



“Shemaroo Entertainment Limited
Q4 FY2020 and Q1 FY2021
Earnings Conference Call”

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Quarter Four FY 2020 and Quarter One FY 2021 Result Conference Call
(July 30, 2020)

Moderator: Ladies and gentlemen, good afternoon, and welcome to Shemaroo Entertainment Quarter Four FY 2020 and Quarter One FY 2021 Result Conference Call organized by Batlivala & Karani Securities India Private Limited. At this moment, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session. At that time, if you have a question please press *, 1.

I would now like to turn the conference over to Mr. Yogesh Kirve. Thank you and over to you, sir.

Yogesh Kirve: Thank you, Pranali. Good afternoon to all the participants and thank you for joining in. We at Batlivala & Karani Securities are pleased to host this earnings call for Shemaroo Entertainment.

To discuss the results and the business outlook, we have the senior management of the Company, represented by Mr. Hiren Gada -- CEO and CFO; and Ms. Kranti Gada -- Chief Operating Officer.

I will now hand over the call to Mr. Gada for his opening remarks, which will be followed by question-and-answer session. Over to you, sir.

Hiren Gada: Thank you, Yogesh. Good afternoon, everyone, and thanks for joining the Company's earnings conference call to discuss two quarter results, which is Q4 FY 2020 and Q1 FY 2021, as well as the financial year ended March 2020. Before starting, I hope everyone and their families are keeping safe and healthy.

Let me begin by giving a brief overview on the financial performance for the quarter under review. For the fourth quarter ended financial year 2020, the operational income was Rs. 123 crores, with an EBITDA loss of around Rs. 3 crores. The expenses made on new initiatives, net of revenue for the quarter were Rs. 11 crores. The EBITDA of existing operations, including the investment in new initiatives were Rs. 7.6 crores. The company reported a net loss of Rs. 14 crores for the quarter.

For the financial year ended 2020, the Company reported an operational income of Rs. 513 crores, EBITDA stood at Rs. 77 crores, with EBITDA margins of around 15%. The expenses made on the new initiatives, net of revenue for the financial year were Rs. 26 crores and the EBITDA of existing operations excluding the investments in new initiatives were Rs. 103 crores. The profit after tax for financial year was Rs. 30 crores.

For the first quarter ended June 30, 2021, the operational income was Rs. 86 crores, with an EBITDA loss of Rs. 5 crores. The expenses made on new initiatives net of revenue for the quarter were Rs. 14 crores. The EBITDA of existing operations excluding investments in new initiatives was Rs. 9.1 crores. The net loss for the quarter was at Rs. 13 crores.

Now, coming to the Digital Media segment, performance for the quarter under review, for Q4 FY 2020, Digital Media revenue grew marginally by 2.4% Y-o-Y to around Rs. 46 crores; and FY 2020 Digital Media revenue grew by 15% Y-o-Y to about Rs. 198 crores. For Q1 FY 2021, the Digital Media revenue declined by 30% Y-o-Y to around Rs. 34 crores.

For Traditional Media segment performance in Q4 FY 2020 the revenues declined by 13% Y-o-Y to around Rs. 77 crores. For FY 2020, Traditional Media revenue declined by about 20% Y-o-Y to Rs. 315 crores, while for Q1 FY 2021, Traditional Media revenue was declined by 45% to Rs. 52 crores.

Overall, as you are aware, the nationwide lockdown due to COVID-19 coupled with the overall sluggishness in the Indian economy impacted consumption and hence, advertising spends. During the quarters, deals were either deferred or renegotiated, which had an impact on the margins and cash flow.

Since Shemaroo had already undertaken cost rationalization measures even before the lockdown, it had helped the Company to tide over this pandemic operationally. However, the Company is cognizant of the external environment and has thereby undertaken several measures to optimize the operations and rationalize those businesses that have been severely impacted.

The Company as you know, has been investing in strategic B2C initiatives to fuel its growth, which has impacted the margins in the investment period. During the quarters, we forayed into broadcasting space with the launch of two new FTA channels, since broadcasting is a CAPEX, heavy investment, there was pressure on the bottom line and balance sheet of the company. But we see this investment in broadcasting as laying the foundation for a much stronger and sustainable future.

Shemaroo launched its first satellite FTA channel, named Shemaroo MarathiBana in December 2019 targeting to be a prominent leader in the Marathi movie genre. The channel aims to be a one-stop destination for Marathi movies and theater plays. The channel will entirely focus on Marathi audiences across Maharashtra and Goa. It became the number four channel in the Marathi genre within three months of launch and has been in the top five consistently since then.

Over the years, the Company has built a strong library in the regional space and with the launch of this new channel, it plans to strategically capture a vacuum in the Marathi movie genre. The Marathi regional TV ad market is estimated to be at an annual revenue of around Rs. 800 crores to Rs. 1,000 crores.

We also launched our first satellite Hindi general entertainment channel, which is a Free-To-Air channel, named Shemaroo TV in May 2020, a channel to target the Hindi speaking markets of India with a tagline of "Badalte Aaj Ke Liye", which has been made available on DD Freedish and leading DTH and cable operators.

With Shemaroo TV, we aim to connect and offer complete family entertainment at a single destination. The channel will showcase a perfect mix of original and iconic shows combined, which will be consumed for first time by a large set of Free-To-Air audience.

As you are aware that the television industry continues to be the largest source of media consumption, including in the lockdown, with close to 38 million Freedish subscribers, FTA channels have seen a robust growth in recent times in terms of viewership.

Talking about some other operational highlights. On the digital side, our performance on YouTube continues to grow well. Shemaroo Filmi Gaane was the 31st most subscribed channel in the world. And we cross 38 million subscribers or subscribers on that channel. Free animation series Bal Ganesh, Akbar Birbal and TreeHouse Tales, which are produced by Shemaroo began streaming on Netflix.

Enhancing our overall digital presence, we launched, ShemarooMe at the end of the last financial year, which is FY 2019, which is a subscription-based OTT platform, working primarily on a B2B2C partnership model.

During the quarters under review, we entered into distribution deals with Airtel Xstream and Tata Sky Binge. It was also made available on OnePlus TV and Huawei Smartphones and also to Airtel Africa users across 13 countries in Africa. We also partnered with Mediacorp's, meWATCH, in Singapore, Celcom, Malaysia, Dhiraagu in Maldives; three different telecom operators across the region.

On the Traditional Media front, the Company also launched a new service on DTH, Adbhut Kahaniyan on Tata Sky in March 2020. As you know, our core strength is in maximizing monetization of intellectual property rights. All these new initiatives have been strategically launched by the company to diversify de-risk and enhance the long-term growth potential of the company.

Unfortunately, due to the pandemic and economic crisis, not only did the existing business vertical suffer, the nascency of the investments in the new initiatives impacted our financial performance. But we remain extremely confident that in the long run the company will be in a far better and stronger position than before.

Now, I open the floor for questions.

Moderator: Certainly. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please press *, 1 on your phone and await your turn to ask a question, when guided by the facilitator. If your question has been answered before your turn and you wish to withdraw your request, you may do so by pressing * and 1 again. We have first question from Mr. Prasanna, Individual Investor. Please go ahead.

Prasanna: Sir, the primary concern on many of the stock investors' minds is whether the company can survive for the next two years or not? We all understand it is a cyclical turn. But we are reporting such large losses given all of this and our debt is increasing. Whatever cash we are producing is getting stuck in inventory. So, I just wanted to kind of understand a little bit more. From my understanding based on FY 2020, you said that the total cost of materials consumed for FY 2020 is Rs. 300 crores, which should have decreased the inventory. But the inventory actually increased by Rs. 110 crores, which means, we made purchases for close to Rs. 400 crores. Now, Rs. 400 crores is actually worth three Shemaros, Shemaroo Entertainment market cap is only Rs. 180 crores today. So, you could buy like three times Shemaroo, instead of buying Rs. 400 crores of inventory. I just wanted to get your thoughts on how will the company survive and like why are we buying so much inventory?

Hiren Gada: As I discussed even in my opening remarks, I think we are in the process of several new initiatives and investments. And what we are seeing here is a culmination of the entire year's set of activities, which included the preparation for some of our new initiatives also. So there is a combination of investment in the existing business, as well as on some of the new initiatives that we have been working on. So that is on the inventory.

But I think that the question on, whether we will survive the next two years or not, obviously, the jury is out there. But I think, we are in an extremely strong position operationally, because today bulk of our customers, the clients with whom we deal with, are all the top players in the industry. And we have a steady, revenue cash flow stream coming from them. And we do not really see any operational challenges from that point of view. Yes, there is an investment happening for a much bigger opportunity that we have identified and have decided to foray into. But that is finally for laying the foundation for a far better and stronger future of the company.

Prasanna: Got it, sir. That is helpful. So, will this be funded by debt, if all the cash we produce is getting stuck in inventory and we are also loss making quarter-on-quarter, where are the funds going to come from?

Hiren Gada: In the short-term, yes, it will be funded with debt. Obviously, at these prices, it does not make sense to raise equity at these kinds of valuations. So, we will be funding it by debt and in a way. If I have to put it in a different way, I think in the next three to four months, maybe six months, two quarters, we should be reaching the peak requirement of the CAPEX on these projects.

Prasanna: Got it. Do we expect to see profits then, like when will these losses sort of end like how much room to expand debt we have before bankers do not lend anymore and we are struggling with interest coverage?

Hiren Gada: I would say that we have a very strong asset base in terms of the content and the IPR. In that sense, I really do not see that as a challenge. Our current debt equity stands at below 0.5. So, in that sense, I do not see a challenge on that front. And I do not see the debt equity going significantly higher than this, because the overall requirement is not very high from here onwards, as I said, we hope to peak the investment over the next two quarters.

Prasanna: Got it, this is super helpful, sir. And we sort of feel within the next two quarters, we should sort of shift back into at least not making losses?

Hiren Gada: It is difficult for me to comment for two reasons. One is of course, it is a forward-looking guidance and we do not really give guidance. But if I have to talk, the second challenge is how this whole COVID impact plays out on the economy is still an unknown. But, one of the biggest challenges that we faced in the last four to five months of the lockdown is that the everything that was linked to advertising, that kind of came really crashing down by more than 50% in some cases, even more than 70%. And as and when the revival over there happens, I think, things should be kind of get back to normal on that aspect on the operational front.

As I said, considering the fact that we have already some very good business and deals and consumption in place with across the key players of the segment. I think, that is something that we believe that operationally, we should not have any major issues. I mean, for example, while the investment requirement primarily has been for the new initiatives, on the operational front, we have serviced all our debt obligations, absolutely on a timely basis. We have not availed of any moratorium. We have paid all our salaries on time, etc. So all that operational expenses have obviously been met out of operational cash flows. So, we do not see any major challenge on that front.

Prasanna: Got it. So, you also mentioned that the investment in new initiatives is Rs. 26 crores. But we also spent Rs. 400 crores on inventory, which definitely...

Hiren Gada: No. Yeah, so that is what I will come into P&L. So, two things that I said, so the investment on inventory, it includes regular business content, acquisition that we would have also done on a regular basis and the investment on the new initiatives in terms of content. So it is both combination that we have done. Rs. 400 crores is an aggregate number, one or the other, it is both.

Moderator: Thank you. We have next question from Mr. Depender Singhala, Individual Investor. Please go ahead.

Depender Singhala: So, my first question is like, basically Q4 FY 2020. In Traditional Business, we saw an uptake as compared to Q3 FY 2020 and because of COVID, this quarter, we did not see that uptake. What do you see like, we will see a demand in Traditional business in next Q2 and Q3 this year?

Hiren Gada: So, Q2 outlook at this point, definitely is not. Again, I will just repeat the whole thing. In Traditional Media, the business is primarily linked to advertising revenue of the broadcasters right. We sell to broadcasters and their key source of income in most cases is more

than 60% of their income is coming from advertising. Now, as we know and as we discussed it earlier also that, due to this whole lockdown scenario, advertising spend has come off in a very significant way, anywhere between 50% to 80% actually, it has come off.

Now there is a no limping back happening, we still are far away from anything near normalcy. So I believe that at least Q2 as of now on the traditional media will have a challenge on the revenue front. Q3 right now, frankly, if you ask me, I would like to believe that we should at least see a certain revival. But we will have to monitor the situation on COVID and advertising, the whole economic impact and the advertising scenario. So, given the nature of this pandemic, we literally have to take a week at a time kind of a thing.

Depender Singhala: Okay, makes sense, sir. Sir, regarding digital revenue, we saw that our YouTube subscriber and views are growing and we can see their reflection in the last quarter FY 2020 Q4. But in Q1 FY 2021, we saw there is a decline in digital business, what was the reason for that decline in digital business?

Hiren Gada: So again, I will repeat what I said earlier, also that everything that was linked to advertising, whether it was on the Digital or Traditional, everything came crashing down. So, on a similar mode, so what happened it was an irony that, consumption was booming. So in television for example, the overall TV industry at peak saw more than 40% growth in consumption. Digital saw a huge surge in consumption. But for example, if you see say, YouTube or all the platforms that are linked to advertising, all of them saw a huge cut back on their ad revenues on the back of massive spend cuts from the advertisers. So, that is what has led to such a sharp drop in the digital media.

Depender Singhala: So, basically even though our views have increased in YouTube, like there was there before this quarter.

Hiren Gada: Unfortunately, yeah.

Depender Singhala: Sir, like it may ask what is happening on our MVAS, like we saw earlier like in quarter that this business was not growing, what was the impact on that business?

Hiren Gada: On the MVAS side, in fact, a certain de-growth continued. Now, I think, maybe in one or maybe two more quarters, I think we will probably try to figure out because now the ShemarooMe integration that we have done because we did Airtel Xstream in the previous quarter and also, those revenues have at least started kicking in to that extent. So I think, maybe one or maybe two quarters, so I think we will probably figure out on that front.

Depender Singhala: Okay. Sir, I have seen great work on MarathiBana channel, like we can see it is always on Free-To-Air channel. It is always number one weekly on large data. How do we feel about monetizing itself, like because now we have cracked like number one channel in Marathi space?

Hiren Gada: Sure. Actually, we have already started getting advertisements. But as I said, given the pandemic right now, the spends are still limping back to overall. It will be linked to spends coming back because, as you said and we also discussed earlier that the numbers have been consistent and fairly encouraging. And the net outcome is extremely satisfying, I would say from where we started it helped us establish the channel in the consumers mind, it helped us establish the overall relationships and many other things in this space. And I think, where we started in a way it kind of has the hypothesis with which we started that very space for one more player or there is a vacuum in this Marathi movie genre has kind of played out very well and quite satisfying for us I would say.

So, we already have started. So advertisements have already started trickling in I mean we have all the key brands in terms of advertisers are present on Shemaroo MarathiBana already. But

obviously, since the spends right now are very low key, we are yet to see any significant translation of the ratings into revenues.

Depender Singhala: Sir, if I may ask, what is like 10 second rate we are charging?

Hiren Gada: Sorry, but I will not be in a position to answer that.

Depender Singhala: Okay. Last question from my side. So, Fakt Marathi was the number one which we replaced in Free-To-Air. Like any idea, like what kind of revenue those guys were making? I mean it is really expendable for you to replace them.

Hiren Gada: As I said earlier that the overall Marathi space is a Rs. 800 crores to Rs. 1,000 crores annual space in terms of advertising. And so that is the kind of space that is available on this. Obviously, this is a normal time number, not COVID era number. So, obviously, Fakt Marathi is not a listed company. We have some internal estimates, but it would be imprudent of me to actually share that number.

Moderator: Thank you, Mr. Singhala. We have next question Ayaz Motiwala from Nivalis Partners Limited. Please go ahead.

Ayaz Motiwala: I have a couple of questions on something that you have done in the past year. You shut down the two international operations in the UAE, you announced through this, in the quarter, right?

Hiren Gada: UK and U. S.

Ayaz Motiwala: UK and U. S. you have shut down already in the prior quarters as you quote. And UAE you have shut down in this quarter or maybe the fourth quarter, I am getting confused under which quarter you shut it down. So the question related to that is one is what is the amount of cost saving which is possible? And these were part of growth initiatives, would they affect the growth prospects or maybe you service those market from India?

Hiren Gada: Sure. I just sort of clarify a couple of things here. So U. S. we had two subsidiaries. We shut down one of them. This was a subsidiary which was set up earlier during the DVD times, it was more like a DVD distribution kind of setup at that time DVD and the International America servicing what we were doing from that time. So this subsidiary was set up in probably if I am not wrong more than 12 years back. And for the last couple of years, since we set up a new subsidiary to set up our new business, this was in effect operational. So U. S. business absolutely continues and there is some great work happening over there. So it is just that since we had two subsidiaries, we kind of shut down one.

On UK, yes, so UK and UAE, UK was again setup in a similar era and with a similar objective. UK we were anywhere servicing for as far as digital and other activities are concerned from India itself. So, this would be an annual cost saving of somewhere in the range of around Rs. 50 lakhs to Rs. 1 crore.

UAE was a new initiative and we were looking forward to the growth aspect of it. However, with the whole pandemic that came up and in fact, we saw two or three structural changes potentially over the next two years or three years as far as that market is concerned in terms of affordability and many other things. So, we thought that at least for now, let us roll it back. And if need be, we can again go back there at a future date. But for now, it will help us saving cost and of course one great thing that happened is I mean, I would not say great or whatever, but the pandemic taught everyone this all work-from-home and video conferencing ability. So, in that sense, for us, we could easily service and manage those relationships and everything from here is what our team kind of observed. So then, we thought if that be the case than trying to carry the cost of an International operation, rather we roll it back.

Ayaz Motiwala: So as an aggregate, Hiren, I mean, a lot of companies through the last quarter and this one which you are doing a combined sort of call, have been talking a lot about cost control, fixed cost control, variabilizing a lot of the other costs, etc. So there are three parts to your business as we know, one is the Traditional business as you call out; one is the Digital one; and let us call the one as new initiatives largely the cable or satellite channels, which you have done, and maybe, some initiatives in America, etc, which is part of the new initiatives. Now...

Hiren Gada: Also, ShemarooMe is part of that.

Ayaz Motiwala: The OTT ShemarooMe as well, yes.

Hiren Gada: ShemarooMe is part of that and devices is part of that, yeah.

Ayaz Motiwala: Right. If you can call out in each of these areas, what are the cost savings that you have already achieved? And what is your plans?

Hiren Gada: Okay, I will give a broad direction. So one is, as I said, the structural changes that we did would easily on an annual basis save for us anywhere between Rs. 2 crores to Rs. 3 crores with the structural changes.

On the devices front to give you an example is that we saw that very early in the lockdown, we kind of assessed the situation and we saw that footfalls in shops is going to be a challenge. And therefore, the offline retail based sales will come under pressure. So we significantly wound down that team and shifted the whole focus onto Digital and Online sales. So we have tied-up with a whole bunch of online players across the board and actually using those channels now, we are seeing decent results in the initial part. So that whole cost structure, we significantly wound down. So we were, unfortunately, we had to let go of a few of I mean, quite a few set of people on that front actually. But there was no choice as far as that business is concerned because there was a structural shift happening on that front.

On the TV side, actually, we have done a whole bunch of cost saving measures. Like for example, we are earlier had looked at a certain amount of fresh creation kind of a thing. We moved to a much more licensed content model. So the licensed content from the likes of Star TV, etc. In addition to of course using our own library and content and everything, but we were earlier looking at doing some fresh creation. But that whole investment, we kind of deferred completely to a point where we know that the channel is on its way to recouping its investment and that is a point when we would look at those kinds of investments. I mean, these are as I said, without giving numbers.

But these are a whole bunch of things. Actually at a larger level, what we did is we created a internal COVID impact analysis framework and every business, every revenue stream, every divisional P&L had to kind of go through that they all went through it and accordingly based on what is the level of impact the changes have been incorporated. Because let us not forget one thing that while revenue was under pressure, consumption was booming. I mean, we had to keep the kitchen lights, we have to keep the kitchen working and the consumer happy. Otherwise that would have been a bigger challenge as far as the brand is concerned. So we had to balance out all of that.

Actually, if you ask me, I mean, given the ferocity of the whole lockdown impact and everything. I would think that we have we have actually managed in a pretty nice way the whole thing. And we have kind of made based on each business's own requirement, we have made structural changes on at people level, on structure level, on many other fronts. So I am just giving you a broad directional this thing and the whole manner in which we have been gone about it, I did a few Town Halls with our whole team on video conference. So all of these we had to do, with at the

same time, keep the team in good spirits and actually eager, which believe me on a work-from-home basis is not very easy to do.

Sorry, for the long answer, but I thought I should... One thing I will just add, I will repeat actually, which I said earlier, is that anyway in the October to March, timeframe, and we had a challenging queue Q3, which due to the overall economic slowdown, so that was a time when already we had initiated a whole lot of cost rationalization activities, which in a way helped us, there was a certain level of leanness that we had already achieved. And that kind of helped us out pretty nicely to tie it over the deep challenge.

Ayaz Motiwala: Right. I have a few other questions, I will come back. But just one other pressing question right away, which is the other initiatives, the smaller initiative that you take in from restaurant, apparel, these devices, and then, the devotional right off that you have taken, if you look at this on an aggregate basis it has been some sort of distraction to the management to the core purpose of building what you are trying to do now, which is really big traditional cable and satellite channels on the free mode and lots of advertising, which can prospectively come in an Rs. 800 crores Marathi market, you can probably get a Rs. 50 crores - Rs. 80 crores market share easily it looks like. So how would you comment on that in terms of your assessment of those situations in the past? We have obviously had a loss, I think there was a Rs. (-4) crores that you carried and Rs. 6 crores you have written-off, this sounds like a total loss of Rs. 10 crores. So can you please explain that?

Hiren Gada: Yeah, sure. So the devotional thing is actually more a structural change, if I have to put it. We remain extremely well entrenched in the devotional business and actually, over the last three years, the business has grown very nicely. It is extremely profitable. What had happened is that, this was Vistaas Digital Media was an entity in which we have invested in way back in 2010 or 2011, I do not remember the year, 2011. So 2011 was when we invested in it. And that Vistaas produced and owned a whole lot of devotional content, including they carried live darshan, non-live footage and a whole bunch of content. It had probably arguably would have been one of the largest devotional content owners at that time. And we felt strategically, devotion was an important business to be in. And that is how we took up a 50% stake.

Now, over a period what happened is that the investment need for that business kept growing and at some point, we decided that we will build the business more in Shemaroo than in Vistaas, which gives us 100% access to the whole content as well as to the revenue and the flexibility to run the business the way we wanted. So that is what we did and which is why, when we saw that all the assets of Vistaas also are now in a way significantly re-purposed or re-built in Shemaroo. So then what we needed to do therefore is since this was a balance sheet item, we needed to charge it off. But to give you a sense, I am in the devotional business which is very much alive and kicking. And what we are doing, today our Shemaroo Bhakti channel on YouTube has more than 5.7 million subscribers. We run devotional service both Hindu and Islamic on Tata Sky, DishTV, Videocon and on Airtel DTH. We have our Shemaroo IBAADAT app, which is now nearing 0.5 million downloads, etc.

During the lockdown, we did this whole live darshan thing because the temples were shut. We did this stay at home, pray at home, kind of things. Devotional had gained very good traction on all our platforms. Devotional business is very much an integral part of our content offerings. In fact, just to give you a sense, even on Shemaroo MarathiBana, there is a morning devotional segment which again, we have significantly been working on that front also. So, there is our outlet and a need and a capability all of that is in-house there.

This is more or less just a structure change to signify the fact that which earlier was not 100% interest on devotional as far as a company is concerned is now 100% in house and owned by us completely. So that is on the Vistaas part.

On the other things, see, I do not know whether you would call them distractions or whether you call them innovations, because at some point, even YouTube was an innovation. When we

started business with YouTube, when we started something, say on the DTH front or all of that these are all innovations, you have to keep trying many things, some work, some do not work,. And obviously, what does not work you have to review and shut it on a timely basis.

What we are doing is, so our thought process is combination of couple of things. One is that, we believe that the Bollywood association on a whole lot of things is still there is a lot of scope to actually work on that. And there are a whole lot of proof of concepts, etc. that need to kind of be done for that. Secondly, unless and until we do not try out new things, the whole idea being, yes, keep the investment and the management involvement at a very low level. So that you can incubate something new and different while rest of the business continues to grow. So, that is a philosophy that we have followed from years.

I mean, prior to say YouTube coming, we were a DVD company, right. It helped us put the whole digital piece in place and that time, it was a question mark that how can you show free when you are selling DVDs for Rs. 200 or Rs. 350 or Rs. 500 and someone is showing it for free and there were no revenues for maybe two years, and 2.5 years, three years, their cheques were below \$1,000 monthly, which is completely insignificant compared to a multi-crore DVD business.

But we believed that this is our future and this is a way to go. What I am just trying to highlight to you is that there are many things that one has to keep trying and some work, some do not work and we have done I mean for us reinventing has been an integral part of the whole thing. I mean, otherwise, from video cassettes to all technology changes I mean, we have managed and actually we have been ahead of the curve at every major inflection point as far as the industry is concerned. If you go back in our whole history, which kind of is the reason for that is that we have always attempted to reinvent ourselves. I mean, that is the backdrop.

And secondly, the question on TV part, which I was saying, TV opportunity is a very new opportunity, which came up literally, I would say, towards the middle of FY 2020. So, prior to that, there were already quite a few initiatives which were in place. But we scaled back the investment significantly because we had to focus the capital and the resources and the bandwidth, everything for the TV business and that is what we managed to do. I mean, which reflects in the major cost cutting initiatives as well as many of these things, which we discussed about shutting, say one subsidiary, multiple subsidiaries, etc.

Moderator: Thank you, Mr. Motiwala. Participants' I will request to restrict their questions to two at a time. We have next question from Mr. Ayush Agarwal from AGA Capital. Please go ahead.

Ayush Agarwal: I want to stay away from COVID, right now. I want to go back, like what we have done in the last five years, seven years. So when I when I look at our sales to inventory ratio, since FY 2014 that has been falling from 1.7 to 1.5 to 1.3 and now stands at 0.8. And mind you this is inventory at the beginning of the year, not at the end of the year. So say our sales to inventory ratio has gone down substantially that is almost half in the last six years, right. While our gross margin has climbed up in the same period from 31% to 45% in FY 2019 and we saw some dip in FY 2020 for COVID reasons. So, had COVID not been there, I mean, I would expect our gross margins to be around 40% - 45%.

So, I mean, what I am trying to understand here is, how are these two possible? Like while our sales to inventory ratio is falling consistently and our gross margin is going up? Is that something that I am missing? I would like to understand your point of view, Hiren?

Hiren Gada: So, see, so there are two different aspects or two different factors that play here. First is the fact that the way the business works and practice in the industry typically how it works is that rights are typically bought on a forward basis, okay. To give you an example, today, if we are dealing in some movies right, their commencement would be in 2022, 2023, 2044 kind of year. The reason typically again, like leave aside the current COVID situation. But always the broadcasters have been short of supply on the content side. And that is the reason why they

always want to secure their content pipeline and the trade industry works on a forward rights basis. So we also have acquired a whole lot of copyright, which has a future commencement date kind of a thing.

Now, what we sell at any point in time is, so what you are seeing say margin for example or for us, we look at more in terms of IRR. And this, I have explained earlier also, that for us IRR is our key driver. Now that is on a specific piece of movie. It is not a general thing. Though the biggest, if I have to in a nutshell give you an explanation is that it is not homogeneous inventory. It is not one commodity that we are dealing with. It is all each specific content has its own economics, its own cost structure, its own revenue, structure and its own economics kind of a thing. So that is, I mean, in a nutshell, the explanation for what you are saying.

Ayush Agarwal: But sir does not this indicate that, since our gross margins are rising and our sales inventory ratio is consistently falling, does this not mean that a lot of inventory is not flowing through our P&L? Like, we have mentioned in our previous con-calls that we have an inventory write off policy of 18 months. But, I do not see that happening. I mean, I would like you to give me a number of like what kind of inventory write-downs we have taken over the last five years, seven years, is there a number to that?

Hiren Gada: I do not have it offhand. But I can say one thing that it is definitely not significant, for two reasons. Again, there is a lot of inventory out of what we have, has a future commencement date to it. So it is not even right now, in a sales cycle of its own. It will come up for sales at some point in time and we will at that point, put it, I mean, we will once we have that revenue, it will go into the cost first, whatever is the relevant charge of will go into the P&L.

Ayush Agarwal: Can this also mean that you are carrying a risk of dead inventory with us?

Hiren Gada: Theoretically, yes. But practically what we do is we look at our stock and see, there are two ways. So the core way to charge off inventory for us is that essentially it is backed with revenue, right. So, whenever we are earning revenue on that, we kind of charge it off to the P&L based on which rights is being dealt with, okay.

Secondly, if the main rights is say television in terms of value. Now, if that for a movie after commencement, if it is not been sold for 18 months period, then we charge it off. And we have almost not had any such occasion in the last four years - five years, hardly something would have been there. It would have been insignificant, probably less than 1% of the overall cost.

Ayush Agarwal: Okay. So I mean, since we were talking about, you mentioned that you look in terms of IRR of your inventory. Say suppose you bought an inventory this year and like you said the commencement date will be sometime in the future. Let us say, we purchased around Rs. 380 odd crores - Rs. 400 crores of inventory this year. And an average commencement date would be like in the next 1.5 year - two years, right. What kind of IRR are we actually generating, because this two year period, our inventory is just lying their without earnings anything. Are we making enough money back on the inventory to cover the cost, opportunity cost of two years lost where the inventory is just around on our books?

Hiren Gada: Normally at the time of how we do it is that at the time of purchase, we estimate the sale timeframe and the value potentially. And therefore, we discount that back at an 18% IRR and arrive at what we should be paying to buy it. By and large, we have been managing to get that IRR at least till now and I mean, if I had to put it in a different way, it is a lot of consolidation of the industry that has happened and it is a very valuable library, if you look at say on digital media, on television, etc., you will typically see this content being played out significantly and on and around that. So, till now, at least the monetization, definitely we have been generating.

Ayush Agarwal: Okay. But I mean, again, so for like if Rs. 700 crores of inventory and that is 18% IRR is expecting, this Rs. 100 crores EBITDA per year. Have we been generating this year-on-year or has our IRR gone down because inventory by sales ratio is trending lower, right?

Hiren Gada: So if you see till last year our EBITDA was upwards of Rs. 100 crores, till FY 2019.

Ayush Agarwal: Right. But I mean....

Hiren Gada: Even FY 2020 itself, if you take off the new investment amount as I shared earlier, it is about Rs. 100 crores EBITDA, even for FY 20. And that is after a horrible Q4. In fact, we had a challenge even in Q3, which at that time also we had shared that. So I am saying, there is a certain amount of generation that is already happening at this point in time or has been happening.

Ayush Agarwal: Just one final sir, it is a follow-up on this only. It all make sense what you are saying right now, sir, but my only concern is that in the last seven years in the same period that I mentioned earlier are working our cash flow before working capital was Rs. 775 odd crores. And most of it has gone to inventory around Rs. 560 odd crores and rest has gone into taxes. And we have only been able to produce like Rs. 25 odd crores of net cash flow on sales of Rs. 2,800 crores in the last seven years. Can we see some positivity on that side that we actually start monetizing our inventory and our inventory purchase will I mean our cash flow generation will par exceed our inventory purchase in the coming years?

Hiren Gada: So, two parts to this question. One is I need to reiterate the context for the buildup of the library. I think in the last about, five years, seven years and this is something that literally every quarter, every year we have been discussing and reiterating. The fact that we have been in a growth phase as far as the sector is concerned in consumption, particularly on the digital front and which is reflected from our own revenues on the digital side.

Now, this was something we had anticipated over the last five years, seven years back even pre Jio launch kind of and the whole investment was to build up strategically the library to a certain level. So that, actually when the business grows and matures and reaches a certain level we are in a good position as far as content library is concerned. And today, definitely we have built a formidable library. So, it is a strategic part. I mean, yes, you can look at the aggregate numbers in that way. But the fact is that there has been a strategic investment in the library front. I mean, we did our IPO, exactly for that. Otherwise, we did not need to do an IPO, if we would not have any investment needed on the content side. And that is something that we have done.

Now to answer the question on, when we can see the cash flow generation, I think, if you even go through the last two quarter or three quarters of just the kind of initiatives we have done on the distribution side, whether it is ShemarooMe being distributed on so many international platforms in India and on Vodafone, Airtel, Tata Sky Binge, etc. or if you see the whole TV foray, which is, again, one more distribution initiative where we have strategically felt that we needed to have a larger play on the whole advertising revenue itself than what we were currently having or more direct play on the advertising revenue than we were currently having. So, everything you see, every initiative, the thought process is built in that exact direction. And I am very confident that once this current investment phase of the broadcast has kind of peaked out, we definitely would be in a cash flow generation, kind of situation. I mean, that really is the core focus and effort that we have built this with.

Ayush Agarwal: Yeah. That is from my side, sir. And I hope that other revenue percentage go down and we actually start generating some cash that is the point there.

Moderator: Thank you, Mr. Agarwal. We have next in queue, Ms. Shikha Mehta from Equitree Capital. Please go ahead.

Shikha Mehta: Our cash flows from operations and free cash flows for FY 2020 were negative. So is this the right time for us to be aggressively investing in these new initiatives? And do we have any idea about the payback period for these new initiatives?

Hiren Gada: So I think, if you ask me, market opportunities do not come up regularly. TV is a very large and scaled business. And when opportunity comes, one has to really look at it in that point of view. Secondly, we were already significantly committed into this business prior to the COVID lockdown situation. So, our MarathiBana channel launched actually in December, January, even the Shemaroo TV GEC channel, the test signal had actually launched in March and we had secured a slot on the DD Freedish platform and a whole lot of content. And a whole lot of other preparation was already significantly in place. So, the best way for us to take it forward was to really see how more innovatively we can work on the cost of the content and overall initiative, the economics of the whole business, rather than say that should we be rolling it back or should we be pausing it.

I would in fact say that this was in a different way, a good time to launch because of the fact that fresh content production was limited. The opportunity to actually reach out and get audiences to consume and sample was far better, because normally, otherwise people may be linked to or hook to their existing shows or channels and all of that. Here, actually, there was a genuine disruption. So in hindsight, we actually feel that, it was not a bad time to actually be launching.

Now, to answer your question, what is the timeframe for payback? So let me put it that way that at this point, the IRR expectation actually is significantly higher than our overall content monetization expectation. Yes, we have got delayed on the advertising revenue side. But I think the visibility on the whole project continues to remain very strong.

Shikha Mehta: Right. So when we say this, we mean north of 18% IRR generation is what we are expecting?

Hiren Gada: That is what is the expectation.

Shikha Mehta: And so, we have mentioned that this year we spent about Rs. 26 crores on new initiatives and you said, going forward in a couple of months, it will peak out.

Hiren Gada: Couple of quarters.

Shikha Mehta: Couple of quarters it will speak. So what CAPEX do we expect at the peak level?

Hiren Gada: Too early to say that, but I would think. Okay, let me put it that way, the CAPEX is higher than Rs. 26 crores. Rs. 26 crores is the operating expense that has gone into the P&L. There is also the expense, etc. which is there. So part of this inventory buildup that is being discussed is already been part of this project. When you are launching a channel, you need your bank of films for example, you need bank of shows.

Shikha Mehta: Apart from inventory, is there any other CAPEX that we are capitalizing to the balance sheet?

Hiren Gada: No, nothing at all. So everything has gone into the P&L on that. So that extent, I would think my own sense is that I mean, it is actually very difficult to put a number at this point in time on that. But yeah, I am sorry, but I am not in a position to give you any number at this point on that.

Shikha Mehta: And sir, previously, we have been talking about 5x and five years, I understand that will be delayed due to the macro situation. But over the next four years to five years, do we still expect our revenues to grow 5x or is that something we no longer have guidance on?

Hiren Gada: If you asked me, I think our enthusiasm on that is not diluted at all. Rather, as an organization we have put in place many things. And in a way, the TV business launch also is something that has potential in multiple ways. In fact, one aspect which, people probably do not give enough consideration on this TV side is the fact that TV business is a captive media that you have for consumer base that is viewing your TV channel. And therefore, the brand and the whole digital platform, actually you can drive people from the TV channel to digital platform in a significant way. If you see the top digital services, OTT services right now, they are all owned by the in terms of number of users and all other aspects by the broadcasters. And secondly, TV also gives a captive content kind of a thing. So, there is a large amount of catch up content of shows, etc. that digital actually experiences in terms of consumption.

So, in a way, all of this integrates into the larger 5x and five year that we are looking at. And if I just step back and see the macro picture, I think we are a highly underserved industry as far as our economy as far as media is concerned, on all parameters. And for an economy, which is so heavily consumer or consumption driven versus an export driven economy. So lots and lots of products and brands need to be built and media is the only way you will build brands, whether it is on television, digital, these are the large scaled media. And therefore, the opportunities that we see are significant. Yes, I think everyone has kind of gone back by one year or reset one year. In some cases, the impact of that one year resetting is actually more than two years in some cases. But we are hoping that this project and the TV business and some of our other new initiatives also combined, should be holding us in very good state.

Shikha Mehta: And sir, at the peak level what sort of debt to equity are we comfortable with?

Hiren Gada: Frankly I do not think we should be going above 0.6 or 0.65 at this point. We are below 0.5; we are at 0.47 or thereabout. I do not think we should be going above 0.6, I mean it will be a rare occasion to go above 0.6. We have very good operational cash flow as I was saying today, our top paying customers are your top players in the industry globally or within India either way, whether it is a top Telcos, top DTH's, top OTT's, top broadcasters, every I mean that probably almost 90% of our income. And therefore, we do not have any operational cash flow pressure. Yeah investment is needed and cash flow and capital is needed for the investment project. But operationally, we are in a very comfortable position. I do not see right now in terms of at the next quarters, I do not see this going beyond 0.65.

Moderator: Thank you. We have next question from Mr. Yogesh Kirve. Please go ahead.

Yogesh Kirve: Sir, regarding our investment in the television business, both in the form of inventory as well as the losses booked on P&L? So are they heavily skewed towards the Hindi channel or they are roughly equal for Hindi and Marathi?

Hiren Gada: No, Hindi is more because it is a more expensive category. And obviously, in terms of revenue, I mean if we are to understand the scale different, general entertainment category, general entertainment channel, GEC category annual revenue is in the range of Rs. 7,000 crores plus and Marathi is a Rs. 800 crores to Rs. 1,000 crores revenue pie. So, there is a massive scale difference. GEC is the most mass category on television with upwards of 26% viewership share, Hindi GEC. And if you add regional and all of that it is probably upwards of 35% to maybe even 40% viewership share. So, definitely, by all means the investment is higher on that front.

Yogesh Kirve: So related to this, I mean, for the last few months, we have seen a lot of this Hindi, second life GECs of the large broadcaster on FTA. So, any comments on that, how does that affect our business plans and whether the opportunity is there what we initially look at that still remains?

Hiren Gada: So two things, yes, they have entered. See in the past, let us have a nice context. So in the past also, they were present. They fade away for a period of about maybe 12 months to 15 months. Beyond that, no, they were all present for last about almost five years on this platform. And in that timeframe, what they actually ended up doing was that when they joined the platform, DD Freedish was probably at below 2 million to 3 million homes in terms of penetration. And when they exited the platform last year, the DD Freedish was at upward of 35 million homes.

So actually, what they are doing is making the Freedish and FTA platform very, very rich and which in a way is attracting more consumers, more subscribers and with that, therefore more advertising pie. So that is one, one thing. Secondly, for us we had anyway scaled down our investment plan due to the COVID issue in terms of fresh shootings and rather fresh episode productions and all of that. So in that sense, I would say, we are comfortable with where we are in terms of the overall revenue and cost and P&L situation. Yes, we have scaled down even our revenue estimate, which is a combination of COVID and new entrants or I would not say new entrants, but re-entry of these players. So, we had always factored in a re-entry somewhere down the line because of the very attractive platform, in terms of revenue and we kind of had expected that they will re-enter. Timeframe was not an estimate.

In fact, to be honest, when we bid for the FTA, this thing, we actually thought that they already might be parallelly bidding at that point. So, in a way they actually delayed it by two months or three months from where we had originally expected. It is an impact, I would not even say no, but it is not anything significant and not some unknown thing, which we kind of came out of the blue kind of thing.

Yogesh Kirve: Okay. That is helpful and just one last question. So if we look at our 4Q revenues on Y-o-Y basis, they are down less than 10% but the receivables have come up quite significantly on 4Q to 4Q basis about Rs. 40 crores - Rs. 50 crores. So is this sort of a sustainable receivable day playing out or it is more of a lumpiness in the business?

Hiren Gada: I would say at this point, I would still say that it is a little lumpy and in a way it is reflected from the fact that two quarters back we had a significant fall in revenue on Traditional Media. So therefore, the receivable number itself is a reflection to some extent of that. So on the Traditional Media, I will still say that the payment terms more or less are on a similar aspect.

Moderator: Thank you, Mr. Kirve. Our next question from Ms. Muskan Mansuri from ITI Capital. Please go ahead.

Muskan Mansuri: I have a question on ShemarooMe. So can you throw some light on the numbers of the OTT platform?

Hiren Gada: Sorry, but not in a position to do that. And see, as I have said earlier also is that this is more of a B2B2C kind of play. So for us, the distribution has been far more significant and if we see for last three quarters that we have been reporting significant tie ups, that we have been making on the distribution front, rather than the B2C number. So B2C numbers is something that we have not really made any investment or any effort in acquiring B2C customers.

Muskan Mansuri: And by when do you think it will become profitable?

Hiren Gada: Again, I am not right now in a position to give you complete visibility. But I If you ask me, I think we should be targeting to make it positive probably by Q4 of this financial year.

Muskan Mansuri: Okay. And how do you think it has grown in the lockdown month?

Hiren Gada: So the numbers have shot up, anywhere between 3x to 4x on virtually every parameter on users, on consumption, number of hours, data consumption. So on usage, user, everything probably yeah, I mean, easily 3x to 4x. The translation of that in terms of revenue, I

would say has been relatively muted. But it has definitely been on a growing stage. It is not de-grown. I mean, rather, it has been marginally positive.

Moderator: Thank you, Ms. Muskan. We have next in queue Mr. Amit Karvat from Global Financial Services. Please go ahead.

Amit Karvat: I want to ask you, at what level we at revenue point at pre-COVID level, sir?

Hiren Gada: Okay, if I have to break it up there are three kinds of businesses, the traditional media, there is digital media and then there is new initiatives, the new initiatives anywhere on their own trajectory. If I had to say the traditional media is the one which has got the most impacted and that is probably today at almost half of what it was pre-COVID. Digital Media is minus 30%. Now, if I have to give a color, are we seeing any significant change in July, there is a marginal change on all fronts in July definitely for the positive. After the unlock has started, definitely there has been movement in advertising. So progressively, May was better than April, June was better than May, and July is better than June. And advertising revenue also, probably, I would say it's somewhere still -- it is it is significantly -- I mean it is improved, it is better. I would say we are still at -- if we were 100 gone down to say 40, we probably now back to some average 60 to 70.

Amit Karvat: Okay. And my next question is, what kind of number in financial terms are you expecting from Shemaroo TV and at what level presently you are now?

Hiren Gada: So Shemaroo TV, we have just finished a major distribution of Shemaroo TV over the last about two weeks back, the ratings are not yet out. And I am hoping that in the next two weeks, the ratings come out and from that point onwards, the revenues will start. So at this point, I do not have any revenue and any number on that therefore. Now, what is the projection to a good extent will depend on a) what are the ratings and viewership numbers; and b) what is the overall ad spend scenario happening. But I will also add a different perspective is that the Hindi general entertainment channel as I just said earlier in a normal time it is an annual Rs. 7,000 crores plus revenue ad spend category. So, the revenue pie is very large and obviously, there is a huge amount of entrenched players definitely. But we believe that there is opportunity for more both in terms of players and in terms of innovation in many aspects.

And secondly, the Free-To-Air opportunity itself, is a large pie itself. So, this is you can say the convergence of Free-To-Air and Hindi channel entertainment that Shemaroo TV is currently there.

Amit Karvat: Okay. But we are getting any revenue in terms of ad spend like that?

Hiren Gada: We are getting adds on Shemaroo MarathiBana. So we now have as I said earlier, a lot of major brands, the key advertisers or the key brands in the business are advertising and they are all definitely there. But the spends are low key as I said, but I mean, we are hoping as the unlocking grows, we should be back to normalized levels over the next few quarters.

Amit Karvat: Okay. But if I am correct that you are getting paid on Shemaroo TV also?

Hiren Gada: Sorry.

Amit Karvat: You are getting commercial ads on Shemaroo TV also?

Hiren Gada: No, we may have some barter arrangements for something but there is no revenue ad on Shemaroo TV.

Moderator: Thank you, Mr. Amit. We have next question from Mr. Vivek Joshi, shareholder. Please go ahead.

Vivek Joshi: Sir, I have two basic questions, I know since we are all going through difficulties and lockdown is having some serious business disruption to all of us and the pressure you guys are having. First question is since the share price has been battered down. So are you were planning, the promoters are money to buy some shares from the open market.

Hiren Gada: I cannot talk on behalf of promoters. I mean, I can only discuss the Company's performance.

Vivek Joshi: Okay. And any chances that you guys come up with the right issue? Can you discuss on that part?

Hiren Gada: So again, that is something that the Board will have to consider. At this point there is no such proposal that we have considered in the last board meeting.

Moderator: Thank you, Mr. Joshi. We have last question from Mr. Prasanna, Individual Investor. Please go ahead.

Prasanna: So our couple of key growth areas that we are seeing a lot of growth, obviously in MarathiBana and YouTube. If you take YouTube, sir, YouTube has more than doubled actually, between Q1 FY 2020 and Q1 FY 2021. And our online CPM rates that I am sort of seeing online, we should be making anywhere around at CPM rates of \$0.4, we will be making anywhere around Rs. 7 crores per month that sort of the blended rates. So given that it sort of contributing Rs. 21 crores per quarter or something, just like out of nowhere. There was de minimis last year. Even after that, even if the CPMs halved or something. I feel like YouTube should have grown from a revenue contribution perspective. And then you also said that ShemarooMe has also grown from a revenue contribution perspective. So given the strong events in terms of revenue growth, how is it possible that the digital segment reported de-growth of 30%.

Hiren Gada: So, firstly the CPMs are not at point \$4. They are significantly lower. If I were to put it in INR they are in double-digit kind of number. So that is the issue and secondly, if I have to pay so, see, finally understand one thing revenue is a combination of CPM and sale, okay. And that is a function of spend finally, right. So, if the spend itself is down, then whichever way we cut it whether we maintain CPM and drop the fill or you may lower the CPM and you do not keep a high fill, or both going down. The fact is that advertising spends in this period and phase overall have been down by 60% to 70%. So that is really the challenge.

Yes. ShemarooMe has definitely grown is what I shared also. But we were coming on the back of transition from mobile VAS revenue to ShemarooMe. See, earlier we were servicing the mobile Telco consumers through VAS, through various value-added services, which are delivered via VAP and other services, where we had a strong revenue. In fact, at one point it was contributing to more than 50% of our digital revenue, because telco has such a large consumer base.

Now. What happened is that VAS, the VAP product was suited more to the feature phone consumer and ShemarooMe, the market obviously in the last two years to three years has shifted to the smartphone kind of a user and which is why we setup ShemarooMe to service. I mean, one of the B2B, B2C applications for ShemarooMe definitely was the telco consumer and we are present with Vodafone, Airtel, etc., in terms of their respective video services, whatever they have. So Vodafone has Vodafone Play, Airtel has Airtel Xstream, Idea has its own, service etc. and that is the consumer that we are tapping for ShemarooMe.

Now, in the interim, there is a fall on the traditional VAP business and then the growth over here. So that gap has not been bridged, which is what in fact one of the earlier persons who asked this question also, which I shared that you are hoping that this will trough out over the next two

quarters in terms of the handover from the feature phone product to the smartphone product. So that is as far as the telco and ShemarooMe is concerned.

And secondly, on the YouTube is concerned, there was a clear cut spend fall by I would not say minimum, but in the range of anywhere between 60% to 70% during the lockdown.

Prasanna: Got it. So in the last concall, you provided a YouTube revenue break-up, you said it is 35% of digital, which is 50% of the overall revenues. Would it be possible to provide what is the YouTube revenue right now?

Hiren Gada: Sorry, this quarter, at this point, I do not have. Actually, I hope you understand that right now there is still a lot of work from home happening and this is one data that we have not kind of collated at this point in time.

Prasanna: Got it. Okay. It would be great if you guys are able to break down the Digital segment by its respective contribution, so that investors are able to appreciate the growth segments and the shrinking segments? And are able to see for themselves, which one is growing and factoring the future? We are all willing to see the future but it will be great if you can give us some clarity?

Hiren Gada: Sure. Point take, I appreciate the point. We will...

Kranti Gada: We can provide it to him later on.

Hiren Gada: Yeah. So in the past we have provided this color, in every quarter, in fact, we have provided it is not that we have not. This time as I said, this is something that actually even like I said due to the lockdown, only 10% of our staff can come to office.

Prasanna: Also on the Marathi channel, I do not know, if for competitive reasons you do not want to disclose the revenue figures? Or is that something that you would want to disclose as well?

Hiren Gada: Yeah, for competitive reasons, I am not in a position to disclose it. And it started off, we have just added monetization, this is the second month of monetization in that sense.

Prasanna: Yes, sir. And would it be reported in the Digital segment or the Traditional?

Hiren Gada: Traditional.

Prasanna: Traditional got it. So you have a source of growth on the Traditional segment as well. Final question, sir, regarding the borrowing, all our borrowing that we do with the banks are current, which I do not know how to follow, can the bank just come and increase margin requirements at any point in time. Like how do you get, it is not long-term borrowing and it is all in current liabilities. How do you get safety around that?

Hiren Gada: So, typically, the bulk of the borrowing is via cash credit limits, which is working capital limits with the banks and against that we have more than adequate, multiple collaterals, our stock, our debtor, etc. compared to the size of the limit there is a significantly higher cover on the security cover available. In addition to that, the company owns most of the offices that it occupies in Bombay (Mumbai) and which has been provided as an additional security collateral to the banks. So there is a fair amount of security cover against the limits that have been set up.

Prasanna: What would be the cover sir, if I may ask? Like how much what factor is the cover?

Hiren Gada: If I were to add all the my inventory, debtors and other collaterals and everything the cover would be at least 5x.

Moderator: This is great, sir. Thank you so much. Yes, it would great, when you guys put out Investor Presentation, if you guys can guide on the future initiatives and like the break-ups of which segments are falling, which segments are growing, more precisely that would be super helpful. Thank you so much, sir.

Moderator: Thank you, Mr. Prasanna. There are no further questions. I would now like to hand over the call to Mr. Hiren Gada for closing comments.

Hiren Gada: Yeah. Thank you, everyone for spending the time and patiently hearing the answer and the interaction. And as I said earlier, please stay safe and hope everyone in your near and dear ones are safe. Thank you very much, all the best.

Moderator: Ladies and gentlemen, this concludes your conference call for today. We thank you for your participation and for using iJunxion Conference Service. You may now disconnect your lines and have a great day ahead. Thank you.