

We run the most popular FM radio station, are the largest organised player in the Indian Out-of-Home industry and offer the most innovative experiential marketing solutions in the country.

This didn't happen by accident



Entertainment Network (India) Limited

Annual Report 2006-07

whats inside?

12	MD's Message	14	ENIL Billboard
16	Key achievements and awards won during the year	17	Recent radio station launches
18	Financial Overview	20	Board of Directors
23	Notice	33	Directors' Report
40	Report on Corporate Governance	54	Management Discussion and Analysis
63	Auditors' Report	66	Balance Sheet
67	Profit and Loss Account	68	Cash Flow Statement
69	Schedules to Financial Statements	86	Statement pursuant to Section 212 of the Companies Act, 1956
87	Auditors' Report on Consolidated Financial Statements	88	Consolidated Balance Sheet
89	Consolidated Profit and Loss Account	90	Consolidated Cash Flow Statement
91	Schedules to Consolidated Financial Statements	106	Times Innovative Media Limited (Subsidiary Company)



We

made

it

happen

Sometimes it pays to think differently. To look the other way. Rewrite rules. Start afresh.

And we did just that.

Our first rule was NOT to have anyone with prior experience in this space. A completely new team. With fresh thinking. And it surely did pay off.

When the first opportunity came in 2000, we went ahead and invested Rs. 205 crores upto the year 2005, when the environment was one of uncertainty from our returns perspective. We looked at the big picture. Our thought leadership ensured we were not myopic. That things would evolve. And it did!

Today, Radio Mirchi is a leader in each of the markets it operates in. More than 8.2 million listeners tune in to Radio Mirchi in Mumbai, Delhi and Kolkata daily (MRUC ILT Wave 3 '06 – '07). Radio Mirchi is synonymous with democratization of music.

We are not just proud of having the best content, listenership and the most advertisement revenues. We are proud of having created a company with a very different soul. A DNA that will ensure we not just maintain our thought leadership, but enhance it; identify similar opportunities and create differentiators with a fresh thinking.

And we thus started creating a 'city centric media solutions' company. Take O-o-H (Out-of-Home) media. Our next big thing.

Within 19 months of operations, we are the leaders in this space. Mumbai and Delhi international airports now present a unique opportunity for marketers to target focused audiences, thanks to us.

And similarly, we are making it happen in the events management space.

Because we don't just participate, we make it happen.



Strong body or soul?


latter before the former


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This is one question which every organization goes through. Should one build a strong body first or a strong soul? And there is no perfect answer. It's personal. Very individualistic.


We decided to build the soul first. We thought the body would reflect the soul.

For instance, we created an 'alive' company. A thinking one. We took the first such step by ensuring no member of our strategy team came with baggage. A team of diverse individuals with a lot of common sense. And this is what we delivered so far:


 Radio Mirchi is the leader with almost 50% market share.


 We operated the most licenses of Phase 1 of FM radio privatization and became the only commercial FM radio broadcaster present in 4 metros and 7 cities.


 Radio Mirchi consistently has the most listeners in the markets of Delhi, Mumbai and Kolkata.


 Radio Mirchi is the only private FM radio broadcaster to have won licenses for all of the top 13 A/A+ cities.


And we continue to invest in the soul.

 We strive to be the preferred employer and have one of the lowest employee turnover ratio in the industry.

 We are young, passionate and committed to lead, not follow.

 We are expanding the 'dormitory environment' in colleges to our organization.

 We strongly believe in youth. And it is an inclusive belief. Be it our logo, brand character or office décor.

 We are a learning company with the flexibility to modify, articulate and institutionalize best practices.

A strong soul ultimately creates a stronger body. And keeps it strong.

Experience it in the next few pages.



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Inclusive growth, not just exclusive

Music, media and more



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What a time to be in! Conviction does pay off! And we are not complaining.

India is witnessing perhaps the best ever times. An all-encompassing growth across the country. It has recorded a 9% plus GDP growth, adding close to USD 100 billion to the GDP every year and is expected to continue adding this every year.

What's most interesting of this inclusive growth is the demographics that will benefit from the growth. The youth! 55% of the Indians are below 25 years. And fortunately they relate to the business that we are in.

Music, media and events.

Lets take music first. In India, if cinema is

religion, music is worshipping. Music which is much dominated by Bollywood.

And what's happening there?

From the days of unorganized production houses, high cost of financing, piracy and a 'risky' business, the industry is now backed by institutional and capital market funding to multiple and incremental revenue streams like digital distribution, multiplexes, home video, internet, satellite and international distribution. The Result...

More movies, better movies. More music, much better music.

This benefits us in our radio broadcasting business and event management business.

Let's also understand the next influencers. As India grows, more people are expected to

commute and travel. More people are visiting India and Indians are increasingly doing business abroad. This means more urban consumers on the run, more flights and more passengers.


You can't ignore these eyeballs if you are an advertiser. That's where Out-of-Home (O-o-H) media steps in.

O-o-H media is in its infancy. Just like our radio business was in 2000. Huge growth awaits us. While we are already leaders in this innovative media, the industry is growing fast. And that is why we are enjoying it.

Such inclusive growth happens once in a lifetime. The tailwinds are very strong.

And we are ready!



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 **RADIO MIRCHI**
It's hot!

Qualitative or quantitative?

we focused on both

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Radio is the cheapest and the most accessible mode of mass media in India, reaching out to nearly 99% of the Indian populace, thanks to AIR. But this was still not connecting with the youth. There was something missing.

And it was 'opened' up in 2000.

When the government began privatizing FM radio broadcasting, several players entered this space. But only a select few remained. Business was unviable, but not popularity.

We decided to stick on. Be patient. Build the brand. Build a business. Things would change! It was pure economics! And it did.

In 2005, the fixed license regime moved to a much better revenue

sharing. By then, radio had established its supremacy. Its niche. Its dominance. The world of advertising had tasted its success. Today amongst the main segments of the Indian Entertainment and Media Industry, radio is expected to be the top performer in terms of overall growth rate as well as growth in advertising spends.

The result.

43 new entrants jumped into the opportunity. And 245 new stations will be rolled out.

Being a leader we had a choice. Participate aggressively or intelligently. Qualitative or quantitative?

We did both.

Qualitatively, we focused on

category A+ and A cities, where the maximum growth was. And maximized it. We got 100% of the licenses in the best markets of India. Today, no one else in India has it.

We also bid aggressively for other cities. But intelligently and with investment returns in mind. Today we have emerged as the largest radio network in India in terms of listenership with licenses to operate 32 stations. In terms of listenership, we retain the number one position in Mumbai, Delhi and Kolkata (according to data based on Indian Listenership Track (ILT – Wave 3 2006–07 conducted by MRUC) for the period December '06–February '07). Expect strong growth from us, both qualitative and quantitative.

Grow AND participate

As leaders, we do both

Oo-H media has two sides. The traditional and the innovative.

While the traditional ones like bus shelter, billboards and the likes have been far more visible, the innovative Oo-H is just emerging.

As leaders, we are participating in the traditional and growing the innovative.

Lets talk about innovative Oo-H. Because it is innovative, you create opportunities. Not participate, but grow the market.

A new, young and growth-led India is fast emerging. Urban Indians are on the move. The sheer growth of air traffic is a derived growth from India's growth. And this is set to multiply. With lack of growth in infrastructure, the queues are getting longer. With heightened

security across airports, the average wait time has increased.

We sensed an opportunity.

We bid and won advertising rights for Delhi and Mumbai airports. The license involves designing, installation, development and maintenance of the advertising sites for both domestic and international terminals. These airports cater to annual passenger traffic of about 42 million, which constitute over 51% of airport passenger traffic in India.

Ditto for trains. As the pressure of population in large cities increases, the mass transit systems have to carry high loads. More eyeballs, as we see. Times OOH bid for Metro train rights in Kolkata and has access to 839 display sites at 13 metro stations in Delhi.

We are growing a market which

existed, but was not well-explored. That's what you expect of a leader.

To grow!

The traditional ones like billboards, bus shelters, handbills, banners, and railings are also growing. And we are participating in a big way. We have access to over 1400 bus shelters in Mumbai, around 200 display options at Delhi-Noida-Delhi flyway, 839 display sites at 13 Delhi metro stations, 233 display options at Delhi Airport, 67 billboards in Kolkata and 8 hoardings in Pune.

Innovation knows no boundaries. Expect the unexpected from this business. Having got a huge traction through recent contract wins, this business is at an inflection.

Expect strong growth and deeper participation.