



“Reliance Broadcast Network Conference Call”

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MODERATORS: **MR. TARUN KATIAL**
 MR. PRAVEEN MALHOTRA
 MR. RABE IYER
 MR. ISMAIL DABHOYA
 MR. SOUMEN GHOSH CHOUDHURY

Moderator

Ladies and gentlemen good day and welcome to the Reliance Broadcast Network Q3 FY11 Earnings Conference Call, hosted by IDFC Securities Limited. As a reminder for the duration of this conference all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call please signal an operator by pressing * and then 0 on your touch-tone telephone. Please note that this conference is being recorded. At this time, I would like to hand the conference over to Mr. Nikhil Vora from IDFC Securities Limited, thank you and over to you sir.

Nikhil Vora

Thank you Melissa. Pleasure to welcome you all for the Q3 FY11 Earnings Conference Call for Reliance Broadcast Network. We with have with us the senior management team of Reliance Broadcast represented by Tarun Katial – CEO, Ismail Dabhoya – CFO, Soumen who heads Radio Business. Rabe Iyer – Business Head, Allied Businesses and Praveen Malhotra is our national sales head. I will hand it over to Tarun to make the opening remarks, the brief on the financials and may be the way forward and then we can open the floor for Q&A, over to you Tarun.

Tarun Katial

Thanks Nikhil, thank you so much. Thank you everybody for being here with us this afternoon. It really matters much to us to actually take you through some of our best results ever at Reliance Broadcast Network. The radio business broke even this quarter with RBNL posting highest ever quarter consolidated total income of Rs. 70 crore and a very good EBITDA margin of Rs 6.5 crore. Each of our business verticals have shown steady growth while leveraged on our integrated business strategy which will help us to create really good shareholder value. We have also repaid a large part of our debt reducing a financial charges and plan using the remaining funds in growth opportunities across the verticals. Then if you look at our numbers, our consolidated income of 70.23 crores, EBITDA of 6.5 crores, financial charges down to 72% with debt repayment of 200 crores.

If you look at the radio business to start with very good inventory spill levels, actually help us shore this revenue up, so the EBITDA growths are 123% from same quarter previous year to 7 crores now. Radio operations turn an EBIT positive so really at the EBIT level they are positive basis revenue increase of 13%. Radio inventory utilization has grown at 42% in tier two and tier three markets which are also our key growth levers and we have been watching very closely with them are up 23%. The Out of Home business which is our second business which has posted 41% sales growth, the experiential marketing business which we started this year itself with BIG Live has actually grown substantially and big numbers out there too. So, that would be the radio business. So the radio business have seen very good growth in terms of performance, if you look at either the IRS results which were declared just recently across tier two markets, we have actually shown great growth, ahead of all competition and at our grades we were the largest growing radio station. So, when you look at Bombay, so Bangalore and Calcutta we continued to lead and if you look at Bombay we have seen steady growth and

today we are at nearly 13% market share in Bombay. So, very good numbers in the product type, which has lead to conversions.

We have also seen almost 50% absolute reach numbers grow in the new RAM study that has commenced in January, which we believe is going to help us convert better yields in the coming two quarters because the cost of _____ **4.21** has tremendously reduced for any advertiser now entering BIG FM or even entering radios. So, really looking for good headroom of growth in the next two quarters for radio yields. If you look at out home we are now in very well entrenched in Delhi, which is a market which has a best yield on out of home because the out of home is an extremely regulated format in Delhi. From this quarter onwards we will also see as in the quarter four onwards we will also see the opening up a Delhi Airport Express which is premium transit inventory at no **MG** to us which is really a big booster in our out of home business. We will also see shoring up of LED screen business with IPM in Delhi and Rabe will take you through some of our exciting plans and the most on the Bandra Worli sea link coming up at the end of this quarter. So, the out of home business while has been in early stages over the last two quarters should see a steady growth in quarter four and quarter one.

We also took baby steps in the television business, very excited about it, we launched Prime in partnership with CBS and it is a really good segment to be in because of limited content cost as well as high affinity of SEC audiences to this content. Prime has been well received that is now at number three in the pack of English GEC already. We are also looking to launch Spark and Love, Love at the end of this month, which is going to be an upper SEC limit, international channel and Spark which is going to be an upper SEC youth international channel. Both have enormous amount of potential on the revenue side, so if you look at Love all the personal care, luxury brands which are today limited to magazines you will find themselves being on to Love and similarly for Spark, a lot of youth brands like apparel brands and lifestyle brands waiting to advertise on it. So, that is on the TV business.

We have also acquired Imagine Showbiz, which we have repositioned at Big Magic, again a very tight template in terms of cost so we are very positive about these two businesses. That is pretty much across our businesses except BIG Live which we started this year and that we are most excited about it is now contribute over 15%, 16% of our top line and the good part of this business is that we started to invest in intellectual property rather than just doing job made for higher in the activation and event space. So, most of you guys saw what we did with the STAR Awards, which was our big 31st night property on Star Plus, which we own the IP and we similarly now done about 16 properties across various geographies in the music, in the film and in the television space. We also aim to take that up with various other categories including women sport, dance as well as comedy by the end of quarter four and into quarter one next year. So, very robust business growth and calendar prospective for the BIG Live business. That is pretty much what we have to tell you and I would be happy to take questions along with most of my colleagues across the board, thank you.

- Moderator** Thank you. Ladies and gentlemen we will now begin with the question and answer session. The first question is from the line of Abneesh Roy from Edelweiss, please go ahead.
- Abneesh Roy** My first question is on the radio business, we have seen some of the radio company stake added hike for FY12 and in principle they have given the signals and you are also seeing good inventory utilization so my question is could you break up the inventory utilization levels in terms of the top cities and tier two, tier three and what is the sense on the ad rate hike and the quantum which is going to happen in FY12?
- Tarun Katial** So, if you look at inventory utilization that is the A and the A+ level we are over 100%, so Abneesh you are right there is a huge scope of rate correction to happen. What our strategy has been in quarter three was to actually build on inventory utilization and then as the category inventory utilization increases there is bound to be pressure on rates of for advertisers. We also to be honest were part of some amount of annual deals last which will now expire at the end of March and these deals were done right in the middle of session last year. We did not want to exit them abruptly so you will obviously on your own see the corrections with such high inventory field levels, so inventory field levels on A and A+ are over 100%, if you see B, C, D, B is about 80%, C is about 70% and D is about 55%. So, some headroom on inventory on the smaller cities, but definitely headroom for rates in the A and A+.
- Abneesh Roy** And is these annual deals are getting over, in Q4 they are getting over?
- Tarun Katial** At the end of fiscal yes.
- Abneesh Roy** And what is the impact do you expect from the World Cup and IPL, will that be positive, will that be in some ways negative also?
- Tarun Katial** It will be positive for us because we are ICC's sponsors and official radio partner and that has really helped us, actually shore up excellent revenues, just to let you know we already have a title sponsor on the ICC package with TVS Tyres and we have four associates with that Praveen, am I correct?
- Praveen Malhotra** Yes Tarun.
- Tarun Katial** And we are probably the only ones who will actually monetize ICC ahead of anybody else.
- Abneesh Roy** But can the other radio players also have the regular cricket updates or that is not allowed?
- Tarun Katial** ICC actually send them a note, there is going to be a very limited content which they can actually use.
- Abneesh Roy** Okay my last question is on the phase three, today we had this announcement that foreign limit is going to be increased in radio from 20 to 26, so what is your views on that, how that will benefit us and second is for phase three any further details you can share in terms of your

strategy say class C and D towns are doing quite well now, so any further thought process on the phase three?

Tarun Katial

So, FDI is a good move Abneesh, it allows people to raise capital more easily and you can get both strategic as well as financial investors in, there is a lot of interest in the radio segment now in India looking at the current reforms which company has actually announced. The 15 years move is actually a good move it will allow CapEx to be put in, it will also allow to look at this more long term rather than short term and we believe that the radio industry is working very closely with the government now to actually even move the current set of license issue for 15 years, which will actually impact depreciation amortization very positively on all our books. Also with the music royalty issue now coming to get sorted out and it looks like everybody will settle down to 2% hopefully. There is a positive move my most players to actually look at smaller town in a very positive light. What we as a company would try to do is actually fill some of our key gaps in A cities and then look for large geographical expansion like we currently have.

Abneesh Roy

So, any sense on timeline for the FDI and phase 3?

Tarun Katial

Well, you know your senses are as good as mine.

Abneesh Roy

Because last time you had shared, so this time you are not sharing, so I think we are become worse or?

Tarun Katial

No, I think things are better but this whole extension of 15 years is the regulator framework in kind of a little bit of tizzy right now, I believe it will take a while for people to actually sign that off.

Abneesh Roy

So, thanks for this, I will come back if I have more, all the best.

Moderator

Thank you. The next question is from the line of Mayur Gathani from OHM Group, please go ahead.

Mayur Gathani

Sir, regarding your broadcasting business, wanted to have some light on this acquisition of Imagine and what is the strategy going forward?

Tarun Katial

So, Imagine Showbiz is primarily music/Bollywood channel, it has great fit with out radio business because that is the same stage we operate in the radio business and so it has a lot of content overlap, it does not really require a huge amount of original content and investment. It also has some very good retrospective distribution deals that gives us advantage in the market place because most of these deals were done in the slow down period at good rates, really because we have done in big magic and there is going to be a positive a clear positioning slant on it which will differentiate it from the others. And we are also planning for it to be

geographically deeper than most other players in the game which will give it better effective yields and rates than competition.

Mayur Gathani What price you would have paid for this sir?

Tarun Katial Well, I cannot reveal the price but it is not so significant.

Mayur Gathani Okay and coming to the OOH business do we see some revenue coming up in the Worli Sea Link and other deals with that we have with Reliance Infra?

Rabe Iyer Yes, see this is Rabe here. Thanks for asking this question. Now, in the Worli Sea Link in fact with all the Reliance ADA Group assets we have an exclusive marketing rights, so we are not paying them any MG, we only have to market that and we are working towards building a grand plan in this quarter, so expect this inventory to come up for advertising perhaps in the end of March or very early April.

Mayur Gathani Okay and anything else that we can monetize from Reliance Infra like Delhi Express Way?

Rabe Iyer Of course, so February 20th hopefully the next week Delhi Airport Metro Express will be opened, again there is MGD but we have done is that we spend a lot of time and expertise building world class designs and it is sort of a gallery for brands in India that kind of inventory is not to be seen, even in airports will be a shade, on par with the best international airports. So, that is coming up for the next week and significantly because of pre-early marketing of the property to advertisers the significant pent up demand that is waiting to just take up with inventory so that will come up in this quarter.

Mayur Gathani And regarding Delhi Metro, what would be the utilization level sir?

Rabe Iyer See, we have Delhi Metro, we have a total of 40 stations. Out of the 40 stations, 9 stations will come up for monetization this quarter. The remaining 31 stations we have an occupancy level in line two about 85% and line three which we got in the very early stages of last quarter that will be about 45% to 50%, but what is happening is what you have done is line three of 21 stations that we have which actually delivers the maximum number of passengers in Delhi, we have really upgraded spent our time and some cost associated to really upgrade inventory and that is being sold at packages across India with our integrated sales team. So, we really see that entire story of DMRC going full haggard 40 stations in quarter four.

Mayur Gathani And regarding broadcasting did I hear you correct saying that the Love channel will be launched this month?

Tarun Katial At the end of this month.

Mayur Gathani Okay fine, thank you from my side sir.

Moderator Thank you. The next question is from the line of Abneesh Roy from Edelweiss, please go ahead.

Abneesh Roy Yes, some follow up questions. In outdoor what makes us so bullish because if you see some of the other listed players, they have in fact existed to an extent outdoor completely, I agree that Reliance Infrastructure is a group company so no minimum guarantee but the three question remains in terms of the CapEx which needs to be done extremely high sensitivity to the economy outdoor is much more sensitive so. How do you plan to address these two concerns?

Tarun Katial Abneesh, I will answer your question in two parts. You are absolutely right when it comes to ADS yes of course, we do not have to pay MG, because of the large expenditure on their inventory they are building the CapEx is actually a very insignificant portion of the entire cost so even the CapEx is actually built by them. Be it, Delhi Airport Metro Express or Worli Sea Link all the CapEx and maintenance also done by the group companies, where we come in, as we come into market it both through our internal sales marketing team as well as use radio infrastructure to market it. The second question with respect to CapEx with respect to our own inventories, DMRC most of the, there is no CapEx because it comes to built inventory space, absolutely no exposure to CapEx. The other smart investments that we have done behind street furniture which actually amortizes over a period of 22 years, A the exposure in terms of CapEx is extremely small and two it is amortized over 22 years. The rest of the deals like what is coming in this quarter, which is digital powers and all of that you have done some very smart marketing deals where there is no exposure to CapEx in fact that has been done by the group called VMG who is putting about 150 pots across 35 malls in Bombay, Delhi, Bangalore and about 20 stations in DMRC. Again they are putting CapEx we are coming we are going to market it.

Abneesh Roy So, similarly for ITM?

Tarun Katial And similarly for ITM we have, now that has matured to about nine screens, we have got the rights for ICC World Cup exclusively on LED in markets of Delhi and that will go live in the next few days on the nine screens and again there is no CapEx. So, our exposure are proposed to how the listed companies are serving is very different and we have been able significantly use a backend of integrated sales besides our radio infrastructure to do some smart deals in the market.

Abneesh Roy So, is that how we will focus on new projects that CapEx is done by-?

Tarun Katial That is the significant part of the strategy because I have got for 250 people servicing about 1000 plus clients in month-on-month across 52 cities, but besides that we also look at CapEx in this way, we look for long term medium to high returns and low investments, so if you can amortize cost over a long period in time, yes then we will work on certain PPP projects with

the government like we are starting in Delhi with the street furniture, so you are right that is the strategy we would go with long term play.

- Abneesh Roy** So, these will all be revenue shares because you are not doing CapEx, you are not doing-?
- Tarun Katial** Yes that is right.
- Abneesh Roy** And you will report just the revenue share part or you will report the full revenue and then take away?
- Tarun Katial** Just the revenue share part.
- Abneesh Roy** Okay and my second question is again to Tarun for FY12, what do we expect in terms of ad growth for the full industry and if you can break up that for radio and outdoor?
- Tarun Katial** So, you can predict where the market will go I cannot predict that. From my perspective I think that the media industry which will look at growing close to 20% radio will outperform at about 15% to 18% at a minimum, even upon a conservative level and so will out of home. I think the sectors that are slowing down more and more are print and magazines and there where you are going to see both grade pressures as well as inventory pressures.
- Abneesh Roy** But for FMCG companies you are not seeing some pressure because their margins are under stress?
- Tarun Katial** Yes, but FMCG companies are pulling out a traditional print and actually deploying between TV, radio, and various targeted out of home.
- Abneesh Roy** And the last question is on CBS, it is niche channel, you are number three currently in English GEC, so?
- Tarun Katial** See, we are only eight weeks old.
- Abneesh Roy** Yes, so the revenue model will be essentially subscription led if you can share some details on?
- Tarun Katial** The revenue models is essentially advertising with some bit of subscription and channels like this you will see subscription take off easier, we are already in the process of signing some commercial subscription deals as well as some DTH deals but primarily for the first year I think 90% would be advertising and integrated property led and over a period of time I think in the next two or three years you would see subscription soar up even more.
- Abneesh Roy** And over a stable period can the margins be similar to Hindi GEC say 30%, 35%?

- Rabe Iyer** They could be more because the cost is a big factor limited here and you are not in a price for buying movies stock, our content pipeline is committed from CBS at a certain prices so you are not at the vagaries of newer producers at all points in time and 60%, 70% of the content anyways comes from CBS so if the margins to be look even better.
- Abneesh Roy** And who is distributing us as of now?
- Tarun Katial** Ourselves.
- Abneesh Roy** Is that a problem because your bouquet is currently very small with niche-?
- Tarun Katial** Not really a problem because challenges like this do not require to be in too many places and we are not looking to actually spend too much behind distribution because the return on investment after a point from distribution is actually quite limiting.
- Abneesh Roy** Okay thanks Tarun, all the best.
- Tarun Katial** Advertisers only buy this for six to eight metros they are not buying this for anything more.
- Abneesh Roy** So, we are focusing on these six to eight metros?
- Tarun Katial** Yes.
- Abneesh Roy** Okay thanks.
- Moderator** Thank you. Mr. Vora would you like to go ahead with your questions, while we wait for questions from participants?
- Nikhil Vora** Yes sure. Tarun just couple of things. Firstly on the phase three radio, what is the broad thought you are doing at the first round has been fairly unprofitable for most of the guys for the industry in general, how do you see the competitive bidding or the way it will turn out to be, what is your sense and whether there will be lot few players who will actually be in this round?
- Tarun Katial** So, I think some of the good things about phase three are things like networking because a lot of us have now built infrastructure across the country and have had the ability to actually only have relay stations in most parts of the country, Soumen correct me if I am wrong and build this on a network low cost model which is how radio works across the world, so content is really common, ad sales is pretty much done with corporate and retail ad sales is very limited to one or two man power and rest of the station is network. So, limited infrastructure, limited CapEx, limited OpEx. Also multiple frequencies in metros will actually build this business quite well because there is continuous to be use demand in the metros and very high inventory field level so there is definitely a room for at least two or three frequencies. The last bit which Nikhil very, very critical to note is that highest cost line has been music, right and people like

us also without top line also are closed to 10% on music royalty which is coming down to 2%, which actually makes the business fairly profitable. Now, there are new players will come in, I do not think that the new players will come in because players who do not have the metros will find it very hard to actually come and make a play now and in our estimate this will get limited to the current set of three or four big networks. There are in the game which is us Times of India, Sun and couple of others and so bidding will really be between these three or four and if there is enough spectrum and frequencies available it should not go out of hand.

Nikhil Vora Okay and second Tarun just wanted your thoughts on the investments that are being planned for the broadcasting business and what are the scale ups that one can look out for?

Tarun Katial So, the investments in the broadcasting business are one at only 50% level and so they are limited in that sense and with these four channels, which is three of CBS and one of Showbiz, the good part is that content is limited, distribution is limited and in all of that our portion is only 50%, so it is not significant and it is not something that we will not be able to comfortably manage out of our cash flows.

Nikhil Vora And I am presuming that the entire broadcast business will be routed through this company, right for the group?

Tarun Katial Yes, so the broadcast of the group which is CBS and Imagine is all routed through this but it is in the subsidiary which is a JV.

Nikhil Vora So, should one presume that the shareholding in UTV Bloomberg should also be routed through this?

Tarun Katial No that is Reliance Capital.

Nikhil Vora Okay that will remain the way it is?

Tarun Katial Yes.

Nikhil Vora Okay, cool I will come back if there is more, thanks.

Moderator Thank you. The next question is from the line of Vinod Agrawal from Golden Finance Private Limited, please go ahead.

Vinod Agarwal Yes, hi I have one question, is there any room for declaration of bonus shares in coming quarters?

Tarun Katial Declaration of?

Vinod Agarwal Bonus shares?

- Tarun Katial** Bonus shares, there is not a plan like that and I will be out of line to speak for the board, so it is not really a financial decision, it is really a shareholder decision and if there is something you will be the first to know.
- Moderator** Thank you. The next question is from the line of Vikas Mantri from B&K Securities, please go ahead.
- Vikas Mantri** Good afternoon everyone. Sir, few questions basically I want to know what was our annual license outgo prior to this license deal, music royalty fee that has come up and what it will be?
- Tarun Katial** So, our royalty was close to between 9% and 10%.
- Vikas Mantri** And what amount it could be in quantum?
- Tarun Katial** So, about 3.43 crores and it is now down to 2%, will be down 2%.
- Vikas Mantri** And sir if I were to see because there are competitive players who are saying that they source music 80% from non T-Series and 20% from T-Series so what is our content procurement model for music in radio?
- Tarun Katial** Really, we have one principal that is we must give the best to our listeners, so we do not limit our content sourcing from any party because you cannot predict where the hit will come. So, we actually do this on the basis of weekly research and hits that comes through. It can move monthly and weekly but if you ask me what the ratios are I would think, Soumen correct me if I am wrong that would be about 50-50.
- Vikas Mantri** 50-50, sir actually I had one query relating to this that when you are saying that you procure content from both these at 50%-50%, approximately let us say that way, so if I am not wrong with T-Series still the own agreements holds good right sir or I am making mistake there?
- Tarun Katial** We have a copyright board hearing with T-Series on the 22nd of this month.
- Vikas Mantri** So, as of now we are providing it at what rate sir, earlier rate or new rate?
- Tarun Katial** Earlier rate.
- Vikas Mantri** We are providing it at earlier rate.
- Tarun Katial** We are providing PPL in our books at earlier rate.
- Vikas Mantri** Okay, we are providing everything earlier rate only?
- Tarun Katial** We are not providing yet for the savings that we may accrue.

- Vikas Mantri** Okay get your point sir and could you help me with this cash and debt balance sir as on date?
- Speaker 21.32 cfo** The debt balance in the books is 105 crores.
- Vikas Mantri** Cash figure, this is gross debt or net debt sir?
- Ismail Dabhoya** This is gross debt, the cash debt is 30 crores, cash balance is 30 crores.
- Vikas Mantri** Thank you so much, wish you all the best sir.
- Moderator** Thank you. The next question is from the line of Amit Kumar from Kotak Securities, please go ahead.
- Amit Kumar** I have two questions one is that these properties that you are talking about, where group companies will build the infrastructure and the company will essentially market those properties, what sort of marketing commission on, revenues generated can we expect, general, on average I know it will be different on a deal-to-deal basis but broadly, what can we expect from that?
- Ismail Dabhoya** No, we have a long term sliding skill system, revenue sharing with these group companies so it is not deal-to-deal.
- Amit Kumar** Sorry, can you explain that a little bit?
- Tarun Katial** It is a sliding skill that moves say for an example, at 15% at x amount of income it goes up if there is more income and after point it sales off for every additional rupee earned.
- Amit Kumar** So, broadly what will be the range that we are talking about here?
- Tarun Katial** Rabe correct me if I am wrong, it is 15, right.
- Rabe Iyer** That is right, it goes anywhere between 15 to 25.
- Amit Kumar** 15 to 25, okay and sir my next question was with respect to this integrated sales model that the company is trying to pursue, how easy is it actually to implement, in the sense that you have done roughly around 70 odd crores of revenue in this particular quarter. Could you just quantify how much of this would have come from integrated sales across radio, outdoor, and other properties and how much would be standalone radio specifically or event specifically to separate advertisers? I am basically trying to understand both from a quantitative and qualitative aspect how easy is it to pull off this sort of integrated your marketing channel with advertisers as well as with agencies?
- Tarun Katial** If I will give you a benchmark and we started this only, if you know in quarter two-quarter three but we have a product to group ratio of about 30% currently. We have looked into build

these 30% to about 70% in this coming year through more and more up-sale, cross-sale opportunities that we are creating within the team. Now, why is it 30% also because primarily radio takes a large part of our business and some of the advertisers who are retail and who are smaller in size do not have the need to actually buy some of the other properties, but large corporate advisors if I look at the product to group ratio there that would be close to 50%.

- Amit Kumar** Sorry, can you explain what does this ratio mean exactly?
- Tarun Katial** Product to group, so if five products are there and group with your client product to client, so 50% of our clients are taking more than one product.
- Amit Kumar** Okay got it, thank you so much.
- Moderator** Thank you. The next question is from the line of Karan Gandhi, an individual investor, please go ahead.
- Karan Gandhi** Hi, I just missed the inventory utilization part in the beginning so could you tell me the overall inventory utilization for radio business?
- Tarun Katial** So, the inventory utilization on radio if you take it like some of the big cities is it running at 100%, if you take B cities it is 50%, C is at 70% and D is about 55%.
- Karan Gandhi** What would be the blended one, the overall?
- Tarun Katial** So, the blended would be close to about 80%.
- Karan Gandhi** Okay and how soon are we expecting some traction on the phase three as in terms of starting the-?
- Tarun Katial** The bidding process?
- Karan Gandhi** Yes.
- Tarun Katial** Hopefully, the bidding process should not happen this fiscal and the government would have like to, with the revenues I would have assume but I think there is one niggling issue with the government which is the extension from 10 to 15 years which we are made to believe the law ministry is looking at and as soon as that is done, I think the government should get into opening up the bids?
- Karan Gandhi** Sure and in that terms we have a cash of about roughly 30 crores if I am hearing it right, so how do we intent to fund our phase three expansions?
- Tarun Katial** So, we have enabling approvals for QIP/some of the other instruments that we are looking to do to rate some amount of funds and some amount will come through debt.

Karan Gandhi How much do we look to raise in all?

Tarun Katial In terms of the overall project we will probably end up meeting about close to 200-250 crores, depends on how the bids go and depends on where it all stacks up, but it will be all of all between 200 and 250 crores.

Karan Gandhi So, do you retargeted in terms of the number of stations that we want to acquire or have we targeted in terms of the amount of money that we are going to put behind?

Tarun Katial There is no sense pouring endless capital behind something that will not return you enough. So yet it is linked to both, number of stations as well as the amount of capital we want to deploy.

Karan Gandhi And what would be the target number of stations that we would like to add?

Tarun Katial We are allowed 15% as cap let us see, where the total number of frequencies end up. We probably can end up acquiring over 100 odd stations more. A lot of them you have to understand will be in smaller cities and it will not be real stations but will be only relay centers in that sense of it.

Karan Gandhi And one last question is on the OOH business, could you give me the average inventory utilization there in terms of whatever entries have already come up?

Rabe Iyer So, what we have in Delhi Metro out of 40 stations about 9 stations will come up in this quarter, out of those remaining stations that we have about 31 stations, so on line two we have 9 stations, we have about 80% occupancy in line two. And in line three we have about 45% to 50% and that is also because the process of closing the final upgrades to the station inventory which we have took it up in the last quarter and that is as of now showing significant increase in utilizations, so we expect to really go up in inventory utilization in the coming quarter with a bouquet of 40 stations to upward to advertisers.

Karan Gandhi Sir, right now we have roughly six stations already on line, right?

Rabe Iyer We have 9 stations plus 21 stations, so about 30 stations on.

Karan Gandhi And what would be the blended for this?

Tarun Katial The blended will be about 65%.

Karan Gandhi Sure, thanks a lot.

Tarun Katial Thank you.

Nikhil Vora Tarun, hi Nikhil here. Just one more follow up. Out of the three core businesses that we have right now, three verticals that we have, which of them over the next couple of years seems to have a higher propensity of scales?

Tarun Katial Obviously that is television business is always has a lot of propensity to scale itself up. We have great thinking and plan on what plans what we want to do with the television business. Radio in phase three was to come in will also be very good business to look out for. What we are doing on the street and the live business is that which is something that, I am probably speaking out of term but just to let you know what we are doing, if we are going to build those businesses very hand in glove with each other whether it is retail activation space/retail media space, we are not starting to work together with advertisers to provide both out of home as well as activation solution that the theme destinations more and more and that business is actually going to bundle up and it is actually worldwide also under the same that is going to bundle up together very soon.

Nikhil Vora And also what is the breakeven plans for both outdoor and the broadcast business?

Tarun Katial The outdoor business we are hoping that you will see a turnover in quarter two of next year and broadcast obviously it is just started and we are hoping that we would be ahead of most other people in this category, so we are looking to do this in two, but that is only a 50% business of our own and really what goes out of RKT is pretty limited.

Nikhil Vora And the funding required for phase three, what is the quantum that one should really be looking out for?

Tarun Katial As I just said between 200 and 250 crores.

Nikhil Vora 200 and 250 crores okay. Okay, cool I am okay with that thanks. Melissa do we have any other questions on the queue?

Moderator Sir, we have no further questions in queue.

Nikhil Vora Okay, Tarun do you want to make any closing comments and then we can close the conference.

Tarun Katial Well, thank you so much everybody for spending time with us and having a strong time now in the radio business and having re-launch our out of home business and BIG Live business this year and successfully launching Prime. I think we are very excited to build an integrated media company and as you are seeing share of revenue in our entire pie on radio is already down to 70, we are looking to actually build this top-line adding more and more strength into some of our other verticals and actually looking in a very exciting next fiscal. So, on the back of advertising, overall advertising growth and the economy growth we believe that this is a good business.

Nikhil Vora Thanks Tarun and thanks entire team of Reliance Broadcast and also all the participants for being on the call, much appreciated thanks.

Tarun Katial Thank you.

Moderator Thank you gentlemen of the management. Ladies and gentlemen on behalf of IDFC Securities Limited that concludes this conference call. Thank you for joining us and you may now disconnect.