

MANAGEMENT DISCUSSION & ANALYSIS



INDUSTRY REVIEW

INDIAN ECONOMY

The global economy faced another challenging year in 2012 as it continued to recover slowly following the global financial crisis of 2008. Slow US economic recovery, European sovereign debt crisis, moderating growth in China and other emerging economies continued to hold back the global GDP growth rates. As per a World Bank report 'Global Economic Prospects' released in January 2013, global economic growth was subdued at 2.3% in 2012. It is expected to remain flat in 2013 followed by a gradual increase to 3.1% and 3.3% in 2014 and 2015, respectively.



In addition to the weak global scenario, the Indian economy faced several internal macro-economic challenges such as high fiscal deficit, large current account deficit, significant rupee depreciation, high inflation, high interest rates and consequent slowdown in core sectors as well as corporate and infrastructure investments. The Indian GDP thus grew at only 5% in FY2012-13, the lowest in the last decade. The Indian Media & Entertainment (M&E) industry too was affected by the economic slowdown, resulting in reductions in advertising budgets across all the sectors. However, the recent policy measures taken by the government are expected to pave the way for a gradual recovery for the Indian economy. With some improvement

also likely in the global economy in 2013, prospects for the Indian economy look better and real GDP growth is expected to be in the range of 6.1% to 6.7% in FY2013 - 14.

INDIAN MEDIA & ENTERTAINMENT INDUSTRY

The Indian M&E industry, one of the fastest growing industries in the world, is currently at an inflection point where "Content Digitisation" has become the industry norm. Every segment across the industry — television, radio, advertisement, films and print — is gradually transitioning towards digitisation. A push for digitisation in India has led to the development of sophisticated

digital production techniques. New content distribution platforms such as broadband and digital cinema, direct-to-home (DTH) and digital cable broadcasting, sophisticated electronic devices etc. have resulted in the emergence of new business models and revenue streams in the industry. Further, an increasing penetration of multiplexes and entry of domestic as well as international corporate houses across the M&E value chain are driving growth in the industry.

SIZE OF INDIA'S MEDIA & ENTERTAINMENT INDUSTRY

	2011	2012	YOY% 2012 VS. 2011	2013P	2014P	2015P	2016P	2017P	CAGR (2012- 17)
TV	329,000	370,100	12.50%	419,900	501,400	607,400	725,000	847,600	18.00%
PRINT	208,800	224,100	7.30%	241,100	261,400	285,600	311,200	340,200	8.70%
FILMS	92,900	112,400	21.00%	122,400	138,300	153,600	171,700	193,300	11.50%
RADIO	11,500	12,700	10.40%	14,000	15,400	18,700	22,700	27,400	16.60%
MUSIC	9,000	10,600	18.10%	11,600	13,100	15,300	18,300	22,500	16.20%
OOH	17,800	18,200	2.40%	19,300	21,100	23,000	25,000	27,300	8.40%
ANIMATION AND VFX	31,000	35,300	13.90%	40,500	46,800	54,300	63,100	73,400	15.80%
GAMING	13,000	15,300	17.70%	20,100	23,800	30,900	36,200	42,100	22.40%
DIGITAL ADVERTISING	15,400	21,700	40.90%	28,300	37,100	48,900	65,100	87,200	32.10%
TOTAL	728,000	821,000	12.60%	917,000	1,059,000	1,238,000	1,438,000	1,661,000	15.20%

Source: FICCI-KPMG Indian Media and Entertainment Industry Report 2013; All Figures in Rs. Million

The Indian M&E industry grew by 12.6% from ₹ 728 billion in 2011 to ₹ 821 billion in 2012. With the benefits of digitisation, continued growth of regional media, upcoming elections, strength in the film sector and the fast-increasing new media businesses, the industry is estimated to achieve a growth rate of 11.8% in 2013 to touch ₹ 917 billion. The sector is projected to grow at a healthy CAGR of 15.2% to touch ₹ 1,661 billion by 2017.

INDIAN TELEVISION INDUSTRY

The Indian television industry witnessed the effects of an economic slowdown with companies holding back capital and cutting advertisement budgets in the backdrop of subdued economic environment. Leading

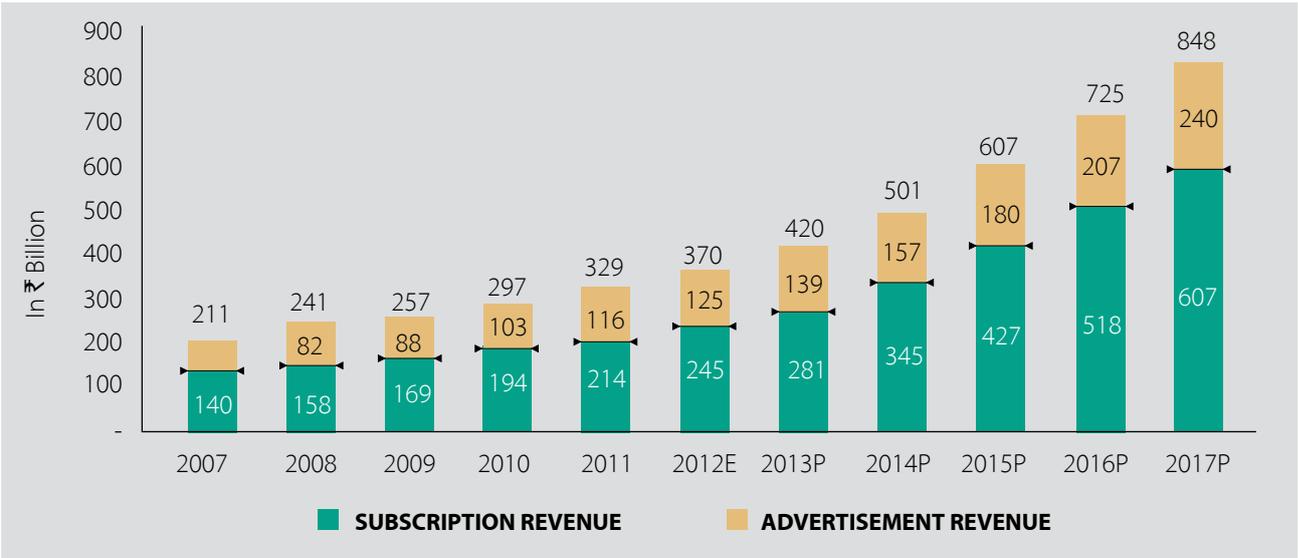
players and networks were able to handle the tough conditions better than small and niche players. Further, the television industry also witnessed consolidation and exits, paving the way for a more sustainable, profitable future. Despite the current challenges, the long-term outlook remains positive as India continues to remain a key strategic market for leading international broadcasters.

The television industry saw a major regulation passed in 2012, requiring 100% digitisation of television content and broadcasting, which is expected to significantly change the entire dynamics of the television business. Digitisation of cable is expected to bring in transparency and increase subscription revenues for Multi System Operators (MSOs) and broadcasters. It

is further expected to reduce carriage fees, building a case for the launch of niche channels and investment in content for existing channels. Developments and refinements in viewership measurement systems will affect the way advertising is distributed among channels.

The television industry in India is estimated at ₹ 370 billion in 2012, and is expected to grow at a CAGR of 18% during 2012-2017, to touch ₹ 848 billion by 2017. Aided by digitisation and the consequent increase in average revenue per user, the share of subscription revenue to the total industry revenue is expected to increase from 66% in 2012 to 72% in 2017.

REVENUE BREAK-UP OF INDIA'S TV INDUSTRY



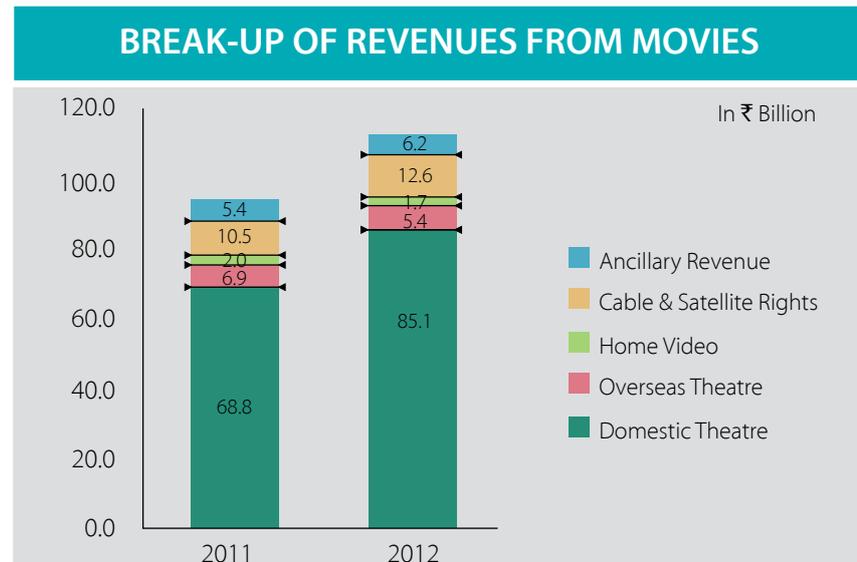
Source: KPMG in India Analysis, Industry discussions conducted by KPMG in India



INDIAN FILM INDUSTRY:

The film making business has undergone several changes over recent times. Production houses are increasingly opting for co-production as the preferred business model going forward. They have been collaborating with local regional players as well as international studios in order to make inroads into newer markets. In addition to this, digital distribution has resulted in a gradual shift from releasing films with physical prints to the digital format. The share of digital format has increased from around 50% in 2010 to around 80-90% in 2012, enabling films to broaden their reach and reduce the distribution timeframe.

Cinema theatres have continued to remain the dominant medium of film exhibition. However, the landscape is now undergoing drastic changes. While there has been a significant increase in the number of multiplexes in India, the number of single screen theatres continues to dwindle with around 97 single screens shutting down in 2012 alone. Further, the industry has overall achieved 77% digitisation of screens in 2012 and expects to achieve 100% digitisation by 2013. While the domestic theatre segment continued to dominate, digital distribution played a significant role in increasing the reach of the industry penetrating further into Tier II and Tier III markets entertaining the under-served population. All this



Source : KPMG in India Analysis

is made possible by leveraging the digital technology which facilitates the movie watching experience at an affordable cost and in a secure manner.

Piracy continues to remain a concern for the Indian film industry. As per the Motion Pictures Distributors Association (MPDA), India is among the top nations in the world in terms of video piracy. It witnessed a with US\$ 1.1 billion loss due to piracy in 2012, an increase of 15.8% from that in 2008. The decrease in theatre-to-television timeframe from more than six months to less than three months at present helped restrict the physical medium of piracy to some extent. Further, online piracy has also

been reduced by cooperation from the government and internet service providers by blocking websites providing pirated content. However, a complete ban on piracy will come only from a change in mindset of the consumers.

The Indian film industry displayed strong performance in 2012. Domestic theatres will continue to be the major growth driver for the industry while ancillary revenue streams will also grow rapidly albeit off a smaller base. The industry would continue to excite India's large population base of more than one billion viewers and is expected to be worth ₹ 193.3 billion by 2017.

Source: FICCI-KPMG Indian Media and Entertainment Industry Report 2013



COMPANY REVIEW

OUR TELEVISION BUSINESS

TELEVISION ENTERTAINMENT HAS BEEN OUR FOUNDATION STONE. WE HAVE ESTABLISHED CAPABILITIES TO CREATE NEW AND DIVERSE STORY LINES AND PROVEN OUR ABILITIES IN GAUGING THE PULSE OF THE MASSES. MOST OF OUR PROGRAMMES ARE AIRED AT PRIME-TIME AND ARE WELL ACCEPTED BY OUR VIEWERS, REFLECTED BY RISING TRPs.

REGION-WISE BREAK-UP OF OUR TV SHOWS

SERIAL	CHANNEL	TIME SLOT	DAYS
COMMISSIONED SHOWS			
Hindi			
Bade Achhe Lagte Hain	Sony TV	22.30-23.00	Monday to Thursday
Kya Huaa Tera Vaada*	Sony TV	22.00-22.30	Monday to Thursday
Parichay*	Colors	22.30-23.00	Monday to Friday
Pavitra Rishta	Zee TV	21.00-21.30	Monday to Friday
Ek Thi Naayika*	Life OK	23.00-24.00	Saturday & Sunday
Savdhaan India	Life OK	22.30-23.30	Friday
Gumraah Season 2*	Channel [V]	17.30-18.00	Monday to Thursday
The Serial*	Channel [V]	17.30-18.00	Monday to Thursday
Marathi			
Arundhati*	Zee Marathi	19.30-20.00	Monday to Saturday
Mission Dosti.Com*	SAAM Marathi	20.30-21.00	Monday to Saturday
Rang Mazaa Vegala*	SAAM Marathi	20.00-20.30	Monday to Saturday
Kannada			
Pavitra Bandhana	ETV Kannada	21.30-22.00	Monday to Friday
SPONSORED SHOWS (PRODUCED & MARKETED)			
Kalyanee*	Udaya TV	14.00-14.30	Monday to Friday
Kannavari Kalalu*	Gemini TV	14.00-14.30	Monday to Friday
Kasthuree*	Sun TV	11.00-11.30	Monday to Friday
Nuvvu Nachav*	Gemini TV	14.00-14.30	Monday to Friday
Yuggadi*	Udaya TV	10.30-11.00	Monday to Friday

* Serials Off Air

OUR TELEVISION BUSINESS

ONGOING SERIALS

JODHA AKBAR

Premiered: June 2013

Lead actors: Rajat Tokas, Paridhi
Sharma, Chetan Hansraj

Genre: Historical love story

Channel: Zee TV

Jodha Akbar is an interesting love story with a beautiful flavour of the Mughals and Rajputs.

It is the story of love at the time of hate, love that changed humanity and the understanding and acceptance of all religions.



जोधा अकबर

Jodha Akbar is an eternal love story of cultural and religious battle in the time of the Mughal Emperor Akbar and his Hindu wife Jodha Bai, a fiery Rajput princess. This is a 16th century love story about a political marriage of convenience. It has a mix of interesting love triangles, politics of the harem and power-hungry women weaved in together. It is a love story with a beautiful flavor of the Mughals and Rajputs. It is the story of love at the time of hate, love that changed humanity and the understanding and acceptance of all religions.

The love story starts with the brutality of Jalal *aka* Akbar and how his mentor Bairam raised him to be the deadliest and the most brutal man. Jalal grows up to be a man without a heart, with no understanding of love and compassion and does everything he can to become the most powerful

king. The story later portrays the alliance between Akbar and the Rajput king Bharmal, Jodha's father. When the Mughals attacked Amer and had the Rajput king at their feet, the king found no other way but to make an alliance with Akbar to survive. In the alliance, the Rajput princess Jodha was married off to Akbar.

After marriage, Jodha steps into the house of the Mughals which is a completely different world. It shows how religion had a role to play, but Jodha stands out to be a Rajputani princess indeed. With her love, Jodha influences not just Akbar and makes him humble, but the entire Mughal Empire. She transforms the most ruthless King into a great emperor. That is when Jalal becomes Akbar, the Great, with support, love and logic from his beloved wife Jodha.

OUR TELEVISION BUSINESS

**ONGOING
SERIALS****BADE ACHHE
LAGTE HAIN**

Premiered: May 2011

Lead actors: Ram Kapoor, Sakshi Tanwar

Genre: Mature love story

Episodes completed: 400

Channel: Sony TV

Bade Achhe Lagte Hain is an unconventional love story of two mature people getting married and then falling in love.

A love story where two people with many differences in likes, dislikes, tastes and attitudes are brought together because of circumstances.



बड़े अच्छे लगते हैं

ये धरती ये नदिया ये रेना और तुम

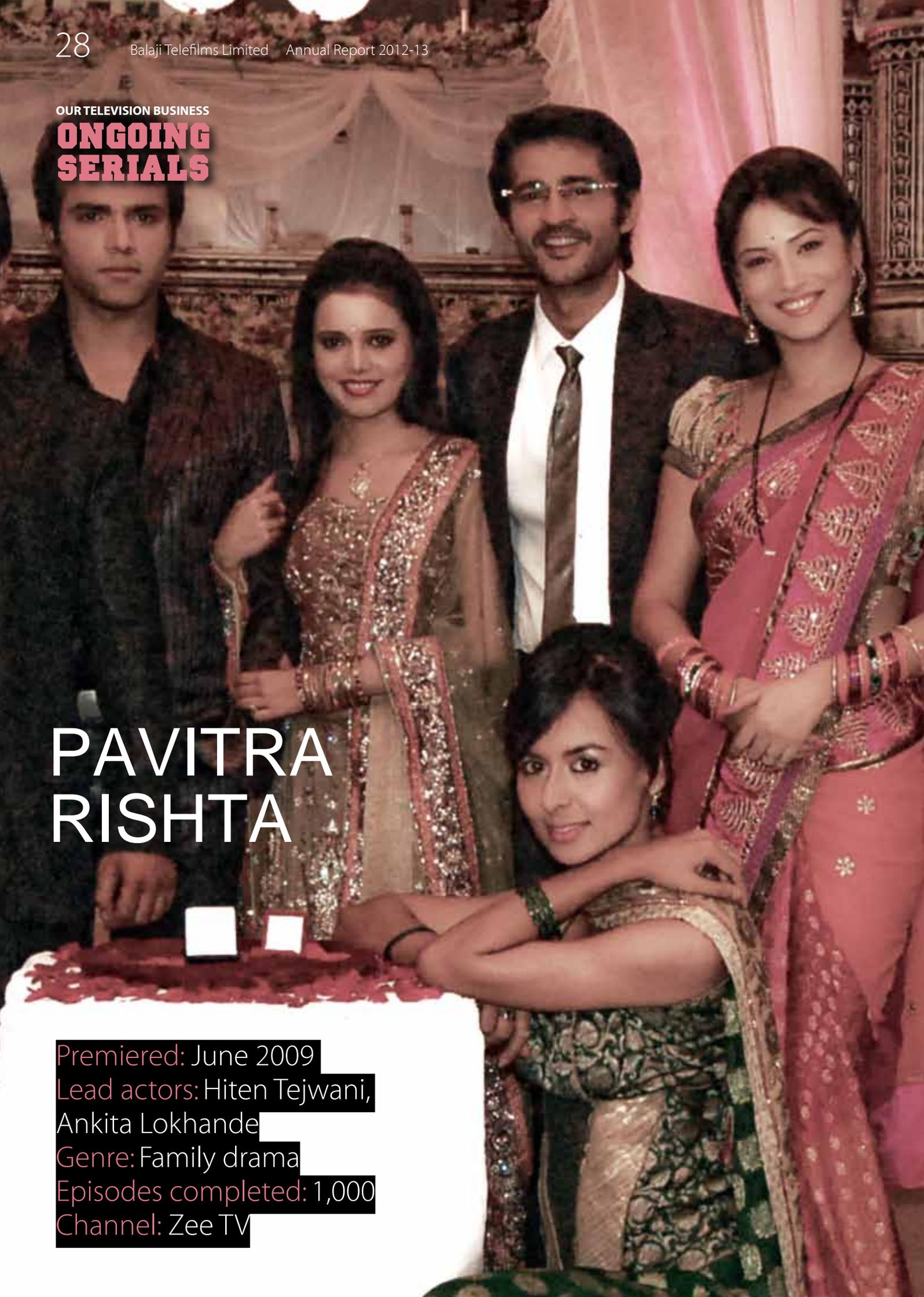
Conceived by Ekta Kapoor, *Bade Achhe Lagte Hain* is an unconventional love story of two mature people getting married and falling in love. It is based on the Hindi play *Patrani* by Imtiaz Patel. It explores the world of two completely divergent personalities – Ram Kapoor and Priya Sharma – who never found common ground on their own, but later accidentally discover love through the institution of marriage. It is a love story where love creeps in, unsuspected, after marriage. A love story where two people with many differences in likes, dislikes, tastes and attitudes, are brought together because of circumstances.

Priya is a happy go lucky woman in her early 30s, not married so far and quite sure that she wouldn't be able to get married ever. She takes TOEFL tuitions

for college students and is happy with the world. Ram Kapoor is a 40-plus entrepreneur who also believes he has missed the bus of marriage. But as fate would have it, they bump into each other through a minor car accident which hurts their egos more than their vehicles and then after a series of miscommunications and misunderstandings, destiny contrives once again to get the two married because of their siblings who are madly in love with each other. After showing differences, friendship, romance, love, clash and separation in the first phase, the serial took a leap of five years and showed the reunion of Ram and Priya. It still continues to entertain the audience with some interesting twists, new faces, new stories, new complications and complex relations.

Audiences found it easy to identify with the realistic characters of Ram and Priya. The two leads, with their non-glamorous looks, are the two most popular television characters. Ram, with his weight issues, and the kurta clad, middle class Priya, with her age and marriage issues, are characters many people can identify with. It is a story minus the twists and turns, a story minus unbelievable and traffic coincidences, a story with realistic characters and situations, and most importantly, a story which gave a much-needed break from the depressing and repetitive tales on TV. The acting skills of Ram Kapoor and Sakshi Tanwar further wooed audiences, with the show earning a dedicated viewership, placing it on top of the charts.

OUR TELEVISION BUSINESS

**ONGOING
SERIALS****PAVITRA
RISHTA****Premiered:** June 2009**Lead actors:** Hiten Tejwani,
Ankita Lokhande**Genre:** Family drama**Episodes completed:** 1,000**Channel:** Zee TV

Pavitra Rishta talks about the strong emotional bond every mother shares with her daughter.

The show, which took a 20-year leap, has been shot in a modest environment sans any glamour and grandeur, essaying a middle-class household's routine and lifestyle.

पवित्र रिश्ता

Pavitra Rishta portrays the simple life of two common middle-class Maharashtrian families in the city of Mumbai and their daily life. It is the story of a couple – Manav and Archana Deshmukh – and their families. Archana is an uneducated girl, who takes care of her family. Manav is a garage owner and a mechanic, who alone earns and supports his family. Manav and Archana marry and then face many bad circumstances, but manage to surpass them all.

Pavitra Rishta talks about the strong emotional bond every mother shares with her daughter. This interesting saga brings in the flavour of the mother-daughter relationship and a mother's search for a desirable match for her

daughter. Archana's mother is one of the few people who appreciates the middle-class girl and is determined to help her daughter get a good match. Manav and Archana face many good and bad circumstances but manage to surpass them. The show, which had taken a 20-year leap, is shot in a modest environment sans any glamour and grandeur, essaying a middle-class household's routine and lifestyle. The practical nuances of the story are lived and felt by the dedicated viewership of the show. *Pavitra Rishta* is now the story of the next generation – Arjun and Purvi, who is Archana's daughter. She is the replica of Archana, while Arjun is also like Manav in many ways. The serial now portrays the journey of their love story (similar to Archana and

Manav) and also the hardships they face in life, their bonding of love and their family values.

In March 2013, the serial completed 1,000 episodes and received critical and commercial success. It has been the longest running serial on Zee TV and won many awards at Zee Rishtey Awards and Zee Gold Awards. The TV show transformed Zee TV as the No. 1 in General Entertainment Channel for a period of time and provided very good TRPs. Old episodes of the serial are still airing on Zee Smile. The show also won two international awards for Best Drama and other major awards in the Best Supporting Actor and Best Negative Actor category. The show also won the Seoul International Drama Award.

OUR TELEVISION BUSINESS

COMPLETED
SERIALSKYA HUAA
TERA
VAADA

Premiered: January 2012
-May 2013
Lead actors: Mona Singh, Pawan
Shankar,
Mouli Ganguly
Genre: Family drama
Episodes completed: 276
Channel: Sony TV

Kya Huaa Tera Vaada was the story of Pradeep Singh and Mona Singh and the plot revolved around their lives 12 years after their marriage. The show was liked for the protagonist standing up for herself and finding her rightful place. It created dedicated viewership due to middle class values portrayed and engaged viewers through many twists and turns. The dialogues were real, the sets and costumes created a seemingly authentic ambience.

GUMRAAH:
END OF
INNOCENCE

(Season 1, 2)

Premiered: March 2012
Host: Karan Kundra
Genre: Reality show based on
juvenile crime
Episodes completed: Season 1
(16); Season 2 (76)
Channel: Channel V

Gumraah: End of Innocence was based on juvenile crime and portrayed true crime stories committed by youth. It focused on factors leading to crime committed by teenagers and their consequences. It won the Best Crime/Thriller Show at the 12th Indian Television Academy awards. It was nominated as the favorite TV Crime Drama by People's Choice Awards India and secured 10 nominations at the Indian Telly Awards 2013.



एक थी नायिका



PARICHAY - NAI ZINDAGI KAY SAPNO KA

Premiered: July 2011-
March 2013

Lead actors: Sameer Soni,
Keerti Nagpure

Genre: Family drama

Episodes completed: 200

Channel: Colors

The unusual love story of *Parichay* revolved around the male protagonist Kunal Chopra, a fallen hero who was once a career-oriented and successful lawyer. Within a short time, the show managed to entertain audiences and garnered a strong support system and loyal viewership. The show bid adieu to its huge fan following in March 2013 with a happy ending and since then dedicated fans have been demanding its Season 2.

THE SERIAL

Premiered: November 2012-
March 2013

Lead actors: Rohan Shah, Karan
Kundra, Soumya Seth, Sara Khan

Genre: Thriller

Channel: Channel V

The Serial was a unique story which explored the life of television actors through the eyes of 17 year-old actor Rohan Shah. It included all the actors in their real-life roles. The story then covered the life and struggles of various celebrities from the protagonist's point of view.

EK THI NAAYIKA

Premiered: March 2013-
April 2013

Lead actors: Sakshi Tanwar,
Smriti Irani

Genre: Thriller

Episodes completed: 16

Channel: Life OK

Ek Thi Naayika was a special TV series created for the promotion of the super-natural thriller *Ek Thi Daayan*. It featured the biggest actresses of Indian television and was aired in the form of an 8-series show, with each episode highlighting the triumph of good over evil.

OUR TELEVISION BUSINESS

UPCOMING SERIALS

MERA TERA RISHTA PURANA

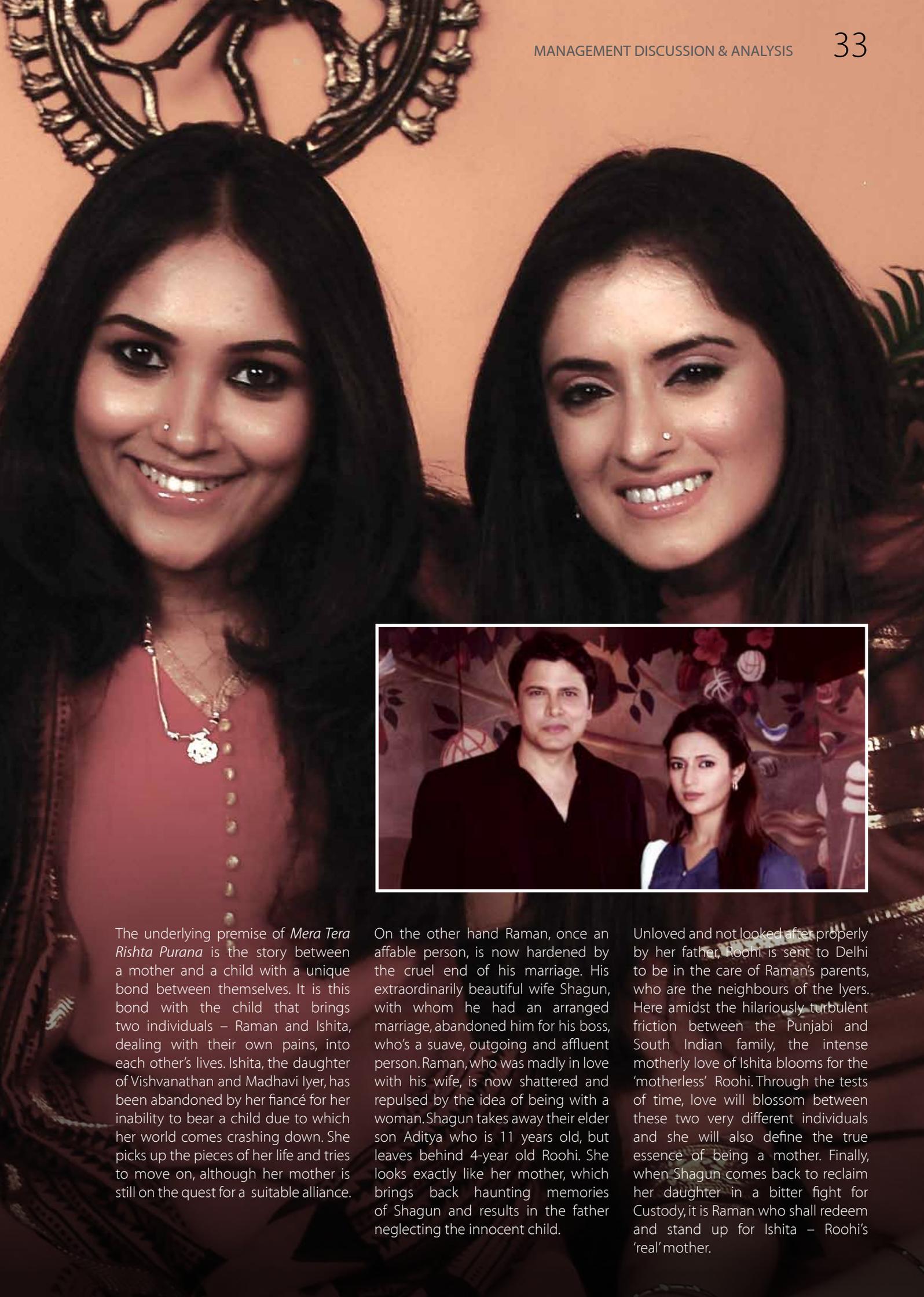
To premier: H2 of FY14

Lead actors: Cezanne Khan, Divyanka Tripathi, Aly Goni,
Vineet Raina

Genre: Family drama

Channel: Star Plus

The underlying premise of *Mera Tera Rishta Purana* is the story between a mother and a child who develop a unique bond between themselves.



The underlying premise of *Mera Tera Rishta Purana* is the story between a mother and a child with a unique bond between themselves. It is this bond with the child that brings two individuals – Raman and Ishita, dealing with their own pains, into each other's lives. Ishita, the daughter of Vishvanathan and Madhavi Iyer, has been abandoned by her fiancé for her inability to bear a child due to which her world comes crashing down. She picks up the pieces of her life and tries to move on, although her mother is still on the quest for a suitable alliance.

On the other hand Raman, once an affable person, is now hardened by the cruel end of his marriage. His extraordinarily beautiful wife Shagun, with whom he had an arranged marriage, abandoned him for his boss, who's a suave, outgoing and affluent person. Raman, who was madly in love with his wife, is now shattered and repulsed by the idea of being with a woman. Shagun takes away their elder son Aditya who is 11 years old, but leaves behind 4-year old Roohi. She looks exactly like her mother, which brings back haunting memories of Shagun and results in the father neglecting the innocent child.

Unloved and not looked after properly by her father, Roohi is sent to Delhi to be in the care of Raman's parents, who are the neighbours of the Iyers. Here amidst the hilariously turbulent friction between the Punjabi and South Indian family, the intense motherly love of Ishita blooms for the 'motherless' Roohi. Through the tests of time, love will blossom between these two very different individuals and she will also define the true essence of being a mother. Finally, when Shagun comes back to reclaim her daughter in a bitter fight for Custody, it is Raman who shall redeem and stand up for Ishita – Roohi's 'real' mother.

OUR TELEVISION BUSINESS

**UPCOMING
SERIALS****SAVDHAAN
INDIA – INDIA
FIGHTS BACK**

To premier: H2 of FY14

Lead Hosts: Hiten Tejwani, Amar Upadhyay

Genre: Crime thriller

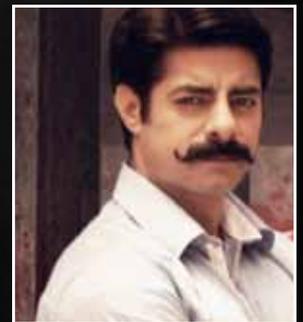
Channel: Life OK

Savdhaan India – India Fights Back is a take on real-life crimes occurring everyday with an underlying message of being alert and aware of your surroundings.



सावधान इंडिया

100 Days, 100 Fights Back



Savdhaan India – India Fights Back is a real-life documentary drama which focusses on India's fight for justice against shocking real-life crime cases. These are real-life stories of real-life heroes who do not succumb to crime. It is a take on real-life crimes that occur every other day with an underlying message to be alert and aware of your surroundings. The show will unravel stories that fail to get a voice and will narrate a dramatised, but not fictionalised, account of what actually happened at the crime scene.

The show depicts how heinous crimes such as murder, kidnapping, rape, robbery, fraud, sexual assault and forgery are happening every single day at every nook and corner. Despite living in ignorance, the entire society is plagued with crimes round-the-clock. It demonstrates how turning a blind eye to the situation is not the solution. While few stories surface and the larger populace come to know about them, hundreds and thousands of unfortunate incidents change some lives forever.

OUR TELEVISION BUSINESS
**UPCOMING
SERIALS**

PAVITRA BANDHAN

To premier: July 2013

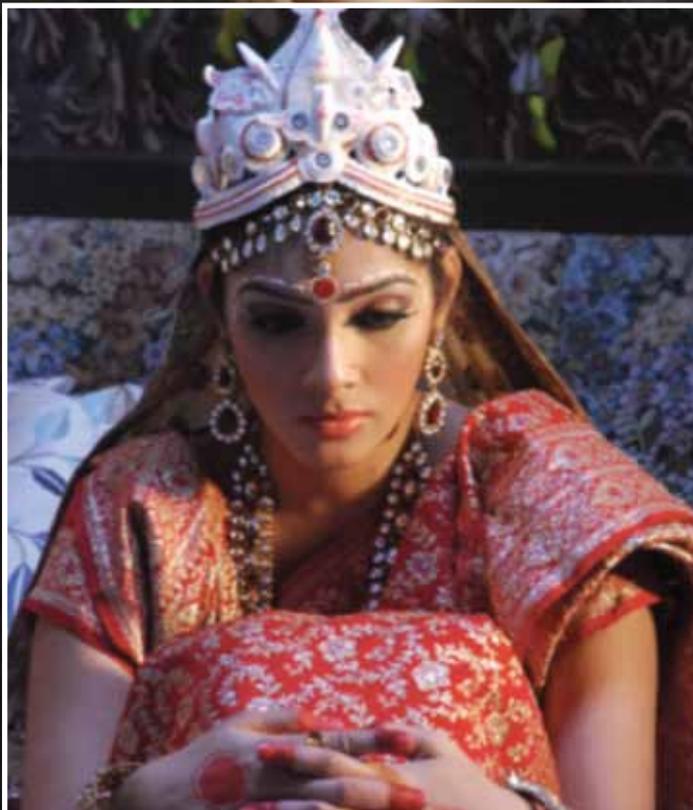
Lead actors: Yash Tonk, Hritu Dudani

Genre: Family drama

Channel: Doordarshan



Pavitra Bandhan is an interesting story set in the backdrop of the beautiful landscapes of West Bengal and showcases the enriched Bengali culture.



Pavitra Bandhan is a metaphorical take on the story of this young free-spirited woman. It is a poignant and passionate tale of a young woman who has been pushed by destiny and circumstances into a situation which is like a dark and endless night. And she has to still lighten other people's life without the love of her life. The show depicts whether she will be able to survive the never-ending night to finally get her love. This is a not a typical love story, but an interesting story set in the backdrop of the beautiful landscapes of Bengal and showcases the enriched Bengali culture of a young lower middle class girl and an older rich man who does not believe in love any more.

STRATEGIES IN PLAY FOR OUR TELEVISION BUSINESS

TRANSFORMING THE UNDERPINNING BUSINESS MODEL TOWARDS BETTER PROFITABILITY, PREDICTABLE GROWTH

Our infrastructure – in-house cameras, lights and sets – are effectively utilised to amortise our fixed costs and produce more shows.



Operational efficiency and cost rationalisation have been our key focus areas. We have adopted the practice of stringent cost control across the operational side through strict monitoring and effective benchmarking. This helps us in taking informed decisions without compromising on the quality of production. It also helps in translating this into strong revenue growth over next 2-3 years. Optimum utilisation of our existing sets and an effective management reporting system helps us continuously monitor and control costs at all levels. Our key strategy has been effective planning of each episode and utmost efficiency in execution, which gives us the capability to translate the cost savings into numbers. With these strategies in place, we continue to maintain our core competencies in fiction television programming with no deviation from our brand of core programming.

COST RATIONALISATION

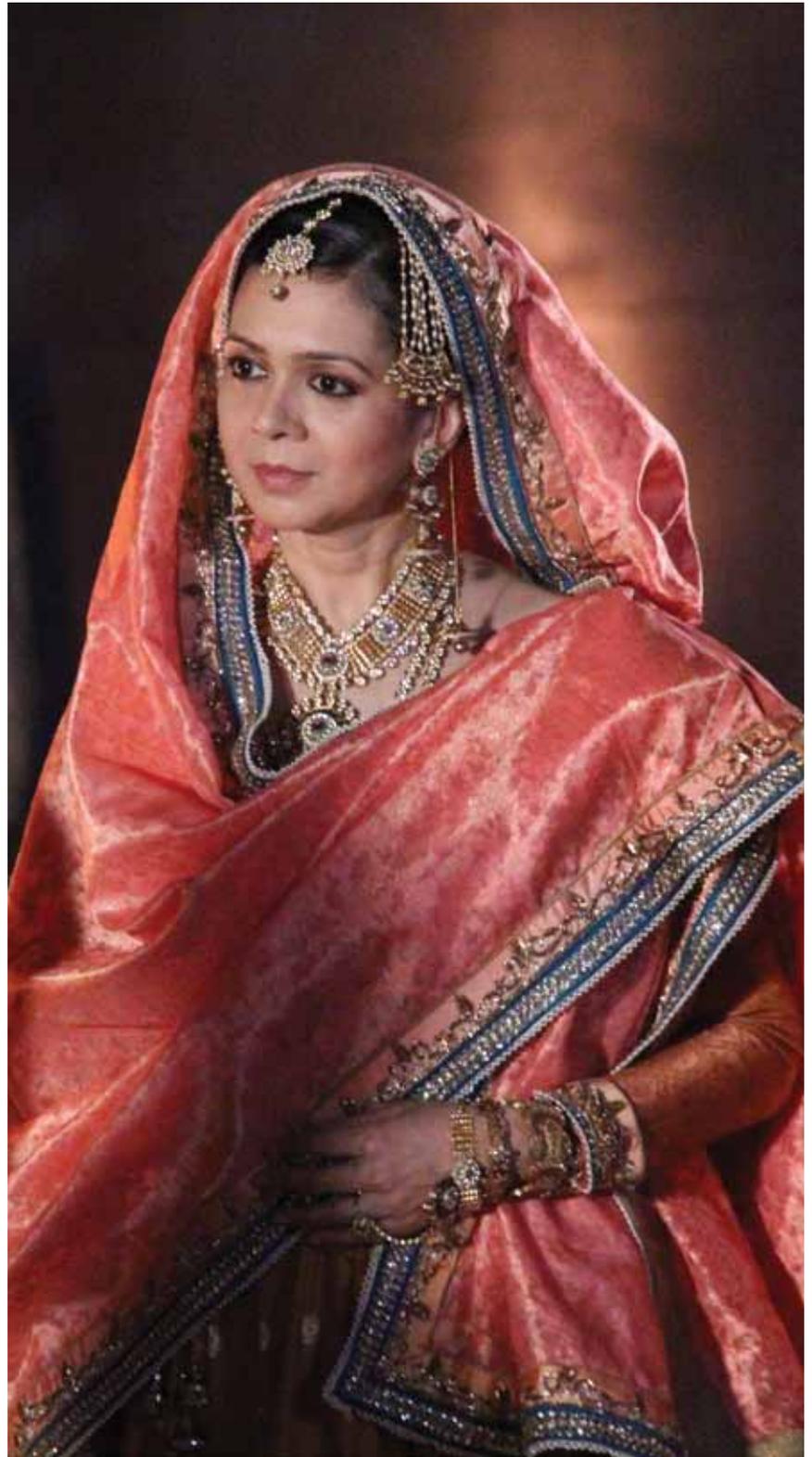
As a conscious strategy, we plan each episode well in advance and increase our daily output by at least 20-25% at the shoot level. This enables us in becoming more efficient and producing more episodes each month. Each show is being accounted for separately with more clarity per show, per channel. We are also revamping our old sets at much lower costs and are using the same sets for new shows. Using the same infrastructure, we manage to shoot more number of episodes, which increases our margins and gives higher revenues. Our cost control initiatives will result in further healthy realisations going forward.

CO-PRODUCTION MODEL

Our constant focus is to reduce overhead expenses by amortising fixed and infrastructural costs. Our 23 modern studio sets and 26 editing suites, including other fixed-cost infrastructure, are amortised by co-producing additional shows. Currently, we are co-producing *Gumraah: End of Innocence (Season 3)* on Channel V with Lost Boy Productions and *Savdhaan India* on Life OK with a co-producer. Using this model, our infrastructure consisting of in-house cameras, lights and sets and other fixed costs are effectively and optimally used to produce additional TV shows.

HEALTHY PROJECT PIPELINE

Television programming continues to be one of our key areas of focus and we are venturing into new serials in FY2014 under the Hindi GEC segment. With our basket of commissioned programmes set to increase, FY2014 will see a whole set of new TV shows targeted at capturing sensibilities of different audiences on GEC and non-GEC segment. In addition to our shows currently on air, we are gearing up to expand our portfolio in the Hindi GEC segment, by launching 5-6 new TV shows during FY2014 alone. We have recently launched a historical love story *Jodha Akbar* on Zee TV. Besides *Gumraah: End of Innocence (Season 3)* on Channel V in association with Lost Boy Productions and *Savdhaan India* on Life OK, we are producing *Mera Tera*



Rishta Purana for Star Plus. We have also received an approval for two new shows on Doordarshan (DD) under the GEC segment. All these shows are expected to go on air in the second half of FY2014.

Our upcoming TV shows are radically different and are aimed at appealing to existing audiences and winning new audiences. *Mera Tera Rishta Purana* is a fiction-show based on Manju Kapur's

novel 'Custody'. Besides traditional family-based shows, we are focusing on other genres as well. *Jodha Akbar* is a first-time ever costume drama on television based on the epic *Jodha Akbar*. Through *Gumraah – End of Innocence (Season 3)* on Channel V and *Savdhaan India* on Life OK, we are adding youth-based entertainment to our overall basket of assorted TV shows.

STRATEGIES IN PLAY FOR OUR TELEVISION BUSINESS

LEVERAGING OUR CORE STRENGTHS IN CREATIVITY TO BUILD AN EVEN DEEPER PORTFOLIO

While our business model is further strengthened through the addition of film production, television programming continues to be a key factor for attaining sustainable growth. We are widely credited with fuelling the satellite television boom in India with a string of top-rated shows across channels. Through the TV segment, we are aiming to build an even deeper portfolio of strong and meaningful content.

WINNING AUDIENCES

At Balaji Telefilms Limited, the quality of content has never been compromised, helping us make a mark as the leading content fiction provider for family audiences. We are passionate in telling different stories across different genres, which gives us sustained growth and viewer acceptability. We interpret our audiences' sentiments correctly and break fresh ground in creating diverse, original and superior content. Show after show, we entertain our viewers with some of the most puritan characters on television. We understand that television is more mass oriented and are thus constantly hungry to know what the audience demands, which help our TV shows

earn loyal and lasting viewership. We provide original and thought-provoking content which is evident from the growing popularity of our recent TV shows. Our diverse storyline and fresh concepts appeal to viewers across age groups.

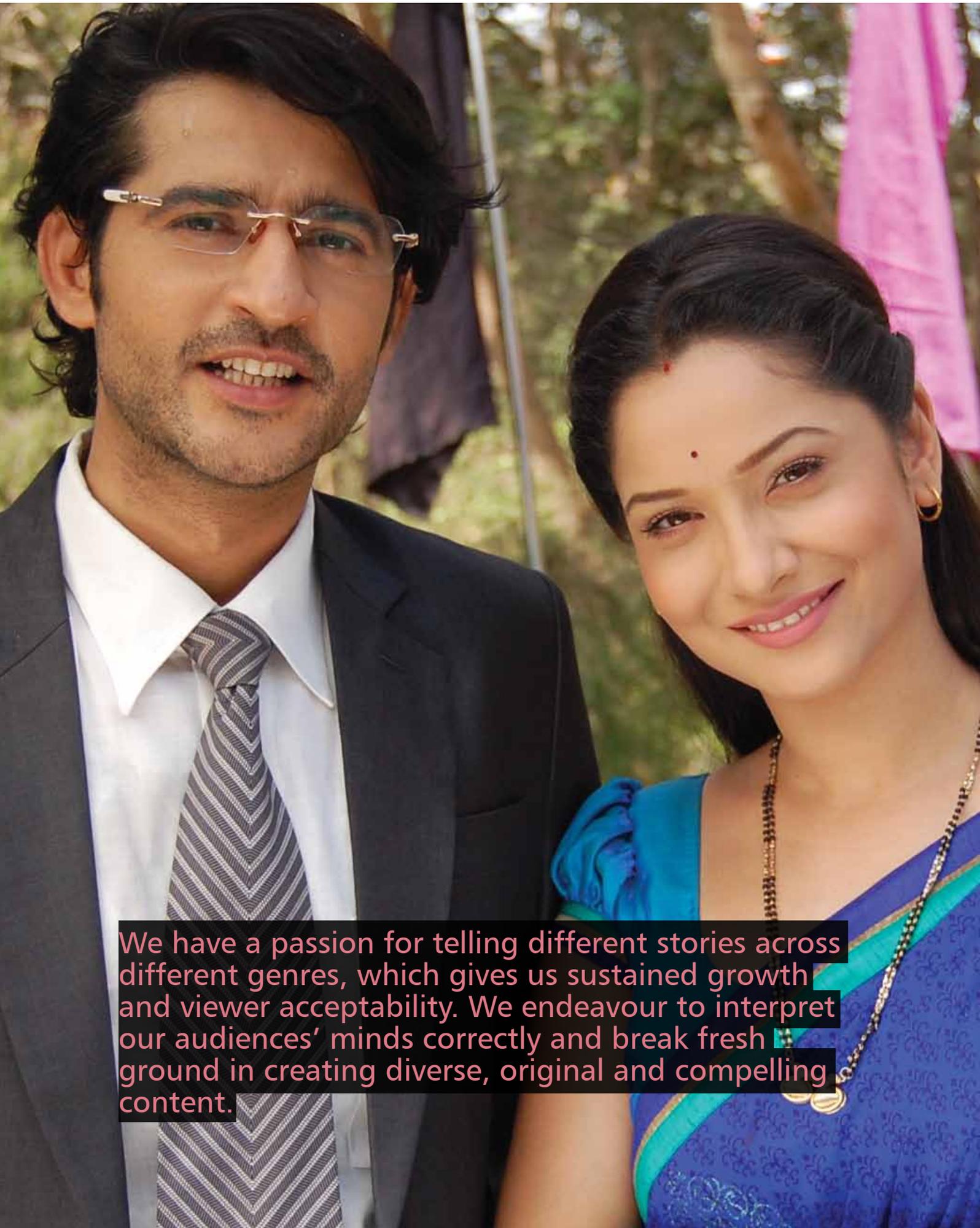
and geographies and we leverage our strengths in creativity to provide content catering to audience tastes. What further engages our viewers is the versatility and middle-class values depicted through most of our shows. Going forward, our focus is to provide a diverse offering across all GECs.



ECLECTIC CONTENT

The daily struggle of a middle class family life shown in *Pavitra Rishta*, a mature love story in *Bade Achhe Lagte Hain*, the fight of a common man for survival in *Parichay* and the emotional turmoil of a young couple in *Kya Huaa Tera Vaada* match up to evolving audience tastes and carve a niche in the entertainment space. Our shows cut across language barriers

Our soon-to-be-launched projects are also refreshingly original and a result of creative expression, aimed at enhancing viewer experience through fresh and varied content. Our new show *Gumraah Season 3* based on juvenile crime has been a landmark in television programming. Our recently launched show *Jodha Akbar* is a historical saga and period love story of Mughal Emperor Akbar and his Hindu wife Jodha Bai. Our compelling content, creative marketing and resource strength enabled us to establish ourselves as a mature and determined organisation in the dynamic space of media and entertainment.



We have a passion for telling different stories across different genres, which gives us sustained growth and viewer acceptability. We endeavour to interpret our audiences' minds correctly and break fresh ground in creating diverse, original and compelling content.

STRATEGIES IN PLAY FOR OUR TELEVISION BUSINESS

TOTAL EXIT FROM SPONSORED PROGRAMMING FOR INCREASED PROFITABILITY

New launches and healthy realisations from commissioned programming will increase our profitability and give us stable growth.

During the year, we tweaked our TV business model to completely exit the sponsored segment and moved fully towards commissioned programming. This was aimed at improving margins and revenue growth and keeping costs under control. As compared with 425 hours in FY2012, the number of sponsored programming hours decreased to 217 during FY2013. On the other hand, from 462 hours of commissioned programming (only Hindi), FY2013 witnessed 558 hours.

The model enables us to earn rent from the channel by avoiding overhead

marketing costs. Even as the closure of sponsored programming helped us turn around our core TV production business, steady commissioned programming hours gave a fillip to our revenues.

HIGHER REALISATIONS

By virtue of our exit from sponsored programmes, our television production business is expected to turn profitable once again and improve our EBITDA margins. In addition to this, rise in production hours for Hindi GECs, new launches and healthy realisations

from commissioned programming (₹ 21.60 lakhs/hour in FY2013 vis-à-vis ₹ 19.50 lakhs/hour in FY2012) will increase our profitability and give us stable growth. Going forward, the Company will focus on higher-realisation commissioned show business with focused cost management to boost margins further.



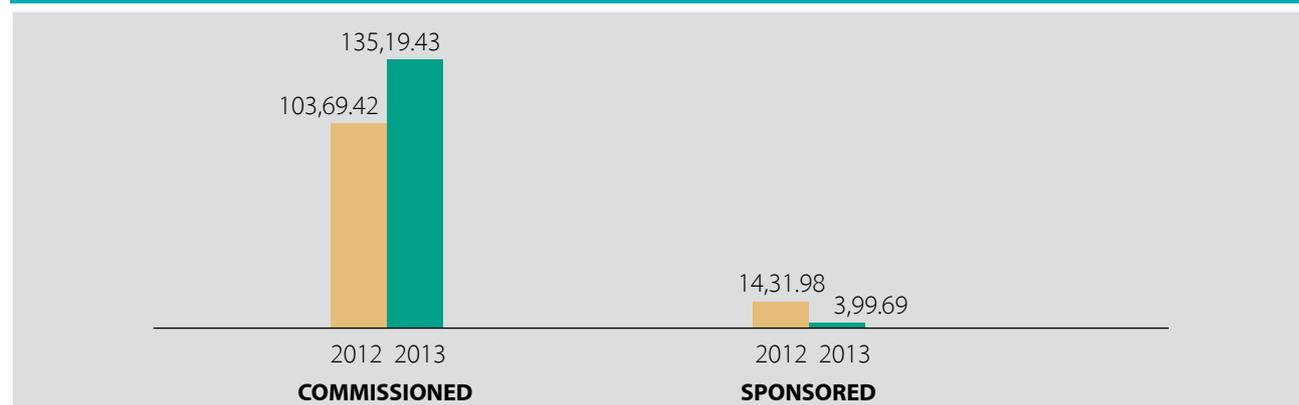
We aim to focus on commissioned show business with focused cost management to boost our margins further.

CHANNEL-WISE PROGRAMMING HOURS (FY2009 TO FY2013) (COMMISSIONED VS SPONSORED)

CHANNEL	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
COMMISSIONED					
Star TV		2	105	220	568
Star One		98	69		
Star Pravah-Marathi		144	18		
Sony	209	109		89	57
Colors	125	84	57	140	6
Zee	129	139	148	115	93
Zee-Marathi	6	104	125		
Zee-Bangla		53	14		
Imagine		20	228	200	44
INX					156
Mahuaa TV		74			
Get Punjabi		18			
ETV Kannada	23				
Channel V	89				
Life OK	1				
SAAM TV	125				
Others					6
Total	707	845	764	764	930
SPONSORED					
Sun Network	53	425	654	638	568
Udaya TV	109				
Gemini TV	55				
Total	217	425	654	638	568
GRAND TOTAL	924	1270	1418	1402	1498

Figures in No. of Hours

SEGMENT-WISE REVENUE CONTRIBUTION



Figures in ₹ Lakhs

OUR FILMS BUSINESS

CONSISTENT SUCCESS AT THE BOX OFFICE

Our prime focus is to build a diversified film portfolio by either producing or co-producing movies to generate commercial success and deliver superior returns.

Release date: April 2013

Genre: Supernatural thriller

Actors: Emraan Hashmi, Konkona Sen Sharma, Huma Qureshi, Kalki Koechlin

Produced by: ALT Entertainment

Director: Kannan Iyer

Ek Thi Daayan
A Kannan Iyer Film

Ek Thi Daayan, a co-production with Vishal Bhardwaj and directed by Kannan Iyer, is a supernatural thriller. The movie marked the first-ever association of Balaji Motion Pictures Limited with Vishal Bhardwaj. Set in contemporary Mumbai, the film narrated a believable story of a magician who is a master in his craft. Woven beautifully between the world of magic, occult and suspense, *Ek Thi Daayan* made for compulsive viewing, providing some spine-chilling thrills at short gaps. It received rave reviews from viewers with people addressing it as a new concept movie with ultimate graphics and effects. This is one of the most unique horror movies to have been launched in Indian film industry in a long time.



BALAJI MOTION PICTURES AND WHITE FEATHER FILMS PRESENT A WHITE FEATHER FILMS PRODUCTION OF A SANJAY GUPTA FILM

SHOOTOUT AT WADALA

PRODUCED BY
SHOBHA KAPOOR
EKTA KAPOOR
ANURADHA GUPTA AND
SANJAY GUPTA

Release date: May 2013

Genre: Action, crime thriller, drama

Actors: John Abraham, Anil Kapoor, Kangana Ranaut,
Tusshar Kapoor, Manoj Bajpai, Sonu Sood

Produced by: Balaji Motion Pictures Limited

Director: Sanjay Gupta

The multi-starrer gangster flick *Shootout At Wadala* is a co-production with Sanjay Gupta and a prequel to *Shootout At Lokhandwala*. This is a gangster film based on the first police encounter of Manya Surve (Manohar Surve) who decided to take on Dawood Ibrahim and challenge his supremacy over Mumbai. The movie is based on S. Hussain Zaidi's account of the rise and fall of a mafia don in the Mumbai of 1970s projected in his book 'Dongri to Dubai'. It is an out-and-out mass entertainer and a stylised cinematic version of what is essentially a journalist's account of the true story.

The entertaining element for audiences was smart dialogue, solid and great performances. The movie dramatises the first-ever registered encounter by the Mumbai police where gangster Manya Surve was shot dead in 1982. It is one of the most realistic presentations of the famous encounters the Indian judiciary or the police records have ever witnessed.

OUR FILMS BUSINESS

**CONSISTENT SUCCESS
AT THE BOX OFFICE**

KYAA SUPER KOOL HAIN HUM

Month of Release: July 2012

Genre: Adult comedy

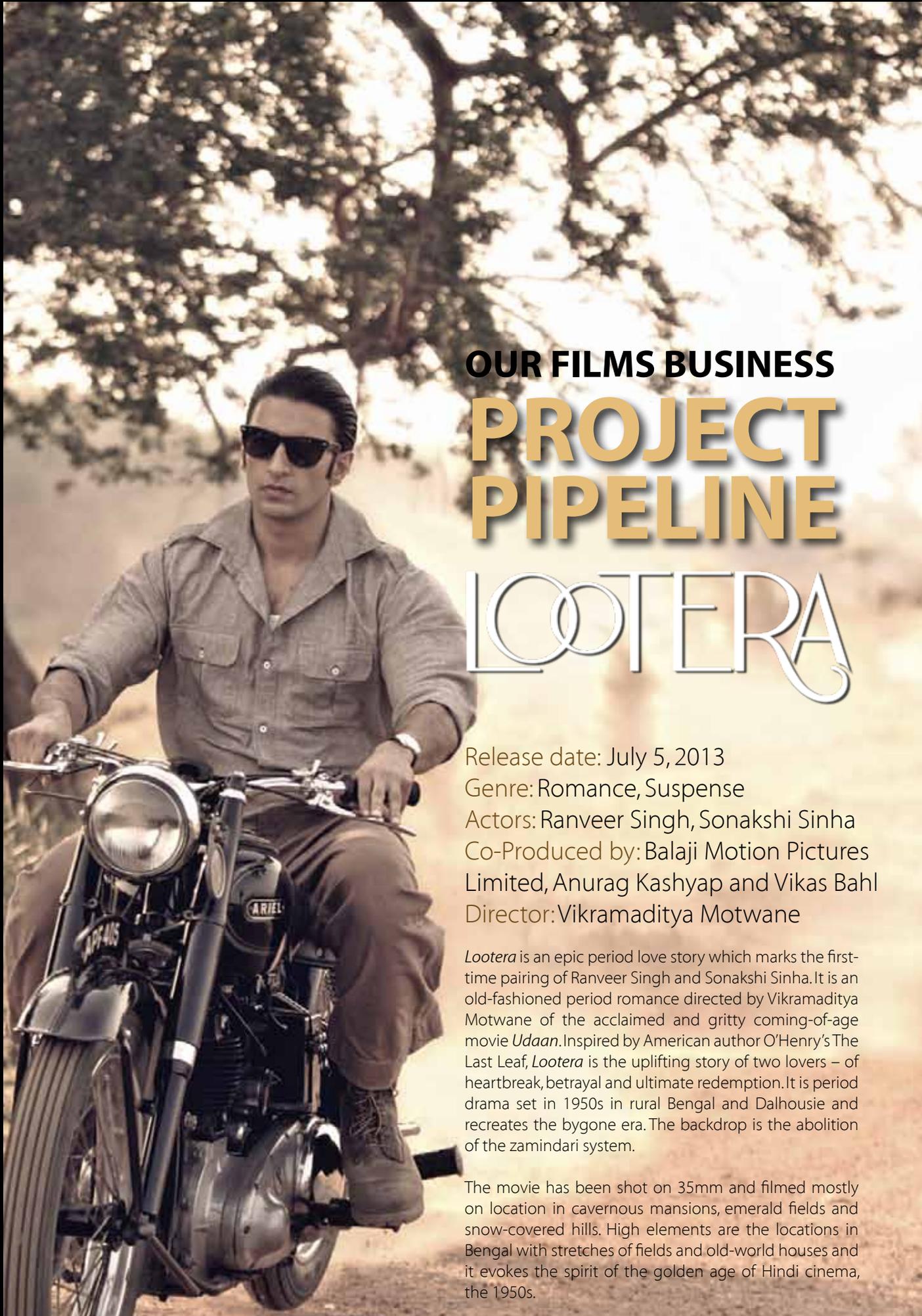
Actors: Riteish Deshmukh, Tusshar Kapoor,
Neha Sharma, Sarah-Jane Dias, Anupam Kher

Produced by: Balaji Motion Pictures Limited

Director: Sachin Yardi

Kyaa Super Kool Hain Hum is a sequel of the erstwhile comic blockbuster *Kyaa Kool Hain Hum*. It is a zany entertainer belonging to the hardcore commercial cinema category and was successful in magnetising the masses in hordes.

With hardly a dull moment in the swift screenplay and water-tight first half, the film concludes on an unpredictably sprightly high. The lead actors have been admired for their impeccable comic timing and boyish charm. The songs 'Dil Garden Garden Ho Gaya', 'Shirt Da Button' and 'UP Bihar Lootne' are wonderful tracks.



OUR FILMS BUSINESS

PROJECT PIPELINE

LOOTERA

Release date: July 5, 2013

Genre: Romance, Suspense

Actors: Ranveer Singh, Sonakshi Sinha

Co-Produced by: Balaji Motion Pictures Limited, Anurag Kashyap and Vikas Bahl

Director: Vikramaditya Motwane

Lootera is an epic period love story which marks the first-time pairing of Ranveer Singh and Sonakshi Sinha. It is an old-fashioned period romance directed by Vikramaditya Motwane of the acclaimed and gritty coming-of-age movie *Udaan*. Inspired by American author O'Henry's *The Last Leaf*, *Lootera* is the uplifting story of two lovers – of heartbreak, betrayal and ultimate redemption. It is period drama set in 1950s in rural Bengal and Dalhousie and recreates the bygone era. The backdrop is the abolition of the zamindari system.

The movie has been shot on 35mm and filmed mostly on location in cavernous mansions, emerald fields and snow-covered hills. High elements are the locations in Bengal with stretches of fields and old-world houses and it evokes the spirit of the golden age of Hindi cinema, the 1950s.

OUR FILMS BUSINESS PROJECT PIPELINE



ONCE UPON A TIME IN MUMBAI DOBAARA!

Release date: August 15, 2013

Genre: Crime thriller

Actors: Akshay Kumar, Sonakshi Sinha, Sonali Bendre, Imran Khan

Co-Produced by: Balaji Motion Pictures Limited

Director: Milan Luthria

Once Upon a Time in Mumbai Dobaara is a crime gangster film and a sequel to the 2010 hit movie *Once Upon a Time in Mumbai*. Directed by Milan Luthria of *The Dirty Picture* fame, the movie sheds light on the underbelly of crime in the entertainment capital of Mumbai and is inspired by fugitive gangster Dawood Ibrahim. The film is different from its prequel and is a romantic trail. While the prequel was about power struggle, this one focusses more on romance and music. The director has added a contemporary touch to the film and shot on the streets of Mumbai. It effectively draws parallels on celluloid and recreates the images.

OUR FILMS BUSINESS

SYNOPSIS OF MOVIES UNDER PRODUCTION

We aim to create a long-term strategy of building a strong library of content and monetising our IP over the years.

RAGINI MMS 2

Expected Month of Release:
October 2013

Genre: Thriller, Horror, Romance

Actors: Sunny Leone,
Sandhya Mridul

Directed by: Bhushan Patel

Produced by: ALT
Entertainment

This youth oriented film has Sunny Leone playing the lead role. This sequel to *Ragini MMS*, the biggest sleeper hit of 2011, will be a heady combination of thrill, horror, sensuousness and drama. The movie is a spook fest and takes the story forward from where the prequel left off.

KUKU MATHUR KI JHAND HO GAYI

Expected Month of Release:
September 2013

Genre: Drama

Actors: Siddharth Gupta,
Simran Kaur Mundi

Directed by: Aman Sachdeva

Produced by: Balaji Motion
Pictures Limited and Bejoy
Nambiar

This quirky Delhi-based riotous comedy introduces Siddharth Gupta opposite former Miss India Simran Kaur Mundi. Director Aman Sachdeva makes his directorial debut with this comedy entertainer which has one of the most hilarious and entertaining scripts.

SHAADI KE SIDE EFFECTS

Expected Month of Release:
December 2013

Genre: Comedy

Actors: Farhan Akhtar, Vidya
Balan, Ram Kapoor, Ila Arun

Directed by: Saket Chaudhary

Produced by: Balaji Motion
Pictures Limited, Pritish Nandy
and Rangita Nandy

This is a sequel to the 2006 hit-flick *Pyaar Ke Side Effects*. With Vidya Balan and Farhan Akhtar in leads, the story focusses on iconic characters, Sid and Trisha, played by Rahul Bose and Mallika Sherawat in the sequel. The movie promises to capture excitement, magic and romance on celluloid like never before.

STRATEGIES IN PLAY FOR OUR FILMS BUSINESS

MAKING A MARK THROUGH CUTTING-EDGE CINEMATIC CONTENT

We are highly focused on making cutting-edge, exciting and diverse content, satiating the diverse sensibilities of the discerning audience.

Content is our *raison d'être* behind narrating a story. The big screen gives us even greater scope for creative freedom, a fact reflected in the kind of movies we make. Within a short time span, we have earned the reputation of being a good judge of quality and are highly selective of our scripts. We have also gained capabilities in identifying new talent and even resurrecting existing talent. Year after year, we continue to remain highly focused on generating cutting-edge, exciting and diverse content to satiate the sensibilities of our diverse and discerning audiences.

STYLE & SUBSTANCE

Our movies have managed to push the envelope in terms of style and substance, staying within the commercial parameters of mainstream Hindi cinema. Through Balaji Motion Pictures, we focus on churning out a diverse range of movies such as *Shootout At Lokhandwala*, *Once Upon a Time in Mumbai* and *Once Upon a Time in Mumbai Dobaara*. While through ALT Entertainment, we cater to new-age and alternate film content such as *Love, Sex Aur Dhokha*, *The Dirty Picture* and *Ragini MMS*. These are radically different from our family-oriented soap operas.

UNIQUE, DIVERSE

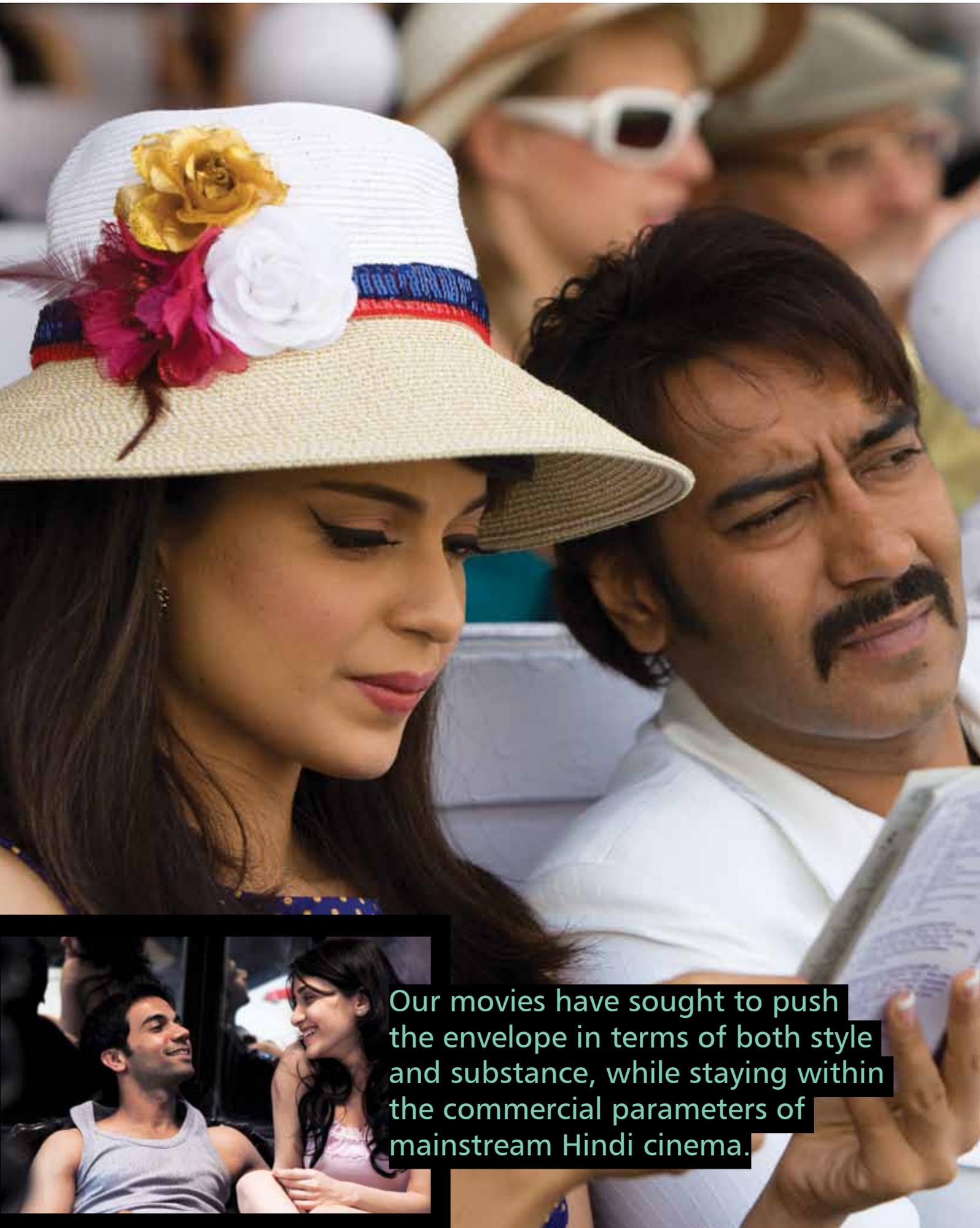
We strive to create movies catering to diverse genres. We make low-budget films winning critical acclaim such as Milan Luthria-directed mass entertainer *The Dirty Picture*. In fact, BMPL recently won a landmark judgement before the Bombay High Court where a production house has been permanently restrained from using the movie title.

We have always focused on making movies which yield great dividends for audiences and shareholders. We want to create a long-term strategy of building a strong library of content and monetising our intellectual property over the years.



Forward and Backward Integration

- Strong content creativity leading to better scripts
- Proven ability to identify and back the right idea and content
- Setting up distribution network in the Mumbai territory selectively



Our movies have sought to push the envelope in terms of both style and substance, while staying within the commercial parameters of mainstream Hindi cinema.

STRATEGIES IN PLAY FOR OUR FILMS BUSINESS

SCALING UP TO BUILD NEW GROWTH DRIVERS

With 4 big-screen commercial successes released between FY2011 and FY2012, we have unquestionably etched our name onto the film industry. Known for our prowess in television content, we are also now a recognised, admired and an integral player within the movie creation business.

Complementing our television business, we expect our films vertical to contribute significantly to our revenues. We also expect it to be the key future growth driver for the Company, both in the short and medium term. While we project our TV production business to grow steadily and continue to be the base of our rock-solid creative foundation, our movie foray should provide Balaji Telefilms Limited (BTL) a precipitous upside given the strong pipeline of movie projects scheduled to be released in FY2014 and FY2015.

Despite being a relatively new player in this segment, Balaji Motion Pictures Limited (BMPL), a wholly-owned subsidiary of BTL, has garnered a formidable degree of recognition from the establishment. During the year, BMPL resurrected a decidedly successful sequel to its 7-year old franchise *Kyaa Kool Hain Hum*. The year also witnessed the release of the super-natural thriller *Ek Thi Daayan* and the blockbuster hit *Shootout At Wadala*, a prequel to our earlier huge successful movie *Shootout At Lokhandwala*. With this sustained and recent track record of commercial hits and armoured with a strong slate of

films expected to be released over the FY2014 and FY2015 period, BTL has deservedly gained a permanent seat amongst the elite production houses in the Media & Entertainment industry. In fact, it is the only one to have the enviable reputation for successfully conquering both the television and the films domain.

RELEASES ON THE UPSWING

To scale up our movies production business, we created an ecosystem that will ensure a steady pipeline for the next few years. Instead of just 1-2 releases per year, FY2014 and FY2015 will witness around 6-8 movie titles being released each year. This feat will be commendable for a Company which has just entered its fifth year into the movies business and is now already on par with some of the older established production houses. We are further building on our string of successes led by hits such as *The Dirty Picture*, *Once Upon a Time in Mumbaai*, *Love, Sex Aur Dhokha*, *Ragini MMS* and *Kyaa Super Kool Hain Hum*. Our resounding success with these movies has given us immense credibility and has established us as amongst the leading movie producers of today.

We aspire to win audiences of all flavour and age groups. Through Balaji Motion Pictures and ALT Entertainment (divisions of BMPL), which is a separate identity carved for movies falling in the genre of alternative entertainment (such as *Love, Sex Aur Dhokha* and *Ragini MMS*), we cater to both the traditional family entertainment formats as well as to new categories showcasing youth-oriented and controversial subject matters.

The line-up of movies includes co-productions with Dharma Productions (Karan Johar) etc. This is indicative of our strong gravitation towards partnering the most exciting and trend-setting talents in the business. As an indication, BMPL tied up with producer-writer-director Anurag Kashyap to produce *Lootera*, starring Ranveer Singh and Sonakshi Sinha, directed by Vikramaditya Motwane, the maker of the critically acclaimed movie *Udaan*. Additionally, *Once Upon a Time in Mumbai Dobaara*, a prequel to Milan Luthria's *Once Upon a Time in Mumbaai*, is also scheduled to be released on August 15, 2013.

LEVERAGING THE CO-PRODUCTION MODEL

While in-house production is the thrust area, BMPL is focusing on co-production as a business model. This provides us better abilities to scale our business without compromising on quality content. We maintain a high degree of day-to-day budget control through the appointment of dedicated auditors, avid supervision and regular management information systems.

During FY2014, BMPL has a portfolio of 6-8 new releases. Of the new ones, *Lootera* has been co-produced with Phantom Films, while *Shaadi Ke Side Effects* has been co-produced with Pritish Nandy Communications. Going forward, 3-4 of the upcoming releases in FY2014 are being co-produced with leading film makers.

MAKING A DISTRIBUTION MARK

To increase our profitability and revenue upsides from potential blockbuster hits, we have enhanced BMPL's business model to include the distribution business of our own movies through a dedicated and highly experienced in-house team. During the year, BMPL distributed some movies in the key Mumbai territory as a starting point. Going forward, BMPL plans to distribute its movies scheduled to release in FY2014 across the Mumbai territory on a selective basis. In time, the Company expects to also distribute other producers' content and widen its overall EBITDA by capturing the additional value stream of the distribution business into its revenues.

GOING FORWARD

We have aspirations of becoming a film production house that can sustainably replicate growth and value expansion year after year. We are already working on our slate of films for FY2016 to give us clear visibility over the next 2-3 years. In this period, we also aim to perpetuate our existing franchises such as *Ragini MMS* and *Once Upon a Time in Mumbai* further. Our focus will continue to be set on winning audiences through a combination of great content and talent.



To further our plans of scaling up, we are planning our foray into the talent management industry. We will cherry-pick each new talent and strive to be seen as a magnet for talent and a hub where every

new talent finds a value driver. Going further, we want to be seen as the first choice for every good director, actor and producer in the movies business.

Strengthening Distribution & Marketing Capabilities

- Theatre rights sold closer to date of release to achieve optimal value
- Capitalise presence across large, medium and small budget movies
- Ability to bundle a package with broadcasters and music companies
- Leverage on strong industry relationships, goodwill and experience

STRATEGIES IN PLAY FOR OUR FILMS BUSINESS

DE-RISKING OUR BUSINESS BY FOCUSING ON NON-THEATRE REVENUES, COST RATIONALISATION

We stress on cost efficiency by reducing production costs and maximising existing infrastructure. Rather than being backseat drivers, we pull cost brakes from Day One of production to ensure cost optimisation.

Optimising costs and maintaining economies of scale has been the key *mantra* at Balaji Motion Pictures Limited (BMPL). More than controlling costs, our effort is to manage them smartly. Cost optimisation has been achieved by reducing production costs to the optimum level, maximising use of existing sets and integrating with co-producers to gain monetary support on promotional activities and marketing.

Rather than being backseat drivers, we believe in pulling cost brakes from Day One and converting every single rupee saved into higher profits and improve our return ratios. We have an external auditor for each project for effective cost analysis and cost control. In addition to this, we also manage to leverage our goodwill, performance and promoters' legacy by not getting heftily charged by actors.

DE-RISKING THE NON-THEATRE WAY

We focus on increasing non-theatre revenues and de-risking as much as possible by covering ourselves well prior to theatre sales. To optimise risk-return trade-off, we pre-sell our distribution rights and earn a reputable profit through sale of music, satellite, overseas subscription rights and ancillary revenues. Non-theatre revenues comprise between 50% to 70% of total revenue and start flowing in almost 3-6 months prior to the theatre release. As a strategy, we capitalise by pre-selling distribution and satellite rights. For our upcoming movies *Lootera* and *Once Upon a Time in Mumbai Dobaara*, we pre-sold our audio and satellite rights and committed sale of rights for music, overseas and home video for the other movies due for release.



CUSP OF A TURNAROUND

Our USP has been zero leverage and strong balance sheet with no debt and high cash, which helps us further de-risk our business. At the end of FY2013, the Company had no debts on its book, making the overall balance sheet healthy. It had high cash and cash equivalents of ₹ 129,77 lakhs in FY2013, which has been invested in mutual funds and other investment avenues. For FY2013, cash per share stood at ₹ 20, which is very high providing favorable risk-reward ratio, going forward. The Company is fully funded for its next phase of growth, with no equity dilution and debt leverage required. It will use the funds to produce films on a rolling basis during FY2014, on which it expects good returns.

Satellite Syndication

- Exploring best possible deals for cable and satellite licensing deals, including music rights
- Aiming at pre-licensing deals to de-risk revenues and assure returns

SIGNIFICANT CASH BALANCE (FY2009 TO FY2013) (CONSOLIDATED)

PARTICULARS	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
Cash & Cash Equivalents	129,77	215,99	210,82	212,66	227,52
No. of Shares (Nos.)	65210443	65210443	65210443	65210443	65210443
Cash & Cash Equivalents (per share)	20	33	32	33	35



STRATEGIES IN PLAY FOR OUR FILMS BUSINESS

LEVERAGING RELATIONSHIPS

Our success lies in our ability to leverage relationships within TV and film industry across multiple formats, aimed at building our film slate and monetising it effectively.





- ◆ Besides own production, we co-produce movies, thus taking a lead on the time-intensive process of production and gaining access to good content on financially attractive terms, aimed at building our film slate more rapidly.
- ◆ Almost 3-4 of the upcoming releases are co-produced with leading film makers. *Lootera* has been co-produced with Anurag Kashyap, while we have co-produced *Shaadi Ke Side Effects* with Pritish Nandy Communications.
- ◆ We leveraged our ongoing relationship with Sony and used the platform effectively to market our upcoming movies. Recently, our TV show *Bade Achhe Lagte Hain* broadcasted promotions of *Shootout At Wadala*. This not only provides a ready platform, it also offers instant prime time visibility in India and overseas which is priceless.
- ◆ Innovative, clutter-breaking marketing has been the key for us. For the promotion of our super-natural thriller *Ek Thi Daayan*, we created 16 hours of TV programming, which was aired in the form of an 8-series show called *Ek Thi Naayika* on Life Ok.
- ◆ We settled our differences with Doordarshan (DD) amicably. We have gained their approval to produce two new TV shows which are under production stage and will be aired from the second half of FY2014.
- ◆ We have joined hands with Star Plus yet again and are producing some TV shows for the channel.
- ◆ Our association with Doordarshan and Star Plus is path-breaking and expected to open up a new window of opportunities in the Hindi and regional GEC segment.

WIDENING OUR PERIPHERY

We conduct our operations through various divisions, with each division specifically targeted at a particular segment. This segregation of our overall architecture reflects the fact that we have evolved into a media powerhouse, offering new verticals across platforms.

We look for categories which are in sync with our existing lines of business and within the purview of our core strengths in film and TV production.



BOLT MEDIA LIMITED

BOLT Media Limited, a wholly-owned subsidiary of Balaji Telefilms Limited, has been conceptualised for independently creating and producing cutting-edge TV concepts across mainstream and regional television. Established in November 2012, the subsidiary aims to cover diverse genres such as youth, humour, reality, scripted reality and factual entertainment. It also endeavours to explore branded content such as digital brand solutions and short-form programming. It is also targeting to create Intellectual Property (IP) in the space of formats, events and digital content. In the first project since its incorporation, BOLT Media has

produced eight brand customisation ad-films for Unilever's leading food brand Kissan, which have been telecast on various prime times on Zee TV. In its most recent project, BOLT Media has produced ad films/TV commercial for Vaseline Healthy White Body Lotion with Aashiqui 2 star Shraddha Kapoor.

FUTURE PIPELINE

BOLT Media is currently working on two shows – a fiction show and a historical documentary drama. It is also keenly watching advertisement-funded properties and strives to be an early runner in VFX through quality special effects. In addition, it is targeting to offer line-production expertise to





other production houses as well. It also proposes to explore partnerships with international format owners and is confident of soon having a diverse content pipeline across various shows. It is considering acquiring rights of internationally-produced shows and later producing them locally. For this, it has already entered into tie-ups with Level 10 and Tokyo-based Fuji TV for Iron Chef. BOLT Media's objective is to capture an unparalleled position in the market and continued leadership by identifying and executing new concepts and formats. It is pursuing opportunities with several channels and production houses. It is further consolidating by adding more lines

of business and creating its own IP across the TV media spectrum.

KEY DIFFERENTIATORS

- Pedigree of parentage
- Creative minds
- Highly experienced core team
- Path-breaking ideas
- Synergistic partnerships



MANAGEMENT OUTLOOK

Our Company has maintained its undisputed leadership position in television content space and we are widely credited for fuelling the satellite television boom, propelled by the sustained support of India's television audience. We are constantly breaking fresh ground in producing boundary-breaking TV content, earning lasting and loyal viewership, and are also carving a unique niche for ourselves in the Indian film industry. Having gained domination in TV shows across various channels, the Company also forayed into movies production to leverage the growing possibilities of the Indian film industry.

Our movies have pushed the envelope in terms of style and substance. In fact, the big screen has given us greater scope for creative adventure and earned us the reputation of being a good judge for quality. Our low-budget and unconventional films earned us critical acclaim and revenues, helping us emerge as a force to reckon with and strengthening our faith in projects that dared to be different.

FOCUS ON QUALITY

The transformation is paying off handsomely and we now strategise to rewrite the rules the game. We aim to achieve this by focusing on quality, meeting audience expectations and maintaining a perfect balance between our dual delivery platforms. Going forward, we expect the movies business to contribute substantially to our overall revenues. We will continue to focus on Intellectual Property-based film and new media to bring in revenues.

To capitalise on growing opportunities in television and films, we are focused on value creation and strategically positioning ourselves in the market. We will continue to focus on cost rationalisation, optimisation of existing resources, increasing our film slate and leveraging opportunities in regional

markets, developing and nurturing new talent, increasing distribution capabilities and films marketing, generating exciting content and winning new friends and audiences.

MOVING AHEAD

FY2014 is a milestone year as we enter the third decade in the TV production industry. With TV penetration still at the lowest level in Indian households, we anticipate TV to be the highest contributor to Media & Entertainment industry by FY2017, growing at a CAGR of 15%. We see the Average Revenue Per User (ARPU) to be supported by compulsory digitisation. We also foresee an increased penetration of TV households driven by rising incomes and increased digitisation for the industry and for Balaji Telefilms Limited as well.

During FY2014, we aim to augment our catalogue by enhancing the mix of our films and are hunting for our next big breakthrough. Our slate of movies for FY2014 will comprise 6-8 releases. '*Lootera*', '*Once Upon A Time in Mumbai Dobaara*', '*Ragini MMS 2*', '*Kuku Mathur Ki Jhand Ho Gayi*', and '*Shaadi Ke Side Effects*' are some interesting projects in the pipeline. The Company's aggressive marketing efforts towards

new releases will open new markets and progressively unlock the value of its film library. Our earnings visibility is clear owing to the strength of our future pipeline of movies. We continue to be on a solid growth trajectory and endeavour to accelerate the execution of our business strategy in order to follow the next phase of growth.



With a turnaround in TV production business and strong traction in movies business, we see our revenues scaling up, going forward.

REAPING THE BENEFITS

As we diversify into new territories and make new conquests, we are confident our new growth drivers and new business model will start reaping the benefits during FY2014. We thank our investors, business partners and viewers for seeing us through difficult times and we also seek their participation in the journey ahead. With a turnaround in TV production business and strong traction in movies business, we see our revenues scaling up going forward. We are extremely optimistic of the journey ahead and consider the daunting challenges as a necessary part of our growth. We are poised to grow and leverage the remarkable opportunities in the Media & Entertainment space.

RISKS & INTERNAL CONTROLS

Our audit committee ensures statutory and regulatory control and transparency of all financial disclosures. Our internal audit team monitors and enhances operational efficiencies and ensures optimum effectiveness of the Company.

Piracy of content produced can adversely affect our revenues and profitability. The film industry has set up the Anti-Piracy Society to combat this peril. Delays or cost over-runs can impact the completion and release of our films. Further, the unorganised nature of this industry can impact revenues. However, an inclination towards corporatisation of our industry, better planning and execution can help us mitigate these risks.



HUMAN RESOURCES

At Balaji Telefilms, our employees are our strategic assets – our key to success. We attribute the Company's significant growth since its incorporation to an immensely-talented workforce. Each employee is special and unique in his own way. We as an organisation cherish and believe in celebrating our employees' diversities and multifariousness. We also strongly believe this can go a long way in making our Company 'the most preferred workplace' in the years to come.