

Management Discussion & Analysis FY2015-16

The Indian economy remained resilient and grew by 7.6% in FY2016, making it the world's fastest growing economy among the large economies. This was higher than 7.2% economic growth recorded in FY2015, buoyed by improved agricultural performance and growth in consumption.

Economic OVERVIEW

GLOBAL ECONOMY

Calendar Year 2015 (CY2015) has been challenging and difficult year for the global economy. Global growth is said to pick up after a number of weak years (global economic activity remained subdued in CY2015). Global growth, estimated at 3.1% in CY2015, is projected to improve to 3.4% in CY2016 and 3.7% in CY2017. The pick-up in global activity is projected to be more gradual, especially in the emerging markets and the developing economies. In its semi-annual World Economic Outlook, the International Monetary Fund (IMF) stated that the world economy is facing the threat of a synchronised slowdown and mounting risks including another bout of financial market turmoil, and a political backlash against globalisation.

Worldwide, demand remained weak and the recent volatility in financial markets highlighted an uncertain international outlook, especially in China. "The emerging economies are slowing down, apart from India which is "doing pretty well", Christine Lagarde, the chief of the International Monetary Fund stated. The pace of global GDP growth remained slow, driven by a collusion of multiple factors such as volatility and rebalancing in the Chinese economy. A drop in oil and other commodity prices, slowdown in emerging economies, and slow pick-up in major developed economies also contributed to the slow growth.

Source: International Monetary Fund's Semi-Annual World Economic Outlook



INDIAN ECONOMY

The Indian economy remained resilient and grew by 7.6% in FY2016, making it the world's fastest growing economy among the large economies, according to the data released by the Central Statistics Organisation (CSO) of India. This was higher than 7.2% economic growth recorded in FY2015, buoyed by improved agricultural performance and growth in consumption. The economy outgrew most major economies on the back of strong domestic demand, coupled with a drop in crude and commodity prices. The CSO had estimated the Indian economy to record a five-year high growth rate of 7.6% on the back of improved performance in manufacturing and farm sectors.

The International Monetary Fund (IMF) retained its growth forecast for India in FY2017 at 7.5%, largely driven by private consumption even as weak exports and sluggish credit growth continue to weigh on the economy. India's growth momentum is expected to be underpinned by private consumption, which has benefited from lower energy prices and higher real incomes. Robust reforms, push for Make in India and a better external environment indicate a double-digit growth trajectory.

India climbed 12 notches on the World Bank's Ease of Doing Business indicator and is a "haven of stability amid a turbulent global economy". The Government has taken several steps to improve the country's economic environment – including simplifying approval procedures, repealing obsolete laws, putting in place a non-adversarial tax regime and addressing the issue of subsidy leakage. Foreign investment inflow into the country increased by 39% in 2015.

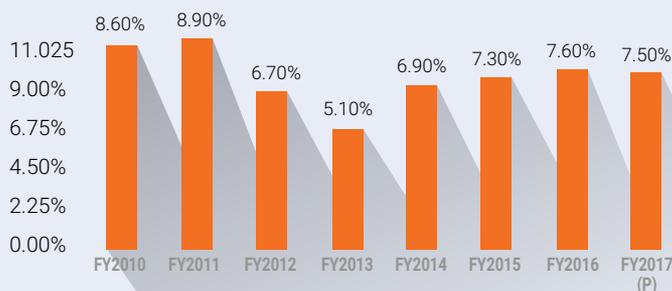
Indian Economy – Growth Drivers

Strong macro-economic fundamentals, favourable business sentiments and a downward trend in interest rates are significant positives for the economy. According to the estimates of the Confederation of Indian Industry (CII), government infrastructure investments and increased investments from the private sector will boost GDP growth. India has benefited from lower oil prices and remains on a strong recovery path, being the fastest-growing large economy in the world. An incipient recovery of private

investment is expected to help broaden the recovery. Moreover, higher levels of public infrastructure investment and government measures to re-ignite investment projects should help crowd-in private investment.

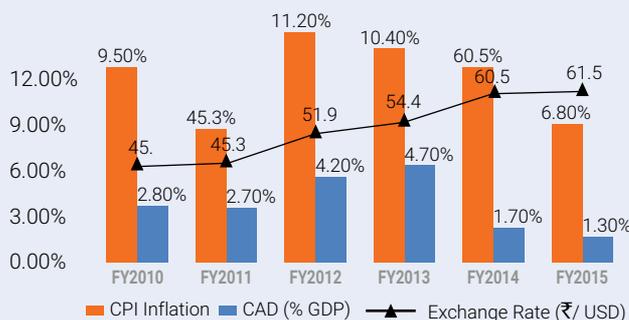
An integrated set of initiatives – including Make In India, Start-Up India, Mudra Yojana and Skill India – will help create a large number of jobs. A series of reforms is being initiated to help convert job seekers into job creators. The Government has launched the Start-Up India campaign, which will deepen, expand and support the innovation ecosystem in the country.

INDIA'S GDP GROWTH RATE – ACTUAL AND PROJECTED (YOY)



Source: Central Statistics Organisation

RECEDING INFLATION AND WEAKENING INDIAN RUPEE



Source: RBI Website

Industry OVERVIEW

INDIAN M&E INDUSTRY

Calendar Year 2015 (CY2015) was a mixed bag for the Indian Media & Entertainment (M&E) industry. Coming off the heady days of CY2014, when election spending and renewed hope drove a significant level of media spend, CY2015 was a year of settling in, rolling up one's sleeves and getting down to task. The M&E sector grew by 12.8% from ₹ 1,026 billion in CY2014 to ₹ 1,157 billion in CY2015. A healthy advertising environment, with around 15% growth – propelled several parts of the industry to unprecedented growth. Television again performed very well, led by the General Entertainment Channels (GEC).

CY2015 saw several new channel launches and also witnessed the industry's adoption of a brand new ratings system – Broadcast Audience Research Council (BARC). Digitisation of cable continued with its implementation challenges, but with Phase III substantially completed, significant progress is being made. Addressability still remains a key challenge even after digitisation, but the industry is hopeful that these challenges, too, will get addressed in time. The cable industry awoke to the potential of broadband and the year saw several companies restructure and raise funds from private equity or through listings.

The Media & Entertainment (M&E) industry is set to grow at a CAGR of 14.3% to ₹ 2,260 billion by CY2020, according to the KPMG-FICCI Media and Entertainment industry report 2016, titled 'The Future: now streaming'. According to the report, the growth of the M&E industry will be led by advertising revenue, which is expected

to grow to ₹ 994 billion at a CAGR of 15.9%. Growth for television advertising is projected at a CAGR of 15% between CY2015 and CY2020, while print media is expected to grow at 8.6%, according to the report. With an advertising growth rate of 17%, CY2015 was a phenomenal year for television. Some Hindi General Entertainment Channels may even have outperformed the industry with a growth rate of more than 20%. Although TV saw a spike in advertising, subscription revenue for the medium remained muted. Digital advertising, which continued its strong run with 38.2% growth over CY2014 – as a mounting Internet user base and data usage were supplemented by increased spend allocation by marketers – is likely to scale up to ₹ 255 billion by CY2020 and contribute to 25.7% of total advertising revenues, according to the FICCI Report.



THE INDIAN MEDIA AND INDUSTRY: SIZE

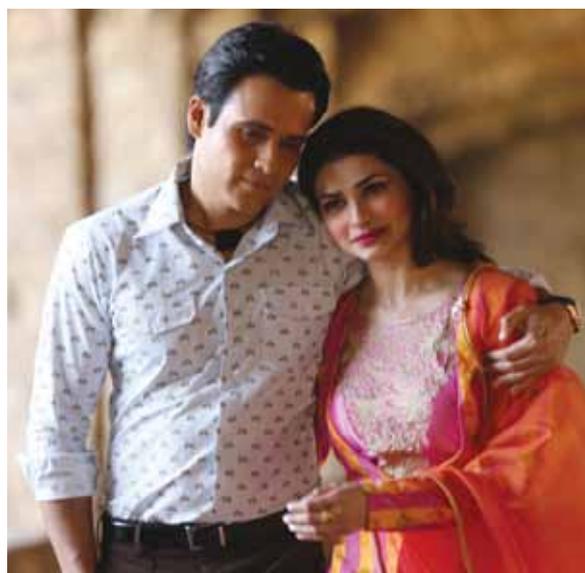
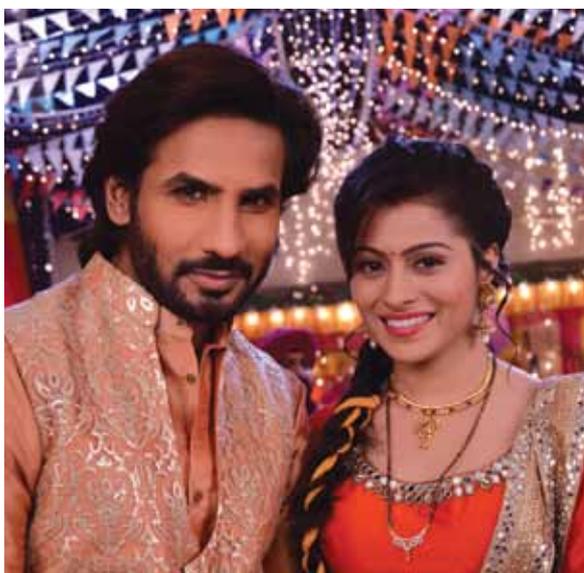
Overall Industry Size (₹ Billion)	2010	2011	2012	2013	2014	2015	Growth Over 2014 (%)	2020 (P)
TV	297	329	370.1	417.2	474.9	542.2	14.2	1,097.6
Print	192.9	208.8	224.1	243.1	263.4	283.4	7.6	412.5
Films	83.3	92.9	112.4	125.3	126.4	138.2	9.3	227.3
Radio	10	11.5	12.7	14.6	17.2	19.8	15.3	43.3
Music	8.6	9	10.6	9.6	9.8	10.8	10.2	20.6
OOH	16.5	17.8	18.2	19.3	22	24.4	10.9	45.2
Animation & VFX	23.7	31	35.3	39.7	44.9	51.1	13.8	108
Gaming	10	13	15.3	19.2	23.5	26.5	12.8	50.7
Digital advertising	10	15.4	21.7	30.1	43.5	60.1	38.2	255.2

Source: KPMG-FICCI Indian Media and Entertainment Industry Report 2016

ADVERTISING REVENUES: SIZE

Overall Industry Size (₹ Billion)	2010	2011	2012	2013	2014	2015	Growth in 2015 Over 2014 (in %)	2020 (P)
TV	103	116	124.8	135.9	154.9	181.3	17	364.5
Print	126	139.4	149.6	162.6	176.4	189.3	7.3	285.8
Radio	10	11.5	12.7	14.6	17.2	19.8	15.3	43.3
OOH	16.5	17.8	18.2	19.3	22	24.4	10.9	45.2
Digital Advertising	10	15.4	21.7	30.1	43.5	60.1	38.2	255.2

Source: KPMG India Analysis 2016



UNDERLYING GROWTH DRIVERS FOR THE M&E INDUSTRY

a. Growing prominence of e-commerce advertising

The e-commerce segment continued to aggressively chase market share by continuing to spend on customer acquisition. E-commerce advertising spends initially focused on digital platforms, but over the last couple of years, there has been significant increase in advertising spends across Television, Print and Radio.

However, most of these spends have been largely concentrated on national networks and have not percolated down to regional markets. It is expected that e-commerce will continue to be an active advertiser across platforms with spends being concentrated among the large e-commerce players and increasing focus on regional markets.

b. Emerging shift in films in favour of Hollywood and regional content

The Films segment grew by 9.3% during CY2015, primarily driven by strong performance by Hollywood

and Regional content that offset another weak year for Bollywood. Regional content, on the other hand, has seen growing budgets, increased distribution and marketing spend allowing wider audiences to access the content.

c. Over The Top (OTT) - Building for the Future

There is a significant level of interest in building out OTT platforms. However, their viability in the short term remains a concern. This is owing to the bandwidth constraints, high cost of customer acquisition, dependence on advertisement-led models and high cost of data access.

d. Sports is looking beyond cricket for growth

Cricket continues to be the primary driver of viewership, with marquee properties such as IPL and World Cup, witnessing growth in both ad rates and sponsorships. However, the last couple of years have seen the launch of various sporting leagues across varied sports such as Kabaddi, Football and Tennis among others. Kabaddi in particular has seen strong audience and brand response prompting the league owners to make the tournament a bi-annual affair to leverage on its popularity. (Source: KPMG-FICCI Indian Media and Entertainment Industry Report 2016)

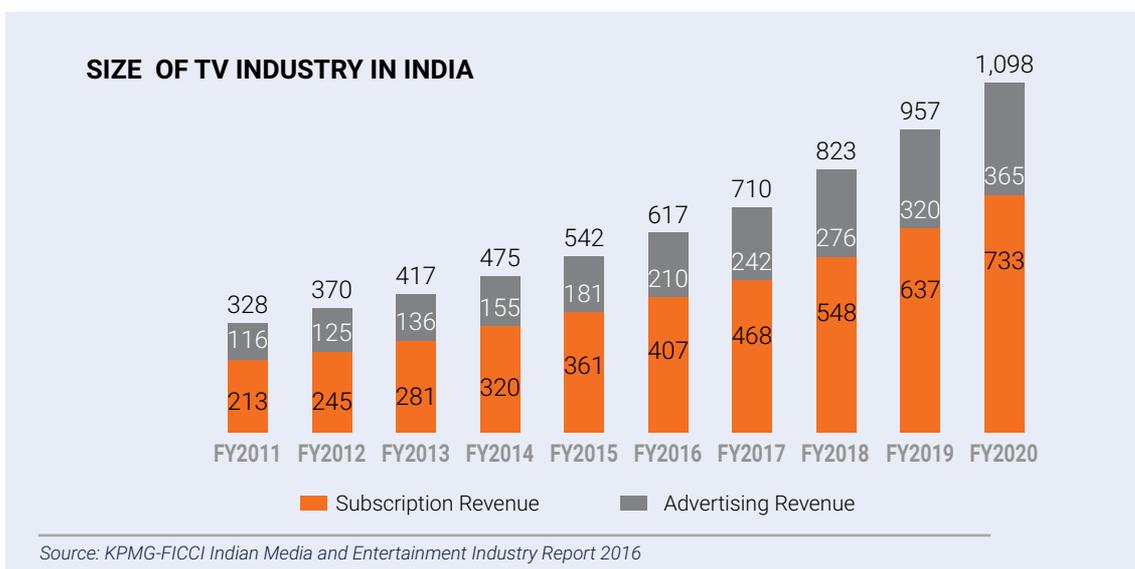
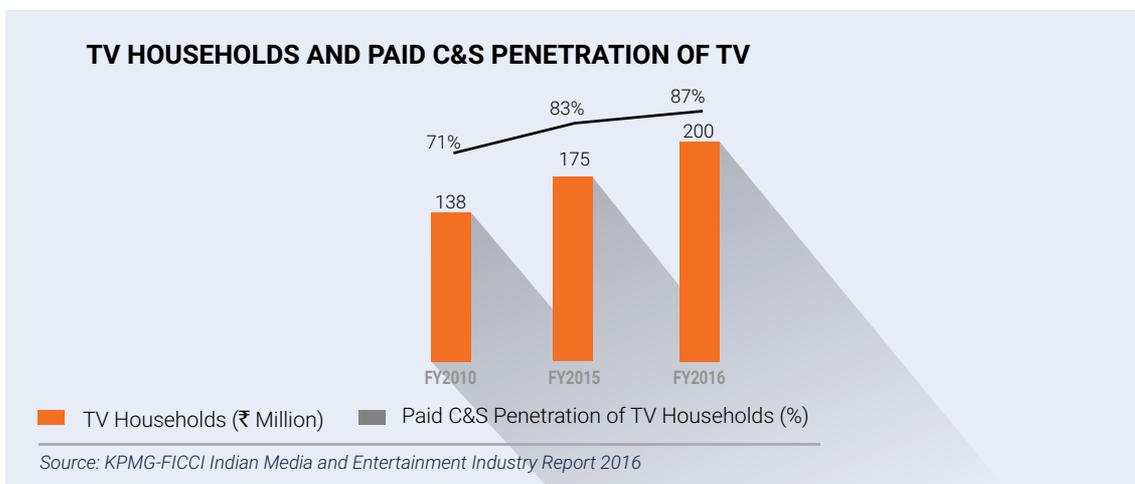




INDIAN TELEVISION INDUSTRY

Television registered a 14.2% growth in CY2015 at ₹ 542 billion, led by a strong growth in advertising at 17% on the back of increased e-commerce spends and renewed spending by sectors such as Auto, Telecom and Mobile handsets, among others. Subscription revenue growth at 12.8% was slower due to delays in Phase 3 digitisation and further delays in availing the on-ground benefits of Phase 1 and 2. Television is expected to grow at a CAGR of 15.1% in the coming years, as advertising revenues will continue to show robust growth. However, delays in digitisation would mean that subscription growth would be slower than anticipated earlier.

The television industry is expected to grow at a CAGR of 15% to reach ₹ 1,098 billion by CY2020. Subscription revenue is estimated to grow at a CAGR of 15% on account of increased monetisation, while advertising revenue growth is also estimated to remain strong, growing at a CAGR of 15%. The number of TV households in India increased to 175 million in CY2015, implying a penetration of 62%. The number of Cable & Satellite (C&S) subscribers is estimated to have reached 160 million. Excluding DD Free Dish, the number of paid C&S subscribers was estimated at 145 million in CY2015, implying a paid C&S penetration of 83%. TV households are projected to increase to 200 million by 2020, with the paid C&S subscriber base expected to grow to 174 million by CY2020, representing 87% of the TV households.



Action hero film franchises, along with wide distribution and marketing, helped Hollywood in continuing its double-digit growth trajectory in India, clearly demonstrating the audience's appetite for differentiated content.

INDIAN MOVIES INDUSTRY

During CY2015, the movies industry grew at 9.3% although the underlying fundamentals were mixed, with Hollywood and regional releases also contributing to growth. Films are expected to grow at an annual rate of 10.5% in the near term. Lack of screen density is a key constraint to sustained growth, especially for Bollywood content. While exhibitors recorded a significant growth in regional and Hollywood film collections, collection for Hindi films (Bollywood) was almost flat compared to previous years. On the other hand, strong regional content seemed to have gained acceptance even among the non-native language speaking audience, thereby improving the share of regional films in the overall revenue pie. Action hero film franchises, along with wide distribution and marketing, helped Hollywood in continuing its double-digit growth trajectory in India, clearly demonstrating the audience's appetite for differentiated content. (Source: KPMG-FICCI Indian Media and Entertainment Industry Report 2016)

Key Trends in The Movies Industry

a. Rationalising Spends

Cost consciousness led to a steady shift in the business model. Actors are increasingly accepting a revenue share instead of front-loading the entire fee, thereby enabling risk-sharing across the value chain. Studios are also experimenting with fresh talent, which comes onboard for a lower fee. On the marketing front, there have been active measures to curtail the marketing spend by rationalising spending on print media, reducing the number of promotional tours and shortening the duration of the campaigns.

b. Increasing Focus on Content Development

The year witnessed many films with a strong storyline (with or without A-listed actors) doing well. Few films having A-listed actors crashed at the box office, further strengthening the hypothesis that a good script is indispensable for a film's success. Consequentially, players have initiated several programmes to consciously focus on content development.





Some of the key initiatives are:

- ▶ Shift from acquisition of projects to in-house content development
- ▶ International alliances and mentoring for content development
- ▶ Strategic alliances with domestic players across the value chain
- ▶ Reduced dependence on star talent
- ▶ Development of ancillary revenue streams

c. Optimising Marketing Costs

Many film production houses are taking steps to rationalise their marketing spends, such as:

- ▶ Shortening the duration of promotion campaigns
- ▶ Lower investment in print media
- ▶ Increasing focus on Social Media/Digital Marketing
- ▶ Integrated brand-tie ups to unlock synergies
- ▶ Use of newer platforms

Opportunities for the Indian Movies Industry

- ▶ Improving domestic reach by increasing number of screens
- ▶ Retrofitting - Converting single screens to 2/3 screen multiplexes
- ▶ Single window clearance/simpler laws to start and exit the exhibition business

DIGITISATION OF MEDIA

The on-demand audio and video content services are at the cusp of an inflection point in India. An entire ecosystem around such services has emerged including content providers, aggregators, distribution channels, technology platforms, advertising platforms, payment channels and marketing channels. While the current monetised value of the platform is small, the industry is investing in directing the viewing habits of consumers to legal platforms, away from illegal platforms. Digital revenues constitute less than 5% of the overall domestic theatricals market, but are observing double digit growth. Digital advertising will continue to grow at a high CAGR of 33.5% with a shift towards mobile and video advertising on the back of increase in mobile users and improved digital infrastructure, according to the KPMG-FICCI Indian Media and Entertainment Industry Report 2016. By CY2020, it is expected that digital advertising will be ₹ 255 billion and will contribute 25.7% of total advertising.

a. Video On Demand (VOD) Platforms displacing Cable & Satellite

CY2015 was witness to the broadcast windows shifting for the first time. Eros International, which adopted a “digital first” strategy for its growth, started windowing premieres as part of its marketing initiatives for its VOD platform – Eros Now. It released ‘Tanu Weds Manu Returns’ on its VOD platform, much before its television premiere. A couple of its other films – ‘Badlapur’, ‘NH10’, ‘Shamitabh’, and ‘Happy Ending’ also premiered on the Eros Now platform before their satellite premiere.

INDUSTRY PERFORMANCE AND PROJECTIONS

Revenues (₹ Billion)	2011	2012	2013	2014	2015	2016(P)	2017(P)	2018(P)	2019(P)	2020(P)	2014-15 (YoY Growth)	CAGR 2015- 2020
Domestic theatrical	68.8	85.1	93.4	93.5	101.4	115.8	125.7	136.1	147.6	159.9	8.5%	9.5%
Overseas theatrical	6.9	7.6	8.3	8.6	9.6	11.4	12.4	13.5	14.5	15.6	11.5%	10.9%
Cable and satellite rights	10.5	12.6	15.2	14.7	15.9	18.2	19.8	21.4	23.2	25.1	8.1%	9.5%
Home video	2.0	1.7	1.4	1.2	1.0	0.9	0.8	0.7	0.6	0.6	-14.0%	-12.2%
Ancillary revenue streams	4.7	5.4	7.0	8.4	10.2	12.5	15.4	18.3	21.9	26.1	22.3%	21.1%
Total	92.9	112.4	126.3	126.4	138.2	168.7	174.1	190.0	207.8	227.3	9.3%	10.5%

Source: KPMG-FICCI Indian Media and Entertainment Industry Report 2016
Note: P = Projected



b. Entry of Subscription-based Video On Demand (SVOD)-only players in Over The Top (OTT) Films Landscape

The Indian OTT landscape was dominated by the advertising-based, pay per view and freemium models. However, the entry of Netflix, which follows a subscription-only model, into the Indian market has added a new dimension. Netflix has been launched at a higher price with three packages – ₹ 500 (SD, one device), ₹ 650 (HD viewing, two devices) and ₹ 800 (UHD, four devices), targeting the high-end consumers. This is expected to segment the digital market and make way for the other SVOD players as well. A few other players such as HOOQ, Hungama Play, YuppTV have also launched subscription-based services.

With the entry of newer players in CY2015, there are our 12 major OTT players in the films space now - Hotstar, Spuul, Netflix, Muvizz, HOOQ, Eros Now, VOOT, Box TV, Sony LIV, YuppTV, Ditto TV, Ogle and Hungama Play, among others. While these players are expected to increase their investments, few more new arrivals are also expected soon - Amazon Prime, and "ALT Balaji" from Balaji Telefilms. As more players are acquiring content in India and globally, the syndication revenues for film libraries are expected to increase.

INDUSTRY OUTLOOK

The Indian Media & Entertainment industry is on an impressive growth path. The revenue from advertising is expected to grow at a CAGR of 13% and will exceed ₹ 81,600 crore (US\$ 12.29 billion) by CY2019 from ₹ 41,400 crore (US\$ 6.24 billion) in CY2014. Internet access has surpassed the print segment as the second-largest segment contributing to the overall pie of the Media & Entertainment industry revenues. Television and print are expected to remain the largest contributors to the advertising pie in 2018 as well. Internet advertising will emerge as the third-largest segment, with a share of about 16% in the total Media & Entertainment advertising pie. The film segment which contributed ₹ 12,640 crore (US\$ 1.90 billion) in CY2014 is projected to grow steadily at a CAGR of 10% on the back of higher domestic and overseas box-office collections as well as cable and satellite rights.





Digital advertising is expected to lead the CAGR with 30.2%, followed by radio with 18.1%. Animation and VFX, and television are expected to register a CAGR of 16.3% and 15.5% respectively, followed by growth rates of gaming (14.3%), music (14.0%), films (10%) and OOH with 9.8% expected CAGR. Within TV, subscription revenues are expected to be three times more than

advertising revenues, by 2018. Growth in the regional reach of print and radio shall provide opportunities to further improve the advertisement revenue.

Moreover, technology has played an important role in changing the landscape of the Indian Media & Entertainment sector. The audience has become more experimental and open to new concepts, platforms and other sources of entertainment. The industry is inching closer towards digital as a potential revenue stream, which can disrupt the industry and alter the outlook. The industry should be able to leverage and monetise it aptly. Though this will present significant challenges to existing business models, there are also significant opportunities which can far outweigh the risks. However, to leverage these opportunities, the industry needs to invest for the future and be willing to look at the changes required in mindset and approach.

10.5%

Projected CAGR of Indian Media & Entertainment Industry (during CY2015-20)



Company OVERVIEW

OUR TELEVISION BUSINESS

Television programming will continue to remain our staple source of value creation. We've been widely credited for successfully assessing our audiences' tastes in the most relevant manner. We have captured the pulse of new-age watchers and live up to their viewing preferences. With rich experience in entertainment and a proven ability in gauging the pulse of masses, we want to enhance our revenue generation and reiterate our market leadership in the TV industry. Television programming continues to be our key area of focus. We are venturing into new serials under the Hindi GEC segment and the year ahead will see a bunch of new TV shows targeted at capturing the sensibilities of different audiences on the GEC and non-GEC segment.

Creating a Wide Range of TV Programming

We have a strong track record of hit shows in Hindi. During the year, we tackled diverse genres – a reality show, created IP (through Box Cricket League) and also focused on televised events to create intellectual property. We aim to have a robust slate of 7-8 running shows at any given point in time. Some of our popular television shows aired during the year include Naagin, Jodha Akbar, Pavitra Bandhan Do Dilo Ka, Kumkum Bhagya, Ye Hai Mohabbatein, Meri Aashiqui Tum Se Hi and Kalash - Ek Vishwaas. With a past track record and a string of hit shows in Hindi and Regional television, we upped our production value and made a winning proposition on the small screen. Naagin emerged as the No 1 show of the year on Colors. With 62 episodes, it created a niche and popular slot for short-format series on weekend TV, with catchy elements such as characterisation, scripting, visual appeal and high-end technology. The fictional show, which went off air in June 2016, has been replaced with our thriller/horror show Kavach - Kaali Shaktiyon Se.

Exploring New Genres

In addition to thriller/horror, we forayed into the comedy genre through our upcoming show "Mazaak Mazaak Mein" on Life OK, co-produced with Violet Pictures. The non-fiction reality comedy show, on the lines of the Great Indian Laughter Challenge, will have five teams competing with each other. We are working towards expanding the slate by adding shows through the co-production model, which helps leverage economies of scale and attain cost efficiency. There are two other shows planned on Star Plus – a daily fiction show (scheduled for launch in September 2016) and a historical show (scheduled for launch in October 2016). A horror show is also on the cards for Zee Telefilms.

Moving Ahead

Having established ourselves well in the TV space, we constantly aim to deliver stable and sustainable growth by scaling higher and adding to the bottom line. We have an exciting and robust pipeline of shows to be aired in FY2017 across channels. With changing industry dynamics, we are aiming to capitalise our capabilities in making high-concept fiction and non-fiction shows. We are looking at expanding our regional shows in line with our business strategy. Having forayed into Bengali TV shows through our tie-up with Chhayabani Entertainment Private Limited, we are looking to add more shows on this platform.

KEY REVENUE DRIVERS IN TV

- ▶ Improving realisation in commissioned programming
- ▶ Demand from satellite channels for premium TV shows
- ▶ India being the world's third-largest television market in terms of number of households



OUR UPCOMING TV SHOWS IN FY2016-17

Name of the Show	TV Channel	Frequency of Broadcast	Expected Period of Launch
Mazaak Mazaak Mein	Life OK	Bi-weekly	July 2016
Bhramarakshas	Zee TV	Bi-weekly	August 2016
Chandragupt Mourya	Star Plus	Daily	October 2016
Pardes Mein Hai Meraa Dill	Star Plus	Daily	October 2016
Kavach - Kaali Shaktiyon Se	Colors	Bi-Weekly	June 2016

TV SHOWS ON AIR DURING FY2016

Name of the Show	TV Channel	Release Date	Current Status/Running Till
Ye Hai Mohabbatein	Star Plus	December 2013	Active
Naagin	Colors	November 2015	Off Air
Kuch to Hai Tere Mere Darmiyaan	Star Plus	September 2015	Off Air
Pavitra Bandhan Do Dilo Ka	DD National	September 2013	Active
Kalash – Ek Vishwaas	Life OK	March 2015	Active
Kumkum Bhagya	Zee	April 2014	Active
Pyar Ko Ho Jaane Do	Sony	October 2015	Off Air
Ye Kahan Aa Gaye Hum	& TV	October 2015	Active
Meri Aashiqui Tum Se Hi	Colors	June 2014	Off Air
Kasam Tere Pyar Ki	Colors	March 2016	Active
Itna Karo Na Mujhe Pyaar	Sony	November 2014	Off Air
Gumraah-5	Channel V	March 2015	Off Air

OUR TV Shows Aired DURING FY2016 AND FY2017

PREMIERED: March 2015
ANCHOR: Karan Patel
GENRE: Scripted Reality
EPISODES COMPLETED: 67
CHANNEL: Channel V

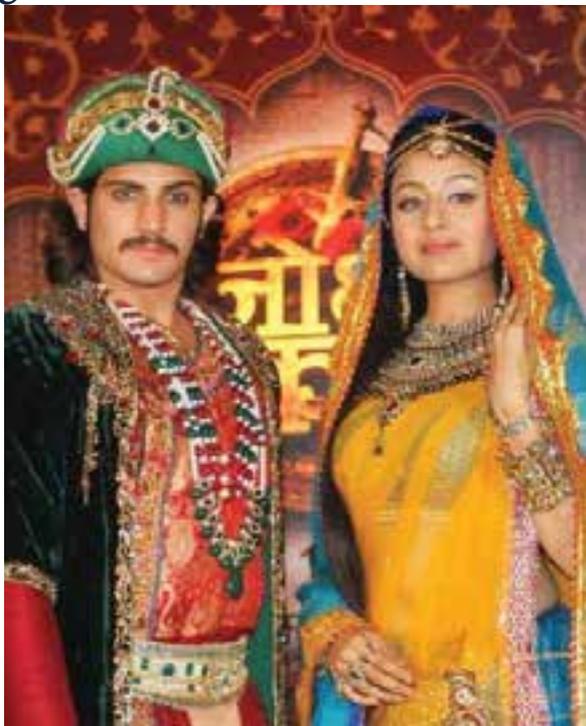
SYNOPSIS

Gumrah is a youth based episodic show which highlights several issues the youth face owing to peer pressure, societal pressure or family pressure. Through every narrative the anchor interacts with the viewers and asks them to adapt a healthy approach to effectively tackle all their problems.

Gumraah Season 5



Jodha Akbar



PREMIERED: June 2013
ACTORS: Rajat Tokas, Paridhi Sharma
GENRE: Historical Love Story
EPISODES COMPLETED: 566
CHANNEL: Zee TV

SYNOPSIS

Jodha Akbar is a 16th century love story about a political marriage of convenience between Mughal Emperor Akbar and the Rajput princess Jodha. Being hard-nosed, rough, tough and heartless, Akbar kept expanding his empire at the cost of other's lives, emotions and love. Whilst Jodha, the fiery Rajput princess and daughter of the King of Amer, was the one to value emotions. Once married, Akbar embarked on the journey of true love. Akbar's biggest challenge was in winning the love of Jodha, which was hidden deep below resentment and extreme prejudice.

Itna Karo Na Mujhe Pyaar



PREMIERED: November 2014
ACTORS: Ronit Roy, Pallavi Kulkarni
GENRE: Romantic Drama
EPISODES COMPLETED: 77
CHANNEL: Sony

SYNOPSIS

Itna Karo Na Mujhe Pyaar is a Hindi-language soap opera. The show is about the relationship challenges of a divorced couple Dr. Nachiket Khanna, a cardiac surgeon, and Ragini Patel, his independent wife. The show deals with how the husband and wife get reconnected due to their children.



Kalash - Ek Vishwaas



PREMIERED: March 2015
ACTORS: Krip Suri, Aparna Dixit, Neena Cheena
GENRE: Drama
EPISODES COMPLETED: 333
 (till 30th June, 2016)

SYNOPSIS

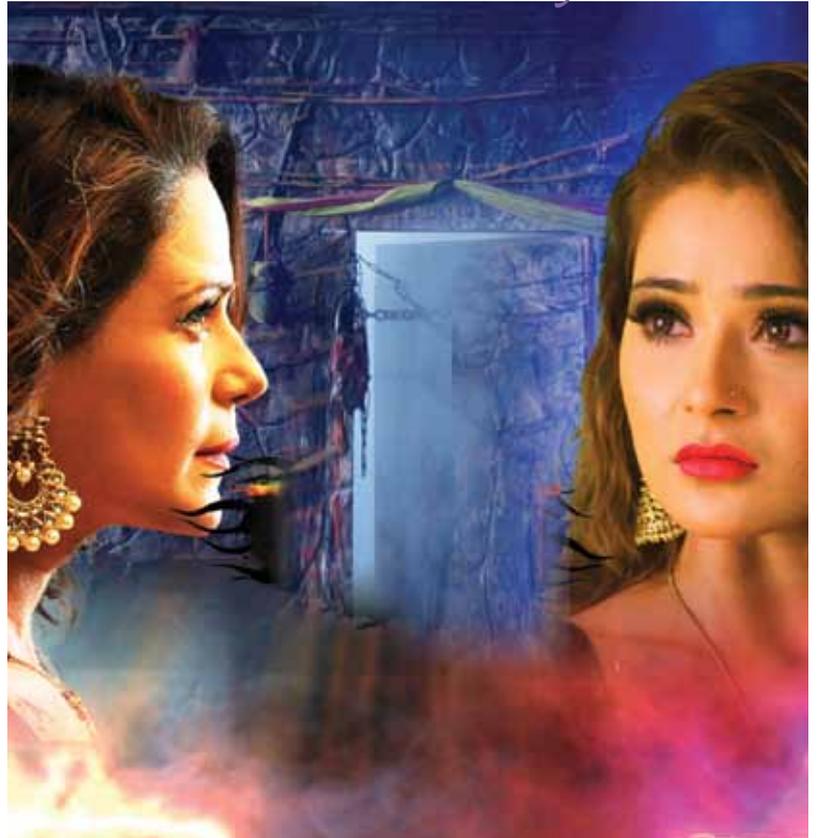
The story follows the basic premise that faith and belief in the mystic law and the power of the universe make all things possible. It shows the dual mindsets of people where female deities are revered and worshipped, while women in general are mistreated. The show also traces the traditional and regressive thought process prevalent in many so-called progressive households. It explores the universal concept of the fight between good and evil and what happens when a woman is tested against fire.

PREMIERED: June 2016
ACTORS: Mona Singh, Vivek Dahiya
GENRE: Thriller/Horror
EPISODES COMPLETED: 5 (Upto 30th June, 2016)

SYNOPSIS

"Kavach" is the story of Paridhi and Rajbir and their undying love for one another and how they protect their relationship from being sabotaged by Manjulika, Rajbir's former love who holds a dark secret of her own. Manjulika often tries to entice Rajbir but fails and then later dies under mysterious circumstances. It is later revealed that Manjulika is a witch and tries to possess Paridhi, in order to fulfil her undying love for Rajbir. The story focuses on how Paridhi and Rajbir ward off the evil spirit of Manjulika and save their family and marriage over a period of time.

Kavach-Kaali Shaktiyon Se



OUR TV Shows Aired DURING FY2016 AND FY2017

PREMIERED: April 2014
ACTORS: Shabbir Ahluwalia,
Sriti Jha
GENRE: Romantic Drama
CHANNEL: Zee TV
EPISODES COMPLETED: 608
(till June 30, 2016)

SYNOPSIS

Kumkum Bhagya is about a women-centric Punjabi family based in Chembur. The underlying concept of the show is about how different people come together from different backgrounds and perspectives and yet adjust into each other's lives. The family's two daughters, Pragya and Bulbul, are poles apart and the story revolves around their love lives. Pragya likes Suresh who is a simple guy, whereas Bulbul dreams about Abhi. Being a rockstar, Abhi is obsessed with money and fame and does not believe in love. Pragya, on the other hand believes in love, and money doesn't matter much to her.

Kumkum Bhagya



Pavitra Bandhan Do Dilo Ka



PREMIERED: September 2013
ACTORS: Yash Tonk,
Hritu Dudani
GENRE: Family Drama
CHANNEL: DD National
EPISODES COMPLETED: 677
(till 30th June)

SYNOPSIS

Pavitra Bandhan Do Dilo Ka is a metaphorical take on the story of a young and free-spirited woman whose destiny and circumstances pushes her into a situation, which is like a dark and endless night. She has to face the situation all alone and is constantly lightening up other people's lives. The TV show is a poignant and passionate tale of this young woman. It is not a love story but a story about love set in the backdrop of the beautiful landscapes of Bengal and the enriched Bengali culture.



Pyar Ko Ho Jaane Do



PREMIERED: October 2015
ACTORS: Mona Singh,
 Iqbal Khan
GENRE: Romantic Drama
CHANNEL: Sony TV
EPISODES COMPLETED: 73

SYNOPSIS

The story of a very well-to-do, modern Punjabi family, the Hoodas and the backbone of this loving family is Ishaan and his wife Preet. Though Ishaan is Mr Hooda's brother's son, he (Mr Hooda) and his wife accepted Ishaan with open arms when the latter lost his entire family, including his wife, in a tragedy. Ishaan goes on to marry Preet, who too has lost her family. Ishaan is the perfect son, the best brother, a doting father and an excellent friend. But underneath his perfect facade, lies a terrible truth that Ishaan has been hiding from everyone, the truth about his real identity. The truth is that Ishaan, in fact, is a spy from a neighbouring country Pakistan, Rizwaan Ahmed Khan, who is brainwashed into thinking that his parents were killed by his neighboring country's agents. The story focuses on how Ishaan and Preet conquer all odds and immortalise their love over time.

Ye Kahan Aa Gaye Hum

PREMIERED: October 2015
ACTORS: Karan Kundra,
 Saanvi Talwar
GENRE: Romantic Drama
CHANNEL: &TV
EPISODES COMPLETED: 178
 (till 30th June, 2016)

SYNOPSIS

The story focuses on Rahul Sabarwal, a musical sensation and a renowned rock star in India. His father, a yesteryear singer Raj Sabarwal is on a look out for a voice which will compliment Rahul's style of music and organises a nationwide talent hunt. Enter Manvi Chatterjee, a talented singer, who happens to be a daughter of well-known Bengali music teacher Kali Prasad Mukherjee. Manvi and Rahul have a strange first encounter and despite all odds Manvi goes on to win the music competition. Over the time, the story focuses on how Manvi and Rahul discover their love for one another, through their common passion for music.



OUR TV Shows Aired DURING FY2016 AND FY2017

PREMIERED: December 2013
ACTORS: Karan Patel,
Divyanka Tripathi
GENRE: Romantic Drama
CHANNEL: Star Plus
EPISODES COMPLETED: 839 (till 30th
June, 2016)

SYNOPSIS

Ye Hai Mohabbatein is a love story between a mother and a child who are related to each other through a unique bond and under weird circumstances. It is this bond that also brings Raman and Ishita into each other's lives. Ishita is a Tamilian girl who has been abandoned by her fiancé and would-be parents-in-law due to her inability to bear a child. Raman, a Punjabi, was once an affable person, but is now hardened by the cruel end of his marriage as his wife marries his boss, a much richer and suave person. His wife Shagun leaves behind 4-year old Roohi, but since she looks exactly like her mother, Raman neglects the child. Amidst the hilariously turbulent friction between the Punjabi and South Indian family, Ishita's motherly love blooms for Roohi due to which Ishita agrees to marry Raman. Raman agrees as he too is scared of losing his daughter in the custody to his wife. Through the test of time, Raman and Ishita not only share each other's pain, but love blossoms between them.

Ye Hai Mohabbatein



Kasam Tere Pyar Ki



PREMIERED: March 2016
ACTORS: Kratika Sengar, Ssharad
Malhotra
GENRE: Romantic Drama
CHANNEL: Colors
EPISODES COMPLETED: 84 (till
30th June, 2016)

SYNOPSIS

Based in the backdrop of Punjab, the show traces the journey of Tanu and Rishi through different time phases. It focuses on how their loves survives against all trials and tribulations and how they eventually unite against all odds.

Naagin



PREMIERED: June 2014
ACTORS: Shakti Arora,
 Radhika Madan
GENRE: Romantic Drama
CHANNEL: Colors
EPISODES COMPLETED: 446

SYNOPSIS

Meri Ashiqui Tum Se Hi is a story about Ranveer who loves Ishani Parekh since they were both kids. Ishani is the daughter of Parekh family where Ranveer worked as a driver, but she instead loved Chirag and was about to get married to him to fulfill her father's wish. After a leap of few years, Ranveer gains wealth and under some circumstances ends up marrying Ishani to save the Parekh family. Gradually, Ishani starts liking him. Suddenly, Chirag dies and the blame of his death falls on Ranveer. Ishani takes the blame on herself and ends up in jail. Once she is out of jail, she starts a new life with the Mehra family, whose son Shikhar also develops a liking for her, and proposes marriage to her.

Kuch To Hai Tere Mere Darmiyaan



PREMIERED: November 2015
ACTORS: Mouni Roy, Arjun Bijlani,
 Aada Khan
GENRE: Romance, Fiction, Drama
CHANNEL: Colors
Episodes Completed: 62

SYNOPSIS

This story revolves around two Icchadari Naagins named Shivanya and Sessa. Shivanya's parents were taking care of Naagmani but were killed by Ankush and Yamini who wanted to possess it. Shivanya was never able to see the murders. Ankush and Yamini later have a son, Ritik. At the same time Shivanya enters the house as a maid and Ritik begins to love Shivanya. The story ultimately focuses on how Shivanya wins over Ritik with her love and avenges the death of her parents.

Meri Ashiqui Tum Se Hi



PREMIERED: May 2015
ACTORS: Gautam Gupta,
 Asha Negi, Ali Goni
GENRE: Romantic Drama
CHANNEL: Star Plus
EPISODES COMPLETED: 83

SYNOPSIS

The story focuses on the lives of Madhavan, Raj and Koyal, who are best friends. Madhavan (Maddy) is the best student in the town, hardworking and caring. He is in love with Koyal and can do anything for her happiness. Raj is a flirt and dreams to be a movie star. Koyal is in love with Raj and does everything for him. The story traces the journey of Rahul, Koyal and Maddy and how they discover true love and friendship through upheavals and experiences of their own.

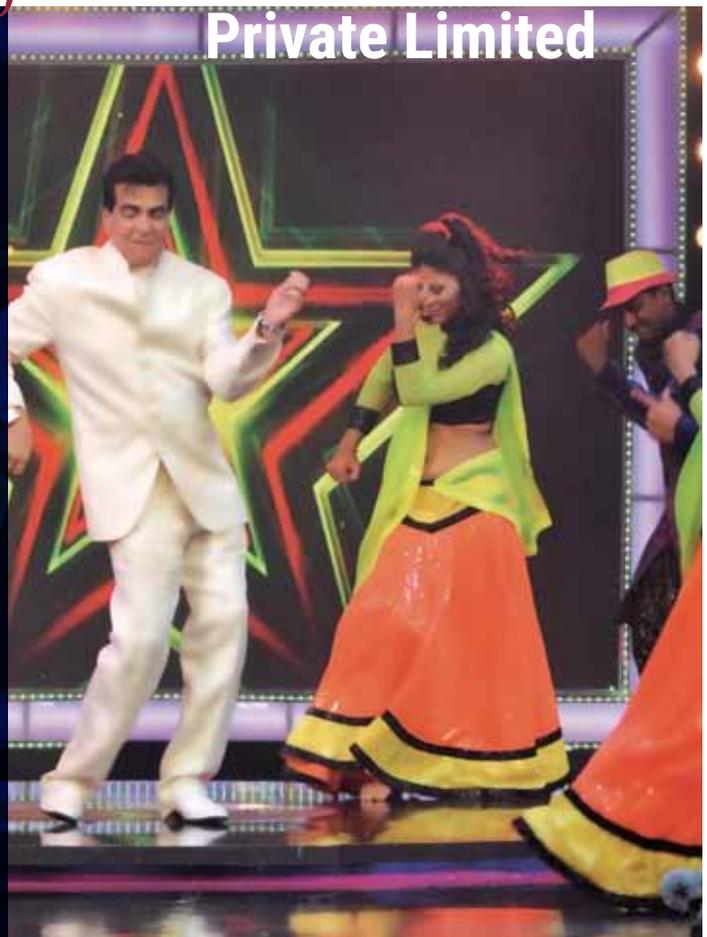
OUR OTHER GROWTH PILLARS IN TV BUSINESS

Our business strategy to set up newer ventures in the TV business through collaborative deals with strategic partners paid off successfully during the year. Through the three growth pillars, we continued to leverage our creative strengths, captivate audiences and make programming more relevant through short-format shows, high concept and non-fiction shows.

Chhayabani Balaji Entertainment Private Limited

We always believe that growth is collaborative in a super-dynamic industry. Our subsidiary Chhayabani Balaji Entertainment Private Limited (CBEPL), in partnership with Kolkata-based Chhayabani Private Limited, promoted the best of creative talent by exploring new formats of television content.

The subsidiary leverages Balaji's competitive strengths to create exciting entertainment across the media and Chhayabani's glorious heritage of producing extremely notable films in Bengal, and therefore, the synergies are extremely strong. This collaboration brings together two different media houses, with distinctive strengths to create exciting content, while also attracting high-quality talent. Chhayabani continues to be the preferred partner for Balaji, given its cinematic excellence and passion to produce quality entertainment products. The subsidiary delivered two TV shows during the year – a musical show Phire Asher Gaan, a non-fiction show for Star Bangla; and Sohagi Sindur, a Bengali fiction daily on Colors Bangla. We are collaborating with Zee Bangla for a daily fiction programming with travel love stories. We moved a step ahead and are creating a 13-episode Bengali web-series for Balaji's upcoming digital channel ALT. We are open to a programming mix of diverge genres, new concepts and innovative formats including daily soaps, short format series, reality shows or weekend shows. We are also looking at leveraging our content in Hindi in the regional space and strengthening our regional offering.





Marinating Films

Private Limited



In our aim to create TV-centric intellectual property rights as additional revenue, we acquired a majority stake in Marinating Films Private Limited. The subsidiary owns the concept, format and all proprietary rights and intellectual property rights in Box Cricket League (BCL), The Indian Telly Calender (ITC) and Indian Television Style Awards (TSA), which is organised on a yearly basis.

The Box Cricket League is an interesting IP with 8 teams owned by a mix of celebrities including RJs, sports commentators and some ex-players. In the show, male and female stars play on-field together, scaling the entertainment higher. During the year, we identified a couple of more interesting properties to build our inventory of IP-based shows and strengthen our content library. Box Cricket League – Season 2 was telecast on Colors in March 2016, while Television Style Awards was also aired on the channel.

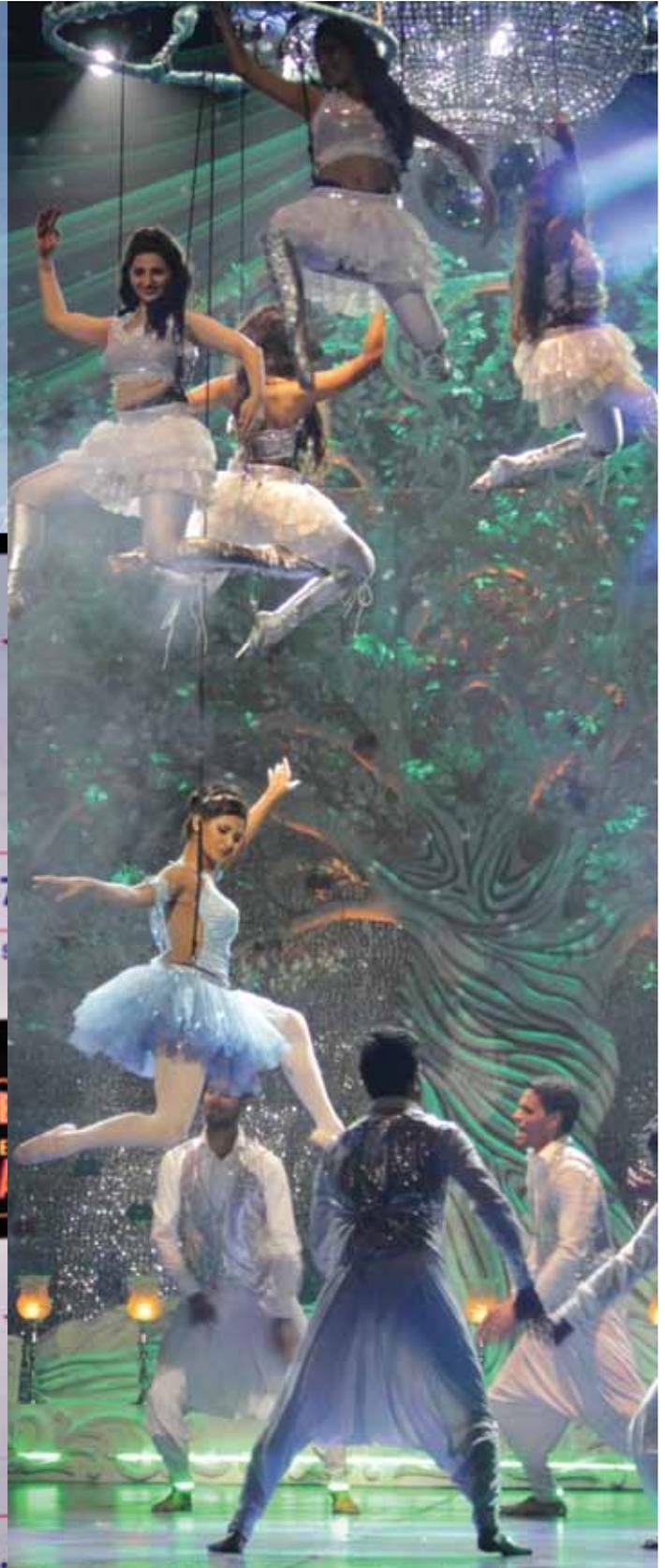
To expand the property, we licensed the regional right of Box Cricket League Punjab to Zam Media. This was aired on 9X Tashan in May 2016. We have lined up new shows such as Desi Explorer and India's Super Shopper, which is a one-of-its-kind interactive game show. The Telly Calendar 2016 Taiwan was launched in December 2015.



Event Media LLP

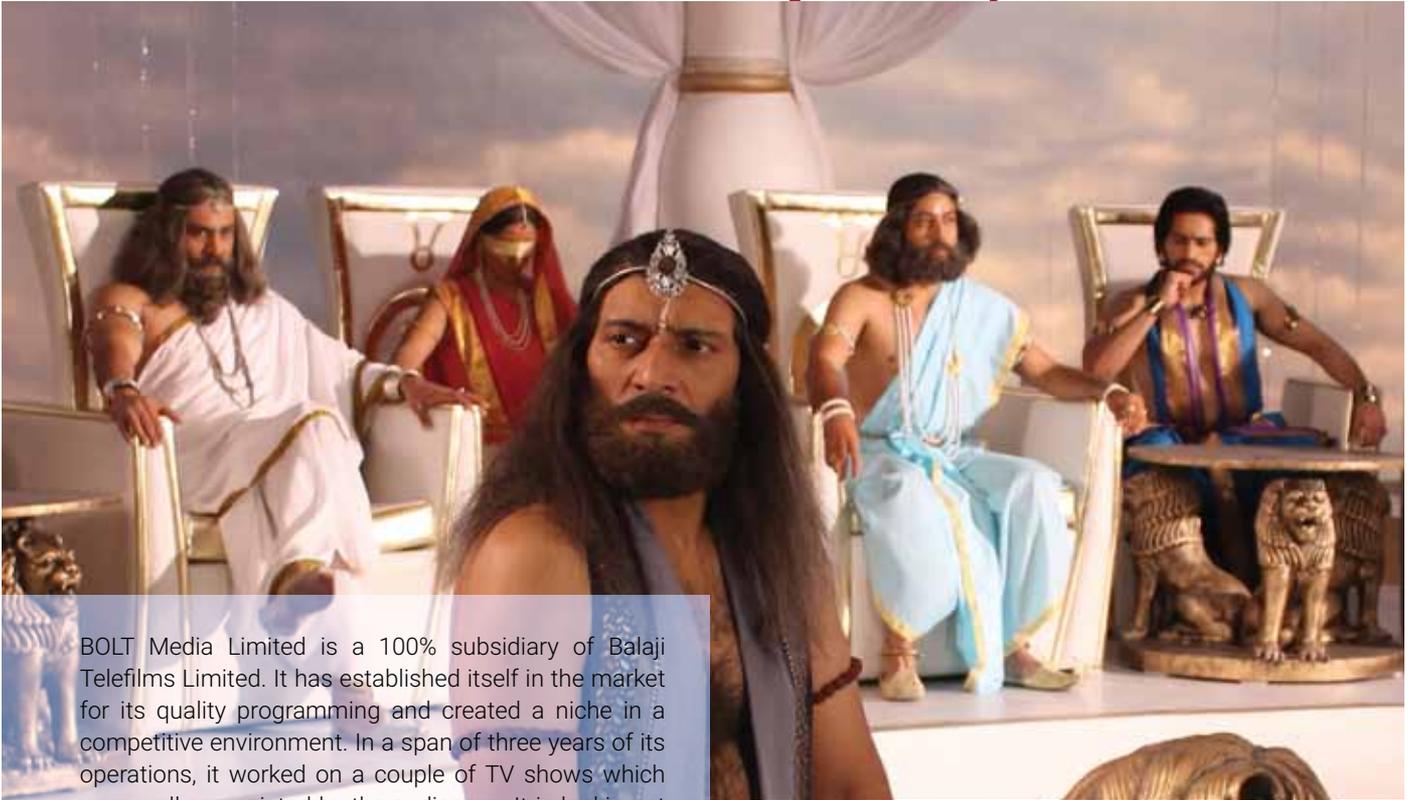
Event Media LLP, a Limited Liability Partnership (LLP) between Balaji Telefilms Limited (BTL) and Select Media Holdings Private Limited, is a sunrise venture which enables BTL to make a foray into the allied segment of event management. It facilitates BTL in creating new IPs and monetising a growing market.

Event Media LLP aspires to create new intellectual property or value addition through Films & TV Awards, promotional events and other such events related to the entertainment industry. BTL and Event Media LLP have produced Star Box Office India Awards. In addition to this, it produced and broadcasted special shows on Valentine's Day and Mother's Day. Several other event ideas are being negotiated with leading General Entertainment Channels (GECs).





Bolt Media Limited (BOLT)



BOLT Media Limited is a 100% subsidiary of Balaji Telefilms Limited. It has established itself in the market for its quality programming and created a niche in a competitive environment. In a span of three years of its operations, it worked on a couple of TV shows which were well-appreciated by the audiences. It is looking at second season of some of the shows. Two TV shows created earlier were aired by broadcasters on EPIC channel. One of these was a 10-series epic documentary Rakht, while Dharma Kshetra was a 26-series neo-mythological courtroom drama. Besides short-format shows, the subsidiary also created a TV series aimed at youth-based entertainment. It also produces TV commercials and web-based advertisements for several corporates. Its earlier TV shows – Ye Jawaani Tara Riri, a 78-part series for a bi-weekly show on Channel V, and Love by Chance, an episodic romcom on Bindaas TV, have been well received by the audiences.

Among its other key achievements over the years, it created a special 100-part web series “Kelloggs Wale Guptajiki Family”. Aired in March 2015, the show garnered rave reviews hitting 5 million views in a month. The show displayed recipes where Kelloggs was used as a key ingredient. It also created a two-part documentary series for the National Geographic channel based on the 1990s. Besides archival footage on the 1990s, eminent personalities such as P. Chidambaram, Ram Gopal Verma, Rajdeep Sardesai, Diya Mirza, Pankaj Kapoor, Shekhar Suman, Uday Shankar, among others, provided a retrospective landmark, social and political view on the said decade.



OUR MOVIES BUSINESS

Our Movies slate has been well-architected with a combination of modest budget, high-concept movies as well as high-profile big star-cast films. We have achieved the right balance of cost, creativity and profitability in production of movies. With creative ingenuity of spotting powerful content, we aim to make our Movies business a powerhouse, given our capability to generate good content. We are geared to scale higher and graduate to the next level by optimising our creative strengths.



By leveraging the Balaji Motion Pictures and ALT Entertainment banners, and a unique combination of creative abilities of Ms. Ekta Kapoor and commercial vision of Mrs. Shobha Kapoor, we aim to make varied genres of movies. We are in the process of building franchises, creating characters, focusing on our genre potential and have a strategic thrust on sequels. We released Kya Kya Kool Hain Hum-3, Azhar, Uda Punjab and Great Grand Masti since the last annual report. A Flying Jatt, Half Girlfriend and Super Singh are slated to release in CY2017.



Continued Focus on Cost Efficiency

Cost rationalisation and maintaining economies of scale continues to be our key mantra at BMPL. Our efforts are focused on cost optimisation as well as smart and effective cost analysis. Our robust pipeline of movies ensures the overhead costs are amortised into 4-5 projects. We are working towards releasing at least one movie per quarter to stabilise our top line and turn to profit. We aim at reducing production costs to an optimum level, maximising use of existing sets and integrating with co-producers.

Optimising the Non-Theatre Business

We moved to the next level of building the movies business by clocking pre-sales in several innovative and structured packaging deals. Our focus on increasing non-theatre revenues through pre-sales of rights, prior to theatre sales, continues unabated. Profit sharing models with directors and actors helps us to de-risk our revenues and increase profits. To optimise the risk-return trade-off, we pre-sell distribution and satellite subscription rights of movies. We constantly aim to pre-license competitive deals for cable, satellite licensing and music rights and assure returns. In a game-changing and pioneering deal, we pre-sold non-theatre rights of our forthcoming movie Half Girlfriend before

we even started the movie shoot. In a packaged deal with Zee Group, we sold the audio, overseas and satellite rights of A Flying Jatt and Half Girlfriend. With the digital space growing exponentially, we are constantly tapping the digital space – Netflix, Amazon, Hungama, ViewClip and Spuul – to optimise our movie content and earn incremental revenues.

Moving Forward

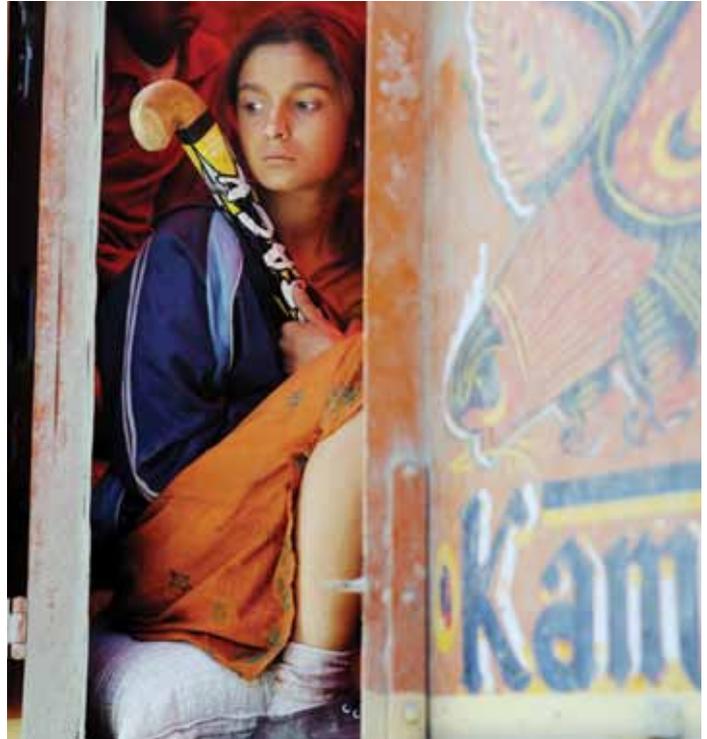
Our movies business is projected to provide a precipitous upside, given our projects in the pipeline. We have a robust slate of movies in various stages of production. Going forward, we aim to build our film slate more rapidly and build on our string of successes. To achieve this, we are working towards a more diversified slate of small, medium and big-budget films catering to different genres. Besides our own production, we will continue to leverage our relationships in the industry with leading producers and directors.



REVOLUTIONISING THE *Art of Marketing* OUR MOVIES

We consistently deliver value through our distribution and marketing capabilities and maintaining a leadership position in the TV & Movies space. One of the main reasons why our movies attain box-office success is that they are sold effectively to the audiences. We continue to be in a good space in the movies business by making use of the right marketing, branding and distribution power. We continue to tap innovative and unique marketing strategies for effective monetisation of our movie assets.

Starting up to a few months before the release of a movie, we start an all-out publicity blitz by running trailers and internet marketing campaigns in order to create perceptions and build a relationship with the audience. The trailers are meticulously edited and audience-tested to give them a taste of the upcoming release, while leaving them wanting for more. We also create valuable internet experiences to source and exponentially grow our audience. We create and outline a content strategy that incorporates audio, video and text, based on the movie, story and genre.





A PEEK INTO SOME OF OUR *Key Marketing Strategies:*

Kya Kool Hain Hum-3:

While the third installment of this specific franchise was being released after a 3-and-a-half-year hiatus, we gave the genre a massive comeback. From announcing the advent of a new genre, to using the digital medium effectively, we further innovated the existing reality show platform - 'Bigg Boss'. From grabbing eyeballs to shocking people, the genre made a comeback and the campaign resulted in the film opening to a whopping number, against stiff competition.



Azhar:

Azhar was announced a year prior to its release, on the IPL finale, by means of a controversial, hard-hitting teaser which created much anticipation and excitement around the subject well in advance. The release date, too, was strategically announced to coincide with one of the biggest cricket spectacles in the country - the IPL. Instead of a biography, we projected it as the 'life & times', of one of India's most successful captains. We widened the film's appeal by targeting cricket-lovers and cine-goers alike. A large part of the campaign was around the references to 'real cricketers/models'.

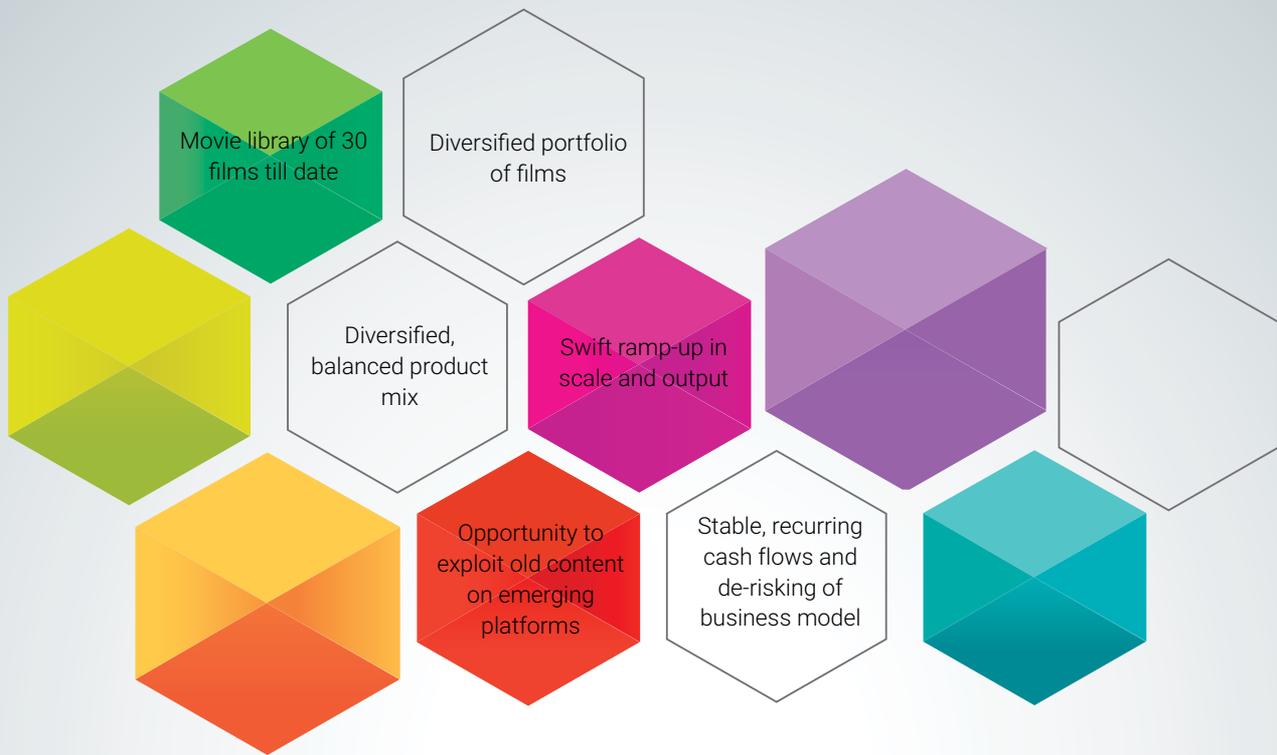


Udta Punjab:

With a stellar cast and an edgy product, we proclaimed the film as 'The Cult film for the Youth', positioning it as a new-age multi-starrer with a strong message. The catchy tagline - 'Drugs Di Maa Di', became a slogan for the youth. We pushed the plot of 4 lives - one connection = Udta Punjab. We leveraged the movie songs by showcasing them at locations that the TG relate to and find 'cool'. We tied up with rock cafes to propel the 'rockstar' appeal of the film.



OUR STRATEGIC *Advantages* IN MOVIES:



WHAT IS *Driving our* MOVIES BUSINESS:

Theatre performance improving, due to strong content driven by increasing number of multiplex theatres and rising average ticket prices

Audiences' acceptance of newer genre movies and ability to spend for better cinematic experience

Rebates offered for film shoots by several countries lead to lower production cost

Film catalogue monetised through television syndication deals by providing digital content for DTH satellite, music, IPTV and Video on Demand and Internet channels



OUR VALUE Drivers
IN MOVIES:



OUR *Movie Releases* IN FY2016 AND FY2017

RELEASE: January 2016
GENRE: Adult Comedy
ACTORS: Tusshar, Aftab Shivdasani, Mandana Karimi, Krushna Abhishek
PRODUCED BY: Balaji Motion Pictures
DIRECTOR: Umesh Ghadge

SYNOPSIS

Kyaa Kool Hai Hum and Kyaa Super Kool Hain Hum, released in 2005 and 2012, respectively, were trendsetters at the box office. The story revolves around two money-hungry friends, Kanhaiya and Rocky, who get into the international- adult film industry. They are in a quandary when Kanhaiya's lady-love Shalu wants to meet his family to take their relationship further. The challenge is to convince Shalu's religious father and suspicious Bua that he has a cultured and perfect Indian family. They are left with no choice, but to use the other adult film stars to pose as his fake family. The comic angle heightens when the boys maneuver Shalu and her family into believing fake identities, resulting in misunderstandings, strange hook-ups and chaos. The attempts of the characters to transform under parental pressure, from horny to homely keeps the audiences in splits.

Kyaa Kool Hai Hum 3





OUR Movie Releases IN FY2016 AND FY2017



Azhar



RELEASE: May 2016

GENRE: Drama

ACTORS: Emraan Hashmi, Nargis Fakhri, Prachi Desai, Lara Dutta

PRODUCED BY: Balaji Motion Pictures

DIRECTOR: Tony D'Souza

SYNOPSIS

'Azhar' is a rhetoric journey of a once celebrated hero (Mohammad Azharuddin) and the contradiction of his questioned highs and self-sustained lows. In a country where cricket is no lesser than a religion that unites, 'Azhar' is given an additional responsibility of being the youngest captain to lead the Indian side. His dream and religion has always been cricket. So much so, that in spite of marrying a beautiful girl like Naureen, his heart always belonged to the game. A publicly perfect life and the contrast of his will competing with all the challenges are the film's key highlights. His personal life escalated to a flamboyant nature as his second wife (Sangeeta Bijlani) introduces him to the world as a sudden 'up-collared' attention lover. There is more trouble brewing when the match fixing scandal breaks.

OUR *Movie Releases* IN FY2016 AND FY2017

Udta Punjab



RELEASE: June 2016

GENRE: Drama

ACTORS: Shahid Kapoor,
Kareena Kapoor Khan, Alia
Bhatt, Diljit Dosanjh

PRODUCER: Balaji Motion
Pictures and Phantom Films

DIRECTOR: AbhishekChaubey

SYNOPSIS

Udta Punjab tells the story of substance abuse in Punjab. The movie revolves around a Rock star, a migrant labourer, a doctor and an inspector who are interlinked through one common factor. This intense drama around the four actors with power packed action and phenomenal music promises to entertain the audience as they leave the theatre with a strong social message.





OUR *Movie Releases* IN FY2016 AND FY2017

Great Grand Masti



RELEASE: July 2016
GENRE: Adult Comedy
ACTORS: Riteish Deshmukh, Aftab Shivdasani, Vivek Oberoi, Urvashi Rautela, Puja Banerjee, Shraddha Das, Misti
PRODUCER: Balaji Motion Pictures, Ashok Thakeria, Adhikari Brothers & Anand Pandit
DIRECTOR: Indra Kumar

SYNOPSIS

Amar, Prem and Meet are frustrated with their typical mundane married life. And their only solace is their old days of "Masti" which they keep trying to relive by making various excuses to their wives. In a desperate effort to bring back some Masti in their life, they decide to make a boy's trip to Amar's ancestral property. Once here, the boys encounter a village belle 'Ragini', and are besotted by her, only to realize that she's a 'virgin ghost'. The boys are faced with the most unusual predicament as the girl of their dreams, is actually their worst nightmare. Let the adventure begin!



OUR *Movie Releases* IN FY2016 AND FY2017

RELEASE: August 2016

GENRE: Super Hero,
Fantasy, Action

ACTORS: Tiger Shroff, Jacqueline
Fernandez, Nathan Jones

PRODUCER: Balaji Motion Pictures

DIRECTOR: Remo D'Souza

SYNOPSIS

A Flying Jatt is a humorous and enduring tale of a reluctant super hero who is afraid of heights! He gets his powers from a Holy Tree.

He both loves and fears his mother and in spite of having super hero powers still has real life problems like buying vegetables and cleaning the ceiling fans for his mom. His alter ego is Aman who is a martial arts teacher at a local school.

His nemesis is Raka who gets his strength from man-made pollution. The more the people pollute, the stronger he becomes. The story also traces the journey of how Flying Jatt overcomes his own fears in order to take stock and protect the world



A Flying Jatt





MOVIES *To Be Released* IN FY2017

Half Girlfriend

RELEASE: April 2017

GENRE: Drama

ACTOR: Arjun Kapoor,
Shraddha Kapoor

PRODUCER: Balaji Motion
Pictures

DIRECTOR: Mohit Suri

SYNOPSIS

Half Girlfriend is a coming of age romance, based on the novel of the same name. Directed by Mohit Suri the story revolves around a Bihari boy Madhav Jha (Arjun Kapoor), who falls in love with an upper class Delhi girl Riya Somani (Shraddha Kapoor). On the outside, the two of them have a little or nothing in common. But love blossoms in the most unexpected, unconventional way, as vernacular Madhav woos a high-profile Riya. The movie deals with the linguistic struggles between them, and most importantly, sets out to define the 'grey' area of relationships. This unique love story between a Desi boy and a modern uptown girl, packed with phenomenal music, promises to be greatest love story on celluloid.

Super Singh

RELEASE: August 2017

GENRE: Super Hero,
Fantasy, Action

ACTOR: Diljit Dosanjh

PRODUCER: Balaji Motion
Pictures

DIRECTOR: Anurag Singh

SYNOPSIS

Diljit is a 22 year old, lovable, affable, carefree Sikh village boy from Punjab, now living in Canada. A 3rd year college student, he tries to fit into the western way of life while also trying to occasionally please his 'Punjabi Mummy'. Diljit is besotted by the white blonde bombshell Catherine, while his neighbour and best friend Baani is the quintessential girl next door in love with him. A seemingly regular guy, with a seemingly regular life is snapped out of his world, when one day, he is bestowed with superpowers. As the name suggests, Super Singh is the only superhero who can bring happiness in the most unconventional way.



ALT DIGITAL MEDIA ENTERTAINMENT LIMITED

Our Digital BUSINESS



Adding our third pillar of growth, we incorporated our wholly-owned subsidiary ALT Digital Media Entertainment Limited (ALT Digital), a truly global video streaming platform that will allow users to watch high quality content on screens across devices. ALT Digital will be the creator of original, made-for-the-web content. Through the digital vertical, we aim to create IP ownership and exploit new avenues of monetisation. We are working towards building a strong and valuable B2C brand that will take Balaji to its next level of growth.

CATERING TO A GLOBAL AUDIENCE

The Internet in India is at the cusp of big things – 319 million users and 100 million video consumers, according to KPMG-FICCI's Indian Media & Entertainment Industry Report 2016. Improvement in mobile broadband infrastructure, gradual reduction in the cost of internet and increase in smartphone screen sizes are driving consumers to shift their viewer preferences, according to the KPMG-FICCI Report "The Future: Now Streaming".

Watching TV and other content on laptops and smartphones based on individual choices has been a key trigger for increasing adoption and usage of OTT services. The OTT video services market in India is primarily driven by changing preferences of viewers towards watching content as per their convenience and individual choices.



AIMING AT CONSISTENT CONSUMER INTERFACE

With the shift to digital happening, we made a strategic foray into B2C digital content business segment during the year. With digital being the future, we are scaling higher by building a direct-to-consumer model through the internet. We floated our subsidiary, ALT Digital Media Entertainment Limited, to handle the digital content business and churn our original shows for web and mobile users. ALT Digital will effectively be well placed to benefit from the impending exponential growth.

The paid Video-on-Demand service will be our key market differentiator aimed at bringing about a cultural shift in how video is consumed. An amount of ₹ 150 crore has been raised through a preferential allotment by Balaji Telefilms Limited exclusively for ALT Digital. Our OTT video platform aims to tap into the rising demand, with more number of people buying smartphones and accessing the internet. Our motive is to capitalise the Balaji legacy and its unmatched content creating abilities in order to leverage the digital space. ALT Digital will operate predominantly on the Subscriber Video on Demand (SVOD) model, which is a pay per view model (followed by the likes of Netflix). Our motive behind the new vertical is to capitalise on the high-potential digital space in India and monetise the incredible potential of original, premium, on-demand entertainment.

BUILDING A B2C BRAND

Slated for launch during FY2016-17, ALT Digital will be Balaji's first large-scale consumer facing brand. It will enable Balaji to step into the consumer business – into the futuristic digital space by leveraging its core creative expertise. Through ALT Digital, we aim to build a strong and valuable B2C brand. Our aim is to take Balaji to its next level of growth by owning all the IP value for the programming we create. Our motive is to create value for the Group by redefining the terms of Intellectual Property (IP) ownership and exploiting new avenues of monetisation.

The platform will be a tech play that will enable Balaji to cater to the digital content consumer and creatively expand from what we specialise in. It will create differentiated, original digital content for 32 different interfaces spanning mobiles, computers, laptops, tablets, smartphones, game stations, or use an HDMI cable to mirror the high resolution content on Internet-ready TV sets. The content will be available across 9 different speed profiles. We have set up a strong team of highly talented professionals for the digital vertical. The move reflects the Group's strategic intent to expand our entertainment expertise by creating enjoyable and engaging content for a universal audience – those in India and overseas.





DEVELOPING ORIGINAL, OUT-OF-THE-BOX CONTENT

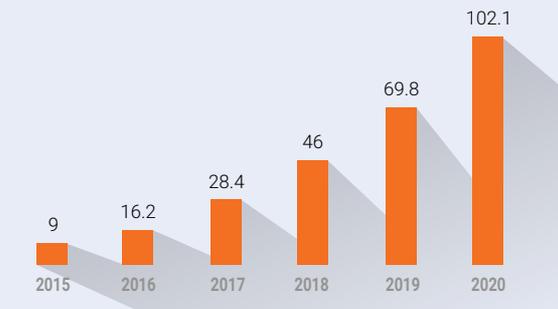
With the Video on Demand market in India being at the cusp of a take-off, it will present all-new original, exclusive and fresh content across genres – available only on ALT Digital – targeted towards urban Indians and Indian Diaspora. With 250 hours of original programming and 32 series for the upmarket and urban audiences, we aim to have a consistent consumer interface. The content will be available on subscription-based and premium advertisement supported models aimed towards domestic and global Indian audiences. In addition to developing our own platform, we are also in advanced discussions to seek synergistic associations and partnerships with leading Technology and Video Distribution platforms.

The content will be initially created in English and Hindi. Later, we plan to add regional content too (Tamil, Bengali and Telugu) to be able to cater to a wider spectrum of the audience. The digital platform will have a multiple genre play – thriller, comedy, dramatic love stories, kids programming, and will tackle subjects not seen on television. In addition to creating content in-house across age groups, we are signing up with creative outfits, including online video producers, for co-branded content to be broadcast on ALT Digital. The app is Beta ready and also enables the consumer to download content on the device.

DIGITAL ADVERTISEMENT SPENDS IN INDIA - ACTUAL AND PROJECTED (₹ Billion)



MOBILE ADVERTISEMENT SPENDS IN INDIA-ACTUAL AND PROJECTED (₹ Billion)



ALT DIGITAL: AN OVERVIEW

Technology	<ul style="list-style-type: none"> ▶ Global 'best of breed' technology to ride on imminent explosion of Internet bandwidth in India ▶ Streaming and offline viewing options ▶ Delivered over multiple screens
Content Strategy	<ul style="list-style-type: none"> ▶ Edgy, large variety and volume of original content ▶ Created especially for OTT platform
Revenue Model	<ul style="list-style-type: none"> ▶ Primary source: Subscription based freemium approach ▶ Secondary source: Advertisements, licensing and sponsorship
Target Group	<ul style="list-style-type: none"> ▶ Smartphone internet users and Youth ▶ Affluent Indians living in urban and semi-urban cities across the world, with broadband connectivity
Marketing & Distribution	<ul style="list-style-type: none"> ▶ Marketing to be primarily focused on marketable content, digital marketing and PR ▶ Multiplier effect to come from distribution deals with partners

THE ALT DIGITAL STRATEGY



The SVOD Opportunity in India

An average mobile web user consumes about 6.2 hours of media daily. This includes 102 minutes of mobile media and 79 minutes of desktop PC-based media consumption. Of total time spent on digital media, about 21% of surfing time is spent on audio and video entertainment.

Source: A Deloitte Report, 2015

15 million

OTT Subscribers in India in FY2015

105 million

Projected OTT Subscribers in India by FY2020

55%

Share of 4G-enabled Smartphones in India

50 million

Estimated Smartphone Users in India

Of total time spent on digital media, about

21% of surfing time is spent on audio and video entertainment.

Brand EK, the signature label of Ekta Kapoor comprising Indian ethnic wear and exquisite jewelry, has turned a year old. We have made a mark in the world of fashion through the fashion brand. Available in the online space and also through TV shopping networks, the brand caters to Indian audiences across the globe and aims at capturing an even wider universe.

Brand EK **MAKING OUR MARK IN THE FASHION WORLD**

With the launch of Brand EK, Ekta Kapoor has redefined fashion with a range of ensembles on the TV shows. The label is an endeavor to leverage an existing potential opportunity within the ever-popular fashion theme. With the fashion brand, Ekta is helping the modern Indian woman find the route to express her thoughts and beliefs. Brand EK promotes women's wear with quality ethnic wear at competitive prices. We cater to the upper and higher middle-class audience who want to buy what they see on television, inspired by what the TV characters wear.

Launched in March 2015 at Television Style Awards and supplied to customers through its exclusive television partner Best Deal TV, the brand has made a foray into



BY EKTA KAPOOR



the e-commerce space. It has struck an exclusive deal with e-commerce giant Snap Deal on a license basis. A natural progression for the brand is to explore the retail route. The Company is exploring tie-ups with multi-brand outlets with a pan-India presence to make the merchandise available at retail stores.

A line comprising ethnic wear, mainly sarees and jewelry, will be followed by indo-western trends and accessories in the near future. Some more categories that will get launched in the near future are: Kurtas, Kaftans, Suits and various other indo-western ensembles.

To further promote the brand, the Company launched its website "EK by Ekt Kapoor" for online sales to improve customer reach and visibility. Promoting the latest trends in fashion, the website directs visitors to Snapdeal's website, thereby developing customer base. It leverages social media (Twitter, Facebook and Instagram) to increase brand visibility and improve customer awareness. The Company is in the process of associating with a retail partner to further grow the brand.

CATEGORIES LAUNCHED:

Saris
Jewellery
Anarkali Suits
Lehengas

We will continue to leverage our creative abilities and produce well-appreciated content, while keeping an eye on maintaining efficient cost structures. With a fresh and young team equipped with diverse capabilities, we are evaluating our opportunities in the distant space. We want to expand our wings in three verticals – TV, Movies and Digital – with an ultimate aim on Return on Investment (RoI).

MANAGEMENT OUTLOOK



Our larger aim is to emerge as the one of the largest and most influential entertainment providers in TV, Movies and the Digital platform. Towards this aim, we are growing our stature further, sustaining industry leadership in TV; reinforcing our leadership position in Movies; and building new platforms for growth in the Digital space - thereby creating a borderless and seamless world of entertainment.

To achieve this, we will continue to deliver high quality content covering the entire value chain. We will leverage our expertise across facets, target the audiences and make a digitally connected society. We will strengthen our existing platforms and building new ones, gauging viewer preferences. We will continue to align our content offerings, making a borderless and seamless world of entertainment, targeting growth in viewership and content consumption.

Value creation for our shareholders is our perennial motto. Moving a step ahead, we arranged a visit of our shareholders to the Klick Nixon Studio at Chandivali, Mumbai during the year. Over 100 shareholders were taken around the sets of our TV shows.

We continue to make concrete strategies to ensure we leverage our leadership market position. We continue to create capabilities, infrastructure, content and platforms aligned to emerging consumer preferences and audience behaviour. We are aligning our strategic priorities and tangible goals that will place us in a different orbit. Actions are geared towards not just thinking of what is, but thinking what can be. We are content producers and innovators. We create content that is relevant to diverse audiences and available across multiple platforms.



Our Key Business Enablers for Future Growth:

- ▶ Creating newer show formats for television content
- ▶ Creating original and diverse show content to retain leadership
- ▶ Exploring opportunities across channels, languages
- ▶ Creating movies across budgets, leveraging our brand, scale and presence
- ▶ Building our marketing and distribution capabilities
- ▶ Creating a diverse movie slate to capture audiences across genres
- ▶ Leveraging opportunities in regional markets by expanding network
- ▶ Capitalising on growth opportunities in the SVOD and OTT space



Under Risk Management, our key achievement during the year has been the templatisation of contract agreements, which reduces the turnaround time and ensure the delivery is faster. With this, nearly 80% of the contracts are standardised.

RISK MANAGEMENT & INTERNAL CONTROLS



Being a content driven entity, we are strengthening our Intellectual Property to ensure cost optimisation at all levels. We have implemented the compliance tool by Ernst & Young (E&Y) to strengthen the compliance requirements at different levels. A key achievement has been the templatisation of contracting agreements, which reduces the turnaround time and ensure the delivery is faster. With this, nearly 80% of the contracts are standardised. Another move has been the reduced dependence on external lawyers, whereby all legal notices are replied by the internal team.

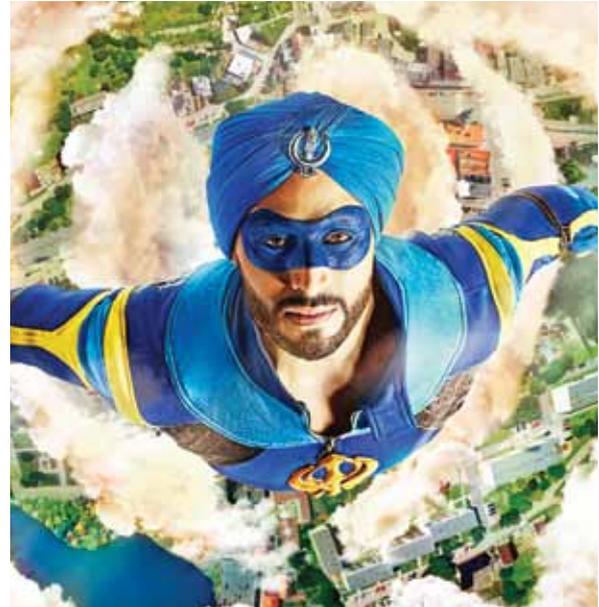
We continue to have a readily available database of our IP, such as scripts, dialogues, clips and other content from our movies. This will be leveraged to earn incremental revenues and improve profitability. We are also implementing the software to track litigations and monitor them easily. We are planning cloud-based software which will help us retain our rights by creating a script bank to streamline the process of script writing.

Our focus is to enhance operational efficiencies and optimum effectiveness at every level. Statutory and regulatory control and transparency of all financial



disclosures and the compliance tool is being well adhered to. An important thing that has been plaguing the film industry for long is video piracy. We are making repeated attempts to curb piracy as the threat to the future of films intensifies. Piracy of content produced is being handled with stricter controls and procedures. The Whistle Blower policy, Anti Sexual Harassment policy and the IT policy are being strictly followed, with internal committees being put in place for each of these. As a major initiative, we are streamlining our processes and automating the agreement process by putting in place a contract management process.

As part of an integrated system, we are creating a deck for the production activity for BMPL, putting forth all the rights on intellectual property (IP) for theatrical, digital and satellite rights. However, delays or cost overruns in movies can impact the completion, production and release of our films. In addition to this, the unorganised nature of the media & entertainment industry can impact our revenues, although industry corporatisation, better planning and execution can help us mitigate our risks.



We are driven by principles of empowerment as we believe in inculcating a winning attitude among our employees by encouraging learning, selfdevelopment and by building effective leadership. A well-structured career path is created for each employee within the organisation with a progression and succession plan made for each of them.

HUMAN RESOURCES



We have strong strategic planning and decision making skills achieved through a highly capable and committed leadership team that is geared to build the finest and most unique properties across India. Over the years, we have rapidly expanded our intellectual capacity to handle our diverse businesses, aimed at becoming one of the largest entertainment studios of India. From an HR perspective, our emphasis is always on attracting the right talent to help the organisation achieve its vision.

We, at Balaji Telefilms Limited (BTL), are strong believers of developing and retaining talent by treating our employees with dignity, honesty and respect. We have a continued philosophy of hiring high performance individuals. To accomplish our goals, we are always on the look-out for talented, creative, ambitious individuals, driven by a passion to excel. We hire some of the most talented and experienced individuals in their respective fields.

Being a performance driven company, we have introduced several performance-driven tools. We are driven by principles of empowerment as we believe in inculcating a winning attitude among our employees by encouraging learning, self-development and by building effective leadership. A well-structured career path is created for each employee within the organisation with a progression and succession plan made for each of them.



Rewards & Recognition

Our key aim is to help our employees realise their true potential. We also work towards recognising and rewarding each individual and team achievements. In addition to Performance Management System (PMS), we have a system of “On Spot Rewards” and quarterly performance. The requisite motivation is offered to the “High Flyers” in the form of meetings with the senior management. We endeavour to become market leaders by deploying the right talent and unleashing their innovative potential.

Our Tent Poles in HR

The three key tent poles from an HR perspective are – People, Processes and Culture – and we have aligned our business strategy based on these tent poles. Our prime focus areas are as follows: one, to rake in high performing employees through a structured recruitment process with effective learning & development and training programs; two, provide access points to employees; three, create employee engagement and wellness activities. An example of this is the “Balaji Cricket League”, a one-day event, which was organised internally on the lines of Box Cricket League to encourage interaction within different teams. Eight teams from different departments participated in the cricket game.

Our constant aim is to retain our employees by offering them a growth-filled environment and providing them with appropriate working conditions to enable them work effectively. We look for internal replacement in case of attrition by exploring “cross pollination” within teams. We keep the learning factor high by offering the employees stimulating work assignments, a great working environment and professional management.



CAUTIONARY STATEMENT

This document contains statements about expected future events, financial and operating results of Balaji Telefilms Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management’s discussion and analysis of Balaji Telefilms Limited’s Annual Report, 2015-16.