ZEE MEDIA CORPORATION LIMITED

CONFERENCE CALL on February 04, 2019

Management

Mr. Ashok Venkatramani – Managing Director

Mr. Sumit Kapoor – Chief Financial Officer

Moderator

Ladies and Gentlemen good Day and welcome to Zee Media Corporation Ltd investor conference call hosted by Prabhudas Lilladher Pvt 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 the operator by pressing star and zero on your touch tone phone. Please note that this conference is being recorded. I now hand over the conference to Mr. Jinesh Joshi from Prabhudas Lilladher Pvt. Ltd. Thank you and over to you, sir.

Mr. Jinesh Joshi – Prabhudas Lilladher Pvt. Ltd.

Thanks. On behalf of Prabhudas Lilladher I welcome you all to the investor call of Zee Media Corporation Ltd. We have with us the management represented by Mr. Ashok Venkatramani, he is the MD and Mr. Sumit Kapoor, CFO. I would now like to hand over the call to the management for opening remarks, after which we can open the floor for Q and A. Thank you and over to you sir.

Mr. Sumit Kapoor – CFO, Zee Media Corporation Ltd.

Hi, friends, this is Sumit Kapoor and I have Mr. Ashok Venkatramani with me. It’s a pleasure again to host you for this call. As we go through our last quarter of the current financial year, we wish to share with all our respected stakeholders a brief on the business and how we have performed in the last quarter, which ended in December 2018. As we had been projecting and putting efforts towards achieving the best of our returns to all our stakeholders, this quarter again has been a very strong quarter for ZMCL. And the strength of the business has emerged not only from the national channels but our regional channels, too, continue to burn their fuel and contribute to the overall growth of the company. As you would have noticed, the revenue for the company actually grew up along with the EBITDA in terms of the margins. So, it was not only a revenue based growth but it was a bottom line based growth itself. The company, as it has discussed with its investors and stakeholders in past as well, is committed towards improving its EBITDA margins and we are also talking about that over a period of next two to three years we should grow our revenue with a CAGR of about 20-25%. Though for this year we are actually going much beyond that rate, we are trying our level best to maintain or surpass these rates in future as well. So, if we look at the performance for third quarter and the 9 month period ended December 2018, our revenue actually grew by about 30% while our EBITDA grew by about 38%. And the strong point was that, this time, during third quarter, we exceeded the EBITDA margins as agaist the corresponding quarter last year and almost touched 30%. Also as you would have seen that this improvement in performance is both revenue driven as well as cost driven which is helping us in terms of improving our margins.

It is further reflected in the fact that our regional markets are catching up strongly. All our regional channels as an overall portfolio, excluding only the new launches, is in positive territory. The operating margins earned by regional channels in the first 9 months further improved in a manner that the absolute EBITDA earned by all these regional channels in the first 9 months of the current financial year surpassed the EBIDTA earned by these channels over the entire 12-month period of last financial year. Also our national channels, which include Zee News, Zee Hindustan, Zee Business have been doing extremely well. Zee News has always been a very strong platform. Zee Hindustan has shaped up itself in a very, very relevant manner and it has been contributing positively to the operating margins. Zee Business has gained in terms of market share by placing itself as a strong 'market hours' channel, thus gaining traction amongst the business and the investor world. So that gives a summary of how the company has worked towards building up the strength of its core operations. Further, the company continues to maintain its focus towards building up strong sustainable business models, which continue to run in a self-sustaining mode and contribute to the numbers both on the operating margins side as well as the revenue side on a go forward basis.

Also the company has been able to do well in terms of its performance by virtue of giving a very strong push to its events division, wherein we have been able to build in about 5 to 6 new annual properties. Not only that, the scale of events is also growing both in terms of numbers as well as average value per event with most of these activities being worked upon with a margin higher than company's overall operating margins. Events which we were doing in the value range of say 10 lakhs to about 30 lakhs have risen in terms of value; now there are multiple events with an average value ranging from Rs. 50 lakhs and above, with some of the events running into few crores, per event. Also, the events, for ZMCL, is no longer restricted to Indian markets, but international markets too. Thus, events as a segment is expected to contribute significantly to the revenue and margins of ZMCL. We further plan to develop more properties of a larger size and focus on improving our margins in the events category as a whole which is expected to make events as a great contributor to the growth of the company, both in terms of the revenue as well as the profitability of the company.

ZMCL and its sales team is also working meticulously towards selecting the industries, divisions and clients from the perspective of revenue generation and evaluate things on a quarterly basis to focus both on improving our inventory utilisation as well as the earning rates as well as figuring out new avenues in the business which can be the revenue drivers in the times to come. Another area of business wherein ZMCL is working towards developing its core is the digital news publishing business that is growing in terms of the operating performance over last couple of years. Our sites has grown in terms of the traffic, both zeenews.com and Zee 24 Ghanta, the latter having the privilege to become number one mobile site in West Bengal market, surpassing ABP, the market leader.

So this has been a gist of the business, we have already declared our quarterly performance numbers on 24th January and the numbers are also available on our website. We request for any specific queries our stakeholders may have in terms of our business performance and we'll be happy to address the same.

Moderator

Thank you very much. Ladies and gentlemen we will now begin the question and answer session, anyone who wishes to ask a question may press * and 1 on their desk on telephone. If you wish to remove yourself from the question queue you may press * and 2. Participants are requested to use handsets while asking questions.

- Ladies and gentlemen, we will wait for a moment while the question queue assembles.
- First question is from the line of Bhupinder Tiwari from ICICI Direct, please go ahead.

Mr.Bhupinder Tiwari – ICICI Direct

Good afternoon, Sumit, I would say congratulations on a great set of numbers. My question per se would not be on the operations also but because of also on the pledge front which happened for the group company as well as Zee Media. If you can just throw a light, what is the number of shares for which the pledge has been invoked, and what is the promoter shareholding right now. And why there was no mention of our company in terms of what is happening from that end that like it happened from the other group company such as Dish or Zee Learn or Zee Entertainment. Thank you.

Mr. Sumit Kapoor – CFO, Zee Media Corporation Ltd.

As you would have noticed that the movement in the shares prices of Essel Group entities commenced on 25th January second half of the market hours, which was a Friday. As you all would be aware, the promoters have been working on an exercise towards evaluating the sale of their stake in Zee Entertainment. This initiative of promoters for sale of their stake in Zee Entertainment, the flagship company of our media business, is an exercise been taken up by the promoters to raise funds for working on their other commitments, which has been favourably taken up by all the stakeholders. These plans or these actions are being worked upon by the office of promoter and none of the entities are directly involved in execution of these plans. And secondly with regards to your question that in one of discussions, Zee Media didn't turn out as a part of the plan discussed by the promoters, we will like to share with you that Essel Group has multiple entities, Zee Entertainment, Zee Media, Zee Learn, Dish TV, City Cable. All these entities, while draw some level of synergies from one another within the group, the same being wherever possible and feasible, are practically distinct businesses that work individually like any other entity. Zee Media in terms of its business has already delivered a very strong quarter and a strong 9 month performance. So has other companies which are there in the portfolio of Essel Group which is Zee Learn, Zee Entertainment; we all have been business wise growing very well.

The perspective of promoter mentioning Zee Entertainment specifically, comes with a background that while they are working on an exercise for sale of their stake in ZEEL, any undesired and unfavourable sentiment shall only affect the valuation aspect of the business, which technically may not be true considering that ZEEL has been delivering strong performance for a long period now. So it was imperative for them to offer more clarity about ZEEL. And nowhere was there any indication by the promoters of having lesser commitment in the operations of any other companies; infact, they were and they still are as equally committed to the performance of other companies.

ZMCL, as an entity still holds a very strong foothold in its respective markets and is working on a strong foundation. And everything is fine as far as business is concerned.

And if you look at the entire activity in the market and the discussion that the promoters had with all the stakeholders over the call, you would see that Zee Entertainment came out with the results somewhere in the mid of January. Further, 24th January was when our results came out, all the performances had already been declared prior to any activity in the market. So, business wise everything remains the way it is and has no direct or indirect relation with the business of respective entities. It is just a sentiment perspective wherein the promoters wanted to offer clarification to respective stakeholders that the structure of the business of ZEEL remains strong and relevant while they work towards their own commitments.

Mr.Bhupinder Tiwari – ICICI Direct

So if you could just give us the update on what is the current shareholding of the promoters post the pledge invocation, I believe pledge has been invoked in Zee Media also.

Mr. Sumit Kapoor – CFO, Zee Media Corporation Ltd

So, promoters were holding almost 67% of Zee Media and the same has come down by approximately 5%. As we understand from their office, it is on account of some level of sale of their shares because they are working on raising money, on as a measure of exigency, for their other commitments, by working on least possible dilution.

Mr. Bhupinder Tiwari – ICICI Direct

Okay. So I read in terms of the announcement the promoter holding was 67.02 the latest December one.

Mr. Sumit Kapoor – CFO, Zee Media Corporation Ltd

Yeah.

Mr. Bhupinder Tiwari – ICICI Direct

And 5.5 % has come down, that's what is right.

Mr. Sumit Kapoor – CFO, Zee Media Corporation Ltd

5 to 5 ½ %

Mr. Bhupinder Tiwari – ICICI Direct

Do we have any kind of understanding like the other group companies have, say Zee and Dish has that no sale will happen from the lenders till the September. So do we have any kind of understanding of that sort or that will continue or are encumbered shares, encumbered shares will continue to be detrimental to you know any fall because of people will kind of sell it and get money out of it.

Mr. Sumit Kapoor – CFO, Zee Media Corporation Ltd

I'd like to answer this in two parts.

As far as this understanding part is concerned, promoters had addressed the lenders to give them comfort vis-à-vis their stake sale initiative as well as to explain them that the intrinsic value of ZEEL as an entity still remains established in the strong operational framework of the company. Further, Zee Media's shares, value wise, is not as large as Zee Entertainment, which is a large cap share. So, lenders may also have a different perspective towards sale of shares of Zee Media shares as they will have to work towards a larger quantity of shares than what they need to in case of ZEEL shares. This is what I would with an independent view.

Secondly, on your question whether we have an understanding, Zee Media or the management of Zee Media is not involved in terms of having any kind of communication with these lenders with whom the promoters have pledged their shares.

Zee Media has been working with an independent management, the business here is being led by Ashok and we have a full fledged management team who is responsible for the operations and growth of the company. And whatever result that you see obviously has been an initiative or outcome of the efforts being put in by the management.

Moderator

Thank you, Mr. Tiwari, may I request you to join the queue for any follow ups as there are several participants waiting for their turn.

Thank you, the next question is from the line of Virendra Bansal. Please go ahead.

Mr. Virendra Bansal

I have a question on the balance sheet. In P&L, you have been doing extremely good since the last 2 or 3 quarters. If I look at your balance sheet the entire networth stands exposed due to the investments of nearly 500 crores including 436 crores in Diligent Media via non-cumulative non-convertible redeemable preference shares. My fear is that Diligent Media if I look at the numbers which is a listed company is having a negative net worth of 450 crores, debt of 777 crores and has not being doing well at all. On top of that you have a contingent liability of nearly 341 crores which is there which is a part of Zee Media because of this DMCL.

- Now, what is the purpose of investing so much of money in a company which is having negative net worth, huge debt and has not being doing well at all, and the amount is almost 80% of your net worth in ZMCL. Whether that money could have been invested in Zee Media and you could not have taken any pledge on your shares by promoters, you know, to create value for shareholders. Aren't promoters looking at this angle. My fear is that I don't know if this company goes belly up which its numbers are predicting towards then the net worth could erode by 70-80%, right?

Mr. Sumit Kapoor – CFO, Zee Media Corporation Ltd

Let me just kind of explain a little bit of background of how it has come up as an investment. Diligent Media is the company which holds the brand DNA; DMCL was a subsidiary of Zee Media till 2016-17 and it was demerged with effect from 1st April 2017. These investments were done while DMCL was a subsidiary of ZMCL and the perspective was to strengthen overall news platform and gain mileage from this overall portolio. There were some plans whereby regional editions of DNA were also planned to provide for growth in lucrative markets and support the broadcast platforms in these markets. When this entity got demerged, DMCL moved out of ZMCL umbrella carrying all these investments in its books. Further, the management of ZMCL is in cognizance of all the points shared by you and have been working with DMCL management on the same. When Diligent Media moved out of Zee Media, it took some time for Diligent Media to finalise its management plan on strategic aspects of business. It was as a part of these plans only that DNA launched its Gujarat edition, a Marathi newspaper (Disha) the latter being a weekly magazine which comes every weekend. As we understand from DMCL, these regional initiatives have been meaningfully contributing to the operating margins in a positive manner. Similarly, DNA is strong as a brand in Mumbai. Despite this overall proposition, we are working with the management of DMCL to understand their actionable plan on the loan they have on their books. Further, their performance is partly exhibited by certain advances that we had given to Diligent Media, which has started coming down in terms of the outstanding balances

Mr. Virendra Bansal

Sir, from the last 6 years Diligent Media is making EBITDA loss, and as far as the print media environment is it is not looking at all hopeful, anyway its sitting on nearly 777 crore debt and a negative net worth of 450 crores you know it's very tough for this company to turn around. I'm concerned more about Zee Media. You know do you see this money coming back or not because as things stand it doesn't look like this money will come back to Zee Media.

Mr. Sumit Kapoor – CFO, Zee Media Corporation Ltd

The 436 crores that you were talking about?

Mr. Virendra Bansal

I am talking about the entire, 436 of course is the direct investment via non-cumulative non-convertible preference shares and 341 crores is the contingent liability. Now the important thing is that all this is also I think you know the collaterals has been given which is you know (25:42) have been given, issued by Zee Media as well. In fact if I am the management I don't know if I will invest in a growing business. As you said Zee business or something you know which Zee Media is here where you are throwing very good numbers in the PNL, so why will I invest 700 crores into DNA which has not done anything for the last 10 years and I have a big hole of 700 crores if I include the contingent liability on Zee Media books.

Mr. Sumit Kapoor – CFO, Zee Media Corporation Ltd

All these investments are pertaining to the period prior to April 2017 when DMCL was working under the umbrella of ZMCL. As far as ZMCL's advances or investment is concerned we will divide it into 3 buckets. One is the 436 crores preference shares that you were talking about. Second, is certain advances that we had given them, and we are on the course of recovery. Third is with regards to the contingent liability; with respect to the contingent liability, we appreciate your concern, as it is actually coming out of the operations of Diligent Media and not directly attributable to the operations of Zee Media. However, to apprise you on the same, Diligent Media is already having dialogues with their lender and they are evaluating and working on various structures, with their lenders, for last almost about 6-8 months. The final structure is planned to be executed in upcoming financial year and we are looking forward to the same. We are also monitoring their operations as we are equally focused to settle all these issues at the earliest possible.

Mr. Virendra Bansal

But you want to stick to DNA you're not closing DNA, right, I am just thinking about that thing.

Mr. Ashok Venkatramani – Managing Director, Zee Media Corporation Ltd.

Virendra, Ashok this side. I'm just adding to what Sumit has already said and responding to part of your question. See, Zee has been one of the founding partners of DNA and whole idea of keeping a newspaper in the portfolio was to dominate the entire news space in the long run. So in the long run our view is that print will exist, television will exist, digital will exist, the news brands will exist. So the whole idea of building comprehensively the news brands cutting across platforms is that in the long run the need or the urge for the news will not die or will not go away. It is just that the consumption may happen across one or multiple platforms, which is why if you see the entire investment ZMCL has also invested heavily in digital, the reason for that is that's the consumer in the future. A point will come where you know television will come down, print might come down but digital will be there but overall the pie will grow.

We have also been trying to cross leverage the benefits so that we build strong brands across platforms. So, if you take DNA for example I'm giving you one example, if you take DNA, DNA is in print. We're also building a very strong DNA E-paper and website and we also have got a show on Zee Media, Zee News called DNA which is run by our editor Sudhir Chaudhary. Now if you look at BARC data, prime time Hindi news, DNA by Sudhir Chaudhary is the most watched prime time news programme in India today, it is number 1. And the whole idea of cross leveraging is to make sure that in the long run the platform may or, may change through which consumers consume news but the brands will remain as very strong brands. So our focus is on making sure that the brands remain and the brands are built strongly. So that you know tomorrow if, you know, your grandchildren and my grandchildren consume news through electronic platform of digital or short videos or whatever, its still, you know, the thrust is on the brand. That's the whole point.

Mr. Virendra Bansal

Ashokji, I have no doubt on your strategy what the company has taken. You know, I am sure that you and other people in the board are much more known intelligent than me in terms of strategizing things for the media business what Zee is running. I am only concerned about investing so heavily in a company which is not even able to pay the interest. That 341 crores NCB was 250 crores wherein 91 crores was the unpaid interest, you know, which is there in the book and which is heavily into losses and where we have been investing. So as a capital allocation whether it is the right strategy for to invest in a growing business such as Zee News, Zee Business or into DNA. That is only my fear sir.

Mr. Ashok Venkatramani – Managing Director, Zee Media Corporation Ltd.

See, I mean, you know, on these matters if you see the print business in India, the print business in India is even today contributing to close to 42% of the total revenue in India. Television is the other 40 and the remaining is spread across multiple. While digital is growing, the traditional media which is really print is still very strong. And the jury is still out on whether print is going to die or not. If you look at very mature markets like say the United States, print does exist, it’s not that print has completely gone out.

Mr. Virendra Bansal

But in the last 5 years, sir, DNA sales have come down from 154 crores to 114 crores.

Mr. Ashok Venkatramani – Managing Director, Zee Media Corporation Ltd.

Agreed, I’m not defending DNA.

Mr. Virendra Bansal

It is a separate story all together. My last question, sir. When do you think this money, if at all can come back like as an investor or a shareholder I would want to know that what is your time line whether it is one year, two years, three years, what you are looking out for. Whether this money which you have made investments into DNA will come back or not and that they may be deployed in Zee News or Zee Business. Is that anything that sort of in your mind or not?

Mr. Ashok Venkatramani – Managing Director, Zee Media Corporation Ltd.

No, very difficult to give you a number. I think suffice to say that we are in this for the long haul because we believe that we are not, this is not a business which is open today and shut tomorrow.

I think the need for news is going to be there regardless of platforms across generation. If you look at traditional companies like a Times of India or Anand Bazar or any of these companies, they are all news companies which have been there for you know, 150 to 200 years. That's the longer term vision we carry in our minds when we mean news brand. So if you ask me whether it will come in one year, two years, three years, very difficult to say. I don't have a number. Time will tell. But all I know is that it's a, news is a business where it's worth investing and building strong brands in the long run. Cutting across platforms.

Moderator

Thank you. The next question is from the line of Dixit Doshi from Whitestone Financial Advisors. Please go ahead.

Mr. Dixit Doshi, Whitestone Financial Advisors

Yeah, thanks for the opportunity. First question is relating to the business, if I see your subscription revenue, we might do around 50 crores of subscription revenue this year. Just wanted to understand after this tariff order implementation from 1st of February, how this will change going forward, that's my first question.

Mr. Ashok Venkatramani – Managing Director, Zee Media Corporation Ltd

See our view is that when I say we, the Zee, the larger Zee bouquet is a very, very strong bouquet, you know, it has the number one reach bouquet in the country. And we believe if we stick to the bouquet, our probability of success of reaching and improving our reach is significantly better than going alone say or stand alone. So the options, the strategic options in front of us was to really, one, is convert all our channels into pay channels and go with the bouquet, the larger Zee bouquet versus going free to air. And then you know ending up pay huge carriage fees, because if you are free to air and if you are negotiating separately then you will have to pay carriage fees. So we have chosen obviously to go with the former so we have converted all our channels into pay channels, we have deliberately kept tactically the pricing as very low it is about 10 paise per subscriber per month. And the whole idea is that wherever a MSO or DPO chooses the Zee bouquet, our bouquet automatically gets into that household. And you know we sort of ride piggy back on the fact that there is a larger Zee Group and the strength of the Zee Group which we can leverage on. We obviously are conscious of the fact that over the next 3-4 months as consumers exercise their choice, we will know exactly where we stand. I think my personal view is that we are in a strong wicket for 2-3 years, one because the Zee bouquet is strong and we are part of a very large and strong bouquet. Second, if you see most of our channels barring the two channels which were the latest launches where we are still in a building mode, almost all the regional channels we have either with strong number one or a number two in the respective markets from which they operate especially the regional channels. Now, any MSO or a cable operator in any geography in the country, especially in the regional packages, would like to offer the consumers a choice, and if we are in number one or number two position in that market, very strong chance that we get picked by the consumer. So I think I think from the fact that we are part of the Zee bouquet, from the fact that our channels are by and large very strong, strong number one or number two in most geographies, I think we are in a good wicket to take on the likely changes that might happen post the tariff order.

Mr. Dixit Doshi, Whitestone Financial Advisors

Three main national channels were free to air, now you are saying that all our channels will be paid. So firstly these three will definitely go into the all the main packages of Zee Group. And that's why the subscription revenue can substantially go up for these three channels, and in other way, the regional channels might be currently going pan India, even though subscribers might not be watching it or watching it. They will bear, the subscription revenue can come down because now the consumer who is let’s say watching Marathi channel will only opt for Marathi channel.

Mr. Ashok Venkatramani – Managing Director, Zee Media Corporation Ltd.

So remember that an advertiser is giving you money only for the geography where he is focused on. So let’s say he is advertising for Maharashtra market he is only interested in my Marathi channel delivering certain reach in Maharashtra. He is not really concerned about whether my Marathi channel is delivering any eyeballs outside of Maharashtra, because his focus is Maharashtra, that's how advertising works. So, any spill over delivery which I get in a non-Maharashtra market does not really convert into revenue. The important thing is to remember that if I am a Marathi channel whether I am distributed, get a good reach in Maharashtra, point number one. Point number two, in Maharashtra, in every household, am I strong enough options for the consumer to pick. Now there if I am strong one or two, in terms of ratings, the cable operator in Maharashtra will put me in the package, in the Marathi package or the regional package. So part of the regional package that I am there in the household or I am reaching the household, then for the consumer to see whether oh, it is a strong brand or not and pick me. So I think any spill over which I get in terms of reach outside of Maharashtra for the Marathi channels are not really relevant from an advertiser point of view. And hence it is, whether it comes or not doesn't matter.

Moderator

Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Mr. Deepak Poddar – Sapphire Capital

Sir, just wanted to understand like for the recent change in guidelines from TRAI, also how do you see that affecting our subscription level as well as our revenue outlook?

Mr. Ashok Venkatramani – Managing Director, Zee Media Corporation Ltd.

I just repeated that response, so I am saying we are in a strong wicket because we are part of Zee bouquet, we have gone pay, we have chosen to convert all our channels to pay channels and stick to the larger Zee bouquet. And because Zee bouquet is a very strong bouquet which no household would possibly or cable operator would not include in, we were virtually assured of entry into every MSO and cable operator in the county. And because all our channels are either strong number one or number two position in their respective geographies, there is very good chance that we will be part of all the good packages. So, reach wise I am not worried and in terms of subscription revenue, subscription revenue as you know, is a function of reach and a function of you know, our own strength of the channels and the negotiating skill. We have the advantage of being part of a larger bouquet and hence I think we are in the good position on subscription revenue as well.

Mr. Deepak Poddar – Sapphire Capital

Okay, does that mean that 900 crore revenue for FY'20 that you have guided then a even 25% CAGR thereafter that remains intact.

Mr. Ashok Venkatramani – Managing Director, Zee Media Corporation Ltd

You see, basically if I look at my overall revenue I am as it is moving towards a 700 crore run rate along with my subscription and revenue that I earned from my outside offices outside India. And as we aspire to grow over next couple of years, we definitely as I said in my first discussion itself that we as a team have been working towards a 25% CAGR over next 2 to 3 years. We are already in this financial year growing way ahead of that CAGR. So, the focus still continues to be to drive their revenue through various means and in which we discussed events, we discussed digital as a business and other revenues that we will definitely continue to strengthen. These revenues are already there in our overall portfolio. And some of the businesses or I would say P&L of the Zee Business or such as regional channels they have already started contributing to the performance of the company in a much stronger manner. And with, the three new launches that we had in the last financial year, they are scaling themselves in their respective regional market. Zee UT in fact very strong, gave a very strong show for the last 5 to 6 months, Zee Chaubis Kallak is actually trying to push itself hard in terms of its regional presence. Obviously election, obviously plays an important role but nonetheless it is trying to gain a foothold in terms of the viewership. And Zee Salam which achieved its operational break even in last financial year and has actually outshined the DD Urdu channel within first 2 to 3 months of its commencement of operation where it's a very strong number one leader in the market, it is definitely further going to contribute to the revenue of the company. So, it's not one or two platform, it's a multiple set of platforms that we are falling upon and we are kind of pretty sure that we should be able to push them over next couple of years.

Mr. Deepak Poddar – Sapphire Capital

Absolutely, absolutely and sir, I understood that and in terms of margins as well, we have been talking about 25% margin but we currently are at about 29% margin. So what is the sustainable level of margins that we are looking at?

Mr. Sumit Kapoor – CFO, Zee Media Corporation Ltd

So, if you look at our performance we have definitely been improving our margins in this financial year and that's what we discussed with our fellow colleagues in the investor world that we will obviously aspire to be north of 25-26% margin. With 29% margin while definitely it has come purely out of the strong performance from the company but there have been 2-3 factors behind it. One is it's been a festive season. Second during this quarter we have built up some strong event properties as I was discussing earlier also that we built up some large value event properties spanning into some couple of crores, which has also contributed to the revenue as well as the overall margin from the company. A similar exercise is being taken up by ZMCL for development of new properties in some other quarters as well which will further propel the margin. However in short term if you ask me 25 to 26% kind of a margin is obviously, what we see is sustainable. But there is definitely room for it to grow up to 28 to 29% in times to come.

Moderator

Thank you. Next question is from the line of Vipul Shah from Atharv Equity. Please go ahead.

Me. Vipul Shah – Atharv Equity

So, very pertinent questions from my side. The disclosures which the company made today morning on the stock exchanges relating to the dilution of the shares of the promoter entities, is that an invocation of pledge or is that share or direct share sale by the promoters to meet their own financial obligations.

Mr. Ashok Venkatramani – Managing Director, Zee Media Corporation Ltd

See basically what we are aware of is direct sale. But definitely there have been rounds of discussions about the aspect of pledge because it happened in case of Zee Entertainment.

MR. Vipul Shah – Atharv Equity

But this is specifically I will repeat the disclosure today by 25 FPF Media Pvt. Ltd, you know, disclosure with regard to this 25 FPF Media Pvt. Ltd, where 1.4 crore shares has been sold which 3% of the equity has been...

Mr. Ashok Venkatramani – Managing Director, Zee Media Corporation Ltd

I appreciate, I am aware of that declaration, that's exactly what I am saying that while we interacted with the promoter's office. We have been also informed of the direct sale as I have discussed in this call itself that they are obviously trying to raise money from different sources.

MR. Vipul Shah – Atharv Equity

This is not an invocation, this is direct sale by the promoters.

Mr. Ashok Venkatramani – Managing Director, Zee Media Corporation Ltd

Appreciate that, sir, that is what I am exactly saying that it has been a direct sale.

Mr. Vipul Shah – Atharv Equity

Okay. Secondly is there any lacuna in the disclosure if you see delivery volumes on the National Stock Exchange on 28th of January as well as the delivery volumes on Bombay Stock exchange on 28th of January. The combined delivery volumes don't add up to 1.45 crore. Assuming all deliveries have been made by the you know, the entity. Is there something that I am missing here?

Basically delivery volume 23 lakhs is delivery volume of Bombay Stock Exchange. 40 lakhs odd is the delivery volume on the National Stock Exchange on 28th of January.

Mr. Ashok Venkatramani – Managing Director, Zee Media Corporation Ltd

So, basically what they are talking about is the date of 28th and 29th January. I think I will just have to check on that number and get back to you because we also just kind of read it out today in terms of official letter which they shared with the stock exchanges.

Moderator

Thank you, Mr. Shah. You can join the question queue for any follow ups. Thank you. The next question from the line of Mayur Kriplani from OHM Portfolio. Please go ahead.

Mr. Mayur Kriplani

Hi, thank you for the opportunity. Sir, I just wanted to check you mentioned to the first answer saying there are some advances also given to DNA. Is it apart from the contingent liability and the 435 crore investments made there.

Mr. Sumit Kapoor – CFO, Zee Media Corporation Ltd

Hi Mayur, there are certain advances which was given prior to demerger of the entity.

These advances were a part of the normal business practice wherein advances were given for a period against which space in DNA was utilised over a period of time. However in between, when the demerger of DMCL happened, this advance money went to the books of DMCL as advances from ZMCL as a different entity. Thereafter, ZMCL held back its plans for a while to utilise inventory in DMCL as DNA was being launched in new markets and the idea was to utilise space in DNA judiciously. During this time, ZMCL had sought from DNA a detailed structure on the performance of their businesses in respective markets because some of these markets were aligned with ZMCL's regional channels, which is Zee Chaubis Kallak in Gujarat and Zee Rajasthan in the Rajasthan market. Also there have been stances wherein DMCL had been working towards reducing the balance from their side with regards to these amounts, otherwise also, all these amounts coming from a period prior to demerger itself.

Mr. Mayur Kriplani

Well, will you able to quantify how much amount is due from DNA's advances.

Mr. Sumit Kapoor – CFO, Zee Media Corporation Ltd

Approximately 10 crores at this stage.

Moderator

Thank you. Next question is from the line Porinju from Equity Intelligence. Please go ahead.

Mr. Porinju – Equity Intelligence

I am Porinju from Equity Intelligence, Sumit and Ashok. We hold over 5% in the company under portfolio management scheme.

Mr. Sumit Kapoor – CFO, Zee Media Corporation Ltd

Hi, this is Porinju?

Mr. Porinju – Equity Intelligence

Yeah, Sumit. I understand the tough times as per the challenges and what all are going on, but I will really appreciate whatever said and done the professional management run by you and in fact I think this is one of the best quarters that you have gone through Q3 of 27 crores kind of you know profit, strong numbers. I really appreciate the professionalism and the management led by you people. You know, there is a point in getting of feeling down just because the stock price has gone down.

Okay, now I was just wondering can we do something from the management's level to give a true picture of the company and its operation levels and other fundamentals, and improve the sentiment, the perception of the company. I know it is really extremely hectic times and you guys are doing it of course. I saw the notice recently given to the BSE. Maybe Ashok should take a stake in this company in this kind of throwaway valuations and run the company and really takeover the company I would say. Maybe it is a question of times when the promoters comes out off the entity, I am really hopeful and I have full confidence in the management. But there should be some action plan communication to the investors with more clarity and then very simple where you can explain this is the company and this is what's going on, this is what we have been doing. And you know you have to remind them about the fundamentals once more at this time of crisis, the numbers. So that may help the investors to understand the company more. I feel at this point of time the long investors, especially the small investors should not sell off just out of fear, just because the stock prices have come down. So if you can give some confidence, some plan something some confidence building measures, that would be wonderful.

Mr. Ashok Venkatramani – Managing Director, Zee Media Corporation Ltd

So Ashok this side, firstly I thank you and appreciate your words and the comments that you just made about the performance and the management, operating management. I wholly take your suggestions on board to improve the communications about the business, and the business situations that we are in and how we see the operating performances in the coming quarters. So I will take that on board and we will try and address that directly. Suffice to say at this point in time that we are actually purely from an operating performance point of view in a good space, because we are, we have over the last three four quarters gathered some very good momentum which we are confident of sustaining, number one. Number two we have in our portfolio a number of channels which are all at the different stages of the lifecycle you know there are strong mature channels, there are high growth channels, there are channels which have actually started firing themselves in terms of profitability. There are new channels launched in the 10 to 18 months, which have all started showing a lot of promise and we have plans. So I think we are in a good space in terms of our portfolio offering which are all in different stages. Specifically I think we have also put in place two three good futuristic growth drivers. And I am right now focusing only on television, and the others I will come back to in a minute. So even if you stay put with the television space, we are actually building some very strong plans for next year in the course of our annual plan preparation to make sure that we sustain this growth. So I want to mention two things here which I think is pertinent, one is that we have just test launched in a very low key manner City TV called Gwalior TV. The whole premise for that is our belief that increasingly as the economic growth percolates down the (55:27) strata, more and more growth will be seen not from the top 7-8 metros but actually the second rung and third rung towns. If you look at television models in mature markets let's say like the United States where you know there are 5-6 very large national/international channels. But there are upwards of 2000 odd local TV stations, you know, town wise or county wise. This is also based on a theme that viewers are generally wanting to know two kinds of information, you know, one is what's happening generally in the world, and the second is what is happening in my neighbourhood. Now this neighbourhood need is actually not getting fulfilled adequately. So as a pilot we have actually test launched Gwalior TV. It doesn't go through satellite route, it goes through the cable route. And the early signs are very good and we are optimistic that this is the future, and this is an area where we would be able to actually be build some pioneering work which nobody else is thinking in this direction. If you take a leaf out of FMCG business for example, or even durables business where they are increasing they are finding that a a lot of business coming from smaller towns, rural towns and so on, we believe that's how television business can also go. And television as you know is usually is a good upgrader of local print, and if you look at print, print is pretty strong in all these markets. So that's one initiative where we have just kick started and where I think there is a lot of promise going forward. The second area is where I think there is a lot of promise of this whole area of events or what we call Zee Events which is basically providing a platform where brands are able to interact directly with the customers and build their equity. Here again what's happening is brands are increasingly realizing that you know for them to connect with their consumers they have to go beyond traditional media and start looking at local events and local opportunities and so and so forth and a lot of monies are actually going in media to below the line events. We actually started this on a small scale, I would say relatively small scale and with great success. For example in the current financial year, we hope to do about anywhere between 50 to 55 crores of revenue from events, but the more important thing is that these events come at a margin of upwards of 40%. So it is a very good way of actually not just building a revenue stream but actually building a revenue stream with damn good margins. I am very bullish about it I think because it is something which is entirely execution dependent and that's where we are focusing on, building our capability to do great execution. And next year we are going to build a very, very aggressive plan on event which will not only I think help shore up, open up a new revenue stream in a big way, but actually get a revenue stream which will be very attractive in terms of margins and hence would actually positively impact the portfolio margins. To me these are two areas which are what I call as low hanging fruits where you know we can see results coming in quickly. There is of course continued investments which will happen from ZMCL in digital which is I think building business for the future, because Gen Next is increasingly consuming news beyond television as a platform, they are going into digital, they are going into live videos, short videos and what have you. So our entire focus is on building eyeballs, building page views, and building properties which are in the digital space, because I think this is really going to be the business of the future. Really these three areas where I think is what we are able to focus on at ZMCL. I am very, very happy to take your suggestion on board and improve the communication. I also want to close this comment with one point to make which is really the developments of the week ten days has actually nothing to do with our company, ZMCL. It is to do with issues which the promoters have been facing at their level. And as Dr. Subhash Chandra has already in his open letter, it is about his own or the promoters' own diversification plan and what went right and what went wrong and how they got into an over leverage position and so on and so forth. Actually it did not in any way affect or is affecting the performance of some of the star operating companies, whether it is Zee Entertainment or Zee Media or even Zee Learn, so I think as far as the city inside Zee Media it is very difficult to influence you know markets influence you know promoter level issues, but what we can do, is to continue to deliver good performance which is what we are focused. And we will take your suggestion and see how we can actually communication so that investors, smaller investors continue to repose confidence in us as a company and as management. We have actually already increased the frequency in the number of investor calls we make and investor interactions we make, because in times like this the obvious one which is really the business performance is there at one level but people still want to hear from us about it. So that's the reason why we started doing investor calls to communicate directly and repose confidence and faith in the company and its outlook. So thank you very much, so that's what I wanted to say.

Moderator

Thank you very much. Ladies and gentlemen, due to paucity of time that would be the last question. I now hand the conference over to the management for any closing comments. Thank you and over to you.

Mr. Ashok Ventramani – Managing Director, Zee Media Corporation Ltd

My only closing comment is that what I said in the last few statements which is you know the happenings in the last week or ten days is nothing to do with the performance of ZMCL. ZMCL is on a very, very strong and sound footing. We are building very aggressive plans for next year to make sure that we sustain this level of growth and performance of both top line and bottom line don't forget that we are running products and we are getting into an election season, national elections comes every five years and every time lections comes it is always good business both in terms of viewership and in terms of revenue. So and usually what happens and given the current state of affairs it may or may not be a very clean mandate, time will tell, in which case the interest in news actually goes up for another 6 to 9 months post the elections. Because we don't know which way what is going to happen. So all in all I think the current financial we are all geared up and poised to make maximum out of it for the company. Thank you.

Moderator

Thank you very much. Ladies and gentlemen, on behalf of Prabhuas Lilladher this concludes the conference, thank you for joining us, you may now disconnect your lines, thank you.