entertainment network (India) limited

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14 February 2025

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

BSE Scrip Code: 532700/ Symbol: ENIL
Sub: Transcript of the Investors' call Q3FY25

Dear Sir/ Madam,

Please find enclosed herewith the transcript of the Investors' Call / Earnings Conference Call - Q3FY25, held on 10 February 2025.

The same has been uploaded at:
https://www.enil.co.in/stock-exchange-filings-fy2025.php

and

https://www.enil.co.in/financials-investorp-fy2025.php

For **Entertainment Network (India) Limited**

Mehul Rasiklal Shah
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Mehul Shah
EVP– Compliance & Company Secretary
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Encl: a/a

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www.enil.co.in Corporate Identity Number: L92140MH1999PLC120516

“Entertainment Network (India) Limited

Q3 FY '25 Earnings Conference Call”

February 10, 2025

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 – ERNST & YOUNG LLP**

Moderator: Ladies and gentlemen, good day, and welcome to Entertainment Network (India) Limited Q3 FY '25 Earnings Conference Call. As a reminder, all participant lines will be 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 an 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. Thank you, and over to you.

Runjhun Jain: Thank you, Yashashree. Good afternoon, everyone, and welcome to the Q3 and 9M FY '25 Earnings Call of Entertainment Network (India) Limited. To take you through the results and answer your questions today, we have the management team from the company represented by Mr. Yatish Mehrishi, Chief Executive Officer; and Mr. Sanjay Ballabh, Chief Financial Officer. Please note the financial results and the presentations have been uploaded on the company's website and on the exchanges. Should you need any further information, you can talk to us.

Before we begin, I would like to remind you that today's discussion might include forward-looking statements based on the current expectations and assumptions. These statements are subject to risks and uncertainties that could cause actual results to differ materially. The company undertakes no obligation to update these statements after today's call. With that said, I'll hand over to Mr. Yatish.

Yatish Mehrishi: Thank you. Runjhun. Good afternoon, ladies and gentlemen. On behalf of Entertainment Network (India) Limited, I extend a warm welcome to our Q3 FY '25 earnings call. As this is our first interaction of 2025, I would like to take this opportunity to wish you all a very happy and a prosperous New Year. We announced our Q3 and 9M FY '25 results on Friday, and I trust you have had a chance to review them. To ensure everyone is aligned, allow me to provide a brief overview of our performance.

During this quarter, our domestic revenue reached INR154 crores, marking a healthy 9.7% year-on-year growth. This was including digital sales. This growth was primarily driven by our digital and our non-FCT segments, which expanded by approximately 151% and 21% year-on-year, respectively. Excluding digital, our core business recorded a 3.2% year-on-year growth with revenue reaching INR138 crores.

Now let's take a closer look at the segment-wise performance. Our Radio business faced some challenges due to a shorter festive season and overall slowdown in the media markets, which impacted overall volumes. However, pricing remained stable, and we continue to maintain our revenue leadership position in the segment with a healthy 27% market share.

On the other hand, the non-FCT segment witnessed strong momentum, growing 21% year-on-year to INR50 crores. This growth was driven by success of our key on-ground events like Mirchi Spell Bee, Mirchi SBI Green Marathon, Rock N Dhol & as well as popular talk shows, including What Women Want with Kareena Kapoor Khan. Coming to digital business growth. Our digital business continued to deliver exceptional growth with revenue reaching INR15.4 crores, up by 151% year-on-year, largely fuelled by the strong performance of Gaana.

As you may recall, we launched an updated version of Gaana in July 2024 with a revised pricing moving from INR299 to INR599 for our annual pack pricing, and the response from customers has been highly encouraging. Since our pricing plans follow our annual subscription model, we expect the full impact of the price revision to reflect from FY '26 onwards. At YTD levels, our paid subscriber growth has been healthy and in the range of approximately 15%.

In Q3 FY '25, digital revenue accounted for 26% of our total radio revenues against last year of near 13%. At YTD levels, radio contributes to 63% of our total revenues compared to almost 71% last year. This figure is aligned with our strategic goal of evolving from an FM radio company into a comprehensive multimedia entertainment enterprise. We remain committed to strengthening our digital offerings, investing INR10.5 crores during the quarter, which is almost 26% down over Q1 FY '25.

As Gaana revenues continue to scale, losses are narrowing, reinforcing our expectation that the business will likely break even in the next 4 to 5 quarters. Let's look at some of the key financial metrics. EBITDA excluding digital stood at INR38.8 crores with EBITDA margins at a healthy 28%. Profit before tax for the quarter stood at INR22 crores. Our international operations remain EBITDA positive, contributing INR2.1 crores in the quarter. Our balance sheet remains strong with a cash balance of INR344 crores as of December 31, 2024. With this, I will hand over to the moderator and look forward for some questions from you. Thank you.

Moderator: Thank you very much. We take our first question from the line of Deepan Sankara Narayanan from TrustLine Holdings. Please go ahead.

Deepan Narayanan: How has been the Gaana's performance in terms of revenues and subscribers? And how has been our churn rate and new subscribers run rate for the quarter?

Yatish Mehrishi: Our YTD growth has been almost 15% increase on subscribers. We see some churn always in Q3 because that's when we went paid. But overall, it remains very healthy in the paid market share. Our paid market share is also increasing quarter-on-quarter. The Gaana revenue for the quarter has been almost INR12.6 crores against last year of INR3 crores.

Deepan Narayanan: Okay. And in terms of radio advertisement, so which are the segments which have done well, and which are the laggard for the festive season for the past quarter?

Yatish Mehrishi: Largely, what happened was last year, the Q3 was getting into general election. So, there was a lot of government spends also coming in, which also subsided. But if you look at the economy the overall sectors have been down, the real estate has been down, health and pharma has been down, the consumer durable and apparels segment, have been down. I would say auto has done well relatively because of last year impact. Last year, auto was not doing so well. So, from a base point of view, automobile and health and pharma has done reasonably well plus the jewellery section. So, if you look at from an economic point of view, gold is doing well, jewellery has done well for us, auto sector has done well. But largely, if you look at the disposable consumer segments like apparel, durables have not done well.

Deepan Narayanan: Okay. And what are the key reasons for this 39% increase in our production expenses year-on-year?

Yatish Mehrishi: That's largely because if you look at the non-FCT segment, which is growing, the event business has almost doubled. So that's the reason. It's a direct variable cost to the event business what we do.

Deepan Narayanan: Okay. We had a very high base for Q4 of last year. So how do we see the current quarter doing in terms of volumes and also pricing in terms of Radio business? And how do we see overall the Q4 performance?

Yatish Mehrishi: If you look at the market factors also, there is a shift in media, which is moving towards more experiential marketing rather than advertising sales. And it's not to do with radio, but across mediums. If you look at television, print, etc vanilla advertising has been muted this year with the way the economy has performed.

We are not very aggressive on the radio side that it will have a very healthy growth. But having said that, our solutions business, the event business is doing very well, and we are confident that we'll do much better also in Q4 in that.

Deepan Narayanan: Okay. But we are saying event business has done extremely well, but our margins have been lower than last year. Any specific reason for that?

Yatish Mehrishi: It's a product mix change. If you do more events and less radio, , radio is more profitable than any other business. So, when the radio business comes back, the margins will look much better also. So, it's a product mix change rather than anything else.

Deepan Narayanan: No. The overall mix, I can understand. But even within the solutions, the margins of solutions business have come down, the non-FCT business as compared to last year?

Yatish Mehrishi: Yes. So, it's not very major. There are a couple of concerts business. If you look at the media business or the experiential business, the concerts will generally have a less margin compared to managed events. So, if there are certain concerts, which comes in the quarter, it can deplete some bit of margins. But overall, if you look at, we remain committed on a very healthy profitable thing. So, it could be a quarter-on-quarter thing. But overall, per se, the margins have been in line with the expectations.

Moderator: We'll take our next question from the line of Shikhar Mundra from Vivog Commercial Limited.

Shikhar Mundra: How much cash we are burning in Gaana right now?

Yatish Mehrishi: So, this quarter, we burned about INR10-odd crores, which is almost 25% less than what we spent in Q1. And we believe in the next 4 quarters, we will keep going down.

Shikhar Mundra: Okay. So, can you explain me the cost structure of Gaana right now? So INR12 crores of revenue we did. So, I'm assuming INR22 crores was the expense since you said INR10 crores is the cash burn. So, what was the expenses for INR22 crores?

Yatish Mehrishi: We increased the price to INR299 only in July. At INR299, the business doesn't make sense. So, when we increase the price, because it's an annual pack, the entire pricing will take a year to come back to INR599. The entire impact takes a year. Unlike any other product, like a telecom, if you change the price today and the next month, the price will be higher. But in a subscription product where you've already taken a payment for the annual year and for annual pack, that price will only change after a year.

To give you a perspective, right now, approximately about 30% of our old subscription are on the new price. So as that number goes up, the profitability will keep increasing. And all the new customers are getting acquired at INR599. And as the INR299 comes for a renewal, they will move to a INR599 pack. And that's the reason the difference of the loss, what we're looking at. But if you look at it as a product, it's very stable now. At INR599, we will make money on that part. And that's the reason we're saying in the next 4 to 5 quarters, we'll be breaking even, and the cost and the losses are reducing quarter-on-quarter.

Shikhar Mundra: Okay. So, when did we increase this price to INR599, which month?

Yatish Mehrishi: We announced in July, it started in August.

Shikhar Mundra: Okay. And since August, what has been the month-on-month rate? I mean, have you seen a dip because of the price increase?

Yatish Mehrishi: Not much. If you look at from an impact of upgrade rates, it doesn't change much. And even if it changes, it depletes a little bit during certain months, but the impact of the price hike is much better than looking at a little dip. But overall, we are in a healthy growth region. As I said, YTD levels, we increased our subscription by almost 15%. And we believe in the Q4 also, it will go much higher on that part.

Shikhar Mundra: Got it. So, without the Gaana, the other part of the business would have done an EBITDA of how much without the cash burn in Gaana?

Yatish Mehrishi: EBITDA of INR39 crores.

Shikhar Mundra: And what are the utilizations of the radio channels right now?

Yatish Mehrishi: It's about 71% the way we count, but at an inventory level, it's about 11 minutes an hour. So, there's a lot of volume available on that for us. Being leaders, we run the least in inventory. So, we have a lot of headroom. Had the economy and overall market scenario been better, the radio would have also performed better. So, I don't think volume is an issue. The overall market sentiments have been down in the last 2 quarters.

Shikhar Mundra: And if we compare this to a year back, say, Q3 last year versus Q3 this year, the utilization of radio?

Yatish Mehrishi: The volumes have gone down by about 3% over last year. And that comes from a point of view, that there was a shorter festive season. Last year, media got impacted by festive. Last year, Diwali being in mid-November, the festival was a longer period. This year, it got clubbed into October. And then November didn't do well for media across sectors. Not just media, if you look at overall other companies have not done well. So, the media spends were also very muted. So, it's a factor of a couple of things, a shorter festive season and overall economy not doing so well across the board.

Shikhar Mundra: Got it. And I mean, with the cash balance of INR344 crores and this Gaana cash burn also coming to an end in the next 4, 5 quarters. So how do we plan to use our cash balance?

Yatish Mehrishi: So, we keep evaluating opportunities to grow the business. And as we've taken about a year to stabilize Gaana, and we keep discussing with the Board on the utilization of this part.

Shikhar Mundra: It's been a long time since we have not been able to create value for our shareholders. So, I mean, would it make much more sense to increase our dividend payout?

Yatish Mehrishi: The way we look at it is, for us, we have been consistent on the dividend policy from day 1 for every year-on-year. Last year, we increased, but understand we were coming out of COVID, the revenues were not up to the mark 2 years back. So that was the reason we were a little conservative on that, and we wanted Gaana to stabilize.

Now having the business stabilized on Gaana, the business is looking much better in a healthy position, and we now have a visibility on the breaking even part, we will now evaluate on this part also. But having said that, we've been consistent on the dividend year-on-year.

Shikhar Mundra: Got it. One general question I have. It's been around 4, 5 years since our kind of a radio business has not performed the way it used to. I mean this is common across the industry, not only for us. Do you feel this is something of a downtrend? Or do you feel radio as an industry itself is kind of dying down?

Yatish Mehrishi: I don't think radio is dying. It's never been dead across the world. The thing is people look at radio in a very different way. It's actually the ad sales, which has been an issue across the board. If you look at television or print, everywhere ad sales have become a problem. The clients are becoming more demanding, and they are more solution approach rather than plain vanilla advertising.

So if you look at even print or television, it's the same issue which everybody is facing. And not just us, if you look at digital sales also, the pure ad sales of digital, where it was growing 2 years back at 40%, 50%, has come down to 10%, 15% growth year-on-year. So, the overall ad sales business is going through a shift, it is in a transition phase, and we'll have to weather that storm. But the solutions business, that's the reason, it is doing well.

Now 5 years back, experiential marketing was not doing so well. But if you look now, you would have seen the concerts business and the way they are growing, that's where the shift is happening. And if you look at our strategic intent over the last few years it has been very clear that we no longer want to be just a radio company, but a multimedia company. And that's where the shift is happening. So, if you look at our business segments, it's not just radio, we have solutions business, now we have Gaana, and we keep evaluating different things.

So, it's about how do you look at transforming the company in this transition phase. It's not radio being dead, it's the ad sales business. Radio as per our estimates, it's still heard by about 40 million people in this country. We do well globally also, in that market, also people listen to radio. It's just that the ad sales business because it's dependent on ads and ad sales is right now taking a beating, that's where the problem is.

Moderator: We'll take our next question from the line of Rishikesh from RoboCapital.

Rishikesh: Sir, firstly, could you share what revenue and PAT Gaana has done for Q3 and 9M as well? And currently, how many paid subscribers do Gaana have? And what would be the ARPU currently?

Yatish Mehrishi: So, I will not be able to share with you the exact numbers of subscribers. You can come and meet us or speak to Sanjay on a phone separately. We don't divulge our subscriber numbers right now for competitive reasons. But our Gaana revenue, as I said, for the quarter has been almost INR12.53 crores. And at a YTD level, it is about INR33 crores.

As I said, it's growing at 15% YTD level, the subscriber number. The blended ARPU would be around in the INR300 range because, as I said, right now, 27% contribute the INR599, while INR299 are the balance. So as the year goes by and people renew the subscription, they will also become INR599.

Rishikesh: Okay. And could you share any internal targets that we have on Gaana in terms of revenue, market share, how much subscribers, how many subscribers are you targeting? And what would be the target margins?

Yatish Mehrishi: So, the way we look at it is, the first milestone for us is to break even in the next 4 to 5 quarters, which we are in line with and our growth story so far in the last 3, 4 quarters is in line with that ambition. And we believe in the next 4, 5 quarters, we should break even. In the paid market share, there are very few players now left.

Largely, it is Spotify and us. YouTube also has YouTube Music. But otherwise, in a 100% paid market share business, there's hardly any player. So, we want to be a very strong competition to Spotify. And we have a very healthy market share in the paid market segment.

Rishikesh: Got it. Regarding our Radio business, firstly, what are the current yields compared to pre-COVID levels as a percentage term. And can you share any visibility when can yields get back to pre-COVID levels?

Yatish Mehrishi: You know how overall companies have performed in Q2 and Q3. And media per se, it's not just radio media per se lags GDP growth by quarter. But as businesses do well, they start spending on marketing. So that's the reason it's not done well for the last 1 year, and we still lag our pre-COVID radio sales. But the way we look at the business is not just look at radio, but as overall business.

Overall business, we are higher than COVID, and we believe by the end of the year, we'll be higher than the pre-COVID levels. So, it's a shift which has happened. Behaviours have changed , the business has changed. And as I was explaining in the previous question, the ad sales model could be also relooked at. And that's the reason we're looking at transforming business by just not being a radio company but to a multimedia company. So that's the way we look at the business per se.

Rishikesh: Okay. But if we have to compare, the radio yields that are there and comparing that to pre-COVID levels, what would that be in a percentage term?

Yatish Mehrishi: So, if I just compare radio to radio, it could be about 75% to 80% of pre-COVID levels.

Rishikesh: In terms of the yield that we earn, right?

Yatish Mehrishi: No, yields are 20% to 25% down. I was saying on the revenue per se.

Moderator: We'll take our next question from the line of Meghna, an individual investor.

Meghna: I wanted to know the effective rates of radio, the Y-o-Y change and compared to pre-COVID level, how has it been like?

Yatish Mehrishi: So, on overall radio yield on quarter-on-quarter, we're almost about flat. But pre-COVID level, as I said, it's about 25% down.

Meghna: Okay. And related to Gaana, what has been the PAT like for Q3 and YTD?

Yatish Mehrishi: Se we are investing, as I said, on Gaana. We have reduced our losses by about 25% over the Q1. On the third quarter, we have invested about INR10 crores in the Gaana business. As I said, it will remain in investment phase for the next 4 quarters, by the time it should break even.

Meghna: Okay. And year-to-date level, how much have we bought?

Yatish Mehrishi: About INR37 crores.

Moderator: As there are no further questions, I now hand over the call to management team for closing comments. Over to you, sir.

Yatish Mehrishi: Thank you very much. We sincerely appreciate your continued support. Our guiding principle remains unchanged. We focus on profitability, strengthening our shareholder value and ensuring long-term sustainable growth. Thanks for joining the call. Have a good day and thank you very much.

Moderator: Thank you, sir. On behalf of Entertainment Network (India) Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

(This document has been edited for readability purpose)