



“Music Broadcast Limited Q4 FY2020 Earnings Conference Call”

May 26, 2020



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Moderator: Ladies and gentlemen, good day and welcome to the Music Broadcast Limited Q4 FY2020 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now like to hand the conference over to Ms. Apurva Purohit, Director of Music Broadcast Limited. Thank you and over to you Mam!

Apurva Purohit: Good afternoon all. I welcome you to the earnings conference call for quarter and year ended March 31, 2020. I hope you and your family and colleagues are safe and taking care of yourself in these trying times. When we look at how the year 2019-2020 panned out, COVID and its shock is likely to overshadow everything that happened hitherto. However, the fact remains that for the entire year, a weak macroeconomic environment continued to impact consumption in India. This directly caused the advertising industry to lower or withhold spends and of course the situation got hugely aggravated when a sudden lockdown was announced by the Government of India and the economy came to a complete and grinding halt. Advertisers had already started cancelling confirmed and ongoing ad campaign from the second week of March and as we are all aware they continue to remain off grid with most agencies and offices still closed down especially in the two largest advertising markets Mumbai and Delhi. On the operational front, we were seamlessly able to transition out radio operation from studio to work from home environment and have been fully operational and on air since day one of the lockdown without any stoppages whatsoever. The central and state government utilized the power of radio during these times and we have been assisting them to communicate with listeners on various COVID-19 awareness campaign and relief measures.

In this period, the Association of Radio Operators also commissioned an independent survey to understand the impact on media consumption during COVID, which I would like to share with all of you.

- Radio listenership actually increased from 48 million listeners to reach 51 million listeners, second only to TV reach of 56 million.
- The average time spent on radio again grew by 30 minutes or 23% from 2 hours and 7 minutes to 2 hours and 36 minutes and this time spent increased across all SEC segments.
- The total daily hours of radio consumption therefore were around 131 million up from a 102 million.

This research also validated something that we have been aware for a long time and other researches have also shown that radio is considered as one of the most reliable sources of information. Mode of listening to radio during this time was mostly mobile.

Now moving to the financial performance the revenue for the year has been Rs.247.8 Crores with an EBITDA of Rs. 66.6 Crores excluding onetime charges of Rs. 9.5 Crores accounted for in Q4 FY2020. The onetime charge of Rs. 9.5 Crores is towards the additional provision on doubtful debt considering the future recoverability due to COVID impact, provision for doubtful security deposit given to lease for property located at Mumbai and legal and professional fees towards the proposed investment in RBNL. To minimize the financial impact, we continued with the cost rationalization initiative, which have resulted in a total cost saving of approximately Rs. 30 Crores on an annual basis last year. and half of that will continue because it is in fixed cost even in the coming year. To tide over the current crisis, the industry association has requested the government to wave off regulatory payments including license fee for the entire year, clear overdue payments by various government agencies which have significantly added to our net outstanding, and restore advertising to earlier level, which as you all know accounted for nearly 12% of the FM industry revenue.

On the balance sheet front, we have been able to reduce our non-government outstanding from 114 days as on March 31, 2019 to 109 days a positive impact of five days as on March 31, 2020. During the quarter we repaid Rs. 66.5 Crores comprising of NCDs and other borrowings, post the repayment our balance sheet is now completely debt free and we have a strong cash reserve of Rs.220 Crores, which will clearly go a long way in helping us weather out the current testing time to emerge even stronger than earlier.

With these opening remarks, I open the floor for questions.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. We have our first question from the line of Jinesh Joshi from Prabhudas Lilladher. Please go ahead.

Jinesh Joshi: Hello. Thanks for the opportunity. I want to know what was the industry revenue in the month of April and corresponding period last year?

Apurva Purohit: Are you talking about April 2020-2021, this April?

Jinesh Joshi: Yes.

Apurva Purohit: So if you look at the volumes of the top 15 markets, of whom the industry data is available for all of us to access, the volumes reduced to just approximately 15% of the normal volume. That is the only data that is available to us so that is a surrogate for both the larger market and revenues. So if you look at volumes, they are 15% of the normal, revenues would be around 15 to 20%.

- Jinesh Joshi:** Okay and if I understand correctly, there are lot of smaller players with 2 to 3 frequencies in the market, so in this environment if some of them are unable to sustain, can they surrender their license and get a refund for the balance period or being brought over by a large player is the only exit available to them?
- Apurva Purohit:** You are absolutely right that people who have multiple licenses in the same city will have a bigger problem because obviously they have twice or thrice the amount of inventory to sell in these trying time. They can certainly surrender, but there is no refund option available.
- Jinesh Joshi:** Okay and this provision of doubtful allowance of Rs. 5 Crores that we have created in this quarter, it pertains to which sector, can you highlight that?
- Jimmy Oza:** If you look at it most of it is coming out from real estate, travel, education and hospitality.
- Apurva Purohit:** Typically the sectors that have been hit the hardest and if you divide this between national and regional players or local players, 75% is provided for amongst the local players and as Jimmy said they are typically hospitality, travel and real estate.
- Jinesh Joshi:** Okay and out of the trade receivables of about Rs. 100 Crores on the balance sheet, is there any portion which is due for more than six months?
- Jimmy Oza:** We have a provisioning policy of whatever is due for more than one year, so we provide for, so whatever you see on the balance sheet for the commercial one is more than one year outstanding both government as well as the non-government.
- Jinesh Joshi:** Okay but can you share the figure out of Rs. 106 Crores, what is the total portion which is outstanding?
- Jimmy Oza:** Everything is current.
- Jinesh Joshi:** Okay. One last question, I wanted the inventory utilization figure for legacy and batch one station in 4Q and total revenue of the batch one station for FY2020?
- Sangeetha Kabadi:** Yes. So for the batch 1 station % of the total revenue of around 9% annually and the inventory utilization has been 54% for the legacy stations, 36% for the new station and overall 49%.
- Jinesh Joshi:** Okay. The inventory utilization figure is for the fourth quarter, right?
- Sangeetha Kabadi:** Inventory utilization is annual.
- Jinesh Joshi:** Okay. Thank you so much.
- Moderator:** Thank you. We have next question from the line of Amitabh Sonthalia from SKS Capital. Please go ahead.

Amitabh Sonthalia: Hi. I have not seen the presentation. So I am not sure if this question has been addressed in that. But my main question was regarding the acquisition that you had announced sometime back I believe Reliance Broadcast Network, I wanted to ask about update on the status of that and are we still committed to going ahead with the transaction even if there is, if you have the option of withdrawing since approvals have not come yet and if so why are we committed given the size of the transaction and the chain scenario it seems like if we see go ahead with the transaction it will be hugely value destructive for your share holders?

R.K. Agarwal: Let me clarify, as of today, there is no commitment. There was a long stop date which has gone, so let me clarify this very important point. Number two is group has never done anything which is value destructive for any of the stakeholders. So be rest assured about it and we are also not going to do anything like that. Number three, if you talk about size, yes its size is mammoth and clearly if you acquire that, it is going to make you the largest player in the country that still remains but if you are offering value, that value of course changes with the passage of time. So whatever value was there then, of course that value cannot remain today.

Amitabh Sonthalia: But are we still in discussions for going ahead with a transaction at revised....

R.K. Agrawal: Let me complete my answer. Number four why we could not acquire it so far because permission was not there and it is still not there. So there is no question of discussing at the moment. We stand today where we stood when we signed the agreement that is about a year ago. So there is no question of any discussion. Then as the permission comes, then we will see what is the way forward. Both the parties are now free.

Amitabh Sonthalia: Okay. So as of now, there is no deal basically.

R.K. Agrawal: That is what I said, there is no commitment adjusting as on today because long stop date has expired and that has expired on September 30, 2019.

Amitabh Sonthalia: Okay. All right.

R.K. Agrawal: Understood. So I have answered your specific question, but in the end I would like to add, we strongly believe whether it is COVID or not COVID, right, businesses do not get wiped off because the businesses are bad, they get wiped off in case one becomes very ambitious or one goes beyond their capacity that is what I mean being ambitious or one does not have necessary liquidity to manage that business. Business does not become bad. So we firmly believe in that and we will evaluate once the permission comes, we will have discussions and we will see if we can acquire that or we cannot acquire that will all depend on the discussion at that time, meaning thereby our interest continues subject to so many conditions including the renegotiations on valuation which will be very significantly lower than what it was.

Amitabh Sonthalia: Thanks for clarifying that Sir and also wanted to ask you as obviously no one can predict the future and kind of in terms of even the business size what impact there could be and I fully

agreed that the businesses are not wiped out by bad year or whatever and you had a very good cash generation last year given the level of cash on your books at the moment, which accounts for almost 40% of your market cap right now, what is the extent of cash burn in the worst case scenario you think can happen this year?

R.K. Agrawal:

I will also clarify to you on this front, first entire group has worked up in two directions, number one was to cut their requirement of liquidity as much as we can, that is reducing the fixed cost especially in case of fixed cost base model like radio model, right. So that was one direction, and that is not something which we started doing from yesterday, we initiated that action the moment a fear of thing like this happening, that is sometime in the month of November that time it was more triggered by economy slow down but then since December we became more worried because of this Corona which was announced by China in December. So Radio City took a lead and started working in that direction and by the time the lockdown was announced, Radio City was able to rationalize its fixed cost, which was very difficult to the extent of 20%-25% even before the lockdown. Am I right madam you can add first on this then I will talk about the second part.

Apurva Purohit:

Yes so as Mr. Agarwal was saying two steps so first up was the cost rationalization which we had already started in November, December and we brought down the fixed cost which I have already explained by approximately Rs.30 Crores overall savings on an annual basis that you would see last year continuing because COVID came around February, March and obviously became a very significant part of how the next year will be. Continuing cost management measures have ensured that in the month where the lockdown is there the cost has been brought down even further by 25%.

R.K. Agarwal:

In other words if Radio City was operating in March 2019 on a fixed cost base of about Rs. 15 Crores per month it was brought down to nearly Rs.10 Crores to Rs.11 Crores right so that is one direction. Second direction is augmenting the liquidity as much as we can. Whatever cash you see in the balance sheet that is Rs.208 Crores which basis that Rs.10 Crores to Rs.11 Crores is also good enough for 20 months but that is not the only liquidity available to the company. Company also has a cash credit limit of about Rs.60 Crores to Rs.70 Crores which is completely unutilized. Whenever we wish we can draw the money. Focus is clearly on recovery and that is being applied across the group so focus on recovery then on the top of it we are self-sufficient and we are in position to help in fact the holding company but holding company itself has liquidity about Rs.600 Crores to Rs.700 Crores. I think I have answered?

Amitabh Sonthalia:

Yes. Thank you Sir.

Moderator:

Thank you Sir. We have next question from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.

Sarvesh Gupta:

Two to three questions so one is on the revenue part it seems that even though the lockdown was for 15 days of March, we have barely covered two months of revenues of the Q3 so that even if I

consider, March has been so this is almost like one month of nil revenues rather than 15 days of some revenue impact if you can explain that point a bit?

Apurva Purohit: Yes sure so actually it is not just one month. I would say it is approximately around two months because if you look at the average figures that we were doing, we were doing approximately Rs.62 Crores a quarter so that is around Rs.23 Crores, Rs.24 Crores and clearly what happened is as we have always been saying that there has been slowing down that we had started witnessing in November and we were not seeing any recovery, which is when we really started putting cost cuts in measure so the slowdown had already started before Q4 where we had thought we would end up doing around Rs.62 Crores. We ended up actually doing Rs.46 Crores that Rs.14 Crores shortfall came completely in March, so March, which was supposed to be around Rs.23 Crores, Rs.24 Crores. We did only Rs.10 Crores.

R.K. Agarwal: Mr. Gupta March unlike by no stretch of imagination can it be assumed that March month has done one-third damage. In March for example, in case of the JPL, if I had lost Rs.120 Crores revenue as compared to 2018-2019 and 2019-2020 out of that 60% has come only in Q4. Rs.75 Crores out of Rs.120 Crores degrowth has come only in Q4.

Sarvesh Gupta: Okay understood. Secondly now you are saying that the current run rate is around Rs.10 Crores to Rs.11 Crores, all-inclusive costs including fixed and variable is Rs.10 Crores to Rs.11 Crores monthly right now?

Apurva Purohit: Yes.

Sarvesh Gupta: So if I see Q4 you are at around Rs.41 Crores excluding the one-time expenses so which is like Rs.14 Crores run rate that has been further decreased to Rs.10 Crores to Rs.11 Crores?

Apurva Purohit: That is right.

Sarvesh Gupta: Okay understood and you have mentioned that there is some improvement in the listenership, but I think as per your statement which was released by the company on the COVID impact, advertisement revenue continue to be like 80%-90% down?

Apurva Purohit: Yes, so I think let us separate out the two things obviously listenership has gone up as media consumption itself has gone up across the board during the lockdown and we are very happy that radio listenership went up pretty dramatically that currently it is only numbered two to the television reach so that is the significant terms of coverage that FM is able to give especially during these times and otherwise also so I think that it is one important point to note. However did the listenership translate into revenue obviously not, so it is not only about the reach that we can deliver it is also about what is happening to the advertiser and his brand during the lockdown phase, supply chains were broken, shops were closed. So even if he wanted to what would the advertiser advertise for which is why advertising has come down across board 10% to 15% whether it is radio, whether it is digital, whether it is television, it is just come down to that 15%-

20% because there is no advertiser except a very limited segment which could be possibly the health and sanitization and a little bit of government advertising on COVID. There was absolutely no advertising because there were no brands in the market.

Sarvesh Gupta: Understood and on the transaction I think while we are saying that now if we get the permission, then we will sort of renegotiate on various parameters including valuation so that I understood but any other incremental opportunities or any other things which are coming out and because we are a stronger player so any other opportunities that we have seen in this crisis for our business?

R.K. Agarwal: At the moment we are not looking for any opportunity and unfortunately in radio space whichever opportunity one may try you have to clearly depend on the government. So, of course, you know when we said we will evaluate if permission comes whether to go ahead with the transaction at what value to go ahead etc., but at the same time we are not too keen to look for being aggressive at the moment. We just want to do the maintenance and something if comes at appropriate time maybe six months, eight months down the line when we sense the business is normalized we are always open.

Sarvesh Gupta: That is about the acquisition, but we mentioned on all our key markets around eight, nine players, so are there some players, which we are seeing holding up now or anybody going out of the business because of which our market shares can improve or something like that?

R.K. Agarwal: That will of course happen it is not only about radio industry, it is not about any particular industry, the businesses with weaker balance sheets, businesses, which aspire to go aggressive even during these times will really find it difficult to survive. At that stage we will see what happens.

Sarvesh Gupta: Okay. Thank you Sir.

Moderator: Thank you Sir. We have the next question from the line of Manish Poddar from Nippon India AIF. Please go ahead.

Manish Poddar: Sir two things, first thing is so if we have called out let us say the deal is not going to happen or the likelihood of this deal at this current valuations will not happen why do not we mention explicitly or is my understanding not right, I am saying Sir if you are not going ahead with the deal in the existing frame and structure and we are not willing at this current valuations why do not we explicitly mention that in the press release or in the updates, which we keep on sending that we are not going ahead with the deal because for me still as an investor it is still not unclear whether you want to go ahead with the deal or you do not want to go ahead with the deal?

R.K. Agarwal: I am also not yet clear as yet so how will I say I will not go ahead with the deal. There is no legal commitment on my part but it is not that we dislike the asset supposing after six months when the things get normalize then the approval might come and the seller is ready to give it at appropriate value and we get ready to acquire that then in that case what would I have told you.

Manish Poddar: In that case probably if the things happen then you again put out a press release as you did in the last case, in the interim if the deal is clearly not going to happen that is my view and I can be wrong in that I think calling out or giving out clear communication is probably what at least would give us a lot of comfort. That is where I am coming from and probably that is where my limited point?

R.K. Agarwal: You see if I had given a statement that the deal is called off wherever you have a long stop date both the parties have a right to forego that right of remission and accordingly I could not have said the deal is off because the fact is the deal is not yet off, legally we are not bound, it would have been very, very demoralizing for the other person also because till the time both of us call off the deal and I go on my own and announced that I have called off deal so this may not be an appropriate thing to do.

Manish Poddar: Just one more thing if I may in this environment I understand you have done a lot of cost savings so can you highlight probably Apurva just a couple of measures, which you can look to drive revenue in the interim or can you do some ad for equity or some other measures probably campaigns or some stuff like that to let us stay to drive up revenues I understand the macro and the backdrop of our environment, what measures can one drive to let us say gain market share or get some per month revenue to cover up the per month cost that is what I am trying to understand?

Apurva Purohit: The first point I want to make is that whatever measures I may put in place the reality is the advertiser does not have his brands or sales or services out in the market because the markets are lockdown, so for him also it is a waste of advertising unless his products are out there, but as and when the market started opening out we started putting a lot of pressure in those kind of markets so even the minimal revenue that 20% revenue that we have got as of now has all come out from the green zone market, which started opening out and obviously the moment the markets open out much before that we have already started closing deals and taking on advertising so that process will be as the lockdown opens up the brand start getting available in shops and services that is when advertising will so that is a natural flow that will happen. As far as Radio City is concerned what can be done to hasten this flow, what can we do to grab a larger market share, we already ended Q4 last year with a 1% increase in market share to the rest of the year so we had already started putting in several measures when market share position would improve, so for example many more long-term deals, I would go so far as to say that even currently all the effort in the last two months the sales team has taken, has been working from home, to talk to clients, keep engaged with clients and close long-term deals, so there are a lot of long-term deals that have been closed. The second thing is we would have sent out at least 100 different creative proposals out to clients, which is either Radio City plus some creative integration or Radio City and some of our other vertical brands in order to give them 360 solutions and all the advertisers are keen to close those deals; however, again their point is that let our brands start becoming visible in the market. The third bit of course is are there any opportunities to sell not just advertising space is there anything else and sure enough that is where we did the Spotify deal where the deal is Rs.2 Crores deal for our content; which Spotify will play on its platform.

- Manish Poddar:** This one smaller thing if I may understand is a difficult one, our revenues are let us say at the quarterly run rate, which we used to do let us say in FY2015 billing so when do envisage probably this Rs.60, Rs.70 Crores run rate, which we were clocking let us say a quarter back when do we achieve this quarterly run rate back?
- Apurva Purohit:** The first answer I would give is let us not start even thinking about what has happened in these two months as a trend okay, so it is not a trend let us understand very, very clearly that the markets were closed, the product was on we are very happy about it, our reach has gone up; however, the markets were closed, so this is not a run rate to look at all point one, and now look at this figure it is 20% so now when will you go back to 100% basis of 20% let us not look at it like that, let us wait for the markets to open which they have already started doing Delhi opened out, Mumbai should open out hopefully in the next 10 days, etc., the smaller markets have already opened out.
- R.K. Agarwal:** Bangalore, which is a key market also opened up.
- Apurva Purohit:** Thank You Mr. Agarwal, yes absolutely, so now let us look at a month of the markets being opened that figure we should look at to start thinking of the trend. So I would say that let us look at how June goes and let us start building on June. My surmise is that by June we should be around 50% of the normal revenue and if it is 50% then of course we will work as hard as possible to reach back to the run rate of last year within this year in H2.
- R.K. Agarwal:** Clearly you do expect any miracle to happen once the wheel is grounded it cannot start running at a speed of 100 kilometer per hour immediately, but of course it is not going to take so longer time that before it reaches destination it is another age number one. Number two as the historical data have shown and I am sure you may have had an opportunity to look at one of the recent reports, which CRISIL has got out, the empirical data show that there is always a V-shaped recovery whenever crisis like this happens so let us back ourselves up by that because otherwise these two months are very, very misleading when you have economic activities just 30% so we analyze it is not only for radio, one may start believing that country's GDP has contracted by 70%.
- Manish Poddar:** Got it. Thank you so much and all the best.
- Moderator:** The next question is from the line of Anuj Sharma from M3 investments. Please go ahead.
- Anuj Sharma:** Thank you for the explanation. I had a question on the government spends now you see a lot of OOH attachment being taken up by government do you see same trends playing out in the radio?
- Apurva Purohit:** So that OOH advertising that you are seeing is all pro bono, it is free that is no paid advertising.
- Anuj Sharma:** But do you see any shift in the government trend towards using this as creating awareness or using this medium?

- Apurva Purohit:** As I mentioned I think in practically every call in the last one year the big issue has been that government completely stopped advertising on radio the entire year last year, so 12% of all spends on radio just vanished because government stopped advertising, this year however towards the end of last year what started happening is state government slowly and surely started coming back and increasing spends on radio of course not to the extent of central government at all, but we are seeing certainly 3%, 4% of spends, which are state government spends on radio especially during COVID there has again been no spend a bit marginal spend by state government around COVID, but no central government spend in fact they have been requesting because they do understand that radio is a very powerful medium, which reaches out to the common man, they have been requesting for free information to be shared, which we have been helping the government because we recognize this is a crisis situation.
- Anuj Sharma:** My second question is you partly touched upon it regarding the long term deals now you would have an opportunity to have mass selling of your inventory and you could also use this medium to entice customers who were not part of a radio for example FMCG sell them a large part of inventory because it is a one-year deal do you see a new client and maybe take a price little bit down but have inventory sold out for sometime is that something which you see happening currently?
- Apurva Purohit:** So obviously it is always a balance right, so if you discount during these stress down times and say okay and let me reduce the rate dramatically it is very difficult to pull it back up, it is very difficult to pull it back up again. So we have to balance inventory fill is within the rates also reasonably average so what we have done to balance this in this particular time we are offering very attractive deals to clients that in case you want to advertise we are giving you very, very one plus one kind of offers, etc., etc. but these are obviously not translating into long-term offers so that is the kind of balance that we are doing, but as I again repeat at this moment it is not about our offers or our rates or our reach for any medium it is more about whether it is the appropriate time for advertisers to advertise.
- Anuj Sharma:** Alright great, thank you so much.
- Moderator:** Thank you. We have next question from the line of Jayesh Shah from Ohm Portfolio. Please go ahead.
- Jayesh Shah:** Number one is the cost-cutting measures that you have done now the way I understood is that you are at a cost base of let us say Rs. 10 Crores per month and revenues maybe around Rs. 10 Crores or whatever let us say when things improve and if your revenues as you are saying from June onwards should go up, would your cost base stay here or how it would rise because I believe part of it maybe you will have to ramp up the cost base as well?
- Apurva Purohit:** Yes you are right and the thing that approximately our cost base has been brought down from an average of around Rs. 1415 Crores last year to Rs. 10 Crores and as I said in my opening remarks half of this is permanent cost savings so it has come through rationalization of various costs that

were there last year and they are permanent in nature in the fixed cost so that will remain, half of this is linked to revenue so if the revenue goes up the cost will go up so broadly I am saying that if revenues go like-to-like on an annual basis there is an additional cost benefit of around Rs.15 Crores, Rs.16 Crores that is coming to play in the coming year.

Jayesh Shah: Okay so the Rs.15 Crores cost savings actually stay irrespective of the revenues?

Apurva Purohit: Yes.

Jayesh Shah: Okay and secondly I did not understand this very well when you talk of long term contracts does this mean that you are locking in very long-term revenues at current depress rates or is it just the one-on-one offer that you talked about?

Apurva Purohit: Yes, So I said two separate points when the earlier question was asked that are you giving a low price to fill up the inventory so my answer was that during the COVID period we have made a very attractive offer to our advertisers, which are these one plus one kind of thing, but that is only limited to the lockdown phase that is part one. The other part is what are the additional things we are doing to work on annual revenues that is where we have used these two months to sit across the table so all of us have been working from home right, lockdown is just official lockdown, but we have all been working from home, so we have used this time to A) offer a lot of packages and proposals out in the market so that once business restarts the clients already have ready proposals with them and these tie in long term deals with the larger agencies and larger plans.

Jayesh Shah: My last question is would you be vary of government and smaller regional customers purely because of the credit risk involved, we do know that several state governments are under tremendous pressure so even if they want to give you business one would not really expect them to pay on time and similarly lot of these smaller regional players would be stressed because of their own funding constraints?

Apurva Purohit: One has to be vary when they spend in the first place government is not at all spending so I think whether we should be vary comes as a second step. Having said that now we have been working with government for the last two decades we have had delays and in the recent past have you seen in the last one-and-a-half, two years they have been delayed far more than ever but the money always comes, the money always comes so I would not worry about government too much yes the smaller players are, small advertisers are a cause of concern we have taken appropriate provisions right now, but again in the last couple of decades very little of it has actually gone bad as far as Radio City is concerned, we barely written off on an yearly basis around what Rs.30, Rs.40 lakhs a year, but having said that this is not a normal situation right this is a crisis that all of us will learn as we go along.

Jayesh Shah: Right I understood. Best of luck Apurva. Thank you.

- Moderator:** Thank you. We have next question from the line of Yogesh Kirve from B&K securities. Please go ahead.
- Yogesh Kirve:** Thanks for the opportunity. Apurva you alluded to the revenue, which we are currently generating are mostly coming from the green zones so if you can provide any useful estimate if you just focus on the green zones where are we compared to the normal levels in terms of the ad volumes or ad revenue?
- Apurva Purohit:** I think I answered that question by talking about how we are around 15%, 20% of our normal revenues because the fact is that April was practically locked down across the country so only in May that the green zone started opening out, which is actually just the last 15-20 days and again the green zones that first started opening out were all the smaller markets.
- Yogesh Kirve:** So basically I wanted some sense of how the things have improved within these two months so post relaxation has there been a definite improvement in the ad volumes wherever they are allowed?
- Apurva Purohit:** April and May have mostly remained the same, it is expected June onwards or let us say the last 10 days of May and June onwards we should see some better traction.
- Yogesh Kirve:** Sure that is all from me. Thanks a lot and all the best.
- Moderator:** We have next question from the line of Rahul Jagwani from Insync Capital. Please go ahead.
- Rahul Jagwani:** I hope everyone is safe. I just want one clarification of the Rs.106 Crores receivables in the balance sheet how much is the government, how much is nongovernment?
- Jimmy Oza:** Government is Rs.40 Crores, rest is nongovernment.
- Rahul Jagwani:** Have we taken all the necessary provisions?
- Jimmy Oza:** Yes in fact we went overboard of ensuring that we went client by client to understand whether they have a capacity to pay thereafter Rs.4.9 Crores have been arrived.
- Rahul Jagwani:** Okay and in the initial comments we requested the government to basically on license fees this year so what sort of reaction you got from the government, are they willing to do this or anything on that?
- Apurva Purohit:** We did get a deferment, but it was just a deferral of a quarter so that is about it as of now but our request is still pending with the government and let us see where it goes, let us see where it goes, right now we do not have an answer either this way or that way.
- Rahul Jagwani:** Okay, thank you so much.

- Moderator:** Thank you. We have next question from the line of Depesh Kashyap from Equirus Securities. Please go ahead.
- Depesh Kashyap:** Hi thanks for the opportunity most of the questions have been answered. Madam can you please talk more about the Spotify deal, what kind of commercial arrangements you have got with them?
- Apurva Purohit:** So it is a content deal so we have a library of very good content with us, right, the Babber Sher and other shows, we have done a lot of radio plays and the radio series, etc., etc., so from that library they have picked up content that they find appropriate to their platform and bought it and it will play out on their platform over the next year and that is what the content deal is.
- Depesh Kashyap:** No, is there minimum guarantee kind of revenues that you will get?
- Apurva Purohit:** No minimum guarantee, it is a Rs.2 Crores deal links through the contents that they have bought the library that they have picked up from us.
- Depesh Kashyap:** Okay and other deals that you are in talk right now, any other platforms?
- Apurva Purohit:** We are in talks with several other platforms, but as of now nothing has been closed.
- Depesh Kashyap:** Okay just lastly give me just highlight like what was the volume and pricing decline in the last quarter please?
- Jimmy Oza:** See in fact most of it has come from volume decline only so whatever Q4 numbers you see is largely volume decline.
- Depesh Kashyap:** Okay Sir. Thank you.
- Moderator:** Thank you Sir. We have next question from the line of Kunal Vora from BNP Paribas. Please go ahead.
- Kunal Vora:** Yes thanks for the opportunity. You mentioned that government ads have been largely missing in fiscal 2020 can you give us some sense on who are the large advertisers in FY2020 and how that changed compared to FY2019?
- Sangeetha Kabadi:** So when you look at it in FY2020 central government was the largest advertiser which dipped by 90%, having said that the next **category in** fiscal of FY2020 which have grown is Auto followed by pharma, all the other categories have shown a degrowth.
- Kunal Vora:** But broadly what is the breakup if you can let us say talk about the large categories?
- Sangeetha Kabadi:** Sure. So the top five categories which I spoke about will contribute to around 40% of the volume, government, real estate, auto, finance and pharma in the descending order.

- Kunal Vora:** That is helpful. Second one how do you see the work from home trend impacting your business, how is the listenership while traveling versus at home, if you can give us some sense?
- Apurva Purohit:** To remember when we had presented the research I think in the last earnings call approximately 25% is out of home and 75% is still at home and out of that 25% largely it was on people travelling by buses and trains, etc., and listening through the mobile device so that is the one research figure we have. Having said that if you marry it to the research that we got done during COVID and the at home list share went up and overall listenership itself went up from 48 million listeners to 51 million listeners and time spent went up by 25% so basically time spent has gone up by 25%, reach has gone up all of it is happening at home.
- Kunal Vora:** Okay that is it from my side. Thank you.
- Moderator:** Thank you. As there are no further questions from the participants I would now like to hand the conference over to Ms. Apurva Purohit for closing comments. Madam over to you!
- Apurva Purohit:** Thank friends for joining us in this earnings call. As you know the presentation is uploaded on the website and should you have any further questions please feel free to get in touch with any of us or with SGA. I wish you all the best. Stay safe and take care of yourself. Goodbye.
- Agarwal:** Thank you, goodbye.
- Moderator:** Thank you. Ladies and gentlemen on behalf of Music Broadcast Limited, that concludes this conference. Thank you for joining with us. You may now disconnect your lines.