Television . Movies . Broadcasting

UTV Software Communications Limited

INVESTOR CALL

FOR THE YEAR ENDED MARCH 31, 2005

Moderator: Good evening ladies and gentleman. I am Ajay the moderator for this conference. Welcome to the UTV investor conference call for the financial year ended March 31, 2005. For the duration of the presentation, all participants lines will be in the listen-only mode. I will be standing by for the question and answer session. I would like to handover to Mr. Srinivas Rao of Enam Securities. Thank you and over to Mr. Srinivas Rao.

Mr. Srinivas Rao: Hello everyone. I welcome you all to the maiden conference call of UTV to discuss the results for the quarter ended March 31, 2005. I am Srinivas from Enam and I have with me from the company's side Ronnie Screwvala who is the MD of UTV; Ronald DeMello, director, finance and operations; and Amit Banka, the head of strategic planning. Thank you Ronnie, Ronald, and Amit. I now handover the floor to Amit to take this call forward.

Amit Banka: Thank you Srinivas. Good evening ladies and gentleman and thank you for joining us to discuss quarterly results. I would like to remind everybody that anything we say during the call that refers to our outlook for the future is a forward-looking statement and must be taken in context with the risks that we face. I would now handover the call to Mr. Ronnie Screwvala, managing director of UTV.

Ronnie Screwvala: Good evening everybody and if you on different time zones, good morning and good afternoon as the case maybe. I think, we are well pleased with our present results and we are happy that we are starting of on a good pace. We are happy to report that overall our consolidated revenue closed at about 1805 millions which is up 58% from our previous year. At EBIDTA level also, we have grown by about 112% as compared to the last year and closed at Rs283 million. Our overall net profit therefore rose up by 249% to Rs152 million and our EPS stands at Rs10.7, which is up about 236%.

Notwithstanding this, that I think you are all familiar with, I fall back to deal with some other softer issues and strategic issues that normally gather on a media companies such as ours. I think the one critical element is that we do believe that with this base of Rs180 crores as we stand here today, we have established pretty a good incubated model from multiple revenue streams, though primarily our revenue streams for this Rs180 crores constitute either from television or motion pictures, we are also happy that in the last six months, we have made an advent into the broadcasting segment of the industry with what we believe is a very exciting space which is approaching the 4-14 age group which really constitutes 1/3rd of the children's population of India and 1/3rd of the cable and satellite households which is the target audience of almost all the 200 channels that beam into this country. So, if I just take two minutes and finish with my views, therefore, on our broadcasting activity because that is really what we have invested and what we look forward to over the next one to two years and three years as part of our (a) group strategy and (b) also going up the value chain because I think for an integrated media company, if you compare ourselves with pure television content place, we do believe that out of all our three activities, the television content part is actually the more difficult part of the business because at the end of the day you are at the lower end of value chain supplying to various customers albeit at a very risk-free model which is on commission model and unless we look at our airtime sales model.

Broadly in Hungama TV, I think in the first six months, we have achieved quite a lot. We set out in an environment which was primarily with a single channel environment which was Cartoon Network and one or two other channels like Animax and Nickelodeon which I am sure to whoever you all listening would be global names, so I think you are familiar with it which territory you are listening from. We then have had the advent of Disney that has come in here. I think our clear vision as far as the space is number one, we do not consider this to be a niche segment at all. We believe that the 4-14 age group segment represents a very large and growing base, not only from an advertising point of view, but from a very challenging pay-TV point of view in this country which also is a difficult task to collect revenues and I believe that outside of a leading channel, the biggest driver for pay revenues in the next three to five years is going to be from the kids segment. In these six months, therefore we have been able to establish a very good connectivity and distribution and built a brand. I think these are our investments for the future. In a normal manufacturing operation as we all know, your investments go upfront into the plant and machinery. In a product based, you spend a lot upfront in building the advertising for a brand. We look at therefore, our investment in Hungama TV over the last six months in terms of connectivity, investments in programming, as well as a necessarily the investments in the marketing and brand to be exactly to build long-term value over the next two to three years in terms of wealth creation for the organization. Two or three critical high points, one, our distribution is on par with any other kids channel. Two, that has helped significantly because we understand these business well as it is seen from here and because we are on the bouquet of the star network which itself gives us a certain amount of buoyancy and allows us to go pay, that means collect revenues from day one and the third headline as far as Hungama is concerned is three weeks back in our weekly ratings that come out from the AC Nielsen which is a global rating agency, we now stand at a number 2 position by and large specifically in the 10 to 14 segment and across the board in terms of reach in the entire 4-14 age segment. We had when we had even talked about the six-month back launch, looked as us being an investment-mode on this channel for about eight quarters and we believe right now we are moving along on those lines as we stand right now. So, six months is a little early to assess how we go forward.

Moving to our television business, I think, we have recorded moderate growth this year. This is a tricky business overall. If you exclude one or two players or may be just one player in the filed over the last three to four years, you will find actually there is a substantially cyclic business in its very inherent form. Our ability to take a base, retain that base, and grow that base is part of our strength we believe based on the fact that we have been in this business now for 15 years and I have a rich relationship with almost every broadcaster in India in the Northern segment, in the regional language segment, as well as in the English language segment when we do work for channels like BBC and National Geographic and other. So, what we have been able to do and demonstrate very sustain ably is that in our cyclic process, we have still been able to constantly always maintain our market share and grow, sometimes moderately and sometimes at a peak, and I believe, that is something that is a challenging part for television. Our television activities actually are wide based. For most people, it actually means contracting television to one or two channels. We have almost five segments when we come to our, what we have allocated television in our revenues. Number one, television content that we do for a multiple amount of channels both in the regional segments, English segments and in the Hindi segments. Number two, airtimes sales where we buy drops of airtime on Doordarshan or the Sun Group presently because that is where the model prevails and either put our own programs or other peoples syndicated programs and sell airtimes directly to advertisers. Number three is the space which we have been for quite some times, which is animation, presently more used as an outsourcing model for getting global clients to come into this business and we are pleased to say that this year ending March 05, we have recorded some good growth and we have an order book which already is about three times our last year's revenues when it comes to the animation field and number four and number five, two interesting divisions, which is our ad films departments and our dubbing division, both which have a very good spectrum of clients and customer basis and a neat margin. So that is really our television business and I said, given the buoyancies and the idiosyncrasies on these businesses, maintaining market share and growth is really what we believe is our strategy for growth.

Coming therefore to movies. We are constantly challenged by most people. Primarily, or partly because they do not understand the business and obviously from an outside perspective, we would always look at it as a higher risk business. We believe that our first thing that we went into when we looked into movie business in the last two years is two things, one transparency and therefore a certain amount of de-risking and second is market leadership. I think we are good and well on our road to market leadership. If you look at our overall revenues at what we covered in March 05 totally for movies division which is roughly around I think about Rs70 crores, you would find that actually that cumulatively makes us the number two player in the country in all aspects of the world. So, I think we were able to do that in two short years. With that, we have been able to develop brand equity because we have developed 10 square programs like *Lakshya* and *Swades* and many others, second when it comes to de-risking, I think our model is now almost four or five folds. Number one, we produce our own movies. Number two, we distribute our own movies. Number two, we distribute our own movies or we acquire the distribution. Number three we have a global network for distribution and that in itself is normally being with only one single player or two players and therefore we believe that is an open space. Number four, we have international connections in which we have been able to acquire global libraries for the India spectrum, and number five again using our synergies with our broadcasting relationships that we have with all the ones in South Asia, we have been able to acquire more than theatrical rights and spread that into home video and television and exploit the same also. I think in the coming year, we have great lineup. The big question that would come up with most people is, is that model sustainable and what are the risks that go with this business. My simple answer to that would be that in a business that otherwise is ripe with who knows as to nobody can define what is the success and what is the failure, we apply two to three models. One of them is we compulsorily deal with a fair amount of our model in the following manner. If we are producing movies, we try and see to it that we take a circumspect view of how we can deal de-risk that by sub-selling as much of the movie as we can without capping too much of the upside. Even when we are distributing movies, where it is the correct perception that is the higher risk business because we do not necessarily have a parachute option there, we ensure that in our global model, we get a substantial amount of minimum guarantees and subsell either to exhibitors or to territories and in our overall model for coming year also, we believe that outside of this model, we have been able to do two things. We have recently acquired library of Miramax for South Asia and India specifically and we believe that subsequent revenues in this year also gave us a good platform for us to de-risk our model. We have a two-movie deal with Star TV, one of which got completely delivered in the last year and one which we plan to do in this year. If you take both those ingredients too, that will give us what I would call serious stability and visibility of some of the outlook of what we are looking at and it gives us a cushion in the event that not all of our movies perform the way expect them to do. That more or less kind of sums up our entire model as to where we go right now and I belief we can now open ourselves up for Q&A.

Moderator: Thank you very much sir. We will now begin the Q&A interactive session. Participants who wish to ask questions, please press *1 on your telephone keypad. On pressing *1, participants will get a chance to present their questions on a first-in-line basis. To ask a question, please press *1 now. We have our first question from Mr. Dipen Shah of Kotak securities.

Dipen: Yeah, just had one question about Hungama, could you throw some more light on the financial of the Hungama for the quarter and I believe it for the six month period for this year. Most specifically for the quarter, how was the performance on the financial front for Hungama TV?

Ronnie Screwvala: Specifically as far as the performance goes, as I said, we are looking at investment mode and we have planned that our overall investments over eight quarters would be in the vicinity of about Rs62 to 65 crores cumulatively. Therefore, we are pretty much in investment mode in terms of programming and marketing to those aspects there.

Dipen: Okay.

Ronnie Screwwalla: For the month of April this year for example we have moved to a run rate where we are looking at advertising revenues of around 50 lakhs of rupees.

Dipen: Okay.

Ronnie Screwwalla: That is definitely heartening for this segment right now as we go forward. We have pay revenues that would seep in from October of 2005 based on our agreement with Star which gives them the first year 100% they keep and then from second year we do 50:50.

Dipen: Yeah.

Ronnie Screwvala: So I think we are moving positively in those direction.

Dipen: Okay, okay. Right, thanks very much.

Ronnie Screwvala: Thank you.

Moderator: Thank you very much sir. Participants who wish to ask questions, please press *1 now. We have our next question from Mr. Ronnie Ganguly of JP Morgan.

Ronnie Ganguly: Yeah hi, congratulations on the fine set of results. Few questions, could you just let us know a little bit more about this late of the revenues possibly like in the television and in the films between say now TV content, their time sales, and also in the film segment between the production and the distribution?

Ronnie Screwvala: You are talking about 05, right?

Ronnie Ganguly: Yeah for 05.

Ronnie Screwvala: For 05. Broadly, if you are looking at the entire spectrum of the television space which on a consolidated basis is about Rs90.9 crores or Rs909 million, television is about Rs450 million, airtime sales is Rs340 million, animation is Rs30 million, dubbing is Rs48 million, and ad films is Rs43 million.

Ronnie Ganguly: Right and on the movie front?

Ronnie Screwvala: On the movie front, well you see it is difficult to bifurcate because the bulk of our revenues comes from two of our movies that we have actually produced. So it is difficult to differentiate that because there has not been a pure play on distributions in that extent but next year, we will have a pure segregation because we will be dong separate movie that we distribute and separate movie that we produce.

Ronnie Ganguly: Followup question, I mean, why is the Hungama TV numbers not consolidated and I mean what is reason it is not consolidated?

Ronnie Screwvala: Primarily going by the technicality of accounting standards, it does not require to be consolidated and also UTV is presently holding 49% equity in Hungama and it is our stated intent that we will invite strategic or private equity investment in Hungama at a later stage when

UTV's investment could be lower than what it is now. In any case, accounting standards does not require it to be consolidated.

Ronnie Ganguly: But in your audited results, will you show it as profit from associates coming below the line?

Ronnie Screwvala: Not really. It does not require to be shown as per accounting standards 37.

Ronnie Ganguly: Okay. Thanks.

Ronnie Screwvala: Thank you.

Moderator: Thank you very much sir. We have our next question from Mr. Satte of UTI Mutual Fund.

Mr. Satte: Hello sir. Great results this quarter. Sir, if you look at the EBITDA level, you have laid down Rs13 crores of EBIDT from films for this quarter and around Rs14.8 crores for the full year. Was it totally on account of *Swades* this quarter?

Ronnie Screwvala: No, it was a mixture of two to three things actually. We had a combination of satellite sales as far as *Lakshya* is concerned, it would be a little bit of *Swades*, it would be a little bit of Miramax libraries and it will be a part of our Star Movie delivery also.

Mr. Satte: Sir, for *Swades*, how much will be the international revenue coming in. Has it been included in this?

Ronnie Screwvala: Yes, of course yes.

Mr. Satte: Sir, can you give me a break-up of that, how much would be the approximate international and domestic revenues from this?

Ronnie Screwvala: It would be across in a year basis. It would not be based on a quarter basis there.

Mr. Satte: Okay, fine thanks.

Ronnie Screwvala: Thank you.

Moderator: Thank you very much sir. We have our next question from Mr. Falgun Shah of Cholamandalam Securities.

Falgun Shah: Yeah, good evening sir, congratulations on a set of very good numbers. My question is pertaining to *Hungama TV*. Now, when we look at the competition in this segment, the localized content of the local content, you know, where the competitors are also talking about localized content. So going ahead, what would be, you know, USP? Will it be localized content or popular localized content on the lines of *Shaktimaan* and *Shakalaka Boom Boom* because, you know, towards the evening every one is talking about the same localized contents now.

Ronnie Screwvala: I believe our competitive edge is going to be in two folds. Firstly, I think we are going to have our head start because by the time MNCs like Disney and Turner actually do localize, it will take nine months to an year if not more. Number two, I think what we would first want to do is migrate their international format into local languages which may work or may not work and number three I think we have understood the pulse of this market from 1990 onwards from shows that we have done like the *MatheMagic* show to *Junglee Toofan Tyre Puncture* for *Zee* down to *Shakalaka Boom Boom* as a daily show to *Shararat* now, I think we understand the pulse, we clearly do understand the pulse. But I do not, I mean, at the end of day, I also want to point here that this market segment of 4 to 14 is going to be big. It can only really be big if more than one player is operating in the local base. So, we would highly encourage everyone at this stage and work as cousins rather than as competitors for sometime.

Falgun Shah: My second question is regarding the television content. Now Kehta Hai Dil off air Star Plus. So how would this affect our pricing power I mean looking at one way of it and looking at another of it, how would it affect on our average realizations per hour because you know we are replacing our average hours per week. So how would be pricing affect as far as you know stability of revenues is concerned because this was supposed to be a very high TRP-rated show which commanded a premium pricing power.

Ronnie Screwvala: Sure, but it is a question that some shows have their sunsets and some shows start off afresh from that point of view. So I mean Shararat is as much of a premium show at half an hour for us as was the Kehta Hai Dil from that point of view. We have a show starting on Sony soon called Tarana because these are all built in to our normal process and that was pretty much my opening comments also says that in a cyclic process it is our job necessarily to insulate the shows that kind of close down on having as their normal life in the first place of two years and three years. Having said that, it was a high revenue earning show for us but it was also high production cost show. So, it was not that it led our margins in any particular direction that will be different from any other show.

Falgun Shah: Okay. Now looking at the revenues from the overseas distribution, I believe, last quarter, you only distributed Swades in the overseas territories, so when we look at the financial for the entire year, our converted and standalone numbers, if I deduct say consolidated from film standalone, the figure that I get of 139 million, should I assume that is the overseas distribution revenues from Swades?

Ronnie Screwvala: And Miramax.

Falgun Shah And Miramax. Okay, okay, so going ahead what is the likelihood, you know, you have already acquired Mughal-e-Azam.

Ronnie Screwvala: Yeah! Mughal-e-Azam is just our first. We have Virudh, which releases on July 01. Before that we have Parinita which releases on June 10. So, we have lot of visibility on our movies calendar. Just between domestic and international in the next three months, we have done Mughal-e-Azam, on May 06, we do Kya Cool Hai Hum all India, then we do D and then we do on June 10, we do Parineeta and on July 01 Virudh.

Falgun Shah: Okay. Thank you very much sir and all the best for the future.

Ronnie Screwvala: Thank you very much.

Moderator: Thank you very much sir. Participants who wish to ask questions please press *1 now. We have our next question from Mr. Aman Chauhan of Reliance Mutual Fund.

Aman Chauhan: Good evening sir. I just wanted to do know some detail on the Miramax deal. What is amount we have paid, what is the libraries we have got, revenue stream expected in the coming years.

Ronnie Screwvala: Essentially what we have got is a library of our 138 movies. We got theatrical home video and DVD as well as CD rights. We have got them for a 10 years and we got them for a price of approximately USD 800,000 plus tape costs which brings it to about USD 900,000. We therefore are in a position to exploit all of these for 10 years. Now, theatrically, they would always get only exploited one. We do not estimate all 130 movies to get exploited but if you look at the movies, out of about 10 top movies of which two or three are yet to be released have all crossed USD 25 and 40 million dollar box offices in the US in the last three or four months. So we are quite hopeful on these movies. Of course Hollywood movies don't translate that well into India. So necessarily box office in the US don't necessarily mean hit movies here. Where we do feel the ability to monazite is when we sale the television rights to broadcasters beaming into South Asia. So, we have been able to tell a certain part of our movies of which is about 80 movies for only two-year cycle for about USD1.3 million odd. We are looking at monatizing and selling the next lot of 50 movies for a three-year cycle for little lesser amount. So, if you look at where we see our exploitation, we believe this will have a constant revenue flow over the next 10 years give or take one or two years and lastly of course the DVD and home video rights which we sale every two-years, we will reissue the rights.

Aman Chauhan: And sir, in the initial years, what could be the normalized revenue we can expect from this revenue.

Ronnie Screwvala: Initially in the sense, I think we have already done our first round of revenue exploitation by selling certain movies for Rs1.3 million.

Aman Chauhan: Sir out of this USD 1.3 million sales, how much of that is accounted in this year?

Ronnie Screwvala: 1 million of that has been accounted because it got delivered in this year and about USD 300,000 gets carried forward into next year.

Aman Chauhan: Okay.

Ronnie Screwvala: And we expect a lot more in this coming year because all the theatrical releases will also happen in this year.

Aman Chauhan: Right. Other question would be what is cash we have in our balance sheet as of March 31?

Ronnie Screwvala: As of March 31, we had about Rs14 crores liquid cash.

Aman Chauhan: One-four.

Ronnie Screwvala: Yeah!

Aman Chauhan: And one broad question on your margin on their television business, though it is difficulty to get the full visibility how the margin will turn up, but what trend do you see, do you see the margins improving in the coming years or it remain stable?

Ronnie Screwvala: We see it going to about 17%.

Aman Chauhan: Fine, sure. That's all from my side. Thank you.

Ronnie Screwvala: Thank you.

Moderator: Thank you very much sir. Participants who wish to ask questions, please press *1 now. I repeat, participants who wish to ask questions, please press *1 now. We have our next questions from Mr. Sadanand of Kotak PMS.

Mr. Sadanand: Hi. My question is to Mr. Ronnie Screwvala. I would like to know you have a capital employment close to Rs229 million in allied content service for that year and its EBITDA is close to Rs25 million. I just wanted to know what are the plans to upscale this business.

Ronnie Screwvala: I think we have declared that pretty much in the prospectus that we are going to invest some amount of money into the postproduction business to take it to the next level. There is a lot of synergy between our animations and our allied content postproduction business. We are looking at sort of broaden basing that into sort of SFX also. However, I must caution that this is a substantially commodity business and a competitive business and also a technology business that compels sort of obsolescence of a high nature. We are going to do this carefully and meticulously but there is a huge amount of synergy between all our activities from broadcasting, ad films, and television and movies that we have our postproduction base.

Mr. Sadanand: Okay. I have few other questions.

Ronnie Screwvala: Sure.

Mr. Sadanand: You mentioned in animation business, other book of 130 episodes. I would like to know this is in a 2D or 3D or anything else?

Ronnie Screwvala: 3D.

Mr. Sadanand: 3D, hello.

Ronnie Screwvala: Yes, 3D, 3D.

Mr. Sadanand: And what is the cost per episode realization you would be getting here?

Ronnie Screwvala: It varies from episode to episode. I mean we get pricing of between USD25,000-50,000 dollars per episode and this varies quite widely.

Mr. Sadanand: Okay. Coming to Hungama TV channel, I would like to know what are the operating cost per month.

Ronnie Screwvala: Our overall operating cost are between Rs3-3.5 crores, Rs30-35 million per month by and large which is a combination of programming expenses, marketing expenses, distribution expenses, and overheads and of course technical cost uplinking.

Mr. Sadanand: Okay. Post September 05 your pay revenue will kick in from Hungama TV. I would just like to understand how the deal would be, would it be a fixed minimum guarantee with Star or you are going to charge some particular subscription rate for the channel?

Ronnie Screwwalla: No, there are two different questions. No, there is no guarantee offered by Star to us. Having said that, you would know that in the overall platform, they have the highest declared rates.

Mr. Sadanand: Okay.

Ronnie Screwwalla: No.2, the a-la-carte mode has not really come in right now and basically as per the recent TRAI guidelines, only new bouquets can be formed. So presently Star bouquets are with Star one, two Disney channels, and us as four.

Mr. Sadanand: Okay.

Ronnie Screwvala: And that is how they are going out in marketing and collecting money.

Mr. Sadanand: Coming to home video, what distribution network you are using to distribute the home DVD videos.

Ronnie Screwvala: Home DVDs completely on deal-to-deal basis for every movie, we go to exactly the highest bidder or where we feel comfortable on movie where more marketing or field promotion needs to be done and sometimes when we believe that there could be a high revenue sharing modules, then we look transparency.

Mr. Sadanand: No, my question is more to emphasize on the distribution network. Are you using your own distribution network or you leverage on the third party?

Ronnie Screwvala: For DVD only you are talking about right?

Mr. Sadanand: Yes, only DVD.

Ronnie Screwvala: No, DVD we are sub selling, not to be mixed up with theatrical.

Mr. Sadanand: I believe you have a couple of distribution finance arrangement as you mentioned earlier. I just like to understand what are the resources you are committing for these movies.

Ronnie Screwvala: In what sense?

Mr. Sadanand: In movies like Parinita, Shaadi No. 1, particularly Parinita, which is outside movies.

Ronnie Screwvala: Yes.

Mr. Sadanand: Are you buying it on a commission basis or it is outside MG, how are you doing it?

Ronnie Screwvala: Each one has a different model completely. Each one has a particular model which may be a low MG with revenue-sharing basis or could be just a pure commission basis with only our investments and prints and publicity.

Mr. Sadanand: So what quantum of resources you would like to permit when you go for MG to outside movies.

Ronnie Screwvala: Again it completely depends. But you see the main point is we do it in a cyclic basis where we rotate those because we are looking at different movies coming in a cyclic basis. We also see to it that back-to-back, we get sub distributors or exhibitors to come in with us on that sharing.

Mr. Sadanand: Okay, I would like you to elaborate your global distribution network in terms of the resources you are putting, the physical offices or the people employed in that direction?

Ronnie Screwvala: It is a very lean and mean operations where we are looking at the rest of the world which is almost every country outside of the US and UK. It is the three people operation, which include acquisition, logistics of delivery, deal structuring, as well as marketing. In the UK, we have pretty much a one-person operation because basically it gets serviced from our US office, which is a three-people operations so, it does not get tighter than this.

Mr. Sadanand: Thank you very much.

Ronnie Screwvala: Thank you.

Moderator: Thank you very much sir. Participants who wish to ask questions, please press *1 now. We have our next questions from Mr. Falgun Shah of Cholamandalam Securities.

Falgun Shah: Yeah, this is just a followup question. This was regarding the content that we provide to Hungama, you know, is the pricing done on a arms-length basis and what would be the current hours of programming we are doing for Hungama and some guidelines on the average realizations per hour for that and going ahead in 06, how is the television content business likely to ramp up, if you could give some, you know, numbering sort of hours per week and the average realizations? Thank you.

Ronnie Screwvala: It a complete arms-length basis completely from all points of view. I think we have been successful in operating with Chinese wall and we do work for the South Indian channels or anywhere else always, it is an arms-length relationship. We do between 30 to 35% of the requirements from that point of view. The hours, overall for the division of television content, we see growing from about 12-13 hours to about 17 hours on a peak basis in the coming year and in terms of margin, I think we have kind of answered that question a little earlier saying that we are looking at 17% margin.

Falgun Shah: You know, any figure on the average realization per hour, you know across channels?

Ronnie Screwvala: No, I think that's the average. It really depends. You see sometimes, you might want to go for visibility, sometimes you go for brands, sometimes we look at an overall channel relationship, sometimes we just starting a relationship. So we can't really pin point and it is the very individualistic business decision that we take per show.

Falgun Shah: Okay. Thank you.

Ronnie Screwvala: Thank you.

Moderator: Thank you very much sir. Participants who wish to ask questions please press *1 now. We have our next questions from Mr. Ronnie Ganguly of JP Morgan.

Ronnie Ganguly: Hi! I have a followup question. Going forward in the movie production business, roughly what is the number of movies you are looking at producing on an annual basis say like possibly FYO7 or FYO8? What is the number of movies that you are looking at producing in those years and what is roughly the average production budget that you are looking at?

Ronnie Screwvala: At that moment, we are looking about six movies a year. This is where we are starting out from where we are sitting right now. That would kind of develop and evolve as we go forward, but today to answer your question for the coming year, we are looking at six movies. We are also preparations for six movies in the ensuing year but we will see how we go forward. By and large, the budgets vary from about, you know, I would say five crores to about 22 crores.

Ronnie Ganguly: With the average lying somewhere in between around….

Ronnie Screwvala: It is difficulty to do an average because there is a weighted average concept so, this is the range.

Ronnie Ganguly: Right, but I am saying like, you know, going forward, you would like to do, like you would like to stop the number of movies at ten or ten is the maximum that you can do in a year.

Ronnie Screwvala: The question of it being able to do, I don't think is the question. I think the scale will come on year-to-year basis as we digest. As this industry consolidates, these numbers may be irrelevant and a different number may come about. But today based on our balance sheet side, our risks, our expertise, our content, the available directors in the market, we are happy that the model is scalable where we are looking at about six movies in production, six movies in distribution, and about six movies on which we do international distribution as we stand here.

Ronnie Ganguly: Right. Thanks a lot.

Ronnie Screwvala: Thank you.

Moderator: Thank you very much sir. We have a next question from Mr. Sadanand of Kotak PMS.

Mr. Sadanand: Hi! I believe the film namesake internationally will be distribution by Fox Search Lights?

Ronnie Screwvala: That is correct.

Mr. Sadanand: What would be the number of prints, international prints you are looking to release?

Ronnie Screwvala: No, it will completely depend on Fox and it only be after we see the movie, will print orders be decided.

Mr. Sadanand: Will it be the first movie for Fox Searchlight to distribute internationally, Indian movie?

Ronnie Screwvala: No, no, no. Firstly it is not an Indian movie. It is an English language movie. It is a mainline Hollywood movie.

Mr. Sadanand: Okay, produced by an Indian company or Indian producer?

Ronnie Screwvala: Well, no it is co-produce by us as an Indian company. The second producer is a Japanese company, and third one is US company and Fox Search Light this year had about seven to eight Oscar nominees including movies like Sideways and whatever and just like to tell you in advance when you analyze this as we go forward in next year, the number of prints when it comes to these kinds of movies is not relevant because sometimes the smart thing you do on movies including some that won the Academy Award this year start with as low as 30 print and then go to 1,00 prints over six weeks. So you know that's the kind of cycle and the kind of scale that happens.

Mr. Sadanand: Okay. So, its dependent on the distribution strategy?

Ronnie Screwvala: Exactly, which you might release in just New York and Los angles and then three weeks later after the word of mouth is compelling, you certainly grow up and do prints. So distribution strategy is different for each movie and just because you released 30 prints is not a distinction on the movie.

Mr. Sadanand: Okay. Thank you.

Ronnie Screwvala: Thank you.

Moderator: Thank you very much sir. Participants who wish to ask questions please press *1 now. I repeat participants who wish to ask questions please press *1 now. At this moment, there are no further questions from participants. I would like to handover the floor back to Mr. Srinivas Rao of Enam Securities for final remarks.

Srinivas Rao: Thank you everyone for participating in the maiden conference call. We congratulate UTV on great set of numbers and wish them well in their future endeavors. Thank you very much.

Moderator: Ladies and gentlemen, thank you for choosing Webex's conferencing service. That concludes this conference call. Thank you for your participation. You may now disconnect your lines. Thank you and have a nice day.

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