## entertainment network (India) limited

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Rotunda Building, P. J. Towers,	Limited,
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BSE Scrip Code: 532700/ Symbol: ENIL Sub: Transcript of the Investors' call Q1FY24

Dear Sir/ Madam,

Please find enclosed herewith the transcript of the Investors' Call / Earnings Conference Call–Q1FY24, held on August 16, 2023.

The same has been uploaded at: <a href="https://www.enil.co.in/stock-exchange-filings-fy2024.php">https://www.enil.co.in/stock-exchange-filings-fy2024.php</a>

For Entertainment Network (India) Limited

Mehul Shah

EVP- Compliance & Company Secretary
(FCS no- F5839)

Encl: a/a



## "Entertainment Network India Limited Q1 FY '24 Earnings Conference Call" August 16, 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 the Q1 FY '24 Earnings Conference Call of Entertainment Network (India) Ltd. 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, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Runjhun Jain from EY Investor Relations. Thank you, and over to you, Ms. Runjhun.

Runjhun Jain:

Thank you, Jacob. Good evening, everyone. We welcome you to the Q1 FY '24 earnings call of Entertainment Network (India) Ltd. To take us 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 the call, a disclaimer. Please do note that anything said on this call during the course of introduction and in the documents, which reflects the outlook towards the future, or which should be considered as a certain forward-looking statement, 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, everyone. First of all, I'll extend my best wishes to all of you as our beloved country celebrates the 77th year of independence. On behalf of ENIL, I extend a warm welcome to all of you for joining our Q1 FY '24 earnings call.

I hope you had the opportunity to delve into our quarterly results. However, I would urge you to look at the positive underlying trends and not look at just the overall results. Please allow me to navigate you through the results.

Overall, media industry, if we look at the Q1 performance, it has remained subdued both in revenue and margin terms. This has largely been impacted by the global macroeconomic factors. Media sector performance has been far from good. If you look at television or print, the numbers have not been very, very encouraging. In fact, radio shines as a standout performance in the traditional media space as been evidenced by our industry peer results also.

Coming to our performance. To begin FY '24 with our distinctive upswing in profitability gives us enough delight to share the results. There has been a marginal dip in revenues, but we have managed to improve our EBITDA and EBITDA margin significantly. The revenue dip was partly due to the absence of TV properties, which we do in the quarter 4 and which rolls into the quarter 1 also in our solutions business. And also, the factor contributing to the subdued revenues in the solutions business has been our deliberate strategy to focus only on profitability and only events which are profitable to us.



Shifting our focus to the core existing business, which is the radio business, which has achieved a healthy 8% growth, predominantly led by a remarkable 17% growth in volume, which has been the story for the last few quarters. As a management team, and in the previous quarters I've been saying, our unwavering focus continues to be on profitability of the business and making our existing radio business more lean and more agile.

In terms of profitability, if we exclude the digital investments, which we have been doing over the last quarters, our EBITDA stands at INR19 crores, signifying a robust growth of 59% year-on-year growth. The margins have improved to 21.7% against 12.8% in the same quarter last year. This accomplishment has been resulted of commitment of stringent cost-saving measures, which we have been doing over the last few quarters.

Our solutions business, though at a lower revenue, has demonstrated an improvement in margins from 34.8% last year to 43.1% this year. Similarly, if you look at our existing business, excluding the digital and DVC, our cost base has undergone a 6% reduction, showing our strategy to make our radio business very agile and lean so that we run efficient operations.

And that's not it. If you look at our PAT also for the first and last few quarters, we have turned profitable if you exclude our digital investments. We remain committed to invest towards our future which is towards digital. During this quarter, we infused an additional INR7 crores on our digital foray, Mirchi Plus, which has been demonstrating good growth on overall all parameters. And this gives us immense satisfaction.

Our focus on sustainable profitable growth extends to our international business as well. To move away from the loss-making ventures which we had, we have closed operations in San Francisco and undertaken regulated cost-cutting initiatives in overall U.S. business. In Bahrain, we have recalibrated our operations at negotiated prices to make it more profitable. As a result, our international business has also turned profitable during the quarter. And it has supported our profitability on a consolidated level.

Our balance sheet remains very, very strong with a cash reserve of INR248 crores as on June 30, 2023. As we have always promised that our aim remains the maximization of shareholders' value and continue to focus on profitability. And we'll continue taking those measures.

With that, I will hand over to Runjhun to invite for questions. Thank you.

Runjhun Jain: Thank you, Yatish. Jacob, we can open the floor for question-and-answer.

Moderator: Thank you very much. The first question is from the line of Deepan Sankara Narayanan from

Trustline PMS.

Deepan Narayanan: So firstly, from my side, so what would be the contribution of platform business alone in this

quarter? And what is the contribution of digital in the overall business?

Yatish Mehrishi: Okay. Deepan, you have follow-up further question or...

**Deepan Narayanan:** Sir, this is one of the main questions from me.



Yatish Mehrishi: So, Deepan, to answer you, our digital revenue has been almost INR7.86 crores as a total digital

contribution. And then if you look at a percentage of radio revenue, it's been about 11.9%.

**Deepan Narayanan:** Okay. So, in that, how much is the platform and how much is the YouTube and other digital

revenue?

Yatish Mehrishi: So, the Mirchi Plus platform, which is our own app, we have still not started monetization on it.

But if you look at pure digital revenues, it would be INR5.77 crores and INR2.09 crores that comes from other components. And if you want some more perspective, the revenues from YouTube amounts to about INR1.35 crores. Syndication revenue comes to about INR3.5 lakhs. And the M-Ping revenue, which we have been discussing with you over the previous quarter, is

almost about INR1.6 crores.

**Deepan Narayanan:** M-Ping, how much did it contribute previous quarter, Q4?

Yatish Mehrishi: Last quarter?

Deepan Narayanan: Yes.

Yatish Mehrishi: Just give me 1 second. Last quarter, it was about INR2 crores. This quarter, it's been INR1.6

crores.

**Deepan Narayanan:** Okay. So, on the scalability of M-Ping business, so nowadays, we are able to see a lot of ads

coming up in Spotify also. So, like this, we are planning to extend this to further to all other Internet platforms as well? So, what is the kind of scalability possibility here? And what is the

kind of market share we have in this business currently?

Yatish Mehrishi: So, Deepan, to answer on this, yes, we're looking at more and more tie-ups and more and more

partnership with all audio OTT players. That's what we have been aiming to. And that's the reason if you look at our performance on M-Ping, has been up, most of the partners that are now onboard, came in last part of Q4 and the current quarter. So, if you look at the major OTTs,

we've now almost covered 90% of the inventory.

From a competition point of view, there is one player which is there, which is a small player. But they're the only player in this space if you look at independent players. Now I'm not counting

Spotify selling their own revenues or any platform selling their own revenues. As a third-party competition, there's only one competition in this space. Having said so, the margins are very,

very healthy as we speak right now. And we believe as the markets open up and because the overall market condition was not so great. But as we speak, I think the numbers can be in 2x or

3x of these numbers.

**Deepan Narayanan:** Okay. So, if not Spotify, then what are the kind of platforms are we selling M-Ping currently?

Yatish Mehrishi: Sorry?

**Deepan Narayanan:** Other than Spotify, what other platforms are we selling M-Ping currently?



Yatish Mehrishi: So, there are many. If you look at, there is Spotify, there is JioSaavn, there is Pocket FM. There

are a lot of gaming companies. So, there's a lot many. There's HTCast. There is Wynk. So, there are many, many guys. So, we have aggregated all, most of the all audio OTT players. And our

focus remains largely on the audio segment.

Deepan Narayanan: Okay. And on the solutions business, so the current quarter, solutions business is around

INR20.87 crores, right?

Yatish Mehrishi: Yes.

**Deepan Narayanan:** So, it has been down, fallen from the previous quarter. So otherwise, outdoor has been doing

well for most of the players. So, any specific reason?

Yatish Mehrishi: Yes. So, in my opening remarks, if you remember, I put it across. Our solutions business

constitutes the TV property business, which we largely do in the quarter 4. But there is always

an overflow, which flows into Q1 so, a lot of revenues flow into quarter 1 also.

And if you remember in the quarter 4 revenues, we did not do our major properties, which are the Mirchi Music Awards, in various languages, simply because we believed in profitability of running a business and not just gaining revenue. The impact of that not doing the event has gone into Q1. But if you look at overall solutions business, barring that, the growth remains quite

encouraging. But the good part is our margins keep improving on that business also.

**Deepan Narayanan:** Okay. Lastly, from my side, so this 7.8% growth in radio business, that is mostly from volume

growth itself and also, are we seeing any scope for increase in yields in near future?

Yatish Mehrishi: So, the good part is the price has stabilized. It doesn't look like going further down, and definitely

we don't want to look at any pricing going down. There have been marginal growth in the metro markets. But the second frequency station and the batch 1 stations still lag behind but still very, very marginal. I would not comment very heavily that there has been a very great improvement. Yes, you're right, the major growth has come through volumes. But at least, the price has stabilized, not going down. Compared to last year, the price is stable. If I look at 8 stations,

which are the top 8 metros, the price has gone up by 1.5% to 2%.

**Moderator:** The next question is from the line of Suresh Shetty, an individual investor.

Suresh Shetty: Actually, you are sitting on cash around INR250 crores. But when you can see the balance sheet

in loan of INR250 crores, sir?

Yatish Mehrishi: Thanks, Suresh. Could you just specify again?

Suresh Shetty: Actually, your report says you are sitting on cash around INR250 crores in the investor

presentation. But in financial statements, you had borrowings around INR250 crores. What is

the difference between that? I'm not understand that thing.

Yatish Mehrishi: I'll ask Sanjay to help me with this answer.



Sanjay Ballabh: So yes, you're right on the cash and cash equivalent, we have INR248 crores as on 30 June 2023.

However, what you are currently seeing as liability is not actually a financial liability. It is the impact of Ind AS, Indian Accounting Standard-related accounting impact, which we had to take as per the accounting. There is no real loan or anything or debt that the company has taken, either in the current quarter or in earlier quarters. The company remains completely debt-free.

**Suresh Shetty:** Debt-free?

Sanjay Ballabh: Yes, it is completely debt-free. Since 2019, the company is completely debt-free.

Suresh Shetty: Sir, one more question. Sir, actually, last time, there was some person calling, what is the

opinions of investors in the business side, is a survey of asking the question. And so, I will give us some opinions. But sir, you know Saregama Carvaan. ENIL also have so many programs conducted. The type of events that you can have more profitability is -- there are actually some new conducted presentations and programs in YouTube small event, you will see the type of --

you can understand a little bit in this.

**Yatish Mehrishi:** Okay. Suresh, can I take this question?

**Suresh Shetty:** Yes, sir.

Yatish Mehrishi: Okay. So, I think you are mixing a couple of things. Saregama and the product launched by

Carvaan is a completely different segment and different business. Being a listed company, we are not apprized to talk about their performance and their financial numbers. If you have any specific question and query about our performance on our numbers, you can mail it to us in the

mail IDs given in the investor presentation.

**Moderator:** The next question is from the line of Subrata Sarkar from Mount Intra Finance.

Subrata Sarkar: Yes. So, sir, my question is what we are seeing from your performance as well as a few of your

other competitors, radio ad volume is now back to pre-COVID level. In terms of volume, I am talking about. But in terms of the ad rate, we are still far below that. So, what is our take on that? Are we thinking of raising the rate? And if so, from what time period we are looking for raising

and at what quantum, if you can throw light on that.

Yatish Mehrishi: Thanks, Subrata. So, if you look at, yes, the business has been driven by volumes. The volumes

are not for us. The volumes are higher than pre-COVID levels. We remain always the best in the industry in terms of running less volumes and playing more music. So, we still have a lot of headroom in terms of the volumes available. If you look at the capacity utilization also right

now, we are at about 70% of the capacity that we have.

On your question on pricing, yes, the pricing remains subdued. It's a function of supply and demand. Generally, pricing in media is improved in the second half of the year. And we believe some bit of pricing improvement you will see in the quarter 3 and quarter 4. We believe that we should look at quarter 3 and quarter 4. Good part is the pricing has now stabilized. It's not going

down at all. And we believe there would be an improvement in price in quarter 3 and quarter 4.



Subrata Sarkar:

Okay. And sir, second question on the -- more of a generic question was on the digital side. So again, our performance has been improving in terms of viewership and all those things. So, what is our detailed plan on monetizing it, to be very frank? What are the multiple levers we have? And what is our priority on this side and how we are planning it?

Yatish Mehrishi:

Yes. So, on our digital foray, if you just look at app see, there are two verticals for the digital strategy. If you look at, there is an MWeb and there is an app. MWeb, we've been monetizing through our multimedia solutions and using that. But if you look at pure app, which is our Mirchi Plus app, we believe in building the content right now, we still have about 4,500 hours of content. We would ideally want it to take it to 10,000 hours of content, build us a very, very good base of consumers and then look at monetizing. So, we keep doing experiments in terms of looking at subscription models and both ad revenues. And based on that, as we have a critical mass of content available in various languages, we will get into the monetization part. I hope that answers.

Subrata Sarkar:

Yes. And sir, last question on our event and outdoor activity, what is the current situation right now? Because it was muted to be very honest. And sir, one thing, previously, you were sharing each of the verticals, like revenue or growth. Now we have merged radio and others almost. So, if you can share that data, it will help us. And as I told you, outdoor activity, are we anticipating like Q4 was very weak, so are we anticipating real pickup on that side?

Yatish Mehrishi:

Yes. So, if you would have gone through other industries' earnings call and all, every company is now very, very bullish about doing heavy spend both in media and activation. If you read maybe Dabur or Unilever, everybody is looking at increasing the spend. And we're also very bullish in the event segment, that the second half will be much better than even last year and for sure, first half.

Generally, the event business is skewed towards the second half of the year. So, we believe the event business should be back in the second half of the year. And on the investor deck, all the data is available. We have not merged it. It remains as is. You might have to just look at it again. If there is anything specific you want to know, please do write to us. We'll be very happy to share that.

Subrata Sarkar:

Okay. Sir, my last question on the government ad side. So, is there a traction that is coming back? Because for other media, there are some tractions we are observing, number one. And number two, sir, since election is due next year, first half, so are we expecting very good rampup on that side in the Q3, Q4 and Q1, so H2 and Q1?

Yatish Mehrishi:

Yes. So, there are two aspects to it. One, we believe the pricing in government, which has not been raised for the past few years, we believe that will lead to a change. So that will also have an impact on overall government revenues. We believe that should happen in a quarter or so. On the government, yes, you're right. Whenever there's election period and a year prior to the election, the government spend goes up and also the political spend come up. In fact, not just central government elections, even the state government elections, we believe in MP, Chhattisgarh, Rajasthan, and even Andhra and Telangana, we believe there will be a ramp-up in



government and political spends. So yes, in the second half, we anticipate good amount of government and political spends to happen.

**Moderator:** The next question is from the line of Deepan Sankara Narayanan from Trustline PMS.

Deepan Narayanan: Sir, I'm just trying to reconcile revenue number for Q1. So, radio is INR67.83 crores and

solutions are INR20.87 crores. But overall, digital is INR7.86 crores. So, the rest of that

contributed by which part, sir?

Sanjay Ballabh: Yes. One second, we'll come back to you in a moment. So basically, what happens, Deepan, that

when we report the digital numbers, the digital revenue is generally distributed among many other revenue streams. So, a direct addition of the numbers may not always give you the arithmetically correct answer. Let me tell you the numbers for the current quarter. So digital content solutions in this quarter, the revenue was INR2.75 crores. And digital components, which was available in other segments, which was present in other segments, that was about INR2.09 crores. My digital platform, including M-Ping, etc., we earned about INR3.02 crores.

So total was INR7.86 crores.

**Deepan Narayanan:** Total was INR7.86 crores. So, in the investor presentation, you mentioned the non-FCT plus the

digital platform. Then you have given non-FCT separately. And if I take only the digital

platform, that is around...

Sanjay Ballabh: Yes, yes. So, you're right, absolutely right, Deepan. So, the non-FCT portion, which we have

mentioned, on the first slide, which has been uploaded today, you will find non-FCT plus digital platform. And at that rate, we have not separately mentioned digital platform, the numbers which

I have called out right now.

**Deepan Narayanan:** Okay. So, rest of the digital revenue forms part of FCT revenue?

**Sanjay Ballabh:** Yes, some of it, not necessarily all of them, some of them.

**Deepan Narayanan:** Okay. Perfect.

Sanjay Ballabh: And just to clarify you, there is no FCT component in the digital component. Just to remove that

out, that in the digital revenue when we report that, there is no FCT component which is included

in that.

Yatish Mehrishi: Did you get it, Deepan?

Deepan Narayanan: No, still not clarified. The INR7.89 crores plus if I add, so the solutions include these digital

components also in solutions?

Yatish Mehrishi: Yes, yes. So given the explanation, pure digital component is about INR2.09 crores. In our

solutions business, when we do multimedia solutions to a client, there is a digital component of that also. So that is about INR5.77 crores and also our original content properties. So, when you look at solutions, there is a digital component and then there's a pure digital play also, which is

the YouTube revenue, syndicated revenues and M-Ping revenues.



**Moderator:** 

The next question is from the line of Ankit Patel from HSBC Securities.

**Ankit Patel:** 

My question was regarding the radio business. So compared to, say, history, FY '19 or FY '20, if we compare the radio business' EBITDA generation, we are fairly off from there. So just want to understand the management's outlook in terms of how you see the radio business recovering.

What part of the recovery do you think has already come through? By when do you see it recovering? And to what extent will it actually be able to recover in terms of those peak levels of EBITDA generation? And the second part is you also have cash on the book. So, are you looking at any ways to bump up this radio business in any way?

Yatish Mehrishi:

So, thanks, Ankit. First, I'll answer your last question. Yes, we do have cash. We keep evaluating opportunities available in the market, both in traditional and digital space. As and when we get the right opportunity at the right feasibility, we will look into it. So that, I would answer that on the investment part to look at it.

If you look at, yes, the EBITDA percentage numbers have been good. The problem has been largely the revenue. The revenue has been down because the price deals have gone down, and the volumes have gone up. So, as we get the right mix of pricing and volume and the business goes up in radio, you will see that number coming back to pre-COVID levels.

And also, if you look at on the event side, also the business has been a bit subdued over the last 2 quarters because of the overall economic segment. But I think the second half, we should be looking at a pre-COVID number if you want to look at -- if you want to say that.

Just a second, I'm not saying the full year basis. But on the second half, we would be bullish to look at the event business doing well. And also, when you look at the commentary of all industries, everybody looking at spending monies in the second half, we believe the traditional media outflow should have a decent growth in the second half of the year.

**Ankit Patel:** 

All right. The other question, sir, was on the license fee for the radio business, which is again a fixed expense that you incur. Now if the yields and if the mobilization of new revenue over there is behind, is there any way to address that? We actually heard in other calls that there is a representation being done to ministry to look at this. So, I just want to get your views on how this is likely to progress.

Yatish Mehrishi:

Yes, Ankit, you're right. There has been a representation of that to support the industry. We have been asking the government to support the industry on this front in terms of the license fee, which is a function of the license or the revenue. So there has been a strong representation and we would want to believe that government will look into it, considering that new auctions have also been announced. I don't know it will be soon or -- but at least, they have announced it. Part of that, they might look into it, which could be a good jump for the entire industry. And we would really, really welcome that. But it remains with the government. We have been doing our job of doing the representation very, very strongly on that.



Moderator: As there are no further questions, I would now like to hand the conference over to the

management for closing comments.

Yatish Mehrishi: Thank you very much. Thank you for joining the earnings call and your continued support over

the years to the company. We look forward for this continued support in the coming years also.

So, thank you very much. I'll hand over to Runjhun. Thank you.

Runjhun Jain: Thank you, sir, for this opportunity. And we look forward to host you again. And any other

questions that you have, you can reach out to us. We are happy to help you. Thank you.

Moderator: Thank you. On behalf of Entertainment Network India Ltd., that concludes this conference.

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