

November 7, 2022

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Ref: Scrip Code: NSE RADIOCITY/ BSE 540366 (ISIN: INE919I01024)

**Sub: Transcript of Earnings Call for the Financial Results of the second quarter and half year ended September 30, 2022**

Dear Sir/Ma'am

In continuation to our letter dated October 27, 2022 and November 1, 2022 and pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Part A of Schedule III of the Listing Regulation, we would like to inform that the Transcript of Earnings Call held on Tuesday, November 1, 2022 at 3:00 p.m. for discussing financial performance of the Company for the second quarter and half year ended September 30, 2022, is enclosed herewith as Annexure.

The aforesaid Transcript is also available on the website of the Company <https://www.radiocity.in> .

Kindly take the above on your record and disseminate the same on your website.

Thanking you  
Yours faithfully  
**For Music Broadcast Limited**

**Arpita Kapoor**  
Company Secretary and Compliance Officer

**Encl: As above**





## “Music Broadcast Limited Q2 FY 23 Earnings Conference Call”

**November 1, 2022**

Disclaimer: E&OE. This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange will prevail.



**MANAGEMENT:**

**MR. ASHIT KUKIAN - CEO**  
**MR. RAJIV SHAH - IR TEAM**



*Music Broadcast Limited  
November 1, 2022*

**Moderator:**

Ladies and gentlemen, good day, and welcome to the Music Broadcast Q2 FY'23 Earnings Conference Call. This conference may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “\*” then “0” on your touchtone phone.

Please note that this conference is being recorded. I now hand the conference over to Mr. Ashit Kukian, CEO of Music Broadcast Limited. Thank you, and over to you, sir.

**Ashit Kukian:**

Thank you. Good afternoon, everyone, and thank you for joining the Q2 FY'23 earnings call for Music Broadcast Limited. Joining me on the call is Mr. Rajiv Shah from our IR team and our Investor Relations partner, Strategic Growth Advisors. I hope you had a wonderful Diwali. Wish you all a very happy and prosperous new year ahead. While we find ourselves out of the pandemic, multiple geopolitical issues, rising inflation and recessionary trends are visible across the globe. Despite that, we have managed to be fairly insulated as a country. And with the ongoing festive season, we are retesting robust spending which has reinstated optimism and cheer among players in the industry and across sectors.

Speaking about the Radio Industry, volumes have recovered substantially and are on par with Q4 FY'22 levels. For Radio City, the volume has rebounded, is also a function of the rare digitalization strategy that the organization has been focused on for the past few quarters. Our RJ with a strong social media presence have been able to engage with your audience more effectively and have grown to become powerful influencers, which has also supported our revenue generation. Radio City has been at the forefront of providing a wide range of digital offerings alongside radio, which allows clients to utilize our omnichannel solutions to promote their products and services.

Our digital revenues have grown 60% in Q2 of FY'23 and 97% in the first half of FY'23. In terms of reach, Radio City across multiple platform commands the reach 233 million, which helps brands engage with a large audience and maximize their ad spends.

Moving on to the client count and market share, Radio City has continued to maintain the lion's share of 40% of the total clients. Out of the total 4,800 clients who are advertised on radio platform, 2,200 clients are new additions in the Q2 of FY'23. After the prosperous festive season and pandemic pulling off across the globe leading to free mobility and resumption of outdoor events, the upcoming quarters also look very promising and will boost our recoveries as guided earlier. Our market share has continued to stay strong over time, and we have maintained our 18% market share in Q2, just as we did in Q1, which is down from the 21% exit level of FY'22, owing to refusal of low ER clients, which is an alignment that we have always maintained that we are aren't playing the volume game, and we believe this will help us to have a greater value share owing to the higher pricing.

On the sectoral ad spend, we absorbed significant growth in major industries signaling the strength of these sectors and indicating the prospects we can expect going forward. Real estate, which contributes 17% of the industry grew by 49% year-on-year; while Pharma, which contributes 10% grew by 28% year-on-year basis. A staggering growth was observed in the education industry as well. With this sector growing by 17% and contributing 7% of the volume. Finance contributed 9% to the total volume. The negative trend observed in the government sector continued even in this quarter, by this sector degrowing by 2% and contributing 6% to the industry. Approximately 33% of the top line came from created business opportunities, up from 29% in the previous quarter. In line with our internal forecast, we have shared over the past few calls, we continue to believe that these revenues will continue to increase. Deliberate optimization efforts have resulted in few long-

term cost reductions, promising substantial advantages that are anticipated to remain for the foreseeable future.

On the collections front, with aggressive effort adopted in the current quarter, the company has managed to reduce the NOD further from 134 days in June of 2022 to 123 days in September 2022. Coming to the financial performance of the quarter gone by, we registered a growth of 16% year-on-year, increasing our top line from INR 42 crore to INR 48.6 crore. We have managed to maintain healthy EBITDA margins at 18.3% considering the inflationary trends we face. The slight drop in EBITDA margins come from some of the expenses that were expected to come back with a resumption in the normal course of business-related expenses such as programming, marketing and advertising. This is in line with the guidance we shared earlier that while some cost reductions have been permanent, some costs will be back as the business scales comes back again.

The financial performance for the half year gone by paint from much stronger picture, with the top line growing by 48% from INR 62.5 crore in H1 of FY'22 to INR 92.8 crore in H1 of FY'23. From a breakeven level EBITDA in FY'22, we have managed a positive INR 17.6 crore EBITDA level in H1 of FY'23. Lastly, in fact, we have turned the lease moving from a loss of INR 12.8 crore in the H1 of FY'22 to going breakeven in H1 of FY'23. A strong balance sheet has always been a top priority for the company. As seen by the sizable reserves we currently hold, our cash reserves increased to INR284 crore on September 30, 2022, from INR273 crore on June 30, 2022, illustrating a strong liquidity position. These reserves provide the tools required to benefit from existing and prospective future opportunities.

Lastly, with regard to the bonus issue to the non-promoter shareholders of the non-convertible, non-cumulative redeemable preference shares, the meeting of the equity shareholders and unsecured creditors of the company was held on Thursday, June 23, 2022, wherein the shareholders and unsecured creditors have approved the scheme and have approved the scheme and thereafter the company has filed the petition with the NCLT for future course of action. We will keep you posted on the developments as they unfold. With this, I would request the moderator to open up the floor for Q&A. Thank you.

**Moderator:** We have the first question from the line of Mohit Khanna from Banyan Capital Advisors. Please go ahead.

**Mohit Khanna:** I had a question regarding the second half growth that we are talking about. Because in the first quarter call, you had mentioned that some INR 44 crore revenue number, anything goes above that would actually come down to the EBITDA level because these were sort of a breakeven level. But the other costs, other expenses in this quarter has increased quite a bit. So, could you first explain the other costs? And then the growth aspect as in what's happening in the second half of this year?

**Ashit Kukian:** So first, I'll take the second half growth first because that's more easier for you to understand from the fact that H1 always is a lower revenue contributing in any media platform as against the H2. With Q3 being the most lucrative quarter from a festive period spend is concerned. So, from an H1 to H2, definitely, we see a much higher numbers happening from our growth. And growth last year, if you remember, we had a fairly high Q3. We know why we were back to normal, and we have really registered a good Q3. So, while the overall growth may not be as much as what we have seen in the first half of the year, but the absolute values and hence, the bottom line of the organization should be far better. So that's my first response to your question.

As far as expenses are concerned, if you remember, in all our future plans, we have always said that any business that is future looking, you will always have some quarters where you'll have some investments being seen as higher. Obviously, this is one of those quarters because for us to build in our future in terms of digital and integrated solutions, there are investments required in terms of people and the way forward that we are looking, and that is precisely what is possibly making this

quarter spends look a little more than the average that we always have been looking on.

**Mohit Khanna:** So, is it fair to assume on a going-forward basis that other expenses line of INR 25 crore on a revenue line of INR50 crore is more about a normal going forward?

**Ashit Kukian:** Come again, sorry?

**Mohit Khanna:** So, in this quarter, you have posted an INR 25 crore of other expenses on a revenue level of INR 49 crore.

**Ashit Kukian:** Correct.

**Mohit Khanna:** Is it a normal going forward? There is no one-off in this cost?

**Ashit Kukian:** No, no. There is no I mean, apart from, like I said, the marginal cost increase of the future business play that we are looking at digital, this should be more or less the average that you will be looking in terms of cost as we go forward, for the year for sure.

**Mohit Khanna:** Fair enough. And now to the last year on the second half, you did a revenue of around INR 106 crore and pre other income, EBITDA of around INR 20 crore. So, when you talk of growth in the current year, what is the sense that you should be able to do in the second half?

**Ashit Kukian:** See, like I said, any predictions of the exact numbers will always be difficult. But the second half outlook for us clearly says that it should be a INR 200-plus crore kind of a figure for sure. And we are aiming for a much higher figure, but that's the least that you can expect going forward from here. For the year, INR 200 crore for the year.

**Moderator:** We have the next question from the line of Anuv Shah from Srinath Securities. Please go ahead.

**Anuv Shah:** Sir, concerning the cash and cash equivalence on the company's books, we have been observing that this amount has been increasing in the past couple of quarters. I just wanted to understand if you have any plan of deploying this cash somewhere or whether for any inorganic acquisition or expansion in the number of radio stations?

**Ashit Kukian:** See, I've been always maintaining that as far as our current play of radio is concerned, we pretty much believe that all the advertising attractive markets we are already present. There may be a couple of radio stations or markets that we may want as and when it comes up, we may look at it. But otherwise, pure investment, purely on radio in geographical expansion is something we would only be able to take from a time to time depending upon the importance of that particular station and market to us.

**Anuv Shah:** Okay. Just a follow-up. Are we planning to invest our money in any unrelated venture in any other domain?

**Ashit Kukian:** No. This is really a difficult question to answer, but we've always been maintaining that as a future-looking organization, whenever an opportunity comes in, which complements our forte and the strength that we have as a media player, we will be more than open to kind of invest in that venture. Having said that, we've always been saying that the future for the industry is going to be a radio plus digital. And as digital is going in ways it is going across ways and bounds. I'm sure there'll be an opportunity which we would feel interested in and if it is in sync with what our business objectives are, we will invest in those. But at this point in time, beyond that, there is no answer I can give you.

**Anoop Shah:** Okay. Just a second question. Coming to on-ground events, are we doing any large onground event in the coming few months? And when can we expect this number to reach the pre-COVID levels?

**Ashit Kukian:**

See, we have been doing ever since the market has opened up, we have been doing local level events. In fact, we did one large international event called the Radio City Business Titans, which was a marquee event, which was the first of its kind that we built up. And this is the year that we have created this property and we have invested. So apart from this, maybe in the last quarter, we have opportunities of the Radio City Freedom Awards, and the team is also thinking of any other large-scale event when the advertiser needs. So that thinking is currently on board with the teams. So, if something interesting comes up, we may come up with a large event. But having said that, I think we have already executed one large event in the first half of the year.

**Moderator:**

We have the next question from the line of Srinivas Seshadri from Mirabilis Investment Trust. Please go ahead.

**Srinivas Seshadri:**

Sir, just wanted to kind of get a bit more clarity on the comment that you made about the growth expectation for the current year. So, you said that you can do at least INR 200 crore. But I mean, if I take INR 200 crore, that implies basically no growth in the second half versus the last year's second half. So, has there been any kind of a deterioration in the overall kind of outlook towards advertising spends versus when we met for the last quarter's results?

**Ashit Kukian:**

No, no. There is no I mean, just to clarify, for the last few quarters have always been, if you know restraining from giving any number per se because that was the kind of uncertainty that we are talking about. So, when I'm saying to one that, that is the lowest figure that we are talking about. Obviously, we are pushing for more and we believe that there is a potential to do far more than the INR200 crore that I'm talking about. So, this INR200 crore is the given in is what I would want to say. And that is the reason why I took it as I say, for that to talk about that as a figure.

Obviously, we are looking at the growth over the last second half of last year, though we had a great Q3 in terms of last year. We believe that any marginal growth on that should be good enough given the current scenario. And Q4 will have an opportunity of possibly going a little more. So yes, our outlook will be more than the INR 200 crore for sure, Srinivas, but that was a least that at this point in time, given the kind of so much uncertainties that happened over the last 7 to 8 quarters. I thought it's more prudent for me to stick to a number, which I know at the end of the year, is there for sure. But having said that, the organization is something which always believes in pushing itself to get the larger benefits from our bottom-line concern and hence the overall top line growth, and that's the endeavor.

**Srinivas Seshadri:**

The second point, I think, which you've been making for a couple of quarters is the pricing, but whereby you are taking a bit of a different stance versus the rest of the peer group. So, I just wanted to I mean, if you could also kind of articulate the rationale because when we look at the numbers, the aggregate numbers still are tracking lower than, say, the COVID levels. I understand that there is an impact of the pricing which flowed through the COVID years. But at this stage, if you could just explain why, you would not say is incremental marginal revenues, say, at lower price points like what the other companies are doing?

**Ashit Kukian:**

See, I have only one reference of a listed company, which increased its shares by 2% in the entire period obviously by lowering its value. And when you look at the growth of that company vis-a-vis our company, that is the story itself is that one will that pricing is the way forward when it comes to yield and bottom line is concerned. So that is the first part that I'll make.

Second part, even if I go by the conventional understanding that imagine if I wouldn't have increased my rates from the exit of FY'22. And I would have done a 21% share instead of the 18% market share. A clear mathematical calculation says that I would have done INR 5 crore lesser than my current ER net increase like 18% volume share that is concerned. So that's the math of it. But historically, in media, we have seen that at the time when maybe the inventory utilization is not at the highest, you may be tempted to take a call of reducing your ER and filling up the inventory. But that is for people who believe that the industry will not go beyond the

current volume. We are a believer in radio, and we believe that as everything is getting normalized, the 100% plus large markets we've seen in terms of inventory utilization is a thing that is a given in, a quarter or two quarter from here.

We don't think that if you reduce your value to the current extent that some of the players are doing, you will be able to recover that in the next 2 quarters because that's practically have never been the case in media. In the years of experience that we've had in media, once you drop rates, to recover that rate, it takes a long time. And that's where you take a call of a short-term gain, long-term loss. But and then in our case there is even no short-term loss also because our math says that our share being 18% as the value increase that we have seen is giving us a greater value share. I have been always maintaining, Srinivas, that I want to play the value share game and not the volume share game. It's very easy to get you the 20%, 21% volume share. But it is not giving you the revenue that is required, then I don't think that volume is of any use. And I think that's something which as somebody who's been part of media for a long time, I very strongly believe and I see no reason why we should be tempted to kind of go, play the volume game because after a while, there is no future to it.

**Srinivas Seshadri:**

Got it. That's fairly clear. And also, can you kind of briefly comment about how the festival season has been with respect to advertising spend for some of the kind of main categories that are relevant during this time of the year?

**Ashit Kukian:**

Yes. So, the categories have come back, some of the categories have come back. Auto is coming back; finance is coming back. And like I said, you should see as good a Q3 as last year, given the fact that last year we had really done well in the quarter third, last year. So, I believe our numbers should be pretty much and I've always been saying with the kind of base we had last year, even the marginal growth will be a good enough growth given the situation that the industry is still in because at the end of the day, the revenue is still guided by a, volume and b, the yield, which is still at 72%, 73%. Unfortunately, because of the volume play that the industry is adopting and some of the industry players are adopting the value is beyond that not going up because of your ER. We also have a restriction to increase ERs because the others are holding up to it. So, if you don't get your ERs back to the pre-COVID level year-on-year, pre-COVID level revenues itself will be a task, Srinivas.

So hence, we believe that what we are taking as a bet. Yes, from a time-to-time I've always been saying that one has not been rigid, whenever I believe that as we operate on and that's we being on the ball as we call, if we believe that for a particular month, if it is completely underplayed in terms of utilization level, that little loosening up of the ER is something which we do on the run. It's not that you stay guarded rather than we will not take a price-led decision at the cost of revenue being it. So even every time when I'm saying that when there is an ER strategy that we have in the long-term objectives of the business, it is not at the cost of revenue loss. And I want to kind of impress upon everyone here that, that's the close call that we take. If you believe that the market is not beyond that in terms of its own volume appetite, we will open up and take that, and you will see us moving to a 19% or whatever the case maybe, 20% the case maybe. We don't believe it at this point in time, at least until now and in the month of October, we need to be in that situation.

**Srinivas Seshadri:**

Got it. Sure. And just a final question from my side is on the expenses that you mentioned, you're incurring towards future initiatives. Maybe if you could be a bit more specific about such kind of things that.

**Ashit Kukian:**

See people in digital and some investments in the way forward for digital is in terms of increasing our creative abilities with people and all is a part of it. The other one is like I said, we also had this marquee event that we created, which is the first of its kind, while we ended up making a margin in that, but we have not done the margin that we would conventionally do with an established property. But that's the risk that you have to do when you take of creating an IP. The first 2 years, there will always be a little pressure for having to get the returns. But as we build it up, we know that it's going to be great returns for us. Having said that, unlike in the past, competition has created IP properties with a loss keeping long term in mind, which over the years



have given the returns, we have kept our things very clearly that we will not do anything at loss, so that it doesn't hit our bottom line. And that's the way we have gone forward.

**Moderator:** We have the next question from the line of Riya from Aequitas Investments. Please go ahead.

**Riya:** So, I would want to ask that since previously, we had given a guidance that INR 40 crore kind of revenue on the top line would give us more of a breakeven for that anything higher than that would go directly to profitability. So, has this number changed for us going forward?

**Ashit Kukian:** No. Like I said, we're still at the same level. Like I said, even when we would have made those comments in the past, we've always said that you will find that one odd quarter that possibly the cost will over than a little higher keeping in mind the future prospects that we are looking into. And I think current quarter also, if you look at it, it's the marginal over than the cost for the reasons that I already mentioned, which is possibly making it look a little different. Otherwise, it's pretty much the same what it was in terms of our understanding of what the business will be from a top line to bottom line business.

**Riya:** Got it. And in terms of advertisement yields, what we are looking at since other major contributors of ours being real estate and pharma and education being the new ones. So, are we seeing an increase in the yields from there?

**Ashit Kukian:** Sorry, sorry, come again. I didn't get the last part, sorry.

**Riya:** Are we seeing an increase in the advertisement yields?

**Ashit Kukian:** Of course, like I mentioned in my opening remarks, real estate has increased. Education has come in a big way. And finance will definitely increase in the second half because finance typically is a quarter 3, quarter 4 kind of a spender. And auto, which was lower in the last quarter, we believe, will now pick up in the third and the fourth quarter. And with the elections around the corner, we would expect government spending will also increase in the following quarters.

**Riya:** Okay. Got it. My second question would be in terms of capital allocation. So, since we have cash on the books, how do we plan to deploy it?

**Ashit Kukian:** So, like I said, we are closely looking at opportunities, which is in sync with the business objectives of the organization. And just to give you the lead, it will be largely in the digital space.

And just because there are cash reserves, we don't want to be hurrying into something which will be coming up. But we want to be very prudent about what kind of investment because we have future strategy clearly laid out in terms of how we are looking at ourselves from 3 years from now to 4 years from now in terms of an integrated radio plus digital plus influencer marketing, social media led certain factors you want to add, and all our investments will be aligned towards that part of the strategy as we are talking about.

**Riya:** Got it. Got it. Sir, just a brief roundup. So basically, we see kind of INR 200-odd crore for the full year. Do we expect that in the second half cost control measures would be taken in places we would have operating margins at around or similar levels to Q1?

**Ashit Kukian:** See, like I again said, INR 200 crore is the bare minimum that I would want to talk about. We will try and push for as much. Cost savings, like we said, we are operating with almost marginal cost wherever required only, like I said, the aberration is for the investments that we have done and possibly a marquee event that we created and a couple of other things. Otherwise, in the previous question also, my response is that we are more or less in the same cost. And it's only the revenue upside, which is



going to give you the bottom-line increase that you will see from the first half to the second half.

- Moderator:** We have the next question from the line of Gaurav Khanna from CapGrow Capital. Please go ahead.
- Gaurav Khanna:** My question is that when we will expect this NCLT hearing would be?
- Ashit Kukian:** I'm sorry, you'll have to be a little louder because it's clearly fade.
- Gaurav Khanna:** Am I audible?
- Ashit Kukian:** Yes, now you are being audible.
- Gaurav Khanna:** Yes. I'm saying that by when we can expect this NCLT hearing would be, final decision could come?
- Ashit Kukian:** How I wish, I could say it tomorrow. You know we've been patiently waiting for it. And now with all things done, all I can say is just about time. Honestly, I have no clue on the time because it's not in our hands. If it was something with that, we would have told you a definite date. We'll have to wait to hear and only then we'll be able to tell you when.
- Gaurav Khanna:** Then is this possible in this financial year?
- Rajiv Shah:** Our next hearing with the NCLT is scheduled for November 7. On that day we may know what happens. Will they take up the case, they pass the order, or we'll have to wait for the hearing to happen.
- Ashit Kukian:** So, if all goes well, within the next 15 days after that, but if there is certain queries that will be raised, then it will again go through the whole process. We are confident that over the past few months, most of the things has been taken care of. And we are positive that it should come out soon now.
- Moderator:** We have the next question from the line of Anjana Shah from Shah Investments. Please go ahead.
- Anjana Shah:** A couple of questions from my end. Sir, if I could just get some more clarity on why has our market share fallen to 18% this quarter? I believe it was around 21% at the end of FY'22. So just wanted to understand clearly, if this call, like has there been any change in strategy? Sir, if you could just throw some light on it?
- Ashit Kukian:** So, there is no change in strategy. If you remember, even in the first quarter, our market share was 18%. Our market share was 21% versus a time when there was not enough of volumes of business happening as far as the industry is concerned, so the only thing prudent at that time was to try and utilize as much of inventory and get revenues from whatever levels were business in the market. As the COVID period has gone back and life is coming back to normalcy, the best way for any media company to operate in and have a threshold level of volume with a higher ER or a premium on the ER that they are operating. And that was the first quarter story. They are much before we begin, that was a strategy for the year that we will be a value player and not a volume player.
- And hence, we have an ER increase in the first quarter. We also had an ER increase as compared to exit in the second quarter and our volume share of 18% with the ER increase is giving us a current growth as far as overall revenues are concerned. So very much instinct to the strategy in the next 2 or 3 quarters as the volumes get to near saturation level, it's only the yield that is going to give increase to any media company once the saturation happens and we are well incident to be exploiting that part of the advantage that we're already creating over the last 2 quarters.
- Anjana Shah:** Sir, my second question is on the margin front. So, if you see our EBITDA margins have reduced from 20% to almost 18% in this quarter. So just wanted to know will

these margins be maintained? Or are we going to see some improvement? Do we see some headwinds in the mid-term or near term denting our margins?

**Ashit Kukian:**

See, that will obviously depend on how much the second half is going beyond the numbers that have committed to you. Any increase beyond that number will obviously give us a better margin. And that is the aim for us as we go forward. So, I can easily play safe and say there will be a marginal increase, but I don't want to give numbers. I would rather prove it in the subsequent quarters by showing some kind of efficiencies from our revenue achievement to the bottom line is concerned, and we want to look at it that way.

**Anjana Shah:**

Sure, sir. Sir, the last one from my end. Which sectors in your opinion are expected to sustain growth in the upcoming quarters and which are expected to become laggards, since this quarter government in auto also has de-grown, and pharma and real estate had faced strong.

**Ashit Kukian:**

So, finance for sure, will increase in the next 2 quarters. We'll have a government category also coming up in the subsequent quarters, like I said, given the fact that elections are coming up. I also believe that auto growth has been a category which has gone down in the Q2 of this year, but in the second half given the launches and the kind of aggression that the auto players are showing, I'm sure you will see some kind of increase there. And the regular ones like real estate and pharma will continue to invest like we have done in the subsequent, in the earlier 2 quarters.

**Moderator:**

We have the next question from the line of Vineeta Kothari from Kothari Securities. Please go ahead.

**Vineeta Kothari:**

Thank you for giving me the opportunity to ask my question. The first thing I want to ask you is, as this being looking at the numbers, you see, the digital revenue has grown by 60% in the quarter. How are we seeing the digitalization strategy work out for the company over the next few quarters?

**Ashit Kukian:**

See, I think minimum growth expectations of what we have done in the current quarter is something which we want to continue with. Yes. The first quarter, of course, we had a higher growth because the first quarter of the previous year was a little low. But in the last 1 year, we have kind of built up our teams and our revenue generation generating abilities in digital. So, you will see our quarter-on-quarter substantial growth happening as far the digital business is concerned.

**Vineeta Kothari:**

Okay. And what is the optimal proportion of digital revenue in the overall mix of total revenue?

**Ashit Kukian:**

As of this year or you're talking about as we go forward?

**Vineeta Kothari:**

As we go forward.

**Ashit Kukian:**

As we go forward, I've been a great believer in the radio plus digital story. I have been always saying that in the next 4 to 5 years, you will be in a situation that radio will be 50% and digital will be 50%. It's just all has some of you all may find it difficult to accept. But I've been very clearly saying that in the next 4 to 5 years, you will say 50% of our revenues coming from digital and 50% coming from radio. Given a year, here and there, and that's the way the business is going to be.

**Vineeta Kothari:**

Understood. And lastly, I wanted to know what your outlook is in the long-term growth, looking at the industry trends and the environment, the changing customer preference?

**Ashit Kukian:**

See, I don't know whether I've got your question right, but I'll try to give you a holistic answer to it. We believe that as radio is pretty much in the saturation state in the larger market, but there is still a growth prospect in the Tier 2, Tier 3 or the Phase 2 and Phase 3 station because the inventory utilization level is still not at the higher level.

We believe that is a radio continuous expansion there. When I'm saying expansion, revenue expansion happening in the next 4 to 5 years for sure, because that's how the maturity happens from the time you launch. So that is a great radio story out there. As far as the larger markets, which are matured and saturated, we believe that the almost a 7% to 8% average growth or 8% to 10% depending on how the industry plays out. So, I believe a 14%, 15% pure radio growth over the years is something which will remain to stay. And digital, which is how you build your base from digital has the ability to grow by 40%, 50%, 60%, at least for the next 3 to 4 years. And that's going to compound yourself into the composition of how radio and digital plays as you transit yourself from a 90-10. When I am saying 90-10, 90 radio and 10 digital towards 50-50, and that's how the whole growth is going to pan out in the next 5 to 6 years.

**Moderator:** We have the next question from the line of Priyanka Shah from LL Securities. Please go ahead.

**Priyanka Shah:** I have a couple of questions. Sir, except for Q3 FY'22, wherein we beat the industry growth rate, we have been lagging the industry growth rate over the past 3 quarters. This quarter, with Radio City growing 9%, whereas versus the industry growth rate of 20%, how do we aim to change these dynamics and with the industry growth rate over the time?

**Ashit Kukian:** You are talking about volumes, right? Because we've been maintaining that at the value level here, we have gone much higher than the industry. And volume cannot be the only parameters only. Yes, I understand that volume is the only common currency that you have. But we are very clear that look at the 9% growth, I'm demonstrating a 15% value growth as far as quarter 2 is concerned. So here, you're getting it. While you're talking about a 9% growth, I'm demonstrating a 16% growth of value. So that is a price to the premium that you are getting and then as a value return to the premium that you are getting. So, I think the way to look at it is a value share, and that is what you will know from the business opportunities and that you are creating and executing.

Even last year, without again, like I said, because there are limited listed companies to talk about, I have spoken to you about the radio station, which has added 2 percentage point of shares growth. That means they have increased growth much and more than the industry, but their revenue growth was half of what we have done. So, I don't know whether chasing volumes mindlessly it's a real business strategy that I would want to follow, with due respect to whoever wants to follow the volume growth. Like for example, I know there are a couple of players who are at a 7%, 8% market share, and they believe that from a 8% market share if they move to a 15% volume share, there will be a revenue growth for them, which is quite right from a strategy perspective. For us, where we believe that we have got a critical mark of 18%, earlier 20%, 21%, from here only we believe ER is a better play to play, and that is something which has been very strongly believing in it. I don't think just to prove the market that there is an industry-led volume growth, and I wouldn't want to participate, I'll be actually hurting myself in the long run.

**Priyanka Shah:** Okay. Sir, one more question. How was the festive season being for the company, especially with the imminent threat of recession across the globe, how are the ad spends changing?

**Ashit Kukian:** It's been healthy. I think in the relative function, I think it's been healthy. And we believe that we should have a good quarter 3 as far as the revenue achievements are concerned.

**Priyanka Shah:** And sir, what is the onground feedback you're receiving from various brands and corporates?

**Ashit Kukian:** When you're saying onground feedback in the sense, the business feedback of the economy and this outlook towards investing in advertising, is that what you're asking?



*Music Broadcast Limited  
November 1, 2022*

**Priyanka Shah:**

Yes.

**Ashit Kukian:**

Yes. See, like I told you, even in my opening remarks, India in that sense, it's a little insulated because we are fundamentally much stronger than the so-called market where we believe that recession is imminent. Having said that, being influencer what's going to happen outside is something which may also play around given the fact that we have had a difficult COVID period and then an earlier 2008 kind of an era. But I think our play of radio and digital and the amount of investments that we are expecting in the overall scheme of thing is not so huge that it should make a large impact for us as it should possibly make into the large value mediums that we talk about. Because both the digital play out and the radio play out from our value play, I think we are better point, number one.

Number two, 70% of our business is still local players who are still doing well, and they will be not as exposed to the so-called recession because that is a consumer-driven market, and at the local market advertisers and so on, which has continued to advertise. In fact, the reason why I can tell you so confidently is that even there is a peak of COVID, we have seen advertising happening in the smaller market precisely for the same reason. So, while there is a so-called threat of the recession being there, we believe that India will be far lesser affected. And in that sense, the local market, which is contributing larger spends will be almost immune to it is what we believe. It's the large spenders or the corporate spenders who may partly be affected, but in the month of October, that is not reflecting at least. At least for the month.

**Moderator:**

We have the next question from the line of Rajesh Toshniwal from Toshniwal Family Office. Please go ahead.

**Rajesh Toshniwal:**

Sorry to, I mean, continue on that old point, particularly with respect to recurrence being received by our shareholders, that NCLT hearing with regard to this redeemable preference share has been issued only to public shareholders. Are we contemplating some priority hearing or early hearing because bulk of our legwork has been completed? It's only to come up for a formal hearing and I think we should see it through. Are we contemplating this, sir?

**Ashit Kukian:**

So, November 7th is the date and that I think is at close to what it can be. So, I think that is 6 days from now. And we want to, I would say, believe that most of the queries has been sorted out and everything we should get a final go ahead is what we believe. But till the time we don't get it on paper, it will still be and 'if' in our minds, at least.

**Rajesh Toshniwal:**

And just as a follow-up to I mean, by returns, I mean, accruing to shareholders over the last 2, 3 years, I know we have been through challenging timings and despite best efforts by you all, returns have remained almost flat. Our market cap has remained between INR 800 - 900 crore. And we have a huge cash and cash equivalents of almost INR300 crore, 33%, 35%. I mean, of course, the Board as well as where the promoters have, I mean, the main decision makers, are we not contemplating substantial return of this amount which can I mean, if required in the future, it can always be raised through our rights or a preferential issue. I mean, if the industry volumes are not really growing in a way they ought to, and we are already having sufficient cash to move into digital phase of it. Then is it not really worth considering that extra whatever cash they hardly, it's actually returns for the company and for the shareholders downstream. So, are we not contemplating return of that fund?

**Ashit Kukian:**

Yes. When you look at the numbers that I'm talking about, from the current contribution of digital and if I'm looking at you and saying that in the next 4 to 5, 6 years, if I'm talking 50% of contribution to come from digital, I'm sure there is a role, some kind of acquisition or a play that we would want to where, investments is required, is that in our minds. Because while organic business will have its own, that is this inorganic business, especially in the fact that digital has been existing for a while, and there are certain areas of play that we would want to be when the industry matures, we would want to kind of invest in those kind of, if I may say, outfits. And we are resonating the value coming from. All I can say is that it's just a matter of timing. While, you will have to be a little patient with us that it will come in, but it



*Music Broadcast Limited  
November 1, 2022*

will come in at a time, and we believe it's the right time for us to get into rather than just go forward because there is a huge cash reserve, because we are also evaluating multiple things as to beyond what we are currently doing to see what is going to give us the highest return, which is all in your interest, sir.

**Moderator:**

That was the last question. I would now like to hand it over to Mr. Ashit Kukian for closing comments.

**Ashit Kukian:**

Thank you, everyone, for joining us on this earnings call. We at Music Broadcast Limited will continue to expand on the initiatives undertaken and progress made in the past few quarters. The dominant position that your company has been over the years will only further solidify, which streamlined efficient operations and incredible talent pool, delivering high-quality content to a wide audience and deep relationships and networks built over the years. Once again, the presentation, earnings release and results have already been posted on the company's website and stock exchanges. Please feel free to contact any one of us or at Strategic Growth Advisors, if you have any more questions. Stay safe and take care. Goodbye.

**Moderator:**

Thank you. On behalf of Music Broadcast, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.