ENTERTAINMENT NETWORK (INDIA) LTD.

Entertainment Network (India) Limited

ANNUAL REPORT 2019-20

CORPORATE INFORMATION

BOARD OF DIRECTORS
(As on June 19, 2020)

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

Nandan Srinath
Executive President

Yatish Mehrishi
Chief Operating Officer

Tapas Sen
Chief Programming Officer

Preeti Nihalani
Chief Revenue Officer

Rahul Balyan
Chief Digital Officer

Vivek Kulkarni
EVP & Head HR

G G Jayanta
Chief of Staff

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

BANKERS

HDFC Bank Limited

Kotak Mahindra Bank Limited

REGISTRAR & SHARE TRANSFER AGENTS (R&TA)

KFin Technologies Private Limited
(Formerly known as Karvy Fintech Private Limited)
Unit: - Entertainment Network (India) Limited,
Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad - 500 032.
Phone: 040-67162222, Fax: 040-23431551,
Toll Free no.: 1800-345-4001.
E-mail: einward.ris@kfintech.com
Website: www.kfintech.com

REGISTERED OFFICE:

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

CORPORATE OFFICE:

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

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FINANCIAL HIGHLIGHTS

Key Figures

(₹ in Lakhs)

Particulars	2019-20	2018-19	2017-18	2016-17	2015-16
Results of Operations					
Total Revenue	**55,335.5**	63,541.4	54,590.5	57,537.1	53,371.8
Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) and Exceptional items *	**13,627.0**	15,474.3	12,542.6	14,548.7	18,447.9
Profit before Tax	**1,880.8**	8,366.2	6,149.3	7,831.2	14,816.4
Net Profit	**1,455.8**	5,391.9	3,515.9	5,447.4	10,792.5
Financial position					
Equity Share Capital	**4,767.0**	4,767.0	4,767.0	4,767.0	4,767.0
Reserves and Surplus	**87,056.9**	88,456.2	83,659.2	80,699.6	75,874.7
Net Worth	**91,823.9**	93,223.2	88,426.2	85,466.6	80,641.7
Stock information					
Earnings Per Share (in ₹)	**3.1**	11.3	7.4	11.4	22.6

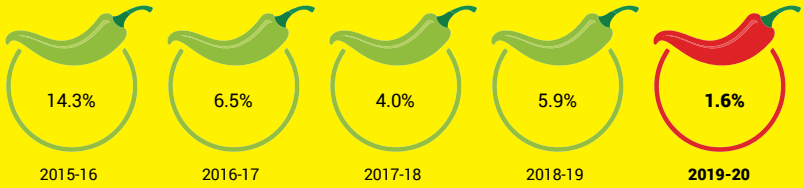
* EBITDA includes Other Income

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

key performance indicators

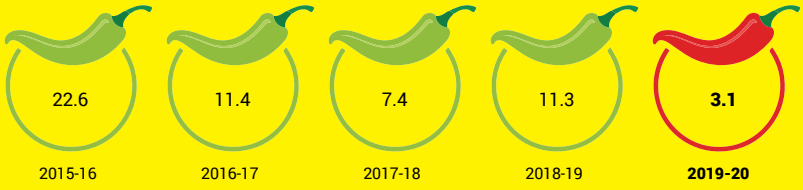
Revenue (₹ in Lakhs)

Return on Average Net Worth (%)

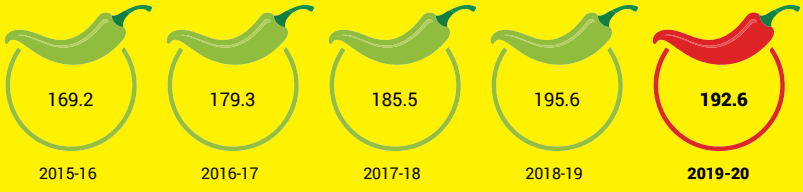


FINANCIAL HIGHLIGHTS

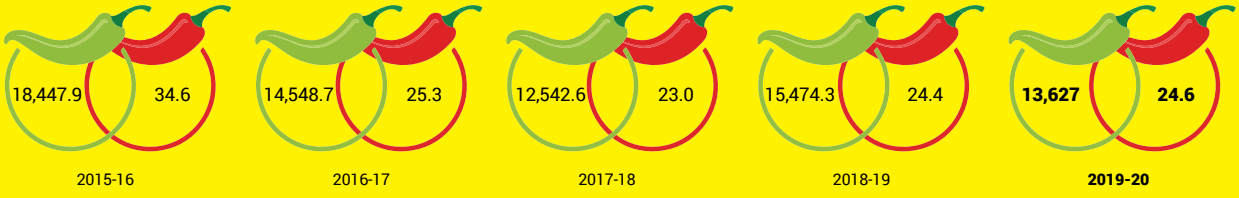
Earnings per share (₹)



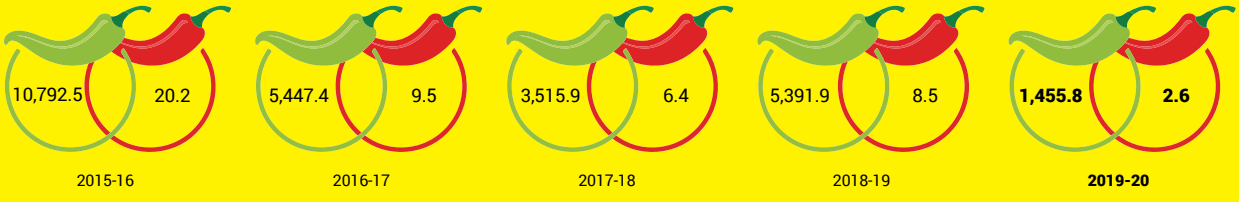
Book value per share (₹)



EBITDA margin (₹ in Lakhs) (%)



PAT margin (₹ in Lakhs) (%)



MIRCHI UNLIMITED

Spreading unlimited happiness through various mediums is the power of the brand 'Mirchi', that's why Mirchi Unlimited. Not limiting itself to just radio, Mirchi has always focused on creating several avenues to be a part of the consumer's life, regardless of the platform of consumption. Be it radio, internet, TV or on-ground, Mirchi is available everywhere providing unlimited entertainment to the unlimited Mirchi family.

This year we have taken a big step in the direction of Mirchi Unlimited. After 19 yrs of existence, the brand logo has undergone a change. From Radio Mirchi, the logo has pivoted to just Mirchi. This is the most vocal announcement of our Mirchi Unlimited strategy to the world - our listeners, our advertisers & our investors. The new Mirchi logo captures the essence of Mirchi Unlimited strategy by having all businesses including Radio as sub-brands: Mirchi 98.3FM, Mirchi Originals (original content), Mirchi Play (digital), Mirchi Live (live entertainment) etc, will follow the master brand Mirchi which is the mother brand, and much more than just Radio.

Being present on multiple platforms helps Mirchi constantly expand its user base. While a record breaking 40 million fans listen to us (and our ad sales partner, Ishq 104.8) on FM every week, millions more consume our online radio stations. An estimated 60 million watch the video content we produce and put on YouTube every month. Many more interact with us on-ground in our concerts and events. And an estimated 135 million watched us on TV when we put up our Mirchi Music Awards (Hindi edition) earlier this year.

Mirchi leads in IRS Q4 2019

Look around and Mirchi Unlimited will be a part of your life in some way or the other.

Not limited to radio

The brand philosophy of being unlimited has created diverse revenue streams for the company. In FY20, FM radio made up just 66% of our overall revenues. The other 34% came from our "solutions" business. Our solutions business is best expressed as "Hypervocal for Hyperlocal", inspired by Hon'ble PM Shri Narendra Modi's strategy of "Vocal for Local" for the country. We provide solutions in 63 Hyperlocal markets, and we use several products and tools that make these solutions hyper vocal for our advertisers. These products and tools are described below.

Firstly, let's have a look at the main business from where it all started – Radio.

We are the undisputed leaders in the FM radio business. In terms of listenership, we have remained at the top since the beginning. India's largest research IRS, conducted by industry non-profit MRUC (Media Research Users Council), with more than 3.27 lac respondents spread across 95 cities, came out with brand-wise listenership numbers for the last quarter of 2019. With 40mn weekly listeners, Mirchi, and its ad sales partner Ishq, have maintained the never-broken leadership record, with a clear lead over the next player. Mirchi is No. 1 in 25 cities, including 11 of the top 13 A+ and A category cities (all above 20 lacs in population, as classified by the Government). In the top 8 metro markets taken together (accounting for nearly 2/3rd of the FM advertising market), Mirchi is No. 1 and leads with 25% over the number two player. In NCCS A, the most premium & coveted audience for advertisers, Mirchi leads comfortably. Amongst affluent car owners, Mirchi leads. Amongst the youth, Mirchi leads. In the biggest radio market of the country, Delhi, Mirchi leads with a mind-numbing 43 lac weekly listeners. In the commercial

MIRCHI UNLIMITED

Autorani with her auto

capital Mumbai, Mirchi again leads with 35 lac weekly listeners. In both these markets, our reach is much higher than that of the number 1 newspaper brand.

We are market leaders in terms of revenues as well. In FY19, we completed the roll out of all our stations that we acquired under Batch-1 and Batch-2 auctions becoming a 73 station strong network, operating in 63 of the biggest cities. We are the sales and advertising partners with TV today Network for ISHQ FM in Mumbai, Delhi & Kolkata.

Radio creativity continued unabated:

Behind our successful radio story lies a progressive creative team called Programming. This team has been a pioneer in path-breaking concepts and shows. Some key programming highlights for FY20 are:

- **Mirchi:**
  - A new daily Marathi show on Mumbai 98.3 went on air called Autoraani Yashashri Cha Show. Its Mumbai's first daily Marathi show on radio that showcases hyperlocal news and stories from Mumbai. The show regularly features the most renowned Marathi TV and movie stars.
  - Indie Pop 10, a countdown show for label-independent music was launched this year. The show features the best music from the independent music genre and plays nationally across the Mirchi network.
  - The Devdutt Pattanaik show became one year older. It has managed to change the perception around mythology and make the subject cooler for younger audiences who not only consumed it on air but also on podcasts and social media. It remains one of the most downloaded Mirchi podcasts till date crossing the 1 lakh downloads mark. The show also picked up a bronze award at the New York Festivals for the best mini-series.
  - Amidst the lockdown, the on-air line-up was changed, and programming was tailored into being more uplifting and positive. Regular corona updates, safety precautions, happenings in respective cities, information about lockdown rules and relaxations by city authorities, etc. were broadcast. Stories of many frontline workers were highlighted and Mirchi felicitated them as Corona Yodhas.
  - Two new regional online stations were launched on Gaana - Mirchi Mumbai Marathi and Mirchi Delhi Punjabi. Both these stations are full-fledged FM-like stations with RJs talking in and the music playing in Marathi and Punjabi

Devdutt Pattanaik show wins at New York festival

MIRCHI UNLIMITED

languages. These stations have been very well received by audiences. They have been promoted by celebrities from the Marathi & Punjabi fraternity.

- **Mirchi Love:**
  - In 2019, a new story telling show called Double Shots was launched. Actors Kubbra Sait and Sumeet Vyas were the narrators of the stories. Listeners got a chance to select the ending of the stories. This was a unique concept, never tried on the radio.
  - During the Cricket World Cup 2019, a big-ticket travel-based contest, called Love in London, was broadcast. The contest gave winners tickets to the semifinal match between India and Srilanka in England.
  - Following the outstanding success of Season 1, the Season 2 of What Women Want, hosted by diva Kareena Kapoor Khan was aired. The season was hosted on the Ishq YouTube channel as well where it got a record 95 million views, making it one of the biggest digital celebrity show in India.
  - The Love network also saw the launch of two entertaining sparklers– Arnab Loveswami and Parvathy Sundaram.

Solutions – Hypervocal for Hyperlocal

Since more than a decade now, Mirchi has taken a different approach to revenue generation than most other media companies. Most companies sell plain vanilla "ad inventory" to advertisers through their media buying agencies. The media agencies buy such inventory from multiple media companies and stitch together a solution for the advertiser. Unfortunately, media agencies have very limited, if any, execution capabilities. Media agencies also are focused mostly on pan-India campaigns, while advertiser requirements are usually local in nature.

Our approach is totally different. When our sales team meets the advertiser and media agency, we ask them questions on the marketing challenge they are facing. Upon adequate probing usually, we find that there are multiple challenges. Each state/city has a different problem. We love such problems! Our sales team designs solutions to these problems, rather than sell ad-inventory. While many media companies develop solutions using their own medium, we design utions

Actors Sumeet Vyas and Kubbra Sait in the new show Double Shots

MIRCHI UNLIMITED

that go beyond radio and include digital, videos, social media, on-ground and even print, TV and OOH.

We not only design solutions but also execute them. This gives us a seat on the high table with the advertiser. Increasingly, we are being briefed by advertisers ahead of others; our solutions are accepted even before the brief is put out to others. Creating solutions requires a strong marketing mindset. Our senior sales and management teams come from marketing backgrounds and are equipped to engage with advertisers and develop solutions.

Keeping in mind the needs of our advertisers and the motto to serve them in the best possible way, we have created several products in our solutions business. These are described briefly below:

YouTube videos:

Mirchi operates 12 YouTube channels, which together have more than 10 million subscribers. These channels generate over 50 million views a month. Mirchi crossed an important milestone this year on YouTube – our flagship channel, Filmy Mirchi became India's number one independent Bollywood entertainment channel with 5 million subscribers. Another top channel, *Mirchi Murga* became India's number one YouTube channel in the pranks and humor space with 2 million subscribers.

Mirchi is making a strong push for creating a network of regional YouTube channels. Our regional channel *Mirchi Bangla* is amongst the top Bengali channels, and features one of the biggest Bengali digital properties on the internet – Sunday Suspense, based on audio stories of Satyajit Ray. Similarly, our *Mirchi Tamil channel* is one of the biggest Tamil language YouTube channels in the country. We also have very popular channels in Punjabi,

Scribbled

New YouTube channel for spoken word and poetry

Marathi and Gujarati, Telugu, Kannada and Malayalam.

Mirchi is building niche online communities through YouTube as well. Mirchi has launched Mirchi *Scribbled YouTube channel*, which is a spoken word and poetry channel and features some of the best poets of India. In the fast-growing independent music genre, Mirchi is building *Mirchi Indies YouTube* channel which features upcoming Indie artists and gives them a platform to showcase their talent. Both are multi-media properties supported by on ground and social media activities as well.

Original Content:

Given the massive shift of consumer habits towards video as a format, owing to cheap data rates and omnipresent smartphones, the Original Content business sees a bright future for itself. This arm of the company creates and monetizes consumer facing video content distributed either on Mirchi's YouTube channels via brand integration or on other OTT platforms via licensing.

One of our strengths in this business is our expertise in 13 of India's biggest regional languages. Our programming teams not only understand regional cultural cues and entertainment preferences, but also has easy access to the content creator ecosystem, including film stars, writers, directors, production houses, etc. We leverage this to create engaging and cost-effective video content in multiple languages.

The Original Content business has been scaling up gradually over the last three years. This year too saw good growth, driven by a 10 show licensing deal with MX Player across 6 languages. The team is actively

MIRCHI UNLIMITED

in discussion with other OTT players to make content for them. Brands are also in continuous dialogue with our Original Content team to explore opportunities to create engaging, yet tailor-made content which double up as effective marketing solutions.

The midterm objective of the business is to become India's largest multi-lingual content studio and it is taking small but sure steps in that direction.

Online radio stations:

We operate 24 Online radios stations on gaana.com, which is India's number one music streaming app. These stations cover a wide range of genres (melodies/Bollywood/retro/Indies/unplugged/'90s), themes (Toota Dil/drive radio) and languages (Tamil/Telugu/Punjabi/Kannada/Bangla/English apart from Hindi). In addition, we have also launched "city-centric" FM-like stations - Marathi for Mumbai, and Punjabi for Delhi. We have also been able to extend the offering of these online radios to Alexa, through Gaana skills and reach an entirely new set of audiences.

Mirchi reaches 3.7 million listeners per month across these stations, with an average engagement of over 45 mins per user. We see a huge opportunity in helping brands connect with their target groups through these specialized stations. As an example, we had created a youth-based radio station called "Campus Radio" for Britannia, to develop engagement with the youth through the year. There are similar conversations that are ongoing with other brands.

Podcasts:

A lot of audio content of Mirchi was already popular on the internet – Sunday Suspense stories, stories by Manto, audio and video episodes of our FM specials (like Murga). Mirchi now publishes its audio content across 30+ podcasting platforms. There is a push towards creating more theme-based podcasts on health, fashion, poetry, lifestyle etc. This is still a nascent format of content consumption in India, and Mirchi is committed to having a big presence in it.

Mirchi Activations:

We have created several Activation IPs (intellectual properties) over the years. Some examples are Mirchi Rock & Dhol (multi-city Garba dance festival), Mirchi Neon Run (a multi-city fun run) and Mirchi Movie Nights (private screenings of films for brands). 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 a valuable touch point to interact with their audiences.