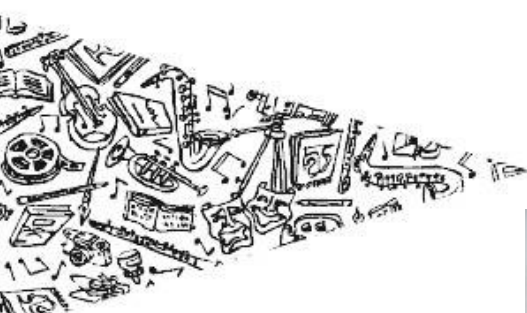


The Newsreel

A newsletter for the media and entertainment sector



Welcome to the July 2011 edition of *The Newsreel*, Ernst & Young's newsletter on the media and entertainment (M&E) industry.

The TV distribution and broadcasting segment witnessed significant activity as public broadcaster Prasar Bharati, in its bid to become financially independent, approved the auction of 200 channels on its free-to-air, direct-to-home (DTH) arm DD Direct Plus to private broadcasters, to generate additional revenues. It has also allowed

private broadcasters, including DTH operators, to advertise on DD channels, which was earlier not allowed. Furthermore, in order to increase transparency, Prasar Bharati plans to shift from its earlier tendering process to an e-auction one.

In this edition:

Industry news	2
In-focus: Managing risks around TV contests, game shows and awards	6
Point of view: Excerpts from an interview with Roshan Abbas, Founder, Encompass	8
Market Monitor	10

The digital and mobile media space is gaining prominence in India, and gauging its potential, players are trying to tap this growing opportunity. Bharti Airtel has launched Airtel Movies, an online on-demand digital video service, in collaboration with BigFlix, which will provide Airtel broadband customers access to movies, TV shows and music videos on laptops. YouTube has launched YouTube Box Office, an exclusive ad-funded online channel that will broadcast a blockbuster movie every month. This movie will be available to all users in India, free of cost. Shemaroo Entertainment has acquired PEN India's entire audio catalog to leverage it across platforms including emerging new media. Shemaroo intends to exploit the catalog on various digital platforms, including the mobile and internet. Alcatel Lucent and digital media company Percept Knorigin have signed an agreement to expand their distribution of digital entertainment content to subscribers in India.

Digitization has enabled "virtual audience participation," which has been one of the factors responsible for the popularity of reality TV shows. We focus on managing risks around TV contests, game shows and awards this month in our in-focus section on Events.

In the "Point-of-View" section, Mr. Roshan Abbas, Founder of Encompass, shares his views on the country's event management business segment.

I hope you enjoy reading this edition of *The Newsreel*. We look forward to your valuable feedback.

With kind regards,

Farokh T. Balsara
National Sector Leader – Media & Entertainment



Industry news

Regulatory news

Prasar Bharati approves auction of DD Direct channels and private advertising on DD

Public broadcaster Prasar Bharati is gearing up to auction slots on its free-to-air DTH arm, DD Direct Plus, to private broadcasters. At a base price of INR10-15 million per channel, and with more than 250 channels in line to join DD Direct Plus in a phased manner, Prasar Bharati is expected to generate INR3.6-4 billion in the first year of the sale. It has already initiated the process of expanding the capacity of its DTH arm from 59 to 200 channels, of which 20-25 slots will be reserved for Doordarshan. Auctions of TV channel slots will replace the carriage-fee regime. The six existing private DTH operators in the country charge a carriage fee of INR15-25 million per channel, whereas Prasar Bharati charges INR8 million per channel for DD Direct Plus. Prasar Bharati has also allowed cross-channel advertising by other broadcasters and DTH operators on Doordarshan channels. Its board has approved the amended guidelines for the procurement of Hindi-language feature films for Doordarshan channels as well as amendments in the guidelines for commissioned programs¹.

Government planning to amend laws to stop broadcast of illegal television channels

The MIB is considering amendments to laws due to the increased incidence of cable operators broadcasting illegal channels, some of which are even reportedly featuring content with anti-national sentiment. Concerned over the proliferation of such channels, the MIB plans to amend the Cable Television Networks (Regulation) Act, 1995. It is believed to be working in tandem with other ministries on this. The amendment could include provision for imprisonment and for the equipment of cable operators

being seized. There could also be an increase in the entry fee for MSOs to weed out non-serious players from the business².

Tamil Nadu to nationalize cable TV

The Government of Tamil Nadu has decided to nationalize private cable television in the state. It seeks to revive the nearly defunct state-run Arasu Cable Corporation (ACC), which was set up by DMK Chief Minister M Karunanidhi, and will now provide cable TV services. Nationalization is not expected to affect the last-mile operator, but is likely to adversely affect the Maran family-run Sumangali Cable Vision SCV, which currently has a near monopoly in the state's cable business³.

Strategic

Reliance Entertainment funds David Linde's film company

Reliance Entertainment will fund David Linde's yet to be named venture, which is expected to serve as a platform for film production and financing. The company will have a global distribution structure, combining studio and independent distribution. The new entity is specifically designed to leverage Linde's experience in successfully bridging studio and independent production and distribution while managing and building existing and start-up companies. Linde has simultaneously concluded a production and distribution agreement with Universal Pictures for the new company, whereby the latter will have the first option to co-finance each developed project and distribute the films in the US and other significant international territories. It will maintain a network of direct output collaborations in several key territories across the globe outside of its studio-distributed territories. Reliance will handle the distribution of the films in India⁴.

1. "Prasar Bharati board gives nod to DTH expansion," *Indiantelevision.com*, 7 June 2011, via Dow Jones Factiva, © 2011 Indiatelevision.com.
2. "Stern signal on broadcast of 'sensitive' channels," *Indian Express*, 30 May 2011, via Dow Jones Factiva, © 2011 Indian Express Pty. Ltd.
3. "TN govt to take control of cable TV ops," *The Times of India*, 4 June 2011, via Dow Jones Factiva, © 2011 Bennett, Coleman & Co., Ltd.
4. "Reliance Ent joins hands with David Linde," *The Times of India*, 26 May 2011, via Dow Jones Factiva, © 2011 The Times of India Group.

Network18 completes restructuring

The Network18 Group has completed the process of realigning its businesses into two focused entities – Network18 and TV18. The newly constituted TV18 (current listed entity IBN18 Broadcast after being renamed TV18 Broadcast) will operate all of the group's TV broadcasting and distribution assets. These include the CNBC TV18, CNBC Awaaz, CNN IBN and IBN 7 channels; a 50% stake in Viacom18, which houses a portfolio of entertainment of films for family channels – Colors, MTV, Nickleodeon, and VH1 – and its filmed entertainment business Viacom18 Motion Pictures; a 50% stake in IBN Lokmat and a 51% stake in AETN18. Network18 will operate all the group's digital and ecommerce assets, including Moneycontrol.com, In.com, HomeShop18.com and BookMyShow.com, and publications including *Forbes India*. In addition, it will continue to own a controlling interest in TV18 and equity interest in Infomedia18, NewsWire18, Yatra, DEN Networks Limited and Capital18 portfolio companies. All its allied operating businesses, including Sport18 and E18, will remain with Network18⁵.

Bharti Airtel and BigFlix collaborate to launch online movie service

Bharti Airtel has launched Airtel Movies, an online on-demand digital video service, in collaboration with the Anil Dhirubhai Ambani Group company BigFlix. Airtel Movies will be an on-demand digital video library with original DVD-quality content that will be made available to Airtel broadband customers in the form of an add-on monthly pack. Customers will be able to access 500 movies, along with 100 TV shows, 100 trailers and 100 music videos for INR229 a month on their computers, laptops or tablets at home⁶.

Balaji Telefilms plans film fund

Balaji Telefilms plans to launch a film-focused private equity (PE) fund, which will invest in Hindi-language films, TV content and educational media. It intends tapping foreign investors and affluent individuals to raise money and has applied for the registration of a venture capital (VC) fund to the Securities and Exchange Board of India (SEBI). The company's intention is to follow the UTV model, which entails gathering a group of large investors, floating the fund and then pursuing major stars and projects⁷.

Endemol enters film production business

Endemol, the international TV production and distribution company that began producing Hindi-language programs in 2006, has decided to enter the film production business. The production house has acquired the remaking rights of Malayalam film *Traffic*, which is considered to be one of the highest-grossing Malayalam projects so far this year. Endemol has appointed ex-Studio18 Domestic Distribution Director Aman Gill to spearhead all film production activity for this project⁸.

Rajat Sharma to launch premium English news channel

Rajat Sharma's broadcasting company, Independent News Service (INS), will launch its second 24-hour premium English-language news channel by October 2011. INS obtained the MIB's permission to launch its second channel in 2009. However, the launch of the channel was delayed due to the economic slowdown⁹.

Alcatel-Lucent collaborates with Percept Knorigin

Percept Knorigin, a digital media company incubated by Percept Limited and Alcatel Lucent, which provides mobile, fixed, IP and optics technologies, has signed an agreement to expand its distribution of digital entertainment

5. "Network18 completes re-organization," *Indiantelevision.com*, 13 June 2011, via Dow Jones Factiva, © 2011 *Indiantelevision.com*.
6. "Bharti Airtel launches Airtel Movies," *afaqs!*, 6 June 2011, via Dow Jones Factiva, © 2011 Banyan Netfaqs Pvt. Ltd.
7. "Balaji Telefilms Plans Film Fund," *The Wall Street Journal Online*, 6 June 2011, via Dow Jones Factiva, © 2011 Dow Jones & Company, Inc.
8. "Endemol forays into film production," *Indiantelevision.com*, 16 May 2011, via Dow Jones Factiva, © 2011 *Indiantelevision.com*.
9. "Rajat Sharma to roll out English news channel," *Media Mughals*, 4 June 2011 via Dow Jones Factiva, © 2011 Media Mughals.





content to subscribers in India. Knorigin will use Alcatel-Lucent's digital media store to enhance its web and mobile entertainment service, which is offered to consumers through partnerships with telecom service providers such as BSNL, MTNL and Airtel. The content will include Hindi-language movies, regional-language shows and live TV on mobile¹⁰.

Shemaroo acquires PEN India's audio catalog

Shemaroo Entertainment has acquired PEN India's complete audio catalog to leverage it across platforms including emerging new media. The deal offers Shemaroo the rights to the bulk of the catalog. PEN's library of Bollywood music, which includes more than 1,000 songs, will be used on various digital platforms such as mobile and the internet, along with traditional media such as performances and radio¹¹.

YouTube launches online movie channel

Video streaming site YouTube has launched YouTube Box Office, an exclusive online channel that will air a blockbuster movie every month, free of cost. The YouTube Box Office, an exclusive online channel that will air a blockbuster movie every month, free of cost. The YouTube Box Office channel will also feature movies from YouTube's movie catalog, which has more than 1,500 titles, including regional-language films. The channel will be available to all users in India and will be IP-blocked for users in other countries. Intel has collaborated with YouTube as the presenting sponsor for the channel¹².

Government of Andhra Pradesh to construct animation and gaming towers in state

The Government of Andhra Pradesh plans to construct towers along the lines of Hi-Tec City in the state to promote IT-enabled services such as animation and gaming. Companies engaged in these services will be offered concessions and incentives. Out

of the 170 acres of land allotted to IT companies, Information Technology & Communications Minister P. Lakshmaiah has also sanctioned the allotment of 25 acres in Rayadurgam, Hyderabad for the construction of an animation tower through the public-private partnership (PPP) route¹³.

Ortel requires INR850 million from IPO

Orissa's Multi System Operator (MSO) Ortel Communications needs INR850 million in funding. It plans to raise INR1 billion through an initial public offer (IPO) through fresh issue of shares. From the net proceeds of the IPO, it plans to spend INR344.30 million on developing its analog and digital services, and invest INR289.04 million in network expansion to provide video, data and telephony services. The MSO has earmarked INR217.40 million as capital expenditure on the development of its broadband services¹⁴.

Sai Prasad Media planning expansion to other forms

Sai Prasad Media plans to launch News Express, a Hindi-language news channel, in mid-July 2011. The free-to-air channel will operate in the HD format and is targeted at India's Hindi-speaking markets. The editor and CEO of the channel is Mukesh Kumar. Sai Prasad Media also aims to launch *Humwatan*, a weekly Hindi-language newspaper tabloid. Furthermore, the group is set to open a media school that is expected to become operational from August 2011. A radio channel is also planned under its umbrella and is likely to be launched shortly¹⁵.

WWE plans India expansion

Global integrated media organization World Wrestling Entertainment (WWE) plans to expand its operations in India and is set to open its Mumbai office in June 2011. WWE is engaged in international expansion and is focusing on emerging

10. "Alcatel-Lucent helps Percept Knorigin deliver digital entertainment in India," *Broadcast Engineering*, 13 June 2011, via Dow Jones Factiva, © 2011 Penton Business Media.
11. "Shemaroo Entertainment acquires audio catalogue of PEN India," *Datamonitor's Financial Deals Tracker*, 25 May 2011, via Dow Jones Factiva, © 2011 Datamonitor Ltd.
12. "YouTube India Launches Free Blockbuster Movie Channel," *Hollywood Reporter*, 9 June 2011, via Dow Jones Factiva, © 2011 Nielsen Business Media.
13. "Animation, gaming towers planned," *The Hindu*, 14 June 2011, via Dow Jones Factiva, © 2011 Kasturi & Sons Ltd.
14. "Ortel has fund requirement of Rs 850 mn from IPO," *Indiantelevision.com*, 14 May 2011, via Dow Jones Factiva, © 2011 Indiantelevision.com.
15. "Sai Prasad Media to launch Hindi news channel in July 2011," *Exchange4Media.com*, 14 June 2011, via Dow Jones Factiva, © 2011 Adsert Web Solutions Pvt. Ltd.

economies. It has appointed Rukn Kizilbash as its GM for India. Kizilbash will spearhead the company's expansion across all its lines of business, including consumer products and home entertainment, in the country. WWE programming is currently available in 75 million TV households in India on Ten Sports¹⁶.

People Movement

- ▶ Ramita Chaudhuri has been appointed the Business Head of RBNL's regional channel Big Magic. She was previously with Carlsberg India as its General Manager, Market Activations¹⁷.
- ▶ Sanjay Raina has been appointed the CEO of Ten Sports' International Business division. He will be based in Dubai. Raina was previously the SVP Marketing of Astro Television¹⁸.
- ▶ Jwalant Swaroop has been promoted to the position of the COO – Publishing at Lokmat Media. He was previously Director – Advertising of the company¹⁹.
- ▶ Ravi Krishnan has resigned from the post of MD Southeast Asia (headquartered in Mumbai) of IMG Worldwide, a global sports, fashion and media company²⁰.
- ▶ Uday Singh has been appointed the MD of Motion Picture Distributors Association (India) (MPDA), replacing Rajiv Dalal. Uday is the former CEO of PVR Pictures²¹.

Deal tracker

RBNL collaborates with RTL for new channels

Reliance Broadcast Network Ltd. (RBNL) and the Europe-based RTL Group have finalized a deal to launch thematic TV channels in India through an equally owned JV, which will launch two channels, one each in the action and reality genres. The reality channel will feature international content, mainly from the RTL Group's production arm FremantleMedia. The channels are expected to go on air between August and December 2011. The venture will be a limited liability company incorporated in India, which will mark RTL's entry into the country²².

Viacom18 enters distribution deal with Paramount

Viacom18, the JV between Viacom and the TV18 Group, has entered a deal with global movie company Paramount Pictures to market and distribute the latter's movies in India, Bangladesh and Sri Lanka. Viacom18 has already ventured into producing Hindi-language movies, and the new deal will help it create a distribution network. It expects around 10-12 Hollywood movies from Paramount annually, which is likely to provide the group's distribution pipeline with a constant supply of movies²³.

Komli acquires Southeast Asian network Aktiv Digital

Komli Media, an Indian advertising network company, has acquired Aktiv Digital, one of the largest advertising networks operating in Southeast Asia. Aktiv Digital has a presence in Singapore, Hong Kong, the Philippines, Malaysia and China. This acquisition is expected to help Komli fill the gaps in its expansion plans for these South East Asian markets, which comprise different countries, regions, languages and cultures²⁴.

16. "WWE plans India expansion, gets Rukin to head," *Indiantelevision.com*, 24 May 2011, via Dow Jones Factiva, © 2011Indiantelevision.com.
17. "RBNL gets Ramita Chaudhuri to head business for Big Magic," *afaqs!*, 24 May 2011 via Dow Jones Factiva, © 2011 Banyan Netfaqs Pvt. Ltd.
18. "Sanjay Raina joins Ten Sports as COO-International Business," *Exchange4Media.com*, 13 June 2011, via Dow Jones Factiva, © 2011 Adsert Web Solutions Pvt. Ltd.
19. "Jwalant Swaroop elevated at Lokmat," *Impact*, 5 June 2011, via Dow Jones Factiva, © 2011 Adsert Web Solutions Pvt. Ltd.
20. "Ravi Krishnan bids adieu to IMG once again," *Impact*, 5 June 2011, via Dow Jones Factiva, © 2011 Adsert Web Solutions Pvt. Ltd.
21. "India's MPDA Names Uday Singh as New MD," *Hollywood Reporter*, 7 June 2011, via Dow Jones Factiva, © 2011 Nielsen Business Media.
22. "RBNL to launch two television channels," *Mint*, 8 June 2011, via Dow Jones Factiva, © 2011 HT Media Limited.
23. "Viacom18, Paramount Pictures in movie distribution pact," *Exchange4Media.com*, 19 May 2011, via Dow Jones Factiva, © 2011 Adsert Web Solutions Pvt. Ltd.
24. "Komli Media completes third acquisition in a year picking up Singapore-based Aktiv Digital," *The Economic Times*, 3 June 2011, via Dow Jones Factiva, © 2011 The Times of India Group.

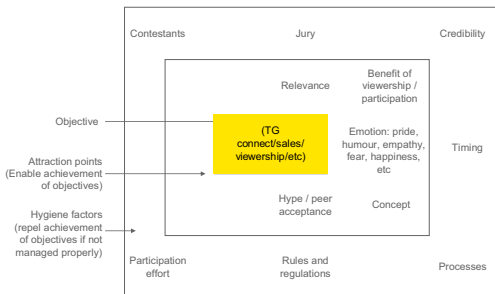


In-focus: Managing risks around TV contests, game shows and awards

Reality TV has come to stay on Indian TV screens. While it had started as a Hindi GEC phenomenon with shows such as KBC, Fear Factor and Idol, reality TV has now moved to music and sports channels, regional GECs and even children's channels.

However, there are significant risks in every show format that need to be managed, and those who think these are formatted shows that need to be produced by following a successful international mantra are mistaken!

We have developed a broad framework, which comprises the key areas, including its objectives, attraction and hygiene factors that need to be considered when producing a TV event.



► Objective:

A show's objective is usually creating audience attraction for a channel, their retention over a period of time and to build up an image of the channel. This was true when KBC was launched on Star over a decade ago and continues to be the same today. This is the first part of the game plan and is used to identify formats that can be acquired. Channels that have successfully used reality TV include Star – to gain a lead over tough rival Zee), Colors – to create an immediate differentiation in a solidly established Hindi GEC market and Sony – to garner a larger than proportionate share of advertising revenues vis-à-vis its ratings.

► Attraction factors:

The main objective of all TV shows is to connect with a specified target group (TG) to build viewership. To achieve this target, there are certain factors that attract audiences to TV shows, including the following:

- The hype or peer group's acceptance of the show, which is driven by advertising, promotion and PR
- The appeal and relevance of the concept for a given TG
- The perceived benefit that a member of the TG gains from viewing or participating in a show (which could be either a monetary benefit, an escape from viewers' reality through music they like, access to stars, thrills, scandal, etc., or providing viewers with news they can use, either to grow or to gain acceptance within their desired peer groups)
- The type of emotion the show caters to – some viewers prefer laughs, others suspense, some sorrow, etc.

Broadcasters are required to ensure that the factors mentioned above are well thought through, especially when adapting foreign formats for audiences in India, since Indian tastes are often totally different from what foreign audiences like. Even the same formatted show, when produced for different media (national and regional) requires to be differently scripted to cater to local tastes, a change in language, the host having a different "attitude" and "pace" and a unique set of participant - shortlisting characteristics.

► Hygiene (or retention) factors:

However, once a person is attracted to a show, certain hygiene factors need to be addressed, otherwise viewer may be dissatisfied and move away from the show. Some examples include:

- A high participation effort (a long registration process, for example) or extremely difficult participation processes could reduce viewer participation in contests and game shows.



- ▶ Unfair rules of participation or an elimination or winner-determination process that is seen as unfair or not transparent may decrease interest levels and viewership.
- ▶ If the show timing does not match the TV viewing habits of the TG, this could also reduce viewership.
- ▶ Lack of credibility (such as not knowing how a particular participant got selected or disqualified) could also reduce viewership
- ▶ A seemingly biased jury or not-so-interesting participants may also have a negative impact
- ▶ Engaging an independent third party to validate that the process, as defined, is being followed
- ▶ Having an independent entity validate at all levels, as well as the accurate counting of the jury's scores and the public's votes, so that audiences feel that their votes have not been given in vain.

Most established GECs (both national and regional) now engage independent process advisors to ensure that the end-to-end process of their non-fiction properties is fair and transparent. However, validation requirements vary from show to show, based on a format's complexities.

Many content-production companies and broadcasters have learnt the hard way that a single poorly managed factor (the attitude of the host, the relevance of the concept or the perceived bias of the process) can significantly reduce viewership.

▶ **The credibility factor:**

Credibility, once lost, is very difficult to rebuild – not just for a show, but for the entire channel. This is probably why more and more broadcasters ensure that risks relating to the credibility of their shows are well managed usually by:

- ▶ Defining a winner determination process (for studio and viewer participants), which is fair and transparent

▶ **Avoiding litigation:**

The other key aspect that many broadcasters worry about is that in the event of litigation by dissatisfied participants or audiences (and litigation, one must accept, is prevalent, since there are always more losers than winners in any contest!), they will not be in a position to demonstrate to the dissatisfied persons the reason for their loss or disqualification. Ernst & Young works with several broadcasters to advise them on their game shows, so that they have a defined and fair process, maintain an adequate audit trail of all the selections and disqualifications, and data for these is in the custody of the broadcasters or content-production companies.



Ashish Pherwani

Ashish Pherwani is an Associate Director with Ernst & Young's Risk Advisory practice. He has served clients in the media and entertainment sector for 10 years, helping them to identify business and operating risks and develop systems to mitigate risks, including improving the efficiency and effectiveness of their key business processes.

Ashish is the segment champion for print, outdoor media, radio and events at Ernst & Young.

Tel: + 91 22 6628 6355 Email: ashish.pherwani@in.ey.com

Point of view

Excerpts from an interview with Roshan Abbas, Founder, Encompass



1. What's driving growth in experiential marketing? How do you see the industry growing in the next two to three years?

The industry will continue to grow at an exponential rate because of the evolution of various touch points that populate the consumer's world. Digital is a new frontier in experiential marketing, where marketers are looking beyond Search Engine Optimisation (SEO) and social media to create pure user experiences. Other traditional spaces such as retail are also becoming hubs of experiential marketing. As touch points evolve, so will the need for enhanced experiences at these touch points. Additionally, we have sub-sectors emerging. Celebration events (weddings, etc.) are becoming an industry by themselves. Bollywood is an overexploited category, but is finding more buyers abroad. Sports marketing, although nascent, is a new area for experiential marketing as well. These subsectors are almost ecosystems in themselves.

2. Your thoughts on the spread of events to smaller cities and rural areas

If consumption is going to be driven by smaller cities and rural areas, it is only natural that events and experiences extend to these markets. Moreover, such locations have largely under-exposed markets, while fatigue has set in as far as large cities are concerned. Smaller city dwellers have more time on their hands and are also more accessible as consumers. Metro audiences have now built up too many defenses. Experiences require time. And the smaller city consumer is willing to invest a lot more of it.

3. Do you feel activations are getting commoditized?

The struggle still continues in the cost per contact. A unique idea has no value, since the approach after the

recession (as far as many companies are concerned) is to treat an experience as any other procurement tender. Yes, there is a constant struggle to demonstrate the strategic value, in the absence of strategy and creativity, and all work becomes a commodity.

4. Is there a need to demonstrate ROI to sponsors? Is it being done in India?

Absolutely essential – people do make an attempt to quantify the results, but there is no benchmarking that is standardized, which makes the Return on Investment (ROI) a much debatable subject. Most studies take place at the client's end or at the media-buying agencies end. The Event and Entertainment Management Association has been trying to put a system in place, but in the absence of standards, we get all kinds of measurement thrown at us.

5. Is there a scope for Indian event companies to go global?

There most certainly is. Even today, large companies such as Wizcraft, Showtime and Encompass work across geographies. In the past, we have extensively consulted on activation projects across the APAC region. While many event managers are clients of Indian corporate organizations on their dealer programs, some have carved a niche for themselves. Wizcraft has made IIFA a brand, the Davos world summit and CII events are other examples. Where we have tried to be different is to try and create a creative process for experiential marketing that makes us explore the hub-and-spoke model of centrally creating an idea and then executing it in various geographies with partners. The advantage is that the experiential marketer in the evolved market commands a lot more respect. Below the line, numbers are

far higher and digital and on ground synergies are brilliantly being used.

6. What are the key issues facing the Indian events industry?

The bitter truth is that we are not considered an industry, even by ourselves. The industry bodies are fledgling ones and the trust factor between agencies very low. There is a total lack of collaboration. Taxation structures are killing us. In addition, commoditization is making it all about the price, not quality. Licensing is another big issue and the terms are often adios. Talent is also becoming an issue – earlier we were the best place to be in, but now digital and social media is the “in thing.” People born with the internet prefer it as their tool of work – we were the physical generation and preferred the real experience.

7. What are your thoughts on reality TV and TV game shows? Do you think they are here to stay?

Someone once said while reality TV is trying to break every social stereotype soaps are only getting more regressive!

Reality TV scandalizes the viewer by its lack of morality while soaps seduce by propagating the most regressive morality they can find. The confused viewer switches between one and the other. Gameshows are tentpoles which need a superstar to propagate them. They are expensive tentpole programs undertaken by channels to increase viewership. But their expenses make them unviable often enough. Margin wise both have the same revenue potential which must come from other sources and are shared by programmer channel and network. They are both definitely needed by channels. Smart channels sandwich them between soaps. So you have a draw to the gameshow and then develop appointment viewing with the soaps. Star did this brilliantly with KBC and the K series.

8. What's next for Encompass? And for you?

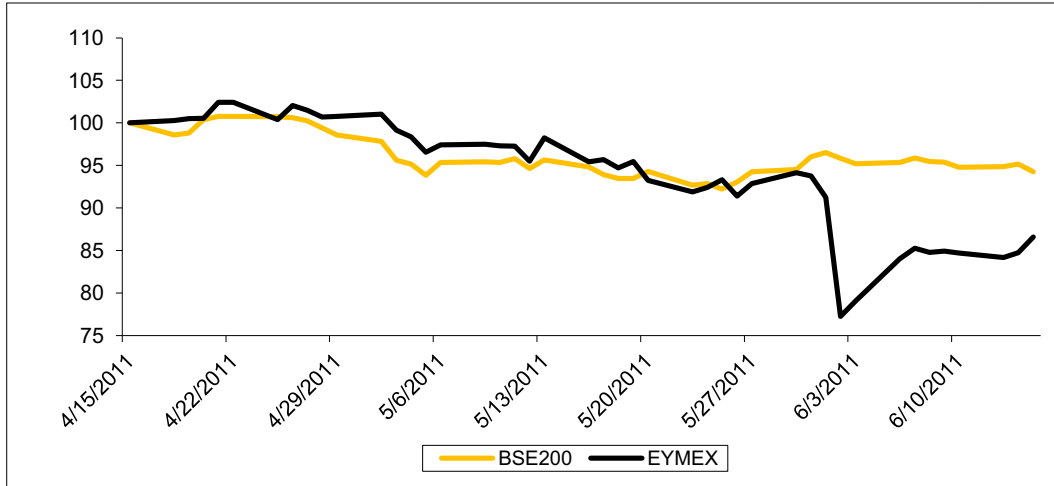
Personally, I am a creative animal. Ideas excite me and I go where the next big idea takes me. At Encompass, working closer with the WPP group, we are growing a portfolio of services, both organically and inorganically. Sports and marketing for shoppers are exciting new areas we are working on!



Market monitor

EYMEX is the Ernst & Young index of 28 listed M&E companies on India's stock exchanges. Exhibit 1 provides a snapshot of the M&E industry's performance as compared to the overall market.

Exhibit 1: EYMEX and BSE200

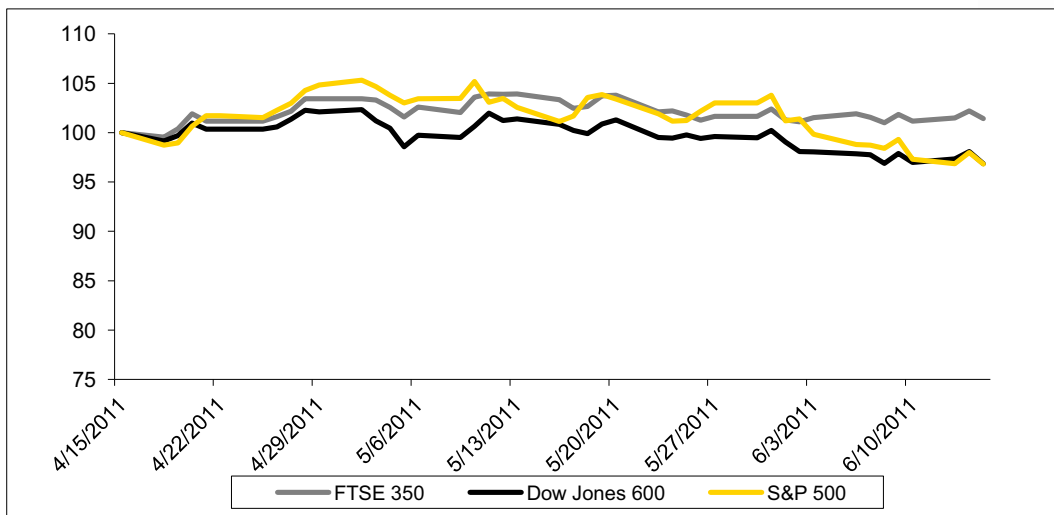


Source: ThomsonONE Banker, accessed 24 June 2011; Ernst & Young research. Note: EYMEX and BSE200 are indexed by taking 100 as the base of the value on the first of the two-month period. Any changes at a later date are shown as relative to the base.

Exhibit 2: Global M&E indices

The global indices – S&P 500 Index, Dow Jones 600 Super Sector Index and the FTSE 350 Index – indicate the stock market performance of M&E companies listed in the US and the European Union.

Exhibit 2: Global M&E indices



Source: ThomsonONE Banker, accessed 24 June 2011; Ernst & Young research. Note: FTSE350, Dow Jones 600, S&P 500 are indexed by taking 100 as the base of the value as on the first of the two-month period. Any changes at a later date are shown as relative to the base.



Our M&E publications

For more information, please contact Raghav Mani – Markets, Media & Entertainment, at raghav.mani@in.ey.com or + 91 124 464 4454.



The Indian magazine segment: Navigating new growth avenues

Provides an in-depth analysis of the Indian Magazine segment. Released at the Indian Magazine Congress in 2010.



Monetizing digital media: Creating value consumers will buy

This report offers perspective on how media and entertainment companies can take the monetization of digital media to the next level by creating premium product and service bundles that can increase future revenue and profitability.



The new market shehers: Tapping potential beyond metros avenues

A sequel to our earlier report "The Dhoni Effect: Rise of small town India", this report provides an analysis of the growing consumption in non-metro urban markets and how marketers are taking advantage of this new urban consumer.



Poised for digital growth: Preserving profitability in today's digital world

This report contains insights from seventy five media and entertainment company CFOs on the digital landscape and how changing business models are shaping the future of the industry.



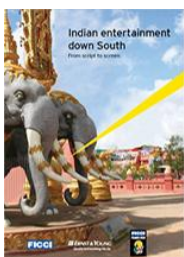
India...get, set, go...

This report examines the potential of the Indian sports industry. Released at the India International Sports Summit in 2010.



Tune in to emerging entertainment markets

This report focuses on the media and entertainment industry in the emerging economies of Brazil, Russia, India and China.



Indian entertainment down South

Provides an in-depth analysis of the South Indian film industry. Released at FICCI M&E Business Conclave in Chennai in November 2009.



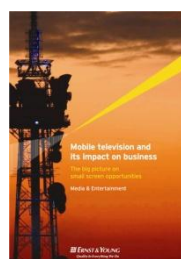
Will widgets work: Web-enabled TV in search of a killer app

This publication looks at the history of interactive TV applications, introduces TV widgets and describes the critical success factors necessary for companies to succeed in a TV widget-enabled world.



The animation and gaming industry in India

This publication was authored on behalf of NASSCOM. It gives a detailed analysis of the industry along with recommendations to the government and the industry.



Mobile television and its impact on business: The big picture on small screen opportunities

This publication provides a look at the drivers of consumer adoption of mobile TV, the latest related market trends in the US and its implications for media content companies.

Our M&E practice

Industry is the cornerstone of Ernst & Young's approach to professional services. M&E is one such significant focus area. The firm's M&E practice has more than 2,000 professionals across more than 100 countries, who focus on various issues and challenges the industry faces. Globally, Ernst & Young leads the audit market share in the overall M&E industry on the 2008 Fortune 100 list. The firm is also the leader among the Big Four in the overall M&E space on the 2007 Russell 3000® Index.

Whether it is the traditional press and broadcast media or the multitude of new media options, audiences now have more choice than ever before. For M&E companies, integration and adaptability are becoming critical success factors. Ernst & Young's Global Media & Entertainment Center brings together a global team of professionals with in-depth technical experience in assurance, tax, transaction and advisory services to help you achieve your potential.

The center works to anticipate market trends, identify the implications and develop points of view on relevant industry issues. Ultimately, it enables us to help you meet your goals and compete more effectively. This is how we make a difference.

Ernst & Young India has a dedicated M&E practice of more than 140 professionals across various cities, who provide services to many of the country's leading M&E companies as well as to global media giants operating in the country. We have developed a wide range of services, such as entry strategy, private equity placement, IT security review, organization structure and performance management, to name a few. This has enabled us to establish a strong presence in each segment of the industry.

As your advisors, we can help you respond quickly and effectively to the challenges the entertainment industry faces today.

For further information on Ernst & Young's services for the media and entertainment industry, please contact:

Farokh T. Balsara

National Sector Leader –
Media & Entertainment

Ernst & Young Private Limited
The Ruby
29 Senapati Bapat Marg,
Dadar (W), Mumbai 400028

Tel: + 91 22 6192 0000 (Board)
+ 91 22 6192 0280 (Direct)

Email: farokh.balsara@in.ey.com

Ashok Rajgopal : TV broadcasting; Sports

Devendra Parulekar : TV distribution

Rakesh Jariwala : Filmed entertainment

Shunali Nagarkatti : Home entertainment; Marketing agencies

Bharat Kapoor : TV content production

Ashish Pherwani : Print; Radio; Out-of-home; Events

Raghav Anand : Internet; Gaming; Mobile entertainment

More ways to stay connected to Ernst & Young

Services for you...

Assurance, Tax, Transactions, Advisory

We provide services to help you retain confidence of investors, manage your risk, strengthen your control and achieve your potential.

Read more on www.ey.com/Services

Center of excellence for key sectors

We have specialized teams that bring sector knowledge to you.

Read more on www.ey.com/industries

Sector Knowledge

Subscribe to our...

Publications – easy to use subscription form

www.ey.com/subscription-form

Webcasts and podcasts

<http://webcast.ey.com/thoughtcenter/>

The choice is yours!

Go to www.ey.com/india

Have questions about a specific EY service?

Whatever your inquiry, we'll help direct you to the right place.

www.ey.com

Our offices

Ahmedabad

2nd Floor, Shivalik Ishaan
Near CN Vidhyalaya,
Ambawadi,
Ahmedabad – 380 015
Tel: + 91 79 6608 3800
Fax: + 91 79 6608 3900

Bengaluru

"UB City", Canberra Block
12th and 13th Floors
No.24, Vittal Mallya Road
Bengaluru – 560 001
Tel No: + 91 80 4027 5000
+ 91 80 6727 5000
Fax: + 91 80 2210 6000
(12th Floor)
Fax: + 91 80 2224 0695
(13th Floor)

Chennai

TPL House, 2nd Floor
No 3, Cenotaph Road
Teynampet, Chennai – 600 018
Tel: + 91 44 4219 4400
Fax: + 91 44 2431 1450

Hyderabad

205, 2nd Floor
Ashoka Bhoopal Chambers
Sardar Patel Road
Secunderabad – 500 003
Tel: + 91 40 6627 4000
Fax: + 91 40 2789 8851

Oval Office

18, iLabs Centre
Hitech City, Madhapur
Hyderabad - 500 081
Tel: + 91 40 6736 2000
Fax: + 91 40 6736 2200

Kolkata

22, Camac Street
Block C, 3rd Floor
Kolkata – 700 016
Tel: + 91 33 6615 3400
Fax: + 91 33 2281 7750

Kochi

9th Floor, Abad Nucleus
NH-49, Maradu PO
Kochi, Kerala 682304, India
Tel: + 91 484 3044000
Fax: + 91 484 2705393

Mumbai

6th and 18th Floors
Express Towers, Nariman Point
Mumbai – 400 021
Tel: + 91 22 6657 9200 (6th Floor)
Fax: + 91 22 22876401
Tel: + 91 22 6665 5000 (18th Floor)
Fax: + 91 22 2282 6000

The Ruby
29 Senapati Bapat Marg,
Dadar (W), Mumbai 400028
Tel: + 91 22 61920000
Fax: + 91 22 61921000

Block B-2, 5th floor
Nirlon Knowledge Park
Off Western Express Highway,
Goregaon (E)
Mumbai - 400 063
Tel: + 91 22 6749 8000
Fax: + 91 22 6749 8200

NCR

Golf View Corporate Tower - B
Near DLF Golf Course, Sector 42
Gurgaon - 122 002
Tel: + 91 124 464 4000
Fax: + 91 124 464 4050

6th floor, HT House
18-20 Kasturba Gandhi Marg
New Delhi - 110 001
Tel: + 91 11 4363 3000
Fax: + 91 11 4363 3200

4th & 5th Floor, Plot No 2B, Tower 2,
Sector 126, NOIDA - 201 304
Gautam Budh Nagar, U.P. India
Tel: + 91 120 671 7000
Fax: + 91 120 671 7171

Pune

C-401, 4th Floor
Panchshil Tech Park
Yerwada (Near Don Bosco School)
Pune – 411 006
Tel: + 91 20 6601 6000
Fax: + 91 20 6601 5900

Ernst & Young Pvt. Ltd.

Assurance | Tax | Transactions | Advisory

About Ernst & Young

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 141,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

Ernst & Young refers to the global organization of member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit www.ey.com

Ernst & Young Pvt. Ltd. is one of the Indian client serving member firms of EYGM Limited. For more information about our organization, please visit www.ey.com/india

Ernst & Young Pvt. Ltd. is a company registered under the Companies Act, 1956 having its registered office at 22 Camac Street, 3rd Floor, Block C, Kolkata - 700016

© 2011 Ernst & Young Pvt. Ltd. Published in India. All Rights Reserved.

This publication contains information in summary form and is therefore intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. Neither EYGM Limited nor any other member of the global Ernst & Young organization can accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication. On any specific matter, reference should be made to the appropriate advisor.

EYIN1107-071 M&E July 2011(India).
Artwork by RaS