October 29, 2024

National Stock Exchange of India Limited **Exchange Plaza, 5th Floor** **Plot No. C/1, G Block; Bandra (East)** **Mumbai 400 051**			**BSE Limited** **Corporate Relationship Department** **Phiroze Jeejeebhoy Towers** **Dalal Street; Fort, Mumbai 400 001**		
Equity	**Scrip Code**	**RADIOCITY**	**Equity**	**Scrip Code**	**540366**
	ISIN	**INE919I01024**		**ISIN**	**INE919I01024**
NCRPS	**Scrip Code**	**RADIOCITY**	**NCRPS**	**Scrip Code**	**717504**
	ISIN	**INE919I04010**		**ISIN**	**INE919I04010**

Sub: Transcript of Earnings Call for the Un-Audited Financial Results of the quarter and half year ended September 30, 2024

Dear Sir/Ma'am

In continuation to our letter dated October 18, 2024 and October 25, 2024 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 25, 2024 at 2:00 p.m. for discussing financial performance of the Company of the quarter and half year ended September 30, 2024, 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
Mehrotra
Kapoor

Digitally signed by Arpita Mehrotra Kapoor
DN: c=IN, o=Personal, postalCode=400068, l=Mumbai Suburban, st=Maharashtra, street=C 104 yudhishtir CHS Ltd N L Complex Dahisar East, Mumbai, Maharashtra India- 400068- Opposite N L Garden, title=8609, 2.5.4.20=d937deb9bccba65d69657cfebf96f9eced de169501ea8da3f9d1ec8782110fd9, serialNumber=d6d75011cc81c73b5309a7ee86cc2 d6060b50c6c87c97a7569d9e77b12339ace, email=csarpitakapoor@gmail.com, cn=Arpita Mehrotra Kapoor
Date: 2024.10.29 11:58:24 +05'30'

Arpita Kapoor
Company Secretary and Compliance Officer

Encl: As above

Music Broadcast Limited

Q2 FY25 Earnings Conference Call

October 25, 2024

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 25th October 2024 will prevail.

MANAGEMENT: MR. ASHIT KUKIAN – CHIEF EXECUTIVE OFFICER -- MUSIC BROADCAST LIMITED
MR. RAJIV SHAH – INVESTOR RELATIONS TEAM -- MUSIC BROADCAST LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to Music Broadcast Limited Q2 FY '25 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 star then zero 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 a very warm welcome to the Q2 FY '25 Earnings Conference Call of Music Broadcast Limited. Joining me on the call is Mr. Rajiv Shah from our IR team and our Investor Relations Partner, Strategic Growth Advisors. I'm pleased to share the company's financial results for Q2 FY '25. These results reflect the dedication and hard work of our team, underscoring our unwavering commitment to driving growth and innovation in a tough media environment.

During the quarter, the industry experienced a little slowdown due to a sluggish start in festive demand. However, the industry witnessed a notable recovery in the business in the latter half of the quarter. This quarter, we saw moderate growth with revenue increasing 5% year-on-year to Rs.55 crores. Coming to a sectoral ad spending, we observed a decline in our two major sectors, the Real Estate sector, which accounts for 17% of the industry, experienced a year-on-year decline of 20%.

Similarly, the pharma sector contributing 11% saw a decrease of 4%. In contrast, the Auto Industry sector demonstrated growth increasing by 11% and accounting for 11% of the industry's volumes. The finance sector, which contributes 9% of the total volume, experienced remarkable growth of 45%. The Food and Soft Drink sector grew marginally by 1%, representing 6% of the industry. Additionally, the jewellery sector saw a significant increase of 30%, contributing 6% of the ad spending.

For the half year, revenue increased by 8% year-on-year, reaching to Rs.114 crores, while EBITDA grew by 2%, reaching to Rs.25 crores with a margin of 22%. This quarter, we have implemented a series of strategic initiatives to solidify our position in the radio industry, maintaining a market of 19%. Our comprehensive omnichannel framework has allowed us to leverage the vast reach of our network, ensuring we deliver maximum value for our clients.

Our inventory utilization in H1FY25 stood at 71%, showcasing the efficiency of our operations and our ability to maximize all the resources. We are pleased to see that Radio City remains the top choice of advertisers to 38% of the industry client base selecting our platforms. Additionally, 30% of the newly acquired clients in the radio sector has chosen Radio City for their advertising needs. These achievements highlights the strength of our brands and the effectiveness of our marketing strategy in delivering exceptional value to our clients.

Our core pillar of our strategy is investing in our digital business which has strong potential future. The digital segment achieved an impressive of 33% year-on-year growth, contributing 11% to our total revenue. At Radio City, we are diving head fast into the digital era that every tap and swipe unlocks new adventures as the media landscape evolves. We are prioritizing digital channels for content creation, distribution and engagement. Our on going investment in technology keeps us at the forefront of innovation, enabling us to deliver seamless experiences across all platforms.

We have made significant progress in digital segment. One of our key achievements is the launch of India's first ever 24 by 7 video channel, RC studio for a radio station on JioTV, which has significantly expanded our reach and deepened our audience engagement. Additionally, our SMINCO platform is revolutionizing influential marketing by leveraging data-driven strategies, allowing for more precise targeting and effective campaigns.

Through our Muzartdisco platforms, we're expanding the reach of music distribution now spanning over 100 countries. Through our collaboration with Happydemic service, we continue to offer hyper-personalised musical-tailored solution to our individual taste enhancing listener experiences. Furthermore, our exclusive partnership with Spotify is steadily growing across 4 states, cementing our influence and footprint in the digital music landscape.

At it's core, radio is evolving to stay vibrant and relevant, enhancing positive energy to new heights. The beautiful amalgamation of digitalization creates our seamless fusion of traditional radio and digital platforms, driving creativity into a new phase of growth. At Radio City, we are dedicated to creating sustainable value at every stage of our operations. Our comprehensive business model focused on the delivering benefits to our listeners, partners and the wider community.

Sustainability is central to everything we do. Our mission is to empower brands with innovative media marketing solutions that drives exceptional consumer engagement through cutting edge technology platforms, effective integrated social media dynamics and content distribution. As we look to the future, we remain committed to driving sustainable growth and delivering value to our stakeholders. Our focus on innovation and agility will enable us to seize emerging opportunities and effectively navigate the challenges of this dynamic landscape.

Now let me take you through the financial highlights for Q2 FY '25 and H1 FY '25. For the quarter ended, revenues grew by 5% year-on-year, reaching Rs.54.8 crores while for the half year, revenue increased by 8% year-on-year, totalling to Rs.114.4 crores. For Q2 FY '25, EBITDA declined by 21% year-on-year, reaching Rs.9.5 crores with EBITDA margins at 17.4%. For H1 FY '25, EBITDA grew by 2% year-on-year, totalling Rs.25.5 crores, while EBITDA margin stood at 22.2%.

Adjusted profit after tax accounting for interest on NCPRS amounting to Rs.2.1 crores stood at Rs.0.1 crores for the quarter. For the half year ended adjusted profit after tax, reflecting interest of NCRPS of Rs.4.2 crores were Rs.4.8 crores. As of September 30, 2024, our cash reserves stood at Rs.341 crores. Our liquidity position remains robust, providing us the flexibility to capitalize on both current and potential future potential opportunities. This strong liquidity enables us to navigate market dynamics effectively and pursue strategic initiatives as they arise.

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

Moderator: Thank you. We will now begin the question-and-answer session. The first question is from the line of Jigar Shah from Elevate Research. Please go ahead.

Jigar Shah: So sir, my first question is as you mentioned there is a slowdown in the industry. So can you share something on that front, when will it start to recover?

Ashit Kukian: See, the slowdown, obviously, I know in my speech also, I mentioned was for the month of July and August and second half, which is starting September, slightly showing recovery. And the start of the quarter for the third quarter looks good, and we hope that the recovery continues from what we saw in the latter half of the second quarter.

Jigar Shah: Okay. Got it, sir. And sir, secondly, can you share any guidance for the full year, what margin should we expect going forward?

Ashit Kukian: See, we have shown an 8% growth for the first half of the year. We believe some of our digital initiatives that we have put in, which got -- last of that got over at the end of the second quarter. We'll start showing results maybe in the fourth quarter of the year and as a team, we changed the double-digit growth for the organization. And if we believe the market shows the improvement that it showed now, then we should be in a position to show that kind of a growth.

Moderator: The next question is from the line of Akash, an individual Investor. Please go ahead.

Akash: I wanted to ask, what is the inventory utilization for this quarter?

Ashit Kukian: 71%.

Akash: And sir, secondly, what is the effective rate for changing Y-o-Y and is it compared to the pre-COVID level, what is the change sir?

Ashit Kukian: See, at the pre-COVID level, we are like -- the industry is still at 80%, 85% of the pre-COVID levels. And as far as the current yield is concerned, we have grown by about 8% over last quarter of last year, the yield.

Akash: Okay, sir. And sir, you mentioned in the PPT that the volume growth has declined by 3%. That is for industry or that is for our company?

Ashit Kukian: Industry. We are also more or less the same. It's for the industry.

Akash: We are also around like same, around 3%.

Ashit Kukian: Yes

Moderator: The next question is from the line of Ravi Shah from Opal Securities.

Ravi Shah: Sir, actually, I just had one question, sir. If you could throw some light on our digital business, like what is our key focus area? And what would be our goals for the next 2, 3 years within this business? What are we looking forward to?

Ashit Kukian: The next 2 to 3 years you're saying, right?

Ravi Shah: Yes, right.

Ashit Kukian: So, the focus, see, as you know, that the large part of the component is still radio. So our focus on radio and at the listener level, trying to enhance listener experience is the first thing that we're doing. From an advertising perspective, we are giving newer integrated approach from an advertising for advertisers so that we are able to get a better buck for the investment that we are doing.

As far as the window of 3 years is concerned, very clearly, as you know, I've been saying that as a marketing solutions company, we are actually chasing the consumer journey. And we will straddle all those places that the consumer can be met and brands can engage those consumers, whether it is on-ground, radio, digital, social media, whichever space consumers are.

So our digital foray, largely, which is the digital experience that we are talking from a listener or a viewer now because we are also a video channel is clearly keeping in mind that wherever consumers are consuming content, we will either create platforms or we will distribute on those platforms so that consumers will get our content seamlessly.

So the 3-year window is to keep routed with radio because that is still a radio play and being a large player, there's a substantial revenue coming out of that. Also, with the evolving audience or the consumer, we will also ensure to get a larger share of the digital revenues that happens on social media through influencer marketing platform, through our distribution platform and various initiatives that we do on the digital space.

Moderator: The next question is from the line of Rohit Mehra from SK Securities.

Rohit Mehra: My first question is regarding our costs. So the employee cost and other expenses have surged by 16% and 12%, respectively. Can you throw some light on that?

Ashit Kukian: See, there are two reasons for it. One is, of course, last year in the beginning of the year, as an organization, we've always been prudent of our investments, including people. So when initially, when the market was not really showing that kind of traction, we had kept our headcounts low in spite of the requirements that we have.

But as the market opened up, we have started kind of taking up people and the larger difference that you're seeing is, which I've been telling in the last 2 and 3 investor meet con-calls is that this whole digital experience that we are creating, which is talking about investments on digital also comes with investment in people because those are specialists.

For example, when we are creating this 24/7 streaming channel on JioTV, we need experts to understand what video content is, how video editing can be done, how video is conceptualizing? So the large part of so-called increase that you're seeing is largely coming from our digital forays, which is a long-term investment that is what we are looking at.

Rohit Mehra: Yes. Understood, sir. Okay. And my next question is what were the advertisement rates during the quarter?

Ashit Kukian: We have increased, I told you, 8% over last year's similar quarter.

Moderator: The next question is from the line of Yug Modi from EP Capital.

Yug Modi: Sir, I just had one question. Can you share on the updates on our digital initiative that is on JioTV, Muzartdisco and Happydemics?

Ashit Kukian: JioTV are currently, we have started monetizing it because it's just about 3 months since the launch has happened and it's taking its own traction. So indirect revenues are right now coming in, but the larger play is when we kind of see a larger integrated approach, not just with RC Studio but across Jio, which is what the talks are happening right now from a digital perspective.

As far as SMINCO is concerned, the platform is up and running. We have right now more than 40,000 aggregated influencers in place. On an average, we do about 10 to 15 activities of influencers across the quarter that we have looked at. And we are looking at incremental revenues coming through influencer marketing through our various efforts that we are putting.

So as far as Muzartdisco is concerned, that is early days. The product is completely developed. But we are right now in the aggregating mode where independent artists across the country will come, register, upload their song, which will be then globally distributed. And this is the subscription revenue in whichever global platforms the music get distributed, there will be a revenue share that happens.

But that -- usually, these kind of products usually has a window period and gestation of about 8 to 9 months at least for people to get used to the product, upload it and then, of course, the song becoming famous and so on and so forth. But we have already started our journey as far as music distribution is concerned.

And what we are looking at the music distribution platform is not just being an aggregator and a distribution and monetizing it. We also believe that there will be an ecosystem which will help us to -- because we create anthems and jingles and all for brands, we'll have a ready depository of artists who we can use to create brand anthems for advertising, which also is another way of monetizing.

Yug Modi: Sir, one more question, sir. What all new cities are you targeting in the Phase III auction?

Ashit Kukian: Sorry?

Yug Modi: Sir, what all new cities are you targeting in the Phase III auction?

Ashit Kukian: See, right now, a lot depends on how the government responds. So as AROI, which is our industry forum, has already, a, appealed to the government to kind of relook at the licensing fees because if you know the newer market, they have agreed to the 4% of the gross revenue as the licensing fee. But the earlier markets, it is either 4% of the gross revenue or 2.5% of the OTF, whichever is higher, which is where the whole vein is right now. So we are pushing saying that please standardize it, a.

B, of course, timelines given is too close to us taking an evaluated call to understand because some of the markets right now, we've not even having Adex data. So we have told the government that we'll have to kind of look at extension of the dates.

To answer your question, whenever markets where we believe we are, a, present already in the state, those markets we'll try to deepen. So if there are cities which is there in our states, which we are already present, we'll deepen ourselves or in markets where we are not present, but we believe having that presence in that state will increase our ability to market ourselves better from the overall perspective, we will bid for those stations.

Moderator: The next question is from the line of Akash, an individual investor.

Akash: I wanted to ask, what is the FCT and non-FCT split of our revenue?

Ashit Kukian: See, right now, we are almost 65% of the revenue is at FCT. The balance is not just non-FCT, it's on-ground non-FCT and digital put together. If you see the investor presentation, it's 61%-39%, if I'm not mistaken.

Akash: Okay, sir. And sir, can you tell us something about the investment in SMINCO?

Ashit Kukian: For the investment in SMINCO, we already said we have less than Rs.1 crores is what we had invested from a platform development is concerned. And that's a one-time investment. And now whatever happens is all trying to get monies out of the influencers and the integrated brand solutions that we give to clients. So that's how it is.

Moderator: The next question is from the line of Vedant Bhasin from Minerva Asset Management.

Vedant Bhasin: Just a follow-up on the previous question. The 61 to 39 is FCT, non-FCT. Can you please shed some light on the 39, how much percentage would be from digital?

Ashit Kukian: It's 65-35 my apologies, it is 65-35.

Vedant Bhasin: Okay. All right. So if you can just tell me out of that 35, how much would be on-ground and how much would be digital?

Ashit Kukian: Digital is about 11%, on-ground will be approximately 10%. The balance will be NFCT on-air, which is the integrated apart from pure FCT.

Vedant Bhasin: So around 10%, 10%, 10% would be the split?

Ashit Kukian: Yes, we can put it as 10%, 10%, 10%. Digital has been 11% for the quarter, but yes, you can average it also at 10%, 10%, 10% at this point in time.

Moderator: The next question is from the line of Payal Shah from Billion Securities.

Payal Shah: I have two questions. First, what is your strategy to counter the competition as this quarter was not good?

Ashit Kukian: So first and foremost, Payal, we don't counter competition on a quarter basis. Our strategic way forward is completely defined by the need of this organization and our investors like you. So to answer your question, we are very clearly focused with the fact that if the consumers who we are trying to aim at is consuming content on radio, is also looking at engagement on-ground or is also looking at some kind of digital interplay, our strategy is completely focused towards that.

And hence, we stay rooted to our strategy. And I also would urge you all to look at this as an aberration from a performance perspective because it's the industry reflection than an organizational reflection. And I'm very strongly believing in that because we've got all the things in place, and we are very sure unless and until the industry really tanks or the environment tanks, we'll have a happy story to talk here on.

Payal Shah: Sure, sir. Sir, my next question is what type of investments are we planning in the digital now?

Ashit Kukian: See, right now, what we are doing is our investment is, again, like I said, will be purely manpower, because all we are doing is playing with the intellectual understanding of the radio, social media spaces that is available for us to monetize. Whether it is Instagram or YouTube or Facebook and so on and so forth, and beyond that, our products have already been launched. We have launched SMINCO, we have launched RC Studio.

We've also collaborated with the partners who are allowing us play in age cohorts, which what we are not playing. For example, of a collaboration with WOKA, which is a children's app allows us to play between 2 to 12 years, which earlier we could never aim at. But today, we can give advertisers who are looking at that age bracket with the opportunity. So our strategy is very clear. We will follow the consumer journey and wherever the consumer wants our content, we will distribute it, we'll create content and we'll monetize it.

Payal Shah: Sir, I have two more questions, if I may. One being, are we planning to launch our own app like Radio app?

Ashit Kukian: See, we are already present on our website is also fairly developed and is app enabled, handset-enabled. So I don't see any reason to introduce one more app, because if people want our content, it is there in the social media, it's that in the Instagram handles that I've got, it is got in the national handles that we have got. And now the website is also handset-enabled so there is no need of an app to be developed.

Payal Shah: Sir, my last question being -- can you please explain what efforts are we making on the Tier 2 and Tier 3 market?

Ashit Kukian: See the Tier 2, Tier 3 market, of course, we are doing a lot of digital initiatives in terms of -- because what is happening is those markets are still a little laggard from a advertiser's digital play is concerned, while the larger consumption of digital is happening. So we are, obviously, talking to advertisers and agencies and helping them understand that how our radio plus on ground plus digital will be a far better way to do marketing, rather than taking a segmented platforms and not get the kind of advantage of seamlessly talking to the same consumer in these various platforms.

And to add, also keeping in mind the needs of the smaller markets, from time-to-time, we create events which helps brands in those markets, engage with consumers on ground. And also we create marketing events, which helps them to kind of be part of a larger ecosystem when it comes to advertising.

Payal Shah: Thank you so much for the detailed answer. That's it for my side.

Moderator: The next question is from the line of Vedant Bhasin from Minerva Asset Management. Please go ahead.

Vedant Bhasin: Hi, thank you for taking my next question. I, so since I'm new to the sort of company, I just wanted to understand from you, if you can talk me through the monetization on radio versus YouTube versus RC Studios. In terms of CPM, if you can give me like an average on what the monetization is like…

Ashit Kukian: See CPM RPM cannot be given because each platform has its own currencies to work with, right? So I would not know what exactly you want to know because each engagement -- because radio is -- that is investment, which is that from our side. On RC Studio, apart from people and our own cost investment that is the investment on the platform per se. So I don't know what exactly you want, if you can be more specific, then I'll help you understand what your requirement is.

Vedant Bhasin: Okay, all right. I just mean that if it is not one specific figure, if you can just tell you a little bit how monetization works on RC Studios and YouTube? Like is there any one of them better than the other? And how do you…

Ashit Kukian: So that's why, it is not because the fact that, first and foremost, I mean, if I can just give you the reason why in spite of radio being radio, are we looking at opportunities beyond radio. So like I said, we are following the consumer journey. Now if you look at Indian advertising, Rs.1,17,000 crores is what the overall Indian advertising is and radio is about Rs.3,000-odd crores. The rest of the pie is divided between digital, on ground and then TV, yes, and print for that matter.

So when we look at the options that we are talking about, these options, which we are talking about are clearly giving you more options beyond the Rs.3,000-plus crores of radio that is that. Hence, your ability to garner more revenues from similar set of brands or clients each via the whole expertise, right? So we will continue to do whatever we need to do. We are at a 19% market share, which is amongst the best and among the top 2 players as market shares are concerned. But beyond that, the consumer is spending time beyond radio as a medium. So today, time spend is close to 8, 8.5 hours , radio time spend is about an hour and 20 minutes, which is what it has been for years.

The only thing is that -- earlier, the overall time spent was 3, 3.5 hours, that has become 8, 8.5 hours, so relevance at the overall level while radio continues to be relevant, but in a related concept, it's lesser in the overall perspective. Hence, the need to go do digital. That's the first point we're doing. And each of those initiatives as we talk about is talking to a segment. So when you're doing RC Studio on JioTV, it is for the streaming platforms that we are talking about. When we do SMINCO, there is an entire base of market peers who are looking at influencers as a way of engaging with their consumers and that's the segment, which is going rapidly.

Hence, we launched our own platform because here, it's a completely data-driven platform. We can give analysis, analysis of each influencer. So suppose tomorrow, a brand in the cosmetic category comes and says that I want to know about these 10 beauty influencers, what is their followers, what is the engagement rate, what kind of content of theirs work I'm able to through a data driven insight give them those requirements, which helps brands to understand which influencers to pick up because then the success ratio is going to be higher.

So it's a dynamism of scientific research with data, which allows marketers to take a calculated understanding of where to invest, which is also measurable at the end of the day. So that's best part of being in digital. And that's where we are moving. Wherever consumer is moving and doing consuming this content, you'll find us playing the role that either directly or indirectly through other platforms.

Vedant Bhasin: Just a small follow-up question over here. So in radio versus digital, as I'm just looking at it, in digital, do you see margins as higher, lower? How do you think it compares to radio?

Ashit Kukian: Apart from the people cost, unlike radio, which is a very highly fixed cost business, it includes a whole lot of things, right, from the infra to the transmitter, to the operational cost. Digital is a far better bottom-line booster than radio.

Vedant Bhasin: Okay. If you could just put some numbers to it?

Ashit Kukian: There's no numbers. I mean, I can just give you a back of the envelope calculation today. We are about 20%, 22% of the margins that we talk about. We will be a 30% plus on digital, which is a good 10%, 20%, 15% more. And we will continue to be at that percentage. But that, percentage, like I said, depending as we move forward, and I've always been saying we are -- our journey in digital is exploratory, yes. But tomorrow, if there is a high intensive capital-based digital opportunity and the world over I don't know what it's going to be then maybe the things will change.

But the fact that digital will be part of our fair share of business from an advertiser requirement is concerned and also the way forward for the organization is something, which we are very clear about. So we are playing the role at this point in time to answer, the percentage is higher, much higher than radio, for sure.

Vedant Bhasin: Thank you very much. Best of luck.

Moderator: Thank you. As there are no further questions, we would like to hand the conference over to Mr. Ashit Kukian for closing comments.

Ashit Kukian: Thank you. We sincerely appreciate your active participation in today's earnings call, as media consumption assets in India continue to evolve, driven by a diverse range of content options, the radio industry has a unique opportunity to integrate digital platforms while keeping radio at its core. Our focus remains on advancing the digital landscape, by leveraging our resources and relationships to deliver maximum value to our customers.

The presentations, 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 Strategic Growth Advisors, our Investor Relations Partner, wishing everyone a very happy festive season. Thank you.

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