Company In-Depth

23 January 2007 | 12 pages

Zee Telefilms (ZEE.BO)

Buy: 3QFY07 Results Ahead by a Mile, Raise TP to Rs350

Rating change ☐
Target price change ☑
Estimate change ☑

- **Raising target price** — Increasing target price for Zee to Rs350 (Rs313 earlier) based on sum-of-the-parts valuation, valuing Zee Entertainment at Rs277 and DISH TV (DTH business) at Rs73 per current share of Zee. DISH TV is expected to be spun off by the first week of February, and we expect likely listing at Rs127.
- **3Q way ahead of expectations** — Zee's 3QFY07 results beat our expectations by a mile – net profits increased 185.5% yoy, driven by solid 25% increase in ad-revenues and 22.8% EBITDA margin expansion to 32.5%. We raise EPS estimates for FY07E-FY09E by 9.6-16.8%, factoring in higher ad and subscription revenues and further margin expansion.
- **Unprecedented advertising revenue growth** — Like-to-like ad revenues grew 59% yoy in 3Q (we estimate 25% yoy adjusted for Ten Sports acquisition). The ad rate hikes taken by Zee fructifying – latest Nielson data shows further pickup in ratings, inspiring confidence that strong ad revenue trend should continue.
- **More upside from pay revenues likely** — Like-to-like 3Q pay revenues increased by 55% yoy, highest growth ever, driven by recent CAS and DTH off-take. We expect this momentum to continue and drive significant margin expansion. We have not yet factored in full potential upside from pay revenues in our estimates.
- **DTH growth visibility improving** — With CAS implementation in the designated areas being successful, we see improving visibility for DTH growth. We are therefore removing the 20% discount we attribute to our DCF-based fair value and increase our fair value for DISH TV to Rs127 per share, or adjusted for swap ratio, Rs73 per current Zee share.

See page 10 for Analyst Certification and important disclosures.

Buy/Low Risk	1L
Price (22 Jan 07)	Rs301.95
Target price	Rs350.00
from Rs313.00	
Expected share price return	15.9%
Expected dividend yield	1.1%
Expected total return	**17.0%**
Market Cap	Rs129,386M
	US$2,930M

Price Performance (RIC: ZEE.BO, BB: Z IN)

Figure 1. Statistical Abstract

Year to 31-Mar	Net Profit (Rs Mils.)	FD EPS (Rs)	EPS Growth (%)	P/E (x)	DPS (Rs)	Yield (%)	RoE (%)
2005	3,123	7.57	6.2	38.9	1.1	0.4	26.2
2006	1,963	4.83	-36.2	61.0	0.7	0.2	17.0
2007E	2,605	6.08	25.7	48.5	0.6	0.2	23.3
2008E	3,971	9.23	51.9	32.0	3.9	1.3	29.5
2009E	4,977	11.55	25.2	25.5	6.0	2.0	31.8

Source: Company and Citigroup Investment Research

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Fiscal year end 31-Mar	2005	2006	2007E	2008E	2009E
Valuation Ratios					
P/E adjusted (x)	39.0	62.1	49.4	32.5	26.0
EV/EBITDA adjusted (x)	30.1	53.2	40.8	25.0	18.7
P/BV (x)	9.3	12.2	10.4	8.9	7.7
Dividend yield (%)	0.4	0.2	0.2	1.3	2.0
Per Share Data (Rs)					
EPS adjusted	7.69	4.83	6.08	9.23	11.55
EPS reported	7.69	4.83	6.08	9.23	11.55
BVPS	32.16	24.64	28.77	33.78	38.77
DPS	1.14	0.71	0.63	3.86	6.04
Profit & Loss (RsM)					
Net sales	13,079	10,511	13,802	17,121	19,756
Operating expenses	-9,057	-8,309	-10,926	-12,369	-13,484
EBIT	**4,022**	**2,202**	**2,876**	**4,752**	**6,272**
Net interest expense	-207	-222	-155	-109	-76
Non-operating/exceptionals	521	457	500	500	500
Pre-tax profit	**4,336**	**2,437**	**3,221**	**5,143**	**6,696**
Tax	-1,023	-460	-580	-1,131	-1,674
Extraord./Min.Int./Pref.div.	-140	19	0	0	0
Reported net income	**3,173**	**1,996**	**2,641**	**4,012**	**5,022**
Adjusted earnings	3,173	1,996	2,641	4,012	5,022
Adjusted EBITDA	4,351	2,412	3,126	5,032	6,592
Growth Rates (%)					
Sales	-4.5	-19.6	31.3	24.0	15.4
EBIT adjusted	0.8	-45.3	30.6	65.2	32.0
EBITDA adjusted	1.0	-44.6	29.6	60.9	31.0
EPS adjusted	1.3	-37.2	25.7	51.9	25.2
Cash Flow (RsM)					
Operating cash flow	**3,855**	**-1,519**	**406**	**5,343**	**5,162**
Depreciation/amortization	329	210	250	280	320
Net working capital	1,733	2,058	-2,485	1,052	-180
Investing cash flow	**-3,461**	**3,944**	**-2,508**	**-250**	**-350**
Capital expenditure	-45	-400	0	-250	-250
Acquisitions/disposals	0	3,734	0	0	0
Financing cash flow	**51**	**-1,331**	**-147**	**-1,933**	**-2,798**
Borrowings	555	-868	114	-150	0
Dividends paid	-529	-332	-294	-1,793	-2,809
Change in cash	**445**	**1,094**	**-2,249**	**3,160**	**2,014**
Balance Sheet (RsM)					
Total assets	**23,388**	**18,477**	**21,583**	**26,163**	**30,549**
Cash & cash equivalent	1,571	2,665	416	3,576	5,590
Accounts receivable	5,344	3,987	4,872	5,622	6,622
Net fixed assets	4,101	1,626	1,376	1,346	1,276
Total liabilities	**9,727**	**7,866**	**8,592**	**10,943**	**13,106**
Accounts payable	3,206	2,575	3,099	3,543	4,140
Total Debt	5,304	4,436	4,550	4,400	4,400
Shareholders' funds	**13,661**	**10,611**	**12,991**	**15,219**	**17,443**
Profitability/Solvency Ratios (%)					
EBITDA margin adjusted	33.3	22.9	22.7	29.4	33.4
ROE adjusted	26.2	17.0	23.3	29.5	31.8
ROIC adjusted	20.6	15.2	22.2	33.1	44.0
Net debt to equity	27.3	16.7	31.8	5.4	-6.8
Total debt to capital	28.0	29.5	25.9	22.4	20.1

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Increasing EPS estimates and Raising Price Target to Rs350

We are increasing EPS estimates for FY07E-FY09E by 9.6%-16.8%, following better than expected 3QFY07E results. The key reasons for increasing our EPS estimates are 1) Increasing our advertising growth assumptions, given that channel share ratings for Zee continue to improve and ad rate hikes are fructifying 2) Pickup in DTH and CAS subscriber base, which is driving higher pay revenue growth for Zee, a trend we expect to intensify and provide further upside to margins. We have not yet factored in the full potential upside to Zee's pay revenues, based on our market growth model, and there is room for significant upside to FY08E and FY09E estimates.

Figure 2. Earnings Revision Summary

	EPS (Rs)			Net Profit (Rs Mils)			DPS (Rs)		
	Old	New	% Change	Old	New	% Change	Old	New	% Change
2007E	5.2	6.1	16.8	2262	2641	16.7	0.5	0.6	17.1
2008E	8.1	9.2	13.8	3526	4012	13.8	3.4	3.9	14.1
2009E	10.5	11.6	9.6	4581	5022	9.6	5.5	6.0	9.6

Source: Citigroup Investment Research

We are raising our price target for Zee to Rs350 from Rs313, based on our sum of the parts (SOTP) valuation. Our increase in price target is based on our sum of the parts valuation methodology. Current stock of Zee embodies two businesses – Zee Entertainment and DISH TV (DTH Business). 1) We value Zee Entertainment at Rs277 per share (raising it from Rs253), based on 30xFY08E P/E. Our increase in per share value reflects increase in our EPS estimates. 2) We estimate the embodied value of DISH TV at Rs73 per share of Zee. This is based on our DCF estimates. We have increased our per share value of DISH TV to Zee from Rs60 to Rs73, as we remove the 20% discount to our DCF fair value. We believe that a discount is no longer warranted, given that CAS implementation in designated areas has been successful, which will kick in significant growth for DTH businesses. In addition, improving visibility on actual off take and recent management discussions make us more confident about DTH growth prospects.

3QFY07 Results Beat Expectations by a Mile

Zee's 3QFY07E results beat our estimates by a mile – with reported net profit almost 300% ahead of our expectations. This was driven by a solid pickup in both advertising and pay revenues. While reported advertising revenues grew 24% yoy, like-on-like growth (adjusted for Zee News and WWIL businesses which have now been spun off) was a robust 59%, driven mainly by ad rate hikes and impact of Ten Sports acquisition. We estimate that net of Ten Sports, the organic growth in 3Q advertising revenues would have been about 25%. In addition, pay revenue profile for Zee has started to improve significantly, with reported pay revenues increasing 11.7% yoy, like-on-like pay revenues growing 55% yoy. We expect pay revenues to pick up significantly, driven by increasing penetration of CAS and DTH platforms. Pay revenues offer significant leverage to Zee's margins, evident in 3Q results, with EBITDA margins expanding to 32.5%, near historical highs; despite new channel losses. Reported net profits grew 185% yoy to Rs958m.

Figure 3. Zee – 3QFY07 Reported Results Summary (Rupees in Million; Percent)

	3QFY06	3QFY07	% Change
Advertising Revenues	**1,697.5**	**2,105.4**	**24.0**
Subscription Revenues	**1,751.2**	**1,955.7**	**11.7**
Other Sales and Services	328.4	115.6	(64.8)
Total Revenues	**3,777.1**	**4,176.7**	**10.6**
Operating Expenses	(3,411.2)	(2,819.5)	(17.3)
EBITDA	**365.9**	**1,357.2**	**270.9**
EBITDA Margin (%)	*9.7*	*32.5*	*2281bps*
Other Income	253.5	154.9	(38.9)
Interest	(120.1)	(67.9)	(43.5)
Depreciation	(104.2)	(69.3)	(33.5)
PBT	**395.1**	**1,374.9**	**248.0**
Tax	(78.5)	(416.8)	431.0
Tax Rate (%)	19.9	30.3	1045bps
Exceptional Items	19.0	-	
Profit After Tax	**335.6**	**958.1**	**185.5**

Source: Company Reports

Figure 3. Zee - 3QFY07 Results Summary Adjusted for WWIL and Zee News (Rupees in Million; Percent)

	3QFY06	3QFY07	% Change
Advertising Revenues	**1,324.0**	**2,105.4**	**59.0**
Subscription Revenues	**1,262.0**	**1,955.7**	**55.0**
Other Sales and Services	143.0	115.6	(19.2)
Total Revenues	**2,729.0**	**4,176.7**	**53.0**
Operating Expenses	(2,255.0)	(2,819.5)	25.0
EBITDA	**474.0**	**1,357.2**	**186.3**
EBITDA Margin (%)	*17.4*	*32.5*	*1513bps*
Other Income	113.0	154.9	37.1
Interest	106.0	(67.9)	(164.1)
Depreciation	52.0	(69.3)	(233.3)
PBT	**745.0**	**1,374.9**	**84.6**
Tax	(84.0)	(416.8)	396.2
Tax Rate (%)	11.3	30.3	1904bps
Exceptional Item	-	-	nm
Profit After Tax	**661.0**	**958.1**	**44.9**
Less: Minority Interest	17.0	82.8	387.1
Profit After Tax & Minority Interest	644.0	875.3	35.9

Source: Company Reports

CAS, DTH Growth to Drive Margins for Zee Entertainment

Digitization is being led by a government mandate to increase set-top box adoptability over Pay Cable TV, and new distribution mediums such as DTH (satellite TV). Increasing penetration of DTH is likely to drive increasing addressability of Indian pay TV subscribers and curb pay revenue leakages, resulting in significant increase in pay revenues for broadcasting companies.

We see the following broad changes emerging along the broadcasting value chain, as digitization picks up:

- Addressable distribution mediums such as DTH and broadband are likely to drive significant changes in how content is valued, resulting in an increased value disparity between strong and weak content. Broadcasters with strong or 'killer' content are likely to benefit the most. Addressability would also curb pay revenue leakages to broadcaster, thus we expect exponential growth in pay revenues to kick in for the next 3-4 years as customer addressability improves. With ratings for ZEE having picked up strongly over the last few quarters, we believe that it is well poised to benefit significantly from the trend. Already, pay revenues have started to pick up significantly; growing at 55% in 3QFY07, the highest for Zee ever. In addition, Zee has been hiking advertising rates over the last few quarters, and that is now fructifying, with like-on-like ad revenues growing by 59% during 3Q.

Figure 4. Zee Entertainment – Like-on-like Ad and Pay Revenues (Rupees in Million, Percent)

	3QFY06	3QFY07	% Change
Advertising Revenues	1,324.0	2,105.4	59.0
Subscription Revenues	1,262.0	1,955.7	55.0

Source: Company Reports

- Increasing digitization and fight for subscribers would also drive consolidation for the industry, which is currently highly fragmented and serviced by more than 3000 independent cable operators. However, we also expect distribution to become increasingly commoditized in the absence of content exclusivity, with three different distribution platforms — cable, DTH and broadband — vying for subscribers.

- While implementation of CAS (conditional access) had been a non-starter for the past five years, it has finally kicked off and will gain momentum. Unlike in the past, this time implementation has being driven by a mandate from the Delhi High Court, with strict deadlines, which have been mainly met. At the same time, DTH is now formidable competition to cable and should force cable operators to improve services through digitization. Finally, large MSOs such as WWIL, Hathway, etc., are acquiring and digitizing the last mile. We have seen significant increase in visibility of set-top boxes in households in South Delhi and South Mumbai over the past few weeks.

DTH Business Model and DCF Valuation

We expect DISH TV (DTH business) to achieve cash breakeven by end FY08E, a clip faster than WWIL, given relatively lower capital expenditure needs and working capital funding through advance set-top box deposits. Nevertheless, we still estimate a requirement of about US$100-US$125m of fresh capital infusion for the next 2 years.

We expect the subscriber base for DISH TV to increase from 2.1m in FY07E to 4.7m by FY10E. Our market share assumptions for DISH TV are based on a 3-player market; if a higher number of players were to enter the market, we would expect subscriber growth and margins profile to be lower than our current estimates. Our estimates in any case are significantly below management guidance. Our key operating assumptions, income statement and balance sheet are enumerated below.

Figure 5. DISH TV – Key Operating Assumptions

	FY06	FY07E	FY08E	FY09E	FY10E	FY11E	FY12E	FY13E
No of Subscribers (Million)	0.8	2.1	3.3	4.3	4.7	5.2	5.4	6.2
Average Subscribers (Million)	0.4	1.4	2.7	3.8	4.5	4.9	5.3	5.8
Zee's Market Share (%)	100%	65%	55%	50%	45%	43%	40%	40%
ARPU (Rs/Month)	170	190	200	213	235	258	284	298
% Growth		5%	5%	7%	10%	10%	10%	5%
% of Paying Subs	50%	50%	100%	100%	100%	100%	100%	100%
Total Subscription Revenues (Rs m)	**818**	**1642**	**6440**	**9670**	**12645**	**15319**	**18002**	**20782**
Set Top Box Rental (Rs/annum)	0	400	400	400	400	400	400	400
% Growth								
Rent paying subscribers (Million)	0	1.4	2.7	3.8	4.5	3.5	4.0	4.7
Total STB Rent Revenues	**0**	**576**	**1076**	**1510**	**1795**	**1401**	**1612**	**1888**

Source: Company Reports and Citigroup Investment Research Estimates

Figure 6. DISH TV – Income Statement (Rupees in Million; Percent)

	FY06	FY07E	FY08E	FY09E	FY10E	FY11E	FY12E	FY13E
Total Gross Revenues	**818**	**2218**	**7516**	**11180**	**14440**	**16720**	**19614**	**22670**
Programming Cost	-614	-1441	-4885	-6708	-7942	-8360	-8826	-10201
% of Revenues	*75%*	*65%*	*65%*	*60%*	*55%*	*50%*	*45%*	*45%*
License Fee	-82	-164	-644	-967	-1264	-1532	-1800	-2078
% of Revenues	*10%*	*10%*	*10%*	*10%*	*10%*	*10%*	*10%*	*10%*
Transmission Costs	-300	-350	-438	-547	-656	-755	-868	-998
% of Revenues	*37%*	*16%*	*6%*	*5%*	*5%*	*5%*	*4%*	*4%*
Marketing Costs	-200	-400	-500	-625	-781	-977	-1221	-1465
% of Revenues	*24%*	*18%*	*7%*	*6%*	*5%*	*6%*	*6%*	*6%*
Staff Cost	-75	-150	-225	-338	-473	-567	-680	-782
% of Revenues	*9%*	*7%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*
S,G&A	-299	-500	-625	-781	-938	-1125	-1238	-1361
% of Revenues	*37%*	*23%*	*8%*	*7%*	*6%*	*7%*	*6%*	*6%*
Total Operating Costs	**-1569**	**-3006**	**-7317**	**-9966**	**-12054**	**-13315**	**-14633**	**-16886**
% of Revenues	*192%*	*136%*	*97%*	*89%*	*83%*	*80%*	*75%*	*74%*
EBITDA	**-751**	**-788**	**199**	**1214**	**2386**	**3405**	**4981**	**5783**
EBITDA Margin (%)	*-92%*	*-36%*	*3%*	*11%*	*17%*	*20%*	*25%*	*26%*
Depreciation	-45	-840	-1255	-1888	-2321	-2621	-2869	-3184
Interest	-11	-66	-168	-274	-279	-234	-117	-23
Other Income	46	200	300	400	100	50	50	50
PBT	**-761**	**-1494**	**-924**	**-548**	**-114**	**600**	**2045**	**2627**
Tax	-28	0	0	0	14	-90	-511	-788
Tax Rate (%)	*0*	*0*	*0*	*0*	*12%*	*15%*	*25%*	*30%*
Net Profit	**-789**	**-1494**	**-924**	**-548**	**-100**	**510**	**1534**	**1839**
Net Margin (%)	*-96.5%*	*-67.4%*	*-12.3%*	*-4.9%*	*-0.7%*	*3.1%*	*7.8%*	*8.1%*
Cash Profit	-744	-654	331	1340	2220	3131	4403	5023

Source: Company Reports and Citigroup Investment Research Estimates

Figure 7. DISH TV – Balance Sheet (Rupees in Million; Percent)

	FY06	FY07E	FY08E	FY09E	FY10E	FY11E	FY12E	FY13E
Equity Capital	416	461	461	461	461	461	461	461
Reserves and Surplus	1092	2973	2049	1501	1401	1912	3445	5284
Total Shareholders Funds	**1508**	**3434**	**2510**	**1963**	**1863**	**2373**	**3906**	**5745**
Total Debt	**738**	**738**	**2988**	**3100**	**3100**	**2100**	**500**	**0**
Total Liabilities	**2246**	**4172**	**5498**	**5063**	**4963**	**4473**	**4406**	**5745**
Gross Block	**2500**	**4500**	**8050**	**10830**	**12375**	**13832**	**14860**	**16980**
Less: Depreciation	500	1340	2595	4483	6804	9424	12293	15477
Net Block	**2000**	**3160**	**5455**	**6347**	**5572**	**4408**	**2567**	**1503**
Capital Work in Progress	85	100	100	100	100	100	100	100
Investments	**1070**	**1070**	**1070**	**1070**	**1070**	**1070**	**1070**	**1070**
Current Assets	**684**	**1970**	**2415**	**1528**	**1408**	**1601**	**2294**	**4430**
Cash	200	1244	1495	364	-29	-91	323	2252
Inventories	384	576	720	864	1037	1192	1371	1577
Debtors	100	150	200	300	400	500	600	601
Current Liabilities & Provisions	**1600**	**2134**	**3548**	**3988**	**3193**	**2712**	**1630**	**1363**
Provisions	0	150	200	250	300	350	400	401
Set top box deposits	1600	1984	3348	3738	2893	2362	1230	962
Net Current Assets	**-916**	**-164**	**-1133**	**-2460**	**-1785**	**-1111**	**664**	**3067**
Deferred Tax Assets	6	6	6	6	6	6	6	6
Total Assets	**2246**	**4172**	**5498**	**5063**	**4963**	**4473**	**4406**	**5745**

Source: Company Reports and Citigroup Investment Research Estimates

We value DISH TV based on our DCF valuation methodology, which returns a fair value of Rs127 per DISH TV share. This implies a value of Rs73 per current Zee share. We use a WACC of 14% and a terminal growth rate of 5%. Our terminal growth rate takes into 7%-8% growth in TV households Our DCF summary and assumptions are enumerated below.

Figure 8. DISH TV - DCF Valuation Summary

DCF Table

Year to 31st March	**FY07E**	**FY08E**	**FY09E**	**FY10E**	**FY11E**	**FY12E**	**FY13E**	**Terminal Cash flow**
EBITDA	(788)	199	1,214	2,386	3,405	4,981	5,783	
Cash Tax Payable	0	0	0	14	(90)	(511)	(788)	
Working Capital changes	493	2,464	1,691	(704)	(765)	(1,452)	(151)	
Capex	2,015	3,550	2,780	1,545	1,457	1,028	2,120	
Free Cash Flow	1,720	6,213	5,686	3,240	4,007	4,046	6,964	7,313
Terminal growth rate (%)	5.0%							
WACC (%)	14.0%							
DCF Valuation								
Net Present Value of explicit cashflows (Rsm)	19,330							
Net Present Value of Terminal Value (Rsm)	35,596							
Enterprise Value (Rsm)	54,926							
Less: Net Debt (Rsm)	538							
Equity Value (Rsm)	54,388							
Per DISH TV Share Value (Rs)	127							
Implied Value per Current Zee Share (Rs)	73							

Source: Company Reports and Citigroup Investment Research Estimates

Zee Telefilms

Company description

Zee Telefilms Limited (Zee) is India's largest vertically integrated media and entertainment company. It has an integrated range of businesses, encompassing the content-to-consumer value chain of media and entertainment business. Zee has been investing heavily in new businesses, including new channels and content.

Investment thesis

We rate Zee as Buy/Low Risk (1L). We view the recent restructuring announcement by Zee's management in which the company is looking to split its business into four entities as positive because this should add focus to the business and unlock value. The restructuring allays our concerns related to Zee's investment in DTH, which we believe would have strained Zee's balance sheet and diverted the focus away from the core broadcasting business. In addition, hiving off of the DTH business would increase transparency pertaining to Zee's funding of ASC enterprises, which is the private holding entity of the DTH business. By separating the broadcasting business from the distribution business, Zee will likely emerge as a more focused entity, in our view.

Valuation

Our target price for Zee of Rs350 is based on a sum-of-parts valuation. Our sum-of-the-parts valuation is based on: 1) Zee Entertainment: We use a 30x P/E multiple which returns a value of Rs277 per share, which we are increasing from Rs253 based on increase in our FY08E EPS estimate. Our 30x target multiple is at the higher end of the historical trading average, which we believe is warranted given that fundamentals are looking up as channel ratings are improving. Our target multiple of 30x factors in: a) an improving EPS growth profile due to a pickup in advertising and pay revenues; b) higher ROE and free cash flow profile of Zee on account of de-merger of distribution businesses; and c) maintaining a relative premium to the Sensex. 2) ASCL (DTH Business): We value the DTH business at Rs73 per Zee share based on our DCF methodology. We are increasing our DCF value from Rs69 to Rs73, as we remove our 20% discount to DCF value. We remove the discount following successful CAS implementation and improving visibility of set top box offtake, which gives us higher confidence on growth prospects for DTH business. Our primary valuation methodology for valuing the DTH businesses is DCF in view of increased disclosures on the business by Zee management, which has enabled us to model future cash flows. As a secondary methodology, we use Market Cap/Sales multiples, valuing DTH business between 3x-4x FY08E revenues. This is at a premium to global distribution companies, which we believe is warranted given more than 50-65% higher growth rates for these businesses in India compared with the global benchmark. Our market/cap to sales multiple returns a value range Rs80-Rs90 value range of DTH per share of Zee.

Risk

We believe that with the restructuring, the business will become more transparent and that the execution risk on DTH will be mitigated. As such, our Low Risk rating is consistent with our quantitative risk-rating system, which tracks 260-day historical share price volatility. The following factors could negatively affect earnings and investor sentiment: inability to execute the proposed restructuring (could be on account of regulatory issues); an economic slowdown, which could result in a decline in advertising growth rates; the loss of channel ratings; and an increase in competitive activity resulting in higher costs and margin contraction. Any of these risks could impede the stock from reaching our target price.

Analyst Certification Appendix A-1

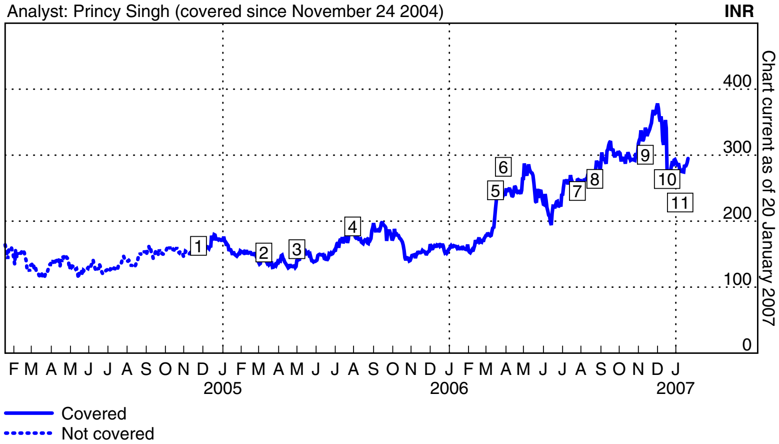
I, Princy Singh, research analyst and the author of this report, hereby certify that all of the views expressed in this research report accurately reflect my personal views about any and all of the subject issuer(s) or securities. I also certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

IMPORTANT DISCLOSURES

Zee Telefilms (ZEE.BO)

Ratings and Target Price History - Fundamental Research

Analyst: Princy Singh (covered since November 24 2004)



#	Date	Rating	Target Price	Closing Price
1:	24 Nov 04	*3H	*97.80	157.60
2:	9 Mar 05	3H	*98.61	141.55
3:	2 May 05	3H	*105.95	141.80
4:	29 Jul 05	3H	*116.54	189.15
5:	16 Mar 06	3H	*136.10	219.15
6:	29 Mar 06	*1L	*233.90	239.55
7:	26 Jul 06	1L	*275.47	264.15
8:	23 Aug 06	1L	*326.00	273.10
9:	13 Nov 06	1L	*335.78	341.65
10:	18 Dec 06	1L	*406.00	272.20
11:	8 Jan 07	1L	*313.00	274.50

*Indicates change.

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