

The B2CEE of Entertainment...

- CEE (I) Tv (CTV) has a unique business model in the USD3b Indian Media Industry. CTV operates a Pay-TV channel in U.K, U.S.A and Australia, a domestic film-production business and also re-sells content on a V-A-R basis overseas. The company has outlined a Rs51m IPO, 2.5m shares of Rs20, to raise funds for funding its business expansion. CTV management has over two decades of association with the media industry and its CEO produced the first Oscar-nominated Indian film. CTV's offerings however are primarily in South Indian languages.

- CTV plans to hit the markets in 4QFY01, revenue forecasts are based on funds from IPO:

Particulars	Rs m
Studio/Premises	21
Purchase of Film/Other Rights	88
Working Capital	4
Total	113
IPO	51m
Promoters & Investee Group.	50m
Term Loan	12m
Total	113

- CTV primarily has the following revenue streams - Pay TV, films, audio and reselling of content.
- Pay-TV operations having commenced in U.K, we forecast 8,000 subscribers by 4QFY01 in its 70:30 J.V with a leading DTH operator in U.K and Kelly Broadcasting in U.S.A. CTV, earns 30% of USD9.99 fare charged per subscriber per month.
- CTV has pioneered the concept of reviving film-projects. CTV has bought out a partially completed Hindi film facing financial constraints and is releasing it on completion by Jan'00. However CTV also plans 100% in-house production of South Indian language films.
- CTV has a professional and industry-experienced management. We believe with factors such as established commercial operations in form of Pay-TV operations, library of (<2yrs) 1000 South Indian films and the impending upshot in revenues with its short time-to-market films strategy, we believe that CTV makes an attractive media play. The IPO being offered at cheap valuations of 4x FY01 and 3x FY02 EPS. We initiate coverage on CTV with a **SUBSCRIBE**.

Brief Financials

Yr Mar (Rs m)	Net Sales	PAT	Chg (%)	EPS	CEPS	P/E	FV / EBITDA	ROE
FY99	61	1	n.m	0.1	0.2	133	98	2%
FY00A	73	2	233%	0.2	0.3	57	76	11%
FY01E	181	46	1750%	4.6	5.1	4	9	63%
FY02F	262	63	37%	6.3	7.6	3	6	43%

Ratios

Yr to Mar	FY99	FY00A	FY01E	FY02F
Mkt. Cap to Sales (x)	4	6	3	2
Sales to Gross Block (x)	10	8	8	5
Inventory Days	0	0	0	0
Receivables Days	101	63	80	75

Stock Market Data

Reuters code	NA
Bloomberg code	NA
BSE Index	3906
3-mth avg. dly. vol (BSE & NSE)	NA
Price range (12-mth)	NA
Free Float (ESOP)	25%
Major Shareholders	Promoter-40%; Investee Group-35%

Key data

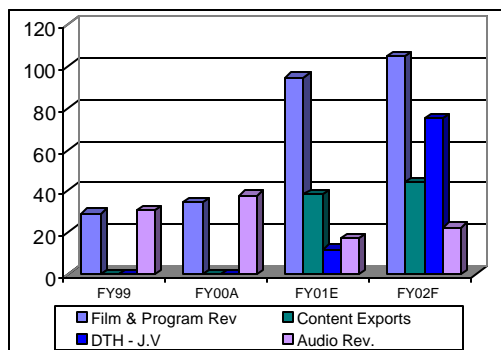
Market Capitalization	Rs200m/USD4.3m
Issued Shares (post-IPO)	10m shares
Price to Book (FY99A)	2x
Next Results	FY01 – Mar 2001

CTV – Global Operations

Geography	NRI Popn (m)*	Partners
U.K / Europe	0.2	Leading DTH operator (Bouquet of 8 channels)
U.S.A	0.8	Kelly Broadcasting
Canada	0.2	Proposed
Dubai	1.0	Proposed
Indonesia / Sri Lanka	0.2	Proposed

* - South Indian Population

Revenue Mix Chart



INCOME STATEMENT

Yr to Mar (Rs m)	FY99	FY00A	FY01E	FY02F
Domestic. (inclg Films)	29	35	95	105
Content Exports	0	0	54	49
DTH - J.V	0	0	12	75
Audio Rev.	31	38	17	23
Other Income	1	0	3	10
Total Income	61	73	181	262
Cost of Films / Prog	21	30	69	95
Content Exports Exp	0	12	31	31
Audio Division Exp	27	30	13	15
Admin Expenses	9	4	7	8
Other Expenses	0	0	5	0
Total Oper. Exp	58	68	123	167
Operating Income	2	5	55	85
Interest Chgs	2	2	2	2
Depn	1	1	5	13
PBT	1	3	51	81
Tax	0	0	5	18
Net Profit	1	2	46	63

BALANCE SHEET

Yr. to Mar (Rs m)	FY99	FY00A	FY01E	FY02F
Share Capital	45	74	100	100
Share Premium	0	24	25	0
Reserves and Surplus	0	3	65	136
Shareholder's Funds	45	101	190	236
Total Loan Funds	13	14	10	10
Total	59	115	200	246

Application of Funds	FY99	FY00A	FY01E	FY02F
Gross Block	6	9	22	52
Depreciation	2	3	8	21
Net Block	4	6	13	31
Work in Progress	28	64	95	130
Net Fixed Assets	32	69	108	161

Investments	19	19	19	19
Current Assets,				
Loans and Advances	30	48	86	117
Inventories	0	0	0	0
Debtors	17	13	39	52
Cash and Bank	2	21	36	54
Other Curr. Assets	0	0	0	0
Loans and Advances	11	14	12	11
Current Liabilities	22	21	15	40
Provisions	0	0	0	10
Net Current Assets	8	26	71	67
Miscellaneous Exp	0	1	1	0
Total	59	115	199	246

Note - FY01E estimates are for six months from Oct '00 to Mar '00.
EPS for the year has been adjusted accordingly.

P/E Sensitivity

	FY99	FY00A	FY01E	FY02F
PER EPS	0.1	0.2	4.6	6.3
10x	1	2	46	63
15x	1	4	69	94
20x	1	5	92	126
30x	2	7	138	189
40x	3	10	184	252
50x	4	12	230	315

* - Six Months ended March 2001

CASHFLOW STATEMENT

Yr. to Mar (Rs m)	FY99	FY00A	FY01E	FY02F
Sources of Funds				
Net Profit	1	2	46	63
Depreciation	1	1	5	13
Inc / (Dec) in Equity Capital	45	29	26	0
Inc / (Dec) in Share Premium	0	24	25	0
Inc / (Dec) in Loan Funds	13	0	(4)	0
Inc / (Dec) in Curr. Liabilities	22	(1)	(6)	25
Inc / (Dec) in Provisions	0	0	0	10
Total	82	57	92	110
Applications of Funds				
Dividends	0	0	8	15
Tax on dividend	0	0	1	2
Inc / (Dec) in Gross Block	6	3	13	30
Inc / (Dec) in CWIP	28	36	31	35
Inc / (Dec) in Invst	19	0	0	0
Inc / (Dec) in Inventories	0	0	0	0
Inc / (Dec) in Debtors	17	(4)	26	13
Inc / (Dec) in Oth Curr. Assets	0	0	0	0
Inc / (Dec) in Loans & Adv.	11	3	(2)	(1)
Inc / (Dec) in Misc Exp	0	1	0	(1)
Total	81	38	76	93
Op cash bal.	1	2	21	36
ADD / (Deficit)	1	19	15	18
Cl bal. of cash	2	21	36	54

KEY RATIOS

Yr to Mar	FY99	FY00A	FY01E	FY02F
Business Growth				
Revenue growth	n.m	21%	145%	42%
Profit growth	n.m	n.m	n.m	90%
Margins				
Operating	6%	7%	31%	34%
Pre-tax	1%	4%	29%	32%
Net Profit	1%	3%	26%	25%
Profitability				
ROE	2%	11%	63%	43%
RONW	2%	8%	53%	40%

P/E Sensitivity

	FY99	FY00A	FY01E	FY02F
PER EPS	0.8	1.2	0.9	3.2
10x	8	12	9	32
20x	16	24	19	64
30x	24	36	28	95
40x	32	48	38	127
50x	40	60	47	159
60x	48	72	57	191

This memorandum is based upon information available to the public. No representation is made that it is accurate or complete. This is not an offer to buy or sell the securities mentioned herein. SCS and others associated with it may have positions in and effect transactions in securities of companies mentioned and may also seek to perform investment banking services for those companies