



November 16, 2023

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 Q2FY23-24 Results**

Dear Sir/Madam,

With reference to our Earnings Conference Call scheduled on November 09, 2023 intimated vide our letter dated November 02, 2023, please find enclosed the transcript of the said Earnings Conference Call.

The said transcript is also available on the Company's website at www.cmrsl.net.

This is for your information and record.

Yours truly,
For Cyber Media Research & Services Limited

Savita Rana
Company Secretary
M. No. A29078



Cyber Media Research & Services Limited
Q2 FY24 Earnings Conference Call

Event Date and Time : 09.11.2023, 16:00 Hrs.

Event Duration : 28.17 Minutes

CORPORATE PARTICIPANTS:

Mr. Pradeep Gupta

Chairman and Director

Mr. Dhaval Gupta

Managing Director

Mr. Krishan Kant Tulshan

Audit Committee Chairman

Mr. Thomas George

President

Mr. Anoop Singh

Group Company Secretary

Q&A PARTICIPANTS:

1. **Parth Chavda** : Individual Investor

Moderator

Good evening, ladies and gentlemen, and welcome to Cyber Media Research & Services Limited (CMRSL) Q2 FY24 Earnings Conference Call. As a reminder, all participants 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 * and then 0 on your touchtone phone. Please note that this conference is being recorded. I would now like to hand over the floor to the Chairman of the Board, Mr. Pradeep Gupta. Thank you, and over to you, sir.

Pradeep Gupta

Welcome everybody to the CMRSL investor conference for Q2. To begin with, I would like to wish all of you a very, very Happy Deepawali. This is a time for joy and for families to come together, to celebrate, to relive the bond of togetherness, and that I'm sure all of you are celebrating and may this Diwali be a very successful Diwali for all of you. I will take just one minute in introducing various people who are there, and in the meantime I'm sure there will be other investors also who will join. So, here with me are the key management team of CMRSL. I have Mr. Dhaval Gupta, who is the Managing Director of the company.

Dhaval Gupta

Hi, everyone.

Pradeep Gupta

I have Mr. Krishan Kant Tulshan, who is an Independent Board member of the Company and Audit Committee Chairman.

Krishan Kant Tulshan

Hi.

Pradeep Gupta

I have Mr. Thomas George, who is the President of CMRSL.

Thomas George

Good evening.

Pradeep Gupta

And I have Mr. Anoop Singh, our Group Company Secretary, who is also present with me. Now, this is a call which is without any presentation. We have already posted the figures on the website of the stock exchange, and we will be putting together a complete comprehensive presentation that Mr. Dhaval Gupta will share with you on our website. All of you can access, download and that will become a permanent record with you. So once again, I must say that this is the best quarter that we have had and Mr. Dhaval Gupta will share those numbers with you. And I'm glad that the confidence that the investors reposed in us. We are responding to that, and we will continue to respond to that as we move along in the future. With that, over to Mr. Dhaval Gupta.

Dhaval Gupta

Hi! Good afternoon, investors. Thank you for those who were able to take out time from their busy schedule to be with us on this particular call. Today, I'm very happy to share Q2FY24 figures. Not just because we are on the verge of Diwali, but hopefully being able to add a little more happiness by sharing that we've had our best quarterly performance ever in Q2 FY23-24. I will quickly run through the top figures for all, and then shed some light on growth metrics that have been registered for both Q2 as well as H1.

In Q2, we were able to generate an income of INR 25.53 crores. The expenses came in at INR 24.16 crores, EBITDA stood at INR 1.36 crores. Finance costs were INR 18.35 lakhs, depreciation INR 7.04 lakhs that led to a PBT of INR 111.47 lakhs. After tax expenses the PAT that we have generated in Q2 is INR 79.85 lakhs. In Q2, from a YoY perspective, the revenue grew by 85.3%. So, that is INR 25.53 crores in comparison to INR 13.77 crores from the last financial year. So, a big jump in Q2 performance. The EBITDA also grew by 25.9% YoY, and the PAT has grown by 35.7% YoY.

If I also look at it from a QoQ growth, we grew by over 40%. On the EBITDA front, the QoQ growth was 43.5%, and on the PBT, the QoQ growth was 53.4%. So going up PBT from INR 73 lakhs in Q1 up to INR 111 lakhs in Q2.

Some of the key financial ratios as on 30th September 2023 i.e. debt-to-equity ratio was 0.64, current ratio at 1.40. Earnings per share for H1 FY24 was INR 4.68, and the team size has expanded to 72. So, all-in-all, both from a YoY perspective as well as from a QoQ perspective, we registered a strong performance and we're very happy to share those results with you.

Let me also present very quickly the H1 picture. So, the first half of the year, we have done a top line of INR 43.71 crores in comparison to last full financial year INR 63.17 crores. This is a significant increase, and we are well on our way to beat the guidance that we had shared at the beginning of the year, which was set as 30% growth for the year. In terms of PBT, we did INR 181.13 lakhs and the PAT for H1 was INR

134.15 lakhs. And this, again, from H1 last year, is significant growth against all parameters. We continue to remain fairly bullish in terms of the quarters that are coming ahead as well.

We've also prepared some business overviews and some quarterly updates to share with the investors. In Q2, one of the things we did was strengthen our partnership with Google on the publishing side of the business and were elevated to GCPP status. This is Google Certified Publishing Partner status, which is the highest level of partnership that is available with Google on the publisher side of the business. This will allow us to remain more competitive to be able to do more with Google as well as for the customers that we work with.

Additionally, we acquired new customers, as well as partnered with various agencies including, Sify Technologies, Cisco, Tata Tele Services, Republic TV, University18 and others. We also tied up with a whole lot of Ad Tech partners in Q2. It's a long list and I think this is a clear move towards ensuring that we are diversifying away from Google and ensuring that there are additional revenue streams that we are able to get via partners. This list includes Nexxen, InMobi, Gamoshi, SmartyAds, and Bidscube. Both in terms of the demand as well as in terms of quality inventory, there are quite a few global partners that we have lined up. And we are already starting to see additional new revenue streams being generated through these partnerships.

We also expanded operations in Singapore by adding a credit line from Google. This will support our continued efforts to grow in the international markets, including US, Singapore, Middle East and so on.

There are also some other business updates. As an organization, we are looking at the Middle East market very, very closely, and looking at establishing a footprint there, by establishing an office and expanding our teams as well as sales efforts.

There were also a lot of media mentions that came for our research analysts in Q2. That number is above 150 media outlets that carried stories or referred to reports or quotes from the CMRSL analysts. And these included various publications, including Times of India, Economic Times, CNBC, Financial Times, Livemint, Zee Business, Exchange4Media and many others.

Moving on to some investor-related notes. Of course, the last time when we had shared an update with the investors, we had announced that we were going to be giving a 20% dividend, i.e. INR 2 per share. We got the approval at the AGM, and the dividend was successfully disbursed in Q2.

The Company has also established an investment policy and framework, and is working towards utilization of surplus funds towards investments and so on. Currently, this figure availability is about INR 5.5 crores, which we are looking at placing in safe and secure instruments. And we will also be looking at strategic investments as part of an ongoing process, and we will touch upon this in more detailed a little bit later as well.

We also had deployed a new HRMS. And I'm happy to share that this is helping us continuing to streamline our hiring processes, and that is a critical component of expanding the team and expanding it with the right people, with the right resources. We have spent a lot of effort in ensuring that there are various policies in place to help improve the team while we expanded. Another important point that I wish to share at this stage is that, for the technology that we have been talking about and I can touch upon that in more detail later on as well.

We are looking at AI very, very closely. So, we are using various combinations of technology, including advanced LLMs and lang-chain setups. To make sure that we are incorporating the best of AI into the tools and technologies that we use to serve our customers. In the coming quarters, this will become a reality, and we feel bullish about the results that we can generate for our customers, especially on the advertiser side and on the digital marketing side, again in the coming quarters. Moving on, as far as the overall industry picture is concerned, this continues to remain very healthy.

The tailwinds support us in our endeavors to ensure that we are growing at a fast pace, and digital marketing not only is continuing to grow, but it is also continuing to adapt and evolve with new technology. In the past, we have spoken about things like connected TV, digital out-of-home, we are talking about generative AI and so on. I think we are very well-positioned as an organization, not only dealing with advertisers, publishers, a huge amount of data, but also a good set of technology products. I think we have a lot of things going for us to ensure that we can continue to grow business rapidly in the right direction.

Let me spend a couple of minutes on talking about vision 2025. Frankly, it's not a vision just for 2025, it's a longer-term vision. And some of the aspects that it covers is that CMRSL becomes a central organization that is able to provide programmatic technologies, AI-enabled media buying, e-commerce automation, data analytics and consulting, end-to-end ad operations as well as driving traffic arbitrage for players across the ecosystem, i.e. for advertisers as well as for the publishers of the ecosystem.

The goals that we are keeping in mind is to establish ourselves amongst the largest digital marketing agencies in India, build a moat by becoming a centralized data products and services provider for stakeholders across the ecosystem and enhance value creation, by being a technology enabler with multiple revenue streams. The key pillars to ensure that we are able to achieve this, our first and foremost is first-party data. I think collecting good quality data is something that we have always prioritized. We are working on that judiciously, despite the new data protection been coming in, that has had little or no effect on us. And this continues to remain a key component of all the business that we are operating in.

AI automation in MarTech, I mentioned this earlier, and this is something that is going to be a game changer in our industry. I think we are early to the party, and we are investing resources towards this to ensure that we maintain a leadership position as far as this is concerned. We're looking at continuing to

establish a whole lot of global partnerships. I mentioned earlier, there are many ad-tech companies that we have signed up with, and this process will continue. We have a strong pipeline coming forward as well, and create digital arbitrage opportunities that can be a scaled. With that, I would like to bring to a close my comments in terms of a business update for CMRSL for Q2 FY24. And we would be very happy to take any questions that may be there.

Q&A

Moderator

Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question, may press * and 1 on your touchtone phone. If you wish to remove yourself from the question queue, you may press * and 1 again. Participants are requested to use handsets while asking a question. First question comes from Parth Chavda, an Individual Investor. Please go ahead.

Parth Chavda

Yeah. So, congratulations on good sets of number. My question is regarding the margin front. Can we see the expansion in the margin by FY24 end?

Dhaval Gupta

Yes. Thank you for the question. In terms of the margins, our approach in the advertising industry has been looking at onboarding clients in an aggressive manner. And as we have done that. It has ensured that we have got a good set of clients, we've added a whole lot of partnerships. But, again, in order to ensure that we were creating that position for ourselves, we had to be more aggressive, extra aggressive, if I can say in the market.

Now that we have established a relationship with them, we will be looking at establishing various upsell and cross sell opportunities so that the margins can improve across the board. So, that is something, that is a very conscious choice. We understand that there is going to be this kind of movement as far as this industry is concerned. I also want to add to this that we are very conscious of the margins and there are additional revenue of streams that we are working on. That will help us move towards double-digit margins, which is what our goal is. And that is something that we have mentioned in the past, and we will continue to move towards that and strive towards that, in the future as well.

Parth Chavda

So, in coming quarters, can we expect double-digit margin or this will be for this year?

Dhaval Gupta

Yes. I think, as you mentioned regarding end of FY24. I think our aim will be to bring in more technology and make more product-based revenues, which will automatically escalate us or give us significantly higher margins as we move along.

Parth Chavda

We can expect same margin for at least for this FY?

Dhaval Gupta

I would say that the margins should continue to improve. With the advertising industry, with the festive season, we have been aggressive at this stage. But we certainly want to make sure that we are increasing the profitability. And I also want to mention that, overall in terms of the quantum of profitability, that is still heading in the right direction, that is still growing whether it be YoY or QoQ. So that momentum, we continue to see moving in the right direction.

Parth Chavda

Okay. And another question is for, like, from balance sheet. There's a substantial increase in your trade receivable. Any particular reason for that?

Dhaval Gupta

It's primarily due to increase in billing, and there would be no other significant reason besides that.

Parth Chavda

So, what is your credit cycle, how many days on debtor days?

Dhaval Gupta

The credit cycle that we typically are working on, and I had reported this in my previous call, 6 months back also is about 80-87 days. I don't remember the exact figure, sorry. For this particular quarter, sorry, I don't have that figure readily available with me. But my guess is that it would be in the same range. And I think from an industry point of view, we are probably in a better position as compared to most of the advertising agencies in the market.

Parth Chavda

Okay. And another question is, in the last call you mentioned you have no employee in Singapore. Any expansion on that front?

Dhaval Gupta

Yes. We are engaging with various resources across different geographies in fact, that is not only limited to Singapore. I would say that we are looking at other geographies including the Middle East, as I mentioned earlier, and even in the US. There is also the partnership based model that we are looking at closely and that is going to help us ensure that we are controlling costs while also gaining access to these markets.

Parth Chavda

Okay. And the last question for me, will be, like, this con-call you'll keep continue doing. Like, you said last time, you'll keep doing it, at least every half yearly. So, it's like a plan?

Dhaval Gupta

Yes. And we are releasing our results quarterly.

Parth Chavda

Yes, even the semi-listed.

Dhaval Gupta

That's right. We will continue to do the call every 6 months. And, based on feedback that we had received from investors, we are also working hard towards bringing forward or announcing the results earlier.

Moderator

Thank you. Ladies and gentlemen, if you have any questions please press * and 1 on your telephone keypad. I repeat, ladies and gentlemen, if you have any question please press * and 1 on your telephone keypad. We will wait for a moment while the question queue assembles. Ladies and gentlemen, if you have any question, please press * and 1 on your telephone keypad. I repeat, ladies and gentlemen, if you have any question please press * and 1 on your telephone keypad. Thank you. There are no further questions. Now, I hand over the floor to the Managing Director, Mr. Dhaval Gupta, for closing comments.

Dhaval Gupta

Thank you very much. So, dear investors, a big thank you for continuing to repose faith in Cyber Media Research & Services Limited. I think, since the IPO, one of the things that we have done very well is just put our heads down and focus on our performance, and that is something that is reflecting in the results. That is something that we will continue to do.

In terms of the guidance provided at the beginning of the year, we had mentioned that we'll look at growing at least at the industry growth rate, which is about 30%. As we can see, we are well on track and comfortably on track to meet those numbers. And a big thank you to everyone for their support.

A very, very heartfelt Diwali from all of us to all the investors with CMRSL. And we wish you a very joyous, healthy and Happy Diwali. Thank you very much everyone.

Moderator

Thank you. Ladies and gentlemen, this concludes your 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.
