

November 2, 2023

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	ISIN	INE919I04010		ISIN	INE919I04010

Sub: Transcript of Earnings Call for the Financial Results of the second quarter ended September 30, 2023

Dear Sir/Ma'am

In continuation to our letter dated October 20, 2023 and October 27, 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 Friday, October 27, 2023 at 2:30 p.m. for discussing financial performance of the Company of the second quarter ended September 30, 2023, is enclosed herewith.

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 Q2 FY24 Earnings Conference Call”

October 27, 2023

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 – CHIEF EXECUTIVE OFFICER -
MUSIC BROADCAST LIMITED
MR. RAJIV SHAH – INVESTOR RELATIONS - MUSIC
BROADCAST LIMITED**



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Moderator: Ladies and gentlemen, good day and welcome to Music Broadcast Limited's Q2 FY24 Earnings Conference Call. This conference call 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 from Music Broadcast Limited**. Thank you and over to you Sir!

Ashit Kukian: Thank you. Good afternoon everyone and thank you for joining the Q2 FY24 earnings call for Music Broadcast Limited. Joining me on the call is Mr. Rajiv Shah, IR team and our Investor Relations partner Strategic Growth Advisors.

I am delighted to share with you the financial results of our company for Q2 and H1 FY24. These achievements are a testament to the hard work and dedication of our team as well as our commitment to driving growth and innovation in the dynamic world of media and entertainment.

In Q2 and H1 FY24 we experienced significant progress in our financial performance notably our profit growth exceeded our revenue growth a clear indication of the strength of our business model. During this period, we achieved EBITDA margins of 23.1% in Q2 and 23.5% in the H1 making a substantial increase of 480 basis points and 450 basis points respectively. These improved margins are the result of our ongoing efforts to control cost over the past few years combined with our revenue growth leading to the enhanced operational efficiency.

It is worth emphasizing that despite the festive season for this year falling entirely in Q3 our Q2 figures have displayed strong growth which underscores the market's resilience and buoyance.

At Radio City we have been implementing various strategies to strengthen our presence in the radio industry. During the quarter ended, our market share increased to 19% up from 18% in the previous quarter according to the Aircheck Market. This growth underscores our commitment to delivering quality content and connecting with our audience. Our omni-



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channel presence has played a pivotal role in this success enabling us to leverage their extensive networks and provide maximum value to our clients.

This quarter witnessed a positive development wherein the Ministry of Information and Broadcasting has approved new DAVP rates for government advertising on private FM radio stations. These rates have been revised after a gap of seven years with the base rate seeing a substantial increase of approximately 50% to 60%. This adjustment likely aims to account for changes in the advertising landscapes and ensures effective communication of government messages through private FM radio.

In terms of advertising sector growth, we have witnessed significant developments. The real estate industry for instance experienced a substantial 40% YoY increase in the advertising spending. The pharmaceutical market expanded by 30% while the auto industry exhibited an impressive 56% growth compared to the previous year. The food and beverages sector shows a commendable 21% growth and the government advertising increased by 12% YoY. On the flip side the finance industry encountered a decline of 6%. These insights into the sectoral growth enables us to adapt our strategies and tailor our services to the changing needs of our clients.

As we navigate the evolving media landscape, characterized by the digital transformation, we are making significant strides to remain at the forefront. We understand the importance of being platform agnostic and have embraced digital technology to create, distribute and engage with our contents seamlessly. Our digital business grew by 24% in the H1 FY24 compared to the previous year reflecting our ability to adapt to changing preferences in the audience needs.

Our inventory utilization in H1 FY24 stood at an impressive 73% showcasing the efficiency of our operations and our ability to maximize our resources. Radio City continues to be a popular choice for both existing and new clients with 40% of total clients on the radio platform choosing to advertise with us. Amongst new clients 35% opted to advertise on Radio City further cementing our position as a preferred advertising platform.

We are also proud to diversify our revenue streams, generating 36% of our revenues from various sources such as properties, proactive pitches, digital ventures, sponsorships and special events. This diversified approach continues to our overall financial resilience and stability. Moreover, we have secured the second largest client count shares in the industry standing at 39% in Q2 of FY24, a testament of our strong client relationships and the value we provide.



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Now coming to the financial performance highlights of Q2 and H1 FY24:

For H1 FY24:

Revenue grew by 14% YoY to Rs.105.5 Crores

EBITDA grew by 41% YoY to Rs.24.8 Crores while EBITDA margin expanded by 450 BPS to 23.5%. I would like to highlight here that our operating profit growth have outnumbered the revenue growth, this was mainly on the back of our conscious efforts over the past few years to control cost that have paid off allowing us to take advantage of better operating leverage which has led to faster rise in profitability.

Adjusted profit after tax which is adjusted for interest on NCRPS to the tune of Rs. 3.8 Crores stood at Rs.5.1 Crores.

For Q2 FY24:

Revenue grew by 8% YoY to 52.4 Crores

EBITDA grew by 36% YoY to Rs.12.1 Crores while EBITDA margin expanded by 480 BPS to 23.1%.

Adjusted profit after tax which is adjusted for interest on NCRPS to the tune of 1.9 Crores stood at 2.3 Crores.

This strong performance in H1 FY24 provides a solid base as we look ahead to H2 and beyond. Now we anticipate further growth during the festive season. We are committed to capitalizing on these opportunities and sustain our upward trajectory. Our cash reserves stood at Rs.305 Crores as of September 30, 2023. Our liquidity position remains strong as stated previously. This liquidity allows us the flexibility to take advantage of present and prospective future opportunities.

In conclusion, I want to emphasize that the evolving media consumption behavior of the Indian audience influenced by the abundance of content options have opened up an avenue for the radio industry to embrace digital platforms while still preserving radio at its core offering. Radio City has proactively invested in digital technology to stay in step with the current trends and changing preferences of our audience.

With this I would request the moderator to open up the floor for Q&A. Thank you.



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- Moderator:** Thank you. We will now begin the question and answer session. The first question is from the line of Amit Mehendale from RoboCapital. Please go ahead.
- Amit Mehendale:** Sir my first question is on the recent DAVP ad rate change now that they have gone up by 50% so how much incremental EBITDA can it generate just because of the rate change?
- Ashit Kukian:** See you are talking about DAVP rates right?
- Amit Mehendale:** Correct.
- Ashit Kukian:** The current contribution of DAVP is about 7% to 8% to the overall business with the increase rate possibly a percentage or two contribution that increase so that increase will be that 10% of the overall revenues that we talk about, so any change in numbers will be reflective of the change the increased revenues that you talk about.
- Amit Mehendale:** I did not follow that fully so out of the total revenue are you saying that 7%-8% of the revenue will undergo this rate change?
- Ashit Kukian:** Yes because that is the contribution government is giving you are right.
- Amit Mehendale:** The second question is, there have been TRAI recommendations recently to the Ministry which has two, three key recommendations including having the FM on mobile, etc., on that there are two questions. I wanted to ask if we go back in time and look at previous 5-7 years recommendations what is the rate of acceptance by the government. Just it will help if you can throw some light on previously how these recommendations were dealt with and specifically to these new set of recommendations what is your internal perspective whether they will get accepted, when they will get accepted and can it expand the market and so on?
- Ashit Kukian:** I will answer it in a little different manner because anything to say on whether the government will accept it or not it matters to speculation because strongly TRAI has recommended and this is also going through various interactions with radio industry, with the other industries and so on and so forth, so both whether it is allowing independent news to be on radio and also mandating if that comes from the Ministry to have FM radio enabled on mobile set if something is the government has to take a call the Ministry has to take a call, but if it is allowed then the impact on the radio industry will be tremendous because with a reach that is available on mobile and if that is opened up from an FM tuner the kind of additional reach and ability of radio to reach across the country will be far more higher number one.



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Number two, news as a genre in itself is something which is highly attractive from a consumer point of view because of the various things that a consumer looks and that is how new India is, a voracious news country where news is really taken a lot more seriously and there are categories of advertisers who believe in news, so if these two gets recommended it is no doubt to say that it will have a huge impact on the revenue front for the radio industry; however, like I said it all depends on the government to kind of give us the final say on this, so beyond this I cannot say anything that will tantamount to speculation and I do not think it will be fair for me to speculate on that.

Amit Mehendale: Actually my first set of questions was actually tackling that in the sense that if you look at history, typically what is the government has done in the past do they accept everything or some if you can just comment. I understand that you will not be in a position or you do not want to comment on what will happen but what is the history?

Ashit Kukian: In the current recommendations at least on the mobile set we are little gung-ho because there is not much of a challenge out there because we have the qualifications on which we have been asking this to be done is lot more manageable from a government's perspective but news there is certain sensitivities, the government always keeps carrying on, so one is not sure as to what is the current mindset on news to be allowed because this is not the first time the industry has asked for it and the TRAI recommendation has come but the TRAI recommendation this time has come on independent which is far different from what it was in the earlier recommendations, so honestly speaking beyond this I will not be able to comment and all I can say is that we will have to wait and watch and if it happens it is great times and we should all be happy is all I can say.

Amit Mehendale: Great thanks. My last question if I may is on the ad rate how was this quarter if you look at ad rates are you seeing some upward traction or flat how if you can comment on that?

Ashit Kukian: So currently I do not know the part of the last concall that we had but till the time the inventory saturation does not happen rate increase usually does not happen because there is a room for you to increase revenue through volume growth so I can clearly say across the industry for this quarter everybody has taken the volume growth because there is still bandwidth for additional revenue to be generated with the volume that is available cut across markets that we talk about so marginal increase or no increase is what I could say from a rate perspective for the quarter.

Amit Mehendale: Great Sir. Thanks a lot.



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- Moderator:** Thank you. The next question is from the line of Riya Mehta from Aequitas Investment Consultancy. Please go ahead.
- Riya Mehta:** Thank you for giving me the opportunity. My first question is in regard what are the current ad timings for us?
- Ashit Kukian:** We are all running around an average of 14 to 15 minutes advertising which is a standard that has been running over the years peak season time those numbers can go up by about 10%-12% but otherwise it is 14 to 15 minutes that we talk about.
- Riya Mehta:** What is the maximum we can stretch this amount up to?
- Ashit Kukian:** By logic there is no ceiling on how much you can take because unlike television and if need be on a very extreme point of view you can even take 60 minutes but that is not how it works because there is content that has to be given but there is room and flexibility still to take more if it is required. I am not getting exactly what question you are asking because in radio there is no ceiling that how much you can take so there is bandwidth if you want to but we all take our calculative understanding of content, consumer, advertiser and the balancing of that is what we normally do when we do because there will be market where you are oversaturated in a few markets, so we are very clear about how to go about those so that there is no disconnect with the listeners when it comes to content.
- Riya Mehta:** Sir my question is in regard to the kind of bandwidth or the amount of advertisement per hour which we can totally take so currently it is 14 to 15 minutes per hour for us so till what extent can we increase this so that it does not impact our audience and the market share?
- Ashit Kukian:** If you ask me honestly, if you really give good contents for 40 minutes in an hour is more than enough for you to have a engaged audience so in that sense there is still room but those are understanding over the years that we carry, there is no empirical evidences in terms of research to prove it but we know that is the kind of flexibility that is there for any radio channel to carry the ads that is number one and market share losing because even at the current level of inventory utilization we are managing our market share so if we increase we will only increase the market share but you want us to do a fine balance as I said between how much of ads you want to take and how much of content you want to give.
- Riya Mehta:** Right I understand. My second question is in regards to auto. So we have seen some 56% odd growth in the auto advertisement across so going forward in festive season do you think we will get to the pre-COVID level?



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- Ashit Kukian:** See the pre-covid level honestly the volumes have already been reached in certain categories. So the challenge is the pre-COVID levels of revenues and that is directly connected to the yield again it is a catch 22 situation once your inventory is full then the rates get increased and that inventory full unfortunately cannot be led by one station that inventory full situation has to happen at least two or three of the leading stations so that then everybody knows that everybody is in the same plan because if you still have other stations which have enough of more inventory to take and advertisers beyond the point would want to balance themselves by taking those channels because it comes at a lower cost you will have the challenge, but given a period of time when inventory saturates you will see that yield increase happening because that kind of yield in the past has been paid for the medium so there is no question asked on that it is a current situation for which unfortunately each one of us are operating possibly at lower yields as compared to pre-COVID.
- Riya Mehta:** So what would be the current percentage compared to pre-COVID?
- Ashit Kukian:** We have reached about 85% of the pre-COVID level across so that is 10%-15% improvement to pre-COVID level.
- Riya Mehta:** How much improvement in inventory levels can we see across?
- Ashit Kukian:** We have moved from a pre-COVID level if I see the average we almost moved by about 20% higher than the pre-COVID levels inventory utilization.
- Riya Mehta:** It is 20% higher than the pre-COVID level?
- Ashit Kukian:** Yes.
- Riya Mehta:** I think we were very nearby the breakeven level where we can increase the yield as well?
- Ashit Kukian:** Yes.
- Riya Mehta:** 10 Crores incremental advertisement?
- Ashit Kukian:** Because once you increase the rates that kind of revenue generation is on the cards, it is on the cards you are right.
- Riya Mehta:** For the festive season so far have you seen such kind of scenario happening where inventory is taken out and could increase?



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Ashit Kukian: So there will be tactical reasons we will be increasing rate for the period for sure because inventory will increase it is already showing signs of increase and best part is that we are very nimble in our decision making and we would assume that the market which is saturating we will see that increase in rates.

Riya Mehta: Thank you. That is it from my side. I will join the queue for further questions.

Moderator: Thank you. The next question is from the line of Sanjay Kumar from iThought PMS. Please go ahead.

Sanjay Kumar: Thanks for the opportunity. Sir when will the recommendation of the authority be implemented if government approves it, is there any timeline to take a decision it could be in favor or against but is there timeline?

Ashit Kukian: The DAVP rate was part of the same TRAI recommendation which is gone in so they already given us a rate increase which should be up anytime now because the exact recommendation has already been approved, the other two obviously will depend on the Ministry to have their understanding as to when they can clear it, so if all goes well a month or two is max that they will need, if not given the fact that we are getting into an election year the priorities of the government may decide on the fact as to when these things can be implemented if it is even yes or no for that matter.

Sanjay Kumar: If the ALF recommendation is implemented to 4% of gross revenues let us say today, I think our ALF is at 10% to 12% of revenues if it comes down to 4% this incremental 10 Crores will flow through to EBITDA directly right?

Ashit Kukian: Clearly it will flow back to EBITDA.

Sanjay Kumar: Second on DAVP let us say today government revenue is 12 Crores, 50% increase will be 18 Crores of revenue, so these incremental 6 Crores will again go through?

Ashit Kukian: Government revenue is not 12 Crores the government revenue will be around 22 to 23 at the yearly level, 12 Crores from a H1 level

Sanjay Kumar: Yes. So 50% increase will be 18 Crores so 6 Crores again will flow through to EBITDA?

Ashit Kukian: In the second half?

Sanjay Kumar: Second half or whatever the 50% increase will directly flow through to EBITDA right?



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- Ashit Kukian:** It will directly flow into the EBITDA because if there is any other cost involved it will be method of that but largely everything will go into EBITDA.
- Sanjay Kumar:** Any guidance for how much the government's share can go from the current say 6%?
- Ashit Kukian:** If it goes well it can touch to a 10% to 12% contribution from the current 7%-8% that is the government.
- Sanjay Kumar:** Last question Sir what would be the current utilization for us and also for the industry?
- Ashit Kukian:** All India level 73% to be precise is the kind of utilization level.
- Sanjay Kumar:** For the industry?
- Ashit Kukian:** For us some of them will be at much lower because our shares are higher so somebody who at an 8-9% share as in some of our competition they will obviously be at much lower.
- Sanjay Kumar:** What point of utilization do you think the ad rates can start increasing?
- Ashit Kukian:** I do not want to really stick my neck out here because everything depends on how the inventory situation happened and now jointly the rest of the people also go into the same inventory situation for them to even take a call because it cannot be isolated case but in our case if suppose given the fact that we cross the inventory that we are wanting to take from a sealing perspective then marginally we start increasing the rates which like I said in the previous question also if you see that even in the current quarter if the inventory certain market we will increase our rates accordingly and we are doing that.
- Sanjay Kumar:** Great and finally if I can ask one more if the license period is extended by say one year or two years, three years because the authority has not mentioned any duration, what kind of monetary impact will we get because of this extension say one year or two years?
- Ashit Kukian:** So whatever the license fee we pay for the year if it is one year that license fee cost will be saved for that particular year while for your information we have asked for the three years extension of the renewal of the license so whatever the license fees that we are paying for the year that license fee will be saved from our perspective.
- Sanjay Kumar:** 20 Crores of ALF roughly for one year will be saved?
- Ashit Kukian:** No, that is annual licenses that you are talking about.



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- Sanjay Kumar:** I am just asking what will be the savings that we get for license extended for one year?
- Ashit Kukian:** About Crore or something.
- Sanjay Kumar:** Alright that is it from my side. Thank you and all the best.
- Moderator:** Thank you. The next question is from the line of Anmol Grover from Albatross Capital. Please go ahead
- Anmol Grover:** Good afternoon Sir I just have one question I wanted to know that you are sitting on 300 Crores of cash as of now in the balance sheet so what are your thoughts on utilizing that, any plan to distributing it to the shareholders?
- Ashit Kukian:** Right now as you know that an entire digital payout and the way forward for the organization is planned which includes content creation, content distribution, influencer marketing which we are currently doing with our RJs, so all this is going to be panning out in the next 6 to 9 months in which all those seeding in is happening, once that happens we will be possibly then clear about where we would want to invest this keeping in mind that our operational and our strength in content is what we would want to exploit number one. Number two because we are in the entertainment space and because there is a lot of content creation opportunities and distribution opportunities for people like us we could look at either investing in distribution of those content or investing in creation of those content as we go forward.
- Anmol Grover:** Alright Sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Rishikesh Oza from RoboCapital. Please go ahead.
- Rishikesh Oza:** Thank you for the opportunity. Sir my first question is if you could share the volumes that you have done for this quarter?
- Ashit Kukian:** We have utilized about 73% utilization level for the H1 level and for the quarter level we have done 75%.
- Rishikesh Oza:** What was the industry ad volume?
- Ashit Kukian:** Pretty much the same for the top players. I would believe because with us and the other listed companies wherever the Air check markets are there it will be pretty much the same



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some of them maybe a 5% lower or some of them maybe 5% higher because of the kind of rate they will be operating but pretty much in the same 70% to 80% utilization level.

Rishikesh Oza: Also Sir if you could share the listenership data what was the listenership data for us for the quarter?

Ashit Kukian: For the past six months there is no listenership data because they were all coming out with the new data which was trying to monitor not just radio but everything to do with audio so that data is still not out and hence there is no data available; however, we had commissioned certain data to understand the listenership and there are some sound information that I can share is that radio listenership is still high as far as the overall listenership is concerned, but beyond that if you are asking for the cut from the market all the data is currently not available and I think over a period of time the way radio has been used by brands and now with again not just radio with on ground with digital brands are easily able to assess which are the stations which is giving them great value for money and hence we have not seen much of challenge out there but however any data which is accepted by all will always be a great thing to have because there is clear differentiation.

Rishikesh Oza: Just one followup on listenership how do someone read this listenership data is it like these many listeners let us say if you have 4 Crores listeners so that means 4 Crores people are listening to your channel or what like how do I read this?

Ashit Kukian: There is a basic number of minimum number of minutes that a person is listening to a channel and a minimum time that he listens to the channel only then he will be considered as a listener which is a normal parlance as research and is done from a respondent, each respondent has to actually minimum hear that much period of time to be qualified as a listener and then there are various day part which part of the day he has been listening, how much of time he is spending, all those things are captured in that data.

Rishikesh Oza: Thank you.

Moderator: Thank you. The next question is from the line of Akhilesh B. Please go ahead.

Akhilesh B: Good afternoon Sir. In the Q4 call I think you had called out a growth outlook of 20% for this year I was wondering whether you think that is still achievable because we are lagging?

Ashit Kukian: We had clearly said that we are looking at an aspiration of growth of 20%, right now we are at 14%, H2 obviously time will tell us how we are running, the current growth trajectory is something which I am confident we should be able to pull out, but a lot will depend on how



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soon the various initiatives that we have taken on the digital front and of course the investment from a government perspective because there is a lot of banking that we are doing keeping in mind that we are getting into an election year and so on and so forth so yes the aim is still to touch that kind of growth for the second half at least, but like I said it will also depend because we were at a good growing rate if you see Q1 we were at a 20% growth but unfortunately not just for radio. As an industry for media, July and August was a completely tanked media performance in fact other mediums have actually shown a lower growth or degrowth in some cases, so if all goes well as it was in the first quarter or as we envisaged then we should be able to do that, otherwise I can only assure you that within the available business that is done for media and especially for radio we will outperform whatever we would plan for ourselves with respect to us and competition.

Akhilesh B:

Can you speak more about what happened in July-August?

Ashit Kukian:

A large dependency on the market sentiment also is how media spends so if you look at it there is any reason why marketers believe that this year is not going to be as easy given the fact there was so much of with the Ukraine war which ultimately will affect oil, which will affect our overall economy and now with the current the mindset where that maybe as projected earlier from a GDP growth perspective it may not happen and the economy will be slightly under stress though India is far more immune to the world economy at the moment from these kind of things but if that happens the sentiments then what people do is that they say that let me invest at the right time so usually in India festive season happens to be a lifetime for them and they say that let me take a hold for the race and this I am not talking for a particular media I am talking about in general that is why the overall scenario was muted for media per se so that is one reason why that could happen.

Secondly given the fact that this year entire festive has fallen into a clear Q3 unlike in the earlier years you have half of October being taken as festive and then the rest of the period going earlier to that, this year everything is in Q3 so that I think could be also one of the reasons that there is a muted July-August for whatever reasons, beyond that I am not able to put my fingers on anything because this is the same question most mediums are asking as to what is that so much of a challenging thing that is happening, of course there is a lot of fragmentation happening, the data as much required possibly not available, so all those things put together is possibly certain areas of doubt, but in the month of September and now in October we are seeing those signs are at least beyond us at least I can refer from a radio perspective, so I am hoping that going forward it will be as positive as we are seeing right now.



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Akhilesh B: Very helpful Sir just to understand our business a bit better how much in advance are bookings placed for ad so for example we are in the festive season in Q3 so is it fair to say that for the entire festive season most of the bookings have already been done or does it happen only?

Ashit Kukian: The reason why radio usually bookings happen last moment is because keeping in mind the marketing challenge radio is the most easily executable advertising that they can do because from creating of the commercials to putting it on ad, the least time that is required, so keeping in mind market feedback that they get from their sales team and so on and so forth marketers on the run take certain calls especially when it comes to trying to capture maximum share in the available festive period, hence a lot of radio bookings do not come much in advance; however, having said that almost 20% to 25% of bookings do come in advance but the rest of the things is because the creative also gets modified in the last moment keeping in mind the challenges that marketers are seeing in the peak of the advertising season that you are talking about so yes a lot of them comes three days, four days before the campaign is to be executed and as a deadline is a time enough for us also because it allows us enough time to kind of execute it flawlessly.

Akhilesh B: Thank you very much.

Moderator: Thank you. The next question is from the line of Sneha Jain from SKS Capital. Please go ahead.

Sneha Jain: Thank you for the opportunity. I wanted to ask like the government advertisement additional that we want to take in case of the coming quarter so are the margins for the government advertisement lower than other players such as real estate and pharma?

Ashit Kukian: No, right now the impact is the other way around because of the kind of erosion the commercial rates have seen from pre-COVID to now the government advertising is actually at par or some cases even little higher than the commercial rates.

Sneha Jain: There would be a no advertising period for 30 or 40 days in this quarter right before the election in the state and the central elections?

Ashit Kukian: State-to-state perspective so if I am operating if that is a Rajasthan election happening XYZ state election happening during that period code of conduct is the only time that you cannot carry the advertising otherwise you can carry it throughout but that again for state election only for that particular state so if it is Rajasthan it is only for the Rajasthan markets that we have the rest of the markets can carry the work.



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- Sneha Jain:** Thank you so much.
- Moderator:** Thank you. The next question is from the line of Riya Mehta from Aequitas Investment Consultancy. Please go ahead.
- Riya Mehta:** Thank you for the followup opportunity. Sir my second question is in regard to the previous participant so you said the government advertisements are at par or even higher than the commercial rates, is it increase in the ad rate or is it after the ad rate?
- Ashit Kukian:** Currently even in the current situation few markets are higher than the commercial rates because of the erosion that is happened over the earlier commercial rates right so that was the point that I made but with the new rates obviously most of them will be at par or some of them will be really higher like it was in the previous case more number of markets possibly may move into being a little higher than the current commercial rates.
- Riya Mehta:** How does the government's advertisement work like do you get a percentage share from the government or how does it happen?
- Ashit Kukian:** See largely there are two ways the advertising happens largely in a Ministry campaign or a particular initiative that the government is taking by and large you have equitable distribution amongst video players; however, there are certain places where the content that you create and the ideas that you give if that is in which the government feels that a particular station is far more apt for them those market shares of those stations may be a little higher than the others because very rarely will see an exclusive ad coming in for any particular channel because the government does not operate that way but yes there is a possibility that in a few campaigns you will get a higher share because you have created something which the government has accepted and feels that you understand that campaign better or you make far more sense for them to kind of take your station more is the time that you are possibly a little skew towards yourselves.
- Riya Mehta:** So it is not purely based on market shares is that correct?
- Ashit Kukian:** Market share is a resultant of how they invest in you right so when you are saying market share because I do not think government sits with understanding that you are at a 19% market share and hence I should invest 19% of my value it does not happen that way in fact in certain markets my market share is more than 19% in government spends.
- Riya Mehta:** Got it and in terms of the newer initiatives like for the increase in government rate it is immediate effective right?



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- Ashit Kukian:** Yes the government rate we are just waiting for the rates to be uploaded on the online and that I think should happen before the end of this month and November 1, 2023 onwards we are expecting the rates will be in place.
- Riya Mehta:** For the other things like the news to be incorporated and that would be instead of the music right?
- Ashit Kukian:** It is content for us so you can say instead of music or instead of whichever way you look at it you have a 1 hour clock you can carry 10 minutes of independent music that again is only after the government comes with that approval because I saw that approval is not coming.
- Riya Mehta:** The second question was in terms of the license fees the change in the formula that would lead to around 10 Crores of savings annually?
- Ashit Kukian:** 7-8 Crores.
- Riya Mehta:** But that would be retrospective or how is it like?
- Ashit Kukian:** There will be no retrospective on that.
- Riya Mehta:** Going forward instead of we having 20 Crores of license fee annually we would have 12 to 13 Crores is my understanding right?
- Ashit Kukian:** Yes right.
- Riya Mehta:** For this year also or it will be after it gets effective?
- Ashit Kukian:** It has not been accepted once the acceptance happen only then we can do these calculations so if it happen this year also it will be the next six months.
- Riya Mehta:** Got it and when is the Ministry expected?
- Ashit Kukian:** It is good question I would love to the answer myself Madam. The operators are putting the pressure but we will have to be, all we can do at this point in time apart from representing ourselves and making our need to have that approvals in place nothing else we can do but it is a wait and watch Madam.
- Riya Mehta:** Thank you so much.



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Moderator: Thank you. The next question is from the line of Amit Mehendale from RoboCapital. Please go ahead.

Amit Mehendale: Thanks for the followup. Sir my question is on the cash available on the balance sheet so out of the 300 Crores I think there would be a payable amount for the NCRPS that we issued right so if you could quantify what will be the net cash after that?

Prashant Damodia: Payout would be around 178 Crores that would be at the end of 36 months so 3 years or so after that by that time whatever cash would have generated and also it will be a part of that.

Amit Mehendale: Also there will be yearly cash flow that is being routed through P&L?

Prashant Damodia: Yes we are adding up every quarter.

Moderator: Thank you so much. The next question is from the line of Pravin Sharma. Please go ahead.

Pravin Sharma: Good afternoon Sir. Thank you for taking my question. Sir just to go back to this government revenue thing which is 6% as per the presentation in this I have two questions basically around this first is when this model code of conduct comes and these state governments they come up with pre-buying should not it have reflected in more advertisement in the quarter which has gone by?

Ashit Kukian: **The quarters** which will have that more advertising in the coming quarters because none of the state government elections will now start happening in each of those places where the government is announced so this is the current quarter and the quarter after that the increase of advertising will happen.

Pravin Sharma: This DAVP thing is it applicable to both state government and central government?

Ashit Kukian: Largely central government, state government you operate with DAVP, sometimes you operate with some state governments even with commercial.

Pravin Sharma: But they follow the similar rates as the central government has approved?

Ashit Kukian: More or less.

Pravin Sharma: Going by your past experience in 2019 like every five years we have this one year of regress election going on state elections 5-6 states and then central elections Lok Sabha



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elections so one year so do you see based on your past experience any ramp up or jump up in this period of say 9-10 months which wherein we have very concentrated elections?

Ashit Kukian:

Ramp up for sure but how much of the ramp up as compared to the last two Lok Sabha elections is a matter of conjecture because it also depend on how the parties which are advertising, how much flush they are with funds number one with all the thing that is happened about the demonetization and so on and so forth, a lot of that will have its effect in terms of cash available for political parties A and B also the lead political parties have to how much of a threat they believe they have from any of the other parties for them to invest that much more to ensure their victory, so there is a lot of pros and cons in there combinations that one has to look for example if suppose you know if somebody in the BJP headquarters feel that it is an out and out victory for us I do not think beyond the point we should invest of course we will then is ball game altogether but if suppose the same team feels that we are at the set XYZ markets or regions and we need to kind of up our tempo then this a different story, so I said it is a matter of conjuncture but to answer your question in an election year there will be an upswell for sure irrespective of these combinations which I spoken to about. These combinations will only decide how much of investment to happen and not whether investment will happen, so I hope I made myself clear there will be an upswell yes how much of that upswell is a matter of conjuncture is what I think.

Pravin Sharma:

Now going up a offshoot question from what you said so basically you do not feel that if there is a budget from a particular party or government then the proportion of which is going to the radio has decreased it is not going into other media because...

Ashit Kukian:

There are two things one is your political parties which will have the opportunity to doing a large air cover or carpet bombing whatever you want to call which will mean taking other mediums and so on and so forth but for local candidates of each of those parties because they are operating in local specific market radio will be and to an extent is where they will have to go and radio adopt themselves easily, so to answer your question there is no shift of revenue the medium usage of radio will continue to happen in the period of elections irrespective of whether other mediums are giving them some shops or no shops.

Pravin Sharma:

Just a last question you said that there are sensitivities in news because in today's date with Twitter and Facebook and everything on news going everywhere flooded with news what is the apprehension in terms of allowing FM radios to do which is a more regulated and license body?



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Ashit Kukian: We also saying that each time when this proposition has come there has been certain quarters of concern that the government has shown from time-to-time and all we can do is kind of advocate for ourselves and put representations. I agree with you completely we believe as radio operators we are far more regulated and far more controlled because we follow the ARR policies which is as regulated as is required so hence we look at this TRAI recommendation with great deal of hope that news will be allowed by the government and that will change the radio industry's ability to generate revenues and also to give value to our listeners.

Pravin Sharma: Thank you, Sir. That is all from my side.

Moderator: Thank you. We would take that as a last question. I would now like to hand the conference over to Mr. Ashit Kukian, CEO, Music Broadcast Limited for closing comments.

Ashit Kukian: Thank you. We sincerely appreciate your participation in today's earnings call. Our aim is to inspire and facilitate positive transformations every day positioning ourselves as a preferred radio brand that is authentic, accountable and influential.

The presentations earning release and results are all available on the corporate website and stock exchanges. If you have any further queries please get in touch with anyone of us or with strategic growth advisors our investor relations partners. Wishing everyone a very happy festive season. Thank you.

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