



“Shemaroo Entertainment Limited
Q4 FY2021
Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Q4 FY21 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. I would now like to hand the conference over to Mr. Anuj Sonpal, CEO at Valorem Advisors. Thank you and over to you, Mr. Sonpal.

Anuj Sonpal: Thank you. Good afternoon, everyone and a very warm welcome to you all. I hope everybody is safe and well. My name is Anuj Sonpal, 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 conference call for the fourth quarter and financial year ended 2021.

Before we begin, I would like to mention a short cautionary statement. Some of the statements made in today’s earnings conference call maybe in 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 belief as well as assumption made by and information currently available to 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 conference call and give it over to them for their opening remarks. We have with us Mr. Hiren Gada – CEO and CFO, Mrs. Kranti Gada – COO. Now, without any further delay, I request Mr. Hiren Gada to give his opening remarks. Thank you and over to you, sir.

Hiren Gada: Hi, good afternoon, everyone. And thank you for joining today. It’s a pleasure to welcome you to the earnings conference call for the fourth quarter financial year ended 21. I hope everyone is keeping safe and well. We’ve had a very tough and challenging second wave of COVID.

Let me start by giving you the key financial highlights first. For the fourth quarter ended financial year March 21. The operational income stood at 78 crores, EBITDA for the quarter stood at 11 crores. And EBITDA margin stood at 14.3%. Net profit after tax reported was at 2.2 crore. Talking about the full financial year, entire year performance the operating income was at 311 crore, EBITDA reported was at 12.6 crore and EBITDA margins stood at 4.04%. The net loss after tax was at 22 crores.

As most of you are aware, the company has been in an investment mode with various new initiatives, hence it is important to note that expenses made on these new initiatives net of revenue for the period under review. For Q4 financial year 21, expenses on the new initiatives net of revenue were at 13 crores. And for the entire financial year it was at 58 crores. If you were to adjust for these investments in new initiatives, the adjusted EBITDA from existing operations would have been approximately 24 crores for Q4 FY21, representing a margin of 31%. And for the financial year ended FY21, the adjusted EBITDA would have been approximately 70 crores representing EBITDA margin of 22.5%.

For the fourth quarter, digital media revenues stood at around 37 crores which were down by 20% year-on-year and for FY21 ended March the digital media revenue stood at 149 crores which is down by 25% year-on-year. Traditional media revenue in fourth quarter stood at 41 crores which was down by 47% year-on-year and for FY21 it stood at 162 crores which was down by 49% year-on-year.

Though the start of Q4 21 continue to witness an upswing in economic activities, advertising and overall consumer sentiment. This was dampened in March due to the advent of the second wave of COVID. During the second lockdown there will be some impact on subscription, advertising, and syndication revenues across Shemaroo business. Although we expect that it will not be as severe and prolonged as the previous lockdown.

I'm happy to inform that even after the business got impacted during the second wave of COVID. We were able to turn around the cash flow and profitability of the company during the fourth quarter, through continuous cost rationalization. On the business side, we re-launched ShemarooMe Gujarati pack in April 2021. Thus positioning it as a premier Gujarati focused OTT service offering, with a mix of original web series, Gujarati Nataks and movies including digital first premieres. Through this we aim to serve the underserved Gujarati audience's in India and abroad by catering to the entertainment needs of all Gujarati speaking audiences on one platform.

ShemarooMe also partnered with Du in UAE and Telekom Malaysia and Digi both in Malaysia during this quarter. Further during Q4 21, while the company continued investing in its broadcasting channels, both the channels witnessed an uptick in monetization through advertisements. ShemarooTV also marked its entry into original content creation with the launch of its first production *Jurm Aur Jazbaat*. On the digital media front, we crossed 50 million subscribers on our YouTube channel, Shemaroo FilmiGaane and the channel became the 21st most subscribed channels in the world.

In conclusion, we are hopeful that now with the lifting of this current lockdown, and aggressive vaccination drive, and most of the world including India likely to go back to normalization by second half of the year, we should see a significant revival across all our business segments as well. With that, I open the floor for questions.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Dhwanil Desai from Turtle Capital. Please go ahead.

Dhwanil Desai: Three questions, the first one is, our syndication business. So, pre COVID and before the economic slowdown happened we were doing rate of around 400 crores on syndication side. So, do you think that in a year's time, we will be back to that number and if so, are you seeing any green shoots on that side in terms of broadcasters opening up dialogue or pipeline getting filled, can you throw some light on that?

Hiren Gada: Sure. So, just to correct the perception, we never did 400 crores on syndication revenue at any point in time, the numbers were significantly lower in any 12 month period. In fact, it was significantly lower than that. Just to answer your question, yes some green shoots have been visible. It's still very early days, because, let's not forget that the entire media entertainment sector suffered a big loss of advertiser revenue over this entire COVID period. So, in many cases, and considering this wave two and all of that, there is a certain, I would use the word cautious optimism to invest, but still invest with caution. We hope that and two aspects over here, one is, there is no doubt that there will be, the business will kind of restart and resume in this financial year. Now, what is the quantum right now is currently not visible or we don't have sufficient visibility on that front, but otherwise I can definitely say that business is on its way back.

In fact, to answer your other question that when it will reach those numbers, whether it will reach those numbers or not, it's too early to say. If you ask me, in terms of outlook, right now it's too difficult to say that, what is happening is that, in this period of last 12 to 18 months or even there about, the channels have consumed what I would call a lot of period of their rights that they have without replenishing those libraries. So now, many libraries will come up for renewal and expiry over the next two to three years which need to be replenished. So, under normal circumstances roughly 20% of the library would get replenished in a year's basis, but if it's not being replenished it doesn't impact you may be in that year, to that extent maybe for some more time you could hold out, but after that the pressure of good libraries getting expired comes and hits you in a big way. So, beyond that it's difficult for me to comment and give a definite outlook on that.

Dhwanil Desai: Okay, got it. So, the second question is for our two new channels that we have started and the new initiatives we have been spending money behind those initiatives. So, any roadmap that you have as to at what revenue level, what time frame, will we significantly bring down this bond rate for the new businesses?

Hiren Gada: So, if I were to give a broad roadmap on the new initiatives or the new businesses. Let me take a step back and actually talk a little bit about the thought process and philosophy behind it firstly. So, these are, fundamentally we want to connect the brand much more on a B2C

side of the business. So, that was a reason why television channel that was also now a reason why the whole Gujarati part which I explained during my opening comments, and these are initiatives, which are helping us take the brand much more wider and connected in a different way. So, television side of the business, the investment plan for this year is definitely lower than what was invested last year. And, in fact, we are hopeful tapering it off significantly quite soon. Except that, so our original plan or the business roadmap showed us a breakeven at some point in second half of the current financial year. But of course, the second wave has pushed it back. So, it's a little dynamic situation and a moving target to that extent, but suffice to say that these are investments which are quite significantly helping the brand take its next journey.

Coming to the digital side again, these are initiatives that we are or the whole Gujarati movement or primarily at this point it's the whole Gujarati cohort that we have targeted which was a clear need gap that we saw. We examined, so we looked at it in two ways one is the scalability that the market or this segment offers and second is what is our right to win. And in both cases we saw a great opportunity and that's something that we definitely are looking forward to capitalize on so and that in a way helps us secure our digital future significantly more through a direct B2C connect.

Dhwanil Desai:

Okay. A related question or follow up on that. So, if you can outline your strategy in terms of increasing viewer ship throughout our channels because both the genres that we operate in are pretty competitive a lot of existing players. So, what is the strategy to increase the impressions and viewership in both the MarathiBana and ShemarooTV?

Hiren Gada:

So MarathiBana we've in fact gained a very good consumer connect, we did some research recently and the consumer connect is pretty strong. And I would say for a channel which is just about less than 1.5 year old, 16, 17 months old, the affinity of the consumer to put it in a consideration set as far as the movie genera is concerned is very strong. And the next phase for MarathiBana is the content ramping up phase where there are some significant content tie ups that are under way and this will play out over the next two, three quarters in terms of the whole programming part, et cetera. So, that's something there's a clear roadmap on the content side in terms of newer tie ups for that. And that will of course be accompanied by a marketing push on the channel side. So these are the two key drivers for MarathiBana.

For ShemarooTV. Again, there's a whole new programming strategy particularly considering the upcoming season, advertising season in second half. That is kind of under way it's in formulation and accordingly the content tie ups, et cetera are being put in place. So we knew from the beginning and has been shared and discussed that the GEC is a longer game in terms of investment. And in terms of revenue and creating the connect with audiences. And that's something that we are cognizant of, in fact we were cognizant of right from the beginning when we started and our first initial thing was to establish the distribution, the various stabilize the channel at a certain level when we started the monetization part and now the

next phase of content, programming and marketing that's underway and being choked out with a view of the upcoming seasons.

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

Shikha Mehta: I just had a couple of questions. Sir, before your FY21 our expenses on the new initiatives were around 58 crore, which was in the P&L apart from this, was there anything that was capitalized in the balance sheet?

Hiren Gada: Some amount of content would have been capitalized in the balance sheet apart from that nothing. So all the operating expenses have gone into the P&L, only some amount of content would have been capitalized and both ways, we had existing content which was already in the inventory which was being consumed also. So that to the extent of consumption would be charged off and certain content rights which we may have bought, depending on that consumption it would have been gone into the inventory.

Shikha Mehta: Okay. And is this going to be an annual run rate around 60 odd crore give or take?

Hiren Gada: So, as I just explained to the previous person was that, the overall as we move along at some point the channel should be breaking even at which point that number should be coming off. But considering the fact that there is a continuous. So, the idea is in terms of investment these are all finally initiatives which go with the strategy of taking the business B2C and paving the way for far more sustainable growth and cash flow. And to that extent, these were made over a period of time with those thought process and we understand that on television side, there is a certain gestation period for it to actually reach those breakeven levels, et cetera. And obviously COVID has changed those numbers and timeframe to an extent. But otherwise this is an investment that is very much part of our strategy.

Shikha Mehta: Right. So, assuming towards the end of the year or towards the last quarter or so, we break even. Our quarterly run rate was around 12 odd crore this quarter and assuming the other businesses also pick up, so would that be a reasonable 12 crore and Notch of that would be a reasonable quarterly run rate for us at the PAT level. with such a breakeven mathematically?

Hiren Gada: So, mathematically what you're saying makes sense, but right now it's too early days for me to give more color on that. #A, anyway it's difficult for me to overall give a guidance, #B with considering the whole COVID situation how fast the advertising bounces back and related issues so for example right now. So, there was for example shooting was not there. So, there was a whole lot of things on supply and revenue side, both impacting the business. So, whether it will happen in that timeframe, it will get extended. So, as I said earlier also that we had budgeted for it to break even in the second half of the year. Definitely, the second wave

has pushed it back, there is no doubt about that. How much back, only time will tell and it will be very difficult for me to put a number on that.

Shikha Mehta: Right. And sir are we continuing inflow from the promoters, are we expecting them to increase their stake, because there is definitely value at these levels. So, is that on the cards?

Hiren Gada: You mean to say, capital inflows company?

Shikha Mehta: I mean to say, are we expecting an increase in promoter holding at these levels?

Hiren Gada: I am not in a position to talk on behalf of the promoters at this point in time. But, let me put it in a different way so, at this point the company doesn't need capital, we've in a way, the whole peak cycle of the cash flow I would say, so, the company doesn't need cash flow, we're very stable, even our borrowing level has remained stable, our cash flow is absolutely on a regular basis monthly, salaries or financial payouts to say, our commitments to bankers, et cetera are all being met through internal accruals on a monthly basis without a single day delay.

Shikha Mehta: It's not even from a capital infusion point of view, just there's definitely value in the company at this point from?

Hiren Gada: I cannot comment on behalf of the promoters at this point in time.

Shikha Mehta: Sir if you could speak for yourself, would you consider at this point in time?

Hiren Gada: I can talk about the company's performance; I don't think I should be talking about the view on the stock price.

Moderator: Thank you. The next question is from the line of Siddharth Mata from B&K Securities. Please go ahead.

Siddharth Mata: So first of all, how do you see these FTA Marathi movie channel which has come with Zee Chitramandir affecting Shemaroo's Marathi because in the past two, three weeks we have seen significant share dropping plus they have more movies library. So how does that effect Marathi channel?

Hiren Gada: So the viewership actually had surged during the lockdown. If you see pre lockdown viewership, the GRP was in the range of between 45 and 50. And that's where we kind of settled back with the reopening of the lockdown. So in a way, we'll know the full impact only over the next one or two weeks, whether it comes down further or not but as of now we seem to have settled in the same range where we were so, to that extent my sense is that what it has done is it has, grown the market and added more viewership to the whole thing. So there's absolutely no doubt that we have a formidable content library. And to that extent,

that will reflect in their numbers. At the end of the day for us, it's a economic proposition that based on the investment and cost that we run what is the revenue, along with that so that's the focus that we are working with and as I mentioned earlier to Mr. Desai, that we have in fact a fairly robust content infusion plan in place we've actually already moved significantly on that and some of it will roll out over the next two to three months which we'll see a visible change in the channel's positioning also and the whole content bank availability with the channel.

So, in that sense, I'm not right now seeing any drops, what I'm trying to say is that, the end of Zee Chitramandir actually what it seems to have done is that, it seem to have grown the market. And if I have to actually take a step back what we have observed on free to air and free dish is that whenever the content offering has grown and become stronger and more robust, the platform as a value proposition and an offering to consumer has grown significantly. So our estimate is that Maharashtra will see a good growth in the FTA base itself, because now there's a very strong content offering in Marathi, along with the Hindi. So, actually, we expect the market to actually grow and this is born out. So, if we go back literally five, seven years back or maybe seven, eight years back, the FTA installed was less than a million, it was only after the free dish installed of less than a million, it was only after the entry of the big four broadcasters and their respective movie channels that the free dish installed base from a million to upwards of 30 million and all estimates right now are that it has actually surged further significantly from that 30 million in the last two quarters or so.

So, on the back of great content offering that the supply creates its own set of demands. So, in that sense, we feel that it will help grow the ecosystem rather than actually taking away anything.

Siddharth Mata: Okay. And second, how do you plan to bring down your inventory because it's rising on a constant basis and secondly debt also, because if we see as you mentioned earlier that we are not planning to raise any capital. So how do you plan to pay off your debt, because as per the current scenario, net debt is really high so how do you plan?

Hiren Gada: Just to highlight, the inventory in September was 743 crores, in March it is at 730 crore. So, actually in the last six months the inventory has come off.

Siddharth Mata: No, but if we consider because it is blocking your net working capital.

Hiren Gada: I understand what you are saying.

Siddharth Mata: FY18-19 it was less than 500 or 600 crores, and now it's?

Hiren Gada: As I mentioned earlier also, regarding the syndication business to television channels, that's a business which has been challenged for the last several quarters and that is something where

for various reasons with the broadcaster balance sheets, et cetera cash flows and advertising revenues, et cetera that business has remained challenge for last few quarters. And that's really where the inventory kind of added up and we've actually in the last more than a year, not added any significant content to that it's been much more focused in terms of the newer investments and initiatives. So, in that sense actually if you see the inventory has stabilized, it's actually not really gone up to that extent. And so as the debt by the way.

Siddharth Mata: No, that is fine, but what I'm asking is, because of this COVID time every other company is bringing down it's debt, de-leveraging the balance sheet, so what are your plans. If you are adding more content and your inventory is not getting monetized, and the business is not going to pick up, your debt is going to pile up. So what is your plan for it?

Hiren Gada: No, I have never said that the business is not going to pick up in fact we are probably headed for some of the best times of our life. In the next two to three years.

Siddharth Mata: But that was the scenario one year, so, three months or four months back we were also confident about that, in the first quarter everything will be back to normal but in the second wave hit, so it will take more than six to seven months to get recovery. So, just wanted to know that.

Hiren Gada: Yes, but for a six to seven month period, I cannot leave my strategy and change something, do some tactical move for a six to seven month period. Business is in a much longer continuum and I have no doubt that over the next two to three years, the cash flow and balance sheet will be significantly different than where it is today, because that's the potential of all the initiatives that we are doing that how the whole digital business has been put together. That's how the whole content library in fact has been put together. So, I have absolutely no doubt about that aspect.

Siddharth Mata: That's fine. And secondly, how is the business currently. So vis-à-vis last year because of this lockdown and everything the advertisement and everything was significantly down, we could see the new media revenues which is the digital revenues also getting affected. So how is it, is it better, how is the business compared to last year and what is the scenario on that?

Hiren Gada: So, if I compare to last year definitely it is better. No doubt about that. So the advertising last year during the month of April and May had come off by literally more than 80% and June probably by 60%, 70% kind of thing. Compared to that the business is significantly better, because that's not that what has happened. If I compared to last quarter, compared to the March quarter, that's where the tempering is there. So, if I were to give a overall sense, if pre COVID, if we were at 100 and that went down during COVID to 20, 30. In March, it was probably, I would say somewhere about between 80 and 90. And the expectation was that from April it should get to 90 and 100. And if we go by all industry projections by various experts this year, at least was expected to be at par with FY20 pre COVID year. That part in

the first quarter, definitely if we were between 80, 90 we are now at maybe 70 to 80. So, it's been a tempering maybe by about 15% or there about, that range of 10% to 20%, business-to-business it will be different, but at a broad range.

Siddharth Mata: So, we just wanted to know because currently we are seeing the new media revenues that we are seeing that there is a quarter-on-quarter decline and then still 20% down from Y-o-Year, so was there any exception or one off item in the base because we haven't seen growth in the digit space also where other companies are seeing growth in the digital space?

Hiren Gada: We have discussed in the past also is the whole Telco revenue on this front, so we earlier had a large business with the Telcos which was forming impact at peak probably upwards of 50% of our digital revenue was coming from that. And that was a WAP based kind of offering. So, impact of that loss of revenue still continued and in fact, last quarter also someone had asked this question and I had that time also said that, we should get done with that around Q1 of FY22. So, this quarter should be amongst end of that impact over there. So, one more quarter is what we expect that impact so if we net off that there is a robust growth happening in the other part. I would add one more thing, is that to an extent the syndication revenue also probably digital syndication on side to an extent I would say had, ahead of I would call it stabilize or this quarter we did not see any significant growth over there. So that also to an extent contributed to the minus number, so it was kind of flattish.

Siddharth Mata: I just want to know something, so new media revenues includes this TV business which we have been initiating?

Hiren Gada: No, that is traditional media. New media is entirely classified as digital media, so if I were to give you the components of that Telecom revenue, YouTube, all syndication to various platforms like Netflix, Amazon, et cetera. And then ShemarooMe, so all digital platforms that we work with is where the new media revenue comes from and traditional media includes syndication, it includes the DTH business and it includes the broadcasting channel that we have launched.

Siddharth Mata: Okay. So, basically one thing I got from the point is that the Telco revenues are not improving and they are on a constant decline. So, is it that there is a Q-on-Q decline every quarter because from the first quarter to the fourth quarter we have only seen 4 crore increase because in the first quarter the 34 crore of new media revenues and fourth quarter is only 38 crore. So, is there a Q-o-Q decline in the Telco revenues also or it was just till last year only?

Hiren Gada: There is a Q-o-Q revenue, there is also I would give you one more point over here is that there is a level of seasonality also, so if you actually see in between Q3, the number was upwards of 40 crores in Q3 because of a certain seasonality element over there.

Siddharth Mata: And my last quarter, what is the next forward, or what is the **strategy** of hitting upwards at both the **business** so I can expect traditional media to be again be downward, not down as the first quarter, but still down on the quarter-on-quarter basis, how will the new media revenue shape up, because how are you targeting, or what is the run rate you can provide us from the first half of FY22?

Hiren Gada: So, as I said considering the Telco impact that I had expected to continue into Q1. I am hopeful that the degrowth and growth if it cancels out and we are near about flat also that would kind of be a very good place to be, because kind of it then at least shows that the Telco impact is kind of done with. That's how I would look at the digital business.

Moderator: Thank you. The next question is from the line of Satur Kumar, Individual Investor. Please go ahead.

Satur Kumar: I wanted to know, which are the new initiatives that you think are performing the worst, according to your expectations?

Hiren Gada: Definitely, right now considering all the challenges that happened due to COVID, the broadcasting business is behind its plan and behind it's curve. Worst or best, is all a little relative. But what I can say is that, what is behind the curve or behind it's plan and projection is a broadcasting business is behind its plan at this point in time. Other at this point so, if I have to put it so, we keep reviewing our various initiatives from time-to-time. And, we have rationalized and if something goes beyond it point significantly below or behind it's curve, then we have been kind of cutting those down and shutting some of those initiatives. Another initiative again, I would put it on COVID is the our devices business that we have Bhagavad Gita and Bhajan Vaani devices business, again due to the retail challenge in the lockdown that we've had, we've shifted that business significantly to online, but the general trade and live format retail markets have been challenged on that business.

Satur Kumar: Okay. My question really was, so you said we regularly review our new initiatives, I just want to know maybe some ideas that you have cult or what is the outer timeline, when you would actually want to start cutting down some ideas which are not really working out?

Hiren Gada: Well, it's a much deeper conversation, at this point it's difficult for me to have in this way but what so.

Satur Kumar: Okay, have there been some instances where you've cut off some ideas?

Hiren Gada: Yes, many instances, not one. So to give you an example, we had launched the Bollywood based cloud kitchen business called Mukka, which we shot in March. Similarly, there are other instances. So, I'll put it this way, there's a constant innovation track that one needs to keep looking at, and seeing how we can associate Bollywood and the brand in different

aspects. And for that we keep working on different proof of concept, kind of things with a certain defined budget or a outlay and a regular review mechanism on that, and in a way if I have to use a different terminology, a kind of a stop loss mark, if it hit then we kind of review it and figure out that something works, something, whatever if it didn't work is there still a way forward, what are the reasons and accordingly we take a call on that. So, there have been at least four to five initiatives, which we have closed in the last 12 to 15 months.

Satur Kumar: Right, I respect that you're trying to do new things and trying proof of concepts. Since you mentioned stop loss, I just hope and expect that, you would stick to your stop losses, and you'd be more ruthless in cutting your losses. That's, my request Thank you.

Moderator: Thank you. The next question is from the line of Harsh Parekh, Individual Investor. Please go ahead.

Harsh Parekh: I just have two small questions sir. Number one, what is our long term debt reduction plan, in current financial year we have reduced the debt by 9 crore. So, what is the overall plan going ahead in a phased manner, do you have any picture in mind? Secondary thing, in last Q3 concall you have said that the fresh capital investment in the new initiative will be restricted or will be completed by this Q4. And afterwards in this financial year by this first or second quarter, the company will be absolute free cash flow positive in terms of net CAPEX will be restricted, or will be sufficient for the initiatives. So, is that the plan, we have completed the CAPEX cycle for all the initiatives, or still there are plans?

Hiren Gada: So, I'll answer your second question. I'll recap what I had said basically is that, the fresh investment that is needed or the investment that is needed to support our new initiatives should be coming out of internal accruals and we therefore do not need or should not be dependent on external capital by Q1 of current financial year is what I had said, and that's something that I reiterate even now in fact, in one of the earlier question also when the question of raising capital, et cetera had come I had kind of highlighted that, that we have kind of gone through the peak of the cash flow trough, kind of a cash flow requirement kind of a thing and at this point that seems to be the direction in which we are headed.

Of course, thanks to the second wave, this time line could be off here and there, but I still don't see any significant change in that thought process. So, that's your second question. The first question is in terms of the long term debt kind of thing, So, couple of things I want to put here. We are sitting on an extremely valuable content library and asset base, and we are monetizing it and in a way, using that content library to actually create our next future business plan. And what we have, to that extent done is that, a certain part of that we are doing through leverage. Will be reduce the leverage, definitely that's the thought process, according to we me probably have passed our peak in terms of borrowing. In what timeframe will it get the deleveraged. Right now, it's too early to say, but my own sense is that we've crossed the peak on our peak borrowing, I don't expect the borrowing to go up from here

rather it will go down. At what speed and in what manner as many dependencies on how the business grows, how the economy grows, media and many different external and some internal combination. So, we from here should be looking at a deleveraging kind of balance sheet.

Harsh Parekh: Okay, sir. So, the last point is, how about employee expense coming down in Q4 and trajectory. What is the significant part that plays roles in?

Hiren Gada: Can you repeat the question please, I was not able to hear that properly?

Harsh Parekh: How about employee expenses coming down in Q4 and trajectory forward?

Hiren Gada: Yes. Q4, the employee expenses is actually been lower in fact compared to Q3. But, I would say that, let me put it in a different way. Let's not compare quarter-on-quarter, let's look at the year-on-year. So in March 20, so the previous financial year March 20, the employee expense was nearly 68 crore. And that came down in the last financial year, which is a FY21, it came down to 59 from 68 crore which is roughly about 12% to 15% reduction. So, of course, this was achieved. So, thankfully we did not need to cut salaries of our staff. But we did not even give raise or increments last year to our staff, but some of the new initiatives that we kind of cut down, the related teams had to be let go, and that's how this reduction was achieved primarily. Going forward, so, this year we have already announced our salary increments in April itself and have put in in the normal payout cycle. So, that has happened and to some extent, some of the businesses as they grow, there will be some normal natural team requirement and to that extent, the costs would be going up in the current financial year. So, one is there is an increment that has happened and other is newer, there would be a net addition to the headcount in the current financial year, although not significant, but it will be.

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

Dhwanil Desai: So, two questions. The first one is, we saw that Amazon bought out MGM at a very significant value. And the library was valued very handsomely. So any thoughts on, whenever we have permanent title, do we have any monetization possibility through one time sale, and kind of lightening of the balance sheet, any such arrangement that you think is possible, you are considering any thoughts on that?

Hiren Gada: See, there are two aspects to this. One is, should I sell part of the library or monetize part of the library and lighten the balance sheet, or the second question is that, should I send the entire library off, or to that extent so, let's look at it this way, fundamentally, the library is a core asset of the company in terms of fueling many businesses, fueling the cash flow revenue, and many new forays, Today, when we have to set up, look at anything something new, we

always have a initial starting point thanks to our existing library, and then we kind of grow that, offering from there onwards, so that's the strength and the ability that the library provides us to build. There is no doubt that, the library is an extremely valuable asset. I don't want to, preempt any number work but it's a significant value that we hold.

Now, the question is, should I sell some part of it, according to me, that would dent the competitiveness and further growth driving initiative. Existing business library itself will get driven and all of that, but it would significantly dent, newer initiatives that we today can do much more easily, thanks to the formidable and significant library that we hold.

Then the question is, should we sell completely, et cetera. That's right now, outside the scope of this discussion, frankly. So, it's difficult to, and then it's a very different approach. Having said that, while there has been a lot of discussion today regarding the whole debt and everything, frankly, if you asked me, our internal accruals and cash flows are comfortable enough for us to service this debt. We don't see this actually as any significant overhang. Let's also not forget that we are in an very, very low interest rate environment, even if the interest rates do go up marginally, it still a significantly low cost of capital that we have. And media industry, if we have a positive outlook for the next two to three years, having a level of leverage is definitely not a bad thing, that's how I view it. Definitely, we are working on and as I said earlier to the previous question also that we will be deleveraging and lightening the balance sheet through internal accruals itself, and that there is a certain. In fact there is a clear cut thought process and possibility of that happening. So, I don't see that as a issue. But to sell off, it's almost like selling an arm and a leg. I don't see that to be a rational decision.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to Mr. Hiren Gada from Shemaroo Entertainment Limited for closing comments over to you, sir.

Hiren Gada: Thank you everyone for participating and joining us today. All I would like to say is that, it's been a great turnaround for us in a difficult situation and a difficult year. And we've actually looking at, taking the business to the next level because a lot of the hard work in terms of investments, et cetera has been done in the last 12 to 18 months. And we are hoping that this should hold us good in the next two to three years as the industry completely grows to the next level. And I have no doubt about the media entertainment industry's growth prospects over the next two to three years. So, I am looking forward to seeing everybody in the next quarter. Thank you, all the best.

Moderator: Thank you. On behalf of Shemaroo Entertainment Limited that concludes this conference. Thank you all for joining you may now disconnect your lines.