



ZEE ENTERTAINMENT ENTERPRISES LIMITED

4Q FY2007 TELECONFERENCE
APRIL 23 2007, 2:00 P.M. INDIA TIME

Moderator: Good afternoon ladies and gentlemen. I am Rita, the moderator for this conference. Welcome to the Zee Entertainment Enterprises conference call. For the duration of the presentation, all participants' lines will be in the listen-only mode. I will be standing by for the Q&A session. I would like to handover the floor to Mr. Atul Das. Thank you and over to you Sir.

Atul: Thank you, good afternoon and good morning ladies and gentlemen and thank you for joining us today to discuss the results of the quarter ended March 31, 2007, which is the 4th quarter for our fiscal year 2007. We do hope that you had a chance to go through the earning release and copy of results which is uploaded on our website www.zeetelevision.com.

This is the second earnings call we are conducting for Zee Entertainment Enterprises Ltd post the demerger of cable undertaking, the news undertaking, and the direct consumer business undertaking. The results of Zee Entertainment Enterprises Ltd. do not include the results of any of the demerged businesses. To that extent, 4th quarter results are not comparable with the results declared in the last year. For comparison purpose, we have provided the illustrated financial of Zee Entertainment Enterprise for the 4th quarter of FY2006 in our earnings release.

To discuss the results and performance, joining me today from our conference room in Mumbai is Mr. Subhash Chandra, Chairman of Zee Entertainment and members of the senior management team including Mr. Punit Goenka, Wholetime Director; Mr. Pradeep Guha, CEO; Mr. Hitesh Vakil, Director Finance; Mr. Himanshu Mody, Head of Sports Business; and Mr. Sanjay Agrawal. We will start with a brief statement from Mr. Chandra on the fourth quarter and FY2007 performance and then we will open up the discussion for questions and answers. I would like to remind everybody that anything we say during the call that refers to our outlook for the future is a forward looking statement that must be taken in the context of the risks that we face. With this I now handover to Mr. Subhash Chandra.



Subhash: Thank you Atul and I would like to welcome everybody to this call. Ladies and gentlemen, we appreciate your joining us for the fourth quarter report. Before I brief you on our performance, I would like to highlight once again that our numbers as published in the financials are not comparable to those of previous year's numbers. The previous year including the financials of now demerged businesses including cable, news, and direct consumer business. To allow a comparison, we have provided the proforma numbers in the earning release.

Zee Entertainment finished the fourth quarter of FY2007 with a strong operating profit growth of 112% to 951 million, compared to the corresponding quarter of last fiscal. The operating margins have also improved to 25% in comparison to the 13% in the fourth quarter of last fiscal. We believe that our performance during this quarter has been very commendable, despite many disruptions.

Let me first summarize the results for the fourth quarter. Our total consolidated revenues have gone to Rs 3.84 billion, which is up 11% from the corresponding quarter last fiscal, compared to the proforma numbers of the corresponding period of last fiscal. The total expenditure has gone down by 4% to Rs 2.89 billion. Operating profit has gone up by 112% to Rs 951 million.

What is notable is that operating profit margin has improved to 25% compared to 13% of the corresponding quarter last year. Profit after tax, before minority interest, has gone up to Rs 699 million compared to Rs 527 million in the corresponding quarter last year.

Now, I would like to summarize the results of the full year 2007 versus 2006 to get a clear picture of FY2007 performance on a like to like basis. Advertising revenue was Rs 7,064 million for the year ended March 31, 2007 an overall increase of 32% compared to the proforma numbers of last year. This, as you can see, is almost double the industry growth rate. The rate hike which we undertook during FY2007 would not now start flowing through into our results fully. We are confident that FY2008 would also be equally exciting year for us.

Subscription revenues was Rs 6,606 million for the year ended March 2007, an increase of 27% over the last year. This is despite the numbers still not reflecting the subscription flow through from the CAS (conditional access system) notified areas. We expect the same to start reflecting from 1Q of FY2008 onwards.

Operating profit was RS 3,188 million, a growth of 29% over last year, after reducing Rs 850 million of sports business loss.



Coming to the business performance during fourth quarter, we are pleased with our performance despite the disruptions which happened during this quarter. A lot of money was committed on the Cricket World Cup, though the viewership on the event may not have been good. Similarly, advertisers did commit lot of money on a big show on a competing channel, which also did not do well. Also we had decided to delay Zee Cine Awards from this quarter to April first week, resulting in shift of these revenues to the next quarter. Still we recorded 8% growth in advertising revenue during this quarter.

On the subscription side also, we saw that the revenue flow from CAS areas is still not coming and resulting in somewhat lower subscription revenue in comparison to the third quarter; however, it was higher than last year's fourth quarter.

Coming to the channel reach, in terms of numbers Zee TV has averaged about 211 GRPs for the entire quarter and the channel shared a 23% within the GEC, general entertainment platter. In comparison Star Plus average at about 46%, Sony 13%, Sahara One about 9%, Star One at 4%, and Zee Smile of about 4%.

On competitive position, Zee TV continued to be a strong leader in the time band of 6:00 p.m. to 8:30 p.m. over the weekdays. Our new initiatives, we have *Mayyka*, which has already made huge strides and now a very close number 2 in its slot. Another major initiative for this quarter was return of *Antakshari* to the Indian TV screen. It was re-launched with the bang and opened at about 4.5 TVR. It continues to do well across the week and has now culminated into the next season, *Antakshari Little Champs* - an amalgamation of the two huge Zee brands. The most recent initiative of the quarter has been launch of our new soap *Teen Bahuraniyaan* against our competitions longest and most successful running shows. It has opened with the encouraging number and we look forward to build it further.

All our soaps continue to occupy strong position across the GEC platform, which shows like *Saat Phere* and *Mayyka* featuring even in the top 20s shows across. Zee TV has an average approximately 17 to 18 shows in the Top 50 and 29-30 shows in the Top 100 across the GEC.

Another channel in our Zee Entertainment Company's bouquet, Zee Cinema maintains its consistent #1 position. In spite of cricket, for the first time Zee Cinema is still continuing to be #1 in its genre. *Zee Cine Awards* at Malaysia saw the global premiering of the cinema brand film "*Pyar Ki Shuruwat*" which is



India's second 2-minute love story and I would like to remind you all, that the first story was also on Zee Cinema which was released two years back, which was again 2-minute story. The youth specific branded block in the evenings on the cinema called **Klub** has also won the prestigious Indian Television's Best Packaging Award.

In the English channels, Zee Café is putting up a great show by increase market shares and has been beaten our competitors for last 10-13 weeks. Also Zee Studio has premiered more than 50 movies for quarter 4, it ran a 25 days Oscar festival from February 1 to February 25th. Zee Studio has also closed a deal to start a world cinema brand on Sunday afternoon showing the work of acclaimed directors such as Kurosawa, Truffaut etc.

Coming back to revenue stream from our subscription based businesses grew to Rs 1,849 million recording growth of 18% over the corresponding quarter last year. Our domestic subscription revenue was Rs 854 million during the 4th quarter, while international revenue was Rs 995 million. DTH revenue accounted for approximately Rs 180 million for this quarter.

As a result, our operating margins have increased substantially to 25% in comparison to the 13% of the corresponding quarter in the last fiscal. As we have said, in the one-to-one meetings during the last 3 months we are committed to grow the margin percentage to an excess of 30% in the coming quarters or coming year.

Coming to corporate developments in Zee, as a result of the demerger of direct consumer business of Zee Entertainment Enterprise, share holders of Zee have been allotted equity shares in Dish TV (previously known as ASC Enterprises). Dish TV got listed on April 18, 2007 and it is trading on the stock exchanges, both BSE and NSE.

We look forward to the next year with optimism and we assures you that we will continue to deliver more value to viewers and share holders and we are on track to reach to the target given for fiscal year 2011.

Thank you very much and Atul now we can open the floor for question and answer.



- Atul:** Thank you Sir. Ladies and gentlemen, we are ready for the questions now, but as usual I would request all participants to please limit themselves to two questions, so that we can get as many people on, as possible
- Moderator:** Thank you very much Sir. We will now begin the Q&A interactive session. Participants connected to WebEx India kindly press *1 to ask the question and participants connect to Webs International please press 01 to ask a question. Participants will get a chance to present their questions on a first in-line basis. Participants are requested to use only handsets while asking a question. Participants who wish to ask questions please press *1 and 01. First in line we have Mr. Abneesh from Religare Securities. Over to you Sir.
- Abneesh:** Congratulations Sir on the good results. My first question is on the subscription revenue. In the previous quarter from domestic subscription revenue we got 979 millions while this has decreased by around 11 to 12 crores. So please tell me what exactly has happened to the revenue that you are expecting due to DTH or CAS which is increase. So is it due to some short-term effect or due to the dynamic changes happening because this has been change only for one quarter?
- Subhash:** Only one quarter duration.
- Abneesh:** Yes.
- Subhash:** The conditional access system which was implemented in all three towns where MSOs have not been collecting money from the households. We are having 600,000 forms to be collected so you should take it as a one time aberration.
- Abneesh:** Okay, okay.
- Hitesh:** Also 3rd quarter has been a little high growth because all the revenue was recorded in the 3rd quarter. Also the numbers on account of Ten sports were also added in the 3rd quarter. That is why 3rd quarter had seen a type of jump and the 4th quarter has been a kind of impact.
- Abneesh:** One question regarding the Zee Cine Awards. You have mentioned that one of the reasons for lower revenue was postponement. Could you tell what kind of revenue we have got in 2006 so that we can get sense from Zee Cine Awards?
- Subhash:** Our expectation on this event is generally in the 200 million.



Abneesh: I think we have the numbers, what is the number?

Subhash: About Rs. 200 million.

Abneesh: Okay Sir. Thank you Sir.

Moderator: Thank you very much Sir. Next in line we have Mr. Girish from ASK Raymond James. Over to you Sir.

Girish: Good afternoon Sir. I would like to know the total revenue for Taj TV. And what would be the debt as of now?

Hitesh: Total debt is about 387 Crores and large portion of it is getting restructured.

Girish: Okay. So, we would find the interest cost going down in FY2008.

Hitesh: Yes.

Girish: Right.

Subhash: Ten Sports actually the full year it is given a profit of only 230 million.

Girish: 230 million is the profit?

Subhash: Yes. Is that complete or you are still want the revenue number.

Girish: Well I think I will ask Atul afterwards. Thank you very much.

Moderator: Thank you very much Sir. Next in line we have Mr. H. R. Gala from Quest Investment. Over to you, Sir.

H. R. Gala: My question, I would like to relate it to our earlier conference call in Zee News where you had initially said that subscription revenue in FY2008 is likely to grow at around 25% and later on you also mentioned that it is likely that it can even double basically coming from the DTH and CAS initiatives. How do you see the revenue growth on front of subscription as far as Zee Entertainment is concern?

Subhash: Similar story here Mr. Gala.

H. R. Gala: Hello?



- Subhash:** Same story here Mr. Gala.
- H. R. Gala:** Okay. So, Could we take as 25% or 100% jump in FY2008?
- Subhash:** You take it in an excess of 30%.
- H. R. Gala:** Excess of 30%, okay. Thank you very much.
- Moderator:** Thank you very much Sir. Next in line we have Mr. Nikhil Vohra from SSKI securities. Over to you Sir.
- Nikhil:** Thanks. Sir we found in Ten Sports, have we amortized the cost of Ten Sports.
- Hitesh:** Yes. It is in the consolidated result.
- Nikhil:** Where do I get the cost of amortization of Ten Sports in this?
- Hitesh:** The Acquisition cost you are referring?
- Nikhil:** Right.
- Hitesh:** That is going in the balance sheet.
- Nikhil:** So, okay. I thought you are going to amortize these costs, so that is not going to happen?
- Subhash:** How does that happen?
- Nikhil:** No Sir. May be I thought it is getting amortized from the P&L.
- Subhash:** I do not know, you are asking a question which is irrelevant. Acquisition costs are a balance sheet item. It is never a profit and loss account.
- Hitesh:** In the accounting standards you cannot amortize the cost of goodwill in the books of the company.
- Nikhil:** Okay, I will take them. Thank you for this. We are launching a health channel just wanting to know the status of that?
- Subhash:** No we are not launching any health channel.



- Atul:** What was your question, Nikhil once again?
- Nikhil:** I thought we are launching a health channel in health or life style channel in US.
- Subhash:** No. There is nothing like that.
- Nikhil:** Okay. Thanks for this.
- Atul:** For the benefit of every one we did give out the number of Ten Sports profitability but that is related to the period that it has been consolidated into Zee (from Nov 2006).
- Moderator:** Thank you very much Sir. Participants who wish to ask questions, kindly press *1 and 01. Next in line we have Mr. Vinay from Lotus India Mutual Fund. Over to you, Sir.
- Vinay:** Good afternoon Sir.
- Subhash:** Good afternoon.
- Vinay:** Sir, you said there is an impact of CAS on this domestic subscriber revenue, which is about 67 Crores in this latest quarter. Can you quantify the amount of impact which has been there on a ballpark basis?
- Subhash:** I do not know where are the 67 crore numbers?
- Vinay:** This is excluding the DTH. I am talking about the analog domestic's revenue.
- Hitesh:** That is the revenue, what is your question, the revenue for the quarter?
- Vinay:** Yes my question is what is the impact of CAS because sequentially this domestic analog C&S revenue has declined?
- Hitesh:** Well that means you are asking the question where if there would not have been the CAS what could have been the revenue.
- Vinay:** Yes, I guess.
- Hitesh:** Well, impact is difficult to say, but still roughly around Rs 12 Crore.



Vinay: Because that is the amount which can be expected to come up from this quarter onwards.

Vinay: Okay and there is other sale and services income of about 15 crores in latest quarter, what is that.

Hitesh: That pertains to our education business and other income from commission on subscription fee.

Vinay: Okay. Thank you.

Moderator: Thank you very much Sir. Next in line we have Mr. Mankeet from ICICI Securities. Over to you Sir,

Mankeet: Good afternoon again sir, just two questions, one on your expense side again. Your proforma statement for last year states you have an expense of 1.16 billion where as your actuals was actually only 847 million, last year. So am I reading it wrong?

Hitesh: It is Rs 8,568 million for the full year.

Mankeet: for the second half of this year we have around 61 million of EBITDA, right? So, vis-à-vis we are talking about 20 Crore profit, 220 million in Taj, Ten Sports.

Subhash: This quarter we are 61 million losses of the sports business.

Mankeet: Sorry?

Subhash: Fourth quarter of this year we have reporting Rs. 61 million overall losses for the sports business.

Mankeet: Okay, fair enough. Out of but Ten sports has given 230 million profit for the full year?

Mankeet: So for Zee sports you are taking in a heavy loss?

Subhash: Last year we have made a loss of 850 million in Zee sports.

Mankeet: Fair enough. Okay Sir. Thank you.



Moderator: Thank you very much, Sir. Next in line we have Mr. Singhal from Edelweiss Securities. Over to you Sir.

Singhal: Hi, Good afternoon Sir. Could you tell me the proforma ad revenues and subscription revenues of full year FY2006?

Hitesh: FY2006 the ad revenues are 5.36 billion.

Singhal: These are the proforma numbers?

Hitesh: Yes, Proforma numbers.

Singhal: Okay.

Hitesh: The subscription got a 5.21 billion.

Singhal: Thanks for that. You mentioned about 22 crore of profit from Ten sports, I think effective of November 13, right?

Hitesh: Yes.

Singhal: Could you also please, if you do not mind tell, you know, the revenues both ad and subscription from Ten sports in Q4 of this year?

Hitesh: In Q4 of this year, advertising is 8 crores and subscription is 14.

Singhal: Sir your voice is broken. I could not hear the number.

Hitesh: Total income on account of Ten sports has been 744 million that is for the full year.

Singhal: Is it possible to get an ad and subscription breakup?

Hitesh: Well we would not like to share again it is product wise information of on a distinctive nature.

Singhal: Okay and I have a question related to again, you know, somebody asked earlier also the proforma numbers and the actual numbers, which were published for Q4 FY2006, you know, one is obviously that has already been asked that 116 Crore of other operating expenses in Q4 in the proforma number vs. 84 Crores in



Q4 of FY2006, which are the published numbers. So one is that number I am unable to connect and also in the subscription revenue front last year in Q3 and Q4 actually we have done about 175 Crore of subscription revenues as per the published numbers, whereas in the proforma numbers you know, in Q3 we look about 126 Crores and in Q4 157. So while on the flat number on the published basis, you know, proforma basis there is a huge discrepancy between Q3 and Q4. So, is there a reason for that?

Hitesh: In Q3 domestic subscription was for the first Tata sky reported numbers on DTH that was included in the Q3 for the first time, entire period and also for the first time two months report on Ten Sports has been reported there. The 3rd quarter was relatively higher. In 4th quarter we have seen an impact of CAS which is roughly around 10 Crore and as a result you are seeing a kind of light gap between 3rd quarter to 4th quarter numbers.

Singhal: Sure.

Singhal: And one last question is in Q4 proforma number that we have given of FY2006, there is under the interest head the figure which is mentioned is -68 so does it mean that is actually the other income, the interest income.

Hitesh: Yes forex fluctuation has been a kind of positive at this time. So, this quarter we have seen a kind of gain otherwise there is an overall for 12 months it is the expense item, but particularly in this quarter because of having the addition showing positivity.

Singhal: Okay. Thanks.

Moderator: Thank you very much sir. Next in line, we have Mr. Miten from ACSC Asset Management. Over to you sir.

Miten: You mentioned that the separate number for Taj TV is not possible to give. Is it possible to give one number for advertising total on sports that is Zee Entertainment would have got in Q4 FY2007 and in FY2007 as a whole year or would also that be outside?.

Atul: I will explain that Miten. If you look at the total revenues of Ten Sports for the full year, which has been consolidated into our accounts is 745 million. Against that we did an EBITDA, which again only the part that has been consolidated into our account this year, it is 230 million. Let us talk about Zee Sports now for



the full year. We have had total revenue of the full year of 995 million and we did an EBITDA loss of 1089 millions for the full year. If you total up the performance of Zee Sports and Ten Sports and therefore the sports business as a whole for the year, we have made a loss of 859 million for the full year. So that has explained. As we have mentioned in earlier calls also, our expectation on the Tens Sports business as whole for the full year, because these are part consolidations will be in to the region of \$50 million on the revenue side and roughly \$13-14 million on the EBITDA side.

Miten: Great Sir, Thank you very much for that.

Subhash: And this year, we are giving guidance that we should not have any losses on our sports business.

Miten: That would be great sir.

Subhash: FY2008.

Miten: Perfect. Thank you.

Moderator: Thank you very much Sir. Next in line, we have Mr. Suresh from ILFS Investments. Over to you sir. Mr. Suresh?

Suresh: Hello.

Pradeep: Yes.

Suresh: My question has been answered. Thanks.

Moderator: Thank you very much Sir. Next in line, we have Mr. Amit Nahata from Prudential ICICI. Over to you Sir.

Amit: I just wanted to understand the reason to increase in minority interest income especially in base of the decrease in the domestic pay revenue in Taj Sports and Zee sports?

Hitesh: Yes Taj Sports has been 50% minority and that accounts for it. Other than that there is no other interest. So, that is why the minority interest is showing increase.



Amit: So, has the profitability of Taj increased in this quarter as compared to the previous quarter.

Hitesh: Yes last quarter was higher as compared to 4th quarter.

Amit: Yes sure, Thanks.

Moderator: Thank you very much Sir. Next in line, we have Mr. Sandeep Bhatia from UBS. Over to you sir.

Sandeep: Hi, I just wanted some details of the subscription revenue for the 4th quarter. The total subscription revenues were at 185 Crores and the domestic was 85 and international was 99. For the full year ending March 2007, could we get the total domestic subscription revenues and the international revenues for the full year and also for the last year?

Atul: Domestic subscription revenue for the full year 2007 is Rs. 3.07 billion.

Sandeep: 307 Crores. Right?

Atul: 307 Crores versus last year of 220 Crores.

Sandeep: And this includes CAS revenues, all kind of subscription revenues?

Atul: Yeah everything.

Sandeep: Yes.

Atul: And international revenue this year is 354 Crores, 354 Crores versus last year of 300 Crores.

Sandeep: Okay. As far as continuing profitability of the domestic broadcasting business is concerned, how would you see that moving through 2008 compared to 2007?

Subhash: Well as it was mentioned earlier. Subscription revenue will be registering a growth of about 35%-40%.

Sandeep: So would not expect any EBITDA pressures coming through with the sports business breaking even or everything, so you would see margin expansion continue in 2008, for the entire business is my questions.



Subhash: Yes. It is. That is how it is obviously.

Sandeep: Right, Okay, Thank you.

Moderator: Thank you very much Sir. Next in line, we have Mr. Zaveri from Deutsche Equities. Over to you Sir.

Zaveri: Yeah. Just on the question on the cricket cost that we will get apportion this year. I believe there are 10 matches which will happen on Zee Sports itself at neutral venues during FY2008. You have written off; correct me if I am wrong on this, approximately 200 Crore of costs over the last 2 years. This is basically the tri-series in Malaysia and the previous cost. This year what sort of apportionment will happen in terms of cost and what sort of cost left apportioned for the next 2 years or so. Because your rights were for 5 years if I remember correctly and you have paid 900 Crores totally.

Himanshu: I will answer this. Firstly, there are no 10 ODIs this year. I mean if we look at the cricket schedule, the maximum that can fit is about 4 ODI under our contract and that also is under negotiations with the BCCI due to certain external factors, which we cannot reveal at this stage. So, the maximum that will get under our contract this year would 4 matches.

Zaveri: Okay.

Himanshu: The 900 Crores that you are taking about is actually not the correct number, because it is an arithmetical average that was calculated based on 5 matches per year.

Zaveri: Correct.

Himanshu: It is basically the arithmetic average that was calculated at that point in time, but coming to you, previous years cost that we wrote in the 9 ODIs that we had 2 was against Pakistan in Abu-Dhabi and 7 in a tri-series between Australia and West Indies in Malaysia.

Zaveri: Correct.

Himanshu: Total cost was in the vicinity of about 150 Crores that was written off between the 9 ODIs.



Zaveri: Okay. Okay.

Himanshu: If you take an average of the per ODI cost over the 150 Crores of the 9 ODIs average would come significantly down.

Zaveri: Yeah. Fair enough.

Zaveri: Okay. And that is the primary reason for you saying that the sports properties will actually breakeven this year.

Subhash: No, no, no. That is no the primary reason. That could be one of the reasons.

Zaveri: Okay, because this was. Look the impression that I had was this was one big cost, which was sitting for you. If this had to go away, fairly the sports properties buy themselves are doing well.

Subhash: No. We are still. We were still developing the sports business in overall scenario. There are still other costs in developing sports businesses and there are profits on sports business. Though, we are still incurring the losses on Zee Sport, in this year also, but because we have Ten Sports with us. So, overall we will not lose money.

Zaveri: Okay. And one small thing that I missed out, Sandeep Bhatia's question on the total subscription. If maybe, if may be Atul wants to take it offline, I just missed those numbers. So, even if I will Atul over and get those numbers. Thank you very much.

Himanshu: Okay.

Moderator: Thank you very much Sir. Next in line, we have Ms. Prabhat from Brics Securities. Over to you mam.

Prabhat: No, it not a mam. So, in any case. A couple of questions from my side. One is what kind of ad rate increases will be effective in FY2008 on an overall basis and secondly Mr. Chandra, can you tell us something more about the cricketing initiative that you have taken and how will it flow into Zee and what is the progress of that.

Subhash: Let me just ask Pradeep to answer you first question.



- Pradeep:** On the advertising front for the coming year, we will deliver at least 50% more than the average industry rates.
- Prabhat:** What is that?
- Pradeep:** At least 50% ahead of the industry rate of growth.
- Prabhat:** And where do you expect the industry growth rate.
- Pradeep:** Right now they are talking 15%-16%.
- Prabhat:** Okay.
- Pradeep:** So, we are expecting 40%-50% better.
- Prabhat:** About 20%-23% basically?
- Pradeep:** Yeah.
- Prabhat:** Okay.
- Subhash:** Now about your question on the India cricket league. I guess that.
- Prabhat:** Yeah cricket initiatives.
- Subhash:** It is outside the Zee Entertainment, the Indian Cricket League, which is being formed. Because there are load of other prospects. Also those who are going to form their clubs and their teams etc.
- Prabhat:** Great.
- Subhash:** But, Zee Entertainment Enterprise Limited, we as sports Broadcasters will be beneficiary of the showcasing and playing those league matches.
- Prabhat:** Sir, what is the progress on the league, I mean how soon do you think in the content will be available from that?



Subhash: We are very full-fledged working on this league phase and you would be seeing in the media, almost every alternate week, the progress report, which will be put out. But the content would be available from third quarter of this year.

Prabhat: Okay. A couple of balance sheet questions. What is the number of days of debtors on the Zee Entertainment books?

Hitesh: It is roughly around 115 days.

Prabhat: 115 days.

Hitesh: Right.

Prabhat: Right. Thank you.

Moderator: Thank you very much Sir. Next in line, we have Mr. Gala from Quest Investment. Over to you Sir.

Gala: Just a followup question, more of seeking information. Can you give breakup of this 856.81 Crore, which is the consolidated illustrative comparable expenditure for FY2006, amongst the 3 heads. It is against 1,122.38 Crores where a ready breakup is available, but the comparative illustrative number breakup is not available in the release.

Hitesh: You can take staff cost at 772 million.

Gala: Okay. Then SG&A?

Hitesh: SG&A is about Rs 2,672 million.

Gala: 2060?

Hitesh: No, Rs 2,672 million.

Gala: Okay.

Hitesh: And rest is programming and all.

Gala: Okay. Thank you.



Moderator: Thank you very much Sir. Next in line, we have Mr. Girish from ASK Raymond James. Over to you Sir.

Girish: Sir, once again, just to go on with the cricket rights. What could be the total cost of the rights? 900 Crores is not the right figure that is what you mentioned?

Himanshu: 900 Crores was again calculated based on a rumor that there would be 5 ODIs every year. The bid that we were putting was for 25 matches, going forward for every year with the next five years.

Girish: Right.

Himanshu: We pay BCCI based on the number of ODIs that they offer us. Now, if you look at previous years. Just it was supposed to be 5 ODIs, but it happened to be 9. So, that arithmetical average of 900 Crores at time is a flaw, it is just a calculation. Like for example if this year we have 4 ODIs and what we would pay to BCCI is based on the 4 ODIs only. Okay?

Girish: And going forward in 2009, are there any matches planned.

Himanshu: We are working on the schedules of BCCI yet for the next 4 years as Mr. Chandra made an earlier statement there are issues that we are working on with the BCCI and hopefully, we should have this scheduled one way or the other from then to the next month or so.

Girish: Alright, thank you.

Moderator: Thank you very much Sir. Participants who wish to ask questions, kindly pressure *1 and 01. Next in line, we have Mr. Purohit from Motilal Oswal.

Amit: Atul Sir, this is Amit Purohit from Motilal Oswal; good set of numbers. One small thing sir, I wanted to understand is in terms of the administrative and other SG&A cost, which has sequentially gone up. It is just a one off thing or is it?

Hitesh: I don't think it is changing us. It is more or less maintained only difference perhaps you may get to see is in first quarter to 2nd quarter and now in the 4th quarter you are seeing a kind of significant jump because of various launch and launch of properties, and some marketing expenses related to Zee Cine Awards and other stuff.



Amit: On the Ten Sports, how much was the subscription revenue 4th quarter, will it be possible.

Hitesh: I think the product wise details, which we are not ready to share.

Amit: Okay Thank you sir.

Moderator: Thank you very much Sir. Participants who wish to ask questions, kindly pressure *1 on the telephone keypad. Next is a followup question from Mr. Singhal from Edelweiss securities. Over to you sir.

Singhal: See you mentioned earlier the number from the subscription revenues that are coming DTH in Q4. Was the number 18 Crores.

Atul: Yes, that is right.

Singhal: Could you also share the number for the whole year. What sort of revenues would have got from DTH.

Hitesh: Last quarter, we had 15 Crores.

Singhal: So, 15 to 30 is the number that we are 33 is okay. Okay. Thanks.

Moderator: Thank you very much. Next in line, we have Mr. Miten from HDFC Asset Management. Over to you Sir.

Miten: Sir further on sports. You have mentioned that Zee Sports plus Ten Sports put together will breakeven in FY2008. Or Zee Sports is breakeven and Ten Sports is basically contributed to the bottom line. I mean this, but I could not get it very clearly.

Subhash: The sports business combined will break-even.

Miten: And, if you look at the costs in FY2007, our total is roughly about 122 Crores, of which sports would probably be of the order of about 190 to 200 Crores and if you compare the total OPEX minus the sports business, then OPEX is probably very very flattish. Is there a trend to it or one should really expect the OPEX to remain in that range.

Subhash: I think will remain like that.



Miten: Very muted growth in OPEX minus of sports is what we should work with. Is that sir, correct way?

Hitesh: That is true. More or less expenses are likely to remain in the same range with minor increase in on account of inflation.

Miten: Okay, Sir. That answers my questions. Thank you very much.

Moderator: Participants who wish to ask questions. Kindly pressure *1 on your telephone keypad. Next is a followup question from Gala from Quest Investment. Over to you sir.

Gala: Just seeking clarification on the Zee Sports losses for the full year, which you said, just correct me if I have heard it wrong. Total revenue you said is 995 million and loss of 109 million.

Atul: No loss of 1,090 millions.

Gala: 1,090 millions and 230 million was the EBITDA of Ten Sports. Against, 745 million revenue.

Atul: Right.

Gala: Okay. Thank you.

Moderator: Thank you very much Sir. At this moment, we have no further questions from participants. I would like to handover the floor back to Mr. Das for the final remark. Over to you sir.

Atul: Thank you, thank you ladies and gentleman for joining us. We do have to hope our transcript for the call on our website and look forward to speaking to you again at the end of the first quarter of FY2008, or even earlier on a one-on-one basis. Thank you and have a great day.

Moderator: Ladies and gentlemen thank you for choosing WebEx Conferencing Service. That concludes this conference call. Thank you for your participation. You may now disconnect your lines. Thank you and have a nice evening
