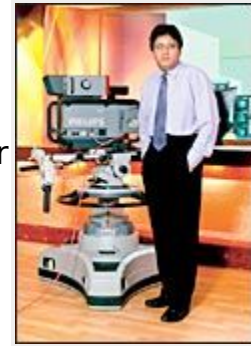


Shining Bright Kalanithi Maran's Sun Network has a stranglehold on southern markets, and the 40-year-old has no intentions of loosening his grip. But where does his print-to-radio-to-TV empire, of which Sun TV alone is worth Rs 10,500 crore on the stock market, go from here? By Archana Shukla

For a media company that owns 18 television channels, seven radio stations, two daily newspapers, four magazines and a significant cable and satellite (C&S) distribution business, Sun Network's headquarter in Anna Salai, Chennai, looks quite unpretentious and quiet. There are no throngs of camera crews or reporters hanging around. Instead, one finds some sturdy, tall men, all dressed in whites, guarding the entrance. They are the only indication of the place's central position in Tamil Nadu politics-the building is the headquarters of Tamil Nadu's ruling party, DMK. The Chairman and the Managing Director of Sun Network, Kalanithi Maran, sits on the third floor. At the reception, there is a big, illuminated portrait of the late Murasoli Maran, former Union Industry Minister, nephew of current Tamil Nadu Chief Minister M. Karunanidhi and Kalanithi's father. The family is synonymous with politics, but Maran says: "I don't understand politics; I only know how to run a successful business." That, he surely does.



Maran, 40, runs one of the biggest media conglomerates in the country, straddling C&S broadcasting, publishing, radio and broadcast distribution; its current turnover: Rs 800 crore. The network's flagship channel, Sun TV, is the second biggest in the country, with a 30 per cent market share, just below star Plus (41 per cent) in the national pecking order. Maran's other channels rule the roost in each of the southern markets-Tamil Nadu, Andhra Pradesh, Kerala and Karnataka-he is present in (see Where Sun Stands...). Sun is the only network in the south that has a complete bouquet of general entertainment, news, music, movies and kids channels (a sports and a documentary channel are on the anvil). In TN, his rivals, Jaya TV and Vijay TV (the latter is owned by the star Network), have only one channel each with a viewership share of 6 and 3 per cent, respectively, against Sun TV's 44 per cent. Even his competitors acknowledge his mettle. "Maran is one of the pioneers in the broadcast industry. He has created a stupendous business in a market that others thought wasn't worth dabbling in," says Ajay Vidyasagar, Executive Vice President, star Network India.

Maran also has a flourishing publishing business that comprises four magazines Kungumum (with a readership of 1 million), Mutharam, Vannathirai and Kumguma Chimizh. He also runs two daily newspapers, Dinakaran and Tamizh Murasu. "At the time of acquisition,

MARAN'S MEDIA EMPIRE

Broadcasting: Has 18 cable and satellite (C&S) channels under the Sun TV umbrella-four in Tamil (Sun TV, KTV, Sun Music & Sun News), two in Malayalam (Surya TV & Kiran TV), six in Kannada (Udaya TV, Udaya Movies, Udaya Varthegalu, Udaya TV II, Udaya News & Ushe), six in Telugu (Gemini TV, Teja TV, Gemini News, Gemini Music, Gemini Movies & Aditya). Plans afoot to launch a sports and a documentary channel early next year.

FM Radio: Two companies, Kal Radio & South FM Radio, have 45 FM radio licences (23 for southern and 22 for northern markets); 7 stations already on air.

Cable distribution: Owns SCV, a multi-system operator, and has over 80 per cent market share in cable distribution in Tamil Nadu. Also owns Gemini Cable Vision, a dominant player in Andhra Pradesh.

Publications: Runs four magazines (Kungumum, Mutharam, Vannathirai & Kumguma Chimizh) and two recently-acquired newspapers (Dinakaran & Tamizh Murasu) under two companies called Kungumum Publications & Kal Publications.

DTH: Has a licence for direct-to-home service, which is likely to be launched next year.

Saxena, Vice President (Programming), Sun TV (Saxena is Maran's college friend who has been with him from the start). Investing in content production and a marketing network, thus, was a tall order. It was then that Maran came up with an innovative idea. "I approached some producers and proposed that I would provide my platform to air their shows; they could retain the ownership of their content and sell commercial airtime to recover their costs," he says. Maran also got to sell some two minutes of air-time and title and sponsorship rights. It

Dinakaran ranked 60th in the country with a readership of 1.5 million. We redesigned and relaunched the product. Today, it is the seventh largest newspaper with a readership of one crore," says Maran. Then, he also has 45 fm radio licences; seven stations are already on air. "Twenty-two of the new licences are for the northern market," he says. "So far, we were a south-based player, but our radio venture will make us a pan-India media company."

No Investments, Only Returns

His political linkages notwithstanding-Tamil Nadu Chief Minister M. Karunanidhi is his great uncle and Union Minister for it & Communications Dayanidhi Maran his elder brother-Marana has built his fortune from scratch. After dabbling in the family's publication business and running a video magazine, Poomalai, for about four years, he decided to enter the broadcast business in 1992. "The C&S industry was non-existent at that time. There were not too many advertisers and no cable operators, forget about subscribers and subscription fees," says Hansraj

was a win-win proposition as Sun would earn profits on no investments. The arrangement is now the standard practice at the company. Producers, on their part, don't complain because there is no better alternative to Sun in the southern market. "Sun channels are far ahead of their rivals in terms of reach and viewership, which translates into tremendous advertising potential," says Sathyajothi Thyagarajan, Managing Partner, Sathyajothi Films; he has been working with the group for the past 10 years. Indeed, the average lowest TRP (television rating point) a Sun TV programme gets is around 20, whereas the highest TRP rival Jaya TV gets for its most popular show, Jackpot, is 6. Today, all the top 50 regional C&S programmes belong to the Sun Network. Result: while a 10-second spot on Sun TV goes for Rs 18,000-25,000, the going rate for competing channels is around Rs 6,000-8,000.

This gives Maran the muscle to dictate terms to content producers; and he squeezes this advantage ruthlessly. He doesn't allow them to work for any other broadcaster, and those who leave him once are never allowed to come back. He has similar contracts with leading film producers as well. Says Maran: "Over 80 per cent of the films produced in the market come to us. In return, we promote them on all our platforms before their release. Given our reach, it is an opportunity they can't afford to miss." This arrangement has worked well for producers so far. Many TV content producers have built fortunes riding on the back of his network. "Eight years ago, when we started working with Sun, our turnover was Rs 1 crore; today, we are a Rs 24-crore company," says B. Srinivasan, Managing Director, Vikatan Televistas, a leading production house that works across the four southern markets. "Given the scope of work one can do across Sun platforms, the apparent restrictive covenant doesn't harm any of us. I am currently working on four shows for different Sun channels. I don't have the time, or the need, to knock on any other door," he adds.



Sun is the only network in the south that has a complete bouquet of general entertainment, news, music, movies and kids channels

Politics and Business

There is, however, one party that gets hurt in the game-Sun's rivals. "(Maran's) team has a killer instinct. Being the first entrants, they have captured every corner of the market. Now, nobody can break the virtuous cycle they have gotten into," says K. Balaswaminathan, Vice President (Sales and Marketing), Jaya TV. Incidentally, one of the

strongest pillars of Maran's broadcast business is his C&S distribution network. Though Maran insists that he only runs a multi-system operation under SCV and he has no last-mile network, his rivals say that his men control more than 80 per cent of the C&S distribution market. "In TN, it is they (Sun) who decide which channel gets carried and which doesn't," says a top executive of a leading broadcaster.



Maran's A-team:

(From left to right) K. Shanmugam, Vice President (Sales); S. Natrajan, Vice President (Finance); P. Laul, Vice President (Marketing); Kalanithi Maran, CMD; Hansraj Saxena, Vice President (Programming); S. Kannan, Vice President (Technical); and R.M.R. Ramesh, Director, Kal Publications

There are many who also allege that he has used his political clout to build his empire. Recently, allegations surfaced that his brother, Dayanidhi, had tried to coerce the Tata Group into selling its stake in Tata-Sky to him. Maran, on his part, is unruffled by such allegations. "It is most convenient for my rivals to hide their failures behind my political connections," he says, adding, "I only focus on boosting my business."

Range and depth apart, Sun TV, the listed entity that houses all TV channels, is today the most profitable broadcasting company in the country. Its operating margins have ranged from 45 to 60 per cent (against Zee TV and star's 25 and 35 per cent, respectively) over the last four financial years. "Sun TV has created a unique business model. Its horizontal and vertical business integration is unparalleled," says Farokh Balsara, Industry Leader (Media and Entertainment Practice), Ernst & Young.

Going forward, the Sun Network seems poised for a new phase of growth. Once all his radio stations take off, he will become the biggest fm service provider, along with Anil Ambani's R-ADAG (Reliance-Anil Dhirubhai Ambani Group), in the country. Radio advertising represents an opportunity of Rs 300-350 crore. "We are gearing up to ensure that we garner maximum share in the radio segment," says Saxena.

Then, his DTH venture is likely to be launched early next year; analysts expect at least 25 per cent of the total pay TV households to opt for the service. "DTH offers a two-way revenue stream for Sun-the pay revenue from other service providers like Tata-Sky and Zee and, from the network's own operations," says a Mumbai-based equity analyst. Besides, he has just turned his flagship channel Sun TV into a pay channel; it reaches 95 per cent of C&S homes in TN alone and is likely to bring in additional revenues of at least Rs 15-18 crore next year. The launch of new sports, kids and documentary channels will further consolidate the group's position. And advertising revenues, which grew

32 per cent in 2006-and account for around 60 per cent of the group's total revenues-are likely to grow at a healthy clip of 14-15 per cent. "Overall, the Sun Network is entering a healthy phase of growth," says the analyst.

For Maran, it is only the culmination, and also a fresh start, of an aggressive, but judicious, journey. "I have never taken big leaps. I take small steps. For me, being the leader wherever I am is what counts," he signs off.

THE MAN AND HIS JOURNEY

Name: Kalanithi Maran

Age: 40

Education: B.Com from the University of Madras; and MBA from the University of Scranton, Pennsylvania, US

Career: Started in 1987 as a Circulation Clerk in Sumangali Publications, a family-run business that then published three magazines. Today, he is Chairman & Managing Director of Sun TV, a company that runs 18 cable and satellite channels

Business philosophy: Take small steps, no big leaps

Sun's market cap: Rs 10,500 crore

Family's stake in Sun: 90 per cent