

Operator

This meeting is now being recorded.

Manisha Natarajan

I think Anant was also supposed to join in, so. Alright, anybody else, otherwise Ashok I think we can start with your questions not a problem.

Ashok

Actually, I just wanted to get the update from management, you know. How it's looking in the future, [NDTV] conversion?

Vikram Chandra - Group CEO & Executive Director - NDTV Group

Yeah. Let's kick off or Manisha you want to any more or we can start?

Manisha Natarajan

I think we can start. This is in anyway overview, Vikram, if you can give an overview of the numbers and our focus on the digital first? And then, we will start taking specific questions. Whoever joins in will anyway hear us.

Vikram Chandra

Okay that's great. So, just to give you overall sort of summary as you all know, we've been talking about it now for the last year, year-and-a-half as to what strategy. Somebody has put us on hold.

Ashok

Sorry, sorry. That was me.

Vikram Chandra

Okay. Okay. Yeah, fine. So essentially, we've been talking about what our overall strategies is going to be for a while. So, while our television business is to some extent dependent on external factors like sorting out of TAM and what's going to happen in distribution and carriage fees and the rest of it, we took some internal strategic steps over the last couple of years. Now all of them are looking as if we are starting to pay off certain amount of dividends already.

So number one, when it came to NDTV Profit, we recast that into profit prime and again that was done in March of last year and as we saw just one quarter after that that's one quarter of further losses, NDTV Profit used to the biggest driver now on the group losing

some 30–40 crore rupees a year. And so, after recasting it as a Profit Prime now we've had the second consecutive quarter of EBITDA breakeven. So essentially, within four, five months of doing the recast it became EBITDA breakeven. So that was that's something which I think we're very satisfied about and we hope that that continues.

Second, of course, the biggest strategic thing that we have been doing in working on for a while has been our digital businesses and those have been growing much just in terms of page views, but also in terms of actual revenue over four, five, six years now in the 40%, 50% plus growth rate in revenue and very decent traffic also. I mean, more than decent traffic its 600 million page views a month now, this is what we are doing.

And now, the size has become large enough it's now as you can see generating in absolute numbers also, the numbers are pretty strong like 30 crore rupees of revenue that we did this quarter which for a digital business and EBITDA positive, profitable, PAT positive digital business are strong numbers.

And yeah, even on the e-commerce front there was very good traction this quarter and overall revenues doing quite well. So basically, there is a lot of news happening on the TV front also, TAM is likely to be phased out and the other things like that. But at least we were not marking times, the strategic things that we did on the side all now seen a little bit in our group for this. Saurav, you want to add something to that?

Saurav Banerjee - Chief Financial Officer - NDTV Group

No, nothing much except that when last time when we did all analyst meet, we had kind of stressed on the fact that we want to focus on our core business, which is our TV and Convergence which is our digital side of the business. So, what we are coming back to you is with very strong growth on the digital side of the business where Convergence number as Vikram says almost grown more than 50%. And on the TV side where there are some external challenges in terms of digitization and television rating etc etc, etcetera and internally profit was leading of that we have turned around.

So, TV has now got into a sustainable kind of a mode and digital is doing well, e-commerce is the other side of the digital business where we kind of, where not making that much of money, but if you look at this quarter we have done fairly well on the e-commerce side as well. So overall, the digital side of the business is where the growth is coming from and TV side has got into a sustainable mode.

Vikram Chandra

So, I mean that's about it from the overall we do and to add to that that's pretty much the way it's looking, now any other questions. Sorry some other people joined?

Saurabh - Aries Stock Trading

Yeah hi Vikram, this is Saurabh joining.

Manisha Natarajan

Saurabh Hi good morning, Manisha here.

Saurabh

Yeah, hi Manisha good morning.

Manisha Natarajan

Good morning.

Saurabh

Just had a quick question, I just wanted to understand where do you see the [traction] coming in this quarter in the nine months and are you seeing it primarily on the English channel side, the Hindi news channel side, or the science side? [Indiscernible]

Vikram Chandra

Those channels for really substantial factor now on the TV side, I mean that it looks like the big loss making areas on the television side, we've like taken the steps to try and stem the losses out there. So, whether it was NDTV India which last year or a year before last was losing 25–30 crore rupees that deal has been stemmed through a number of steps and profit was the other big loss making area which now as I said EBITDA breakeven two quarters running.

So, on the 24X7 the English news business has always been profitable and that obviously is continuing. But, what we are really looking for now on the TV side is, there are some external things that need to happen for the television side to really take off in a meaningful manner. And that's what we are continuing to fight for. So, the ratings as you must have heard in the last couple of days, there is now news coming out that broadcasters are, you know they're phased out of time and the situation about the Barc might be something that is happening in the next couple of months. That is something we are going to be watching very carefully. What is happening on digitization and when subscription money will start to flow and that is something that we are watching very carefully. What's happening on carriage fees is something we are watching very carefully.

So, these are slightly external to us, whatever we could do internally we have now done on the TV side. So, we are watching external factors very closely, as and when those pans out then there will be, we hope a lot of traction on the TV side. But, in the meantime I think, our immediate growth driver that we have been saying is, we think that there is a leadership position we have got online and it is our intention to continue to focus on that to build that out new sites that we have been creating which are doing very well. So, this is really the area that while we are waiting for external things to be sorted out in television, we will continue to focus on scaling up digital, which I think we have been doing very successfully over several years.

Saurabh

And also, I mean, would you be able to give a break up, I mean, how much is coming from 24X7, India Prime of the revenue?

Vikram Chandra

Saurav

Saurav Banerjee

Yeah. So, we don't give a kind of a quarterly break up, but I can explain the overall number to you. If you look at the TV revenue, 134 crore is what we earned in this quarter. So, 24X7 would be roughly around 45% of that. So, 24X7 maintains its profitability despite pressure on the distribution side of the business and that's not an NDTV problem that as Vikram says, this is an industry wide problem where carriage fees has not gone down as expected. And on the income side also because of the TRAI order, MediaPro kind of breakdown or whatever. So, revenues have been affected but despite that the profitability of 24X7 has been maintained, but the big growth if you see our numbers, we have grown almost 10% year-on-year on the revenue side of news business.

The big growth has actually come from profit because of the restructuring of profit, we have now got sponsorship revenues for the various bands on Profit Prime. So, profit has got a – profit is the first half where we have got a tie up with NSC and on the Prime side we have got several bands and we have got sponsorship for those bands. So that's kind of derisk us from any retained kind of movement and the revenues have come from there. So, the big growths in revenues have come from profit and as revenues have also gone up marginally. So, does that answer your question, in India remains kind of in a breakeven mode. Does that answer your question?

Saurabh

Yeah, but you said 134 crores is the revenue from TV out of which 45% is from 24X7 and can you give a breakup of the others India Prime?

Saurav Banerjee

So India and Prime it is – so India is roughly 20% of that. So 45%, 20% and 25% that's the kind of breakup.

Saurabh

Thanks, thanks. And you said, we assume that even for the nine months or for the last year roughly which is sort of breakup?

Saurav Banerjee

See Profit Prime is kind of ramping up right now. So, if you do a nine months thing, then you have to do a little bit of adjustment on the Profit Prime side. Maybe that would be around 15%, 17% if you kind of normalize it for the nine months.

Saurabh

And would it also be possible to get a breakup of EBITDA as part of this channel is concerned?

Saurav Banerjee

You are saying EBITDA by channel?

Saurabh

Yes.

Saurav Banerjee

We don't disclose that information on a quarterly basis. Maybe at the end of the year like last year we did give a channel wise thing, we could do that at the end of year. But, as I said, 24X7 profitability levels are maintained, in fact slightly better than what was there last year. India remains in a breakeven zone and Profit Prime as Vikram said has broken even for two quarters now.

Vikram Chandra

So, historically just to add to what Saurav said, it's got to be some two years back or three years back or even a year ago, the EBITDA positive position of 24X7, we used to get eroded a bit by the fact that both India and Profit Prime were EBITDA negative. So, both of those having EBITDA breakeven position means that the business is looking a bit more sustainable.

Saurabh

What was the numbers for last year, EBITDA margin wise?

Vikram Chandra

I think, both profit and I mean, last two, three years, both profit and NDTV India were losing money, I think profit was losing about 30–40 crore rupees a year and India was losing 20–25 crore rupees a year, so that was really for the last three or four years that's been contributing a fair amount to the losses.

Saurabh

You said, you have seen big growth coming from profit and is broken even on the EBITDA level, but you sort of see it becoming profitable in the next one to two years.

Vikram Chandra

See we don't make any forward looking statements at this stage. And I said on the television side and as going on stressing this that there are lots of steps that we're taking internally, we have taken a lot of those steps from cost cuts, from restructuring to positioning to all of that that stuff is behind us. We do feel that there are some important external issues that we need to sort out. Now, the indications are that people are going to be, the government, the industry, everyone are coming together to try and sort out those issues. But I think the real – but a lot does depend on that also.

Manisha Natarajan

Alright, anybody else has joined Anant, any questions?

Anant Shirgaonkar: UBS

I have a question. Can you hear me?

Manisha Natarajan

Yeah. Can you please introduce yourself?

Anant

Can you hear me, Anant here.

Manisha Natarajan

Anant, hi yeah, okay. Go ahead Anant.

Anant

I just wanted to refer to the analyst meet that we had the previous time and I've been little late so sorry if you've already discussed this. But any progress on the restructuring part of NDTV to sort of unlock value?

Vikram Chandra

So, no concrete steps or decisions on that as of at this stage, but the central, what we were really talking about and what we are going to consider is that obviously there is a certain value that is coming from the fact that we do have very strong growth and very massive traction, lot of traffic on our online business. So, the whole concept of restructuring, the

whole concept of unlocking value arises from the fact that do we think that shareholders are getting value for whatever is happening in the digital side. So, we are continuing to look at that very closely and looking at what all other possibilities and what can be done to ensure that shareholders get value. But, any specific or concrete decisions that have been taken at this point – no I mean obviously (disturbance). Saurav is that – anything to add to that?

Saurav Banerjee

Yeah, yeah. So, we are still looking at all the options. The idea is obviously to enhance value of the company by doing business and enhancing value of individual businesses. So, we have started giving out more information to the shareholders likewise advice by all of you in the last analyst meet. You wanted to know the breakup of our TV, by channel, digital, so that's what we have done. E-commerce we do a disclosure as a separate segment in any case. So, as a starter we have done that and we are looking at restructuring ideas or possibilities as well. And we will let you know

Vikram Chandra

Yeah, so just to add to what Saurav is saying, we also feel that I think by the end of the year the annual results will come out, we will do more perhaps look at a more detailed breakup also because I think some of those and this is another feedback that we got from that analyst meet that we did with all, three, four months back. The people said actually just a lot more information that is coming may also help achieve a lot of the processes. So for example, as you see this time and if we look at the format, it becomes reasonably clear that the – if we look at the main business which is the television and related businesses and even the digital content business, the profitability there is actually reasonably healthy.

Losses if any are coming from the e-commerce side, which is okay, because the e-commerce sides do lose money, but then there is, there are strong values and valuations. So that I think is also something which becomes, if you look at the sheet, and maybe Saurav can walk you through the numbers that is again a bit highlighted that television and – if you look at the different segment analysis, television media and related operations would be driving something like, Saurav what would be the number becoming like 13 crore rupees or something in profit.

Saurav Banerjee

Yeah, yeah So, TV business which was actually losing money earlier and mainly on account of NDTV profit so that has now started generating money, so we actually have an EBITDA of 18 crore so which is roughly around 15% or something. And it's up from 7% which was there last year and we have a PAT positive of 7 crores, last year we had a loss of 3 crore.

On the digital side it was always about how fast we are growing in terms of traffic and revenues. So, we've had more than 50% revenue growth on the digital side from 19 crores last year to 30 crores and despite this revenue growth, we have maintained profitability. And on the e-commerce side just to expand a little bit more, we are getting investors to invest in the e-commerce side of business. We are not deploying any of the internal accruals from the TV on digital side not yet. So it's all coming from investors, number one.

Number two, just in terms of the growth of the business, the last quarter has been a good quarter. We had a gross merchandized value of close to 29 crores in that quarter up from almost 2 crores, 2.5 crores in the previous quarter, which is kind of a robust growth. So that business though it's losing a little bit of money, but it's getting us a lot of value. Again it's an extension of the digital and the TV outreach that we have because in this business we haven't deployed much cash in terms of marketing we have used TV and our digital outreach to kind of promote these businesses. So that's where we are really.

Vikram Chandra

So again, just to amplify what Saurav said, if we look at it therefore on the television side profitable, on the digital content side growing very fast and yet profitable. On the e-commerce side the growth is in fact even stronger than that because as Saurav was saying 2 crore or 3 crore rupees the previous quarter to 29 crore rupees in this quarter is very substantial revenue growth. But e-commerce businesses do lose money which is why we will be looking at – I don't know if NDTV group wants to be funding those losses, so we will be looking at investors then people get what the e-commerce, the value is being driven in there. So that roughly is the way we should look at our business and the numbers there.

Anant

Right. Just one last question from my side. You were referring to the contrast between the previous government versus this government on digitization and I get a feeling that there is a lot more news flow and trust from the previous government versus the present – the priority for the current one, will you agree with that or am I reading something wrong?

Vikram Chandra

No, I think this government and we have all spoken to this government in some detail. You see the issues are slightly different now from our point of view and I am speaking specifically about NDTV. The guess is government is not talking too much about doing phase for digitization and putting out more boxes and all of that. But, as almost from our point of view is slightly in structure so that's not really in our target area. For us the bigger concern was that phase one digitization which has already happened so nothing more needs to be done from the digitization front. The big issue on that is that the economic model has not changed after digitization. You are not still getting subscription money flowing up to broadcasters, carriage fees are still not coming down. So for us the

question was not to do more digitization that's okay they can keep doing that they can do it whenever they want to. The real question for us is that when are you going to ensure that existing digitization is implemented in both letter and spirit and in what economic consequences of that were supposed to be. So even if the government is not talking too much about when it's phase four would happen that's fine by us. As long as they take meaningful steps on the ground to ensure that existing digitization which has happened actually starts the economic benefits start to transfer that's for us will be a very big issue.

Anant

Right, right, thanks.

Manisha Natarajan

Alright, I am not sure if Rohit was on leave. So anybody else has joined in the call?

Parimal Mithani : Credential Investments

Yeah ma'am I have joined the call, Parimal Nathwani.

Manisha Natarajan

Parimal, hi, good morning, go ahead.

Parimal Nathwani

I am sorry for logging late, but if you can just highlight for the quarter the overall performance in terms of what was the key for this quarter if you can tell us?

Vikram Chandra

Yeah Parimal, so I'll just recap, I said a bit of this at the beginning, but let me just recap for the sake of everyone and make straight also. Essentially just to summarize everything, strategically the way we have been looking at this business and which I think all – if we look at the businesses, we were a TV business and we were a digital business. And we have always been and the TV business is to some extent dependent on external factors. So on the TV side, we had to do a lot of things internally to set our house in order which we did by cost cutting a couple of years back. We did it by restructuring Profit Prime and making it – from profit making it profit prime and by taking other steps to do whatever we could do internally. Those internal steps have started to show a certain amount of results in the sense that 24X7 remains profitable as it has been always.

But both India and Profit Prime have now become EBITDA breakeven and for Profit Prime that was a pretty major transition because it was a very big loss maker for us and now for the second consecutive quarter it has been EBITDA breakeven that's the big news.

On TV side we are looking a bit on our external factors we're just outlining to really get substantial growth traction in that. But, as we have been at pains to point out to everyone that we think a lot of the stories that is not being fully understood or captured or reflected. It is the extent of the size and the scale of our digital business. So, sticking with the content thing first, and in terms of our traffic out break it means to be, it continues to be out of the chart. We are doing some 16 million unique visitors last month. We did some 600 million page views, so in very strong position of dominance on the digital content side. We had a lot of success in building out niche sites like gadgets and auto and food and all of the sites are growing very well. We've flagged this off three quarters also, so sites are doing very well, growing very nicely, they're adding transactions to them. So those businesses are doing very well. Then we have – so that's on the digital content side. As you can see the revenue numbers out there are also looking very strong. It went from 19 crore rupees in the same quarter last year to 30 crore rupees this year. So, not only is that very strong growth, but also in terms of absolute site in terms of meaningful number now. 30 crore rupees in a quarter for a digital business in India is a very strong number.

For us content, and then largely on the content side you know what I am talking about. Then we have e-commerce and on e-commerce as Saurav was just saying, this has again been a very good quarter where gross merchandized value has gone from some 2, 3 crore rupees to some 30 crore rupees or 28 crore rupees if I'm going to add that – but that has to be looked at exactly different business, from e-commerce there are losses that was made, all e-commerce businesses lose money in a certain stage. So there the revenues they're growing well, but yes there are losses out there and so we have been getting in ventures to that so that roughly sums up I think the big story. Saurav, you want to add to that or amplify it?

Saurav Banerjee

Yeah, just two things, one on the TV side, just in terms of numbers. The EBITDA margin has grown almost double. If we look at last year number where we did revenue of 122 crores, we had a margin of 7%. It's now double close to 15%. Now this is despite the fact that the distribution pressure, the external pressures continue because of dismantling of MediaPro, there has been an effect on the subscription revenue in this quarter. And the carriage fees has not come down, but these have been more than made-up by the upside in terms of NDTV Profit Prime revenues and revenue performance of India and 24X7.

So that's one thing that I want to mention that despite the distribution pressure, our margins have doubled on the TV side and we have got into a sustainable zone where we are making a profit after tax positive. We have 7 crore tax positive as opposed to a loss of 3 crore.

And on the e-commerce side, I just want to what Vikram said that yes, it is making losses but we are not funding those losses through the internal accruals that we are getting on the TV and convergence side. This business is going to be funded entirely by investors. So, for the NDTV concerned apart from the initial seat capital we are going to use our TV

and digital outreach to promote these businesses and we know in e-commerce customer acquisition costs are one of the highest costs and because of our TV and digital presence not only in India but also outside India almost 50% of our traffic on convergence comes from outside India and on the TV side we're present in more than 80 countries. So, we are using our TV and digital outreach to kind of acquire customers so that is helping us. So, these are the two additional points I wanted to make.

Vikram Chandra

And again, therefore, when you are looking at and I think this is something that we will continue to draw people's attention to, there is if you look at the segment analysis even in the results that we've put out, essentially there are two segments to the business as you can look at it, which is television media and related operations which to some extent will also I think include the digital content side of the business where 13.4 crore rupees of profitability and those numbers are looking strong. And then there will be retail in e-commerce where there are losses. So that is sort of the figures that people should perhaps look a close eye on.

Parimal Nathwani

I just have question for television 13 crore which you mentioned, what are the major contributor to that 13 crore in terms of or it equally distributed or it was what?

Vikram Chandra

Well, I mean, it comes actually, see among – in terms of profitability 24X7 has been always very profitable and by the way our digital content business is also profitable and surprisingly so because it's rare that you will see a strong profitability in digital content business in the way we get it. So those are strong and this is the – Saurav?

Saurav Banerjee

Yeah so, on the digital side yes, I mean, we are kind of maintaining high growth rate in terms of our revenue growth and get maintaining properly. Sorry what exactly is the question if you can repeat?

Parimal Nathwani

No that 13 crore which you have EBITDA positive there in television and media which you highlighted in your results, I just wanted to know which content digital, what were the contribution of digital NDTV in that 13 crores?

Saurav Banerjee

Okay. Okay.– we've issued a press release where we have actually given the break up in terms of TV and digital. So, do you have that earning release or I could mail it to you. I

will read out the numbers, from the TV side we have total revenues of 134 crores as opposed to 122 crores last year and we have an EBITDA of 18 crores this year as opposed to 9 crores last year . So roughly it translates to an EBITDA margin of 15% or so this year as opposed to 7%, close to 7% last year, right. So, the margins have doubled. Sorry, what was your question that whether this is led by content, what exactly?

Parimal Nathwani

I wanted to know the digital contribution to this, what was the digital contribution?

Saurav Banerjee

Digital contribution, okay, okay. So this is the TV side. Now on the digital side, which is convergence, I will read out the numbers to you. We have for this quarter total revenues of 30 crores and last year it was 19 and in terms of EBITDA margin as opposed to 6 crore last year, but here there is a onetime adjustment if you take that out, our EBITDA margins actually close to 8 crores. So that translates to more than 20% for convergence. So, yes, so convergence if you look at the revenues, we have grown more than double while our traffic also improve substantially, Vikram was just talking about those numbers. We have got now close to 19 million, Vikram did you say 19 million unit subscriber base?

Vikram Chandra

No, no. Our unique visitors in last month unduplicated, I mean, we had about 16 million unique visitors which is a very high number.

Parimal Nathwani

Okay. In terms of restructuring what stage of completion are we terms of – where the process is like information?

Vikram Chandra

No, as I have saying a little earlier in the call, look essentially we were pointing to – we think we need to create – we need to figure out how to capture the value of our digital businesses right now. So, if you have taken any concrete decisions last time also we were talking of getting suggestions and ideas from people which we are still doing and trying to figure out the best way of doing it, is it by restructuring, is it by communication, is it by combination of the two. So those thoughts and those discussions are still on and suggestions that we've taken, there is no concrete decision has been taken as yet and we will obviously disclose it whenever any concrete decision taken.

Parimal Nathwani

Okay. Thank you, sir.

Nandita Agarwal Parker : Karma Capital

I have a question.

Manisha Natarajan

Hi, could you introduce yourself please?

Nandita Parker

Nandita Parker.

Vikram Chandra

Hello Nandita, how are you?

Nandita Parker

Great. So, in terms of the digital side, can you give us a breakdown of the progress of the three sites like auto, gadgets and food? Could you give us some numbers on those?

Vikram Chandra

Yeah. So Nandita, all three of those are doing exceptionally well. The gadget side in fact is now doing something like 17 million unique visitors which is by far India's number one gadget site. If you double the number to gadget side which it is and the caption that is just like off the scale so that's very good. The food site is now doing something like 2.5 million unique visitors so that again if you look at compscore that is only second to Zomato in India and Zomato is not strictly a food content of small listing. So that business is doing very well. In auto where we have also – we have added – we got in to a relationship and partnership with rightcar so there is lot of transactions segments that are also been baked into that out there. So, if you look at the size and scale even of those three huge sites that we have launched, individually each of them would be -- in the case of gadgets and food we are top two, top three and auto would also be top five, top six now in India.

Nandita Parker

Okay. And you mentioned that you were trying to drive transaction revenues from these. Could you describe a couple of the models that you are using?

Vikram Chandra

We are still evaluating a number of models, but for example if you look -- gone to the food site right now, you can click and go across Shikha Sharma diet, more the affiliate

model where if you click on it you can go to Shikha Sharma and she will give diet plans and we get a share of the revenue. If you look at it on the gadget site for example, you can press the buy button and like you review the gadget, you found the good gadget and you can press buy and you can then buy that gadget from Flipkart or Snapdeal and all that. So those are sort of models that are in place right now. Now obviously we can continue to evaluate and see eventually which models are the most suitable to enable us to get value.

Nandita Parker

Okay. And FDI in news any chance or are there any discussions to your knowledge to increasing FDI assets?

Vikram Chandra

We keep hearing about the rumors, but from the same press you would get it also. So the answer, do I have any specific information, the answer is no

Nandita Parker

Is there an inclination, given the fact that a lot of the news is now being disseminated over the internet where there are no such instruction?

Vikram Chandra

The inclination of this government obviously is to open up and to have more FDI so I mean, I think we can be hopeful that maybe they'll do something but obviously I have no specific information on whether they will do it. If they do it obviously it's a positive step, but I don't know if they are going to do it or not.

Nandita Parker

Does that help your restructuring in a big way?

Vikram Chandra

I mean, potentially it helps the entire sector even also to new options and opportunities can be opened up if that happens.

Nandita Parker

Okay and you very vaguely talked about the funding of the e-commerce side by investors. What does that exactly mean? Are you – have you already sold the interest this third quarter on that side or how does this work?

Vikram Chandra

Yeah, we did get funding on the Indianroots site. We did get and we will continue to, I think the point that Saurav was trying to make very clearly is that we are not going to be leveraging NDTV's own resources, but e-commerce is slightly different animal to the rest of our businesses. It is the interesting business, it's growing very well, but we will to the extent that we are doing it, we will be getting external funding from partners who understand what e-commerce is, how it works, how it can drive value. So, we are not putting our funds into this. We will be getting funding from outside and that's the process that has been out.

Nandita Parker

Right, but is that like transaction that's occurred or occurring this quarter or what does this mean that you will be funded by outside investments, I mean, what's the ownership right now for example of Indian roots?

Vikram Chandra

Saurav, you have the exact details?

Saurav Banerjee

Yeah. Yeah. So, hi Nandita.

Nandita Parker

Hi!

Saurav Banerjee

So, in terms of shareholding NDTV owns roughly 52%, this is effective shareholding and 23% is held by the investors whose investments happened in two stages. The last one happened around September last year. The 23% is held by that investor and the rest is held by the employees that's the rough breakup. So, a large chunk of the initial funding for this business came from the investor funding. And lot of NDTV's contribution came through the marketing push that NDTV gave through its TV and digital outreach.

Nandita Parker

Okay and so going forward, is the thinking to maintain the 52 level or is it – and have the continual investment of NDTV's marketing efforts and maintain that level or is it to have more external infusion by selling – what's the game plan here?

Saurav Banerjee

So, Nandita all options are possible. And the fact of the matter is at this point the company has got cash to operate for the next few months. So, as and when there is a need for cash, the point that I was making earlier, we would get investors to fund this and NDTV would obviously use its digital and TV presence to get customers on board. So, the point I am trying to make is the marketing push from the NDTV will continue. It will help reduce the customer acquisition part which is one of the highest possibility of e-commerce, but the real cash in terms of running the business as we have done earlier and as I was saying would get some investors.

Nandita Parker

Okay, great. Good progress guys, thanks a lot.

Saurav Banerjee

Thank you, Nandita.

Manisha Natarajan

Okay. I haven't got any more confirmations, I am not sure if anybody else has joined. Parimal, Anant, Nandita, and we also had Saurabh joining the call. Anybody else?

Saurabh

I had just another question. So, on convergence you mentioned that there will be 6 crores exceptional expense for this quarter. What is that mix?

Saurav

Yeah. So, on the convergence side, in [indiscernible] chance we go through it.

Manisha Natarajan

Saurav, just hold on because there is a little bit of background noise. I think somebody has logged in or somebody is in a noisy area. Let it just okay, it's better now. Yeah, go ahead.

Saurav Banerjee

Okay. So Saurabh, if you refer to the note four of the published result, it explains this transaction, but I will give you little more detail than there is. So, in 2006 when we actually hived off convergence into a separate entity, we wrote a water tied agreement between NDTV and NDTV convergence which stood the test of time because we got several rounds of investment including investments from GE, from bond holder, from other companies as well. But, in 2014 when with the new companies Act that coming in

and renewed a lot of interest on the convergence side of the business we thought we would make the agreement even more water tied and even more robust.

So, we valued all the services being provided by the TV side of the business to the convergence side of the business and vice versa and valued it and we kind of entered into an agreement, a revised agreement. So, as a part of that to access all the archives of NDTV convergence agreed to pay a certain sum of money. So that is the entry really, so if we actually take that thing out, only that convergence actually earned an EBITDA of close to 10 crores in this quarter on a 30 crore which is 33% margin. So that's the –

Saurabh

So that was the payment which was made to NDTV?

Vikram Chandra

Yeah. For the next 15 years essentially. Note 4 of our disclosure.

Nandita Parker

So, the 6 crore is one time expense for 15 years?

Vikram Chandra

Yeah that's right Nandita.

Nandita Parker

Okay.

Saurabh

And also, I mean, we have launched the sports and the food mobile site so I am guessing that is what actually has increased the expenses for the convergence because otherwise a lot of it should actually start flowing through to the bottom line I would imagine because fixed costs were being high and – start flowing to the bottom line?

Vikram Chandra

Yeah, you see on convergence actually we explained to you that the facts in convergence, the amount that is flowing through the bottom line, if you were to ask pure internet investors they'll probably say why reinvest more, why are you making profits at all that's the right from internet investors who will say keep on growing. So yes, we are going on reinvesting, there is a very decent EBITDA that is coming on the convergence side. But gadgets, food they're scaling auto, they're scaling up all of these things so as a constant of reinvestment that we are doing and that by the way is going to continue because we do

feel that the position of dominance on the online side and already there comes that we've seen from it and one year, two year, three years the investments that they're making are now [indiscernible] will take NDTV to a different position. So, we are going to, due to reinvest as much as we possibly can on the online side. And that's really the clear strategic roadmap ahead of us.

Saurabh

Okay. So, on convergence if I remember correctly in FY 14 we had a revenue of about 70 crores, is that right?

Vikram Chandra

I think a little less than that, Saurav

Saurav Banerjee

Yeah it was around 65, yeah, yeah close to 70, you are right.

Saurabh

And how much is the revenue that you have done in the nine months?

Vikram Chandra

You have that with you Saurav?

Saurav Banerjee

Give me one second. Do you have any other question till I get you this number for you?

Saurabh

And also I just wanted some color on still what stage of revenue might you keep investing to say revenue of 100, 150, 200 crores or, yeah?

Vikram Chandra

Given that on convergence side, [indiscernible] this is really a very scalable business as we are already starting to see. There are lot of things that are happening in India are pointing to -- continue to a lot of continued robustness [indiscernible] let's understand lot of money that we are now -- is happening off an industry where digital has been the fraction of the overall aspect. The big trends are -- still to take off not in other languages. We are going to see a surge in internet penetration, all of those trends are still to come so this is why this is really a sunrise area which we are going to, I mean, it's more than sunrise for now. But, this is still a area where we see substantial and considerable growth

going forward, which is why we want to go on making sure that we maintain our position of dominance here.

Saurav Banerjee

So I have got the convergence revenues, for these nine months we have done 73 crores so which is already more than the full year number for last year.

Saurabh

Okay that's a good number. Can you give some color on, there is a shift which is going to happen to Barc from TAM, I think in the next two months, so that is along the lines of what a lot of the broadcasters are wanting, your thoughts on that?

Vikram Chandra

Our views on TAM, so we really are the people who are the first people to have really vested time and we have been the leaders in saying that time is really and substantially has major issues today. So, we obviously would be strongly welcoming the shift to Barc. Having said that we are also cognizant of the fact that the full process of transition is going to take more than one or two months because then the real issue with why the TAM system wasn't working very effectively, but to a large extent a very small sample size. And even when you shifted to Barc, the sample size are not really going up to 40,000 – 50,000, 100,000 till two years or two and half years. So, it's definitely a set in the right direction, if we are going to sort out all the issues overnight then let's see I hope they have a more robust and things like that. But it's definitely a major step in the right direction, the system is absolutely 100% okay I think you will need a slightly higher sample size to happen couple of –

Saurabh

Okay. Okay and any color if carriage fees is –?

Vikram Chandra

Yeah, so I did mentioned this little earlier that we are definitely a big [indiscernible] that the economic model is formed in the manner that we were anticipating that it would and there will be some benefits that are –

Saurabh

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Vikram Chandra

On digitization I think what we pretty much feel is that the economic model which was supposed to transform for digitization that is yet to happen. It's not happened adequately like carriage fees are down, but they are not down 80% as was being expected originally. Subscription money was supposed to take up, but it's not taken up in fact its flat. So therefore that is the best thing that we are still waiting to happen and -- transform and we are certainly hoping that the new government will now take Arun Jaitley is a very smart man who understands the [indiscernible] let's hope that they'll start now working aggressively.

Manisha Natarajan

Okay. We have some huge disturbance happening.

Vikram Chandra

Yeah, everyone just put this one mute – but anyway I think we are almost done now.

Manisha Natarajan

Yeah. I don't think anybody else has joined the call. So, if there are any follow-up questions Parimal, Nandita, Saurabh, and Anant, you can mail them to me and we can also get back and we will be circulating the transcript as well of today's call.

Unknown Speaker

Thank you, that's great.

Manisha Natarajan

Alright, okay. Thank you gentlemen and Nandita thank you for joining. Goodbye.

Vikram

Thank you.

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