# Management discussion and analysis

## *2000-01 vs 1999-2000*

Balaji Telefilms recorded revenues of Rs 49.67 cr in 2000-01. This was 146.50 per cent higher when compared with Rs 20.15 cr in 1999-2000. The company’s profit after tax grew from Rs 4.28 cr in 1999-2000 to Rs 4.35 cr in 2000-01. This was due to a change in the accounting policy which entailed a complete write-off of the entire production expenses of sponsored serials (contrasted to a 60 per cent write-off earlier) for which IPRs are owned by company. This was resulted in profits being lower by Rs. 5.34 crores.

## *Business drivers*

### REACH

The television is the medium of choice in India. It is estimated that the television reaches approximately 336 million adults; print media is estimated to reach 246 million only.

### QUALITY PROGRAMMING

The improvement in the quality of Indian programming over the last few years has changed viewing habits. As a direct result, there is a new length and definition of India’s prime time - right through the day for business and entertainment in the afternoon, late evening and night.

### CHANNEL POPULATION

The number of satellite channels in India has increased from eight in 1992 to 90 in 2001, resulting in a greater opportunity for entertainment software.

### CABLE

India’s cable industry delivers satellite signals to homes across the country. The number of cable households has risen from nearly 4 million in 1992 to 30 million in 2001.

### PRICE

Televisions have become increasingly affordable - from Rs 18,500 for a 20 inch CTV in 1996 to Rs 8,500 in 2001.

### AD SPEND

In 1992, television advertising accounted for only 17.5 per cent of India’s total ad spend, which has doubled since. Television advertising accounts for almost Rs 2,160 cr today, an attractive support for the growing entertainment software industry.

Media revenue mix - per cent

| Media | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 |
|---|---|---|---|---|---|---|---|
| Press | 67.4 | 65.8 | 63.8 | 60.8 | 59.0 | 56.0 | 53.00 |
| Radio | 3.0 | 2.7 | 2.6 | 2.4 | 2.2 | 1.8 | 1.00 |
| Outdoor | 8.4 | 8.1 | 9.4 | 9.3 | 8.8 | 8.0 | 6.00 |
| Cinema | 2.7 | 2.4 | 2.3 | 2.1 | 1.7 | 1.4 | – |
| Television | 18.4 | 21.0 | 21.8 | 25.4 | 28.3 | 32.8 | 40.00 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.00 |

*Source: Industry data*



## *Business model*

Balaji follows the invest-and-grow model within a prudent corporate discipline.

### MULTI-LINGUAL PROGRAMMING

Approximately 24 per cent of Balaji’s revenue was generated from vernacular programming in 2000-01. The company has an active presence on three regional channels; the company expects to enter more regional segments over the foreseeable future.

### CHANNEL WIDTH

The company’s presence across a number of channels provides it with a stable and diversified source of income. In 2000-01, Balaji’s programmes were aired on Doordarshan, DD Metro, Star Plus, Sony, Zee, Sun, SABe TV, Gemini, Udaya and Metro Gold.

### GENRES

Balaji produces sitcoms, general soaps, family soaps, thrillers and children fantasy programmes - in Hindi and regional programming. The company’s ability covers a vast programming repertoire.

### EQUIPMENT OWNERSHIP

Balaji invests in its own equipment and studios as opposed to the practice of renting the same. This increases operational flexibility, saves time, increases productivity and improves quality.

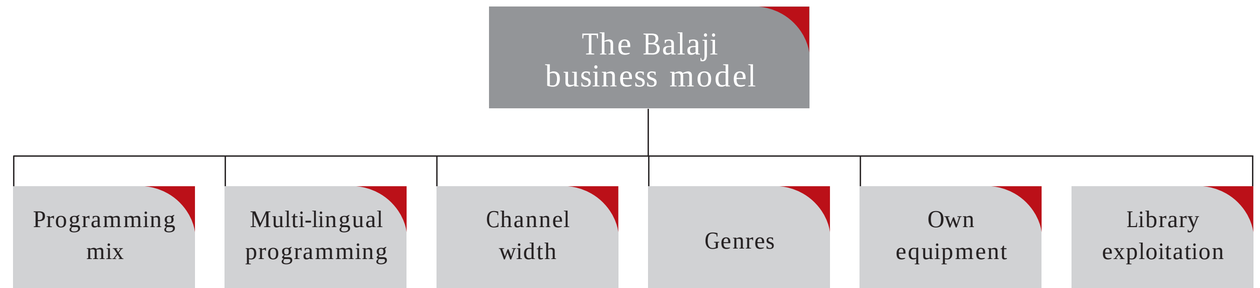
### LIBRARY EXPLOITATION

Balaji owned the IPR of 1831.50 hours of library content on 31 March 2001. By owning IPRs the company will be able to exercise the option of a repeat telecast at a later date and generate incremental revenue. During the year, the company re-ran its original DD 1 program ‘Itihaas’ on Sony TV and dubbed the original Tamil serial ‘Kudumbbam’ into Telugu as ‘Kutumbbam’. During the year, the total number of repeat / dubbed programming hours was 220 and the revenue from repeat / dubbed programmes was Rs 1.90 cr, representing four per cent of total revenues.

## *Serial production process*

Television programming is complex. Balaji produces two types of programmes - dailies and weeklies. Balaji’s member strength of 50 manages

THE PILLARS OF THE COMPANY’S BUSINESS MODEL ARE:



a team of 2,000 artistes and technicians across Hindi and three regional language productions.

### *Production complexities*

Balaji is required to respond to various deadlines across its 19 serials (11 dailies). Balaji's programmes are made through a collaborative teamwork between its various arms. These involve the expert management of logistics so that the programmes can be made with a respect for deadlines, a consistency in quality and across several channels.

### *Television programming models*

Balaji works in an environment where its programmes are either commissioned or sponsored.

- Commissioned programmes: The customer channel commissions Balaji's to produce episodes as per its requirements against a fixed remuneration or on a cost-plus basis. The channel retains 'intellectual property right' (IPR). Commissioned programmes are risk-neutral; they generate a steady income over the life span of the programme.
- Sponsored programmes: Content developers purchase time slots from the channel and get 'free commercial time' (FCT) in return. The content developers retain the advertising revenues that they generate and the IPR of its programmes. Sponsored programmes represent a variable income; there is a strong upside if the programme gains popular acceptance.
- Hybrid programmes are a mix of sponsored and commissioned programmes. Balaji's model incorporates the virtues of both. While commissioned programmes represent lower risk, sponsored programmes pose a higher risk and reward since the company is required to market the telecast hours. The blend of the two models provides an opportunity to improve realisations as the programme gains in popularity.

As a part of its de-risking initiative, the company increased commissioned programmes from 57.5 hours in 1999-2000 to 402 hours in 2000-01.

In a profitable break from the past, the company raised its programming fees and incorporated the provision of increasing returns in the event of TRPs rising above a pre-determined benchmark.

The hybrid model enhanced the pricing of the serials, enabled higher realisations, reduced risks and increased profitability.

### THE BALAJI VALUE CHAIN :

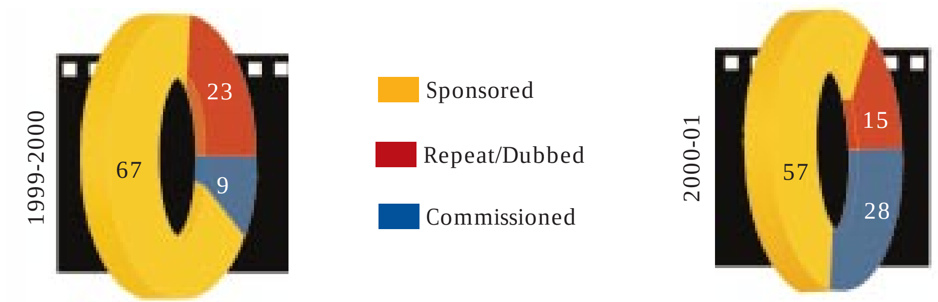
| 1 Pre-production | 2 Commercial | 3 Production | 4 Post-production | 5 Marketing |
|---|---|---|---|---|
| Conception of idea | Budgeting | Logistics | Dubbing | Marketing airtime |
| Developing storyline | Sponsor and/or channel discussion | Casting | Editing | Pricing |
| Writing the script | Contract with channels / sponsors | Creating the technical team | Special effects | Monitoring TRPs |
| | | Set, equipment and location arrangement | Composing music | Production and creative feedback |
| | | Shooting | | |



### The comparison of the two business models :

| Criteria | Channels | Marketing risk | Capital risk | IPR |
|---|---|---|---|---|
| Commissioned | Zee, Sony, Star, Alpha, among others. | Borne by the channel. Revenues are fixed by the channel with incentives. | Content provider assured of a minimum fixed return. | Owned by the channel. |
| Sponsored | Doordarshan, Sun, Gemini, Udaya, Eenadu among others. | Borne by content providers. Revenue is variable, based on programme success. | Content provider may not recover cost of production completely. | Retained by content provider. |

PROGRAMMING DISTRIBUTION






Mihir and Tulsi Virani in *Kyunki saas bhi kabhi bahu thi.*

*"The creative process gets top priority in Balaji. All the nitty-gritty production issues are taken care of by the management to allow actors and technicians with adequate time to deliver a fine product."*

*- Amar Upadhyay who plays Mihir in 'Kyunki saas bhi kabhi bahu thi'.*

Revenue split Rs cr

| Streams | 1999-2000 | 2000-01 |
|---|---|---|
| Commissioned | 4.6 | 22.7 |
| Sponsored | 12.4 | 21.8 |
| Repeat / dubbed | 3.0 | 1.9 |
| Event | – | 2.5 |
| Total | 20.00 | 48.9 |

The programming distribution Hours

| Nature | 1999-2000 | 2000-01 |
|---|---|---|
| Sponsored | 414.5 | 835 |
| Commissioned | 57.5 | 402 |
| Repeat / Dubbed | 144.5 | 220 |
| Total | 616.5 | 1457 |

Sponsored Serials (32 shows per week)

| Channel | Serial | Frequency per week |
|---|---|---|
| DD National | Kasamm | 5 days |
| | Kuch khona hai kuch panaa hai | 1 day |
| DD Metro | Kaliren | 5 days |
| Sun TV | Kulavillaku | 5 days |
| Gemini TV | Pavithra bandham | 5 days |
| | Kalisundham ra | 5 days |
| | Pelli kanuka | 1 day |
| Udaya TV | Kavyanjali | 5 days |

Commissioned Serials (28 shows per week)

| Channel | Serial | Frequency per week |
|---|---|---|
| Star India | Kyunki saas bhi kabhi bahu thi | 4 days |
| | Kahaani ghar ghar kii | 4 days |
| | Kalash | 1 day |
| Sony TV | Kanyadan | 1 day |
| | Itihaas | 5 days |
| | Ghar ek mandir | 5 days |
| Zee TV | Koshish ek aashaa | 1 day |
| Metro Gold | Kabhii soutan kabhii sahelii | 4 days |
| | Kavita | 1 day |
| | Kundali | 1 day |
| SABe TV | Karam | 1 day |

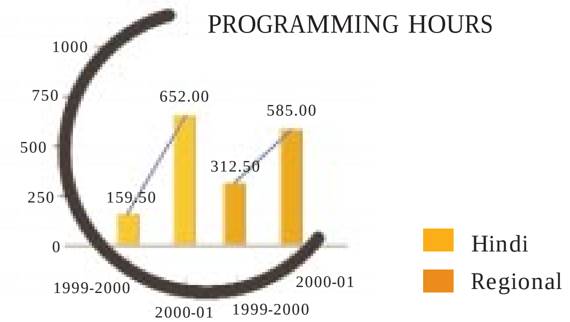


## *Content overview*

India is a one-television-a-home market and most television programmes cater to the general household demand. This broad sweep of programming is a commercially viable model since most advertisers are likely to place their spend on programmes that capture the maximum viewership.

However, with a proliferation in the number of channels, we expect audience fragmentation leading to niche programming. The proliferation in the number of channels may increase the demand for re-runs on different time-slots. When this transpires, the value of a content library could rise attractively.

Following the success of ‘Kaun Banega Crorepati’, the room for quality-driven, high-budget programming has been established, a potential market for quality developers like Balaji. While the story continues to play the central role in television programming, the production quality and packaging have assumed increased importance and hold artistic as well as commercial promise. Programme promotion has assumed importance. Hindi programming also emerged as a major draw, reflected in Balaji’s increased Hindi programming in 2000-01.




## *Marketing*

### PROGRAMMING PROMOTION

The company follows a customised approach to marketing a programme to a customer channel. For Doordarshan, Balaji is required to obtain an approval for its pilot programme before full-fledged programming can begin. For the other channels, Balaji proposes and markets the concept and the story line to provide a fair idea of what the programmes will be like.

Doordarshan enters into 26-week contracts with companies like Balaji. The other channels enter into contracts of varying tenures which are extended if the programmes are successful.

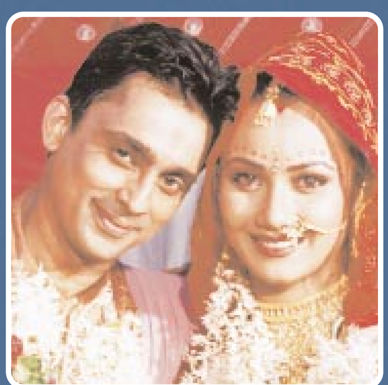
Thereafter, Balaji’s programmes are allotted time slots on the respective channels. Generally, prime time programming (8-10 pm) is reserved for wholesome family entertainment; sitcoms are slotted between 8-9 pm and thrillers are slotted from 10 pm onwards. Over the last year, the success of Balaji’s ‘Kahaani ghar...’ and ‘Kyunki saas...’ programmes re-defined viewing patterns and pushed the thriller category to the 11 pm slot and later without impacting TRPs.

### BALAJI AND MARKETING VALUE

Balaji’s programmes generate an attractive ‘return-on-investment’ for its customer channels – in terms of visibility and financial success.

Balaji’s presence in the sponsored category is strengthened through the considerable goodwill that the company enjoys with the advertising and media planners. Balaji markets its products commensurate with its established TRPs, the popularity of that





*Avay and Kusum in Kkusum*

*“Balaji’s brief to dialogue writers is one line: follow the screenplay. The dialogues are written for the common person who can associate with the character. Dialogue writers are forbidden from the use of bookish language.”*

*- Omkar, dialogue writer for ‘Pavithra bandham’, ‘Kalisundham ra’ and ‘Pelli Kanuka’*

particular genre of programming, the positioning of the serial and the probable life cycle of the programme. Moreover, the company offers the largest and varied basket of programmes to the media - this allows them to pick the programmes of their preference and advertise on it.

As a result, Balaji’s productions enjoy the support of reputed advertisers like Hindustan Lever Ltd, Colgate-Palmolive Ltd, Nestle, Smith Kline Beecham Consumer Healthcare, Nirma, Gillette, Paras Pharmaceuticals, Dabur, Pepsi, Coca-Cola, Johnson & Johnson and Marico, among others.

### STRATEGIES

Balaji’s strategy is to :

¥ Create an effective entry barrier against prospective competition through superior production values and creative content.

¥ Enter new genres of content programming like films and events. Week-end programming is also expected to help the company widen its basket of offerings and accelerate revenues.

¥ Enter new language segments that offer vast viewership and advertising support.

## *Challenges, 2000-01*

Balaji’s principal objectives in 2000-01 were :

¥ Increase its presence across more television channels.

¥ Increase programming hours.

¥ Improve realisations.

¥ Strengthen its supporting infrastructure.

¥ Institute a strong management team to manage growth.

## *Key actions taken, 2000-01*

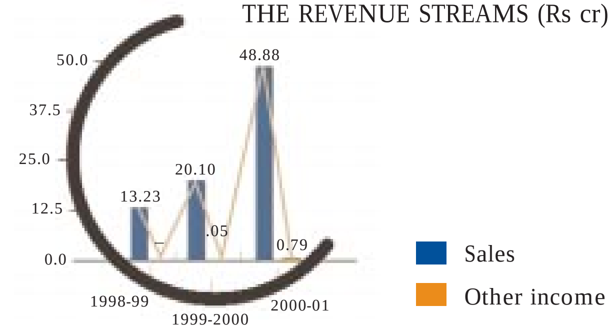
Balaji invested in studio, production and post-production facilities. The company recruited more professionals and strengthened its presence in regional markets.

Programming hours increased from 616.50 hours in 1999-2000 to 1457 hours in 2000-01. Channel presence increased from 6 to 10 in 2000-01.

## *Revenues*

Balaji’s revenues were sourced from three areas - content programming, events management and funds deployment (non-core income).

THE REVENUE STREAMS (Rs cr)



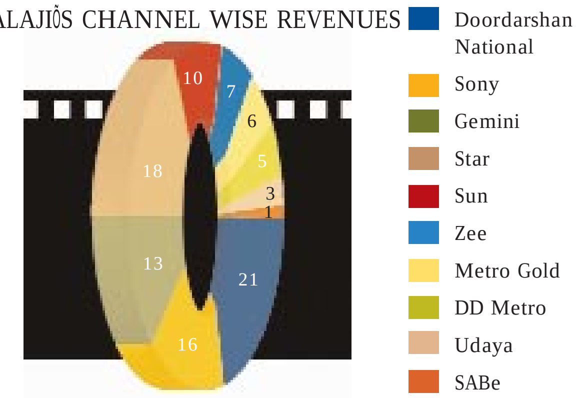

### CONTENT PROGRAMMING REVENUES

Content programming accounted for 98.41 per cent of the company’s turnover in 2000-01. This was a 143.22 per cent increase over the corresponding figure for 1999-2000.

The strength in Balaji’s content revenues came from its negotiating discipline: the company evolved its income close to the delivered quality of its programmes.

Fees from commissioned programmes rose attractively in 2000-01. Balaji’s fees were derived from higher TRPs and the achievement of targeted viewership milestones at periodic intervals.

BALAJI’S CHANNEL WISE REVENUES




### EVENTS

As a value-added initiative, the company invested in events programming. The company produced ‘Millennium Mast 2000’ that was aired on Doordarshan. Balaji sold the programme’s satellite rights following the Doordarshan telecast.

### NON-CORE INCOME

Balaji’s IPO raised Rs 36.44 cr. A part of the proceeds was deployed to acquire professional equipment, post-production facilities and develop studios. The company deployed its cash surplus in income-bearing mutual funds. The company expects to deploy these investments into assets and infrastructure as the need arises over the foreseeable future.

| Balaji’s non-core income | Rs cr |
|---|---|
| 1999-2000 | 0.05 |
| 2000-01 | 0.79 |

## *Accounting policies*

Balaji adopted conservative accounting policies during the year under review.

Balaji altered its accounting policy pertaining to the amortisation of all sponsored programming expenses. Prior to 2000-01, Balaji followed the practice of writing 60 per cent of the production cost to the profit and loss account in the year of the telecast of the programme; the rest was written-off equally over three years.

In 2000-01, Balaji charged all expenses related to sponsored programming to the profit and loss account in the year in which the programme was telecast. The expenses of the previous years continued to be carried forward till such time that they were completely written off.

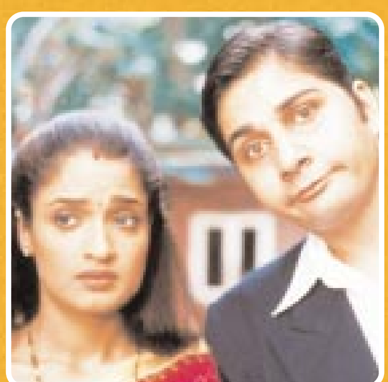
As a result of this change, the operating expenses in 2000-01 were higher by Rs 5.34 cr and profit before tax lower by a similar amount.

For event rights acquired by the company, 60 per cent of the expense was charged to the company’s P&L account in the year of telecast and the rest will be written off in the following year.

## *Costs*

Overheads and direct costs comprised 84.37 per cent of the turnover in 2000-01, compared with 66.71 per cent in 1999-2000. Principal content production costs included artistes, technicians, location and equipment.

Balaji’s optimum use of equipment helped control costs. The timely execution of projects accelerated production rollout and helped the company absorb



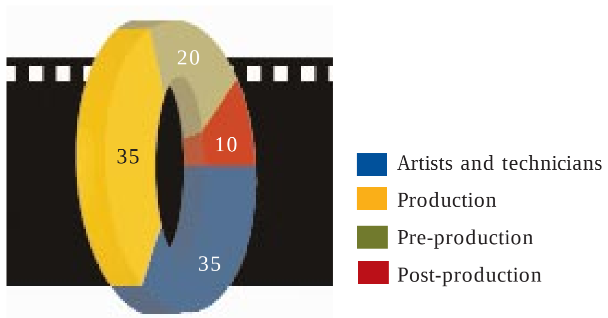
*Kajal and Neeraj in Koshish ek aashaa*

*“Rano, the lady character in ‘Kalash’, plays the role of a foodie. She was scheduled to eat five parathas as per the script. We shot the scene with her eating only three. When Ekta (Kapoor) watched the pilot, she threw a fit. She demanded to know why the production team had digressed from the script. So we re-shot the scene. It cost us an additional Rs 20,000. Only then did the pilot pass Balaji’s internal quality test. They were the most expensive parathas anyone has made!”*

*- Monisha Singh, associate creative director, Balaji Telefilms*

overheads efficiently. The investment in infrastructure lowered rentals and production costs, shrank production time and raised quality standards.

Individual costs (indicative) as a percentage of the total production costs:




## *Margins*

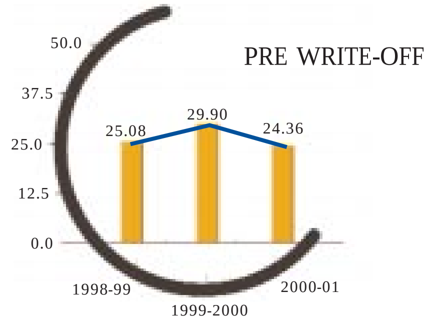
The company charged the entire sponsored programme costs incurred in 2000-01 to the profit and loss account. It must be remembered that in television programming, a substantial expenditure is incurred at the start of the serial and tapers gradually. Since a large number of serials were launched during the year, this expenditure was higher in 2000-01 and correspondingly depressed margins.

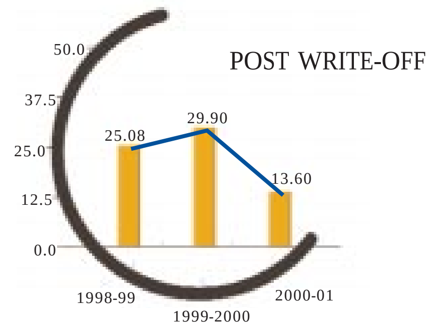
As the new sponsored programming launches transpired in the latter half, the available free commercial time was not used, which has also depressed margins.

The operating margins, pre- and post write off, have been provided to give readers an insight into the company’s financials.



The operating margins – per cent :



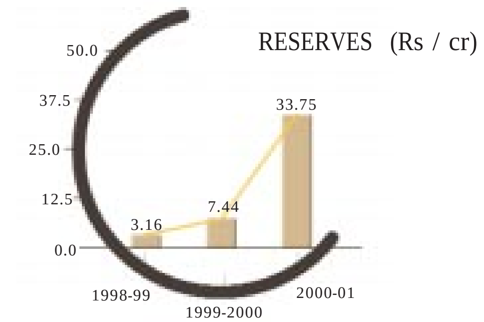

## *Capital structure*

Balaji’s share capital comprised equity shares only. Following the IPO, the company’s equity increased to Rs 10.30 cr (pre-IPO Rs 7.50 cr), (including bonus shares of Rs 6.5 cr). The company’s authorised capital was Rs 11 cr.

| The details | Rs cr |
|---|---|
| Authorised capital | 11.00 |
| Equity capital on 31 March 1999 | 1.00 |
| Bonus issued on 25 June 2000 | 6.50 |
| IPO in November 2000 | 2.80 |
| Total | 10.30 |

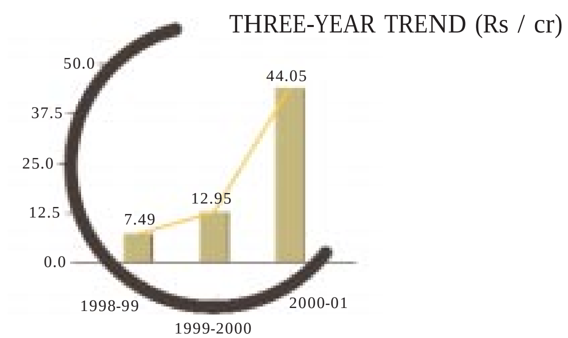
## *Reserves and surplus*

The reserves of the company grew from Rs 7.44 cr in 1999-2000 to Rs 33.75 cr during the year. This rise in reserves was largely on account of Rs 30.15 cr of share premium (less preliminary expenses written off) arising out of the IPO. The company did not have any revaluation reserves.



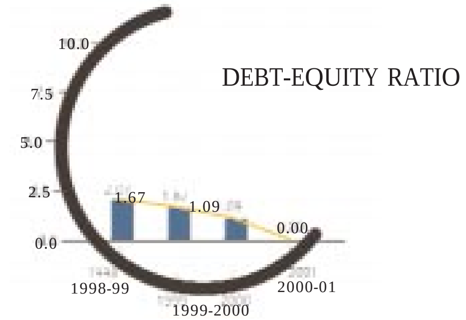

## *Capital employed*

The capital employed of the company rose from Rs 12.95 cr in 1999-2000 to Rs 44.05 cr in 2000-01 on account of the IPO inflow and an increase in reserves.




## *Loan, loan costs and debt-equity*

The company repaid its loans during 2000-01 from its strong cash flows and IPO proceeds. Consequently, the company emerged completely debt-free towards the close of 2000-01.




## *Gross block*

Balaji’s gross block rose from Rs 1.54 cr in 1999-2000 to Rs 9.19 cr in 2000-01. This was on account of the large investments made in equipment and studios during the year. A significant per cent of the company’s gross block was invested in revenue generating assets.

The capital-work-in-progress of Rs 2.12 cr as on 31 March, 2001 was represented by the acquisition of the fifth and sixth floor of Balaji House, Mumbai, to expand the company’s operations.



## *Capital expenditure*

The company invested Rs 7.80 cr in studio, set, production and post-production equipment during 2000-01. A bulk of the expenditure was invested in set construction and equipment (lights, cameras, editing, post-production and other forms of equipment).

## *Investments*

Balaji follows a conservative policy while investing

*Pallavi and Parvati in Kahaani ghar ghar kii*

*“What I like about Balaji is that it is very alive to the evolving response of its viewers. For instance, while shopping in Lokhandwala, Mumbai, a lady ran across the street, caught me by my arm and enquired: ‘Can you do me a favour? Why don’t you slap Pallavi !’ A lady standing adjacent to her immediately joined in and said, ‘Give her a slap from my side as well!’ Balaji was quick to grasp this audience need - it wove this precise picturisation into its later episodes.”*

*Sakshi Tanwar plays Parvati in ‘Kahaani ghar ghar kii’* its surplus. The company invested in debt mutual funds, banks and high quality debt paper with the principal aim of safety rather than high returns.

### *Depreciation and amortisation*

Balaji's depreciation increased substantially from Rs 0.10 cr in 1999-2000 to Rs 0.34 cr in 2000-01 on account of the company's increased investment in production assets. There was no change in the company's depreciation policy during the year. The company follows the straight line method (SLM).

### *Debtors*

Balaji's debtors (in days of income) dropped from 108 days in 1999-2000 to 103 days in 2000-01. Balaji did considerably better than the average industry benchmark of 120 days. Balaji's revenues comprised inflows from advertising companies (sponsored programmes) and satellite channels (commissioned programmes). Channels paid within 45-60 days (industry average); realisations from advertising companies took longer. The company instituted an aggressive recovery programme that improved its receivables position. Debtor days are expected to drop in 2001-02 due to a higher percentage of commissioned programmes and a lower credit to customer channels.


### *Inventories*

Inventories (in days of turnover) fell from 46 days in 1999-2000 to 37 days in 2000-01.

Balaji's inventories comprised completed episodes waiting to be aired, incomplete episodes, stock of video-tapes and related material. This inventory was reasonable since customer channels insisted on a month's stock of finished episodes. Unused FCTs accruing from sponsored programmes were not included in inventories as a measure of prudence and will be accounted for only when they are sold.


### *Loans and advances*

Loans and advances increased from Rs 3.48 cr in 1999-2000 to Rs 11.46 cr in 2000-01. Loans and advances comprised 17.31 per cent of the turnover in 1999-2000; the corresponding figure in 2000-01 was 23.44 per cent.

Balaji's principal loans and advances comprised channel and lease deposits. The company took six floors in Balaji House on lease from the promoters (lease details mentioned elsewhere in the report). The company took on lease studios in Chennai and Bangalore as well. Balaji also paid advances to its customer channels for securing a specific time slot. Additionally, the company made advances to suppliers for the Goregaon studios. Balaji has not engaged in any inter-group transactions, except than those mentioned elsewhere in the report.

### *Taxes*

The company paid a corporate tax of Rs 1.40 cr in 2000-01 compared to Rs 1.15 cr in 1999-2000. This corresponded to a tax rate of 18.84 per cent in 2000-01 compared with 18.7 per cent in 1999-2000. There were no incidental taxes and duties levied on the company.

### *Deferred expenditure*

Balaji's deferred expenditure comprised expenses carried forward from the previous two years on sponsored programming write-offs (read the accounting policies and notes to accounts for further details) and of event rights acquired (the balance of 40 per cent that is carried forward for one year). The deferred expenditure written-off was Rs 1.68 cr in 2000-01 (1999-2000 : Rs 0.72 cr).

### *Surplus management*

Balaji pursued a prudent policy of investing the bulk of its surpluses in revenue-generating assets or liquid investments. The details are available in gross block, capital expenditure and the investment sections.

### *Forex*

Balaji's income was largely sourced from within the country. Forex income was negligible in 2000-01 - Rs 0.18 cr compared with Rs 0.09 cr in 1999-2000. Balaji expects to raise its international focus over the foreseeable future to service the large Indian diaspora across the globe. Balaji did not have any forex loans on its books in 2000-01.

Forex income Rs cr

| Particulars | 1998-99 | 1999-2000 | 2000-01 |
|---|---|---|---|
| Forex income | – | 0.09 | 0.18 |

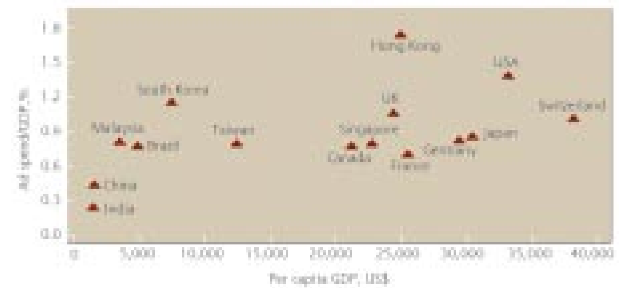
### *Governmental restrictions and concessions*

Balaji's business does not suffer from any government restrictions and nor does it enjoy any concessions.

### *Opportunities*

ADVERTISING POTENTIAL

Most Indian broadcasters depend primarily on advertising revenues to sustain themselves since the programmes are telecast on a free-to-air basis. The ad spend in the electronic media is rising - a bullish trend.

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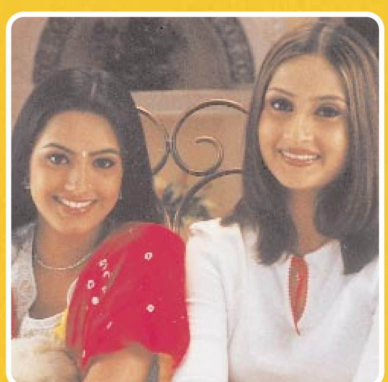


*Tanu and Sonia in Kabhii soutan kabhii sahelii*

*"Balaji's directors have mastered the balance of the various chemistries that go into turning a mundane scene into a memorable one."*

- Anil Vishwakarma, director, 'Kahaani ghar ghar kii'

# The management expects to enhance and protect value through a blend of professional dynamism and fiscal conservatism.

The access of cable and satellite channels into television households is currently at 17 per cent compared to 38 per cent of all Indian households having television sets – a considerable room for growth within India's existing market.

### TECHNOLOGY

Technological advances are likely to result in the larger availability of channels and the reduced cost of delivery (through digitisation). This is likely to drive the demand for content. Besides, content producers like Balaji will be able to spread its content across media like the cable and Internet to generate more revenue.

### PRIME-TIME EXTENSION

The expansion of prime-time from the 11 pm slot is expected to expand viewership further. It is expected that there will be a further consolidation of women and children's hours that will raise advertising exposure.

### EXPORT MARKETS

The international markets represent a large untapped market for Indian soap. India is in a strong position to capture the attention of a large Indian diaspora across UK, UAE, South Africa, New Zealand, Malaysia, Africa and US. The export potential as envisaged by FICCI is:

Rs cr

| Year | Amount |
|---|---|
| 1999 | 350 |
| 2000 | 595 |
| 2001 | 1,012 * |
| 2002 | 1,517 * |
| 2003 | 2,428 * |
| 2004 | 3,884 * |
| 2005 | 5,830 * |

* projected / estimates

### NEW AVENUES

Balaji is expected to gain from the development of programmes for niche segments. The focus on content-driven budget films, programmes for the week-end and afternoon slots are expected to drive revenues and margins for the company.

### CONTENT SHORTAGE AND LIBRARY

The projected proliferation of channels is likely to result in a shortage of quality content. Balaji's existing library of 1831.50 hours across four languages represents an attractive revenue opportunity over the medium-term.

## *Shareholder value*

The management expects to enhance and protect value through a blend of professional dynamism and fiscal conservatism.

Balaji expects to enhance shareholder value through a prudent strategy. The company expects to recover its fixed asset investments across two years and its location expenditure across three years, quicker than the industry average.

Balaji expects to protect the enhanced value through financial checks that eliminate arbitrariness in decision-making and through stronger Corporate Governance initiatives. The company commits to a responsible sharing of information and prosperity as the cornerstone of its shareholder commitment.

## *Outlook*

Balaji is optimistic about its prospects in the near and medium term.

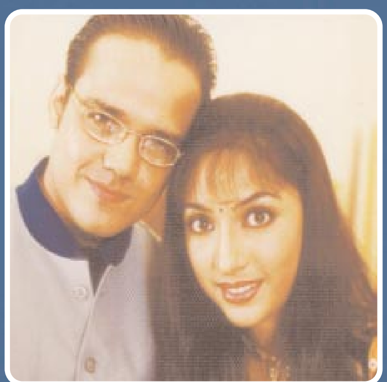
Much of Balaji's optimism comes from its track record - rising TRPs, its status as a channel driver, strong financials, brand equity, increase in programming hours and a wide genre of programming.

Balaji expects to increase the number of programming hours through more serials. The company expects to supply content across a wide range of genres to more television channels. The company expects to strengthen its presence in the afternoon slot through customised programmes. The company also expects to enter high-value programming through the telecast of events and the production of low risk, small budget commercial movies. The focus on developing content for the vacant week-end slots is expected to enhance programming opportunities for Balaji.

Margins are expected to improve through a lower Doordarshan (the margins on Doordarshan are significantly lower than on other channels) exposure and a stronger focus on southern programming (low cost of programming, strong audience growth).

The size of the Indian programming market in 1999-2000 was estimated to be approximately Rs 1,000 cr. The compounded annual growth rate (CAGR) forecast over the next three years is 30 per cent. This is expected to drive programming opportunities for content providers like Balaji.

Besides, Balaji's robust financials - attractive margins and its debt free status - are expected to help it price its offerings more effectively, offer greater value-for-money for broadcasters and generate strong returns to stakeholders. As a result, Balaji is expected to enhance and consolidate its leadership position in the near and medium term.



Kunal and Shaina in *Kaahin kissii roz*

*"Editing gets importance equal to direction at Balaji. Editors are empowered to interfere in the direction process so that the director shoots just what is required for good storytelling."*

- Bashir Rahman, chief editor, 'Pavithra bandham' and 'Pelli Kanuka'