



ZEE NEWS LIMITED

Q3 FY2009 TELECONFERENCE
JANUARY 22, 2009, 5.00 P.M. INDIA TIME

Moderator: Good evening Ladies and Gentlemen. I am Manjula, the moderator for this conference. Welcome to the Zee News Limited Conference Call. For the duration of the call, all participants' lines will be in the listen-only mode. After the call, the question and answer session will be conducted for participants connected to International Bridge. After that, the question and answer session will be conducted for participants in India. I would now like to handover to Mr. Tarun Nanda. Thank you and over to you sir.

Tarun: Good evening Ladies and Gentlemen and thank you for joining us today to discuss the results for the quarter ended December 31, 2008, the third quarter for fiscal '09. We do hope that you had a chance to go through the results and the Earnings Release, both of which are uploaded on our website, www.zeenews.com. To discuss the results and performance of the company, joining me today is Mr. Subhash Chandra and members of the senior management team of the company including Mr. Puneet Goenka; Mr. Barun Das, CEO; Mr. Nitin Vaidya, Head of Regional Channels; and Mr. R.K. Agarwal, CFO. We will start with a brief statement from Mr. Chandra on the third quarter performance and then we will open the floor for questions and answers. Before we start, I would like to remind everybody that anything we say during this 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. I will now hand over to Mr. Subhash Chandra, Chairman, Zee News Limited. Over to you sir.

Subhash: Thank you Tarun.

Good evening Ladies and Gentlemen. Thank you for joining us today to discuss the results of the quarter ended December 31, 2008. Zee News Limited has shown commendable performance during the quarter. The company has recorded consolidated revenue of Rs.1.43 billion which represents 45% growth over the corresponding quarter last fiscal. The consolidated EBIDTA stood at Rs. 299 million, which is up by 36%. Our robust growth despite the overall slowdown is quite a dream run in the current economic scenario. Our bouquet composition, aggressive and innovative strategy and cost conscious approach to this business has helped us achieve this, which is something seemingly



impossible for most other media organizations. The company is no longer dependent on one or two key channels. With growing traction in Zee Telugu, Zee Business, Zee Kannada, and the regional news channels, Zee News Limited is all set to add additional driver channels going forward. On one hand, we are strategically expanding our presence while on the other hand; the channels which are not likely to make profit in the near future have been critically reviewed by the company. The Board has approved the closure of Zee Gujarati with effect from April 30, 2009. The forthcoming UP News Channel launch will be a key strategic expansion along with other regional proliferation of our products and services.

On the business side, all channels' viewership share of Zee News Limited channels in the total C&S universe in India grew to 5.47% in quarter three of FY '09 as compared to 4.18% in the corresponding period last fiscal, which is almost 30% increase in the viewership. The flagship channel Zee News continued to gain market and revenue share while sticking to sensible news. Both 'Zee Marathi' and 'Zee Bangla' channels maintained leadership in their respective genres. Zee Business recorded sustained improvement in the viewership share while 24 Ghanta continued with its leadership in the Bengali market. Under 'new businesses' Zee Kannada and Zee Telugu recorded a year on year GRP growth of 91% and 47% respectively, while Zee 24 Taas saw an increase of 148%. Zee Tamil is now well distributed and progressing as per our plan. In West Bengal, operating involvement of ZNL team with Akaash Bangla got initiated w.e.f. January 1, '09. Just to remind everybody who is present here, the company had entered into a channel management agreement plus a 26% equity acquisition agreement with Akaash Bangla, another general entertainment channel in Bengal.

Let me now summarize the results of the third quarter.

Advertisement revenue was Rs. 1.12 billion for the quarter ended December 31, 2008, an increase of 38.8%. Subscription revenue was Rs. 236 million, an increase of 46%. Subscription revenue continued to deliver YoY growth, cashing in on the extensive DTH proliferation. However, increased prudence in the payment of carriage fees has led to a temporary slowdown in the subscription revenue from analog connections in this quarter compared to immediately preceding quarter. We expect this to be more than compensated going forward. EBIDTA margin was around 21%. Both the existing and the 'new business' continued to grow, and will continue to grow in the coming quarters as per our expectation.

Zee News Limited is primed to deliver as per expectations of the investor fraternity and I strongly believe that its diversified

presence and a well laid out expansion strategy without compromising current profitability are going to be value drivers in the time to come.

Thank you very much. With this, I will handover back to Tarun to open the floor for the question and answers.

- Tarun:** Thank you sir. Ladies and Gentlemen, we are ready for questions now but before that I would request all participants to please limit themselves to two questions so that we can answer as many questions as possible.
- Moderator:** Thank you very much sir. At this moment, I would like to handover the proceedings to International Moderator to conduct the Q&A for participants connected to SingTel. After this, we will have a question and answer session for participants at India Bridge. Thank you and over to you Zainab.
- International Moderator:** We will now begin the question and answer session for participants connected to the SingTel Bridge. Please press 01 to ask the question. At this moment, there are no questions from participants at the international bridge. I would like to handover the proceedings back to India Moderator, Ms. Manjula.
- Moderator:** Thank you very much Zainab. We will now begin the Q&A interactive session for India participants. Participants who wish to ask questions, please press *1 on your telephone keypad. On pressing *1, 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. To ask a question, please press *1 now. First in line, we have Ritesh from Daulat Capital. Please go ahead.
- Ritesh:** Good evening sir. Can we have interest numbers for this quarter?
- R. K:** Net interest charges reported are Rs. 5.58 crores.
- Ritesh:** Okay, that is all from my side. Thank you.
- Moderator:** Thank you very much sir. Next in line, we have Mr. Ruchit Mehta from HSBC. Please go ahead.
- Ruchit:** Yeah, just wanted to get your outlook on advertising, you know, all the media houses have seen sort of a sharp decline in ad revenue growths, how are we seeing it for ourselves, more particularly say going into the fourth quarter.

- Barun:** Ruchit, what we have understood, your question is regarding advertising revenue for quarter four.
- Ruchit Mehta:** Yeah, and fiscal '10 as well.
- Barun:** Okay, got it. First of all, let me tell you anybody trying to project the next fiscal at this point in time will be grossly incorrect. The kind of uncertainty which we see globally, we are not in a position to project anything for fiscal '10. Closer to this year end, we would be in a position to give you a projection for that. We are confident that the kind of trend we have maintained in quarter three, we would be able to maintain that in quarter four as well.
- Ruchit:** Could you comment the same on subscription as well because that seems to keep on going at the pace at which it was expected.
- Barun:** It should be somewhere as it is 2% or 3% here or there.
- Ruchit:** Thank you.
- Moderator:** Thank you very much sir. Next in line, we have Ms. Yasmin Shah from DSP Merrill Lynch. Please go ahead.
- Yasmin:** Congratulations sir on good set of numbers. My first question pertains to Zee Tamil. Could you throw some light on what has been the performance and what kind of losses you expect from it this year, and my second question is on the other sales front. You booked other sales of 7 crores. What does that pertain to?
- Subhash:** We do not give channel wise detail.
- Yasmin:** Sir, if you could just throw some flavor on what has been the performance and how do you see it going ahead?
- Barun:** Yasmin, the only thing which we can mention is that the progress of Zee Tamil is as per our plan, as you would be aware the guidance given is that for the first year CAPEX plus OPEX would be to the tune of Rs. 90 crores. The launch got delayed, but the figures remain the same as far as the Tamil is concerned and it is progressing as per our plan. Regarding other income, the three things which got included in other income are syndication revenue, export revenue, and franchisee revenue; those 3 add up to Rs. 7.7 crores.
- Yasmin:** Okay, and on the Tamil front, like you said we could be seeing spillover of this in the coming quarter that is what you are mentioning right?
- Barun:** Yeah, we started on October 12, so count 12 months from there.

- Yasmin:** Alright, one last question. How has been the performance for you all, have you seen any pressure on rates post Star's launch in Bangla and the Marathi market?
- Barun:** No, frankly we have maintained, not only maintained, but we have also gone up in viewer ship share for Zee Marathi as well as Zee Bangla. Star has not at all affected these two channels.
- Yasmin:** Right.
- Barun:** Advertising rates also have not been affected.
- Yasmin:** Okay, thank you so much.
- Moderator:** Thank you very much ma'am. Next in line, we have Vikas from ICICI. Please go ahead.
- Vikas:** Sir, first of all, congratulations to the entire team. It is very heartening to see a strong 45% growth in revenues and 36% growth in EBIDTA in this difficult environment, I would have few pointed questions, one is can you give more details on what is happening in the distribution of our Tamil channel. Secondly, we had hinted that in the last quarter we had some higher expenses in Kannada, but I see that continuing, so is that the trend that we should take forward.
- Barun:** While we do not share our channel wise information, we had still shared about some program investments made in Zee Kannada, the context was higher cost in 'new businesses' which was to be monetized going forward. The monetization has started and the performance of 'new businesses' is better than the guidance given.
- Vikas:** Okay, and on the Tamil channel sir?
- Barun:** Initially we had certain problems there in distribution; however, we paid higher placement charges and have been quite aggressive in our distribution for Tamil channel and as of now the distribution scenario is quite up to the mark and to our satisfaction.
- Vikas:** Right now, the GRPs are still not showing up in the Tamil channel sir?
- Barun:** It takes a bit of time. There are instances where channels take a little bit of time to really stack up the GRPs. It has shown some traction and more importantly we are not much dependent on the initial performance as far as revenue is concerned. We don't plan any revenue for 6 months of our operation. So, therefore, it is not much of a concern for us. It is taking a little bit longer

than what we would have expected because there was a problem at the distribution end, which got sorted out.

Vikas:

Fair enough sir thanks a lot, and wishing you good luck.

Barun:

Thank you.

Moderator:

Thank you very much sir. Next in line, we have Abneesh from Edelweiss. Please go ahead.

Abneesh:

Sir, congrats from my side also on the good set of results. My question is on Zee Business wherein we have closed a gap with a leader. I wanted to understand has the uptake in revenues also started or still it is some way off?

Barun:

It has definitely started, the uptake on revenue is more than 100% this year so far, but as you know the financial advertising market is the most hit.

Abneesh:

Correct, and sir, coming to the Tamil Nadu market, which has been one of the toughest markets to crack. There have been players for the last 5 to 6 years with low market share, you have succeeded in the other two South Indian states, so I wanted to understand how confident you are post 4 to 5 months of launch there.

Barun:

I think we are equally confident and gung-ho. I think we explained in our previous meetings that why are we confident about our success in the Tamil market.

Abneesh:

Okay sir, thanks a lot.

Moderator:

Thank you very much sir. Next in line, we have Amit Kumar from Kotak Securities. Please go ahead.

Amit:

Good evening sir.

Amit:

Good set of numbers. Just wanted to clarify, whether there are any one-off items as well in the operating revenue?

Barun:

There would be seasonality but part of it might not follow a particular trend.

Amit:

Okay so, you know, there will be some seasonality associated with export and syndication revenues.

Barun:

As and when we get the order, we deliver it.

Amit:

Okay, thank you sir. I just wanted to check on your other income and interest expense part. Your expenses seem to have

gone up pretty sharply in this quarter; both other income and interest expenses have actually gone up sharply. Could you give me some idea, about your debt level, cash level and is there any one-off in that?

R. K: Debt as of 31st December was Rs. 106 crores.

Amit: Okay.

R. K: Cash and cash equivalent was to the tune of Rs. 33 crores.

Amit: Okay, and are there any one-offs associated with this, with the other income, interest expense? I am talking about the other income below the EBIDTA line. You have in the consolidated quarter about Rs. 2.4 crores.

Barun: No, these are not very much recurring.

Amit: Right, finally sir, I just wanted to understand your cost structure on a quarter on quarter basis, essentially on the employee costs and selling and distribution costs which have actually declined on a Q-on-Q basis, I would have expected them to go up simply for the fact that in the fourth quarter you are launching your Telugu News channel, which would be pretty Human Resource intensive and given the fact that you had just launched your Tamil channel as well and like you pointed out that you have paid a very high placement fee on account of that, I am little bit surprised on that account. Would you care to clarify?

R. K: The staff cost has increased, it has not declined.

Amit: No sir, last quarter, I mean, I am looking at Q-on-Q basis.

Barun: See, the last quarter, there would be certain one-time incentive payment in the personal cost, so we would see some bit of dip there, and the recruitment for Telugu was there in last quarter as well. There is no major recruitment happening in this quarter for any of the plans.

Amit: Okay, in which case sir, your employee cost does not seem to have moved at all, I mean, in the first quarter, 165 million; second quarter, 151; and now 146 is actually declined. So anything there?

Barun: No, there is not much there. As I said that we had anticipated this slowdown from the beginning of this fiscal, and we had been prudently right-sizing our organization across the country, and the recruitment for Tamil and Telugu had started so far. We are not yet done with the recruitment for ZEE U.P.

Subhash: In the first quarter there was a one-time incentive payment also.

- Amit:** Okay sir, fine, and selling and distribution cost.
- Amit:** What I was saying was, given the fact that you have paid a very high placement fee for the Tamil channel, very surprising that your Selling and distribution cost is almost flat Q-on-Q.
- Barun:** No, this comprises both A&P and placement.
- Amit:** Okay, so broadly is you're A&P also stable to negative, I mean, declining, given the fact that you have already achieved a fair share in your markets, you won't need to do too much of A&P, or would that be an incorrect assumption to make?
- Barun:** Both programming and A&P are viewed as investment in nature. So, we would be judicious in our spending but you should not expect any major cut there in either of them.
- Amit:** Okay sir, fine. I will come back if I have anything else.
- Moderator:** Thank you very much sir. Next in line, we have Ashish from Sharekhan. Please go ahead.
- Ashish:** I had a question, what is the kind of 'new business' loss expected for FY '09, 9 months being over?
- Barun:** Our original guidance was Rs. 70 crores for FY 09, we are sticking to that as of now.
- Ashish:** Also, we are going to discontinue the Gujarati channel can you give us some numbers on the top line and cost contribution that this channel has?
- Subhash:** There was a negative contribution and we are stopping that.
- Barun:** It was not a big amount and we don't share the channel wise information.
- Ashish:** Okay, fine, thank you.
- Moderator:** Thank you very much sir. Next in line, we have Ms. Anusha from JHP Securities. Please go ahead.
- Anusha:** Hello sir, congratulations on your good set of numbers.
- Subhash:** Hello.
- Anusha:** Sir, I just wanted to know when would the Zee Tamil break even?

- Barun:** Our guidance for general entertainment channel breakeven is between 36 to 48 months.
- Anusha:** And sir, do you think that this would take a little more time given that there is a very dominant player in Tamil Nadu?
- Barun:** There are many things which work in favor of being in Tamil Nadu. Firstly, there is just one dominating player and the other players are very small, secondly it is the largest regional market, and the third is that we are well prepared with our successes in Zee Kannada and Telugu and with the research and planning that has gone behind the channel. All these things put together make the Tamil channel proposition more exciting than any other regional proposition. So, one big player is to our advantage only.
- Anusha:** Sir and I would like to know little more about the franchise model, and am I right that the Zee Chattisgarh is going to come through this model?
- Barun:** Logically we see proposition for a regional news channel in every state of the country, but it will depend on the economic viability, there are some states which are not economically viable in terms of equity participation. Those are the states we are open to franchise our brand to help some respectable business houses to set up a news channel. That is the model for Zee 24 Ghante Chattisgarh also. We are exploring opportunities in some other states as well. As and when they materialize, we would share with you.
- Anusha:** And sir, what about the plan for Zee Malayalam?
- Subhash:** There is no plan yet which has been approved by the board.
- Anusha:** Okay thank you sir.
- Barun:** Thank you.
- Moderator:** Thank you very much sir. Next in line, we have Sharad from Edelweiss. Please go ahead.
- Sharad:** Good evening sir. Congratulations on the good set of numbers.
- Subhash:** Yeah, thank you.
- Sharad:** Sir, you said that the U.P. channel has already been planned in your Rs.70 crores of EBIDTA loss on 'new business'. Can you please tell us the other channel which is going to be launched in Q4, is that also included?

- Barun:** See, our original guidance of Rs. 70 crores included two new channels. One is Zee Tamil and the other is Zee 24 Ghantalu which is 24 hours Telugu news channel. We are not revising the loss from 'new business' despite the UP news channel being launched in quarter four.
- Sharad:** Okay, and next question is in case of regional markets, how different is the ad revenue outlook as compared with pan India presence channel?
- Subhash:** It depends on market to market, like Gujarat as we said earlier that despite our being present for or trying for 5 years, it did not work because probably the Gujarati community likes to watch entertainment in Hindi and so we have not been able to make an inroad and there is no advertising revenue available, but UP certainly being a big market, and probably we would get a lot of retail conversions from trade to the television.
- Sharad:** Sir, another thing, our interaction with media buyers has given us an indication that typically all news channels remain GRP based play in terms of advertising revenues, so Zee Business and Zee News still not being the top channels, how does it affect their ad revenues traction in the next 1 year?
- Subhash:** See, Zee News has really broken the clutter of the other news channels, and thereby Zee News is seen as it has got some seriousness towards news, it is not mostly giving entertainment or crime stories. So, in that sense, despite the ratings being low, Zee news channel's ad revenues have increased from the previous time.
- Sharad:** And similar trend is expected going forward?
- Subhash:** Well, we hope so.
- Sharad:** Okay, thank you so much.
- Moderator:** Thank you very much sir. Next in line, we have Nainesh from Tata Mutual Funds. Please go ahead.
- Nainesh:** My question has been answered. Thanks a lot.
- Moderator:** Thank you very much. Next in line, we have Shubham from Macquarie. Please go ahead.
- Shubham:** Hello gentlemen. Congratulations on a great set of numbers. Barun, I have two or three questions for you. One is with regard to advertising outlook and clearly there are very divergent trends that seem to come out from Zee Entertainment results that came out yesterday and Zee News results that are out today. I do understand that one big difference is the production workers'

strike which affected Zee Entertainment but did not affect Zee News, but the whole thing should not have been more than Rs. 30 crores or so. So, I am just trying to reconcile here the kind of strength in revenue that you are seeing vis-à-vis Zee Entertainment Channels and to the extent, you know, pertaining to the broad universe as well?

Barun: What is your question Shubham?.

Shubham: Sir, I wanted the outlook like how do we reconcile the numbers that came out of Zee Entertainment and its bouquet of channel in terms of advertisement revenues, and so what is the outlook like? Is the advertisement outlook out there really bleak at 3%, 4% or 5% or is it 10% plus. What do we read out of this?

Barun: No Shubham, I think the downturn is real all of us know, and it is worse than what we would have expected even a few months back. So, pricing would certainly get hit and advertisement will certainly get hit. While the industry forecast for the next year is about 11% going forward, I think that would also factor in the inflation part. So, real advertisement revenue growth is anybody's guess, but it will be around 10% to 11%, we can hope so. What is working for Zee News Limited is basically the composition of the bouquet. You know, as we discussed earlier, there were three driver channels and the other channels, they were not really driver channels, but some of those channels, after due focus given to them, have started performing beyond our expectation. So, therefore, they are also contributing to the entire company's performance. So, that had helped us to outgrow the market by such a margin, and I think this advantage going forward would continue to be with Zee News Limited.

Shubham: Yeah, because Barun, if we address back to a quarter in the earnings call, you were really cagey to upgrade the guidance for the full year in spite of it being very clearly visible that there was probably huge upside in advertising revenue growth for the second half of the year after locking at a phenomenal performance in the first half. Going into Q4 and then beyond, I mean, you are indeed probably building in a significant lead floor than the kind of growth that you have seen in this quarter, right, 39% year-on-year and 10% quarter-on-quarter?

Barun: So, what is the question Shubham?

Shubham: Sir, the question is should we be factoring enough significant slowdown going forward even beyond a probably 10% year-on-year number or is it you are pretty confident that it is 10%?

Barun: You know, traditionally, the Q3 is the highest quarter for media seasonality. So, the 10% which I am mentioning is year-on-year

growth which is being forecasted by the industry. So, next quarter if we say that we are going for 10% growth, we would be really optimistic for that and we hope that we would continue with a similar trend, but if you go by seasonality of media industry, Q3 is the largest one and not Q4.

Shubham: Sure, and secondly, there seem to have been some realignments between three cost elements within your staff cost and admin and other cost and selling and other cost. Staff cost is down sequentially. Selling and other cost is down sequentially and admin and other cost is down sequentially and admin and other costs have gone up massively. Can you help us understand the entire movement and also in light of the fact that Zee Entertainment is not doing the bouquet selling anymore and it has probably come back to you on your own?

Barun: So, could you break up the question?

Shubham: Yeah, there are two elements. One is, you know, why we are seeing staff cost decline on a sequential basis. Secondly, admin cost and other costs have gone up massively while selling and other costs have been going down on a sequential basis on a quarter-on-quarter basis. So, is there any story within these three costs in terms of realignment and so how did you capture it between the three heads and the overall cost management has been pretty good, there is no question about it. I am just trying to understand the mix between these three cost elements and also Zee Entertainment is not selling for you any more right?

Barun: We have already answered that. The personal cost going down first quarter, there was an element of incentive and then we have been right sizing the company all through expecting this downturn which was in the offering. So, therefore, this is a marginal decrease in employee cost, which is pretty explainable. Selling and distribution cost also, there is minor fluctuation, not really any significant reason behind that. Then, your third question, there is no interlink between these three costs. So, they are independent and there is no realignment in our accounting.

Shubham: Sure.

Barun: Obviously, if you see the quantum of the other two costs, which you have mentioned and compared to that, the administrative cost is really marginal.

Shubham: Okay and the selling of advertisement slots, which is you know, now probably come to yourself from Zee Entertainment earlier, what kind of decisions would it make to the cost model going forward, Barun?

- Barun:** See, we definitely see a minor upside in our favor after doing that. Our primary calculation shows that there will be certain amount of upside for us. It is not really significant and that is going to be effective from next quarter onwards. We have not yet done it.
- Shubham:** Okay and if you allow me to ask one question more, which would be you know, in light of the significant sort of changes on the ground in Tamil where I think there is a patching up happening between the family and so on and so forth and is there any implications between Sun TV, KTV, and you as a player there, how do we sort of look at it. I would think it is an opportunity because it may probably get consolidated from two players to a one player market with a patching up in the family. Is there any color that you would want to give us on Tamil in regards the strategic....
- Barun:** It does not have any bearing on the performance of Zee Tamil.
- Subhash:** Shubham, this is Subhash Chandra here.
- Shubham:** Yes sir.
- Subhash:** I would like to say that as we all know, Tamil is a market where Sun is quite well entrenched. So, it is a strategic question for us as a group, media group, that do we feel that market as a black hole in our whole thing or do we go and try with a prudent programming mix and do something so that we get some place in the market. So, we are not aspiring to become a number one channel over there pretty soon, but what we are hoping is that, we can become the number three player over the next one and half year or two years' time and that should be a good place to work there and see if Sun thinks there is some space as Zee believed in 1999.
- Shubham:** Right and just one more quick question. The Zee Kannada breakeven was supposed to happen in this quarter and March 2009, is there a delay there. If I missed, I am sorry.
- Barun:** Given the economic conditions, it looks like it will be between next quarter and the Q2 of next year.
- Shubham:** Okay, thanks lot gentlemen. Thanks for being patient.
- Moderator:** Thank you very much sir. Next in line, we have Shweta Anand from Angel Broking. Please go ahead.
- Shweta:** Congratulations for the good set of numbers. Sir, I had a question on the subscription part of it. What is the subscriber base, if I may ask, for Zee News?

- Shweta:** What I mean is what is the average kind of ARPU for these rates?
- Barun:** See, these rates are uploaded on TRAI website and even the bouquet prices are uploaded there.
- Shweta:** Okay.
- Barun:** So, from there, you can get an indication of what is the rate or what is the ARPU of Zee News or what the various channels are commanding.
- Shweta:** Okay sir, but then what would be the range that we would be deriving out of it, like it is given but what would be our ARPU?
- Barun:** If you could let me know what you are trying to derive I would be able to give you a fair answer.
- Tarun:** Shweta, may be you are trying to project the subscription revenue going forward?
- Shweta:** Right sir.
- Barun:** Okay, the subscription revenue going forward, our guidance in the beginning of the year was that the growth would be between 30% to 35%.
- Shweta:** Okay. What are the growth prospects for GEC vis-à-vis the National Channels?
- Subhash:** You mean, regional GECs?
- Shweta:** Right sir, regional GECs.
- Barun:** You see, regional markets are still nascent.
- Shweta:** Right.
- Barun:** So, the traction there in regional market would be more than the national market.
- Shweta:** Right sir, so what would be your guidance for FY '10?
- Barun:** We are not yet in a position to give you guidance for FY '10. We will be able to give you some guidance closer to this quarter ending.
- Shweta:** Okay. Sir, another question that I had, sir the UP channel would be launched you said in Q4?

Barun: Yeah.

Shweta: Right, okay sir. Thank you so much.

Barun: Thank you.

Moderator: Thank you very much ma'am. Next in line, we have Arjun Khanna from Principal Asset Management. Please go ahead.

Arjun: Sir, congratulations on a fantastic set of numbers. My question was more in terms of the strategic nature of the report that recently came out about how Mr. Barun Das would be reporting to Mr. Puneet Goenka and what does it mean for Zee News and Zee Entertainment sir.

Subhash: It does not change anything much except that there is a single chain of command to all the content businesses, and secondly, Mr. Laxmi Goel is concentrating more on to the other business like real estate.

Tarun: Does that answer your question Arjun?

Arjun: Yeah, sure. Just in terms of strategy, would we see any more businesses being transferred from one to the other?

Subhash: No, there is nothing of that sort.

Arjun: Zee Talkies was recently transferred from Zee Entertainment to Zee News. What was the valuation at which it was done?

Subhash: There was no transfer recently. That was actually supposedly and was supposed to be done in Zee News Limited itself....

Arjun: Sure.

Subhash: ...but, due to some communication gap, the license came in the name of ZEEL, that is why it had to be started in ZEEL and it had got transferred at cost I think...

R. K: It was transferred at cost only.

Arjun: How much would that be sir?

R. K: It was the actual cost of inventory, whichever is there. All the revenues and cost in the initial period were almost neutralizing each other; whatever was the inventory buildup has been transferred to Zee News Limited.

Arjun: Sir, what would be the amount in rupees?

R.K: Around Rs. 8 to 9 crores.

Arjun: Sure sir, there are reports in the UK territory where ETC Punjabi is branded as Zee Punjabi. Does the revenue accrue to ZNL or does it accrue to ETC?

Subhash: It accrues to ETC.

Arjun: Thank you sir.

Moderator: Thank you very much sir.

Subhash: Can we take one last question please?

Moderator: Sure sir. The next question comes from Nagra of ValleyQuest Research. Please go ahead.

Nagra: Good evening sir.

Subhash: Good evening.

Nagra: Congratulations on good set of numbers. Sir, I would just like to know on year-on-year basis your tax rate has gone up substantially, like on the PBT your tax rate comes to 42% versus 39%?

R. K: No, the tax rate was 38%, the other contributors are FBT besides income tax.

Tarun: The tax rates continue to remain the same as they are applicable for all companies, and the other elements are FBT or may be wealth tax, which gets added, and when you take the total percentage, it gets increased, but otherwise the corporate income tax rates remain the same.

Nagra: Okay, thank you sir. All the best.

Subhash: Thank you.

Moderator: Thank you very much sir. At this moment, I would like to handover the floor back to Mr. Tarun for final remarks.

Tarun: Thank you Manjula. Thank you all for joining us. We will be having the transcript of the call very soon on our website, www.zeenews.com. We will look forward to speak to you again at the end of the fourth quarter of FY '09 or even earlier on a one-on-one basis. Thank you and have a great day.
