

Operator

Ladies and gentlemen, good day and welcome to the Zee Entertainment Enterprises Limited's Q2 FY13 Earnings Conference Call. As a reminder, for the duration of this conference all participants' line will be in the listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. Please note that the conference is being recorded. I'll now like to hand over the conference to Mr. Kanwaljeet Singh. Thank you, and over to you, sir.

Kanwaljeet Singh

Thank you, Shama. Ladies and gentlemen, thank you for joining us today. This conference call has been organized to update our investors on the company's performance in the second quarter of fiscal 2013 and to share with you the outlook of the management of Zee Entertainment Enterprises Limited. We do hope that you have had the chance to go through the earnings release and the results, both of which have been uploaded on the corporate website, zeetelevision.com.

To discuss the results and performance, joining me today is Mr. Punit Goenka, Managing Director and CEO of ZEE, along with members of the senior management team of the company, including Mr. Rajesh Jejurikar, President, ZEE; Mr. Hitesh Vakil, CFO; and Mr. Atul Das, Chief Strategy Officer. We will start with a brief statement from Mr. Goenka on the second quarter accounts, and we'll then open the discussion for questions and answers.

I would like to remind everybody that anything we say during this day during this call that refers to our outlook for the future is a forward-looking statement, and must be taken in the context of the risks that we face. We would also like to add that this call is purely for our analysts and investors, and if there are any media companies on the call, we request them to please disconnect.

I now request Mr. Goenka to address the audience.

Punit Subhash C. Goenka

Thank you, Kanwaljeet. I would like to welcome everybody to this call, and appreciate your joining us for the discussion of the results of the second quarter of fiscal 2013. Let's begin with the details of some of the key developments of the quarter focusing on the financial performance.

ZEE's advertising revenues during the quarter were Rs.5.28 billion, showing a growth of 34% year-on-year. This is on account of good sports business, and improvement in our market share and performance. As most of you are aware, the advertising spends on television is not as buoyant this year, and our performance is considerably better than the overall industry growth.

The total subscription revenues for the quarter were Rs.3.95 billion, registering an increase of 36% over the corresponding quarter last fiscal. During the quarter, domestic revenue stood at Rs.2.81 billion, while international subscription revenues were Rs.1.14 billion. Domestic subscription revenues are up 44% year-on-year, whereas the subscription revenues from international operations are up 19% in rupee terms. International revenue growth, of course, has been aided by rupee depreciation. In constant currency terms, the revenue continues to be flat.

On the cost front, programming and operating costs in the quarter were Rs.4.79 billion, as compared to Rs.3.22 billion in the corresponding period last fiscal, an increase of 49% year-on-year. Employee cost has gone up by 27% over the corresponding period last fiscal.

Selling and other expenses in the quarter were Rs.1.69 billion, as compared to Rs.1.2 billion in the corresponding period last fiscal. Total costs incurred by the company in this quarter were Rs.7.36 billion, an increase of 44% over the corresponding period last fiscal. I would like to highlight that this increase in cost is on account of sports properties and substantial investments in content and marketing of the existing channels.

We also incurred costs on account of new investments done on the last 12 months, including TEN Golf, Ditto TV, the HD channels, Zee Alwan, and Zee Bangla Cinema, amongst others. This is in line with the company's philosophy of investing in the business for

the long-term growth.

During the quarter, the company's operating profit was Rs.2.18 billion. The operating margin for the quarter was 22.8%. The reduction in margins is due to increased programming and sports costs. Excluding sports business, the EBITDA margins stood at a healthy 30.4%, profit before tax for the quarter stood at Rs.2.32 billion, and profit after tax for the quarter stood at Rs.1.87 billion, a growth of 17.2% over the corresponding quarter last fiscal.

We continue to invest in our sports business with a medium- to long-term perspective. We do expect losses to continue in the sports business for some more time to come, but we are hopeful of seeing much more improved performance in the years ahead. The sports losses during the quarter were Rs.170 million, adding up to Rs.379 million in the first half of fiscal 2013. As of September 30, 2012, the company has gross debt of Rs.11 million and net cash of Rs.10.7 billion.

I would now like to cover the business performance. During the quarter, Zee TV averaged 237 GRPs, recording a relative share of 22% amongst the top five Hindi GECs. Zee TV continued to be number two GEC in the quarter in terms of ratings. The market share was even better in the primetime band, where Zee TV garnered 140 GRPs, recording a relative share of 23%. The channel delivered a weekly average of 22 shows amongst the top hundred during the quarter, led by our top-rated shows like Pavitra Rishta, Punar Vivah, Mrs. Kaushik, Dance India Dance Ke Superstars, and Fear Files.

Zee TV's most popular show, Dance India Dance Little Masters, has emerged as the undisputed winner in the non-fiction genre and met with unprecedented success. The channel launched two new shows, Ramayan and Rab Se Sona Ishq, during the quarter.

The network's Hindi movie channel, Zee Cinema, averaged 117 GRPs during the quarter, with a relative share of 33% amongst the top three Hindi movie channels. The key properties of the channel during the quarter were Lage Raho, Shanivaar Ki Raat Sitaron Ke Saath, and Cinema Hall. The quarter saw premieres of Agent Vinod, Aar Paar: The Judgement Day, and Jungle: The Battle Ground.

Zee Marathi delivered an average weekly GRP of 176 during the quarter, recording a relative share of 26%. The top non-fiction shows in the quarter were Fu Bai Fu Season 5, Hapta Bandh, and Home Minister. The channel launched three new shows, Hapta Bandh, Jagna Suru, Mala Sasu Havi, and Ajunhi Chaand Raat Aahe. The quarter also saw the premiere of the immensely popular movie, Kakspars, which was extremely well-received by the audiences.

Zee Bangla delivered an average of 382 GRPs in the quarter, ranking a clear second in the Bangla GEC genre, recording a relative share of 33.4%. The channel delivered a weekly average of 43 shows amongst the top 100 shows during the quarter, led by the top-rated non-fiction shows like Sa Re Ga Ma Pa, Banglar Sera Paribar, and Didi No. 1. The key properties launched in the quarter were Sa Re Ga Ma Pa and Swapath.

Zee Telugu averaged 313 GRPs during the quarter, recording a relative channel share of 19%. Pasupu Kumkuma, Muddubidda and Kalavari Kodallu, was the top fiction show of the channel during the quarter. Super Mom, Aataah Juniors and Chittam Chittam Prayaschittam were the top-rated non-fiction shows. The channel launched new fiction shows including Pellinati Pramanalu and Fear Files in the quarter.

Zee Kannada averaged 227 GRPs during the quarter, recording a relative share of 17%, driven by popular shows like Radha Kalyana, Parvati Parameshwara, Panduranga Vittala and Sa Re Ga Ma Pa Little Champs. This quarter saw the launch of Kanaka, Madadi Yelelu, Janmaku and something else also, Ragale with Rishika. The channel aired the blockbuster movie, Govindaya Namaha, which garnered the highest GRPs in two years.

Zee Tamil averaged 106 GRPs during the quarter, driven by popular shows like Chinna Marumagal, Solvathellam Unmai, Luckka Kickka, so on and so forth. The key property on our sports channel bouquet during the quarter included telecast of India versus Sri Lanka series, Pakistan versus Australia series, U.S. open and UEFA Champions League finals.

WWE continues to be a strong property attracting audiences, as well as advertisers. The forthcoming quarter will see the telecast of preceding events like New Zealand versus Sri Lanka series, New Zealand versus South Africa series, Pakistan versus Zimbabwe series, and the Federation International Hockey Champions trophy. The sports business revenues in the second quarter of fiscal 2013 were Rs.1.8 billion, while costs incurred in this quarter were Rs.1.98 billion.

ZEE's international operations contribute a significant part of the company's revenues. During the quarter, the company undertook a number of initiatives to further strengthen its dominance. In Russia, the company signed a contract with Russia's third largest GSM operator MegaFon for mobile TV and with regional analog cable operator, Bashinform. In Europe all our five UK channels were successfully launched on YuppTV IPTV platform.

In MENAP, during Ramadan 2012 Zee TV was the number one channel in UAE for all TG All South Asians with 35.8% channel share, and Zee Aflam was number three in All Arabs in movie channels and was number two in females.

ZEE has had a commendable quarter on the operational front. Our portfolio has seen improvements in revenues both in terms of advertising and subscription. We have also continued our investment in content both increasing the hours of operational

programming as well as launching new products. The overall response to our new shows launched during the quarter has been very encouraging, and we look forward to further engaging the viewers with new and fresh programming ideas.

The rollout of digitization is a very good development for the industry, and will provide new growth opportunities. While this year the industry's advertising spend seems to be impacted due to macroeconomic factors, we are confident of continued double-digit growth of television advertising spends over the next few years.

With this, I thank you again for joining us, and would now like to open the floor for question-and-answer session.

Q&A

Operator

Thank you very much. Participants, we will now begin with the question-and-answer session. [Operator Instructions] We have the first question from the line of Sachin Salgaonkar from Goldman Sachs. Please go ahead.

<Q - Sachin Salgaonkar>: Hi. Thank you for the call. I have three questions. My first question is with respect to outlook on ad revenues, Part A being, are you seeing continued strong spend by FMCG companies, or is it slowing down? And Part B being, any further room for GRPs to move up, especially on your flagship channels, now that DID Little Masters is off-air?

<A - Punit Subhash C. Goenka>: Atul, for you.

<A - Atul Das>: Yes. Sachin, on the advertising revenue front, what we are seeing currently on the total television ad spend scenario is that it remains little lukewarm, given the macro factors. So I think the industry ad spend are expected to continue in the high single digits, about 8% or so, 8% to 9% at the max. But, of course, ZEE, as you've seen in the results of the last two quarters, we have done better than industry growth rate, primarily because our market share has been trending upwards and we hope to maintain that trend for the year.

<Q - Sachin Salgaonkar>: Okay, great. And the second question is, can you talk about some of the initiatives ZEE has taken with respect to investments in content, and how should we look at the financial implications on the same?

<A - Punit Subhash C. Goenka>: Sachin, there is definitely going to be, as we have said at the beginning of the year, some margin contraction this year, because we are adding more number of original hours of content to our kitty.

<Q - Sachin Salgaonkar>: Okay. Any – your number

<A - Atul Das>: Sachin, there are two aspects to our investments in content. One is existing businesses. We are putting a lot more number of hours of content, and therefore that increases the cost. But that has a positive impact on revenues as well, even though with some lag, because once those hours are established with the viewers, then we can monetize those equally well.

And there is a second element, which is of launching new products, or new – investments into new channel. That obviously takes a little longer to start breaking even. So we have seen the launch of the Zee Bangla Cinema almost at the fag-end of the last – of the current quarter. And before that, we have launched in our international market Zee Alwan.

And, of course, when you look at the Y-o-Y basis and compare the results of second quarter FY 2013 versus second quarter of FY 2012, you have to also remember that several other new businesses have been launched over the last nine to 10 months, which includes our investments in new media and the launch of the golf channel, also our additions to the HD channels. So all of that, obviously, has some impact on cost, which is additional and will take some time before they start yielding results.

<Q - Sachin Salgaonkar>: Okay. And, Atul, any rough estimate guidance on the incremental cost on a Y-o-Y basis increase?

<A - Atul Das>: It will be difficult to be precise on that, but I think excluding sports, our new investments would be somewhere – the losses on new investment would be somewhere in the region of Rs.150 crores odd, it could be up or down depending on the [indiscernible] (15:00).

<Q - Sachin Salgaonkar>: Got it. And my last question, is there any plans on adjusting the price span for your buyback, looking at where your share price is right now?

<A - Punit Subhash C. Goenka>: We don't have any authority from the board as of now, but we'll come back to you if there's some development on that.

<Q - Sachin Salgaonkar>: Okay, got it. Thank you.

Operator

Thank you. We have the next question from line of Abneesh Roy from Edelweiss. Please go ahead.

<Q - Abneesh Roy>: Sir, congrats on very good revenue growth. My first question is on the domestic subscription. We have seen a very healthy growth quarter-on-quarter. So how sticky is the sports subscription revenues? Because some of the DTH operators are selling – telling that they're moving towards per subscriber mode. And once the India event is over, are you seeing a big push back from the customers? So some color on how sticky is the multi-subscription revenue, Rs.280 crores.

<A - Atul Das>: Hi, Abneesh. It will be difficult; as you know, as a policy we do not answer on specific business movements in terms of revenue. But as an overall comment, I think subscription revenue as a bundle is definitely on the uptick. And one can estimate that given the past two quarters' performance and the fact that digitization is yet to really roll out, we are very positive on the growth of the revenues as such. We won't be able to answer specifically on one genre or one particular channel.

<A - Punit Subhash C. Goenka>: I'll just add to that, Atul. If you look – Abneesh, if you look at our ratings minus the cricket compared to any of our competitors, we are still, by far, the leader in sports genre based on the WWE and the other properties that we have. So it's very difficult for any operator to do without the TEN bouquet.

<Q - Abneesh Roy>: Okay. Second question is TAM ratings are suspended for nine weeks, and currently our market share, as you see, is on a stronger wicket, and Sa Re Ga Ma Pa launch has also happened. So wanted to understand from a nine-week perspective, how is the industry placed with the advertisers, FMCG advertisers in particular? And ZEE, any particular angle to that quarter?

<A - Punit Subhash C. Goenka>: I think if you look at the decision for suspending the ratings was a unanimous one between the advertisers, the agencies and the broadcasters. I do not think that it will impact us in the short term. However, having said that, there may be some advertisers who may have – who may take short-term view, but we are not very concerned about it. I think in the long-term interest of digitization, this is a must, and therefore we are pretty confident that the industry will be together on this.

<Q - Abneesh Roy>: Sir, last question, if you see non-sports business, the costs have going up significantly. Also this quarter there were some one-offs in the sense that two channel launches happened, Zee Alwan and Zee Bangla. And then on your Hindi GEC we had two new shows also. So will it be fair to say that in the launch quarter there will be some abnormal expenses which will taper off in the coming quarters? Some color on that?

<A - Punit Subhash C. Goenka>: Well, I don't think there is any huge one-offs, Abneesh, because anything that we launch is not just one burst that we give it in terms of marketing and stuff like that. So we have to support the new children in a very much manner, and I think the costs will be higher this – going forward from here. But as Atul said, the new investments are to the tune of Rs.150 crores give and take. That's the kind of impact you should factor into your workings.

<Q - Abneesh Roy>: Okay. Thanks for this. I'll come back [ph] with more (18:51).

<A - Punit Subhash C. Goenka>: Thank you.

Operator

Thank you. [Operator Instructions] We have the next question from the line of Hiral Desai from ialpha Enterprises.

Please go ahead.**<Q - Hiral Desai>**: First of all, I would like to congratulate the entire team at ZEE for completing 20 years and entertaining audiences across, and wish many, many more decades to come.

<A - Punit Subhash C. Goenka>: Thank you, thank you very much.

<Q - Hiral Desai>: My question was – I was just trying to gather if we would be in a position to sort of elaborate more on the new investments that we've done in the current quarter and if you could put a number to that.**<A - Punit Subhash C. Goenka>**: Atul?

<A - Atul Das>: Yes. So I was just explaining a little while back that we have put up, if I were to look at a comparison

on a Y-o-Y basis from second quarter last year to this year, we've had several new product launches **<Q - Hiral Desai>**: Right.**<A -**

Atul Das>: Starting with, let's say, on the new media side we have launched India.com.**<Q - Hiral Desai>**: Right.**<A - Atul Das>**: We

have got Ditto TV. We also launched TEN Golf in the last fiscal. We also launched several HD

products, including Zee TV, Cinema and Studio, and we'll be launching a few more this year as well.**<Q - Hiral Desai>**: Right.**<A -**

Atul Das>: Plus we've launched Zee Alwan in the international business front, which is an Arabic GEC channel.

And very recently we launched Zee Bangla Cinema, which has actually opened up to very, very good viewership.

Therefore – so the point is, while we are launching new businesses, they are all going towards building long-term growth and long-term sustainability of the revenues as well as margins. And plus, we are also investing, on top of it, in expanding the number of hours of content in some of our key channels.

Of course, the expansion in content is more of a short-term lag. It, obviously, once our shows start doing well, the revenues will start getting generated. But the new investments will take a little more time. And, of course, to add to that is Zee Tamil, where we are putting more investments.

So this is a whole bunch of investments that we have done so far. And I just talked about the fact that from the new investments, our losses could be in the region of Rs.150 crores to Rs.180 crores. It's very difficult to put an exact number on that. And then, of course, there is continued losses in sports till they break even. So that's the complete picture.

<Q - Hiral Desai>: I just wanted to check on one more thing. So when we typically launch a new channel, or like, say, Zee Alwan in the current quarter, what cost would typically get capitalized as preoperative and which would be expensed to the P&L, if I could just get some of the broad heads?

<A - Punit Subhash C. Goenka>: Hitesh. **<A - Hitesh Vakil>**: Well, as per the policy, we don't capitalize any of the launch cost. We expense it out fully. **<Q - Hiral Desai>**: Okay. And last one for Hitesh. If I look at the inventory versus March 2012, the half-year reported

number is up about 3.3%. Was it a lot of investments that we made in new ventures and things like that? So how do you typically view this, because I was expecting some sort of a bump up in the inventory number at the half-year, so... **<A - Hitesh Vakil>**: So what's your question? Inventory has gone down is the question or inventory **<Q - Hiral Desai>**: No, no, the inventory has gone up by only 3.3%. So I was just wondering

<A - Hitesh Vakil>: A lot of inventory gets consumed also. Remember, inventory consists of long-term rights in films and sports events

<Q - Hiral Desai>: Right. **<A - Hitesh Vakil>**: Besides the programming. So it is largely linked to the consumption of the sports rights and the film cost. So accordingly

<Q - Hiral Desai>: So would you be able to share the number in terms of the movie rights that we bought year-to-date for the current year? **<A - Hitesh Vakil>**: No, that's confidential. **<Q - Hiral Desai>**: Okay, thanks. Thanks and all the best. **<A - Punit Subhash C. Goenka>**: Thank you.

Operator

Thank you. We have the next question from the line of Grishma Shah from Envision Capital. Please go ahead.

<Q - Grishma Shah>: Good afternoon, sir. Sir, just wanted to know, we did say that with Media Pro coming in, ZEE would see some benefits and, obviously, digitization. So would you like to – just an outlook or some color as to how this growth will pan out, because we've seen a strong subscription growth?

<A - Punit Subhash C. Goenka>: Atul?

<A - Atul Das>: So, Grishma, you've seen in the domestic subscription revenue growing by a fair and some margin.

<Q - Grishma Shah>: Sure.

<A - Atul Das>: And still the big part of the growth driver is DTH.

<Q - Grishma Shah>: Okay.

<A - Atul Das>: Because so far till the mandatory digitization is not rolled out, a larger number of additions are, obviously, across the India happening on DTH. As we get into, let's say, the third quarter post the November 1 deadline for the first four metros, and hopefully the second phase of 38 cities in the next few months, then we will see a lot more additions to subscriber base, on digital subscriber base through cable also. So that portion will also grow. But you have to also keep in mind that the growth may not be immediately linked to as digitization happens, but it can come with some lag. So good traction from the proposed digitization you

will see in the next fiscal.

As if you remember, last year when Media Pro was formed, we were very clear in pointing out that the traction of Media Pro's trend will start showing after a few quarters. And as you see now in our revenues, you can see the uptick taking place. Similarly, when digitization happens, the way the nature of the business is, the contracts may not necessarily be aligned to exactly the timing. But definitely with digitization, the revenues will grow.

<Q - Grishma Shah>: Would you also see some cost benefits accruing to you in terms of reduction in some of the cost in the earlier format before Media Pro? Do we also see those benefits coming in

<A - Atul Das>: No. Costs have actually no link, because Media Pro's objective is to garner subscription revenues from the [ph] ground (25:18), both on DTH as well as cable. It has no link on the cost side as far as programming is concerned.

<Q - Grishma Shah>: The digitization coming in, would you also see some cost coming down for you?

<A - Atul Das>: Yes, on a medium to long-term basis, there will be impact on costs which are related to distribution.

<Q - Grishma Shah>: Okay.**<A - Atul Das>**: In the short term, we won't be able to comment immediately.**<Q - Grishma Shah>**: Okay. The other two quick ones were on the tax rate this quarter and also re-launching the kids'

channel. So would ZEE Learn be incurring some content cost or the entire cost will be incurred by ZEE? How is that

going to be?**<A - Punit Subhash C. Goenka>**: Yes. So ZeeQ is a channel owned by Zee Entertainment, and Zee Learn is just our management partner, because they understand the kid space and their learning needs.

<Q - Grishma Shah>: Sure.

<A - Punit Subhash C. Goenka>: So all costs are incurred by Zee Entertainment directly and we pay them a management fee.**<Q -**

Grishma Shah>: And the tax rate, is lower, so **<A - Hitesh Vakil>**: Well, tax rate, if you recollect, in quarter one tax rate was abnormally high, and in quarter two tax

rate is comparatively lower.**<Q - Grishma Shah>**: Okay.**<A - Hitesh Vakil>**: And I explained at that time also that tax rate is by and large coming out of various tax

jurisdictions and in the company transactions that will take place. And accordingly, we still maintain that on an annual basis our tax rate would be in the region of around 30%.**<Q - Grishma Shah>**: Fine. Thank you and good luck.**<A - Punit Subhash C. Goenka>**:

Thank you.

Operator

Thank you. We have the next question from the line of Shobhit Khare from Motilal Oswal Securities. Please go ahead.

<Q - Shobhit Khare>: Good afternoon, sir. Congratulations on a good set of numbers.

<A - Punit Subhash C. Goenka>: Thank you.

<Q - Shobhit Khare>: The first question is on sports, this quarter we have managed to bring down the losses despite an India series. So just wanted to understand how sustainable this is. And on a medium to long-term basis, wanted to understand while the digitization should help economics, but competition also probably is likely to increase in sports with [ph] ESPN-STAR (27:36) going separate, and Sony also launching its sports channel. So any view on that competitive dynamics in sports over medium to long term?

My second question is on your non-sports business. Basically it's a follow-up, I wanted to understand out of this Rs.150 crore to Rs.180 crore, have you already incurred something in this quarter? And last is, any color on advertising growth excluding sports, what has it been for this quarter?

<A - Punit Subhash C. Goenka>: Atul.

<A - Atul Das>: Shobhit, I'll take the question on the advertising growth first. Non-sports business has done better than the industry growth spends, as we had pointed out. Specific numbers would be difficult to share, but a large part of the 33% or 33.5% growth is

on account of sports, and we continue to do better than the industry growth margin. That's on the advertising front.

And on sports losses, we have done in the first half, if you look at it, about Rs.380 million or Rs.379 million of losses, and what we had said at the start of the year was that we should bring down substantially the sports losses in the full year compared to last fiscal. The last fiscal numbers, as you know, was Rs.108 crores of loss, or Rs.1.48 billion. So I think we maintained that stance and we continue to believe that we will do far better than last year in terms of limiting our losses to lower number.

<A - Punit Subhash C. Goenka>: On the sports competition part, I think if you look at this market, has always had three players in the sports business and that situation remains. Your point on ESPN/Star going separate, that's little bit factually incorrect. It's actually Star is buying out ESPN stake. Therefore, there'll be Star as a sports broadcaster, there'll be us, and Sony potentially. But that is not something that we are worried about, because we are clear on what rights we own and how we are going to monetize that in the mid to long term.

<Q - Shobhit Khare>: Okay. Sure, sir. And any idea on this – out of this Rs.150 crores to Rs.180 crore, have we already incurred something?

<A - Punit Subhash C. Goenka>: Hitesh, do you want to...?

<A - Hitesh Vakil>: Yes, we have incurred some of the losses. As we explained, the launches have happened and we can't specifically give you details on quarter-by-quarter basis, but some part of that losses have been incurred, yes.

<Q - Shobhit Khare>: And so, sir, on a directional basis, will this run rate increase? That is the only the thing I just wanted to check.

<A - Hitesh Vakil>: Again, this all depends on how many products we launch. It also reflects in a way our confidence of the future opportunities. And more importantly, as long as we are able to create the right market share for each of our products and create the right monetization possibility, I think we are in the right path. That's the way we look at our business.

<Q - Shobhit Khare>: Okay. Okay, sir. Thanks a lot and all the best.

<Q - Shobhit Khare>: Thank you.

Operator

Thank you. We have the next question from the line of Mayur Gathani from Ohm Group. Please go ahead.

<Q - Mayur Gathani>: Hi. Good afternoon, everyone.

<A - Punit Subhash C. Goenka>: Good afternoon.

<Q - Mayur Gathani>: Regarding subscription revenue, I just wanted some light – I mean, we have seen some ups and downs in subscription revenue. I mean, there should be no reason why this is coming down, because in March it was Rs.400 crores, in June it came to Rs.364 crores, in September to Rs.394 crores. Is it regarding the sports thing that variation happens?

<A - Punit Subhash C. Goenka>: Atul, you want to take this?

<A - Atul Das>: See, the March numbers were not really quarterly number, because there was an accounting change which happened. So there was an element of Rs.50 crores, so you may not have noticed that, which was basically for the period from second quarter onwards till fourth quarter, which was add up in the March number. So the number that you see as subscription revenues of Rs.402 crores in March total overall

<Q - Mayur Gathani>: Okay.

<A - Punit Subhash C. Goenka>: Is not the number to compare with. But otherwise, we are on a growth trend, so Rs.395 crores is really on a growing trend in this quarter.

<Q - Mayur Gathani>: Okay, fine. You are not specifying what is the ex-sports growth of advertisement, right?

<A - Atul Das>: No, we don't get give out that data.

<Q - Mayur Gathani>: Okay. And regarding the losses for the new channels, sir, primarily the launch has been Zee Bangla and the channel in Middle East. That will be the two key channels which will be consuming content for you. So the loss could be as high as Rs.150 crore for that?

<A - Punit Subhash C. Goenka>: No, no, this is not only for these two channels. It contains many other initiatives also. So we are – while Zee Tamil may not be a new launch, but we are putting up investments in building market share in the Tamil market. We've also launched other products I just highlighted few minutes back.

<Q - Mayur Gathani>: Yes, I heard that and I'm aware of it. And, sir, wanted to know what is the movie budget that you have for satellite movies? I mean, is there a budget that you plan out for the year that, okay, I'll be spending X amount of money for the budget – for the movies?

<A - Atul Das>: Yes, so if you look at last few years, we've had anywhere between Rs.100 crores to Rs.300 crores of investments into movies. It also depends on what movies are available, what kind of rights are available and what price. So it's not a fixed number in mind, but, yes, we can go ahead and depending on what movies are available.

<Q - Mayur Gathani>: Okay. Then one question that relates to the quarter four of FY 2012, the interest was negative, can you just throw some light if you're aware right now? Or maybe I can take it offline.

<A - Hitesh Vakil>: Quarter four, that was for March 2012

<Q - Mayur Gathani>: Yes, March 2012, interest was a negative figure?

<A - Hitesh Vakil>: There was a regrouping happen whereby ForEx impact was removed from the finance cost and it was added into the other income.

<Q - Mayur Gathani>: Okay.

<A - Hitesh Vakil>: Even if it amounts to negative ForEx gain, as a part of new policies and disclosure requirement we are supposed to club it under other income.

<Q - Mayur Gathani>: Okay. Fine. Thank you and all the very best, sir.

<A - Punit Subhash C. Goenka>: Thank you.

Operator

Thank you. We have the next question from the line Vikash Mantri from ICICI Securities. Please go ahead.

<Q - Vikash Mantri>: Good afternoon, sir. Just wanted to understand the digitization process now in some of the MSO plans that have been out now. We've seen TEN Sports being given a miss in these premium packages or so, and largely will be available as à la carte, whereas ESPN is there. And the argument is there's not much cricket on TEN Sports. So how do we see that? And is it a good strategy to have sports as à la carte, or would we want it to be on the premium packs or so?

<A - Atul Das>: So, Vikash, on the packages which have been put out by the some of the MSOs, I think it's still early days while we are coming to the end of the digitalization period, but negotiations with some of those may still be on, and therefore may not reflect necessarily the end situation.

<Q - Vikash Mantri>: But as a strategy, do we prefer to be à la carte in sports, or it is good to be part of premium packs?

<A - Atul Das>: I don't think that specific answer we can give right now. It depends on what the situation is.

<Q - Vikash Mantri>: Okay. In terms of the balance sheet, this half year we see a significant increase in receivables close to Rs.200 crores. Now just wanted to understand the reason for the same, and is it any amount related to other non-core business, or are ZEE business?

<A - Punit Subhash C. Goenka>: Hitesh?

<A - Hitesh Vakil>: Well, Vikash, if you notice, our number of days of receivables are in line with our yearly trend. If you analyze the last year half-yearly position, the debtors would have been perhaps at around 110 days, which is presently also at around 107 days. This is more or less cyclical in nature. By the end of the year, again it will come back to the normal level when the realization happens, and all these debtors are trade debtors.

<Q - Vikash Mantri>: Okay. No increase in limit to Veria or something like that?

<A - Hitesh Vakil>: No, there is no increase of Veria or any other debtors.

<Q - Vikash Mantri>: Okay. In terms of the costs, I just wanted to check with Punit or you. While the newer channel launches would have losses in the beginning, is it fair to assume that properties like Ramayan or Fear Files and Rab Se Sona Ishq, these would generally get the same margins as regular programs, and there wouldn't be much delay in them?

<A - Punit Subhash C. Goenka>: There is certain lag, definitely, Vikash, but the catch-up is pretty quick in program or property launches, provided they deliver, of course. So I don't think – maximum lag can be a quarter, not more than that.

<Q - Vikash Mantri>: Okay. In terms of the international subscription revenues, we've seen that grow – been growing marginally –

sorry, down marginally. Any impact of currency largely there?

<A - Punit Subhash C. Goenka>: In fact, largely the growth has come because of rupee depreciation, as I said in my speech. The subscription revenue is pretty much flat, but advertising revenue has been seeing growth in the international market.

<Q - Vikash Mantri>: Okay. Thanks, Punit.

<A - Punit Subhash C. Goenka>: Thank you.

Operator

Thank you. We have the next question from the line of Bijal Shah from IIFL. Please go ahead.

<Q - Bijal Shah>: Thank you and congratulations on good set of numbers. I have two questions. First is on our strategy, firstly on, say, Middle Eastern market. So it seems in reading newspaper clipping that we are making probably – or we are going to make meaningful commitment to that market. So can you just give us some idea what that market is all about? When we say Middle East, which are the countries we launch in? What is the size, advertising size and number of subscriber which we think of?

And related to that, overall, I mean, in say probably in three years' time, what is management thinking in terms of going to international market? And some color on overall strategy to go outside India and what kind of audience we are targeting, what size of revenues we are looking at?

<A - Punit Subhash C. Goenka>: So, Bijal, what – the markets that we are targeting with these products are largely the Middle East countries, which is, let's say, Saudi Arabia is a prime market for us. UAE is a prime market. North Africa is a prime market. And Pakistan would be a prime market. The Saudi Arabia and UAE market size is about roughly in the tune of about \$1.5 billion to \$2 billion in advertising terms. These are primarily free-to-air strategy. We don't have subscription market there.

<Q - Bijal Shah>: Okay.

<A - Punit Subhash C. Goenka>: And as you can see from our Aflam experience, well, within four years we were able to turn it around and make it a profitable channel. Similar will be the initiative with Alwan as well.

<Q - Bijal Shah>: Okay. Basically, Saudi Arabia and Dubai you are saying it is \$1.5 billion to \$2 billion kind of a market in terms of revenue?

<A - Punit Subhash C. Goenka>: And rising. Yes.

<Q - Bijal Shah>: And so how – I mean, how would a channel rank vis-à-vis, I mean, who are the leading network, or what kind of – I mean, just can you give us some sense of how competition is there in that market?

<A - Punit Subhash C. Goenka>: Since, we – Aflam, I already told you, is currently ranked as number three amongst all Arabs in movie genre, and we are number two in terms of all females. So our endeavor would be to even have a decent market share with the GEC channel as well. I cannot comment to you a number in terms of rank or GRPs that we will achieve. It's a matter of time; it's still very new. But definitely the objective is to make it profitable, and therefore get enough viewership.

<Q - Bijal Shah>: A small question on that is \$1.5 billion to \$2 billion which we talk about, what is – I mean, if you can give us some idea what is attributable to say GEC or a movie channel? Because there could be a lot of sports also into that, so just we can easily analyze if number is readily available.

<A - Punit Subhash C. Goenka>: Bijal, let's take that offline, because we are getting into specific details. Atul can get you those market data.

<Q - Bijal Shah>: Yes, okay. And the second question is on digitization. So the Bombay, Delhi and – I mean, all the four markets will not have ratings, analog rating probably since starting December. So do we see any fall in carriage fees or any in whichever way we call it, any fee – any reduction in cost in probably 4Q or in FY 2014?

<A - Punit Subhash C. Goenka>: So the way that we are looking at carriage fee, Bijal, is very simple that we don't expect any reduction in carriage fee. But if we are on average paying Rs.100 today for 11 channels to be carried, we expect to get double of that in terms of carriage.

<Q - Bijal Shah>: Okay. Thank you very much and all the best.

<A - Punit Subhash C. Goenka>: Thank you.

Operator

Thank you. We have the next question from the line of Ankur Agarwal from Nomura. Please go ahead.

<Q - Ankur Agarwal>: Good afternoon, sir. Thanks a lot for taking my question. My first question is actually on sports revenues, which actually increased by Rs.80 crores quarter-on-quarter. Are these largely attributable to advertising? Is it fair to say that they accrued largely from advertising?

<A - Punit Subhash C. Goenka>: Atul?

<A - Atul Das>: Ankur, we don't give out specific revenues separately for channels. We do declare our revenues, which you've seen. But, yes, the large part of that is advertising I can safely say.

<Q - Ankur Agarwal>: Okay. And in terms of the 43% increase – 43%, 44% increase in domestic subscription, would you disclose what percentage was DTH and what percentage was cable? You mentioned majority was DTH, but can you quantify that?

<A - Atul Das>: No, we cannot, because – unfortunately, because now with the JV of Media Pro, we get license fees paid by them to us, which does not – the revenues do not come shared as cable and DTH. But because we – obviously, how the revenues are panning out, so we give a flavor on that that the growth is – larger part of the growth is driven by DTH.

<Q - Ankur Agarwal>: So you are saying Q3/Q4 we would see the big impact in terms of cable stream growing, and FY 2014 probably the big impact of that stream growing?**<A - Atul Das>**: Q3/Q4 the digital part in terms of actual sub base will definitely grow.**<Q - Ankur Agarwal>**: Okay/

<A - Atul Das>: The impact on revenues may come with a lag.**<Q - Ankur Agarwal>**: Okay. In terms of Media Pro and Dish deal, when do you see that panning out? I mean, what was the reason for the delay for that...

<A - Atul Das>: It's part of a negotiation process, I think, Ankur, and I'm sure we'll be able to close it very fast.

<Q - Ankur Agarwal>: Okay. And in terms of the Rs.150 crore impact due to new launches, that doesn't include the fresh increased number of hours due to fresh content, or does it include that?**<A - Atul Das>**: No, it doesn't.**<Q - Ankur Agarwal>**: Okay. Because that cost you are amortizing over a period, right, and using accelerated

depreciation versus the launch cost, which actually gets accrued in the same quarter is what you mentioned?

<A - Atul Das>: Yes. So the launch costs are written off in the same quarter, and as far as regular programming is concerned, we follow the standard accounting policy.**<Q - Ankur Agarwal>**: All right. Okay. Thanks a lot. Thank you.**<A - Atul Das>**: Yes. Thanks.

<A - Atul Das>: Yes. So the launch costs are written off in the same quarter, and as far as regular programming is concerned, we follow the standard accounting policy.**<Q - Ankur Agarwal>**: All right. Okay. Thanks a lot. Thank you.**<A - Atul Das>**: Yes. Thanks.

Operator

Thank you. We have the next question from the line of Srinivas Seshadri from CIMB. Please go ahead.

<Q - Srinivas Seshadri>: Yes, hello, everyone, and thanks for the opportunity. My first question was with respect to the TDSAT order which came over the weekend. I just wanted to understand since that TDSAT has ruled that placement fee can be charged and even carriage fees can be bilaterally negotiated, would that impact anything in terms of the agreement you have with the MSOs signed and any economics with respect to your monetization or subscription revenues?

<A - Punit Subhash C. Goenka>: Atul.

<A - Atul Das>: No, I don't think that will have any impact on the business as such.

<Q - Srinivas Seshadri>: I see. I just wanted to understand, would not for at least the smaller channels, again, carriage fee might come back as an issue in terms of negotiation? Because earlier they were talking about a uniform kind of carriage fee structure, so some thoughts on that.

<A - Punit Subhash C. Goenka>: So Srinivas, as I said, we are not looking at reduction in carriage fee anyway.

<Q - Srinivas Seshadri>: Okay, okay. And the second question was – I mean, this pertaining to the festival season, so if maybe you can give some colors in terms of some of these sectors which typically advertise heavily, like durables or autos, like what has been the experience this season? Because last year also it was a little disappointing in terms of the festive season spend. So even from this base, is it looking very kind of modest in terms of spending increase?

<A - Atul Das>: So the growth driver in terms of segment has been largely the FMCG and the consumer durables. Also if you add to that the e-commerce, the lifestyle products, like jewelry, retail, those have been largely the growth drivers, not so much from the telecom, auto and services, which have actually been on the negative side.

<Q - Srinivas Seshadri>: All right, great. And my final question is basically on the fact that the share price is very high. So far we have not been able to do much of a buyback program this year. So in case that happens to be the case for the rest of the year, how should one look at the shareholder return perspectives? Or would the board take a view based on the total payout made last year, that is dividend plus share buyback, and look to kind of rewards shareholders similarly, or one should look at only the dividend amount and then some kind of number already?

<A - Punit Subhash C. Goenka>: Atul, please?

<A - Atul Das>: Srinivas, I think we had, as per the shareholders' approval, a limit of Rs.140 for the buyback, shares buyback program. And as you rightly pointed out, the price of the ZEE share is considerably above that. So we really don't know whether we'll be able to complete the buyback program [ph] as and the such (47:10). The total amount of buyback for this year as per, again, the shareholders' approval is Rs.280 crores. But we have, I think, completed about Rs.60 crores odd so far till the price moved up from that [ph] bank (47:23). We can't really comment on whether any further decision of the buyback will be taken. But if you go by the intent of the board, it was, obviously, look at returning Rs.280 crores to shareholders through the buyback.

As far as next steps are concerned, I'm sure we'll update you once the board decides.

<Q - Srinivas Seshadri>: All right. Thank you so much.

Operator

Thank you. We have the next question from the line of Rahul Bhangadia from Lucky Securities. Please go ahead.

<Q - Rahul Bhangadia>: Thank you for taking my question, sir. Just one bit of information. Could you share with us the total carriage fees that you paid for FY 2012 and the first half?

<A - Punit Subhash C. Goenka>: Sorry, we can't share that information.

<Q - Rahul Bhangadia>: You don't share that information. And just on the other side you also mentioned that you don't expect the carriage fees to go down in absolute terms. That is what you said? Exactly that is what you meant?

<A - Punit Subhash C. Goenka>: Yes, that's what I meant, exactly.

<Q - Rahul Bhangadia>: So even after this October 31 deadline in the four main metros, you won't expect the carriage fees to go down?

<A - Punit Subhash C. Goenka>: Not in the immediate term, at least.

<Q - Rahul Bhangadia>: Yes, yes, not in the immediate term. Okay. So – but over a period of time, maybe as this digitalization takes hold through the urban, semi-urban and as it spreads through the country, what is the kind of benefit that we expect maybe in two years or three years?

<A - Punit Subhash C. Goenka>: See, one has to keep in mind that carriage fee is not a phenomena not only in our country. It exists globally.

<Q - Rahul Bhangadia>: Right.

<A - Punit Subhash C. Goenka>: Because at the end of the day it's real estate that I'm occupying, and it's prime real estate, right?

<Q - Rahul Bhangadia>: Okay.

<A - Punit Subhash C. Goenka>: So even if I have to pay something for that for strategic reasons, I'll continue to pay for it. The amounts come down or what happens, that will depend on the environment that exists at that point in time. So we consider carriage fee as part of cost of doing business for us.

<Q - Rahul Bhangadia>: Okay, okay.

<A - Punit Subhash C. Goenka>: That's the way we look at it currently. If the environment changes, the market changes, of course, we will also revise our position on that.

<Q - Rahul Bhangadia>: Great, sir. Thank you.

<A - Punit Subhash C. Goenka>: Thank you.

Operator

Thank you. We have the next question for the line of Miten Lathia from HDFC Mutual Fund. Please go ahead.

<Q - Miten Lathia>: Good afternoon, sir. Just wanted some more color on the domestic subscription revenue this quarter. Does it have any sort of component where our contracts were pending negotiation and hence some flow-through happened into this quarter, or should we consider this as a new base for domestic subscription revenues?

<A - Atul Das>: Miten, again, on a subscription – domestic subscription revenues, every quarter there is some revenues which are bunched up, whether as past numbers or not, so it's very difficult to separate out every quarter. Therefore, we talk about more of an annual trend, and I think that revenues are trending as per what we do expect on an annual trend.

<Q - Miten Lathia>: And this is sort of despite sports, and somebody earlier in the call mentioned, so there is no reason to believe that there is a component which will not recur even when there is no India cricket in the subsequent quarters?

<A - Atul Das>: Yes. I would say there is currently no reason to believe that.

<Q - Miten Lathia>: Great, sir. Congratulations again. Thank you very much.

<A - Punit Subhash C. Goenka>: Thank you.

Operator

Thank you. The next question is from the line of Amit Kumar from Kotak Equities. Please go ahead.

<Q - Amit Kumar>: Thank you so much for the opportunity, sir. I have two sets of questions. The first pertains to the new businesses that you've launched. Just wanted a broad understanding of a few operational parameters. One is that, specifically in case of Ditto TV, it started off with an India launch. Where all is it present at this point of time? And in terms of its revenue booking, will you book the revenues generated from Ditto as part of subscription only?

<A - Punit Subhash C. Goenka>: Ditto is currently, apart from India now, is operating in UK, the soft launch has been done. That's the only other market that we opened so far.

<Q - Amit Kumar>: So why is it taking so much time? Because Ditto launch has been done almost about six, nine months back in India. Was it sort of in a testing phase and now we are ramping up?

<A - Punit Subhash C. Goenka>: Yes. Any product launch has to be done in a planned manner. The first launch which you saw in India was the beta test and, of course, after that two more versions of Ditto have been already upgraded. Our VOD platform is just about ready for launch. So it takes time for technology to be perfected and to roll out. So this is all part of our plan.

<Q - Amit Kumar>: Okay. My second point was with respect to Zee Alwan. How much of original content are you carrying in the channel at this point of time? What is the plan for ramping up that channel? And if you could just give us a very broad color on how does costing of original content happen in Middle East versus in India.

<A - Punit Subhash C. Goenka>: As of now, what we consider is programming which is going on in [indiscernible] (52:37) is 100% original. Because if you look at the way content is consumed in the Middle East, it's consumed in formats of 60 episodes per show. Whereas, when we make it in India, each show could run into hundreds of episodes. And when you have to re-purpose that content and crunch it into a 60-episode show, an extensive amount of work goes into recreating it. It's actually like rewriting entire story again. So currently, just only about 100 – one and a half hours of content is being locally generated. The [ph] next is the first (53:11) sent from India. But over a period of time, it will be ramped up.

<Q - Amit Kumar>: And could you give us some color on how is the costing of programming in Middle East versus India? How does it compare? Is it like similar or 100% higher? How does it work?

<A - Punit Subhash C. Goenka>: On a per episode basis, it is higher.

<Q - Amit Kumar>: Some color on how much?

<A - Punit Subhash C. Goenka>: Well, it depends, no. It depends on show-to-show. I mean, you can make a serial for \$50,000 an episode. It could go to \$100,000 an episode also, depending on the casting, depending on directors and all those things.

<Q - Amit Kumar>: Okay, sure. Not an issue. Coming to the financial aspects of 2Q results, just wanted to get some sense – I mean, we have seen a fair amount of volatility in the standalone and subsidiary financials of the company. Standalone is understandable because of TEN Cricket. But subsidiary financials, it is largely non-cricket sports channels and overseas channels. I'm really surprised. I mean, in the prior quarter from almost a Rs.40 crore loss, we have seen a complete turnaround to Rs.120 crore of profitability in this particular quarter. Just wanted to understand this kind of a volatility in the subsidiary financials.

<A - Hitesh Vakil>: Well, I can't really explain the complete structure. But if I have to explain you in brief, there are lot of content

which is transferring from India to overseas subsidiaries and from overseas subsidiary to India, particularly for sports. And that will create a kind of swing. So now it will be

<Q - Amit Kumar>: Just, most of the sports content we essentially buy from cricket boards and various owners of sports rights. So is that something which is not directly contracted?

<A - Hitesh Vakil>: No, these are all the [ph] sports rights (55:06) that we are buying it from our own [indiscernible] [ph] issues (55:09) and various other [indiscernible] (55:11).

<Q - Amit Kumar>: So that's exactly what I'm trying to just understand here, that what is the driver of this – basically why this structure?

<A - Hitesh Vakil>: Amit, in that I'll have to perhaps explain you the complete inter-company transactions that we have, and accordingly we will have to explain you

<Q - Amit Kumar>: I can come to your office anytime, sir.

<A - Hitesh Vakil>: We can take it offline.

<Q - Amit Kumar>: Sure. Not a problem. Thank you. That's it from my side.

Operator

Thank you. We have the next question from the line of Abneesh Roy from Edelweiss. Please go ahead.

<Q - Abneesh Roy>: Sir, just two follow-up questions. One is if you could comment on how the Southern regional markets are doing for you, especially the three, so especially on Tamil and on the Andhra channel?

<A - Punit Subhash C. Goenka>: They're doing pretty well for us. If you look at the Andhra channel, we have been consistently performing in that market. In fact, in the last quarter itself, there were six weeks where we were number two in fiction content, so Telugu has definitely done lot of – well for us.

On Tamil, if you look at the historical data, when we started the investment, our base were about 40 GRPs. And as I said in my thing now, we are at 100-plus. So it has seen a growth, but, of course, the distances – the end game is still far away.

<Q - Abneesh Roy>: In today's discussion you spoke on Pakistan for the first time. So is it going to be through your content in Arabic, and maybe your minority-specific content on the Hindi GEC, or are you thinking of a full channel launch there at some stage?

<A - Punit Subhash C. Goenka>: Well, we already have a channel present in Pakistan, TEN Sports, which we operate locally. As you know, Indian channels are all banned under a Supreme Court order in Pakistan. So Indian content, of course, cannot be taken there legally. But our existing businesses through the TEN Sports franchise and, of course, the Arabic products we should be also taking it to that market.

<Q - Abneesh Roy>: Sir, one last question. If you see – normally you give a comment on how the new shows have done. So specific comment on Ramayan and any comments on why on Life OK the mythological serial seems to be doing better compared to rest of the channels, so any takeaways from there?

<A - Punit Subhash C. Goenka>: I won't be able to comment on Life OK show, because I haven't seen it myself. I think Ramayan is doing reasonably well for us, where the partnership with Doordarshan is really paying off. Any other show you want me to comment on?

<Q - Abneesh Roy>: Also Ramayan has met your expectations?

<A - Punit Subhash C. Goenka>: My expectations are very, very difficult to meet for anybody.

<Q - Abneesh Roy>: Okay. No, I think that should be fine, sir. Okay. Thanks a lot.

Operator

Thank you. We have the last question from the line of Nandita Parker from Karma Capital. Please go ahead.

<Q - Nandita A. Parker>: Yes, hi. Could you just talk about the rationale for the India.com, and sort of what is the expense associated with that?

<A - Punit Subhash C. Goenka>: So India.com is our portal strategy, where we are focusing on the advertising market related revenue growth. It's just an extension of our current television channels, which you can see on the dotcom site. Atul, you want to add?

<A - Atul Das>: Yes. So, Nandita, on India.com, we have several verticals. The one advantage we want to build for our consumers is that for anything related to India in terms of entertainment, or information related to either sports, news or everything, they can get from India.com. We have verticals within that, bollywoodlife.com, oncars.in, and other verticals related to news as well as education.

So the idea – and plus we have all our content available for people who want to consume it, which is advertising-led, unlike Ditto TV, which is a subscription-led model. So as more and more consumers go online for watching entertainment or consuming entertainment, this is a strategy to cater to that.

<Q - Nandita A. Parker>: What's the amount of investment do you expect to make in this?

<A - Atul Das>: Specifically it will be difficult to give a separate number, but it is part of the number, overall number that we have talked about some time back.

<Q - Nandita A. Parker>: And the Rs.150 crores that you expect to spend additionally, that's this year, right? That's FY 2013?

<A - Atul Das>: Yes.

<Q - Nandita A. Parker>: And what's the plan for FY 2014?

<A - Atul Das>: It's too early to comment, but yes, our investments will continue. The exact number, the size of that would be updated later. And even I like to for everybody's interest or benefit is that Rs.150 crores is not a fixed number in our book. It's just an indicative number. It could be higher or lower.

<Q - Nandita A. Parker>: Right. But I would have imagined that given that you've done so many launches this year that next year would not be so investment intensive?

<A - Atul Das>: Yes, incrementally you may not necessarily see so many incremental launches. But it will be a full year impact of the launches that have been done this year and some more investments may come.

<Q - Nandita A. Parker>: Right. And so what is the normal economics of these new channels, especially the language ones? How many years does it take to break even and then start?

<A - Atul Das>: Well, it could take about three to four years. And we have had situations where we have done better than that, and it could take longer in some cases, but that's an average I would say.

<Q - Nandita A. Parker>: So if you were to give us a guidance in terms of how much you expect to be investing as a percentage of revenues on new investments on an annual basis? I think a lot of the analysts who are coming out with report seem to be a bit confused about the granularity of numbers. If you could give a broad percentage of revenues there.

<A - Atul Das>: Well, we don't necessarily evaluate it from percentage of revenue basis. But if I were to take the current number that we're talking about, it will work out to 4% to 5% of our revenues.

<Q - Nandita A. Parker>: Okay. Thank you.

<A - Punit Subhash C. Goenka>: Thank you.

Operator

Thank you. I would now like to hand the floor back to Mr. Kanwaljeet Singh for closing comments. Over to you, sir.

Kanwaljeet Singh

Ladies and gentlemen, thank you for joining us again. We hope to have the transcript of the call on our website, zeetelevision.com, soon. We look forward to speak to you again at the end of the third quarter of fiscal 2013, or even earlier on a one-on-one basis. Thank you, and have a great day.

Operator

On behalf of Zee Entertainment Enterprises Limited, that concludes this conference call. Thank you for joining us. You may now

disconnect your lines. Thank you.