Shemaroo Entertainment Limited

Q3 FY15 Earnings Presentation

Executive Summary

Overview

- Shemaroo Entertainment Ltd is a well established and reputed media content house in India, with activities in Content Acquisition, Value Addition to Content and Content Distribution.
- The company was co-founded by Mr. Budhichand Maroo as a book circulating library in 1962, and moved on to setting up one of India's first movie video cassette rental business in 1979.
- Over the years Shemaroo has become one of the largest independent content aggregators in India, distributing its content through different existing and emerging media platforms like Broadcasting channels, new media platforms like mobiles, internet etc, Home Video, In flight entertainment etc.
- The company got listed on both NSE and BSE on 1st October 2014 and has a market cap of around INR 4,648 Mn.

Business

- Shemaroo acquires content with either Perpetual rights (complete ownership) or Aggregated rights (limited ownership)
- The company distributes and monetizes this content across different media platforms.
- The current content library stands at 2,918 titles as on 31st July 2014, with 759 Perpetual rights and 2,159 aggregated rights

Notable Content Library

- **Perpetual Titles (Hindi)** – Amar Akbar Anthony, Anari, Dil, Disco Dancer, Ishiqiya, Khuda Gawah, Namak Halal
- **Aggregated Titles (Hindi)** - Mughal-E-Azam, Jab We Met, Don, Anand, Sarfarosh, Shahenshah, The Dirty Picture

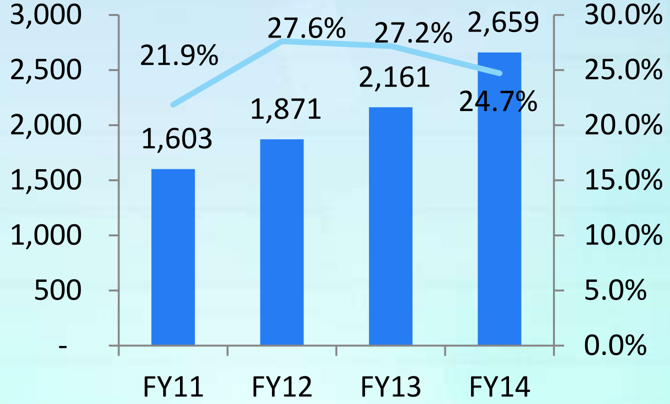
Financial Performance

- **Total Income** in FY14 reported at INR 2,659 Mn; 3 year CAGR of 18%
- **EBITDA** in FY14 reported at INR 657 Mn; 3 year CAGR of 23%
- **Net Profit** in FY14 reported at INR 270 Mn; 3 year CAGR of 25%

About Shemaroo

- Founded in 1962 as a book circulating library, today Shemaroo is an established integrated media content house in India with activities across content acquisition, value addition to content and content distribution.
- The company is headquartered out of Mumbai and employees over 300 people.
- **The Company is one of the largest independent content aggregators with over 2900 title rights which it distributes across various existing and emerging media platforms.**
- Identifying that movies have the longest shelf life for television and other media content, Shemaroo pioneered the movie library syndication business by acquiring movie titles from producers and distributing it to broadcasters and other media platforms.
- Shemaroo has grown multifold over the years by developing excellent relationships with producers and also the broadcasting networks, thereby becoming the largest organized player in a historically fragmented industry.

Total Revenue and EBIDTA% (INR Mn)



Perpetual Rights

Business Model

Complete Ownership Rights | **In-House Creation** | **Limited Ownership Rights**

Perpetual Rights – Complete ownership rights for distribution across all geographies, platforms, and perpetual periods

Aggregate Rights - Rights limited by either period of usage, platforms, geography or a combination thereof

Content Library

- Hindi Films
- Regional Content
- Music
- Special Interest Category
- New Media Focused Content
- Other Content

Monetization Platforms

New Media

- Mobile
- Internet
- Other Platforms

Traditional Media

Broadcast Syndication

- Satellite
- Terrestrial
- Cable

Home Video

- VCD
- DVD
- Blue Ray

Others

- In - Flight
- Overseas
- Etc.

Q3 FY15 Consolidated Financial Highlights

Particulars (INR Mn.)	Q3FY15	Q2FY15	Q-o-Q	Q3FY14	Y-o-Y
Revenue from Operations	873	850	*2.7%*	857	*1.9%*
Other Income	4	3	*33.3%*	7	*(42.9)%*
Total Revenue	**877**	**853**	***2.8%***	**864**	***1.5%***
Total Expenses	674	640	*5.3%*	691	*(2.5)%*
EBITDA	**203**	**213**	***-4.7%***	**173**	***17.3%***
EBITDA Margin (%)	***23.15%***	***24.97%***	***(182) bps***	***20.02%***	***313 bps***
Depreciation	11	9	*22.2%*	8	*37.5%*
Finance Cost	34	63	*(46)%*	50	*(32.0)%*
PBT	**158**	**141**	***12.1%***	**115**	***37.4%***
Tax	56	52	*7.7%*	41	*36.6%*
PAT	**102**	**89**	***14.6%***	**74**	***37.8%***
Share of profit/ (loss) in associate company	-2	-3	*33.3%*	26	*(107.7)%*
PAT after adjustments	**100**	**86**	***16.3%***	**100**	***0.0%***
PAT Margin (%)	***11.40%***	***10.08%***	***132 bps***	***11.57%***	***(17) Bps***
Diluted EPS	***4.6***	***3.9***	***17.9%***	***5.01***	***(8.2)%***

9M FY15 Consolidated Financial Highlights

Particulars (INR Mn.)	9MFY15	9MFY14	Y-o-Y
Revenue from Operations	2,367	2,113	*12.0%*
Other Income	10	13	*(23.1)%*
Total Revenue	**2,377**	**2,126**	***11.8%***
Total Expenses	1,765	1,644	*7.4%*
EBITDA	**612**	**482**	***27.0%***
EBITDA Margin (%)	***25.75%***	***22.67%***	***308 bps***
Depreciation	28	22	*27.3%*
Finance Cost	160	138	*15.9%*
PBT	**424**	**322**	***31.7%***
Tax	141	116	*21.6%*
PAT	**283**	**206**	***37.4%***
Share of profit/ (loss) in associate company	**-1**	**-2**	***50.0%***
PAT after adjustments	**282**	**204**	***38.2%***
PAT Margin (%)	***11.86%***	***9.60%***	***226 bps***
Diluted EPS	***12.93***	***10.27***	***25.9%***

New Media

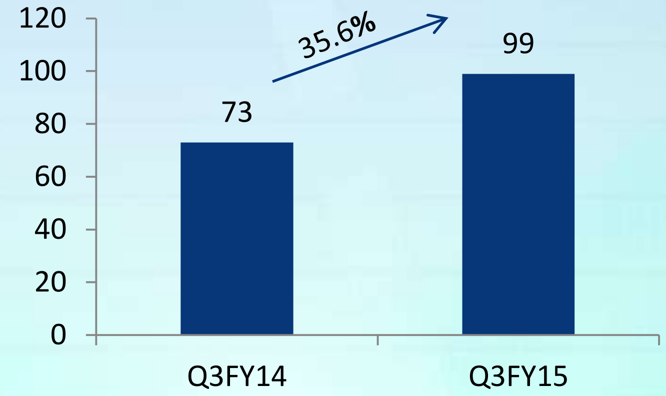
Description:

- In 2005, Shemaroo was one of the first Indian media companies to syndicate its library in the high growth new media platforms, thereby garnering first mover advantage.
- The company caters to all types of revenue models like pay per transaction, subscription, advertisement supported (free to consumer) etc.
- Due to its large library ownership Shemaroo has the ability to slice and dice content and package it in different ways that are more suited for the new media platforms.

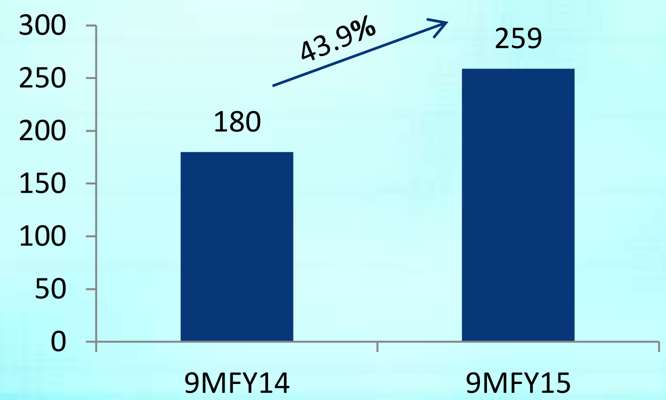
Q3FY15 Key Highlights:

- YouTube has launched an offline feature which is designed to help increase content consumption in Indian conditions
- Deployed movies on Facebook for users to watch on a paid basis
- Closed agreement with Samsung for ‘Club Samsung’ app for India & South West Asia.

Q3FY15 Revenue (INR Mn)



9MFY15 Revenue (INR Mn)



Traditional Media & Services

Traditional Media Vertical Includes – Broadcast Syndication, Home Entertainment and Others

Broadcast Syndication:

- Shemaroo acquires content on perpetual or aggregated basis and then syndicates its library to Broadcasting channels.
- Shemaroo has a diverse content library, which it syndicates rights to various broadcasting channels.

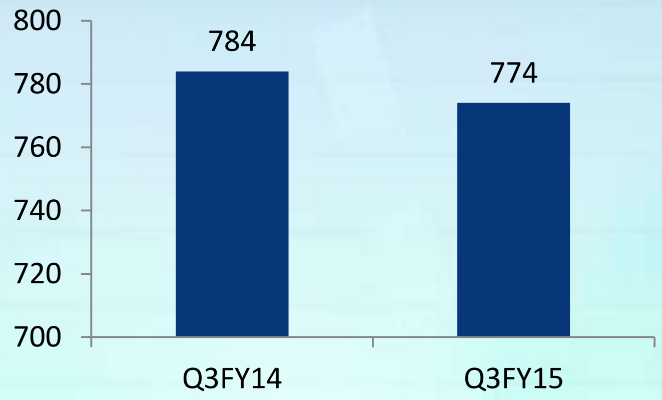
Home Entertainment:

- The legacy Home Entertainment business vertical of Shemaroo has helped it to garner the legacy of becoming a nationwide well known and accepted brand.
- Over the last few years the trend in the Home Entertainment industry has been migrating from physical to digital formats which is how the company is also positioning itself

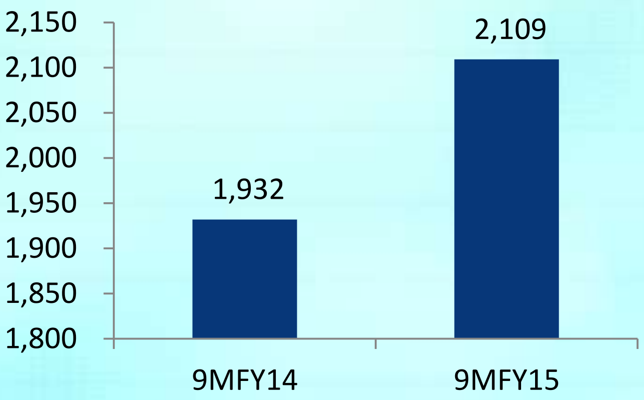
Other Media:

- Shemaroo also distributes its contents to other media platforms like Airborne rights for in-flight entertainment, International Film festivals, overseas etc.

Q3FY15 Revenue (INR Mn)



9MFY15 Revenue (INR Mn)



Historical Consolidated Income Statement

Particulars (INR Mn.)	FY11	FY12	FY13	FY14	9M FY15
Revenue from Operations	1,582	1,820	2,147	2,646	2,367
Other Income	20	51	14	13	10
Total Revenue	**1,603**	**1,871**	**2,161**	**2,659**	**2,377**
Total Expenses	1,252	1,355	1,574	2,003	1,765
EBITDA	**350**	**516**	**587**	**657**	**612**
EBITDA Margin (%)	***21.9%***	***27.6%***	***27.2%***	***24.7%***	***25.75%***
Depreciation	27	29	30	30	28
Finance Cost	153	193	183	192	160
PBT	170	294	374	435	**424**
Tax	32	80	128	165	141
PAT	138	214	247	270	**283**
Share of profit/ (loss) in associate company	-0	-8	-11	1	**-1**
PAT after adjustments	**137**	**206**	**236**	**271**	**282**
PAT Margin (%)	***8.6%***	***11.4%***	***11.4%***	***10.2%***	***11.86%***
Diluted EPS	7.07	10.86	11.87	13.68	12.93

Historical Consolidated Balance Sheet

Equity and Liabilities (INR Mn.)	FY13	FY14	H1FY15	Assets (INR Mn.)	FY13	FY14	H1FY15
				Non Current Fixed Assets			
Shareholders Fund				Fixed Assets			
Share Capital	198	198	272	Tangible Assets	343	332	301
Reserves and Surplus	1,286	1,546	2,826	Intangible assets	8	9	
Net worth	**1,485**	**1,744**	**3,098**	Intangible assets under development	1	0	
				Total Fixed Assets	**352**	**341**	**301**
Non Current Liabilities				Non Current Investments	88	89	90
Long Term borrowings	2	101	4	Long Term Loan and Advances	9	8	11
Deffered tax liabilities	51	85	75	Trade receivables	34		
Long tem provisions	5	6	11	Other Non Current Assets	0	0	0
Current Liabilities				**Current Assets**			
Short Term Borrowings	1,099	1,411	1,800	Inventories	1,465	2,005	1,719
Trades payables	90	306	665	Trade Receivables	709	1,406	2,392
Other Current Liabilities	179	380	430	Cash and cash equivalents	11	9	1,407
Short Term Provisions	43	89	142	Short Term loan and advances	270	243	271
				Other Current Assets	15	22	34
Total	**2,953**	**4,124**	**6,225**	**Total**	**2,953**	**4,124**	**6,225**

Disclaimer

No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation. Such information and opinions are in all events not current after the date of this presentation. Certain statements made in this presentation may not be based on historical information or facts and may be "forward looking statements" based on the currently held beliefs and assumptions of the management of Shemaroo Entertainment Limited (“Company” or “Shemaroo”), which are expressed in good faith and in their opinion reasonable, including those relating to the Company’s general business plans and strategy, its future financial condition and growth prospects and future developments in its industry and its competitive and regulatory environment.

Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, financial condition, performance or achievements of the Company or industry results to differ materially from the results, financial condition, performance or achievements expressed or implied by such forward-looking statements, including future changes or developments in the Company’s business, its competitive environment and political, economic, legal and social conditions. Further, past performance is not necessarily indicative of future results. Given these risks, uncertainties and other factors, viewers of this presentation are cautioned not to place undue reliance on these forward-looking statements. The Company disclaims any obligation to update these forward-looking statements to reflect future events or developments.

This presentation is for general information purposes only, without regard to any specific objectives, financial situations or informational needs of any particular person. This presentation does not constitute an offer or invitation to purchase or subscribe for any securities in any jurisdiction, including the United States. No part of it should form the basis of or be relied upon in connection with any investment decision or any contract or commitment to purchase or subscribe for any securities. None of our securities may be offered or sold in the United States, without registration under the U.S. Securities Act of 1933, as amended, or pursuant to an exemption from registration there from.

This presentation is confidential and may not be copied or disseminated, in whole or in part, and in any manner.

Valorem Advisors Disclaimer:

Valorem Advisors is an Independent Investor Relations Management Service company. This Presentation has been prepared by Valorem Advisors based on information and data which the Company considers reliable, but Valorem Advisors and the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded. Valorem Advisors also hereby certifies that the directors or employees of Valorem Advisors do not own any stock in personal or company capacity of the Company under review.

For further information please contact our Investor Relations Representatives:

VALOREM ADVISORS

Mr. Anuj Sonpal
Valorem Advisors
Tel: +91-22-6673-0036/7
Email: anuj@valoremadvisors.com