entertainment network (India) limited

Corporate Office: 14th Floor, Trade World, D-Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400 013, India. Tel: 022 6753 6983.

November 14, 2023

BSE Limited,	National Stock Exchange of India
Rotunda Building, P. J. Towers,	Limited,
Dalal Street, Fort, Mumbai- 400001	Exchange Plaza, Bandra Kurla Complex,
	Bandra (East), Mumbai – 400051

BSE Scrip Code: 532700/ Symbol: ENIL Sub: Transcript of the Investors' call Q2FY24

Dear Sir/ Madam,

Please find enclosed herewith the transcript of the Investors' Call / Earnings Conference Call–Q2FY24, held on November 8, 2023.

The same has been uploaded at:

https://www.enil.co.in/stock-exchange-filings-fy2024.php

For Entertainment Network (India) Limited

Mehul Shah *EVP–Compliance & Company Secretary* (FCS no- F5839)

Encl: a/a



"Entertainment Network India Limited Q2 and H1 FY '24 Earnings Conference Call" November 08, 2023







MANAGEMENT: MR. YATISH MEHRISHI – CHIEF EXECUTIVE OFFICER – ENTERTAINMENT NETWORK INDIA LIMITED MR. SANJAY BALLABH – CHIEF FINANCIAL OFFICER – ENTERTAINMENT NETWORK INDIA LIMITED

MODERATOR: MS. RUNJHUN JAIN – E&Y, INVESTOR RELATIONS



Moderator: Ladies and gentlemen, good day, and welcome to Entertainment Network India Limited's Q2 and H1 FY '24 Earnings Conference Call. As a reminder, all participant lines will be in the listenonly 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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Runjhun Jain from Ernst & Young, IR practice. Thank you, and over to you, Ms. Runjhun.

Runjhun Jain: Thank you, Zico. Good evening, everyone. Welcome to the Q2 FY '24 Earnings Call of Entertainment Network India Limited. To take you through the results and answer your questions today, we have management team from the company, here represented by Mr. Yatish Mehrishi, Chief Executive Officer; and Mr. Sanjay Ballabh, Chief Financial Officer. The financial results and the presentation have already been uploaded on the company's website and on the exchanges. Should you need any further information, you can reach out to us at EY IR team, and we would be happy to send it over to you.

Before we proceed with this call, a disclaimer, please do note that anything said on this call during the course introduction and in the documents, which reflects the outlook towards the future or which should be considered as a certain forward-looking statements must be viewed in conjunction with the risks that the company faces and may not be updated from time to time.

With that said, I will now hand over the call to Mr. Yatish. Over to you sir.

Yatish Mehrishi:Thank you, Runjhun. Good evening, ladies and gentlemen. First of all, thank you for a late
evening call and being here. On behalf of Entertainment Network India Limited, I extend a warm
welcome to all of you for joining our Q2 and H1 FY '24 earnings call. I trust you have had the
opportunity to review our financial results. Please allow me to provide a concise overview.

In Q2, our top line experienced a marginal decline of 3% year-on-year. But I would say the dip in revenue can be attributed to the non-FCT segment partly due to the shift in the festive season and the absence of a significant exclusive event that occurred last year. Nonetheless, the gratifying aspect is a significant improvement in our overall profitability, thanks to our diligent cost rationalization efforts over the last 6 months.

I'm pleased to share that we continue to observe an upswing in radio volumes and strengthen our dominant position in the radio industry. In Q2 FY '24, our volume market share is now at 26.6%, marking an improvement of 120 basis points on a year-on-year basis.

Regarding profitability, our prudent and consistent cost rationalization endeavours resulted in cost savings of approximately 4% to 5% during the quarter. In consideration in the quarter 1 also. Furthermore, we have deliberately focused on high-margin opportunities while selectively stepping away from low-margin deals in the market. While this strategy may temporarily impact our top line, but we believe it's a crucial step for sustaining our profitable market leadership. As a result, our EBITDA margins, excluding digital, improved to 26.6% in the quarter from 24.9%



in the last year's quarter 2. And if I look at it on a sequential basis, we had 21.7% in Q1. So, you can see it's almost about 170 basis points year-on-year, and on a sequential basis, almost about 500 basis points. To add, EBITDA margins for non-FCT business improved from 39.8% in Q2 FY '23 to a whopping 47.7% in Q2 FY '24.

Our commitment to expanding our digital business remains unwavering with digital now contributing almost 10.1% of our FCT revenues in Q2 FY '24. This is up from 9.7% last year. Digital revenues for the quarter totalled to INR7.1 crores.

You may have noticed our recent disclosure regarding the Board's approval to execute the Business Transfer Agreement with Gamma Gaana Limited relating to the business of licensing music, audio content and hosting and streaming services under the name 'Gaana'. This aligns with our digital transformation strategy, and we will share further details once the deal is executed in the future call.

Our dedication to sustainable and profitable growth extends to our international initiatives as well. I am delighted to report that we secured a revised license fee in Bahrain, enhancing the profitability and sustainability of our operations there.

PAT for company excluding digital was reported at INR6.9 crores in Q2 FY '24 versus a loss of INR8 crores in Q2 FY '23. After a span of 3 financial years in Q2, we have registered a positive PAT of INR3.7 crores at a consolidated level.

Our balance sheet remains robust with cash results totalling to INR251 crores as on September 30, 2023.

Looking ahead, our primary objective remains the maximization of shareholder value, and we'll continue to take necessary steps to sustain our profitability. We anticipate that the upcoming festival season will provide a significant boost to the overall media industry and to our business as well.

With that, I would like to invite any questions you may have. Thank you very much.

Moderator:Thank you very much. We will now begin the question-and-answer session. Our first questionis from the line of Deepan Sankar from Trustline PMS.

Deepan Shankar:So firstly, from my side, sir, can you please break down this solution revenues in terms of digital
platforms, outdoor and MMS revenue for us?

 Yatish Mehrishi:
 Yes, Deepan, just a moment. So, if you look at solution business, about INR16 crores is multimedia solutions, activation income is about INR4.6 crores, digital income is about INR60 lakhs and the other digital platform is INR3.2 crores, totalling to about INR27 crores.

Deepan Shankar: Okay. So, the maximum impact for the quarter has come from these outdoor revenues dropping for us?



- Yatish Mehrishi: Yes, the activation business is what we call the event and concert business. Otherwise, all other businesses have done well. To give you a perspective, last year, the festival was in September and October, Diwali was in October. So, the festival started earlier. This time Diwali being in the November the festival shift has also led to a reduction in event and properties. And also, there was a significant big event last year, which was a 75th year of independence, and we had an exclusive campaign with regards to that. So that led to a drop in the event business for us this year.
- Deepan Shankar:Okay. And also, about this Gaana recent announcement, so what is the rationale behind this?What kind of synergies we have with that business? And in terms of we could see that there is a
huge loss-making entity. So how this will help us? So that we need more clarity on this.
- Yatish Mehrishi: Sure. Deepan, though I'll be able to answer all this once we sign the BTA. We have still not done. We've just got a principal approval. Having said that, what we see losses of Gaana are more than 2 or 3 years back. The strategy that we want to adapt is very different. I can only give confidence that we are not in a cash burn business. Having said that, I would request if you could wait for some time till we do the BTA and in the future calls we will come with the cogent strategy and present to you all.
- Moderator: Our next question is from the line of Subrata Sarkar from Mount Intra Finance.
- Subrata Sarkar:Sir, just a couple of questions. One is recently, the government has revised advertising rate for
FM Radio. So, what is your take on that?
 - And second, can you share the data, during peak COVID level, what percentage of advertising revenue used to come from central government and government as a whole? And currently, what is that percentage? Any ballpark number may also help us. And given this upcoming election, what kind of traction we are expecting there?
- Yatish Mehrishi:So, thank you. So yes, the government, which is called the DVC rates have been revised after a
long time. So, thanks to the ministry for listening to the radio stations. The increase has been in
the range of 50% to 60% across various stations.

To answer your pre-COVID level, government used to spend a lot and the contribution at the industry level used to be in the range of 13% to 14%, which came down post COVID in the range of about 6%. But we believe with elections around the corner for the centre elections and the state elections, the spend should go up. And we would be optimistic that it could go up to about 9% to 10% at the industry level.

- Subrata Sarkar:Okay, sir. Sir, second question, is there any new update or anything like including FM channel
in the new mobile, is there any regulation, any update on that side?
- Yatish Mehrishi: So recently, 1.5 months back TRAI has come with strong recommendations, 4 specific recommendations that they have given to MIB. I can state the recommendations, I will not be able to comment on when will they come, because that's the prerogative of the Ministry and the cabinet. The four recommendations where one was the decoupling of license fee into a revenue



share rather than from the OTF, that was the one. The second was FM tuners as compulsory on the smart phones. The third was they wanted to provide a COVID package by extension of licenses to about a couple of years. So, these were the major recommendation and the fourth one was allowing news broadcast on the private FM radio channels. So, these were the four recommendations by TRAI. We welcome them, and we hope to hear from the government on this recommendation soon.

- Subrata Sarkar:
 Okay. And sir, generally, what percentage of quarterly revenue comes due to festive additional add? As this month has been shifted. So, what kind of the revenue slippage we can expect that has happened in September quarter and will get accredit in the December quarter?
- Yatish Mehrishi:Yes. So, the way we look at it is, generally, a media industry is about 45:55 ratio H1 and H2.When a shift happens a few percentage points move to H2. But if you look at it quarter-on-
quarter, it could be at least 10%.
- Moderator: Our next question is from the line of B Suresh from Burrams Financial Services.
- **B Suresh:** Sir what is the company's present position of net debt? And future expansions or any takeovers of any other companies that you are planning now?
- Yatish Mehrishi: Suresh, we are a zero-debt company. We don't have any debt on the books right now. And we keep evaluating different plans. As and when something happens, we'll be very happy to share with the investors. As of now, we have just spoken about Gaana. Other than that, there's nothing on the table right now.
- **B Suresh:** Again, zero debt, sir?
- Yatish Mehrishi: Yes, zero debt.
- **B** Suresh: What is the cash position, sir?
- Yatish Mehrishi: We have INR251 crores cash as on 30th September 2023.
- Moderator: Next question is from the line of Chetan Thacker from ASK Investment Managers.

Chetan Thacker: I just wanted to get a sense from you on ad rates. How do you see that going ahead more from near term and also from the next year perspective? And the second question was more on the digital revenue side. We've seen this number being stuck in the range of INR6 crore, INR7-odd crores quarterly. So how should we look at that number from a more 2-, 3-year perspective?

Yatish Mehrishi: Thanks, Chetan. I'll answer the second one. Yes, the digital revenues for the last few quarters, as we said, we were building our app, and we are more focused on developing the content and getting organic growth in the subscriber base. So that has been our strategy. We never wanted to just go blindly, burning marketing dollars and getting subscribers and then starting advertising. So, for us, it was critical to look at it more from a stable organic growth in subscriber base. So that's been the strategy for the last 1 year when we started our own platform on digital.



	But if you look at from quarter-on-quarter, the revenue growth has been quite nice. If you look at last year on digital platform, we did only INR80 lakhs. This year, it has been about INR3.24 crores. But yes, overall numbers have been INR7 crores, INR7.5 crores. So, it's sustainable and stable revenues. Our digital foray on Gaana will also further augment the revenue based on this. And as I said, once we sign the BTA, it will be much more detailed strategy on the digital. And I believe our focus or being a very digital focus and digital first company in the next 2 years remain, moving just from a fully playing radio company to a multi-platform, multi-entertainment company. So that remains and in 2 years, you will see a substantial increase in the revenue also.
Chetan Thacker:	Okay. Sure. On the ad rate bit, sir, how do you see that panning out?
Yatish Mehrishi:	So on the ad rate, yes, it's a very difficult time for traditional media companies and I would take this obviously not to talk just about radio, but if you look at print, television, everywhere rates have been very, very suppressed looking at the market conditions in Q2 and it is a function of supply and demand and plus competitive pressures also. Unlike our entertainment GEC channel or TV, the radio doesn't have a volume cap. And you see competition going up on volume side. So as long as there is a cap coming on volume, people will fill volume and there is still a headroom available. So, it's a function of both. As much as we would want to look at yields going higher, it gets suppressed because of the economic conditions and also competitive pressure.
Chetan Thacker:	Understood, sir. And sir, any update on the ad product that you were supposed to launch? Any update on that front?
Yatish Mehrishi:	M-Ping, we've launched. This quarter we have done about INR3 crore revenue on M-Ping itself, which was the audio app platform is that what you're saying?
Chetan Thacker:	Yes, yes, sir.
Yatish Mehrishi:	Yes. So, INR3.2 crores of revenue we have done on M-Ping this quarter, which was not there last year, so it's a straight benefit. It's been a great journey in the last 2, 3 quarters. Our ambitions are much higher. Apologies, it is not INR3.2 crores, it is INR2.2 crores. It's INR2.2 crores this quarter. Ambition is much, much higher. We have seen a lot of traction in the market, and we believe we can leverage this product with our huge client base of almost about 10,000 clients a year and a
	strong sales team. These numbers could go up in the coming quarters also.



Chetan Thacker:	And sir, where do you record this revenue? Does it go into the digital bit? Or does it sit into the non-FCT solution bit?
Yatish Mehrishi:	It goes into the digital, because this is pure digital audio entertainment.
Moderator:	Our next question is from the line of Ketan Athavale from Robo Capital.
Ketan Athavale:	Most of my questions have been answered. I just wanted to know if we are bidding to acquire Big FM? And if yes, then at what revenue or EBITDA multiple are we bidding?
Yatish Mehrishi:	So, to answer, Ketan, I can only submit that we have put our bid. We are waiting for the discussion to come on board. I would not be in a position right now to answer this query until we suppose we win it, and then we can put it on record. Right now, yes, we have full interest, and that's the only thing I could address right now.
Moderator:	Our next question is from the line of Chetan Thacker from ASK Investment Managers.
Chetan Thacker:	Sir, just a follow-up on the solutions business, typically, what kind of bump up do we see in festive on the solution bit?
Yatish Mehrishi:	Yes. So, event business is largely H2 led, simply because Q2 is marked by rains, monsoon across the country. But if the overall media revenues are generally 45-55, event would be 30-70.
Chetan Thacker:	Understood. So, we should expect a fair degree of that revenue flow to start coming into the H2 numbers as we move ahead?
Yatish Mehrishi:	Yes. We're also very, very optimistic on that.
Chetan Thacker:	Sure. And sir, any time line by which you expect to hear back from the ministry or it will come up when it comes up?
Yatish Mehrishi:	It's a good question. We would like to hear tomorrow, but it's a process, to be fair to them, it's a process, the ministry looks into it and then it has to go through the cabinet. Our sources say it could be a few months from now, and it should happen, because beyond that we will get into election time. So, let's hope it comes as soon as possible.
Chetan Thacker:	Sure. And sir, in case the extension happens on the license period, will we again recalibrate the write-offs that we had taken earlier, last year when we had essentially written off based on our new expectation and estimates on how much revenue the large licenses would flow in?
Yatish Mehrishi:	Chetan, the only thing I can say that it is too hypothetical right now, we have not gauged it, because it's still a recommendation. And you don't know if the recommendation will stand the time and cabinet approves it. So, we have not thought about it in the extension times.
Moderator:	Ladies and gentlemen, that was the last question for the question-and-answer session. As there are no further questions from the participants, I now hand the conference over to the management for closing comments.



Yatish Mehrishi: Thank you. I extend my heartfelt gratitude to each and every one of you for this continued support you have provided to the company throughout the years. I would reiterate that the last quarter results have been very, very encouraging for us, and we remain focused on profitability and maximizing the shareholders wealth. Above all, the cornerstone of our journey remains profitable growth and the compass guiding our every move. Lastly, I would like to wish you and your family a very, very happy Diwali and a prosperous New Year. Thank you very much. Moderator: Thank you. On behalf of Entertainment Network India Limited, that concludes this conference.

Thank you for joining us, and you may now disconnect your lines.