Zee Entertainment Enterprises Limited

Extraordinary Together

Zee Entertainment Enterprises Ltd

Q4FY20 Earnings Conference Call

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Edited Transcript

MANAGEMENT:

Mr. Punit Goenka – Managing Director and CEO

Mr. Rohit Gupta – Chief Financial Officer

Mr. Bijal Shah – Head, Corporate Strategy and Investor Relations

Moderator: Ladies and Gentlemen, Good Day and Welcome to the Q4FY20 Earnings Conference Call of Zee Entertainment Enterprises Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Bijal Shah. Thank you and over to you, Sir!

Bijal Shah: Thanks, Rayomond. Hello, everyone and welcome to Zee Entertainment's earnings call to discuss Company's performance in Q4FY20. First of all I would like to apologize for shifting the call couple of times which happened due to reasons beyond our control.

Joining us today on this call is Mr. Punit Goenka – Managing Director and CEO of Zee Entertainment, along with Mr. Rohit Gupta – Chief Finance Officer and other members of senior management. We will start with a presentation from Mr. Goenka followed by a brief statement on operating and financial performance by Mr. Gupta. We will subsequently open the floor for the questions.

I would like to remind everybody that anything we say during this call that refers to our outlook for the future is a forward-looking statement and must be taken in the conjunction or the risk that we face.

Before I pass it on to Mr. Goenka, I hope everyone has got an opportunity to open the live presentation link we had shared along with the call invite. You would have also received it after you would have registered for the call. If someone has not received it, the link is available on our website under the tab Quarterly Results section. We would wait for a minute before we start the call as everyone gets a chance to open the link.

We will begin the call now. Thank you and over to you, Mr. Goenka.

Punit Goenka: Good evening ladies and gentlemen. I hope you all are safe and taking good care. I appreciate you joining us today despite it being a weekend. As some of you might have read, I have expressed my thoughts in an open letter, thoughts pertaining to the future of Zee, thoughts pertaining to what the new version of Zee would look like, thoughts pertaining to the lessons learnt and the dreams and vision.

But before we get to the quarterly business update I would like to take this opportunity to share these thoughts with you firsthand. Those of you who have read the letter must have noticed that I started it with these beautiful words from the Bhagavad Gita which aptly summarize my reality and give me the required strength for the new beginning. Beginning of an entirely new life for the company. Beginning of a sharper, leaner, greener Zee. Beginning of Zee 4.0. While I have touched upon the evolution of this Company in three key phases I would like to focus this presentation on the finer aspects of Zee 4.0. If the first three phases were about growth, success, lessons and earnings, the fourth phase will be about positive change, sharp focus and determination which in fact led to the formation of the five Gs:

"Governance, Granularity, Growth, Goodwill and Gusto. "

Let's start with Governance:

We now have new members on the board bringing in the required blend of expertise, experience and wisdom. Mr. R. Gopalan brings in 25 years of rich experience in the realm of creating institutions and corporates. Mr. Piyush Pandey takes the creativity quotient of the company to a whole new level with his 37 years of rich experience in the field of advertising and communication. Ms. Alicia Yi on the other hand brings an expertise in leadership, human capital strategy and diversity and inclusion, and adds immense value to the board. And of course, the company continues to be blessed with the presence and mentorship of Mr. Adesh Kumar Gupta and Mr. Manish Chokhani as Independent Directors. We have introduced new policies which will strengthen our governance, mitigate our risks and safeguard our business interests. The focus going forward will be to build a process oriented structure, achieving the highest level of automation with zero manual intervention. Also we will continue to maintain utmost levels of transparency. All the questions raised on some of our decisions taken earlier have been answered. With immense confidence I would like to state that independent review commissioned by the Board has not found anything adverse to report. We will also be releasing the findings of this review for everyone's reference. Speaking of transparency let me mention one more thing here. Our initial idea was to present this letter to you all during the investor call and then release it to the world at large. But at around 5.15 PM yesterday it was brought to my notice that the letter has been leaked and hence I thought it would be best if the official version of the same is released immediately. While I didn't need to even mention this today, the fact that I was speaking about transparency, I wouldn't have been true to myself if I didn't bring this up here. I believe that there is no harm in accepting our weaknesses if the intent is to honestly work towards excellence.

Granularity: Maintaining a granular and transparent approach while reporting will be an important area of focus for us. I mentioned about segmental reporting and detailed disclosure of business KPIs. While Rohit will take us through some of these in the next few minutes, going forward we will ensure that this process gets even more granular and transparent in nature, especially in relation to our digital business. On CSR we now have a refreshed policy in place approved by the board which articulates our approach going forward. This all new policy defines the key areas of focus such as women empowerment, preservation of art and culture, disaster relief and recovery as well as rural development. Last but not the least we will shortly rollout our measurable ESG goals as well as we approach to achieve the same.

Growth: The paradigm shift experienced across the global media and entertainment industry, coupled with the technology lead disruptions, demand one to evolve constantly. Therefore, we have initiated a strategy exercise to carve out a 5 year strategy roadmap for the company. Maximizing our core, expanding into adjacent spaces, and exploring new areas of business will be the key tenets to our long-term growth strategy.

Goodwill: Like I mentioned, the last 18 months have made dents to our goodwill. While the vested interests will, now more than ever, create rumors and speculations, and we experienced a few over the last week itself, let me make one thing very clear - I am here to stay and remain committed towards Zee. I have taken up this challenge to restore the goodwill, not just for me, not just for my family, but for the entire team at Zee.

And finally, Gusto: I'm very proud of the professional leadership team at Zee. Our entrepreneur spirit, rich expertise in content creation, and the unique ability to gauge the pulse of our consumers, have been instrument to our success. The zeal, passion and commitment which the team brings to the table gives me a deep sense of pride, and I assure you that this will only grow with greater intensity. I intend to embark on this new journey of Zee 4.0 with a clean slate, new dreams for the future, immense learnings from the past and your blessings. I seek your continued support, trust and blessings as we start this new chapter, not just to make history but to write the future.

Now let's more to the business updates. I am requesting my colleague Rohit to take you all through the same. Rohit over to you.

Rohit Gupta: Thank you Punit. Let me now run you through the operating and financial highlights of the business during the last fiscal.

Despite the macro-economic headwinds faced by the industry, the operating performance of the Company was resilient. Our continuous focus on creating quality content for consumers and reaching out to them across platforms has held us in good stead. And that is the reason our consolidated revenues grew by 2.5% despite a 7% decline in advertising revenue.

FY20 was a phenomenal year on the subscription front. 30%+ growth in domestic subscription revenues is a testimony to the strength of the network we have built over the years. We have said in the past that television will continue to drive growth for the company over the foreseeable future. And that is why, notwithstanding this current period of slowdown, we continue to make investments in the linear business. In the last few months we have launched 4 regional channels. These channels will help us strengthen our position in the regional markets and will also contribute meaningfully to our top line once they scale up viewership.

During the year, the television network had lost its number 1 position after the merger of two of our peers, but we exited the year on a strong note, reclaiming the leadership. In the coming quarters, the focus of the business is to further strengthen that position. Our channels in Kannada market and pay Hindi movie genre further strengthened their number 1 positions during the year. Despite some loss of share in the second half, we continued to maintain leadership in the Marathi and Bengali markets. Our performance in the Hindi, Tamil and Telugu market was below expectations last year and the team is working hard to turn that around. Given the stark reality of revenue this year, the business is working to strike a fine balance between profit and growth, and I am confident that we will be able to deliver a healthy balance of both.

Now moving to the digital business. ZEE5 is now firmly established as the biggest publisher of digital original content in India. We released over 80 shows and original movies on the platform last year. Some of the shows like Rangbaaz, Abhay, Kaafir, Mentalhood, and State of the Siege have been true successes and have set a benchmark. While ZEE5 has been able to establish a strong position in a hypercompetitive market, I believe that the journey has just begun. We want to make ZEE5 the default digital entertainment platform for Indian consumers and we will continue to add new use cases to achieve that. The number of monthly and daily active users in the month of March was 63.1mn and 6mn respectively, and the average monthly time spent per viewer on the platform was 136 minutes.

In the movies and music verticals, Zee Studios and Zee Music Company are strengthening their competitive positions. Zee Studios was India's number 3 movie studio in FY20 in terms of box office collections. Despite the temporary disruption to the movie release schedule, it is ramping up its pipeline of in-house, co-production and distribution projects. Zee Studios has also decided to go for direct-to-digital release of movies that were ready for release. Zee Music Company continues to expand its music catalogue and is now home to some of the most popular music released over the last few years.

Now coming to the growth outlook. India's economic growth has been slowing for a while and the consumption demand has been subdued. These factors were already putting pressure on our advertising revenues during the year. The nationwide shutdown precipitated the situation and had an unprecedented impact on business operations and advertising revenues. Due to the lockdown, broadcasters had to completely shut production of original content for most of the first quarter of FY21. As we speak, all markets except Tamil have resumed telecast of original shows. The advertisers had started pulling back spends in the second half of March as lockdown brought sale of discretionary goods to a complete halt. Most of the advertisers also reduced ad spends as a way of protecting profitability and guarding against the uncertainty that COVID brought. There was some impact of COVID on our Q4 advertising revenues, but its full impact will be visible in first quarter. As the economy is opening-up, we are seeing signs of recovery which is bringing advertisers back. But we are still far away from normal. In fact, we have to still figure out the 'New Normal'. We are hopeful that the onset of festive season starting second half of Q2 will drive recovery in ad spends. While advertising spends have been materially impacted, the subscription revenue remains stable even though DPOs had some issues in collections due to the lockdown.

Now let me run you through the key financial highlights of the year. During FY20, our revenues stood at Rs. 81.3bn, a growth of 2.5% despite a challenging macroeconomic environment. Our domestic subscription revenues witnessed a strong growth of 33%, highest in the industry. This is driven by the monetization of viewership gains over the last several years and the growing subscriber base of ZEE5. As you all know it was a difficult year for advertising and our ad revenues declined by 7%. This was mainly due to the economic slowdown and conversion of our two FTA channels to pay just before the beginning of the fiscal.

During the quarter, we have taken provisions, accelerated amortization and impairment in some of the balance sheet items. This is primarily due to the COVID-19 pandemic and the changed business environment. We have taken a conservative view of likely cash generation of certain assets leading to reduction in their values. I would like to run you through these one-off expenses that are included in Q4 results and therefore in the FY 2020 results.

Starting with Inventory, we have taken an accelerated amortization charge of Rs2.6bn in Q4 on account of slow-down in economic activity. The increase in inventory that you see despite these one-off expenses is due to the fact that the company has procured content against the advance and deposits that were given to content aggregators in FY19. The current value of those advance and deposits is Rs4.2bn compared to Rs9.4bn at the end of FY19.

Secondly, an amount of Rs3.4bn has been provided for the balances related to ad, subscription and other assets where recovery has become doubtful due to uncertainty caused by COVID-19. It also includes a provision for expected credit loss of Rs1.2bn from a key subscription customer, which is a related party.

Third, we have taken a loss of Rs 3.8bn (USD 54mn) in overseas investments in accordance with IND-AS 113 to reflect the movement in fair value of these investments as on 31st March. During the year, the Company had decided to sell these investments and appointed a consultant to identify a buyer for the same. While the investments were deployed in high yield assets, due to the impact of the pandemic, the value of the underlying assets declined significantly and potentially delayed the disposal and realisation of the investments. Considering all the relevant factors, including avoidance of any additional losses on account of these market disruptions and uncertainties, the management decided to divest the amounts invested in these funds at a consideration of USD 30 million based on sale agreement subsequent to the year end. The Company has already received 15% non-refundable part consideration for the same.

Third, based on the opinion of an independent valuer, goodwill of Rs1.1bn pertaining to acquired digital businesses has been written-off and provided during the quarter.

EBITDA for the year stood at Rs 16.3bn while the underlying EBITDA excluding one-offs stood at Rs22.4bn. Adjusted EBITDA margins were at 27.5%.

Cash and treasury investments as on 31st March 2020 stood at Rs10.2bn. This includes cash and bank balance of 2.6bn, bank FD of 4.7bn and overseas treasury investment of Rs 2.2bn.

With this I would like to open the floor for Q&A session.

Moderator: Thank you very much. We will now begin the Question-and-Answer Session. The first question is from the line of Abneesh Roy from Edelweiss Securities. Please go ahead.

Abneesh Roy: My first question is on the subscription revenue. So strong growth in FY20, even in Q4 from that strong base, how is FY21 looking? I'm not asking on Q1, you mentioned that it is stable, but because of the overall income levels, salary cuts and overall slow GDP, do you see a dip in subscription revenue in FY21. Especially work from home consumers are also going more towards OTT which may not necessarily be ZEE5, so putting all this together, how do you see FY21 subscription?

Punit Goenka: My expectation is that the subscription revenue, even for the entire year FY21 will see a growth. It will be a moderate to a reasonable growth. It may not be the high digit growth that you saw in the last fiscal but we will certainly register growth there as well.

Abneesh Roy: My second question is on the 343 crores one-time provision towards advertisement and subscription. So could you elaborate on the advertisement part which ones are these? Because normally in the TV we see the big corporate advertisers. And similarly on the subscription you mentioned the related party. So now with Zee 4.0 and higher focus on governance, will this be the last quarter where on the subscription any related party will have some impact, there is some provision would you do that clarity?

Punit Goenka: On the advertising side the people that have been accounted for are our non-accredited clients who come through non-accredited agencies, that we have to as an industry deal with. So that amount has been captured here. It has nothing to do with accredited agencies, and this is just a provision not a write-off. So, we do expect to recover all this money from them going forward as per the norms laid out by the IBF credit control. On your second point, I do not expect any further adverse impact on subscription revenues from related parties, because given the fact that we are not writing it off, for good governance sake we expect to firstly recover that money also which we hope to write back to our P&L as and when it is recovered. Irrespective of that, we have factored in all that was possible and therefore have come to this as a one-off conclusion point.

Abneesh Roy: My last question is on the market side. So Hindi, Telegu, Tamil, loss in markets. Normally we don't see this. You have a bouquet, so one or two is fine, but Hindi plus two large regional. Could you elaborate what happened, is it the competition spending more? Second, ZEE5 you again maintained on the library very strong market share, but last few months I'm seeing much lesser activity in ZEE5 versus a Hotstar Multiplex, for example the 10 movies rights they have acquired, and Netflix. So how do you see ZEE5 market share, not just from a library but more from a big tentpole property?

Punit Goenka: On the ZEE5 side, I think activity wise maybe what you are saying is right Abneesh but the fact of the matter is it again works in our DNA style of functioning. On the films that you talked about, films done by our peers, I do not think we thought that as a strategy it would have been a rewarding one and therefore we did not enter the bidding war. I think we will remain committed to our original content strategy going forward, including our film strategy going forward which would be produced solely for the ZEE5 platform or required for the network as a whole. Having said that, my belief is that the numbers of ZEE5 are only increasing. In fact, on the subscription side, we have seen the numbers go up by almost 60% to 70% as a combination of B2B and B2C and it gives me the confidence that they are heading towards the plans as we had envisaged. So you had a question before this Abneesh, what was that?

Abneesh Roy: Yeah Hindi, Telegu and Tamil what is the reason?

Punit Goenka: Abneesh the reason for this will be multiple. At the end of the day the single largest reason is that the content connect with the consumer is not there and we have to rebuild and re-establish that. Everything else is temporary, whether it was the tariff order which caused the drop to happen, or whether it was the lockdown and the shutdown of original content. But eventually we have to bring it back with content itself. And if you look at the return after the original content resumed, I know it's only one week, but there itself you will get the confidence of the consumers coming back onto the content.

Moderator: The next question is from the line of Pratik Rangnekar from Credit Suisse. Please go ahead.

Pratik Rangnekar: Just a quick one on the qualification that the auditors have raised. The transaction or the contract that ATL has entered into, in laymen finance term seems similar to writing a put option. So, if you could just throw some light on what was the business exigency for which the step was taken? It was probably many years ago but if you could just throw light on that and also if you could provide some color on that are there any more such contracts that may be active, and if possible the total value of that?

Punit Goenka: According to us Pratik, firstly, even this contract is an exceptional one. This is an agreement that was done between a wholly owned subsidiary of the company and Veria or Living Entertainment. Basically, they have not performed their own obligations and therefore we do not believe there are any potential liabilities to the Company or its subsidiary. As the matter is sub-judice, I would prefer and request you to take it offline, rather than on an open call, with Bijal and his team.

Pratik Rangnekar: My next question is on the content cost - even if I exclude the one-off accelerated amortization, the run rate has gone up from 8.5 billion in the previous quarter to about 10-10.5 billion. So would it be fair to assume that this run-rate will continue even when the situation is normalized once the COVID effect is behind? Would that be a fair resumption?

Bijal Shah: No Pratik, see there are two parts to it. One is what we have called out in our notes to account that there is a Rs. 2.6 billion of additional amortization or accelerated amortization. Beyond that, every year we do assessment of every line item in the inventory sheet, wherever we think that carrying value of inventory might be higher/lower. And this is happening at global level - our international inventory, domestic inventory, everything. So, this year we have been very conservative, and we've provided for that additionally. That number will be available in annual report, every year's annual report also you see that number. So that additional amortization has come during the quarter. From the coming quarter, you will see the programming cost or operating cost will be reverting back to the levels which we have seen in the past quarter. So this quarter's 10 billion is not the run rate for the quarter.

Moderator: The next question is from the line of Kunal Vora from BNP Paribas. Please go ahead.

Kunal Vora: First one regarding the overseas investment, you sold them off at almost 70% discount and booked almost 380 crores loss. What was the nature of these investments and why did you not mark to market them earlier? Why there is suddenly a 70% write-off in the investment?

Rohit Gupta: The investments are always valued at the fair value at the end of the period based on the net asset value for those investments. This year, like I had mentioned in my opening remarks, we had planned to sell these investments, and as directed by the board we wanted to get out of this investment. But because of COVID19 global pandemic impact, as it has impacted all investments globally, it has had an impact on these investments as well. And while you are right that this is a significant drop but like I said, to safeguard the company from any additional losses that may incur because of the uncertainty which still looms, we felt it prudent to register the sale, which we have done. And we have taken a 15% non-refundable amount as well, which is what we have got.

Kunal Vora: Second question on inventory. Inventory is gone up by a massive 1500 crores this year even after accelerated amortization of 250 crores. Can you prepare some broad breakup of what's in there and some sort of amortization schedule which we should be looking at like when we can see a large accelerated write-off because the amount is very large now?

Punit Goenka: I think we have to break this down in further detail and we hope to start providing you that in the future. But for clarity let me just try and explain little bit here. Of the 1500 crores there is a large part of the inventory, which is in excess of 350 to 400 crores, which is sitting in our movie vertical. And this relates to the fact that under the lockdown situation films have been produced and are ready to be released but unable to release due to the shutdown of theaters. And so is the case in our Zee Music Company. These will start realizing value and as per the amortization policy will start passing through the books as the lockdown opens up or we start striking direct-to digital-deals, like we have done for one of the films in Hindi and one of the films in Tamil Nadu. So that's one part of it. The second part of it is that the growth in the inventory of the residual 1000 to 1100 crores is largely on account of our digital and the new channels that have been launched in the third or the fourth quarter of the last fiscal. Of course, we can give you more granular details off-line, with Bijal by verticals.

Kunal Vora: On the related party receivables, it is gone up from 500 crores to 800 crores and even that's after writing-off 120 crores of receivables from the related parties, so what was the sale to the related parties this year and how much has been collected?

Rohit Gupta: Actually 800 crores is not related parties, it is with the two large strategic customers. That is one. Secondly, like I said there was only one related party where we felt the need to take a provision and we have already done that, and that amount is mentioned in our notes. Except for that we have been receiving funds and collections from the other strategic partners as per the payment plan that we have and there is no additional provisions etc. which was required.

Punit Goenka: Unfortunately we can't share client wise details because that is little bit confidential in nature for competitive reasons.

Kunal Vora: The only thing is it looks like, again if I assume that 8 billion is from the related parties, in that case there has been almost 450 crores of additional amount not collected and that might be almost as large as the subscription revenues which might be received. So just wanted some clarity on whether there is a big delay in collection from there?

Rohit Gupta: Let me just add here that the amount that you see is actually as on March '20. There have been subsequent very good collections and the amount has come down as on June. And of course, we are going to share our results of first quarter soon, so you will have those amounts. But subsequent collections during the first quarter have been very good.

Bijal Shah: And one clarification, 8 billion amount includes the Rs. 1.2 billion which has been provided for. It is not written-off, it is just provided for. So, 8 billion includes that amount. It is not net amount, it is a gross amount.

Moderator: The next question is from the line of Naval Seth from Emkay Global. Please go ahead.

Naval Seth: Most of your one-time charges, provisions or accelerated content amortization is pertaining to COVID impact. Now this being 4Q numbers, have you taken into account the impact of COVID which you would have seen in April and May, as Rohit in his initial remark stated that impact on ad revenues will be fully reflected in 1Q? So is that accounting the incremental impact of COVID in 1Q or how one should look into this?

Punit Goenka: We have tried to assess the impact of COVID that will happen for the full fiscal that we are going through and we have taken that impact. We expect that the markets will start opening up as we speak as we are witnessing in June and July itself. So, the impact of COVID to our inventory part has been factored in for the entire year from that perspective.

Naval Seth: On accelerated content amortization, as stated that it is on account of slowdown in macro activity. Can you please elaborate something on this, I mean what happened, is that content not releasable or can't be telecasted now or how should one look into this?

Bijal Shah: Naval this has happened across multiple geographies. In couple of geographies we have actually shut down the channel because they were linear and we are now going primarily digital. So, we shut down our channel in Germany. Now whatever cost which was sitting for that in the inventory, we have to write it down. Similarly, in APAC also we have some channels which are not really making sense now. So, there is a write-off on account of that. Beyond that, some of the movies which were pretty old and where carrying value did not make sense, that is where we have taken some of the impairment. So, it is very specific to certain business, it is not some global provision that we have taken. Depending upon each piece of inventory wherever we felt that carrying value is not making sense or wherever we felt that we are going to take a business call of not going ahead and continuing with that channel in global market, that is where we have taken charge. And some of that is also on account of COVID because many of the channels outside are advertising driven and their advertising has gone down significantly. And in our view now it does not make sense to continue those, and inventory write-off on those channels was required.

Naval Seth: My last question is on cash, the cash has come down substantially in last few quarters. What is the outlook over here because you have outstanding for the preferential outgo over the period of next 2 years. Additionally, you have investment in SugarBox. How should one look at cash position, because on inventories there has been a hope that inventory investments would come down year after year but somehow that has not been visible, so how should one look at cash generation? Or is it that with the increased intensity of competition and digital content one should believe that FCF generation is still far away?

Punit Goenka: Naval I think firstly we talked about this inventory coming down only in the last fiscal. It's not something that we have been talking for many years. I think we have spoken about it so many times in the last fiscal it seems like we have been talking about it for many years. But the fact of the matter is what we had committed is that the future inventory growth will be in line with what is passing through P&L. Therefore, there will not be an accelerated growth in that and that point we stick to. The reasons for reduction in cash are twofold. One is the sale of investments that Rohit talked about in the international market, which was reported as cash and cash equivalent, has gone away. The second is the redemption of the RPS that we did in the fourth quarter. These were the two large reasons for the cash and cash equivalent to come down. The breakup of that is now being declared to you. 1.02 billion that we talked about is entirely free cash sitting in our books. We expect to generate free cash flow this year also. I'm working hard towards with my team that we generate at least 50% of the PAT towards the cash flow. But given that this is a pandemic and COVID19 year we are not able to substantiate that with that much gusto but that's our endeavor going forward. Certainly, from FY21-22 onwards we expect that minimum cash conversion to be 50% of our PAT.

Rohit Gupta: Punit I would just like to add, the cash and treasury investments are at 10.2 billion and this includes cash and bank balance of 2.6 billion, bank fixed deposits of 4.7 billion and overseas treasury investments of 2.2 billion.

Moderator: The next question is from the line of Alankar Garude from Macquarie. Please go ahead.

Alankar Garude: My first question is on the payable, we have seen our payables increase significantly since the last 3 years, apart from the increase in our inventory as well as the receivable. And this is happening both in terms of the absolute amount as well as payable days. So, can you please throw some light on what is happening here? Are we delaying our payments to our content producers or any other vendor?

Punit Goenka: Firstly Alankar I think our payable days have increased by 3 days.

Alankar Garude: Punit sorry to interrupt, I was talking more about the last 3 years. So, I know that in the last 3 years it has been constant. But if I compare the last 3 years average versus the previous years it has increased significantly.

Rohit Gupta: So, first of all contrary to what you are saying we are actually paying faster. What you see at the end of March, the last 10 days of March was lockdown and obviously there is an impact of that reporting date, but the payables have come down significantly. We are paying our suppliers well on time.

Punit Goenka: Just to elaborate on that Alankar, earlier if you look at the pre-NTO phase where we received subscription revenues net of any cost, now most of the distribution cost actually passes through our books and becomes part of payables. So that's a huge increase that has happened in our payables out to our content partners. There you will agree that until we do not close the reconciliation with them at the end of the year, the numbers will remain outstanding. So, I think from production house perspective and from content acquisition perspective, we are very much in line with our contracts with them. Maybe a day or two delay that's caused and likewise there are times when we even pre-pay our partners at their request.

Alankar Garude: And my second question is on the ad revenues, if you could provide some clarity as to where we are right now as compared to what we were pre-COVID in terms of our original programming on television as well as any color on the advertising revenues.

Punit Goenka: Advertising revenues, while I'm not giving the exact guidance, but my expectation for Q1 is that it will be down by almost two-thirds compared to last year for us. I don't know industry number, I don't want to comment on because that's still being collated. So that's what is our expectation. My worst case expectation for the full-year on advertising hit will be anything between 28% to 30%. It could only get better than that, it can't be worse than that. Beyond that I'm not able to provide you anything more right now. But obviously at the end of Q1, but most likely at the end of Q2, I can give you a far better guidance on how the come back on the advertising revenues is likely to happen.

Alankar Garude: On those regional programming Punit, also you mentioned Tamil but in all the other markets are we back to 80%-90% of our usual programming hours?

Punit Goenka: No we are not; in Hindi especially we are not back to that level. Hindi we're probably at just about 60% to 70%. Other markets yes, we are back at 80%+. But in all of the markets by the festive season we will be at 100% of our last year's run rate.

Alankar Garude: One final question from my side Punit, any updates on further appointments of independent directors on the board?

Punit Goenka: Updates, as in yes we do have a short list that we are working on but I cannot share names until it has gone through the process of NRC which is the Nomination Remuneration Committee and then the board approval. But we are looking at some more expertise from the field and larger expertise from other fields that can add value to the company.

Alankar Garude: So that means at least two more members could be potentially added?

Punit Goenka: I'm not commenting on the number.

Moderator: The next question is from the line of Rohit Dokania from IDFC Securities. Please go ahead.

Rohit Dokania: Firstly, Punit you did sort of allude to domestic subscription revenue growth going forward. I was just asking that the TRAI has asked this broadcast industry to implement NTO 2.0, so even accounting for that you think there would be growth in subscription revenue?

Punit Goenka: Yeah even accounting for that because my accounting for that is that it's not going to happen. And the reason for not happening is two-fold. One, the matter is sub judice, so I do not understand on what basis TRAI has asked us to declare our new pricing by 10th of August. Assuming that is still enforced, my second question is what is the dates for implementation for consumer? For that TRAI is silent completely, because at the end of the day my pricing is relevant only if the consumer date is finalized. So how do I assess the impact of the price or the NTO 2 implementation until I know what the date for implementation is it for the end consumer.

Rohit Dokania: The other one was on ZEE5, will it be possible to give any broad indications in terms of revenue metrics or EBITDA loss metrics?

Punit Goenka: Rohit less than a month to go, you will have the P&L.

Rohit Dokania: If you can also talk about your tie-up with ALT Balaji and what's the future plan out there?

Punit Goenka: So ALT Balaji deal was for 3 year period and it can be extended on mutual grounds further, and it's currently an exclusive arrangement between the two platforms. We do keep evolving and discussing further developments. As and when those fructify, we will let you know. Currently we are in the second year of our contract, the 3 year contract that we have signed with them.

Moderator: The next question is from the line of Vivekanand Subramaniam from Ambit Capital. Please go ahead.

Vivekanand S: Can you shed some light on the non-content cash operating cost that you have for FY21 and how much flexibility do we have on that? The second question is what are the cash flow commitments is FY21 like plant inventory increase and SugarBox?

Punit Goenka: The non-content cost for the Company is about 40% or 45% of the total expenditure. Of this the only other variable that we have is the marketing and selling cost and there also the flexibility will be in maybe high double digits, maybe to 14%-15% if at all. The rest of it is pretty much fixed cost in terms of transmission, people, etc. So that's where we are in terms of cash commitments. Rohit you want to take that, do we have anything else?

Rohit Gupta: We continuously make our investments, like Punit mentioned, the focus is on converting PAT to cash at 50% which may not be possible this year, but definitely we are looking by '22, given that this is a pandemic year. So there are no specific commitments which are not disclosed.

Punit Goenka: Having said that we will continue to invest in the content business because we cannot wait for recovery of the market to start investing in content. I think the content investment will happen first, before the recovery will start on the revenue side. So therefore you see despite revenue not being fully up, we are up with almost 60% to 80% of our content line-up, from 13th July itself we have gone up. And similarly ZEE5, all our digital platform content will start, the original content will start from next month itself. So from that perspective we will start investments even if there is a lag in revenue.

Vivekanand S: And just one small follow up on the cash commitment, so SugarBox we had disclosed that we have 522 crores investment over a 2 to 3 years period. How much of that will get deployed in FY21?

Punit Goenka: I think the first cash deployment from the company was to the tune of about 220 crores odd over the next 2.5-3 years. Given the current COVID situation our contracts for deployment have been delayed in any case. So currently we are running behind that cash requirement. As soon as we know the status of the contract kicking in, which is the rail-tail contract, we can give you a better judgment. But I do not expect much more to happen until the fourth quarter of the current fiscal.

Vivekanand S: Second question is on subscription. Do you think that the channels that have now been telecast on DD FreeDish, do you think that will have a bearing on the subscription revenue trajectory going ahead? And a related question is the shutdown of several niche channels that are happening; do you think that that will also be on the cards as far as Zee is concerned. And how does all of this impact your long-term subscription revenue outlook for DD?

Punit Goenka: I think the guidance that we have given factors that in to our plans and as Bijal was talking, about we constantly re-evaluate our portfolio of content offering that's out there, whether in linear form or digital form. And we have taken certain decisions in the international markets for shutdown of linear channels. Similar things we are evaluating even in the domestic market, and you may see some announcements coming in the current fiscal. But having said that, I do not see them having a long-term impact on our subscription revenue perspective. Because any loss there, the gain we will see on our digital platform will be far higher. Because at the end that audience doesn't evaporate, the audience just moves from one platform to another. And therefore, we will get our share of that niche content on our digital platform. The value, etc. of that being so small in the larger scheme of things doesn't really impact us in the short-term, medium-term or even the long-term.

On the FTA side I think it'll only benefit because what we had shut down doesn't really impact the subscription revenue per se. Because if you look, the free dish distribution landscape is kind of stagnated at 30-35 million homes. And despite so many more channels either going on or coming off, that number is pretty much now stagnated. So, I don't see whether channel goes on or comes off will have any impact on our subscription revenue. I think that's what your first question was, did I get that right?

Vivekanand S: Yes.

Moderator: The next question is from the line of Himanshu Shah from Dolat Capital. Please go ahead.

Himanshu Shah: In this quarter, despite there was no impact of COVID, our margins have come down very significantly. So any color you would like to provide on the margin front for FY21, EBITDA margin?

Punit Goenka: So our margins certainly in FY21 will not be anywhere close to the 30% that we have been delivering in the past. The margins in Q4 also were factor of, as you said not fully

COVID, but yes in the last month of the quarter we did have COVID impact. But overall if you see the economic slowdown which we were witnessing form Q3 onwards and Q4 also witnessed the similar slowdown. So there was a reduction in advertising revenue. Obviously in Q4 we had not taken any action on any cost reduction which you will see in Q1 of the current fiscal. But having said that, in all probability, once things come back to normal, hopefully in FY22 we'll be able to come back to our 30%+ guidance of EBITDA margins for the company as a whole.

Moderator: The next question is from the line of Jaykumar Doshi from Kotak Institutional Equities. Please go ahead.

Jaykumar Doshi: Punit my first question is the environment is quite challenging and we really don't know how soon it will get better or when it will not. Given this backdrop, is there any chance that you may re-evaluate or reconsider your decision for the commitment that you have made for SugarBox project?

Punit Goenka: Jay I think the commitment for the SugarBox project has been done after taking due consideration. Of course we will re-evaluate all our decisions based on the current pandemic and COVID situation. Today, given that our investment requirement has moved to the end of the fiscal at the earliest, if things deteriorate further, we will relook at it and come back whether what is the right thing for us to do. Whether that means we have to reduce our investments from the 500 crores levels to a smaller number or do something else to the strategy, those are evolving as we speak. But as I said nothing is cast in stone. It is cast in stone for that point in time and if certain assumptions do change, we will have to re-evaluate as we do for any other business.

Jaykumar Doshi: Over the past 2-2.5 years since the time ZEE5 was launched, at that point of time our expectations were that that you would invest significantly in ZEE5, and somehow versus those expectations we see investments have been fairly modest till date. So I just want to understand in terms of priorities, how much cash burn are you prepared for in ZEE5 or what is the absolute investment that you intend to make in ZEE5 over the next 3 years? And how would it compare versus SugarBox, because SugarBox is a 1,000+ crores commitment that's plus equity. I'm just wondering that are you planning to make the similar investment or even higher investment on ZEE5 and if so then what is the extent of investments that which you think across the business, movie library, movie piece, ZEE5 and SugarBox over the next 3 years, broadly ballpark numbers?

Punit Goenka: I think Jay if you look at the last 2.5 years, we have invested more than 7% of our EBITDA into ZEE5. That math itself will tell you that the investments in SugarBox versus ZEE5 are one is a Goliath and the other is this thing. So from that perspective our commitment towards ZEE5 and SugarBox cannot be compared. If tomorrow I had a choice and I had a $100 whether to invest behind ZEE5 or SugarBox, I will pick ZEE5. I mean that's the question you are alluding to.

Jaykumar Doshi: Correct, that's helpful. In fact, may be because we don't have access to ZEE5 financials I didn't have an exact accurate idea of investments. May be starting next quarter we will have a better sense.

Punit Goenka: Absolutely within the next 3 to 4 weeks you will start having their P&L to look at.

Jaykumar Doshi: Now couple of book-keeping questions for Rohit. One is if you could give me a ballpark number of what was the movie amortization expense in FY20 including the accelerated amortization amount?

Rohit Gupta: I don't have the number right now with me. Bijal can you give it off-line?

Bijal Shah: Yeah definitely.

Jaykumar Doshi: What should we expect for FY21, just from modeling perspective because you have ended the year with 5350 crores of inventory; so roughly a one-fifth of that will get amortized, minimum one-fifth and as you invest more during the course of year? So should I assume a 13% to 15% of amortization?

Punit Goenka: Yeah amortization policies for different verticals differ. So for example for our movie business ZEE Studios, upon release of the film within that period of what 6 months we write-off over 90% of the investment.

Jaykumar Doshi: Right, but ballpark, is 1,300 to 1,400 crores number, is that reasonable to expect?

Punit Goenka: Yeah for the company yes, I think that number would be reasonable.

Jaykumar Doshi: You have indicated that you will continue to make the same amount of investments also, so it won't exceed that number but it will broadly be around that the range or will it be much lower in FY21, the gross investments?

Punit Goenka: From my words it was very clear we will not exceed this number. Whether it will be ballpark in that range, in the current fiscal I don't think so because given the current pandemic situation whether we will be really going out and investing behind films and other things in the same manner. We have lost one quarter trying to do that, so it will certainly be lower, but going forward the guidance remains that what we take through P&L, our increase in inventory will be in line with that, until we change that guidance before that.

Jaykumar Doshi: Essentially you have hit peak inventory level; next 6 months balance sheet, it will be either this level or lower, hopefully lower?

Punit Goenka: Yeah, sure depending on when the theatres open, etc. also.

Jaykumar Doshi: Now in one of the notes to accounts it has been mentioned that due to COVID impact you have taken few initiatives regarding liquidity and cash conservation. At the end of that sentence there is a mention that non-core assets sale; so is it with reference to offshore investment sale or are you actually looking at any other, are there any other non-core assets that you are looking to sell?

Punit Goenka: If you will remember Jay, we had one non-core investment in an aviation company called Fly By Wire that we have exited. There was some real estate investments we are carrying for a long time in Hyderabad, which was a Padmalaya settlement that we had, that's a non-core asset. We have certain other properties in real estate in Delhi or around Delhi and in Mumbai which we are trying to get out of. It has nothing to do with the treasury investments that you are referring to. These are pure real estate/really non-core from that angle.

Jaykumar Doshi: Finally again another bookkeeping question. So 343 crores of write-off or provision in the administrative expenses, now when I try to reconcile it with notes to accounts, in notes to accounts there is a mention of 41 crores pertaining to advertising and subscription and then I think it may be including another 113 crores or 117 crores pertaining to provisions on receivables from one of the distributors but it still doesn't add up. So am I missing something, is 343 crores what's the breakup?

Bijal Shah: So breakup at this point of time is not available but these two numbers which you talked about, 41 crores and 117 crores, are included. And over and above that as I talked about that there have been some provisions which do not require notes, but there are some provisions because we have shut down some of the offices, we have shut down some of the channels and all. So there are some provisions which we had to take or probably expense or settlements which we had to do, so those provisions are there in the remaining 343 crores. It is a slightly long list, so I mean these are small-small amounts, some of these are small amounts, some of these are big amounts.

Jaykumar Doshi: One final question, Dish TV I am aware that it's de-classified as, I mean it's not a related party anymore but is Siti Networks also not a related party anymore or it is still a related party?

Bijal Shah: Siti is a related party.

Punit Goenka: That key customer is that one, just for your clarity.

Moderator: The next question is from the line of Balaji Subramanian from IIFL.

Balaji Subramanian: Couple of questions, first one is we are seeing that the investments in movies have significantly gone up over the years but one observation that I made was that during the period of lockdown while your movie channels saw a sharp increase in viewership that was very similar to what was seen for some of your peers as well. So one might have expected that your market share gain should be more than the others considering your investment. So it would be good to know as to why the viewership during the lockdown was not significantly better for you versus the others. That is question one, question two is as you mentioned in your opening remarks around ZEE 4.0 one pillar is going to be around granularity. So when can we expect to see some more detailed chats on ZEE5 and what will if we will it be KPIs or will you be disclosing the financials as well, thank you.

Punit Goenka: So I think on the first part while the movie channels did see a large significant growth in terms of viewership, by virtue of having the largest portfolio of GEC channels and the content being reduced there, it saw maximum decline on that account; so it kind of offset compared to our peers. If you look at our portfolio of regional language GEC, we do lot more languages than what our competition does. So from that perspective that growth got off-setted. Of course Bijal can share more granular data by markets which we won't have readily available right now. On the second question we will be sharing with you at least the KPIs and the P&L for the ZEE5 business starting next quarter itself. Was that what you were referring to or something more than that?

Balaji Subramanian: That's right but I just had a follow-up on the first question, so I didn't very clearly get your points about the offsetting of the movie viewership because of your large portfolio and just to be clear, I am referring to the data on the Hindi movie space where I look at viewership of Zee Cinema versus Star Gold or a Sony Max, thank you.

Punit Goenka: So if you are referring only to the Hindi part, the losses that we had on account of Zee TV and &TV was far greater than Star or Sony's losses and therefore we did not get the benefit of the gains of our movie channels as a network.

Balaji Subramanian: So are you saying that the GEC viewership also influences the movie channel viewership, just to be clear?

Punit Goenka: No the viewership is in relation to revenue or what are you talking about, what are you trying to get to?

Balaji Subramanian: I am just talking about the impression compared for the three movie channels of yours, Star and Sony, that's it. I am not bringing GECs into picture, GEC I understand that there was some weakness for Zee.

Punit Goenka: From that perspective if you look at our viewership in terms of the Hindi movie genre has been that the peak for the last few years for us. The kind of levels we have achieved has been at the highest.

Bijal Shah: So Balaji let me answer this question. See it is not that during pandemic our movie library has expanded, it has expanded over the years and across the languages. So now when you are talking about pandemic, why we did not see higher growth vis-à-vis others, I don't think that question is absolutely right because we were already at the peak and when pandemic hit us everyone started watching more movies. And that market share held on. We have not done any change in our library or it is not that library of somebody else has changed completely. So we were with the similar library, pre-pandemic and post-pandemic and the market share gain over the period of time is already reflected. So what movies we have bought is reflected in our market share gain pre-pandemic. I am not sure that why you think that in the pandemic when movie genre gains we should gain more than others. There is no difference in library which was pre-pandemic and post pandemic. So we should gain in line with industry and in fact we have gained slightly more than industry as far as movies are concerned, not something really to write home about but definitely slightly more than industry.

Moderator: The next question is from the line of Yogesh Kirve from B&K Securities.

Yogesh Kirve: Regarding your guidance on the free cash flows to PAT conversion of 50% but during our normal times, our profits used to be about 1600 crores so that seems to indicate that investments would be in the order of 800 to 900 crores going ahead. Now considering that on inventories that we expect to be relatively stable at least for the next 6 months, 1 year or at least in next few years, so what would take so much of investments that's my question?

Punit Goenka: I think the biggest investment from the company is on the ZEE5 platform that we are making and that's what will be, what will cause our cash flow itself or the PAT itself to be lower. So I don't know how you are coming to 1500 to 1600 crores for the current year?

Yogesh Kirve: I am referring to before this pandemic, our annualized profit used to be about 1500-1600 crores so based on that I am doing a back calculation. So the 50% investment rate would roughly translate into a 100 crore increase in investments, so that should be primarily CAPEX and your working capital.

Bijal Shah: Yeah I understand that. See basically we were in a high investment mode for last several years. What we are saying is that it is not that investments will stop. There will be investment, in fact when macro-economic environment continued to deteriorate that is also a time when we have decided to go ahead and invest in four new channels in our television business, and as Rohit pointed out that we are already the largest publisher of digital content in India. So it is not that investments are going to go away, right now we are in a phase where industry is seeing transformation. Viewership is growing, overall if you see number of screens are going up. And at that point of time not investing would not be a wise decision. So what we are saying is that the kind of investment we have seen in movies will stop. That said the competitive intensity on the digital side continues to remain high. There are still opportunities where we can invest, so let's say Kerala market we do not have a movie channel, would we have aspiration to launch a movie channel 2 years down the line? Yes, we would have. So those investments will continue and lastly as things are changing there are other investment opportunities in content itself, so over there also investments will continue. Maybe our aspirations in movies will also go up at some point of time. So, we are not in a phase where we are into a harvesting mode where we do not want to invest, there is really significant opportunity. We would be very judicious in investing but right now we are by no stretch saying that there will not be any investment, that's one. What Punit also said during the call that minimum cash conversion which we are looking at is 50%, so that is the idea. So, there will be investment in content, in our platforms going forward also. The intensity of investment will be much lower, that's the point we are making.

Yogesh Kirve: Another question related to inventory. So inventory days have moved right over the last say what you used to have or before FY16 to current level. So do we see at least inventory days the shift we are seeing from last 4-5 years, so from here on it would be at least in terms of inventory days it would not go up further?

Bijal Shah: Two things now, first let's break the inventory into three parts. One is that we are buying movies for various business, launching new channels and also ZEE5. And that if you see even our FY17, FY18, FY19 annual reports, we have very clearly said even before this inventory question came into discussion that we will be investing. So that has been going on, that is how we have launched four new channels, we launched ZEE5 with very large movie library. So that part of investment is largely over, that's where we may not see so much of increase in investment except for ZEE5, so television side we will not see. Second part is that we will continue to ramp up our content on ZEE5, so original content on ZEE5 will continue to work so there will be investments out there. And third part is movie production. So if you see our evolution in movie we started largely with co-production then we continued to scale it up, we tested in several languages. So we think that we have actually understood the movie business pretty well in the new dynamics in which digital and multiplexes dominate the revenue share and now we have aspirations to scale up movie production also. So that will continue to scale up. So far the biggest issue or question mark from investor side has been the increase in inventory which was driven by movies, that's where we are saying that movie inventory should not increase. And going forward as Punit explained we would be giving you more details in terms of inventory breakdown itself. So, in that sense you will get to understand that where we are investing, so that will also put to rest the question going forward even in case inventory was to increase, so that's one. Second point is in terms of number of days, now I mean the issue is that now we are seeing the revenue decline itself. So that is also cutting the denominator and leading to some increase in inventory days but going forward we are not anticipating much of an inventory increase on movies, that is where I would like to stop. But I hope that you get the drift that what I am talking about in inventory days. We will make this guidance much more granular in next 6 months.

Yogesh Kirve: Finally regarding the accelerated amortization, so that was specific to this quarter or has there been any re-look at the overall general amortization policy related to our long duration assets?

Bijal Shah: If you see, I mean this question has been there but almost since inception of the company there has not been change in movie amortization policy. And in fact, we have done enough and more exercise with internal finance team, also along with the external consultants, whether our movie amortization policy is in sync with the revenue potential or revenue what we write on the movies, and we really do not see any reason at this point of time for a change in policy. That said, line by line evaluation of every piece of inventory has been continuing forever and that will continue. This time I understand that the accelerated depreciation on that part, which is not called out in the notes to accounts, is on the higher side and a large part of that happened only in fourth quarter, so that is higher. But I will not be able to guide what kind of that depreciation will be there next year but at this point of time no change in policy is needed and cost should, most likely as I said, the overall content cost should revert back to normal from coming quarter itself.

Moderator: The next question is from the line of Sushruta Mishra from J.P. Morgan.

Latika Chopra: This is Latika from J.P. Morgan. Just two quick questions, the first one again on ZEE5, given this pandemic clearly has accelerated digital consumption and this continues to be a very evolving space. Does it in any way change your strategy to accelerate investments here over the next 2 to 3 years and does the frontloading of investments in that case affect your margin expectations. What I am just trying to get a sense is that 30%, a minimum normalized margins a very sacrosanct number for you to achieve? And additionally, any thoughts of getting a strategic or financial investor on board for ZEE5 to scale up investments here, that's the first question, thanks.

Punit Goenka: So, on the first part Latika we do not see the opportunity for us to physically be able to implement more than what we are already trying to do in terms of content that is being created for ZEE5. If we did 80 shows and movies for ZEE5 last year, can we double that number? No, not possible at all because physically not possible to get that much content made and delivered of the quality that we want to deliver. I think we work on an optimum investment structure and that is something we will continue to do. So no need for us to change our strategy and this is been re-evaluated and reconfirmed along with the team that we will continue with our strategy as we had planned for ZEE5. As far as the plan for getting a strategic or a financial investor at

ZEE5 level, apart from actually bringing cash to the table what else would they bring is a question that I keep grappling with all the time. From a cash point of view the company is generating enough cash flow of its own for us to fund the growth of ZEE5, and so therefore I do not see that need for it to happen today. 6 months, 1 year down the line road and depending on the offers I get I am always open to re-evaluate my options.

Latika Chopra: The second bit was just on advertising bit. You did to give your worst-case scenario and thanks to that but just wanted to understand how the different customer segments behaving? So as the economy is reopening and also if you could comment on trends across Hindi GECs versus regional GECs, thank you.

Punit Goenka: As far as our advertising market goes as you know that our biggest client is the FMCG sector and that's the one that we are seeing returning with the kind of aggression that we are able to guide for the numbers. I think beyond that right now the other categories are still trying to figure out their own strategies. Our guidance is keeping our largest segment in mind, what we believe we can deliver of. So for now that's all the guidance I can give. At the end of Q2, I can give you more specific guidance on other sectors like autos, consumer durables and financial services. It will take one more quarter for us to go through the learnings before we can share the new reality.

Moderator: The next question is from the line of Abneesh Roy from Edelweiss Securities.

Abneesh Roy: Just one or two follow up, so you are an OTT player also and also you are a movie producer. So all this war between OTT and movie producers where do you see the multiplexes coming back to normalcy? Do you see that happening that in FY22 in terms of the occupancy or in terms of the ticket prices or you see that the small budget movies and the mid-budget movies will continue to have OTTs as the preferred ones because they obviously get the space and they don't get screens in the multiplex also? So what's your take on when normalcy will come back for multiplexes?

Punit Goenka: See Abneesh let's dial back 3 years or 4 years back when OTT did not exist in this country, everything was theatrical and satellite driven. Today it is theatrical, satellite and OTT driven. Then it moved to theatrical, OTT and then satellite. Now we are talking about, in the current pandemic situation, OTT and then satellite. My view is that these things are the way the business models will evolve going forward. From my perspective, OTT and satellite is one bucket of monetization, which means it happens post the theatrical or the consumer-based release as anticipated. But is there going to be a way for it to happen in theatricals and simultaneously in other platforms? Possible, so those models will evolve as we go forward. It's an ever-changing business environment Abneesh that we have to look at and it's never constant. I think does that make sense or you just gibberish?

Abneesh Roy: Yeah and last question on Zee Media you quit the board recently as a non-independent director. You mentioned that because of you are pre-occupied this change is there. So does this impact anywhere in terms of any synergy benefits in terms of subscription?

Punit Goenka: Synergies and those things are a function of arm's-length transactions. Me sitting on that board as an independent or a non-executive director has no relation to the kind of deals which are done between Zee Media and Zee Entertainment. Irrespective of me being on their board or not I do not expect any things to change unless the terms of the agreement change significantly. So I don't think the two are linked in any manner.

Moderator: We take the last question from the line of Anil from Pico Capital.

Anil: This is with respect to redeemable preference share. So is there an event of default also as a clause in a redeemable preference share or management has the discretion to extend the tenure if we want to manage the cash flows?

Punit Goenka: I do not think, it's a court's scheme and therefore I don't think we have the discretion to change the terms of the RPS redemptions.

Anil: Considering the yields in the market are reasonably fair for the redeemable preference share, is there any possibility of management considering a buyback to conserve future cash flows or an early resolution if not a buyback?

Punit Goenka: So every year Anil we again evaluate this and we have been doing it since the last three cycles whether redemptions earlier phase will benefit the company in any manner. We will again re-evaluate that given that the only change that has come post the last redemption is on the taxation of the dividend payable. So, we will let you know of our decision probably by Q3 end as to how we want to proceed forward. As of now our intent is to redeem the RPS scheme based on the current structure which is two more tranches left. One is at the end of current fiscal, the other will be at the end of FY22.

Moderator: Thank you very much. We will take that as the last question. On behalf of Zee Entertainment Enterprises Limited that concludes the conference. Thank you for joining us. Ladies and gentlemen you may now disconnect your lines.