



## "Reliance Broadcast Network Conference Call "

November 2, 2010



**MODERATORS:** **MR. NIKHIL VORA**  
**MR. TARUN KATIYAL**  
**MR. RABE IYER**  
**MR. ISMAIL DABHOYA**

**Moderator:** Ladies and gentlemen, good afternoon and welcome to the Q2 FY'11 results conference call of Reliance Broadcast Network Limited hosted by IDFC Securities Limited. As a reminder for the duration of this conference all participants' lines will be in the listen only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during this conference call please signal an operator by pressing "\*" and then "0" on your touchtone phone. Please note that this conference is being recorded. At this time, I would like to hand the conference over to Mr. Nikhil Vora of IDFC Securities. Thank you and over to you Sir.

**Nikhil Vora:** Thank you, welcome all of you to this Q2 FY'11 earnings conference call for Reliance Broadcast Network. We have with us the senior management team of Reliance Broadcast headed by Tarun Katiyal, CEO, Ismail, CFO, and Somen Ghosh who looks after radio, Rabe Iyer, Business Head of Experiential Marketing and OOH and Pankaj Chandra who is National Sales. I will hand it over to Tarun to make the opening remarks and also give a brief on the numbers and the way forward and then we could open the floor for Q&A. Over to you Tarun.

**Tarun Katiyal:** Thanks Nikhil. Good afternoon everybody and thank you for making time to be on this call. I will take you through one of the most exciting quarters of Reliance Broadcast Network that we ever had. I am really excited to tell you that our revenue for FY'10-11 the first half is now as high as 110 Crores. We have also closed to the highest quarter revenue of **58.35 01:48** Crores up significantly from the last quarter as well as of similar quarter last year. If you look at our EBITDA, EBITDA is also healthy and has now grown over the last quarter by 288% to 1.91 Crores and a total EBITDA of first half of 2.41 Crores.

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What is really interesting and exciting to us as a business and overall as an industry is that our radio EBITDA for the first time is at 4.8 Crores and for this quarter is about 5.8 Crores, so the radio business which is our main flagship business is doing exceedingly well. If you go down to segment revenues and all of that I will just take you through some of the details, the business is extremely robust and very exciting. Let me start by taking you to what has happened in Experiential Marketing, since that is one of our newer businesses and we have actually put a lot of effort over the last two quarters to bring those results.

That business today has posted a revenue growth of 144% over Q1. The numbers are actually to be correct; this probably does not make us to be one of its largest Experiential Marketing companies in India, so the first half actually was close to 20 Crores at 18.21 Crores, one of our largest businesses of the radio businesses today. What we really did in this business is a strategic shift from just doing, managed activation and event to doing owned IT property, the revenue streams have actually built over a period of time through both sponsorship as well as channel sales as well as absolute revenue and these are now IT properties and content that we own for the long term to be able to monetize and create repeatability in revenue growth.

Some of the key properties that we executed over the last two quarters have been the Music Award Properties in regional markets like Marathi, Kannada, Punjabi, and Bengali and as recently as last week we did Gujarati and Oriya. So very successful regional formats, all of these properties rated exceedingly well if you look at some of the rating numbers that we actually got from these properties they beat all competition on the night that these properties aired on ETV Marathi, or ETV Bengali or even Suvarna Kannada, they beat all other GEC including the Hindi GECs in markets like Maharashtra and Bengal. So a very significant move in IT properties for us over the last six months especially in the last quarter and the

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numbers are reflecting the same. The third business, which is very exciting business of ours and is in serious growth phase, is the out-of-home business. We saw our first half numbers turn on to about 9 Crores up 50% from similar first half numbers of last year. We also must realize that we have taken very cautious steps on the out-of-home business. What we have really done is built in cities like Delhi, cities like Bangalore; cities like Hyderabad where yields are very strong and out-of-home are minimal. Especially in Delhi, where we have invested behind Delhi metro, at the end of Q2 and the beginning of Q3 we would have over 40% to 50% market shares of inventory in Delhi.

Very significant inventory like over 40 stations in Delhi metro; the Delhi airport express, which is opening in next month, which we are doing in partnership with Reliance Infrastructure. We have also done a very significant street furniture project with the Delhi government 25 Kms of new street furniture that we have created. For over 22 year's tenure in premium areas in Delhi, this goes up in sale from Q3 onwards. So these are some other key initiatives that we have taken as a part of our out-of-home strategy, which hinges on PPT BOT low CapEx long-term and is really a licensing strategy that does not put too much pressure on the early on but actually goes over a long period of time. We are also doing some very significant digital out-of-home play so there is a 50 LED project that we are executing without partners in ITM. We have already executed 10 LED out of that in MDMC market areas very prime market areas like Saket in Delhi, like new French colony like Greater Kailash so very premium areas. We are also simultaneously doing the digital cost project with the partner in the UK called VMG who are doing the CapEx investment of that. They will also grow up in 50 07:02 stations from Q3 onwards.

One of the most significant inventories will also open up in Delhi is going to be the South Delhi, Delhi Metro Line which is going to cover again very premium Delhi stations which actually kicks off from next month. So Big

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Street is going to see a very significant amount of inventory coming from Q3, had very good numbers in Q2. Q2 normally is the toughest period for the out-of-home business in the year because it is the monsoon time and occupancy falls but because we have actually invested behind transit media in most of these cities we are seeing growth over Q1 as well as growth over last year only because of the quality of inventory with us.

Lastly we are also doing some significant amount of work on the television business and all of you guys know that we have done a 50-50 dealing with CVS Corporation, the No.1 network in the US over the last 10 years and the No.1 network even this year in the rating. They are going to be launching a first channel the premium English Channel entertainment channel called Prime where we have done some very good content in marketing work. We are going to be placing this channel both on DTH as well as analog but restricting it to six metros and to lead the band to avoid high carriage because we believe that the kind of audience we are talking to is generally an upgraded TV set and is not really going to be bought out because of prime rating, etc., also in this segment there is a lot of advertising uptake because of luxury brands coming in high range consumer durables, travel related brand, personal care brand so a lot of advertising uptake without having too much of lots of inventory available. There are only about two or three players and about two or three channels in the segment and so a lot of inventory actually required for a lot of these new categories coming in.

Lastly our digital business saw the launch of the mobile radio platform on Idea, on Reliance and they are now close to closing two more operators on the same thing. This Navaratri saw a turn out the No.1 CRBT in Maharashtra and Gujarat, which was actually created by Big Digital. There is lot of work happening in the VAT area on Big digital and we are now signed to invest behind content as we know the 3G is round the corner and content will play a big role in monetizing the bandwidth that is being

created by 3G. So really a very healthy quarter. Radio inventory utilization up 64%, radio EBITDA growing by 156% compared to Q1 a very healthy EBITA of over 5 Crores, radio revenues in the same flag which is very good Q1 over Q2 because Q2 is a much lower quarter than Q1 and some other key properties getting implemented in partnership with radio on ground. So that is really Reliance Broadcast Network on its way to becoming PAT positive on Q3. One of the line that are under our EBITDA line has been the interest line and all of you know at some levels that we did have a fund raiser, last quarter which was all your support is done very well. So we raised a significant amount of funding 283 Crores, issuing 3.33 Crores, equity shares of Rs. 5 each in the market, so it was really at Rs.85 and the cultural amount of the cash to the retire our debt, which will result in savings in interest cost in the coming quarter.

This will also strengthen our financial position for Phase 3 of radio, which is round the corner as the signals from the government seem to be and our intent to create continuously as a larger radio network in the country just temporarily because of our financial position now. That is really RBN's strategic business group in with the play across media platform and we created a robust business model that is beginning to deliver value.

On the sale side we have created the largest integrated sales force in the country with 250 same integrated sales executive with the backbone of CRM who are well trained to up-sell, cross-sell media platform, whether it is out-of-home, whether it is radio, whether it is television, whether it is IT properties, whether is Experiential Marketing. This was Reliance Broadcast Network for you. We are open to any questions, you may have any clarifications, you may want and we want you to partner in that fold. Thank you so much.

**Moderator:**

Thank you very much Sir. We will now begin the question and answer session anyone who wishes to ask a question may press "\*" and then "1"

on your touchtone telephone. The first question is from Abneesh Roy from Edelweiss. Please go ahead.

**Abneesh Roy:** My first question is on the four-radio business. If you can tell us what was the YOY growth and if you can split that between volume and rate hike?

**Tarun Katiyal:** On the radio business if you look at the year-on-year. We have done a 14% increase in first half of last year versus first of this year.

**Abneesh Roy:** And what about rate and volume?

**Tarun Katiyal:** I would not give rate too much precedence in this quarter because we decided to kick in the rate hike from September onwards but the volume increase has been significant specifically in a tier II and tier III, which were areas where most radio operators are really worried on breaking even. We have seen a very good growth in tier II, tier III, tier IV, India and because the metro inventory levels have also been higher overall inventory levels have gone up to over 60% only because we have seen a lot of growth in tier III and tier IV.

**Abneesh Roy:** Sir was there any decline in the ad rates or ad rates were largely flat and volume growth of around 14%-15%.

**Tarun Katiyal:** Ad rates were really flat.

**Abneesh Roy:** And if you can tell us about you Experiential Marketing business, is it the same as the activation, is there any radio or outdoor also into this?

**Tarun Katiyal:** Experiential Marketing is a combination of both things for us, it is event and it is activation and is it is rural activation and it is IT subsidiaries. Over the last two years we were actually concentrating around events and activation. This year we started our IT property business where we do our own property we tie up on sponsor, we tie up on telecast partner, we tie up

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on radio as well as out-of-home and actually create a bundle of 360 for the client, this has actually shown us a big robust increase and largely our business is now focused around IP properties because we believe its long-terms, its IP creation, its more under our control the margins are under our control because both in the activation and event business really we are moving from client-to-client, month-to-month, on either cutting more margins for them or building some better vendor management, but there is not that much you can grow besides growing volume for yourselves, which in turn actually takes up your OpEx cost. So IP properties are really going forward.

**Abneesh Roy:** So this Q2 number is largely sustainable, you said 144% Q2 growth right?

**Tarun Katiyal:** This in itself will be sustainable because we have got huge list of properties coming forward. Rabe you want to take about the properties it is coming up.

**Rabe Iyer:** In Q3 and Q4 there are large amount of properties that are coming up, which currently we have had properties in especially in the regional sector. This is Bengali, Marathi and so on and so forth that Tarun had talked about, but in the coming quarters we have actually moved from music to television piece as well. We are actually having regional TV properties that are coming up about five properties and besides we have two large properties coming up, which will actually make up and make this whole Q1 and Q2 numbers sustainable for us, which is the TV Biggies, it is a celebration of the best moments in television the last decade. We are also coming out with another property, which is the Big IMA. It is actually tied up with Indian Musical Academy and this will be a national penetration of performers in music in the last few years. So these two is very big awards then we are also planning another event in the end of the year in December. It is actually Entertainer of the Decade of award. All of this properties are national in character and also be able to address all the



region in that sense the coming two quarters we will see a lot of national properties coming in moving away from regional properties, which then make its the revenue numbers of sustainable.

**Abneesh Roy:** But you own the IP rights for all the music awards?

**Rabe Iyer:** Yes we own the IP rights for everything and it is our content and it is deployable for syndication it is deployable next year, for repeat drive it is deployable Internet it's deployable in every single format.

**Abneesh Roy:** And in the 18 code number it's your event right. There is no radio or outdoor...?

**Tarun Katiyal:** No there is no radio.

**Abneesh Roy:** And my last question would be on the topline is there is any agency commission also part of this or is it net?

**Tarun Katiyal:** There is an agency commission, but it is not a standard agency commission because we do a lot of direct deals and radio and some of our deals are actually direct deals with clients. Specifically most of our SME deals, which come from tier II and tier III market are all direct deals. So it is really a blended rates and not a standard rate.

**Abneesh Roy:** So **LC 18:14** would be 7.5 to 8% of the overall?

**Tarun Katiyal:** Yes.

**Abneesh Roy:** I will come back if I have more thanks for this. All the best.

**Moderator:** Thank you. The next question is from Grishma Shah from Envision Capital. Please go head.

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**Grishma Shah:** I basically wanted to understand your business model if you could tell me specifically in the outdoor and the experiential marketing. I **am the student 18:50**, so if you could just tell us broadly?

**Rabe Iyer:** I will take through experiential marketing. Experiential marketing has four businesses in it. One is activation, which is brand activation, which we do for our client for creating experiences for there brand. This is pretty much what you would have seen when go to a mall and we see mall activations happening for sampling, for different brands like Samsung or Levers or things like that. It also extends itself into various other platforms like Presidents Welfare Association like offices of corporates, like you will hang out. So depending on the product you say sampling opportunity for them through activating the brand. Then there is event, which is B2B event it is a specific corporate event. Events go across test conferences; dealer launches dealer mail and stuff like that, so these are B2B events, which are created for clients specifically on their requests. These are again managed properties these are margin led properties. These are not owned by us. The third is our IP properties, which we own ourselves, which are typically TV awards, music awards we are not doing movie awards and different we have youth awards like the cooler special awards. These are properties that we own and we create and then we monetize them to sponsorship and so there is a title sponsor and then there are associate sponsors and then we sell the telecast rights to different platforms whether it is Internet whether its television, but narrowly television whether it is PTS and PPB and other platform. Have I been able to explain this to you clearly?

**Grishma Shah:** Yes.

**Rabe Iyer:** So that is our experiential marketing.

**Grishma Shah:** Okay, but when you are doing brand activation and events how do you bill your clients is it for a period of time or it is based on the day achieved etc. How does it work?

**Rabe Iyer:** So it is really billed to them on the property. So if we were to do five mall activations for them over five weeks then really the budget laid out and tried upfront it is agreed upon line items are agreed upon, cost are agreed upon and margins are agreed upon.

**Grishma Shah:** If you are negotiating everything with keeping your cost in the mind then why is this business at the EBITDA level making loss then?

**Rabe Iyer:** If you look at our Q2 number the business actually has made money at the EBITDA level and at the PTT level if you look at our first half numbers and second quarter two numbers. I have taken the small amount of loss that could be there. I understand what you are saying, are you talking about the first half numbers or the Q2 number?

**Grishma Shah:** I am looking at what you had posted on the exchange for the September quarter?

**Rabe Iyer:** On the first half number because we were starting this business there is some other personal cost, which is the full time personal. That is the only cost that is full time that is there.

**Grishma Shah:** Now that you have enough projects etc., in hand that this business will take off.

**Rabe Iyer:** Yes this business actually works on two things one is projects, which are commissioned to you and two projects that you create. We are focusing while we have a lot of commission projects we believe the margins lie in created projects and IP properties and so we have created enough projects

over the next two quarters are actually to build a huge topline as well as bottomline on this business.

**Grishma Shah:** If I have to put in numbers where you done around 18 Crores for the experiential marketing. How do you think you will end the year and what proposition of your revenues will then come from the IP properties?

**Rabe Iyer:** If you look at our first half number out of the 18 about nearly 11 and 10.5 comes out of IP properties and that proposition will continue. I am not going to give you any forward-looking statement, but generally in this business the rule of thumb is 46 between first half and second half.

**Grishma Shah:** Fine and in the radio business how do you think the second half and the next year is going to look like given the address?

**Rabe Iyer:** The radio business actually has turned around quite well and it has posted 8 Crores EBITDA, which is for the first time extremely healthy again radio business is about 45-65 first half Q2.

**Grishma Shah:** And with the new norms of you **that key 24:07**?

**Rabe Iyer:** They have not taken any of that royalty saving recurring to account yet.

**Grishma Shah:** When is that going to come into account?

**Rabe Iyer:** Hopefully by the end of this quarter.

**Grishma Shah:** Fine thank you and good luck.

**Moderator:** Thank you. The next question is form Karan Shah from Angel Broking. Please go head.

**Karan Shah:** How of debt is repaid out the proceeds from the current private placement?

- Ismail Dabhoya:** We have repaid 233 Crores of debt out of the current private places.
- Karan Shah:** Okay. My second question is when is the phase 3 announcement expected?
- Ismail Dabhoya:** I wish I were the R&D Minister. We are currently kept ourselves geared up and ready. There is hope that it will happen by the end this quarter. This is a governmental thing. This is what I can tell you at the moment.
- Karan Shah:** Is the music royalty issue it is resolved?
- Ismail Dabhoya:** The music royalty issue is currently resolved that TPL is concerned. We are as moving the copy right board to get and noting in our favor because we want a party to that ruling, but because we are a Radio Company and so the applicable to us which we need to get a noting from that. So we are moving the copyright board end of this month getting a noting for ourselves. T-series has taken a stay order in the High Court and they are also going to be in the copyright board I am assuming on the November 20 to seek clarification whether it is applicable to them. We believe and this about the government is also indicated that is applicable to everybody. So we are hoping to get closed by the end of the quarter.
- Karan Shah:** Thank very much if I have any more questions I will call back.
- Moderator:** Thank you. The next question is from Mihir Shah from Alchemy. Please go ahead.
- Mihir Shah:** What is your utilization level, I think for the main metro station, the key metros currently for Q2?
- Ismail Dabhoya:** Q2 it was over 90% if you would take all metros in consideration.
- Mihir Shah:** So considering the festive season coming up will we be taking any added hikes?

**Tarun Katiyal:** We have already taken an added hike over the last few months it is September and October. September levels were at 110 and July August the level would be slightly lower. We have already taken wage hike. We also expanded on some certain amount of inventory and September end and October being an exceedingly good month for us.

**Mihir Shah:** So how do expect 110% of utilization?

**Tarun Katiyal:** We have to expand the inventory from 10 months to 11 months to complete it.

**Mihir Shah:** And sir what is our growth rate for radio in Q2?

**Tarun Katiyal:** Radio revenue is really stayed flat, but if you look at first half versus this year it was about 21%.

**Mihir Shah:** On a YOY basis.

**Tarun Katiyal:** Q2 last year and Q2 this year is it 21%.

**Mihir Shah:** What is the revenue in absolute terms for Q2 for radio business?

**Tarun Katiyal:** The radio revenues it is about 39 Crores.

**Mihir Shah:** And this includes agency commission amount to what extent sir?

**Tarun Katiyal:** It is a blended number and most of it is actually direct deal for us. Some part it is agency deals and that also depends on what the commission is, but it will be about 7%-8%.

**Mihir Shah:** Thank you sir all the best.

**Moderator:** Thank you. The question is from Nikhil Vora from IDFC Securities. Please go ahead.

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**Nikhil Vora:** Sir, I just wanted to catch upon a couple of things. Firstly on radio itself what do you think is now the size of the opportunity in radio over the next of couple of years and whether we have the presence in the relevant metros also to exploit the potential the profitability of radio over that period?

**Tarun Katiyal:** Over the next two to three year one of the good thing that is going to happen radio of the phase III and that is more critical for people like us, because we have a about 6-7, which are in the tier II and which we would end tier I, which we want for ourselves and that is really the difference in the revenue between us or anybody and anybody else. So the key markets again about Pune, Lucknow, and Jaipur which we would bid for in phase III and that is why we are anticipating clearing of phase III continuously. Now what the real difference that phases III is going to add is the networking is going to be allowed. We build a great network across the country for us to be able to wire our content across without having to do a huge amount of OpEx or CapEx in different parts of the country. Also our some costs on current CapEx in the Metro's will help us launch additional frequencies and thirdly our corporate cost will be displayed over far more many stations and corporate revenues that we generate are going to be deployed over far more many stations. So our average PR over the network will only rise as the inventories go up. Also as inventory fill levels are already at about 65%-70% this will give a huge opportunity to add new inventory into the market, which is actually significantly required in the Metro. So the radio business adds an 8 Crores first half EBITDA is already showing very good signs of growth with the next tasks as well as phase III coming in. I would say this business is in very good shape.

**Nikhil Vora:** How much do you think is the size of the radio opportunity per se in the next couple of years?

**Tarun Katiyal:** Even if you look at our numbers currently, Nikhil, this opportunity of adding phase III into this these numbers actually go up close to about 400 Crores in the next two years and there as EBITDA.

**Nikhil Vora:** In the radio business itself will be about around 1500 Crores by that time or more?

**Tarun Katiyal:** More because phase III will add for significant frequencies. We are thinking of about 700 **frequencies** 32:08 a year.

**Nikhil Vora:** Couple of more things firstly on the **outdoor** business we have not been an active participant in the Abbott part of the business and how profitable are our transactions with group companies going to be in the **outdoor** business.

**Tarun Katiyal:** It is good question we are not doing any MG like business there, so there not any minimum guarantees. Obviously there is a sliding scale on commission and so everything that gets added through some of the premium inventories on the group, which is Delhi Airport Express, which is the Bombay Metro, which is the Worli Sea Link, which we are going to start doing from end December is all on sales commission basis. It also includes about 25,000-30,000 pole kiosks in Bombay.

**Nikhil Vora:** Just lastly coming back to basic broadcasting business with CVS what is the scale of these opportunities specifically from our side in terms of investment that we need to do over the next couple of years on current business plan and how do we plan to fund this?

**Tarun Katiyal:** If you look at this business it is really an English premium entertainment channel business. It isn't cash heavy, in terms of content and content and contribution of cash both comes from CVS together with this. So the real cost in this business is only carriage and some are **taken because** 34:00 we are using the same sales team with existing sales team to be able to upsell and cross sell. So there is no significant amount of manpower or there is no



significant amount of operation infrastructure phase that we are actually putting into this. It is very content and carriage, which is the two big, costs cuts and for these kinds of channels where carriage is only limited to about six metros' and content is coming in from our partners. This actually in an overall scheme of has been fairly insignificant in terms of funding.

**Nikhil Vora:** Thank you so much.

**Moderator:** Thank you. The next question is from Rishabh Parekh from Sunidhi Securities. Please go ahead.

**Rishabh Parekh:** What is the EBITDA level of Big Street?

**Tarun Katiyal:** The Big Street the EBITDA level is obviously on the first half lost some amount of money and even in Q2 we lost about 3.5 Crores on Big Street because these are its formation months in this quarter now starting to build inventory and peak in inventory and inventory creation was happening in these quarters and monetization will start from there.

**Rishabh Parekh:** So you would expect Q3 and Q4 to be EBITDA neutral if not positive?

**Tarun Katiyal:** It is positive.

**Rishabh Parekh:** Positive and in the first half how much did we **use up 35:29** the EBITDA level for Big Street?

**Tarun Katiyal:** 5.49 Crores.

**Rishabh Parekh:** 5.49 Crores. Thank you.

**Moderator:** Thank you. The next question is from Karan Shah from Angel Broking. Please go ahead.

**Karan Shah:** There is a negative EBIT in out-of-home business why is that so and when do you expect it to be positive?

**Tarun Katiyal:** So the really negative, which was there was because we were setting up this inventories in the last quarter whether it was seasonal CapEx project that we are investing behind whether it was sharing up Delhi Metro line III inventory or the line V inventory **to be 36:17** really set up months for those inventories.

**Karan Shah:** I do see in the finance that 24 Crores has been repaid out of 233 Crores have you repaid some in this quarter or something?

**Tarun Katiyal:** Yes that has happened in the Q1 it was the next month October.

**Karan Shah:** Thank you.

**Moderator:** Thank you. The next question is from Jay Krishna from Dow Jones. Please go ahead.

**Jay Krishna:** I just wondering how much of ad rate hike have you taken in the radio business?

**Tarun Katiyal:** It depends on tiers of the city so metros are nearly 10-15% if you take if you go down to tier 2 space it is about 8%-10% and last year was 6% of that.

**Jay Krishna:** I was also wondering what are your average billing rates as far as the out-of-home is concerned?

**Tarun Katiyal:** There is no average billing rates in out-of-home because it depends from inventory to inventory. Delhi Airport Express inventory would be extremely premium and expensive and Haryana buses or Chandigarh buses will be at a cost that they may need to be paid for. Out-of-home inventory does not really have any blended rates for that. The location and geography

specific apart from which target audience it can bring, so it cannot be at an average rate.

**Jay Krishna:** Thank you Sir.

**Moderator:** Thank you. The next question is from Miten Lathia from HDFC Mutual Fund. Please go ahead.

**Miten Lathia:** What is the size of opportunity that you are trying to address under Reliance about Big CVS network for example Star World or Zee Café and similar other channels what would they be in terms of industries size and what is the revenue opportunity that we can address with this JV?

**Tarun Katiyal:** If you look at revenue opportunity for some of the channels we believe that some of the channels have not been expected to the level that they should have be and they have the capacity too. Over a period of time Star World or Zee Café is not the first priority for most of these networks. It is also because you get into the Hindi GC (ph) your ability to be able to think segmented audience is quite limited. We are concerned for what we have been able to do is actually build business that looks very different from anybody else's, because we are moving in first from this part of the business and then want to go down to the rest. Now if you look at advertising sales opportunity in some of these businesses that one single channel like Star World can get up to close to about 50 Crores a year and even further than that so I am taking a basic Zee Café kind of a number. Zee Café would probably end up doing about 30-40 Crores and Star World would end up doing close to about 50-60 Crores and slightly higher sometimes. Last year some may not have been so good that side we higher otherwise. We are doing three channels in this category so if not the first year in the second and the third year you could see numbers, which are closer to this.

**Miten Lathia:** Each one of the three would probably have numbers of similar order and could you tell us what the other two will look like?

**Tarun Katiyal:** The first channel is Prime, which is actually the top shows from the CVS network that has Survivor that has NCIS that has David Letterman live from the US in the 24 hour window that has insider that has entertainment tonight so it is really a live-live channel from the US, in the same week of broadcast. The second one is called Spark, which is in the youth space, which will have things like 90210, America's Next Top Model, youth movies and a lot of youth fans on it. The third one is a women channel, which is really a well for you going to see Oprah, Melrose Place (ph) and some of the other women brands and that is called Love. So three very distinct opportunities the first one talks to the overall English GEC, upper SEC advertising space. The second one specifically talks to youth, lifestyle product and things like that. The third one talks to women personal care products and other advertisers like that.

**Miten Lathia:** Appreciate that. Thank you very much.

**Moderator:** Thank you. We have a followup question from Abneesh Roy from Edelweiss. Please go ahead.

**Abneesh Roy:** Followup question to the broadcasting business again. You spoke on the revenue front could you also tell us on the cost front how will it look for the three channels and do you plan to have any original content also or will it be largely the US content brought here?

**Tarun Katiyal:** Mr. Abneesh I am not in a position to give an actual numbers on the conference call. They are not very significant. Two on Indian content we going to have one big piece on Indian content every year and this year is going to be India's next top model but every channel is really good have some key properties so like the prime network is already going to have three big awards like the Prime People Award, the Prime Gizmos Award

and things like that so there are four properties and one big show on every channel. Spark is going to be India's next top model and Prime is going to be entertainment tonight where we are going to do a whole Bollywood show and on love we are also planning another one.

**Abneesh Roy:** What will be the timelines for this have you finalized that?

**Tarun Katiyal:** Yes, so the first channel rolls out in November and then subsequent channels four to six weeks after that.

**Abneesh Roy:** Language will be even for original content in English only.

**Tarun Katiyal:** Yes, English.

**Abneesh Roy:** So you are basically targeting the subscription model for these two channels?

**Tarun Katiyal:** No actually this is the big segment here. Abneesh, if you look at the number of lifestyles products, consumer durable products, auto products, personal care products when I look into advertise through the upper SEC the amount of inventory available is extremely limited. If you look at the number of channels in this category versus any other category it has lowest amount of fragmentation. So it has only got really Star World and to an extent AXN or Zee Café and then two movie channels, which are significantly, which are Star Movies and HBO. So there is huge amount of inventory is required. A number of brands wanting to advertise but not that much inventory are available.

**Abneesh Roy:** Tarun, lastly you have worked with the top Hindi GEC at some point of time so is Hindi GEC is completely ruled out even in the long-term or it is possible?

**Tarun Katiyal:** Nothing ruled out in the long-term right. In the long-term we are all dead.

- Abneesh Roy:** Thanks a lot.
- Moderator:** Thank you. The next question is from Rishabh Parekh from Sunidhi Securities. Please go ahead.
- Rishabh Parekh:** Tarun, just want to reconfirm what is the current debt level?
- Ismail Dabhoya:** It is 104 Crores as on October.
- Rishabh Parekh:** How much did we repay?
- Ismail Dabhoya:** 233 Crores.
- Rishabh Parekh:** We repaid 233 Crores from the 287?
- Tarun Katiyal:** Yes.
- Rishabh Parekh:** Thank you.
- Moderator:** Thank you very much. Ladies and gentlemen that was the last question. I would now like to hand over the conference back to Mr. Nikhil Vora from closing commence.
- Nikhil Vora:** Thanks a lot to everyone for being on the call. Tarun do you want to make any closing remarks.
- Tarun Katiyal:** So really just to leave you with the fact that our radio business turned 8 Crores EBITDA this first half. Very significant numbers and **fixed 45:41** out of that in the Q2, which is generally the weakest quarter. We are looking forward to Q3 and Q4 and then advertising trends are extremely robust. Our out-of-home business is going to take in a lot of new inventories in Q3 and Q4 and you have seen the success of our execution in IT properties so we are looking forward to a very good second half. Thank you for all your support.

**Nikhil Vora:** Thank you Tarun.

**Moderator:** Thank you very much. On behalf of IDFC Securities Limited that includes this conference call. Thank you for joining us and you may now disconnect your lines.