

entertainment network (India) limited

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May 11, 2022

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Sub: Transcript of the investors' call

Dear Sir/ Madam,

Please find enclosed herewith the transcript of the Investors' Call / Earnings Conference Call–
Q4FY2022, held on May 7, 2022.

Thanking you,

For Entertainment Network (India) Limited



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

Encl: a/a



“Entertainment Network India Limited Q4 FY-22 Earnings Conference Call”

May 07, 2022



**MANAGEMENT: MR. PRASHANT PANDAY – MD & CEO,
ENTERTAINMENT NETWORK INDIA LIMITED
MR. SANJAY BALLABH – HEAD OF FINANCE,
ENTERTAINMENT NETWORK INDIA LIMITED**



Moderator: Good morning, ladies and gentlemen welcome to Entertainment Network India Limited Q4 FY22 Earnings Conference Call. 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 an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Prashant Panday – MD and CEO from Entertainment Network India Limited. Thank you and over to you sir.

Prashant Panday: Thank you Lizann. Welcome to this very unique conference call on a Saturday. In my last so many years, I don't remember doing this conference call on Saturday, but such are the times that we adjust to it. Thank you very much for attending this on a Saturday. We truly appreciate that.

Now, I will just take 5-7 minutes to explain the larger narrative on the quarter's performance. The most important point that I would like to make, a request to you note is that the Quarter 4 was very badly affected by the Omicron virus at the beginning of the quarter. As you will recall the impact of that virus lasted till about the 10th or the 12th or the 15th of February. So, approximately half the quarter was pretty badly hit by the Omicron variant. I'm going to give you a split of our revenue segments by the first 45 days of the quarter and the second 45 days of the quarter to show to you what impact the variant had on our quarterly numbers.

Now, first our overall quarterly number; revenue number was Rs. 99.4 crores. This reflects a 0.3% growth over the same quarter last year. Now remember last year was a perfectly fine quarter because there was absolutely no impact of COVID. In fact, the COVID impact had not been there even in Q3 and therefore the Q4 of last year actually reflected 6 good months of the business. This quarter as I mentioned began with 45 days being destroyed by Omicron. Despite that the revenues of the company have remained flat which I think is a big positive point in the results that have come out. Let me give you the split of the 0.3% by month; now at an overall revenue level January was down 28%. Please note that we began the quarter with (-28%) in revenues. February was down 2.5%. As I mentioned the impact of Omicron continued through the middle of February. But look at how strongly we rebounded in the month of March when the impact of Omicron was over, retail establishments opened up and business became normal. In March, our overall revenues were up 20.4% compared to last year. This should tell you that the quarterly numbers have to be seen as the first 45 days and the second 45 days which is or for ease you can look at it as January-February as pandemic hit and March as a regular quarter.

Now let me give you the same split for our two components of the business. One is of course radio and the other is what we generally call it non-STP or solutions business. The radio business number have grown by 7.6% in this quarter which is absolutely fantastic because radio is the main breadwinner for the company. It is the most profitable parts of the company and therefore when radio grows it actually suggest in the future also one can expect profitable growth to happen. Again, let me give you the split of the 7.6% by month; in January, the revenues were down 2.2% compared to last year, in February the revenues were up 15% and in March the radio revenues were up 11%. Now please note that radio is just a button. You can turn on the

advertising and turn off the advertising if a phone call coming from the advertiser. The pandemic lifts then the advertisers are quick to call and that is why in February we have shown a growth of 15% despite Omicron very much being present for half the month because it's easy to turn on radio advertising. Now let me show you the non-FCT split. Non-FCT for the quarter or solutions business for the quarter was down 11.4%. This 11.4% you will understand from the quarterly split how significantly hit it is by Omicron because when government stops giving permissions for on-ground events, when retail establishments are stopped, when celebrities or performers refuse to perform because of the scare of the COVID, then you will see the impact of that on our results when I explain to you by month. While overall solutions were down 11.4% in the quarter, in January it was down 61%, in February it was down 50%. Remember in February after Omicron the restrictions were lifted, clients will then start planning activities, solutions business takes longer time to roll out. Therefore, even February was very badly hit at 50% negative growth. Look at March, March witnessed the smart recovery with a 2% growth in revenues compared to March last year. Clearly, the results of the radio segment, the non-FCT i.e., the solution segment as well as the total revenues showed to you the impact of Omicron variant on January, February, and March performance. The good news is that the strong results of March are continuing in the beginning of this quarter because this is the first quarter in 3 years now which has not been affected by COVID. We are on the cusp I believe have a very strong rebound happening in FY23 and beginning with the first quarter for a change.

Now two points more. One is that remember my radio percentage growth of 7.6%, please keep that in mind because other radio stations when they will announce their results, they have largely radio component. Therefore, the comparative number would be 7.6% for you to look at. That's the first point. The second point I just want to repeat from what I have been saying for many quarters is that I believe that radio is entering period of a golden period of growth in FY23 and possibly FY24. I'll tell you why I say this. I say this because FY23 and FY24 are expected to be sluggish years of economic growth. You are very well aware about all the headwinds that the economy is facing. Secondly that the shops are now expected to remain open because the pandemic is now hopefully behind us. Now whenever the economy is sluggish but the shops are open and functioning radio does very well. The reason for that is simple because brands and advertisers put more emphasis on generating footfalls, on clearance sales, on giving discounts and for all of those things, radio is a primary medium. I say primary because much of this happens on a frequency basis. You need to remind the people again and again and again that some great offer is available and that is why radio works the best. It's the local medium and it supports the retail establishment. I think FY23 and FY24 are going to be golden years for radio. We've seen the beginning of that in March of this year. I mentioned to you that it's continuing in April of this month. I thought that I will mention this split to you.

Now if I were to look at product wise that the solutions business got hit, the biggest product which got hit by the solution business was what I call my TV properties which are shows that I create and take to television. Like the Mirchi Music Award in Hindi is the only event that is the only award show that happened in the quarter. None of the other big award shows, whether its Filmfare, whether it is IIFA could not take place because of Omicron but we pulled off Mirchi

Music Award Hindi. We also pulled off Mirchi Music Award South and we also pulled off Mirchi Music Award Punjabi edition in this quarter which is a tremendous statement on the traction that these event brands have got for them. Unfortunately, we were not able to pull off some of the other events which are the Mirchi Music Awards Marathi, the Mirchi Music Awards in Bangla. But we also could not pull off two other very large and profitable properties of ours which are the Mirchi Cover Star and the Mirchi Top 20. Both of these unfortunately had missed the season and will now come back only in the next season. Because of these events that we could not do in the quarter that my solution business has actually come down. Otherwise, I think it's a pretty good and strong performance of the solution business as well. Now one of the impacts when the solution business goes down is on my digital revenues because the digital revenues emanate from the solutions revenues. When I do a television property, there's a lot of support and a lot of marketing muscle that I put on digital assets of the company for which the clients speak. So, it boosts our digital revenues. As the solutions business goes down so do the digital revenues. Digital revenues accounted for approximately Rs. 6.4 crores, 36.5% of the quarterly revenues. This is down from the 12% or 13% number that we have scaled in the past. Again, it's a temporary phenomenon and we remain on the path to achieving a 25% share for our digital business in the coming couple of years. Now I want to make a couple of more statements before I open it up. On costs I want to make a very strong statement. Remember that compared to pre-pandemic times, the cost in this year FY22 which is the second year of the pandemic, the costs are down Rs. 91.6 crores, almost Rs. 92 crores compared to FY20. I mentioned in the past that we hope that almost 50% of this will be sustainable cost savings. As evidence of that I just wanted to tell you, that in the year of FY22, the costs have gone up by only 0.8% less than 1% compared to FY21 which means that the cost controls were initiated in FY21 but in FY22 we have also kept the control on costs very strongly. Like I mention in '23 and '24, I expect at least 50% of the savings to be retained. That I think is a very strong showing.

Finally, we launched our business in Dallas in the US. There are three very important cities as far as Indians are concerned in the US. One is of course New Jersey as a state, two is San Francisco and the Bay area and the third is Dallas in Texas. These three places now we are present in all the three and through our online and app we are present in all across the US, all across the middle east. Therefore, we believe that the business in the US and in international poised for strong growth in FY23.

Finally, our digital platform. Remember we launched in the US around the 11th of February. We have been doing a three-month experiment in the US without advertising, without any marketing support, just to study the consumer reaction. I think some of the consumer reaction points are amazing. They are better than we expected. To give you an example in every month consumers are spending as much as Rs. 270 on the app which is remarkable because remember everybody doesn't tune in every day, most people will tune in a few times a week and therefore it implies that they are spending a lot of time on the app when they come on to the app. The biggest contributor of listenership is our radio stations which we stream online on our app in the US and in the middle east.

Now here is an important statistic that is relevant in this industry. It is called retention. Now retention basically means stickiness. Once you've attracted a user to your app, how many of those can you retain as time passes. To give an example, the 30th day retention is 7.3% for our app. Now this is double of the retention rate of most of our audio competitors who are there in the market. I don't want to name them at this stage. But you can pretty much guess, these are competitors who are bigger than us who launched 3-4 years ago. They raised huge amounts of money in the market. They bought crazy valuations and they have a retention of far lesser than what we've got which tells you that the app that we're about to launch, it provides to the users which makes them come back to us again and again. That stickiness is a very valuable aspect of any app. We're also going to be launching with about 800 hours of audio stories in India. We will be launching in India and remember 800 hours is not a big number. We're very proud of that because the biggest contribution that Mirchi makes is that it curates anything that it puts out. The user doesn't have to go through the millions of hours of riff raff to come to something good. So, 800 hours of human curated content we will launch that and then we will probably add about 100 hours of human curated content every month. Last point on the app, before I open it up is that remember that the revenue numbers that our competitors in the app business generate a minuscule. I'm told that the revenues per annum are between Rs. 2 crore and Rs. 6 crore approximately for many of these competitors of ours. Now for us, we believe that this is an easy hurdle to cross because of the solutions business that we run. We know clients, we know their needs in the audio product business. We have been giving them audio solutions. We are now going to be giving them app solution. We believe that this is a revenue hurdle that we can cross reasonably quickly. I think that is the reason why we're so optimistic about our app business. When we launch in May end, we will give it a month to get feedback in India. We will be mounting a marketing exercise starting approximately from June. We will of course keep you informed about it. With that I'd like to open the questions. I've got Sanjay with me over here. He's our Head of Finance and both of us will be happy to take your questions. So, Lizann can you please open it up?

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is in the line of Deepan Shankar Narayan from TrustLine PMS.

Deepan Shankar: Firstly, wanted to check about this digital revenue contribution. So, we were expecting something closer to 20 crores kind of run rate, but we have been delivering only 6 crores kind of run rate quarterly. Can you provide us more light on what has exactly happened and how do we plan to scale this up?

Prashant Panday: So, Deepan, in my introductory remarks I mentioned why the digital is a component of the business. It is only 6% of our revenues in this quarter. The reason I mention is that our digital business derives from our solutions business. To give you an example when we do an event called Mirchi Cover Star, a lot of the push on Mirchi Cover Star is done on using digital platform, external digital platform and also our assets on those external digital platforms. When the solution business itself falls then obviously the sub-component digital business also falls. It is just a result of that. I also mentioned in the call that it is a temporary dip because as a solutions

business and I mentioned that the solutions business grew by 33% in March. As it picks up in Q1 and Q2 going forward in this year, you will find that the digital component of the business will be back on the trajectory to 25% that we have been maintaining, we will achieve in the next couple of years.

Deepan Shankar: What is the run rate we are expecting for FY23?

Prashant Panday: I think in FY23, because the solutions businesses is growing. I think we would be expecting the earliest peak that we had hit of about 12 or 13 to be surpassed. Like I mentioned, this is on route to 25% which we should hit by about FY24 or I think FY25. Yes, I think we should be crossing the 12% peak that we have hit in the past Deepan.

Deepan Shankar: So, as you have explained about radio and solution business, gradually the improvement happens towards the fag end of the quarter and particularly on March. Have we seen such similar run rate growth in digital assets?

Prashant Panday: Yes exactly. Because again remember for us digital is made up of products which derive from the solution business as well as direct digital which is the digital solutions that we provide to clients or digital video content that we produce for clients etc. All of that is back on traction. In fact, we have had a pretty strong April, but we'll talk about that at the end of the first quarter. Yes, but to answer your question the traction is continuing in this quarter.

Deepan Shankar: Finally on this app spending per se, so the 6 crores kind of run rate will be maintained for the whole year or we will see further increase in the marketing spent?

Prashant Panday: Deepan that we are very clear about this that we would like the app to create its own user base. Now you know that there are two ways by which apps are built or digital businesses are built. One is called the unicorn strategy and the other is called the camel strategy. I'm sure you're familiar with both of these. The unicorn strategy is not something that we are keen to follow at all because that's like a gamble and there are many failures for every bit of success. Remember also that we have a successful business already operating and we are building the digital business on top of that. The approach we are going to be taking is more similar to the camel approach. Therefore, the spends that we intend to do on marketing or what is called consumer acquisition will be far more limited compared to what you would expect typically from a new digital business to happen. Our focus on the other hand is going to be on providing exceptional content which actually what defines Mirchi. We will be spending our moneys more on the people who generate content, on the content production cost itself and on app development itself. Now you will notice when you see the app is launched in India and this is again feedback where the user experience on our app is absolutely fantastic. It's not cluttered, it's very intuitive. It's also something that users are saying is very easy to use. So, our money will be spent on content and on the technology behind the app, not so much so on the marketing side. As you know the biggest spent in a new upstart business is marketing spend and that we will keep a tight control on. We hope to find a sweet spot where actually users start promoting the app themselves so that if I am a user and I like it and I talk to 10 people and I can pull 10 people in. I mean then the growth

that we are seeking in the user base. I hope that answered your question. The run rate would probably be about the same but it will be therefore tightly managed.

Moderator: The next question is in the line of Jinesh Joshi from Prabhudas Lilladher Private Limited.

Jinesh Joshi: I understand that this quarter was impacted by Omicron and hence the on-ground activities were limited. But despite that at a production expense of 25 crores is higher than 10 crores that we reported in 3Q. Can you explain the reason behind this?

Sanjay Ballabh: Sanjay here Jinesh, I am taking this question. See in this quarter when we are reporting the numbers we have seen as Prashant has already mentioned, we have got two TV properties done. One is Mirchi Music Award Hindi, one is Mirchi Music Award Punjabi. Actually, it is three and third is Mirchi Music Award South. Now these three TV properties put together when we produce them has got a bigger expenditure portion than the normal other, I would say other than the TV property solution products. Therefore, you are seeing a bigger or more action expenses in the Q4.

Jinesh Joshi: Secondly can you help me with the capacity utilization figures of legacy Batch 1 and Batch 2 stations for FY22?

Sanjay Ballabh: Yes, I will provide you that. Before that just going back to your earlier question, it is also true that in the production expenses you will find another component 6.3 crores what which Prashant just informed this group now, that is related to the digital platform related expenses. That is also a component. Now coming back to your question on the capacity utilization numbers for traditional radio business, I would first like to give you the first quarter numbers and then the financial year numbers. In my top eight metrics, the growth in capacity utilization is 25.3% over the same quarter last year.

Jinesh Joshi: Sorry to interrupt. I don't want the growth numbers. If you can share the utilization number that would be more helpful.

Sanjay Ballabh: For the Q4 FY22 top 8 stations, I had a number of 104%, for 27 stations I had a capacity utilization number of 88.8%, for my batch one stations I have a capacity utilization of 76.3% and for my batch two stations I have a 29.9% of capacity utilization.

Jinesh Joshi: And for full year if you can share that corresponding numbers?

Prashant Panday: And Jinesh while Sanjay is calculating those numbers, I just wanted to make a small point, bring to your attention that the growth in the next couple of years is expected to be more driven by capacities and volumes and less by pricing. Therefore, I wanted to just recalibrate your expectation of volumes. Normally we take 13 minutes per hour as our benchmark volumes and then we express our capacity utilization figures basis 13 minutes per hour. Now the reality in the marketplace is that during season, the radio stations operate at somewhere around on peak days and peak weeks before Diwali or before New Year and those kind of, before Ganapati in Mumbai

and those kind of seasons at typically about 250% to 275% capacity utilization which is approximately 30 minutes of advertising or 31-32 minutes of advertising. We believe that current number that Sanjay will give you for FY22 there's a big room for volume expansion left in the radio business still.

Sanjay Ballabh:

For the full-year number Jinesh in my existing 35 stations the capacity utilization stands at 74.7% out of which top eight markets accounted for 81%. I mean that kind of capacity utilization we had. In batch one stations, we had 31.4% for the full year and in batch two stations we had 26.5%.

Prashant Panday:

So, Jinesh just to bring my logic, my earlier argument back to the front over here that 81% in the top eight stations; if we could sell equally well throughout the year that 81% could become even 250% if we could sell throughout the year. Now what is it that we do not sell very well? We don't sell Sundays very well. We don't sell Saturdays as well as we do Monday to Friday. We don't sell April-May-June-July-August as well as we sell in the remaining months because of seasonality. And television by the way sells uniform inventory throughout the year. If we can improve the selling process in the whole radio industry then the volumes are set to rise and there is enough headroom available for growth from volumes alone.

Jinesh Joshi:

If I remember correctly in the last call, we had mentioned that the Mirchi digital app was supposed to be launched in India around March but I think in the initial comments you mentioned that the timeline has been revised to May, if I heard it correctly. Any specific reason for a delay and is the May launch pretty much on track?

Prashant Panday:

Yes, the app is ready. It is under testing in within our own internal user group. We also decided to wait for a little longer for the reactions to come from the international markets. Therefore, we are now actually fully ready to launch. While we have mentioned that May 30th is the date that we are looking at approximately launching, that's simply because we are trying to add a little more content. Then there are a couple of more features which are under development but we are ready to launch even today. I think we will choose a date between today and end of May to launch.

Moderator:

The next question is from the line of Sumit Rathi from Axis Securities.

Sumit Rathi:

I just wanted to check this run rate of Rs. 6.3 crores on digital or our strategic initiative expenses towards digital platform? Can we expect the similar kind of a quarterly run rate for the next few quarters?

Prashant Panday:

Well, a similar question was just asked sometime back and I mentioned that we will be keeping a tight lid on the marketing expenses on the app but yes you can expect something similar like this number to happen on a quarterly basis in the year coming ahead. A little less, a little more, that kind of thing.

Sumit Rathi:

Which should even out on a yearly basis like quarterly they can be here and there, up and down?

- Prashant Panday:** Approximately, yes.
- Sumit Rathi:** Can you give us a breakup of core solutions and the radio revenue which we achieved in this quarter? I understand the growth rate in the radio was around 7%-8% which was impressive but what exactly was that number? Can you give us that?
- Prashant Panday:** Sumit, it's there in the investor presentation, that deck that we have sent you. But I'll just give it to you that out of Rs. 99.4 crores revenue 65.9 was core radio and 33.5 was solutions and the radio grew at 7.6%, the solutions business was down by 11.4%.
- Sumit Rathi:** Yes, in the core solutions which is comprising of digital? No, solutions we have to write traditional and digital both?
- Prashant Panday:** There are three components in our solutions business. One is what we call multimedia solutions which is basically when we develop a solution for a client, we use more than radio. We use multiple mediums. It may be digital, it may be television, it may be on ground, it may be whatever. So, we use multiple media. So, we call that multimedia solutions. The second component of the solution business is what we call IP Solutions which is as on ground or activation that we carry to television for amplification etc. that's called the IP business. Like the Mirchi Music Awards happen or a lot of events on ground that happen. The third component of solutions is what we call digital content solutions which is where we design solutions for our clients which are primarily digital-led. And they may use videos, they may use audio solutions, they may be on public platforms, they may be on our platforms, they may be using external influences, they may be using our own internal influences etc. They may also be using many other products which are available in the market. For instance, we use Gaana very often. We sometimes use other audio platforms as well. All of that is called the digital content solution business. These three solutions, these three components make up together the business and then there is the radio business.
- Moderator:** The next question is from the line of Vishal Bagadia from Roha Asset Managers.
- Vishal Bagadia:** I had one question on the digital side, on the app side of the business. What would be the content cost which would be incurred by us as a budget on the app side?
- Prashant Panday:** So, Vishal, content is made in two ways. One when we hire a content team. We have a lot of people who are now hired by us and they make content. There it is reported as HR cost rather than content cost. And then there is content that we produce externally like when we launch our app in India there will be a few marquee shows that we will be putting on the app. These are externally produced by celebrities and by other production houses. Those are reported as content cost. In general, our philosophy is that we will be using both of these models but our focus will be on trying to create most content in-house. Now remember that at the end of the day there are 350 creative people already working in the radio business, already accounted for in terms of their salaries in the radio business itself. Therefore, whatever extra content we can produce from our existing resources to that extent comes to us free of cost and therefore in a blended cost basis the

more the percentage of content produced internally, the less the overall content cost to the company. That is going to be our philosophy but we will be picking up marquee shows and iconic shows from the market.

Vishal Bagadia: So, on the content which we would acquire externally, it would not be a much of a cash burn for us?

Prashant Panday: When we are launching, we are launching with a few marquee shows using celebrities and some of them are expensive to be honest but that's more to be the marketing launch cost rather than pure content cost. But the good thing about the audio business is that even externally produced content is not necessarily very expensive. Also remember that we offer a lot of production facilities on our own. Even externally produced shows will cost us much lesser than they will cost a normal platform, a platform that does not have the infrastructure of a radio company. To answer your question very specifically we expect external content cost to be reasonably tightly controlled.

Moderator: The next question is from the line of Karan Taurani from Elara Capital.

Karan Taurani: My question firstly was pertaining to the monetization of your digital app in India and globally? So, of course you have got this advertising which you will be playing on your app but what about the pay-base mechanism? Are you exploring some monetization obviously there as well?

Prashant Panday: Thanks Karan for your question and it's good to have you on every investor call. So, really appreciate that. Now answering your question, the app will have several modes of monetization. One of course is the advertising that comes on the content that we put out and remember that pure advertising on the audio apps business; in fact, even on the music apps is very limited. Therefore, I don't expect too much revenues to come from pure audio advertising on the app. But like I mentioned, the bigger the way to get more advertising on the app is to provide it as a part of a solution, a larger solution to a client's marketing needs. If an advertiser has certain marketing challenges and when you're developing solutions to overcome those challenges, many times there are situations where the client can benefit from having his or her own audio solution or an app-based solution. We've been doing that content generation for many years now. We have expertise in that particular area. To give an example if there's a client and who wants to let's say communicate with his, it's an HR initiative and they want to communicate with their 1,00,000 employees who are there on their various campuses around the world. I mean we can develop a solution based on our app and make it available to them on the app. We have other ways of generating revenues apart from pure audio advertising. I think that is our core strength because we've been doing solutions for many years and we will build on that. Then there is also the transaction model, which is remember at some point in time we will be adding commerce to our app. We're already experimenting in that area but we are some distance away from launching any of that at this point in time. But at some point, in time we will be doing that and therefore there will be revenues which will come from transactions. There can be transaction-based revenues even on the audio stories that we have, even on the radio station that we will put out,

on the music that we'll put out etc. That is another model that we will certainly be looking at. There's of course subscription at some point in time depending on the kind of how the market evolves. I'm told that even in the audio OTT piece, there are some 70 million paying subscribers, many of them who come through the telecom tie-ups but they generate subscription revenues in their book. If the market opens up as it has in various countries around the world then that also will become a revenue source for us. But primarily to begin with I would expect most revenues to come from our solutions approach, a strength that our competitors do not have.

Karan Taurani: This is more of an extension of your solutions business?

Prashant Panday: Well, I would say that it is built on the strength of the solution business.

Karan Taurani: My second question was in terms of content cost. So, you've mentioned Rs. 6.5 crores as a cost but does that also factor in the music royalty cost? Because the music royalty cost is very high on digital. So, are you going on MG basis?

Prashant Panday: Karan, we don't have, we are not likely to offer music in India because of the same reason that you mentioned because the music royalty costs are phenomenally high and then we don't have any intention of becoming one more music provider in an already cluttered market. So, when it comes to music products, we have music products that we are launching on other existing platforms. For instance, we have 17 radio stations already available on Gaana. If there's a music aficionado who loves Mirchi curated content then he or she can pick it up on Gaana or on other music OTTs. We have many podcasts and many music playlists which run on Spotify as well. So, yes, as far as music is concerned it's not going to be the mainstay or not even going to be there on our app, unless we're able to strike some deals with the film producers or with the labels or whatever it is. Then and only then will we do it. But otherwise, we are not planning to be like another music OTT app.

Karan Taurani: Globally, I think one of the reason mentioned that globally you will be launching 12 stations. So, what about the royalties there? I mean how will that work out, the math with the music labels because your live stations of Indian music will be getting played abroad?

Prashant Panday: Well Karan, that's the beauty about the international markets and something that our regulators must take note of it in India that if anybody wants to launch any radio station or any playlist in the international markets, there are very reasonable priced offers available, very reasonable priced. I will give an example. We are entering the Canadian market very soon and the entire music royalty that we would pay for the first year because we are just to startup and I don't think we will even cross 1 million streams in Canada in the first year; would be some \$5,000 Canadian in a full year. I mean just imagine that and compare that with what happened with India where the labels will start by asking you Rs. 10 crores-Rs. 20 crores just as minimum guarantees. So, it is sad. Just imagine that it is so sad that in India you don't get any radio stations online. Amazing isn't it while anywhere else in the world you go, FM radio stations will simulcast on the online platform. Something that the regulator in India should take note of but to answer your

question in international market, music royalties are far more reasonable and that is what we are tapping when are expanding our footprint globally.

Karan Taurani: I just hope that something happens because this is actually just very unfair in terms of radio is getting charged at a high royalty on the digital platform.

Prashant Panday: Absolutely and that is why there is some legal action we have started; we are hoping that the courts will provide us some amount of reasonable settlement on that issue. Will take some time but the process we have begun already.

Karan Taurani: What is your view on this entire IPRS-PPL thing in terms of traditional music royalty you believe an uptick could happen over there or it's like status quo as of now?

Prashant Panday: As far as I'm concerned that matter is now settled because the IPAB ruled on the matter. They set rates for 1 year and they provided the basic construct on the back of which the rates would be gradually extended year-after-year. The extension matter is now in the Delhi High Court, it is being heard. We have requested that the rates now be set for 5 years or longer but the broad structure and the hard work has already been done by IPAB. I think that the same structure would continue in the next 5 years. As far as I'm concerned, as far as sound royalties are concerned, the rates have already been fixed. Now as far as performance royalties are concerned, again various courts over the years have ruled very clearly that users like us do not need to take the license at all for my IPRS because remember what are we doing? We are playing just recorded music, just play from out from a CD or from a track that the label makes available to us. We are taking license from the sound recording bodies and we pay them. We don't pay to the performance societies. Lizann, if there are no other questions then I think we should let the entire Investor Community have a nice Saturday.

Moderator: We don't have any more questions in the queue.

Prashant Panday: Okay good then we can call this meeting to an end. If I may just summarize and say that if there are any more questions that you would like to have then our contact information is there in the presentation deck and we would be happy to put out the answers to your questions. Thank you very much and have a great weekend.

Moderator: Thank you. Ladies and gentlemen on behalf of Entertainment Network India Limited, that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.