

Industry Focus

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Media Buzz

Large Regional TV Opportunity; Competitive Intensity on the Rise

- High growth regional entertainment market** — The size of the six major regional markets is estimated to be ~Rs 21b, thus contributing about a fourth of the overall TV ad revenues in India. Sun TV Network and Zee News are the larger listed players that benefit from the regional entertainment market opportunity.
- 'Viewership - Revenue' mismatch** — The share of advertising revenue for the regional language channels (~25%) is far less when compared to the viewership share (~37%). Regional advertising is growing at a pace faster than the national growth. Of the ad revenue pie, ~60% comes from regional ads.
- Large players enter the regional genre** — The market is expanding as the number of corporates with deep pockets enter. Zee News has entered the Tamil, Telugu & Kannada markets while Star has entered the Marathi & Bengali segments and has aggressive plans for South India through its JV with Jupiter Entertainment. Increasing competition results in pressure on content/talent and other costs.
- Zee News management meeting takeaways** — (a) ZEEN expects to grow at least 5% more than overall industry; (b) Zee Telugu broke even in 2QFY09 and mgmt expects Zee Kannada to breakeven by mid CY09; (c) Zee Bangla & Zee Marathi contribute to about half of ZEEN's revenues; (d) In Tamil Nadu, ZEEN targets the No 2 position, after Sun TV, within the next 12-18 months.
- Noteworthy this month: (1) GEC ratings decline as no fresh content aired...** — For ~20 days, Hindi GECs were not airing fresh content, which led to a steep drop in ratings. Viacom18's Colors emerged as the leader in the space during this period. This, coupled with recent terrorist attacks in Mumbai shifted focus to news genre.
- ... (2) Sun TV Network script outperforms** — The press (*BL, ET, Mint*) reports of the re-union between families of the promoters.

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Figure 1. India: Media Valuation Matrix

| Company Name | RIC Code | CIR Rating | Mkt cap (US\$m) | CMP (Rs) | TP (Rs) | P/E (x) | | EV/EBITDA (x) | | EV/Sales(x) | |
|----------------------|----------|------------|-----------------|----------|---------|---------|-------|---------------|-------|-------------|-------|
| | | | | | | FY09E | FY10E | FY09E | FY10E | FY09E | FY10E |
| Broadcasting | | | | | | | | | | | |
| Sun TV | SUTV.BO | 1M | 1,357 | 172 | 185 | 15.6 | 13.8 | 8.8 | 7.6 | 6.1 | 5.2 |
| Zee Entertainment | ZEE.BO | 1M | 1,059 | 122 | 185 | 12.9 | 9.9 | 8.3 | 7.1 | 2.4 | 2.1 |
| Movies/Gaming | | | | | | | | | | | |
| UTV | UTVS.BO | 3H | 162 | 236 | 250 | 12.5 | 8.1 | 20.2 | 6.4 | 1.4 | 0.9 |

Source: Powered by dataCentral (Prices as of 04-Dec-08)

 See Appendix A-1 for Analyst Certification and important disclosures.

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Regional Entertainment Opportunity

Size of the six largest regional markets is estimated at Rs21bn, growing at ~25-30% over the past few years.

Market Overview

In this issue of *Media Buzz*, we focus on the regional TV opportunity. With multiple languages in India, the regional market offers a unique and interesting opportunity for regional broadcasters. The major regional markets represent an estimated Rs21b opportunity and have been growing at ~25-30% annual growth rate (faster than the market growth rate of 18-20%) over the past few years. Viewership share of regional channels at ~37% is significantly higher than their share of advertising revenues (~25%).

The key regional entertainment markets are Tamil, Telugu, Kannada, Malayalam, Marathi and Bangla, with each having an estimated size of Rs2-7b and developing at good growth rates as the number of corporates in each market is on the rise.

Figure 2. Key Regional Entertainment Markets

| Market | Est Market size (Rs b) | Key Players |
|----------------|------------------------|---|
| Tamil Nadu | 6.9 | Sun TV, Kalaaignar TV, Raj TV, Vijay TV, Jaya TV |
| Kerela | 2.1 | Asianet, Surya TV |
| Andhra Pradesh | 4.6 | Gemini TV, Eenadu TV, Maa Telugu, Zee Telugu |
| Karnataka | 2.6 | Udaya, ETV Kannada, Zee Kannada |
| West Bengal | 2.5 | Zee Bangla, ETV Bangla, Star Jalsa, Aakash Bangla |
| Maharashtra | 2.0 | Zee Marathi, ETV Marathi, Mi Marathi |

Source: Company Reports, Citi Investment Research

The advertising rates in the regional entertainment space are far lower at ~10-15% of the Hindi general entertainment channels rates.

Competition on the rise

With the regional markets offering good growth opportunity, many corporates have focused on the markets in the recent past, which has resulted in increasing competition across all languages. In most cases, this has also resulted in an expansion of the market opportunity as competition raises the quality of content which is being broadcasted.

Zee News, the leader in the Marathi and Bangla space, has made good inroads in the Telugu and Kannada segments with >10% market share in each of the markets. The Telugu channel achieved breakeven last quarter while management expects the Kannada channel should achieve breakeven over the next few quarters. Zee News has recently launched its Tamil channel, Zee Tamizh – it is early days though and it takes time to get the distribution in place.

Star, the leading broadcaster in the country, has recently launched Star Pravah, its Marathi initiative, and Star Jalsa, its Bangla initiative. While it is still too early to comment on the commercial success of these channels, the launches should help in expanding the Marathi and Bangla markets. However, it could also put pressure on Zee News, which is the incumbent in those markets.

Last month, Star Network entered into a JV with Jupiter Entertainment for a majority interest in leading Malayalam channels Asianet and Asianet Plus, Kannada channel Suvarna, Telugu Channel Sitara and Tamil channel, Vijay. The intention is to launch new channels in the near future. A strong foothold in South Indian regional entertainment space was missing in Star's India portfolio,

Regional market expands as a number of large players with deep pockets are entering the space...

...but there is mounting pressure on content and talent costs

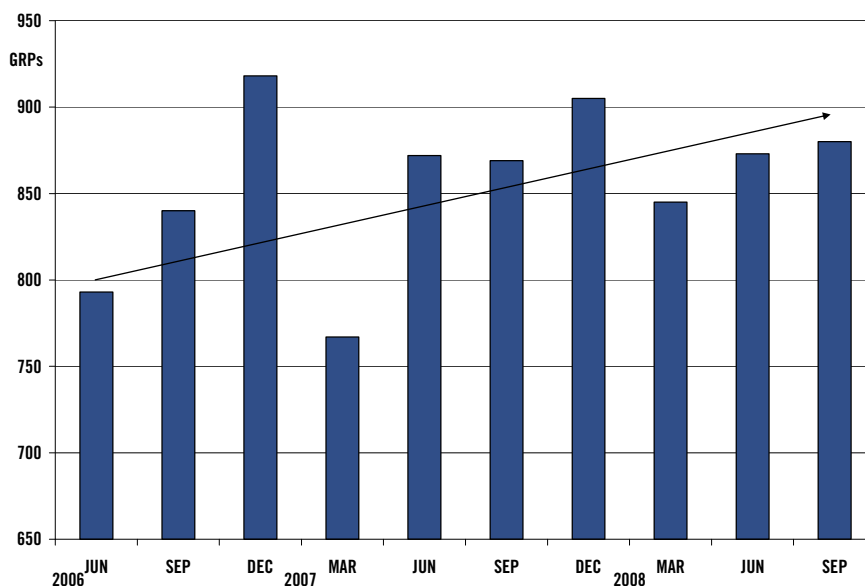
and this venture would enable it to expand its national presence in the TV domain.

On the flip side, as the number of channels increases, the costs increase as players fight for viewership. Our discussions with industry players indicate cost to acquire films and other content is rising excessively as large national players expand aggressively in the regional genre. Retention of key talent and employees becomes a challenge for the incumbents. The overall rise in the competitive intensity may adversely impact margins.

Case Study: Karnataka Market- Post the launch of Zee Kannada

Karnataka market has expanded ~11% after the launch of Zee Kannada.

Figure 3. Karnataka Market GRPs: Post launch of Zee Kannada



Source: TAM Media, C&S 4+; Karnataka Market; All 24 hours; Data for last week of each qtr is taken

We looked at the TAM ratings in the state of Karnataka post the launch of Zee Kannada. Interestingly, ratings of the entire space have gone up ~11% since the launch (mid 2006), indicating that the Kannada market has expanded and market share of incumbents has been ceded to the new competition. Market leader Udaya TV (Sun TV Network) lost viewership share, from 18-20% share in 2006 to ~15% share now, and ETV Kannada moved down from ~11% share before the launch to ~7% currently. Zee Kannada has about 5% share in the Karnataka market.

Market leader Udaya TV has lost share, despite absolute GRPs being relatively stable

While it may differ across markets, a large part of new players' growth comes from increased market size and consolidation of the smaller players in the market. The incumbent, Udaya TV lost viewership share (as market expanded), although its GRPs have remained stable at 200 levels.

Key players in the regional markets

Sun TV Network, Zee News and Raj TV are the key listed players in the regional markets

There are a large number of players in the regional markets; however, Sun TV, Zee News and ETV are the leaders in the space.

Figure 4. Advertising Revenues for the two major listed regional players

| Ad Revenues (Rs Mn) | 2006 | 2007 | 2008 |
|----------------------------|-------------|-------------|-------------|
| Sun TV Network | 2016 | 3640 | 4755 |
| Zee News* | | 1678 | 2838 |

Source: Company Reports (*Also includes revenues from news vertical)

Zee News Management Meeting Takeaways

We recently met the Zee News management and present key takeaways on the regional markets:

- Management expects to grow at least 5% more than the overall industry; expects to grow 20-25% in FY09 but lower in FY10, given the current economic slowdown.
- ZEEN's venture in Andhra Pradesh, Zee Telugu, broke even in 2QFY09, and management expects Zee Kannada, the Karnataka regional GEC, to breakeven by mid CY09.
- Two of the three driver channels of Zee News (ZEEN), Zee Bangla and Zee Marathi, contribute to about half of the company's revenues.
- ZEEN aggressively entered Tamil Nadu last month, a market dominated by Sun TV Network. The company targets to reach the No 2 position, after Sun TV, within 12-18 months. ZEEN management believes that the entry time is appropriate for establishing distribution and is negotiating with Sumangali Cable and Sun Direct.
- On the subscription front, the company believes there may be a marginal initial dip in revenues for the regional channels as these are currently offered as a part of a larger bouquet. As multiple players enter the market, offering schemes with relatively smaller number of channels in any bouquet, price-sensitive consumers may initially opt out of the various regional channels. However, in the long run, as DTH penetration increases rapidly, management believes subscription revenues should also see healthy growth in the medium to long term.

Important Indian Regional Markets

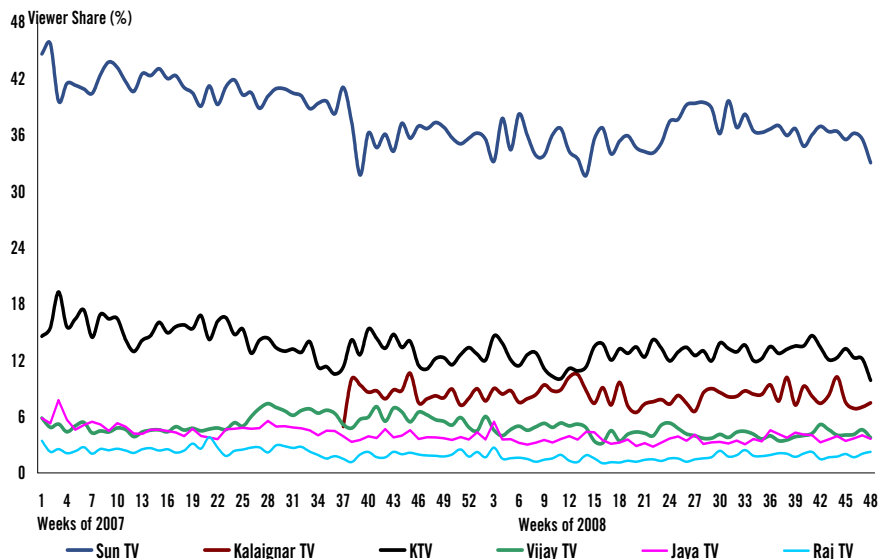
In Tamil Nadu, Sun TV Network's flagship channel Sun TV has c35% share, whereas nearest competitor Kalaignar TV has only c8% share

Zee Tamil's launch has not yet led to any significant change in Tamil Nadu; our discussions with ZEEN management indicates target to reach No 2 position among the entertainment channels in the next 1-1.5 years

Sun's movie channel, KTV is the second most viewed regional channel in Tamil Nadu

Currently, all Sun TV Network channels have 50-55% share of the Tamil Nadu market

Figure 5. Tamil Nadu Market- Overall Channel Shares (%)

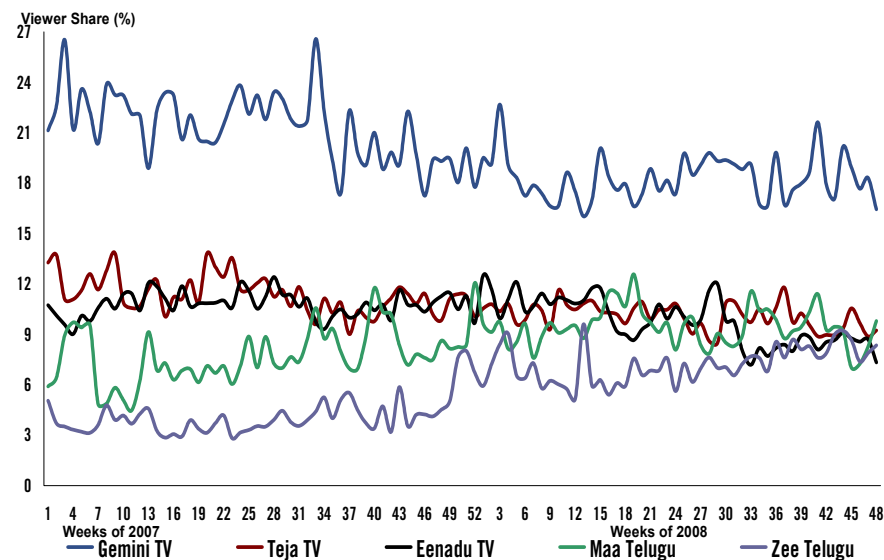


Source: TAM Media, All Channels, C&S 4+; TN Market; All 24 hours

Sun TV Network's Telugu entertainment and movie channels, Gemini TV and Teja TV, occupy the first two positions in India's second largest regional market, Andhra Pradesh, together with ~25-30% share

ZEEN's Zee Telugu has been seeing a constant improvement in ratings and moved at similar levels to incumbents Maa Telugu and Eenadu TV

Figure 6. Andhra Pradesh Market- Overall Channel Shares (%)

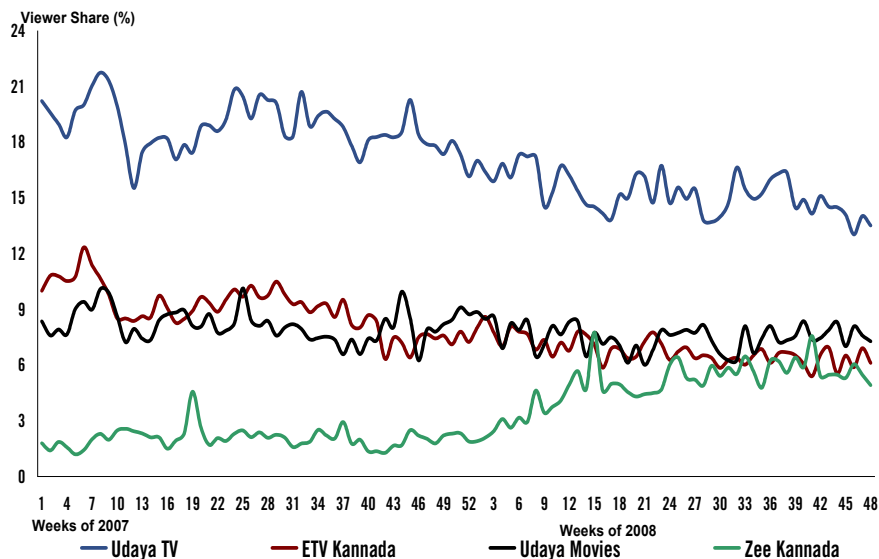


Source: TAM Media, All Channels, C&S 4+; AP Market; All 24 hours

Similar to Andhra Pradesh, Sun's entertainment and movie channels enjoy two of the highest ratings

The market has expanded with new players like Zee Kannada, but has resulted in a drop of shares for ETV Kannada

Figure 7. Karnataka Market- Overall Channel Shares (%)



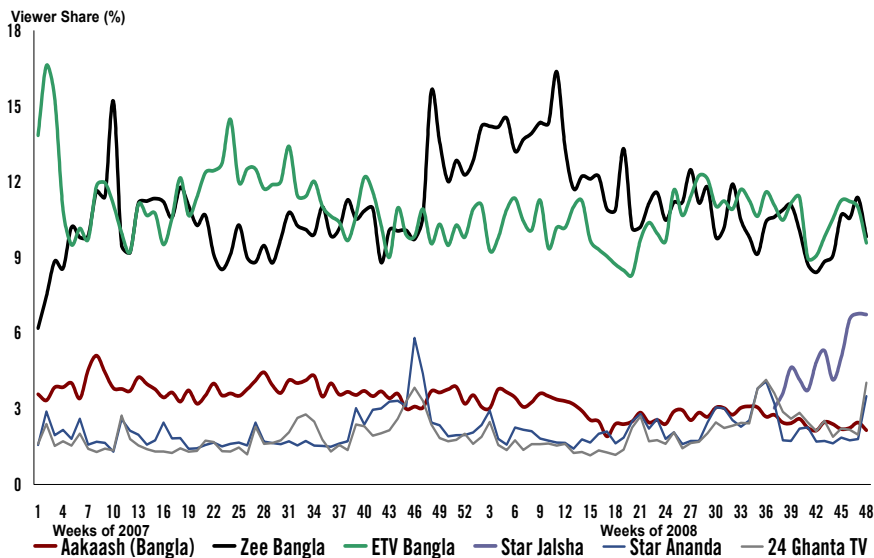
Source: TAM Media, All Channels, C&S 4+; Karnataka Market; All 24 hours

Star's Bengali entertainment channel, Star Jalsa, has steadily climbed to the No 3 position in three months of launch, behind incumbents ETV Bangla and Zee Bangla, vying for the leadership spot

Also, in Bengali news space, Star Ananda and ZEEN's 24 Ghanta are at similar levels with 3-4% overall viewership share

Zee News has plans to buy 26% stake in Sky B (Bangla) which operates Akash Bangla

Figure 8. West Bengal Market- Overall Channel Shares (%)



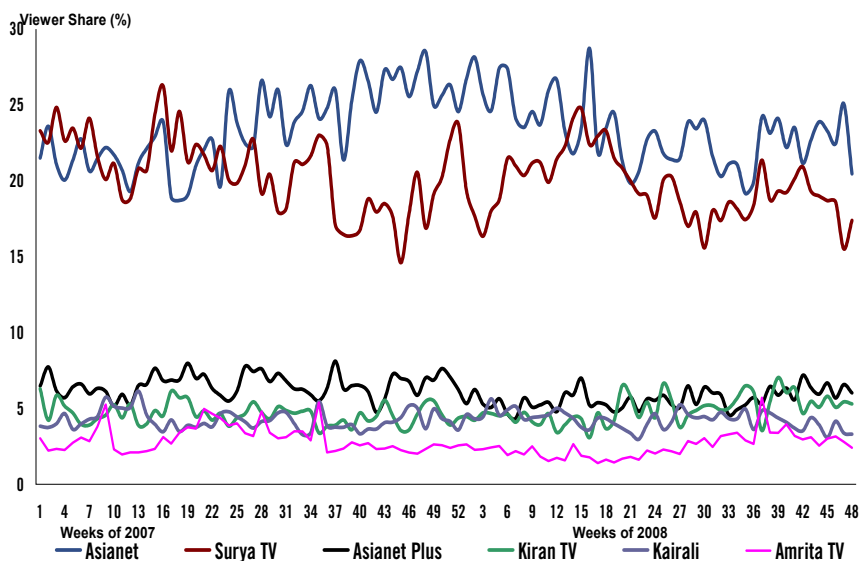
Source: TAM Media, All Channels, C&S 4+; WB Market; All 24 hours

Kerala is the only South Indian state where a Sun TV Network channel is not the leader - Surya TV is a close second

Asianet has better viewership shares with the flagship channel having 20-22%

Star plans to expand in the Malayalam market

Figure 9. Kerala Market- Overall Channel Shares (%)

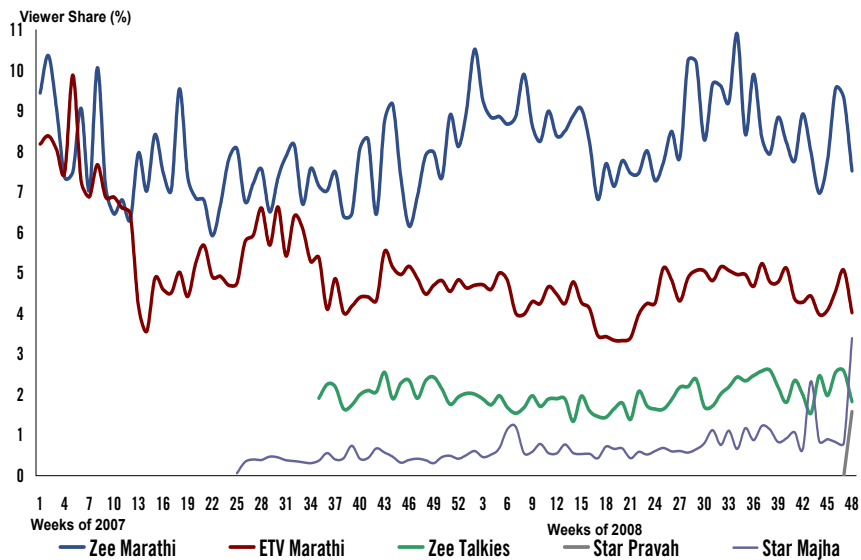


Source: TAM Media, All Channels, C&S 4+; Kerala Market; All 24 hours

Zee Marathi, one of Zee News' flagship channels, is the clear leader in the Marathi market with overall viewership share of 8-9%

Star's recent venture, Star Pravah, gained ~1.6% overall share in its first week

Figure 10. Maharashtra Market- Overall Channel Shares (%)



Source: TAM Media, All Channels, C&S 4+; Maharashtra Market; All 24 hours

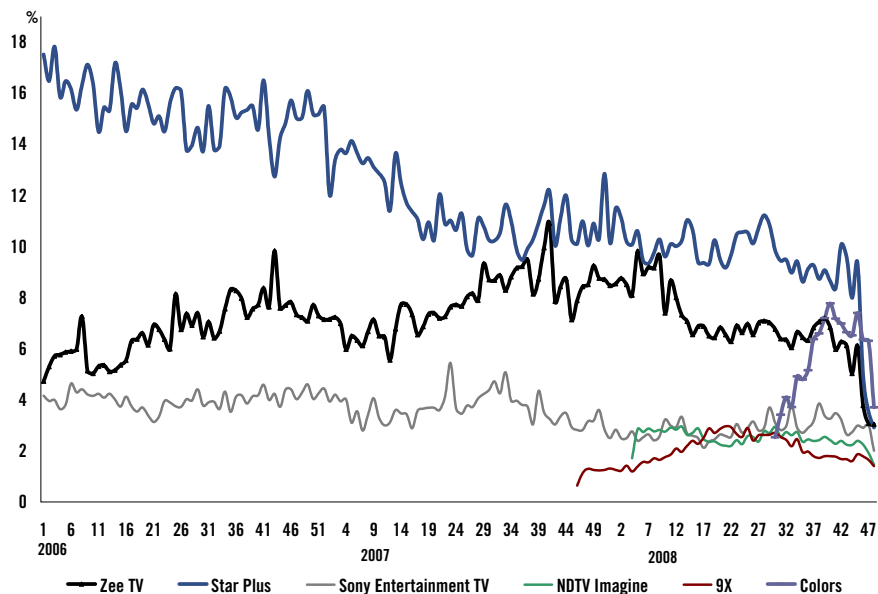
Monthly Data Digest

Ratings of all Hindi general entertainment channels (GECs) dropped over the last 3 weeks as no supply of new programming was aired due to a dispute between employees and various production houses over remuneration and general working conditions

New content is only back on air this week, from December 1

Overall GECs viewership shares fell from ~35% to ~18%; viewership shifted to the news channels

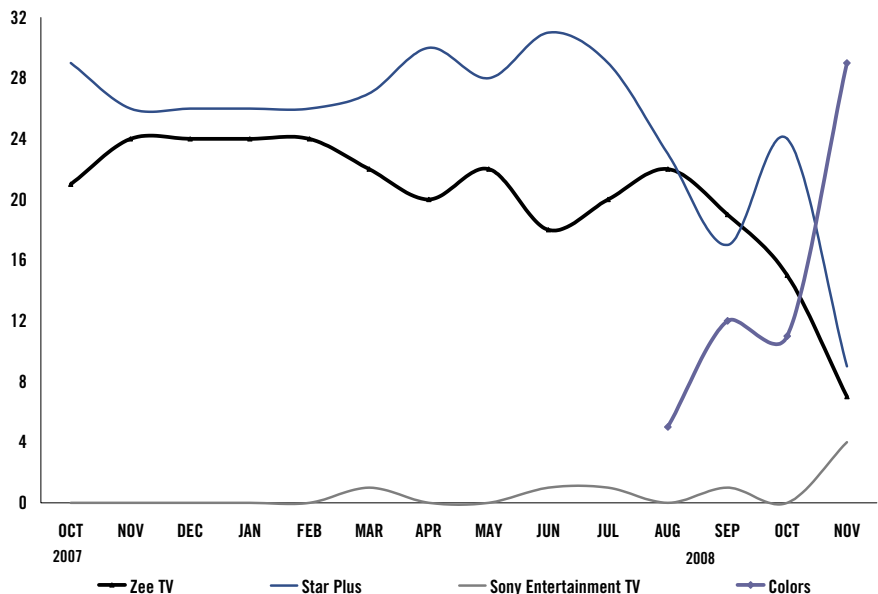
Figure 11. Hindi GEC — Market Share



Source: TAM Media, All Channels, HSM, CS4+, All days, All 24 hours

November data is affected by the strike between workers and producers

Figure 12. Number of Programs in Top 50



Source: TAM Media, All Channels, HSM, CS4+, All days, All 24 hours; Data of last week of each month is taken

Box-office performance in November remained subdued; UTV's *Fashion* and Dharma Productions' *Dostana* were the relatively better movies this month in terms of gross collections. *Golmaal Returns* was the only hit this month.

Figure 15. Recent Bollywood Box Office Performance

| Film | Week | Total Collection (Rs Mn) | Verdict |
|----------------------|------|--------------------------|---------------|
| Yuvvraaj | 1 | 128.9 | Flop |
| Dostana | 2 | 368.6 | Average |
| Golmaal Returns | 4 | 539.0 | Hit |
| Fashion | 4 | 282.8 | Above Average |
| Dasvidaniya | 2 | 13.9 | Flop |
| Deshdrohi | 2 | 7.5 | Flop |
| Ek Vivah... Aisa Bhi | 3 | 19.2 | Below Average |
| EMI | 3 | 50.8 | Flop |
| Heroes | 5 | 143.7 | Below Average |
| Roadside Romeo | 5 | 48.4 | Flop |

Source: Boxofficeindia.com; Till week ending Nov 27, 2008

News Headlines

- DTH operators have been witnessing a price war so far, owing to stiff competition; will soon see prices going up by as much as 15% given the weakening rupee against the dollar may increase the cost burden of set-top boxes, which are imported by DTH operators.— *Financial Express*
- With direct-to-home satellite television growing in popularity, film producers, broadcasters and DTH service providers see pay-per-view (PPV) buying of movies emerging as a significant contributor to revenues. — *ET*
- Big TV Home Entertainment service from Reliance Communications is gearing up to increase the bouquet of 200 channels to 400 channels in the coming few months. — *The Hindu*
- Media companies, as part of their cost-cutting measures aimed at negating any adverse impact of the global slowdown on the broadcasting business, have now decided to drastically reduce or in some cases stop the carriage fee payouts to various cable companies across the country. — *Business Standard*
- Even though the BSNL has finally launched its much-awaited service of internet protocol television (IPTV), the cable operators are not likely to bring down their rates. The IPTV would be available on Rs150 per month, which is very low compared to the cable operators, who are charging Rs250 per month. — *The Times of India*
- HT Media forms mobile marketing JV with Velti Plc. The venture marks HT Media's entry into mobile marketing. The publisher said the new venture will provide solutions to other media houses as well. — *Mint*
- Faced with a slowdown in the advertising market and rising cost of newsprint, some magazine publishers are discontinuing supplements earlier distributed free of cost with the main product, while a few new entrants in the space have deferred their launches. — *Mint*
- The I&B ministry has cleared a revised proposal that brings political parties one step closer to being allowed the use of private radio channels to air their campaign ads.— *Mint*

Price Performance

Figure 16. Indian Media Stocks — Price Performance

| | | Market Cap US\$ m | Price 4-Dec-08 | Performance | | | | | |
|-------------------------------------|---------|----------------------|-------------------|-------------|------|------|------|------|------|
| | | | | 1W | 1M | 3M | 6M | 12M | YTD |
| Print Media | | | | | | | | | |
| HT Media | HTML.BO | 324 | 69 | 2% | -10% | -43% | -45% | -69% | -73% |
| Jagran Prakashan | JAGP.BO | 305 | 51 | 3% | -6% | -32% | -30% | -63% | -68% |
| Deccan Chronicle Holdings | DCHL.BO | 220 | 45 | -1% | 3% | -65% | -63% | -81% | -81% |
| Broadcasting and Television | | | | | | | | | |
| Zee Entertainment | ZEE.BO | 1,059 | 122 | 7% | -21% | -46% | -45% | -60% | -62% |
| Sun TV Network | SUTV.BO | 1,357 | 172 | 34% | 12% | -27% | -49% | -54% | -58% |
| Zee News | ZEEN.BO | 146 | 30 | 11% | -23% | -34% | -42% | -57% | -65% |
| TV18 | TVET.BO | 150 | 63 | 0% | -26% | -74% | -79% | -87% | -88% |
| NDTV | NDTV.BO | 117 | 94 | 24% | -7% | -72% | -77% | -76% | -80% |
| Balaji Telefilms | BLTE.BO | 83 | 63 | 2% | -11% | -63% | -67% | -82% | -82% |
| TV Today | TVTO.BO | 73 | 63 | 15% | -7% | -34% | -36% | -65% | -66% |
| Film making and distribution | | | | | | | | | |
| UTV Software | UTVS.BO | 162 | 236 | -3% | -45% | -70% | -70% | -70% | -74% |
| Adlabs | ADLF.BO | 145 | 157 | 1% | -22% | -69% | -72% | -87% | -89% |
| Media Infra | | | | | | | | | |
| Dish TV | DSTV.BO | 143 | 17 | 11% | -6% | -59% | -63% | -83% | -84% |
| Wire & Wireless | WIWI.BO | 44 | 10 | 6% | -19% | -56% | -69% | -88% | -90% |
| Radio | | | | | | | | | |
| ENIL | ENIL.BO | 104 | 109 | 6% | -28% | -63% | -73% | -80% | -83% |
| Multiplexes | | | | | | | | | |
| Inox Leisure | INOL.BO | 39 | 32 | -8% | -26% | -63% | -67% | -79% | -87% |
| PVR Cinema | PVRL.BO | 30 | 66 | -9% | -32% | -66% | -61% | -78% | -82% |
| Pyramid Saimira | PYSA.BO | 23 | 41 | 4% | -28% | -70% | -87% | -88% | -92% |
| Cinemax | CIMA.BO | 21 | 37 | 0% | -14% | -60% | -62% | -74% | -79% |
| Internet | | | | | | | | | |
| Info Edge | INED.BO | 223 | 408 | 1% | -3% | -53% | -58% | -72% | -71% |
| Northgate | NOTC.BO | 36 | 52 | -9% | -31% | -82% | -86% | -91% | -91% |
| BSE Sensex | .BSESN | - | 9,230 | 2% | -13% | -38% | -41% | -53% | -55% |

Source: Powered by DataCentral

Valuation Matrix

Figure 17. Indian Media — Valuation Comparison Table (non rated stocks)

| Company Name | RIC Code | Mkt cap (US\$m) | CMP (Rs.) | P/E (x) | | EV/EBITDA (x) | | EV/Sales (x) | |
|------------------|----------|-----------------|-----------|---------|-------|---------------|-------|--------------|-------|
| | | | | FY09E | FY10E | FY09E | FY10E | FY09E | FY10E |
| HT Media | HTML.BO | 324 | 69.1 | 16.1 | 12.6 | 8.3 | 6.3 | 1.3 | 1.1 |
| Jagran Prakashan | JAGP.BO | 305 | 50.6 | 14.8 | 11.7 | 7.8 | 6.1 | 1.6 | 1.3 |
| Deccan Chronicle | DCHL.BO | 220 | 44.8 | 5.0 | 3.9 | 2.2 | 1.9 | 1.0 | 0.9 |
| TV18 | TVET.BO | 150 | 62.7 | 9.3 | 6.7 | 3.6 | 2.7 | 1.1 | 0.8 |
| Zee News | ZEEN.BO | 146 | 30.5 | 15.0 | 10.6 | 8.3 | 6.0 | 1.4 | 1.2 |
| Adlabs | ADLF.BO | 145 | 156.9 | 6.4 | 4.2 | nm | nm | 4.2 | 4.0 |
| DISHTV | DSTV.BO | 143 | 16.7 | -2.0 | -3.4 | -8.4 | -12.6 | 1.5 | 1.0 |
| NDTV | NDTV.BO | 117 | 93.5 | 24.6 | 11.9 | 12.7 | 8.0 | 1.5 | 1.1 |
| ENIL | ENIL.BO | 104 | 108.8 | 13.5 | 6.4 | 6.6 | 3.5 | 1.2 | 1.0 |
| Balaji Telefilms | BLTE.BO | 83 | 63.3 | 5.1 | 4.7 | 3.3 | 3.1 | 1.0 | 0.9 |

Source: Company reports, Bloomberg, I/B/E/S for NR companies Note: Prices as of 04-Dec-08

Figure 18. Global Broadcasting Valuations

| Company Name | RIC Code | CIR Rating | Mkt cap (US\$m) | CMP (LC) | TP (LC) | P/E (x) | | EV/EBITDA (x) | | EV/Sales(x) | | P/BV (x) | | Div. Yield (%) | |
|--------------------------------|----------|------------|-----------------|----------|---------|---------|---------|---------------|-------|-------------|-------|----------|-------|----------------|-------|
| | | | | | | FY09E | FY10E | FY09E | FY10E | FY09E | FY10E | FY09E | FY10E | FY09E | FY10E |
| AxJP* | | | | | | | | | | | | | | | |
| Sun TV Network | SUTV.BO | 1M | 1,357 | 172 | 185 | 15.6 | 13.8 | 8.6 | 7.2 | 5.9 | 4.9 | 3.9 | 3.3 | 1.7% | 2.0% |
| Zee Entertainment | ZEE.BO | 1M | 1,059 | 122 | 185 | 12.9 | 9.9 | 8.1 | 6.8 | 2.3 | 2.0 | 1.7 | 1.5 | 1.6% | 2.1% |
| ASTRO | AAAN.KL | 1L | 1,201 | 2.26 | 3.42 | 113.0 | 13.7 | 5.1 | 5.1 | 1.4 | 1.4 | 3.1 | 3.0 | 5.9% | 5.8% |
| Ten Network Holdings Ltd | TEN.AX | 3H | 614 | 1.03 | 0.44 | 17.1 | (205.7) | 8.8 | 16.0 | 1.6 | 1.7 | 1.4 | 1.6 | 7.4% | 1.4% |
| Sky Network Television Ltd | SKT.NZ | 2M | 715 | 3.45 | 4.00 | 15.2 | 14.6 | 7.1 | 6.9 | 2.7 | 2.6 | 1.1 | 1.1 | 3.9% | 4.0% |
| Europe** | | | | | | | | | | | | | | | |
| British Sky Broadcasting Group | BSY.L | 1M | 11,568 | 4.47 | 4.50 | 15.2 | 13.2 | 8.2 | 7.3 | 1.8 | 1.7 | 43.5 | 18.8 | 4.3% | 4.8% |
| Mediaset SpA | MS.MI | 3M | 6,218 | 4.14 | 4.30 | 10.4 | 12.4 | 3.0 | 3.0 | 1.5 | 1.5 | 1.9 | 2.0 | 10.0% | 10.0% |
| Television Francaise 1 SA | TFFP.PA | 2H | 3,134 | 11.55 | 10.00 | 17.1 | 18.0 | 13.7 | 13.7 | 1.2 | 1.3 | 2.5 | 2.6 | 7.4% | 7.4% |
| ITV PLC | ITV.L | 1H | 2,083 | 0.36 | 0.47 | 15.4 | 18.9 | 9.4 | 9.2 | 1.2 | 1.1 | 0.6 | 0.5 | 0.0% | 0.0% |
| M6 Metropole Television | MMTP.PA | 2H | 2,174 | 13.26 | 12.33 | 12.7 | 13.5 | 5.8 | 6.3 | 1.2 | 1.2 | 3.6 | 4.1 | 7.5% | 7.5% |
| Telecinco | TL5.MC | 3M | 2,543 | 8.11 | 5.36 | 9.2 | 11.9 | 4.6 | 6.0 | 1.7 | 1.9 | 3.5 | 3.3 | 8.7% | 6.7% |
| USA (LC=USD) | | | | | | | | | | | | | | | |
| Comcast Corp | CMCSK.O | 1M | 13,156 | 15.31 | 26.00 | 16.0 | 13.1 | 5.2 | 5.1 | 2.0 | 2.0 | 1.1 | 1.1 | 0.0% | 0.0% |
| DIRECTV Group Inc | DTV.O | 1H | 22,455 | 21.38 | 30.00 | 14.4 | 10.9 | 4.0 | 3.8 | 1.1 | 1.1 | 5.1 | 8.0 | 0.0% | 0.0% |
| Time Warner Cable Inc | TWC.N | 1M | 20,321 | 20.80 | 30.00 | 17.9 | 15.6 | 5.7 | 5.7 | 2.1 | 2.2 | 0.9 | 1.3 | 0.0% | 0.0% |
| CBS Corp | CBS.N | 2M | 4,968 | 7.31 | 8.00 | 4.8 | 6.2 | 4.4 | 5.0 | 0.8 | 0.8 | 0.5 | 0.5 | 14.4% | 14.7% |

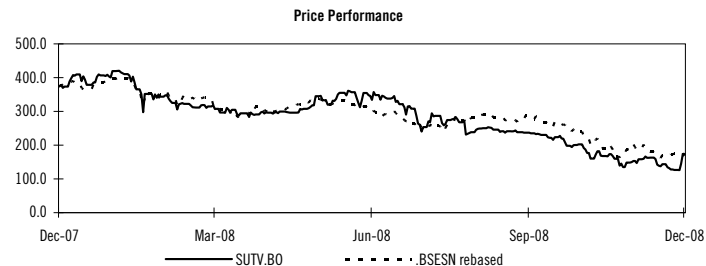
Source: Powered by DataCentral; Prices as 04-Dec-08; LC = local currency

*LC= INR for Zee TV and Sun TV; AUD for Ten Network; NZD for Sky Network and MYR for ASTRO; **LC = GBP for British Sky Broadcasting and ITV Plc; EUR for others

Company Section

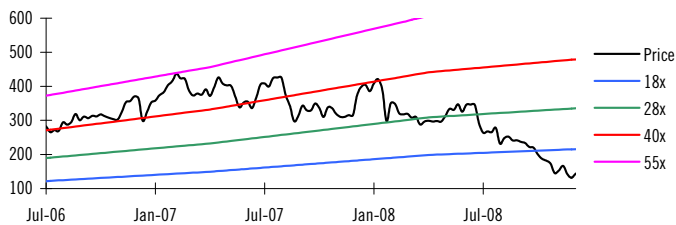
Sun TV Network (SUTV.BO)

| | | | |
|------------------------------|-------------------|-----------------------------------|-----------------|
| Surendra Goyal, CFA | | Price (Rs) | 171.95 |
| +91-22-6631-9870 | | 52-week range (Rs) | 126.05 - 420.65 |
| surendra.goyal@citi.com | | Shares outstanding (M) | 394 |
| | | Free float (%) | 23 |
| Rating | 1 (Buy) | Avg daily volume 12 mths (K,Shrs) | 312 |
| Risk | M (Medium) | Exchange | BSE |
| Target price (Rs) | 185.00 | Market cap (USD,M) | 1,357 |
| Dividend - next 12 mths (Rs) | 3.00 | Enterprise value (USD,M) | 1,236 |
| Expected price return (%) | 7.6 | Fiscal year end | 31-Mar |
| | | Model Updated | 7-Nov-2008 |

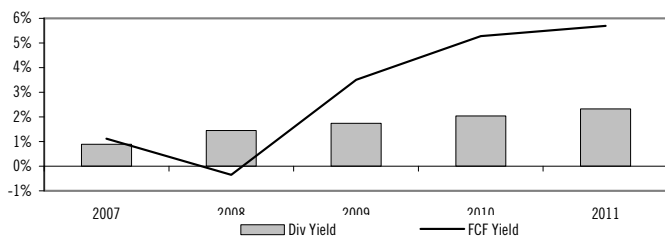


| | | | |
|---------------------|-----------|-----------|------------|
| Performance: | 3M | 6M | 12M |
| Absolute | -27.4% | -48.5% | -54.0% |
| Relative | 10.7% | -8.0% | -1.3% |

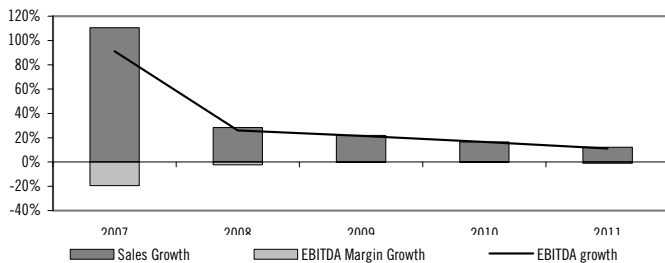
Forward PE Band Chart



Yields



Operating Growth



| Valuation Ratios | 2007 | 2008 | 2009E | 2010E | 2011E |
|--------------------|------|--------|-------|-------|-------|
| P/E (x) | 27.5 | 20.7 | 15.6 | 13.8 | 12.6 |
| EV/EBITDA (x) | 13.8 | 10.5 | 8.6 | 7.2 | 6.3 |
| EV/Sales (x) | 9.7 | 7.2 | 5.9 | 4.9 | 4.3 |
| P/FCF (x) | 89.7 | -287.5 | 28.5 | 19.0 | 17.6 |
| P/BVPS (x) | 5.7 | 4.7 | 3.9 | 3.3 | 2.8 |
| Dividend yield (%) | 0.9 | 1.5 | 1.7 | 2.0 | 2.3 |

| Per Share (Rs) | 2007 | 2008 | 2009E | 2010E | 2011E |
|----------------|-------|-------|-------|-------|-------|
| EPS (adjusted) | 6.24 | 8.29 | 11.03 | 12.44 | 13.68 |
| EPS (reported) | 6.24 | 8.29 | 11.03 | 12.44 | 13.68 |
| BVPS | 30.28 | 36.76 | 44.28 | 52.63 | 61.63 |
| CFPS | 9.39 | 9.92 | 12.88 | 15.99 | 17.57 |
| Cash EPS | 9.34 | 11.43 | 14.92 | 16.70 | 18.44 |
| DPS | 1.52 | 2.50 | 3.00 | 3.50 | 4.00 |

| Profit & Loss (Rs,M) | 2007 | 2008 | 2009E | 2010E | 2011E |
|----------------------|--------|--------|--------|--------|--------|
| Net sales | 6,780 | 8,699 | 10,598 | 12,347 | 13,834 |
| Operating Expense | -3,256 | -3,963 | -4,872 | -5,575 | -6,326 |
| EBIT | 3,524 | 4,736 | 5,726 | 6,773 | 7,508 |
| EBITDA | 4,742 | 5,975 | 7,260 | 8,451 | 9,385 |
| Adjusted EBITDA | 4,742 | 5,975 | 7,260 | 8,451 | 9,385 |
| Net Interest | -64 | -159 | -28 | 0 | 0 |
| Exceptionals | 411 | 556 | 845 | 751 | 798 |
| Pre Tax | 3,871 | 5,133 | 6,543 | 7,524 | 8,306 |
| Taxes | -1,401 | -2,015 | -2,290 | -2,633 | -2,907 |
| Extraordinary Items | 0 | 0 | 0 | 0 | 0 |
| Minorities | -9 | 148 | 94 | 13 | -8 |
| Reported Net Profit | 2,461 | 3,267 | 4,347 | 4,904 | 5,391 |
| Adjusted Net Profit | 2,461 | 3,267 | 4,347 | 4,904 | 5,391 |

| Growth Rates (%) | 2007 | 2008 | 2009E | 2010E | 2011E |
|-----------------------|-------|------|-------|-------|-------|
| EPS (adjusted) growth | 93.1 | 32.8 | 33.1 | 12.8 | 9.9 |
| Net Income growth | 93.1 | 32.8 | 33.1 | 12.8 | 9.9 |
| EBITDA growth | 91.2 | 26.0 | 21.5 | 16.4 | 11.1 |
| Sales Growth | 110.6 | 28.3 | 21.8 | 16.5 | 12.0 |
| Dividend Growth | -69.8 | 64.0 | 20.0 | 16.7 | 14.3 |

| Cash Flow (Rs,M) | 2007 | 2008 | 2009E | 2010E | 2011E |
|---------------------------|--------|--------|--------|--------|--------|
| Operating Cash Flow | 3,701 | 3,909 | 5,075 | 6,300 | 6,924 |
| Depreciation/amortization | 1,218 | 1,239 | 1,534 | 1,678 | 1,877 |
| Net working capital | 100 | -516 | -712 | -269 | -352 |
| Investing Cash Flow | -2,873 | -5,930 | -2,712 | -2,724 | -3,066 |
| Capex | -2,945 | -4,145 | -2,697 | -2,724 | -3,066 |
| Acquisitions/disposals | 71 | -1,785 | -15 | 0 | 0 |
| Financing Cash Flow | 4,935 | -176 | -1,984 | -1,601 | -1,852 |
| Borrowings | -1,468 | -172 | -695 | 0 | 0 |
| Dividends | -697 | -1,153 | -1,383 | -1,614 | -1,844 |
| Change in cash | 5,762 | -2,196 | 378 | 1,975 | 2,006 |

| Balance Sheet (Rs,M) | 2007 | 2008 | 2009E | 2010E | 2011E |
|------------------------|--------|--------|--------|--------|--------|
| Total Assets | 14,535 | 18,301 | 20,703 | 24,430 | 28,349 |
| Cash & cash equivalent | 6,494 | 4,297 | 4,676 | 6,650 | 8,656 |
| Net fixed assets | 4,762 | 7,668 | 8,832 | 9,878 | 11,067 |
| Total Liabilities | 2,560 | 3,211 | 2,649 | 3,087 | 3,458 |
| Debt | 867 | 695 | 0 | 0 | 0 |
| Shareholders' funds | 11,975 | 15,090 | 18,054 | 21,344 | 24,891 |
| Shareholders' equity | 11,934 | 14,486 | 17,449 | 20,739 | 24,286 |

| Profitability/Solvency Ratios | 2007 | 2008 | 2009E | 2010E | 2011E |
|-------------------------------|---------|---------|---------|---------|---------|
| EBITDA Margin (%) | 69.9 | 68.7 | 68.5 | 68.4 | 67.8 |
| Net Margin (%) | 36.3 | 37.6 | 41.0 | 39.7 | 39.0 |
| ROE (%) | 32.8 | 24.7 | 27.2 | 25.7 | 23.9 |
| ROIC (%) | 39.5 | 34.5 | 32.6 | 34.1 | 33.9 |
| Debt to Capital (%) | 6.8 | 4.4 | 0.0 | 0.0 | 0.0 |
| Net Debt / Equity (%) | NetCash | NetCash | NetCash | NetCash | NetCash |
| Net Debt to EBITDA (%) | NetCash | NetCash | NetCash | NetCash | NetCash |
| EBITDA / Int. Exp (x) | 73.8 | 37.6 | 261.2 | #DIV/0! | #DIV/0! |
| Capex / Sales (%) | 43.4 | 47.6 | 25.4 | 22.1 | 22.2 |

For further data queries on Citi's full coverage universe please contact CIR Data Services Asia Pacific (eq.asiapac.data.management@citi.com) or +852-2501-2791

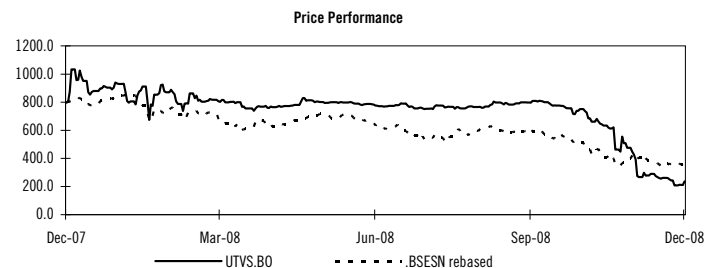


UTV Software (UTVS.BO)

Surendra Goyal, CFA
+91-22-6631-9870
surendra.goyal@citi.com

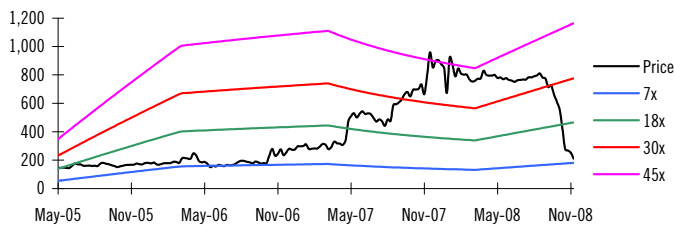
Rating
Risk
Target price (Rs)
Dividend - next 12 mths (Rs)
Expected price return (%)

Price (Rs) 236.05
52-week range (Rs) 208.35 - 1,033.45
Shares outstanding (M) 34
Free float (%) 39
Avg daily volume 12 mths (K,Shrs) 127
Exchange BSE
Market cap (USD,M) 162
Enterprise value (USD,M) 203
Fiscal year end 31-Mar
Model Updated 25-Nov-2008

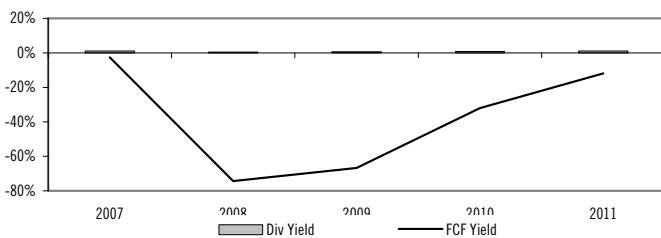


| Performance: | 3M | 6M | 12M |
|--------------|--------|--------|--------|
| Absolute | -70.4% | -69.6% | -70.4% |
| Relative | -32.3% | -29.1% | -17.6% |

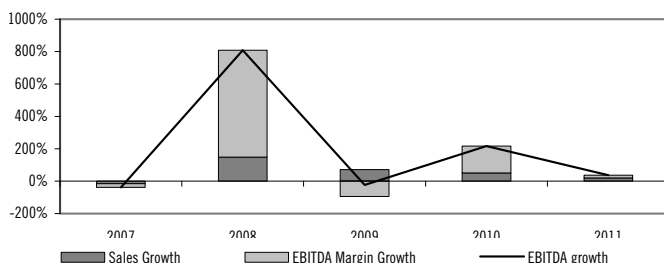
Forward PE Band Chart



Yields



Operating Growth



| Valuation Ratios | 2007 | 2008 | 2009E | 2010E | 2011E |
|--------------------|-------|------|-------|-------|-------|
| P/E (x) | 10.6 | 9.6 | 12.5 | 8.1 | 6.9 |
| EV/EBITDA (x) | 123.6 | 15.1 | 19.7 | 5.6 | 4.4 |
| EV/Sales (x) | 5.0 | 2.3 | 1.3 | 0.8 | 0.7 |
| P/FCF (x) | -38.8 | -1.3 | -1.5 | -3.1 | -8.4 |
| P/BVPS (x) | 3.0 | 1.3 | 0.6 | 0.5 | 0.5 |
| Dividend yield (%) | 1.1 | 0.4 | 0.6 | 0.8 | 1.1 |

| Per Share (Rs) | 2007 | 2008 | 2009E | 2010E | 2011E |
|----------------|-------|---------|---------|--------|--------|
| EPS (adjusted) | 22.34 | 24.68 | 18.83 | 29.22 | 34.35 |
| EPS (reported) | 21.63 | 25.01 | 18.83 | 29.22 | 34.35 |
| BVPS | 79.20 | 184.04 | 400.17 | 471.69 | 504.08 |
| CFPS | 18.10 | -165.07 | -136.09 | -64.16 | -14.91 |
| Cash EPS | 23.14 | 26.68 | 20.09 | 31.09 | 36.32 |
| DPS | 2.50 | 1.00 | 1.50 | 2.00 | 2.50 |

| Profit & Loss (Rs,M) | 2007 | 2008 | 2009E | 2010E | 2011E |
|----------------------|--------|--------|--------|--------|---------|
| Net sales | 1,749 | 4,342 | 7,433 | 11,174 | 13,410 |
| Operating Expense | -1,709 | -3,733 | -6,985 | -9,677 | -11,340 |
| EBIT | 40 | 608 | 448 | 1,497 | 2,070 |
| EBITDA | 71 | 647 | 497 | 1,571 | 2,148 |
| Adjusted EBITDA | 71 | 647 | 497 | 1,571 | 2,148 |
| Net Interest | -16 | -60 | -220 | -155 | -140 |
| Exceptionals | 283 | 116 | 300 | 250 | 250 |
| Pre Tax | 307 | 664 | 528 | 1,592 | 2,180 |
| Taxes | 163 | 113 | 458 | -53 | -367 |
| Extraordinary Items | -15 | 8 | 0 | 0 | 0 |
| Minorities | -7 | -200 | -257 | -378 | -449 |
| Reported Net Profit | 449 | 584 | 729 | 1,161 | 1,365 |
| Adjusted Net Profit | 463 | 577 | 729 | 1,161 | 1,365 |

| Growth Rates (%) | 2007 | 2008 | 2009E | 2010E | 2011E |
|-----------------------|-------|-------|-------|-------|-------|
| EPS (adjusted) growth | 375.7 | 10.5 | -23.7 | 55.1 | 17.6 |
| Net Income growth | 215.4 | 30.2 | 24.9 | 59.1 | 17.6 |
| EBITDA growth | -38.5 | 808.3 | -23.2 | 216.2 | 36.7 |
| Sales Growth | -16.1 | 148.2 | 71.2 | 50.3 | 20.0 |
| Dividend Growth | na | -60.0 | 50.0 | 33.3 | 25.0 |

| Cash Flow (Rs,M) | 2007 | 2008 | 2009E | 2010E | 2011E |
|---------------------------|------|--------|--------|--------|--------|
| Operating Cash Flow | 375 | -3,856 | -5,271 | -2,549 | -592 |
| Depreciation/amortization | 31 | 39 | 49 | 74 | 78 |
| Net working capital | 49 | -4,554 | -6,306 | -4,162 | -2,484 |
| Investing Cash Flow | -472 | -73 | -826 | -451 | -526 |
| Capex | -501 | -243 | -826 | -451 | -526 |
| Acquisitions/disposals | 0 | 0 | 0 | 0 | 0 |
| Financing Cash Flow | 701 | 3,966 | 8,572 | 3,123 | -110 |
| Borrowings | 622 | 1,060 | -1,000 | -300 | 0 |
| Dividends | -65 | -40 | -58 | -88 | -110 |
| Change in cash | 604 | 37 | 2,476 | 123 | -1,228 |

| Balance Sheet (Rs,M) | 2007 | 2008 | 2009E | 2010E | 2011E |
|------------------------|-------|--------|--------|--------|--------|
| Total Assets | 4,469 | 10,652 | 21,543 | 28,074 | 30,896 |
| Cash & cash equivalent | 685 | 714 | 3,190 | 3,314 | 2,086 |
| Net fixed assets | 877 | 1,081 | 1,858 | 2,235 | 2,682 |
| Total Liabilities | 2,581 | 5,082 | 5,414 | 6,984 | 8,103 |
| Debt | 1,637 | 2,697 | 1,697 | 1,397 | 1,397 |
| Shareholders' funds | 1,887 | 5,570 | 16,128 | 21,090 | 22,793 |
| Shareholders' equity | 1,813 | 4,572 | 13,684 | 18,268 | 19,522 |

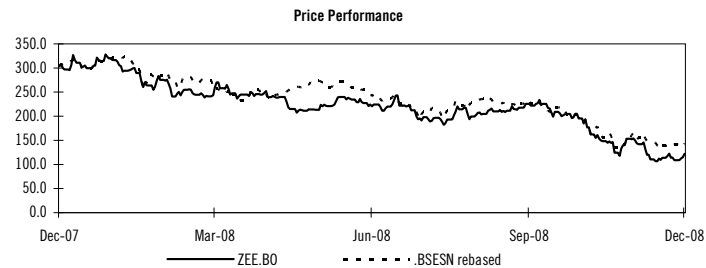
| Profitability/Solvency Ratios | 2007 | 2008 | 2009E | 2010E | 2011E |
|-------------------------------|---------|-------|---------|---------|---------|
| EBITDA Margin (%) | 4.1 | 14.9 | 6.7 | 14.1 | 16.0 |
| Net Margin (%) | 25.6 | 13.5 | 9.8 | 10.4 | 10.2 |
| ROE (%) | 28.5 | 18.3 | 8.0 | 7.3 | 7.2 |
| ROIC (%) | 8.7 | 14.7 | 8.4 | 8.7 | 8.4 |
| Debt to Capital (%) | 46.5 | 32.6 | 9.5 | 6.2 | 5.8 |
| Net Debt / Equity (%) | 50.5 | 35.6 | NetCash | NetCash | NetCash |
| Net Debt to EBITDA (%) | 1,336.6 | 306.4 | NetCash | NetCash | NetCash |
| EBITDA / Int. Exp (x) | 4.4 | 10.8 | 2.3 | 10.2 | 15.4 |
| Capex / Sales (%) | 28.7 | 5.6 | 11.1 | 4.0 | 3.9 |

For further data queries on Citi's full coverage universe please contact CIR Data Services Asia Pacific (eq.asiapac.data.management@citi.com) or +852-2501-2791



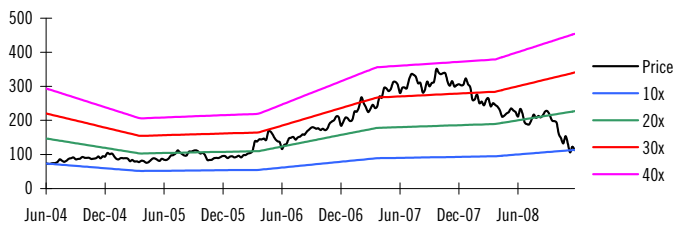
Zee Entertainment (ZEE.BO)

| | | | |
|------------------------------|-------------------|-----------------------------------|-----------------|
| Surendra Goyal, CFA | | Price (Rs) | 121.85 |
| +91-22-6631-9870 | | 52-week range (Rs) | 106.20 - 328.30 |
| surendra.goyal@citi.com | | Shares outstanding (M) | 434 |
| | | Free float (%) | 59 |
| Rating | 1 (Buy) | Avg daily volume 12 mths (K,Shrs) | 1,559 |
| Risk | M (Medium) | Exchange | BSE |
| Target price (Rs) | 185.00 | Market cap (USD,M) | 1,059 |
| Dividend - next 12 mths (Rs) | 2.00 | Enterprise value (USD,M) | 1,071 |
| Expected price return (%) | 51.8 | Fiscal year end | 31-Mar |
| | | Model Updated | 21-Oct-2008 |

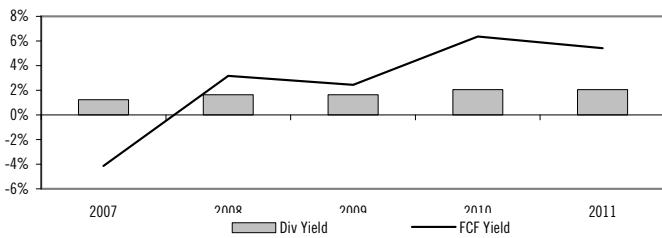


| | | | |
|---------------------|-----------|-----------|------------|
| Performance: | 3M | 6M | 12M |
| Absolute | -46.0% | -44.8% | -59.9% |
| Relative | -7.9% | -4.3% | -7.2% |

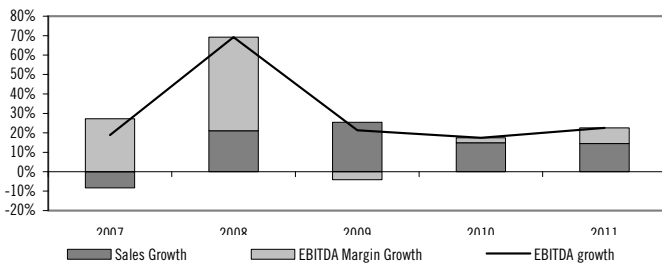
Forward PE Band Chart



Yields



Operating Growth



| Valuation Ratios | 2007 | 2008 | 2009E | 2010E | 2011E |
|--------------------|-------|------|-------|-------|-------|
| P/E (x) | 22.2 | 13.7 | 12.9 | 9.9 | 8.0 |
| EV/EBITDA (x) | 16.8 | 9.9 | 8.1 | 6.8 | 5.4 |
| EV/Sales (x) | 3.5 | 2.9 | 2.3 | 2.0 | 1.7 |
| P/FCF (x) | -24.2 | 31.5 | 41.0 | 15.7 | 18.5 |
| P/BVPS (x) | 2.0 | 1.8 | 1.7 | 1.5 | 1.3 |
| Dividend yield (%) | 1.2 | 1.6 | 1.6 | 2.1 | 2.1 |

| Per Share (Rs) | 2007 | 2008 | 2009E | 2010E | 2011E |
|----------------|-------|-------|-------|-------|-------|
| EPS (adjusted) | 5.48 | 8.90 | 9.47 | 12.27 | 15.18 |
| EPS (reported) | 5.48 | 8.84 | 9.47 | 12.27 | 15.18 |
| BVPS | 60.38 | 65.99 | 73.12 | 82.45 | 94.70 |
| CFPS | -0.25 | 6.17 | 6.88 | 12.68 | 11.97 |
| Cash EPS | 5.90 | 9.38 | 10.05 | 12.94 | 15.95 |
| DPS | 1.50 | 2.00 | 2.00 | 2.50 | 2.50 |

| Profit & Loss (Rs,M) | 2007 | 2008 | 2009E | 2010E | 2011E |
|----------------------|---------|---------|---------|---------|---------|
| Net sales | 15,159 | 18,354 | 23,016 | 26,451 | 30,284 |
| Operating Expense | -12,139 | -13,163 | -16,690 | -19,020 | -21,155 |
| EBIT | 3,019 | 5,191 | 6,327 | 7,431 | 9,130 |
| EBITDA | 3,204 | 5,423 | 6,577 | 7,722 | 9,463 |
| Adjusted EBITDA | 3,204 | 5,423 | 6,577 | 7,722 | 9,463 |
| Net Interest | -334 | -516 | -910 | -495 | -385 |
| Exceptionals | 747 | 1,138 | 900 | 1,000 | 1,000 |
| Pre Tax | 3,432 | 5,813 | 6,317 | 7,936 | 9,745 |
| Taxes | -999 | -1,627 | -1,978 | -2,385 | -2,929 |
| Extraordinary Items | 0 | -26 | 0 | 0 | 0 |
| Minorities | -58 | -328 | -233 | -233 | -233 |
| Reported Net Profit | 2,375 | 3,833 | 4,106 | 5,318 | 6,583 |
| Adjusted Net Profit | 2,375 | 3,858 | 4,106 | 5,318 | 6,583 |

| Growth Rates (%) | 2007 | 2008 | 2009E | 2010E | 2011E |
|-----------------------|------|------|-------|-------|-------|
| EPS (adjusted) growth | 6.5 | 62.4 | 6.4 | 29.5 | 23.8 |
| Net Income growth | 10.9 | 61.4 | 7.1 | 29.5 | 23.8 |
| EBITDA growth | 18.9 | 69.3 | 21.3 | 17.4 | 22.5 |
| Sales Growth | -8.4 | 21.1 | 25.4 | 14.9 | 14.5 |
| Dividend Growth | 42.4 | 33.5 | -0.1 | 25.0 | 0.0 |

| Cash Flow (Rs,M) | 2007 | 2008 | 2009E | 2010E | 2011E |
|---------------------------|--------|--------|--------|--------|--------|
| Operating Cash Flow | -108 | 2,674 | 2,981 | 5,498 | 5,188 |
| Depreciation/amortization | 185 | 232 | 250 | 291 | 333 |
| Net working capital | -2,798 | -1,551 | -1,608 | -344 | -1,960 |
| Investing Cash Flow | -1,250 | -1,132 | -1,693 | -2,135 | -2,325 |
| Capex | -2,078 | -997 | -1,694 | -2,135 | -2,325 |
| Acquisitions/disposals | 0 | 0 | 0 | 0 | 0 |
| Financing Cash Flow | 1,146 | -792 | -115 | -2,503 | -2,503 |
| Borrowings | -1,676 | 640 | 1,134 | -1,000 | -1,000 |
| Dividends | -763 | -1,018 | -1,017 | -1,271 | -1,271 |
| Change in cash | -212 | 750 | 1,172 | 859 | 360 |

| Balance Sheet (Rs,M) | 2007 | 2008 | 2009E | 2010E | 2011E |
|------------------------|--------|--------|--------|--------|--------|
| Total Assets | 35,332 | 39,872 | 45,874 | 50,123 | 55,777 |
| Cash & cash equivalent | 1,196 | 1,946 | 3,119 | 3,977 | 4,337 |
| Net fixed assets | 14,841 | 15,605 | 17,049 | 18,894 | 20,886 |
| Total Liabilities | 8,332 | 10,144 | 13,056 | 13,258 | 13,600 |
| Debt | 3,226 | 3,866 | 5,000 | 4,000 | 3,000 |
| Shareholders' funds | 27,000 | 29,728 | 32,818 | 36,865 | 42,177 |
| Shareholders' equity | 26,181 | 28,611 | 31,701 | 35,748 | 41,060 |

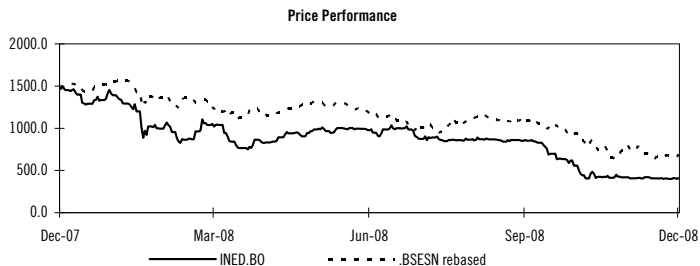
| Profitability/Solvency Ratios | 2007 | 2008 | 2009E | 2010E | 2011E |
|-------------------------------|------|------|-------|-------|---------|
| EBITDA Margin (%) | 21.1 | 29.5 | 28.6 | 29.2 | 31.2 |
| Net Margin (%) | 15.7 | 20.9 | 17.8 | 20.1 | 21.7 |
| ROE (%) | 10.0 | 14.0 | 13.6 | 15.8 | 17.1 |
| ROIC (%) | 8.2 | 12.7 | 14.2 | 15.1 | 17.0 |
| Debt to Capital (%) | 10.7 | 11.5 | 13.2 | 9.8 | 6.6 |
| Net Debt / Equity (%) | 7.5 | 6.5 | 5.7 | 0.1 | NetCash |
| Net Debt to EBITDA (%) | 63.4 | 35.4 | 28.6 | 0.3 | NetCash |
| EBITDA / Int. Exp (x) | 9.6 | 10.5 | 7.2 | 15.6 | 24.6 |
| Capex / Sales (%) | 13.7 | 5.4 | 7.4 | 8.1 | 7.7 |

For further data queries on Citi's full coverage universe please contact CIR Data Services Asia Pacific (eq.asiapac.data.management@citi.com) or +852-2501-2791



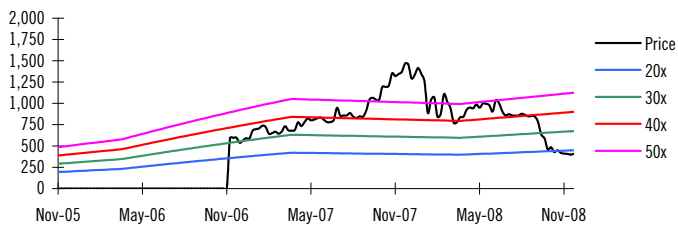
Info Edge (INED.BO)

| | | | |
|------------------------------|-----------------|-----------------------------------|-------------------|
| Jason Brueschke | | Price (Rs) | 407.90 |
| +852-2501-2482 | | 52-week range (Rs) | 400.10 - 1,474.75 |
| jason.brueschke@citi.com | | Shares outstanding (M) | 27 |
| | | Free float (%) | 46 |
| Rating | 2 (Hold) | Avg daily volume 12 mths (K,Shrs) | 26 |
| Risk | H (High) | Exchange | BSE |
| Target price (Rs) | 475.00 | Market cap (USD,M) | 223 |
| Dividend - next 12 mths (Rs) | 1.08 | Enterprise value (USD,M) | 148 |
| Expected price return (%) | 16.5 | Fiscal year end | 31-Mar |
| | | Model Updated | 27-Oct-2008 |

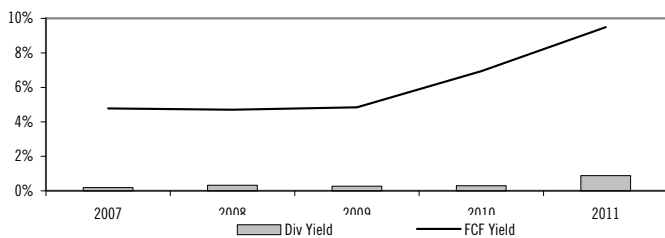


| | | | | |
|---------------------|--|-----------|-----------|------------|
| Performance: | | 3M | 6M | 12M |
| Absolute | | -52.6% | -58.2% | -72.2% |
| Relative | | -14.5% | -17.7% | -19.4% |

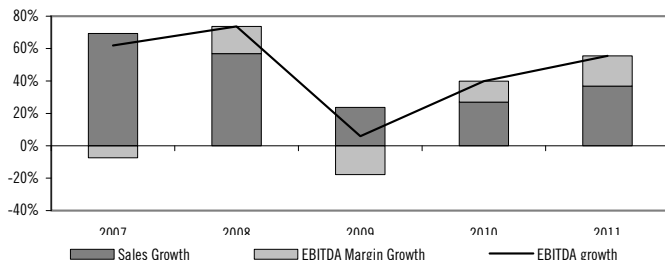
Forward PE Band Chart



Yields



Operating Growth



| Valuation Ratios | 2007 | 2008 | 2009E | 2010E | 2011E |
|--------------------|------|------|-------|-------|-------|
| P/E (x) | 35.4 | 19.4 | 20.6 | 17.1 | 11.3 |
| EV/EBITDA (x) | 26.4 | 13.1 | 11.6 | 7.6 | 4.2 |
| EV/Sales (x) | 6.9 | 3.8 | 2.9 | 2.1 | 1.3 |
| P/FCF (x) | 20.9 | 21.2 | 20.7 | 14.4 | 10.5 |
| P/BVPS (x) | 4.6 | 4.1 | 3.5 | 3.0 | 2.4 |
| Dividend yield (%) | 0.2 | 0.3 | 0.3 | 0.3 | 0.9 |

| Per Share (Rs) | 2007 | 2008 | 2009E | 2010E | 2011E |
|----------------|-------|-------|--------|--------|--------|
| EPS (adjusted) | 11.53 | 21.03 | 19.85 | 23.78 | 36.05 |
| EPS (reported) | 11.31 | 20.33 | 19.28 | 23.20 | 35.31 |
| BVPS | 89.19 | 98.34 | 116.25 | 138.03 | 169.13 |
| CFPS | 21.72 | 31.17 | 29.65 | 38.38 | 49.06 |
| Cash EPS | 13.24 | 22.37 | 22.65 | 28.88 | 43.35 |
| DPS | 0.75 | 1.34 | 1.08 | 1.21 | 3.60 |

| Profit & Loss (Rs,M) | 2007 | 2008 | 2009E | 2010E | 2011E |
|----------------------------|------------|------------|------------|------------|--------------|
| Net sales | 1,396 | 2,189 | 2,708 | 3,438 | 4,705 |
| Operating Expense | -1,077 | -1,610 | -2,129 | -2,653 | -3,462 |
| EBIT | 319 | 579 | 580 | 785 | 1,243 |
| EBITDA | 365 | 634 | 672 | 940 | 1,462 |
| Adjusted EBITDA | 365 | 634 | 672 | 940 | 1,462 |
| Net Interest | 0 | 0 | 0 | 0 | 0 |
| Exceptionals | 76 | 207 | 176 | 160 | 196 |
| Pre Tax | 395 | 786 | 756 | 945 | 1,439 |
| Taxes | -124 | -231 | -229 | -312 | -475 |
| Extraordinary Items | 0 | 0 | 0 | 0 | 0 |
| Minorities | 0 | 0 | 0 | 0 | 0 |
| Reported Net Profit | 271 | 554 | 526 | 633 | 964 |
| Adjusted Net Profit | 276 | 573 | 542 | 649 | 984 |

| Growth Rates (%) | 2007 | 2008 | 2009E | 2010E | 2011E |
|-----------------------|-------|-------|-------|-------|-------|
| EPS (adjusted) growth | 80.8 | 82.5 | -5.6 | 19.8 | 51.6 |
| Net Income growth | 103.7 | 104.9 | -5.1 | 20.3 | 52.2 |
| EBITDA growth | 62.0 | 73.7 | 5.9 | 39.9 | 55.5 |
| Sales Growth | 69.4 | 56.9 | 23.7 | 26.9 | 36.9 |
| Dividend Growth | 0.0 | 79.3 | -19.6 | 12.1 | 197.2 |

| Cash Flow (Rs,M) | 2007 | 2008 | 2009E | 2010E | 2011E |
|----------------------------|---------------|-------------|-------------|--------------|--------------|
| Operating Cash Flow | 520 | 850 | 809 | 1,048 | 1,339 |
| Depreciation/amortization | 46 | 56 | 92 | 155 | 219 |
| Net working capital | 185 | 158 | -30 | -89 | -123 |
| Investing Cash Flow | -2,047 | -592 | -137 | -115 | -86 |
| Capex | -54 | -326 | -271 | -275 | -282 |
| Acquisitions/disposals | 0 | 2 | 0 | 0 | 0 |
| Financing Cash Flow | 1,621 | -24 | -43 | -35 | -39 |
| Borrowings | 2 | 1 | 0 | 0 | 0 |
| Dividends | -19 | -24 | -43 | -35 | -39 |
| Change in cash | 94 | 235 | 630 | 898 | 1,214 |

| Balance Sheet (Rs,M) | 2007 | 2008 | 2009E | 2010E | 2011E |
|----------------------------|--------------|--------------|--------------|--------------|--------------|
| Total Assets | 2,842 | 3,707 | 4,427 | 5,302 | 6,672 |
| Cash & cash equivalent | 415 | 486 | 990 | 1,691 | 2,906 |
| Net fixed assets | 104 | 382 | 560 | 680 | 743 |
| Total Liabilities | 708 | 1,025 | 1,254 | 1,534 | 2,055 |
| Debt | 4 | 4 | 4 | 4 | 4 |
| Shareholders' funds | 2,135 | 2,682 | 3,173 | 3,768 | 4,617 |
| Shareholders' equity | 2,135 | 2,682 | 3,173 | 3,768 | 4,617 |

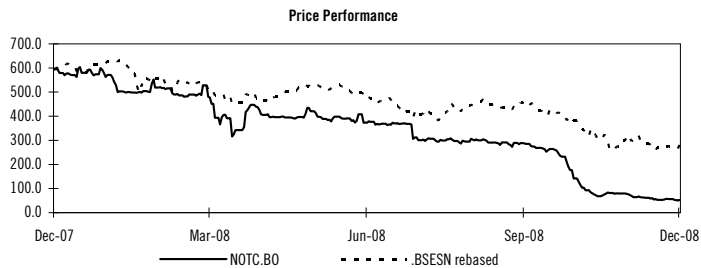
| Profitability/Solvency Ratios | 2007 | 2008 | 2009E | 2010E | 2011E |
|-------------------------------|---------|---------|---------|---------|---------|
| EBITDA Margin (%) | 26.2 | 29.0 | 24.8 | 27.3 | 31.1 |
| Net Margin (%) | 19.4 | 25.3 | 19.4 | 18.4 | 20.5 |
| ROE (%) | 22.7 | 23.0 | 18.0 | 18.2 | 23.0 |
| ROIC (%) | na | na | na | na | na |
| Debt to Capital (%) | 0.2 | 0.2 | 0.1 | 0.1 | 0.1 |
| Net Debt / Equity (%) | NetCash | NetCash | NetCash | NetCash | NetCash |
| Net Debt to EBITDA (%) | NetCash | NetCash | NetCash | NetCash | NetCash |
| EBITDA / Int. Exp (x) | 1,405.1 | 1,626.8 | 3,325.1 | #DIV/0! | #DIV/0! |
| Capex / Sales (%) | 3.8 | 14.9 | 10.0 | 8.0 | 6.0 |

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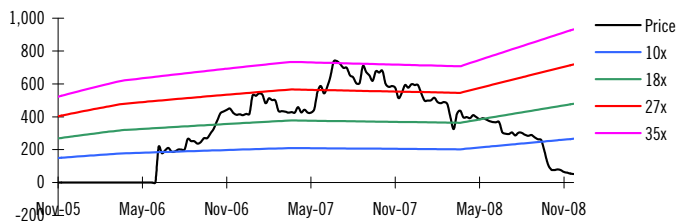
Northgate Tech (NOTC.BO)

| | | | |
|------------------------------|-------------------|-----------------------------------|----------------|
| Jason Brueschke | | Price (Rs) | 52.00 |
| +852-2501-2482 | | 52-week range (Rs) | 51.10 - 603.95 |
| jason.brueschke@citi.com | | Shares outstanding (M) | 35 |
| | | Free float (%) | 67 |
| | | Avg daily volume 12 mths (K,Shrs) | 69 |
| Rating | 1 (Buy) | Exchange | BSE |
| Risk | M (Medium) | Market cap (USD,M) | 36 |
| Target price (Rs) | 105.00 | Enterprise value (USD,M) | 26 |
| Dividend - next 12 mths (Rs) | 0.00 | Fiscal year end | 31-Mar |
| Expected price return (%) | 101.9 | Model Updated | 3-Nov-2008 |

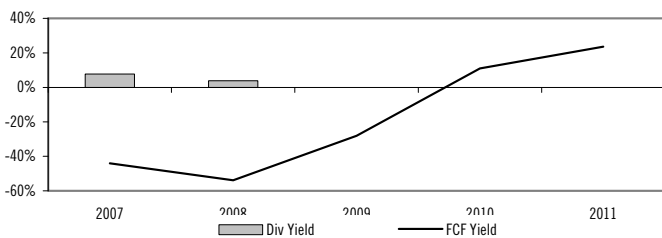


| | | | | |
|---------------------|--|-----------|-----------|------------|
| Performance: | | 3M | 6M | 12M |
| Absolute | | -81.9% | -86.1% | -91.2% |
| Relative | | -43.8% | -45.6% | -38.5% |

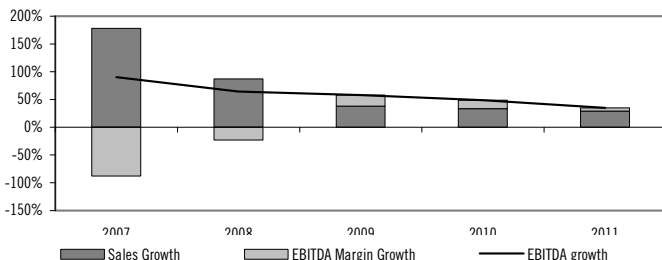
Forward PE Band Chart



Yields



Operating Growth



| Valuation Ratios | 2007 | 2008 | 2009E | 2010E | 2011E |
|--------------------|------|------|-------|-------|-------|
| P/E (x) | 2.9 | 2.5 | 2.6 | 1.7 | 1.4 |
| EV/EBITDA (x) | 2.3 | 1.1 | 0.9 | 0.7 | 0.4 |
| EV/Sales (x) | 0.5 | 0.2 | 0.2 | 0.2 | 0.1 |
| P/FCF (x) | -2.3 | -1.9 | -3.6 | 9.1 | 4.2 |
| P/BVPS (x) | 0.7 | 0.4 | 0.4 | 0.3 | 0.2 |
| Dividend yield (%) | 7.7 | 3.8 | 0.0 | 0.0 | 0.0 |

| Per Share (Rs) | 2007 | 2008 | 2009E | 2010E | 2011E |
|----------------|-------|--------|--------|--------|--------|
| EPS (adjusted) | 17.69 | 20.97 | 20.21 | 29.76 | 38.29 |
| EPS (reported) | 17.69 | 20.97 | 20.21 | 29.76 | 38.29 |
| BVPS | 77.48 | 120.35 | 141.01 | 170.71 | 210.29 |
| CFPS | -8.02 | 20.68 | 39.42 | 61.66 | 80.12 |
| Cash EPS | 19.79 | 26.12 | 40.49 | 60.42 | 81.19 |
| DPS | 4.00 | 2.00 | 0.00 | 0.00 | 0.00 |

| Profit & Loss (Rs,M) | 2007 | 2008 | 2009E | 2010E | 2011E |
|----------------------|--------|--------|--------|--------|---------|
| Net sales | 2,946 | 5,513 | 7,605 | 10,138 | 13,091 |
| Operating Expense | -2,417 | -4,711 | -6,785 | -8,944 | -11,546 |
| EBIT | 529 | 802 | 819 | 1,194 | 1,545 |
| EBITDA | 597 | 981 | 1,548 | 2,301 | 3,103 |
| Adjusted EBITDA | 597 | 981 | 1,548 | 2,301 | 3,103 |
| Net Interest | -2 | 0 | -7 | 0 | 0 |
| Exceptionals | 65 | -2 | 47 | 0 | 0 |
| Pre Tax | 592 | 799 | 860 | 1,194 | 1,545 |
| Taxes | -22 | -72 | -134 | -119 | -154 |
| Extraordinary Items | 0 | 0 | 0 | 0 | 0 |
| Minorities | 4 | 2 | 0 | 0 | 0 |
| Reported Net Profit | 574 | 728 | 726 | 1,075 | 1,390 |
| Adjusted Net Profit | 574 | 728 | 726 | 1,075 | 1,390 |

| Growth Rates (%) | 2007 | 2008 | 2009E | 2010E | 2011E |
|-----------------------|-------|-------|--------|-------|-------|
| EPS (adjusted) growth | 90.9 | 18.5 | -3.6 | 47.3 | 28.7 |
| Net Income growth | 133.7 | 26.9 | -0.4 | 48.1 | 29.4 |
| EBITDA growth | 90.2 | 64.2 | 57.8 | 48.7 | 34.8 |
| Sales Growth | 178.1 | 87.1 | 37.9 | 33.3 | 29.1 |
| Dividend Growth | 100.0 | -50.0 | -100.0 | na | na |

| Cash Flow (Rs,M) | 2007 | 2008 | 2009E | 2010E | 2011E |
|---------------------------|-------|--------|--------|--------|--------|
| Operating Cash Flow | -260 | 719 | 1,416 | 2,227 | 2,909 |
| Depreciation/amortization | 68 | 179 | 729 | 1,107 | 1,558 |
| Net working capital | -867 | -274 | -172 | -75 | -193 |
| Investing Cash Flow | -621 | -1,745 | -1,941 | -2,021 | -2,464 |
| Capex | -483 | -1,692 | -1,941 | -2,021 | -2,464 |
| Acquisitions/disposals | 0 | 0 | 0 | 0 | 0 |
| Financing Cash Flow | 1,177 | 1,091 | 0 | 0 | 0 |
| Borrowings | 0 | -1 | 0 | 0 | 0 |
| Dividends | -31 | -77 | 0 | 0 | 0 |
| Change in cash | 293 | 65 | -525 | 206 | 446 |

| Balance Sheet (Rs,M) | 2007 | 2008 | 2009E | 2010E | 2011E |
|------------------------|-------|-------|-------|-------|-------|
| Total Assets | 2,805 | 4,554 | 5,290 | 6,409 | 7,853 |
| Cash & cash equivalent | 496 | 571 | 46 | 252 | 697 |
| Net fixed assets | 596 | 2,083 | 3,295 | 4,208 | 5,114 |
| Total Liabilities | 247 | 327 | 338 | 383 | 436 |
| Debt | 0 | 7 | 7 | 7 | 7 |
| Shareholders' funds | 2,559 | 4,227 | 4,953 | 6,028 | 7,418 |
| Shareholders' equity | 2,559 | 4,195 | 4,921 | 5,996 | 7,386 |

| Profitability/Solvency Ratios | 2007 | 2008 | 2009E | 2010E | 2011E |
|-------------------------------|---------|---------|---------|---------|---------|
| EBITDA Margin (%) | 20.3 | 17.8 | 20.4 | 22.7 | 23.7 |
| Net Margin (%) | 19.5 | 13.2 | 9.5 | 10.6 | 10.6 |
| ROE (%) | 33.6 | 21.6 | 15.9 | 19.7 | 20.8 |
| ROIC (%) | 40.7 | 26.9 | 16.3 | 20.4 | 22.5 |
| Debt to Capital (%) | 0.0 | 0.2 | 0.1 | 0.1 | 0.1 |
| Net Debt / Equity (%) | NetCash | NetCash | NetCash | NetCash | NetCash |
| Net Debt to EBITDA (%) | NetCash | NetCash | NetCash | NetCash | NetCash |
| EBITDA / Int. Exp (x) | 356.6 | 2,818.4 | 224.1 | #DIV/0! | #DIV/0! |
| Capex / Sales (%) | 16.4 | 30.7 | 25.5 | 19.9 | 18.8 |

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Appendix A-1

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Data current as of 9 Nov 2008

| | Buy | Hold | Sell |
|--|-----|------|------|
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| % of companies in each rating category that are investment banking clients | 48% | 46% | 37% |

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