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To,
National Stock Exchange of India Limited
The Listing Department
Exchange Plaza, C-1, Block G, Bandra Kurla Complex,
Bandra (East), Mumbai 400 051 (Maharashtra)

Symbol: INSPIRE

Subject: Regulation 30 – Transcript of Investors Conference call held on 14.11.2024

Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and in terms of other applicable laws, if any, please find enclosed the transcript of the H1 FY25 earnings conference call on 14th November, 2024.

The above information is also being made available at the Company's website at www.inspirefilms.in

Kindly take the same in your records.

Thanks & Regards

For INSPIRE FILMS LIMITED

YASH A PATNAIK

Digitally signed by YASH A PATNAIK
Date: 2024.11.20 13:47:03 +05'30'

YASH A. PATNAIK
MANAGING DIRECTOR
DIN: 01270640

Place: Mumbai

“Inspire Films Limited

Conference Call”

November 14, 2024

MANAGEMENT: **MR. YASH PATNAIK – CHAIRMAN AND MANAGING DIRECTOR – INSPIRE FILMS LIMITED**
MR. AMIT SEN – EXECUTIVE DIRECTOR – INSPIRE FILMS LIMITED
MR. BHALCHANDRA KADAM – CHIEF FINANCIAL OFFICER – INSPIRE FILMS LIMITED

Moderator: Good evening, everyone. Thank you on behalf of Kirin Advisors. I welcome you all to the Conference Call of Inspire Films Limited. From the management team, we have Mr. Yash Patnaik, Chairman and Managing Director. Mr. Amit Sen, Executive Director. Mr. Bhalchandra Kadam, Chief Financial Officer. Now, I hand over the call to Mr. Yash Patnaik. Over to you, sir. Thank you.

Yash Patnaik: Ladies and gentlemen. Good afternoon. And thank you for joining us today for Inspire Films Limited inaugural conference call to discuss the financial performance of the second half of the fiscal year 2024. I extend a warm welcome to each one of you, especially considering the milestones of our listing on NSE Emerge Platform. Before we delve into the specifics of H2 FY24, let me provide a brief overview of Inspire Films Limited. Since inception in January 2012, we have been dedicated to create immersive storytelling experiences across television and digital platforms.

We are a dynamic force in content creation, production, distribution, and exhibition, specializing in Hindi GECs, that is Hindi Entertainment Channel Televisions, digital content, and digital productions. Our operation spans three core verticals. One is television, that is Hindi GEC, digital content, which is OTT, and regional content.

Through our commission content model, we deliver tailored content solutions for clients. While our original content model, branded as Beyond Originals, in collaboration Beyond Dreams Entertainment Private Limited, allows us to co-produce valuable intellectual property. Additionally, our licensing and distribution model makes out-earning content accessible globally to the audiences.

With over 35 successful television shows, web series, we continue to partner with major platforms like Sony Entertainment Television, Jio Cinema, Hotstar, Disney+, Hotstar, Star+, Colors, across the platforms. Our most recent listing at NSE Emerge Platform in October 2023 marks a new chapter in our growth and impact in the content industry. Coming to highlights of H1 FY25, we secured a global OTT deal for a 20-episode series, which we expanded into digital entertainment by adopting a best-selling novel, aiming to captivate global audiences.

Major distribution deals with Indian Broadcasting Network, that is one of the leading GECs, we have signed a deal to air three web series on a leading Hindi GEC, boosting our revenue and audiences with diverse genre offerings. Launch of digital-level Freshh Mint. We launched Freshh Mint to engage India's youth with relatable stories, opening up new revenue streams across digital platforms for us.

Freshh Mint goes live, our digital label debuted with the premiere of Aukaat Se Zyada, making our entry into the youth-focused digital content. Production begins for new youth series with global OTT partner. Strengthening our global presence, we began production on new youth series, highlighting our innovative storytelling and high production value.

Coming to our financial performances, the company reported INR4 crores for H1 FY25, with EBITDA loss of INR2.36 crores and net loss of INR3.76 crores for the same period. Impacted by the industry-wide challenges stemming from ongoing consolidations that delayed the launch of new shows across the sector. Although production commenced in the latter half of H1, we incurred the full production expenses for one of our shows, but billing for this project will be reflected in H2'25, offering a positive impact in the upcoming quarter.

In response, we launched our original series, Aukaat Se Zyada, alongside our new YouTube channel Freshh Mint, aimed at dynamic youth-oriented content. We are also broadcasting our footprint on OTT platforms, which will help diversify our portfolio and enhance our market positioning. Additionally, we are investing in a slate of original content to capture opportunities as market consolidations have stabilized.

With greater clarity now emerging around consolidation, we have observed a positive rise in new show announcements from leading networks and are pleased to have secured a significant share of these shows in flows. This has strengthened our order book, currently standing at approximately INR35 crores, and positions us well to continued robust growth throughout the remainder of the year.

We are optimistic about our growth trajectory, supported by a solid order book and well-curated content pipeline. I appreciate your attention and now I invite the participants for the question-and-answer session. We are eager to address any questions that you may have. Thank you.

Moderator: Thank you, sir. I request to all participants, please write your questions in Q&A session or raise your hands. Sir, one question is there from Deepak Kamdar. What is the order book looking like for H2 FY25 and the following years?

Yash Patnaik: As we have mentioned, we have secured a major production agreement with one of the leading GEC channels. And that is one of the top three channels I'm talking about. And that one project is close to INR35 crores. And there are two more projects in the similar vicinity in the final stages of negotiation.

The year after this 2025-2026 is looking much bigger, much, much larger for us. Second part of this year, that is the next two quarters, are also looking robust because a lot of projects which were supposed to land last two quarters got delayed because of the consolidation that is happening around, should help us gain good numbers.

Moderator: Could you share an update on your current order book and how much of it is projected to be completed in H2 FY25? Question is from Anandi Mittal.

Yash Patnaik: Hi Anandi. The last two quarters, we completed one series for one of the leading international OTT platforms. The book will show 50% of the value which was not captured, last year will be shown this quarter itself. And coming back to the new order book, putting numbers is, I don't think I should be able to put the numbers, but almost 60% of the TV show that we're doing, which is going on for four to six weeks, should reflect in the next two to three quarters. And most of the projects are now getting into the pre-production and production stage.

Moderator: Okay. Mr. Deepak Kamdar is asking, can this be specifically answered in terms of numbers, please?

Yash Patnaik: Mr. Kamdar, I'm afraid I will not be able to put numbers as of now. I'll have to go through the numbers and see whether I can put the numbers in a forum. But as I said, our television projects, generally, I'll give a generic number of the two project sizes we have.

Our daily soap, which is valued anywhere between INR7.5 lakh to INR10 lakh per episode, we produce around, these days you have Monday to Sunday telecast, seven days a week. That that means around anywhere between INR25 to INR35 crores is a daily soap budget per year, contractual amount. And the OTTs vary from INR7 crores to INR45 crores.

So we have a couple of projects in television and one show in OTT, which are in the final stages of commissioning. That will give you a rough idea about what numbers we're talking about.

Moderator: The next question is from Danish Bhatia. How do you view the potential of international distributions and co-production partnerships?

Yash Patnaik: Hi, Mr. Bhatia. Definitely international distribution is something that is opening up with content. Till two years back, Turkey used to be one of the biggest content distribution countries and post the disturbances in that part of the world, Indian content are getting more in demand.

So we are expecting a lot of content going from India to global platforms and players. Also, Indian diaspora is quite increasing internationally. Also, as we're talking, there are more than 91 countries where Indian content is consumed.

We are hoping we will be able to break some new barriers and reach out more audiences, more countries, more languages. As far as co-production is concerned, yes, we are open to that. We will be attending this coming MIB TV in London in February this year, the coming year. And we look forward to opening negotiations, discussions with international players where we can get in co-production with them.

Moderator: Miss Tara Kaur is asking, how does company assess the risk and reward of producing content of international markets?

Yash Patnaik: Hi, Taraji. Generally, there are two kinds of content business that we do. One is commission content and one is original IPs, which one produces and then licenses or sells rights. Commission contents are the secured ones where you pitch a concept, you pitch a full story narrative, casting, crew, production, design. Then once the platform commissions, then you produce. So the risk factor is almost, you can say, zero.

And as far as the produced content is concerned, there are high risk and high return basis. So we will go, but in original IPs, we are going more cautiously. But yes, with co-production's opportunity opening up, we will explore them more.

Moderator: The next question is from George. What are the long-term goals for Freshh Mint and how will you monetize this platform?

Yash Patnaik: Hi, Mr. George. Freshh Mint, we will continue to create content for 18 to 24 age groups and that is an audience we don't have much long-term contents available. We are in talks with, as we are talking today, we are in talks with some of the leading platforms and brands where we are pitching our ideas and how those brands can be integrated with our products, our narratives.

And there are basically three kinds of revenue streams that one looks at in platforms like Freshh Mint. You must be thinking how YouTube is going to be beneficial. YouTube revenue is actually a very small part of it. The major chunk of revenue comes from brands. Second comes from content syndication.

What we have done with Freshh Mint, we have geo-logged the YouTube channel. That means outside India, we will not find Freshh Mint content. You will see the YouTube channel. You will find some of the promos and teasers and all, but content consumption, you can't consume content of Freshh Mint outside India.

So that allows us to negotiate with platforms outside India to take our content. The rights could be for television, for broadcast, for streaming. So there are multiple options one has, including dubbing and format rights. So it's early days. We are looking at exploring Freshh Mint much larger.

I am happy to mention that last month at MIPCOM in Cannes, France, that is, the Indian magazine, which represents the entire Indian content market, called Pickle, they featured us in the cover page as a destination to look out for. And they gave us a centre spread on around eight pages of story based on Freshh Mint and Aukaat Se Zyada. And that's just the beginning. And we're happy that with all the support, we could initiate this step of Freshh Mint and taking it forward.

Moderator: Miss Aditi is asking, can you discuss any recent changes in content, pricing or budget allocation due to market trends?

Yash Patnaik: Hi, Aditi. The pricing has not been much changes in terms of average pricing. We are conscious of clubbing certain high budgeted programs with our average size programs, so that the revenue gets pushed up in the coming years. Most content business is more about volume. But yes, there are some Tenfold projects which fetches better revenue.

So we are creating a nice mix of average budgeted content and premium content. Most of the premium contents are basically with a good top line actors, top line production value, locations, music. So eventually, at the end of the day, average budgeted content will be more in volume and Tenfold or premium content will be less, but they will generate more value.

Moderator: One more question from her. What are your plans for brand partnerships or sponsorship, especially on digital platforms?

Yash Patnaik: See, when we are talking to brands on YouTube or any other platforms, we generally decide on the content which will resonate with. We first initially we talk to the brands to understand what is the messaging they are looking at for their products. And then we match with the content library that we are developing.

So there are some sports content which is going to, not much has been done. Sports fiction we are getting into with some of our new projects in Freshh Mint. So we are talking to brands which are, you know, shoes, your fitness equipment, fitness drinks, some smartphones. So, yes, we are taking briefs from the brands who are looking at collaborating with content on YouTube space or digital space. And then we are trying to create a mix and match and take their support to create content.

Moderator: One more question from her. How are you managing cash flow and working capital requirements amid increased production activities?

Yash Patnaik: So it's actually a mix of two or three things. One is in certain platforms we get a certain kind of advance payments and different tranches of payments as we go on production. We also have banking facilities where we have OD facilities where we dip into them, when we need cash flow. So this is a mixture of advances from clients and reserves and what we can avail from the banks through our facilities and different facilities that we generate.

Moderator: Next question is from Amit Choudhary. How does Inspire Films plan to mitigate the impact of delayed show launches in the coming quarters?

Yash Patnaik: Amitji, fortunately, the consolidation part is behind us. You must be knowing about all the consolidation that has happened in the last three, four months or six months. The process started almost a year, year and a half or two years back.

I don't see much more consolidation happening in the coming years. But yes, we have initiated the process of setting new verticals. One is licensing model, which allowed us to explore new avenues for us to generate revenue, which we will put more efforts going forward.

So far, we have done many series from platforms to platforms. We will get into feature syndication also, that is feature film syndication, long form syndication, international syndication, where the volume can be increased. Second is the original IPs that we are working on or will be generating through co-productions. Those will help us generate revenue on a consistent level.

The best part of original IPs is once it takes maybe a month, maybe one year, one and a half years to break even in original IPs. But yes, after that, you don't have investment, you just keep getting the licensing fees. So they are the two primary areas that we are looking at to create a solid revenue stream for us, irrespective of industry dynamics changing.

Moderator: Next question is from Chaitali Deva. How does Inspire Films evaluate the success and the profitability of each new content launch?

Yash Patnaik: Again, the commissioning content is something that platforms or broadcasters, they help us with the data, how a project is delivering. But yes, through the process, there's a lot of things that goes on, like the one that we're doing currently for one of the leading broadcasters. In fact, I just came from that meeting, before our meeting.

There is a marketing team, there is a VIP team, there is a sales team, business team. They take the content deck to the advertisers, the market through focus groups and all. And they get a sense of how the market is reacting to the content that we're talking about. The characters, how they're resonating with the audience.

They are the parameters that is pre-launch. And once the show is launched, we see what kind of audience footfalls we have on our show. What is the time spent we generate? Time spent is if the content's length is 22 minutes, 25 minutes. How many audiences are coming? That is the reach, we call that.

The reach is a combination of the time slot and the platform's reach in certain markets. The markets are also divided into four major categories like ACC, A, B, C, D. And in that also age groups. Then you have your market sizes also, a million plus and 10 million size markets. And once the shows are launched, we see how many audiences are coming to watch the content and for how long they're watching.

So we measure them on a minute basis from 8 minutes to 18 minutes at 10 minutes, 22 minutes. Some of our shows have generated 19 minutes, 20 minutes of watch time out of 22 minutes of content. So those are the parameters. And audience reactions through social media is very generic, but you don't get the exact numbers. But the main numbers we generally get from the broadcast on the platforms.

Moderator: Next question is from Mr. Babu George. Any new launches planned?

Yash Patnaik: Yes, Mr. George, as I mentioned, one of our major shows that we produced, the production is completed. We are expecting to go live with those episodes. First season one, we finished two seasons of that series that we just completed production. Maybe January or February, we should have the first season releasing and maybe after a month or two, the second season will be released.

Production of both the seasons have been completed, 10 episodes each, that is 20 episodes we have done. And there are some interesting castings in that. The audience, I'm sure, will like them. And also in the new shows, the one that we're talking about, the GEC show, Hindi Daily Soap, with a very rustic, interesting background, very high drama, high octane drama.

We have done some very high drama shows like Veera, Ek Veer Ki Ardaas Veera on Star Plus, Jaana Na Dil Se Dur, Kuchh Rang Pyar Ke Aise Bhi. So these are very high-octane drama series that we're doing for this broadcaster. We are expecting that to go on air somewhere in January or February.

I'm sure the platform will be, the broadcasters will be the right people to do the announcements. But that's your first quarter on air is expected. A few others are in development stages. Once we get more clarity on the release dates, we'll be able to get back to you.

Moderator: Riya Jain is asking, what is the revenue structure for all three business verticals?

Yash Patnaik: Revenue structure, currently we were, till recently we are more dependent on television. But gradually television, I think will remain around, say, 40% to 50% and OTT will be around, say, 30% to 40%. And the rest will start with YouTube and licensing. That part may grow much bigger going forward.

Moderator: Next question is from Mr. Deepak Kamdar. How does the company plan to maintain its capital adequacy considering the current slowdown?

Yash Patnaik: Deepakji, with more projects coming in, fortunately, the dynamic of our business, once we get projects, the fund generally doesn't get a barrier for us. We have been in the business for close to two decades now. Yes, where the challenges come? To create a lot of original IPs, where the upside is much higher and the value you add. Second, to create a lot of projects pitch-ready. As we're talking, we have around 14, 15 shows which are pitch-ready.

We have invested and we have believed in those projects and we are going to different platforms, approaching them. So, we will explore primarily banking support for the working capital apart from the advances from the clients. And I think that is the initial thoughts we have for the next year or so. As we keep growing, we'll see what are the avenues that we can explore.

Moderator: Next question is from Anandi Mittal. How does Inspire Films plan to diversify its revenue streams within the digital content space?

Yash Patnaik: I think I have addressed this question in the previous questions of yours. Diversification will primarily happen when we expand ourselves to global market, global as well as regional market. Right now, we have been primarily operating on Hindi space.

Though we have done some regional content, we have not been more aggressive towards it. We believe that because the market was little volatile, there was a lot of thought that was happening. We went in slow on going away from exploring the long-distance content markets.

But once we consolidate the current Hindi content market, we will explore them. As far as Freshh Mint as a platform is concerned, we have opportunity once we have 4-5 shows with us. And some shows that we will be opening our windows for people who have produced content and they're looking for distribution partners.

Freshh Mint will also release ready content which will match our content programming. And we will also look at exploring the dubbed versions of those content. At some point of time, you will find Freshh Mint in Telugu, Tamil, Malayalam, Bengali and different languages. So those are the additional revenue streams that we will be able to generate.

Moderator: Tara Kaurji is asking, can you elaborate on your co-production strategy within Beyond Entertainments for Beyond Originals?

Yash Patnaik: We have now shifted all Beyond Originals to Freshh Mint which is a 100% level of Inspire. We're not doing anything in Beyond Originals. Freshh Mint is going to be the flagship YouTube channel for us, for original IPs for the time being. We will continue to target the 18-24 age groups in this kind of content. And I think once we have more brands in place, we will be able to divulge more about the content and the schedule for the calendar.

Moderator: Diya Patel is asking, could you break down the contribution of each business verticals like TV, OTT and regional content to revenue?

Yash Patnaik: I just mentioned Divya ji, we are currently doing 40%-50% television, 30%-40% digital content. And the balance, the rest is between distribution, licensing and original IPs for YouTube. The dynamics will keep changing as the market keeps opening up. Those are the numbers currently as of now, I can share that with you.

Moderator: The next question is from Arjun Verma. How do you anticipate the recent consolidation in the content industry will impact your future operations?

Yash Patnaik: Arjun ji, the consolidation was actually long-awaited consolidation. And this only helps the platforms go much more aggressive in reaching out to a bigger audience. If you look at the combined forces of the two large platforms that have come together, the reach is quite huge.

And with the kind of global footsteps they have, the global impact and reach they have. Also, the other platforms which are there doing well are also... Now everybody is going to get more aggressive in reaching out to the audience because audiences have not actually got much content in the last year, year and a half.

They are hungry for new content. I can tell about myself as a content consumer also. Last year or so, we have not got as much content as we wanted to consume ourselves on weekends. So I think good times are here. The consolidation has helped. More decisions are going to be taken, more content will be produced and we will get more opportunity to create more content for the audience.

Moderator: So last question is from Anandi Mittal. Can you outline your expected capital expenditure for a few content development over the next few quarters?

Yash Patnaik: Anandi, again, there are a lot of content which already we have developed, which are pitch-ready. Having said that, we will be looking at buying some more book rights, some life rights, some licenses. So I think we will get a little more better idea in the next month, month and a half when we discuss them with the possibility of alignment with broadcasters and OTT platforms. So as per their aptitude and their interest, we will be able to put a number to it.

Moderator: Yes, sir. I think we covered all the questions. So can we conclude the call?

Yash Patnaik: Thank you. Thanks a lot, everyone. Thanks for coming and joining us. And looking forward to seeing you soon. Thank you.

Moderator: Thank you, everyone, for joining the conference call of Inspire Films Limited. If you have any queries, you can write to us at research@kirinadvisors.com. Once again, thank you, everyone, for joining the conference call.