



“Shemaroo Entertainment Limited
Q3-FY24
Earnings Conference Call”
08th February, 2024



ANALYST:

Mr. Anuj Sonpal – Chief Executive Officer - Valorem Advisors

SHEMAROO ENTERTAINMENT LIMITED

MANAGEMENT

: Mr. Hiren Gada – CEO

: Mr. Arghya Chakraborty- COO

: Mr. Amit Haria- CFO

Shemaroo Entertainment Limited
Q3 & 9M FY24 Earnings Conference Call
February 08, 2024

Moderator: Ladies and gentlemen, good day and welcome to the Q3 and Nine Months FY24 Conference Call of Shemaroo Entertainment Limited, hosted by Valorem Advisors.

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 Ms. Purvangi Jain from Valorem Advisors. Thank you and over to you ma'am.

Purvangi Jain: Good afternoon, everyone and a warm welcome to you all. My name is Purvangi Jain from Valorem Advisors.

We represent the Investor Relations of Shemaroo Entertainment Limited. On behalf of the company, I would like to thank you all for participating in the company's Earnings Call for the Third Quarter and Nine Months Ended of the Financial Year 2024.

Before we begin, a quick cautionary statement. Some of the statements made in today's concall may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to the management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings conference call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Now, I would like to introduce you to the management participating with us in today's earnings call and hand it over to them for their opening remarks. We have with us Mr. Hiren Gada – CEO, Mr. Arghya Chakravarty – COO and Mr. Amit Haria – CFO. Without any further delay, I request Mr. Amit Haria to start with his opening remarks on the financial highlights. Thank you and over to you, sir.

Amit Haria: Thank you Purvangi. And good afternoon everyone. And welcome to our earnings call for the third quarter and nine months ended for the financial year 2024. Let me first start by giving

you some of the key financial highlights after which our CEO, Mr. Hiren Gada will give you some of the operational highlights.

For Q3F Y24 the revenue from operations stood at around INR 156 crores, which witnessed a growth of around 4% on year-on-year basis. EBITDA loss for the quarter was around 18 crores and net loss was reported at approximately INR 30 crores. For nine months ended for the financial year 2024 revenue from operations stood at INR 508 crores representing a growth of 30% year-on-year. EBITDA stood at approximately seven crores, net loss was INR 26 crores. With regards to the new initiatives in Q3 FY24. The expenses amounted to about 28 crores, while for nine months ended for FY24 it was about 71 crores. And if you were to adjust for this investment, the adjusted EBITDA from the existing operations in Q3 in nine months would have been approximately INR 11 crores and 78 crores respectively.

Digital Media revenues for the third quarter stood at around INR 65 crores up by 8% year-on-year while for nine months ended for the financial year it was around 185 crores witnessing a growth of around 8% year-on-year. Traditional media revenues for the third quarter stood at 91 crores which grew by around 1%, while for nine months it stood at 323 crores witnessing a growth of roughly 47%.

Now, I would request our CEO, Mr. Hiren Gada to give you the operational highlights for the period under review.

Hiren Gada:

Thank you Amit and good afternoon everyone.

During Q3 24, the overall sentiment, particularly rural demand continues to remain weak, resulting in lower advertising spend across the entire sector. Challenges within the startup ecosystem persisted during the quarter, contributing to reduce advertising spend, especially on the digital platform. In addition to the above a significant portion of advertising budget was allocated to the World Cup and state elections impacting overall advertising spending on other entertainment categories. About 1/3 of the advertising spent during the World Cup has been contributed by major FMCG advertisers, typically known for their substantial investment in entertainment categories and not sports. There were more thrilling World Cup matches drew attention away from other entertainment options resulting in decreased viewership across most non-sport categories. Due to this, the company faced twofold challenge reduced viewership, and muted advertising revenue across both traditional and digital businesses.

In addition to the above. Plans, investments for made in content, people and marketing to capitalize on the festive quarter which further put pressure on the margins. Moreover, when some plan B2B closure, disclosures also which occurred in Q3, the revenue realization was deferred to subsequent quarters which is current and next quarter. So, which also impacted the revenue growth. The company has already undertaken several cost rationalization measures to address the external advertising slowdown. And we are confident that these

efforts will yield positive results in the upcoming quarter. However, we believe that until the rural demand picks up, advertising trends will continue to remain under pressure. This is the overall big picture context under which the operational and financial performance has come in.

On other operational aspects on Shemaroo front we released 13 new Gujarati titles during the quarter, with content across movies, web series and plays including digital world premiere of blockbuster movies Bau Na Vichaar and release of original web series Goti Soda Season Four. On YouTube with 67 million subscribers, Shemaroo Filmi Gaane is the 23rd most subscribed channel in the world.

As far as the broadcasting business is concerned, we launched original programs across the channels so we launched on Shemaroo TV, a mythological show called Karmadhikari Shanidev and on Shemaroo Marathi Bana we launched Pratap Manasi Supekar. Shemaroo GEC channel have a viewership share of around 7.6% in the overall Hindi GEC genre. On the Web 3.0 ShemarooVerse, which is the first official Metaverse platform on Android devices and desktops, and we are partnered with Sandbox to create immersive experiences for various Shemaroo IPs on the Sandbox Metaverse.

With that, I open the floor for a question-and-answer session.

Moderator: Thank you very much sir. We will now begin the question-and-answer session. We will take the first question from the line of from Dhaval from DVT Capital. Please go ahead.

Dhaval: Hiren, in terms of the expenditure that company has done, and the losses that we have done in new initiatives, they are significantly higher than what you had earlier guided so, was it that you were taken by the extent of slowdown and the surprise in the revenue which just did not come in or the expenditure just shot up for us much more than our expectation?

Hiren Gada: No, that's a good question. The first scenario is what paid out. So, as I even alluded to in my opening remarks that the planned investments played out but the revenue shortfall was significantly lower than the budget or the expectation. So, therefore, the gap kind of shot up. It's mainly going to the revenue gap.

Dhaval: So, when I look at not only the digital, not only the broadcasting piece, where I can understand a large portion of revenue did go to World Cup and some of the other things. But even in digitally, if you look at the kind of viewership, it kind of flattened out and significantly lower than what it was post COVID. But it kind of, we have stopped seeing growth in that as well in terms of viewership which is kind of impacting our revenue even in digital media. For now like three, four, five quarters our revenue growth in digital media is like single digits which is kind of very low. So, would you try to explain there?

Hiren Gada: So, the revenue growth in digital media, actually this year which has been the challenge, but as far as viewership, so there are two parts to this. So, revenue growth has happened, we have actually till FY23 there has been a level of revenue growth in the digital media. But the FY24, has been the challenge because the large component of various digital video platform which primarily comprises of YouTube, Facebook, etc., they all have been very flat in terms of their monetization and revenues. And secondly, second point was on the viewership side. So, viewership this is still I would say the adjustment of post COVID probably playing out is what we can gather and this is a phenomenon which is playing out broadly in the entire digital media per se. It's not just these, from what we hear from various OTT platforms in terms of their numbers, viewerships, etc., it's all been on a lower trajectory and that, while it is all a new normal compared to what it was pre COVID and all. Finally, the consumption growth at some point will start kicking in that's how I would look at it.

Arghya Chakravarty: Just want to add few things here Dhaval. You are right as the headwinds on the advertising, front did impact broadcast significantly in the last quarter. But also from a digital point of view, there are two things happened, World Cup saw unprecedented levels of viewership, especially with the kind of performance that India did right up to the finals. Also, the fact that it was free, and hence even on the and Facebook viewership, for those times got significantly affected. Also, in a soft advertising environment with the major cricket advertising by advertisers in the form of gaming companies and auto world so and so forth, the gaming companies have not really been in advertising for external other reasons. So, some amount of advertising in digital and on broadcast which is done by FMCG companies that also moved towards cricket. So, it has been a double whammy in that sense this quarter.

Dhaval: Right. And my last couple of questions within that, first one the employee expense, if you look at the employee expense cost curve is significantly higher like we were last year same quarter 21 and change across last quarter 28 and something and now 31. So, every quarter there is 10%, 15% jumped in employee expenditure, which is kind of unprecedented in our history, and it is actually much higher than any other company in the industry. So, what's happened, and I understand you are employing more people for newer things. But in a timeframe where revenue is a challenge, do we look back and kind of scale down on such expansion?

Hiren Gada: So, couple of things, firstly about one and a half year back roughly we embarked on this whole significant shift and upgrade in terms of professionalization and various aspects related to that. Also, the future that we saw for media entertainment in the economic backdrop, we believe that the opportunity is humungous and it is the best way to play this and if we have to play this on the front foot, the best way to scale up is through having a significantly professionalized team driving the entire thing and therefore, we invested and I have discussed this quarter-after-quarter and we invested significantly in dialing up the teams and people. Now, a lot of those joining which has happened has kind of happened into in fact, into this Q3 when the last of that significant addition has happened, which was on planned and appointments happened earlier, closure and joining. At this point, we expect that, and this is not an investment which

further short term this is investment for the long term and we are as of now we believe that we are broadly reached end of poor peak or about peak of that team size, quality, etc. So, from here, I don't expect it to further go up significantly, what obviously as the new journey they are settling in, and starting to contribute on various fronts, etc., we are definitely seeing that and as economy also recovers on the consumption side, we believe that we will be much more strongly poised to take advantage of that.

Dhaval: Sure. Last question is on borrowings, our borrowing even in last few months has gone up and with the operating performance, how much will it be like 315 crore is the last reported one, but what will be the current debt?

Hiren Gada: Our September, okay Amit will.

Amit Haria: So, current debt is at 362 crores. We expect this to come down by around 8 or 9 crores in terms of utilization of limits, but we would be closing at around 350 crores for the year.

Dhaval: And September was 332?

Amit Haria: Right.

Dhaval: Hiren, I understand the challenging environment, but the balance sheet detrainment is like really fast for us. So, how comfortable are you, would it be fair to assume that this now is surely peak debt for us?

Amit Haria: Like Hiren mentioned that, we were kind of taken aback with the kind of slowdown in the revenue and hence we had to support the business with the extra borrowing to continue for the same. And with the austerity measures that we have taken place, it should be the peak debt. At the max it can increase to 360 or around.

Dhaval: Sir we already are at 360.

Hiren Gada: So, Dhaval, this 360 odd number whatever is there, I'm very confident that this would be the peak because of course few factors have played out to throw us off that in this quarter. And including some of the B2B deals, etc., that we have in the pipeline, they will all, they are cash flow accretive. So, we are very, very confident that from here, in fact we had intended to repay and reduce rather but because of this challenge that seems unlikely in this financial year that, we are very conscious about this. We have stayed confident, we have invested more than 80% of the investment has come out of internal accrual, and we don't expect this. In fact, we are confident that this is the peak.

Dhaval: And last, what is the inventory as of now, it was 738 crores as of September?

Amit Haria: It is 727 crores for quarter ended December.

Moderator: Thank you. The next question is from the line of Dhwanil Desai from Turtle Capital. Please go ahead.

Dhwanil Desai: Sir my first question is, so if I look at on the larger picture perspective, the overall construct is that, whatever effort that we are putting in into building this broadcasting business, but a large part of our profitability and revenue is kind of driven by external environment, while the cost is something which we are currently increasing every quarter. So, given this construct, if the external environment is not favorable, let's say for two years we don't know how the future plays out. So, given that, how do you guys look at this construct given the balance sheet shape that we are in with 360 crore of debt, where we were actually earlier thinking that we will reduce that by 30 crore, so it's increased by 20, 30 crore. So, given all this, don't you think it's a good idea to consolidate first and then go for more aggressive scaling up of the business?

Hiren Gada: Yes, I agree with you. And that's exactly what we alluded to. So, when you understand one thing, the constraints of this quarter, this was a festive quarter, so festive quarter is when everyone expects the revenue to be at the peak. So, therefore the investments are also plan to peak in the festive quarter. And since that didn't happen, it's a double whammy that kind of resulted. Having said that, if the advertising scenario doesn't improve, obviously since the quarter went away it did, immediately we have put in a lot of measures to mitigate all of that. And strategically we are putting in place our next year business plan and operating plan for the next year. And we will be looking at the whole approach in a far more, relatively more cautious way, having said that, there are two things. So, one is, more or less how long this rural and advertising slowdown will last, because there are three, four different factors which have contributed to that. But at the same time, we don't want to end up taking a drastic measure, which ultimately impacts the long term opportunity that we all believe. And, if we just take a step back, so the question is, from a big picture point of view, we are making also look at it from that point, I would add, if India is looking to grow from a \$3.5, \$4 trillion economy to \$5 to \$7 trillion, kind of number then without consumption picking up, that's really not going to happen. And for consumption to pick up, and as and when consumption picks up, advertising grows significantly faster than that, because of obviously various reasons related to that. So, structurally if we all believe that this is a part of the economy. And whether a 7% kind of GDP growth rate or 10% to 11% nominal GDP growth, then without consumption growth, that's really not going to happen. So, considering that we also don't want to take a step which kind of compromises on the ability to take that, so we have to balance out both. And I fully agree with you, we are very, very cognizant of that. And, given the context, however as I said, in a short timeframe when the revenue expectation, the revenue shortfall is so high or the market challenge is so high, to fully turn the shift around and do it within a few days is never possible. It does take its own set of time.

Dhwanil Desai: No, that part I fully understand. I am saying more from let's say two, three, four quarters perspective, I understand that on a quarterly basis you can't reduce suddenly that part is fully understood. My point is more that generally long term opportunity you guys are convinced

that is what you are trying to achieve. But generally good companies do manage short term also by taking technical decisions. And that's what I'm alluding to that.

Hiren Gada: Yes. So, that we have already taken. So, for example, we have a couple of shows on our broadcast TV channel, et cetera. So, that blade we have already taken measures to do that, Arghya wants to add.

Arghya Chakravarty: Yes, so Dhwanil the point is, and I understand your point and appreciate what you are saying. The only thing is, we have already taken as Hiren said we have already taken certain measures to tactically manage the situation right now. But, in the broadcast business, especially original business takes time to get built and completely taking a knee jerk reaction in our business. And yes, we don't know how the other world will pan out over the next couple of two, three quarters. But at the end of the day, we believe in the long story in the longer story of the economy, and the way we are poised right now with our channels around that. We will be prudent, we will be careful with the quarter, but we will maintain the shift in a manner that we are able to cash in whenever the demand goes up.

Dhwanil Desai: Okay, fair enough. So, since last quarter there was a World Cup and those kind of events, do you think that Q4 will be slightly better at least both in terms of viewership and ad spend on the entertainment channels. And since we are already embarked on cost cutting thing?

Arghya Chakravarty: So, Dhwanil viewership yes, but from an advertising point of view unless as Hiren said in his opening comments, unless the rural economy and the consumption really opens up there will be continued stress on asset. So, that we are now fully convinced that this pressure will stay for some more time. Yes, viewership will improve, but that will translate into monetization is something that we are not very, very confident of what is happening in the next one or two quarters.

Moderator: Thank you. The next question is from the line of Maan Vardhan Baid from Laurel Advisory Services Private Limited. Please go ahead.

Maan Vardhan Baid: Just quickly wanted to understand, the World Cup got over sometime in November. And we have seen two months, December and January post the World Cup. So, just wanted to understand what's the monthly run rate on the revenue in these two months so that one can kind of iron out what sort of the World Cup factor and kind of and same thing on the cost front also for these two months what is the operational cost metric moving like, in September we were doing approximately 65, 66 crores of sort of operational revenue on a monthly basis in the September quarter which is probably down to 50, 51 in this quarter. So, just wanted to understand where we are in December and January so that this world cup thing?

Hiren Gada: So, one analyst break up the revenue part into two things. Firstly, so one is we have the deal based B2B business, and then there's a B2C business. So, one of the challenges was that this

quarter was that the B2B deal were differ to Q4 for that will come in one or two large deals where we are expected to come in in the Q4. So, that is there but the B2C part of the business which is has a monthly run rate, that rate which normally so for example, to give you an different example YouTube normally, December is the highest month of the year. But in this case this year, December was probably at par with November. And what has happened, again to bring back the point with which we started the opening comments is that, because of significant allocation of expenses for the World Cup, a lot of advertisers budgets have kind of been consumed or diverted towards that spent, so then their remaining spends have been tepid or lower actually, and that has impacted. And that is what, Arghya was also alluding to that the spends. So, while our, for example on YouTube, our viewership share metrics, operating metrics are phenomenally good December we probably closed YouTube with one of the highest viewership shares on most of our categories that we have had in many months. But the translation of that, on revenue front due to these challenges, the startup ecosystem, etc., because of that, the translation into revenue has not happened or given the broadcast viewership ratings and all while they do fluctuate from time-to-time, but in general they have been trending upward over the last few weeks. Again, translation of that, on revenue front is relatively under indexed due to the adverse external environment. Now this external environment, whether it turns around in a few weeks or a few months no one is able to guess that and in a few read, here most of the people in the consumer business, they all are facing a challenge of demand and which is kind of translating into their own discretionary spends and things like that.

Moderator: Thank you sir. We will take the next question from the line of Prashanthi Duvvuri from Wealth First. Please go ahead.

Prashanthi Duvvuri: So, my first question is that, how reasonable is it for us to expect probably like a 24% growth quarter-on-quarter for the next quarter to achieve the FY24 revenue targets, like this is about 700 crores that is my first question. And the second one is more generic, that in the presentation properly that you provide in this presentation, is it possible for you to include more financial data and numbers for Shemaroo in general, and not generic data that is relevant to media industry. That would be really helpful.

Hiren Gada: Okay. So, to answer your first question, we have never given forward guidance on revenue and profitability, but nine months we overall have grown at around at nearly 30% on a year-on-year basis on top line. So, if the momentum is maintained that number then it's an arithmetic calculation. But, we hope that we are able to maintain momentum. Second question regarding the thing we have noted your suggestion and Amit.

Amit Haria: Sure, we will look into it and we will get back.

Hiren Gada: We will try and improve that.

Prashanthi Duvvuri: So, my first question is more on like, given that the rural demand is weak, and we also cannot really predict how it will be going forward, it might change in the next few months or a few weeks. So, is it possible, how possible is it to maintain the same momentum 20%, 30% both for Q4 or would you expect it to be better probably in FY25, that's what my question.

Arghya Chakravarty: So, there are various parts of our business, we have heard Hiren when he said that there is a, we have a B2B business also right. So, which is a lumpy deal-based business. So, some of our deals which were supposed to happen in Q3 have got deferred to Q4 for various operational, very mundane reasons but has got deferred so it got switched on in Q4. So, to that extent, those deals will deliver a certain kind of run rate, but in terms of the B2C, to really predict whether we will be able to grow at 29%, 24% right now is a difficult for us to say but we will see how far we can go. If you see that our full year number is at 29% growth, but our quarter growth is at 4.6%. So, there has been definitely a first half is growing at about 40%. So, that's growth has come down. And we will see how the quarter goes and as I said we do not expect the overall B2C part, which has the advertising lead business, to really kick in very strongly. As long as all the factors that Hiren has talked about one is being shifted. So, we will keep our figures cross and see, right now very difficult to predict what is the quarter one, quarter growth going to be.

Moderator: Thank you. The next question is from the line of Yash Kukreja from Equitree Capital. Please go ahead.

Yash Kukreja: Sir, my first question is, in the last quarter, we have reported a revenue of around 200 crore despite the low at demand, but this quarter we have revenues fell to 156 crore. So, and I understand also this was mainly because of World Cup, but IPL is also lined up from the March. So, how do we look at it, and sir second is, in our investor presentation two factors have been mentioned. One is reduced ad spends, and second is lower viewership. But on a contrary, our viewership has actually gone up from 7.4% to 7.6%. So, how do we look at both of these things?

Hiren Gada: Sorry, what was your first question?

Yash Kukreja: So, sir my question was, IPL is also lined up from March, so how do we look at the demand scenario?

Arghya Chakravarty: So, Yash first question you talked about YouTube with 200 crore and 199 crores and Q3 being 156 something like that, that was your first question?

Yash Kukreja: Yes.

Arghya Chakravarty: As you remember again, this has been said and as I said we have two different parts over business be very different, there is one B2C, and there is one B2B. B2B continues to be a deal based business. So, for example, our syndication business these are all B2B business this is not

deal based. So, in Q2, we had large lumpy deals both at a domestic as well as at international level in terms of B2B.

Amit Haria: In fact, we had shared that in the presentation also that good amount of that or the growth has been contributed by the B2B side of the business.

Arghya Chakravarty: Correct. In our last concall, investor call in H2 after quarter two, we had called that so that was one of the big reasons there, if you look at from a B2C business there are not multiple change. Going forward, I feel it's something that we have, so World Cup was something which was that kind of viewership and there was not really planned for, we were thought by a little surprise and more than World Cup in a while, World Cup is coming out as a theme, but more than World Cup it is the overall reduction in the ad spend, softening of the ad spends is where the problem really lies. So, the similar issue will happen in, and we are obviously.

Hiren Gada: However, I would add here that IPL is a, in many ways IPL is a planned event. World Cup comes once in four years, IPL is an annual event. So, the entire ecosystem, is prepared for it in the sense that there are a lot of advertisers who typically participate in cricket they plan their budgets and allocate budgets for IPL and within their overall budgeting framework. And even the programming, etc., so new show launches that are normally get deferred to post IPL, et cetera. So, on cost and revenue front the entire ecosystem now is used to IPL and plans around IPL in general. So, of course and World Cup on the other hand, is a once in four year event and having said that, I would also add that the actual viewership and revenues of spends on World Cup actually were lower than IPL. But it's just the fact that, in the tepid advertising environment, they took away money from traditional entertainment advertisers, who were themselves facing a slowdown, so that really kind of put everything flat.

Yash Kukreja: Got it. And my second question is, considering the deferral of the revenue recognition from the B2B segment, can we see an uptick in the Q4?

Hiren Gada: Yes, we are quite confident that will happen.

Arghya Chakravarty: On the B2B front.

Yash Kukreja: Got it. Sir my last question is, as far as our new investments are concerned out of the total outlay of 75 crore, we had already spent 43 crore. So, how much have we spent in Q3?

Hiren Gada: So, we said that the total is 71. So, we spent in this quarter 28 crores. So, the nine month is at 71, while we had projected 75 crore. In fact, that was a very first question on today's call that, the number has gone up, is it because of higher cost or lower revenue and I replied to that, that it is because of lower revenue.

Moderator: Thank you. The next question is from the line of Animesh Modi, an Individual Investor. Please go ahead.

Animesh Modi: This quarter numbers are not up to the line and expectations, as we all know. But my question is that, though income is not in the hands of the company. But as far as planned expenditures are concerned. We have already planned for this current year, so it's fine. But what we expect into the coming quarter or coming next financial year is that, how much planned expense we are going to make, and do we have any policy, that some percentage of the revenue we spent for planned expense, or it's just one number basis. This is my first question. And I will have one more question later.

Hiren Gada: No, I fully agree with you. And as I alluded in the opening statement also that we have taken a lot of corrective measures which are short term tactical measures to at least bounce back in the fourth quarter as much as possible. Our next year's annual planning exercise is underway. So, I'm not in a position to comment too much on that, but in terms of the thought process, I can tell you, what we have been applying and I don't think that will change is it, we will based on key business's, plans we will see where the overall position lands up and based on that what is available for us to invest plus to, we have a stated intent of bringing down the debt exposure. So, with all of that combination, we would look at really how much we have available to invest and how we want to fit into that. That's one now, that availability of investment, etc., is all of course based on various performance ratios and financial margins, etc., of each of those businesses so it's ultimately it's a well thought out planning exercise that kind of flows through of course, it all assumes certain market conditions. If that market condition doesn't play out, then obviously we this is what happened in this quarter.

Animesh Modi: That's correct, because see if income is not in our hands, but we can also plan in our existences so that we can make our margins intact. And next question is, what is the current status of the GST search happened and what we are, can you give some more light on this?

Amit Haria: So, there is an investigation going on by the GST department there is actually no other progress as such but there is an internally the paperwork, documentation, etc., is going on other than that, there is no movement as such from the last stated position.

Animesh Modi: Because, the demand has been raised by the department whatever.

Hiren Gada: No, there is no demand that has been raised till now.

Animesh Modi: It may be some figure that has been there from 17 crore?

Hiren Gada: Some press has given some figures and all of that, which we don't know anything about that, there is no official demand raised by the department. With this quarter there would be some

details, etc., that we have cooperated with giving them but as such, the next step has not yet been taken by the department.

Amit Haria: So, no formal demand letter or communication from department regarding and stated demand has come in.

Animesh Modi: Fine. So, there is no show cause notice has been issued?

Hiren Gada: Not yet. We will announce, as and when we get that we will be announcing. We don't know how long it takes and what is the procedure, but at some point we will have a show cause notice. And we will of course, which we will contest and all of that. But, we will announce it as and when it comes.

Moderator: Thank you. The next question is from the line of Dhwanil Desai from Turtle Capital. Please go ahead.

Dhwanil Desai: So, Hiren, the question is that, the cost structure that we have built, is it fair to assume that in order to make a reasonable EBITDA margin, our revenue has to be upward of 900,000 crore then only we can make 15%, 17% EBITDA margin because that's what it appears like. And a corollary to that question is that, so in terms of to achieve that number do you think that with the current viewership share and ad market normalizing, we should be able to get there or we need to be even higher in terms of viewership share to get to that number where we can make respectable margins?

Arghya Chakravarty: Dhwanil, this is Arghya here. I don't know where you got that number from, profitability obviously depends on various things in terms of how many originals, there is a lot of stuff, it's not any really unilateral. First of all, the biggest thing is, what is the demand supply situation in the market in terms of advertising as well as content from a content point of view. With a letter, if the demand really, comes from demand, if the demand is good enough, at even lower GRPs with lower original shows, you can monetize much better so the rates go up as a function of the advertising demand. So, that is one piece, secondly in terms of our, we have a massive content library with us, how well we are able to monetize it during our various B2B deals, what are the kinds of margin success we are able to connect. Secondly, we have embarked on our previous an aggressive plan of international syndication, which would mean syndicating content from global market and for selling it to global markets, what is the kind of margins we make, so it's a function of various things. So, I will not go into that. The point is, as somebody asked in the middle, we have taken some tactical measures to ensure that we become more prudent and cautious while we do not sacrifice the overall, long term picture and we are growing in that path. And as Hiren has been saying in multiple calls I heard him say, we believe in that this seasonal economy is going to 5% to 7% economy, if that happens which we strongly believe that it will, it has to be a consumer consumption and it is a function of demand and that will translate into advertising. So, we are saying, we could have chose maintaining the right, we

want to increase our viewership share irrespective of anything else and whether the market comes down, goes up, whatever happens we want to increase our viewership share, we want to become a much bigger viewership share channel so that objective does not stop. So, I don't think these two are related, but at what number we will be profitable and all that, I don't think that is such a straight line.

Dhwanil Desai: Okay, got it. So, on nine-month basis, how is our broadcasting business as a bouquet is it breakeven doesn't look like but I still want to confirm with you?

Hiren Gada: No, it's definitely not in breakeven position, a large part of this investment of 71 crore has gone into the broadcast within this quarter itself 28 crores what you are seeing, flat part of that has gone into the this thing so that is definitely the gap on that business, having said that as I mentioned in between that for example we have pulled back on a couple of shows on some of the other cost aspects and all of that. So, we are taking corrective measures, but as you can appreciate, you can't abruptly stop a show, you have to reach a logical conclusion, etc. So, all of that takes its own time to play out, we worked out some innovative model with some commercial model with some production houses to further reduce. So, there are a lot of measures that already, we have taken and again I would actually go back to someone in between us regarding the people, if this people asset we can very confident will not only turn this ship around will actually take the business significantly way forward, and they are excited about the whole future and everyone understands that this is a speed bump, but everyone is extremely passionate and I would say diligent and very committed to achieve what we all have collectively set out to achieve. That if you ask me is undoubtedly the sentiment amongst our key team.

Dhwanil Desai: Good to hear that. The only reason I asked this question is, because we were to break even in second half of FY23, and it doesn't look like we will break even in FY24. So, going forward, are we kind of discussing that how to break even in FY25 or it will always be a function of external environment?

Arghya Chakravarty: No, not really. So, let me without, we are getting into our ASP process right now Dhwanil. So, how we issued things and how we did that are under discussion right now. Yes, I will say a large part would still depend on external environment, but having said that, we can there are tweaks which you can do to your overall positioning of the channel where you want to play, how you want to play, there are various ways of managing it, we are really looking at that and we always want to make the business profitable obviously, that is the objective. But, we will continue to hear the external factor but whatever is the internal possibilities and the ways and means of rejigging the channels and the various GCM models that we are thinking of, there are other ways of controlling which we are in the process of planning right now.

Dhwanil Desai: Okay. And last question. We were to launch a new channel in this year, are we still on course or we are kind of relooking that?

Hiren Gada: So, we deferred it obviously given the market conditions and all of that, so we are ready with the channel setup, but we deferred it obviously because of market conditions and we will soon be launching it.

Moderator: Thank you. The next question is from the line of Maan Vardhan Baid from Laurel Advisory Services Private Limited. Please go ahead.

Maan Vardhan Baid: Just wanted to understand in our existing broadcasting channel, how many hours of content are we sort of playing without the reruns?

Hiren Gada: So, your question is on original programming?

Maan Vardhan Baid: That's right.

Hiren Gada: So, on Shemaroo TV, we have three shows, which are original, we have two mythological and social mytho and one is a crime show, which is a one-hour show. On Shemaroo Umang we actually at peak we had five shows, which we have brought down to two and we will probably so we are launching one more show next to next week, which has actually just been announced it is being launched with, actually Balaji Telefims is the producer. So, that's a show we are launching next to next. So, we will probably, we are evaluating but looks like we will probably close the year with three shows, coming down from the five that we picked at. And on Marathi, we have two shows.

Maan Vardhan Baid: Okay. So, just wanted to understand, since sort of a three to two to one, these are very meager numbers in terms of shows on these channels. So, sort of what would attract an advertiser to come and advertise on these channels and besides.

Arghya Chakravarty: I don't think that is the correct thing to say whether these shows are good or those shows are good, I don't think that's the way to look at it. And that's not how it works, we have had channels working at great numbers. And, we have four or five particular shows, so I don't think that is the question, which is also a function of the various qualities of the shows that we run and the kind of programming that you do. Remember, we also syndicating lot of content and a lot of syndicated content is also first time coming in the market. So, let us not just assume.

Hiren Gada: Yes, so structurally, fundamentally advertiser looks for audience. So, that is what is the important thing, so it doesn't matter whether you have one original, two original or no original so, for the first two year we had no original when we were establishing, when still we had viewership and revenue. So, it's actually advertiser look for audience finally, so how we are programming with a combination of originals, reruns and syndicated content is really about, how we are able to attract the audience.

Maan Vardhan Baid: Okay, fair enough. Okay, so maybe I understood it wrong. So, if we were to club all these categories together, and without repeatability of any of the content, I just meant to understand what is the sort of the content that is for the number of hours that is being run which is not being repeated again, for example the same content which tends to be repeated during the day and that was the original part of this content.

Arghya Chakravarty: All content is all channel, Maan Vardhan. So, all content in all channel is repeated. All the primetime shows, whether I have two shows or five shows or six shows, this will not be limited to the day time. So, we have a day part, this is called day-part so they are all repeated. So, you will not have shown that are not repeated. The question should have been actually how many original shows we are running.

Hiren Gada: So, as I said earlier that, we run with syndicated or license content as well as original and repeat of original, that's how the programming mix happen. And actually, what I would advise you is that if you can probably go through our programming, you can see our channel live on various platforms, all our channels are live on various DTH and cable platforms. So, you can actually see the programming to understand. So, for example in the morning you have a bhakti part and various programming slots based on audience consumption preferences and our own channel programming, strategy, etc., that we have.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the management for closing comments. Over to you sir.

Hiren Gada: Thank you so much. Thank you everyone for attending the Q3 call. And, of course, it has been a tough quarter and we hope and are very confident that it doesn't disturb the long term picture and we are fully on track for the long term picture. Thank you so much and see you in the next quarter.

Moderator: Thank you members of the management. On behalf of Shemaroo Entertainment Limited, that concludes this conference. We thank you for joining us. And you may now disconnect your lines. Thank you.