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Manager - Listing Compliance  
**National Stock Exchange of India Ltd.**  
Exchange Plaza, C-1, Block G, Bandra Kurla Complex,  
Bandra (East) Mumbai-400051

Symbol: CMRSL

Sub.: **Transcript of Earnings Conference Call held on Q3FY22-23 Results**

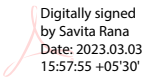
Dear Sir/Madam,

With reference to our Earnings Conference Call scheduled on February 24, 2023 intimated vide our letter dated February 18, 2023, please find enclosed the transcript of the said Earnings Conference Call.

The said transcript is also available on the website of the Company at [www.cmrsl.net](http://www.cmrsl.net).

This is for your information and record.

Yours truly,  
For Cyber Media Research & Services Limited

Savita Rana   
Digitally signed  
by Savita Rana  
Date: 2023.03.03  
15:57:55 +05'30'

Savita Rana  
Company Secretary  
M. No. A29078



**Cyber Media Research & Services Limited  
Q3FY23 Earnings Conference Call**

Event Date / Time : 24/02/2023, 16:15 HRS

Event Duration : 41.30 Minutes

**CORPORATE PARTICIPANTS:**

**Mr. Pradeep Gupta, Chairman and Director**  
**Mr. Dhaval Gupta, Managing Director**  
**Mr. Krishan Kant Tulshan, Audit Committee Chairman**

**Q&A PARTICIPANTS:**

1. **Chirag Dash** : PA and Associates
2. **Amit Mehta** : Sunidhi Securities

## **Moderator**

Good evening, ladies, and gentlemen, and welcome to Cyber Media Research & Services Limited Q3FY23 Earnings Conference Call. As a reminder, all participants will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need any assistance during the conference call, please signal an Operator by pressing \* and then 0 on your touchtone phone. Please note this conference is being recorded. Now, I would like to hand over the floor to the Managing Director, Mr. Dhaval Gupta. Thank you and over to you, sir.

## **Dhaval Gupta**

Thank you very much. Welcome Investors. Dhaval Gupta here. First of all, I'd like to wish everyone a very good afternoon, and welcome to the Cyber Media Research & Services Limited first investor call post the IPO. As many of you are aware that the IPO was carried out smoothly and with strong interest from investors across the country in each of the QIB, HNI as well as retail investor categories. Here, I'd like to share the key highlights of business performance of the Company. Our CMRSL's top line increased to INR 43.79 crores for the first nine months of FY22-23. This is a growth of 18.3% over the first nine months of the previous financial year, which stood at INR 37.02 crores.

CMRSL's PBT for the first nine months of this financial year increased by 42% over the same period of the previous financial year. This shows a focus on us shifting towards better margin businesses. Q3 FY22-23 performance registered QoQ top line growth of 20%, while PBT for the same time period grew by 32%. CMRSL continued to onboard new advertisers and publishers during the previous quarter and is looking at a healthy pipeline for the coming year. We are also continuing to invest in technology and improve our offerings to attract more customers both in India as well as abroad.

CMRSL's Data Analytics business gained good traction as well. This contributed to better margins and we are consciously investing resources towards data analytics. Some of the newer customers and relationships that we on boarded in Q3 quarter include EPAM Systems, this is an international technology enterprise, Manipal Health Enterprises, JioSaavn, Anandabazar Patrika (ABP Group), Vertoz, Vikatan, Prabhasakshi, and Taskar Global.

Let's move on to the IPO funds utilization. We have been utilizing the funds as planned to expand our technology and go-to-market resources. This is already underway and will show results in the coming quarters and year.

In parallel, CMRSL is also looking at possible new projects as marked in our RHP. The necessary funds have been set aside. We are exploring new projects that will generate both organic as well as inorganic growth for the future. In fact, another important point, I'd like to mention here is, since our IPO, as promised to investors, the parent company has settled all its NCLT and DRT cases, and therefore, there is no contingent liability on CMRSL as a guarantor. This is a major step towards better financial health of CMRSL and creates a good foundation and a strong platform for future growth.

In line with above, our long-term views continue to be strong growth, and in-line with industry trends. As our IPO fund utilization activates, we are looking at setting consistent growth in the coming quarters and years. With that, I would like to open the call and request investors to kindly share their questions. Pelsia, over to you. If there are queries that we may have received, you can get us started on them please.

## **Q&A**

### **Moderator**

Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may please press \* and 1 on your telephone. If you wish to remove yourself from the question queue, you may press \* and 1 again. Anyone who wishes to ask a question may please press \* and 1 on your telephone. Participants are requested to use handsets while asking a question. First question comes from Chirag Dash from PA & Associates. Please go ahead.

### **Chirag Dash**

Good Afternoon Sir. My query is regarding the demand environment. How do you see the export market currently sitting? Because it is currently, I think 50% of our revenue. So, any slowdown, and what are we doing to mitigate the same if you can please clarify.

### **Dhaval Gupta**

First of all, thank you for the question and a very relevant question given the micro-economic nature of a lot of international markets. The business that we have been doing with international customers that is primarily based out of Singapore, has seen downward pressures on it and there has been a challenging environment, particularly when we talk about some of the more developed economies due to recessionary situation.

Having said that, in order to, for us, we have clearly been looking at our revenue stream, which are adding to what we are already doing and also moving towards higher margin business. So, in line with that, we do see this as an opportunity. We feel that this is going to enterprises and international organizations which are looking at more and more cost-effective solutions and we expect a good bounce back for the international business for CMRSL in the coming quarters.

### **Chirag Dash**

And sir, higher margin business in the sense, currently in Q3 also our margin was around I think 7%, and during pre-IPO we have double-digit margins. So, when are we going back to those margins because our monetization phase should start, product development phase is over. So, what is pulling back the margins, if we can guide on the margin trajectory for the next quarter and for the next year also?

### **Dhaval Gupta**

Yes. So, in terms of the margins, as I mentioned earlier, and if I can take a step back to talk a little bit about the history, I think this is something we had mentioned pre-IPO. We have clearly been transitioning our revenues from a service-oriented business to more product-oriented business. As soon as we look at that for programmatic as well as data analytics, as well as our SaaS offering, those revenue streams are at a considerably higher margin business. We are in the process of continuing to transition towards these revenue streams and as they grow, we will move towards double-digit margins. In addition to that, I think next year, we will be definitely looking at continuing to improve our margins and yes, look at how we can get very close to or exceed on the double-digit margin aspect.

### **Pradeep Gupta**

This is Pradeep Gupta, I'm the Chairman of the Company. So, just wanted to add one more thing. In terms of the technology investment we are taking that as revenue expenditure, only INR 75 lakhs in the last-to-last year was capitalized. And therefore, if you will look at the long-term scenario once again here, because we have taken it as a revenue expenditure and we have not capitalized that expenditure, you will find that as the results from those technology investments start coming in, we will be heading towards the double-digit margin.

### **Chirag Dash**

Can we expect this operating leverage to kick in from next year and how is the deal pipeline? And also, please kindly give the shareholders a two-to-three-year outlook, so that it will be helpful for us.

### **Dhaval Gupta**

Sure. In FY23-24, like I already mentioned, we are expecting a bounce back and we are expecting a significant shift towards better margin businesses. While we do not provide forward-looking numbers, we are looking at growing in-line with the industry growth trends. If we talk about how the advertising industry is evolving, I think we are in a very good spot to capture gain market share and gain customers and so, we are looking at creating a growth pattern, which is ahead of the industry figures.

### **Chirag Dash**

Sir, my last question. In supply side any challenges you're seeing in retaining talent or hiring of talent? Demand side in India, I think things are quite good, so please kindly share us about your supply-side challenges also.

### **Dhaval Gupta**

Right. So, as far as the manpower and teams are concerned, we have expanded our teams. We have invested more in experienced team members coming in, and this is for the technology side of the business as well as the go-to-market team. As far as operations are concerned, we have been improving processes, bringing in tools so there is improvement in performance for operationally throughout the teams and all across the organization as well. Overall, we have had

low attrition rates, I think compared to industry averages, and that shows that there is excitement in the team and there is a focus towards moving in the right direction.

**Chirag Dash**

Okay, sir. Thank you, sir. Also, last question, any competitive advantage, specifically, please, if you want to highlight?

**Dhaval Gupta**

Yes. So, I think the competitive highlight is, first and foremost, the fact that we continue to be aggressive on both the demand side of the ecosystem, which is the advertiser side, as well as the supply side of the ecosystem, the publisher side. The data that we are continuing to collect is giving us advantage, and that's where the data analytics side of the business is also showing good performance. So that is definitely one unique value proposition. As I mentioned, on the tech front, we are starting to get more and more traction from international customers, where they are paying us directly for the products and for the technology. This is very good step in the right direction and we expect to push on that agenda and grow that for the coming financial year. So, all the three technologies, which is CMGalaxy, for the advertisers, CyberAds for the programmatic piece, as well as Auxo Ads for the publisher side of the business, are continuing to pack more functionality, more data analytics and that is giving us a lot of stickiness with the customers.

**Chirag Dash**

These are the three platforms only or any new platform also we're adding?

**Dhaval Gupta**

No, these are the three platforms that we're focusing on. And within these three platforms, I mean, I can give you examples of how we are adding in more and more technology, which is giving us again more revenue streams at better margin. So, that's what's exciting for us moving forward.

**Chirag Dash**

So, basically, you're adding layers on top of it.

**Dhaval Gupta**

Exactly.

**Chirag Dash**

Okay.

**Dhaval Gupta**

Absolutely. So, we want to be able to also reach out to very large enterprises, and we also want to be able to make sure that we have a very good offering for SMEs. So as the industry is evolving, for example, recently you would have all heard in the news about the evolution of AI, and AI is something that is, I think, going to change the industry very rapidly in many ways.

Now, this is a big opportunity for us as well, and we are very excited by it. We are looking at it very closely and we want to make sure that we are ahead of the curve when it comes to leveraging some of these technologies. So, this is a very exciting time and I think the next year vis-à-vis some of these technologies are going to be very important and exciting.

**Chirag Dash**

Okay, sir. I'm wishing you all the best. So, your margins and your numbers also, I think, for next year. Let's hope for best pursuing good results.

**Dhaval Gupta**

Thank you very much.

**Moderator**

Thank you. Next question comes from Amit Mehta from Sunidhi Securities. Please go ahead.

**Amit Mehta**

Thank you for giving us the opportunity. In opening remarks, you mentioned that for the nine months revenue grew from 80% to INR 43 crores but amount you have not written. About nine months PBT. Also, I can't find the results on the NSE website.

**Pradeep Gupta**

Sorry, what was that? Can you repeat that, please?

**Amit Mehta**

I was not able to find the nine months result on the NSE website. Is it available on Company's website?

**Dhaval Gupta**

The nine months results have been submitted to the exchange. I'm not sure why. So, I will request our Company Secretary to immediately check that post of call.

**Dhaval Gupta**

Yes, it was submitted on NSE platform and you can also visit our website [www.cmrsi.net](http://www.cmrsi.net).

**Amit Mehta**

I'll get it. But can you just share with me what is the PBT for the nine months and for the quarter also?

**Pradeep Gupta**

INR 2.16 crores. For the 9 months of the previous year, it was INR 1.52 crores, and for the 9 months of the current financial year, it is INR 2.16 crores.

**Amit Mehta**

Okay. For this quarter how much is the revenue and the PBT?

**Pradeep Gupta**

Sorry for which quarter?

**Amit Mehta**

The third quarter.

**Dhaval Gupta**

INR 16.54 crores and EBITDA was INR 1.18 crores.

**Amit Mehta**

PBT?

**Pradeep Gupta**

PBT specifically for Q3 was INR 0.92 crores.

**Amit Mehta**

INR 0.92 crores, correct?

**Pradeep Gupta**

Yes, INR 0.92 crores.

**Amit Mehta**

Now, about regarding the margin you just said that the Company is in a transition phase moving from the service-oriented business to product-oriented business. So, in the current year, current nine months turnover of say INR 44 crores, okay. How much revenue is coming from the service-oriented and how much revenue is coming from the product-oriented, approximately?



**Pradeep Gupta**

So, at the moment, bulk would be definitely from services. Having said that, when we talk about our programmatic offering as well as the advertiser side offering, we are now having about close to a dozen paying customers and there the margins are far better. So, I don't have that specific number on my fingertips, but approximately, I would say 95% would be services and about 5% would be product base.

**Dhaval Gupta**

It's early days.

**Amit Mehta**

And going forward, what is the mix you feel that you want to achieve in terms of revenue base in products and service?

**Pradeep Gupta**

So, we would increasingly want the product revenues to grow by at least 100% YoY. So, product-based revenue earning, we want to double that and that is what we are planning in the coming year.

**Amit Mehta**

Okay. And last time during the call you have stated, Google is your biggest customer which contributes about 35-40% of the revenue, is that correct?

**Pradeep Gupta**

That's right.

**Amit Mehta**

So, they're still the largest one contributing 30-40%?

**Pradeep Gupta**

That's right.

**Amit Mehta**

Okay. And also, we were expecting some type of inorganic growth through some acquisition of the rights suite. Is there any development on that front?

**Dhaval Gupta**

So, as I mentioned earlier in the call, we have earmarked and set aside funds in line with what we thereof had mentioned in the RHP for new projects as well as inorganic growth. We are looking at these very closely and are in the process. I also want to be very cautious and mention that, for us to move in that direction we want to make sure that it is also an opportunity that is available at the right price. So, that is something that we are very conscious of, and we are continuing to work on that and look at that for the future. Any acquisition should give us a multiplier effect and not just be a one plus one equal to two. But, yes, the short answer is that we are looking at this area closely and we are putting our time on it.

### **Amit Mehta**

Sir, regarding your growth guidance, you say that you will grow a little better than the industry role. But when we look at our size of the company, we are quite small in the entire what the size of the industry. So, don't you think that considering the size of our operation and the size of the market opportunity and where you have also planned to increase the market share. Don't you think you can grow much faster than, because the base is smaller, you can grow faster than the industry growth, is that assessment is right?

### **Dhaval Gupta**

Yes. You're absolutely right. In fact, if you look at our performance from FY 20-21 to FY21-22 , we did a growth by about 90% that year. So, we went from about INR 30 crores to about INR 57 crores. Even if I talk about the last four-year growth in terms of compounded annual growth rate, we had growth at about 29%. And in fact, in the last three years, we've grown at a compounded annual growth rate of 40%. The history shows that we have been growing at a faster pace compared to the industry. We have been aggressive in the market and that is something what we absolutely aspire to continue in terms of our performance.

Having said that, I also think it is wise to make sure that we don't sort of mislead investors by overpromising. So, we want to take a tempered and realistic approach towards this. Also, I want to mention again that when we shift from services towards product, there is a limit of transition impact that comes, right. Where there is a sort of transition, we have to transfer those customers in a way towards the different revenue model and that may have a little bit of impact in terms of how sort of the consistency may be. So, that transition is not a big concern, but at the same time, we want to give guidance which we are confident in, and having said that aspirations are for higher growth, and we will continue to look at that and not just higher growth by the way also definitely at a better margin.

### **Amit Mehta**

Okay. So, just translating what you have mentioned. Okay. We have already reported almost INR 40 crores of revenue for nine months and out of that the last quarter was INR 16 crores. So, that means considering the current run rate, we may end up, roughly around INR 55-60 crores of the revenue on the minimum side annual revenue.

### **Dhaval Gupta**

Right.

**Amit Mehta**

Now, we have already raised funds to invest in the technology and for the go-to-market strategy. So, that means, the funds which we have raised will help them to grow better. So, considering all these things, when do you think, we can go to a three-digit annual revenue? Is it possible in two years? Do you think that with the money which we have raised and the product which you have and spending money on the go-to-market strategy? We could be a three-digit annual revenue company?

**Dhaval Gupta**

Yes.

**Amit Mehta**

Okay.

**Dhaval Gupta**

Very clearly, I think that is a yes.

**Amit Mehta**

Okay. So, the growth for the forthcoming years will be more higher margin growth. Is that assessment, correct?

**Dhaval Gupta**

Correct.

**Amit Mehta**

Okay. Thank you.

**Dhaval Gupta**

You're welcome, Amit. Thank you for the question.

**Moderator**

Thank you. Anyone who wishes to ask a question, please press \* and 1 on your touchtone phone. I repeat anyone who wishes to ask a question may please press \* and 1 on your touchtone phone. We will wait for a moment while the question queue assembles. Anyone who wishes to ask a question may please press \* and 1 on a touchtone phone. We have a follow up question from Amit Mehta from Sunidhi Securities. Please go ahead.

**Amit Mehta**

So, being an SME listed company and sometime it is very difficult to know on the business update site about the company. I request, quarterly basically if you can send a business update to the shareholders. Right now, you have less number of shareholders who receive such update from other SME companies on a regular basis. So, that will keep the shareholders updated and posted about the company. It's not easy to go and anything to find out the information about the SME company.

**Dhaval Gupta**

Yes, Amit ji, thank you for that feedback and we absolutely will be doing this. We had already determined to do that and we'll start providing them. Once the forthcoming quarter's results come out we will start providing quarterly updates. This year, just a quick note on that, what we're planning on doing that is we will provide quarterly updates to the investors and of course, releasing quarterly numbers to the stock exchange. However, in terms of the investor calls, we will be conducting them on a half-yearly basis. Having said that, any investors that have any queries, I would welcome them to please write to us and we will ensure that we try and respond to those queries within 48 hours and so that's how we're currently planning to go ahead.

**Amit Mehta**

And how the order pipeline or the business leads looks like? You said, you have added about 4-5 new customer onboarded during the Q3. How that looks in the coming quarter?

**Dhaval Gupta**

So, in terms of adding 4-5 customers, I don't think I mentioned that. We're actually adding more number of customers. I think that what specific to one of the revenue streams, one of the businesses. We are actually adding more customers for advertisers' side, for the data analytics side and so on. And, in overall, the forward-looking pipeline is quite strong. We are able to be more aggressive in the market and we are expanding our GTM, and therefore, at the moment, we are looking at a much bigger pipeline and a sort of more aggressive outreach to the market. And this is not just in India, this is for the international customers as well.

**Pradeep Gupta**

Okay. So, five names which were taken were essentially the marquee names amongst the new customers, we've been onboarded.

**Amit Mehta**

You have 50% revenue coming from the Indian market. So, you only operate from India and you also have an office in Singapore or any other country?

**Dhaval Gupta**

Yes, within India, we operate out of Delhi, Gurgaon, actually and Bangalore and Mumbai. So, these are the areas where we have offices and we also have our office in Singapore, and 100% subsidiary based out of Singapore. And the Google relationship also that we have is based out of with our Singapore entity with Google Singapore.

**Amit Mehta**

So, Singapore, how many people are on the payroll?

**Dhaval Gupta**

We have one person there, and that we are sort of looking at how we can expand our footprint there as well.

**Amit Mehta**

And have you added anything in the business development in last six months post IPO?

**Dhaval Gupta**

Yes. Post IPO we have added few headcounts across the team. So, we have added the GTM and sales in the Publisher side of the business as well as the Advertiser side of the business, and that is something that we will continue to do through this quarter.

**Amit Mehta**

Okay. Thank you.

**Dhaval Gupta**

Thank you, Amit ji.

**Moderator**

Thank you. Anyone who wishes to ask a question, may please press \* and 1 on your telephone. We have a follow up question from Chirag Dash from PA & Associates. Please go ahead.

**Chirag Dash**

Sir, please kindly share us the domestic work exports. So, what is the segmentation currently? And moving forward how do we expect the segmentation to be and whether the exports are a little bit better margins compared to domestic on that? And you mentioned about the transaction impact from service to product, whether it is a minuscule impact or it is a significant impact which can keep our margins suppressed? I want a little bit color on that.

**Dhaval Gupta**

Sure. In terms of the breakup of the team, approximately, we today have a team size of about 60-65 people and the broad breakup would be that 20% of the team members would be in sales, the tech team would be about 30%, the operations team would be about 35-40% and then the rest would be admin, like finance, legal and admin.

### **Chirag Dash**

So, sir, my question is morally on the sales segmentation, domestic versus exports. So, from our turnover how much is coming from the domestic and how much from exports and which is higher margin for us or both are similar?

### **Pradeep Gupta**

Out of the INR 44 crores or so of revenue that we have done, about INR 26 crores is domestic and INR 18 crores is international.

### **Chirag Dash**

And going forward how it will take up and which geography are we focusing on, in international?

### **Dhaval Gupta**

In international markets, we are seeing traction in the US markets as well as Australia, New Zealand and Singapore, and we also are getting good traction out of the Middle East market. So, these are the four markets, i.e. US, Middle East, Singapore and Australia and New Zealand.

### **Chirag Dash**

So, there currently some budget cut is there which is putting some pressure on us or the deal pipeline is strong, and if you can, little bit on that?

### **Dhaval Gupta**

So, deal pipeline is strong and the challenges in the international markets are for us, we are looking at it as an opportunity in the coming quarters. And we think that the customers are going to be looking at more cost-effective solutions as well. And as I mentioned, we have already started onboarding customers on the product side there. And so, we are quite expectant of gaining more and more traction in the international markets.

### **Pradeep Gupta**

So, let me just add that, like in the past, in the software industry, international slowdowns actually used to turn out to be beneficial for Indian companies, because they were then able to work on the more cost-effective solution. So, we do expect that the same kind of a thing will happen here as well over the next four or five quarters.

### **Chirag Dash**

Perfect, sir. Sir, on the transition impact that you mentioned from service to product, is that a significant impact or nothing suspension, or you can explain a bit on that?

**Dhaval Gupta**

Effectively we are looking at having a smooth transition and where we are focusing is on ensuring on a cross-sell and upsell strategy that we deploy to ensure that not only are we continuing to work on the services part, but we are also earning more from the same customer on the product side.. In the future, of course, what also may happen is that, it may increase the number of customers that we can onboard, because some customers may only want product and not services, so that option is also available to us. And that's where I think, in fact, a lot of the international customers are going to be interested in working with us.

**Chirag Dash**

And sir, my final question for FY25, as you mentioned, we can expect three-digit sales and margin at double-digits. So, that we can at least from a conservative side, we can expect?

**Dhaval Gupta**

So, I think FY25-26 that would be definitely something that we would reach.

**Chirag Dash**

And it is for FY25?

**Dhaval Gupta**

That's right. Two years 2024 and 2025.

**Chirag Dash**

Okay. Thank you and best wishes.

**Moderator**

Thank you, anyone who wishes to ask a question, may please press \* and 1 on a telephone. I repeat anyone who wishes to ask a question, may please press \* and 1 on a telephone. I repeat anyone who wishes to ask a question, please press \* and 1 on your touchtone phone. There are no questions. Now, I hand over the floor to the Managing Director, Mr. Dhaval Gupta for closing comments.

**Dhaval Gupta**

Thank you, Pelsia. Dear investors, thank you so much for taking the time out from your busy schedule to join us on a Friday evening and we feel a lot of sense of gratitude and towards the investor support that we have received. And it is our endeavor to ensure that we are working

towards reposing the faith that has been given to us by the investors and ensuring that we move in line with the guidance that we have been able to give today. So, thank you so much for your support and your confidence. And please do feel free to reach out regarding any queries that you may have in the future. And with that, I'd like to bring this call to a close. Thank you very much, everyone.

**Moderator**

Thank you, sir. Ladies and gentlemen, this concludes the conference for today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thank you and have a pleasant evening.

**Pradeep Gupta**

Thank you.

**Moderator**

Thank you, sir.