Entertainment & Media Industry- *Set To Take Off* Feb 2002

	Price	Market Cap		PER			Recom'tion
	Rs	Rsm	USDm	FY01	FY02E	FY03F	
Movie Content Producers							
Mukta Arts	91	2057	43	34.2	14.4	10.4	BUY
Music Companies							
Magnasound	30	315	7	63.0	NA	28.6	SUBSCRIBE
Saregama	124	1158	24	23.0	NA	NA	HOLD
Tips	164	1970	41	27.4	NA	NA	HOLD
Broadcasters							
ETC	29	403	8	16.5	16.4	9.5	BUY
SABTNL	191	1606	33	15.5	18.9	9.3	BUY
Television Content Producers							
Balaji	408	4202	88	96.4	12.9	8.5	BUY
CEEITV	12	175	4	19.5	8.7	5.3	SUBSCRIBE
Cinevistaas	45	456	9	NA	NA	7.7	BUY
Creative Eye	35	702	15	17.4	14.7	7.1	BUY
PNC	42	440	9	9.5	7.2	5.9	BUY
TV18	109	1192	25	37.5	NA	53.7	SELL
Post-Production / Movie Exhibitors							
Adlabs	53	1140	24	9.2	8.8	9.9	HOLD
Galaxy	4	35	1	NA	NA	NA	HOLD

Mukta	Financial Year- Jan-Dec, Figures for CY00, CY01, CY02E
Magnasound	Financial Year- Oct-Sept, Figures for FY99/00/01, FY01- 6 Months
SABTNL	FY03- Consolidated with Channel
TV18	FY02/FY03- Consolidated with Subsidiaries

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Entertainment & Media Industry:

Transition Phase

Indian Entertainment and Media Industry is clearly going through the transition and consolidation phase. The ongoing consolidation would change industry's shape for forever for good. We tried to understand the trends, which are surfacing in the process. We analyzed the major industry segments and the performance of the major players in each segment, though we couldn't cover every corner of the industry.

We tried to understand-

Movie Industry-
The success ratio has consistently come down, but at the same time new revenue avenues offered tremendous non-exploited opportunities to the quality content producers. The entry of big corporate houses and corporatisation would change industry's face for forever.

Music Industry-
The gold rush to acquire music content at inflated prices, sluggish offtake and the poor quality content are the main culprits for industry's problems. The industry is fighting back with an 'aggressive pricing' policy, reducing acquisition cost and by applying quality standards. The consolidation is imminent in the industry.

Broadcasting Industry-
Advertising industry, the main revenue source for the broadcasters was flat last year due to the sluggishness in the economy. The market also declared its verdict in favor of three leading broadcasters. The other players would either merge with leaders or close the shop. Subscription revenue and an expected growth in advertising revenue linked to economy will drive the future growth.

Television Content Producers-
The bargaining power is clearly tilted towards content producers than broadcasters as the latter scrambled to get best quality show on its channel, to attract more eyeballs. The industry has shifted its loyalty in favor of commissioned programs from sponsored ones earlier. TRP linked incentives and the possible hold on IPR, even on satellite channels, have made proposition more attractive to content producers.

Post- Production/ Film Exhibition:
Low entry barrier, high Capex and a long break even period makes these projects unattractive. In house Post-production by content producers have made life miserable for the pure post-production houses. Lack of quality content, low capacity utilization and an increased operational cost are the main threats to the industry. Synergetic business diversification is the key to survival and growth for the industry.

Movie Industry

It was a mixed year for Hindi film industry, while few multistarer movies biting the dust; there were few successful movies like 'Lagaan', 'Kabhi Khushi Kabhi Gham' and 'Gadar'. The success ratio was intact at 10% in CY01, as only one out of ten movies was a Hit and made money for their producers. Last year there was no clear trend in the industry as films in all categories failed and succeeded with a same vigor. Films with strong scripts and directors' ability of story telling ruled the audiences' mind share.

Despite falling percentage of successful movies and stagnation in the industry, last few years have witnessed an increase in no of films being produced, with the South Indian Film industry having the largest CAGR growth over 4 years. Tamil and Telugu film industries were almost equivalent to Hindi film industry in no of films produced in last year, with 196 Tamil and 206 in Telugu.

No of Films Censored:

Language/Year	CY01	CY00	CY99	CY98	CAGR
Hindi	230	243	166	153	15%
Tamil	196	157	153	133	14%
Telugu	206	143	132	124	18%
Malayalam	135	87	65	69	25%
Kannada	93	76	87	72	9%
Bengali	48	43	51	48	0%
Gujarati	12	29	27	15	-7%
Marathi	18	23	24	18	0%
English	8	11	6	5	17%
Others	67	43	53	54	7%
Total	**1013**	**855**	**764**	**691**	**14%**

Corporatization

Corporatization. Probably it is the best thing happening for the industry after cinema turned to colour from B/W. While corporatization won't change the success ratio and quality of films but it would definitely change the practices in the industry. Corporatization is expected to bring in more International standard practices like 'Strict Budgeting- Fund and Time', streamlining the payment cycle and corporate governance. Last year many corporate entities declared their plans to foray into film productions.

Mukta Arts- Veteran film Production Company, planning to produce 3/4 films each year.
Padmalaya Telefilms- Have strong presence in South Indian film industry. Plans to produce 4 films per year.
Zee Telefilms- Leading broadcaster has plans to enter into film production aggressively after a success of its latest film 'Gadar'.
Sony- One of the top three broadcaster is setting up a Rs1bn independent film fund to invest into films industry.
Hinduja- Integrated TMT player is planning to set up Rs1bn film fund to finance good film scripts.
Pantaloon- The retailing major is planning to produce 3/4 movies per year. The first movie is expected to release in FY02.

Apart from these companies other listed companies like 'Balaji Telefilm', 'Creative Eye' and 'Pritish Nandy Communications' also plans to produce small/mid budget movie to de-risk their business model.

Business Potential

Its purely the un-exploited market potential of the film industry that drives these companies to pursue their plans of film production. Today film industry is no more dependent only on Indian Theatrical revenue collection. The new revenue avenues and an improved realization from the existing revenue sources have enhanced the success chance of the film industry.

Overseas Theatrical Revenue- The success of 'Kabhi Khushi Kabhi Gham'- estimated revenue Rs200-250m and 'Lagaan'- estimated revenue Rs200m has forced other producers to look at this market more seriously and an urgent need to improve technical aspects of the film. The opening up of an overseas market is expected to enhance production qualities at the par with International standards, which would be helpful to attract disappearing audience towards cinema halls.

Music Revenue- Despite all problems and falling sales in a music industry, Music revenue covers a major part of the film production cost. We believe music revenue will be rationalized going forward and its contribution to movie industry revenue would come down to around 20% from an existing 32%.

In Film Advertising- If done smartly, this is an excellent revenue resource for the film industry and producer can recover around 5%+ of its production cost.

Satellite/Terrestrial Rights Sale- Realization from satellite/terrestrial right sale would be dependent on broadcasting industry and tends to fluctuate a lot. Rights sale at the right time is the key to enhance overall realization of the product.

Cable/DVD/VCD- Cable and DVD/VCD rights sale provides some icing on cake but not exactly to the potential of the market. The realization is low and does not cover much of the production cost, as piracy is rampant in this market.

Merchandising- Slowly but definitely merchandising is emerging as the new revenue source in Indian Film industry. 'Lagaan' had joined hands to promote 'Britannia Biscuits' and 'Archis Greetings' and comics book by lending its images. We believe going forward merchandising would offer additional margin of 2-3% to film industry.

Hit/Superhit/Blockbuster Movies- CY01:

Rsmn	Theater		Music	Satellite	DVD/	Prod	Margin
	India	Overseas			VCD	Cost	
Chandani Bar	21			10	3	15	19
Dil Chahta Hai	110	50	55	40	5	150	110
Gadar	300	50	30	50	8	180	258
Kabhi Khushi Kabhi Gham	350	250	100	50	8	450	308
Lagaan	210	200	70	40	8	250	278

Future Unfolds

While uncertainty is the norm of film industry, it also offers tremendous potential, if dealt smartly. Slowly bet surely financial world has started understanding uniqueness of the industry and coming forward to finance projects. After an initiative from IDBI to fund film production its LIC’s turn to take a look as it is planning to invest Rs25bn in the industry in coming years. We believe, Corporatization, improved technical excellence, new revenue avenues and global acceptance for Indian talent would drive realization and valuation further.

Mukta Arts Ltd. (Rs91) BUY

Mukta Arts declared revenue growth of 304% at Rs386m and earnings growth of 138% at Rs143m, backed by other income of Rs121m in CY01. In the year company released two movies, big budget 'Yaadein' and small budget 'Rahul'.

Revenue Diversification:
Mukta is no more a mere *Subhash Ghai dependent company* as it has hired outside directors aggressively to direct its forthcoming movies. In CY02, without a single movie from Subhash Ghai, we expect 26% topline growth to Rs511m.

In CY02, Company is expected to release four movies, one small budget and three mid budget under its banner including one movie with a joint venture partner, a newly launched venture "Kaushik and Kapoor". Next 'Subhash Ghai' movie would come in CY03 along with two other mid/high budget movies.

Company is expected to release a music album in Q1CY02. With a release of this album, Mukta would open yet another revenue stream, though we expect low realization.

Company's equipment division, which mainly caters to in-house production needs, is also expected offer revenue diversification at bare minimum risk of equipment idealization.

Whistling Woods- Training Institute:
Company's upcoming state of the art end-to-end training institute is expected to be operational in CY03 and will be self driving within a 2-3 years of operations.

Movie Library Sale:
We believe company would able to sell its movie library to a leading satellite channel, at a 25% discount to earlier estimated price of Rs200m considering the dismal state of the broadcasting industry.

Valuation
Mukta is trading attractively at 11x post-movie library sale to CY02 earnings. Diversified revenue stream and strong cash in book (Rs40/share) makes scrip attractive. We recommend **BUY**.

Brief Financial:

Yr Dec Rsm	Net Sales	PAT	Change %	EPS	CEPS	PE	EV/ EBITDA	ROE
CY99	237	66	1062%	2.9	4.2	31	20	74%
CY00	101	60	-9%	2.7	3.3	34	15	9%
CY01E	386	143	138%	6.3	7.6	14	9	11%
CY02F	511	197	38%	8.7	10.1	11	20	7%

Key Ratios:

Yr To Dec	CY99	CY00	CY01E	CY02F
Mcap To Sales (x)	9	20	5	4
Sales To Gross (x)	3	1	2	2
Inventory Days	1	366	24	54
Receivable Days	22	64	14	26

Stock Market Data:

BSE Code	532357
NSE Code	MUKTAARTS
BSE Index	3604
Avg. Daily Volume- BSE	0.5mn
52 Week High/Low, Rs	222/48

Shareholding Pattern:

Promoters	69%
MFs/ UTI	4%
FIIs	7%
Corporate Bodies	7%
Indian Public	11%
Others	2%

Key Data:

Market Capitalization, Rsm	2066
Issued Shares, mn	22.6
Price To Book- CY02F	1.4
Next Result	1QCY02

Library Sell:*

Rsmn	CY02F
Movie Library Right Sale	150
Post-Tax	100
PAT with Library Sale	197
EPS	**8.7**
PE@Rs91	**10.5**

* We consider library sell as a normal business income and not a one time extra-ordinary income. Company is expected to include 3/4 new movies each year to its library, which is expected to offer steady income stream.

Movies/ Music Album- Under Production/ Planned

CY02:

Music Album/Film/Director	Release Date*	Budget
Badhai Ho Badhai	H1CY02	Mid
Madhur Bhandarkar	H2CY02	Small
David Dhavan	H2CY02	Mid
Satish Kaushik	H2CY02	Mid
Music Album	H1CY02	Small

CY03:

Director	Release Date*	Budget
Abbas Mastan	H1CY03	High
Anil Sharma	H2CY03	High
Subhash Ghai	H2CY03	High

* Expected

Income Statement :

Rsmn	CY99	CY00	CY01	CY02F
Film Income	228	58	326	416
Equipment Income	8	43	60	86
Music Album	0	0	0	10
Net Income	**237**	**101**	**386**	**511**
Expenses				
Content Cost	129	0	236	400
Equipment Division	0	0	12	20
Version Release	2	4	-	-
Music Album	0	0	0	5
Admin & Selling	11	26	29	35
Pre.Exp w/off	0	5	6	6
Total Exp	**142**	**34**	**283**	**466**
EBITDA	**95**	**66**	**103**	**46**
Other Income	2	24	121	128
Gross Income	97	91	223	173
Interest Cost	0	0	1	0
Insurance Cost	-	-	39	39
Depreciation	6	14	29	32
PBT	**91**	**77**	**154**	**102**
Tax	25	17	11	5
PAT	**66**	**60**	**143**	**97**
Ex Ordinary Items*	0	0	0	100
Adjusted PAT	**66**	**60**	**143**	**197**

* Satellite Right Sale- Post Tax Consideration.

Cash Flow Statement :

Rsmn	CY99	CY00	CY01E	CY02F
Sources of Fund				
PAT	66	60	143	97
Depreciation	6	13	29	32
Inc in Equity	0	30	0	0
Inc in Sh.Premium	0	971	0	0
Inc in Loan Funds	-66	1	-2	0
Inc in C.Liability	8	54	-39	10
Inc in Provision	20	48	-62	-6
Total	**33**	**1177**	**69**	**133**
Application of Funds				
Dividend	0	0	0	0
Dividend Tax	0	0	0	0
Inc in Gross	2	110	42	92
Inc in Investment	-16	830	128	14
Inc in Inventory	-46	100	-76	50
Inc in Debtors	13	2	-2	25
Inc in Loans & Adv	20	85	-82	-6
Inc in Misc Exp.	0	46	-6	-6
Total	**-28**	**1174**	**4**	**169**
Op. Cash Balance	8	69	72	137
Addition	61	4	66	-36
Cl. Cash Balance	**68**	**72**	**137**	**101**

Balance Sheet :

Rsmn	CY99	CY00	CY01E	CY02F
Equity Capital	0.05	113	113	113
Share Premium	0	971	971	971
Res. & Surplus	121	99	242	339
Networth	**121**	**1183**	**1326**	**1423**
Secured Loan	0	2	0	0
Unsecured Loan	2	0	0	0
Total Loan	**2**	**2**	**0**	**0**
Total Liability	**123**	**1185**	**1326**	**1423**
Application of Funds				
Gross Block	70	180	222	314
Depreciation	30	43	72	104
Net Block	**40**	**138**	**150**	**210**
Investment	4	834	962	976
Current Asset	**149**	**340**	**245**	**278**
Inventory	1	101	25	75
Debtors	20	22	20	45
Cash	69	72	137	101
Loans & Advances	60	145	63	57
S.Creditors	45	99	60	70
Provision	25	73	11	5
Net C.Asset	**79**	**167**	**174**	**203**
Misc. Expenses	0	46	40	34
Total Assets	**124**	**1185**	**1326**	**1423**

Key Ratios:

	CY99	CY00	CY01	CY02F
Growth				
Income	441%	-47%	304%	26%
Earnings	1062%	-9%	138%	-32%
Margin				
OPM	40%	66%	27%	9%
NPM	27%	28%	37%	39%
Return				
ROE	74%	9%	11%	7%
ROA	26%	7%	9%	6%

Price Sensitivity:

	CY99	CY00	CY01	CY02F
Price/EPS	**2.9**	**2.7**	**6.3**	**8.7**
50	17	19	8	6
75	26	28	12	9
100	34	38	16	11
125	43	47	20	14
150	52	56	24	17
175	60	66	28	20

PE Sensitivity:

	CY99	CY00	CY01	CY02F
PE/EPS	**2.9**	**2.7**	**6.3**	**8.7**
10	29	27	63	87
15	44	40	95	131
20	58	53	127	174
25	73	67	158	218
30	87	80	190	261
35	102	93	222	305

Music Industry

Music industry is the worst hit by stagnation and nervousness in the economy. The industry, which considered to be on growth path, has hit badly by *rising music acquisition cost, lack of quality content to justify higher price, drop in growth in consumer electronics market and piracy*. We believe, in CY01 music companies managed to recover their cost only for 5 movies and managed to generate interest only for 11 movies. The scenario was no different for music album industry as only '*Kabhi To Nazar Milao*' from '*Magmasound*' and '*Alisha*' from '*Tips*' created sensation in the market.

Music Company- Performance- CY01

Music Company	Hit	Good	Average	Below Average
T Series	Dil Chahta Hai	Jodi No 1	Love Ke Liye Kuch Bhi Karega	Farz
		Tum Bin	Nayak	Kyonki Main Jhoot Nahi Bolta
Saregama		Kasoor	Aks	Censor
		Rehna Hai Tere Dil Main	Chupa Rustam	
			One 2 Ka 4	
Tips	Mujhe Kuch Kehna Hai	Ek Rishta	Ajanabee	Kasam
		Kuch Khatti Kuch Mithi	Albela	Pagaalpan
		Yaadein	Ashiq	Rahul
			Pyar Ishq Aur Mohabbat	Yeh Raaste Hai Pyar Ke
Sony Music	Kabhi Kushi Kabhi Gham	Lagaan	Asoka	
		Zubeda		
Zee Music		Gadar		
Venus	Pyar Tune Kya Kiya	Hum Ho Gaye Aapke		Mitti
				Ulzan
Universal	Chori Chori Chupake…		Indian	Bas Itna Sa Khwab Hai
			Lajja	Daman
				Officer
				Yeh Tera Ghar Yeh Mera Ghar
Total (%)	**5 (10%)**	**11 (28%)**	**12 (30%)**	**13 (33%)**

Music Acquisition Cost

Music acquisition cost (Film Music) raised steadily in last two years time and sometimes constitutes 40% of movie production cost. As music companies scrambled to acquire more and more movie music rights to outpost competitor without considering market condition, the result was imminent, drop in the margin. The entry of global majors like Sony and Universal only added fuel in the price war. The content cost pressure has really taken its toll on bottomline of music companies as 'Tips' continued to make losses for last four quarters, 'Saregama' the oldest Indian music player declared loss of Rs99m in Q3FY02. We believe, music companies will have to reduce music acquisition cost by another 40%-50% going forward to be profitable.

Piracy

Piracy has come down from 80% to around 30% in last decade, claims industry. But ground reality differs drastically to this claim. Piracy is still rampant in the physical/electronics form. One can find pirated cassette at any Indian footpath costing just Rs25-30 offering varied combination against company MRP of Rs55-60. Internet boom has given a new dimension to piracy, as anyone can download any song through net, harming sale in the music shops. Internet download speed doesn't matter as pirates offer any combination CD in MP3 format for just Rs100 against company MRP of Rs250-295.

The situation has given a wakeup call to music majors as companies slashed their realization drastically both for cassettes and CDs. 'Tips Industries' has taken a lead as it dropped its cassettes MRP prices by 33%

to Rs40 from a high of Rs60 and CD MRP prices by 68% to Rs95 from a high of Rs295. We believe, such a bold step would definitely earn yield in the long run in curbing piracy to the great extent and improving share of CD sales in total music sale. We expect the result of this aggressive pricing policy will be evident only after 2/3 quarters, as companies have to push volume more aggressively to justify price cut to maintain profitability.

Content Quality Music quality is the most important factor in industry's success, which would drive industry in future. Lack of adequate films with good music is the root cause for industry's woes. Last year only five films had a music, which appealed to the audience clearly shows the dearth of quality content. Unless the situation improves and fresh talent flows in like in case of 'Dil Chahta Hai', we are not very optimistic for the industry.

Future Unfolds Success of 'Aggressive Pricing' policy in curbing piracy has already started showing signs of improving volume. Increase percentage of CD sale in total music sale, recovery of economy to improve sale of consumer electronics items and most importantly, the improved music quality would drive future valuation of the industry.

Magnasound India (Rs30) — Subscribe

Magnasound India is a successful, professionally managed Indian music production company. The company since inception has an outstanding track record and is recognized with its strong market share in non-film music segment. We believe, Magnasound is well poised to exploit and benefit from the expected future growth in a non-film segment.

Magnasound's professional management practices a cost-benefit analysis for better artiste management and album rollouts. Thus, each album/artiste, irrespective of being new release or a catalogue re-run is analyzed for the risk reward proposition. We are concerned over attrition, as management is poached by the MNC-entrants in the domestic music industry.

Magnasound has innovated and pioneered the concept of 'Artiste Brand' whereby the company spins a branding strategy around its artistes. Magnasound artistes such as Alisha (India-centric), Daler Mehndi (Punjabi), Remo (Goan), Hariharan/Leslie (Colonial Cousins) and Adnan Sami (Kabhi To Nazar Milao), etc. have sold record volumes bear treatment to Magnasound's branding skills.

Magnasound has built-up library of 1240+ non-film Hindi and regional language albums. The company has uniquely leveraged on the same via institutional sales- a division for deals/sales of cassettes and CDs to large corporate such as Akai, Godrej Group etc.

Company has chalked out cost reduction exercise, the result of which is evident in FY01 (6m) as OPM improved to 20% and NPM to 10%. Management is expected to concentrate its resources to optimize growth in its core business, POP music besides event management and music retailing.

Valuation:
As a result of better realization and management's efforts to control cost, margin improved to 20%, which would make a long-term impact on company's profitability. We are concerned with the very high working capital cycle, linked to the market scenario and expect gradual improvement. The scrip is attractively available (Rs30- Expected IPO Price) at 11x FY01 annualized earnings. We recommend **Subscribe**.

Brief Financial:

Yr Sep Rsm	Net Sales	PAT	Change %	EPS	CEPS	PE	EV/ EBITDA	ROE
FY98	168	3	0	0.3	0.6	91	14	6%
FY99	355	5	94%	0.6	1.1	47	3	10%
FY00	124	-74	-1580%	NA	NA	NA	-5	NA
FY01*	108	11	115%	2.8	1.6	11	12	10%

* 6 Months

Key Ratios:

Yr To Sept	FY98	FY99	FY00	FY01*
Mcap To Sales (x)	1	1	2	2
Sales To Gross (x)	9	15	4	3
Inventory Days	173	87	328	369
Receivable Days	182	149	515	742

Stock Market Data:

BSE Code	NA
NSE Code	NA
BSE Index	3604
Avg. Daily Volume- BSE	NA
52 Week High/Low	NA

Shareholding Pattern:

Promoters	51%
MFs/ UTI	NA
FIIs	NA
Corporate Bodies	NA
Indian Public	NA
Others	NA

Key Data:

Market Capitalization	231
Issued Shares,mn	7.7
Price To Book- FY01*	2
Next Result	FY02-Annual

Album Sale-

Artiste	Album	Cassettes Sold
Adnan Sami	Kabhi To Nazar Milao	2.5m-7months
Alisha	Made in India	2.5m
Daler Mehndi	Bolo Ta Ra Ra	0.9m
Hariharan & Leslie	Colonial Cousins	0.5m
Biddu	Boom Boom	0.4m
Suchitra	Dole Dole	0.2m

Income Statement:

Rsmn	FY98	FY99	FY00	FY01*
Sales	168	355	124	108
Inc in Inventory	-2	-4	14	3
Op. Income	**166**	**352**	**138**	**111**
Cassettes & CDs	44	113	55	34
Production Exp.	42	58	39	23
Selling Exp.	13	22	23	8
Adv & Publicity	16	22	24	3
Employee Exp	11	16	15	9
Other Exp.	23	38	31	12
Total Op. Exp	**149**	**269**	**188**	**89**
EBDITA	**17**	**83**	**-50**	**22**
Other Income	2	6	6	1
Gross Profit	19	89	-43	23
Interest	10	33	24	10
Depreciation	2	4	3	2
Bad Debts	0	37	0	0
Royalty	4	10	3	1
PBT	**3**	**5**	**-74**	**11**
Tax	0	0	0	0
PAT	**3**	**5**	**-74**	**11**

Balance Sheet:

Rsmn	FY98	FY99	FY00	FY01*
Equity Cap	33	33	74	77
Share Premium			85	99
Res & Surplus	13	18	-72	-61
Networth	**46**	**51**	**86**	**115**
Secured Loan	25	57	59	65
Unsecured Loan	2	0	0	0
Total Loan	**27**	**57**	**59**	**65**
Total Liability	**73**	**108**	**145**	**180**
Gross Block	20	23	31	33
Depreciation	9	11	13	14
Net Block	**11**	**12**	**18**	**19**
Investment	0	0	0	0
Current Assets	**189**	**269**	**333**	**369**
Inventory	80	85	112	110
S. Debtors	84	145	176	221
Cash	1	1	1	3
Loans & Adv	24	38	44	36
Current Liability	127	172	206	208
Provisions	0	0	0	0
Net C. Assets	**61**	**96**	**127**	**161**
Pre. ExpNot w/off	0	0	1	0
Total Assets	**73**	**108**	**145**	**180**

Cash Flow Statement:

Rsmn	FY98	FY99	FY00	FY01*
Sources of Fund				
PAT	3	5	-74	11
Depreciation	2	3	1	1
Inc in Eq. Cap	33	0	41	4
Inc in Share pre.	0	0	85	14
Inc in Loans	27	30	2	6
Inc in Cu. Liability	127	45	34	2
Inc in provision	0	0	0	0
Total	**192**	**84**	**88**	**38**
Application of Fund				
Dividend	0	0	0	0
Dividend Tax	0	0	0	0
Inc in Gross	57	4	7	2
Inc in Investment	0	0	0	0
Inc in Inventory	42	5	27	-2
Inc in Debtors	84	61	31	45
Inc in Loans & Adv	24	14	7	-8
Inc in Pre. Exp	0	0	0	0
Total	**207**	**83**	**72**	**36**
Op Cash Balance	16	1	1	1
Addition	-15	0	16	2
Cl. Cash Balance	**1**	**1**	**18**	**3**

Key Ratios:

	FY98	FY99	FY00	FY01*
Growth				
Income	1%	111%	-65%	-13%
Earnings	0%	94%	-1580%	115%
Margin				
OPM	10%	23%	-40%	20%
NPM	2%	1%	-59%	10%
Return				
ROE	6%	10%	NA	10%
ROA	3%	5%	NA	6%

Price Sensitivity:

	FY98	FY99	FY00	FY01*
Price/ EPS	0.3	0.6	-9.6	2.8
20	61	31	-2	7
30	91	47	-3	11
40	121	63	-4	14
50	152	78	-5	18
60	182	94	-6	21
70	212	110	-7	25

PE Sensitivity:

	FY98	FY99	FY00	FY01*
PE/ EPS	0.3	0.6	-9.6	2.8
5	2	3	-48	14
8	3	5	-77	23
11	4	7	-106	31
14	5	9	-134	40
17	6	11	-163	48
20	7	13	-192	57

Saregama India (Rs124) HOLD

'Saregama India', the oldest Indian music Goliath started reeling under market pressure as it declared Rs99m loss in Q3FY02. The result clearly reflects the lack of availability of good quality content and an inflated music acquisition cost, which is overdue for correction, sooner than later.

Saregama is fighting back with the situation on both fronts, to improve sales volume and to reduce its operational cost to improve margin. The company has aggressively acquired music rights, as almost 80% of the big-ticket music rights, to be released in FY03 are with Saregama. Company has identified regional and rural market as a core segment for future growth and started mass-market project. The project would tap devotional and folk genre. We expect, the project to add value in the long run, which is currently served by unorganized players. Saregama's VRS and restructuring of its marketing network efforts are expected to bring down operational cost by Rs60m in FY03.

Company has scaled down its content production for FM radio considerably as the industry didn't take off as expected due to legal and operational hassles.

To de-risk business model, Saregama has entered into television content production and currently three serials are running on regional channels.

Serial	Language	Channel
Shoolam	Tamil	Sun
	Telgu- Dubbed	Gemini
Shighram	Tamil	Sun
Veelan	Tamil	Sun

Valuation:
The volume of music cassettes and CDs have dropped consistently in past. It will be a challenging task to improve realization along with volume, in a 'aggressive pricing' situation. We expect revenue to improve by 23% to Rs1.35bn and loss of Rs68m in FY03F. Ability to reduce content acquisition cost without loosing at quality and successful reduction of operational cost would be key drivers for bottomline and valuation. The scrip is available at 0.6x to its FY03F book value. We reiterate **HOLD** on the scrip.

Brief Financial:

YrMar Rsm	Net Sales	PAT	Change %	EPS	CEPS	PE	EV/ EBITDA	ROE
FY00	1333	60	53%	6	16	19	-1.7	7%
FY01	1652	50	-16%	5	16	23	-3.2	3%
FY02E	1095	-184	-464%	NA	-7	NA	0.5	NA
FY03F	1350	-68	63%	NA	6	NA	-0.8	NA

Key Ratios:

Yr To March	FY00	FY01	FY02E	FY03F
Mcap To Sales (x)	0.9	0.7	1.1	0.9
Sales To Gross (x)	4	3	2	2
Inventory Days	48	49	50	50
Receivable Days	84	73	90	90

Stock Market Data:

BSE Code	532163
NSE Code	SAREGAMA
BSE Index	3604
Avg. Daily Volume- BSE	0.02m
52 Week High/Low	360/82

Shareholding Pattern:

Promoters	48%
MFs/ UTI	9%
FIIs	9%
EMI	8%
Indian Public	10%
Others	14%

Key Data:

Market Capitalization	1158
Issued Shares, mn	9.3
Price To Book- FY03F	0.6
Next Result	FY02- Annual

Music Cassettes- Volume Sale

Volume, mn	Q1FY02	Q2FY02	Q3FY01	CAGR %
NHF	3.05	1.00	2.00	-19%
OHF	5.46	4.35	2.46	-33%
Regional	2.66	3.19	2.37	-6%
Classical	0.06	0.06	0.10	31%
Ghazal	0.18	0.31	0.10	-26%
Devotional	0.18	0.21	0.07	-39%
Basic	0.07	0.21	0.13	32%
International	0.08	0.06	0.08	4%
Others	0.05	0.42	0.32	165%
Total	**11.78**	**9.79**	**7.62**	**-20%**

Music- Major Forthcoming Movies:
Q4FY02:

Film	Banner	Star Cast
Na Tum Jano Na Hum	Pantaloon	Hritik, Isha Deol
Saathiya	Yash Raj	Rani Mukarjee

FY03:

Film	Banner	Star Cast
Mein Prem Ki Diwani	Rajashree	Hritik, Kareena
Mujhase Dosti Karoge	Yash Chopra	Hritik, Kareena
Om Jai Jagdish	Puja Ent.	Multistarrer
Kuch Na Kaho	Ramesh Sippy	Aishwarya, Abhishek
Koi Mil Gaya	Film Craft	Hritik, Priti Zinta

Income Statement :

Rsmn	FY00	FY01	FY02E	FY03F
Operating Income				
Music Cassettes	1023	1283	906	1144
Music CDs	250	269	125	100
Film Rights	0	15	0	0
Licence Fee	60	84	57	80
Others	0	1	7	26
Op. Income	**1333**	**1652**	**1095**	**1350**
Expenses				
Production Cost	546	594	411	435
Content Cost	0	210	287	364
Admin & Selling	696	712	531	565
Total Op. Expenses	**1242**	**1516**	**1228**	**1364**
EBIDTA	**91**	**136**	**-134**	**-14**
Other Income	128	136	88	90
Gross Income	219	272	-46	76
Interest Cost	57	10	24	24
Depreciation	22	32	44	45
Amortiz./w/off	67	68	70	75
PBT&Ex.Ord.Items	73	162	-183	-68
Extraord. Items	7	96	1	0
PBT	**66**	**65**	**-184**	**-68**
Tax	6	15	0	0
PAT	**60**	**50**	**-184**	**-68**

Balance Sheet :

Rsmn	FY00	FY01	FY02E	FY03F
Equity Capital	73	93	93	93
Share Cap Susp.	21	0	0	0
Share Premium	1908	1908	1908	1908
Res. & Surplus	58	126	-89	-188
Networth	**2059**	**2127**	**1912**	**1813**
Secured Loan	137	57	107	107
Unsecured Loan	35	23	40	40
Total Loan	**172**	**80**	**147**	**147**
Total Liability	**2231**	**2207**	**2059**	**1960**
Gross Block	372	554	605	610
Revaluation Res.	52	50	48	47
Depreciation	160	192	236	281
Net Block	160	312	321	282
CWIP	2	3	5	5
Net Fixed Asset	**162**	**315**	**326**	**287**
Investment	1209	813	769	723
Current Assets	**1559**	**1786**	**1457**	**1544**
Inventory	168	209	150	185
Debtors	294	312	255	312
Cash	182	403	55	22
Royalty	218	320	350	375
Due From Subsi.	22	61	80	80
Loans & adv	98	458	543	550
Short Term loan	565	0	0	0
Interest	11	23	25	20
Sundry Creditors	271	338	180	222
Royalty	209	320	275	330
Provision	10	28	13	13
Other Liability	219	33	35	37
Net Cur. Asset	**850**	**1067**	**954**	**942**
Misc. Expenses	11	13	10	8
Total Assets	**2231**	**2207**	**2059**	**1960**

Cash Flow Statement :

Rsmn	FY00	FY01	FY02E	FY03F
Sources of Funds				
PAT	60	50	-184	-68
Depreciation	23	32	44	45
Inc in Equity Cap	0	21	0	0
Inc in Share Susp.	21	-21	0	0
Inc in Share Pre.	1856	0	0	0
Inc in Loans	-112	-92	67	0
Inc in C. Liability	65	178	-203	97
Inc in provision	91	-168	-13	2
Total	**2004**	**0**	**-289**	**76**
Application of Funds				
Dividend	29	28	28	28
Dividend Tax	4	3	3	3
Inc in Gross	47	134	53	6
Inc in CWIP	-1	1	2	0
Inc in Investment	1152	-396	-44	-46
Inc in Inventory	24	42	-59	35
Inc in Debtors	94	18	-57	57
Inc in Royalty	29	102	30	25
Inc in O. C.Assets	525	-155	106	3
Inc in Misc Exp.	-6	2	-3	-2
Total	**1897**	**-221**	**58**	**109**
Op.Cash Balance	76	182	403	55
Addition	106	222	-348	-33
Cl Cash Balance	**182**	**404**	**55**	**22**

Key Ratios:

	FY00	FY01	FY02E	FY03F
Growth				
Income	17%	24%	-34%	23%
Earnings	53%	-16%	-464%	-63%
Margin				
OPM	7%	8%	-12%	-1%
NPM	4%	3%	-16%	-5%
Return				
ROE	7%	3%	NA	NA
ROA	5%	2%	NA	NA

Price Sensitivity:

	FY00	FY01	FY02E	FY03F
Price/EPS	**6.4**	**5.4**	**NA**	**NA**
100	16	19	NA	NA
125	19	23	NA	NA
150	23	28	NA	NA
175	27	32	NA	NA
200	31	37	NA	NA
225	35	42	NA	NA

PE Sensitivity:

Rsmn	FY00	FY01	FY02E	FY03F
PE/ EPS	**6.4**	**5.4**	**NA**	**NA**
10	64	54	NA	NA
15	96	81	NA	NA
20	129	108	NA	NA
25	161	135	NA	NA
30	193	162	NA	NA
35	225	189	NA	NA

Tips Industries (Rs164) HOLD

'Everything has a price'; the old adage has more relevance than any other thing in case of 'Tips Industries' and for the music industry. The skyrocketed music acquisition cost has taken its toll rather heavily on whole music industry and Tips, in particular.

The falling music sales, soured dreams of higher CD offtake and a consistent threat from pirates have only multiplied Tips woes as it declared a loss of Rs49m for a fourth consecutive quarter and doesn't expect situation to be different for next quarter as well as in FY03. We expect company to post loss of Rs274m and Rs241m respectively, in FY02 and FY03.

In a desperate attempt to stall falling sales and to wipe out competition both from legitimate industry and pirates, company dropped its cassettes prices by 33% to Rs40.5 from a high of Rs60 and CD prices by 68% to Rs95 from a high of Rs295. We believe, this new industry trend would take some time to reflect into sales volumes.

High Content Cost- The Culprit:

Despite all these efforts by company, content quality and cost attached to it would determine the future winner in the music. Tips' content cost and other expenses (includes marketing and non-film content cost) of Rs762m and Rs588m for FY02E and FY03F represents 100% and 89% respectively of total sales. Tips' fortune is linked to its ability to curtail content cost successfully, going forward. Unless company reduces content and other expenses by another 50% and improve cassettes volume considerably (as realization per unit dropped considerably), it has a very remote chance to offer positive return to its stakeholders.

Valuation:

Tips acquired film content, the largest selling component of Indian Music industry quite aggressively in last decade. The younger repertoire compared to its competitor makes its catalogue more attractive and sellable. Currently company is trading at 2x to its FY03 sales and 1.5x to its library acquired in last four years. We maintain **HOLD** on the counter.

Brief Financial:

Yr Mar Rsm	Net Sales	PAT	Change %	EPS	CEPS	PE	EV/ EBITDA	ROE
FY00	1158	233	215%	19.4	40	6	4.2	86%
FY01	1041	72	-69%	6.0	26	19	3.6	8%
FY02E	760	-274	-481%	NA	18	NA	8.3	NA
FY03F	657	-241	12%	NA	19	NA	7.5	NA

Key Ratios:

Yr To March	FY00	FY01	FY02E	FY03F
Mcap To Sales (x)	2	2	3	3
Sales To Gross (x)	1.7	1.1	0.5	0.3
Inventory Days	43	50	65	84
Receivable Days	75	93	91	89

Stock Market Data:

BSE Code	532375
NSE Code	TIPSINDLTD
BSE Index	3604
Avg. Daily Volume- BSE	0.3mn
52 Week High/Low	183/35

Shareholding Pattern:

Promoters	69%
Banks/ FIs	1%
FIIs	1%
Corporate Bodies	9%
Indian Public	16%
Others	4%

Key Data:

Market Capitalization, Rsm	1968
Issued Shares, mn	12
Price To Book- FY03F	2
Next Result	FY02-Annual

Content Cost & Other Exp.- Impact on PAT

Rsmn	FY02E	FY03F
Estimated PAT	**-274**	**-241**
Content Cost- If lowered By-		
20%	-183	-163
30%	-138	-124
40%	-93	-85
50%	-48	-47
Other Exp & Content Cost- If Lowered By		
20%	-122	-123
30%	-45	-64
40%	31	-5
50%	107	53

Music- Major Forthcoming Movies:

FY03:

Film	Banner	Starcast
Biwi ILU	TutuSharma	SanjayDatt,Karishma
HumkoTumsePyarHai	Anil Morani	Hritik, Kareena
Suno Sasurji	Vimal Kumar	Aftab, Amisha
Prod No 9	Surindar Kapoor	Kajol, ShahRukh
Prod No 9	Anil Morani	ShahRukh, Kareena

Income Statement :

Rsmn	FY00	FY01	FY02E	FY03F
Operating Income				
Music Sales	1158	1041	760	657
Inc in Inventory	21	15	44	17
Op. Income	**1179**	**1056**	**803**	**674**
Expenses				
Raw Material	437	411	271	230
Staff Cost	14	22	20	20
Other Exp.	247	317	309	200
Total Op. Exp.	**699**	**751**	**600**	**450**
EBITDA	**480**	**306**	**203**	**224**
Other Income	26	16	34	15
Gross Income	505	322	237	239
Interest	18	3	9	9
Depreciation	246	240	495	464
PBT	**242**	**79**	**-266**	**-233**
Tax	8	7	0	0
Pre.Exp Not w/off	0	0	8	8
PAT	**233**	**72**	**-274**	**-241**

Balance Sheet:

Rsmn	FY00	FY01	FY02E	FY03F
Equity Capital	90	120	120	120
Share Premium	0	950	950	950
Res. & Surplus	279	336	49	-205
Networth	**369**	**1406**	**1118**	**865**
Secured Loan	133	79	79	79
Unsecured Loan	121	34	34	34
Total Loan	**254**	**113**	**113**	**113**
Total Liability	**623**	**1519**	**1232**	**978**
Application of Funds				
Gross Block	689	958	1496	1919
Depreciation	529	769	1264	1728
Net Block	159	189	232	191
Net Fixed Invest.	**159**	**189**	**232**	**191**
Investment	0	107	107	107
Current Asset	**677**	**1330**	**970**	**735**
Inventory	138	144	135	152
Debtors	239	266	190	161
Cash	4	172	118	54
Loans & Adv.	297	748	527	368
S. Creditors	193	162	125	95
Provision	22	13	13	13
Net C.Assets	**462**	**1155**	**832**	**627**
Misc Exp.	3	68	61	53
Total Assets	**623**	**1519**	**1231**	**978**

Cash Flow Statement :

Rsmn	FY00	FY01	FY02E	FY03F
Sources of Funds				
PAT	233	70	-274	-241
Depreciation	246	240	495	464
Inc in Equity Cap	0	30	0	0
Inc in Share Pre.	0	950	0	0
Inc in Loans	143	-141	0	0
Inc in Cur.Liability	70	-32	-37	-30
Inc in Provision	-13	-9	0	0
Total	**679**	**1108**	**185**	**193**
Application of Funds				
Dividend	36	12	12	12
Dividend Tax	4	1	1	1
Inc in Gross	295	269	538	423
Inc in Investment	0	107	0	0
Inc in Inventory	46	6	-9	17
Inc in Debtors	145	28	-76	-29
Inc in Loans & Adv	157	451	-221	-159
Inc in Misc Exp.	3	66	-8	-8
Total	**686**	**940**	**238**	**257**
Op. Cash Balance	10	4	172	118
Addition	-7	167	-53	-64
Cl. Cash Balance	**3**	**172**	**118**	**54**

Key Ratios:

	FY00	FY01	FY02E	FY03F
Growth				
Income	105%	-10%	-27%	-13%
Earnings	215%	-69%	-481%	12%
Margin				
OPM	40%	28%	21%	32%
NPM	20%	7%	NA	NA
Return				
ROE	86%	8%	NA	NA
ROE	36%	6%	NA	NA

Price Sensitivity:

	FY00	FY01	FY02E	FY03F
Price/ EPS	**19.4**	**6.0**	**NA**	**NA**
75	4	13	NA	NA
100	5	17	NA	NA
125	6	21	NA	NA
150	8	25	NA	NA
175	9	29	NA	NA
200	10	33	NA	NA

PE Sensitivity:

	FY00	FY01	FY02E	FY03F
PE/ EPS	**19.4**	**6.0**	**NA**	**NA**
5	97	30	NA	NA
10	194	60	NA	NA
15	291	90	NA	NA
20	388	120	NA	NA
25	485	150	NA	NA
30	582	179	NA	NA

Star Performance

'Star Plus' established itself as an undisputed leader of Indian sky last year to leave its closest competitor far behind. Star Plus consistently ruled the audience mind share, which had reflected in TRP charts as it maintained its share of around 75% GRP in Top100 programs. This onslaught from Star pushed 'Sony' and 'Zee' to the wall as both channels could collectively maintain only 25% GRP share in Top100 programs. Overall Star Plus has garnered 15% market share in all genre all over India leaving its closest competitor Sony with 9% and Zee with 6% market share.

The year not only declared a winner but also ruled out powerful existence of fourth broadcasting player. The equation has changed from 2+1+1/2 (Two equally strong channels plus third strong channel plus one other channel) to 1+2+Niche (One ace channel plus two other channels for No2 slaught plus niche channel like 'Aaj Tak). Other newly launched national channels like 'Sahara' and 'B4U' couldn't make much impact in the market, with a notable exception of 'SABe TV'. We believe, survival of other channels would be difficult and these channels, either national or regional, have to join any of the three bouquets of Star, Sony or Zee.

Advertising Industry

Advertising spending, the backbone of the broadcasting industry was itself in doldrums, which forced Ad agencies to divert spend towards few leading channels to optimize the result. As per 'Starcom Worldwide' estimates, Ad spend on TV improved by 9% to Rs29bn in CY01 from Rs26bn in CY00, mainly because of the spurt in H1CY01. In H2CY01, the Ad spends actually fell by 8% from Rs14bn in CY00 to Rs13bn in CY01.

Ad Spends, Rsm	CY00	CY01	Growth
H1	12528	15984	28%
H2	13872	12816	-8%
Total	**26400**	**28800**	**9%**

The poor performance of economy leading to low offtake, postponement of few key brands launches, short wedding season in October/November and lackluster festive buying were the main reasons behind this poor Ad spend in H2CY01.

Cost Per Rating Point-CPRP

Cost Per Rating Point- CPRP, is the indicator for the cost to the advertiser per second per TRP point. While Star Plus increased its CPRP 300% to Rs19,200 as a result of its dominant position, Sony maintained CPRP at the same level of Rs7500 and Zee slashed it by 38% from Rs12000 a year ago to Rs7500, clearly indicating the market trend.

Star- Inventory Time Sell*- H2CY01:

Seconds	Jul	Aug	Sept	Oct	Nov	Dec	Total
CY00	49085	56465	65465	75295	65890	67415	**379615**
CY01	40914	52357	58137	70486	70938	39935	**332767**
Growth	*-17%*	*-7%*	*-11%*	*-6%*	*8%*	*-41%*	***-12%***

* Prime Time- 1900-0000

Star Plus's inventory time sales dropped by 12% in H2CY01 as a result of higher CPRP to advertiser and slump in the market. Its prime time inventory time sale has fallen in CY01 to 60% as against 69% in CY00. Star's decision to limit per episode time inventory sell also resulted into drop in inventory sell. However, its afternoon (From 1200 to 1600) inventory time sale has gone up to 73% from 37145 seconds to 53680 seconds.

Zee- Inventory Time Sell*- H2CY01:

Seconds	Jul	Aug	Sept	Oct	Nov	Dec	Total
CY00	60395	68290	57135	89520	42205	NA	**317545**
CY01	81215	90016	89904	130738	126768	NA	**518641**
Growth	*34%*	*32%*	*57%*	*46%*	*200%*		***63%***

* Prime Time- 1900-0000

Zee is the only channel, which improved its inventory time sell by 63% from Jul01 to Nov01 as its average CPRP dropped by 38% from Rs12000 in H2CY00 to Rs7500 in H2CY01. We believe, the drop in the CPRP would negate the increase in utilization rate and wouldn't reflect in revenue.

Sony- Inventory Time Sale*- H2CY01:

Seconds	Jul	Aug	Sept	Oct	Nov	Dec	Total
CY00	104660	99405	108855	116615	107655	119310	656500
CY01	98175	88980	87635	98770	92490	29688	495738
Growth	*-6%*	*-10%*	*-19%*	*-15%*	*-14%*	*-75%*	*-24%*

* Prime Time- 1900-0000

Sony preferred to sale less prime time inventory than to reduce CPRP. This resulted a drop of 24% in inventory time sell in H2CY02 but maintained its image. As channel couldn't increase CPRP from Rs7500, we expect a drop of around 20% in channel revenue.

Uplinking from India

Government recently allowed 'Indian Companies' to set up an earth station and granted permission for uplinking from Indian soil. This revolutionary policy change would not only reduce operating expenses and precious time but also opened new breed of non-exporters advertisers for broadcasters. Non-exporter Indian companies, which were not allowed earlier to advertise on satellite channels, are expected to drive advertising revenue further. 'Aaj Tak', a niche Hindi news channel has reportedly register Rs850m in a very first year purely based on local advertisers. Zee has got permission to up-link seven of its channels from Delhi, which includes four regional channels and expected to save Rs150m in operational expenses along with an expected surge in Ad revenue on regional channels.

Subscription Revenue

Subscription revenue has created an excitement in broadcasting industry as it is considered as a future growth driver for a struggling broadcasting industry in era of stagnated Ad revenue. At the same time it has created lots of resistance from customer and cable operators' end. While two years back the question was, whether to charge subscription or not, today the question changed to how much broadcaster should charge from customer, which is the positive attitude change in favor of broadcasters. We believe, going forward broadcasters would be able to improve its subscription revenue based on its brand equity, bouquet of channels it offers and higher subscriber declaration, which is between 20%-25% at present. We believe 100% subscriber disclosure with a Rs2/channel with a 5% CAGR for next 5 years would generate revenue of around Rs1.5bn per annum for any premier channel.

Future Unfolds

The shakeout in the industry is imminent and only strongest bouquet of channels will survive and excel in the market. The weaker players will either sell out to stronger players or close the shop. Overall we believe, the broadcasting industry has tremendous growth potential going forward, which is clearly linked to global economy, which is expected to recover from Q2CY02. The valuation would be linked to the broadcasters' market position determined by the quality of content and acceptability by audience.

ETC Networks (Rs29) BUY

Zee Telefilms, the leading broadcaster has acquired a controlling stake in ETC by investing Rs178m for 48.32% stake and will acquire another 20% by a way of open offer at Rs31.52, Rs74m. Zee is also expected to invest another Rs70m at later date to subscribe preferential allotment. Thus, Zee's share post-pref issue would go to 73%.

The ETC would continue to operate as a separate company, at least for time being. We believe, the transaction is a win-win situation for both the companies.

Benefits to Zee:

ETC is a market leader in both Hindi music channel with market share of 35% and ETC Punjabi with 34% of market share. Zee would able to leverage ETC's expertise in these segments to consolidate its position. With ETC's channels in its fold, Zee's market share in these markets would surge to 46% and 58% respectively.

ETC has a film telecasting rights of 35 movies, which would help Zee to improve position of its own movie channel.

Addition of two strong channels in its bouquet (17 channels at present) would make Zee's case much stronger in subscription market.

Benefits to ETC:

Inclusion in strong bouquet would improve ETC's ability to go Pay, which otherwise had been difficult. Additional pay revenue will improve profitability further.

Besides strengthening its market position and rationalization of operating expenses, uplinking from Zee's earth station would reduce telecasting charges going forward. Uplinking from India is also expected to bring in local advertisers, which were not allowed earlier to advertise on these channels.

Valuation:

We expect ETC's OPM to improve to 29% and ROE to 9%, as a result of cost rationalization. At present the scrip is trading at 9x FY03F earnings, discount to Zee's valuation. We believe, going forward ETC's valuation should improve in tandem with Zee. We reiterate **BUY** on the scrip.

Brief Financial:

Yr Mar Rsm	Net Sales	PAT	Change %	EPS	CEPS	PE	EV/ EBITDA	ROE
FY01	476	24	NA	1.7	3.5	17	7	6%
FY02E	337	25	1%	1.8	4.9	16	8	6%
FY03F	426	43	73%	3.1	5.6	9	4	9%

Key Ratios:

Yr To March	FY01	FY02E	FY03F
Mcap To Sales (x)	0.8	1.2	0.9
Sales To Gross (x)	1.9	0.7	0.9
Inventory Days	38	71	70
Receivable Days	123	150	150

Stock Market Data:

BSE Code	506156
NSE Code	NA
BSE Index	3604
Avg. Daily Volume- BSE	0.15m
52 Week High/Low	70/9

Shareholding Pattern:

Promoters	43%
MFs/ UTI	8%
FIIs	4%
Corporate Bodies	36%
Indian Public	4%
Others	5%

Key Data:

Market Capitalization, Rsm	400
Issued Shares, mn	13.9*
Price To Book- FY03F	0.6
Next Result	FY02-Annual

* Post-Preferential Allotment

Music Channels- Market Share:

Channel	Market Share
ETC	35%
Zee Music	11%
MTV	27%
B4U	18%
Channel V	9%
Total	**100%**

Punjabi Channels- Market Share:

Channel	Market Share
ETC Punjabi	34%
Alpha Punjabi	24%
DD 18	23%
Lashkara	19%
Total	**100%**

Income Statement :

Rsmn	FY01	FY02E	FY03F
Adv. Revenue	386	367	471
LESS Agency Comm.	-62	-55	-71
Net Adv Rev.	**324**	**312**	**401**
Program Sale	2	0	0
Sponsored Prog.	150	0	0
ETC Int.	0	25	25
Total Op. Inc.	**476**	**337**	**426**
Content/Tel. Exp.	288	159	169
Staff Exp	39	28	35
Admin & Other Exp.	101	83	101
Total Exp	**428**	**270**	**304**
EBIDTA	**48**	**67**	**122**
Other Income	1	1	1
Gross Profit	50	68	123
Interest	6	9	29
Depreciation	17	32	35
PBT	**27**	**27**	**59**
Tax	2	2	16
PAT	**24**	**25**	**43**

Balance Sheet :

Rsmn	FY01	FY02E	FY03F
Equity Capital	117	117	139
Share Premium	274	274	322
Res & Surplus	25	44	78
Networth	**416**	**434**	**539**
Secured Loan	27	231	181
Unsecured Loan	4	0	0
Total Loan	**31**	**231**	**181**
Total Liability	**448**	**666**	**721**
Gross Block	254	469	500
Depreciation	17	49	84
Net Block	237	419	416
CWIP	19	0	0
Exp. Pending Alloca.	2	0	0
Net Fixed Asset	**258**	**419**	**416**
Investment	0	0	0
Current Asset	**297**	**321**	**398**
Inventory	50	66	82
Debtors	161	138	175
Cash	1	24	46
Other C.Assets	0	3	5
Loans & Adv.	84	90	90
S. Creditors	104	67	75
Provision	4	9	24
Net C. Assets	**189**	**245**	**300**
Misc Expenses	1	1	5
Total Assets	**448**	**666**	**721**

Cash Flow Statement :

Rsmn	FY01	FY02E	FY03F
Sources of Fund			
PAT	24	25	43
Depreciation	17	32	35
Inc in Equity	117	0	22
Inc in Share Premium	274	0	48
Inc in Loans	31	200	-50
Inc in S. Creditors	104	-37	8
Inc in Provision	4	5	15
Total	**571**	**224**	**121**
Application of Funds			
Dividend	0	6	7
Dividend Tax	0	1	1
Inc in Gross	254	215	31
Inc in CWIP	19	-19	0
Inc in Exp.Pend.Allocation	2	-2	0
Inc in Investment	0	0	0
Inc in Inventory	50	15	17
Inc in Debtors	161	-22	37
Inc in Other Assets	0	3	2
Inc in Loans & Adv	84	6	0
Inc in Misc Exp.	1	0	4
Total	**571**	**202**	**98**
Op. Cash Balance	1	1	24
Addition	0	23	22
Cl Cash Balance	**1**	**24**	**46**

Key Ratios:

	FY01	FY02E	FY03F
Growth			
Income	NA	-29%	26%
Earnings	NA	1%	73%
Margin			
OPM	10%	20%	29%
NPM	5%	7%	10%
Return			
ROE	6%	6%	9%
ROA	5%	4%	6%

Price Sensitivity:

	FY01	FY02E	FY03F
Price/ EPS	**1.7**	**1.8**	**3.1**
25	14	14	8
30	17	17	10
35	20	20	11
40	23	23	13
45	26	25	15
50	29	28	16

PE Sensitivity:

	FY01	FY02E	FY03F
PE/ EPS	**1.7**	**1.8**	**3.1**
4	7	7	12
8	14	14	24
12	21	21	37
16	28	28	49
20	35	35	61
24	42	42	73

Sri Adhikari Brothers (Rs191) — BUY

SABe TV, the most ambitious project of Sri Adhikari Brothers is showing a sign of turnaround. We expect loss will be curtailed in FY02E and break even in FY03F, for SABe TV. Eight hours/week of additional sponsored content on Doordarshan from March02 would drive growth of its legacy, content production business.

SABe TV:
The channel improved its position in a crowded market as a result of sustained quality programs, marketing efforts and the standoff between its rivals and cable operators. The channel improved its reach to 25mn C & S households. At present channel has 35-40 advertisers including P&G.

SABe has received permission to up-link its channel from Nioda-Delhi. Apart from savings of Rs10m per annum, company is expected to attract local advertisers, which was not possible earlier. This would help company to increase commercial time utilization and Ad rates, from present Rs1200/slot.

Going forward, company is planning to produce 40% of content requirement in-house, 15-20% will be from channel's library and balance will be outsourced. Effectively we believe, content cost to come down.

SABe TV has entered into a 50:50 JV with UK based MATV, a terrestrial broadcaster to diversify its operation in Europe. The JV is expected to contribute Rs35m per annum to SABTNL.

Sponsored Programs- DD:
Company is expected to start additional 8hrs/week programming on Doordarshan from March02, which is expected to improve revenue from DD business by 116% to Rs1.29bn in FY03F. Rationalization of telecast fee and minimum guarantee on DD would offer better margin going forward.

Valuation:
We expect the consolidated entity to be profitable in FY03F at Rs173mn, first time since the channel launch. The scrip is available at 9x, FY03F earnings, which is at discount to peers. We upgrade the stock to **BUY**.

Brief Financial:

Yr Mar Rsm	Net Sales	PAT	Change %	EPS	CEPS	PE	EV/ EBITDA	ROE
FY00	400	174	148%	21	12	9	2	21%
FY01	932	104	-41%	12	14	15	4	7%
FY02E	748	85	-18%	10	11	19	3	5%
FY03F*	1782	173	105%	21	22	9	1	10%

* Consolidated with Channel

Key Ratios:

Yr To March	FY00	FY01	FY02E	FY03F*
Mcap To Sales (x)	4	2	2	1
Sales To Gross (x)	2	4	3	5
Inventory Days	23	5	7	6
Receivable Days	110	173	180	150

Stock Market Data:

BSE Code	530943
NSE Code	SRIADIKARI
BSE Index	3604
Avg. Daily Volume- BSE	0.5mn
52 Week High/Low	195/40

Shareholding Pattern:

Promoters	45%
MFs/ UTI	16%
Banks/ FIs	3%
Corporate Bodies	15%
Indian Public	20%
Others	1%

Key Data:

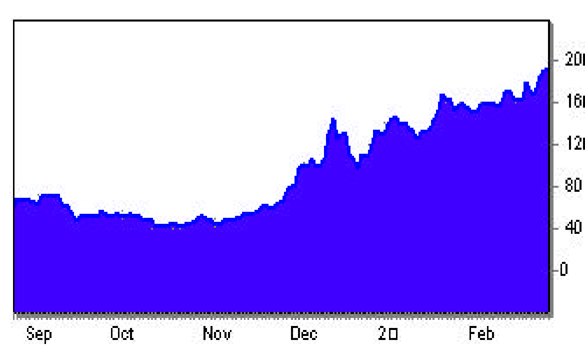
Market Capitalization, Rsmn	1610
Issued Shares, mn	8.4
Price To Book- FY03F	0.9
Next Result	FY02-Annual

Consolidated PAT- SABe TV with SABTNL:

Rsmn	FY00	FY01	FY02E	FY03F*
SABTNL	174	104	85	173
SABe TV	0	-477	-272	
Con. PAT	**174**	**-373**	**-187**	**173**
Loss Carry Forward			-561	-386

* SABe TV will be merged with Parent in FY03.

Price Movement:



Income Statement :

Rsmn	FY00	FY01	FY02E	FY03F*
Operating Income				
Content Sale	400	928	688	1732
Inc in Inventory	0	4	3	15
SABe Ad Comm.	0	0	27	0
Rev From JV	0	0	30	35
Op. Income	**400**	**932**	**748**	**1782**
Expenses				
Content Production	59	402	150	625
Telecasting Exp.	118	335	371	770
Admin Exp.	58	98	110	120
Selling & Dist. Exp	18	13	16	48
Op.Exp	**252**	**848**	**647**	**1563**
EBIDTA	**148**	**84**	**101**	**219**
Other Income	40	49	35	30
Gross Profit	188	132	135	249
Interest	4	11	11	11
Depreciation	4	10	11	14
PBT	**180**	**111**	**113**	**224**
Tax	5	8	21	44
extraordinary Exp.			7	6
PAT	**174**	**104**	**85**	**173**

Balance Sheet:

Rsmn	FY00	FY01	FY02E	FY03F*
Equity Capital	84	84	84	84
Share Premium	1178	1178	1178	1178
Res & Surplus	190	284	359	523
Networth	**1452**	**1546**	**1621**	**1785**
Secured Loan	6	4	4	4
Unsecured Loan	28	25	25	25
Total Loan	**35**	**28**	**29**	**29**
Total Liability	**1487**	**1575**	**1650**	**1814**
Application of Funds				
Gross Block	181	266	276	350
Depreciation	10	20	31	45
Net Block	172	246	245	305
Net Fixed Assets	**172**	**246**	**245**	**305**
Investment	979	750	850	900
Current Assets	**393**	**846**	**777**	**1148**
Inventory	25	12	15	30
Debtors	120	441	367	725
Cash	168	103	85	151
Loans & Adv	80	289	310	250
S. Creditors	58	275	162	391
Provision	34	39	102	187
Net C.Assets	**301**	**532**	**513**	**573**
Misc Exp.	36	47	41	36
Total Assets	**1487**	**1575**	**1650**	**1814**

Cash Flow Statement :

Rsmn	FY00	FY01	FY02E	FY03F*
Sources of Funds				
PAT	174	104	85	174
Depreciation	5	10	11	14
Inc in Equity	34	0	0	0
Inc in Share Pre.	1095	0	0	0
Inc in Loans	16	-6	1	0
Inc in S. Creditors	18	217	-113	229
Inc in Provision	-5	5	63	89
Total	**1338**	**329**	**46**	**507**
Application of Funds				
Dividend	24	9	9	9
Dividend Tax	4	1	1	1
Inc in Gross	131	85	10	74
Inc in CWIP	-16	0	0	0
Inc in Investment	979	-228	100	50
Inc in Inventory	12	-12	3	15
Inc in Debtors	33	321	-73	358
Inc in Loans & Adv	47	209	21	-60
Inc in Misc Exp.	-35	11	-6	-6
Total	**1177**	**394**	**64**	**441**
Op. Cash Balance	7	168	103	85
Addition	161	-65	-19	66
Cl. Cash Balance	**168**	**103**	**85**	**151**

Key Ratios:

	FY00	FY01	FY02E	FY03F*
Growth				
Income	29%	133%	-20%	138%
Earnings	148%	-41%	-18%	105%
Margin				
OPM	37%	9%	14%	12%
NPM	44%	11%	11%	10%
Return				
ROE	21%	7%	5%	10%
ROA	21%	7%	5%	10%

Price Sensitivity:

	FY00	FY01	FY02E	FY03F*
Price/ EPS	**20.7**	**12.3**	**10.1**	**20.7**
125	6	10	12	6
150	7	12	15	7
200	10	16	20	10
250	12	20	25	12
300	14	24	30	14
350	17	28	35	17

PE Sensitivity:

	FY00	FY01	FY02E	FY03F*
PE/ EPS	**20.7**	**12.3**	**10.1**	**20.7**
5	104	62	51	104
10	207	123	101	207
15	311	185	152	311
20	415	247	202	415
25	518	308	253	519
30	622	370	303	622

Television Content Producer

Television content producers, the fastest growing category in a whole entertainment & media industry is going through transition phase. The industry is not only shifting away from DD's *Sponsored* model to satellite channels' *commissioned* model but also upgrading in its look. The look is getting more and more rich. The feel good factor and superior technology are coming in. In eighties 'Nukkad' and 'Humlog', the serials with middle class man at center stage were considered as successful, whereas today's serials sell dreams with stories of rich families at center stage. The serial character talks of Merger & Acquisition for their companies and big deals on their mobiles with spacious cars and bungalows and no one talks of problems of basic amenities like water, electricity and education to name a few. We believe this is a direct reflection of common man's changed dreams, hopes and confidence. Clearly, the serials are selling Dreams.

Broadcaster's Backbone

Content Providers act as a backbone to any broadcaster and no channel can succeed without a slew of quality programs to offer. Broadcasters' brand equity and bargaining power to deal with cable operators for a higher household declaration, an increase in subscription and Ad rate is mainly dependent on its ability to offer quality content. Content, be it a game show or comedy serial or family drama can make or break the channel, literally.

As all broadcasters would like to have a best show on its channel, the bargaining power is clearly with content providers with track record. Star TV is offering TRP based incentives and chance to participate in success of program to content providers, which is the combination of sponsored and commissioned model. Few broadcasters also allow content providers to retain full or partial IPR to exploit it further like VCD rights sale and/or merchandising. 'Sagar Entertainment' has come out with VCDs of its successful mythological serial 'Ramayana'. 'Creative Eye' is exploiting idea to sell songs rights of its successful serial 'Om Namah Shivay' to a leading music player. Star TV is coming out with a 'Kyunki Saans Bhi…' and 'Kahani Ghar Ghar Ki' sarees to exploit brand equity of these serials.

Genre Performance

Family drama rules the Indian mindshare, consistently. Despite the tremendous success of 'Kaun Banega Carorpati', Indian television had never gone away from their first love, family drama. Gross Rating Points-GRPs for family drama were always higher, 76% of total GRP for Top100 TRP programs. While Zee draws average 96% of its GRP from family drama, Star and Sony draws 75% and 70% of its GRP from the this genre. We believe, going forward the trend will be unchanged with some fluctuation in percentage.

GRP Trend- Program Genre:

Genre/ Week	30/12/01	23/12/01	16/12/01	9/12/01	2/12/01
Movie	10	12	8	6	4
Film Based	17	12	21	11	19
Family Soaps	223	231	220	237	247
Suspense/ Thriller	16	15	20	19	14
Comedy	16	16	15	18	19
Mythological	2	0	0	0	0
Dance Show	8	7	7	7	4
Game Show	10	11	10	11	10
Others	0	1	2	3	2
Total GRP	**301**	**306**	**302**	**312**	**320**

Episode Costing As every player try to exploit situation to its benefit, the winner will be those who enhance its software quality by keeping cost per episode at minimum. Each content genre would require different cost of production. Mythological serials' production would be much difficult, time consuming and costlier affair than its family drama counterparts. Also the single serial, new Production Company would end up with higher cost of production than its multi-serial seasoned counterparts. Production house like 'Balaji' produces mainly family drama and rarely shoots on outside locations. With its own equipment and drama in the four walls offers 'Balaji' much crucial 'Time Float' and reduces content production cost to the great extent.

Future Potential The content providers' fate is closely linked to the broadcasting industry's performance. The Ad spend on television is expected to grow at a CAGR of 12% to Rs44bn in CY04 and garner 42% of total Ad pie.

Ad Revenue- Expected*

Rsmn	2000	2001	2002	2003	2004	CAGR %
Print	35064	38217	41419	45707	48884	***9%***
TV	28098	31775	34987	40098	43543	***12%***
Radio	1800	1980	2475	3100	3438	***18%***
Cinema	350	280	300	320	295	***-4%***
Outdoor	6000	6300	6750	7300	7675	***6%***
Total	**71312**	**78552**	**85931**	**96525**	**103835**	***10%***

* Zenith Optimedia

While radio is expected to grow at the fastest pace, 18% CAGR, the base is too small to compare with TV and print media. Satellite television improved its share in Ad pie from 3.7% in 1993 to 15.1% in 2000, while terrestrial television maintained its share at 16.8% in the same period. We believe the satellite broadcasters would continue their run at a cost of state broadcaster 'Doordarshan' and 'Print Media'.

Future Unfolds Broadcasters' race to garner market share with best content on their channels, performance linked payment on satellite channels, higher content quality as a result of digitization, consolidation in the industry as broadcasters would prefer to deal with few content producers than single program producers, improvement in economy and Advertisers' sentiment would drive valuation in future.

Balaji Telefilms (Rs408) BUY

Balaji Telefilms Ltd.- BTL emerged as the strongest and most preferred content provider to satellite channels, in CY01. Today Balaji's shows are the most sought after be it on Star, Sony or Zee, three major Hindi entertainment channels.

Revenue Mix:
Balaji has successfully altered revenue mix from sponsored programs to more lucrative commissioned programs. In Q3FY02, 76% of its revenue has come from commissioned programs against 66% previously. The decisive shift, not without reason has helped company to improve operating margin to 45% in Q3FY02 from a mere 16% in FY01.

Balaji's programs commands premium over their counterparts, purely based on quality and an ability to rule audience mind-share for a longer period. In fact, the recent 35% price hike for its four programs, effective from 1st Jan02, from Star Plus is a vindication of a content superiority.

Growth Strategy:
Balaji is trying to explore weekend slots, where margin would be higher than weekdays programs and an afternoon slot, to cater its main audience segment, housewives.

We believe, company's entry into small budget movie production would help company to de-risk its business model along with tremendous growth prospects.

Valuation:
The scrip is trading attractively at 9x FY03F earnings. We believe higher realization per episode, thrust on commissioned programs, sustained quality of programs on various channels and an entry into movie production would help company to enhance its performance. We maintain **BUY** on the scrip.

Brief Financial:

Y. Mar Rsm	Net Sales	PAT	Ch'ng %	EPS	CEPS	PE	EV/ EBITDA	ROE
FY00	201	43	53%	4.2	4.3	98	62	63%
FY01	489	44	2%	4.2	4.6	96	48	17%
FY02E	1126	326	648%	31.7	32.8	13	8	57%
FY03F	1644	492	51%	47.8	49.7	9	5	55%

Key Ratios:

Yr To March	FY00	FY01	FY02E	FY03F
Mcap To Sales(x)	21	9	4	3
Sales To Gross(x)	13	5	4	5
Inventory Days	47	37	14	17
Receivable Days	108	103	88	77

Stock Market Data:

BSE Code	532382
NSE Code	BALAJITELE
BSE Index	3604
Avg. Daily Volume- BSE	0.2mn
52 Week High/Low, Rs	469/87

Shareholding Pattern:

As on Dec 31st,2001	% of Equity
Promoters	68%
MFs/ UTI	11%
FIIs	6%
Corporate Bodies	8%
Indian Public	6%
Others	1%

Key Data:

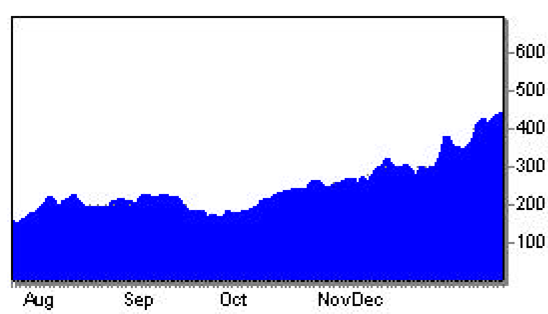
Market Capitalization, Rsm	4202
Issued Shares,mn	10.3
Price To Book- FY03F	4.0
Next Result	FY02-Annual

Program Positions*:

Channel	Program	TRP	Position on Channel
Star	Kyunki Saans...	10.9	1
Sony	Kkusum	7.7	1
Zee	Kohi Apna Sa	3.3	1
Gemini	Pavitrabandham	16.3	1
Udaya	Kavyanjali	16.0	2

* As on Feb 10th, 2002, Fe15+.

Price Movement:



Income Statement:

Rsmn	FY00	FY01	FY02E	FY03F
Content Sale				
Serials	201	489	1126	1596
Movies				49
Op. Income	**201**	**489**	**1126**	**1644**
Expenses				
Content production	118	378	555	794
Employee	3	9	17	30
Other Exp.	13	25	56	85
Total Exp.	**134**	**412**	**628**	**909**
EBIDTA	**67**	**76**	**499**	**735**
Other Income	1	8	11	27
Gross Income	67	84	509	762
Interest	5	7	0	0
Depreciation	1	3	12	20
PBT	**62**	**74**	**498**	**742**
Def. Rev. Exp.w/off	7	17	31	10
Tax	12	14	140	240
PAT	**43**	**44**	**326**	**492**

Balance Sheet:

Rsmn	FY00	FY01	FY02E	FY03F
Share Capital	10	103	103	103
Share Premium	0	301	301	301
Res. & Surplus	74	36	305	684
Networth	**84**	**440**	**710**	**1088**
Secured Loan	40	0	0	0
Unsecured Loan	5	0	0	0
Total Loan	**45**	**0**	**0**	**0**
Total Liability	**129**	**440**	**710**	**1088**
Application of Funds				
Gross Block	15	92	267	325
Depreciation	2	5	17	37
Net Block	13	87	250	288
WIP	0	21	0	0
Net Fixed Invest.	**13**	**108**	**250**	**288**
Pre.Exp. Not w/off	0	0	0	0
Def.R.Ep. Not w/off	43	41	10	0
Investment	0	93	175	500
Current Assets	**124**	**322**	**514**	**676**
Inventory	26	50	42	77
Debtors	60	138	273	345
Cash	4	20	85	139
Loans & Advances	35	115	115	115
Creditors	36	77	94	125
Provisions	15	46	145	251
Net C. Asset	**73**	**198**	**275**	**301**
Total Assets	**129**	**440**	**710**	**1088**

Cash Flow Statement:

Rsmn	FY00	FY01	FY02E	FY03F
Sources Of Fund				
PAT	36	44	326	492
Depreciation	1	3	12	20
Inc in Equity	0	28	0	0
Inc in Share Prem.	0	301	0	0
Inc in Debt	12	-45	0	0
Inc in C. Libility	3	41	17	31
Inc in provision	12	31	99	105
Total	**64**	**403**	**454**	**649**
Utilization of Fund				
Dividend	0	15	52	103
Dividend Tax	0	2	5	11
Inc in Gross Block	7	77	175	58
Inc in CWIP	0	21	-21	0
Def. Rev. Exp.	11	-2	-31	-10
Inc in Investment	0	93	82	325
Inc in Inventory	14	24	-8	36
Inc in Debtors	16	78	135	72
Inc in Loans & Adv	25	80	0	0
Total	**76**	**387**	**388**	**594**
Op. Cash Balance	17	4	20	85
Add	-13	16	65	54
Cl. Cash Balance	**4**	**20**	**85**	**139**

Key Ratios:

	FY00	FY01	FY02E	FY03F
Growth				
Income	52%	143%	130%	46%
Earnings	53%	2%	648%	51%
Margin				
OPM	33%	16%	44%	45%
NPM	21%	8%	28%	29%
Return				
ROE	63%	17%	57%	55%
ROA	20%	9%	33%	33%

Price Sensitivity:

	FY00	FY01	FY02E	FY03F
Price/ EPS	**4.2**	**4.2**	**31.7**	**47.8**
350	84	83	11	7
400	96	95	13	8
450	108	106	14	9
500	120	118	16	10
550	132	130	17	12
600	144	142	19	13

PE Sensitivity:

	FY00	FY01	FY02E	FY03F
PE/ EPS	**4.2**	**4.2**	**31.7**	**47.8**
5	21	21	158	239
8	33	34	253	382
11	46	47	348	526
14	58	59	443	669
17	71	72	538	812
20	83	85	633	956

CEE I TV (Rs12) Subscribe

Southern 'Minnale'

CEE I TV Entertainment Ltd., is the South India based seasoned entertainment company. Company engaged into 'Film Production' (Hindi and Regional), 'Film Distribution' (Hindi and Regional), 'Television content production' and 'Content Export'.

CEEITV is coming with an IPO by issuing 4.74mn shares by diluting 32.5% of its equity at Rs12. Company is planning to raise Rs56.9m, primarily to fund content acquizition-Rs19.9m and to cater its long term working capital requirement- Rs32.2mn.

Company holds overseas rights of 930 films in Tamil, Telgu, Malayalam and Kannada. Its library also contains 102 English films and audio rights of 10 movies.

'Minnale', the movie produced by CEEITV was the most successful Tamil movie of the year, which ran for 175 days in many theaters. Its recently released Tamil movie 'Majunu' is also doing extremely well in Tamilnadu. Company has sold re-make rights of both the films to Hindi and other language producers to generate additional revenue. Previously company had co-produced well-received films like 'Jeans' and the super-hit 'Jodi'.

In near future, CEEITV is expected to release two more movies. 'Arasaktchi', the Tamil movie directed by star Tamil director 'Maharajan' and a Hindi movie 'Love You Hamesha' starring 'Akshaye Khanna and Sonali Bendre'.

Television content production is also a core area for the company. In past CEEITV had produced serials like 'Hasini Suhasini' and 'Mayavi Marichan', for Sun TV. Apart from Sun TV, company had also produced content for Vijay TV, Doordarshan and DD2.

Valuation:

CEEITV is expected to release 2/3 films per year and has recently agreed to provide 300 episodes content to Gemini TV. We expect company's topline to grow at a CAGR of 58% and bottomline at 92% for a next two years. ROE to improve steadily at 14%, in FY03 from 9% in FY01. The stock is offered at 5x FY03F earnings, which is at discount to peers. We recommend **Subscribe.**

Key Data:

YrMar Rsm	Net Sales	PAT	Change %	EPS	CEPS	PE	EV/ EBITDA	ROE
FY00	73	3	233%	0.2	0.2	70	28	0%
FY01	112	9	260%	0.6	0.7	19	14	9%
FY02E	173	20	123%	1.4	1.5	9	3	12%
FY03F	281	33	66%	2.3	2.3	5	2	14%

Key Ratios:

Yr To March	FY00	FY01	FY02E	FY03F
Mcap To Sales(x)	2.4	1.6	1.0	0.6
Sales To Gross(x)	8	4	6	6
Inventory Days	320	358	199	124
Receivable Days	63	108	60	60

Stock Market Data:

BSE Code	NA
NSE Code	NA
BSE Index	
Avg. Daily Volume- BSE	NA
52 Week High/Low	NA

Shareholding Pattern: Post-Issue

Promoters/ Associates	68%
MFs/ UTI	NA
FIIs	NA
Corporate Bodies	NA
Indian Public	32%
Others	NA

Key Data:

Market Capitalization	175
Issued Shares, mn	15
Price To Book- FY03F	2
Next Result	FY02- Annual

Serials Produced:

Serial	Channel	Genre
Manu Needhi Mandaram	Sun	Talk Show
He-Man...	DD	Cartoon
Pattigal Jagirathi	Sun	Comedy
Dasavatharam	Sun	Mytho
Aduthathu Nee	Sun	Family
Vasool Chakravarthy	Sun	Family
Mayavi Marichan	Sun	Fantacy
Marma Desam	Sun	Thriller
Hasini Suhasini	Vijay	Comedy
Shree Tirupati Balaji	DD-2	Mytho

Film Distributed- FY01/FY02

Film	Genre	Language
Snegethiye	Thriller	Tamil
Chithiram	Love Story	Tamil
Rahul	Family	Hindi
Yaadein	Love Story	Hindi

Films Produced- FY01/FY02

Film	Genre	Language
Minnale	Love Story	Tamil
Majunu	Love Story	Tamil
Arasaktchi	Action	Tamil
Love You Hamesha	Love Story	Hindi

Income Statement:

Rsmn	FY00	FY01	FY02E	FY03F
Operating Income				
Content Sale	73	112	173	281
Total Op. Inc.	**73**	**112**	**173**	**281**
Expenses				
Content Prod.	60	84	135	226
Employee Cost	1	2	3	3
Admin	6	8	8	9
Marketing & Sells	0.3	0.5	2	3
Prior Period Adj.	0	6	0	0
Total Exp.	**68**	**100**	**147**	**241**
EBIDTA	**5**	**12**	**25**	**39**
Other Income	0.5	1	2	3
Gross Profit	5	13	27	42
Depreciation	1	1	1	1
Interest Cost	2	2	3	5
PBT	**3**	**10**	**22**	**37**
Tax	0.3	0.7	2	3
Pre. Exp. W/off	0.0	0.0	0.5	0.5
PAT	**3**	**9**	**20**	**33**

Balance Sheet:

Rsmn	FY00	FY01	FY02E	FY03F
Share Capital	74	74	146	146
Share Premium	24	24	46	46
Res. & Surplus	3	12	32	65
Networth	**101**	**110**	**224**	**257**
Secured Loan	11	2	2	-
Unsecured Loan	3	12	12	-
Total Loan	**14**	**15**	**15**	**-**
Total Liability	**115**	**125**	**238**	**257**
Assets				
Gross Block	9	26	29	48
Depreciation	3	4	6	7
Net Block	**6**	**21**	**23**	**42**
Investments	19	0	50	37
Current Assets	**111**	**164**	**178**	**207**
Inventory	64	110	94	95
Debtors	13	33	28	46
Cash	21	4	36	41
Loans & Adv	14	17	20	25
Current Liability	21	62	18	29
Provision	0	1	3	6
Net C.Assets	**90**	**100**	**158**	**173**
Misc Expenditure	1	3	3	3
Pre.ExpNot w/off	-	-	4	4
Total Assets	**115**	**125**	**238**	**257**

Cash Flow Statement:

Rsmn	FY00	FY01	FY02E	FY03F
Sources of Fund				
PAT	3	9	20	33
Depreciation	1	1	1	1
Inc in Equity	29	(0)	72	-
Inc in Share Prem.	24	-	22	-
Inc in Debt	0.5	1	-	(15)
Inc in Curr. Libility	-1	41	(45)	11
Inc in provision	0.3	1	2	3
Total	**57**	**53**	**72**	**34**
Utilization of Fund				
Dividend	0	0	0	0
Dividend Tax	0	0	0	0
Inc in Gross Block	3	17	3	20
Inc in CWIP	0	0	0	0
Def. Rev. Exp.	1	2	0	-
Inc in Investment	0	(18)	50	(14)
Inc in Inventory	36	46	(16)	1
Inc in Debtors	-4	21	(5)	18
Inc in Loans & Adv	3	2	3	5
Pre Exp notw/off		-	4	(0)
Total	**38**	**70**	**40**	**29**
Op. Cash Balance	2	21	4	36
Add	19	-17	32	4
Cl. Cash Balance	21	4	36	41

Key Ratios:

	FY00	FY01	FY02E	FY03F
Growth				
Income	18%	55%	54%	63%
Earnings	233%	260%	123%	66%
Margin				
OPM	7%	10%	15%	14%
NPM	3%	8%	12%	12%
Return				
ROE	0%	9%	12%	14%
ROA	0%	8%	11%	13%

Price Sensitivity:

	FY00	FY01	FY02E	FY03F
Price/EPS	**0.2**	**0.6**	**1.4**	**2.3**
10	58	16	7	4
14	82	23	10	6
18	105	29	13	8
22	128	36	16	10
26	152	42	19	11
30	175	49	22	13

PE Sensitivity:

	FY00	FY01	FY02E	FY03F
PE/ EPS	**0.2**	**0.6**	**1.4**	**2.3**
5	1	3	7	11
7	1	4	10	16
9	2	6	12	21
11	2	7	15	25
13	2	8	18	30
15	3	9	21	34

Cinevistaas Ltd. (Rs45) BUY

Cinevistaas Ltd. (Name changed from 'Cinevista Communications Ltd.) is the best example of victimization of state broadcaster's high telecasting fee and drop in market share in Ad pie. Company posted a huge loss of Rs120m in FY01 as a result. But the things are changing for good after company changed its revenue model from *sponsored* to *commissioned* one. We believe company would be a perfect turnaround case in media industry as it is expected to post marginal loss in FY02E and an earning of Rs.59m in FY03F.

Serials on Air:
Company has removed all serials from Doordarshan and started afresh on satellite channels, quite successfully. At present six serials are running on leading satellite channels like Star, Zee and Sahara. Serials like 'Sanskruti', family drama and 'Ssshhhh Koi Hai', thriller have consistently appears in top100 TRP charts.

Program Position*:

Channel	Program	TRP	Position on Channel
Star	Sanjivani	5.4	19
Star	Ssshhhh Koi Hai	5.1	22
Star	Sanskruti	3.5	33

* As on Feb 10/02, Fe 15+.

Company is also expected to launch three new serials on various satellite channels within next 2/3 months time.

Business De-risking- Movie:
Company released a mid-budget movie 'Yeh Mohabbat Hai' in Feb02 in partnership (67:33- Cinevistaas:Mehra) with Mr. Umesh Mehra. The foray into movie production is expected to de-risk its business model apart from future growth prospects.

Valuation:
We expect Admin and marketing cost to come down, from 34% of sales to 29% & 21% of sales in FY02E and FY03F respectively, as a result of company's decisive shift from sponsored program model to commissioned one. This would help company to improve OPM from -34% in FY01 to -11% in FY02E and 11% in FY03. Currently the stock attractively trades at 8x FY03F earnings. We upgrade scrip to **BUY**.

Brief Financial:

YrMar Rsm	Net Sales	PAT	Change %	EPS	CEPS	PE	EV/ EBITDA	ROE
FY00	439	88	284%	8.7	10.5	5	-38	18%
FY01	397	-120	-237%	NA	-9.7	NA	0	NA
FY02E	284	-5	84%	NA	2.5	NA	2	NA
FY03F	286	59	1583%	5.8	8.9	8	-4	7%

Key Ratios:

Yr To March	FY00	FY01	FY02E	FY03F
Mcap To Sales (x)	1	1	2	2
Sales To Gross (x)	6	2	2	1
Inventory Days	53	80	61	65
Receivable Days	102	143	118	98

Stock Market Data:

BSE Code	532324
NSE Code	CINEVISTA
BSE Index	3604
Avg. Daily Volume- BSE	0.03mn
52 Week High/Low	90/22

Shareholding Pattern:

Promoters	73%
Corporate Bodies	2%
Indian Public	22%
Others	3%

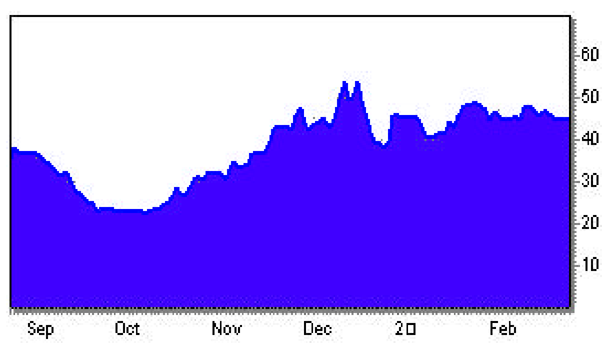
Key Data:

Market Capitalization	456
Issued Shares, mn	10
Price To Book- FY03F	0.5
Next Result	FY02- Annual

Serials on Air:

Serial	Channel	Genre
Sanskruti	Star	Drama
Ssshhhh Koi Hai	Star	Thriller
Sanjivani	Star	Drama
Dharam Aur Hum	Star	
Ek Tukda Chand Ka	Zee	Drama
Draupadi	Sahara	Mytho

Price Movement:



Income Statement:

Rsmn	FY00	FY01	FY02E	FY03F
Operational Income				
TV Content	439	397	217	278
Movie	0	0	67	8
Op. Income	**439**	**397**	**284**	**286**
Expenses				
TV Content	261	394	167	196
Movie Prod.	0	0	67	0
Admin & Selling	98	136	82	60
Total Op. Exp.	**359**	**530**	**315**	**256**
EBIDTA	**80**	**-133**	**-32**	**30**
Other Income	71	39	60	60
Gross Income	152	-94	28	90
Interest	7	4	3	0
Depreciation	5	8	12	13
Misc Exp w/off	14	14	19	18
PBT	**126**	**-120**	**-5**	**59**
Tax	38	0	0	0
PAT	**88**	**-120**	**-5**	**59**

Balance Sheet:

Rsmn	FY00	FY01	FY02E	FY03F
Equity Cap.	101	101	101	101
Share premium	720	733	733	733
Res & Surplus	96	-24	-30	29
Networth	**916**	**810**	**805**	**864**
Secured Loan	28	52	0	0
Unsecured Loan	65	0	0	0
Total Loan	**92**	**53**	**0**	**0**
Total Liability	**1009**	**863**	**805**	**864**
Application of Fund				
Gross Block	79	166	186	210
Depreciation	22	30	42	55
Net Block	57	136	144	155
Net Fixed Investment	**57**	**136**	**144**	**155**
Investment	0	140	160	204
Current Asset	**3744**	**603**	**510**	**514**
Inventory	64	87	48	51
Debtors	122	155	92	77
Cash	3505	179	171	176
Loans & Adv.	53	183	200	210
C.Liability	2849	69	47	43
Provision	44	39	35	20
Net Current Asset	**850**	**495**	**428**	**451**
Pre.Exp.Not w/off	1	1	1	0
Issue Exp Not w/off	54	40	27	13
Def Cost of Prod.	46	50	45	41
Total Assets	**1009**	**863**	**805**	**864**

Cash Flow Statement:

Rsmn	FY00	FY01	FY02E	FY03F
Sources of Funds				
PAT	88	-120	-5	59
Depreciation	4	8	12	13
Inc in Equity	63	0	0	0
Inc in Share Pre.	720	14	0	0
Inc in Loans	53	-40	-53	0
Inc in C.Liability	2751	-2780	-22	-4
Inc in Provisions	38	-6	-4	-15
Total	**3717**	**-2923**	**-72**	**53**
Application of Fund				
Dividend	0	0	0	0
Dividend Tax	0	0	0	0
Inc in Gross	30	87	20	24
Inc in Investment	0	140	20	44
Inc in Inventory	12	23	-39	4
Inc in Debtors	74	33	-63	-16
Inc in Other CA	-17	0	0	0
Inc in Loans & Adv	29	130	17	10
Pre.Exp Not w/off	1	0	0	0
Issue Exp Not w/off	54	-13	-13	-13
Def.Prod. Cost	30	4	-5	-5
Total	**213**	**403**	**-64**	**48**
Op. Cash Balance	1	3505	179	171
Addition	3504	-3326	-8	5
Cl. Cash Balance	**3505**	**179**	**171**	**176**

Key Ratios:

	FY00	FY01	FY02E	FY03F
Growth				
Income	104%	-10%	-28%	1%
Earnings	284%	-237%	-96%	0%
Margin				
OPM	18%	NA	NA	11%
NPM	20%	NA	NA	21%
Return				
ROE	18%	NA	NA	7%
ROA	2%	NA	NA	7%

Price Sensitivity:

	FY00	FY01	FY02E	FY03F
Price/EPS	**8.7**	**NA**	**NA**	**5.8**
35	4	NA	NA	6
45	5	NA	NA	8
55	6	NA	NA	9
65	7	NA	NA	11
75	9	NA	NA	13
85	10	NA	NA	15

PE Sensitivity:

	FY00	FY01	FY02E	FY03F
PE/EPS	**8.7**	**NA**	**NA**	**5.8**
5	43	NA	NA	29
10	87	NA	NA	58
15	130	NA	NA	87
20	173	NA	NA	116
25	217	NA	NA	146
30	260	NA	NA	175

Creative Eye (Rs35) BUY

Creative Eye Ltd.-CEL, the creator of blockbuster serial 'Om Namoh Shivay', which still offers revenue to company through re-runs on regional channel, has completely revamped its business model from a complete *sponsored* content provider to complete *commissioned* content provider in FY02, which explains lowered revenue and higher margin.

Creative is a very strong player in 'Mythological' content and has Mythological serials running on all major satellite channels. In fact, company's 'Jai Santoshi Maa' is the only mythological serial, which appears in top100 TRP charts (TRP-2.1 as on Feb-10/02). Company is diversifying its business model into other genre categories like Social/family drama and thriller as an only logical extension to its existing business.

De-risking Business Model:
Company is planning to release two movies in FY03 including 3D Mythological movie. We expect 3D Mythological film to do well at box-office, as there was no quality mythological movie released after 'Jai Santoshi Maa', which had displaced Bollywood's biggest blockbuster to date 'Sholay' from popularity chart after its release. We expect movies business to contribute Rs125m in FY03, 26% of its revenue to de-risk its business model further.

Company is also exploring regional content market as its daily serial will be taking off on Vijay-Tamil (Star Stable).

Valuation:
Company carries comfortable cash in its book, Rs160m, Rs8/share. The company also enjoys zero-debt status, which offers better bargaining power to the management in its dealings.

We believe, company's new *commissioned* content model to stabilize in FY03 and revenue is expected to grow to Rs504m, 134% as a result of higher no of serials and two movies. The scrip is trading attractively at 7x FY03F earnings. We reiterates **BUY** on the scrip.

Brief Financial:

YrMar Rsm	Net Sales	PAT	Change %	EPS	CEPS	PE	EV/ EBITDA	ROE
FY00	482	29	56%	1.4	1.5	25	23	21%
FY01	574	40	42%	2.0	2.1	17	11	11%
FY02E	218	48	18%	2.4	2.6	15	9	9%
FY03F	504	99	106%	4.9	5.3	7	4	17%

Key Ratios:

Yr To March	FY00	FY01	FY02E	FY03F
Mcap To Sales (x)	2	1	3	1
Sales To Gross (x)	11	9	2	3
Inventory Days	28	59	170	88
Receivable Days	84	78	79	79

Stock Market Data:

BSE Code	532392
NSE Code	CREATIVEYE
BSE Index	3604
Avg. Daily Volume- BSE	0.05mn
52 Week High/Low	42/13

Shareholding Pattern:

Promoters	57%
MFs/ UTI	16%
FIIs	1%
Corporate Bodies	12%
Indian Public	11%
Others	3%

Key Data:

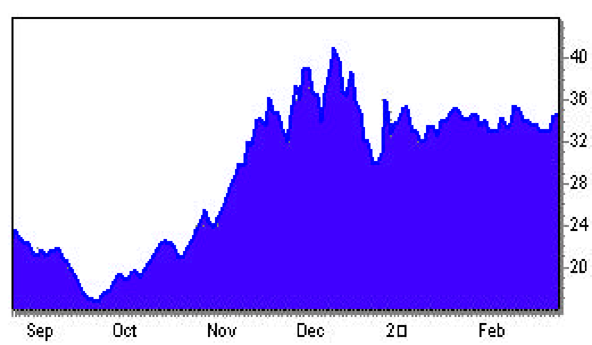
Market Capitalization, Rsm	702
Issued Shares, mn	20
Price To Book- FY03F	1.1
Next Result	FY02- Annual

Serials on Air:

Serial	Channel	Genre
Om Namah Shivay-Rerun	Vijay-Tamil	Mytho
Shree Ganesh	Sony	Mytho
Om Namoh Narayana	Sahara	Mytho
Jap Tap Vrat*	Star	Mytho
Jai Santoshi Ma	Zee	Mytho
Kabhi Kisi..**	ETV	Drama
Kya Beti Paraya Dhan Hai**	ETV	Drama
Navgraha Shakti**	MAK	Mytho
Sanjivani**	Vijay-Tamil	Drama
Chota Shaktiman**		Thriller

* Re-start in Mar/Apr, ** To be launched in next 2/3 months.

Price Movement:



Income Statement:

Rsmn	FY00	FY01	FY02E	FY03F
Content Sale	452	524	207	484
Inc in Inventory	30	50	11	20
Op.Income	**482**	**574**	**218**	**504**
Expenses				
Content Purchase	94	0	3	0
Content Production	37	0	81	337
Telecast Expenses	297	0	44	0
Admin & Other	26	28	35	45
Total	**454**	**530**	**163**	**382**
EBITDA	**28**	**44**	**54**	**121**
Other Income	15	9	18	20
Gross Income	43	54	72	141
Interest Cost	0	1	0	0
Depreciation	2	3	5	7
Bad Debts w/off	4	0	0	0
Def.Rev.Exp.w/off	1	0	0	0
Pre. Exp. W/off	0	0	3	3
PBT	**37**	**50**	**64**	**131**
Tax	8	10	16	33
PAT	**29**	**40**	**48**	**99**

Balance Sheet:

Rsmn	FY00	FY01	FY02E	FY03F
Equity Capital	75	100	100	100
Share Premium	133	360	360	360
Res. & Surplus	13	38	76	166
Networth	**221**	**498**	**537**	**626**
Secured Loan	1	0	0	0
Unsecured Loan	0	0	0	0
Total Loan	**1**	**0**	**0**	**0**
Total Liability	**222**	**499**	**537**	**626**
Application of Fund				
Gross Block	42	61	106	140
Brand Acquisition	135	135	135	135
Depreciation	7	10	15	22
Net Block	170	186	226	253
CWIP	1	0	0	0
Net Fixed Inv.	**170**	**186**	**226**	**253**
Investment	1	1	1	1
Current Asset	**207**	**420**	**356**	**458**
Inventory	35	85	96	116
Debtors	104	112	45	105
Cash	45	205	187	197
Other CA	7	6	10	15
Loans & Adv.	16	12	18	25
S.Creditors	143	127	48	68
Provision	12	11	25	42
Net Cur. Asset	**52**	**282**	**283**	**348**
Pre.Exp.Not w/off	0	30	27	24
Total Assets	**222**	**499**	**537**	**626**

Cash Flow Statement:

Rsmn	FY00	FY01	FY02E	FY03F
Sources of Fund				
PAT	29	40	48	99
Depreciation	2	2	5	7
Inc in Equity	7	25	0	0
Inc in Share pre.	0	220	0	0
Inc in Loan	-1	-1	0	0
Inc in C.Liability	6	-16	-79	20
Inc in Provision	-1	-1	14	17
Total	**41**	**271**	**-13**	**143**
Application of Funds				
Dividend	4	8	8	8
Dividend Tax	0	1	1	1
Inc in Gross	10	19	45	34
Inc in CWIP	1	-1	0	0
Inc in Investment	0	0	0	0
Inc in Inventory	30	50	11	20
Inc in Debtors	2	8	-67	60
Inc in Other CA	1	-1	4	5
Inc in Loans & Adv	8	-4	6	7
Inc in Misc Exp.	0	30	-3	-3
Total	**56**	**111**	**6**	**132**
Op. Cash Balance	56	45	205	187
Addition	-11	160	-18	10
Cl. Cash Balance	**45**	**205**	**187**	**197**

Key Ratios:

	FY00	FY01	FY02E	FY03F
Growth				
Income	16%	16%	-61%	134%
Earnings	56%	42%	18%	106%
Margin				
OPM	6%	8%	25%	24%
NPM	6%	7%	22%	20%
Return				
ROE	21%	11%	9%	17%
ROA	10%	8%	8%	15%

Price Sensitivity:

	FY00	FY01	FY02E	FY03F
Price/EPS	**1.4**	**2.0**	**2.4**	**4.9**
25	18	12	10	5
35	25	17	15	7
45	32	22	19	9
55	39	27	23	11
65	46	32	27	13
75	53	37	31	15

PE Sensitivity:

	FY00	FY01	FY02E	FY03F
PE/EPS	**1.4**	**2.0**	**2.4**	**4.9**
5	7	10	12	25
10	14	20	24	49
15	21	30	36	74
20	28	40	48	98
25	36	50	60	123
30	43	60	71	147

Pritish Nandy Communication (Rs42) BUY

Pritish Nandy Communications is one of the most diversified Media Companies; engaged into television software production, movie production, event management and development of leisure theme centers.

Television Content:
As a policy, PNC retains IPR of each and every program it produces, even if the show produced for satellite channels. At the time of IPO, Morgan Stanley had valued PNC's library at a Rs400m. At present, the library value is pegged at Rs1bn.

Movie Production:
Company's latest released 'Bollywood Calling' is been well received in the market and doing extremely well at box office. Going forward, company is expected to focus on movie production. Company has planned six movies in near future including one starstudded 'Kaante'.

Leisure/ Theme Centres:
Company had co-developed Mumbai's first bowling company, which it eventually sold for Rs15m. In FY02, PNC opened up ***Moksh – the wellness place***, a gymnasium for the premium segment. We believe company would able to amalgamate its theme centres with entertainment and media business.

Resources Management:
Company manages its resources quite efficiently. Company's 15 professionals, all of them are in their around or below 30s, manages each project independently and hires required talent from outside. Company also believes to maintain gross block at its minimum and concentrate mainly on content creation. We believe, going forward the outsourcing policy would help to improve return on capital employed and offer an operational flexibility.

Valuation:
We expect topline to improve at a CAGR of 92% at Rs495m and earnings by 27% to Rs74m for next two years. Presently the scrip is attractively trading at 0.6x to its FY03F book value and 6x to its FY03F earnings. We maintain **BUY** on the scrip.

Brief Financial:

Yr Mar Rsm	Net Sales	PAT	Change %	EPS	CEPS	PE	EV/ EBITDA	ROE
FY00	122	24	47%	2.3	2.4	19	17	20%
FY01	134	46	94%	4.4	4.8	10	-1	12%
FY02E	261	61	33%	5.9	6.4	7	1	10%
FY03F	495	74	21%	7.1	7.7	6	1	11%

Key Ratios:

Yr To March	FY00	FY01	FY02E	FY03F
Mcap To Sales (x)	4	3	2	1
Sales To Gross (x)	7	6	7	12
Inventory Days	79	293	293	160
Receivable Days	98	176	176	175

Stock Market Data:

BSE Code	532387
NSE Code	PNC
BSE Index	3604
Avg. Daily Volume- BSE	0.2mn
52 Week High/Low	55/14

Shareholding Pattern:

Promoters	38%
MFs/ UTI	3%
Banks/ FIs	5%
FIIs	6%
Corporate Bodies	20%
Indian Public	11%
NRI/OCBs	16%

Key Data:

Market Capitalization, Rsm	440
Issued Shares, mn	10
Price To Book- FY03F	0.6
Next Result	FY02- Annual

Movie Production:
Movies Produced:

Movie	Director
Kuch Khatti Kuch Mithi	Rahul Rawail
Bollywood Calling	Nagesh Kuknoor
The Mystic Masseur*	Ismail Merchant

* To Be Released

Movies Under Production:

Movie	Director
Kaante	Sunjay Gupta
Sur	Tanuja Chandra
Kalyug	Vikram Bhat
Jhankar Beats	Sujoy Ghosh
Is Pyar Ko Kya Nam Doon	Rahul Rawail

Theme Parks:

Silly Point	Tournament Facility, Pool, Sports bar
Grease	Restaurants & Theme Café
Offbeat Café	
Moksha	Fitness Club
Cyber Café	india's first internet café in 1994.

Income Statement:

Rsmn	FY00	FY01	FY02E	FY03F
Operational Income				
Content Sale	122	134	257	490
Moksha	0	0	4	5
Total Op.Inc.	**122**	**134**	**261**	**495**
Expenses				
Content Prod.	79	74	158	373
Advt&Media Con	5	1	1	1
Admin Expenses	19	23	53	55
Selling & Dist.	4	1	3	5
Total Op. Exp.	**106**	**99**	**214**	**433**
EBIDTA	**16**	**35**	**47**	**62**
Other Income	19	22	25	25
Gross Profit	35	57	72	87
Interest	1	3	0	0
Depreciation	1	1	2	3
PBT	**33**	**53**	**69**	**84**
Issue Exp.W/off	0	3	3	3
Tax	9	4	5	6
PAT	**24**	**46**	**61**	**74**

Balance Sheet:

Rsmn	FY00	FY01	FY02E	FY03F
Equity Capital	79	105	105	105
Share Premium	87	466	466	466
Res. & Surplus	8	31	69	120
Networth	**173**	**601**	**640**	**691**
Secured Loan	0	2	0	0
Unsecured Loan	0	0	0	0
Total Loan	**0**	**2**	**0**	**0**
Total Liability	**173**	**603**	**640**	**691**
Application of Funds				
Gross Block	18	21	36	40
Depreciation	2	4	6	9
Net Block	16	18	30	31
CWIP	0	15	0	0
Net Fixed Asset	**16**	**32**	**30**	**31**
Investment	13	221	221	221
Current Assets	**205**	**422**	**497**	**631**
Inventory	27	108	209	217
Debtors	33	65	126	238
Cash	113	96	78	87
Loans & Adv.	32	153	83	90
S. Creditors	38	47	90	170
Provision	11	38	28	30
Others	13	13	13	13
Net C. Assets	**143**	**324**	**366**	**419**
Issue Expenses	0	26	23	20
Total Assets	**172**	**603**	**640**	**691**

Cash Flow Statement:

Rsmn	FY00	FY01	FY02E	FY03F
Sources of Funds				
PAT	24	46	61	74
Depreciation	1	1	2	3
Inc in Equity	69	26	0	0
Inc in Share Pre.	37	379	0	0
Inc in Loans	-31	2	-2	0
Inc in S. Cre.	6	9	43	81
Inc in Provisions	6	27	-10	1
Inc in Other Lia.	6	1	0	0
Total	**116**	**491**	**95**	**159**
Application of Funds				
Dividend	17	23	23	23
Inc in Gross	0	3	15	4
Inc in CWIP	0	15	-15	0
Inc in Investment	4	208	0	0
Inc in Inventory	10	81	102	7
Inc in Debtors	8	32	61	112
Inc in L. & Adv	0	121	-70	7
Inc in Misc Exp.	0	26	-3	-3
Total	**39**	**508**	**113**	**150**
Op. Cash Balance	37	113	96	78
Addition	76	-17	-18	9
Cl. Cash Balance	**113**	**96**	**78**	**87**

Key Ratios:

	FY00	FY01	FY02E	FY03F
Growth				
Income	54%	9%	95%	90%
Earnings	47%	94%	33%	21%
Margin				
OPM	13%	26%	18%	12%
NPM	19%	34%	23%	15%
Return				
ROE	20%	12%	10%	11%
ROA	18%	12%	10%	11%

Price Sensitivity:

	FY00	FY01	FY02E	FY03F
Price/ EPS	**2.3**	**4.4**	**5.9**	**7.1**
35	15	8	6	5
45	20	10	8	6
55	24	13	9	8
65	29	15	11	9
75	33	17	13	11
85	38	19	15	12

PE Sensitivity:

	FY00	FY01	FY02E	FY03F
PE/ EPS	**2.3**	**4.4**	**5.9**	**7.1**
5	11	22	29	36
10	23	44	59	71
15	34	66	88	107
20	45	88	117	142
25	57	110	146	178
30	68	132	176	213

Television Eighteen (Rs109) SELL

TV 18 India, the first and only Indian player in 24hrs business news channel, is showing sign of business improvement, but still short of expectation. In Q3FY02 for the first time the company declared a consolidated* profit of Rs2mn. We expect consolidated loss of Rs16m in FY02E and profit of Rs22m in FY03F.

Company primarily has two lines of business, content production and equipment hiring. TV 18 is the exclusive business news content provider to CNBC India, a 49:51 JV between TV18 Mauritius, 100% subsidiary of TV18 India and CNBC Asia. At present company provides 10.5hrs of business news feed to CNBC India, while retaining right on news clippings, though business news clippings carry negligible re-telecast value.

TV18's entertainment content business, which had produced quality shows like 'Bhanwar', 'The India Show' to name a few, scaled down considerably and only recently started getting attention from management. At present company's dance show 'Kya Masti Kya Dhum' is doing well on Star plus.

TV18's news content business on CNBC has a very limited growth scope and we believe company is already at near stagnation level. The future growth would come from entertainment content production and company's newly launched Internet operations.

Valuation:

OPM of a consolidated entity has improved consistently to 18% in Q3FY02 from a mere 1% in Q1FY02. We expect operating income to improve 10% in FY03F to Rs353mn and earnings by 172% to Rs22mn. The scrip is quoting at 54x FY03F earnings, which is at the premium to peers, considering the near stagnation of its mainline business. Also the business has yet to be re-affirm its turnaround. We maintain **SELL** on the scrip.

Brief Financial:

Yr Mar Rsm	Net Sales	PAT	Change %	EPS	CEPS	PE	EV/ EBITDA	ROE
SFY00	317	134	237%	12	13.4	9	18	5%
FY01*	197	32	-53%	5.8	3.8	19	15	3%
FY02E#	322	-16	-124%	NA	1.5	NA	17	NA
FY03F#	353	22	172%	2.0	5.2	54	8	2%

*: Financial Year Changed to March, 6 Months Operations.
#: Consolidated Accounts with Subsidiaries.

Key Ratios:

Yr To March	SFY00	FY01*	FY02E#	FY03F#
Mcap To Sales(x)	4	6	4	3
Sales To Gross(x)	1	1	1	1
Inventory Days	28	23	4	10
Receivable Days	264	160	159	120

Stock Market Data:

BSE Code	532299
NSE Code	TV18
BSE Index	3604
Avg. Daily Volume- BSE	0.2mn
52 Week High/Low	219/37

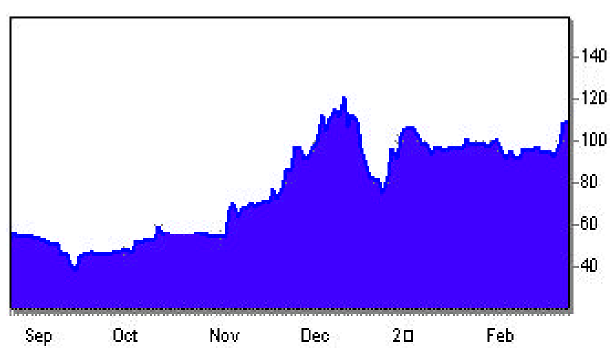
Shareholding Pattern:

Promoters	26%
MFs/ UTI	14%
FIIs	1%
Corporate Bodies	10%
Indian Public	30%
Others	19%

Key Data:

Market Capitalization, Rsm	1195
Issued Shares, mn	11
Price To Book- FY03F	1.3
Next Result	FY02-Annual

Stock Movement:



Income Statement:

Rsmn	SFY00	FY01*	FY02E#	FY03F#
Operational Income				
Content Sale	313	168	287	313
Equipment Hire	4	29	35	40
Op. Income	**317**	**197**	**322**	**353**
Expenses				
Content Cost	85	36	75	80
Staff Exp.	46	36	58	62
Admin exp.	128	72	140	150
Dec. in Inventory	18	13	15	-6
Op. Expenses	**278**	**156**	**288**	**286**
EBIDTA	**39**	**40**	**34**	**67**
Other Income	204	17	39	35
Gross profit	244	57	73	102
Interest	27	12	30	30
Depreciation	13	10	32	35
Extraordinary Items	0	0	24	12
PBT	**204**	**35**	**-12**	**25**
Tax	70	3	4	3
PAT	**134**	**32**	**-16**	**22**

Cash Flow Statement:

Rsmn	SFY00	FY01*	FY02E#	FY03F#
Sources of Funds				
PAT	134	32	-16	22
Depreciation	13	6	32	35
Inc in Equity	32	0	0	0
Inc in Share Premium	506	0	0	0
Inc in Loans	33	86	-48	0
Inc in S. Creditors	31	-1	21	2
Inc in Provision	9	-4	1	-1
Total	**758**	**119**	**-10**	**59**
Application of Funds				
Dividend	10	5	5	5
Dividend Tax	2	1	1	1
Inc in Gross	162	9	37	34
Inc in CWIP	-5	-4	0	0
Inc in Investment	377	-22	-50	29
Inc in Inventory	-20	-12	-8	6
Inc in Debtors	125	-57	-33	-24
Inc in Loans & Adv	124	197	17	10
Inc in Misc Exp.	-17	-2	-2	-1
Total	**759**	**116**	**-33**	**59**
Op. Cash Balance	9	9	12	36
Addition	0	3	24	-1
Cl. Cash Balance	**9**	**12**	**36**	**35**

Balance Sheet:

Rsmn	SFY00	FY01*	FY02E#	FY03F#
Equity capital	109	109	109	109
Share Premium	601	601	601	601
Res & Surplus	216	242	220	236
Networth	**926**	**952**	**930**	**947**
Secured Loan	111	198	150	150
Unsecured Loan	0	0	0	0
Total Loan	**111**	**198**	**150**	**150**
Total Liability	**1037**	**1149**	**1080**	**1097**
Application of Funds				
Gross block	269	278	316	350
Depreciation	25	31	63	98
Net Block	244	247	253	252
CWIP	4	0	0	0
Net Fixed Assets	**248**	**247**	**253**	**252**
Investment	437	414	364	393
Current Assets	**418**	**550**	**549**	**541**
Inventory	24	12	4	10
Debtors	229	173	140	116
Cash	9	12	36	35
Loans & Adv.	156	353	370	380
S. Creditors	58	57	78	80
Provision	13	9	10	9
Net Cur.Assets	**347**	**485**	**462**	**452**
Misc. Exp.	6	4	1	0
Total Assets	**1037**	**1149**	**1080**	**1097**

Key Ratios:

	SFY00	FY01*	FY02E#	FY03F#
Growth				
Income	81%	24%	-18%	10%
Earnings	237%	-53%	-124%	172%
Margin				
OPM	-52%	12%	-2%	9%
NPM**	NA	8%	-17%	-4%
Return				
ROE	5%	3%	NA	2%
ROA	5%	1%	NA	0.5%

**: Ex-Other Income

Price Sensitivity:

	SFY00	FY01*	FY02E#	FY03F#
Price/ EPS	**12.3**	**5.8**	**NA**	**2.0**
50	4	9	NA	25
75	6	13	NA	37
100	8	17	NA	49
125	10	22	NA	62
150	12	26	NA	74
175	14	30	NA	86

*: Financial Year Changed to March, 6 Months Operations.
#: Consolidated Accounts with Subsidiaries.

PE Sensitivity:

	SFY00	FY01*	FY02E#	FY03F#
PE/ EPS	**12.3**	**5.8**	**NA**	**2.0**
10	123	58	NA	20
15	184	87	NA	30
20	245	116	NA	41
25	307	145	NA	51
30	368	174	NA	61
35	429	203	NA	71

Post-Production / Film Exhibition

Film exhibition business, traditional and big format and post production companies though provides infrastructure network to entertainment & media industry and end-to-end service, its valuation always lags behind to its counterparts in content creation and content marketers. The industry requires huge investment to start with and apart from initial investment, entry barriers are low for new entrant. Be it a Film printing and processing business, film exhibition business or post-production services like editing, mixing etc, technical talent is available abundant and cheaply. Besides low entry barriers, large initial investment and longer break-even period also makes projects unattractive.

In-house Post-Production

Many of the film producers and television content producers, the main customers of post-production houses have recently gone public and raised public money to set up their own post-production studios, which saves time and operational expenses for them and offer much needed operational flexibility. The situation is showing on many post-production companies as they either diversified their business into serial productions, animation or started perishing. We believe going forward pure post-production play wouldn't add any value to its stakeholders and companies need to find out their own synergies with other industries to diversify.

Film Exhibition

Film exhibitors were hit very badly in the last two years due to the lack of availability of quality content. While operational cost moved up significantly along with irrational entertainment taxes at the wish of state governments, the industry is reeling under pressure. Recently 'Maharastra' government declared multiplex policy with five-year entertainment tax holiday. Buoyed with the policy, Maharastra is expected to witness a multiplex boom with approximately 50 screens to be added in next two years time. While policy is been received quite enthusiastically, it doesn't offer anything to standalone cinemas, which is crucial for film industry, as new multiplexes will take time to be operational to offer any tangible gain.

Cable/VCD

Association of film producers has banned producers to sell Cable/Satellite/DVD or VCD rights of any films before 12 months of theater release. Despite this strict ruling and all efforts from security agencies, pirates managed to release VCD of any film just on the same day of film release. While cinema halls charge anywhere between Rs30-100 per person for film viewing, pirates offer their service just for Rs25/per view, at any time of the day. Improved quality of pirated VCDs, flexibility of film viewing and considerable price drop in VCD players (Rs2500 onwards) after the entry of Chinese players made market much tougher for the cinema halls.

Future Unfolds

The fate of the film exhibition business is more in hands of film producers than exhibitors themselves. Despite higher pricing, lower flexibility it is seen that audiences do turn to cinema halls, provided the content is good. As film success ratio is dropping consistently over a period of time, only good content would improve capacity utilization for the industry.

Adlabs Films (Rs53) HOLD

Adlabs Films successfully completed its diversification into Film exhibition business by launching India's first 15/70 format IMAX Dome Theater and Mumbai's first four screen Multiplex in FY02.

Film Printing & Processing- Stagnation:
Adlabs' legacy business, film printing & processing is expected to de-grow by 12% over FY01, to Rs252m as a result of poor performance of film business over last two years.

Also the fact that company which already controls 70% business share in western India in film printing and an inability to improve realization despite this dominant position due to a fierce competition from South Indian players and low technical entry barriers, restricts further growth for the company.

Adlabs' film trading business, which constitutes 30% of revenue, offers a dismal margin of 3% and is stagnated for last few years.

IMAX Dome/ Multiplex- Film Exhibition:
Despite having the first mover advantage in IMAX and Multiplex projects and the entertainment tax holiday of 5 years company enjoys, we believe locational disadvantage, high entry fee, lack of quality content to offer and high break-even period makes project unattractive.

IMAX and Multiplex are currently operating at a 40-45% and 45-50% capacity utilization respectively and would break-even after 5+ and 5 years considering the same utilization rate.

Valuation:
We expect company's earnings to be flat, growth of 5% at Rs130m and negative growth of 12% to Rs115m in FY02 and FY03F respectively as a result of higher operational and depreciation cost of Film exhibition business. Currently the scrip is trading at 10x FY03F earnings. We reiterates **HOLD** on the scrip.

Brief Financial:

YrMar Rsm	Net Sales	PAT	Change %	EPS	CEPS	PE	EV/ EBITDA	ROE
FY00	355	52	45%	2.4	2.9	22	12	41%
FY01	464	123	138%	5.7	6.2	9	4	16%
FY02E	542	130	5%	6.0	7.6	9	3	15%
FY03F	598	115	-12%	5.3	7.7	10	2	12%

Key Ratios:

Yr To March	FY00	FY01	FY02E	FY03F
Mcap To Sales (x)	3	2	2	2
Sales To Gross (x)	3.7	0.9	0.9	1.0
Inventory Days	4	10	10	10
Receivable Days	130	109	99	100

Stock Market Data:

BSE Code	532399
NSE Code	ADLABSFILM
BSE Index	3604
Avg. Daily Volume- BSE	0.04mn
52 Week High/Low	103/31

Shareholding Pattern:

Promoters	80%
Banks/FIs	4%
Corporate Bodies	5%
Indian Public	11%

Key Data:

Market Capitalization, Rsm	1136
Issued Shares, mn	21.5
Price To Book- FY03F	1.2
Next Result	FY02-Annual

Capacity utilization- Project Break-even:

Imax	
Capacity Utilization	**BE- Years**
40%	6.0
45%	5.3
55%	4.3
65%	3.7
75%	3.2
85%	2.8
Multiplex	
Capacity Utilization	**BE- Years**
45%	5.6
55%	4.6
65%	3.9
75%	3.3
85%	2.9
95%	2.6

15/70- IMAX Theaters:

Region	IMAX- Theaters
North America	142
Western Europe	42
Eastern Europe	2
North Europe	2
Middle East	1
Asia	14
Japan	22
Australia/NZ	8
Africa	2
Total	**235**

Income Statement :

Rsmn	FY00	FY01	FY02E	FY03F
Film Print & Proce.	174	286	252	277
Traded Goods	181	178	194	203
IMAX	0	0	65	74
Multiplex	0	0	31	44
Op. Income	**355**	**464**	**542**	**598**
Production Exp	74	91	80	90
Traded Goods	173	171	187	197
IMAX/Multiplex	0	2	62	88
Staff & Admin	24	37	40	45
Inventory Adj.	0	-2	-2	-1
Op. Expenses	**270**	**301**	**367**	**419**
EBIDTA	**84**	**163**	**175**	**179**
Other Income	14	27	54	50
Gross Profit	98	191	229	228
Interest	0	2	11	11
Depreciation	10	9	33	50
PBT	**88**	**179**	**185**	**167**
Tax	33	50	45	42
Prior Period Items	2	0	0	0
Depre. W/back	0	4	0	0
Issue Exp. W/off	1	10	10	10
PAT	**52**	**123**	**130**	**115**

Balance Sheet:

Rsmn	FY00	FY01	FY02E	FY03F
Equity Capital	86	108	108	108
Share Premium	0	506	506	506
Res & Surplus	42	140	245	335
Networth	**127**	**754**	**859**	**949**
Unsecured Loans	52	74	63	63
Total Loan	**52**	**74**	**63**	**63**
Total Liability	**179**	**828**	**922**	**1012**
Application of Funds				
Gross Block	96	531	589	600
Depreciation	36	42	74	124
Net Block	60	489	515	476
CWIP	0	33	0	0
Net Fixed Asset	**60**	**522**	**515**	**476**
Investment	117	0	0	0
Current Assets	**308**	**693**	**766**	**950**
Inventory	4	13	15	16
Debtors	126	138	146	163
Cash	45	74	204	321
Other C. Assets	97	0	0	0
Loans & Advances	35	467	400	450
S. Creditors	175	257	238	274
Provision	131	172	153	162
Net C. Assets	**2**	**263**	**375**	**514**
IssueExp. Not w/off	0	43	32	22
Total Assets	**179**	**828**	**922**	**1012**

Cash Flow Statement :

Rsmn	FY00	FY01	FY02E	FY03F
Sources of Funds				
PAT	52	123	130	115
Depreciation	10	5	33	50
Inc in Equity	0	22	0	0
Inc in Share Prem.	0	506	0	0
Inc in Loans	40	22	-11	0
Inc in C.Liability	28	82	-19	36
Inc in Provision	66	42	-19	9
Total	**195**	**802**	**114**	**210**
Application of Funds				
Dividend	30	23	23	23
Dividend Tax	3	2	2	2
Inc in Gross	8	435	59	11
Inc in CWIP	0	33	-33	0
Inc in Investment	117	-117	0	0
Inc in Inventory	0	9	2	1
Inc in Debtors	24	12	8	17
Inc in Other CA	-3	-97	0	0
Inc in Loans & Adv	-14	432	-67	50
Inc in Misc Exp	0	43	-11	-10
Total	**166**	**773**	**-17**	**93**
Op. Cash Balance	16	45	74	204
Addition	29	29	131	117
Cl. Cash Balance	**45**	**74**	**204**	**321**

Key Ratios:

	FY00	FY01	FY02E	FY03F
Growth				
Income	21%	31%	17%	10%
Earnings	45%	138%	5%	-12%
Margin				
OPM	24%	35%	32%	30%
NPM	15%	27%	24%	19%
Return				
ROE	41%	16%	15%	12%
ROA	13%	14%	10%	8%

Price Sensitivity:

	FY00	FY01	FY02E	FY03F
Price/ EPS	**2.4**	**5.7**	**6.0**	**5.3**
35	15	6	6	7
45	19	8	7	8
55	23	10	9	10
65	27	11	11	12
75	31	13	12	14
85	35	15	14	16

PE Sensitivity:

	FY00	FY01	FY02E	FY03F
PE/ EPS	**2.4**	**5.7**	**6.0**	**5.3**
5	12	29	30	27
10	24	57	60	53
15	36	86	91	80
20	48	115	121	107
25	60	144	151	134
30	72	172	181	160

Galaxy Multimedia (Rs3.5) HOLD

Galaxy Multimedia Ltd., the complete integrated post-production house, the new entrant into market became fully operational in FY02. Company is yet to declare net profit as a result of competitive condition in the market and heavy depreciation provision.

Galaxy is engaged into content production and post-production. Within a short span of time, company managed to add respectable names like Venus, Sony, Universal Music, Devgans Entertainment, Unistar Multimedia, Neo Films, Zee Telefilms and Sahara TV in its client list.

Content Production:
To de-risk its business model, to fuel its future growth and to step up value ladder, company is looking television content production as a logical extension to its existing post-production activities. Galaxy has produced serials like 'Hotel Hindusthan', comedy for 'Zee TV' and 'Manzile Aur Bhi Hai' for 'Sahara TV'. Sahara TV projected 'Manzile...' as one of the front running program on its channel to celebrate its first anniversary of channel launch.

To scale up its content production, company is talking to few leading channels for 2/3 new concepts. We believe that company would able to launch at least one new serial in FY03.

Post-Production:
Despite having a locational and latest technological advantage, we expect post-production revenue to grow by a mere 10% as a result of an overall slump in entertainment market and in-house post-production efforts from big houses. We believe going forward in-house content production and an expected improvement in an entertainment industry would improve utilization rate.

Valuation:
We expect company to improve operating margin to 21% in FY03F from 12% in FY02E but continue to make losses as a result of heavy depreciation charge. The scrip is available at 0.3x to its FY03F book value. We maintain **HOLD** on the scrip.

Brief Financial:

Yr Mar Rsm	Net Sales	PAT	Change %	EPS	CEPS	PE	EV/ EBITDA	ROE
FY01*	22	-5	NA	NA	0.2	NA	19	NA
FY02E	40	-12	-144%	NA	0.1	NA	11	NA
FY03F	43	-7	38%	NA	0.5	NA	6	NA

* 6 Month Operation

Key Ratios:

Yr To March	FY01*	FY02E	FY03F
Mcap To Sales (x)	1.6	0.9	0.8
Sales To Gross (x)	0.2	0.4	0.4
Inventory Days	0	18	34
Receivable Days	135	120	119

Stock Market Data:

BSE Code	532380
NSE Code	NA
BSE Index	3604
Avg. Daily Volume- BSE	0.003m
52 Week High/Low	9/1.4

Shareholding Pattern:

Promoters	52%
MFs/ UTI	0%
FIIs	7%
Corporate Bodies	7%
Indian Public	33%
Others	1%

Key Data:

Market Capitalization, Rsm	35
Issued Shares, mn	10
Price To Book- FY03F	0.5
Next Result	FY02-Annual

Post-Production Facility:

Facility	
Editing Suite	Off Line/ On Line- *Preliminary/Final Editing*
Audio Suite	Sound Mixing, Original Tracks
3D Suite	SGI's MAYA & 3D MAX *3D Animated Characters*
Paint & Compositing	FIRE/INFERNO/FLINT

Income Statement :

Rsmn	FY01*	FY02E	FY03F
Operating Income			
TV Content	1	8	8
Post Production	21	30	33
Inc in Inventory	0	2	2
Op. Inc	**22**	**40**	**43**
Expenses			
Content Cost	0	7	6
Post Production Cost	13	15	15
Staff	3	5	4
Admin Exp.	4	8	9
Other Exp.	0	0	0
Op. Expenses	**20**	**35**	**34**
EBIDTA	**3**	**5**	**9**
Other Income	0	0	1
Gross Profit	3	5	9
Interest exp.	2	4	4
Depreciation	6	13	13
Issue Exp w/off	0	0	0
PBT	**-5**	**-12**	**-7**
Tax	0	0	0
PAT	**-5**	**-12**	**-7**

Cash Flow Statement :

Rsmn	FY01*	FY02E	FY03F
Sources of Funds			
PAT	-5	-12	-7
Depreciation	6	13	13
Inc in Equity	101	0	0
Inc in Loans	0	0	0
Inc in S. Creditors	24	0	1
Inc in Provision	3	6	-2
Total	**129**	**6**	**4**
Application of Funds			
Dividend	0	0	0
Dividend Tax	0	0	0
Inc in Gross	110	0	0
Inc in Inventories	0	2	0
Inc in Debtors	8	5	3
Inc in Other C.Assets	0	2	1
Inc in Loans & Adv	3	-1	0
Inc in Misc Expenses	3	0	0
Total	**124**	**8**	**4**
Op. Cash Balance	1	6	4
Addition	5	-2	0
Cl. Cash Balance	**6**	**4**	**4**

Balance Sheet:

Rsmn	FY01*	FY02E	FY03F
Equity Capital	101	101	101
Res & Surplus	-5	-17	-24
Networth	**95**	**84**	**76**
Secured Loan	24	24	24
Unsecured Loan	0	0	0
Total Loan	**24**	**24**	**24**
Total Liabilities	**120**	**108**	**100**
Application of Funds			
Gross Block	110	110	110
Depreciation	7	19	32
Net Block	103	91	78
Current Assets	**17**	**23**	**27**
Inventory	0	2	4
Debtors	8	13	14
Cash	6	4	4
Other Cur.Assets	0	2	3
Loans & Adv.	3	2	2
S. Creditors	3	9	7
Provision	0	0	0
Net Current Asset	**13**	**14**	**20**
Issue Exp Not w/off	3	3	3
Total Assets	**120**	**108**	**100**

Key Ratios:

	FY01*	FY02E	FY03F
Growth			
Income	NA	78%	8%
Earnings	NA	NA	NA
Margin			
OPM	12%	12%	21%
NPM	NA	NA	NA
Return			
ROE	NA	NA	NA
ROA	NA	NA	NA

Price Sensitivity:

	FY01*	FY02E	FY03F
Price/ EPS	**NA**	**NA**	**NA**
2	NA	NA	NA
5	NA	NA	NA
10	NA	NA	NA
15	NA	NA	NA
20	NA	NA	NA
25	NA	NA	NA

PE Sensitivity:

	FY01*	FY02E	FY03F
PE/ EPS	**NA**	**NA**	**NA**
5	NA	NA	NA
10	NA	NA	NA
15	NA	NA	NA
20	NA	NA	NA
25	NA	NA	NA
30	NA	NA	NA

S|C|S Span Capital Services

Indian Media Research **A Comparison** 22/2/2002

Company	Reco	Price	Mkt Cap	MktCap in USDmn	Week Volume	52 Week		Eq Cap	No of Shares	EPS			PE			Mkt Cap/Sales		
			Rsmn		*in '000*	*High*	*Low*	*Rsmn*	*mn*	*FY01*	*FY02E*	*FY03F*	*FY01*	*FY02E*	*FY03F*	*FY01*	*FY02E*	*FY03F*
Movie Content Producers																		
Mukta *(i)*	BUY	91	2066	43	969	222	48	113	23	2.7	6.3	8.7	34.4	14.4	10.5	20.5	5.4	4.0
Music Companies																		
Magnasound*(ii)*(	Sub*	30	315	7		Unquoted		105#	11	0.5	NA	1.0	63.0	NA	28.6	0.9	2.3	2.8
Saregama *(iv)*	HOLD	124	1158	24	9	360	82	93	9	5.4	NA	NA	23.0	NA	NA	0.7	1.1	0.9
Tips	HOLD	164	1968	41	1504	183	35	120	12	6.0	NA	NA	27.4	NA	NA	1.9	2.4	2.9
Broadcasters																		
ETC Networks	BUY	29	400	8	1749	70	9	139	14	1.8	1.8	3.1	16.4	16.3	9.4	0.8	1.2	0.9
SABTNL *(iv)*	BUY	191	1610	34	2270	195	40	84	8	12.3	10.1	20.6	15.5	18.9	9.3	1.7	2.2	0.9
Television Content Producers																		
Balaji	BUY	408	4202	88	58	469	87	103	10	4.2	31.7	47.8	96.4	12.9	8.5	8.6	3.7	2.6
Cee I TV	Sub*	20	292	6		Unquoted		146	15	0.6	1.4	2.3	32.4	14.5	8.8	2.6	1.7	1.0
Cinevista	BUY	45	457	10	16	90	22	101	10	NA	NA	5.8	NA	NA	7.8	1.2	1.6	1.6
Creative Eye	BUY	35	693	14	119	42	13	100	20	2.0	2.4	4.9	17.2	14.5	7.0	1.2	3.2	1.4
PNC	BUY	42	440	9	381	55	14	105	10	4.4	5.9	7.1	9.5	7.2	5.9	3.3	1.7	0.9
TV 18 *(iii)($)*	SELL	109	1195	25	1036	219	37	109	11	2.9	NA	2.0	37.6	NA	53.8	6.1	3.7	3.4
Post-Production / Movie Exhibition																		
Adlabs Films	HOLD	53	1136	24	92	103	31	108	22	5.7	6.0	5.3	9.2	8.7	9.9	2.4	2.1	1.9
Galaxy *(iii)*	HOLD	4	35	0.7	14	9	1	101	10	NA	NA	NA	NA	NA	NA	1.6	0.9	0.8

i: Dec Yr End, ii: Sept Yr End,
iii:6 Months Operations in FY01, iv:Private Placement
* Subscribe
@ 6 Months figures for FY01
\# Post IPO
$ Consolidated With Subsidiaries in FY02/FY03

Company	Operating Revenues			PAT			OPM			NPM			ROE	Recivables Days		
	FY01	*FY02E*	*FY03F*	*FY01*	*FY02E*	*FY03F*	*FY01*	*FY02E*	*FY03F*	*FY01*	*FY02E*	*FY03F*	*FY03F*	*FY01*	*FY02E*	*FY03F*
Movie Content Producers																
Mukta (i)	101	386	511	60	143	197	66%	27%	9%	28%	37%	39%	7%	64	14	26
Music Companies																
Magnasound(ii)@	352	138	111	5	-74	11	23%	-40%	20%	1%	-59%	10%	10%	149	515	742
Saregama (iv)	1652	1095	1350	50	-184	-68	8%	-12%	-1%	3%	-16%	-5%	NA	73	90	90
Tips	1056	803	674	72	-274	-241	28%	21%	32%	7%	-34%	-37%	NA	93	91	89
Broadcasters																
ETC Networks	476	337	426	24	25	43	10%	20%	29%	5%	7%	10%	9%	123	150	150
SABTNL (iv)	932	748	1782	104	85	173	9%	14%	12%	11%	11%	10%	10%	173	180	150
Television Content Producers																
Balaji	489	1126	1644	44	326	492	16%	44%	45%	8%	28%	29%	55%	103	88	77
Cee I TV	112	173	281	9	20	33	10%	15%	14%	8%	12%	12%	14%	108	60	60
Cinevista	397	284	286	-120	-5	59	-34%	-11%	11%	-30%	-2%	21%	7%	143	118	98
Creative Eye	574	218	504	40	48	99	8%	25%	24%	7%	22%	20%	17%	78	79	79
PNC	134	261	495	46	61	74	26%	18%	12%	34%	23%	15%	11%	176	176	175
TV 18 (iii)($)	197	322	353	32	-16	22	12%	-2%	9%	8%	-17%	-4%	2%	160	159	120
Post-Production / Movie Exhibition																
Adlabs Films	464	542	598	123	130	115	35%	32%	30%	27%	24%	19%	12%	109	99	100
Galaxy (iii)	22	40	43	-5	-12	-7	12%	12%	21%	-22%	-30%	-17%	NA	135	120	119

Company	Inventory Days			Earning Yield	Cash*	Promoters Holding	Public	Serials/ Movies/ Music
	FY01	FY02E	FY03F		FY01			
Movie Content Producers								
Mukta (i)	366	24	54	1.1	910	69%	11%	Yaadein, Rahul, Badhai Ho Badhai
Music Companies								
Magnasound(ii)@	87	328	369	0.4	1	51%		Kabhi To Nazar Milao
Saregama (iv)	49	50	50	NA	55	48%	10%	Mohabbatein, Kaho Na Pyar Hai
Tips	50	65	84	NA	118	69%	16%	Yaadein, Ajanabee, Ek Rishta.
Broadcasters								
ETC Networks	38	71	70	1.2	24	43%	4%	Film Promos, Music Based programs, Gurbani, Kahani Kismat Ki
SABTNL (iv)	5	7	6	1.2	85	45%	20%	Suraag, Suspense This Week, Damini, Office Office
Television Content Producers								
Balaji	37	14	17	1.3	160	68%	6%	Kyunki Saans Bhi..., Kahani Ghar Ghar Ki, Kkusum, Kohi Aapna Sa, Koshish Ek...
Cee I TV	358	199	124	1.3	36	68%	32%	Minnale, Majunu, Arasaktchi
Cinevista	80	61	65	1.4	171	73%	22%	Sanskruti, Draupadi, Ssshhh Koi Hai, Yeh Mohabbat Hai
Creative Eye	59	170	88	1.6	187	57%	11%	Shree Ganesh, Jap Tap Vrat, Om Namo Narayan, Jai Santoshi Maa
PNC	293	293	160	1.9	78	38%	11%	Kaatnte, Kuch Khatti Kuch Mithi, Bollywood Calling, Sansui Movie Awards
TV 18 (iii)($)	23	4	10	0.2	12	26%	30%	Business News, Kya Masti Kya Dhum
Post-Production/ Movie Exhibition								
Adlabs Films	10	10	10	1.1	204	80%	11%	IMAX & Multiplex, Film Printing/ Processing
Galaxy (iii)	0	18	34	NA	4	52%	33%	Post Production Studio, Serial- Manzile Aur Bhi Hai

* Actual- Cash plus Liquid Investment

** Return To Long Term Deposit Rate (SBI)

SBI 10 Yr Deposit Rate 9%

SCS	Span Capital Services								
Indian Media Research				**Shareholding**				As on Dec 31st 01	
Company	**Promoters**	**MFs & UTI**	**Banks, FIs**	**FIIs**	**Corporate Bodies**	**NRI / OCBs**	**Others**	**Public**	**Total**
Movie Content Producers									
Mukta	15509400	896811	22000	1560000	1522925	449878	64253	2559933	**22585200**
	69%	*4%*	*0%*	*7%*	*7%*	*2%*	*0%*	*11%*	*100%*
Music Companies									
Saregama	4461931	839668	608791	885800	782978	72814	720000	970618	**9342600**
	48%	*9%*	*7%*	*9%*	*8%*	*1%*	*8%*	*10%*	*100%*
Tips	8266033	0	80000	95000	1083642	102880	416881	1961064	**12005500**
	69%	*0%*	*1%*	*1%*	*9%*	*1%*	*3%*	*16%*	*100%*
Broadcasters									
ETC Networks	5036000	954060	0	511900	4216243	498899	0	482398	**11699500**
	43%	*8%*	*0%*	*4%*	*36%*	*4%*	*0%*	*4%*	*100%*
SABTNL	3754807	1375524	225789	4431	1280858	12440	62816	1693335	**8410000**
	45%	*16%*	*3%*	*0%*	*15%*	*0%*	*1%*	*20%*	*100%*
Television Content Producers									
Balaji	6999460	1143625	540	651146	843647	9518	78043	577271	**10303250**
	68%	*11%*	*0%*	*6%*	*8%*	*0%*	*1%*	*6%*	*100%*
Cinevista	7448000	31953	17461	14000	223067	23989	194472	2180558	**10133500**
	73%	*0%*	*0%*	*0%*	*2%*	*0%*	*2%*	*22%*	*100%*
Creative Eye	11410950	3193370	231686	210720	2500711	14360	297488	2198965	**20058250**
	57%	*16%*	*1%*	*1%*	*12%*	*0%*	*1%*	*11%*	*100%*
PNC	3973500	302232	533134	637437	2107393	1724930	21000	1167374	**10467000**
	38%	*3%*	*5%*	*6%*	*20%*	*16%*	*0%*	*11%*	*100%*
TV 18	2844983	1553710	182630	75150	1087343	814031	1057284	3326957	**10942088**
	26%	*14%*	*2%*	*1%*	*10%*	*7%*	*10%*	*30%*	*100%*
Post Production / Movie Exhibition									
Adlabs Films	17183600	0	799950	0	1042883	1255	112743	2360319	**21500750**
	80%	*0%*	*4%*	*0%*	*5%*	*0%*	*1%*	*11%*	*100%*
Galaxy	5247210	0	0	665000	678141	54120	100000	3305999	**10050470**
	52%	*0%*	*0%*	*7%*	*7%*	*1%*	*1%*	*33%*	*100%*