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Stock Rating
Overweight

Industry View
In-Line

Dish TV India Ltd

Launch of HD Service – A Potentially Attractive Revenue Stream

Quick Comment: We remain OW on the stock since we believe Dish TV is 1) likely to be amongst the biggest gainers from the favorably evolving pay-TV market in India, and 2) progressing fast to achieve a subscriber base level that can expand its margins and make it profitable by F12, ahead of general expectations.

What's new: Dish TV has announced the launch of its “Dish Tru HD” service in collaboration with ZEEL and ESPN Star Sports. As per DTIL, the launch is unique considering that it is the first time in the history of the Indian DTH industry that a distributor (Dish TV) and broadcaster have converged to promote and launch a service on a DTH platform. The service would enable DTIL to enhance its content portfolio by offering Zee TV HD and the Hindi movie channel - Zee Cinema HD along with the upcoming FIFA World Cup 2010.

A potentially attractive revenue stream: DTIL targets to sell 60k HD STBs in F11. An HD-STB would be sold at Rs5999. The investment on purchase of these set top boxes would be recovered on sale entirely since the company doesn't plan to subsidize them. Assuming a) an average additional ARPU of Rs100 per sub per month; b) HD subscribers of 60k in F11 and 0.5m in F12, c) cost per sub of ~Rs.50 per month for content and selling, we believe this new service could contribute ~1% to F11 EBITDA and ~4% to F12 EBITDA. We are not changing our EPS estimates and will await the consumer response.

Potentially a leg up for digitalization of pay-TV market in India: In our view, as DTH players start offering more of these value added services to customers, they can start enhancing their ARPUs. This can also aid the DTH industry in adding further to its subscriber base.

Key Ratios and Statistics

Reuters: DSTV.BO Bloomberg: DITV IN

India Media

Price target	Rs58.50
Upside to price target (%)	53
Shr price, close (May 27, 2010)	Rs38.15
52-Week Range	Rs59.95-30.65
Sh out, dil, curr (mn)	1,063
Mkt cap, curr (mn)	Rs40,569
EV, curr (mn)	Rs51,255
Avg daily trading value (mn)	Rs124

Fiscal Year ending	03/09	03/10e	03/11e	03/12e
ModelWare EPS (Rs)	(4.52)	(2.89)	(0.72)	1.90
Consensus EPS (Rs)§	(7.33)	(3.24)	(1.70)	0.13
Revenue, net (Rs mn)	7,381	10,533	14,993	20,734
EBITDA (Rs mn)	(1,220)	748	3,673	7,262
ModelWare net inc (Rs mn)	(4,805)	(3,071)	(764)	2,022
P/E	NM	NM	NM	20.1
P/BV	NM	NM	NM	NM
ROE (%)	NM	NM	NM	NM
EV/EBITDA	NM	59.7	15.0	7.1

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework (please see explanation later in this note).

§ = Consensus data is provided by FactSet Estimates.

e = Morgan Stanley Research estimates

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(as of April 30, 2010)

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Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)		
	Count	% of Total	Count	% of Total IBC	% of Rating Category
Overweight/Buy	1065	42%	328	42%	31%
Equal-weight/Hold	1118	44%	357	46%	32%
Not-Rated/Hold	14	1%	4	1%	29%
Underweight/Sell	366	14%	88	11%	24%
Total	2,563		777		

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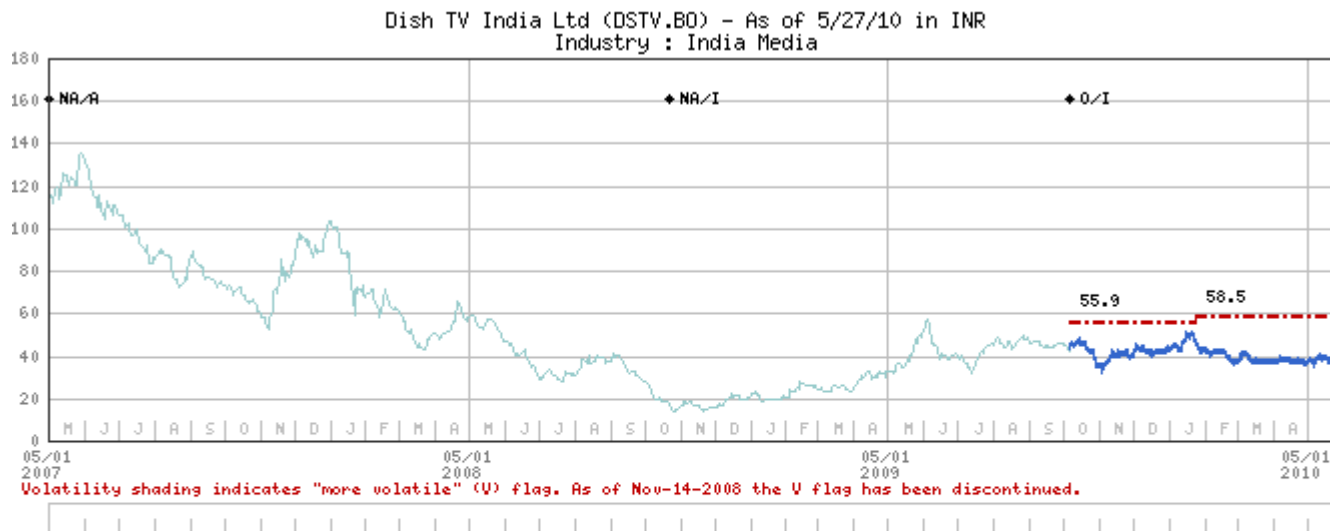
Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

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Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index.

Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 5/1/07 : NA/A; 10/22/08 : NA/I; 10/6/09 : O/I

Price Target History: 10/6/09 : 55.9; 1/24/10 : 58.5

Source: Morgan Stanley Research Date Format: MM/DD/YY Price Target -- No Price Target Assigned (NA)
 Stock Price (Not Covered by Current Analyst) — Stock Price (Covered by Current Analyst) —
 Stock and Industry Ratings (abbreviations below) appear as ♦ Stock Rating/Industry View
 Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) More Volatile (V) No Rating Available (NA)
 Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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Dish TV India Ltd

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Industry Coverage:India Media

Company (Ticker)	Rating (as of)	Price* (05/27/2010)
Vipul Prasad		
Dish TV India Ltd (DSTV.BO)	O (10/06/2009)	Rs38.15
Entertainment Network (India) Limited (ENIL.BO)	U (03/13/2009)	Rs197.1
Hathway Cable and Datacom Ltd. (HAWY.BO)	O (04/01/2010)	Rs187.9
UTV Software Communications Ltd (UTVS.BO)	O (12/21/2009)	Rs406.95
Zee Entertainment Enterprise Limited (ZEE.BO)	O (08/27/2009)	Rs277.85

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