Par*, which contributed 40 GRPs.

Share of top programmes

	October				November				December			
	wk41	wk42	wk43	wk44	wk45	wk46	wk47	wk48	wk49	wk50	wk51	wk52
Top 100												
9X	0	0	0	0	0	0	0	1	0	0	0	0
Colors	20	22	23	26	24	47	52	37	28	22	28	30
NDTV Imagine	4	4	4	4	4	7	6	3	3	4	4	3
Sony Entertainment TV	4	2	1	3	1	7	11	10	3	3	3	0
Star One	0	0	0	1	0	3	7	10	1	4	1	1
Star Plus	43	41	41	35	39	18	13	24	33	35	34	31
Zee TV	29	31	31	31	32	18	11	15	32	32	30	35
Top 50												
Others	2	0	0	0	0	5	7	4	0	0	0	0
Colors	11	10	11	14	12	30	34	29	14	15	15	17
Star Plus	20	24	24	26	22	9	3	10	18	18	22	23
Zee TV	17	16	15	10	16	6	6	7	18	17	13	10
Top 20												
Colors	10	10	10	9	10	15	18	14	10	11	11	12
Sony Entertainment TV	0	0	0	0	0	0	0	1	0	0	0	0
Star Plus	8	8	8	10	9	4	1	1	8	8	8	8
Zee TV	2	2	2	1	1	1	1	4	2	1	1	0

Source: TAM CS 4+; Market HSM

Movies versus original content

Channel	wk 49			wk 50			wk 51			wk 52		
	Total	Movies	Original	Total	Movies	Original	Total	Movies	Original	Total	Movies	Original
STAR Plus	263	19	244	272	12	260	292	25	267	295	1	294
Zee TV	189	24	166	194	29	165	230	70	160	191	22	169
Colors	213	17	196	235	32	203	233	20	213	255	31	224

Source: TAM CS 4+; Market HSM

Hindi GECs – *Bidayi* back at the top

- *Bidayi* on STAR Plus regained its #1 spot from *Balika Vadhu* on Colors after the re-start of fresh programming.
- New programmes *Uttaran* on Colors and *Aap Ki Kachehri & Tujh Sang Prret Lagayi Sajna* on STAR Plus featured in the top 50 shows in week 52.
- Zee TV's music reality show *Saregamapa Challenge* has been steadily picking up ratings, but lost some in week 52 and did not feature in the top-20 shows. Zee TV had no programmes in the top-20 shows in week 52.

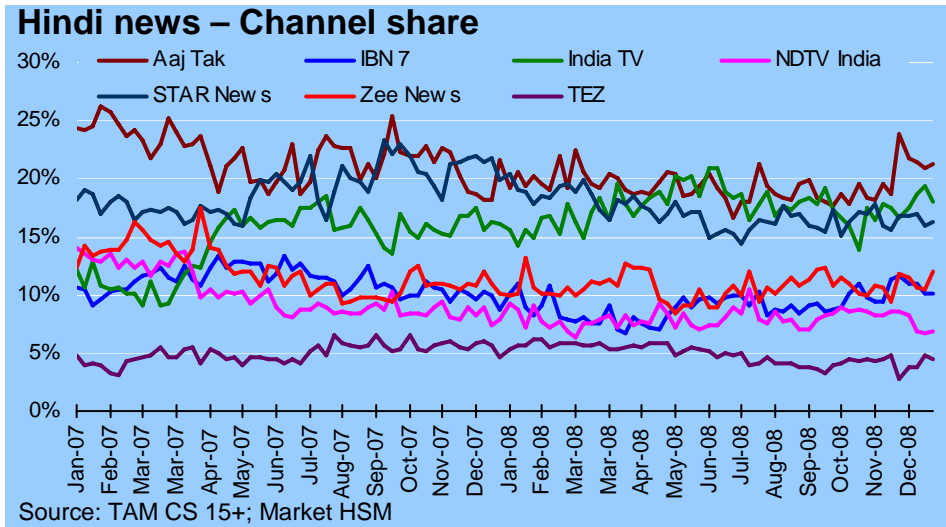
Top programmes

Channel	Time	Days	Programme	Highest TRP	Number of times in Top 50
STAR Plus	9:00-10:00PM	Mon-Thu	Bidayi	8.43	4
Colors	8:00-8:30PM	Mon-Fri	Balika Vadhu	7.2	5
Colors	8:30-9:00PM	Mon-Fri	Jai Shri Krishna	5.45	5
Colors	10:00-10:30PM	Mon-Thu	Uttaran	3.93	4
STAR Plus	10:30-11:00PM	Mon-Thu	Aap Ki Kachehri Kiran Ke Saath	3.89	4
STAR Plus	8:30-9:00PM	Mon-Thu	Kis Desh Mein Hai Meraa Dil	3.66	4
STAR Plus	10:00-10:30PM	Mon-Thu	Tujh Sang Preet Lagayi Sajna	3.16	4
Zee TV	8:30-9:00PM	Mon-Fri	Maayka	3.08	4
Zee TV	10:00-11:30PM	Fri-Sat	Saregamapa Challenge 2009	3.07	2
STAR Plus	8:00-8:30PM	Mon-Thu	Raja Ki Aayegi Baarat	3.05	4
Zee TV	10:00-10:30PM	Mon-Thu	Betiyan Ghar Ki Lakshmi	3.03	2
STAR Plus	One time show		Ita-Indian Telly Awards-08 Red	2.94	2
Zee TV	9:30-10:00PM	Mon-Thu	Saath Phere	2.81	1
STAR Plus	8:00-9:00PM	Fri-Sat	Nach Baliye 4	2.78	1
Colors	9:00-9:30PM	Mon-Fri	Jeevan Saathi Hum Safar Zindag	2.76	3
Zee TV	9:00-9:30PM	Mon-Thu	Kasamh Se	2.65	1

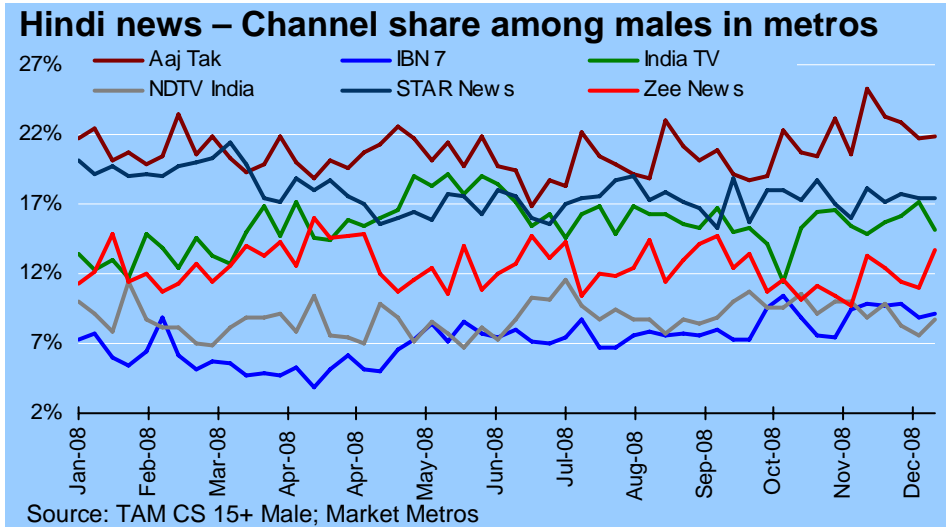
Source: TAM CS 4+; Market HSM, Week 52 CY08

Hindi news

Aaj Tak continued to be the leader in Hindi news, but *India TV* & *Star News* followed closely

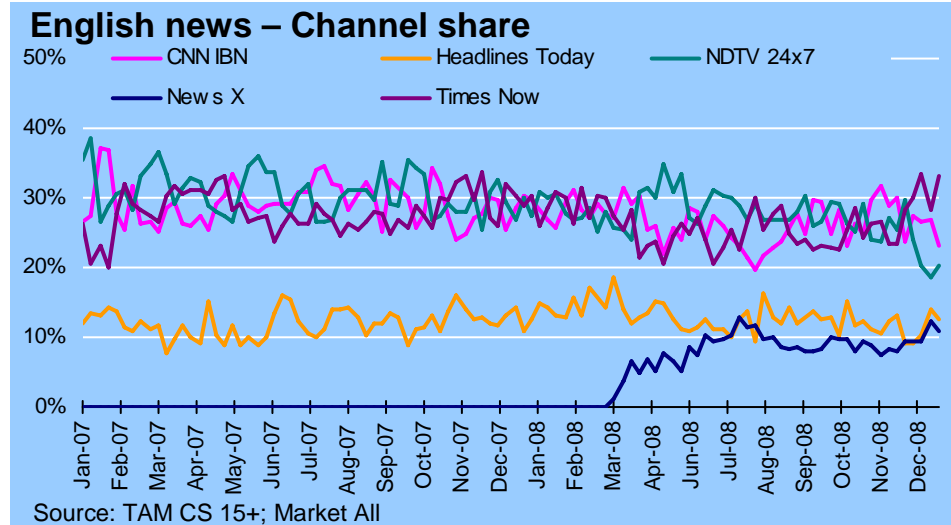


Aaj Tak has a much bigger lead over *STAR News* & *India TV* among the male population in metros. *STAR News* is in the #2 spot, above *India TV*, among the male viewers in metros

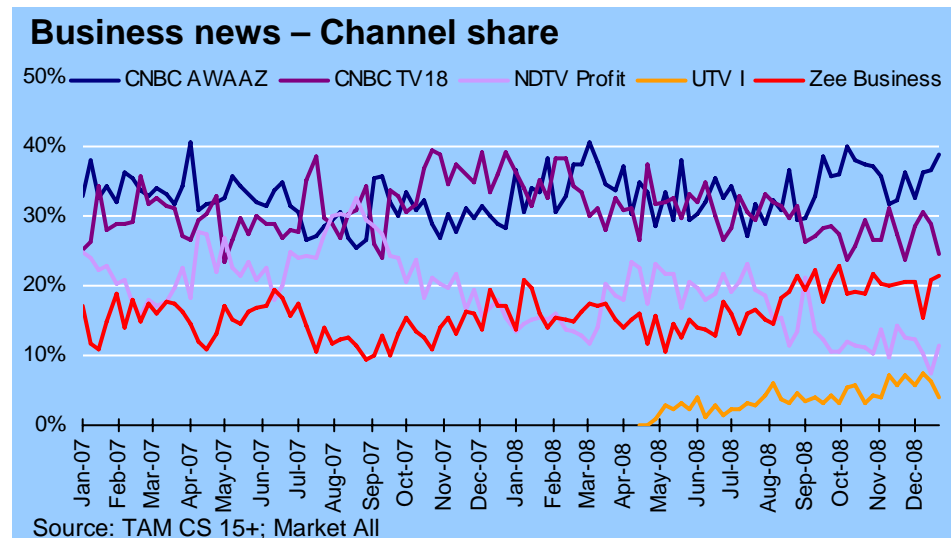


English and business news

Times Now raced ahead of *CNN-IBN* and *NDTV 24*7* for the #1 spot. Though *NDTV 24*7* led the English news genre, during Mumbai terror attacks, its ratings fell considerably in weeks 49-52. *News X* has caught up with *Headlines Today*

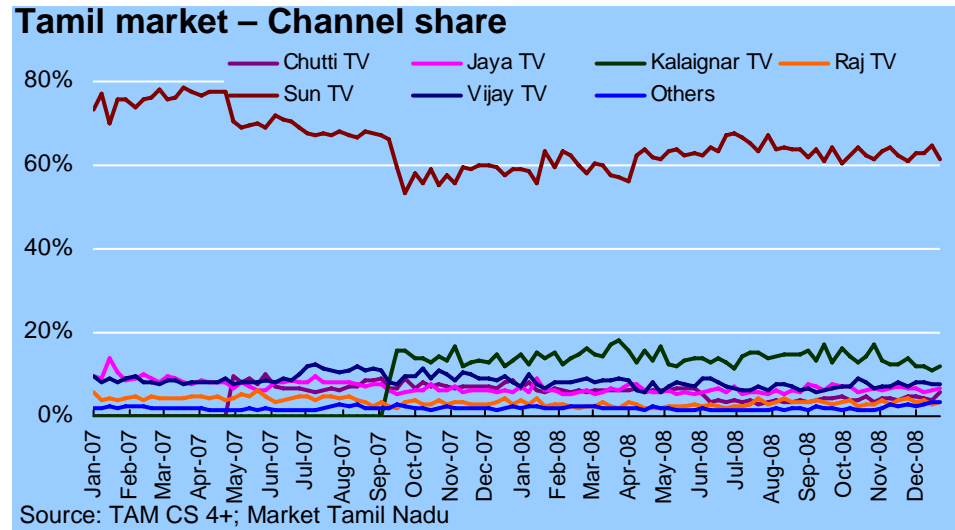


CNBC Awaaz and *CNBC TV18* remained the leaders in business news, but *CNBC Awaaz* took a clear lead over *CNBC TV18*. *Zee Business* increased its lead over *NDTV Profit* and came closer to *CNBC TV18*'s share in week 52

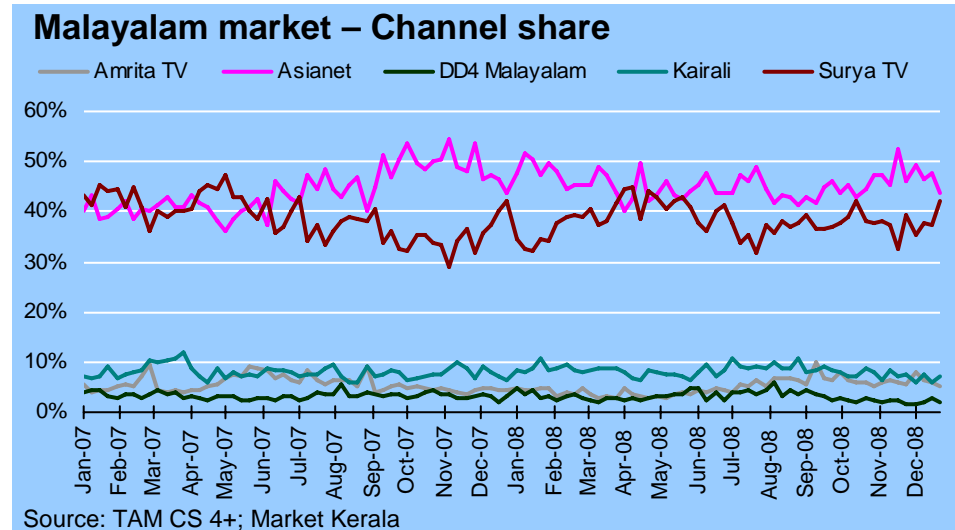


Regional GECs – Tamil & Malayalam

Sun TV continued with its domination in the Tamil Nadu market; *Zee Tamizh* (~1% market share) has not yet made an impact

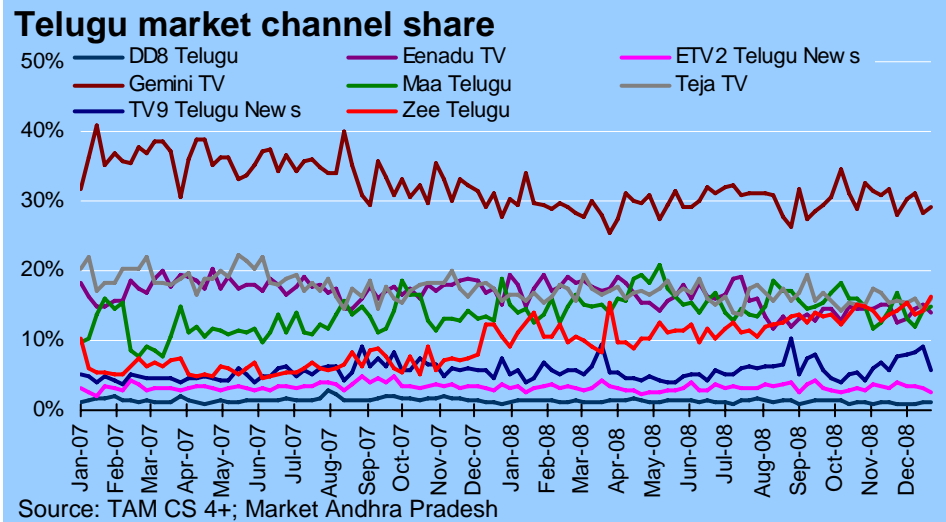


Sun's Malayalam channel, *Surya TV*, is closely competing with the current #1 Malayalam channel, *Asianet* and the gap between the two declined in weeks 49-52

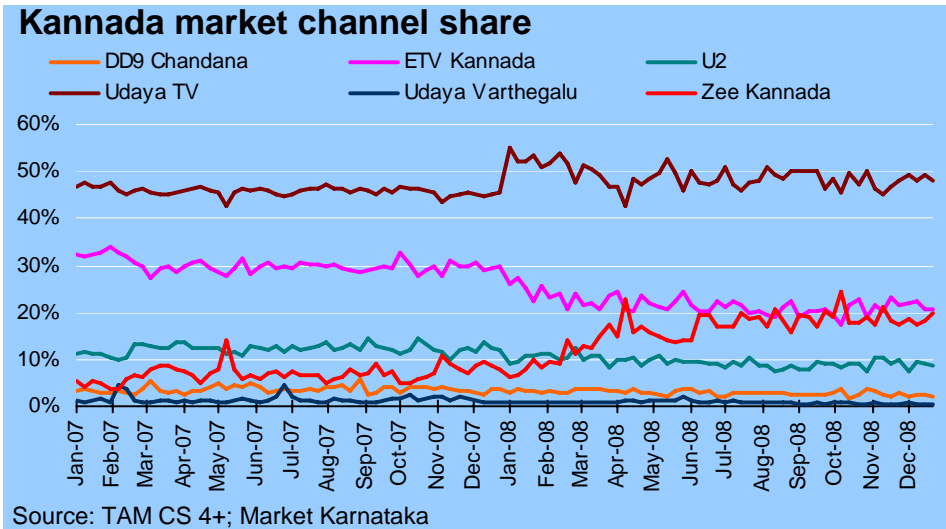


Regional GECs – Telugu and Kannada

Sun's *Gemini TV* maintained its domination in the fragmented Telugu market, while *Zee Telugu* emerged as the clear #2 in week 52, above *Teja TV*, *Maa Telugu*, and *Eenadu TV*

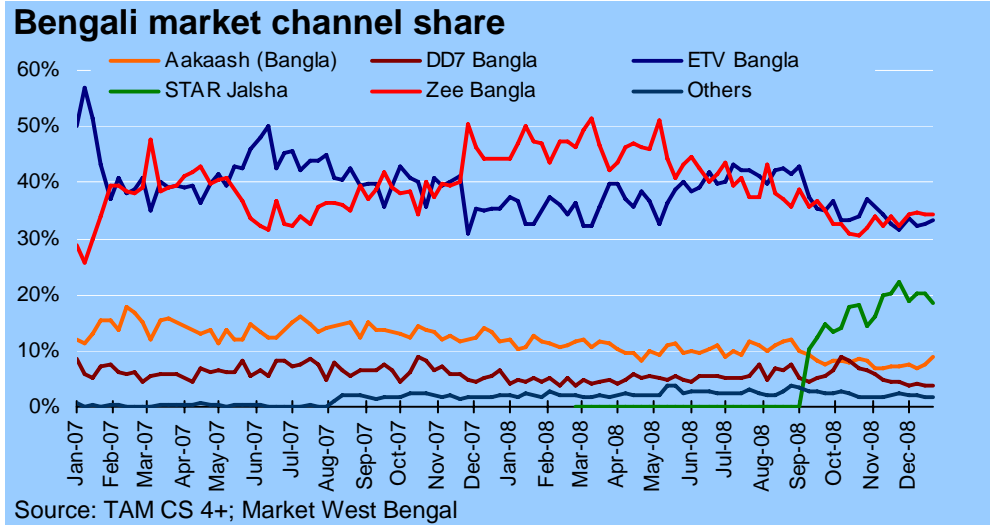


Sun's *Udaya TV* maintained market leadership in the Kannada market. *Zee Kannada* continued to closely compete with *ETV Kannada* for the #2 spot

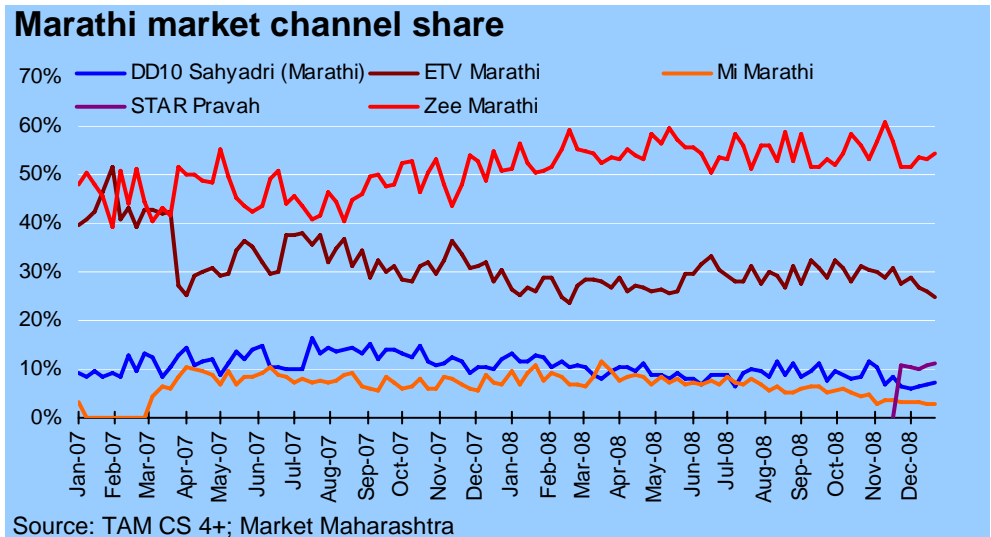


Regional GECs – Bengali and Marathi

ETV Bangla and *Zee Bangla* maintained their ratings, while *STAR Jalsha* continued to consolidate on its position. Entry of *STAR* has helped expand the market 5%



Zee Marathi and *ETV Marathi* maintained their #1 and #2 positions respectively, while *STAR Pravah*, which was launched in November '08, showed a steady performance, garnering 10-11% GRP share every week



Zee News – From strength to strength

- ZNL's channels consolidated their positions in respective markets.
- Excluding *Zee Marathi*, all other channels improved or maintained their share of ratings in Q3FY09.
- *Zee Telugu* is actively contesting for #2 position in the Telugu market.
- *Zee Kannada* has become a strong contender for the #2 position, which is being occupied by *ETV Kannada* with 23% market share.

Zee News – Consolidating position in almost all markets

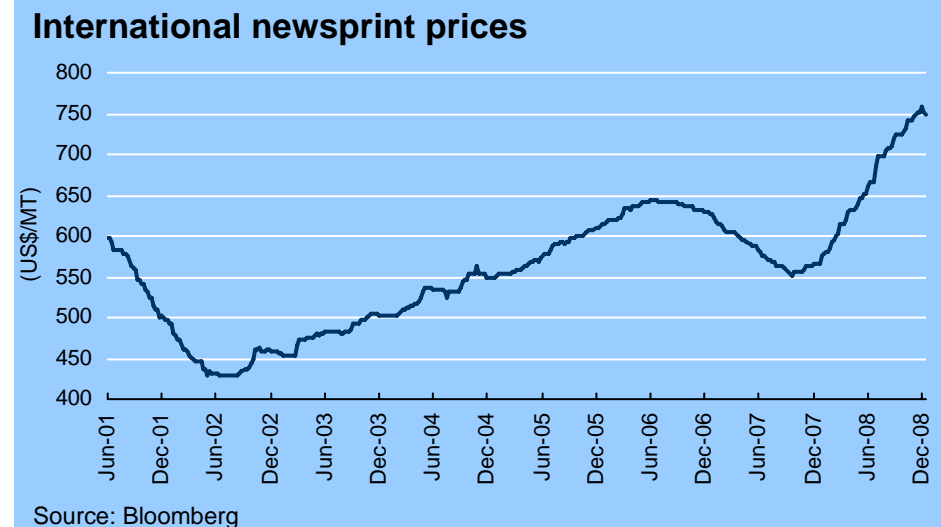
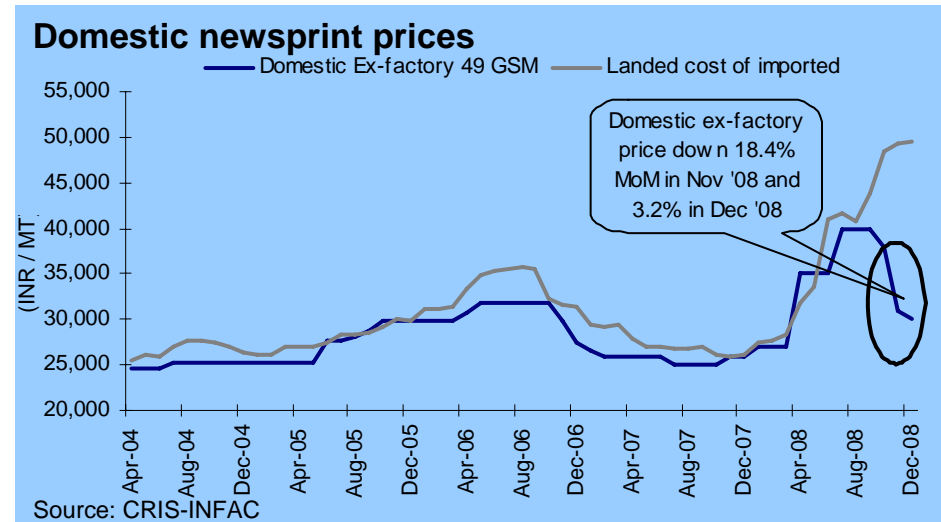
	Q1FY07	Q2FY07	Q3FY07	Q4FY07	Q1FY08	Q2FY08	Q3FY08	Q4FY08	Q1FY09	Q2FY09	Q3FY09
24 Ghanta	15.7	31.1	32.3	32.0	31.1	42.3	34.2	37.7	36.0	42.0	45.3
Zee 24 Taas				95.6	34.3	49.7	45.2	36.5	34.7	31.3	33.2
Zee Bangla	16.4	25.0	28.3	36.8	37.5	36.1	41.6	46.9	44.3	38.8	33.1
Zee Business	13.2	14.7	14.5	15.7	15.5	12.3	15.0	16.4	14.1	17.9	19.8
Zee Gujarati	20.8	22.0	26.6	26.4	32.7	28.6	26.6	27.0	35.4	28.5	29.7
Zee Kannada				5.2	6.4	5.9	6.0	9.5	16.4	18.5	19.0
Zee Marathi	43.1	41.3	46.9	45.9	47.8	45.1	50.7	53.7	55.1	54.6	55.0
Zee News				14.2	12.9	10.2	11.0	10.6	10.3	10.9	10.9
Zee Punjabi				14.5	13.8	14.4	13.6	13.4	9.3	9.1	13.7
Zee Telugu				6.4	5.4	6.8	8.3	11.1	10.7	11.7	14.2

Source: TAM CS; Respective markets

Domestic newsprint prices continue to dip in December '08

Domestic newsprint prices further declined 3.2% MoM in December '08, following an 18.4% MoM dip in November '08, led by decline in demand due to reduction in pages and supplements

Internationally, newsprint prices remained stable at ~US\$960/MT due to the quarterly contracts signed. However, prices are expected to decline further in Q4FY09 due to low demand and further decline in energy prices



News/updates

- **TRAI revises pay TV price caps.** The Telecom Regulatory Authority of India (TRAI) has announced a 7% increase in cable TV price caps in non-CAS and CAS areas, effective January 1, '09. In CAS areas, the ceiling for pay TV has been increased to Rs 5.35/pay channel/month (up from Rs5) and the free-to-air (FTA) tier may cost up to Rs 82/month (up from Rs77/month).
- **UTV open offer completed.** Walt Disney Company (South East Asia) and UTV Software Communications' promoters together acquired an additional 22.65% in UTV Software Communications via an open offer, priced at Rs 860.79/share, taking the combined shareholding of UTV promoters and Disney (59.94%) in UTV Software Communications to 83.25%. Disney had earlier acquired 14.85% in UTV along with the buy-out of the company's kids channel, *Hungama TV*; it had later hiked its holding in UTV to 37.29%.
- **Cover price increase in Hindi newspapers.** Print players in the Hindi belt have initiated a cover price hike of Rs0.50 in all editions, except Punjab. The rising newsprint prices have significantly affected the profitability of the print players, driving them to price hikes. We expect Jagran Prakashan and HT Media to be the key beneficiaries from the cover price hike.
- **Sun Direct launch in Mumbai.** Sun Direct launched its services in Mumbai in December '08. The company plans to invest Rs500mn in FY09E on marketing for pan-India launch. Sun Direct is offering a package of Rs499 for 130+ channels for a five-month subscription. It will charge a one-time installation fee of Rs1,000, with free set-top-boxes at present.

News/updates (cont'd.)

- **Living Media closed the Bengali edition of *India Today*.** Living Media, the publisher of magazines such as *India Today* and *Business Today*, has closed the Bengali edition of *India Today* due to market conditions. According to the company, the ad market in West Bengal has seen a severe downturn.
- **OOH advertising rights of Goa airport.** TDI International India, an airport media operator, was awarded the OOH advertising rights for the Goa airport for the next five years. TDI will have the rights for sites inside the airport terminal building and for outdoor sites that fall within the airport premises.
- **NDTV Imagine's foray in Tamil movies.** NDTV Imagine Film Company forayed into movie production in South India by partnering with Wide Angle Creations, to co-produce a Tamil thriller, *Madhurai Sambhavam*.
- **Stake sale in You Telecom cable TV's arm, Digital Outsourcing.** Tulsi Tanti, Chairman and Managing Director of Suzlon Energy has picked up 49% stake in Digital Outsourcing, the cable TV subsidiary of You Telecom, for Rs1bn in which the PE firm, Citigroup Venture Capital International owned 85% stake.

Stock price performance

Stock price performance

COMPANY	Last closing price* Rs	Returns							From 52 week high	from 52 week low
		1-Day	1-Week	1-Month	3-Months	6-Months	12-Months	YTD		
Deccan Chronicle	45	4	(0)	11	(41)	(51)	(80)	4	(83)	21
HT Media	72	2	4	11	(33)	(24)	(72)	2	(73)	27
Jagran Prakashan	60	(0)	5	24	(13)	(10)	(62)	(0)	(65)	49
ENIL	159	4	17	46	(33)	(53)	(75)	4	(76)	71
IBN18 Broadcast	102	9	23	1	-	12	(59)	9	(60)	85
NDTV	130	0	15	79	(42)	(65)	(73)	0	(75)	91
Sun TV Network	189	4	16	49	(6)	(28)	(54)	4	(57)	54
TV18 India	96	8	19	62	(46)	(52)	(82)	8	(84)	84
TV Today Network	81	2	11	47	10	(7)	(56)	2	(58)	73
Zee Entertainment	144	3	7	31	(30)	(25)	(55)	3	(58)	58
Zee News	36	2	1	26	(10)	(14)	(59)	2	(61)	43
Adlabs Films	187	4	9	25	(45)	(50)	(87)	4	(90)	44
Cinemax India	42	1	15	17	(49)	(52)	(75)	1	(76)	28
Inox Leisure	33	5	7	1	(48)	(52)	(86)	5	(86)	46
PVR	101	2	16	58	(31)	(38)	(72)	2	(73)	76
Balaji Telefilms	68	4	11	14	(53)	(59)	(80)	4	(82)	30
Prime Focus	122	2	2	(31)	(67)	(71)	(91)	2	(92)	14
Saregama India	62	8	6	47	(16)	(35)	(81)	8	(84)	72
UTV Software	272	6	4	29	(63)	(64)	(70)	6	(72)	37
Dish TV India	21	4	9	36	(23)	(25)	(80)	4	(80)	77
Wire & Wireless (India)	13	5	16	37	(22)	(34)	(87)	5	(88)	67

* As on January 1, '09

Source: Bloomberg

Important terms/definitions

- GEC – General Entertainment Channel
- TRP – Television Rating Point
- GRP – Gross Rating Point
- Prime Time – 7.30pm to 11.30pm
- Dec-08 implies Week49-52 of CY08 (November 30, '08 to December 27, '08)
- TAM – Television Audience Measurement
- CS – Cable & Satellite Households
- HSM – Hindi Speaking Market

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