



INDIA

# India cable and satellite TV

9 March 2009

## Zee Entertainment Enterprises

### Z IN Underperform

Stock price as of 06 Mar 09	Rs	99.70
12-month target	Rs	90.00
Upside/downside	%	-9.7
Valuation	Rs	90.00
- DCF (WACC 13.5%)		
GICS sector		media
30-day avg turnover	US\$m	5.5
Market cap	US\$m	836

### Investment fundamentals

Year end 31 Mar		2008A	2009E	2010E	2011E
Total revenue	m	18,343	21,939	24,205	29,384
EBITDA	m	5,389	5,488	5,588	7,471
EBITDA growth	%	68.9	1.8	1.8	33.7
Adjusted profit	m	3,753	3,653	4,067	5,344
EPS adj	Rs	8.63	8.40	9.35	12.29
EPS adj growth	%	64.4	-2.7	11.3	31.4
PE adj	x	11.6	11.9	10.7	8.1
ROA	%	13.5	11.4	10.2	12.5
ROE	%	13.6	11.9	11.9	14.2
EV/EBITDA	x	9.0	8.8	8.7	6.5
Net debt/equity	%	6.3	18.6	16.8	14.5
Price/book	x	1.5	1.3	1.2	1.1

## Zee News

### ZEEN IN Outperform

Stock price as of 06 Mar 09	Rs	28.90
12-month target	Rs	42.00
Upside/downside	%	+45.3
Valuation	Rs	42.00
- DCF (WACC 13.9%)		
GICS sector		media
30-day avg turnover	US\$m	0.4
Market cap	US\$m	134

### Investment fundamentals

Year end 31 Mar		2008A	2009E	2010E	2011E
Total revenue	m	3,675.1	4,870.8	6,098.3	7,548.1
EBITDA	m	677.6	875.5	1,219.5	1,566.0
EBITDA growth	%	778.9	29.2	39.3	28.4
Adjusted profit	m	370.8	449.0	612.9	766.2
EPS rep	Rs	1.55	1.87	2.56	3.20
EPS adj	Rs	1.55	1.87	2.56	3.20
EPS adj growth	%	397.5	20.8	36.5	25.0
PE adj	x	18.6	15.4	11.3	9.0
ROA	%	18.3	17.5	18.7	19.4
ROE	%	19.1	20.0	23.1	23.7
EV/EBITDA	x	11.1	8.6	6.2	4.8
Net debt/equity	%	3.7	32.1	40.0	39.5
Price/book	x	3.3	2.9	2.4	1.9

Source: Company data, Bloomberg, Macquarie Research, March 2009

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## Pain for Z IN, positive for ZEEN IN

### Event

- We analyse the trends in weekly gross rating points (GRP) for Hindi general entertainment channels (GEC), Hindi news channels and regional GECs for the week ending 28 February 2009. For detailed channel GRPs and channel viewership shares across genres, please see Figures 1–10.

### Impact

- Colors considered joint No.1 in Hindi GECs; one ad break a big help:** Viacom 18's (unlisted) Hindi GEC Colors has garnered 304 GRPs for the latest week, just one short of the 305 for genre leader, Star Plus. We highlight the fact that the surge in GRPs was driven by Colors' strategy for all programmes, except for its most popular family soap, *Balika Vadhu*, to run with only one commercial break per half-hour show. In addition, the channel has adopted the strategy of telecasting blockbuster Hindi movies over the weekend. As a result, the channel has had a remarkable and sustained increase in weekly GRPs over the last 12 weeks.
- Colors' addition to One Alliance to strengthen its reach:** From 1 April, Colors will be distributed as part of the One Alliance bouquet (Viacom 18's MTV, Nickelodeon and Vh1 are already part of it, as are the Sony channels). This is a positive driver for Colors, as it means wider distribution and reach.
- Competitive intensity in Hindi GECs increasing:** In a bid to protect its No.1 position in the genre, Star Plus has run no advertisements between 8am and 9pm over the past few Saturdays and lined up back-to-back Hindi movies, following Colors' successful strategy. This trend of Star Plus and Colors of cutting commercial air time to increase stickiness and thereby channelling GRPs is likely to hurt shares in TV ad revenue, as it reduces ad inventory.
- Zee TV's ad revenue share to feel pressure:** We expect Colors' strong position in the genre to work a continuing shift in advertising revenue away from No.3 player Zee TV towards joint No.1 player Colors. We note that ad revenue growth for Zee Entertainment slumped to 1.7% YoY in 3Q FY3/09. Zee Entertainment's management asserted in the 3Q earnings call that the slump in ad revenue was entirely due to the economic slowdown. Given the tough macroeconomic outlook and with Colors now considered joint No.1, we do not see upside risk to our FY3/10E ad revenue growth forecast of 5% YoY.
- General Election to benefit news channels:** The upcoming elections to the Indian Parliament, slated for 16 April to 13 May 2009, will be a big driver of ad revenues on news channels and on Zee News in the June 2009 quarter.
- Weekly GRP trends for Regional channels have not shown any change.** We believe regional channels are better placed vs Hindi GECs to ride the slowdown. Zee News Limited (ZEEN IN) continues to have a solid leadership in its key regional GEC markets of Maharashtra and Bengal, with a solid lead over the competition (see Figures 6 and 7 on Page 3).

### Outlook

- Switch from Zee Entertainment to Zee News:** Amid the current macro environment, we favour exposure to news and regional language channels. We recommend that investors pare down exposure to Hindi GECs.

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## Weekly GRP trends – positive for Zee News, negative for Zee Entertainment

**Fig 1 Hindi GECs weekly GRPs – Colors has crossed 300 GRPs for week ending 28 Feb, giving stiff competition to long-time No1 genre leader Star Plus**

General Entertainment Channels/Week ending	06-Dec-08	13-Dec-08	20-Dec-08	27-Dec-08	03-Jan-09	10-Jan-09	17-Jan-09	24-Jan-09	31-Jan-09	07-Feb-09	14-Feb-09	21-Feb-09	28-Feb-09
<b>Star Plus</b>	262	272	293	296	307	297	271	293	317	300	278	302	305
<b>Colors</b>	213	235	233	255	256	260	263	286	271	271	259	234	304
<b>Zee TV</b>	189	195	229	191	188	196	195	221	209	192	208	204	201
Sony Entertainment TV	82	89	89	81	126	85	93	74	75	77	76	75	88
Star One	73	81	77	81	76	73	69	64	63	59	63	61	61
NDTV Imagine	62	65	67	65	69	67	65	73	61	62	62	73	67
Sahara One	46	47	47	44	49	48	47	55	49	50	51	49	41
9X	43	49	45	45	42	39	37	33	35	29	31	28	25

Target market: C&S4+, Hindi Speaking Markets (HSM)  
Source: TAM Media, Macquarie Research, March 2009

**Fig 2 Hindi GECs viewership share – Colors consistently increased channel share gap with No.3 player Zee TV**

General Entertainment Channels/Week ending	06-Dec-08	13-Dec-08	20-Dec-08	27-Dec-08	03-Jan-09	10-Jan-09	17-Jan-09	24-Jan-09	31-Jan-09	07-Feb-09	14-Feb-09	21-Feb-09	28-Feb-09
<b>Star Plus</b>	25%	24%	25%	25%	25%	25%	24%	24%	26%	25%	24%	27%	25%
<b>Colors</b>	20%	21%	20%	22%	21%	22%	23%	24%	22%	23%	22%	21%	25%
<b>Zee TV</b>	18%	17%	20%	16%	15%	17%	17%	18%	17%	16%	18%	18%	16%
Sony Entertainment TV	8%	8%	8%	7%	10%	7%	8%	6%	6%	6%	7%	7%	7%
Star One	7%	7%	7%	7%	6%	6%	6%	5%	5%	5%	5%	5%	5%
NDTV Imagine	6%	6%	6%	6%	6%	6%	6%	6%	5%	5%	5%	6%	5%
Sahara One	4%	4%	4%	4%	4%	4%	4%	5%	4%	4%	4%	4%	3%
9X	4%	4%	4%	4%	3%	3%	3%	3%	3%	2%	3%	2%	2%

Target market: C&S4+, Hindi Speaking Markets (HSM)  
Source: TAM Media, Macquarie Research, March 2009

**Fig 3 Hindi GECs' prime-time weekly GRPs – record surge in prime-time weekly GRPs for Colors in last week driven by cuts in commercial advertising time**

Channels/Week ending	06-Dec-08	13-Dec-08	20-Dec-08	27-Dec-08	03-Jan-09	10-Jan-09	17-Jan-09	24-Jan-09	31-Jan-09	07-Feb-09	14-Feb-09	21-Feb-09	28-Feb-09
<b>Star Plus</b>	150	155	163	178	180	174	156	162	189	177	153	166	158
<b>Colors</b>	117	135	132	142	148	160	155	177	148	160	158	135	186
<b>Zee TV</b>	115	116	147	116	113	122	121	138	124	117	123	123	123
Sony Entertainment TV	42	47	47	39	78	45	50	39	34	42	41	36	46
Star One	38	38	38	39	33	35	32	29	30	28	30	31	31
NDTV Imagine	31	31	36	35	37	36	36	42	35	35	33	43	35
Sahara One	24	24	25	23	26	25	24	31	27	28	27	25	20
9X	15	16	15	17	17	13	13	12	14	12	11	10	9

Target market: C&S4+, Hindi Speaking Markets (HSM). Prime time defined as 7:30pm to 11:30pm.  
Source: TAM Media, Macquarie Research, March 2009

**Fig 4 Prime-time GRPs as % of total weekly GRPs – strength in prime-time slot (7.30–11.30pm) is cornerstone of weekly GRPs**

Channels/Week ending	06-Dec-08	13-Dec-08	20-Dec-08	27-Dec-08	03-Jan-09	10-Jan-09	17-Jan-09	24-Jan-09	31-Jan-09	07-Feb-09	14-Feb-09	21-Feb-09	28-Feb-09
<b>Star Plus</b>	<b>57%</b>	<b>57%</b>	<b>56%</b>	<b>60%</b>	<b>58%</b>	<b>59%</b>	<b>57%</b>	<b>55%</b>	<b>60%</b>	<b>56%</b>	<b>48%</b>	<b>52%</b>	<b>50%</b>
Colors	55%	58%	57%	56%	58%	62%	59%	62%	54%	59%	58%	50%	69%
<b>Zee TV</b>	<b>61%</b>	<b>59%</b>	<b>64%</b>	<b>61%</b>	<b>60%</b>	<b>62%</b>	<b>62%</b>	<b>63%</b>	<b>59%</b>	<b>56%</b>	<b>59%</b>	<b>59%</b>	<b>59%</b>
Sony Entertainment TV	52%	52%	52%	47%	62%	53%	54%	53%	45%	56%	54%	48%	61%
Star One	51%	47%	50%	49%	43%	47%	47%	45%	47%	44%	47%	49%	49%
NDTV Imagine	53%	51%	54%	51%	53%	53%	51%	57%	55%	57%	56%	50%	40%
Sahara One	49%	48%	54%	54%	53%	53%	55%	58%	57%	57%	55%	70%	58%
9X	34%	32%	33%	38%	40%	34%	36%	35%	38%	35%	31%	29%	24%

Target market: C&S4+, Hindi Speaking Markets (HSM). Prime time defined as 7:30pm to 11:30pm.

Source: TAM Media, Macquarie Research, March 2009

**Fig 5 Hindi news channels' weekly GRPs – no change in No.4 position for Zee News in the genre**

General Entertainment Channels/Week ending	20-Dec-08	27-Dec-08	03-Jan-09	10-Jan-09	17-Jan-09	24-Jan-09	31-Jan-09	07-Feb-09	14-Feb-09	21-Feb-09	28-Feb-09	Channel share (21Feb)	Channel share (28Feb)
Aaj Tak	53	60	54	51	49	47	52	47	49	49	44	20.6%	19.7%
India TV	48	51	49	47	47	47	53	49	44	41	34	17.2%	15.3%
Star News	39	44	38	38	34	34	37	38	38	37	35	15.5%	15.5%
<b>Zee News</b>	<b>26</b>	<b>34</b>	<b>31</b>	<b>32</b>	<b>27</b>	<b>29</b>	<b>30</b>	<b>24</b>	<b>24</b>	<b>25</b>	<b>22</b>	<b>10.3%</b>	<b>9.7%</b>
IBN 7	26	30	23	24	21	21	23	22	19	20	20	8.3%	8.7%
NDTV India	17	20	16	16	14	14	17	16	14	16	18	6.7%	7.9%
News 24	17	17	13	14	11	11	12	12	14	13	12	5.2%	5.4%
Samay	15	19	15	16	15	16	14	12	11	11	11	4.5%	5.0%
TEZ	12	13	11	11	10	9	10	9	10	10	9	4.1%	3.9%
DD News	8	8	9	7	7	7	11	7	9	8	8	3.4%	3.8%
India News	7	8	6	5	5	5	5	5	5	6	5	2.3%	2.4%
Live India	4	5	3	3	3	4	5	4	5	4	6	1.9%	2.6%
<b>Total</b>	<b>273</b>	<b>310</b>	<b>269</b>	<b>263</b>	<b>244</b>	<b>244</b>	<b>270</b>	<b>246</b>	<b>242</b>	<b>240</b>	<b>224</b>	<b>100.0%</b>	<b>100.0%</b>

Target Market: Cable & Satellite Male15+ Audience, Market: Hindi Speaking Markets

Source: TAM Media, Macquarie Research, March 2009

**Fig 6 Marathi GECs weekly GRPs – Zee Marathi is substantially ahead of No.2 player ETV Marathi**

Channel	03-Jan-09	10-Jan-09	17-Jan-09	24-Jan-09	31-Jan-09	07-Feb-09	14-Feb-09	21-Feb-09	28-Feb-09	Channel share (21Feb)	Channel share (28Feb)
<b>Zee Marathi</b>	<b>318</b>	<b>312</b>	<b>315</b>	<b>346</b>	<b>291</b>	<b>322</b>	<b>354</b>	<b>272</b>	<b>296</b>	<b>40.5%</b>	<b>42.2%</b>
ETV Marathi	161	172	176	191	176	178	174	197	183	29.3%	26.1%
Zee Talkies	88	79	71	63	87	76	64	68	65	10.2%	9.3%
Star Pravah	61	54	68	57	48	60	49	51	61	7.6%	8.7%
DD10 Sahyadri (Marathi)	48	45	51	43	40	38	35	35	41	5.2%	5.8%
Mi Marathi	23	19	18	14	18	14	22	21	25	3.2%	3.6%
Saam TV	15	13	15	14	15	15	13	14	15	2.1%	2.1%
IBN Lokmat	9	11	13	14	15	15	12	14	15	2.1%	2.1%
<b>Total</b>	<b>722</b>	<b>705</b>	<b>726</b>	<b>740</b>	<b>690</b>	<b>718</b>	<b>724</b>	<b>672</b>	<b>700</b>	<b>100.0%</b>	<b>100.0%</b>

Target Market: Cable & Satellite 4+ Audience, Market: Maharashtra

Source: TAM Media, Macquarie Research, March 2009

**Fig 7 Bengali GECs' weekly GRPs – Zee Bangla maintained its leadership in the genre despite high profile launch of Star Jalsha**

Channel	03-Jan-09	10-Jan-09	17-Jan-09	24-Jan-09	31-Jan-09	07-Feb-09	14-Feb-09	21-Feb-09	28-Feb-09	Channel share (21Feb)	Channel share (28Feb)
<b>Zee Bangla</b>	<b>377</b>	<b>371</b>	<b>381</b>	<b>397</b>	<b>316</b>	<b>356</b>	<b>342</b>	<b>442</b>	<b>370</b>	<b>33.1%</b>	<b>29.0%</b>
ETV Bangla	346	318	302	330	298	283	291	273	265	20.5%	20.8%
Star Jalsha	171	200	228	211	262	261	288	261	252	19.6%	19.7%
Aakaash (Bangla)	91	85	86	96	126	94	107	108	116	8.1%	9.1%
24 Ghanta TV	61	62	50	58	53	60	66	60	73	4.5%	5.7%
Channel Eight Talkies (Bangla)	53	54	46	53	42	44	41	48	54	3.6%	4.2%
Star Ananda	58	54	45	52	42	42	57	50	47	3.7%	3.6%
DD7 Bangla	41	31	35	39	40	27	24	35	32	2.6%	2.5%
Sangeet Bangla	46	32	27	29	31	30	30	26	30	1.9%	2.4%
Kolkata TV	20	17	14	17	16	19	25	19	27	1.5%	2.1%
Tara Muzik	12	16	29	15	15	16	16	13	13	1.0%	1.0%
<b>Total</b>	<b>1,276</b>	<b>1,239</b>	<b>1,242</b>	<b>1,296</b>	<b>1,240</b>	<b>1,232</b>	<b>1,288</b>	<b>1,335</b>	<b>1,279</b>	<b>100.0%</b>	<b>100.0%</b>

Target Market: Cable &amp; Satellite 4+ Audience, Market: West Bengal

Source: TAM Media, Macquarie Research, March 2009

**Fig 8 Telugu GECs' weekly GRPs – Zee Telugu slipped to No.4 slot this week from No.2 last week**

Channel	03-Jan-09	10-Jan-09	17-Jan-09	24-Jan-09	31-Jan-09	07-Feb-09	14-Feb-09	21-Feb-09	28-Feb-09	Channel share (21Feb)	Channel share (28Feb)
Gemini TV	788	678	900	753	776	648	702	662	638	25.9%	23.8%
Teja TV	433	363	431	343	417	343	380	316	395	12.3%	14.7%
Eenadu TV	405	369	402	369	332	304	301	301	376	11.8%	14.0%
<b>Zee Telugu</b>	<b>366</b>	<b>348</b>	<b>332</b>	<b>304</b>	<b>354</b>	<b>320</b>	<b>321</b>	<b>357</b>	<b>354</b>	<b>13.9%</b>	<b>13.2%</b>
Maa Telugu	319	377	490	351	353	341	318	346	315	13.5%	11.8%
TV9 Telugu News	179	172	132	165	174	141	155	148	144	5.8%	5.4%
ETV2 Telugu News	78	79	66	72	75	76	75	67	73	2.6%	2.7%
TV5 Telugu News	66	69	61	79	82	83	78	68	73	2.6%	2.7%
Gemini Music	63	65	47	45	45	44	52	52	61	2.0%	2.3%
Maa Music	63	63	51	61	60	57	53	56	56	2.2%	2.1%
NTV News	60	57	44	59	63	58	59	52	56	2.0%	2.1%
Siti Telugu	34	39	48	39	38	40	39	38	43	1.5%	1.6%
Sitara TV	30	31	42	33	26	47	42	44	40	1.7%	1.5%
DD8 Telugu	24	31	36	24	32	22	22	24	26	0.9%	1.0%
Vanitha TV	16	14	8	13	13	13	15	15	18	0.6%	0.7%
Gemini News	11	12	10	8	10	6	8	7	6	0.3%	0.2%
Vissa	8	7	7	5	5	3	4	4	5	0.1%	0.2%
Nawula Tera	5	6	8	8	5	6	4	3	1	0.1%	0.0%
<b>Total</b>	<b>2,948</b>	<b>2,778</b>	<b>3,116</b>	<b>2,731</b>	<b>2,860</b>	<b>2,552</b>	<b>2,627</b>	<b>2,561</b>	<b>2,680</b>	<b>100.0%</b>	<b>100.0%</b>

Target Market: Cable &amp; Satellite 4+ Audience, Market: Andhra Pradesh

Source: TAM Media, Macquarie Research, March 2009

**Fig 9 Kannada GECs' weekly GRPs – Zee Kannada slipped to No.5 slot this week from No.4 last week**

Channel	03-Jan-09	10-Jan-09	17-Jan-09	24-Jan-09	31-Jan-09	07-Feb-09	14-Feb-09	21-Feb-09	28-Feb-09	Channel share (21Feb)	Channel share (28Feb)
Udaya TV	549	572	729	649	675	577	587	570	558	29.8%	29.8%
Udaya Movies	428	373	384	373	397	331	324	333	390	17.4%	20.8%
ETV Kannada	300	287	262	264	262	254	248	251	218	13.1%	11.6%
TV9 Karnataka	209	207	167	170	199	170	170	175	161	9.2%	8.6%
<b>Zee Kannada</b>	<b>215</b>	<b>273</b>	<b>287</b>	<b>216</b>	<b>237</b>	<b>190</b>	<b>187</b>	<b>200</b>	<b>145</b>	<b>10.4%</b>	<b>7.8%</b>
Suvarna	158	174	167	122	159	127	115	102	139	5.4%	7.4%
U2	126	128	118	154	119	119	130	118	114	6.1%	6.1%
Kasturi	172	170	200	169	147	126	122	112	100	5.8%	5.3%
DD9 Chandana (Kannada)	35	37	44	28	33	25	25	24	24	1.3%	1.3%
Suvarna News	15	11	12	14	15	19	19	17	15	0.9%	0.8%
Udaya Varthegalu	9	10	11	12	12	12	10	11	10	0.6%	0.5%
Win TV Kannada	-	-	-	-	-	-	-	-	-	0.0%	0.0%
<b>Total</b>	<b>2,216</b>	<b>2,243</b>	<b>2,381</b>	<b>2,170</b>	<b>2,255</b>	<b>1,950</b>	<b>1,938</b>	<b>1,912</b>	<b>1,873</b>	<b>100.0%</b>	<b>100.0%</b>

Target Market: Cable &amp; Satellite 4+ Audience, Market: Karnataka

Source: TAM Media, Macquarie Research, March 2009

**Fig 10 Tamil GECs' weekly GRPs – Zee Tamil will take time to increase its channel share in the genre**

Channel	03-Jan-09	10-Jan-09	17-Jan-09	24-Jan-09	31-Jan-09	07-Feb-09	14-Feb-09	21-Feb-09	28-Feb-09	Channel share (21Feb)	Channel share (28Feb)
Sun TV	1,637	1,388	1,558	1,487	1,537	1,458	1,449	1,403	1,361	50.8%	50.2%
KTV	572	524	601	515	519	483	422	413	466	14.9%	17.2%
Kalaigarnar TV	328	274	537	271	395	269	267	235	222	8.5%	8.2%
Jaya TV	184	156	227	118	135	115	105	125	135	4.5%	5.0%
Vijay TV	179	162	209	140	140	141	147	141	134	5.1%	4.9%
Sun Music	138	150	122	126	125	126	107	118	108	4.3%	4.0%
Isaiyaruvi	126	132	139	110	116	122	105	110	89	4.0%	3.3%
SUN News	43	67	82	64	71	68	55	70	60	2.5%	2.2%
Raj TV	75	68	71	51	67	67	54	67	52	2.4%	1.9%
<b>Zee Tamizh</b>	<b>35</b>	<b>26</b>	<b>35</b>	<b>30</b>	<b>29</b>	<b>35</b>	<b>41</b>	<b>36</b>	<b>38</b>	<b>1.3%</b>	<b>1.4%</b>
DD5 Podhigai (Tamil)	42	46	41	33	35	30	22	25	29	0.9%	1.1%
Vasant	13	14	26	13	12	11	10	12	14	0.4%	0.5%
Comedy Thirai	24	23	16	23	17	17	12	10	2	0.4%	0.1%
<b>Total</b>	<b>3,396</b>	<b>3,028</b>	<b>3,665</b>	<b>2,983</b>	<b>3,197</b>	<b>2,942</b>	<b>2,796</b>	<b>2,764</b>	<b>2,709</b>	<b>100.0%</b>	<b>100.0%</b>

Target Market: Cable &amp; Satellite 4+ Audience, Market: Tamil Nadu

Source: TAM Media, Macquarie Research, March 2009

**Fig 11 Domestic peer group comparison**

Company	Ticker	Price (Rs)	Market Cap (US\$ m)	EV (US\$m)	Margin FY08	EV/EBITDA (x) FY09	EV/EBITDA (x) FY10	PER (x) FY09	PER (x) FY10
<b>Zee Entertainment - UP</b>	<b>Z IN</b>	<b>99.7</b>	<b>837.1</b>	<b>920.1</b>	<b>29.5</b>	<b>8.1x</b>	<b>7.9x</b>	<b>11.9x</b>	<b>10.7x</b>
<b>Zee News - OP</b>	<b>ZEEN IN</b>	<b>28.9</b>	<b>134.1</b>	<b>137.1</b>	<b>18.4</b>	<b>8.9x</b>	<b>6.7x</b>	<b>15.4x</b>	<b>11.3x</b>
Sun TV Network - Not rated	SUNTV IN	155.8	1187.4	1109.5	66.2	6.2x	5.4x	15.1x	12.7x
Television Eighteen India - Not rated	TLEI IN	58.1	182.9	195.3	(19.3)	na	31.1x	na	na
Global Broadcast News - Not rated	IBN18 IN	61.1	141.7	112.4	7.3	13.6x	2.9x	na	na
New Delhi Television - Not rated	NDTV IN	190.0	125.7	198.2	10.1	12.4x	6.3x	11.0x	9.4x
UTV Software Communications - Not rated	UTV IN	75.3	91.3	148.8	(30.3)	na	na	na	na
Network 18 Media & Investments - Not rated	NETM IN	64.7	77.3	252.8	na	na	na	na	na

Note: EV/EBITDA and PER for all other stocks except Zee Entertainment based on Bloomberg consensus estimates. Price data as of 6 March 2009

Source: Bloomberg, Company data, Macquarie Research, March 2009

Fig 12 Zee Entertainment – annual income statement

Particulars	FY3/07	FY3/08A	FY3/09E	FY3/10E	FY3/11E	FY3/12E	FY3/13E	FY3/14E	FY3/15E	FY3/16E	FY3/17E	FY3/18E	FY3/19E	FY3/20E
<b>Revenue</b>														
Advertising Revenue	7,035	9,342	10,703	11,238	13,710	17,586	19,207	20,809	22,365	23,765	25,160	26,343	27,326	28,136
Growth (%)	na	32.8	15.0	5.0	22.0	28.3	9.2	8.3	7.5	6.3	5.9	4.7	3.7	3.0
Subscription Revenue	6,648	7,326	9,149	10,682	13,231	15,934	18,480	21,528	24,767	27,547	30,341	33,335	36,405	39,469
Growth (%)	na	10.2	23.0	16.8	23.9	20.4	16.0	16.5	15.0	11.2	10.1	9.9	9.2	8.4
Other Sales & Services	768	1,675	2,087	2,285	2,443	2,591	2,734	2,871	3,014	3,165	3,323	3,490	3,664	3,847
<b>Total Sales and Services</b>	<b>14,451</b>	<b>18,343</b>	<b>21,939</b>	<b>24,205</b>	<b>29,384</b>	<b>36,110</b>	<b>40,421</b>	<b>45,209</b>	<b>50,146</b>	<b>54,477</b>	<b>58,825</b>	<b>63,168</b>	<b>67,394</b>	<b>71,453</b>
Growth (%)	na	26.9	19.5	10.3	21.4	22.9	11.9	11.8	10.9	8.6	8.0	7.4	6.7	6.0
<b>Operating Expenditure</b>														
Operational Cost	7,386	7,985	10,116	11,151	13,198	15,796	17,646	19,657	21,760	23,554	25,379	27,230	29,072	30,889
As a % of revenue	51.1	43.5	46.1	46.1	44.9	43.7	43.7	43.5	43.4	43.2	43.1	43.1	43.1	43.2
Personnel Cost	1,017	1,430	1,985	2,580	3,225	4,031	4,636	5,331	5,971	6,568	7,225	7,947	8,742	9,616
Admin & other Exp	1,244	1,369	2,345	2,580	2,838	3,122	3,356	3,524	3,700	3,885	4,079	4,283	4,497	4,722
Selling & Distribution Exp	1,614	2,171	2,006	2,306	2,652	3,024	3,356	3,725	4,135	4,507	4,913	5,257	5,625	5,906
<b>Total Operating Exp</b>	<b>11,260</b>	<b>12,954</b>	<b>16,452</b>	<b>18,617</b>	<b>21,913</b>	<b>25,972</b>	<b>28,994</b>	<b>32,237</b>	<b>35,566</b>	<b>38,514</b>	<b>41,596</b>	<b>44,717</b>	<b>47,936</b>	<b>51,133</b>
Growth (%)	na	15.0	27.2	13.2	17.7	18.5	11.6	11.2	10.3	8.3	8.0	7.5	7.2	6.7
<b>EBITDA</b>	<b>3,191</b>	<b>5,389</b>	<b>5,488</b>	<b>5,588</b>	<b>7,471</b>	<b>10,138</b>	<b>11,427</b>	<b>12,972</b>	<b>14,580</b>	<b>15,963</b>	<b>17,229</b>	<b>18,451</b>	<b>19,459</b>	<b>20,319</b>
EBITDA Margin (%)	22.1	29.4	25.0	23.1	25.4	28.1	28.3	28.7	29.1	29.3	29.3	29.2	28.9	28.4
Growth (%)	na	68.9	1.2	1.8	33.7	35.7	12.7	13.5	12.4	9.5	7.9	7.1	5.5	4.4
Depreciation/Amortization	185	222	289	343	384	431	462	479	498	520	545	577	613	652
EBIT	3,006	5,167	5,199	5,245	7,087	9,707	10,965	12,493	14,082	15,442	16,684	17,874	18,845	19,667
Growth (%)	na	71.9	0.2	0.9	35.1	37.0	13.0	13.9	12.7	9.7	8.0	7.1	5.4	4.4
Other Income	761	1,111	1,187	1,479	1,630	2,431	2,623	2,966	3,376	3,873	4,491	5,188	5,971	6,837
Financial Exp (excl. one-offs)	334	279	670	750	750	750	750	750	750	750	750	750	750	750
One-off Forex losses		276	452											
Profit before Tax and Exceptional Items	3,432	5,723	5,264	5,974	7,967	11,388	12,838	14,708	16,708	18,566	20,425	22,312	24,067	25,754
Provision for Taxation	999	1,735	1,596	1,891	2,595	3,698	4,171	4,779	5,510	6,214	6,939	7,692	8,421	8,949
Tax rate(%)	29.11	30.31	30.33	31.65	32.57	32.47	32.49	32.49	32.98	33.47	33.97	34.48	34.99	34.75
PAT before Minority Interest/Share in Assoc.	2,433	3,962	5,059	4,083	5,372	7,690	8,667	9,930	11,198	12,352	13,486	14,620	15,646	16,805
Less - Share of (profit)/loss of Associates	-10	-9	-5	-4	-4	-3	-3	-3	-2	-2	-2	-2	-2	-1
Less - Minority Interest	68	245	20	21	31	37	45	54	65	78	93	112	134	161
Net Profit after Tax	2,375	3,726	5,043	4,067	5,344	7,656	8,626	9,879	11,136	12,276	13,395	14,510	15,513	16,646
Net Interest on FCCB	4	1	1	0	0	0	0	0	0	0	0	0	0	0
<b>Adj. Net Profit after Tax</b>	<b>2,379</b>	<b>3,753</b>	<b>3,653</b>	<b>4,067</b>	<b>5,344</b>	<b>7,656</b>	<b>8,626</b>	<b>9,879</b>	<b>11,136</b>	<b>12,276</b>	<b>13,395</b>	<b>14,510</b>	<b>15,513</b>	<b>16,646</b>
Growth (%)	na	57.8	(5.4)	11.3	31.4	43.3	12.7	14.5	12.7	10.2	9.1	8.3	6.9	7.3
<b>Diluted EPS</b>	<b>5.47</b>	<b>8.63</b>	<b>8.40</b>	<b>9.35</b>	<b>12.29</b>	<b>17.61</b>	<b>19.84</b>	<b>22.72</b>	<b>25.61</b>	<b>28.24</b>	<b>30.81</b>	<b>33.37</b>	<b>35.68</b>	<b>38.29</b>

Source: Company data, Macquarie Research, March 2009

Fig 13 Zee Entertainment – annual balance sheet

Particulars	FY3/07	FY3/08A	FY3/09E	FY3/10E	FY3/11E	FY3/12E	FY3/13E	FY3/14E	FY3/15E	FY3/16E	FY3/17E	FY3/18E	FY3/19E	FY3/20E
<b>Assets</b>														
Current Assets														
Programme/Film rights	2,016	2,442	2,859	3,088	3,668	4,409	4,983	5,574	6,182	6,716	7,252	7,788	8,309	8,809
Inventories	24	32	60	66	81	99	111	124	137	149	161	173	185	196
Sundry Debtors	5,331	5,907	7,814	8,621	10,465	12,861	14,397	16,102	17,860	19,403	20,951	22,498	24,004	25,449
Cash and Bank Balances	955	1,652	1,202	1,326	1,610	1,979	2,215	2,477	2,748	2,985	3,223	3,461	3,693	3,915
Loans and Advances	9,762	11,475	17,431	18,900	14,491	17,313	19,380	21,675	24,043	26,119	28,204	30,286	32,312	34,258
<b>Total Current Assets</b>	<b>18,088</b>	<b>21,508</b>	<b>29,366</b>	<b>32,001</b>	<b>30,314</b>	<b>36,660</b>	<b>41,086</b>	<b>45,952</b>	<b>50,971</b>	<b>55,372</b>	<b>59,792</b>	<b>64,206</b>	<b>68,502</b>	<b>72,627</b>
<b>Net Fixed Assets</b>	<b>14,841</b>	<b>15,605</b>	<b>15,776</b>	<b>15,921</b>	<b>16,056</b>	<b>16,178</b>	<b>16,304</b>	<b>16,448</b>	<b>16,612</b>	<b>16,794</b>	<b>16,995</b>	<b>17,211</b>	<b>17,441</b>	<b>17,687</b>
Investments	2,326	2,515	4,508	5,500	12,973	14,891	18,318	22,422	27,393	33,572	40,541	48,373	57,030	66,497
Deferred Tax Balances	75	243	203	157	96	10	-89	-201	-328	-470	-626	-796	-980	-980
<b>Total Assets</b>	<b>35,332</b>	<b>39,872</b>	<b>49,853</b>	<b>53,580</b>	<b>59,440</b>	<b>67,738</b>	<b>75,619</b>	<b>84,622</b>	<b>94,647</b>	<b>105,268</b>	<b>116,702</b>	<b>128,994</b>	<b>141,994</b>	<b>155,831</b>
<b>Liabilities and Shareholders' Equity</b>														
Sundry Creditors														
For Goods	695	950	1,135	1,253	1,520	1,869	2,092	2,339	2,595	2,819	3,044	3,269	3,487	3,697
For Exp & Other Liabilities	2,543	2,263	4,426	4,878	5,774	6,910	7,720	8,599	9,519	10,304	11,103	11,912	12,718	13,513
Trade Advances	122	115	45	49	60	73	82	92	102	111	120	128	137	145
Other current liabilities	549	824	1,067	1,176	1,392	1,666	1,861	2,073	2,295	2,484	2,676	2,871	3,066	3,257
<b>Total Current Liabilities</b>	<b>3,909</b>	<b>4,152</b>	<b>6,672</b>	<b>7,356</b>	<b>8,746</b>	<b>10,518</b>	<b>11,754</b>	<b>13,103</b>	<b>14,511</b>	<b>15,718</b>	<b>16,943</b>	<b>18,181</b>	<b>19,408</b>	<b>20,613</b>
Provisions for Tax (net of advances)	341	985	531	628	864	1,236	1,393	1,596	1,842	2,079	2,323	2,577	2,822	3,065
Other Provisions	93	125	125	125	125	125	125	125	125	125	125	125	125	125
Proposed dividend (including dividend tax)	763	1,018	1,142	1,142	1,539	2,184	2,482	2,829	3,176	3,524	3,822	4,119	4,417	4,765
Total Provisions	1,198	2,127	1,797	1,894	2,528	3,544	3,999	4,550	5,143	5,728	6,270	6,821	7,364	7,954
<b>Loan Funds</b>														
Secured Loans	2,452	2,532	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Unsecured Loans	774	1,334	0	0	0	0	0	0	0	0	0	0	0	0
Total Loan Funds	3,226	3,866	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Minority Interests	819	1,117	1,137	1,161	1,192	1,230	1,275	1,329	1,393	1,471	1,564	1,676	1,810	1,971
<b>Shareholders' Funds</b>														
Share Capital	434	434	435	435	435	435	435	435	435	435	435	435	435	435
Reserves and Surplus	25,747	28,177	32,312	35,234	39,039	44,512	50,656	57,705	65,665	74,417	83,991	94,381	105,477	117,358
Total Shareholders' Funds	26,181	28,611	32,747	35,669	39,474	44,946	51,090	58,140	66,100	74,852	84,425	94,816	105,912	117,793
<b>Total Liabilities and Shareholders' Equity</b>	<b>35,332</b>	<b>39,872</b>	<b>49,853</b>	<b>53,580</b>	<b>59,440</b>	<b>67,738</b>	<b>75,619</b>	<b>84,622</b>	<b>94,647</b>	<b>105,268</b>	<b>116,702</b>	<b>128,994</b>	<b>141,994</b>	<b>155,831</b>

Source: Company data, Macquarie Research, March 2009



**Fig 14 Zee Entertainment – annual cashflow statement**

Particulars	FY3/07	FY3/08A	FY3/09E	FY3/10E	FY3/11E	FY3/12E	FY3/13E	FY3/14E	FY3/15E	FY3/16E	FY3/17E	FY3/18E	FY3/19E	FY3/20E
<b>Cashflow from operating activities</b>														
Net profit before tax & after extraordinary items	3,432	5,813	6,655	5,974	7,967	11,388	12,838	14,708	16,708	18,566	20,425	22,312	24,067	25,754
Adjustments:														
Depreciation	185	232	289	343	384	431	462	479	498	520	545	577	613	652
Interest Expenses	219	298	670	750	750	750	750	750	750	750	750	750	750	750
Dividend Income	-14	-11	-935	-1,029	-1,080	-1,134	-1,134	-1,134	-1,134	-1,134	-1,134	-1,134	-1,134	-1,134
Interest Income	-495	-996	-252	-451	-550	-1,297	-1,489	-1,832	-2,242	-2,739	-3,357	-4,054	-4,837	-5,703
Operating profit before WC changes	3,479	5,783	6,427	5,588	7,471	10,138	11,427	12,972	14,580	15,963	17,229	18,451	19,459	20,319
Increase in Trade and Other Receivables	-2,863	-1,452	-7,863	-2,276	2,565	-5,218	-3,603	-4,000	-4,126	-3,619	-3,633	-3,629	-3,532	-3,391
Increase in Programs/Film Rights & Inventories	465	-434	-445	-235	-594	-759	-587	-603	-622	-546	-548	-547	-533	-511
Increase in Trade and Other Payables	1,911	264	2,520	684	1,390	1,772	1,236	1,349	1,407	1,207	1,225	1,238	1,227	1,205
Cash Generated from Operations	2,993	4,162	640	3,761	10,831	5,933	8,474	9,717	11,240	13,005	14,272	15,513	16,621	17,622
Direct taxes paid – For current year	-1,279	-1,151	-2,010	-1,748	-2,298	-3,240	-3,915	-4,463	-5,136	-5,835	-6,539	-7,268	-7,992	-8,706
<b>Net Cash flow from Operating Activities</b>	<b>1,714</b>	<b>3,011</b>	<b>-1,370</b>	<b>2,012</b>	<b>8,534</b>	<b>2,693</b>	<b>4,559</b>	<b>5,254</b>	<b>6,103</b>	<b>7,170</b>	<b>7,734</b>	<b>8,245</b>	<b>8,629</b>	<b>8,916</b>
<b>Cash flow from Investing Activities</b>														
Purchase of Fixed Assets/ CWIP	-460	-391	-459	-488	-519	-553	-588	-624	-662	-702	-746	-793	-843	-898
Net Cash flow from investing Activities	-4,280	-1,526	-1,261	3	-6,358	-36	-1,389	-1,760	-2,254	-3,006	-3,222	-3,435	-3,528	-3,526
<b>Cash flow from Financing Activities</b>														
Dividend Paid	-498	-764	-1,018	-1,142	-1,142	-1,539	-2,184	-2,482	-2,829	-3,176	-3,524	-3,822	-4,119	-4,417
Interest Paid	-236	-299	-670	-750	-750	-750	-750	-750	-750	-750	-750	-750	-750	-750
Net change in borrowings	2,652	419	3,868	0	0	0	0	0	0	0	0	0	0	0
Net Cash flow from Financing Activities	2,209	-664	2,181	-1,892	-1,892	-2,289	-2,934	-3,232	-3,579	-3,926	-4,274	-4,572	-4,869	-5,167
Net change in cash and cash equivalent	-357	693	-450	124	284	369	236	262	271	237	238	238	232	222
Cash and cash equivalents at beginning of the year	1,286	955	1,652	1,202	1,326	1,610	1,979	2,215	2,477	2,748	2,985	3,223	3,461	3,693
<b>Cash and cash equivalents at end of period</b>	<b>955</b>	<b>1,652</b>	<b>1,202</b>	<b>1,326</b>	<b>1,610</b>	<b>1,979</b>	<b>2,215</b>	<b>2,477</b>	<b>2,748</b>	<b>2,985</b>	<b>3,223</b>	<b>3,461</b>	<b>3,693</b>	<b>3,915</b>

Source: Company data, Macquarie Research, March 2009

Fig 15 Zee News – revenue model and annual income statement

Particulars	FY3/07	FY3/08	FY3/09E	FY3/10E	FY3/11E
<b>Sales and Services</b>	<b>2,405.1</b>	<b>3,675.1</b>	<b>4870.8</b>	<b>6098.3</b>	<b>7548.1</b>
growth (%)	570.6	52.8	32.5	25.2	23.8
Advertising Revenue	1,712.3	2,913.6	3,782.5	4,607.2	5,620.8
growth (%)	na	70.2	29.8	21.8	22.0
Subscription Revenue	576.4	685.6	959.6	1,313.4	1,707.5
growth (%)	na	19.0	40.0	36.9	30.0
Other Sales & Services	116.4	75.9	128.7	177.6	219.8
growth (%)		-34.8	69.5	38.0	23.8
<b>Operating Expenditure</b>					
Cost of sales/service - programming cost	1,187.9	1,497.3	1,924.2	2,408.8	2,981.5
As a percentage of revenue (%)	49.4	40.7	39.5	39.5	39.5
Gross Profit	1217.3	2177.8	2946.6	3689.5	4566.6
Gross Profit Margin (%)	50.6	59.3	60.5	60.5	60.5
YoY growth (%)		78.9	35.3	25.2	23.8
Staff Cost	367.7	487.1	623.7	758.0	919.3
As a percentage of revenue (%)	15.3	13.3	12.8	12.4	12.2
YoY growth (%)		32.5	28.0	21.5	21.3
Administrative and Other Cost	282.5	342.9	396.1	494.6	612.2
As a percentage of revenue (%)	11.7	9.3	8.1	8.1	8.1
YoY growth (%)		21.4	15.5	24.9	23.8
Selling and other cost	490.0	670.2	1,051.2	1,217.4	1,469.1
As a percentage of revenue (%)	20.4	18.2	21.6	20.0	19.5
YoY growth (%)		36.8	56.9	15.8	20.7
Total Operating Expenditure	2,328.0	2,997.5	3,995.3	4,878.8	5,982.1
As a percentage of revenue (%)	96.8	81.6	82.0	80.0	79.3
YoY growth (%)		28.8	33.3	22.1	22.6
<b>EBITDA</b>	<b>77.1</b>	<b>677.6</b>	<b>875.5</b>	<b>1219.5</b>	<b>1566.0</b>
EBITDA Margin (%)	3.2	18.4	18.0	20.0	20.7
YoY growth (%)		778.9	29.2	39.3	28.4
Depreciation and amortisation	52.1	84.8	119.1	168.7	204.8
EBIT	25.0	592.9	756.4	1050.8	1361.2
EBIT Margin (%)	1.0	16.1	15.5	17.2	18.0
Interest & Financial Expenses	51.1	5.4	52.8	98.9	171.7
Other Income	130.6	14.0	14.2	21.9	27.4
Profit before tax	104.4	601.4	717.8	973.7	1217.0
PBT Margin (%)	4.3	16.4	14.7	16.0	16.1
Tax Expense	46.2	232.2	267.2	358.3	447.6
Effective Tax Rate (%)	44.3	38.6	37.2	36.8	36.8
Profit after tax before Minority Interest	58.2	369.3	450.6	615.4	769.4
Minority Interest	(16.5)	(1.5)	1.6	2.5	3.2
Profit after tax	74.7	370.8	449.0	612.9	766.2
PAT Margin (%)	3.1	10.1	9.2	10.0	10.2
<b>EPS</b>					
Basic	0.31	1.55	1.87	2.56	3.20
<b>Diluted</b>	<b>0.31</b>	<b>1.55</b>	<b>1.87</b>	<b>2.56</b>	<b>3.20</b>

Source: Company data, Macquarie Research, March 2009

Fig 16 Zee News – annual balance sheet

Particulars	FY3/07	FY3/08	FY3/09E	FY3/10E	FY3/11E
<b>Assets</b>					
Current Assets					
Programme/Film rights	484.3	764.1	1012.7	1267.9	1569.3
Inventories	1.9	5.4	7.1	8.9	11.0
Sundry Debtors	1018.7	1421.5	1714.8	2146.9	2657.4
Cash and Bank Balances	41.0	39.3	42.3	52.9	310.5
Loans and Advances	480.7	585.9	776.6	972.3	1203.5
<b>Total Current Assets</b>	<b>2026.6</b>	<b>2816.1</b>	<b>3553.5</b>	<b>4449.0</b>	<b>5751.7</b>
Gross Block	863.6	970.7	1,735.6	2,215.5	2,656.7
Accumulated Depreciation	79.6	162.9	279.3	428.1	621.4
Net Block	784.0	807.8	1456.4	1787.4	2035.3
Capital work-in-progress	24.0	4.2	4.2	4.2	4.2
Net Fixed Assets	808.0	812.0	1460.5	1791.5	2039.5
Miscellaneous Expenditure	0.2	18.3	0.2	0.1	0.1
Profit and Loss Account	0.0	0.0	0.0	0.0	0.0
<b>Total Assets</b>	<b>2834.8</b>	<b>3646.5</b>	<b>5014.2</b>	<b>6240.6</b>	<b>7791.3</b>
<b>Liabilities and Shareholders' Equity</b>					
Current Liabilities					
Sundry Creditors					
For Goods	368.2	404.8	536.5	671.7	831.4
For Expenses and Other Liabilities	500.6	526.6	701.9	857.1	1050.9
Interest Accrued but not due	0.4	0.1	0.1	0.1	0.1
Trade Advances/ Deposits received	17.8	16.6	22.0	27.6	34.1
<b>Total Current Liabilities</b>	<b>886.9</b>	<b>948.1</b>	<b>1260.5</b>	<b>1556.5</b>	<b>1916.5</b>
<b>Total Provisions</b>	<b>85.6</b>	<b>459.4</b>	<b>473.7</b>	<b>491.2</b>	<b>512.5</b>
Loan Funds					
Secured Loans	12.9	16.5	16.5	16.5	16.5
Unsecured Loans	0.1	100.3	800.0	1,200.0	1,700.0
<b>Total Loan Funds</b>	<b>13.0</b>	<b>116.8</b>	<b>816.5</b>	<b>1216.5</b>	<b>1716.5</b>
Minority Interests	35.8	50.8	52.4	55.0	58.2
Deferred tax balances	0.6	0.0	2.8	12.5	24.7
Share Application Money	0.0	0.0	0.0	0.0	0.0
Shareholders' Funds					
Share Capital	239.8	239.8	239.8	239.8	239.8
Reserve and Surplus					
Capital Reserve	1344.6	1,384.6	1,384.6	1,384.6	1,384.6
Securities Premium Account	76.5	76.5	76.5	76.5	76.5
Profit and Loss Account	151.9	370.5	707.3	1208.0	1862.0
<b>Total Shareholders' Funds</b>	<b>1812.8</b>	<b>2071.4</b>	<b>2408.2</b>	<b>2908.9</b>	<b>3562.9</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>2834.8</b>	<b>3646.5</b>	<b>5014.2</b>	<b>6240.6</b>	<b>7791.3</b>

Source: Company data, Macquarie Research, March 2009

Fig 17 Zee News – annual cashflow statement

Particulars	FY3/07	FY3/08	FY3/09E	FY3/10E	FY3/11E
	Mar-07	Mar-08	Mar-09	Mar-10	Mar-11
<b>Cashflow From Operating Activities</b>					
Net profit before taxation and exceptional items	104.4	601.4	717.8	973.7	1217.0
Adjustments for:					
Depreciation and Amortisation	52.1	84.8	119.1	168.7	204.8
Loss on the sale of fixed Assets	4.0	3.132	0	0	0
Interest Expenses	46.4	4.8	52.8	98.9	171.7
Preliminary Expenses written off	0.1	0.1	18.2	0.1	0.0
Interest Income	-119.3	0.0	-14.2	-21.9	-27.4
Provision for doubtful debts	14.6	61.9	0	0	0
Unrealised Foreign Exchange Difference	0.6	0.2	0	0	0
Operating profit before working capital changes	102.8	756.2	893.7	1219.6	1566.0
(Increase) in Programs, Film Rights and Inventories	-290.3	-283.2	-250.3	-257.0	-303.6
(Increase) in Trade & other Receivables	-589.8	-378.2	-484.0	-627.8	-741.6
Increase in trade & other payables	316.9	72.7	326.8	313.5	381.3
<b>Cash Generated from Operations</b>	<b>-460.4</b>	<b>167.5</b>	<b>486.2</b>	<b>648.2</b>	<b>902.2</b>
Direct Taxes paid (FBT)	-45.4	-192.6	-264.4	-348.6	-435.4
Net Cashflow from Operating Activities	-505.8	-25.1	221.7	299.6	466.8
<b>Cashflow From Investing Activities</b>					
Purchase of Fixed Assets / CWIP	-299.5	-95.8	-767.7	-499.7	-452.8
Sale of Fixed Assets	3.9	3.8	0	0	0
Preliminary Expenses Incurred	0.0	0.0	0	0	0
Loans to Others	0.0	0.0	0	0	0
Repayment of Loans Given	1250.0	0.0	0	0	0
Interest received	121.7	0.0	14.2	21.9	27.4
<b>Net Cashflow from Investing Activities</b>	<b>1076.1</b>	<b>-91.9</b>	<b>-753.4</b>	<b>-477.8</b>	<b>-425.4</b>
<b>Cashflow From Financing Activities</b>					
Interest Paid	-46.1	-5.0	-52.8	-98.9	-171.7
Increase in Minority Interest	43.3	16.5	0	0	0
Receipt of Share Application Money	0	0	0	0	0
Proceeds from issued of Share Capital (including Securities Premium)	0.0	0.0	0	0	0
Loan Received	7.3	103.8	699.7	400	500
Repayment of Loans	-545.4	0.0	0.0	0.0	0.0
Increase in dividend provision			0.0	0.0	0.0
Dividend paid (including tax)			-112.2	-112.2	-112.2
<b>Net Cashflow from Financing Activities</b>	<b>-540.9</b>	<b>115.3</b>	<b>534.7</b>	<b>188.9</b>	<b>216.2</b>
<b>Net change in cash and cash equivalent</b>	<b>29.4</b>	<b>-1.7</b>	<b>3.0</b>	<b>10.7</b>	<b>257.6</b>
Cash and cash equivalents at beginning of year	11.5	41.0	39.3	42.3	52.9
Add: Cash & Cash equivalents received as per the Scheme of Arrangement	0.0	0.0	0	0	0
Closing Cash and Cash Equivalents	41.0	39.3	42.3	52.9	310.5

Source: Company data, Macquarie Research, March 2009

## Important disclosures:

Recommendation definitions	Volatility index definition*	Financial definitions																												
<p><b>Macquarie - Australia/New Zealand</b>            Outperform – return &gt;5% in excess of benchmark return            Neutral – return within 5% of benchmark return            Underperform – return &gt;5% below benchmark return</p> <p><b>Macquarie – Asia/Europe</b>            Outperform – expected return &gt;+10%            Neutral – expected return from -10% to +10%            Underperform – expected return &lt;-10%</p> <p><b>Macquarie First South - South Africa</b>            Outperform – expected return &gt;+10%            Neutral – expected return from -10% to +10%            Underperform – expected return &lt;-10%</p> <p><b>Macquarie - Canada</b>            Outperform – return &gt;5% in excess of benchmark return            Neutral – return within 5% of benchmark return            Underperform – return &gt;5% below benchmark return</p> <p><b>Macquarie - USA</b>            Outperform (Buy) – return &gt;5% in excess of benchmark return            Neutral (Hold) – return within 5% of benchmark return            Underperform (Sell)– return &gt;5% below benchmark return</p> <p><b>Recommendations</b> – 12 months</p> <p><b>Note:</b> Quant recommendations may differ from Fundamental Analyst recommendations</p>	<p><b>Volatility index definition*</b>            This is calculated from the volatility of historical price movements.</p> <p><b>Very high–highest risk</b> – Stock should be expected to move up or down 60–100% in a year – investors should be aware this stock is highly speculative.</p> <p><b>High</b> – stock should be expected to move up or down at least 40–60% in a year – investors should be aware this stock could be speculative.</p> <p><b>Medium</b> – stock should be expected to move up or down at least 30–40% in a year.</p> <p><b>Low–medium</b> – stock should be expected to move up or down at least 25–30% in a year.</p> <p><b>Low</b> – stock should be expected to move up or down at least 15–25% in a year.            * Applicable to Australian/NZ/Canada stocks only</p>	<p><b>Financial definitions</b>            All "Adjusted" data items have had the following adjustments made:            Added back: goodwill amortisation, provision for catastrophe reserves, IFRS derivatives &amp; hedging, IFRS impairments &amp; IFRS interest expense            Excluded: non recurring items, asset revals, property revals, appraisal value uplift, preference dividends &amp; minority interests</p> <p><b>EPS</b> = adjusted net profit / epowa*  <b>ROA</b> = adjusted ebit / average total assets  <b>ROA Banks/Insurance</b> = adjusted net profit /average total assets  <b>ROE</b> = adjusted net profit / average shareholders funds  <b>Gross cashflow</b> = adjusted net profit + depreciation            *equivalent fully paid ordinary weighted average number of shares</p> <p>All Reported numbers for Australian/NZ listed stocks are modelled under IFRS (International Financial Reporting Standards).</p>																												
<p><b>Recommendation proportions – For quarter ending 31 December 2008</b></p> <table border="1"> <thead> <tr> <th></th> <th>AU/NZ</th> <th>Asia</th> <th>RSA</th> <th>USA</th> <th>CA</th> <th>EUR</th> </tr> </thead> <tbody> <tr> <td>Outperform</td> <td>38.55%</td> <td>50.61%</td> <td>64.52%</td> <td>53.13%</td> <td>65.55%</td> <td>43.00%</td> </tr> <tr> <td>Neutral</td> <td>41.82%</td> <td>15.92%</td> <td>25.81%</td> <td>40.63%</td> <td>27.73%</td> <td>48.00%</td> </tr> <tr> <td>Underperform</td> <td>19.64%</td> <td>33.47%</td> <td>9.68%</td> <td>6.25%</td> <td>6.72%</td> <td>9.00%</td> </tr> </tbody> </table>				AU/NZ	Asia	RSA	USA	CA	EUR	Outperform	38.55%	50.61%	64.52%	53.13%	65.55%	43.00%	Neutral	41.82%	15.92%	25.81%	40.63%	27.73%	48.00%	Underperform	19.64%	33.47%	9.68%	6.25%	6.72%	9.00%
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## Sales

### Regional Heads of Sales

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