

August 7, 2024

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Equity	Scrip Code	RADIOCITY	Equity	Scrip Code	540366
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	ISIN	INE919I04010		ISIN	INE919I04010

Sub: Transcript of Earnings Call for the Un-Audited Financial Results of the quarter ended June 30, 2024

Dear Sir/Ma'am

In continuation to our letter dated July 29, 2024 and August 2, 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, August 2, 2024 at 2:00 p.m. for discussing financial performance of the Company of the quarter ended June 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 Kapoor
Company Secretary and Compliance Officer

Encl: As above





Music Broadcast Limited

Q1 FY25 Earnings Conference Call

August 02, 2024

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 02nd August 2024 will prevail.



MANAGEMENT:

MR. ASHIT KUKIAN –CHIEF EXECUTIVE OFFICER

MR. RAJIV SHAH – INVESTOR RELATIONS

Moderator: Ladies and gentlemen, good day, and welcome to Music Broadcast Limited Q1 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 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 a very warm welcome to the Q1 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 am excited to share our Company's Financial Results for Q1 FY '25.

These achievements reflect the dedication and hard work of our team and highlight our steadfast commitment to promising growth and innovation in the dynamic media and entertainment industry.

In the 1st Quarter of FY '25, we experienced a significant enhancement in our financial performance. The revenues grew by 12% YoY. Our EBITDA surged by 25% YoY, while our EBITDA margin stands at 27%, a notable increase of ~260 basis points. This achievement highlights our unwavering commitment to improving operational efficiencies and effectively implementing cost management strategies. We are dedicated to maintaining this momentum and further optimizing our processes to enhance profitability.

Our digital business continues to be our core focus, having achieved an impressive 45% YoY growth with contribution of 10% to our revenue. We are adapting to the shifting media landscape by emphasizing digital channels for content creation, distribution and engagement. Our dedication to investing in technology keeps us at the cutting edge of innovation and enables us to provide seamless experiences across all platforms.

During this quarter, we have rolled out a series of strategic initiatives to solidify our position in the radio industry. This quarter, we have maintained a market share of 19% according to the

Volume Data. Our comprehensive omnichannel framework enables us to leverage the extensive reach of our networks, ensuring we provide the highest value for our clients.

Radio City's launch of RC Studio on Jio TV not only expands our reach but also provides advertisers with limitless opportunities to engage with the nationwide audience. By leveraging Jio TV's vast viewer base, Radio City is positioned to connect with listeners across the country.

Furthermore, our recent debut of SMINCO.in, a social media influencer confluence, effectively bridges the gap between brands and influencers. This platform offers integrated solutions that serve both the parties seamlessly. These initiatives highlight our commitment to innovation and underscore the pivotal role of our digital business in our overall strategy.

We are delighted to see that Radio City continues to be the top choice for advertisers with 40% of the industry's client base opting for our platform. Furthermore, 32% of newly acquired clients in the radio sector have chosen radio for their advertising needs. This trend underscores the strength of our brand and the success of our marketing strategy in providing exceptional value to our clients.

As we look to the future, we are dedicated to the promising growth and delivering value to our stakeholders. By remaining agile innovative, and customer-focused, we are well-equipped to seize emerging opportunities and tackle challenges in the ever-evolving media landscape. We extend our gratitude to our team for their dedication and hard work, and we are confident in our capacity to achieve ongoing success.

Now, let me take you to the Financial Highlights for Q1 FY '25:

Revenue grew by 12% YoY, reaching to Rs. 59.6 crores. EBITDA grew by 25% YoY, reaching to Rs. 15.9 crores, with our EBITDA margins expanding by 260 bps YoY to 27%.

Adjusted profit after tax, which is adjusted for interest on NCRPS to the tune of Rs. 2.1 crores, stood at Rs. 4.7 crores, showcasing an impressive growth of 175% YoY. Our cash reserves stood at Rs. 338 crores as of June 30th, 2024. Our liquidity position remains strong, and as stated previously, this liquidity allows us the flexibility to take advantage of present and prospective future opportunities.

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

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Sadanand from Stellar AMC. Please go ahead.

Sadanand: Ashit, congratulations for good numbers.

Ashit Kukian: Thank you so much.

Sadanand: Now, can you please deconstruct how did you achieve 12% growth across various verticals, whether it's volume, value, digital? And your EBITDA growth of 25%, what are the major contributions to that?

Ashit Kukian: See, I mean, from a cost perspective, I think you would have by now noticed that we are very prudent about cost increase YoY or QoQ. As far as the revenue is concerned, it's a mix of our business, which is the core business of radio, and our non-core business of ability through the on-ground plus digital plus our increased social media presence. So, the combination of all this has allowed us to have a growth, which is possibly a little disproportionate from the rest of the industry, because we have kind of built building blocks which is taking care of the fact that even if, for example, radio would have not grown as much as it would have from a revenue perspective, we have offshoot it with our digital growth, which has been phenomenal over the last quarter. And also, our growth on what we call a creative business, which is beyond the organic business. That is what is helping us to show these kinds of results.

Sadanand: Was there a value/yield growth for you in the last quarter?

Ashit Kukian: Yes, there has been an 8% yield growth for us. But I do not think at this point in time we should get carried away, because that is largely because of political ads. While the ratio has not been really much, it comes at a fairly high premium. But yes, there has been a marginal growth, and that is where the yield comes in. But a large part of your revenue is still the volume revenue that has contributed to the overall growth.

Sadanand: In one of your slides, you mentioned the market share, if I club all three players, it comes to close to 50% of the industry. Is that correct?

Ashit Kukian: Yes, it is correct.

Sadanand: With that kind of concentration, the industry does not allow the pricing power or actually to increase the yield.

Ashit Kukian: It is, no, because when you look at the total, if I put an average of 10 or 11 players in the larger market and five, six players in the smaller market, the inventory play for the rest of the players is still not at the saturation point. And unfortunately, that is the dilemma. When people who are cash strapped, they would possibly do a little bit of compromise. And hence, the challenge is that you cannot really, unless and until you have an entire saturation of your market, price increase is always a challenge.

Sadanand: What is the average inventory utilization currently?

Ashit Kukian: 71%.

- Moderator:** Thank you very much. The next question is from the line of Riya from Aequitas Investment. Please go ahead.
- Riya Mehta:** Thank you so much for the opportunity and congratulations for good set of numbers. I would want to know in Government we are seeing a 35% increase, so what would be because of revision of price and what would be election-led growth in this?
- Ashit Kukian:** No, I do not know where this 35% growth from, value perspective you are seeing from the government.
- Riya Mehta:** Yes.
- Ashit Kukian:** Yes. So, that's basically political that we are talking about from the base that we have got, we have got a total of about seven crores of political advertising that is coming, which has come at a higher price.
- Riya Mehta:** And apart from this, there was a revision of government also in terms of advertisement.
- Ashit Kukian:** So, that's marginal increase. But that central government, the DAVP gets limited when political advertising happens. So, what happens is, whenever there is political advertising, the central ministries do not advertise during that time and even the state ministries do not advertise, because the political advertising is in place. So, yes, I mean, the effect of DAVP which has started over the last two quarters, this being the third quarter, will average out as we go forward, because then you have the rest of the year that the payout had already happened.
- Riya Mehta:** So, going forward, is it fair to assume that government will not grow at the similar rate, volume growth?
- Ashit Kukian:** Absolutely not. But having said that, the fact is that with the stable government the regular ministries act which they do, talking about the various achievements that they have done, will be part of the growth which is there. And beyond that, there is state elections that will be there in few of the states which will contribute to an increased share of revenues from the state governments.
- Riya Mehta:** And in terms of value, what percentage growth do we see because of the new rules which have come up?
- Ashit Kukian:** Sorry, I could not get you.
- Riya Mehta:** Because of new tariff plans which have come up, what would be the incremental value?
- Ashit Kukian:** That average over the period will be around 10% to 12%, but that will end at the end of next quarter, because then that growth has already been played out in the last two quarters of the year, right, the increased DAVP rate. So, after that, there is no growth. You will be having the same

rate as far as the government DAVP rates are concerned, unless and until the next DAVP increase happens.

Riya Mehta: And in terms of digital, we are seeing you introduced a new app for the influencer, etc. What kind of investments have we done till date?

Ashit Kukian: So, the investments in this have been marginal from a platform perspective. Because what we have done is all the other things, which is the whole management of the influencers, the rest of the things, the analytics is managed by internal resources only. So, you could say, there is an investment of approximately Rs. 1 crore from a platform perspective.

Riya Mehta: Sorry, how much?

Ashit Kukian: Rs. 1 crore.

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

Akash Sharma: So, my question is that what are the effective rates if we compare to the pre-COVID levels?

Ashit Kukian: 8% increase, I told. Pre-COVID levels, you are saying? It will still be about 90% of pre-COVID levels.

Akash Sharma: So, it will be split of FCT and non-FCT revenue?

Ashit Kukian: Split of FCT and non-FCT?

Akash Sharma: Yes.

Ashit Kukian: Non-FCT contribution, if I keep digital away, it's approximately close to about 25%.

Moderator: Thank you very much. The next question is from the line of Yug Modi from AP Capital. Please go ahead.

Yug Modi: Sir, first of all, congratulations for a great set of numbers. Sir, can you share something on industry, how it is growing and how digital is shaping the industry as well?

Ashit Kukian: See, the volume growth for the industry as seen in available data is about 2%. We work on increased here, that's the core business that we are talking about. So, I would want to believe the industry's revenue growth is around five to 6%. And that's an average I am talking about. There are listed results which is already out, I am sure you are aware of some of the listed companies which have declared their results. So, that's the industry growth I would say.

Moderator: Thank you very much. The next question is from the line of Sadanand from Stellar AMC. Please go ahead.

Sadanand: I want to have a clarity of another statement that you made in a Slide number 5.

Ashit Kukian: What is it?

Sadanand: Clarity on the slide number five statement where you mentioned 1,700 clients added out of 3,800 in a quarter one. Is that correct?

Ashit Kukian: That's right. Yes, that's right.

Sadanand: So, do you mean to say that almost 40%, 44% of new client addition has happened in a quarter one for the industry?

Ashit Kukian: No, the new client addition numbers are different. These are the total clients that have been added. The new clients which is added is 1,700. As the rest of the industry is 3,800 clients.

Sadanand: Yes, 1.7 is what? 1.7K, you mentioned.

Ashit Kukian: 1,700 clients in this quarter Radio City has added new into our fold.

Sadanand: In percentage term how much it comes?

Ashit Kukian: Around 40%.

Sadanand: So, should not you celebrate that? You are saying 40% of new client got added?

Ashit Kukian: Yes.

Sadanand: Is it not trend changing?

Ashit Kukian: See, the average of the industry is like 50% to 60%. Generally, if you look at radio as a business, you will have a typical 40%, 45% churn happening every year, YoY, from a radio perspective, from our previous year's base. And that's an average that is there. So, all players will have to add on new. So, it will range anywhere between 30% to 40%, depending on the efficiencies of each player of the newer advertisers that have come on to fore from one year to another year.

Sadanand: Understood. It's in line with the trend. Can you just help me understand SMINCO, that you added in the last quarter? How does it work? If you become a client, how does it work? You know you added influencer marketing into that. Can you just explain me how does it work?

Ashit Kukian: I will tell you. So, SMINCO Is an influencer marketing platform which is an aggregation of influencers. So, if you know, we have been using our RJs influencers in providing solutions to

clients for the last so many years. But as the world of social media increases and the relevance of influencers has increased, it was imprint that you had to kind of give solutions to clients beyond what you have as an opportunity from your RJs. So, that's where we launched this tech platform. It's an AI tech platform which currently has an aggregation of 40,000-odd influencers in the micro and macro influencers according to their reach.

So, a brand can come on to the site. This is a SMINCO influencer platform. Say that they are looking out for influencers in these-these category or these-these reach, and then we will kind of provide the client with a set of influencers which the client can then shortlist. And then beyond that what we typically do is create this whole storytelling with the influencer, because the influencer has a set of followers who blindly follow the influencer because of what they are calling the influencer. So, it's a reach plus engagement-led solution that brand look up to. So, it is a multiple level of influencers a particular brand may use to reach out their target set of audiences. So, it is something the world is moving towards. Social media marketing, if you see not just in India but globally, is almost taking away 50% to 55% of the current spend that is happening from a digital, social media investment is concerned. And that is only growing.

So, typically, to answer your question, this platform will give you the choice of influencers, the kind of content those influencers are creating, and what is the engagement rate of each of those influencers. And depending on that data that we are giving, the client will say, I want to use X, Y, Z. We then get those influencers on board and create this whole storytelling, which then gets distributed across various social media platforms beyond what we are already doing on radio and on-ground.

Sadanand: How many of your current client pool you expect to adopt to this for annual, this fiscal, end of this year?

Ashit Kukian: It's a difficult question to answer. But if I have to look at the behavioral aspect of advertisers in India today, and with the base that we have got, I will want to believe at least three out of 10 advertising solutions will have influencers as part of the solution that we are offering. Some may be internal; some may be external.

Sadanand: One last question, then I will join the queue. Do you expect your quarterly number should be reflected in your full year number also in terms of revenue growth, ad growth, and the margin?

Ashit Kukian: That's the attempt, and we would want to keep it that way and we will make all efforts to move towards that.

Sadanand: Now, despite some of the cyclicity of the business, this should be better, right?

Ashit Kukian: Yes, I mean, if you look at it, it should be better, but we never know how the industry shapes up because we are far more dependent on the environment around us. Because radio being radio, a lot of things are dependent on the environment around you. And that is not just for us, I think

that is a typical challenge with media per se, or any media business per se. We are hoping that things continue to be as normal as it is, if I may use that word, and then expect our efforts to give the results.

Sadanand: I just want to go back again on the quarterly number. Your yield growth is not much, volume growth is early teens. So, what has led to the sharp increase in margins? Can you just help me? What are the cost levers that helped you?

Ashit Kukian: It's basically, like I said, most of our digital play has come from resources which are in-house. And hence, we have really not added a cost of people beyond an X level of expertise on a particular subject that is required. And we are using our resources optimally to get the kind of bottom line that we are looking at. And as you know, radio being a fixed cost business, that is also which we have always been saying that after the critical threshold of revenue, a lot of what we do goes directly into the bottom line. And lastly, our margins in our digital business has also been a delta. While the base may be small, but these are the factors which adds up to the overall efficiency of the business.

Sadanand: What is the extent of SMINCO Business today is a part of a digital business, which you had said that almost 10%?

Ashit Kukian: No, not SMINCO alone. Our digital foray is in multiple things that we are doing. Our digital business includes our content distribution on third party platform and its monetization. It includes influencers and the monetization of influence. It includes the content that we put on channels like YouTube, and so on and so forth. So, it's a multiplicity of things that we are doing. And as of now, that all put together what we call as co-digital is according to 10% of our business. A large part of that is also the content integration that we do and the distribution of that we do on social media platforms with or without influencers. Like for example, we very recently did a client activity for Citroen, which was basically gathering Cheer for India, with Dhoni being the brand ambassador. And we did a three-week activity where we generated about 1.3 million cheers for India for the World Cup T20, which was largely a combination of on-ground and social media, which gives you the additional value which otherwise would not have been there with us.

Moderator: Thank you very much. The next question is from the line of Rakhi Sharma from Ace Investment. Please go ahead.

Rakhi Sharma: I just wanted to congratulate you, first of all, and elated to see the performance.

Ashit Kukian: Thanks so much.

Rakhi Sharma: I have a couple of questions. I just wanted to know what were the advertisement rates during the quarter? And the second is just to follow-up on the same, because I wanted to know the ad rates

have come back to the pre-COVID level, or if you are seeing any recovery. Just to get a sense over there.

Ashit Kukian: So, like we said, there's an 8% increase that we have seen over the last year, 1st Quarter. And that, like I said, it's a combination of political and a few other clients that we have got. But otherwise, a large part of the revenue is still volume-driven for the quarter and at least for the next quarter also that will be a volume-driven revenue. Like I said, our inventory utilization still is at 71%, so there is headroom for revenue growth through volume at least for the next two quarters.

Rakhi Sharma: And the next on the same was, ad rates have come to the pre-COVID level?

Ashit Kukian: No, I said that's about 90% of pre-COVID level.

Moderator: Thank you very much. The next question is from the line of Payal Shah from Billion Securities. Please go ahead.

Payal Shah: First of all, congratulations on the good set of numbers. I have two questions. First, can you discuss SMINCO in detail? Like, what is the potential you can see from this business as a whole and what are your plans for this going forward?

Ashit Kukian: See, the potential is right now, I mean, the potential is how we go about executing the entire plan. But I can give you the current business opportunity. If you look at, FICCI says that currently in the next two years, our influencer marketing-led advertising business is worth Rs. 3,300-odd crores or Rs. 3,600-odd crores, which in my mind will be equivalent to what the radio business is.

So, to answer your question, it's an opportunity play that we have got. How much of that we will be able to get as part of our share is something which only time will tell. Our effort is going to build our capabilities in delivering influencer-led marketing to brands, which we have already started, and we are building on that. So, you could look at it from a perspective that from a zero base that is an opportunity play. And the better we do, the more income or revenue we garner. And as we already said, our digital business is a delta to our profits, it will only add up to a bottom line.

Payal Shah: That's quite helpful. My next question is on, if you can share how Jio TV partnership played out for this quarter and how we are seeing it going forward?

Ashit Kukian: See, Jio TV partnership is too early from a monetization perspective. Right now, there's a seeding in of the content and reach that is happening. In fact, in the Jio TV, right now RC Studio, which is the 24-hour channel that is there on Jio TV plus the Jio TV app, plus Jio TV Bharatphones, which potentially gives us a reach of about 450 million. I am happy to kind of share that we are possibly one of the few channels within Jio TV which will be unlocked to operators beyond Jio

TV. So, I know today, non-Jio TV mobile operators or people who are having handsets which is non-Jio TV will also be able to download RC Studio as a preferred app which is being specially taken care for just RC Studio and a few others, because we see an increased reach and monetization ability.

But to answer your question, early days because it will need to be seeded in, we will have to recognize the reach, engagement and then the revenues will start flowing in. But we are very closely working with the Jio TV team to ensure that quickly we will get into the monetization bandwagon.

Moderator: Thank you very much. The next question is from the line of Ketan Athavale from Robo Capital. Please go ahead.

Ketan Athavale: Sir, I wanted to know the revenue and margin guidance. And secondly, do we have any updates on Notif?

Ashit Kukian: What was the second question?

Ketan Athavale: Any update on Notif, Notif policy?

Ashit Kukian: No, that is still going on. Those trial recommendation is still being put to the MIB and the MIB is consolidating things to take an overall decision. Otherwise, on the first question, we really do not have to give any much guidance on that.

Moderator: Thank you very much. The next question is from the line of Rajvi Shah from RISE Securities. Please go ahead.

Rajvi Shah: Firstly, I would like to congratulate you for a good set of numbers.

Ashit Kukian: Thank you.

Rajvi Shah: Yes, I had two questions. Like the first is, our EBITDA grew by 25% YoY, so this growth is organic or it's due to operating leverage.

Ashit Kukian: It's a combination of operating leverage and what I have always been saying, because the threshold level of increased revenue being a fixed cost business, like I said, once that threshold level of numbers are crossed, a lot of what we do from a top-line perspective goes directly into the bottom line. So, it's a combination of increased revenue from overall base and an efficient management of our costs.

Rajvi Shah: And is this sustainable going forward?

Ashit Kukian: Yes, I would want to believe, unless the revenue figures stand for whatever the industry numbers are, our costs will play out because that is something which we see is going to be maybe in the

last quarter, if there's any investments which are digital-led, those kinds of incremental costs. But otherwise, you can average out this cost as the cost that will be for the rest of the quarters.

Rajvi Shah: I just had one more question. Like, also we have achieved the margins of 27%, what should we expect in our future for margins?

Ashit Kukian: See, I mean, I have always been saying that in the current scenario and the way we deal with possession, if we reach an efficiency of 30%, I would believe that's a nice spot to be in, given the nuances of the business. At a peak, we have done numbers much, much higher, but that was a different era, if I may say so. So, as a 30% margin, I think you would say it's an healthy business, given the complexities of the businesses that we are managing. And that is what I would want to aim at.

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

Ashit Kukian: Thank you. We sincerely value your active participation in today's earnings call, recognizing the evolving media consumption habits of the Indian audience, influenced by the diverse range of content options, presents an opportunity for the radio industry to integrate digital platforms while upholding radio as its primary business function.

Our continued focus is on propelling the digital landscape forward by utilizing resources and relationships to provide 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 inquiries, please get in touch with any one of us or with Strategic Growth Advisors our Investor Relations Partners. Thank you.

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