"Shemaroo Entertainment Limited
Q3 FY2019 Earnings Conference Call"

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Moderator: Good day, ladies and gentlemen and welcome to the Shemaroo Entertainment Limited Q3 FY2019 Earnings Conference Call hosted by Elara Securities Limited. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Karan Taurani from Elara Securities Limited. Thank you and over to you Karan!

Karan Taurani: Good afternoon everyone and welcome to the Q3 FY2019 Results Conference Call of Shemaroo Entertainment Limited. I would like to thank the management for giving Elara Securities an opportunity to host this call. The management team today is represented by Mr. Hiren Gada, Chief Executive Officer and Ms. Kranti Gada, Chief Operating Officer. We will start the call with a short commentary from the management post which we will move to the Q&A. Thank you everyone and over to you Sir!

Hiren Gada: Thank you Karan. Good afternoon everyone and welcome and thank you very much for taking the time out and joining our Q3 FY2019 earnings call. I am happy to share the performance for Q3 FY2019 for Shemaroo Entertainment Limited.

I will quickly run through the Q3 numbers followed by the nine month FY2019 numbers. So the total revenue has gone up by 12.7% on a consolidated level to 148.9 Crores on a Y-o-Y basis. The EBITDA is up 35.9 Crores, the EBITDA margin is down on a year-on-year basis by 311 basis points to 24% and the net profit is up 10%, 10.1% on a Y-o-Y basis to 19.6 Crores for the quarter.

For the nine months the consolidated revenue is up 17.4% to 436 Crores, EBITDA is up 10.5% to 117.8 Crores, EBITDA margin is down 168 basis points to 26.98% almost 27% and the net profit is up 18.5% to 62.1 Crores.

In terms of the topline breakup that we normally are giving based on digital and traditional media. So for the quarter ended December the digital media grew by 28.7% to 42.6 Crores and traditional media grew by 6.8% to 106.3 Crores.

For the nine months the digital media growth is at 32.7% and traditional media growth is 12.3%. So that is how the income is divided.

Key operational highlights includes our largest YouTube channel, in fact there are two top YouTube channels Filmi Gaane crossed 18 million subscribers during this quarter. Our Shemaroo channel, which is the flagship channel, crossed 13 million subscribers. In addition to that among the various deals that we have signed, the content deal with PEO TV which is the large IPTV platform of Sri Lanka telecom.

Most important probably I am very excited to share that we have announced the brand name for our upcoming OTT platform at Shemaroo ME and we are targeting to launch in the current quarter. And so right now the beta testing and various other prelaunch preparations are going on for that. So that is something that our team is very excited about at this point.

We also launched phase II of our rebranding campaign more targeted to the various B2B client segment for us, which was successes ka formula, showcasing our content strength ranging from Bollywood, Devotion, Gujarati, various different categories. This was primarily targeted to the B2B stakeholders.

A small interesting initiative that we have taken recently is working with Amazon, Alexa where we have launched the Bhagavad Gita on the Amazon, Alexa. So if you search for Bhagavad Gita in Amazon, Alexa the content will be stream from the Shemaroo content. And this is in process to be launched in our US and other markets.

With that I will open the questions for that. Thanks Karan.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Viral Desai from Anived Portfolio Management. Please go ahead.

Viral Desai: Hiren I actually had a question of the profitability. Now if I look at the EBITDA margins for this quarter at about 23.7 but is it the lowest that we have reported since Q3 of FY2015. Now obviously we gave discussed in the past that you guys internally evaluated based on an IRR basis versus really looking at the P&L, but eventually over a medium term should it the IRR and the P&L approach of the yielding similar results. So wanted to get your thoughts on the operating margins?

Hiren Gada: Overall, I will have two comments on operating margins and in the past also there is a question has come up and I have discussed the overall thought process on operating margin is that we are building a few new initiatives including our Shemaroo ME OTT App, we had done the whole rebranding part etc., so if you look at really the breakup in terms of on the various cost line items there has been a significant expense growth over, in those areas. So for example we spoke of building the team professionalizing and we have been announcing different hires over the last three to four quarters. So that has resulted in a for example a substantially higher employee cost or even the other expenses which includes some of the marketing and marketing expenses or even as I shared earlier that the technical cost for the build out of our Shemaroo ME platform etc., we are not capitalizing any of that, it is all in a way going into revenue expenses. So there is a certain cost-push, which is there from many of these newer initiatives that are currently been worked out.

Viral Desai: But Hiren could you just quantify that number either would be absolute number or in terms of revenue so what is, how much of this additional cost is sort of getting loaded up to the P&L, because it is very difficult to keep a track of the core performance?

Hiren Gada: If I have to look at overall this thing so at this time I am not in a position to give that granular breakup, but at a broader level if you see both the employee cost as well as other expenses has risen by more than 50% or roughly about 50% kind of a number. And at a broad level if you think about it from the margin drop in terms of percentage it is kind of ties in, in a way to that.

Viral Desai: So would the recurring expenses broadly be in line with the sales growth is that a fair assumption on a nine-month basis.

Hiren Gada: Roughly yes, right now as I said because I do not have the granular detail but more or less yes.

Viral Desai: Okay, the other is on the YouTube so prior to the brand issue which sort of occurred in the quarter one of FY2018, YouTube used to be about 30% of our new media revenues, last quarter I think you had mentioned that is about 20% of new media right now. Now if I broadly just plug in these numbers on a 7 to 8 quarter basis, YouTube revenues have barely grown by 20% so would that be a correct assessment.

Hiren Gada: Yes, it is correct.

Viral Desai: What is the current run rate in terms of either YouTube revenues or if you could just give us the growth that YouTube is seeing?

Hiren Gada: This year we have seen a certain marginal growth, but not yet in line with the views growth or subscription growth or any of the consumption growth parameters that we are experiencing, but in fact for almost I would say and even shared it on previous calls also, but almost for a four to six quarters the revenue actually was on a Y-o-Y basis it was roughly flattish probably slightly even more, but four to six quarters definitely it was flattish on a Y-o-Y basis and it is only now that because the views have literally multiplied, the consumption has literally multiplied exponentially or geometrically, but so there is now certain marginal movement in the revenue front. So the translation is marginally there. So there are two ways to look at it, one is of course good thing is that spends seem to have gone up so that which is resulting in the even this higher revenue translation. And second is as I said earlier at some point this number is while it may look under index today, but we still are confident that in a medium-term timeframe there would be some correction or the other may not. So we may not reach those levels of CPM and revenues because the inventory the given the exponential growth in views the inventory has gone up multifold, but since revenue would probably grow.

Viral Desai: Hiren this would be true of YouTube's revenues in India as well. So overall YouTube itself would have had fairly muted growth in India revenues for them?

Hiren Gada: Well we are not in a position to comment on them on what they have done, but if we check around in the ecosystem with other partners and stuff like that or with other players, other partners, we are in fact kind of getting a similar feedback. In fact, so I will just, one thing I would add is that, overall at a platform level our viewership growth has outperform the platform growth. So in that sense we know certain partners who actually have gone minus on revenue whereas we are actually grown.

Viral Desai: You know this decline that or the flattish growth that YouTube has seen overall in India and cross the globe so that itself is also pulling the industry digital advertising growth down?

Hiren Gada: Yes, it is. In fact we spoke about it, we discussed it in the last quarter also, that so two things are, so in fact most of the projections actually are now talking of a 20% to 25% digital growth on a digital ecosystem growth projection and a key factor for that definitely is YouTube I mean YouTube is the very wide margin in the largest video platform in terms of in all parameters undoubtedly content, but more importantly in terms of the monthly active users, in terms of consumption, in terms of every parameter, YouTube and then it is the rest of the world literally kind of a situation and if that largest player is literally going flat to marginally higher it push down the overall average to that extent.

Viral Desai: Hiren, assuming that the digital media growth itself slows to 20% to 25% kind of range does this have been anyway affect your aspiration of 5x in five years?

Hiren Gada: I do not think so, because there are many new things that we are working on and building out. So for example our own Shemaroo OTT app then there is an overall subscription stream that if you look at a three to five-year time there is a subscription stream that the industry will see building up. And as I said there are many more apps newer things that are being worked on and frankly if you ask me for our internal projection we have not taken those high growth rates in the market as far as the digital business is concerned because now at a certain penetration and certain stage that business growth numbers will obviously taper down because the base effect will start kicking in to an extent that is what is even there for us also now.

Viral Desai: So the only thing that I wanted to leave you behind is with the fact that subscription generally India has been a very tough market to extract subscription revenues out of. So that is why I just wanted to understand it?

Hiren Gada: It is till now definitely I agree that subscription has been a tough market. So what will happen if we see the some of the experts how they are projecting is that probably just 10% to 20% of the user base may ultimately take up into paid, but the ARPU differential or the contribution differential is so substantially high and even that is a very good number to work on.

Viral Desai: Fair enough. Thank you, all the best.

Moderator: Thank you. The next question is from the line of Rahul Jain from Credence Wealth. Please go ahead.

Rahul Jain: Hiren, just to take forward what Viral was mentioning because I have been looking at this company for a long time right from the days when our digital media, the new media business was less than 10% of the business. Now so less than 10% we are today almost reach roughly about 35%, 40% range.

Hiren Gada: Well I defend just about 30%, but yes it is still below 30% in that.

Rahul Jain: Yes, it is around 30% as far as this percentage terms. So from less than 10% to almost 30% as we speak now for the nine-months and we would have expected to see some operating leverage kick-in, in fact in this quarter also your new media growth has been in the range of 28%.

Hiren Gada: Yes.

Rahul Jain: And I understand that we are trying to build up the business for the next few years to come in terms of you have been talking about various initiatives including the OTT platform and also mainly addition on the employee count. I just need to understand now are we done like how do we look at it going forward because the operating leverage would have kicked in our margins would have remained around 28% to 30% what you had mentioned about one and a half years back. But now today the margins are at 24%, so going ahead for next two, three years, should we assume the margins to be somewhere near or is there a chance of an uptake and with the same relation your employee cost I understand this is one of the main reasons of this has been the employee cost where you are building up our people count for various initiatives, which today now we are at around 15 Crores for this quarter. So what could be the run rate and are we done with the major appointments or the higher-level appointments?

Hiren Gada: Two questions I will break it up. One is on the margin outlook or more than a margin operating leverage outlook and therefore margin translation. And second is on the certain operating expenses and particularly on the people side team building etc. So if I talk about the operating leverage so definitely operating leverage is kicking in. I, in fact in the last almost two to three quarters that we have interacted I have always spoken that we will be using that operating leverage to build some of the futuristic opportunities or initiatives that we are working towards including the OTT opportunity or the so many other like international opportunities etc. So that because it is helping us one obviously on the growth side, but second is change the overall quality of the revenue mix itself. So that has been something that we have discussed throughout. I will on this, this quarter's margin versus so I would still reiterate that in general the overall margin trajectory should be in roughly 26% to 29% at the EBITDA level. What we are seeing in this quarter probably is a slight aberration on the lower side, but if we look at the nine months' performance we are still fairly on track. I am not unduly worried on that front at this point in time at least. I think for the full year we could be targeting to maintain the trajectory in that range. So there I do not see too much of a challenge. On the people front, I think there is a substantial induction of people that we have added including so even last week we announced two people being added to our international team one from Star TV and one from India Times, which is back on 2018. So that is still I would say work-in-progress, but we are now at a reasonable level so we will probably our may be I would imagine at this point in time maybe 70% to 75% through still some work going on over there and that will add to an extent but I think we are probably 70%, 75% kind of through on that.

Rahul Jain: Sir one more thing, with regards to the team building which we have done in last about 12 to 15 months currently we have been trying various new initiatives in terms of our content through various platforms including new launch of Shemaroo ME. Two things one in the near future say for next two years how do you see the revenues coming in from this new infinitives or kind of monetization which can be done from this new initiates and lastly if you can give some more color on what exactly would Shemaroo ME would mean in terms of the content? That is, it from my side.

Hiren Gada: I will first talk about Shemaroo ME a little bit more, so since the launch is yet pending I am not in a position to give exact details about what it will, what the offering is exactly, but at a board level if I have to outline it there is a substantial part of our own library that will be up, it has been curated in a different way in the entire library with our overall curation. And in terms of on an ongoing basis we would be looking to add increasingly more and more content on the platform, rest more details unfortunately at this point I would not be able to share because the launch is yet pending so we would be sharing a lot more details when we launch, hopefully next four to six weeks we should be in place. On the overall question of contribution, we are very confident with the various with currently the way things are overall going in the ecosystem, the way our content is getting accepted by the consumers particularly if we look at platforms like YouTube and all. I think that gives us a lot of confidence that there is a latent inherent demand for Shemaroo ME and at this point I will just say that we are Shemaroo ME there are many more initiatives that have been, that are currently in the work.

Rahul Jain: I understand that what I was trying to understand is in terms of our revenue kicking in because this quarter the revenue year-on-year the growth raisin 12% for the full nine months it has been around 17%. I am talking and also as you mentioned the buildup of team which has been done in last month also. So I am trying to understand what kind of revenue potential or what kind of revenue addition because of the various initiatives in terms of content platform and people can we see some revenue traction coming in the next year and year after that FY2020 and FY2021.

Hiren Gada: The idea is that the trajectory that we are currently working on has to substantially enhance or grow up. That is what we are currently working on so there are different initiatives. Overall, as I have shared earlier we are targeting a 5x size in revenues and where we are today in the next five years. So that if lot of the initiatives a lot of team building etc., is with that perspective in mind. Some of the businesses have a certain slow start and then they scale differently. Some businesses could actually begin with a certain scale and then have a matured growth trajectory. So we are looking at various opportunities and there are different proof of concepts and test markets etc., that are currently underway for different potential initiatives that we want to work with. So there are multiple initiatives in different stages of planning to implementation to test marketing kind of a thing.

Rahul Jain: That is, it from my side.

Moderator: Thank you. The next question is from the line of Nimish Desai from Kitara Capital. Please go ahead.

Nimish Desai: Could you just explain that what kind of capex we are putting in, in our OTT platform and vis-à-vis what kind of revenue dynamics of the OTT platform so our internal investment or are we looking at that kind of thing in this one?

Hiren Gada: I may I cannot give a number, but all I can say is that it is not some very big number in terms of the technological cost involved. It is a platform build out cost, clearly where the cost will come up is one is of course on the marketing side and other is on the streaming cost side which are both in a way operational cost marketing and customer acquisitions and there is streaming cost which are more operational cost the core tech cost is relatively limited it is not some big fancy number, that is all I can currently share. In terms of ROI IRR, we do not see any challenge on that, that core tech cost because it is not that high and comparatively the kind of traction that it is giving us on potential customer base acquisition and the way we hope that it changes the overall quality of our earnings will be completely probably a multiply or a multiple in terms of the core investment.

Nimish Desai: It is the only that subscription base model or ad base also free content plus add or how will the model actually revenue will work on this platform?

Hiren Gada: I can just give a broad highlight without as I said since we are not yet launched I am not able to share too many details but the basic approach is going to be a premium kind of an approach and the first phase we would be looking at launching fundamentally the premium content behind the paywall so it would be a subscription based model and the premium content that we have got that would typically go under and behind a paywall.

Nimish Desai: Secondly I think it is too early to even understand the market because of this new TRAI regulation. Now do you see that advertising will whenever slowdown in terms of they will also understand which channels are getting subscribe the more and which are not and accordingly so will that impact the acquisition of these broadcasters for our movie?

Hiren Gada: Right now, the issue with the new TRAI regulation is that it is there are too many variables. What you are highlighting could be one of the possible scenarios. If you ask me that the way I look at it is, that it is a probably at mainly two to four months' kind of I would not call it a disruption but a two to four months' kind of a period of adjustment or change or arising at a new normal kind of a thing because two things I think we need to recognize that fundamentally. TV is a largest medium in the country with probably today more than 90%, but if you see the statistics is more than 93% of video consumption is on television less than 7% consumption is actually on digital at this point in time. TV is the default video destination or platform in the country or it is the largest entertainment medium so finally the consumers will find a way to access that content. So that is one and secondly the advertiser needs the medium because that is where the mass eyeballs are available. Advertiser also ultimately needs to do build his brand and he will spend. So as I said there may be a two to four months' adjustment period on this, even within that and this is the personal theory this is no industry view, but I think the mass entertainment channel which are essentially general entertainment and movie category which are really the mass entertainment categories, I really do not think the poor viewership of that is going to be is going to change. Now there maybe some adjustment some broadcaster may go up some may go down some network little bit here and there will happen but advertiser money will follow that I do not think the aggregate viewership is under threat. For me that is what is what matters more because finally if the aggregate viewership is the same the spend is going to be advertising spend is going to remain the same and therefore the broadcaster if it is one broadcaster goes down the other one who replicated.

Nimish Desai: No, I understand that. So I just wanted to understand, if the similar thing happens during demon where advertisers just stop to see the impact will that again happen that for one quarter we will have a slowdown because of such things or it may foresee.

Hiren Gada: As I said right now the scenario is slight uncertain in terms of what the way forward is, so what you are saying is a possibility I do not deny that but other possibilities for some of the conversations that the industry is currently having is that for the next two months everything, all spend will be based on new tariff order rating and so there will be in fact be a two month rating blackout is what is currently being discussed that there is likely to be a two months rating blackout so that this turmoil or uncertainty does not happen and post settling in of the whole tariff regime only fresh newer rating system would emerge that is one of the industry talks. I am just saying so we also do not know which way it is going to happen I mean today is the final deadline. So we do not know whether it is again going to get extended or not and actually because somewhat we understand particularly on the cable side the on ground implementation at this point is very poor.

Nimish Desai: Lastly can you give us some thoughts on your Abu Dhabi acquisition that we are 49% we are holding and will it be a subsidiary and what kind of business will come through that and things like that?

Hiren Gada: Essentially this is the way we have expanded in the US the big market to as far as expatriate Indian population to work with is the Gulf market and what we want to do is so we already have many relationships, tie-ups, in place and they for example, we are working with Etisalat and DU to many local players over there, but we thought that just the way we setup in US setting up in the Gulf region would be a good idea. This is so the way the structure over there works with that you need to have a local partner with the 51% stake so that is the structure that we are proposing that we would do in terms of setting up. The target is that the economic interest wise it would be at least 70% share of Shemaroo but due to local regulations the on ground structure is normally a 51% owned by a local partner.

Nimish Desai: That is, it from my side. Thank you so much.

Moderator: Thank you. The next question is from the line of Dhwanil Desai from Turtle Capital. Please go ahead.

Dhwanil Desai: Good afternoon. I think most of the points have been covered. Just on a broader scale wanted to understand two things. I think if I look back at last four, five years we have made investment in content and then now we are making investment through building teams and even things like that. I think we have remained with that 18% to 20% kind of a growth trajectory for a while. Now of course we have been making investments so at some point of time that trajectory has to change. I think how will see the growth trajectory evolving based on whatever investments that we have made in next two, three years are we going into next orbit and if not what are the challenges that you see which can kind of tamper down on growth and we may remain in the 18%, 20% kind of a range?

Hiren Gada: At this point, the way we are looking at things as I said there are multiple new initiates that are in the works. We would announce each of them as and when they materialize or fructify but at this point there are a huge number of proof of concept or test marketing kind of things working something are at business planning stage. Now how this will impact the growth trajectory so if you ask me at this point in time this new additional new business line if I have to put it over here may grow very small for the next probably four to maybe even six quarters because many of these businesses, some of these are actually really some blue sky thoughts that we have got, some of them have an existing reference of other businesses also. It is a combination of that so essentially what we are looking at it how we can take that beyond so next four to six quarters I do not see a big impact of that. But post that slowly and steadily the impact should start as they scale because when they scale only then the impact would be there on this, so that we already have an overall base effect of 500 Crores annual topline company.

Dhwanil Desai: Sure but again the understanding is that we are making that investment because view that we will change our trajectory so is that underlying assumption correct or are we looking some.

Hiren Gada: Absolutely we are in the whole approach and internal energy or alignment of teams and various other initiatives that are currently going on our all hearing and hear towards a very different growth mindset and a far more aggressive opportunity building and opportunity seeking thought process.

Dhwanil Desai: My second question is again I think it is more on a broader scale, but so when we look at the OTT space there at least few players who are dominant?

Hiren Gada: More than 30.

Dhwanil Desai: I mean each one of them has a quite broad range of content starting from very exclusive content to TV serials to movies and then Hollywood movies and it is a whole expanse of things that they have, right and so how are we positioning ourselves within that menu of competitors to get the traction and attention of our viewer. If you can elaborate your thought process, there?

Hiren Gada: Yes, so I think that is a question that even our team has churned a lot that we have a 30 second OTT platform or whatever number upwards of 30 I guess then what is our right to win and how do we really succeed or what is the whole thing. So I think I would break it up in two different ways. The core thought for us is still continues to be a more B2B to B2C oriented thought. So it is an extension of our existing content offering on to many platforms today, which are not them themselves running a video service, but they are within platforms on the same to give you an example some of the telco platforms, some of the cable platforms, some international platforms etc., who are today not themselves running a video service but they are still a video platform aggregating different video services so the only way to be present on those platforms is to having our own service so that is the core thought for that. And in line with the core thought what I earlier also shared in one of the previous questions is the fact that therefore the basic capex we have thought of is a very limited capex so we are not betting the farm on this imitative in that sense. In fact, parallelly our indication and various other things to continue as we go along with it so we are not taking that off the table or taking our eyes of the revenue opportunities that are available. So in that sense first what I want to highlight is that the core exposure that we are looking at on this is relatively limited. There will be definitely a certain amount of marketing cost that will go in and which is natural because people need to be aware the B2B community needs to be excited and aware of this. That is the first point. Second is that while all of this so much things are already there, we believe that India is a heterogeneous market and not so the consumer needs base presences etc., are quite varied and quite different. We believe at least that we have a strong leadership or maybe number two or three position on many categories so those are going to be the strength, which we will be highlighting or focusing on in terms of the communication and even in terms of the targeting the consumer base for those strengths. So there the consumer should know that for this category or this need of mind, Shemaroo ME is the best option that I have it is a default option that I have and that is the core strategy or thought which we have build the whole thing. Kranti you want to add something?

Kranti Gada: No I want to say, I really want to talk a lot but unfortunately the timing is a little unfortunate not right. So hopefully by the next call we will be in the position to explain every detail to you all.

Hiren Gada: Yes, but suffice to say firstly as I said that the whole idea is that it is not some very big massive investment so that is a first caution that we have kept in our mind and second is that focusing much more on our strengths rather than saying that this is the latest fad and how we want to just get burnt out in the last fad that is really not what we want to get into because we know multiple areas where we have a core strength in terms of content and that is what we will want to really leverage on.

Dhwanil Desai: Thanks. That was helpful all the best.

Moderator: Thank you. The next question is from the line of Neeta Khilnani from B&K Securities. Please go ahead.

Neeta Khilnani: As you mentioned YouTube growth has been muted if you could also touch upon how Telco's and OTT both these verticals are fairing in terms of growth and also how do you see the mix between Telco, OTTs syndication and YouTube moving in the next two, three years?

Hiren Gada: Telco is something that probably will now in fact even this quarter it has we have seen it taper to an extent and Telco is definitely something so in a way if I have to put it our own income from the telco what we are doing is probably going to transition to the Shemaroo ME platform and which in a way if you ask me is far better because it is a much better quality income in terms of predictability and stuff like that. That is one thing that is bound to happen and that has also been one of the reasons why the overall growth rate has come off a bit and Airtel for example has, so Airtel runs on take and offtake business so offtake business Airtel has actually they are terminating from March 31 as and they are shutting that side of the business. On the other hand, we would be moving on to the Airtel TV platform at Shemaroo ME. That is what I was alluding to that for, in a way will get hopefully get replaced with the Shemaroo ME offering. So that is one thing on the telco business, YouTube this year definitely there is a growth we are hoping and based on various things that we are seeing that at least the growth should pickup marginally it is not fully because again there is definitely a higher digital spend happening there is overall our content is getting very strong traction so I think YouTube is something that actually we hope that in the next quarters will come back in a reasonable repining. And third is on the syndication side, so syndicating has been reasonable both internationally in India also, because again particularly in India we have seen that all the underlying platforms have seen a tremendous uptake in terms of their own respective consumption post the whole Jio space so there is a large content demand and there are many, many new platforms that are come up so there is as we see there are work on a continuous basis there are multiple conversations happening at different stages of that.

Neeta Khilnani: Sir if I understood correctly what you are saying is that your content offerings on the Telco platform will probably shift to your Shemaroo ME app post the launch and this sort of vertical probably in the next one or two years should get entirely replaced with the revenues of your own OTT platform.

Hiren Gada: Substantially replace, yes.

Neeta Khilnani: Sir second question is, if you could give us the net increase in inventories during the quarter.

Hiren Gada: Can I give this to you offline I currently do not have the number with me?

Neeta Khilnani: No problem Sir. Sir and just one last question, so our overall digital media pie has sort of moderated to 28% which was about 33%, 34% in the last quarter. So going into FY2020 with your mix changing and different verticals panning out differently can we see this growth to be higher than probably the 28% kind of a growth so this is what going to sustain?

Hiren Gada: If rewind back and see what is happening at the sector level the growth is between 20% and 25%. So our aspiration has always been to grow around 500 basis points or 5% points higher than the sector. So my own sense is that we should be in this probably in the 25% to 30% range in the next year or so provided, so if the sector grows faster we will definitely target a higher growth rate than that. Secondly if I were to look at, the other point also is that now there is a reasonable base effect also. So that the trajectory has to kind of get into a more normal or a more slightly lower kind of a number.

Neeta Khilnani: Thank you. That is all from my side.

Moderator: Thank you. The next question is from the line of Pragya Vishwakarma from Edelweiss Asset Management. Please go ahead. As there is no response, we move to the next question from the line of Shikha Mehta from Equitree Capital. Please go ahead.

Shikha Mehta: I just had a few questions. In this quarter our traditional media has seen a growth of only 6.8% and I think last quarter on the con call we had mentioned that the industry is growing at 8% to 10% so have we grown slower than the industry this quarter or how do we look at that.

Hiren Gada: That is what I was just discussing with the earlier question also let us repeat what I said. One quarter for traditional media is normally not the right timeframe to look at it so if we overall look at the nine months we are at about 12.3% growth for the traditional media. In fact, in the previous quarter when we had a slightly higher growth I had actually indicated that it is a little abnormal and next we could have a slower growth because some sales could have shifted marginally in that quarter higher and lower in this quarter kind of a thing. At this point overall if we see the industry for traditional media is at around 8% to 10% kind of a trajectory and our aspiration has been to be about 200 basis points higher than that. I do not see a big challenge to that as far as this year is concerned. And overall our target would be that to grow to roughly 200 basis points, at least 200 basis points higher than the wherever the sector is.

Shikha Mehta: Sir after our investment mode in the inventory is monetization going as per plan and are we planning on seeing debt reduction?

Hiren Gada: At a broad level yes to both so monetization has been growing and we are hoping that now with Shemaroo ME and hopefully with a better YouTube growth see those trends should continue in the direction that we all are expecting and overall on the debt front we are already at so even this quarter there has been a slight marginal reduction. So the debt is at a broad level the content requirement for on a so content acquisition versus monetization so all the acquisition is being funded by internal accruals from monetization at this point in time and more.

Shikha Mehta: So what would our gross debt be for this quarter?

Hiren Gada: In September we were at 180 Crores we would be marginally lower at this point probably by 5 to 7 Crores from there.

Shikha Mehta: Sir our OTT platform are we planning on creating any own content for that or is it just going to be all through our library?

Hiren Gada: See when we talk of content creation, content creation is a very wide term and so the short answer if I have to give you what today people understand as content creation in terms of web series and stuff like that that is not what we are currently targeting. However, there is a lot of warp around content which is largely in the nonfiction area so for example classic cinema and around classic cinema there is a lot of additional content that we have already created and on a continuous basis we keep creating in fact more than 100 hours of content we have created in the last 12 to 18 months. So different interviews, shows in different formats of content around that which is a lot of value added content around existing this thing so Kranti if you can talk on it.

Kranti Gada: What I want to say is that at Shemaroo we have organized ourselves to specialize in certain categories of content, which targets certain customer basis. So for example classic content is one or comedy content is one, or regional different languages are one and the focus on creating acquiring as well as creating content around that was just monetized over various platforms. So it may not be dedicatedly created only for the digital platform but whatever is created with the best consumer need kept in mind and then it gets monetized across various platforms available for monetization that is cable or OTT or our own OTT.

Shikha Mehta: Sir could you put some light on the export market initiatives because I think our total revenues are still slightly below our standalone so when would that be profitable and what are we planning on doing in that space?

Hiren Gada: The US office has just opened about three to four months back and there are many conversations on initiatives happening in fact including Shemaroo ME also will ultimately see our US lodge so all that preparation is going on; however, that will be in a phase manner so the US launch is not likely to happen in the current financial year it will be in the next financial year for Shemaroo ME, but in addition to that there are many other conversations going on for different platform so that is on the US. So we are just four months in to the office opening so it is still very early days I think I am hoping that once the Shemaroo ME etc., is on, we will see the revenues from there kick in. And in addition to that as I said earlier the Gulf imitative is something that we have just as the board approved to kick start so the while the business plan etc., is currently being finalized or in fact it is fairly in place so overall operational aspect etc., are being gets out. And along with that the entity formation etc., will be carried out.

Shikha Mehta: In our 5x five-year plan how much our ballpark figure how much do we see coming from exports and Shemaroo ME?

Hiren Gada: Very difficult to give specifics at this point in time but overall if I have to look at it I think the target should be to have a 50/50 traditional and digital revenue mix and if we see benchmarks of some of the other players in the market mostly between 5% to 15% of the topline of clearest comes from international market so that is think what we hope to do better but at least we should be able to reach that stage.

Shikha Mehta: Thank you so much.

Moderator: Thank you. The next question is from the line of Anand Trivedi from Nepean Capital. Please go ahead.

Anand Trivedi: On one hand, your OTT business is growing at 28% and now actually it becomes 27% of your overall business. On the other hand, your EBITDA margin is going down and now you explain that some of it is related to the fact that your employee cost has gone up and you are building some capability for which has gone up, but I guess the question is longer-term we see the OTT business a lower margin business and structurally when you settle to a lower margin on EBITDA side will your breakup your EBITDA margin by OTT versus traditional?

Hiren Gada: In fact, the OTT business actually scale dependent. So the good thing of the OTT business is that theoretically the margin can be substantially higher because after a certain scale your core content cost marketing cost at least your core content cost does not grow our sale at that speed. The only thing that gets added the variability over there is the streaming cost and to some extent the marketing cost. Theoretically that should be the way to think about look at it at this point it is too early days for us to really be in that position our first target is to actually have the platform how it has a various relationships and tie-ups in place so that there is a fair presence across every as many platforms as possible, but I do not see in fact that as a challenge in fact there is an according to me operating leverage available above a certain scale.

Anand Trivedi: Okay so you say that operating leverage have not kicked in as yet?

Hiren Gada: Certain amount of operating leverage has kicked in on the current new media business definitely and even in the last two quarters I have discussed that, that we are using that leverage to actually build these next set of growth initiatives.

Anand Trivedi: But the reason is not showing up in margins because your costs are going up?

Hiren Gada: Yes, and we are investing and building into these things so like the whole Shemaroo ME initiative or various other things. Including the brand building itself I mean the whole look will change, everything changes that itself signaling to the consumer, to the industry to B2B partners that this is the new Shemaroo and not what you traditionally thought of.

Anand Trivedi: But in that case longer-term do you expect the margins will settle around 30% one scale build in?

Hiren Gada: Two things I will go back to the first question from Viral which is so fundamentally on the traditional business at least the way we look at it is not a margin oriented view versus the IRR oriented view, but considering these newer initiatives there my sense is that with operating leverage yes we should be pushing a higher margin.

Anand Trivedi: Just on YouTube I am little confused there was a discussion that the YouTube business slowing but your presentation shows a big jump in the consumption of YouTube viewership so it is slowing or increasing and why that not showing up in your numbers.

Hiren Gada: Sure. There is no doubt that the consumption is growing by leaps and bounds and in fact we have actually now at nearly 35 million views a day so and in fact if you see from the time of Jio there is a big infliction point in that in the whole graph. Now what has happened in the last six to eight quarters about at least six quarters as far as YouTube is concerned as the whole challenge they face to get brand safety followed by, so fundamentally there are two or three factors which hit there are few India based factors like demonetization etc., which hit ad spend in general and that was literally within one or two months of reliance Jio launch and well more importantly platform level issue of brand safety which we can probably discuss offline. I have shared discussed it earlier many times on the earnings call, but that had those were some of the factors which hit YouTube. Now the way forward if I look at, at a platform level two things I would say, one is that digital ad spend is headed up and will keep growing at a certain rate and YouTube being a largest video platform will capture a good share of that all on an ongoing basis. Secondly, the whole what is more heartening more than anything else is the fact that there is a core consumption and a viewer habit formation of coming to the platform consuming interacting with these channels seeking out that content kind of a thing and engaging with that content. Now but what timeframe it will translate revenue at this point is kind of difficult to say we have already this year seen a certain growth in the overall ad spend and therefore even in our revenue.

Anand Trivedi: One last question from me. One of your big channels on YouTube is the mini channel does that has any conflict with Saregama in terms of price hike?

Hiren Gada: Saregama is the music labels so there in audio company, what we are putting in on this is a video visual sounds of that.

Anand Trivedi: But at least now going forward they also have a video rights?

Hiren Gada: Well Saregama has not been investing in fresh music rights very aggressively but what has happened in the last few years so this is a trade practice so till the year 2000 or roughly you can say 2000 was the kind of year when the trade practice changes so prior to that the producers are retaining the visual rights on the song and post that the music labels are retaining. So on the content that we have pre 2000 we continue to monetize the audiovisual the music videos of those songs.

Anand Trivedi: Thanks a lot.

Moderator: Thank you. The next question is from the line of Nikhil Vaishnav from VD Investments. Please go ahead.

Nikhil Vaishnav: Just wanted to know how many total perpetual and aggregate rights we have?

Hiren Gada: We give this number once a year you can refer to our annual report of FY2017-2018.

Nikhil Vaishnav: Just wanted to know your thoughts like we have seen many web series to coming out various other players coming out with go to web series so just wanted your thoughts like this type of the sales somehow will affect our business?

Hiren Gada: I do not think so, so if I give a TV comparison essentially there is a fresh original creation and there is a film based service so TV also have the general entertainment channel, which has a fresh original creation on a daily basis right, the daily soap whatever has do TV series that we see and then there are movie channels also. So TV series has its own set of consumption, movies has its own set of consumption and consumer only consumes both of them not a single one individual thing. Same thing in a different way you can extrapolate instead of TV series we have web series and you have film based content also.

Nikhil Vaishnav: If you see in sector like EROS also has come out with that series in this year. So like in future we will be coming out with these kinds of series in our own platform?

Hiren Gada: At this point, we have no intent of doing a web series kind of a fiction based content creation we as I shared earlier that there is a lot of nonfiction content around classic films about devotional around those kind of things that we have been working which is more a value added to the core content and that really the current plan.

Moderator: Thank you. The next question is from the line of Mohammed Patel from Blue Banyan Advisor. Please go ahead.

Mohammed Patel: The question is on the balance sheet side. So when I was seeing the commercial balance sheet over a timeframe the inventory so as a percentage of total assets is 72% in FY2018 the same goes for H1 FY2019. So because of this inventory it is leading to very less depreciation and the P&L

looking attractive as compared to pears. So what is your methodology that why it is recording your movie rights or whatever in inventory instead of intangible assets?

Hiren Gada: If you do not mind can we take this discuss this question offline our IR agency will be able to address this because this is our general question I have shared discussed it many times on the earnings call and it is not related to this quarter. It is in fact there on our core investor PPT in terms of how we treat inventory and how we charge it off to P&L. So do not mind you can understand that offline, because there are few people on the queue who may want to ask about this quarter or the outlook.

Mohammed Patel: How will I get it at present?

Hiren Gada: Our IR agency will get in touch with you.

Moderator: Thank you. The next question is from the line of Jeet Shah from Axis Capital. Please go ahead.

Jeet Shah: I just wanted to know the number of hours of content we own do your kind of give out this metric and that is it other questions have been answered.

Hiren Gada: We give it out once a year in our balance sheet. You can refer to it offline or if you do not have it you can check with us we will give you, so we give the breakup in terms of number of titles and both perpetual period and different categories in the language etc.

Jeet Shah: Thank you Sir.

Moderator: Thank you. The next question is from the line of Lohit Dharambe from Dalmia Securities. Please go ahead.

Lohit Dharambe: My question is regarding your new company formed in Abu Dhabi what is the rationale behind that?

Hiren Gada: As we have shared earlier also international business expansion is an important part of our overall growth strategy and in the first phase we started with the US entity and we got it operationalized roughly about four to five months back and now that entity has stabilized we want to take on the next large region where the expert rate Indian population both in numbers and in value it is a very large population which is the Gulf region and based on our various consultant's feedback and advice that we got we figured that the best way to go about it is to form the entity out of Abu Dhabi and the legal structure over there mandates that 51% needs to be held by a local citizen or a local entity and foreigners can own 49% but in our case so you can have a higher economic interest so we are targeting our economic interest to be upwards of 70%.

Lohit Dharambe: There is no like for your content in your subsidiary, which is providing airline content. So it is a specific content, which is provided by this particular company any planning ahead from this particular company?

Hiren Gada: If you look at the region there are different opportunities available because there are different telco's in that region whether it is Etisalat or DU etc., or there are different television platforms there are multiple platforms available for and even other digital platform that's indication is possible so there are multiple opportunities we feel that if we have an entity out there the business can, certain fair amount of business can be derived from there.

Lohit Dharambe: Thank you Sir.

Moderator: Thank you. The next question is from the line of Adit Shah from Vibrant Securities. Please go ahead.

Adit Shah: Good afternoon. My question is on the new media business within which you said that Telco business will eventually taper down so that business currently is almost 50% of the digital right?

Hiren Gada: Yes.

Adit Shah: So that will have a decent impact on the overall digital growth so at what rate do you think it will taper down or in what timeframe do you think it will eventually?

Hiren Gada: Yes, this tapering overall we expect it to happen over a two to three years' period in at a broad level. In terms of as I shared earlier that the way we are seeing and based on our current conversations with the Telco's at a larger level we are expecting or hoping that the OTT business within the Telco will kind of replace that current WAP business that is being run, which is in a way better for us because it is a better income mix for us.

Adit Shah: What I understand Sir, this is that the OTT which you are going to launch is not like that the typical OTT platforms which are independently marketed by the companies so this is going to work in association with Telco companies this is what you want to say?

Hiren Gada: Every OTT that is today available in the market in different way has various tie-ups with different kind of platforms which were video is consumed and we also would be going for those kind of tie-ups whether it is telco's, whether it is other bigger platform. And the whole focus in-terms of the marketing spend for us is going to be much more on the B2B side, so that the B2B to B2C platform tie-up is secured and have the certain traction versus looking at spending big time on the B2C side compared to B2B.

Adit Shah: Also last time around in the previous concalls you used to say that your growth in digital is driven by all the three segments including telco and suddenly in this quarter the outlook has changed significantly for the telco business. So what has changed particularly in the last three months, which has led you to such a future outlook?

Hiren Gada: As I said, so even earlier this was discussed that the telco business being a WAP business has relatively limited shelf life because ultimately now the consumers are moving to OTT compared to WAP. So what we are doing and we have been, one of the reasons also to build the whole OTT is to be ready with the OTT platform versus the WAP platform. So that is for overall transition of the revenue pie from WAP to OTT and that we anticipate over the next two to three years on the Telco side it will kind of play out and actually be a better pie compared to what it was for WAP.

Adit Shah: Is it fair to say that the YouTube and other OTT business within the digital growing at more than 30%?

Hiren Gada: At this point yes, combined everything yes.

Adit Shah: Excluding Telco yes the rate of the business should grow at more than 30%, 35% right?

Hiren Gada: Yes.

Adit Shah: Q-o-Q the interest cost has actually increased slightly, so you said gross debt has reduced so how does it tally?

Hiren Gada: The number that I would be talking about maybe the closing number for the quarter but during the quarter there maybe some increase or decrease up and down kind of a thing.

Adit Shah: And OTT you going to see any significant change in this?

Hiren Gada: At this point, no.

Adit Shah: Thanks a lot and all the best.

Moderator: Thank you. The next question is from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

Sarvesh Gupta: Just one question on this recent try regulation. So my bit of limited understanding I that given that the choice that the consumer will now have it will lead to a lot of also run channels not getting as much avenues as they were getting earlier. And hence it might increase bargaining power for your end consumers, which will be negative for you. And the other of course concern which I do not have a view on, is that the overall revenues might declined given price regulation has now come into play. So what is your view on these point one and point two?

Hiren Gada: The general view that the industry is also having is similar to the first question that you said is that the smaller channels maybe more affected by the TRAI regulations and the more mass channels. Now that in a way if you look at it, it does not in any way affect us because our core customer base is the movie category, which is anyway of is a second highest mass viewed category up as a general entertainment. There we do not see any significant change where the industry in general is expecting is in a longer-term niche category broadcaster where they do not have enough brand pull to drive revenue from consumer and where they do not have enough viewership to drive advertiser also. So it is those few niche categories where it could get impact and now this is purely peculation yet, no one knows how do the future will play out, but what you are saying is the board view held by the industry in general.

Sarvesh Gupta: Would it lead to any loss of revenue?

Hiren Gada: This one no because I do not see the movie category in fact getting affected in any way, because even now movie in fact if you see the last literally the last 12 months' movie category has grown, it has been a big growing category overall so it is added significant viewership numbers in general. So this mass category I do not see any significant change both general entertainment and movie category both.

Sarvesh Gupta: Thank you Hiren and all the best for the coming quarter.

Moderator: Thank you. The next question is from the line of Neeta Khilnani from B&K Securities. Please go ahead.

Neeta Khilnani: I just had a small follow-up. So the curated content that we can create out of content that we have on an aggregate basis, do we have full IP rights to that curated content or is there some limited rights to that content as well?

Hiren Gada: What we own on a aggregate so if we use any content where we have limited ownership then the final derivative ownership of ours also will be limited but we normally take adequate care that we do not even if we are creating something we should be having minimum five years of rights with us, if at all we use something, some very significant title from our, from the aggregate library but that we want a substantially large perpetual library and lot of driver title so a lot of content we use for curation is from there, but limited yes I mean if you have something it is we would be also in turn having limited rights.

Neeta Khilnani: The IP rights for all the content that will be putting up on our OTT platform that those will stay with us or you are open to selling that content in us to other platforms as well?

Hiren Gada: Premium content I believe that there will be many partners who may have a probably a better reach or a bigger subscription pie or various other things and we do not mind in fact syndicating that premium content to those partners, but we will continue to hold it for our own platform and we will in fact even now there is some of the content that will be going up on Shemaroo ME is already available on some of the existing platforms. At the end of the day we have to maximize revenues. So we will evaluate the opportunity cost of that revenue and see the opportunity cost of building that destination as a destination or on working with the existing larger player. And in a way many others are following a similar strategy at this point in time. So without taking names many of the large broadcasters who themselves run their own OTT platform are even now syndicating some of their premium content to the larger existing, other larger platform.

Neeta Khilnani: That was helpful. Thank you.

Moderator: Thank you. The next question is from the line of Ram Gopal from Churiwala Securities. Please go ahead.

Ram Gopal: Just a simple question, you mentioned Hiren that you at Shemaroo are essentially focused as a B2B to B2C company then given the fact that I have had the fortune of hearing all of the other questions, one of the other points you mentioned is that you also see telco's where you are present the Shemaroo ME platform that you are building to essentially replace the loss in telco revenues that you are currently seeing. What you not really able to figure out over the last one and a half hour is what really is the strategy of the Shemaroo ME platform because you are not producing fresh content, you are essentially seeing that there is going to be a replacement of the content that you currently are supplying to the telco's or the telco revenues by the Shemaroo Me platform. So are you trying to compete with in Netflix or in Amazon, in India to get the direct consumer because at one stage you said that you are not the B2B to B2C but at the other stage you also launching this category so I am very confused on what is the thought process is really.

Hiren Gada: I will reiterate what I just said slightly to try and give you what clarity I can at this stage because as I said we are in a pre-launch phase so there is some detail that I am not able to share. So fundamentally first point is that there are multiple platforms, which are video serving platform, Telco is being one of them, but there are cable based platforms, there are international platforms etc., which are video serving platforms. Now they themselves are not running a service but aggregating services from different existing OTT players. So the only way to create a presence or be distributed and earn revenue from those platforms is either I have my own OTT service or I syndicate my content to another existing service. We decided that ultimately the best way for us to go about it is to own the OTT service because now the significant content that we already own and it gives us a tremendous amount of control in terms of curation etc., that we can do. So the core thought process for us to build the Shemaroo ME is to create these multiple B2B, B2C relationships on various platforms.

Ram Gopal: But are not you syndicating this content to the other providers.

Hiren Gada: No, not to them.

Ram Gopal: So you believe that this going to be incremental revenue for you.

Hiren Gada: Sorry Kranti has a point.

Kranti Gada: Even if we are syndicating it becomes a B2B deal. There is no B2B to B2C so I am not either been seen as a brand or neither I am not probably being or new commensurate revenue to what my content demand.

Ram Gopal: No, but maybe let me just re-ask the question, on these newer OTT platforms or whatever you are talking about on these cable channels or whatever else right are you currently giving your content out to them albeit it might be under the platform of whatever is that cable channel right now the only difference that I see is because you will have the Shemaroo ME platform you are saying that yes you will have a greater brand recall from a consumers end that is one part what I am really trying to get at is do you believe is this going to lead to incremental revenue as what you are currently generating?

Kranti Gada: Yes, many of these opportunities are not available in clear syndication model. They are available only as OTT aggregation opportunities.

Ram Gopal: Fair enough.

Hiren Gada: This was the core driver or driving point and in fact last two quarters I have been talking about this same thought. In the light of that the task ahead for us was to really build in as low cost a model as possible and that is what we are attempting to do, but use all our existing industry wide relationships that you already have in terms of doing business with most of these people for various other content that we own, so leverage on that and create that B2B, B2C distribution pie. So that is one aspect of it. Now there are so the other question is will we compete with Netflix, Amazon etc., the short answer is no. We do not have any intent of competing with the Netflix. Amazon etc., because their whole strategy, their budgets everything is completely different; however, then the question arise is that still what is our right to win and why should we as a 31st or whatever 30th platform be relevant or what is, why we should survive. As I said firstly it is an extremely low capex thing so that in terms of sustaining it at this point I do not see that as a challenge but more importantly what is our right to win there the point is that India is a highly heterogeneous market and while some segments are, if you segment the market some segments are currently being covered by the existing player there are still significant amount of segments not yet been covered. We looked into our own content pie and so that there are few segments where we have a significant offering and strong market position in terms of either being number one, two or three in terms of content or share of viewership etc., and we looked at actually how we can leverage those opportunities to create the connect because even when the consumer comes on to that B2B platform we need to for that content explore Shemaroo ME that is the short consumer connect bit that we are looking to do.

Ram Gopal: The cost of hosting this would it be on the on Shemaroo or would it be on the relevant platform that you are in. So for example if you are in Airtel, I am assuming that the cost of the hosting would it be both by telecom or streaming cost?

Hiren Gada: The streaming cost is on Shemaroo.

Ram Gopal: Thank you.

Moderator: Thank you. We have the last question in queue from the line of Vaibhav Kacholia from VK Capital. Please go ahead.

Vaibhav Kacholia: Hiren, wanted to understand the syndication of our existing content to OTT how large an opportunity is that and what percentage of our library have we already exploited in that?

Hiren Gada: As the video consumption is growing, the demand for content is also growing so if I take a three to five-year view, it is a reasonably good opportunity in terms of what kind of content is or how much of content is currently so it varies platform to platform, some platform could have taken 100 movies and someone could have taken 500 movies or so. Broadly what we are seeing is that it is an initial phase because every platform wants to be on a trial mode etc., the top few films are picked up and then as they grow and as they move to the next set of films onto regional languages etc., differently.

Kranti Gada: I just want to put it a little differently is that, as the platform digital platform becomes more mark the viewership will at television in terms of what get worse because the consumer at the end of the day is the same guy he is just coming in from a different platform. So a large part of a catalogue being TV friendly will hopefully see consumption and that also initially what YouTube, on YouTube we have already kind of tasted this viewership growth.

Vaibhav Kacholia: So basically the 20%, which is television movie, share of television that kind of thing you think will happen on OTTs as well.

Hiren Gada: Well I do not know at this point it is too early days, but I have no doubt that movies will continue to be a reasonably good consumption, I mean, just the digital will have movie as a significant consuming category.

Vaibhav Kacholia: So Hiren so like basically lot of these OTTs are picking up our content in a trial phase is it so this can grow multifold in the future or how do we see it?

Hiren Gada: I would not call it trial phase. I think everyone has different content strategies and they also want to phase out based on their own budgets and overall strategy. To begin with everyone wants a certain type of content and then as they go as their own consumption based consumption experience keeps increasing they will go wider based on what is working for them what is not working for them.

Vaibhav Kacholia: I am asking this because if telecom is not growing and YouTube is not growing much then this part is the part which must be driving our growth as of now in new media right?

Hiren Gada: YouTube is not that is YouTube is not growing, but YouTube is growing, but YouTube has lagged for about six quarters so it has a lot of catching up to do compared to that it is not so make no mistake, YouTube is the largest video consumption platform. It is probably being the largest driver of advertising etc., that I have no doubt and as I said earlier also that this year there is a growth but compared to the point I was trying to make earlier was that compared to the kind of consumption growth that we are seeing compared to that it is not grown in line or in step the revenue should have been much more than what it is at this point in time that look at the limited point on YouTube.

Vaibhav Kacholia: Sir this traditional media we are saying could be half of our revenues even five years from now. Since that industry is growing so slowly how will that still be half of our business in that sense? Will it be like non-organic or something like that we will gain much market share?

Hiren Gada: It will be organic. I think more importantly even now television is a large video consumption platform. It is the largest video consumption platform so that is something that will keep growing it has scale. So for it to come below certain share of revenue the other pie has to grow significantly this will definitely not degrow.

Vaibhav Kacholia: It will be half of our revenues five years from now broadly is it?

Hiren Gada: I am unable to predict the future but my own sense is that at least our aspiration will be that digital should cross 50% in the three to five-year timeframe.

Vaibhav Kacholia: Thank you so much.

Moderator: Thank you. That was the last question in queue, I now hand the conference over to the management for their closing comments.

Hiren Gada: Thank you everyone for stopping by and spending time and for the engaging discussion. For some of the questions that we did not answer our IR team will follow up and we will come back to you with those information as if we. Thank you everyone for joining us. Thank you.

Moderator: Thank you. Ladies and gentlemen, on behalf of Elara Securities Limited that concludes this conference call for today. Thank you for joining us. You may now disconnect your lines.