WELCOME to one of the largest media markets

500+ television channels; 600m viewers
2x the population of United States

100m+ newspaper circulation across 50,000+ editions
Next only to China

3.5bn movie tickets sold annually for 1000+ movies
2.5x the size of the second largest market

80m Cable and Satellite homes
Next only to USA and China
A gargantuan OPPORTUNITY...Up for grabs

<table>
<thead>
<tr>
<th>Indian</th>
<th>International</th>
<th>Financial investors</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Times Group</td>
<td>Viacom</td>
<td>Henderson</td>
</tr>
<tr>
<td>Zee TV</td>
<td>Turner</td>
<td>Ashmore</td>
</tr>
<tr>
<td>GTV</td>
<td>News Corporation</td>
<td>Warburg Pincus</td>
</tr>
<tr>
<td>UTV</td>
<td>Walt Disney</td>
<td></td>
</tr>
<tr>
<td>Colors TV</td>
<td>CNN</td>
<td></td>
</tr>
<tr>
<td>PVR Cinemas</td>
<td>Sky</td>
<td></td>
</tr>
<tr>
<td>Dainik Bhaskar</td>
<td>Wall Street Journal</td>
<td>ChrysCapital</td>
</tr>
<tr>
<td>LAQ SHYAA</td>
<td>Forbes</td>
<td></td>
</tr>
<tr>
<td>98.3 FM</td>
<td>Financial Times</td>
<td></td>
</tr>
<tr>
<td>Radio Mirchi</td>
<td>CNBC</td>
<td></td>
</tr>
<tr>
<td>Aaj Tak</td>
<td>Bloomberg</td>
<td></td>
</tr>
<tr>
<td>Dish TV</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
OPPORTUNITY…???

Annual revenues of IEM – USD13bn

½x the size of Comcast

Revenues of India’s largest media player – USD600m

Value of entire IEM – USD25bn

1/2x the market capitalization of Disney

Cumulative profits of IEM – ZERO
Scale of every segment - **INSIGNIFICANT**

- **Television broadcasting**: Rs130bn
- **Print**: Rs184bn
- **Distribution**: Rs90bn
- **Filmed entertainment**: Rs125bn
- **Multiplexes**: Rs15bn
- **Radio**: Rs9bn
- **OOH**: Rs7.5bn
- **Music**: Rs17bn
- **Internet & interactive**: Rs13bn

<table>
<thead>
<tr>
<th>Segment</th>
<th>Scale</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Television broadcasting</td>
<td>Rs130bn</td>
<td><strong>ZERO industry profits</strong></td>
</tr>
<tr>
<td>Print</td>
<td>Rs184bn</td>
<td>Industry value down -25% since Jan 2008</td>
</tr>
<tr>
<td>Distribution</td>
<td>Rs90bn</td>
<td>Annual industry bleed of Rs25bn</td>
</tr>
<tr>
<td>Filmed entertainment</td>
<td>Rs125bn</td>
<td>Poor Hit to Miss ratio of 15:85</td>
</tr>
<tr>
<td>Multiplexes</td>
<td>Rs15bn</td>
<td>Largest player has 12% RoCE</td>
</tr>
<tr>
<td>Radio</td>
<td>Rs9bn</td>
<td>Entire industry profit at Rs1.2bn by 2012</td>
</tr>
<tr>
<td>OOH</td>
<td>Rs7.5bn</td>
<td>Largest player (Times OOH) not profitable</td>
</tr>
<tr>
<td>Music</td>
<td>Rs17bn</td>
<td>Stagnant growth of 1-2%</td>
</tr>
<tr>
<td>Internet &amp; interactive</td>
<td>Rs13bn</td>
<td>Scale of largest player is &lt;USD50m</td>
</tr>
</tbody>
</table>
Why the IRONY...???

- Irrelevant YIELDS
- Revenue SEEPAGES
- Avenues UNEXPLORED
- Capital-led CLUTTER and over - EXUBERANCE
### Cost of entertainment for a family for the entire month

<table>
<thead>
<tr>
<th>Country</th>
<th>Cable ARPU (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>60</td>
</tr>
<tr>
<td>UK</td>
<td>60</td>
</tr>
<tr>
<td>France</td>
<td>40</td>
</tr>
<tr>
<td>Singapore</td>
<td>20</td>
</tr>
<tr>
<td>India</td>
<td>4</td>
</tr>
</tbody>
</table>

### Average ticket price

<table>
<thead>
<tr>
<th>Country</th>
<th>Average ticket price (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>6.5</td>
</tr>
<tr>
<td>UK</td>
<td>11.0</td>
</tr>
<tr>
<td>France</td>
<td>6.1</td>
</tr>
<tr>
<td>Singapore</td>
<td>6.0</td>
</tr>
<tr>
<td>India</td>
<td>0.5</td>
</tr>
</tbody>
</table>

### 3/4th of India watches a movie at <Rs20

- **USA**: Passion, Football, Superbowl, Rs88m
- **India**: Cricket, IPL, Rs2.5m

Cost of entertainment for a family for the entire month

3/4th of India watches a movie at <Rs20
### Revenue SEEPAGES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>C&amp;S homes</td>
<td>80m</td>
</tr>
<tr>
<td>Average ARPU</td>
<td>$4/mon</td>
</tr>
<tr>
<td>Annual cable collection</td>
<td>$3.8bn</td>
</tr>
<tr>
<td>Broadcasters’ share</td>
<td>$500m</td>
</tr>
<tr>
<td>MSOs and DTH operator’s share</td>
<td>$500m</td>
</tr>
<tr>
<td>SEEPAGE</td>
<td>$2.8bn</td>
</tr>
</tbody>
</table>

- Unorganized nature of cable distribution; 7,000 MSOs and 40,000 LCOs
- Cash transaction
- Lack of addressability - analogue distribution
Avenues UNEXPLORED

Film revenue model - virtual absence of home entertainment

Distribution revenues underexplored

Till recently, newspaper and news channels the only source of news

News content
**Capital-led CLUTTER and over-EXUBERANCE**

USD3bn of funds raised since 2005 across sectors

<table>
<thead>
<tr>
<th>Segment</th>
<th>Players</th>
<th>Funds raised (USD m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadcasting</td>
<td>NDTV Imagine, 9X, Colors, UTV</td>
<td>600</td>
</tr>
<tr>
<td>Cable distribution</td>
<td>Hathway, Digicable, DEN, YouScod18, WWIL</td>
<td>400</td>
</tr>
<tr>
<td>DTH</td>
<td>Dish TV, Sun Direct</td>
<td>1000</td>
</tr>
<tr>
<td>Print Media</td>
<td>Jagran Prakashan, HT Media, DB Corp</td>
<td>250</td>
</tr>
<tr>
<td>OOH</td>
<td>ENIL, Laqshya</td>
<td>75</td>
</tr>
<tr>
<td>Multiplex</td>
<td>PVR, Cinemax, Fame, Big</td>
<td>150</td>
</tr>
<tr>
<td>Film Production</td>
<td>UTV, Network18 (IFC)</td>
<td>500</td>
</tr>
</tbody>
</table>
In FY08-09, everyone RAN to STAY where they were!!!

- COLORS toppled Star Plus from leadership position
- Leaders in print challenged on their home turf
- Established MSOs busy protecting their subscriber base, while new players built a base of 10m+
- UTVi and ET Now rope in people at 2-3x their earlier pays
- Movie budgets shot up by 2.5x
Is IEM then worth giving a MISS?

NOT REALLY!!!
OPPORTUNITY to REALITY – change is underway
Advertising pie – USD9bn by 2013E
Change has already commenced...

Advertising to GDP up from 0.48x in 2000 to 0.6x in 2009

**Price**
- CPRP up from Rs10,000/10 sec slot to Rs12,000

**Penetration**
- Print circulation and C&S - 2x in 10 years
- Indian consumption story going deeper
- New advertisers emerge - Investments, Insurance, DTH, Education

**Platform**
- FM Radio - 7 cities to 60 cities
- Emergence of targeted platform - Regional GEC, Niche channels
- Missing avenues in the past - OOH, Internet and new media
India – to be a USD1 trillion consumption market

Consumption-led advertising growth
- Existing businesses going deeper - 120 new telecom licenses issued
- New businesses emerging - DTH, Education, Retail
- Many international brands yet to come - recent Volkswagen blitzkrieg

Yields to improve with niche content and media consolidation

Expect advertising CAGR of 17% over 2009-2013
Which platform tends to gain?

Changing consumption trend
- Product launch phase
- Rural growth story
- Premiumization

Sectors
- FMCG
- Telecom
- Auto
- BFSI and Education
- Retail

Which segments would gain?
- TV and Radio
- Regional GEC, Radio
- Niche Broadcasting, Magazines, Internet, new media
- TV and Radio
- Regional GEC, Radio, new media
- TV, Print and Internet
- Print, OOH and new media
- Print and Radio
Pay revenues – Higher addressability and better ARPU
DTH – 18m subscribers; 7m-8m being added annually

- Unorganized cable industry and cable dry areas create opportunity
- Deep-pocketed players - Dish TV, Tata Sky, Airtel, ADAG, Sun Direct
- USD3bn-4bn of fund chase drives subsidy-led growth
- A 37m subs home market by 2013E (our estimates of 16m subscribers for CY10 already exceeded)

Indian DTH market - growing briskly
Cable distribution at the cusp of changeover...

Digitization... now a reality

Why not so far?
- Capitalization of industry <USD350m - too low to compete with DTH
- Funding, if at all, happened for new entrants - Digi Cable, DEN, YuScod18
- PE route of funding (CVC, ChrysCap, Ashmore) - scale over monetization
- Funds utilized for acquiring critical subscriber base and not for digitization
- Established MSOs busy protecting their turf
- Limited threat of DTH - low LCO willingness
- Digitization of cable restricted to just 2.5m subscribers so far

Why now?
- Rs16bn being raised through secondary market
- Critical mass achieved (top 5 MSOs own 27m-30m subs) - time to secure
- Only way to secure subscriber base - SEED IN SET TOP BOXES
- Focus shifts - acquisition to digitization (~3m digital subs currently)
- Public funding - pressure to monetize
- DTH accounts for 20% of C&S market - increasing pressure on LCOs
- Monetization in phases - fixed rentals initially and then share of ARPU

India to be a 27m digital cable market by 2013
Multiplexes driving movie Average Ticket Prices

- Multiplex ATP of Rs125 - 5x the average ATP in India
- Multiplex ATP - 3-5x of like-to-like single screen
- Theatre collection of Rs15bn from ~700 operational screens
- Accounts for 25% of revenues for <5% of tickets sold
- Average ARPU up from Rs17 in 2007 to Rs25 now

Case in Point – Average ATP at 3-5x comparable

Helping improve all India average
As these things play out...
IEM to be Rs1trillion business by 2013E

Segmental distribution of IEM - 2013 (US$22bn overall market)

- Broadcasting: 24%
- TV Distribution: 23%
- Print: 25%
- Filmed Entertainment: 17%
- Radio: 3%
- OOH: 2%
- Internet: 2%
- Music: 1%
- Gaming: 3%
How does one play IEM?

1. IDENTIFY BUSINESSES
2. IDENTIFY SURVIVORS
3. IDENTIFY MODELS
4. IDENTIFY THE PLAYERS
# 1. Businesses

<table>
<thead>
<tr>
<th>Business</th>
<th>Scalability potential</th>
<th>Long term profitability</th>
<th>Capital deployment</th>
<th>Value creation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Television broadcasting</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Television distribution</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Print Media</td>
<td>✗</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Film Industry</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>Multiplex</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✗</td>
</tr>
<tr>
<td>Radio Industry</td>
<td>✗</td>
<td>✓</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>OOH</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>
DTH Distribution — the pain is behind
Numbers are ticking – 37m by 2013E

- Unlike globally, Indian DTH market has 6 players
  - Dish TV, Tata Sky, Sun Direct, Airtel Digital, Big TV and Videocon (D2H)
- Deep-pocketed players ensured USD4bn of funding into industry
  - ‘customer pull’ through heavy ‘subsidy’
- DTH already an 18m subscriber market; adding 7m-8m annually

![Indian DTH market - growing briskly](image1)

![Current market share](image2)
ARPU – some time away

- ARPU to remain subdued
  - Digitization still through customer pull - ARPU to remain subsidized
  - Content exclusivity not permitted
  - Analogue cable ARPU at USD4 remains the key hurdle
  - DTH reaching cable dry areas - ARPU potential to remain low

- Expect DTH ARPU to grow to Rs260 by 2013 from Rs140 in 2009

- DTH revenues to grow to Rs127bn by 2012

Revenues for DTH operators - 3x+ over CY09-13
Reducing BLEED - declining acquisition cost

- None other than Sun Direct playing the aggressive PRICE game
- Airtel and Reliance Big TV - pain in telecom business limits ability to bleed
- Tata Sky and Airtel - services over pricing

Customer acquisition costs have largely stabilized

Customer acquisition cost (Rs/ sub)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Customer acquisition cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 FY08</td>
<td>3,000</td>
</tr>
<tr>
<td>Q4 FY08</td>
<td>2,500</td>
</tr>
<tr>
<td>Q1 FY09</td>
<td>2,250</td>
</tr>
<tr>
<td>Q2 FY09</td>
<td>2,250</td>
</tr>
<tr>
<td>Q3 FY09</td>
<td>2,250</td>
</tr>
<tr>
<td>Q4 FY09</td>
<td>2,250</td>
</tr>
<tr>
<td>Q1 FY10</td>
<td>2,250</td>
</tr>
<tr>
<td>Q2 FY10</td>
<td>2,250</td>
</tr>
<tr>
<td>Q3 FY10</td>
<td>2,250</td>
</tr>
</tbody>
</table>
Reducing BLEED – fixed content cost model

- DTH revenues - RELEVANT
  - DTH only mode of digitization so far
  - Accounts for ~33% of domestic pay revenues for lead channels
  - DTH revenues only INCREMENTAL; not coming at the cost of cable revenues

- Broadcasters willing to accept fixed content cost deals

- Content costs to drop from 50% of ARPU revenues to 35%
Operating leverage coming to the fore

- Almost 20% of the cost structure directly linked to ‘new subscriber addition’
- A larger continuing subscriber base - operating leverage visible for leader
  - Continuing subscriber generates operating margins of 35%+
  - Advertising and distribution spends down from 40%+ in FY08 to 15% in Q2FY10, though cost per new sub remains at Rs100-1200
- The tipping point - Dish TV profitable at the EBITDA level; expected to generate cash profits by Q2FY11

Improving cost to revenue ratios

Industry leader nearing cash profit
Cable Distribution – *capital going for good use*
2006-09 – digitization remained a ‘concept’

- The 62m cable home market remains extremely fragmented and analogue-dominated
- Digitization as low as 4% - at 2.5m subscribers as against 18m DTH subscribers

What has gone wrong for the cable industry?

Mandated CAS in notified areas
- MSOs not funded for seeding STB
- Execution a failure - high resistance from LCOs
- Lack of political will
- Consumer Psyche - If digital is mandated, why not switch to DTH, a professionally managed service

Voluntary digitization
- Lack of funds to subsidize customer acquisition
- DTH industry funded to the tune of USD4bn-5bn
- Subsidies on DTH as high as Rs2500-3000 per connection
2006-09 – LCOs made merry

USD300m+ funds chase cable business, but largely new entrants

<table>
<thead>
<tr>
<th>Company</th>
<th>USD m</th>
<th>Investor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hathway</td>
<td>60</td>
<td>ChrysCapital</td>
</tr>
<tr>
<td>Digicable</td>
<td>140</td>
<td>Ashmore</td>
</tr>
<tr>
<td>DEN</td>
<td>50</td>
<td>IL&amp;FS, TV18</td>
</tr>
<tr>
<td>Ortel</td>
<td>25</td>
<td>NSR, Actis, SREI</td>
</tr>
<tr>
<td>YouScod18</td>
<td>60</td>
<td>CVC</td>
</tr>
</tbody>
</table>

FOCUS - Customer acquisition at any cost
- Achieving critical subscriber base of prime importance for new entrants
- High carriage revenues made high-cost customer acquisition viable
- Customer acquisition cost moves up to as high as 30 months of ARPU

Carriage stream of revenues
- Advent of a plethora of channels - carriage revenues grew by 40-50%
- Carriage revenues directly linked to reach and quality of reach
- Every large MSO earning Rs1.5bn-Rs2.5bn through carriage revenues

Hathway has bought 51 per cent stake in both Bhaskar Multinet Ltd, the cable TV arm of Dainik Bhaskar Group, and Gujarat Telelinks Pvt Ltd. The MSO has also acquired Marathwada Cable Network, a MSO which operates in Aurangabad.

"We have acquired controlling stake in Gujarat Telelinks and Bhaskar Multinet," says Hathway Cable & Datacom MD and CEO K Jayaraman while refusing to divulge the commercial terms of the two deals.

Industry estimates, however, put the enterprise value of Gujarat Telelinks at around Rs 800 million and Bhaskar Multinet at Rs 600 million.

LCOs and MSOs made most of the gains
Expect 27m digital homes by 2013 - ~10x the current base

- Critical base achieved - each MSO claims a 4m+ subscriber reach
- Time to secure the base - Seed STB at consumer home to ensure LCO stays
- Little scope for growth in carriage revenues - focus on ARPU monetization
- Funded for digitization - Rs16bn raised by WWIL, Hathway, DEN and DigiCable
- Public route of funding - increased accountability to report monetization
- DTH reach at 20% - Increased threat for LCOs to align with MSOs or perish
- Lower acquisition cost - Subsidy as low as Rs600/ sub vis-à-vis Rs2500 for DTH
Then why play cable industry now?

Monetization - ARPU led gain only gradual

- **Rental income initially** - To ensure easy acceptance, MSOs to monetize rentals
- **MSOs the biggest beneficiary** - Entire monetization gain to be retained by MSOs
- **ARPU monetization** - To happen only once digital base reaches 30%+ of individual market
- **Expect ARPU growth on digital platform from Rs180 now to Rs240 by 2012**
- **MSOs’ share** - To move up from 6% currently to 20% by 2013 of the overall cable homes

---

**MSOs share of cable revenues to quadruple**

![Graph showing MSOs share of cable revenues](image1)

**MSOs to get their fair share of cable ARPU**

![Graph showing MSOs share of ARPU](image2)
Play the television distribution opportunity

- There is need for CAPITAL (Industry needs USD5bn)
- Ability to tide over the GESTATION phase
- Will need COUPLE of rounds of subsequent funding
- Superior revenue model - ANNUITY MODEL
- Highly profitable business - 35%+ margins in the long run
- Distribution the highest VALUE CREATING business - Comcast
- SCALABILITY in the long run as the market consolidates
Television Broadcasting – a natural beneficiary of digitization

- Rationale to play the broadcast story - pay revenues offer annuity
- Gains from DTH - already visible

Case in point – ZEEL’s multifold growth in DTH revenues

<table>
<thead>
<tr>
<th>Period</th>
<th>ZEEL's DTH Revenues (Rs m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2FY08</td>
<td>125</td>
</tr>
<tr>
<td>Q2FY09</td>
<td>271</td>
</tr>
<tr>
<td>Q2FY10</td>
<td>517</td>
</tr>
</tbody>
</table>

Broadcasters' share of pay revenues to grow by 2.5x

<table>
<thead>
<tr>
<th>Year</th>
<th>Broadcasters' Share of Pay Revenues (Rs bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY08</td>
<td>30</td>
</tr>
<tr>
<td>FY09</td>
<td>32</td>
</tr>
<tr>
<td>FY10E</td>
<td>40</td>
</tr>
<tr>
<td>FY11E</td>
<td>50</td>
</tr>
<tr>
<td>FY12E</td>
<td>60</td>
</tr>
<tr>
<td>FY13E</td>
<td>79</td>
</tr>
</tbody>
</table>

- Gains from cable digitization - a long haul...MSOs to gain first

Broadcasters’ pay revenues - to grow from Rs35bn now to Rs79bn by 2013E
Emerging segments – The opportunity is BIG
**Radio and OOH – at the inflexion point...**

### Radio... playing a new tune!

**Why not so far?**
- Aggressive bidding in Phase II
- Thus high OTEF paid by players
- Single frequency; shorter tenure contracts

**What is changing?**
- Economics to prevail in Phase III of bidding for licenses, and thereby lower OTEF
- Tier-III cities to open up, thereby aiding in piggyriding the rural boom
- Longer tenure contracts
- Multiple frequencies

### OOH... taking off!

**Why not so far?**
- Fragmented industry
- Aggressive bidding in the first round
- Fixed fee agreements; 5-yr contracts

**What is changing?**
- Industry moving towards consolidation
- Growth driven by infrastructure development, such as airports
- Economics to prevail in second round of bidding
- Revenue-sharing agreement; 20yr contracts

Entertainment Network and Reliance Media World key players in these spaces
Gaming and animation – rich in IPR!

**Gaming... time to play!**

- A US$30bn industry globally
- Increasing penetration of telecom industry underpinning growth in casual gaming segment
- Indian corporates testing international shores for console gaming – UTV software developing four IPRs in the international market
- Synergy with DTH: *Indiagames* has struck a deal with Reliance Big TV to make available eight games on DTH platform for Rs30/month

**Animation... coming alive!**

- Indian animation market expected to reach US$1bn by 2012 - CAGR of 22% over next 3 years (source: NASSCOM and Ernst & Young)
- India becoming a preferred outsourcing destination for animation
- Studios moving up the value chain to own IPRs with Hanuman, Roadside Romeo, etc
- Indian corporates also acquiring rights for international characters like Charlie Chaplin to create animated content

UTV Software and DQ Entertainment are key players in these spaces
## 2. Survivors...are Winners

**Globally, same Top 8 players for the past 5-6 decades**

<table>
<thead>
<tr>
<th>Companies</th>
<th>Sector leaders</th>
<th>Year of commencement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time-Warner</td>
<td>Film entertainment, Print, Cable, Radio, Music</td>
<td>1923</td>
</tr>
<tr>
<td>Walt Disney</td>
<td>Film entertainment, Internet &amp; Gaming</td>
<td>1919</td>
</tr>
<tr>
<td>News Corp</td>
<td>Film entertainment, Television broadcasting</td>
<td>1952</td>
</tr>
<tr>
<td>Comcast</td>
<td>Television broadcast, Cable</td>
<td>1963</td>
</tr>
<tr>
<td>Clear Channel</td>
<td>Radio, Outdoor advertising</td>
<td>1901</td>
</tr>
<tr>
<td>Viacom</td>
<td>Film entertainment, Television broadcast, Music publishing</td>
<td>1971</td>
</tr>
<tr>
<td>Sony</td>
<td>Music, Television broadcast</td>
<td>1946</td>
</tr>
<tr>
<td>Echostar</td>
<td>Television broadcast products, DTH</td>
<td>1980</td>
</tr>
</tbody>
</table>
Survivors...are Winners

Identification of opportunities

- Mavericks identify opportunities
  - Media - Subhash Chandra
  - Retail - Kishore Biyani
  - Aviation - Naresh Goyal
  - Telecom - Sunil Mittal
- Limited capital availability
- Business scale-up multifold - latent demand gets monetized
- Business economics - favourable

Competition to clutter

- Credible players make a foray
  - Media - Tatas, ADAG, TV, NDTV
  - Retail - Tatas, Reliance, Bharti, AV Birla
  - Telecom - Tatas, Reliance, AV Birla
- Capital chases businesses
- Multifold growth in volumes while yields drop
- Incumbent leadership at risk
- Business economics deteriorate

Execution differentiates between who SUCCUMBS and who SURVIVEs

Fragmentation of businesses and deterioration of economics - value destruction is inevitable
### A few strong survivors...in the Indian context

<table>
<thead>
<tr>
<th>Sector</th>
<th>Company</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadcasting</td>
<td>Zee Entertainment</td>
<td>2 cycles of toughest competition in past decade, yet among the top 3 broadcast players</td>
</tr>
<tr>
<td>Regional broadcasting</td>
<td>Sun TV</td>
<td>Remains the most dominant player in the South India Regional GEC market</td>
</tr>
<tr>
<td>Distribution</td>
<td>Dish TV</td>
<td>Despite entry of 5 new players in DTH space, remains the largest player and accounts for 25% of the incremental market</td>
</tr>
<tr>
<td>Radio</td>
<td>ENIL</td>
<td>Remains the largest and the only profitable FM Radio player</td>
</tr>
</tbody>
</table>
3. Models that work

Conglomerates offer scale

- **Time Warner**
  - TV & Cable: CNN, HBO, etc
  - Print: Time, Fortune, (150 magazines)
  - Films: Warner Bros
  - Online: AOL, Mapquest, Advertising.com
  - Mkt cap: USD34bn

- **Disney**
  - TV & Cable: ABC, ESPN, Channel;
  - Radio: 227 stations
  - Films: Walt Disney, Miramax, Pixar
  - Outdoor Entertainment: Disney theme parks
  - Mkt cap: USD60bn

- **News Corporation**
  - TV & Cable: TV Stations, Fox Business, NatGeo
  - Print: Wall Street Journal, HarperCollins
  - Films: 20th Century Fox
  - Online: MySpace
  - Mkt cap: USD37bn

- **Viacom**
  - TV & Cable: 27 CBS TV stations, MTV, Nick, VH1, Comedy Central,
  - Radio: CBS stations
  - Publishing: Simon & Schuster
  - Films - Paramount & Dreamworks
  - Music: Famous Music
  - Mkt cap: USD18bn
Conglomerates in India

Essel Group

- Film Entertainment
- Television Broadcasting
- Television Distribution
- Print media
- Multiplexes
- Others

Times Group

- Print
- Television Broadcasting
- Movies and Music
- Radio and Outdoor
- New media
  - Times of Money
  - Timesjobs.com
  - Simplymarry.com
  - Magicbricks.com
Conglomerates in India

TV18 Group

- Film Entertainment
  - Studio 18
  - The Indian Film Company

- Television Broadcasting
  - CNBC TV18
  - CNBC
  - colors
  - CNN IBN
  - NCR
  - HomeShop 18

- Print
  - INFOMEDIA
    - JV with Forbes
    - Plans to launch Financial news daily

- New Media
  - moneycontrol.com
  - commoditiescontrol.com
  - CRM.com
  - cricketnext.com
  - JobStreet.com

UTV

- Film Entertainment
  - UTV Spotboy
  - UTV
  - Motion Pictures

- Television Broadcasting
  - UTV Movies
  - Bindass

- Television Content
  - UTV Television

- New Media
  - indiagames.com
  - world movies
  - digi-guys
  - Ignition Digital Marketing
## 4. Players

<table>
<thead>
<tr>
<th>Player</th>
<th>Market cap (US$ m)</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zee Entertainment</td>
<td>2,347.2</td>
<td>Survivor in the largest broadcast genre and addressal of corporate concerns</td>
</tr>
<tr>
<td>IBN18</td>
<td>405.8</td>
<td>Time for monetization of success of Colors and aggressive management</td>
</tr>
<tr>
<td>Dish TV</td>
<td>906.2</td>
<td>Largest DTH operator; funding concerns dissipate</td>
</tr>
<tr>
<td>PVR</td>
<td>100.2</td>
<td>Largest multiplex operator with 13-14% of box office collection and business beyond multiplex</td>
</tr>
<tr>
<td>ENIL</td>
<td>223.7</td>
<td>A strong city-centric model with radio turning profitable; triggers awaited in OOH business</td>
</tr>
</tbody>
</table>
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