“Music Broadcast
Q4 FY2022 Earnings Conference Call”

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MANAGEMENT: MR. ASHIT KUKIAN – CHIEF EXECUTIVE OFFICER – MUSIC BROADCAST LIMITED
MR. RAJIV SHAH – IR TEAM & INVESTOR RELATIONS STRATEGIC PARTNER – STRATEGY GROWTH ADVISORS – MUSIC BROADCAST LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Music Broadcast Q4 FY2022 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectation of the company as on date of this call. The statements are not the guarantee 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, Music Broadcast Limited. Thank you and over to you Sir!

Ashit Kukian: Thank you. Good afternoon, everyone and thank you for joining the Q4 FY2022 earnings call for Music Broadcast Limited. Joining me on the call is Mr. Rajiv Shah from our IR team and our investor relations strategic partner, strategy growth advisors. Going by global trends to increase the revenue base, even in the Indian Radio Industry players have started looking at the adjacent areas to augment their FCT based revenue. Digital engagement, content and newer distribution channels are some of the new areas of focus, and the launching of economic activities in tier two and tier three markets also attracted many local advertisers to radio. The opening up of the country and return of the advertising spends have provided just a shot in the arm that we needed to build upon the work done in the previous few quarters towards becoming a more efficient robust and resilient organization. Radio is also expected to accelerate its path to recovery. Last year the festive season led to some recovery in radio ads and we expect this recovery to grow significantly in FY2023. The adoption of digitization in the audio space has opened up many opportunities for consumers and advertisers. Audiences today are looking for some great audio content on digital platforms, which is likely to attract more brands to leverage the convergence of digital radio and digital a phenomenon that I refer to as "Radigitalization" is what is being observed worldwide and has changed the way industry has operated since its inception. Our dominant social media presence also helps RJs connect better with their listeners by allowing them to create text, audio, and visual content. RJs have become strong influencers too, which helps broadcasters in monetization. This is further proven by the rebound in volumes.

Talking about client counts and market share, Radio City has continued to maintain a lion share of 41% of the total clients. The overall growth in advertisers in the industry stood at 2% with 1800 clients coming new in Q4 of FY2022 out of the total 3,79,000 (this was spoken incorrectly; actual number is 3,790) clients who advertised on the radio platform.

Additionally with a series of sporting events and product launches lined up, the scenario looks equally promising and the company is well poised to service it and create tremendous value for all the shareholders. Yet another quarter, our market share has stood strong standing at 20% market share in the industry with an exit share of 21%.

Coming to the sectoral ad spends, we observed a drastic growth in some of the major sectors. Real estate, which contributes 14% to the industry grew by 41% year-on-year. While finance which contributes 13% grew by 14% percent on a year-on-year basis. A staggering growth was observed in pharma and auto as well. With the two core categories growing by 10% and 34% respectively and contributing 9% volumes each to the industry.

A negative trend was observed however in the food and soft drink sector and in the government sector, which was characterized by a degrowth of 5% and 25% respectively. The degrowth does have an impact as these sectors contribute 9% and 7% volumes respectively to the industry.

Talking about the financial performance for the quarter, the revenue stood at Rs.46 Crores witnessing a rise of 8% year-one-year. The EBITDA for the quarter amounted to Rs.6.1 Crores as against the Rs.5.14 Crores for the same period in the previous year at an EBITDA margin of 13.3%. The loss of quarter has reduced substantially on a year on basis from a Rs.3.9 Crores in Q4 of FY2021 to Rs.2.1 crores, in Q4 FY2022. New revenue opportunity contributed roughly Rs.14.75 Crores to the top line and accounted for 32% of the same. These revenues are expected to grow steadily going forward as well. Deliberate optimization efforts have resulted in some permanent cost reductions yielding significant benefits, which are expected to hold good going forward as well.

On the collection fronts, the company has managed to collect Rs.66.57 Crores during the quarter, of which the collection of government stands at Rs.11.46 Crores. These efforts on the recovery of revenues have led to the NOD reducing from 216 days to 164 days. Coming to the financial performance for the year gone by, we registered a growth of 32% year-on-year increasing our top line from Rs.127.6 Crores to Rs.168.4 Crores. Our EBITDA increased by 656% from Rs.3.7 Crores to Rs.27 Crores. Similarly, to the quarterly results the annual losses after tax have substantially reduced from Rs.24.2 Crores to Rs.5.7 Crores as a combined effect of returning ad spends, internal cost optimization measures and accrued benefits of operating leverage being realized. Our focus on having a strong balance sheet continues to show with ample results in our armory something the company has always believed in. We have a strong liquidity position with cash reserves standing at Rs.264 Crores as on March 31, 2022 as compared to Rs.233 Crores as on March 31, 2021.

These resources provide the ammunition to capitalize on the opportunities under deliberation and the ones that may arise in the future. Digital integrations have become our anchors building upon multiple initiatives over the past few quarters. Our presence on social media is huge with a total reach of 198 million spread across multiple platforms. We have an array of digital solutions that provide our customers end-to-end omni-channel solutions for their products and services. All of this combined have led to a 151% increase in digital revenue for the quarter and 115% annually, which albeit growing on a small base are the way forward and will become a significant portion of our business.

Lastly, with regard to the bonus issue of the non-convertible and non-cumulative redeemable preference share as per the direction of the honorable NCLT the meeting of the equity shareholders of the company is scheduled to be held on Thursday June 23, 2022 to consider and if thought fit, with or without modification to approve the scheme. We will promptly keep you posted with the development in this regard. 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. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Sidhant Mattha from B&K Securities. Please go ahead.

Sidhant Mattha: Good evening, Sir. Two questions from my side. Can you give us the monthly revenue of Radio City because I assume that there was Omicron impact in January so just wanted to know what was the exit rate in March and what monthly revenues can you expect in April, May and June when the markets have opened up?

Ashit Kukian: Yes. March revenues it is to the tune of about approximately Rs.18 odd Crores that we are talking and usually the Q1 revenues are slightly lower than the Q4 revenues, but given that the utilization levels are still yet to be fully utilized, we believe that April, May and June numbers should be more or less in tune with what the Q4 revenues are.

Sidhant Mattha: Okay. I remember the FY19 was a very good year. Then there was a slowdown, then COVID came. What percentage of that sales have been lost like basically advertises moving and also what is your target of reaching by this end of 2023. Do you expect to reach the Rs.20 Crores revenue mark from monthly or do you expect it to be around Rs.18 Crores to Rs.19 Crores? Just wanted to know.

Ashit Kukian: Roughly around what you are saying anywhere between Rs.18 Crores to Rs.20 Crores because it all depends from the way the adoption happens, but if I go by the understanding of inventory utilization over the Q4 and whatever little indications we have in the months of

April and whatever now, we believe that the utilization level should be back at the 90% level from an overall perspective. The next thing that will be in discussion is the yields, which we believe there is a huge room for growth because we are still as we speak about 60% to 65% of the pre COVID level yields, so to answer your question I think you are more or less in line with the thought process about the revenues as we go forward from here.

Sidhant Mattha: Okay. My second question is regarding cost. We saved around Rs.520 Crores (this was spoken incorrectly; actual number is Rs. 52 crores) cost in FY2021 and then in FY2022, we could do a tremendous job by saving around Rs.330 Crores or Rs.335 Crores (this was spoken incorrectly; actual number is Rs. 33 crores), so what percentage of that Rs.520 Crores (this was spoken incorrectly; actual number is Rs. 52 crores) saving we could save more than 50% of the cost in FY2022, but now what I can see is there was there was an uptick in the employee cost and other expenses also in the Q4, so do you expect the trend to continue and what would be the percentage of savings that will be permanent in nature?

Ashit Kukian: From pre-COVID to COVID, we had very clearly said there is a 50% savings which was there and that is one of our similar business options that we are looking at, but as we go forward and as we empower ourselves more digitally there will be some amount of up cost that will happen from an overall perspective, so we believe we will be still saving about, out of the additional 50% about 25% to 30% savings will come in and the balance will come as increased cost clearly keeping in view of the future business prospects that we are looking at.

Sidhant Mattha: Was there any one-offs in this employee cost? Do you expect the employee cost or some other expenses because there was a there was a major uptake. We were around Rs.12 Crores to Rs.13 Crores and now this time we were around Rs.14 Crores to Rs.15 Crores so just wanted to know whether employee cost, whether we will see a similar trend or there were some one-offs?

Ashit Kukian: No, I think you will be seeing a similar trend because there is no one-offs there because even when I am talking about the investment in people, it is a gradual process and it is not that one stroke will kind of get everybody on board. As the business increases and as we go forward in this call, I am sure a lot of things will come out in terms of how are we looking at our business as we go forward from the year now and the next few years as we look at our own business.

Sidhant Mattha: Okay. My final question. What the percentage of local to national advertisers was during the quarter if you can give the number or suggest a trend that like or just if possible?

Ashit Kukian: We always had a 35:65 kind of a ratio from a national to local and that keeps continuing to us. Last year we had a lot a little more of local coming around 68% because as you know the tier two and the tier three cities were the ones, which came up faster than the metro cities but yes going forward 35:65 is the ratio, which we see will not change because fundamentally nothing has changed from a radio perspective.

Sidhant Mattha: Why I asked this question was that because we are seeing FMCG advertisement because the recreation is going up so we are seeing rising raw materials so FMCG and other companies, FMCG is not a very big contributor, but generally real estate and FMCG all are facing input pressures on raw materials, so just wanted to know whether local players will be advertising more or something like that?

Ashit Kukian: Local players have been advertising more because that is how the ratio is around 65% coming to an extent. Last year it was about 68% and I think we should hover around the same ratio as we go forward.

Sidhant Mattha: Thank you so much.

Moderator: Thank you. The next question is from the line of Bajrang Bafna from Sunidhi Securities. Please go ahead.

Bajrang Bafna: The first question pertains to the digital ballpark because we are seeing that the digital base is gaining traction and the growth is almost more than 100% that you are achieving during the quarter as well as during the entire year, so if you could just highlight what is the base of this digital revenue and what is the strategy that we are adapting to grow this space more faster going ahead and what is the broad thought process over next three to four years how this is going to go in terms of numbers?

Ashit Kukian: When I am talking about the digital's play for radio, for us the radio digital plays completely rooted onto radio. When I am saying rooted onto radio is, we are purely talking about using our RJ influences as social media influences and brands are riding on their influencing ability from their own communities and doing the integrated solution between radio and social media presence of these RJs and just to give you a gist about this whole business if you have to really look at the digital business, the digital business or the digital revenues that is there is approximately about Rs.36,000 odd Crores, of which 50% is your display and search so if you take Rs.18,000 Crores away, Rs.18,000 Crores is the area where you have social media influencers, videos, content creation, brand integrations and so on.. If I have to put the play that I am looking at currently and if I could put interject the influencer and the videos that space is approximately close to Rs.5000 odd Crores out of the Rs.18,000

Crores that we are talking about so that is the kind of space that we as Radio City currently are operating, which is using influencers. When I am talking about influencers, I am also building up ecosystem, which will not only have our own RJ influencers but also social media influencers from across media platforms who will be wanting to be part of our brands icon because they believe we make great advertising solutions and brands want that kind of appeal as well as giving them solutions are concerned. At the heart of it, Bajrang to give you I believe that we are a large advertising services company which will give my brands for the advertisers or clients what they want. If they want content in a particular platform, I will give them content in that particular platform. If the clients want an engagement in a particular platform so for me as Radio City, I am present on ads. I am also present on ground. I am also present on social media instances with my RJs and if there are needs from advertisers outside of my RJs, which is celebrity influencers and all, we will be able to kind of provide it to them because that is the ecosystem I am working on. To give you an answer out of the so called 36,000 play influencer radio and video marketing of content creation is approximately Rs.5000 Crores.

Bajrang Bafna: Okay. Wan we expect 4% to 5% kind of market share of this Rs.5000 Crores over next five years? Is it a fair assumption?

Ashit Kukian: Absolutely, without a doubt because it is a fairly sharp focus approach that we are talking about and I have no doubt it should be of that kind of ratio.

Bajrang Bafna: Okay. My second question pertains to this redeemable preference shares, the NCLT order has been passed as per the announcement that is there on the BSE from your side and the meetings of shareholders and creditors are going to be convened on June 22, 2022 or June 23, 2022, so can you give us some timeline that after these meetings and I suppose it is going to be approved only because it is a win-win situation for the minority shareholders, so what time frame we can expect this to be listed on the exchanges?

Ashit Kukian: Only after the meeting is done, we will be able to give you.

Bajrang Bafna: Tentative Sir? I am not an exactly but as per your thought process what is the tentative timeline?

Ashit Kukian: If you ask me to ask for a number it could be anywhere between six to seven months because after that meeting, we have to again go back to the NCLT and that is not in our hands because you know how long we waited for this also. When we started off, we felt it is a six-month exercise and it got prolonged to more than that, so yes if all things goes well ideally situation is six to seven months, but everything depends on how we get the response from the NCLT and the situation and the way the whole thing is taken forward but yes.

Bajrang Bafna: The process is that once this meeting is convened and whatever is the outcome of these meetings, we need to communicate this to NCLT. Then NCLT will again hear the case and will finally approve it. Will it go that way?

Ashit Kukian: Yes, you are right.

Bajrang Bafna: Once it is finally approved then only we will issue those shares and it will be listed again?

Ashit Kukian: Absolutely. You are bang on.

Bajrang Bafna: Okay got it. My last question pertains to it is a combined on the tourism and the yield, the one segment which was not working fine in the COVID time is the tourism and the hospitality and we are all the way hearing that now whether it is hotels or it is restaurants or it is tourist destinations, there is a humongous demand that is there in the market right now. What kind of response or what kind of market share that we are having in that space because that is the area, which was not working during the COVID times which has opened up and the second part is the on the yield side still we are at 60% to 65%, though most of these segments of the industry are getting stabilized or getting back to the pre-COVID levels, why are we taking so much of time to go back to the earlier yields, which we were enjoying before pandemic? What is your sense that when this is doable and what is the bottleneck that still needs to be conquered by us to get back to those levels if you could highlight that will really helpful Sir?

Ashit Kukian: Two responses as you rightly said since the current volumes of the tourism industry is not really that encouraging. In the COVID period any amount of share is just a misleading point to see. I am looking at it from a perspective of what are we doing to create more opportunities for tourism as a category and that I can assure you in the coming months you will see most local tourism whether it is Madhya Pradesh tourism, Rajasthan tourism, Maharashtra tourism or Odisha tourism most of them will be active on radio and a lot of ideations both digital plus radio is already shared to them. Post that when the market matures with huge contributions coming from this tourism, I will rather be happy to then share what is the share that we are looking at. Your next question is on the basis of the ER. You must understand that till about the end of last quarter when I am saying we are still at a 70% to 75% utilization level the elasticity of 25% is still available in a market which has already been reeling for the last 22 months. The easier option is to first realize the volume-led revenues to begin with and as that gets saturated you increase your ERs. That is the first point. The second point is the increase of the ER as in any other competitive business is a function of how market operates. Unfortunately, while we are in a strong position of volume utilization, there are a lot of players still who are not at the levels of utilization who believe that they can still carry the volume route for another couple of quarters and that is where the challenge comes in. I do not know if you have really closely looked at my Q4 numbers, unlike my previous three quarters, my Q4 volume increase is lesser than the radio industry, which is not the previous three quarters. That is because I am precisely trying to do what you want me to do is strategically increase my yield by refusing low ER volumes. The first time that you have seen is that one person dropped that I saw from 21% to 20% which I am not worried about honestly Bajrang because I think there is a need for that to do because over a period of two quarters, I believe my yield increase will substitute the volume loss that I have done and that is a clear strategy from my side. Unfortunately, I have competitors who are still believing that they would want to expose the volume route first though the results have not shown it that way but I think to each their own strategy, I am completely aligned to the fact that yield has to go up and with the assurance that the market has come back, 90% to 95% utilization level will only encourage me to kind of get the yields increased and hence the revenue increase will be largely yield increase in the top markets where the elasticity is already filled and in the other set of markets where the volumes are still available we will play the volume game, so it is a mix of yield and volume as we go forward. I hope that answers your question.

Bajrang Bafna: Yes. Thank you very much Sir for this detailed elaboration and I wish you all the best for your success in future quarters.

Moderator: Thank you. The next question is from the line of Jinesh Joshi from Prabhudas Lilladher Private Limited. Please go ahead.

Jinesh Joshi: Thanks for the opportunity. I just have one question on this new revenue opportunity, which contributed approximately Rs.15 Crores in this quarter and in the opening remarks you also mentioned that these opportunities along with the digital pie has a very strong growth potential, can you just highlight what kind of growth are we looking with respect to these opportunities and over a period of two to three years what kind of revenue contribution are we foreseeing?

Ashit Kukian: New revenue growth opportunity is what radio in itself thrives on. If you see historically 35% of radio business year on year with new clients are coming on board. Within the new clients, we are creating new opportunities like during the COVID period, we created Radio City Bazaars. Now with the digital play we are creating integrated IP led ideation with digital and on radio so yes to give you an answer it will have a substantial play as we go forward because it is a creation of idea-led business opportunities for brands and with India being at the cusp of being a highly dominant startup culture, you will have a lot of these people who would want to kind of do marketing communications, which these opportunities are what we want to give to the new startup culture and that is why we believe as we go forward this will be a continuing business and it is not a one off for us or for the industry for that matter.

Jinesh Joshi: Okay and you also highlighted in the opening remarks that yields are at about 60% to 65% percent of the pre-COVID level but if you consider the metro markets, say for example in Mumbai, Delhi, and Bengaluru what is the current situation vis-à-vis the pre-COVID numbers?

Ashit Kukian: There is a marginal increase that you will be talking about. You are talking about utilization level or you are talking about yield.

Jinesh Joshi: Yield sir.

Ashit Kukian: Yes say 5% to 6% more than the rest of the players because that is the market that we believe, which has the highest potential to ad revenues to not just us but for the overall industry but yes that is just a 5% difference between the overall 65% that we are talking about because that is the area where we believe that there is a 30% to 35% growth chances from my existing yield to the exit of the coming year that we talk about.

Jinesh Joshi: Just one last bookkeeping question. Can I have the breakdown between the 28 stations and the 11 stations for FY2022?

Ashit Kukian: If I have to put an average over the last while COVID may not be the right year it is 80% to 85% will come from your large 28 stations and 10% to 15% will come from the balance stations, which keeps fluctuating from year to year.

Jinesh Joshi: Thank you so much.

Moderator: Thank you. The next question is from the line of Riya Verma from JR Securities. Please go ahead.

Riya Verma: Thank you for the opportunity. I have two questions. Firstly, it seems that the company is having majority towards the digital shares in the total pie of revenue, so will the prominence of radio and our operations die down or will there be more of a hybrid mode?

Ashit Kukian: It is a hybrid mode. Right now, if you look at my overall numbers only 6% of my revenues is coming through digital, so we are still 95% radio. As we go forward while digital growth will be faster and the 5% can become a 9% or a 10% and so on and so forth, it is going to be a hybrid model for sure. The reasons why I believe is our faith in radio is going to continue and if there is any indications from matured markets where the digital has really played its role, people are turning back to traditional advertising and there is enough and more stories that is coming about why people would want to also do traditional advertising to break the digital clutter because if you look at now as we go forward with the cookie-less world and so on and so forth, the consumer will have the power to accept an ad or not to accept an ad and any kind of display advertising and all may not work. Yes the opportunity of influencer-led categories where there is an engagement between the consumer and the influencers in the digital space, which is where I am talking about will continue to thrive because that is where the return on investment is, so it is going to be a hybrid model Riya for sure and I am talking about not just one or two years for the next five to six years for sure, it will be an hybrid model and for us our entire digital play is rooted with our radio friends and when I am talking radio and one of the reasons why digital is doing far more is as you all know whether it is Google or any other digital company, the regionalization of digital that has happened and even if we are talking about OTT players or apps that is that there, it is the regionalization of digital which is going big and that is where my strengths are. Today when I talk about radios nobody can give you the rest of Maharashtra reach that I am giving. Nowhere they can reach to the outskirts of Gujarat or Madurai and so on and so forth so the combination of regionalization and the effort that we have on radio is where we believe the future is and for that I believe it is going to be hybrid and fortunately I keep telling my team I do not suffer from format myopia, so it is not an either or it is an and for me, Riya so radio and digital is the way forward.

Riya Verma: Right and lastly what are the internals used in the company regarding the prospects of medium in general? Sir I am talking of the internal views in the company regarding the prospect of the medium in general? Is it headed the way as print did, which is, die down or other ways to rejuvenate the same?

Ashit Kukian: It will not die down. I think I answered the question that radio will continue to have its role and actually go forward, there is enough reports which is coming from large mature digital markets that people are slowly coming back to traditional advertising along with the digital play to break the digital clutter. After a while too much of anything will not really, we know your share of voice gets drowned when too many players are there so you would want to kind of break the clutter. There again I am saying is just adding a little flavor to your advertising approach that you are doing. If that is the case and in any case in a business of

Rs.1 lakh Crores we are talking about Rs.2500 Crores to Rs.3000 Crores that is not going to pinch much that people have to really substitute that to the balance of the businesses that is there. The only part is that though it is Rs.2500 Crores there are only three or four large players and hence the volume and value look bigger from an individual player perspective but when you look at an advertising per se, I do not think there is a drastic need for even advertisers to look at that because the investments in any way which phase has been prudent and that will continue for the next five to six years for sure. I am vehemently telling our face in radio continues and will leverage radio to kind of put a digital play because whether it is content and whether it is storytelling everything for us stems from the fact that we have great storytellers. We have great opportunities, and we have great reach, which is what radio works on and fortunately for us most categories which is affinity to digital has also affinity to radio, so that is the plus point for us, so it is a clear media multiplayer play for us and I have no doubts about it.

Riya Verma: Right. Thank you so much. That was very helpful.

Moderator: Thank you. The next question is from the line of Vishal Bagadia from Roha Asset Managers. Please go ahead.

Vishal Bagadia: Good evening, Sir and thank you for the opportunity. My first question is what is our benchmark volume for ads per hour?

Ashit Kukian: Top market if you look at the top metro market, should be good going here is anywhere between 95% to 97% utilization level. The balance set of market depending on the elasticity of the market currently historic strength from the time it started is still about 60% to 65%, but that is where the opportunity I believe when the whole market gets reconstructed with this whole digital play shift of mediums, consumption and so on, there is a play of 30% to 35% of volumes in the set of markets that I am talking about where there is 65% utilization levels is there so yes it is a large market. If I have to put my set of market 10 markets will be around 95% to 97%. I mean if one wants you can one can go to 110% also, but that is where the rate play comes in and the balances set of markets is around 60% to 65% where the volume play is still existing depending on how elasticity the market has in terms of more volumes to be consumed.

Vishal Bagadia: Okay and on the digital side, I wanted to know what is our content cost? How much is that first part would how much is our in-house content production and the content, which we are acquiring from outside so what would be that percentage and how much of a cost?

Ashit Kukian: Right now, we have not got into scales where we are talking about content from outside. Whatever content we are using in the digital part of the world is completely created by us. We have equipped ourselves with creators, editors and video. Having said that as we go forward if we believe there is an opportunity to create content through an outsider and we see great value we will not shun away from that, but as of today in the plans that we have got completely on the contrary you will be happy to know that we create content and give to streaming platforms like Spotify and so on and so forth, so it is the other way around but yes as the market evolves there may be a day when I would not hesitate to buy content from content creators if there is a market for brands to adopt that and take advantage of it.

Vishal Bagadia: Okay Sir that would be great and that is all from my side. Thank you.

Moderator: Thank you. The next question is from the line of Rajesh Toshniwal from Shiva Metal Industries. Please go ahead.

Rajesh Toshniwal: Good evening, all. My small query was with regard to December 2021 quarter and March 2022 quarter, there was a revenue fall of around Rs.14 Crores. Could you please highlight the reasons for this revenue fall and the way we slip from a turnaround position of a profit in December quarter to a loss of around Rs.9 Crores in the March quarter? Was it only because of the fall in revenue or is there something else which is to be understood? Thank you?

Ashit Kukian: I am sorry. Which period are you talking about?

Rajesh Toshniwal: Q3 and Q4?

Ashit Kukian: Typically, if you look at the radio or any medium for that matter, there is a 16% to 17% drop that you will see from a Q4 to Q3, so that is the first part of the story. The balance the gap that you are seeing is purely the January Omicron effect that happened and if that Omicron effect would not have happened, we would have been doing almost Rs.50 Crores plus or a little more than that I would say because that is what the Jan effect was, which percolated between January and maybe the first week of February and otherwise there is no difference in the numbers that we are looking at. Yes, you are right typically and that is historic thing that Q3 being festive, and you will always have a greater share of advertising revenues happing during that period. The fall is usually there in Q4. This time it is more pronounced because of the Omicron effect that we are talking about.

Rajesh Toshniwal: Okay Sir thank you.

Moderator: Thank you. The next question is from the line of Ankit Agarwal from Arc Capital. Please go ahead.

Ankit Agarwal: Sir I have a question. Do you have any plans to sort of expand into other geographies, which are left untapped as of now?

Ashit Kukian: No. If you know our phase two and phase three strategy, we were always clear. We have only attempted those geographies where we believe it is an advertising attractive market, so we have possibly in our mix of stations, we have almost unlike where others have more number of stations, we are addressing the 90% attractive advertising markets through the geographies that we are present, so honestly speaking as we speak though they say there is never say never as of now, I do not see any real need for us to expand to any geographies because we have enough of play to do and expand and grow for ourselves in the play that we are talking about, which is radio plus digital.

Ankit Agarwal: I asked this because we have tried for the Friends FM in Kolkata a couple of years ago, which unfortunately did not go through, so I am just asking if like you had any other such?

Ashit Kukian: There is not lost opportunity for us because we are still representing Friends FM and advertisers are getting that exposure in Kolkata market. That is why I said any other geographies we are not looking. Kolkata in future if it is available depending on the viability and the financial returns one may consider it. I am not saying never, but not in a large scale. One off here and there is I think in the scheme of things is an opportunity-led decision that we will take rather than a strategic need to expand ourselves geographically.

Ankit Agarwal: Okay fine Sir that helps a lot. All the best for the future.

Moderator: Thank you. The next question is from the line of Depesh from Equirus Securities. Please go ahead.

Depesh: Thanks for taking my questions. Sir you mentioned that 1Q revenues will be similar to the 4Q revenues right, so I just want to understand why is that because you explained that 4Q was impacted by Omicron in the month of January and February, so should 1Q be similar to 4Q?

Ashit Kukian: If you really look at the business of media usually you have the largest quarter happening in Q3 followed by Q4 and followed by Q1 and Q2 is the way it goes across historically. If you see there is a marginal drop that will always happen from Q4, and I am talking about the normalized year. I am not talking about COVID year because for two reasons. A lot of advertising decisions for brands when they start the New Year takes the first 45 days because brand managers, the brand heads, and custodians are relooking at their strategy and so on and so forth and unless there is a great sporting event that comes in which will really upswing the spend, so typically this is the way it is. Your Q3 is followed by Q4 followed by Q1 followed by Q2 is the large trend, so it is the same route that we are following in the normal year. Yes, having said that to answer your question that Rs.4 Crores to Rs.5 Crores whatever that gap of January is even if you include that what numbers we will be looking at is marginally lesser than that at a normalized level so it will continue to be that way so there is nothing wrong. It is not that we are showing any lesser revenue dip because there is any strategic problem that we are having in the way forward for the business.

Depesh: The seasonality that you rightly pointed out, but we are still operating around 50% below the normal revenues that we used to do so are you saying that it is still going to continue in FY2023? There is not going to be a strong revenue?

Ashit Kukian: I will say two things yes so that 50% will be offshooted by 20% to 24% of growth of volume that I had showed because if you look at the first two quarters of the year, we were at 24%, then 47%, then 75%, and then again 68% to 70%. If I have to average off what we believe is 90% that volume will be the additional revenue that we are talking about. I myself admitted that we are at 60% to 65% of the yield levels, which I believe should at least reach to 80% to 85% that is the only place where there is an if because it has a market relatability to it but having said that there will be definitely an increase there. That coupled together will give you the increase, which will be closer to what the pre COVID levels are and that is at the top line revenue levels, but I can assure you as far as your company is concerned, our attempt is that even if we fall short by a few Crores here and there on the top line levels, we are trying to match the bottom-line figures of the pre COVID levels as far as the coming year is concerned.

Depesh: Got it and secondly on the other expenses, are there any one-offs in this quarter, which you want to highlight?

Ashit Kukian: Sorry.

Depesh: In the other expenses of Rs.25 Crores this quarter, are there any one-offs?

Ashit Kukian: No there is no one offs unless you are hinting at something, which I am not seeing.

Depesh: No. The Rs.25 Crores number like previously I find that number came in Q4 FY2020 in which there were a lot of provisions also over there?

Ashit Kukian: The difference is there is as you know in the last two to two and a half years because of the COVID-related effects and the financial ability of a few maybe agencies and clients, we took a prudent view of receivables very engagingly with not only ourselves, but with our auditors to kind of safeguard our investors interest and we have made extra provision this year of doubtful debts so that that Rs.6 Crores approximately has been added. In fact, that has been added in the last quarter and hence that figure of Rs.25 Crores is looking a little pronounced, number one. Number two honestly I did not want to use it because that is not my type thing that if you take it away, we actually would have ended up with marginal profit for the year, but yes I mean we believe to show what it is so that is the only change that is there which is purely safeguarding the interest saying that if there is anything which you believe is doubtful at the levels because of the growing uncertainty that people had for the last 20 to 24 months from a repayability concern whether it is an agency or a client we have provided for it.

Depesh: Rs.6 Crores is the number right which is the provisions in this?

Ashit Kukian: Full year. Rs.4.5 Crores is the Last quarter.

Depesh: Particularly, for this quarter Sir how much you can give that number?

Ashit Kukian: Sorry.

Depesh: Particularly for this quarter?

Ashit Kukian: We have done Rs.4.5 Crores. That is why I said the whole effort we did before closing the year so that the book reflects the real picture as far as **we** are concerned, so in the Q4 itself we have done Rs.4.5 Crores. We have been providing for this wherever we felt on a quarter-on-quarter basis, but when we did a detailed exercise and when we evaluated the last three years of our debtors, we felt it prudent to add this additional amount so that we are safeguarding from the way we show our P&L and that is why in the last quarter we have added Rs.4.5 Crores.

Depesh: Okay so that explains the margin drop? Other thing, which I wanted to understand was that like obviously your parent company Jagran also does a lot of solution business, so why are we also getting into this and how are we doing different things than what Jagran is already doing?

Ashit Kukian: There is a difference to what Jagran is. Jagran is an event execution company while we are a solution providing company, so the difference is that I am doing an integrated solution of radio plus digital plus on ground presence, so if a brand wants to have experiential marketing, exhibition is still not done by me. exhibition is done in the last cases Jagran, but if you believe there is competitive pricing happening, we also work with the other agencies so that is the need of the advertiser so like I said I am an advertising solution provider through the various platforms that I have or the opportunities that I create so I am not getting into the business with Jagran is in. I am using Jagran Solutions to kind of give advertising solutions to my brands.

Depesh: Sir as I understand like whatever revenue you book in the Radio City right you have to pay a license fee of 7% to 8% to the government on that so why not to divert this entire business to Jagran and stay away from the license fee that you have to pay extra?

Ashit Kukian: I think radio business is radio business and it is clearly seen whatever is booked on air is completely it is monitorable and I do not think we also believe in doing those things what business is legitimate is radio will be shown as radio and we will be paying the royalties and the license as required so that is something, which has never occurred to us and I do not think as an organization we will ever do that.

Depesh: Got it but my understanding is correct whatever revenues you book you have to pay a license fee right on this?

Ashit Kukian: Yes. You are right.

Depesh: Got it. Thank you so much and all the best.

Moderator: Thank you. The next question is from the line of Dipti Kothari from Kothari Securities. Please go ahead.

Dipti Kothari: Thank you for taking my question, I might have missed it. My question was that the top line fall from Q3 to Q4 was expected owing to the seasonality, however the fall is deeper than expected, so what are the reasons for the same and how much was the Omicron impact on the business?

Ashit Kukian: Yes, it is about Rs.4 Crores to Rs.5 Crores of business effect of Omicron and if you add that, that will be the drop that normally seen from Q3 to Q4, so that that is something which I addressed in the question before or the last question. If that Rs.4 Crores to Rs.5 Crores had come that is the marginal drop that you see from a 60 to 50, which is conventional in nature.

Dipti Kothari: Okay and my next question was that which are the sectors that are contributing to the revival in the ad spends and which are showing a negative trend in your experience?

Ashit Kukian: The government is showing a negative trend. The ones which are showing is real estate has grown or food and soft drinks and even consumer products that have shown some increase from whatever base they were present in.

Dipti Kothari: Okay and do we see the same trend continuing or do we see a new trend with the rise in e-commerce players and startups?

Ashit Kukian: Finance and ecommerce will continue to use radio across the year that they have been using. I believe with some political advertising will come in so government possibly will increase. I also believe state governments will increase with the tourism ad coming in and so on, so yes that category will be an added from a stagnant growth that we saw from these categories. That categories will grow and that will add up to the revenues.

Dipti Kothari: Okay that answers my question. Thank you.

Moderator: Thank you. Ladies and gentlemen this was the last question for today. I would now like to hand the conference over to the management for closing comments.

Ashit Kukian: Thank you everyone for joining us in this earnings call. We are confident that the company will continue building upon the progress made over the last one year. The lessons learnt and the resilience developed to further solidify its strong position in the industry, optimize its operations further, deliver greater quality content through its amazing talent pool and leverage our extensive network. The presentation and earnings release are already uploaded on the website and stock exchanges. Should you have any further queries, please do please feel free to get in touch with any one of us or with SGA. I wish you the best of luck and more importantly stay safe and take care. Goodbye.

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.