INVESTOR CALL – JANUARY 28, 2010

RESULTS - QTR ENDED DECEMBER 31, 2009

Moderator: Thank you. Ladies and gentlemen good afternoon and welcome to the UTV Q3FY10 Results Conference Call hosted by Prabhudas Lilladher. As a reminder, all participants' lines will be in the 'listen-only' mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during this conference call, please signal an operator by pressing "*" and then "0" on your touch tone telephone. At this time, I would like to hand the conference over to Mr. Apurva Shah of Prabhudas Lilladher. Thank you and over to you.

Apurva: Thank you moderator. And on behalf of PL, I welcome everyone to the third quarter earnings call of UTV Software Communications Limited. On the management team we have Mr. Ronnie Screwvala, CEO; Mr. Rajeev Wagle, Group CFO; and Mr. Amit Banka, Senior Vice President, Business Development and Strategy. Without taking any further time I'd like to hand the call over to Mr. Screwvala to give his opening remarks after which we will take questions. Over to you sir.

Ronnie: Thank you. Good afternoon and thank you for joining us. I would like to open up with a few general points and then get into each of the specifics of the verticals. I would like to say that I am going to take a little bit more time than I normally do on the introductory point today, because I believe it's the first time we are getting an opportunity post the *PLC* and the Takeover panel restrictions for us to look at forward looking statements for us to be open and communicate more openly with everyone on this call. So I will break up my basic talk on three or four general points followed by each specific vertical.

I think we are overall pleased with the progress in each of the verticals. And despite the fact that we've been on investment mode in Broadcasting, New Media and in Gaming, I think we are pleased with our overall cost model and our revenue optimization model, and our diversified revenue streams to look at road to profitability. The break-up in terms of revenue for this quarter would be Television Content which comes with 11% and Broadcasting which contributed 30%. So on a combined basis, our small screen contributed 41% of the total revenue. Motion Pictures 49%, Gaming 8%, and New Media 2%. The second key development is that on the 25th of January our AIM listed entity *UTV Motion Pictures PLC* was dissolved and de-listed from the AIM exchange as per our plan. And so 100% of the Motion Picture division now rests in *UTV Software Communications*. This resulted in a fresh issue of about 6.436 million shares and so now our non-promoter holding in the company has gone up from 16% to 30%, which is widely held by the public, therefore increasing the free float. Furthermore, the share premium account of the *PLC* when de-merged into the parent allowed the Motion Pictures management team to review all the inventory of the past. And so under a specific Court scheme, while taking this inventory into *UTV Software Communications*, we have taken a one-time write down on our past inventory from the reserves account for an amount of between Rs. 360-390 crores.

Last year, we took board and share holder approval for raising funds of about Rs. 750 crores through various instruments. The update on this is that due to the *PLC* merger we were governed by the *UK Takeover Code*. However, we did embark on an extensive investor communication roadshow in December. And that gave us a lot of positive feedback on our diversified media model and the fact that we were well-entrenched in all our five different verticals of Television, Motion Pictures, Broadcasting, Gaming, and New Media. So as of now, we will review this opportunity of fund raising and weigh all the pros and cons of going forward on this liquidity event versus debt and low-cost debt. And I think over the last 3 months, we have been successful as an overall organization to be able to procure debt between 5 and 8% being on a media company which we believe is good and on that basis, we will review the concept of our liquidity event of raising funds. At this point, I have no further updates to give on that, but we will evaluate this as we go forward.

Lastly on a more general note, I would say that communication in a media company is very important and I believe that we as an organization have been doing this in an extremely proactive manner. But I would say broadly it is important, because in each of the segment I'd like to take 2 minutes to give an overview as we have been able to do this in the past. Because we are a multiple and multi-diversified media company, it is important that we are able to communicate to our core audience who are looking at media as a sector how we view each of the segments that we are in. So before I get into the specifics of how it affects each of our verticals, just a few fair and arms length views on each of the sectors that we have invested in. In terms of Broadcasting, I think it is presently from the general perception on the outside, the least understood or what I would call the misunderstood part of the business not just from *UTV's* perspective but broadly on overall basis. The perception of it being an overcrowded space, many people losing money in that context is a general perception that's out there. I think the whole truth is far from that. I think couple of key landmarks that I think for anyone looking at the media space in broadcasting they would need to understand is that frankly India is at this point in time the fastest growing broadcasting establishment anywhere in the world. If you look at the basic segment of DTH in the last 2 to 3 years, we've galloped to about 18 million subscribers and we will cross 30 million over the next 12 to 15 months, which will make it the single largest DTH market in the world crossing the United States also and in a record time of 4 years. If you look at basically the ARPU's that go into the DTH that between 4 to 5 dollars as compared to an advanced market of the US which is between 12 to 15 dollars per month. But if you look at GDP, the GDP I'd say that it's a pretty rich one. I think, that in itself defines the sort of opportunities that are there in the broadcasting space. I think for people tracking it in the media, it is also important to understand today I think amongst all the broadcasting markets, the companies that are listed, I think the market cap of just the broadcasting crosses about Rs. 40,000 crores. And there are many companies in India not in the listed space in broadcasting. Therefore, taking the overall value at about 100,000 crores overall, that's a segment that is almost 20 to 25 million dollar market cap, and therefore not a segment to be easily ignored. I believe that, that would grow two-fold over the next 2 to 3 years primarily because the subscription revenues that will kick in whether it is from the CAS mode but more so from the DTH prospect. I think therefore, broadcasting over the next 2 to 3 years offers some very unique opportunities and I think the people who have been on investment mode are in the right track for the growth of where the business is. I think the good news also is that most of the overcrowding is pretty much stabilized and the core players that are long-term players have emerged in this business.

In terms of games, I'd break it up into 3 parts: one is mobile. While ARPU in mobile has been shrinking overall, I think VAS will be the focus of most mobile operators here. *3G* is going to be an important trigger. And I think original content is going to be one of the most important factors in mobile that will play a role. The other two segments which are online and console, I would say are not well understood in India, for obvious reasons as those are not very large markets here yet. But essentially as far as online is concerned, I would like to give a few headlines. The importance of this in the entire gaming industry worldwide is now becoming critical. What was about 3 billion dollar revenue coming from online has moved to about 11 billion dollars in the overall gaming market of 44 billion. So basically, 25% of all global revenues in gaming today come from online gaming. One other aspect of online gaming, it is not a hits business. The general perception on games seems to be that it is a business that evolves from hits. While console is still pretty much in that zone, mobile gaming is not and online gaming is specifically and clearly not. Online gaming is about having a much longer shelf life and of evolving and changing concepts. Lastly, I think the *MMOG (Massively Multiplayer Online Games)* space is changing the entire way gaming is interacted with and consumed by people all over the world. We are in the online and console space working on pretty much of a global platform and therefore, I think it is important that everyone understands the segments that we are working on. And lastly as far as the console gaming sector is concerned, the games that we are creating and in the spaces that we occupy in is basically the XBox, the PS3, and the Nintendo. As of today, there are 67 million units in the *Nintendo* space, about 38 million in the *XBox* space, and about 32 million in the *PS3* space and we expect each of them to grow by another 20% by the time they really come out with our specific games. So if we look at the three IPs we've developed and we are looking at releasing by the end of the calendar year this year which is in November, December of 2010, you will find that the installed base, the *XBox*, and *PS3* combined will be roughly about 80 to 85 million units worldwide. For us to look at a 1 million break even and a 2 million target, we are actually looking at a 1.2% going up to a maximum of 2.4% of the installed base as pretty much our market for us to be able to make a real dent in the console gaming space. And I think that is something that we are moving forward on in a strong manner. Skipping on to Motion Pictures, I would say clearly two or three key headlines. The general perception on the outside is that the box office makes or breaks the destiny of a movie. And I think that has changed so substantially, number 1. I think everyone needs to understand the three currencies. Sometimes many people hear about collections and they are at the gross level, then there is a net level, and there is a final share that comes to the producer. But I think it is more important for one needs to understand that today almost 7 out of 10 people who have consumed motion pictures even in

India has actually watched it on a screen other than the big screen. And if that is the case, therefore you will find that even in our revenue mix about 47% of revenues today come from theatrical in India and the rest comes from allied streams. So even when in the opening weekend people have an opinion about how a movie has fared, it basically is not more than 47% of the overall revenue mix. And that is an important aspect to sort of consider and go forward.

In the TV content part of the business, I think it's a business that has been fragmented for a fair amount of time, but in the last 1 or 2 years I have seen a fair amount of consolidation and I would say that the top 5 or 6 players occupy a deepened share of 20 to 30% of the market as compared to almost 4 or 5% of the market before. It is a business that would normally attract 10 to 15% in operating margins and not more than that. And therefore, on a pure play basis, it is always difficult to sustain. The general perception is I think that the next wave of TV content that would come in if there would be a focus for larger budget shows and a fair amount of international content and licensing that will work in this medium. Lastly, when it comes to new media which is also a vertical that we are in, most people do view new media as a horizon kind of a business. And it has a shadow of what I would call the dotcom era. And yes, when you are looking at revenues on the web, it does prove to be a challenge, but there I think the digital and the mobile mode is not. A combination of very unique and high profile offerings that straddle web and digital will not make this a very horizon business for too long. Let me get straight into the specifics of our businesses and I'll start with TV content. Normally when I share views on TV content, we have talked about the fact that this is a business that even though it has a high focus area for us, it is one that grows sort of not exponentially but incrementally. But I think in this quarter, we've actually been able to add almost 6 to 8 shows to our entire repertoire. We've had shows from our TV content division going on to *Bindass* which is the show of *Emotional Atyachaar*. We've had a new daily soap that started off on *ETV* in Marathi and in *GeminiTV* we've had two shows out of which one is a daily soap which has moved to be a No. 2 show in *Andhra Pradesh*. And *UdayaTV*, we started a soap and there is a foreign concept and a format called *Deal or No Deal* which we've just launched across 4 languages across all the four *Sun* GEC's and is now in the Top 2 weeklies. Going forward in this quarter, there will be one more Marathi dailies show that will start off on *Mi Marathi*. And we presently have a letter of intent with *NDTV Imagine* to start 3 daily soaps on that. And one of our very successful South Indian shows *Meti Olli* which was one of the longest running shows for a fair period of time, we now have a license to convert that into Hindi and run it here. So actually, in this space, there has been a fair amount of traction over this quarter. And we see a normal growth that we would have talked about which will be more in the 20% range. We are now taking this up to a 40% range in terms of next year for overall growth in the TV content segment. I guess the question that would come about would be that if you had such a lot of traction in this quarter, it doesn't necessarily reflect in the margins of this quarter. And for that I would only preempt and say that preempting any Q&A on that, which is that all the shows have started this quarter and as I think that everyone realizes when we start the shows, we are at the first initial one time cost that gets amortized and a fair amount that we do in the first 1 or 2 months in each of the shows. So each of the shows are in the peak of their cost model which then sort of flattens out as we go forward. But these are long-term contracts that we do have and I think therefore for a division that we have looked at on an incremental basis there is emerging a much higher focus for us to go forward.

Motions Pictures, the summary would be the following. *Wake up Sid* one of our movies which we released, we did about a 50 crore at the box office worldwide. And it's been strong in revenues across the board. *Main aur Mrs. Khanna* is a motion picture that I think, I clarified last time, is overall we withdrew our overall support with the co-producer's firm. *Kurbaan* opened to about a 45 crore box office and that was clearly a disappointment for us. But it was the beginning of a long-term relationship with *Dharma* and a fair amount of negotiations that took place on the overall cost for *Kurbaan* with them and a strong intent for us to do a future slate of movies with *Dharma Productions*. And fourth, we had a very strong syndication deal this quarter and I think that resulted for no other reasons than from the fact that we had not really unlocked our value in the satellite sale of movies starting from January of 2009 and so all of them culminated in this third quarter. Overall I would say for 10-11, we have a strong slate with a mix of large movies, medium movies, and small movies. We see about a release of about between 9 to 12 movies in this coming year of 10-11 from April to March outside of the fact that there will be a strong slate from the *Walt Disney Company* whose movies we also distribute in India. So we see a fair focus on the revenues and on exploiting with many aspects of new media which is something that we have pushed very hard. And I think in the last year one of our key successes in Motion Pictures has also been to push the envelope with our ability to revenue mine in newer and newer media whether it's in the pay per view and VOD space to IPTV to syndication on the mobile platform, etc.

I think moving on to the third segment which is Broadcasting, I would like to say that it's pretty much this quarter if we have to talk about one of the ones where we see we've had the highest sense of achievement, it would be in the Broadcasting segment. Albeit, there has always been a lot of skepticism as to where our network would be. We don't have a GEC. We're all a niche channel. And I think we have constantly articulated to people from time to time that we believe that actually specialty channels don't necessarily mean that they are niche and have strong verticals. We've been proved right in this quarter and going forward, we established that even without a GEC, we're in the top 5 networks of the country. I think *Bindaas* in its sort of 1.5 years of running in this quarter did innovative shows whether it's been the *Big Switch* or *Emotional Atyachaar* which not only garnered a lot of public relations and got a lot of spot light, but specifically on *Emotional Atyachaar* to compare it with one of our competitive channels where you have a show for e.g. like *Roadies* which has been around for 7 years. And last year was the talk of the town as being the peak in the youth shows. This year on every single week *Emotional Atyachaar* is way ahead of *Roadies* therefore putting *Bindaas* as a channel way on top. Number 2, we re-launched our dubbed movies channel with *UTV Action*. It is a completely fresh launch for us, a fresh channel, specifically targeted at the male youth. The product offering is extremely unique. Our cost model there is very flat and low, primarily because we are acquiring hit programs from Hollywood as compared to Hindi movies. And it is really a very different and unique offering in that space. In the first 3 weeks, it's gone off to a very strong start and overtaking some of the existing GECs in the space even in India. *UTV Movies* which is our movie channel, we have landed up with a 55 GRP which I think is a very strong offering. And just to put that into comparison, *Star Gold* has about an 86 Gross Rating Points as compared to our 55. And obviously, *Star Gold* has been around for the last 12 to 15 years. So if we look at the overall bouquet of these three and of course *World Movies*, which is good, steady, and has a strong brand, we have recorded pretty much about 82 to 85% growth in the Broadcasting segment in terms of our rating. I think the key challenge for the management team and pretty much on target is for us to be able to now take our monetization to the next level.

On games, as far as on Online Gaming is concerned which is *True Games*, we have one of our first games launching in the US and world-wide which is *Mytheon* and it will launch in April. Going forward, next year, we see about four games in our online offerings of *True Games*, of which *Mytheon* is the first amongst many others. *Indiagames*, there has been a fair amount of proliferation of multiple mobile platforms like *Etisalat* and many others that have come into the business and I think we have been able to see to it that we have distribution deals on all these platforms. Some of you may have read in the media that basically we pioneered gaming on the DTH platform and *Indiagames* signed a deal with *Reliance Big* just recently a few weeks back to put a gaming channel on DTH. Our focus in *Indiagames* to do original content has also worked well. And we have a *T20* game which not only is there on the *iPhone* but we put it on *Facebook* and launched it in *Australia* and *UK*. And in the *UK* it's among the Top 10 mobile games and in *Australia* it's the No. 2 game there. Our larger investments into the console gaming space which is in *Ignition*, all our three IPs are pretty much on track for starting to release in November and December of this year and going on to March of next year. I think what is critical to understand here is that with this time line starting from April of this year and up to July is when we start our road shows on our three IPs. And by that we mean showing it around publishers, distributors, and hardware people all over the world for us to be able to look at how we can co-produce and sign distribution deals so we can completely minimize our risks as far as these three games are concerned. And that starts from April to July of this year. As has been noticed in our quarters, we have a strong publishing business which we definitely see doubling in terms of revenue in the next year in *Ignition* outside of the fact that we would be looking at our three IPs for release. New media, I think, has shown that it has a 60% growth QoQ in terms of revenue. It has focused on the bottom line and on EBITDA. One of our offerings, which is *Audio Cinema*, has been growing from strength to strength. And I think overall since we launched about 3 to 4 months back, we now have a base of about 1.3 million subscribers on this offering. And we believe as we start looking at more and more titles coming on to audio cinema, which is really putting out the audio tracks and motions pictures in all languages on mobile, we see that as a very unique offering. And our two technology platforms, *Techtree* and *CXO*, got re-launched again this year.

In summary, before I open up to question and answers, therefore I think we've sort of walked through the macro aspects of some of the industry and walked through each of the verticals. To preempt, one more question that normally gets asked on capital employed, I'd like to summarize overall the following. Basically in our Motions Pictures division, if you look at the last quarter, we had a capital employed of about 970 crores, which is now down to about 540 crores. And a fair amount of that was the contribution of the going down by about 430 crores is with the one time write down on the capital reserves when we inherited the *PLC* inventory, but also augmentation of debtors, syndication revenues and revenues coming in from *The Happening* which is our co-production in the *States*. In Gaming, we have gone from capital employment of about 449 crores to about 472 crores, which is adding about 23 crores in this quarter, and that's primarily in to our investment into the Console Gaming part. In Broadcasting, we've taken our capital employed up from about 430 crores to 530 crores which is an increase of about 100 crores, but primarily that has gone into the fact of actually acquiring movie titles and libraries only and increase in our debtors because of the business growth. And our un-allocable has come down by about a 155 crores from 361 to about 206 crores in that context. So if you look on a comparative basis from a capital employed last quarter, about 2,262 crores we are now down to a capital employed of 1,810 crores. I think that summarizes and takes into account what we think could be some of the key questions and we now will be happy to do the Q&A.

Apurva: Thank you very much sir. Ladies and gentlemen we will now begin the question and answer session. At this time, participants who would like to ask questions may please press "*" and then "1" on their touchtone telephones. If your questions have been answered and you wish to withdraw your question from the queue, please press "*" followed by "2". You are requested to please use your handsets while asking a question. To ask a question, please press "*" and "1" at this time. Our first question is from the line of Rishi Maheshwari of Enam AMC. Please go ahead.

Rishi: Hi, Congratulations to the management on good set of numbers. I wanted to know a little more on the movie side. How has this syndication income helped you in this quarter's EBIT? What would be contribution of this syndication revenues out of this?

Ronnie: It would be a substantial portion of the EBIT contribution in this quarter. I don't have an exact figure and we can furnish that to you separately off line. But it will be a substantial portion of the EBIT.

Rishi: So just to understand it further, does all of it flow to the EBIT margins or is there any cost involved?

Ronnie: There would be a cost in amortization that would happen automatically. So it would not all flow to the EBIT.

Rishi: Right. How much syndication revenue do we expect for the full year in FY 10 and FY 11 now?

Ronnie: You mean for the fourth quarter?

Rishi: That's right, fourth quarter as well as next year.

Ronnie: Well, when you're looking at syndication revenues, I think you need to understand they are part of multiple revenues. So if you are looking at our overall pie, we break that up into revenues that would come from television, music, home video, pay per view, VOD, and box office. So the syndication part only comes from one of the rights that we didn't exploit since January. So on a yearly basis, we would not look at syndication as one big bonus trip. It would be part of an overall revenue optimization of the movies.

Rishi: Okay, okay. If you could also help me explain the EBITDA margins in the interactive segment, it's still lower than what it has been in the last 9 months. I am comparing 9 months to 9 months. Now you gave a little headway on how are you moving towards the game side. In terms of the commercial aspect of it, when do you really see that picking up when the margins will be in the double digits or actually when there will be substantial profits coming out of that?

Ronnie: In the quarter, October, November, December onwards.

Rishi: So that is October, November, December next year, is that what you are saying?

Ronnie: That's right.

Rishi: Okay, okay. And if you could help me explain the treatment of deferred tax, how is that building up? You continue to take deferred tax on the negatives to write back tax. How is that building up now and what is expected effective tax rate in FY 11?

Ronnie: Yeah, go ahead.

Rajeev: Deferred tax has arisen this year because of the Movies division. We have brought back the entire *PLC*. So we get and we've done a write off so got a deferred tax asset in our movies by virtue of which you got that income. So going forward, I mean typically we get deferred tax because of timing gap. We have in *Ignition*, a deferred tax. In Broadcasting also we have that, but that has got reversed thanks to return to profitability in that channel. So overall what you see in this quarter has arisen because of movies.

Ronnie: In fact, I would say that our broadcasting deferred tax has stopped and actually got reversed. We've actually done a tax rather than deferred tax in broadcasting this quarter.

Rishi: So how do you see it moving on next quarter and next year?

Ronnie: I think on a next year basis it will be pretty much on a tax basis and not really on the deferred basis.

Amit: So the effective tax rate could be in the range of around 20, 25%.

Rishi: Okay, okay.

Ronnie: This will be much more reflective in quarter 3 and quarter 4 when all of our models peak in both in terms of movies and games.

Rishi: Wonderful. Just a book keeping one, what's the Forex gain so far in 9 months FY10?

Ronnie: Would that be anything substantial?

Rajeev: Nothing substantial.

Ronnie: It would be nothing of any substance.

Rishi: Okay. And our Capex for this year would be?

Ronnie: I don't understand what you mean by Capex because we really don't have a concept of Capex.

Rishi: Right, right.

Ronnie: In many of our businesses, it's really inventory in most of the businesses.

Rishi: Got it, thanks so much and all the best.

Ronnie: Thank you.

Moderator: Thank you Mr. Maheshwari. Our next question is from the line of Mayur Parkeria of Wealth Managers. Please go ahead.

Mayur: Good evening sir and wish you a very happy congratulations and also already detailed explanation on some of the points. I just wanted to have one more understanding on that, sir, we have totally taken 750 crore as a business restructuring reserve and out of that we are saying we written off 360 to 390 crores. So what does the balance signify and what will happen to that?

Ronnie: We don't have any immediate plan for that. We may not utilize that at all or we may. We really do not have a plan for that. It was just an umbrella enabling resolution that was passed with the board in terms of what we wanted to do.

Mayur: But sir if it remains unutilized, it will remain standing as re-structuring reserve.

Ronnie: Yes, but at the right time we can put it back into the right reserves also. So the idea is that's what it was just done on an enabling basis. But we don't have any other specific agenda for it right now.

Mayur: Sir can you throw some light on why this 350, 390 crore write off happened, because this was mainly as an accounting policy adjustment, but can you throw some light on why, how exactly this came into, because this is a big sum and it's a write down of the book value actually.

Ronnie: I think that's fair. And I think the question is that when we are looking at it from a parent company and we are taking in an entire organization back, I think it was fair of us to assess and review the inventory that was coming in. We have the opportunity to look at this one time as an opportunity, because there was a fair amount of you know share premium that we were inheriting also, with this merger. In that context for us to revalue the past library was one time opportunity that we did have. And that's why we've taken that opportunity under the Court scheme and with the share premium account that we have the opportunity to review that bit. It is primarily, so that I think whenever the future sales and library happens, it will obviously flow. And that does not in any way hamper the revenue recognition or the revenue potential of the assets that we still have and we can exploit as we go forward.

Mayur: Sir, did it relate to the inventory in progress or is it already related to movies released?

Ronnie: Released, only released.

Mayur: Already released movies?

Ronnie: Yes, yes. Past, not present and future.

Mayur: Okay, sir second question I just had on Gaming, sir we are saying the breakeven of our IPs would be around 1 million units.

Ronnie: That is fair.

Mayur: And at a price of 60 dollars approximately if we say, then we are talking of a 60 million dollar as the breakeven point. Now with the games' cost of production around 18 to 20 million dollars, are we saying that 40 million dollars additional would be the marketing and the promotion and other cost which will go into it?

Ronnie: Yeah. No, so $60 is the retail price. What we get after cost of goods, royalty margins, and marketing costs is $30. And therefore, on 30 it would come to 30 million in that context. Our cost of games is about 18 million. And our provisions for marketing and other budgets that we would do to build the brand would be the reason why we've come to this break even quantity.

Mayur: Sir, as you rightly highlighted, we will be expecting installed base of around 80 million put together for *XBox* and *PS3*. Then why are we having such a conservative estimate on only 2 million sales which we are looking at. That is firstly, and secondly, whatever amounts we estimate, what will be the duration through which this will flow?

Ronnie: Yeah, I mean, at this point it is just an estimate. If I say 5 million, I think you'd tell me why are you taking such an aggressive stand. So …

Mayur: No sir. We will be happy to have that.

Ronnie: Fine, so I think it will be what it will be. I think the best of estimates can be completely this way or that way. I think the perspective of us putting down the breakeven is a much better way to understand the business which I think today everyone is still trying to understand the Gaming business. Therefore, it's always better for us that everyone is looking and comprehending for it to be to understand the worst case scenarios and the best case scenarios which is why we are trying to project these figures. And I think your second question on that was, yes. I think a fair portion of the console gaming revenues will flow in, in the 6 to 9 months period from the time of it's launch as compared to online as I said, when we do our online in *True Games* that life cycle is a pretty much stable life cycle for 3 years,. But in console it will be the first 6 to 9 months. And by that time work on the sequel would have already started.

Mayur: Okay. Thanks sir, I will come back with the subsequent questions.

Ronnie: Thank you.

Moderator: Thank you. Our next question is from the line of Madhuchanda Dey of Kotak. Please go ahead.

Madhuchanda: Yeah. I have 3 questions. My first question is that in various calls you have been discussing about a more even share of the revenue streams, but that doesn't seem to have happened so far. It's still extremely skewed towards movies. Now that you have got a reasonable clarity on where the businesses are heading, how do you see this panning out in FY11 in terms of both revenue contribution and contribution to margin?

Ronnie: Yeah, do you want to say the other two and then I'll take all the three?

Madhuchanda: Yeah, no. I would appreciate if you could first answer this question. The others are more minor house-keeping kind.

Ronnie: Sure, I think on all our calls, if you can rewind back to them, you will hear that we've articulated that over the next 1 to 2 years we see our overall mix being a third coming from Gaming, a third coming from small screen, and a third coming from big screen. So and I think we are very much on track for that really. Motion Pictures is pretty much a larger share of the pie right now, because our IPs and gaming have not released and *True Games* which is in investment mode will really launching next year. And Broadcasting, as you've seen the inflection point has really come in October, November, December this year and now the monetization process starts. So I think true to exactly what we've said, that we're looking at an equal balance of a third, a third, a third may be Gaming being a little bit of a higher proportion in 10-11 is pretty much where we are headed. There is no inconsistency.

Madhuchanda: And could give some idea as to where you see this proportion settling in FY 11 in terms in the context of your overall revenue growth and where do you see this individual components heading.

Ronnie: Yeah, I mean, give or take 5 to 10% here or there because that's how the industry will work. I would say that it's going to be about 30% from Motion Pictures, 30% from small screen, and 40% from Gaming.

Madhuchanda: And what is your overall revenue growth outlook for FY11, taking into consideration the launch of your games and …

Ronnie: I would like to break that up rather than give you an overall, but I think as I mentioned in Television Content, we are looking at about a growth of 40% in 10-11; in Motion Pictures, about 25 to 30%; in Broadcasting, between 35 to 40%, in Gaming, we estimate anything upwards of 300% in terms of growth, but then that's a different model and in New Media, a 100%.

Madhuchanda: And my second question is on the Broadcasting revenue and the EBIT performance this quarter. Was there any element of one-off or is this the sustainable level that one should expect?

Ronnie: No. I think there is an element of one-off in this broadcasting segment. Because we do sometimes from time to time have a syndication model that kicks in. Let me explain what that would mean. For e.g. if you were to buy a movie title and not necessarily premier them on our channel, but we would acquire them because we want to corner the title and then we would syndicate it to other channels and run ours on a first, second, or a third basis. We, therefore, derived syndication revenues which allow us either to be profitable in a syndication model and /or get the title free on our own channels as the case may be. So that has seen a fair amount of that in this quarter as compared to past quarters and is not necessarily a recurring item.

Madhuchanda: So what would be the quantum of that?

Ronnie: That would be about 20 some odd crores or little bit in that context here. But as I said, on a quarter to quarter basis, our normal business in terms of ad share, ad revenues, and subscription is also growing.

Madhuchanda: If you could share that number that would be helpful.

Ronnie: As in …

Madhuchanda: What was the share of your Broadcasting advertisement revenue share for the channels?

Ronnie: I would say if you are looking at the overall, one sec I'll just get that.

Madhuchanda: It's about 65 crore is the segment revenue for Broadcasting.

Ronnie: Yeah, so out of 65 crores, about 25 or 30 would have been syndication and the balance would come from ads and subscription.

Madhuchanda: So that you expect to be a sustainable component?

Ronnie: And growing.

Madhuchanda: Okay. And my last question is you mentioned that post this restructuring, you are also contemplating raising some capital. What is basically the strategic reason behind the same?

Ronnie: No ma'am, as I said here, I don't have really an update. I was just updating that since we had an enabling resolution from the board and the share holders, at this point we don't have any immediate event that is looking at that, but we'll keep those options open. But today as it stands, we don't have any immediate option for raising equity funding.

Madhuchanda: Okay, thank you.

Moderator: Thank you Ms. Dey. Our next question is from the line of Suyog Aggrawal of Venus Capital. Please go ahead.

Suyog: Yeah, good evening sir. Could you just throw some light on the debt position on like you know what trends do we see in the capital employed like moving forward next year?

Ronnie: Yeah. Our net debt is around 700 crores on a debt equity ratio that works out about 0.6 to 0.65. In terms of our capital employed, if you see our base now at about 1,800 crores, I think the two capital requirements would really be a little bit more on the Broadcasting segment and to a certain extent in our Gaming segment, because we are going to complete the IPs and our investment into *True Games*. There might be an up and down in the Motion Pictures, but that will be basically on a quarter to quarter basis only. But by and large the key investment now, going forward, in a limited sense would be in Broadcasting and in Gaming.

Suyog: So could you quantify that number and segregate like how much percentage would you require for like Broadcasting and …

Ronnie: Yeah, broadly I would say that that range and that has to be reviewed on a quarterly basis, but right now that range will be between 75 to 100 crores for Broadcasting and 150 to 175 crores for Gaming.

Suyog: Okay, alright sir, thanks. That's it from my side.

Moderator: Thank you Mr. Aggrawal. Our next question is from the line of Saurabh G of Kotak Securities. Please go ahead.

Saurabh: Yeah. Thanks, just one question regarding the outstanding share count as of 31st December.

Ronnie: It will be around 40.4 million.

Saurabh: 40.4 and this is the final or there is something else pending to be converted?

Company Clarification:	**The Share count as on 31st December 2009 is 34.1 million shares and as of 25th January 2010 it has increased to 40.6 million shares.**

Ronnie: No. In fact that's …

Saurabh: That's it, okay.

Ronnie: I am sorry, but just to clarify that's as of 25th January and not 31st December.

Saurabh: Alright, yeah. Thank you.

Moderator: Thank you. Our next question is from the line of Vikas Mantri of ICICI securities. Please go ahead.

Vikas: Yes, just more data on this write off that you have taken because of this acquisition now. You've mentioned that it gave us an opportunity to write off. Was there any need to do it per say or it was just that we took it as an opportunity?

Ronnie: Out of candidness, I would say it was because we had the opportunity. We had the opportunity because we were taking in a share premium account. We were merging a company. We had the ability to therefore revalue that. And therefore from a Court scheme, we thought this would be right opportunity.

Vikas: But why would we value something significantly lower. The inventory that was there with UTV should be worth what it was showing in the books. So what is the reason why we would take this write off?

Ronnie: As I said, it is primarily because we felt it was an opportunity for us to reassess it on a one-time basis instead of having a share premium to look at it so that we can write it down from a share premium …

Vikas: No, but when it is worth, the auditors would have suggested a particular write off, if needed any. Otherwise it could also be a case where you can write down the entire 700 crores if you wanted to.

Ronnie: This is on the past library. The 700 crore constitutes working inventory of our slate as we go forward and forward advances and forward slates to that. So this was on the past library on un-amortized basis that we were looking at, not on a basis of a discretionary situation that we were looking at the entire library.

Vikas: So basically, the library that was there in *UTV Motion Pictures PLC* was not worth the amount so we had to write off this amount.

Ronnie: We don't believe so, no.

Vikas: Then why would the auditors allow you to write off?

Ronnie: Because under a Court scheme, with the approval of the shareholders and with the approval of the board, that's what we felt at that point that we could do and we've done that. But it is not based on anything but the fact that we had the opportunity to do so.

Vikas: Would it not be because of under provision of cost in the earlier years because we had taken this write off?

Ronnie: Well, I think since the advent of our business and we are now a 20-year-old company we've had very, very stable accounting policies. So and those accounting policies have held us in good stead right through so taking an opportunity for us to review this on a one-time opportunity does not in any way question the past operating or the accounting policies or the principles.

Vikas: Okay sir. Thanks.

Ronnie: Thank you.

Moderator: Thank you Mr. Mantri. Before we take the next question, we'd like to remind participants that you may press "*" and "1" to ask a question. Our next question is a follow up from the line of Mayur Parkeria of Wealth Managers. Please go ahead.

Mayur: Sir, can you share the total syndication revenue in Broadcasting for 9 months?

Ronnie: It would be in the range of about 30 to 33 crores.

Mayur: 30 to 33 crores.

Ronnie: Yes.

Mayur: Most of it has come in this quarter.

Ronnie: Right, right.

Mayur: Sir, at this game side, you just explained me the entire way in which the break even was arrived. Sir, I think I just missed on the fact that out of 60 million we are seeing 50% is ours, out of the retail price, 50% is our share, so that's $30?

Ronnie: Yes.

Mayur: And our cost of production is 18, how much you said sir?

Ronnie: 18 to 20 million dollars would be that. And the rest is just our overall provision on what we think we would need to spend on marketing a title like this world wide.

Mayur: Okay, okay. So that is how, okay. For us, it is actually basically 30 million dollars is the break even because we will be receiving only 30.

Ronnie: That is correct.

Mayur: Okay. And sir, this 30 million when we say, the other costs of 12 million dollars we are saying for each game. So we are talking of around 30 million dollars over all, 30 to 35 million dollars over all. How much of that is yet to be incurred on that? Is that what you gave an idea of 150 to 175 crores more?

Ronnie: Yes, yes.

Mayur: Okay, thanks sir. Thank you.

Ronnie: Thank you.

Moderator: Thank you. Our next question is from the line of Swati Nangalia of IDFC SSKI. Please go ahead.

Bhushan: Hi Ronnie, this is Bhushan here.

Ronnie: Hi.

Bhushan: Just one question. We have taken the write down on the share premium and the inventory. How much of it is yet to be monetized? How much would be your assessment of that inventory to be monetized?

Ronnie: The assessment of its monetization has not changed at all. All of it would need to get monetized. I just want to put that differentiating factor clearly. The job of all of us in core management is to continue to optimize that. Just to put that into reference, we have an accounting policy for e.g. that would write-down over you know over a period of 3 to 4 years. Now after it is zero inventory, we've got lot of things that have zero inventory because of the normal accounting policy that we follow. That doesn't mean that's the end of it is optimization cycle. So the optimization cycle continues for life. In fact, in content when you have something in your library, the depreciation policy is not commensurate with the appreciation, because you are constantly getting an annuity income on that. So was it to be written off in a normal context, you would still have a normal flow that would come. So that I would just like to say that there is no differentiation between the two.

Bhushan: Okay, and this would be inventory as new as?

Ronnie: You mean as old as what we've released prior to the scheme.

Bhushan: Okay, fine. Thanks a lot.

Ronnie: Thank you.

Moderator: Thank you. Ladies and gentlemen, participants who have questions may please press "*" and "1" at this time. Once again, to ask a question please press "*" and "1" now. There are no further questions from participants. I now hand the conference over to Mr. Apurva Shah.

Apurva: Thank you everyone for joining us on this call. And I'd also like to thank the management for taking time out to talk to us. Thanks again.

Ronnie: Thank you.

Note: This document has been edited to improve readability