

January 30, 2023

1.	National Stock Exchange of India Ltd Exchange Plaza, 5th Floor Plot No. C/1, G Block; Bandra (East), Mumbai 400 051	2.	BSE Limited Corporate Relationship Department Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 001
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Sub: Transcript of Earnings Call for the Financial Results of the third quarter and nine months ended December 31, 2022

Dear Sir/Ma'am

In continuation to our letter dated January 19, 2023 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 Wednesday, January 25, 2023 at 3:30 p.m. for discussing financial performance of the Company for the third quarter and nine months ended December 31, 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.

Yours Faithfully
For Music Broadcast Limited

Arpita Kapoor
Company Secretary and Compliance Officer

Encl: As above





“Music Broadcast Limited Q3 FY-23 Earnings Conference Call”

January 25, 2023

Disclaimer: E&OE. This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 25th January 2023 will prevail.



**MANAGEMENT: MR. ASHIT KUKIAN – CEO, MUSIC BROADCAST
LIMITED
MR. PRASHANT DOMADIA – CFO, MUSIC BROADCAST
LIMITED
MR. RAJIV SHAH - IR TEAM, MUSIC BROADCAST
LIMITED**



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Moderator: Ladies and gentlemen, good day and welcome to Music Broadcast Limited, Q3 FY23 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 Q3 FY23 Earnings Call for Music Broadcast Limited. Joining me on the call is Mr. Rajiv Shah from IR Team and our Investor Relations Partners Strategic Growth Advisors. Beginning with the macro-economic factors at play the COVID scare at the start of the year has fortunately not materialized into anything serious and India has been fairly insulated from the same. Recovery has been agnostic across all sectors, and with the multiple tailwinds whether in terms of government policies, strong demand or easing of raw material and other input prices, we are fairly confident of allaying any fears of recession in the near term.

Talking about the radio industry, volumes grew by almost 19% in Q3 over Q2 volumes, and by 26% over Q1 volumes. This is extremely encouraging at the same metric for other mediums are not so bright, with TV remaining flat and digital de-growing by over 30% in display, and about 8% in video content. Even when compared with print, the growth is significantly higher with print registering a 11% growth over Q2, and 19% over Q1. In an era of numerous media and information sources, Radio has always held high credibility and trust rating thereby maintaining its supremacy. Utilization level stand at at 71% in Q3 FY23 as against Q3 FY20, which is pre-COVID, which is a healthy sign and provides a sense of optimism for higher utilization in the times to come.

Digital revenue contributed 8% of the total revenue amounting to Rs.4.03 crores. We are confident about the previous guidance which indicated that digital will be a key growth driver and account for major chunk in the total pie of revenue. Digital offerings are quite broad and provides a client an omni channel, end-to-end solution for their products and services. Across multiple platforms, Radio City commands a total reach of 274 million, which helps brands reach a large audience and maximize returns on their ad spends.

Raditilization strategies followed by the organization, leveraging our RJs and their strong social media presence has resulted in a more effective and meaningful engagement with our audiences, aiding broadcasters in generating higher revenue. Talking about market share and client counts,



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Radio City has continued to maintain a sizable 19% market share in the Q3 of FY23, up from the 18% in the Q2 of FY23. We service 40% of the total clients advertising on radio. Further, radio also bagged 38% of the 955 new clients who advertise for the first time at radio in Q3 of FY23.

Coming to the sectorial ad spends. We observed growth in some of the major sectors, signaling strength of each sectors and indicating the prospects we can expect going forward. Real estate which contributes 17% to the industry grew by 24% year-on-year. While auto which contributes 9% grew by 12% on a year-on-year. A staggering growth was absorbed in pharma as well, with this sector growing by 33% and contributing 9% of the volume of the industry. Food and soft drinks is one high contributing sector and contributes 8% of the volume that we witness ad degrowth of 13%. The negative trends observed in the government sector continues this quarter as well, with this sector degrowing by 19% and contributing to 6% of the industry. The most unexpected result was in the finance sector which contributed 7% and de-grew by 18%. Approximately, Rs.15.6 crores that is 31% of our revenue came from created business opportunities. In line with our internal forecasts that we have shared over the past few calls, we continue to believe that these revenues will continue to increase.

Coming to the financial performance of the quarter gone by, we registered a Q-on-Q growth of 64% in EBITDA of Rs.14.5 crores in Q3 of FY23 against Rs.8.9 crores earlier. The top line growth is 12% Q-on-Q and increasing our top line from Rs.48.6 crores to Rs.54.7 crores. The financial performance for the nine month is strong, is on a much stronger footing with the top line growing by 20% from Rs.122.4 crores in the nine-month period last year to Rs.147.5 crores in the nine month period this year. From an EBITDA of Rs.21.7 crores in the nine month period of last year we have managed a Rs.32.2 crores EBITDA level in the nine month period ending FY23 indicating a 48% rise. Lastly, in terms of PAT we moved from a loss of Rs.3.6 crores in the nine month figure last year to a profit of Rs.4.2 crore in the nine month figure this year.

The size of our present results address to the fact that the Company as always place a high premium on maintaining a strong balance sheet. As evidence of a strong liquidity position, on December 31st 2022, our cash reserves climbed to Rs.288 crores from Rs.264 crores in the end of March 31st, 2022. These results offer leeway needed to take advantage of the current and potential future opportunity. However, with the issue of this preference share, there is a component of debt in our books with additional finance cost pertaining to the same.

Lastly, with regards to the bonus issue of the non-convertible, non-cumulative redeemable preference shares. The scheme was approved by the honorable NCLT on the 23rd of December 2022. The Company has fixed the record date of 13th of Jan 2023 to determine the eligible non-promoter equity shareholders to receive bonus NCRPS. The bonus committee has allotted the NCRPS to the eligible shareholders on 19th January 2023. As per the terms of the scheme, the shares will be listed at both the stock exchanges and will be readily tradable. Further, the NCRPS



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shall be redeemed at the price of Rs.120 per NCRPS after the period of 36 months from the date of allotment. With this, I would request the moderator to open the floor for Q&A. Thank you.

Moderator: Thank you. Ladies and gentlemen we will now begin with the question-and-answer session. The first question is from the line of Bajrang Bafna from Sunidhi Securities. Please go ahead.

Bajrang Bafna: Congrats, finally the preference issue has got approved and hopefully the minority shareholders will get the advantage. So, sir coming back broadly on the trajectory that we were seeing pre-COVID where the Company has been continuously growing both in terms of top line and bottom line, and post COVID we are still yet to go back to the earlier profitability trajectory. Yes, this quarter has been a little better as compared to last two, three quarters, but going into future what sort of utilization that you are looking at, and when we can perhaps go back to the trajectory of 40, 50 crore kind of net profit that we were looking before COVID. So, if you could guide on that sense, we are quite seeing the delayed profitability coming to our way, though the top line is moving up, but because of the cost which has also moved up here we are yet to see the real impact of operating leverage playing out for us. So, if you could guide us, in terms of next year will be really helpful. Thank you sir.

Ashit Kukian: So, as we always been maintaining that ours being a fixed cost business, lead overall numbers. So, obviously the last two, two and a half years for reasons we all know, has been tough period for media perse, including radio. So, that's the first point I would like to make. So, keeping in mind here on going from the results that we have seen in the third quarter and hopefully that we manage a decent fourth quarter, we believe it's going to be an upside for us for the next one year, because currently from the way the businesses are poised, we believe we should be able to show a continuous quarter-on-quarter growth both in terms of top line and bottom line with the fixed cost being taken care of. Yet on investments on new businesses and inflationary related cost escalations will be there, if you ask me when are we going to reach the pre-COVID level, profitability and bottom line figures, at this point in time it will be too early for me to commit anything, all I can commit is a quarter-on-quarter growth which will hopefully, in the near period of time reach the erstwhile numbers that we are seeing.

Two, of course we as an organization has very clearly directed ourselves also for things that the world is looking at, which is beyond radio, that is like a current investments are happening, whether it is digital outlook and the investment that we're doing and we believe once that starts giving results much more than what it is giving to us right now, we should be hopefully closer to the numbers that you have in mind which we saw at the peak of our operations two, three years back.

Bajrang Bafna: Okay, got it. And sir in terms of utilization, where are we right now vis-à-vis pre-COVID, I think you have spoken but I just missed that number.



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- Ashit Kukian:** No, problem. We are actually at the utilization level, for the Q3 we are actually at more than the utilization level in pre-COVID. Pre-COVID the utilization levels were 61%, we are at 70% right now. So, this brings to the same story which I have been saying in the past two meetings is that the challenge now is moving the yield for the business, once the utilization level hits it's peak moving yields becomes easier because that's how the correlation will increase in effective rate versus utilization of inventory. So, yes to answer your question, our volumes are much more than what it was pre-COVID. But it is a value which is determined by the yield, what we are working towards.
- Bajrang Bafna:** Okay. And what sort of yield that we have achieved if we try to compare with pre-COVID numbers?
- Ashit Kukian:** We are at about 72% of the pre-COVID numbers.
- Bajrang Bafna:** Okay. Yet long way to go. Got it, and just last question on the digital front, we are already at let's say four crore kind of run rate on a quarterly basis. So, we are moving towards let's say 15 to 20 crore kind of yearly run rate, where do you see that because you always highlighted that this is a segment which is going to grow faster as compared to the traditional channels. So, if you could just highlight what sort of steps that we are taking and when we can see some sort of profitability also flowing for us from this segment of the business?
- Ashit Kukian:** The profitability is even now flowing in but to the extent that we would want to see which is what we are aiming towards. So, to answer your question right now, I personally believe our percentage if you know last year we were about 4.5% of contribution of digital has moved to a 8%, 8.5%, next year it will be anywhere between 12%, 14%. So, this percentage will continuously grow and that growth is coming on the bank of a 50%, 60%, 70% growth over the earlier number. Of course, the base is small as against the planned 14% regular radio business growth. So, that the first point, so once the base increases the percentage growth that we are talking about anywhere between 50 to 60 is how the whole numbers are going to play out in the next two to three years.
- Moderator:** Thank you. The next question is from the line of Apurva Mehta from A M Investments. Please go ahead,
- Apurva Mehta:** So, just wanted to know, to check with you how is the ground reality when you go to pitch for new advertisers or things like that coming, and how are the pricing front, we were planning to go for quality than quantity, and still our utilization is now 70%. So, are we back to the levels that we would go for quantity and not the quality that we were a guided a quarterback that we will not go down on prices and we will fight for it?



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Ashit Kukian:

So, I'll answer this question in two parts. As we continue to stand by our position that it is always quality over quantity, because in the end result, inventory at some point in time will be limited, the rates are not limited because it's where you want to take, you can take it that's the first point. The second point of inventory utilization is a larger challenge at the overall level. So, when I'm saying 70%, I'm talking about the industry utilization level itself is at that level. So, unless and until there is a saturation of volumes for all players, any change in your rate will not be easy, because the moment you try to push in for higher rates there are options, which becomes far more attractive as far as an advertiser is concerned. Answering your first question about the sentiments of advertisers. I have already in the earlier note said that almost 38% of our clients in this quarter has come in new. So, that means there are a lot of newer players or newer entrants into the radio investment market, which is coming in investing in radio, which is on healthy side, where people believe that radio still work in fact, just last week an independent survey had put up a record saying that eight out of 10 people believe especially in the Tier-II, Tier-III cities that radio works for them and most of the time they spend on radio. So, that itself is a justification of the fact that, if you divide India into the Metro the Tier-I, Tier-II cities, there is a lot of radio players still existing and we have gung-ho from the fact that newer advertisers are coming in. And hence we believe that, the optimal utilization level should reach in the next four to five quarters. And then the ER play which is the effective rate play will be easier when you are at a saturated level of utilizations.

Apurva Mehta:

But the trend of higher prices, we are seeing any trend like we were at maybe two quarters we are at 60% of our peak rate, now we are at 65, now we are 70. Is that trend changing, are we seeing some changes in the trend or no?

Ashit Kukian:

On the rate front, from our perspective that is a marginal increasing trend that we are seeing, that is directed and we believe that's the way forward. On the inventory front, I have already told you that there is an increase from a Q1 to Q2 to Q3, the utilization level is increasing. And we believe if everything settles down, our utilization level will increase and that will allow us and I would want to believe competition to kind of somehow push for raise because without that, I know revenues will be at a struggle for most players. Because after inventory, it is just the rate which will play around when it comes to final revenues.

Apurva Mehta:

And on the next year, it is going to be lot of government spending will come because of election and everything there is state election, there is central election coming. So, what is your assessment, how much of that will come to radio, the ad spending which the election will be there any ballpark figure that you have envisaged that next year there will be some?

Ashit Kukian:

See, unfortunately what has happened is it all depends between now and the time when the election comes, how bullish is the present government because unless and until the present government is not pushed from a perspective of losing their elections, then that much prudence from there end because even in the state election and that confidence, the investment has really



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not been as high as it was normally in the erstwhile period. So, if competition is not there, we don't see, huge investments happening but having said that, without a doubt government spending vis-à-vis what it was this year will be higher next year for sure. Now, the percentage of growth over this year will completely depend on the mood of the nation, if I may say so. And the confidence of the present government because, if the present government doesn't invest much because the others hardly have any money to invest to be fair, and honest because it has to be led by the government because that's where they want to, but typically what happens in election year is that they use that last four, five, six months to kind of talk down the achievements of the things they have done in their tenure. And that is what we are confident will come back to us in form of radio investments also as in other mediums.

Apurva Mehta: On the previous one, have you any data that last election how much when the central was there how much were we, we got any ad spending and any data part which we have?

Ashit Kukian: Honestly speaking any data of the past will have no reference because that past was very competitive, at least the top three political parties that were aggressively invest, expecting a favor for them in terms of the elections, that has changed we can argue on that, but that has changed. So, hence past data may not have relevance, but if you see, and ask me and you want me to kind of put my neck out and say, I believe if all goes well there is a eight to 10 crores of additional play that will be there, that can come from the current base, as we go forward for the next year.

Apurva Mehta: Okay. And on the fixed cost front, license will be roughly around Rs.20 crore. Employee cost will be roughly around Rs.60 crore for next year, and other expense will be roughly around Rs.100 crore, that can we take all this ballpark figure?

Ashit Kukian: Yes, so you're saying the combined cost of anywhere around Rs.195-200 crore is that what you're saying for the next year?

Apurva Mehta: Yes, Rs.180 to 190 crore.

Ashit Kukian: Rs.180-190 crore is what possibly we will end up this year, a little here and there. Nominal into inflation cost and a little bit of marginal employee related cost and the additional investments will be the additional that we are talking about, but as always we will be prudent about our top line versus bottom line and investments and cost increments will be as per that and we can be rest assured that we'll keep a close eye of not exceeding current cost by the basic requirement that will be there on a year-on-year perspective.

Apurva Mehta: And the additional cost which we are talking about can you ballpark tell us what kind of, which area we would like to spend and which will help our future growth to go and are we spending on that kind of area where we want the future to grow substantially in the digital?



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Ashit Kukian: Yes, so all cost investments to answer your question is already on the future growth business that even I am saying that I am talking about digital, whether it is increasing the digital ecosystem in this whole solution providing business that we do for brands and clients is where we are investing. Any major investment which we'll look at leap-frogging ourselves will possibly come out of CAPEX if that's the way we're looking at it or acquisitions as opportunities come out to us and it will be in the digital part of our business perse. And in the traditional business will be only in growing and doing efficiency management is what I believe.

Moderator: Thank you. The next question is from the line of Mohit Khanna from Banyan Capital Advisors. Please go ahead.

Mohit Khanna: Sir, I just wanted to understand a little bit better on the advertising front and within different sectors. So, what sectors are you seeing advertising should now pick up because as you highlighted finance, unfortunately didn't actually de-grew in this quarter?

Ashit Kukian: Yes. So, for us auto will definitely increase now because more or less things are falling in place. So, we believe auto, real estate is definitely increasing for the bigger projects that is in and other sectors that we are looking at the top five will be your pharma and healthcare which I have said is also increasing. And in the coming year, I also believe government should increase given the reasons where we mentioned about the state government and going into the final Lok Sabha elections. So, this normal four or five top categories will increase as we go forward.

Mohit Khanna: And if I compare your numbers years-over-year, and if I remove the other income fees because that's the interest income that you earn. The operating side has no delivered as much in the festive quarter of third quarter as it was. What are the possible reasons, where did it go wrong with a market that the advertising didn't come through?

Ashit Kukian: So, clearly, I don't know, if you've been observing media closely. November has been a aberration month across media industries. And we are all trying to figure out what happened, a good Diwali and then normally there is a little lag after Diwali. But this was a complete, watershed moment for the media industry with absolutely no recovery post the first 10, 18 days after Diwali. So, that is the only place where we believe something, like in our case we had a great quarter last year, unlike our competitors and we have actually increased our percentage share in the business from a revenue perspective, that really didn't play out, because if you see we are as a, about roughly around 9%, down over the last quarter, primarily driven from the fact that November we were completely down. So, to answer your question, that is only place where possibly things have not played on and that has been an aberration month, if you look for the quarter for us otherwise for a quarter-on-quarter basis. And the bottom line till top line numbers are more or less been efficient enough, I would believe.



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Mohit Khanna: And one more thing, when we talk of utilization levels at 71%, can you give us a break up or what exactly the numbers for Tier-I cities and Tier-II and Tier-III cities?

Ashit Kukian: So, it's a nice question that you've asked, the challenge is that the top metros are actually lower than the 71, is at the 70% utilization level and that is why the revenue is getting hit. Because typically what happens is, and the quarter three where you have the peak quarter happening for media, and for radio also, you end up anywhere around 85% to 90% of utilization level, and the average of all markets put together because if you see the top market traditionally, are the ones like the top eight metros that we talked about, we are anywhere in the Q3 of any normal year will be around 90%, 95% utilization level, the next set of market your p1 markets, P2 markets will be around 70%, 75% and the rest of markets are anywhere between 55% to 60%. Now, what has happened is that 90%, 95% that you are getting in the top market is stagnated itself at 70%. And that is the reason why the overall increase has not happened in utilization level as against the erstwhile numbers that we are talking about.

Mohit Khanna: Right. So, just like for us, are we still going to stick to the strategy of pulling in more volumes, or now do you think when the utilization levels are sort of stuck at 70% level so do you think it's a better strategy from here on to go for price increase?

Ashit Kukian: So, from quarter one of this year, I have always stuck to my first priority as price increase, even when the market was not saturated. Because that's where I believe it's a better play when it comes to media, especially when you're talking about businesses you can even finite inventory, unlike in print where you can have a DCC plus cost and increase pagination. So, I've always believes that it has to be a price based, quality based strategy which has continued in all the three quarters, only difference being that in the first two quarters if you have observed I was at a 18% volume share, in the third quarter when we saw that the erstwhile 90%, 95% of inventory utilization is not being seen, we said let us do a gut change and take a little bit more than what you would conventionally do which means a little hit on your ER from what it was and ensure that that additional 1% will offshoot the little bit of erosion of ER. But our strategy will still continue to be riding on quality-based ER led strategy because that's where the future of the business is.

Moderator: Thank you. The next question is from the line of Nimish Maheshwari from RSPN Ventures. Please go ahead.

Nimish Maheshwari: So, I just want to understand what is the rationale behind distribution of these Rs.90 crore preference share using Section 230 rather than simply giving the bonus to the shareholders.

Rajiv Shah: Okay. So, the year of the bonus was not supposed to be.



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Prashant Domadia: So, this is basically, under Section 232 typically we share to the shareholders, and through the NCLT approval, we have selected Section 230 to clear the things. So, that's the main reason the NCLT approval route has been taken.

Nimish Maheshwari: No, I just want to understand why you were not using the bonus issue directly like you can distribute the money directly to the shareholders rather than going through the preferential route, because if we have Rs.200 crore of mutual funds as an investment in the balance sheet we can directly sell and distribute to the shareholders?

Prashant Domadia: So, if you remember in 2019 we have issued the bonus, and this was in 2020 when we have done this NCRP, unfortunately due to COVID, and NCLT and all the approvals got delayed by two, three years. So, at that point in time, we wanted to give the value to the shareholder over a period of time, because there was a buyback in 2018 there was a bonus in 2019, then the split has happened and the decision was there in which we have continued. And in the staggered manner, the money can be distributed to the shareholders at the same time the investment required in the business can we continued.

Nimish Maheshwari: Got it. And why there is a three year time period for the redemption of Rs.90 crore, when Company currently have more than Rs.200 crore in the balance sheet. So, why it should not be in the one year time period?

Rajiv Shah: Okay, when the scheme was launched it was COVID period and that is the reason cash had to be saved. And we gave this bonus over a period from provided we get out of the COVID period. Unfortunately, these regulatory approvals took time. Otherwise, if that approval have come in time, in the next year, we would be actually redeeming the NCPRS.

Nimish Maheshwari: And one more thing on the business perse, can you little bit explain about your digital offerings and how the revenue will be coming into the P&L from the digital front?

Ashit Kukian: So, very clearly, I've been saying that we have been increasing the digital contribution to the overall business from a 4.5% to a 8% to a 12-14% what we're looking at next year. Our offerings are very clear we are right now offering the, we are playing the social media influencing place which is where marketers are currently putting almost 25% of your investments, unlike radio, which has 3% of the advertising pie, within the digital 25% of advertising investments are happening in the social media influencer marketing space, largely led by influencers. Our advantage here is that, with the RJs that we have, who are influencers and I've already spoken about the reach that we get, our plays very clear, we're using a mix of RJs as influencers in the social media space, we're using our radio inventory, and wherever needed, where the on ground event is required, they're clubbing all of them and giving this as a holistic solution to brands. And to answer your question, we are looking at anywhere between 12% to 14% contribution coming from digital as we go forward.



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Nimish Maheshwari: Got it. One more thing, from the investment perse is there, how you are thinking to use the investment going forward like Rs.100 crore we can see that we can expect for the redemption of the preference share, other than this how we are planning to use the money to better our ROE and ratios?

Ashit Kukian: So, while we are exploring various opportunities in the digital space. As you know the digital space in our scheme of things means two or three things. One is of course the influencer marketing space that I spoke about, the other is this whole content creation and distribution that happens which includes creation of audio, video format, it also includes creation of podcasts and distribution of podcasts into various platforms. So, as we go forward and as we see the whole evolution of the rate around the digital industry in terms of marketers needs, we may at times also look at acquisitions of existing players who would want to kind of be part of a larger game plan. Very clearly when it comes to us we will see it from a perspective of what value it adds to a future game plan in terms of the higher solutions that we are giving to our clients. So, that's the way looking at it, it will be investments from things that we are going to create on our own. And also possible acquisitions of platforms or businesses which is complementary to the digital play that we are looking at.

Nimish Maheshwari: Any plan in the pipeline right now?

Ashit Kukian: See, now our discussions are happening at two or three different levels, there are too early stages, it will be possibly you'll have to give me a couple of more quarters before I really, things freeze out for us, and we really make the game plan for me to share anything, otherwise it will be just a good thought from our end. But to kind of give you the confidence and this, we are exploring multiple things, and unfortunately I'm in no point to kind of, at this point in time to kind of disclose that.

Nimish Maheshwari: Okay. So, then we can expect this in next year?

Ashit Kukian: For sure.

Moderator: Thank you. The next question is from the line of Hiten Boricha from Joindre Capital. Please go ahead.

Hiten Boricha: Sir my first question is on the guidance side. So, we have been doing around Rs.50 crore kind of revenue from last two quarters. So, just wanted to understand by when can we like, do you see any visibility, this revenue run rate can go up to Rs.70-80 crores per quarter in coming let's say, two, three quarters or maybe four quarter, in next four, five quarters?

Ashit Kukian: Too difficult to kind of give that kind of an indication. But very clearly, you can see at the Rs.50-55 crore level, it's a positive bottom line that we're talking about. So, we are looking at whatever



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increase that will happen will go straight to the bottom, yes we will be happy to look at the numbers you're talking about. But it will all play around with the facts how fast the levels of utilization increase, how fast we are able to kind of increase our rate, and how fast the digital play out is going to happen it's a combination of all those things that we are looking at. But, I can only give you one confidence that the numbers that you are looking at both at the top line and the bottom line level for the next year will be definitely far more than what you have seen in the past two or three years.

Hiten Boricha: So, are we like very confident to do like 20% growth for at least for next two years?

Ashit Kukian: Without a doubt.

Hiten Boricha: Okay, 20%, 25%. And sir when you talk about the operating leverage which is going to play in next four, five quarters so are you pretty much confident our margin will go back to 30%, 35% kind of level?

Ashit Kukian: I would not be able to comment on the margin levels, because I've been continuously in the last two calls also been saying that our digital play will mean investments from our side, both at the people level, and there were required maybe at the tech level and so on and so forth. So, that will increase of the cost a little. So, the margins will not be as high as 30%, 35% that you're looking at but, as we kind of peak ourselves you will possibly see those margins coming in.

Hiten Boricha: You are continuously focusing on digital investments, so can you throw some color in detail what exactly are we doing in digital, where are we focusing and what kind of investments we are looking?

Ashit Kukian: So, as I said we are right now exploring two or three different avenues in the digital platforms. And of course one is of course in the social media influencing space. The other of course, like I said, as we are exploratory, going forward in the digital business and as we feel there'll be more and more need for content creators, or distribution that has to be happening, we will kind of do our investments in those areas as we reach those destinations. And hence, all I can say is that it's a work in progress and whatever number changes you're seeing in the digital, for whatever the base is, should be reason enough for you to believe that we are in the right track.

Hiten Boricha: Sir sorry but what do you mean by avenues in digital platform, I didn't get that exactly?

Ashit Kukian: There are various things, if you really look at the whole digital space, which is what more than Rs.50,000 odd crores this year with all put together then in that there is a search base revenue, there is a display, we have to take those two things out, there's a lot of revenues happening in the influencer marketing space, there's a lot of revenues happening in the video space, which is the distribution of video space, which is YouTube, Insta, and so on and so forth. If you look at



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the opportunities of all these things put together, which is social media marketing, using influencer, creation of video and storytelling format, advertising solutions for brands, that space is worth Rs.25-30,000 crores. And we are talking about playing a role in that Rs.25-30,000 crore. Initially, with the RJs that we from an influencing platform, nothing stops me to kind of extend myself and go out and also work with external influencers to kind of increase this reach of mine to advertisers and get a higher share of revenues.

Moderator: Thank you. The next question is from the line of Aditi Kasbekar an Individual Investor. Please go ahead.

Aditi Kasbekar: Sir just a question on the industry side. And pardon me for this, because I'm a little new to the industry. But, you mentioned that the utilization levels in top metros generally are 85%, 90%. But this time, they seem to be stuck at sort of that 70% level. One of the other things that you also mentioned is, post Diwali for about 10, 15 days was almost like a watershed moment for the industry. Just broadly wanted to understand, what's your take on this, why this could have happened and secondly, do we think that it's going to change, is this something which is like a one-time thing that happened or do you in your sort of mind see this happening again for in the coming times as well, so just want to sort of get a sense of what exactly was your read on the situation?

Ashit Kukian: So, two ways to look at it, one is of course if you look at it immediately post Diwali for whatever reasons that this whole global scare of COVID come back and coming back again, because of few cases happening in the European markets and so on. And, of course, the sentiments that the US market carried somehow, for companies associated with global markets, felt a little need of being prudent, because suddenly one started talking about recession and so on and so forth. But to answer your question, I want to believe it in one time because that sentiment already people in India has got over, because we have realized that fundamentally we are much more stronger. I don't see, I don't know whether it will be an aggressive statement for me to say, but most in India don't see recession being anywhere closer to what the global markets in the Europe and the US are thinking about. So, that's a positive sign so, hence sentiment at the India level is going to be much higher, all parameters on which a country's indexed or consumer spending is indexed, India is doing well in all parameters. So, I want to very strongly believe that it is an aberration and as I said, it is an aberration beyond any conventional logic, typically there is a lag after Diwali, historically, but this was like completely, for example if you do 100 on during the core Diwali season, you may fall down to a 75, 80, or a 70. This was like completely off, so that's the reason why I believe it's an aberration to answer your question, things are bullish we are all finding ways of kind of energizing both the retail market and also the consumer market for the corporates, and with the categories that I spoke about we see upside going forward from here.



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Aditi Kasbekar: Understood. So, you think it was a one time and you think that it was also because of it's overall fear of sort of recession and the sudden pullback in ad spends happening?

Ashit Kukian: Absolutely. And finance to an extent is also that, because if you look at the large drain, it's actually happened with finance really not kicking off for us when you look at that, because typically finance kicks off in the second and the third and the fourth quarter. So, even if a little correction happens in that you would have recovered 90% of what we believe is a watershed moment for us.

Aditi Kasbekar: Understood. And sir you also mentioned that a bunch of your clients who come back to you are actually sort of new clients who sort of never been on this platform. So, can you just explain the nature of these people, like are these new age consumer companies that you're talking about, like for example Nykaa and Zomato of the world, or what sort of the nature of these clients?

Ashit Kukian: Yes, so it is more of the futures Zomato's of the world and the future Unicorn of the world that we're talking about, but two things, to answer your question, of course there is a change of investment pattern happening with the retail market level, the fact that we are doing better than print conventionally for retail, print and radio happens to be traditional mediums, because there is a limitation of investment that happens when we pace that is easy to manage these mediums. So, one, of course I believe that is the uptake that we have got from the fact that people have seen radio as more effective, #B of course, like you said, the new age markets is entrepreneurs and the whole ecosystem around startup culture that is happening and people who want to expand their business who are using radio as the first entry point in their communication to the world about the products and the categories that they are presenting. So, it's a mix of both.

Moderator: Thank you. The next question is from the line of Praveen Sharma, an Individual Investor. Please go ahead.

Pravin Sharma: Sir my first question is, does our catchment area for advertisers overlaps with this OTT and apps like Gaana, and Spotify and things like that, or our advertisers profile is quite different from these guys?

Ashit Kukian: See, if you look at all three streaming platform put together, which is your Gaana, and Spotify and whichever other platform you have, I don't think they all combined making more than Rs.250 crores in advertising revenues. So, there is a challenge there vis-à-vis Rs.2,500-3,000 crores of advertising revenue that we're talking on radio. So, there is no shift or there is a consideration which is parallel between what is happening in the streaming platform vis-à-vis what is happening in radio. Consumption, as possibly doubled up with radio always being there and maybe one more avenue of listening to a song. But typically, people at the streaming platform levels have realized that if they don't sound and be live like radio is not working for them. So, they are actually moving the radio away, rather than we being worried about moving



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the streaming. So, to answer your question we don't see any direct conflict of that. On the contrary like I told in the past, it's one more opportunity for us because we create content and give it to the streaming platforms.

Pravin Sharma: Sir it takes me to another questions, question wherein it was, I slightly get baffled by the streaming, live video streaming has not picked up really wherein, because it's much more interactive than these apps and things like that. So, is it like the licensing fee from the content providers, which is exorbitantly higher for streaming or things like that or am I wrong in my understanding?

Ashit Kukian: No, the licensing fee is definitely higher, because there is limitations from a radio licensing. If I have to answer your question, let me once again, get your question right. Are you asking about the existing streaming platforms or you are asking about why is radio stations not getting into live streaming platform?

Pravin Sharma: The second part sir.

Ashit Kukian: So, that we not allowed to do because we can only relay it within the city. And obviously, when you talk about the digital platform, you'll have digital cost being separately done and we in any case, the case can't do live across all markets. So, it has to be within the city that you're operating. So, that becomes quite exorbitant, because we are guided by the GOPA we cannot go across cities.

Pravin Sharma: Okay. But I do see on Radio City app quite a few radio but they are not live?

Ashit Kukian: Those are non-Bollywood music, for which of course when you look at the whole consumption pattern that becomes the next audience vis-à-vis the larger audience which is a Bollywood music listening audience. So, those are things which are not covered by the licensing and the labels that we are talking about because what, Hindi music that we're talking about were the cost go high

Pravin Sharma: And the licensing is from the regulatory licensing correct?

Ashit Kukian: Yes, label and the regulatory both.

Pravin Sharma: Okay, labels. And second part is sir, just to understand, the strength in digital do we have, when an advertiser comes to us do we find cases when-in they come exclusively for digital or it's always radio first and on top of that digital?

Ashit Kukian: Right now, because we are just creating that space in the last two, three years where we are just getting to understand brands because brands themselves are trying to find out what in digital they want. So, for us it is and as because we just started building this ecosystem in a big way since last two years, right now it's a 90:10 for us, largely 90% is radio. But we believe and more



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and more digital solutions from our end go and fans see the kind of successes that we are giving them, you will see that mix changing.

Pravin Sharma: And sir last question, basically considering and comparing the times pre COVID. Take a typical advertiser, he had a certain parts of advertisement. Now, do we find that advertisers are not coming up with the similar parts or he is actually spending on advertisement, but his proportion to radio is not coming up to that level and he's finding other venues which one is the true scenario?

Ashit Kukian: Radio continue to be a 3% medium overall so that has not changed, and advertisers are looking at because avenues that only become more, the fragmentation has happened I would say. So, there is no preference, because what happens is, as an advertiser unlike in the past you can't just rest with two mediums and say that 80% of my audience is covered. There was a time when you would take a Doordarshan or you take a Star Plus highly rated program and do one or two radio stations and do a leading newspaper, you have covered 85% of the market. Now that fragmentation is with radio, with print, with television, with OTT platforms, and so on and so forth. So, the spend is getting fragmented across for radio, in the overall space we have continued to be the 3% of the medium. So, that has not come down, but yes, advertiser has more options so maybe in the other heavy usage medium that is a fraction that is changing as far as advertisers are concerned.

Pravin Sharma: The intensity as we move away from COVID, and economic pulls up so more and more proportion, what I feel as the advertisement kitty goes up, the 3% will also corresponding with you grow over.

Ashit Kukian: I would want to believe that way, because with more and more research coming out with the fact that efficacy of radio is being seen. And again, like I said, this reference which I'm talking about, absolutely a third party research agency which has come out with this data with no investments from either the radio industry, but possibly they would have worked it for a client and they made it public, only to prove that advertisers will then see more value and more and more such information comes in the public domain. And like you rightly said, when that happens, and if the investment is prudently looked, given the way the economy is placed, we see as a far more attractive medium as we go forward.

Moderator: Thank you. Ladies and gentlemen, we will be taking the last question that is from the line of Riya Mehta from Aequitas Investment. Please go ahead.

Riya Mehta: My first question would be, what amount of time are we giving for the advertisement slot right now and what is it pre-COVID level?



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Ashit Kukian: We are always been talking about 15 minutes as the inventory and that 70% that means we are still at the 10-11 minutes of inventory utilization.

Riya Mehta: Okay. And my second question would be in terms of broader industry. So, you said that the print is not been taken as a first priority when someone wants to invest for the traditional media. So, could you throw more light on it, what growth percentage has print or the Radio vis-à-vis each other has seen for this quarter?

Ashit Kukian: If you see our growth from an industry perspective was from a quarter-on-quarter, our growth has been, like I said, 26% growth over Q1 and 19% over Q2, as far as radio is concerned, and print in the same period has grown only 19% over Q1 and 11% over Q2. So, the fact that the industry for radio has grown much more than print is the first available data that I can talk about. Plus print has been struggling to an extent and again when I'm talking about print, the language print possibly is not struggling as much because if you see, Hindi belt newspapers are perhaps doing better than English newspapers largely because of the fact that the reach of the Hindi speaking market of certain leading publications is far more and advertisers still see value in that. But when I'm talking about print, I'm talking about holistic all languages put together. So, there is a challenge that print is seeing in that sense, but language still holds its weight when it comes to advertiser reach and requirements.

Riya Mehta: And in terms of the newer clients, which we have seen almost 30% or 38%, what kind of industry is this coming from?

Ashit Kukian: Largely a lot are coming from the smaller retail market, and also from the entrepreneurial setup that we are talking about, about people who are working in this new startup culture and ecosystems that we're talking about, which includes services, which is good products and so on and so forth.

Riya Mehta: Okay. And when we speak about digital you just mentioned that we are planning to do social media influencer marketing, so I was just trying to understand what kind of arrangement do we have these radio jockeys and is there a chance of poaching by the competitor and how is the entire scenario?

Ashit Kukian: As far as poaching in its concern, irrespective whether they will be a digital influencer or not that poaching it would have been even then when they were radio jockeys, because ultimately, the popularity for them were always there irrespective of the social media presence. So, as an organization, we have really not seen that as a challenge because, we see a lot of our people lead, relationship and the culture that we carry, is what creative people which RJs and us want to be in, because ultimately, that's what gives them the kind of stability and ease of doing what they do best, as far as storytelling is concerned. Coming to the question of the their presence in the digital media space, we're ensuring that they get a little more out of the whole value that we



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create as individuals and hence they have no problem because it's a win-win situation, the organization uses their social media reach and get more and more brands to be exposed to the audience's which otherwise wouldn't have been captured to the traditional media. And it's the mix that we are offering and poaching, we have never been worried because what we do is largely from the whole format of business that we do, rather than promoting one particular individual because, when I'm talking about an RJ lead influencer media campaign, I'm talking about influencer across my key markets, 39 markets that I operate. So, I have a portfolio of 100 plus RJs, who I can utilize for a brand because when it is digital, you are not blocked by the geographical challenges that you have. So, Ranchi RJ who is popular in the digital world can do promotion for any brand, from any market for that perspective. So, poaching is not so much of a concern, but what value you bring to the table both for the RJ and the brands is what I would want to believe is what we should be focusing on.

Riya Mehta:

No, sir what I mean to say is that even say, tomorrow the RJ since the followers are particular person lead, don't you think we have lot of, we are dependent on that person, like tomorrow, he may just start his own thing. And since he's getting the collaboration and the brand, he might not be associated with Music Broadcast?

Ashit Kukian:

So, there are two things, by and large as RJ, as influencers have realized that they are there in that place, because they have got the opportunity to communicate what they are in the social media space. We have seen, I don't want to take names, we have seen names in the past of people who at a particular point in time felt that they can do without the Radio clout or the Radio City clout and if I have to talk about myself and this I can speak across radio stations. Over a period of time, they saw that they have lost the fame because if you're not done in the station every day coming and telling who you are and creating stories and creating that whole excitement, people will tend to forget you because that's the way the world works. So, obviously, it is in there need to be constantly be there on air, to talk about what they are on air and also talk about what they are in the social media space. So, I am not worried about that because you may have one or two people out of the 100 people who can move that, but that's the risk in life you always take because, a lot of them have realized it is that because there are RJ, in fact the reason why we talk about RJs more effectively than any other influencer is because there is a correlation between being a radio RJ and the efficiency and the engagement rate that they have vis-à-vis the influencers who are not RJs. So, my understanding and believes that there is no such thing saying that they become so popular that they can take the risk of not being an RJ and still get the same popularity and collaboration with brands because to kind of excite the followers. Followers can go up and down if you're not constantly in the media space. And radio is one big space through which they manage to be on the top of things is what we believe and empirical study states says it's that way.



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Riya Mehta: Okay. And my last question would be what kind of revenue do we see, after that the entire revenue would come down to PAT level, what would be that break even or threshold revenue for us?

Ashit Kukian: Sorry, I didn't get your question.

Riya Mehta: Earlier we were saying after Rs.200 crores or Rs.250 crores, whatever revenue we do would come directly to the PAT level?

Ashit Kukian: That Rs.200 crores we are already showing things at the PAT level.

Riya Mehta: Okay, so Rs.200 crore is status quo, right?

Ashit Kukian: Yes.

Riya Mehta: Do we expect this to reach this year, this current financial year?

Ashit Kukian: Of course, we'll reach Rs.200 crore this year.

Moderator: Thank you. Ladies and gentlemen that is the last question. I now hand the conference over to Mr. Ashit for his closing comments.

Ashit Kukian: Thank you. We sincerely appreciate your participation in today's earnings call. We at Music Broadcast Limited will keep building on the effort undertaken, and the advancements made over the previous several quarters. With simplified effective operations and excellent talent pool, supplying high quality content to our wide audience, extensive relationships and networks built over time, the dominant position of your firm has been for so long will only further solidify. The presentation, earnings release and results are all available on the corporate website and stock exchanges. If you have any further queries, please get in touch with any one of us or with Strategy Growth Advisors, our Investor Relations partners. Stay safe and take care. Good bye.

Moderator: Thank you. Ladies and gentlemen on behalf of Music Broadcast that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.