



“Sun TV Q1 Financial Year 2016 Conference Call”

July 31, 2015



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- Moderator:** Ladies and gentlemen, good day and welcome to Sun TV Q1 FY 2016 Earnings Conference call hosted by Axis Capital Limited. As a reminder all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing “*” and then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Chirag Negandhi of Axis Capital. Thank you and over to you Sir!
- Chirag Negandhi:** Thanks. At the outset, I would like to thank all of you for dialing into Sun’s TV Q1 FY 2016 earnings call. The management team will be represented by Mr. S. L. Narayanan, Group CFO and Mr. Unnikrishnan, CFO. We are not going to be having a presentation on the earnings and we are moving straight to a Q&A session. So, I am going to hand it to the management and Inba, if you can start taking the questions please.
- Moderator:** Ladies and gentlemen, we will now begin the question and answer session. Our first question is from Abneesh Roy of Edelweiss. Please go ahead.
- Abneesh Roy:** Sir, you had very strong ad revenue this time, so my question is, is this sustainable in the context of the market share, so if we see Karnataka Colors is number one post the rebranding with Colors. Zee is number two. Star is now number three and Sun TV has fallen to number four and Telugu if you see Zee is number one and then there is very close fight with you and Star. So in that context, if you could tell us how sustainable is the market share ad growth and then market share what are you doing about in these two markets?
- S. L. Narayanan:** First of all, I do not know what data you are seeing. I just saw some data this morning according to which because I do not know if you are just looking at just the GEC and coming to these numbers, it may be a different thing and may be misleading, but as a bouquet it is not as bad as you say it.
- Abneesh Roy:** Sir, this is the latest BARC data, which has come out, this week’s data, I can send that across to you, but you can tell me what is your take on how the market share is?
- S. L. Narayanan:** See as far we are concerned, things are looking definitely better and at least my sense from what our friends in the advertising side are telling us is I cannot say that you know from 16 it will go to 18 or 19. Let us not get into that kind of this thing now, but certainly you know the past is behind and I think we should have a fairly good momentum on ad revenues going forward. That is the take away that we are getting from our internal resources.



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- Abneesh Roy:** What will be the breakup of volumes versus price in this?
- S. L. Narayanan:** It is by and large volumes. It is very little of price. It is largely volume. I think somewhere we have got the MoJo (ph) back because we are just doing network sale instead of just doing selective sales on prime inventories of GEC. So the utilization in some of our niche channels like comedy, movies, and news is definitely gone better and that is what has delivered these numbers.
- Abneesh Roy:** One follow up SL on this your ad growth is really good this quarter?
- S. L. Narayanan:** Just one second. Week 29, I have the data here. The Gemini bouquet is running at 27.66. Between Gemini TV, Gemini Movies, Gemini Music, and Gemini Live put together is coming to almost 27.5%. That is the data I have. This is week 29 AP Telangana ratio you are right in fact, if you look at just on GEC, your assessment is right because Gemini is trailing both Maa and Zee, but as bouquet, we continue to command about 27.5%.
- Abneesh Roy:** But Sir, does ad sales happened at the bouquet because in the Hindi market if you, in GECs it will be selling between the different players and then in movies, it will be different. So in south market is that the entire bouquet because in movie and then in news, it will be so different. How can you really take the entire bouquet in terms of ad selling?
- S. L. Narayanan:** No the thing is if you have utilization of less than 40% in a comedy channel and its ratings are at say if you just look at the TRP ratings it is still getting about 75 to 80 points. You may not get the same rate as what Prime GEC channel will command, but as a strategy utilizing unsold inventory makes eminent sense because like a seat on an airline or a room in a hotel, the minutes, which is not sold is completely lost, so that is where we have got some course corrections done, which is improved affective realization of the minutes sold.
- Abneesh Roy:** That is very helpful, but with Colors rebranding and Zee and Star present in almost all the markets, Star is present now in four markets, Zee is present in three of those markets. Are you seeing the pan India players now having a much better chance in South India because of rebranding and because of they getting more aggressive. Are you concerned on this new development of Colors rebranding their sister channel?
- S. L. Narayanan:** The thing is we cannot be in a place where we are concerned. We have to fight and we have to make sure that we defend our turf. The data that I have here shows that Gemini has a bouquet has 27%. Udaya has a bouquet has got 22%. Sun has a bouquet has got 64% and Surya has a bouquet has got 19%, which is number two to Asianet, which is at 41%. So I



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think it is not in a hopeless situation. It is only looking that it is not as commanding dominant as it used to be, but I do not think there is any call for alarm that you know this whole thing is going to unravel and peter out in the next few days. There are some significant investments that are being planned and like we have recovered lost ground in Kanada over the last few quarters, I am sure we will come back into the reckoning in Telugu as well. Malayalam I agree we may not be able to reverse the situation because the Asianet has got a very, very strong positioning there, but Andhra I am sure, we will recover from where we were.

Abneesh Roy: Sir could you talk about the investment bit, which you just said. In terms of original programming in Kanada and Telugu are you increasing that bit or in terms of the make are you changing to make it more appealing?

S. L. Narayanan: Basically there are some refresh that is happening in terms of the content. I think it will become to difficult to get into the granular detail of what is being changed and what is being relaunched because I must confess I am a TAMILIAN. I do not know much about Telugu, but I can only pass on the overall message that we are making some significant investments in new content and we should see some of these results paying off sooner than later.

Moderator: Excuse me Mr. Roy. May you be requested to return to the queue please as there are several participants waiting for their turn?

Abneesh Roy: This is the first question only; I will return to the queue no problem.

Moderator: Thank you. We will take the next question from Miten Lathia of HDFC Mutual Fund. Please go ahead.

Miten Lathia: Good evening Sir. On your amortization if you could help us with what the state was for movie amortization for this quarter and if you have sort of sense on how it will progress through the year, it will be very useful?

S. L. Narayanan: Depreciation was 18 Crores and amortization was 112 Crores.

Miten Lathia: This number is pretty flat to slightly lower on the YOY basis, so should we now sort of assume this as new normal sort off?



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V.C. Unnikrishnan: You see in the last call, which we did for March, we had indicated that they are both 500 it could go around 10% up, but I think what has changed during the last quarter is the fact that in some of the languages many movies are getting unsold because of the high pricing, so I think we are bringing down our possible investment in terms of amortization and cash flow on the movie purchase to around 450 to 500 Crores.

Miten Lathia: That is it from my side. Thank you Sir.

Moderator: Yogesh, your line has been unmuted; please go ahead with your question.

Yogesh Girve: Sir talking about your IPL, the revenues are quite weak and almost flat on YOY basis. This was despite the fact that last year, we were impacted because of the competition getting split into two geographies and also the sector was dead this time, so what is your assessment regarding the growth trend that we are seeing in the first quarter and going forward what should we expect in terms of the breakeven?

S. L. Narayanan: I must confess that our assessments have been completely misplaced on this. I must apologize for whatever initial indication that we had given. Our assessments are based on what we believed was the distribution pattern in the remaining years of IPL, but two things happened. I think the number of teams also reduced as a result of which the distribution from the telecast sponsor into BCCI that got impacted, which in turn reduced the allocations to the franchise owners, but that is not to the full reason. We have not been able to achieve the kind the numbers that we thought were possible on sale of local sponsorship opportunities and also this is again please do not write about this. I think some of the uncertainties that we had last year because of whatever controversies that surrounded IPL, I think that definitely impacted our ability to you know sell the sponsorship opportunities. So the good news is that at least this year, you know it happened because any controversies TRP ratings were up, but now again we have got one more uncertainty coming in the shape of two major teams getting suspended. I really do not know if those team owners will take it to the courts, but if the number of teams' drops to six as is now looking apparent, the entire viability of IPL is under a big cloud, so I really do not know what is going to happen. A lot of knowledgeable people say that these two teams may come back in some other form. I really do not know. I should not even be commenting on this. So at this moment we really do not know, which way it is headed. We will have to wait, but at least we can be in a better position to talk about this when next quarter conference call comes. Till then you know, I just request to give us some more time because we are ourselves are not clear what is going to happen next year.



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Yogesh Girve: Thanks for that. Second thing in terms of the cost of revenue after remaining relatively flat in FY 2015, there is a healthy sort of an increase in 1Q about 20% YOY, so is there any change or revision strategy in terms of own content versus one week yet from the outside producers?

V.C. Unnikrishnan: Which is the one I am mentioning?

Yogesh Girve: The cost of revenue Sir. The content cost or whatever?

V.C. Unnikrishnan: Your question is up by only 7%, correct?

Yogesh Girve: I guess, it has gone up by about 21% 50 Crores.

V.C. Unnikrishnan: The first quarter was only up 8 Crores. 9 Crores in terms of cost of revenues.

Yogesh Girve: Sir, I am saying in YOY growth seems a bit high.

V.C. Unnikrishnan: This 136 versus 127.

Yogesh Girve: Sir, I think I have to relook at my numbers. I can come back for that.

Moderator: Thank you. The next question is from Suresh Mahadevan of UBS Global Assessment Management. Please go ahead.

Suresh Mahadevan: I just want to clarify UBS AG Securities Firm, not the Assessment Management Firm. SL quick couple of questions; one is could you talk to us a little bit about some of the regulatory challenge that you are facing. I know there is a lot happening and you know there is the courts saying various things, but you know, could you elaborate how you think about these I mean particular with respect to the you bidding for the SM licenses as well as some of the clearances exactly what status it is. That will be helpful for us to know that is question number one. The second one is a follow up on IPL. I mean how should we look at the financial impact of IPL on a conservative basis for the next two to three years because particularly assuming these two teams Chennai and the other one does not play. How should we think about it assuming it is those two teams are out? How can we quantify the financial impact and finally a quick gauge of sentiment in terms of advertising from you? Clearly, this quarter has been good. How should we be thinking about the coming quarters and really there is a bit of seasonality around Diwali, etc? Any colour you can throw in. Thank you.



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S. L. Narayanan: Suresh let me take the last question first. We think we should be able to deliver a decent growth in ad revenues this year. This is based on our current assessment of the market. We do believe whether it will be 15% or 17%, I really do not know, but I think we should be, I have always maintained if inflation is at 6%, then real GDP growth is at 6%. In nominal terms, the economy expands at 12% we should be able to maintain at least that level of growth.

Suresh Mahadevan: We are looking at early teens definitely.

S. L. Narayanan: I think we should definitely be in low teens to mid teens. In my mind that is a sustainable number although the internal targets are much higher than that. On subscription, you know we could have a very exponential growth towards the end of the year in case digitization happens as planned because in the phase three South Indian Cities there are 15 million homes that will go digital and if everything happens then it is going to be exceedingly good for our subscription revenues then the second thing, which you asked on IPL. If these two teams actually do not participate then I have a feeling that IPL itself may not happen because it will not be viable or I do not know if they will come out with more games to be played because at the end of day, I think the broadcaster is also quoted certain numbers based on a certain number or matches to be telecast, so if the number of teams are less may be number of matches will go up or if both these teams take the matter to court and the court then decides that you know banning these teams was not a tenable thing, then it is back in the same format as it was. I have a feeling that if that happens, next year is going to be a lot better because our ability to sell some of these sponsorship assets last year was impacted because of the various controversies that surrounded IPL. In fact brand IPL was under tremendous pressure last year, but fortunately this year we had a tournament, which was completely devoid of any kind of any controversies. I think the TRP ratings for IPL category was up by almost 22%, but for this recent verdict by the person who was investigating all the spot fixing matters, we were really looking forward to putting all these things behind us and going forward with a better set of circumstances in which to sell, but I think, we will get some clarity when we gather again for the next quarter's conference call, so till then you know you should just give us a little bit more time. We ourselves are you know in talks with all these people and figuring out, which way this is headed. The first thing that you mentioned was on the regulatory issues. See we have got whatever release you wanted, so that you know our rights to participate in the FM auctions was protected because I think clearly you know the courts have ruled in our favour and right now, we are part of the bidding and the bidding is in full blast, so we know what cities were want and we know what threshold prices we can go up to. There is a team, which is engaged assisted by



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consultants from our professional accounting firm, so we know exactly what needs to be done and what is the kind of risk tolerances that we can go up to and very clear strategy on which markets that we will consolidate and which we will add, but then the other bigger question of where these court actions would end, my humble view is as long as the promoter is still facing the charges and those charges are subjudice and they are also completely unconnected to this company, I genuinely believe that our company is not to be impacted in any way because I think the courts will definitely see the public interest. Here is a company where 25% is held by minority shareholders and they are employee and there are customers and there are viewers across the world who watch these programs and right from the inception still date, we have not been guilty of any kind of misdemeanor. FIRs were filed in 2011. From 2011, 2012, 2013, and 2014, nobody saw the security risk and suddenly you cannot become security risk, so in fact the court themselves have raised this question as why was this not raised earlier and without naming names, you know what names these are. There is a real estate company in fact there are two real estate companies, which were named in the 2G matters. Their chief executives were sent to jail. Both these companies continue to do business. There is absolutely no reason why the companies' security clearances have to be revoked simply because Mr. Maran has been named as an accused in a matter where there is no progress. I think you guys should just keep the faith. I do not think this company can be put out of business so easily. We have an extremely strong case and I genuinely believe that even on the primary case, which is the Sun Direct Investment, we will come out with our flying colours because I do not think we have done anything wrong because equities were placed at a fair value and we have shown what we did with the money. We remain optimistic. As and when the matter gets heard by the judicial authorities we will get justice.

Suresh Mahadevan: I just have like one follow up SL. Obviously, I wish you the very best because you know, this can be very frustrating, but is not there a security clearance on the television channels also there was something from the Home Ministry and then the IMB Ministry had a different view and could you update us on that because that may be a bigger issue than this FM license.

S. L. Narayanan: That was only there in the papers. There was a lot of speculation. We have not been told anything about this.

Suresh Mahadevan: Because there is a lot of news stuff and you know IBF has written to the ministry and all those things we saw in the news. You do not really see any issues.



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S. L. Narayanan: We are not privy to those discussions. In fact, I cannot not even comment if it happened or did not happen because there is absolutely no way, I can comment on dealings between two ministries.

Suresh Mahadevan: There was some speculation that there was security clearance refused to your 33 television channels.

S. L. Narayanan: That is what we also read in the papers, but we really do not know if anything like this actually happened. I do not know.

Suresh Mahadevan: Do you need any clearance now to operate?

S. L. Narayanan: See, these clearances are issued for a 10-year period and most of the channels have been cleared up to 2021. There are a few, which are expiring in 2022 and even less in 2023.

Suresh Mahadevan: There is nothing coming before 2021 for clearance.

S. L. Narayanan: No nothing.

Suresh Mahadevan: I think there is a lot of news there was, I do not know. This was some time ago like in July and stuff right. I think, there were serious worries around.

S. L. Narayanan: No that report, which you are mentioning it is said that we have issued the clearance in the past, but now we are revoking that clearance because of all these financial crimes.

Suresh Mahadevan: Currently you do not see any risks?

S. L. Narayanan: Subsequently, also there was also a media report, which said that the government will not revoke the licenses for these 33 channels. That again, we read only in the newspapers. We do not know. We have not been told.

Suresh Mahadevan: So you have not received a letter of anything regarding the security clearance or the channels taken away or whatever. For 2021, you may have to apply, but hopefully by then a lot of these matters will be behind you.

S. L. Narayanan: Again as you said, we do not know if the earlier report was true and we do not know if the subsequent report also was true because we are reading it from the press. We have not heard anything from the government.



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- Suresh Mahadevan:** All the best SL. Thank you for answering my questions patiently.
- Moderator:** Thank you. Our next question is from Srinivas Seshadri of Antique. Please go ahead.
- Srinivas Seshadri:** Firstly congratulations to you all for a good bounce back on the advertising revenues. I just have two to three questions. The first question is regarding the mix which an earlier caller was also asking like the cost of revenue if you exclude the franchise fees has gone up from about 40 Crores to about 51 Crores or so year-on-year, so has there been any kind of a change in the mix in terms of non-fiction versus fiction where there is a different kind of a advertising inventory, which kinds of gets monetized. That is the first question. The second question is on the depreciation and amortization. I believe there was one movie, which got released during the current quarter by Sun Pictures. If you can share if there were any revenues and amortization costs pertaining to that during the quarter and thirdly if you can just share the revenue break up and the DTH subscribers will be great? Thank you.
- V.C. Unnikrishnan:** I will take the question in the reverse. I think, first the DTH subscriber base is around 10.9 million. Then as far as the revenue breakup is concerned, we had advertisement revenue of 324 Crores, broadcast fees around 29 Crores, international subscription was 37 Crores, pay channel about 54 Crores, DTH is 139 Crores, and IPL is 97 Crores. The others are around 12 Crores, which include about 7.5 Crores from the Sun Picture movie. The other questions I think you were asking on the cost of revenues increase. Primarily, in channels like the Telugu and Kanada, we need to spend a little more money, so there is an amount of additional investment, which we are doing in terms of new serials and also nonfiction shows, so that is the cost which is coming at this point in time. That is why we find the increase.
- Srinivas Seshadri:** So Sir the amortization amount pertaining to the movie, which got released during the quarter?
- V.C. Unnikrishnan:** As we just now answered, it is almost under the same 7.5 Crores, because there is not much of a change because we did not want to risk, so we have sold it at the cost on an outright basis.
- Srinivas Seshadri:** Just a follow up there, which means that the actual movie amortization, which is more pertaining to the library that has actually come down to about 106 Crores or thereabouts during the quarter that is the right calculation?
- V.C. Unnikrishnan:** 112 minus 7.5 correct.



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Srinivas Seshadri: That is the run rate. You are saying that on a run rate basis that is something, which will be capped at a maximum of 500 for the year?

V.C. Unnikrishnan: We have capped it around 500 to 550. We are bringing down the estimate to 450 to 500.

Srinivas Seshadri: That is the result of a kind of the purchasing part of it getting a little softer in terms of competition?

V.C. Unnikrishnan: Not competition, I think the prices have gone through the roof in markets like Tamil Nadu and AP, so I think there is a lot inventory, which is movie inventory which is not getting sold because of many of the broadcasters are not willing to pay the price being asked for by the satellite right holders, so that way, I think we are also getting the advantage of lower prices.

Srinivas Seshadri: Thanks I will come back for more questions in the queue.

Moderator: Thank you. Our next question is from Rohit Dokania of IDFC. Please go ahead.

Rohit Dokania: Good evening. Thank you for the opportunity. Congratulations on a good quarter. Just one question from my side if you can tell us about the inventory on the driver channels how it has behaved on a year-on-year basis, the ad inventory?

S.L Narayanan: I think, Rohit we have been doing reasonably well. We do not want to get into any specifics on numbers, but I think volumes have sustained better than what it was in the earlier quarters. That is what has helped and here and there based on the demand and supply in certain channels and time bands, we have also tweaked the rates, so these together have contributed to the growth in ad revenue. In terms, if you want to know the average advertisement, we have been doing around 17 to 18 minutes at the peak level at the lower, in some of the small channels we touch around 12.

Rohit Dokania: Sure Sir. That is all I wanted. Thank you so much. Wish you all the best.

Moderator: Thank you. Our next question is from Amit Kumar of Investec Capital. Please go ahead.

Amit Kumar: Thank you so much. Most of my questions have been answered. I just wanted a little bit colour on this dispute between Arasu Cable and the Government of India/MIB any sort of update that you have to share on that and any sort of progress in terms of digitization in Tamil Nadu?



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- S.L Narayanan:** No movement, but my suspicion is that when phase III gets underway, I think this matter will get resolved.
- Amit Kumar:** That is it from my side. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Jay Doshi from Kotak. Please go ahead.
- Jay Doshi:** Good afternoon and congratulations on a good quarter. My question is the kind of improvement that we have seen in your ad revenue growth in this quarter. Do you attribute it to in general improvement in ad spent and into your environment in your markets or it is more like recovery of some ad market share?
- V.C. Unnikrishnan:** Come again with your question please?
- Jay Doshi:** Is the environment ad spend environment in your markets Tamil Nadu in particular is it looking much better than what it used to be maybe a quarter or two back or it is just that you have done better and the market is almost similar?
- V.C. Unnikrishnan:** I think things have improved compared to the March or December quarter. That way I think we must accept the fact that there has been change on the ground and we also had a few signal, new players like the e-commerce guys getting into the market during the June quarter and they are not very significant amount at this point in time, but I think they are helping to fill up spaces, which otherwise were going unsold. So they also are helping to increase the ad revenue growth.
- Jay Doshi:** Again, this improvement, I think, you mentioned that you have invested in some friction content in Kanada and Telugu markets and that has probably led to some increase in cost of revenues. So the improvement that we are seeing is it a function of some improvement in your ratings in friction space or it is more a function of more effective sales? I will ask it in a different manner. The investments that you have made is it reflecting in the TRP ratings number yet especially in friction?
- V.C. Unnikrishnan:** There is always a time lag between the investment made and the TRPs actually showing up, but I think largely it is more a contribution of the sales being able to push despite the fact that some of the new shows are in infant stage. So I think the marketing and sales have been able to push better and I think if most of these figures catch on during the coming quarters then we should be able to do higher ad growth in the coming quarters.



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Jay Doshi: So, can we assume that the challenges that we faced especially with sales on the sales side maybe about a year, year and a half back when ad inventory had to be brought down to 12 minutes and so those things are behind us? Should we expect that? Is that a right reading of this quarter.

V.C. Unnikrishnan: There is no finality to that particular case. I mean the case still gets.

Jay Doshi: No, I am not talking about case. I think there were some challenges in terms of pricing and our content producer partner's pricing and things around that. So is that more or less now ironed out?

V.C. Unnikrishnan: More of them have stabilized, because over the last one year I think like we have mentioned in the earlier calls, you do more of a package deal than specific to channels and time band, somebody comes with the budget then you spend it across various time bands and various channels and also ensure that the mix meets the demands of the advertisers. So that is what has been happening for the year and a half. Obviously with more time and quarters passing, we also get matured and learn the art of selling better. So, that has also helped us to give a better delivery in the current quarter as well.

Jay Doshi: Understood. Now very quick two questions, Sir, you had mentioned about a subscription growth at the beginning of the year 10% to 12% for DTH and I do not remember for cable. Sir, if you could just give us an indicative number what we should expect in this year?

S. L. Narayanan: We should be able to maintain that because I think there are only two points we mentioned. One, I think with phase III happening or likely to happen by the end of this calendar year we would have an uptake in the numbers there. The second most important point and the fact is the rate increase of 27.5% that has gone to the courts, so that matter is subjudice, so I think should there be a relook, I think Supreme Court is in the process of hearing it and I think there is a next hearing some time in the beginning of August, so should there be a finality to it then this 10% to 12% is easily achievable.

Jay Doshi: Thank you so much.

Moderator: Thank you. The next question is from the line of Ritwik Rai of Kotak Securities. Please go ahead.

Ritwik Rai: Most of my questions have been answered. I just wanted to check on one thing in terms of ratings and the decline therein that is now actually been on for a fairly long period of time



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and you have tried a couple of things and you have more or less constantly lost market share actually in the past three four years. So what exactly do you think has gone wrong?

V.C. Unnikrishnan: I think what we had mentioned in some of our earlier calls the change was I think the year and a half back when we introduced some nonfiction programs in the prime time band instead of the fiction series, so I think that cost us some time and I think the recovery process it is pretty slow and I think we must put it to you we have brought in two or three serials in Gemini which is the Telugu channel and I think they are showing promising numbers, so if we are able to sustain that for a quarter or more, I think we would be half way getting back to our numbers which we had about two years back.

Ritwik Rai: Sir, you really think that the change in programming that you had done shifting to more expensive programming reality shows and so on that is what has hurt you that is what you think?

V.C. Unnikrishnan: No, what happened was when you bring in nonfiction shows and the prime time on a week day for two or three avenue because what happened at that point then we had some serials, which were getting over and we replaced them by nonfiction on a prime time, so that you cannot do too many at a time, you can do maybe one or two, but I think you had two or three shows and they were back to back, so then that possibly was a costly mistake. So I think we learnt by experience so we ensured that is not repeated in future at least.

Ritwik Rai: Thanks.

Moderator: Thank you. Our next question is from Ashish Urganlawar from Elara Capital. Please go ahead.

Ashish Urganlawar: Sir, you mentioned at the start of the call that ad revenues are entirely or the growth is entirely volume driven so how long do you think this kind of growth can be sustained building up the volumes and filling up the inventory?

V.C. Unnikrishnan: You will have to take it quarter by quarter because I think in the first quarter we had apart from Vishu in Kerala we also had the New Year's day in Andhra Pradesh, in the second quarter there is not much of activity, but from third quarter onwards things should look up and volumes always come on the back of festivities largely. So I think the third quarter should be more promising than what it was in the last couple of years.



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Ashish Uppanlawar: Sir, is it that the lost advertising volumes which led to basically these utilization levels coming down now that is getting filled is that way or this is entirely going on the positive trajectory, we never had a fall as far as volumes are concerned?

V.C. Unnikrishnan: What we mentioned a little earlier in the call there is a lot of repackaging in terms of repackaging cross selling across channels and time bands so over the last one year initially when this 10 + 2 time band, advertisement regulation came in we had to start first cut down the number of minutes to be showed and then when the court permitted the channels to increase without any negative action, I think we started repositioning ourselves in terms of cross selling across various genres and time bands and filling up more and more of the unutilized inventory across the smaller channels. So as they pickup over a longer time then I think there are also the ability of these channels to slowly tweak the rates and improve the effective realization on them may be on a quarterly or a yearly basis. So, I think all this helps to improve the numbers in the longer run. It is not very specific to one particular time band.

Ashish Uppanlawar: Sir, one more question on the ad cap case, if you could give us some colour on how bigger threat it still remains based on the happenings in the case for so long and whatever you have been taking up with the courts and the associations have been taking up does it still mean that it is still a looming threat and we may need to cut down on inventory and sometimes it might hurt the numbers?

V.C. Unnikrishnan: If one goes by the preamble when this 10 + 2 regulation was introduced it very clearly says that since at that point in time the entire digitization process was to get completed by I think 2014, phase IV also was to get done by them, so what the preamble to this regulation mentioned was since subscription revenues will go multifold for almost all the broadcasters, and there will be a lot of free cash flow, broadcasters should look at tuning their content, I mean reducing the advertisement and improving the content quality and things like that. Now I think sometime last August or September I do not remember the exact month, the Honorable Minister had announced that the third and fourth phase will get pushed by a year to 2015 and 2016 post that the counsels have also submitted in the November hearing that as a result of the postponement of the phase III and phase IV digitization, the court should also take a lenient view of the ad cap implementation, but there is no specific statement by the court on that but the fact remains that since between November and now it has been adjourned every other month or so, and I think if we go back to a statement made by the finance minister who is also in-charge of the information broadcasting in one of the forums in January he has also openly said that they are not in favour of putting this cap on the



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minutes for advertising so I think adding two and two possibly this should take some more time before it comes to a finality.

Moderator: Thank you. Our next question is Vikas Mantri of ICICI Securities. Please go ahead.

Vikas Mantri: Good afternoon Sir and thank you for the opportunity. Just two questions; one is the 27.5% increase in prices of channels has been quashed by Supreme Court, and the last judgment was that whatever amounts we have made should be put in on escrow account. Now because Sun TV relatively deals more on rate cut basis, is there any quantifiable amount that we need to put on escrow amount or something like that that has come up or just wanted to understand that.

V.C. Unnikrishnan: Vikas, as far as the DTH players are concerned the money, the billing is kept in a separate account. It does not come or form a part of the P&L. So, whenever the court finalizes or gives its final judgment then we will accordingly affect the treatment to that. As far as the cable operators are concerned, I think if one looks at between March and June, there is a drop of about 1.2 Crores or 1.3 Crores so that is the affect of the changes, which we had to do for the current quarter. So DTH will not, I mean there is certainly an amount, which is lying in the sort of income received in advance, which is not been brought in the P&L because the orders were very clear on that. Only cable has been affected in the current quarter.

Vikas Mantri: So then it will be very difficult to get a 10% kind of a growth in this year given that you are not allowed a price increase and you might have to actually reverse some of the increases that we got last year.

V.C. Unnikrishnan: No, whatever reversals were there has already been effected in the current quarter. So, we will have definitely the incremental number from the standard increase, routine in the DTH platform and as far as the other markets as well and we will have to even though the phase III of digitization is expected by December 2015 it will even though not full thrust, we will have at least some effect of it coming. So 10% is not a difficult number to achieve.

Vikas Mantri: Sir, on the advertising front, clearly you have maintained or gained passed it on the market share in Tamil Nadu, at the same time, lost considerable market share in Telugu and Kanada, especially Kanada if you go by BARC ratings, where they are now among the top three also the same is true, you are not there in top two in case of Telugu to go by BARC rating very clearly. The question here is can you help us understand the differential ad



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growth you have in these markets, the ones that you maintain or gain market share and the states where you lost market share?

V.C. Unnikrishnan: Vikas, we do not give any segmental numbers in terms of various markets or genre wise, so, I think we would not be able to give you a specific answer to that.

Vikas Mantri: Qualitative would help Sir?

V.C. Unnikrishnan: I think we often have said that we need to sort of refurbish our fiction content across these two languages that is Telugu and Kanada because the strength, which we have in the Tamil channel where we are way ahead of the competitors, is the strong fiction content, which we have in Tamil. So, I think if we are able to replicate that or even get to 50% levels of those which we were doing in the past, I mean it is not that we have never done it in the past, we have been number one for a pretty long time, but I think small changes in between have cost us a little more than what we expected so once we are able to sort of refix our fiction content which will improve the eyeballs I think we should be able to deliver better in terms of ratings.

Vikas Mantri: Thank you and best of luck.

Moderator: Thank you. The next question is from the line of Amit Kumar from Investec Capital. Please go ahead.

Amit Kumar: Thank you for the opportunity again. Just one small clarification; could you just if you have the number off hand, what was the contribution of e-commerce to your total advertising either in this quarter or lately in the last six months?

V.C. Unnikrishnan: It is just about started. The thing is we are a new player in the game. That is all.

Amit Kumar: Just a small follow-up on this. What are the advertising categories, which are sort of, led this 15% to 16% increase in ad revenue on a YOY basis?

V.C. Unnikrishnan: Nothing has changed. It continues to be FMCG. You have the telecom guys and there are mobile players, auto sector, because auto also there were two to three launches there so all these guys continue. The only new guy or new industry which has come is e-commerce, but it is in a very, very premature stage, but the fact that they have come into the regional market is a good thing for a lot of us.



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Amit Kumar: Actually on this e-com part also, I mean when we look at some of the data, which is coming from media agencies, they seem to indicate that on television, e-commerce has become almost 3% to 4% point advertising category so is this getting captured more by national channels, by English channels, would you have some colour on this?

V.C. Unnikrishnan: I did not catch you.

Amit Kumar: I am saying that e-commerce on television it has become almost a 3% to 4% point category, 3% to 4% point contribution so to speak so which are the genres or which are the networks which are capturing this e-commerce opportunity better so if you are doing a percent or less than that an overall television market is 3% to 4% so where is large segment of this pie going? Would you have some colour on this?

V.C. Unnikrishnan: Very frankly no.

Amit Kumar: Fair enough. That is it. Thank you.

Moderator: Thank you. Our next question is from Dhananjai Bagrodia of Enam Holdings. Please go ahead.

Dhananjai Bagrodia: Most of my questions have been answered. Just a very quick clarification, Sir we are hearing that a Robot II is supposed to be sort of started work on from media sources, is Sun in anyway involved in Robot II?

V.C. Unnikrishnan: An emphatic no.

Dhananjai Bagrodia: Okay, so there is no large movie production sort of plans?

V.C. Unnikrishnan: Nothing. You can sleep in peace on that.

Dhananjai Bagrodia: That is all from my side. Thank you.

Moderator: Thank you. Our next question is from Naval Seth of Emkay Global. Please go ahead.

Naval Seth: Thanks for the opportunity Sir. Sir, I have a question on IPL. As you indicated earlier there was uncertainties rooming on IPL as a brand this year that impacted your ad growth but that does not seem to be impacting SET MAX as a broadcaster because as per news articles it clearly states that they would have garnered close to around 15% to 20% ad revenue growth



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with higher ad yields per 10 seconds. So is it only Hyderabad Sunrisers impacted on that part or how one should take it?

V.C. Unnikrishnan: That comes as a share of the BCCI central rights income. I think what SL was earlier trying to mention is also the sponsorship contribution, because IPL revenue consists of three one is from the BCCI, second is the sponsorship income, which you get on the dress owned by these players and third is the gate revenue. So I think while we have provided a certain amount for the BCCI based on the past experience and I think on the sponsorship the numbers have not been as high as what we really expected to be.

Naval Seth: So, have we seen growth in sponsorship revenue this year and if you can quantify?

V.C. Unnikrishnan: No.

Naval Seth: My question again on the same that if broadcasters have garnered 20% growth YOY on IPL ad revenue then why not we or why we have backed on this part?

V.C. Unnikrishnan: The broadcasters, whatever their incremental revenue will get reflected by possibly as and when we...

Naval Seth: Sir, I am talking about ad revenue particularly for say SET MAX not the broadcast fees what you get from BCCI. Sir, ad revenue slots which are being sold by SET MAX?

V.C. Unnikrishnan: That only translates to us as BCCI revenues.

S. L. Narayanan: They are two different things. SET MAX sells spots and gets the revenue that may not be the amount that will automatically to BCCI because the amount that they will pay to BCCI is previously contracted. That has been signed off in 2006 or some whatever time that IPL started and that assumes a certain number of matches and it also assumes the year wise split and then that is what they pay. If you look at SET MAX they would have probably not made this kind of money in the early years when this property was being stabilized, but today they are making whatever money they are making because the property has been well established and stabilized. What they have contractually bound to give is a completely different number.

Naval Seth: Sir, my question is not on the contractual part, my question is again what you said that SET MAX adds a lot to generate ad revenues, right. So my question is that if they can deliver a



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20% on YOY basis, why our sponsorship revenue has not grown. It is the same uncertainties which were looming on you guys was on the case of...

S. L. Narayanan: But you should realize that when we are going out to sell this as an opportunity this is in the after mark of all this trials and all those arrests and all those controversies so that is the time the marketing managers who are taking a long hard look whether at all to associate with the team and put serious money because somebody is going to put your brand name on the shirt whereas when the event actually happens based on the TRP ratings the rates can go up in a matter of few hours.

V.C. Unnikrishnan: Excitement of the game pulls up the rating. If you look at in fact the last I think one or two weeks of IPL that is towards the end of May the rates have gone up, so it will more be how the teams performed and the excitement in the game that changes the rates. Sponsorship is sold well in advance.

S. L. Narayanan: The sponsorship starts in early October and if you remember October last year immediately after all the controversies of all the sting operations and all which they did there was major tamasha happening, which is why we got impacted.

Naval Seth: So that means it is fair to assume that if this year two teams are not there and BCCI thinks of going ahead with conducting IPL next year so your sponsorship revenues would further take a toll?

S. L. Narayanan: I have a feeling that the two teams are not there, IPL viability itself will be in question.

V.C. Unnikrishnan: Because there will be a minimum number of matches which SONY SET MAX will also have factored into their agreement as well.

Naval Seth: Okay. Thank you.

Moderator: Thank you. Our next question is from Abneesh Roy of Edelweiss. Please go ahead.

Abneesh Roy: Sir, on the IPL revenue last year the revenues were decreased from 113 Crores to 97 Crores, so any change can happen this time or do you think this time things should be fine?

V.C. Unnikrishnan: Abneesh, last time the issue was because we had between UAE and India there was a lot of prediction had gone haywire but I think if you look at what happened in the first season we were very conservative and the same is what is being done in the current season as well.



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- Abneesh Roy:** My next question is to SL, again on IPL only. SL, the group sold off Spice Jet and quite rightly in my view. On IPL what is the thought process, you have made losses for two years and now this year it is looking extremely challenging any plans to exit partially or fully at some stage?
- S. L. Narayanan:** I should not be answering this question because this is rightfully to be answered first by the board. I am not authorized to comment, but my own personal view is if we can hive this off, we would like to do that.
- Abneesh Roy:** That is helpful Sir. Sir, DTH revenue growth has come down last four quarter every quarter, 20%, 17%, 11% and now 9%. On the other hand, I see the DTH operators the top four doing very healthy numbers, so is that because in South India DTH penetration is now quite high, so most of the growth for DTH companies is coming from non-south? So is that the disconnect?
- S. L. Narayanan:** I would not know Abneesh, obviously you know you have done this analysis very well, but I will come back to you. Give me time till Monday morning. I will check with Mahesh and I will get full colour on this.
- Abneesh Roy:** Last question Sir, 0% ad growth in Q1 last year same quarter, so very favorable base, on that 16% to 17% growth is a good growth. Now in Q2 the base is 11%, so would you like to comment that this time the growth will be challenging in that context?
- V.C. Unnikrishnan:** We would like to surprise you positively.
- Abneesh Roy:** Thank you.
- Moderator:** Thank you. Our next question is from Jiten Doshi of Enam Asset Management. Please go ahead.
- Jiten Doshi:** SL, how are you?
- S. L. Narayanan:** Good.
- Jiten Doshi:** SL, I do not understand these quarterly, just give me your view on how do you see the whole business going from now to the next three years. Are you positive that you could show 15% to 20% growth year-on-year if you take a three-year horizon?



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- S. L. Narayanan:** Cēterīs paribus, yes.
- Jiten Doshi:** And this is what subject to, can you put the riders?
- S. L. Narayanan:** Cēterīs paribus is Latin for other things remaining the same.
- Jiten Doshi:** That means you are saying from here on if everything remains the same you are not factoring the upsides on digitization?
- S. L. Narayanan:** No, basically you know I thought your first part of the question was on advertising. On subscription, I have always maintained that our subscription business model is very, very robust because we have no doubt in our mind that our content is the most sought after and we will continue to have prodigious growth in subscription. So if everything plays out, like the phase III is going to be 14 million homes in South India, phase IV is going to be 28 million homes in South India, collectively 42 million more homes in South alone needs to be digitized. So if that were to happen, I have no doubt in my mind that the quarter after the digitization is complete we would be at a run rate of at least 500 Crores in subscription revenue minimum.
- Jiten Doshi:** So, let me take the low base of 2015. Can I say that your profits can be at least two and a half times in five years?
- S. L. Narayanan:** I think we do not want to get into any sort of.
- Jiten Doshi:** No, I mean, if everything just goes, I am just asking you that where would you hazard a guess for the industry for yourself how would it go. That is all. Next five years how do you see the long-term future of the company, three years, five years. I am sure you are not planning on a quarterly basis. You are planning for the long-term?
- S. L. Narayanan:** I agree, but three years and all becomes a little bit of crystal ball gazing because there are too many imponderables, I would not want to get into that kind of a long range, but I can certainly give you some indicative numbers because what we have is data on the number of homes remaining to be digitized and we know that we are getting at least Rs.40 per sub per month in the DTH side, we will have a little bit of a challenge because migrating them from what they have traditionally been used to, to get this kind of, so even if you get a Rs.20 realization so which is why we are moderating, because the whole things gets predicated on a Rs.40 per sub per month through the roof, in fact, I myself am very scared so which is why I am saying the quarter after the digitization gets completely implemented we should



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be at a quarterly run rate of at least 500 Crores because currently we are now at about 210 to 220 Crores per quarter.

Jiten Doshi: So all that adds to the bottomline?

S. L. Narayanan: Yes.

Jiten Doshi: Sure, so can I say that 2015 is the base from where I can start looking at things and the worst is behind you?

S. L. Narayanan: In sha'Allah yes Sir.

Jiten Doshi: Great. All the best. I look forward to what you have just mentioned that maybe if you unlock some value from IPL that will help you to focus even greater.

S. L. Narayanan: Absolutely, in fact definitely there are lots of people in fact privately some large shareholders have also suggested to this. I am nobody to take a call on this, but I think the point remains very valid because if we just take this 56 Crores out this quarter our pretax profits would have been higher by 56 Crores, our post tax profits would have been higher by close to 38 Crores, so instead of 198 Crores, we would have posted a number of 236 Crores PAT.

Jiten Doshi: Which is nearly 50% higher over last year.

S. L. Narayanan: Absolutely, so definitely this is something which I have between Unni and me we have mooted this, but again this is a very risky thing to do because...

Jiten Doshi: I appreciate, but everything is good as long as it is delivered in a timeline so do you believe it is about 18 months away, 24 months away, 12 months away?

S. L. Narayanan: Jiten, just hear me out, just as we look at this maths I do not want a situation where we do something and then suddenly this becomes profitable because at the end of the fifth year the annual obligation of 85 Crores falls away. So it should not be then said that it was taken away at the most opportune time when it was on the threshold of breaking away from a lost zone to a high profit zone, so which is why let me say we will come back with whatever announcements are needed.



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Jiten Doshi: No, this will always be a problem if the company sells it back to the promoters, if it does not sell it to the promoters and sells it outside and realizes the best value, I do not think these questions would be completely relevant.

S. L. Narayanan: Yes. Then there is no issue, but the thing is also...

Jiten Doshi: I hope this is not going to the promoter's buying it out.

S. L. Narayanan: In fact that is the reason, I brought this up, it will have to be done in a way that it is clean, transparent and noncontroversial.

Jiten Doshi: But I mean you are saying that it might be sold off to the promoters.

S. L. Narayanan: No, I am saying it will not be. It will not be. We are very careful to make sure that this does not create one more controversy.

Jiten Doshi: Sure, and you are pretty hopeful, congratulations that you all got the stay order in the court case in favour of the FM auctions. How do you see yourself now basically going forward with a great confidence?

S. L. Narayanan: I cannot say we are lacking in confidence because we have to be confident that we have to be absolutely focused.

Jiten Doshi: But this is a thumb up in terms of what the judicial?

S. L. Narayanan: I mean we are deeply humbled by this. I do not think we should say I told you so or anything. I think we are extremely pleased with the outcome because it was not in fact, we were consistently saying that there was no basis for in fact to be fair, even the IMB Ministry and the Attorney General were of the view that there was no basis for denying us right to participate in these actions. So it is unfortunate the way it created unnecessary furor but we are happy that it has been laid to rest.

Jiten Doshi: Sir, there is nothing pending in terms of license renewals since 2021?

S. L. Narayanan: Yes.

Jiten Doshi: So there is no need of you to go back to the IMB Ministry?



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- S. L. Narayanan:** See the thing is that the report that came it was not on the basis of any applications the growth made. That actually said that whatever clearances were given in the past were being revoked. So which is why it created a panic.
- Jiten Doshi:** Okay, but actually technically, you do not need to go back to them for any clearances till 2021?
- S. L. Narayanan:** That is the point I am saying although it was renewed up to 2021, 2022, 2023 the Home Ministry said that in view of all these serious financial clients we are revoking the clearances that were previously given in 2012 or 2013 or 2014 and then they say therefore IMB Ministry also should withdraw the broadcast license is issued. I mean I do not know, if it really happened. So this was the news, which really sets the cat among the pigeons.
- Jiten Doshi:** That is very, very good. That is very good. My last observation here SL is that you know this is the first quarter after the real sale and realization of Spice Jet, so does this mean that promoters are 100% now focused only on the media business?
- S. L. Narayanan:** Absolutely.
- Jiten Doshi:** So you do not have Mr. Maran focusing on any other business?
- S. L. Narayanan:** Absolutely.
- Jiten Doshi:** So as a result we have seen this growth in this quarter. So can we expect this focus to result in something better going forward continuously?
- S. L. Narayanan:** Hopefully yes.
- Jiten Doshi:** My good wishes to you. All the very best to you. Thank you so much,.
- Moderator:** Our next question is from Amit Jain of Samsung Asset Management. Please go ahead.

Thanks for taking my question. Just on the regulatory front again, given the confusion that is being created because of the newspaper reports, I wanted to get a sense what has been happening on incremental content, your discussion with your customers, employees, how are things moving in that brand.



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- S. L. Narayanan:** Absolutely business as usual. Our customers the large advertisers stay committed, our employees are absolutely focused, in fact if anything we are even more protuberant to face the future with confidence. It is the morales is exceptionally high. As you said, this has really made us more determined to succeed.
- Amit Jain:** Sir, just the second question on IPL the 85 Crores sort of runs of next year, right?
- Unnikrishnan:** Two more years, 2016 and 2017.
- Amit Jain:** Thanks.
- Moderator:** Thank you. Our next question is from Kunal Bora, BMP Paribas. Please go ahead.
- Kunal Bora:** Hi SL and Unni congrats for good numbers. Just one question, on the radio side what will be the size of investment you are looking at and also the performance of radio has been very strong in last couple of years, do you see the momentum continuing this year?
- Unnikrishnan:** I think radio we do not want to put in numbers but I think it will be about 300 Crores and above that will be the investments, which will be across both from migration and new stations put together and in terms of I think the financial performance we have been doing about 7% to 8% growth for the current quarter, so I think we should deliver better results in the coming years as well and overall the growth at the PAT level also it is almost flat between last quarter and now.
- Kunal Bora:** Sir, is Radio growing slower compared to television right now.
- Unnikrishnan:** I think for this quarter it has been so. This quarter it has been so, but I think last one or two years we have had the reverse, radio was growing at double-digit and television was down. I think it is taking turns.
- Kunal Bora:** Great. Thank you Sir.
- Moderator:** Thank you. Our next question is from Sanjay Chawla of JM Financials. Please go ahead
- Sanjay Chawla:** Congratulations on a strong set of results. I had two questions, SL. One is one subscription growth we are now at 10% YOY growth and the trend has been the return line has been coming down every quarter on a YOY basis if you look at the growth rate. So, my question



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if there is no progress on the phase III digitization front is we looking at a single digit growth rate on the domestic subscription side for the full year?

S. L. Narayanan: It will pick up. See normally what happens is this quarter starting with Onam in Kerala and with the Pooja, it is a very, very seasonal thing you see a very strong pickup in numbers, subscription numbers on DTH starting the month of August, it really picks up in Onam in Kerala and then it starts through Pooja, Diwali, all the way up to Pongal that is where you know South Indian markets they do a lot of festival base selling, so traditionally, it does not sell that much in the first quarter but we are even assuming that digitization does not happen we are confident of at least 12% to 13% growth in DTH.

Sanjay Chawla: Why I am asking this SL because you know the trend line has been coming down on a YOY basis, even last year also FY 2015 and FY 2014 also the growth rate has just kept coming down. I mean there are obviously some sort of a base effect also seems to be playing out here.

S. L. Narayanan: No, last year, I thought we grew by almost 15% in DTH.

Sanjay Chawla: But you know first quarter growth was 20% and second quarter we came down to 13%?

S. L. Narayanan: See when digitization happens there is a trigger, but if you look at the earlier numbers.

Sanjay Chawla: Sir, that is why my question was x digitization, if we see do not see any progress there, are we not staring at a single digit kind of a growth rate for the full year?

S. L. Narayanan: No, see even earlier when there was no digitization, it was at about 2.5% to 3% each quarter so let me just pull out this data. DTH growth rate, Sanjay what exactly is your question?

Sanjay Chawla: Sir, year-on-year growth rate of your subscription revenues, this line has been continuously coming down the growth is decelerating and 10% is actually the lowest in so many quarters. So my question is the trend line is coming down and there is some base effect here, phase III does not happen as expected, what is the minimum growth rate one should build for just to be prudent?

Unnikrishnan: That is why we have said I think aside of any change due to phase III we would have at least a 10% to 12% growth that is the number, which we are putting at, which is a normal subscriber addition which will happen on a yearly basis.



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S. L. Narayanan: See even when digitization did happen, and when suddenly all the DTH operators stopped subsidizing, even then we were growing at about 12% to 12.5%. So I am very confident on these numbers.

Sanjay Chawla: So we should build in double-digit growth rate?

S. L. Narayanan: At least 10% to 12% is definitely doable on DTH.

Sanjay Chawla: That is useful. Second question is just on the programming cost side on the cost of content, we have seen 21% growth. Now if you just scrape out the programming hours and the mix change and so on a like-to-like basis, what kind of a cost inflation are you facing in this segment on the programming cost side?

Unnikrishnan: I think the issues earlier have been the need to refurbish the fiction contents, so that is where we are doing an incremental spend in the current quarter. So I think that will have to continue for at least a quarter or more till the time we get the comfort that they are catching the eyeballs and giving us the required TRP ratings, so I think we should be in the range for the current year whatever we have spent for the current quarter will more or less remain stable during this fiscal.

Sanjay Chawla: You mean the absolute number would be we should not expect any growth now?

Unnikrishnan: It is much more than that number.

Sanjay Chawla: So we are at 50-odd Crores so this is a one time step up and we should maintain this kind of a number?

Unnikrishnan: Correct.

Sanjay Chawla: Thank you so much and all the very best.

Moderator: Thank you. The last question is from Mayur Gathani of OHM Group. Please go ahead.

Mayur Gathani: Thank you very much for the opportunity. Sir, couple of queries; first was on Arasu. Sir we did this deal with them some time back. Have we been able to renegotiate anything?

Unnikrishnan: No.



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- Mayur Gathani:** So we continue to get that x amount monthly that we had initially put up?
- Unnikrishnan:** Correct.
- S. L. Narayanan:** Correct, but we are still asking them.
- Unnikrishnan:** The discussions and meetings go on, but I think there is no change in numbers.
- Mayur Gathani:** But the payments come through comfortably?
- Unnikrishnan:** Yes. That is correct.
- Mayur Gathani:** On the radio side, you mentioned 300 Crores is investment, so this is for the new licenses that you are going to or you are going to bid for the auction?
- Unnikrishnan:** Yes it is including the migration because once...
- Mayur Gathani:** Including the migration.
- Unnikrishnan:** Yes, correct migration plus the new licenses.
- Mayur Gathani:** Okay including both of them. Sir, South India, all the channels are around 17 to 18 minutes or few of them like pan India channels like Zee and Star are on 12 minutes?
- Unnikrishnan:** What I mentioned was in the peak prime time, mostly in the GECs we will be in that range. Others will be the smaller channels will be in the range of 12 minutes only.
- Mayur Gathani:** Thank you very much both of you. All the very best Sir.
- Moderator:** Thank you. Ladies and gentlemen I would now like to hand the floor back to Mr. Chirag Negandhi for closing comments. Over to you Sir!
- Chirag Negandhi:** Thank you Inba. I would like to thank all of you for joining us today. I would also like to thank the management of Sun TV for their time. Looking forward to speaking with you all next quarter. Thank you so much. Thanks SL. Thanks Unni.
- Moderator:** Thank you. Ladies and gentlemen, on behalf of Axis Capital that concludes this conference. Thank you for joining us. You may now disconnect your lines.