RAG RAG MEIN DAUDE CITY.

FM BOLE TOH Radio City A JAGRAN INITIATIVE

May 30, 2023

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

Sub: Transcript of Earnings Call for the Financial Results of the fourth quarter and year ended March 31, 2023

Dear Sir/Ma'am

In continuation to our letter dated May 18, 2023 and May 24, 2023 and pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Part A of Schedule III of the Listing Regulation, we would like to inform that the Transcript of Earnings Call held on Wednesday, May 24, 2023 at 3:30 p.m. for discussing financial performance of the Company for the fourth quarter and year ended March 31, 2023, is enclosed herewith as Annexure.

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

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Arpita Kapoor
Company Secretary and Compliance Officer

Encl: As above

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Music Broadcast Limited

Q4 FY23 Earnings Conference Call

May 24, 2023

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

MANAGEMENT: MR. ASHIT KUKIAN – CHIEF EXECUTIVE OFFICER
MR. RAJIV SHAH – INVESTOR RELATIONS TEAM

Moderator: Ladies and gentlemen, good day, and welcome to the Music Broadcast Limited Q4 FY23 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ashit Kukian, Chief Executive Officer. Thank you and over to your sir.

Ashit Kukian: Good afternoon, everyone, and thank you for joining the Q4 FY23 earnings call for Music Broadcast Limited. Joining me on the call is Mr. Rajiv Shah from our IR team and our Investor Relations Partner, Strategic Growth Advisors.

Beginning with industry highlights. As per the recent FICCI report, the Indian M&A industry kept up its impressive growth trajectory. The sector expanded by 19.9% to INR2.1 trillion in CY 2022. The radio industry registered growth of 29% to reach INR 21 billion. During the same time period, the industry's ad volumes increased by 25% over the previous year. In Q4 FY23, there was a 12% increase in industry ad volumes compared to the same time last year.

Now talking of our business highlights.

During the year, we continued the strong recovery curve with quarter-on-quarter growth in revenue. We also maintained a leading market share across all operating main frequencies with a consistent volume growth. Our volume-based market share has risen to 20% from 19% in the previous quarter and 18% at the beginning of the year, according to the Aircheck 15 Market.

We are able to maximize the value we bring to the customers by tapping into the power of our extensive network by leveraging our omnichannel presence and marketing. About 38% of all radio advertisers are served by our company. Additionally, in the Q4 FY23, Radio City secured 33% of the new clients who advertised on the radio for the first time.

Our volume-based market share in terms of sectoral ad spending, the core industry, real estate, experienced 35% YoY growth. Financing and the pharmaceutical sector spends both increased by 19% and 22% respectively. While the auto sector increased nominally by 3% over the previous year, the food and soft drink industry decreased. Year-on-year, the government sectors grew by 11%. In light of the impending elections, we anticipate an increase in the share of government business in the coming quarters.

The proportion of digital sales, which we have guided before, will grow in the years to come. And I'm pleased to report that we are headed in the right direction. As of FY23, digital contribution stood at 8% from 5.8% in FY22. In FY23 annual, our non-FCT and digital contribution stood at 32% against 31% in the year before. We believe that the combination of radio and digital will drive the next phase of development in the industry as it represents a seamless transition to harness the power of technology and expand reach.

By leveraging our in-house knowledge and expertise, we have laid down the proper groundwork in order to develop high quality content and increased audience engagement. This is in line with our 'Radigitalization' strategy, which places an emphasis on radio centric digital linkages. As part of our digital initiatives, we are able to generate 32% of our revenue from newly created businesses such as properties, proactive pitches, digital, sponsorship and special days, and we have the second highest client count share in the industry with 38% in Q4 FY23.

I'm happy to share that with regards to the bonus issue of NCRPS, the company received trading approvals from NSE and BSE and the preference shares have been credited to the accounts of the shareholders and the same is open for trading with effect from April 20, 2023.

Now coming to the financial performance highlights for the Q4 FY23. Revenue grew by 12% YoY to INR51.4 crores. EBITDA grew by 73% YoY to INR10.6 crores, while EBITDA margin expanded by 730 basis points to 20.6%. I would like to highlight over here that our operating profit growth have outnumbered the revenue growth. This was mainly on the back of conscious efforts over the past few years to reduce costs which have paid off, allowing us to take advantage of better operating leverage which has led to faster rise in profitability. Adjusted profit after-tax which is adjusted for interest on NCRPS to the tune of INR1.89 crores stood at INR1.2 crores.

For FY23, the whole --- the revenue grew by 18% YoY to INR198.9 crores. EBITDA grew by 54% YoY to INR42.8 crores, while EBITDA margin expanded by 500 bps to 21.5%. Adjusted profit after-tax, which is adjusted for the interest on NCRPS to the tune of INR1.93 crores stood at INR5.4 crores.

Our cash reserves stood at INR295 crores versus INR264 crores in the March of 2022. Our liquidity position continues to remain strong. And as guided earlier, this liquidity offers us the leeway to take advantage of current and potential future opportunities.

To conclude, I would like to say that the outlook for the radio industry appears more than just bright as radio continues to be one of the most relevant medium to engage the masses. Industry growth coupled with our digitalization strategy and strong control over operating costs will drive the revenue and profitability in the times to come.

With this, I would request the moderator to open the floor for Q&A.

Moderator: Our first question comes from Aditi Sawant with ADM Advisors.

Aditi Sawant: I have two questions. First is that it is very interesting that we have been able to increase the operating margins on the back of conscious cost control measures, which you must have taken during the last 2 quarters. So just wanted to understand how much of this is sustained and in what range we can expect the margins to be stabilized at.

Ashit Kukian: So I think the cost -- right now, we are operating at the level that is the most efficient way of operating an organization in terms of cost versus revenue results that we talk about. In terms of margin, I think we are already at the 21% EBITDA margin that we are working. And we believe that in the years to come, and especially if you're talking about the next year, that percent should be substantially improved as we go forward from here.

Aditi Sawant: And is there any further scope of improving our cost structure further?

Ashit Kukian: So I think whatever cost measures that we had to take pre-COVID and post-COVID in terms of efficiency has already been taken care of. And I think if you look at our overall cost to revenue ratio, I think that is much in line with the operations that we are doing. On the contrary, there can be a marginal increase in cost that we can look on the investments that we'll do on the digital front. But when I say that, I keep clearly a communication that our margins will definitely be at least what it is now or improved. Any increased costs will not mean decreasing margins for us.

Moderator: Our next question comes from the line of Yash Dave with Unique Securities.

Yash Dave: So I had one question. The digital business has recorded phenomenal growth and now contributes 8% share of total revenues. You have previously mentioned that over the next 4, 5 years digital will be 50%. So what additional initiatives we are talking to reach the desired level?

Ashit Kukian: So 2, 3 things. I mean, I've always maintained that there will be a point in time in the next 5 to 6 years that we believe our endeavour and we believe there is a potential for digital to grow as high as 50% of the overall revenues. So the things that we are currently doing which will help us enable reach there is, one, through our whole 'Radigitalization' strategy, what we are doing is, currently, we are playing a lot on the social media influencer marketing requirements that brands have in terms of using our RJs to kind of enable brands to engage with the followers or the reach of the RJ. That's the first point that we are doing.

Secondly, in the content space, we are using a lot of our internal resources to kind of create content on the digital space, which would -- which brands would like to engage across the various platforms that is there. So we are using the talent, resident talent in the form of RJs, content creators within the system to create products and put it on social media platform, which in today's world a lot of brands wants to engage because that gives them the stickiness with the audience and the communication which is far more engaging.

Moderator: Our next question comes from Ansh Manek with Equirus Securities Private Limited.

Ansh Manek: Sir, just one question. If I want to compare the advertisement rates compared to the pre-pandemic level, what would be the discount rate for the advertisement?

Ashit Kukian: See today, if you really look at the average rate for the industry, it is still at the 75% of the pre-pandemic rate, which is where we believe that as the market gets saturated in terms of volume utilization, that will be the first course of call for all radio players. So till the time there was available inventory in the market, which unfortunately was the case in the last 3 years, there was only that much of limitation to increase rates. To answer your question, there is an upside of almost close to 20%, 25% from a rate perspective when you see the market being saturated in volume utilization.

Ansh Manek: So our average yield would be 25% lower compared to the pre-pandemic level, right sir?

Ashit Kukian: Correct, correct.

Ansh Manek: And the second part, sir, what would be the utilization level for Q4?

Ashit Kukian: Q4 utilization level has been at 72%, which is the highest even before pre-COVID we didn't have that kind of average utilization level.

Moderator: Our next question comes from Rishikesh Oza with RoboCapital.

Rishikesh Oza: Sir, my first question is regarding the interest cost. So what would be the interest cost going ahead with respect to the NCRPS that we have issued?

Rajiv Shah: It will be on the same range for the quarter. So roughly around INR 7.8 crores for the full year.

Rishikesh Oza: And sir, also one data point on listenership. So could you share like the listenership data for the radio industry? What is it currently versus pre-COVID level?

Ashit Kukian: So the listenership data in the last way that we had done in all the radio operators together, there was an increase of 25% listenership over the pre-COVID listenership. But currently what is happening is the new data service is happening. And currently, in the next maybe a quarter, you will see newer data points being released from -- in terms of audio listenership, which will not just cover radio, but the other audio listenership also, which will work from an industry point of view. But to answer your question, there has been an increase since COVID.

Rishikesh Oza: And sir, as per your press release, you have mentioned, in your March you have seen a 90% of utilization. So when do we see -- when do we expect the rates to go up like anytime soon, like in further 2, 3 quarters or anything like that, could you like pinpoint?

Ashit Kukian: See at the marginal levels, I think all radio players including us very clearly believe that with the saturation almost coming near to 90% at the end of March, there will be a rate hike that will happen. And I think that's a measure which most of us as radio players realize will have to take because otherwise it will be in the business of over inventory utilization. So I think it's in the coming, but it all depends on how month-on-month and quarter-on-quarter the utilization level happens.

The only catch to it is that while the leaders like us and a couple of others will have that kind of utilization level, there are few players still who have the utilization levels still not at the maximum level. So they will try and play the rate game. And that to an extent sometimes may be an issue. But to answer your question, we're at the radio industry level, confident and sees especially for the Radio City that there will be a marginal increase to begin with, but over a period of time, we want to recover back to the pre-COVID level rates that we are talking about.

Rishikesh Oza: And just one more question, sir. What kind of revenue growth are you expecting for FY24?

Ashit Kukian: See, I think in the next -- not just FY24, I think in the next 4 to 5 years, you will see a CAGR growth of 20% as far as Radio City is concerned.

Moderator: Our next question comes from the line of Ansh Manek with Equirus Securities Private Limited.

Ansh Manek: Sir, with respect to the digital investment, so what kind of the investment we should factor in for the FY24?

Ashit Kukian: So I think right now -- what we are talking about digital investment is right now only in the form of people, because otherwise, the exposure that we are looking from a digital perspective is using resident talent to kind of create content, put it on the social media space and monetize that, which is what all is happening internally. So the marginal increase that you would look from a staff cost which is what we are talking about is there.

We're not talking about any -- because this is more people-centric than technology-led or any software-led inputs that we are talking about in terms of increasing digital spend, at least for the current year that we talked about. So you will have the same percentage of increase that you saw from last year to this year from a people cost concern is concerned and a little bit of marketing that was there for last year also.

Ansh Manek: And with respect to the second factor, our quarterly run rate of other expenses is around INR25 crores. So should we consider if this is a normal way for upcoming quarters?

Ashit Kukian: With whatever little inflationary increase that you would want to look at, that is the only thing that you need there to factor in. Otherwise, from a percentage perspective, like in the previous caller's response also I said it's an efficient way of managing top line to cost to bottom-line and that is what we will manage and barring the inflationary cost, I think you can be rest assured that, it's going to be the same.

Moderator: Our next question comes from Riya Mehta from Aequitas Investment.

Riya Mehta: My question is more from a macro point of view. You said that in the next 3 to 4 years this year, CAGR of 20% coming in. So where do you see this growth coming from, because I think in terms of minutes per hour you've already moved at a level of saturation? Do you see the yields going up by almost double-digit?

Ashit Kukian: So when you look at the whole ecosystem from a radio perspective, there are 2, 3 areas where the increase can come. And now I'm currently talking about radio and then I will talk to you about where this 20% CAGR is coming from. From a radio perspective, so the whole market is divided between big markets, small markets.

And the saturation that we are talking about is the large markets or ad check markets as we call, which is currently in the March level when we talk about 90%. But when you go into the Tier 2, Tier 3 cities, there is still a lot more gap in terms of the volume utilization level vis-a-vis the top markets that we talk about. So growth will come in the smaller markets to volume utilization, which is still not at the peak.

In the top markets where we are peaking at 90%, there will be a marginal increase of yield, which will increase in revenues. And to top it up, the non-FCT as we call, which is not the pure FCT, we generated revenues that we create through linkages with solutions business or the on-ground led activation business with the Covid challenges not being there, we'll add on to the overall numbers, A. B, the digital traction that we are talking about, you would have seen from a 5% to 8% and this year we'll be almost close to the next year should be 10% of our value. So that is the traction that will give you the larger increase in terms of the incremental increase in revenues vis-a-vis last year.

Riya Mehta: And in terms of digital, are we at breakeven level for the digital as a whole?

Ashit Kukian: In fact, we have maintained that digital will be an EBITDA booster for us. So throughout the last 2 years of operation, digital has been giving us more margins than the pure radio margins for reasons we all know. But now that the radio margins have led to the threshold level, it will start giving the similar kind of returns from a top line to bottom-line ratio.

Moderator: Our next question comes from Jigar Shah with AK Securities.

Jigar Shah: So my first question is that what is the outlook on ad spend? And how do you plan to further monetize your inventory level?

Ashit Kukian: So inventory level has been on the upswing for the last 1 year quarter-on-quarter. Given the mood of the various categories that we are interacting with and the fact that government is going into an election year, we believe that inventory utilization should be on the upside for the current year for sure.

Jigar Shah: And sir, my next question is that what was the ad pricing during the year? I understand the industry is still 20% below the pre-COVID level. What was it for Radio City? Also, are we seeing any increase in yields from major contributors like real estate and pharma?

Ashit Kukian: See, from last year to this year, there has been a marginal increase. We would be at around 85% of the pre-COVID level inventories from a quarter perspective. But overall percentage is still at 80%, if I have to look at year 1 average and see which is the beginning of the pre-COVID year to the exit of the pre-COVID year. So we believe that there should be improvement in margins in yields through ER, at least in the top markets because those markets are already getting into a saturation mode.

And like I said, the entire industry believes that the cost to run the business and profit margins are hit. We need to take that call. I mean, all the industry players together believe that there is a reason for them to take a call. I don't think it should be difficult for us to get that incremental cost to yield because of the position each one of us are at. And I think it is the right way to go forward.

Moderator: Our next question comes from Gurjot Ahluwalia, an Investor.

Gurjot Ahluwalia: So I just want to understand what is the impact of an election year typically? Because if I look at the last 2 general elections and the company's performance in 2019 and 2014, that is financial year end, I don't see any significant jump in the revenue early 10%, 12% in the last 2 elections. So what would be the typical impact for election year?

Ashit Kukian: So I think the reference that you've given for the years may not be the right references because government was already at its peak when it comes to advertising in those years vis-a-vis the current form of advertising investments the government is in. So I think that's the first point of difference between the references you were talking about.

So I think to answer your question, I'm seeing a 20% to 25% upside on the government spends because of the election year, largely because the base is, if I may look at the peak of government, 1/3 of what it was. So possibly, your analysis during that period when the government was already running at the peak would have not really affected much. But today, when the government is not at its peak, for reasons we all know about, we believe that 20%, 25% is the number which we should all be confident about.

Gurjot Ahluwalia: And secondly, just want to understand the overall industry as a whole and the structure. I mean, it seems like there is a huge dent in profitability for the business, right? I mean, when like Radio City issued a INR200 crores, this is around 2015, the EBITDA margin or operating margin was about 30%. And now it's just about 10%, 12%. So I want to understand like how has the industry changed in the last 7, 8 years with the same revenue, the margins are like half, less than half?

Ashit Kukian: So there are 2, 3 reasons to that. One is, of course, the cost to do business was much lesser during the years. And in the current scenario in the last 2 to 3 years is largely because the threshold level of revenues was not reached by any of the radio players and that is largely being a fixed cost business where most of our licensing costs and all are fixed. Unless and until you cover those costs, you will always be in the red as a player.

But once the threshold level is crossed then the profit margins and the bottom-line seems to look better, which is what exactly we have done because we have covered threshold level of cost. And going forward from here, we believe the margins will only improve.

So to answer your question, largely it's because of the high cost that we pay on because of the licensing cost for which we are -- the industry is talking with the government to kind of rationalize licensing cost, music royalty and also certain costs that we pay to the CTI and so on and so forth. And that is an industry effort to be done to rationalize because we are paying through our notes for those costs.

But referring to us, like I said, in spite of all those things, we have registered profit. And we believe that this is a story we would want to continue with the measures that we have taken in terms of efficiency management and of course the growth engines that we are creating in terms of on-ground led activities and the digital revenues that we talk about.

Gurjot Ahluwalia: So what is the fixed cost currently at? And at what rate do they increase every year?

Ashit Kukian: See, if you look at last year, our cost has been what we believe is the efficiently managed cost so that the revenues bottom-line is gone. I think we should expect a 13%, 14% increase on costs and a much higher increase in revenues for us to take care of the profitability.

Gurjot Ahluwalia: But my question is what is typically the fixed cost basis? Is it like INR170 crores, INR180 crores? What is that rough number right now and that we expect it to increase 13%, 14% every year?

Ashit Kukian: Out of the -- if you look at our last year numbers where we had done about approximately INR175 crores, right? So almost INR150 crores, INR165 crores of that is a fixed cost that we talk about.

Gurjot Ahluwalia: And that increase is about 13%, 14% every year?

Ashit Kukian: Yes, approximately. But the revenue growth will be much faster than that because that 13%, 14% will be offset by our revenue. Like I clearly said, we are looking at a 20% CAGR YoY for the next 4 to 5 years. And we always see that margins that you will have to increase your bottom-line. And the operating leverage will continue as efficiently as we've been managing.

Gurjot Ahluwalia: No, that sounds great. I hope you can execute on that. Just one last question on the cash distribution. So I think the company is generating good results, about INR300 crores. I know there is about INR90 crores set aside, I mean, which will have to be redeemed via this NCRPS. But any plans for the remaining INR200-odd crores cash?

Ashit Kukian: So currently, as you know, that the digital journey for us has begun and there are various opportunities that will come on the way as we go forward in our digital play, which is from an influencer marketing platform to a content creator board that we talk about to kind of value that we will create for influencers in the marketplace. So as we go forward, looking at opportunities and also because there is a lot of digital from a performance marketing opportunities, we will be looking at in the next 8 to 9 months is where we'll be closely looking at opportunities, which will help us increase the speed of growth from a digital perspective.

And any opportunity that comes to us either in the form of a content creator company or a media marketing company which is in the digital space, adding value to brands to engage with the audiences on the digital platform, we'll be open to them provided it adds value to our overall business play.

Gurjot Ahluwalia: But there are no acquisitions lined up, I mean, immediately?

Ashit Kukian: No, because like I said, right now, we are exploring opportunity areas. The moment we find that there is an opportunity that we want to tap because the cash reserves is there, we will take those calls much faster than other people because we can take those calls. Fortunately, the Board is in line with our thinking in terms of increasing our digital presence and creating value for our stakeholders because that is the segment which is growing continuously.

Gurjot Ahluwalia: Can I ask one more question?

Ashit Kukian: Yes please.

Gurjot Ahluwalia: Just on this 20% CAGR growth for the next 3 to 4 years, is it immediately going to start reflecting from Q1 onwards? Like Q1 revenue of last year was about INR44 crores, and so can we expect like INR50-plus crores, INR52-plus crores in Q1 and then similarly Q2, Q3 or is it going to be a lag effect in the festive season...

Ashit Kukian: I will not be diplomatic out here. But if I have to look at the 20% growth as the business gets distributed between Q1, Q2, Q3, Q4, a percentage very close to that is what we will be looking at for sure because that's where the growth is coming from. And I don't want to be defensive here because lag for whatever reasons, I'll say that the growth is 10% to 15%, that means I'm expected to grow at 30% in the second half of the year. So when I'm saying 20%, I'm sticking my neck out and saying, we will be close to 20% from a quarter-on-quarter, a little bit here and there, but I'm putting my neck out and saying this is going to be that.

Moderator: Our next question comes from Karan Sharma with AU Capital.

Karan Sharma: So can you elaborate on the interest on NCRPS component in the profit and loss?

Ashit Kukian: Come again. Sorry, I didn't get you.

Karan Sharma: Can you elaborate on the interest on NCRPS component in the P&L?

Ashit Kukian: So we said that's around roughly INR7.3 crores annually to the same range what we have been discussing from a quarter perspective, we had already said about 1.93 what was done for the quarter, you'll have the same average. So around INR7.2 crores, INR7.3 crores is what we will see at the annual level. Approximately about INR 2 crores per quarter is what you can take if you want to round it off.

Moderator: We'll move on to our next question, which is from Riya Mehta with Aequitas Investment.

Riya Mehta: My first question is in regards to the growth, which is way I'm guiding for. How much would come from volume which is the inventory and how much would come from yield?

Ashit Kukian: So if you really want to give me -- for me to give that answer will be on the basis of how the industry gets played for the quarter. But I would want to say that almost 80% of that in the first quarter will come from volume and then the marginal 10%, 15% will come from the yield increase because there are markets yet to be saturated as far as the first quarter is concerned.

Riya Mehta: And going forward, this would -- volume would go down and yields would increase in what time?

Ashit Kukian: Like I said, given the large market, small market distribution, if you have been listening to me, I think you can come put a thumb rule almost 80% to 85% for the current years will still be volume and about 10% to 15% will be the value.

Riya Mehta: And in terms of government advertisement, what are the yields like? Is it lower than the normal real estate and education? And how all does it pan out for you probably? Some more insights on it.

Ashit Kukian: Look at the correction that has happened over the COVID period, the government rates are pretty much in sync with some of the core categories, but there is a room for improvement. And we believe that increase the government has already noted, taken note of. And if all goes well, we should be in a happy position to give you the details that the government has already decided to increase rates for the industry.

Riya Mehta: Does the government come up with 6 monthly or annually revised rate? And how is it?

Ashit Kukian: So the government decides this once in a while, so it's not the impact for us. For the radio industry, the growth has not been taken for the last at least 5 to 6 years. So that's the reason why we are confident of the individual representations by individual players. And the government have realized that at least from a government perspective, the radio industry is underplayed from a value perspective, and that is the reason why the government through TRAI recommendations. I think its planning to increase and we have got indicators that its almost there on the card. And hopefully, before the next quarter, in that company, I should be in a position to say that the rates have increased.

Riya Mehta: And there was a case where all the radio companies and a particular company, wherein we have also basically appealed to the court that this case. Law was regarding radio players having to pay a certain amount to the author or the original composers. So could you give some more insight on what is it right now?

Ashit Kukian: See, it's still sub judice for us because whatever claims that is being given and the references that has been given are being fought because industries have -- right now it's subjudice in the Supreme Court.

Riya Mehta: I think Madras High Court has given a ruling in favour of the other party.

Ashit Kukian: And we have appealed against it and it is right now in the Supreme Court.

Riya Mehta: If it comes again, what would be the material impact on our revenue?

Ashit Kukian: Honestly speaking, the way the whole -- we are confident that it will not be negatively impacting us because we are -- given the situation and the circumstances, there's no way we would be asked to pay the -- that responsibility we believe lies with the labels.

Moderator: Our next question comes from Ansh Manek with Equirus Securities Private Limited.

Ansh Manek: Sir, with respect to March utilization of 90% volume or volume utilization of 90%, if you can guide what led to such high utilization that would be helpful?

Ashit Kukian: March utilization of 90%. What was the last statement?

Ansh Manek: So if you can guide me or guide us what led to such high utilization.

Ashit Kukian: So yes, the industry has started -- real estate has started advertising in a big way given the fact that markets have opened up certain segments like auto, auto has started investing. So the categories, which is buoyant and have the necessity towards radio have started advertising, and hence, the increase of utilization levels has happened.

Ansh Manek: And sir, similar trend would be also observed in the month of April?

Ashit Kukian: Pardon me.

Ansh Manek: So what was the -- similar trend would also be replicated in the month of April or there was any decline in utilization?

Ashit Kukian: See, typically, what happens is if you look at the way investments happens on radio or largely on various mediums, the third quarter is the highest quarter followed by the second quarter. Then the first quarter is the lowest quarter and then the second. So you will find that the utilization level will fluctuate between investment that happens on radio. And I'm repeating myself, just in case you have missed the point. Third quarter is the highest.

So you'll have the highest level of utilization, that's not surprising because that's the peak season and the festive season. That is followed with the second -- fourth quarter, which is the highest investing quarter across mediums, I'm not just referring to radio. Then followed by the second quarter of the year, which is financial year. The first quarter happens to be the weakest in terms of utilization level and also from revenue generation perspective.

Moderator: Our next question comes from Aditi Kasbekar with -- an Individual Investor.

Aditi Kasbekar: Sir, I saw that in terms of your volume contribution, at least in the fourth quarter, real estate and finance and pharma are the top 3 sort of industries that contribute to your volumes. But going into the election year, we are expecting government to start contributing higher, which is currently at about 7%. So do you expect this mix to change marginally?

If yes, then is it that, I mean, in terms of sort of the margin or the rate increases that are allowed, are there across sort of different clients depending on which industries they come from, etcetera or is it fairly uniform? Like even if, for example, government were to become say 20%, does that mean that it's a relatively lower margin business compared to what a real estate would be giving you or are the margins fairly sort of just dependent on that INR155 crores of fixed cost and then the operating leverage that comes from there on kind of a mix?

Ashit Kukian: See, real estate and food and soft drinks inherently will be slightly lower on rates because that's the way the industry and the category operates. So if you were looking at rationalizing real estate cost versus government cost, the government rate will be slightly marginally better than the 2 categories that we are talking about.

However, categories like finance, auto and the electrical and electronic appliances will be higher on rates as compared to government as of today. So I think currently if I have to look at it from last year's contribution, if government increases, given the fact that your top 2 categories out of the 5, food and soft drinks and real estate, which is slightly at the lower end of rate as compared to relativity, you'll find a higher yield coming if that happens if government comes in.

Aditi Kasbekar: And sir, the second question was you mentioned that INR155 crores odd is sort of fixed cost, which will probably grow at 13%, 14%. And then if we assume that the remaining 10% is the variable cost which sort of remains variable, then we will be possibly talking about EBITDA margins which are sort of 25% plus kind of levels, which is something that we've seen in the last cycle. But do you believe that getting to those kind of levels is sort of feasible in the current year and over the next 1 year or so?

Ashit Kukian: Very much feasible. If all goes well, we'll demonstrate that in this year.

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

Ashit Kukian: We sincerely appreciate your participation in today's earnings call. I'm confident that Radio City will continue to deliver on stakeholders' expectations and live up to the trust we've foreseen. The presentation, earnings release and results are all available on the corporate website and stock exchanges. If you have any other further queries, please get in touch with any one of us or with Strategic Growth Advisers our Investor Relations partners. 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.