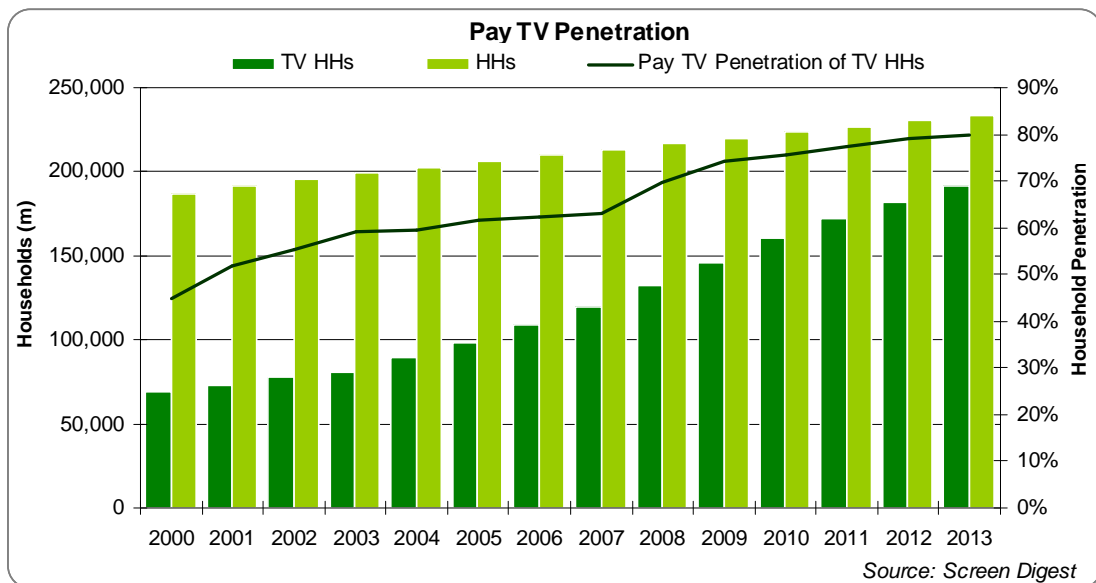




Indian Pay TV platforms look for investors as downturn eases

London 17th September 2009: Research just published by media analysts Screen Digest (www.screendigest.com) shows that India's TV market is expected to experience growth in all sectors until 2013.

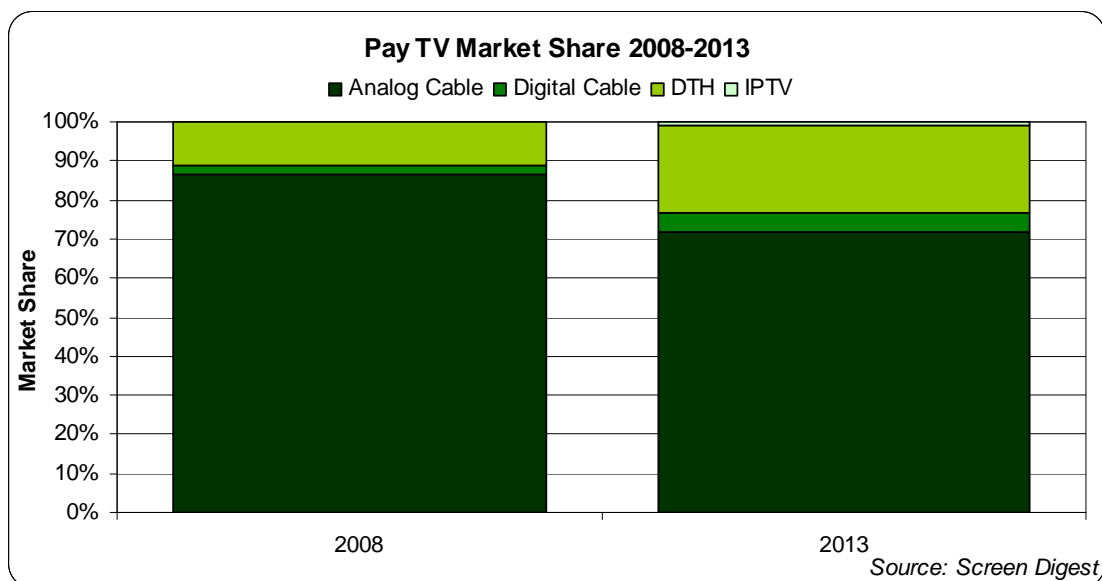
The Indian economy is weathering the worldwide downturn far better than almost any major country and is forecast to grow 4.3 percent in 2009 and 6.5 percent the following year; lower than past rates, but much better than Western Europe and the US. Screen Digest predict that the TV market will see growth too – with the number of TV households rising from 133m last year to 191m by 2013, outstripping increases in the population and households in the same period.



Analogue has largest audience, but satellite reaches the high income group

Analogue cable TV accounted for 89 percent of all pay TV homes in 2008 and roughly 60,000 operators. Screen Digest believes it will increase its subscriber base from 80m to 113m by 2013. Yet despite its large base, Screen Digest forecasts slow conversion to digital. With its affluent middle class audience, satellite is perhaps the more attractive prospect, not just for operators including Dish TV, Sun Direct TV, Big TV, Airtel Digital TV and Tata Sky, but also for the wider media industry due to its transparency in reporting. At the end of 2008 these players accounted for 10m all-digital households, up from 750,000 in 2005.

IPTV services are also set to expand as Screen Digest estimates broadband penetration of TV households to increase from 4.2 percent at present to 13.4 percent in 2013. At present IPTV is hardly making an impact in the market.



Hindi channels account for a major chunk of the TV advertising market. Screen Digest believes that whilst the outlook for the top three or four Hindi-language channels in the general entertainment space is good, ever-increasing competition and pressures on advertising revenue will see some of the smaller channels either fold their operations or merge with bigger channel groups. However,

Screen Digest believes that the future growth potential will be in regional channels - News Corporations' Star TV is already looking to tap into this market with a \$100m investment.

Impact of the recession on the Indian TV market

Although there has been a spurt in channel launches, a number have been delayed by the challenging economic environment. As channel numbers increase, so have the key costs for broadcasters – particularly carriage fees, expanding operations and staff salaries. In some cases broadcasters have seen their costs increase by 40-50 percent. The sudden impact of the recession has forced a re-examination of cost base, resulting in some retrenching and pay cuts, notably NDTV and Zee. Easing of regulations governing foreign ownership in Indian media is in the pipeline, and may provide a welcome respite to several cash-strapped Indian companies.

Aravind Venugopal Screen Digest Research Analyst for Television says “The sudden drop in advertising revenue brought about by the recession has been a wake up call for the Indian media industry which has until date seen tremendous growth. A welcome respite will be the easing of foreign ownership regulations. If the regulations are eased as planned, India can expect to see a strong inflow of foreign funding, followed by a round of consolidation – especially in the cable and satellite pay TV sectors. This inflow of funds will also be crucial to the digitization of the nations' analogue cable TV networks – necessary not just for the cable operators themselves to be able to compete with satellite, but for the entire TV value chain”

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About this research

The report 'India set to resume a passage to TV growth' is published in September 2009. Part of the TV intelligence service, the report includes analysis of each platform in India and forecasts their performance to 2013, as well as analysis of major channel operator groups. 11 local and overseas players are covered in this report.

Aravind Venugopal, Research Analyst

Aravind joined the Television team at Screen Digest in 2009 as a research analyst.

Aravind holds a masters degree in Media Management from the University of Westminster, where he focused on the strategies of UK's pay TV operators, and a bachelor's degree in commerce (B.Com) from the University of Pune, India. Prior to joining Screen Digest, he worked in the creative side of the radio industry, including a stint at the Arabian Radio Network, Dubai.

About Screen Digest

Screen Digest is the pre-eminent firm of industry analysts covering global media markets. Headquartered in London, with offices in New York and Monterey, California, we employ a team of 40 specialist analysts covering film, television, broadband, mobile, cinema, home entertainment and gaming. Our online services and reports provide the information and analysis that hundreds of media companies worldwide base their decisions on. Most recently we have launched Global Media Intelligence (GMI), a new service which provides research and analysis specifically for media-focused institutional investors. www.screendigest.com. To find out more, contact Screen Digest sales@screendigest.com Tel: +44 (0) 20 7424 2820