



Entertainment  
Network (India)  
Limited



# mirchi unlimited

ANNUAL REPORT 2018-19



# corporate information



## board of directors

(As on May 30, 2019)

**Mr. Vineet Jain**  
(DIN: 00003962)  
Non-Executive Chairman

**Mr. N. Kumar**  
(DIN: 00007848)  
Independent Director

**Mr. Ravindra Kulkarni**  
(DIN: 00059367)  
Independent Director

**Mr. Richard Saldanha**  
(DIN: 00189029)  
Independent Director

**Ms. Sukanya Kripalu**  
(DIN: 06994202)  
Independent Director

**Mr. Prashant Panday**  
(DIN: 02747925)  
Managing Director & CEO

**Mr. N. Subramanian**  
(DIN: 03083775)  
Executive Director & Group CFO

## management team

**Prashant Panday**  
Managing Director & CEO

**N. Subramanian**  
Executive Director & Group CFO

**Tapas Sen**  
Chief Programming Officer

**Yatish Mehrishi**  
Chief Operating Officer

**Rahul Balyan**  
Chief Digital Officer

**G G Jayanta**  
Chief of Staff

**Preeti Nihalani**  
Chief Revenue Officer

**Vivek Kulkarni**  
EVP & Head HR

**Kaizad Irani**  
SVP & Legal Head

## company secretary

**Mehul Shah**  
SVP- Compliance &  
Company Secretary

## auditors

**S. R. Batliboi & Associates LLP**  
Chartered Accountants  
(ICAI Firm Registration number -  
101049W/ E300004)

## legal advisors

**Singh & Singh Law Firm LLP**

**Khaitan & Co.**

**Halai & Co., Advocates &  
Legal Consultants**

## bankers

**HDFC Bank Limited**

## registrar & share transfer agents (R&TA)

**Karvy Fintech Private Limited,**  
Unit: - Entertainment Network (India) Limited,  
Karvy Selenium Tower B, Plot 31-32,  
Gachibowli,  
Financial District, Nanakramguda,  
Hyderabad - 500 032.  
Phone: 040-6716 2222, Fax: 040-2343 1551,  
Toll Free no.: 1800-345-4001.  
E-mail : [einward.ris@karvy.com](mailto:einward.ris@karvy.com)  
Website : [www.karvyfintech.com](http://www.karvyfintech.com)

## registered office

**Entertainment Network (India) Limited,**  
CIN: L92140MH1999PLC120516,  
4<sup>th</sup> Floor, A-Wing, Matulya Centre,  
Senapati Bapat Marg, Lower Parel (West),  
Mumbai - 400 013.  
Phone: 022-6662 0600, Fax: 022-6661 5030  
E-mail: [enil.investors@timesgroup.com](mailto:enil.investors@timesgroup.com)  
website: [www.enil.co.in](http://www.enil.co.in)

## corporate office

**Entertainment Network (India) Limited,**  
14<sup>th</sup> Floor, Trade World, D wing,  
Kamala Mills Compound,  
Senapati Bapat Marg, Lower Parel (West),  
Mumbai 400 013, India.  
Phone: 022 6753 6983.



## corporate overview

002

financial  
highlights

004

mirchi  
unlimited

008

mirchi unlimited  
digital

009

mirchi unlimited  
original content

010

mirchi unlimited  
on ground

012

mirchi music  
awards

019

mirchi unlimited in  
the awards circuit



020

letter from the  
managing director

022

board of  
directors

## reports

025

notice

050

board of  
directors' report

095

report on  
corporate governance

120

management  
discussion & analysis

## financial statements

135

independent  
auditor's report

144

balance sheet

145

statement of  
profit & loss

146

statement of  
changes in equity

147

statement of  
cash flows

149

notes forming part of  
the financial statements

185

form **AOC-1**

186

independent auditor's  
report on **consolidated  
financial statements**

194

**consolidated  
balance sheet**

195

consolidated statement  
of **profit & loss**

196

consolidated statement  
of **changes in equity**

197

consolidated statement  
of **cash flows**

199

notes forming part of the  
consolidated financial  
statements



# financial highlights

## key figures

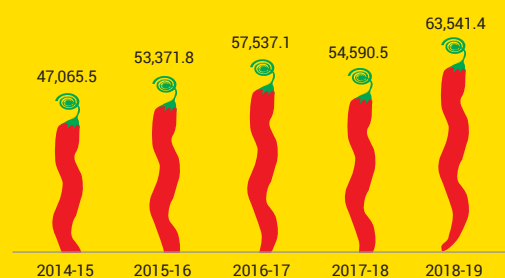
(₹ in Lakhs)

Particulars	2018-19	2017-18	2016-17	2015-16	2014-15
<b>Results of Operations</b>					
Total Revenue	<b>63,541.4</b>	54,590.5	57,537.1	53,371.8	47,065.5
Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) and Exceptional items	<b>15,474.3</b>	12,542.6	14,548.7	18,447.9	17,751.7
Profit before Tax	<b>8,366.2</b>	6,149.3	7,831.2	14,816.4	14,460.9
Net Profit	<b>5,391.9</b>	3,515.9	5,447.4	10,792.5	10,597.2
<b>Financial position</b>					
Equity Share Capital	<b>4,767.0</b>	4,767.0	4,767.0	4,767.0	4,767.0
Reserves and Surplus	<b>88,456.2</b>	83,659.2	80,699.6	75,874.7	62,690.7
Net Worth	<b>93,223.2</b>	88,426.2	85,466.6	80,641.7	67,457.8
<b>Stock information</b>					
Earnings Per Share (in ₹)	<b>11.3</b>	7.4	11.4	22.6	22.2

**Note-** Financial Information is as per applicable GAAP in reported periods.

## key performance indicators

### revenue ₹ in Lakhs



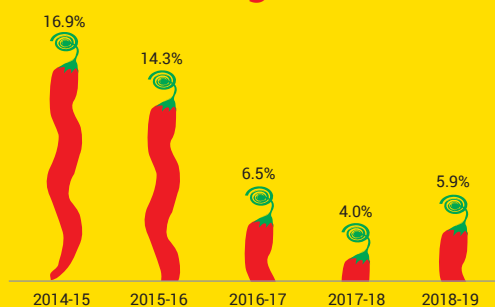
#### How we performed?

The Company reported 16.4% growth in revenue for 2018-19, as compared to previous year.

#### Why it's so important?

Gross Revenue or the Top Line, is the most important information for analysis which represents how effective we have been in generating revenues. It helps in analyzing the trend of the company's progress over a period of time.

### return on Average Net Worth %



#### How we performed?

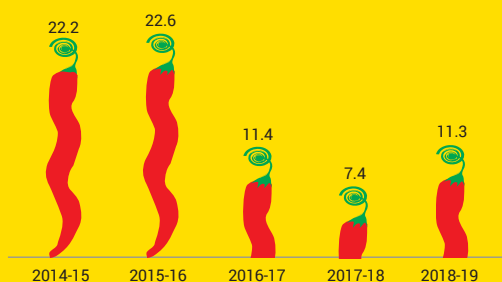
The Company reported an increase in Return on Net Worth as compared with previous financial year.

#### Why it's so important?

Return on Net Worth (RONW) is used as a measure of a company's profitability. It reveals how much profit a company generates with the money that the equity shareholders have invested. Therefore, it is also called 'Return on Net Worth'.

# financial highlights

## earnings per share ₹



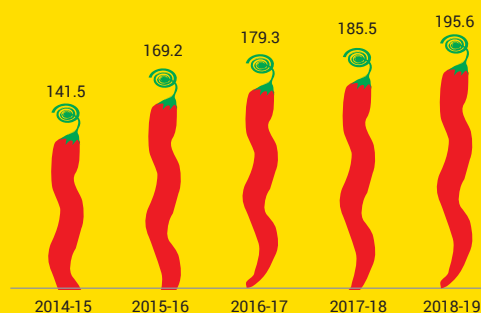
### How we performed?

The Company reported a 53.36 % increase in 2018-19 compared with previous financial year.

### Why it's so important?

Earnings per share (EPS) is the division of a company's profit allocated to each share. EPS serves as an indicator of a company's profitability per share.

## book value per share ₹



### How we performed?

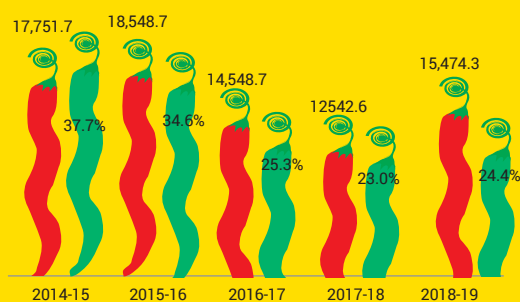
The Company reported 5.44% growth in Book Value per share in 2018-19 as compared to 2017-18.

### Why it's so important?

Book value per equity share is a vital analysis component. It indicates the value remaining for equity shareholders after all assets are liquidated and all debtors are paid. This is the base value at which stock shall be traded. Anything less than this is discount to book value.

## EBITDA (₹ in Lakhs)

### EBITDA margin (%)



### How we performed?

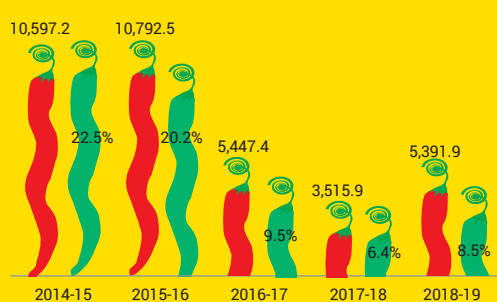
The Company reported a rise of 23.37% in EBITDA in 2018-19, in comparison with 2017-18. The Company's EBITDA Margins has increased in this year.

### Why it's so important?

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) simply is a measure of company's profitability, without the influence of financial and accounting deductions. It is now a standout component applied by investors when discussing business value. EBITDA margin is a calculation of a company's operating profitability as a percentage of its total revenue.

## PAT (₹ in Lakhs)

### PAT margin (%)



### How we performed?

The Company reported 53.36% growth in Profit After Tax in 2018-19 as compared to 2017-18. The Company's PAT Margins has increased in this year.

### Why it's so important?

Profit after tax (PAT) or Bottom Line is a measure of net profitability of the company. It helps in analyzing how effectively the company manages its spending. PAT margin is a calculation of a company's profit as a percentage of its total revenue.



# mirchi unlimited

At the heart of Mirchi Unlimited is the loud message that our users keep giving us. They see us as not limited to FM radio alone. They want us to spread our wings far and wide and take the brand into bigger and faster growing areas. That's Mirchi Unlimited.

While about 38 million of our users listen to us on FM every week, millions more consume our online radio stations. An estimated 50-60 million more watch the video content we produce and put on YouTube every month. Lacs more interact with us on-ground in our concerts and events. And an estimated 42 million watched us on TV when we put up the Mirchi Music Awards show last year.

We always said Mirchi Everywhere. Our users are saying Mirchi Unlimited.

## Not limited to radio

Even in revenues, Mirchi is not limited to radio. In FY19, FM radio revenues made up just 67% of our overall revenues. The rest came from a big and becoming-bigger "solutions" business, which comprises several products that we shall describe in the following pages.

But first let's look at how strong the radio business itself is.

In listenership, we remain undisputed leaders. India's largest research IRS, with more than 3.2 lac households spread across 95 cities, came out with brand-wise listenership numbers on May 31, 2019.



With approximately 38 million weekly listeners, Mirchi has yet again emerged as the leader in the category, with a massive 25% lead over the next player. Mirchi is No. 1 in 25 cities. In the Top 8 markets Mirchi Network is No. 1 and leads the number two player by 58%. Among NCCS A, the most premium & coveted audience for advertisers, Mirchi leads comfortably. The biggest radio market of the country is Delhi and Mirchi leads here with a mind-numbing 50 lac listeners. In the commercial capital Mumbai, Mirchi again leads with 29 lac listeners.

In terms of revenues as well, we are miles ahead of the next player. In FY19, we completed the roll out of all our stations that we acquired under Batch-1 and Batch-2 auctions. Including the 3 Ishq FM stations of TV Today Network Limited for whom we generate ad revenues, we are now a 76 station network, operating in 63 of the biggest cities. Including our online and international stations we are now a 112 station strong network.

## Radio creativity continued unabated

The secret sauce of our success obviously is our exceptional programming. The year saw the launch of several programming ideas. We launched season 2 of the hugely successful Calling Karan show with ace Director Karan Johar. The advisor to Bollywood strutted out bold advice on relationships to our listeners. Understandably, the success of this show has made us a hot choice in Bollywood

# mirchi unlimited



with many top stars lining up to do a show with us. Our other new & premium English brand Kool FM in Hyderabad also saw a glamorous launch with Farhan Akhtar.

Swapnil Joshi, the hugely popular Marathi film star, did a show with us where listeners got to share their secrets with him. Devdutt Patnaik, the mythology guru came on Mirchi and added a Mirchi twist to his content, talking about mythology as it applied to today's context. Technology guru Rajeev Makhani continued his popular show, Tech Makhani.

## Solutions – revenues not limited by radio

Ever since the global liquidity crisis broke in 2008-09, advertisers have changed their approach towards media. Earlier, they used to buy media inventory. Post 2009, they have started demanding “solutions” from media companies. Media houses have responded by setting up special creative teams which cater to the needs of the advertisers. However, most media companies develop solutions using their own medium. It is only Mirchi that develops solutions that go beyond radio and straddle all other media verticals including print, TV, OOH, on-ground, digital and social media.

We not only develop solutions for our advertisers but also execute them. This “one-stop-shop” gives Mirchi a seat on the high table with the advertiser. Increasingly, we are being briefed by advertisers much ahead of time; our solutions are being accepted much before the brief is even put out for others. Creating solutions requires a strong marketing mindset. Our senior management come from marketing backgrounds and

are equipped to engage with advertisers and develop smart solutions.

In our solutions business, we have created several products which serve the needs of our advertisers. These are described briefly

## Mirchi Activations

We have created several Activation IPs over the years. Some examples are Mirchi Rock & Dhol (garba dance festival), Mirchi Neon Run (a multi-city fun run) and Mirchi Movie Nights (private screenings of films). In each case, we organize exciting on-ground events, get advertisers to sponsor them and get people to participate by paying a small entry fee. Many events also generate F&B revenues. For advertisers, these events provide them a valuable touch point to interact with their audiences.

## Mirchi Impact properties

We have created several impact properties that go on TV. Some examples are Mirchi Music Awards (among India's biggest award shows!), Mirchi Top 20 (a countdown of the most popular songs), Mirchi Cover Star (a talent hunt for singers) and Mirchi Spell





# mirchi unlimited

Bee (a spelling competition). Here also, advertisers come in as sponsors. The show is broadcast on various TV channels. The Mirchi Music Awards are also streamed online.

## Mirchi Concerts

We are one of the biggest organizers of concerts in India, featuring some of the biggest artists in various languages. The revenue model has three components – sponsorships from advertisers, ticket sales and F&B sales. Concerts help us connect with young audiences, keeping the brand top of mind for them. In FY19, we tried our hand with two international artists – Bryan Adams and Martin Garrix – in multiple cities. There is a huge opportunity in concerts that we plan to tap.

## Online radio stations

There are 21 "original" radios that we currently stream on Gaana.com. These radios are not available anywhere except on Gaana.

In addition, we have recently launched a "city-centric" online radio station in Marathi for Mumbai. It is surprising that a city like Mumbai with a population of 1.8 Cr had no Marathi radio station. Lacs of people in Mumbai wanted Marathi content (the same is evident



from the popularity of Marathi channels on TV). Realizing this need gap, we launched Mirchi Mumbai Marathi - Mumbaicha aapla radio station, a hyperlocal Mumbai radio station in Marathi. Going by the initial numbers this seems to be a reasonable success, encouraging us to look at more niche launches to meet need gaps in the market.

We have also started streaming our FM stations on Gaana. Users who have smartphones without FM tuners can listen to their favorite Mirchi stations online. Finally, we also make customized radio stations for our advertisers, an example being "Campus Radio" that we make and operate for Britannia Good Day. It's a station that caters to the needs of college students, featuring a mix of English and Hindi music, and shows hosted by college kids themselves.

And in keeping with the trend of voice activation, our online stations are now also available on Amazon Echo – for example to play the station Filmy Mirchi, just say "Alexa play Filmy Mirchi" or to be more specific just say, "Alexa play Filmy Mirchi on gaana".

Our online stations streamed more than 400 million streams last year, reaching an estimate 3.5 million unique listeners. As opposed to music apps that generate playlists & are algorithm-led, Mirchi's strength in curating music interspersed with talk results in stations that generate high TSL (Time Spent Listening), a measure of stickiness of content.

## YouTube videos

Mirchi makes different types of videos that it puts on YouTube. It makes videos featuring film and music celebrities who come to the studios almost every







week. Our popular RJs make videos of their own for their fans. We also make videos for our clients and post them on our YouTube channels. Between our various channels, we have more than 6.2 million subscribers and we generated as many as 725 million views last year. We reached as many as 50-60 million users through YouTube, expanding the brand's footprint way beyond that provided by FM radio.

#### Original Content

Mirchi has more than 300 creative people producing radio content in more than 15 languages. But it's a versatile team, capable of producing a lot more than radio content. We are tapping into this pool and developing original video content in multiple languages. A typical "show" has 5-7 episodes of 8-10 minutes each. Many of these shows integrate brands into the storyline. These are put on our YouTube channels. Other shows have no brands but are licensed to OTT platforms like MX player and others. Both brand integration and licensing generate healthy revenues.

One of our major shows launched last year was the one featuring the glamorous Kareena Kapoor who did a show called "What Women Want". The show was run on the Mirchi network including our second channel, Mirchi Love. Our partners TV Today, for whose radio brand Ishq we generate advertising revenues, were also interested in running the show in their markets. We gave them the rights to do so on air and on their YouTube channel. The show created an unprecedented buzz. Ishq's YouTube channel grew its subscriber base from just about 30K to more than 300K.

The future for the Original Content business is very bright for a creative company like Mirchi.

#### Client videos

We regularly make videos for our clients featuring our RJs. These videos are part of the advertising package that we create for them. Clients love to associate with our RJs.

#### Podcasts

This may be a nascent business in India, but in China it is a multi-billion-dollar opportunity. In the US also, podcasts are a fast-growing business. We are early entrants into the podcasts space. We made more than 50 podcasts last year and we see this expanding manifold in the years to come. Revenues are limited at the moment, but the long-term prospects for early entrants is enormous.

#### International markets

**USA:** On January 26, 2019, we entered the biggest radio market in the world – the United States of America. We launched first in The Big Apple, New York. We also launched Mirchi in Raleigh-Durham (NC), Philadelphia (PA), Baltimore (MD), Cleveland (OH), Columbus (OH), Atlanta (GA) and St. Louis (MO) via a brand licensing agreement with a US partner. We plan to expand to other cities. The initial response from advertisers is very encouraging. Listeners also have given us a huge thumbs up.

**UAE:** In the UAE, we have a brand licensing agreement with the Abu Dhabi Media Corporation. Our strong brand name accompanied by high quality programming has taken us to the number 1 position in listenership across the Emirates. This is yet another endorsement of the unlimited potential of brand Mirchi.

**Bahrain:** Mirchi is present in Bahrain under a brand licensing arrangement with a local partner.

We plan to expand to a few more countries in the years to come.

It is clear from the above that the potential for Mirchi is Unlimited.



# mirchi unlimited digital

## The shift to becoming a digital publisher

Radio Mirchi is making a shift from merely using our digital platforms for marketing and communication purposes, to becoming a full-fledged digital publisher looking to monetize its content creation expertise. Mirchi is extending its FM content into digital, creating digital-first content, adding a digital leg to its on-ground events, and even creating digital only web-radios.

### YouTube

With 725 million views in FY19 and a subscriber base of more than 6.2 million across all our YT channels our video content reaches more people than our FM radio does. Our programming teams now create content not just for radio, but also for YT. We attract the best creative talent and have over 300+ top notch content creators in the country.

### Social media

Mirchi has grown its social media presence

to such an extent that we now see it as a monetizable opportunity. Mirchi RJs and other Social media assets have a following of over 18 million which is growing rapidly. Brands are keen to engage with the loyal followers of the Mirchi brand and the RJs. So Mirchi is able to get a share of the influencer marketing budgets that brands deploy on social media. Mirchi is giving engagement solutions to clients and some of our integrations won awards as well (Hero cycle campaign, Me for my City campaign).

### Web radio

Our partnership with Gaana helps us reach digital consumers, who are hungry for high-quality curated radio on the internet. We have been able to create genre-specific radio stations, which now engage over 3.5 million loyal listeners every month, each of whom spends over 45 minutes with our products on an average.

YouTube

725 mn  
annual viewership

gaana

300+  
content Creator

6.2mn  
subscriber base

3.5 mn  
loyal listeners

