"Balaji Telefilms
Q1 FY2019 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day and welcome to the Balaji Telefilms Q1 FY2019 Earnings Conference Call, hosted by Axis Capital 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 call, please signal an operator by pressing "*" then "0" on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ankur Periwal from Axis Capital Limited. Thank you and over to you, Mr. Periwal!

Ankur Periwal: Good afternoon everyone and welcome to Balaji Telefilms Q1 FY2019 Earnings Call. From the management side, we have with us Mr. Sunil Lulla, Group CEO, Mr. Nachiket Pantvaidya - CEO

ALT and COO Balaji Telefilms. We also have Mr. Sanjay Dwivedi Group CFO and Mr. Kartik Sankaran from the Investor Relations team. I will hand over the floor to Mr. Sunil Lulla first so that he can share his thoughts on the company's broad performance and then open the floor for Q&A.

Sunil Lulla: Thank you Ankur. Good afternoon everyone and thank you for joining us for a Q1 FY2019 earnings call. Some of you might recall, I joined Balaji Telefilms in end May as Group Chief Executive Officer and I am incredibly excited to join Balaji Telefilms at this great stage of its evolution into the B2C media business and I will look forward to engage with all of you in times to come.

We actually had a good start to the year with the three businesses going very well. Our core traditional TV production business has had very strong start with three new shows going on air in the same quarter resulting in 170-hour programming hours. We launched Naagin 3, which continues to enthrall all audiences across the length and breadth of the country and retains as a number one ranking on TV. Also in a first of Balaj Telefilm, we launched a show on TV and regained the intellectual property rights for Dil Hi Toh Hai on Sony, which was broadcast on TV and 24 hour later is available exclusively on ALTBalaji. This new model allowed us to do two things, one build an IP base and two, evaluate if India audiences will pay for exclusive TV like content on OTT.

The third show to launch this quarter was Qayamat Ki Raat on Star Plus, bringing back the horror genre to the weekend programming and this showcases the diversity of create the programming within the company. So these were three primetime shows in one month of June 2018. Finally, Kumkum Bhagya and Kundali Bhagya continued to be the number one and number two shows on the weekday primetime. Overall in this year, Balaji Telefilms produced content accounts for a little more than 16% of primetime GEC viewership and we will continue to improve on that as our pipeline gets stronger. We are working towards the mega launch of Kasautii Zindagii Kay 2 In September on Star and we have a couple of other shows, which will appear other broadcast networks in quarter three and quarter four of FY2019.

Moving onto our movie business, we had a great hit in Veere Di Wedding the movie had done exceedingly well and won critical acclaim for its women oriented bold subject, it is the top four grossers of this year amongst Hindi movie so far. The overall collection for the movie was Rs.143 Crores. We have another two releases scheduled for later this year, both of which are shaping up well. Our strategy of core production and resale is working well and producing the desired results. We will continue to pursue the strategy as we develop our movies for FY2020 and beyond.

Our newest business ALTBalaji has had a very strong quarter with all its operating metrics growing exponentially. We added 2.1 million paid users, which is nearly double of what we had in the first full year of operations. From a revenue perspective, we recorded Rs.5.8 Crores of revenue this quarter, if we exclude the impact of Ind-AS 115, the revenue would have been Rs.7.1 Crores, which is more than what we achieved in the full of last year.

Content wise, we ended the quarter with 21 exclusive original shows making us the number one destination for original content. Today, ALTBalaji offers original programming in dubbed languages of Tamil, Telugu and Malayalam and International Languages Arabic, Bahasa Indonesia, and Bahasa Malaysia. We have an extremely exciting pipeline of content followup for the year showcasing amazing talented stories. We had a good quarter strengthening both our partnerships and alliance of the ecosystem and the teams are busy integrating with telecom, DTH, internet service provider in India as well as overseas. We expect to see revenue boost from the integration in the coming quarter.

To summarize, all three business lines on a solid footing and well positioned to capitalize on the growth and content requirements across TV, movies and digital. I will now hand over to Sanjay Dwivedi, our Group CFO, to give you quick update on the key numbers for the quarter. Sanjay!

Sanjay Dwivedi: Thank you. I hope you all have seen the results presentation available on the website. The key figures for the year are as follows: Revenues for the standalone business were at Rs.133.7 Crores comprising of Rs.67.9 Crores from content production and Rs.65.8 Crores from movie.

The TV business had 170.5 hours of programming at 34 lakhs an hour. We had three new shows this quarter and this has resulted in negative margins. We follow a strategy of launching high cost and high impact initial episodes and recover these costs as the show progresses.

Our full year margin will remain in line with previous years. The TV business was also impacted due to the implementation of Ind-AS 115, revenue from contracts with customer resulting in one time negative impact of Rs.2.5 Crores.

In the movie business, we had a fantastic hit, Veere Di Wedding, which generated a 40% plus IRR for us. Please note that as per our accounting policies, all marketing and distribution expenses related to Veere Di Wedding were expensed in the quarter; however, certain confirmed revenues on account of sale of satellites and digital rights that has been agreed but we will only be accounted later month the movies broadcast are released on the internet. This will result the incremental EBITDA being accounted in subsequent quarters.

Our investment in mutual fund unit on June 30 was at Rs.427.8 Crores. We are well funded for our expansion on the digital business and continue to focus on the scaling up ALT maintaining moderate growth in the TV business and being very selective with our movie investments.

I thank you all for joining us today and now we would request the moderator to open Q&A session. Thank you.

Moderator: Thank you very much Sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Vetri Raju from Equity Analyst Private Limited. Please go ahead.

Vetri Raju: Good afternoon. See the video industry and TV industry has got disrupted just in the last one month due to the Reliance Jio GigaFiber announcement, so essentially it means that streaming is coming right in to our house through the fiber. What is the managements' view on how this is going to help or not help the OTT industry, and particularly with reference to our Reliance connection in terms of our stake in Balaji Telefilms, can you give a detailed colour on how the landscape is going to change, if at all it is going to change, and what are the steps the company is taking on the changing landscape?

Sunil Lulla: This is Sunil. Let we start and my colleague will add. Firstly, we do not have so many finite details of what is Jio's exact plan apart from everybody hears and knows of in the news or media space. But what we anticipate is that it is actually an alterative to what is the current cable or current DTH system, right, or current digitally delivered cable system and current digital TV system. To that extent that those offer all our client channels because most of our clients are across all broadcast are across all cable and DTH systems, so we do not think that may as such disrupt television viewing. To that extent, our relationship for our TV business is a specific TV broadcaster right and it is not subject to only their ratings of the distribution. In terms of content for the audiences, we are integrated into the Jio Cinema app and availble on all Jio devices, which carries a Jio Cinema. If this is also treated like a device then I imagine we will be carried through, if this is treated little extra on the device, I am sure we will find the way to integrate it very fast, right. So I think that from OTT perspective, it is not about the access and availability, it is about the manner in which content is viewed. When usually speaking rule of thumb indicates that when people watch TV together, it is usually a family of three or four people watching TV together of different age groups watching as a family, some programming content on television together and may be having a conversion around it. When people watch OTT, most people actually do not cast it back on their TV screens, they watch it on the phone or they watch it on any other handheld device or a laptop or a computer screen, they pretty much watch that alone, right because they want to watch content in which they find great affinity one that they like. So we think that both television, OTT are complementary maybe a little competitive to each other in terms of the audiences time, but otherwise they offer a different needs in the way content is presented to them. So I think the disruption is most likely going to impact large scale cable digital players, it is going to impact DTH players, it is obviously supposed to be a great consumer experience, so when we all get access to it, we will all know it.

Vetri Raju: No. If there are no further answers as the followup, but that is not the case in the developed market, for example in the US, Netflix subscription is higher than all other cable TV operators put together and they are convincing across last year or this year, and obviously when the fiber optic cable comes into the house, Netflix becomes easily available to everybody, so do not you think India will follow the global trend particularly when one player who is actually a streaming player beating all other cable TV guys combined in the US, which means that OTT, there will be possibly people will also view OTT on the TV.

Sunil Lulla: I think that you are talking of US markets in which multiple TVs in homes is more than 60%, in India it is less than 10%, it is like 6% or 8% multiple TV homes. So the phenomenon of Netflix is not often a view together phenomenon, right. It is adults watching individually or best couples watching individually or young people watching together as friends or as couples in whichever fashion. So certainly there is scope for disruption, right and certainly all it is integrated in Jio Cinema and that same integration is carried through into TV Homes, then I imagine all this going to be available specifically in all these places. Like I said there is a lot more to learn as to what exactly Jio will be doing but we anticipate for ALT that is a very positive to have. The content over there at the end of the day, which is on TV today, so in the US, the rise of Netflix came in with the sharp decline in audience watching and audience viewership of television, right. The numbers are still fair apart to really cause that and may be over the next two or three years, there may be a change in the curve, ALT on the one hand unlike many of the other players has been focusing on to start with Hindi Drama, which is exclusively created for ALT and which has created with the sharp target audience positioning in mind. So it is created for that viewing, not created necessarily for what is today's TV generic is doing right, which is usually curated and works with in very different content guidelines in India. So I think that we are going to have to watch with open eye, we are getting alert to the situation because of our integration with Jio, we are in a reasonably strong position, but I think that Indian audience content is still working maybe two steps behind what is available on the OTT players on services such like ALT.

Vetri Raju: Okay. Thank and all the best.

Moderator: Thank you. We moved to the next question from the line of Rajeev Sharma from HSBC. Please go ahead.

Rajeev Sharma: Thanks for the opportunity. Just one question from my side is your cost of production for the ALT platform is at 18.6 Crores. So if you could provide some colour on what are the originals, which were produced this quarter and despite the telco tie up, you have a 3 Crores kind of marketing expense, so we thought that this will be miniscule because you are with the largest telco's now and that is where you are being consumed, so the marketing has still been on the higher side, some colour that will be helpful and some colour on your subscription revenues, with the telco tie-up, how is it still playing out, because you have this 5.8 as a revenue, so how much is this from telco's and how much this is from subscription?

Sunil Lulla: On the cost, the 18.6 number includes a number that was carried over from last year. So that is basically why the number seems large, we have launched Selfiewallie PM, Gandi Baat, some short series in this quarter and some part of the of course all the expenses were not in but some part of it says, so that movies has actually internal transfer between ALT and VTS, so the cash expense of 18.6 is not as high as 18.6 is much less. Second on the subscription on the marketing expense, we needed to launch the shows and every time we launched the shows we need to market even with telco's, you need to put out trailer. It is not like the shows just gets marketed by itself just through notifications, so that is an expense across these three to four items these shows that I talked you about and to be very honest it is miniscule. Just to give reference our marketing expenses will be probably the least in the OTT space even if you look at competition especially given the fact that we do not have a large network like a lot of dot com to market that OTT product. The cash marketing expense are more than us and their non cash are even more than us, so we are actually really on a miniscule marketing spend of Rs.3 Crores, that is really low. If you compare it with the same quarter last year of course, this is about one fifth of what we spent in April, May, and June of 2018. You had a question on subscription and the color on subscription right, so the answer to that is about 70% to 80% of our traffic is coming from Telcos today, but in terms of volume it will look like 80%. In terms of value it will be like between 60% and 70% because the pricing the ARPU that we are getting on the non Telco that is the direct downloads is about Rs.25 a month and the ARPU we are getting from the Telco business around Rs.15 a month.

Rajeev Sharma: Thanks for this color. Just one question on the marketing again, so Telco do they incentivise you to promote the shows or let us say if you are not getting some particular X amount of traffic or something then this 15 may gown that is why you have to spend I am just trying to understand how does it work? Where do you say that okay it is a per show cost that I have to spend Rs.50 lakh per originals, which are coming through, so what is your incentive because will this number specked to certain discipline or it can go anywhere?

Sunil Lulla: The last question I will tackle that differently about discipline and anywhere that we will leave aside, but to explain to you the cost and if you really want to come you should probably come to our office and I can give you a deep drill down, but just to produce marketing like a poster or a trailer or cut downs of the trailer or material that people can send across also costs money so that is what is the first origin of the marketing expense. In addition to that there is media expenses where you have got to put out ads for the shows, so while we are on Telco remember that a good 30% by value of our business is coming directly on our app and we need to advertise on YouTube. We need to use Facebook to get those consumers on and the brand alive in the minds of people as a downloadable entity so that is when the marketing is going and on your question as to whether there is any discipline. Of course there is a discipline. There is our annual marketing budget. We are going to ensure that we will be well within that marketing budget. Like I have said earlier on the call, our total expense base is about Rs.150 Crores every year, probably in the third year that will go to about Rs.160 Crores to Rs.170 Crores. Out of that Rs.100 Crores is roughly content and the rest is divided across marketing, tech and people and we will maintain that budget and discipline.

Rajeev Sharma: Any number for your active subs, which are directly with you on the platform and not via Telco?

Sunil Lulla: We do not want to get into that kind of split up simply because today the industry is in such a nascent stage. I can give you an astonishing large number on what we are getting from say Airtel who started in March, but we must see what the churn is, so we would like to stick to our overall number of 2.1 plus Jio that we are going and the nature of that number how consistent is it annually, how much are we seeing in terms of churn is something that we will know only in the next four to five months. Right now we are at a place where we are really reaping the benefits of being first on Telco like I said January 26 Jio started off and in the middle of March somewhere we started Airtel, so we are seeing initial response very good, but I would say that to give you a deeper analysis, we will know in five to six months time. Having said that we are getting exponential volumes. The volumes of subs that we have got in this quarter compared to last quarter are a multiple of 6x to 7x times, so that is incredible. Just to give you an example we ended the whole of last financial year at 1.2 billion paying subs. Now we are saying that we are adding on 2.1 million in this quarter, so that just gives you the perspective of the uptake. Let us see how that goes.

Rajeev Sharma: Thanks for this. It is very helpful. Thank you so much.

Moderator: We move to the next question from the line of Rajesh Agarwal from Moneyore Investment. Please go ahead.

Rajesh Agarwal: Sir what is the sub in ALTBalaji as on today after the churn?

Sunil Lulla: Could you repeat that please?

Rajesh Agarwal: What are the paying subscribers as on today in ALTBalaji platform after the churning?

Sunil Lulla: I will give you the June 30 number and that number stands at 2.1 + 1.2. Luckily we are seeing a retention of anywhere between 30% and 40% on an annualized basis.

Rajesh Agarwal: Sir the second question is what arrangements do we have with Sony for that Dil Hai To? What are the arrangements because we are showing it in ALTBalaji what are the arrangements?

Sunil Lulla: As in you want to know what the deal is.

Rajesh Agarwal: What the deal is? This the first time we had the IP?

Sunil Lulla: Yes you are right. Essentially we get to show the show on our digital platform and we retain the IP of the show. It is a broadcasting license that we give off to Sony. I think beyond that the particulars we cannot reveal because it is a competition.

Rajesh Agarwal: Do they pay lesser than the other shows with Star and all no?

Sunil Lulla: Well no. They do not and actually to kind of let you know each show has its own price. It depends on how we produce it and who are the stars acting on it. There is no standard half an hour rate card that we actually put out, so there has been no loss of revenue because of this digital right is all I can say.

Rajesh Agarwal: There is no loss of revenue for that and Sir one more question. What went wrong with the TV content business this time?

Sunil Lulla: Well to be very honest. It is quite contrary to what we see. We have started three new shows out of which if you see our number one show is the weekend show Naagin and we have also got the number one and number two shows on daily primetime, so nothing has gone wrong. It is just that for the first time in our history we have launched three shows in one month and these points to the fact that we have got the highest share of the post IPL launch phase. Post IPL everybody launches fresh programming and that seems to be a season that is coming in. We have got an incredibly high share both in terms of rating. As a matter of fact BARC says that we are now 16% of TV viewing ratings in primetime and we will reap the benefits of this in the quarters to come because we have to start up. We have to kind of incur costs in the beginning phase. This will definitely kind of get dephased as we works go high.

Rajesh Agarwal: Throughout the year you will cover up?

Sanjay Dwivedi: This will also get demonstrated in the rating, which Naagin has generated in 4+ rating consistently.

Sunil Lulla: It will go up in the next few quarters.

Rajesh Agarwal: Sir can you throw some light on the quarterly subscribers or annual subscribers?

Sunil Lulla: You take a 30% to 40% churn. Pick 35% and then you will do the maths you will know what is it, so 30% to 35% on the app and 65% gets churned out just for clarity.

Rajesh Agarwal: Thank you Sir.

Moderator: Thank you. The next question is from the line of Ritwik Seth from Deep Finance. Please go ahead.

Ritwik Seth: Sir just one question on the subscriber and the revenue attributable, so if I look at our FY2018 ending is 1.2 million subs and we added around 2.1 million so our exit rate would be closer to little more then 3 million and if I add you to it as well, some matches it is high single digit ARPU rather than mid double digit is that understanding right?

Sunil Lulla: No, it not right. We can discuss the math later, but it is not high single digit because you are not accounting for churns that happen. Some of them might be on just on for a month in the 2.1 million that you said. You have taken them for three months so then the ARPU can go for a toss.

Ritwik Seth: This Rs.5.8 Crores revenue that we have reported for the quarter includes the Jio subscriber revenue as well right?

Sunil Lulla: Yes and to add up a point and I think Sanjay will clarify. I think there have been some new accounting rules that have meant that there is a Rs.1.3 Crores revenue that will get deferred. Sanjay if you could just clarify.

Sanjay Dwivedi: The impact Ind-As impact actually brought down the revenue from 7.13 to 5.8.

Sunil Lulla: Actually we did 7.13 and that should be your numerator in the mathematics

Ritwik Seth: Sure Sir I will take it off line. Thank you.

Kartik Sankaran: Ritwik I will speak to you, but the main thing is the exit number is an exit number as on June 30 revenues for the entire period and as per Ind-As we do not account for the entire revenue in the same quarter. It gets apportioned. The subscriber paying Rs.300 in the last week of the quarter it counted as 1 subscriber, but only Rs.1 out of the Rs.300 gets accounted, so there are these kind of complications in it, but a simple way to look at it the rack rate that we advertise in the website is still the same. We have not taken any price cut there nor have we any price cuts with our distribution partners.

Ritwik Seth: Sure. I will take it offline. Thank you.

Moderator: Thank you. The next question is from the line of Ankur Periwal from Axis Capital Limited. Please go ahead.

Ankur Periwal: Thank you. So to start with on the TV business first now we has you mentioned there was initial cost due to which the margins were slightly compressed in this quarter especially when most of the shows were in the month of June, could you help us in terms of timeline how do we see the margin expansion in the coming quarters probably it will take a quarter to ramp up or there is a variability in terms of the success? Is the magnitude of success of the show, which drives the margins, etc., going ahead?

Sanjay Dwivedi: Ankur, typically we take around eight weeks to kind of get into that margin, which typically we generate and we expect from the end of Q2 to Q4 we will be getting what we used to get normally on any matured shows, so on a year-on-year basis we continue to have the same momentum as we had last year.

Ankur Periwal: Sure Sanjay, so are presentation does suggest that gross margin will bounce back to the same levels as FY2018, so this is average for the year or we are talking more on the exit run rate side?

Sanjay Dwivedi: No, on an exit run rate of March 2019.

Ankur Periwal: That is helpful.

Sanjay Dwivedi: On a year-on-year basis, we will see similar margins.

Ankur Periwal: Sure. On the second front on ALTBalaji what sort of content pipeline are we looking ahead joining ahead in the coming quarters in terms of numbers or number of content and across the languages Hindi or regional?

Nachiket Pantvaidya: Basically we are looking to achieve, there are two aspects to it. One if you look at it from number of shows itself we are aiming to do 15 types of shows at least, but that includes season two of many shows that have come earlier. That is one. Secondly in terms of languages we will have a Bhojpuri show in addition to the Hindi shows that we are doing to add to the mix of our regional content. Otherwise all of it is in the Hindi. What is significant is that we are going or rather we have already dubbed our library in Bahasa Indonesia and Malaysia to attract those new international audiences. Secondly, we want to tackle the international market and give out a proposition not only to Indians living abroad, but also to the Indonesian and Malaysian public at large and these three will be the strategic driving focus of the shows and of our strategy that we have out to put up.

Ankur Periwal: Sure and Nachi just a followup on that. Now we did mention on that. Now we did mention Hindi still remains our focus followed by Bhojpuri incrementally any thoughts on the regional space especially probably Tamil or Telugu because from an international market perspective there is a significant regional audience sitting over there probably starting of content?

Nachiket Pantvaidya: Right now Tamil, Telugu, and Malayalam continue to be dubbed. Our real question is that to get Tamil content onto our platform. We need to probably have a full fledged Tamil focus for which we will be able to create bandwidth only October, November and December this year, which means the show will appear next financial year. That seems to be the direction that we are taking. Right now I think till we hit about a 30 show level we are not fully focusing on Tamil. We did launch one Tamil show. We have got a Tamil show called Maya Thirrai already on but we found that unless we give the Tamil audience a reasonable library because there is an exclusion of Hindi with Tamil audiences, so the Tamil person would not come on to the app and pay the full amount. That is not the case for a Bengali viewing audience or Marathi viewing audience because they can understand Hindi and they kind of go towards both Bengali and Hindi, so therefore we need to create that library of 10 to 15 shows and then enter the South market originally. Meanwhile we do continue to have a dubbed presence in these markets.

Ankur Periwal: Sure that is helpful. Just one clarification the churn rate, which we mentioned that is for all the subs or it is specific for Telco or apps?

Nachiket Pantvaidya: It is an average across all subs.

Ankur Periwal: But as per your experience where have you seen higher churn it is on Telco or on the app front?

Nachiket Pantvaidya: Telco is very early and Ankur. We frankly have started the Telco in a big way only in March, so Telcos come for month. We are hoping we have not had a consistent 12-month Telco existence. Vodafone started in November. You know the story. Jio have all just started, so I think to be able to comment on how much of churn is there on Telco we should give it a little bit more time.

Ankur Periwal: Fair enough. That is it from my side and thanks a lot.

Moderator: Thank you. The next question is from the line of Puneet Nandwani from Individual Investor. Please go ahead.

Puneet Nandwani: In the last conference call, you gave guidance on the ALTBalaji revenue by exiting March 31, 2019 to be around Rs.80 Crores to Rs.90 Crores do you still see the same momentum going or anything has changed in this quarter?

Nachiket Pantvaidya: We have to kind of regroup and see where that will be. I think the low level for this will be 60 and the high level will be 90 and it will settle between both of that, but as of now we are also getting a lot of minimum guarantee deals in addition to CPS deals that we are looking at actively and probably in a month or so we should be in a position to get a 60% to 70% accurate number, so right now I am saying that it is around 70% and that is where we are.

Puneet Nandwani: In this quarter it was around even if we consider Rs.7 Crores it does not look like it will reach there as per this value, so you are saying you have something in the pipeline?

Nachiket Pantvaidya: How do you do that math?

Puneet Nandwani: Maybe four quarters and we have Rs.7 Crores.

Nachiket Pantvaidya: That actually does not does not work that way. Just to again repeat what I said earlier. If you take the whole of last year’s revenue not 12 months that was less than my quarter’s revenue, so if I actually said that in 12 months I do Rs.7 Crores, my first quarter should have been at Rs.2 Crores, so there is an exponential ramping up for which there is already data in front of you, which says that we finished last year at Rs.6.8 Crores, but we are finishing one quarter at Rs.7.1 Crores, so I think that kind of standard cement industry month-to-month maths may not hold good. Of course having said that it is all depends on and I must recheck that the Internet being given away free, which is happening in the country continues. That is our major assumption that we have predicating in this exponential growth.

Puneet Nandwani: I think second thing is also all the telco are providing a ALTBalaji app and most of them are providing it for free for now, but sometime they will stop providing ALTBalaji for free to their subscribers. At that time also, we will see the impact, is this true?

Nachiket Pantvaidya: When we can see a positive impact because the moment their ARPU to the consumer gets established our B2B and B2C ARPU or our CPS what we charge the telco or what we get from the telco in affect will of course go out. We are not going to take the same price rate when it was given free and when it is being paid for the telco.

Puneet Nandwani: Thank you and all the best.

Moderator: Thank you. The next question is a followup from the line of Rajesh Agarwal from Moneyore Investment. Please go ahead.

Rajesh Agarwal: Sir can you throw some light on the minimum guarantee, which you said you are working on that what is that all about?

Nachiket Pantvaidya: There are two kinds of deals that we do in the market. One is especially when we distribute it through third party that people pay for per unit usage as opposed to that if they want to pay for per unit usage they just settle for one cheque that is given for a 12-month period or a 24-month period and that is basically the minimum guarantee.

Rajesh Agarwal: That is the minimum and Sir your comments on lot of Bharti Airtel and Reliance also wants to go for content production any comments on that?

Nachiket Pantvaidya: Well you should ask them. To be very honest we are very, very focused on acquiring consumers, creating a successful and stable movie business and ensuring that our television business continues to be the ace in the pack.

Rajesh Agarwal: Thank you Sir.

Sunil Lulla: I think I will add to Nachi's point as one of the premier content providers in this country across adcoms be it TV, be it cinema, be it OTT, I do not think we can just excluded from anybody for providing content. In fact it is the opposite. The demand is far greater in that sense so on an overall basis, you will see all OTT video plays wanting to put a lot of content out there, but it is the nature of the content, so if you see many of those claims, which are there in the market place today many of them are not even fully formed shows. They are what we call as short format right, which is five, seven and nine minutes and they are not fully formed drama series of 10 episodes of 30 minutes each, which is 300 minutes programming. That is where Balaji has significant strength over anybody else.

Rajesh Agarwal: We do not mind providing contents to everybody?

Sunil Lulla: We have been doing that for 24 years.

Rajesh Agarwal: After the platform has been launched where we have got our own platform?

Sunil Lulla: We still continue to do so. Our focus obviously is on a good value pricing and which is why the television business is very important to us. As much as the OTT business is strong on investment because we are in different cycles. The OTT business is in early stage growth and it will see galloping stage growth and maturity is really far away, so we would have got many, many years ahead of it.

Rajesh Agarwal: Thank you Sir.

Moderator: Thank you. As there are no further questions from the participants I now hand the conference over to the management for their closing comments. Over to you Sir!

Sunil Lulla: Thank you for this conversation and thank you for the engagement. We will be happy to be back with you and hopefully talk to you of our continuing growth story.

Nachiket Pantvaidya: Please watch our shores on ALT. On TV and please watch our next release Laila Majnu on September 7, 2018.

Sunil Lulla: Home on Alt on the August 29, 2018. Thank you. Sorry for the sponsored plug.

Moderator: Thank you very much Sir. Ladies and gentlemen on behalf of Axis Capital Limited that concludes this conference call. Thank you for joining us. You may now disconnect your lines.