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MILLION. THAT'S HOW MANY PAYING CUSTOMERS UTV AUDIO CINEMA GOT IN SIX MONTHS.



SKRONNIESCREWVALA If he's a Bollywood producer and he bristles. "I'm in the media and entertainment business," says the 54-year-old, one-time actor. He's now chairman of UTV Software Communications, a spunky Rs 680 crore outfit that burst onto the entertainment scene 10 years ago, when closely held family-run companies dominated the industry.

Screwvala's journey from being a small-time cable operator in 1986 to being one of the 25 most powerful people in Asia (See The Changing Face of Asian Business on page 65) is marked by frequent attempts to shock the industry. His force in Bollywood is disruptive. He takes all that the industry holds most dear, whether it's production, distribution, or marketing, and turns it on its head, making a tidy profit in the process. Former employees recall how he would insist that "business as usual" was a taboo term; to really be able to make a mark, he would say, ideas must upset the status quo.

Take his 2011 docudrama *No One Killed Jessica* (a film based on real-life events in 1999, when model Jessica Lal was shot dead in New Delhi). In a typical Bollywood production, some 30% of the budget goes towards paying big stars, and the rest is spent on marketing. And because some people are doing this, everyone follows suit, says Screwvala. In the case

of *Jessica*, however, there was nothing. "No outdoor ads, no full-page ads, which was earth-shattering," he says.

The film broke another unconventional Bollywood rule: Have a male lead. Instead, Screwvala roped in two female stars—Rani Mukherjee and Vidya Balan. The timing too, was not typical; he released the movie in the first week of January, when few films are launched because everyone's on holiday. Despite going against the norm, the movie grossed Rs 40 crore worldwide. (*Aisha*, another female-led movie, produced by Anil Kapoor & PVR Pictures in 2010, grossed only Rs 19 crore.)

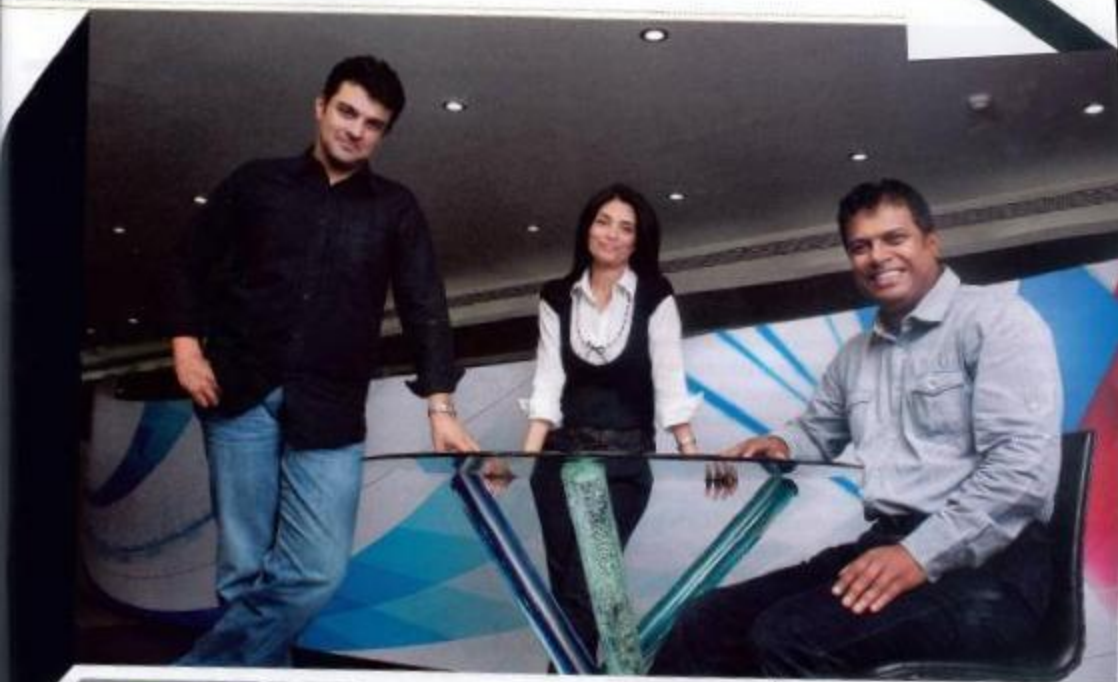
Whether it's television shows or movies, Screwvala revels in being different. He consistently picks themes that are off the beaten path, and is not averse to being controversial. He has successfully revisited themes such as adultery (*Life in a Metro*, *Main Meri Patni... Aur Woh!*), terrorism (*A Wednesday*, *Kurbaan*), and the Indian media circus (*Peepli Live*), which have gone down well with urban audiences.

Co-producer and Bollywood star Aamir Khan, who has known Screwvala for a long time, says: "To back a crazy film like [the yet-to-be released] *Delhi Belly*, you need a little bit of madness."

TO ENSURE THAT THE MOVIES reach the right audience, Screwvala has also gone counter to accepted Bollywood wisdom when it comes to distribution. Most producers tie up with independent distributors; they pay them a fixed fee to push films in some 12,000 theatres across the country. "Revenues were leaking, thanks to some distributors," says Vanita Kohli-Khandekar, author of *The Indian Media Business*, referring to how there's no way to verify ticket sales across thousands of theatres; instead of tickets, movie-goers in some regions get an indelible ink stamp on their hands. Sanjay Jumani, an independent overseas movie distributor with Sunstone Entertainment, who distributes to Egypt, Lebanon, Syria, and Jordan, says the "organised" nature of distribution can hurt producers and backers when the big houses produce flops.

For full control over where his films would be played, as well as to track how much each film makes in different regions, Screwvala set up his own distribution network and a 30-member team. Controlling distribution makes obvious sense, but Bollywood hadn't tried it till he came along.

Intense competition, and thousands of copies of movies being released after a movie launch, means producers need to recover dues from the box office within a couple of weeks. So, what draws audiences? Prem Chopra, a veteran actor



SCREWVALA'S TRIO (From left) Sidharth Roy Kapur, Zarina Mehta, and M.K. Anand

famous for playing bad guy, says it all boils down to the storyline. "You have to have that." But Screwvala complains that there's a shortage of fresh literature compelling enough to be turned into content. To ensure that UTV has enough content, Screwvala has hired a team of 40 writers, all working on separate storylines. Some make the cut, others are trashed. That's part of the process, Screwvala says.

Not satisfied with that, Zarina Mehta, UTV's founder director, spends time thinking up ideas for TV shows and the Net. "If we don't innovate, we're dead," she says. To understand what audiences want, she relies on ethnographic studies. She and her team make home visits, analyse Facebook accounts, and cellphone and chat activity, of some 200 people in their target demographic group. They even check out their iPods to get a sense of the flavour of the season.

UTV's 450-strong creative team works across media. This, in itself, is nothing new. In 1996, superstar Amitabh Bachchan had much the same idea. He envisioned the cre-

ation of a one-stop entertainment shop, Amitabh Bachchan Corporation (ABCL), that would do merchandising, event management, talent management, films, TV, and audio. The idea was to create the country's first media conglomerate, run by qualified managers. But its grand design didn't pan out and by 1999, ABCL's debts and losses had turned it turtle.

Why does Screwvala think he can succeed where a larger brand like Amitabh Bachchan didn't? "If you have a vision, go out and implement it yourself. It can't be done by saying 'here are four managers I've hired, and expect it to work. The private equity model doesn't work in this business unless you're the Blackstone Group and can stomach a \$100 million (Rs 444 crore) loss," he says.

Like a maverick cowboy, UTV can be trigger-happy. Reports say the company pays stars and directors unheard of amounts, de-stabilising market rates. Shahid Kapur, an actor who signed a deal with UTV for three movies, was reportedly paid Rs 29 crore (UTV officials say it's more like Rs 6 crore). The buzz is that director Sanjay Leela Bhansali was paid

between Rs 28 crore and Rs 35 crore for *Guzarish*. UTV's management didn't comment on this. Screwvala says overpaying is a "destructive practice", generally triggered when there's IPO money or venture funds flowing in. When others pay more, you have to, or you can't hold on to talent, he adds.

But he makes sure that he gets back some of what he pays. Siddharth Roy Kapur, CEO Motion Pictures for UTV, says Screwvala "slashed costs by using web marketing, social media, and product positioning."

SCREWVALA'S ABILITY TO UPEND existing practice comes from the fact that at heart he's not a creative person out to make great cinema or serials. He is a canny businessman who, because of his early association with media and entertainment (he was originally a newsreader on Doordarshan and a sometime theatre actor), figured that the industry was ready for new thinking, which would lead to new opportunity. If he had started off as a shopkeeper, you can bet he would have been a part of India's organised retail industry. Says Khan: "Ronnie

has the ability to manage risk and the whole idea of structuring a creative project like a business plan."

Bollywood insiders, of course, say Screwvala needs to focus on production and films, rather than venture into new industries. But as Nikhil Vora, managing director, IDFC Securities argues: "You can't predict or sustain creativity."

Indeed, many see Screwvala as an investment banker's investment banker, quick to spot opportunity and cut deals. Some 10 years ago, Raju Panjwani of Omega Capital, (formerly an investment banker with Morgan Stanley), remembers seeing Screwvala as part of the audience at an Indo-U.S. business event. "Some years later, I saw him walking down a street in New York, talking to Hollywood actor Chris Rock, (obviously) doing a deal. I thought: 'Finally, India's coming to Hollywood'." In 2007, Screwvala co-produced a movie *I Think I Love My Wife*, starring Chris Rock.

UTV was private equity fund Warburg Pincus's first investment in India in 1996, says Rajesh Khanna (not to be confused with the actor of the same name) who was its India head. The PE fund invested between \$15 million and \$20 million in UTV. "I was surprised to see a business that size in the sector run that way," says Khanna, who now heads investment firm Arka Capital. "He had Arthur Andersen as his auditors and had the independence to negotiate with us without an investment banker by his side." Over the last year, the UTV stock, which listed in 2005, has risen by 50% to Rs 657.

Often, UTV is pointed out as the only corporation in Bollywood. Other players are primarily distributors or makers of movies or television shows, don't have the same combination of platforms as UTV has, says Farokh Balsara, Ernst & Young's national sector leader for media and entertainment. Where companies such as Mukta Arts or HT Media tried to diversify and failed, UTV has not. "But that's Ronnie's thing," says Balsara, who has known him for years. "He'll try his hand at new, emerging segments and business models... and try his level best to make it work."

He's got a finger in almost every pie in the business. He started off by providing content to other TV channels, and claims to have introduced India to the concept of daily soaps with *Shanti* in 1994. In 2004, he entered the world of broadcasting with a channel called Hungama, aimed at kids. There were five similar channels on air, backed by larger competitors such as Turner Broadcasting's The Cartoon Network, Viacom's Nickelodeon, and Walt Disney. Screwvala bet that the other channels lacked recall with children because of themes and characters that were culturally too foreign. Hungama used Japanese characters such as Doraemon

HOW RONNIE DISRUPTS BOLLYWOOD

Spends very little on advertising; leverages social media and other free marketing tools

Prefers small-budget films with unknown actors

Controls distribution, does not outsource this function

Launches movies on dates other producers shun (January, shradh, etc.)

Promotes cost-sharing through strategic product placement in films (Sunsilk in the movie *Fashion*, Provogue in *Rang De Basanti*, Teriqa in *Jodhaa Akbar*, etc.)

Actively pursues film and gaming markets abroad



18%

WAS THE STAKE IN
BLOOMBERG UTV
THAT SCREWVALA
SOLD TO RELIANCE
COMMUNICATIONS.

STAR STATS



Rs **9,100**
CRORE

is the projected size of the film industry in India for this year (Bollywood plus regional films).



Rs **900**
CRORE

is estimated to be the size of the Indian music business in the next one year.

Rs **2,800**
CRORE

is the estimated value of the Indian animation industry.



Rs **1,300**
CRORE

is the estimated size of the gaming market in India.

Rs **34,100**
CRORE

is the estimated size of the television programming sector in India in 2011.



UTV **50%**

is how much the UTV stock has gone up in the last one year.



Rs **500**
CRORE

is UTV's investment in gaming.

Rs **680**
CRORE

is the revenue of UTV. Its market capitalisation is Rs 2,661 crore.

and Shinchon—more familiar to Indian kids than say, SpongeBob Squarepants.

The channel grew, and Walt Disney International bought a stake in it for \$30.5 million in 2006. Disney today has a 50% stake in UTV Software Communication. Andy Bird, chairman of Walt Disney International, says: "Hungama was growing fast, and UTV was one of the few leading true multimedia studios out there." That, and Screwvala's knack for scoring profits, clinched the partnership. He adds that Screwvala has shown a great deal of discipline in building his business by laying out the infrastructure for future content, something that's been absent in India. That includes the creation of new concepts and properties. By 2008, UTV had launched a slew of TV channels (international movies, action movies, Hindi movies, etc).

Screwvala is smart enough to cut his losses when things don't go as planned. He recently sold an 18% stake in Bloomberg UTV (formerly UTVi), an English business news channel he started in 2008, to Reliance Communications for an undisclosed sum. The channel struggled to garner market share from competitors such as CNBC-TV18 and NDTV-Profit. Those who know him say he could sell his remaining stake if he thinks the channel can't do better.

Screwvala's presence is also felt online with UTV Audio Cinema, a part of the Interactive business that logged 1.5 million paying customers in six months. Then, there's gaming. There are three console game launches this year: 'El Shaddai' in Tokyo, which took place last month, 'War Devil' in London, and 'Reich' in Florida. Insignificant now in terms of revenue, those moves could tip the scales in future, given that gaming is a \$60 billion industry globally and could accelerate once 3G technology in India becomes widespread.

"He gets technology like no other producer," says Shekhar Kapur, international film-maker and producer, adding that UTV is among the few companies that dwells on how mobile devices could reshape entertainment. "He realises it's not about getting it to people in one cool format ... but in going with multiple formats to reach them wherever they are."

Today, UTV owns gaming firms in Austin, Texas; provides content for mobile devices; has invested Rs 500 crore in developing games; makes youth-based reality-shows; and its first animation film, *Arjun, The Warrior Prince*, will be released in August. Is UTV biting off more than it can chew? Bird doesn't think so. "I wouldn't do anything differently if I were running a company like his in India," he says. ■