



November 29, 2024

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 Investors Conference Call on Q2FY24-25 Results

Dear Sir/Madam,

In furtherance to our letter dated November 19, 2024, pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the group conference call with investors on the financial results of Q2FY24-25, held on November 23, 2024.

The said transcript is also available on the website of the Company at www.cmrsi.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 Q2FY25 Investors Conference Call

Event Date & Time : 23.11.2024, 16:00 Hrs.
Event Duration : 43:27 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. Parth Chawda : Individual Investor
2. Dina Mani Lahkar : Individual Investor
3. Darshan Chandra : Individual Investor

Moderator

Good evening, ladies and gentlemen, and welcome to Cyber Media Research & Services Limited Q2 FY25 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 the moderator by pressing * and then 0 on your touchtone phone. Please note that 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

Hi, good afternoon everyone. This is Dhaval Gupta, Managing Director of Cyber Media Research & Services Limited. Firstly, I would want to thank everyone for taking out time on Saturday to join the call. As we have been doing over the last couple of years, we will continue to do our Investor calls every once in 6 months, so that we can give you an update on the Company's business scenario. In this call, I would like to share with you on the major talking points from the last couple of quarters, good things and some of the challenges as well that we have faced.

Let me start by sharing with you the numbers for the Q2 financial year 2024-25. We closed the quarter with income of INR 17.88 crores, while expenses were at INR 16.99 crores. This meant that our EBITDA for the Q2 was about INR 88.86 lakhs. PBT closed out at INR 68.74 lakhs with a PAT of INR 55.60 lakhs.

In terms of the overall performance in H1, we had a slower H1 compared to the H1 of the previous financial year. This was not in line with our planning and anticipation we had. We are disappointed with the results that we have delivered. There were some reasons behind this, which I will just address in a little bit, but let me share some other numbers first.

Our debt to equity ratio was at 0.44, the current ratio at 1.66 and the team size is at 81 employees.

In terms of the Q2, while the performance was lower than the Q1 of the previous financial year. However, we were able to make sure that we were controlling costs. Therefore, the profitability margin remained, due to quick action which was taken by the team.

In terms of the reasons as far as business performance is concerned, last time when we had the call, I had spoken about that we are looking at and working on a very healthy pipeline, and it continues to remain the same. In terms of closures that we were expecting in Q1 and Q2, many closures have got delayed. There are different kinds of large enterprises as well as mid-market companies that we have been engaging. A lot of projects, custom projects in particular, were pushed back into Q3 and Q4. Perhaps, a little bit in line with the overall macro situation, where performance for some of those organizations and in general in the market has been a bit slower.

In terms of the pipeline, it continues to remain very healthy. We are looking at a large number of orders and there would be various closures that have got pushed back from Q1 and Q2 into Q3 and Q4. Apart from that, we are expecting to work on a recovery as far as the second half of the year is concerned. We are seeing stronger numbers and therefore will strive towards

recovering lost ground in H1, so that year-on-year, we can make sure that we are in a stable manner.

As far as the existing clients are concerned, our relationship with Google continues to remain strong. We continue to work with them on multiple products. I want to mention that, while that relationship is there, there are changes which Google brings in the ecosystem that can have an impact from time to time. Having said that, that is not unique to Cyber Media, and our team does a very good job in terms of making sure that we are actually trying to use that as an opportunity to gain traction.

In addition to that, on the existing clients, I would like to say that while the relationship with our existing clients remains strong, we have not lost any major client. It is a positive note. However, again in Q2, the budgets that we were expecting with the existing clients have been slower or have got pushed back. It remained the big challenge as far as H1 is concerned and we are working more aggressively in the market to make sure that we can recover the ground.

A couple of other announcements, which were critical as far as the previous quarter is concerned. One of them was that we had announced earlier in the year that there would be dividend similar to what was there in last year and that has been announced and paid in August 2024. This is something we will continue to do.

In terms of statutory dues, there was a matter with GST authority, which was a big matter. It was of INR 8.09 crores. We were successfully able to get the matter settled with the GST department, and that was a positive thing as far as the Company is concerned for the Q1 and Q2 of the Company.

Now, I would like to pass it back to the moderator. Moderator, I would be very happy to see if our investors have any questions.

Question & Answers

Moderator

Thank you very much. We will now begin the question and answers 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 Chawda, an Individual Investor. Please go ahead.

Parth Chawda

Hi. Am I audible?

Dhaval Gupta

Yes.

Parth Chawda

Thanks for doing the call. I have just a couple of questions. First, what's the percentage of revenue from market research or was it the retail and marketing side?

Dhaval Gupta

Market research contributes about 10% of the overall revenue which CMRSL generates. However, it varies from 10-15% of the overall revenue.

Parth Chawda

This 10% is market research and digital marketing side contributes 90%?

Dhaval Gupta

That's right. However, the 10% will vary from quarter-to-quarter. There are sometimes major projects that we are closing. For example, in Q3, we are expecting a major project for the research business and it will increase its contribution but you can say 10% to 15% for the full year would be the overall contribution from market research business.

Parth Chawda

Okay. As you mentioned some of your projects have been delayed. Can you tell me the nature of the projects, which have been shifted to Q3 and Q4?

Dhaval Gupta

Yes. We work on a lot of custom marketing projects as well as the custom market research projects. For various reasons, we have had companies push back some of the budgets that they have. For example, we have got a custom project with HP, which was last year, but it was done in Q2, the first half of the year, which has got pushed back. One of the reasons for those, were internal to HP and then they were quite happy with what we have been working on. So that's an example of one project.

Similarly, on the programmatic side, last year there were international customers where they had some good budgets. Again, they have been pushed back to the second half of this year. These are a couple of examples and there are a few more such like situations.

Parth Chawda

Okay. In last call you mentioned that we would be reaching INR 100 crore revenue in FY 2025. Do you see that still happening?

Dhaval Gupta

At the moment, our focus is on ensuring that we are recovering so that we can get the figures that we had achieved last year. We are working very aggressively and hard towards this. Yes, we had spoken about this year getting to INR 100 crores. At this stage, H1 has not gone to the plan, it would be a stretch for us.

Parth Chawda

In your pre IPO call, you mentioned that Brightcom Group Limited and Affle India Limited are your listed competitors and they are showing continuous growth revenue and plus their

margins are upwards of double digit. Do you see anything particular within the company because of that you aren't able to achieve, if you see, the industry is growing?

Dhaval Gupta

Yes. I think there are different talking points there. From a CMRSL perspective, what I would like to mention is that, we have been developing technology like CMGalaxy as well as on programmatic side. Once we start getting more campaigns, the margins will be always higher. That is going to be in the range of 25-30%. When it comes to the services business, in the advertising industry, margins will be tighter. They will be probably closer to 10% or near about thereto. So that is something which we have been working towards and very consciously. We want to earn a larger percentage of the revenue through product, so that we can also get closer to 25% to 30% margins.

Parth Chawda

Okay. But it's almost it's been long time since you developed the CMGalaxy platform, right?

Dhaval Gupta

No. As I had updated last call as well, the GDM for that is started now. So Q3 & Q4 are what we had earmarked for the GTM strategy. We have continued to invest as far as the platform is concerned. There were various customers that we have onboarded, but remains still in an investment mode. For example, building AI functionality into the product. But we have now also developed the go-to-market strategy as well as the relevant material for it. So, we expect that we will look at onboarding clients on that front from this quarter and next quarter onwards.

Parth Chawda

Q3 is almost half done and all the festive season is also gone. So, what is the current trend in the market? Is it like the last year or is it the same?

Dhaval Gupta

As I mentioned earlier, the Q3 & Q4, we expect to be a pickup in revenues. We have a more positive response and some of the projects that I have spoken about are coming through. So, we expect second half of the year to be better in terms of performance.

Parth Chawda

Okay. There is some investment in a particular company from your side, Appacus Private Limited, anything on that?

Dhaval Gupta

Appacus Private Limited is an endeavor in an e-commerce space, which is very closely associated also with our digital marketing expertise. We have got, this is through ONDC where we are setting up an electronic store, and all the setup has been done. The project is live and as well as the commercials have started. We are in early stage in it, but very positive

movement as far as that particular prospect is concerned. In 6 months, I expect to have a much detailed update for you along with some numbers there.

Parth Chawda

Okay. Is it a subsidiary or just an investment with some state?

Dhaval Gupta

It is going to be an investment from CMRSL.

Parth Chawda

Okay. Two other concerns are like trade payables, there is 10 times jump on the trade payables side also. Any particular reason for that?

Parth Chawda

It's all in lakhs. And the figure is in lakhs, and it is INR 150.35 lakhs. That makes it INR 1.5 cr. As on March 31, 2024, and here it is INR 1516.41 lakhs as on September 30, 2024.

Dhaval Gupta

I assure you that in terms of the trade payables there is no significant change or area of concern in terms of the numbers from a YoY or sort of a March 31, 2024 over September 30, 2024.

Pradeep Gupta

Send us the screenshot thereof on email.

Dhaval Gupta

We can double check that across.

Moderator

Next question comes from Dina Mani Lahkar, an Individual Investor. Please go ahead.

Dina Mani Lahkar

I have few questions. First question from my side is like what is the difference between the two companies, Cyber Media (India) Limited and Cyber Media Research & Services Limited (CMRSL)? Can you please explain the business model of the two?

Dhaval Gupta

Okay. Cyber Media (India) Limited is engaged in the business of print media and publishing that was started by CyberMedia in 1982 with brands like DataQuest, PCQuest, Voice and Data, DQV, DQ Channel. The media business is part and parcel of CyberMedia (India) Limited. CMRSL

is a subsidiary of CyberMedia. We went IPO in that business separately to sort of help grow the digital marketing and the market research.

The teams for the media business and digital marketing business are entirely separate. There is no overlap as far as either the teams are concerned or any operation and operational activity is concerned. It is the difference between Cyber Media (India) Limited with the media business, and CMRSL, which has the market research and digital marketing business.

Dina Mani Lahkar

Okay. So CMRSL, like which industries does it cater? Can you please explain?

Dhaval Gupta

Yes. CMRSL in terms of its services provides digital marketing services which focus on Google performance, Meta performance. We work closely with LinkedIn, X, Amazon and so on. So, we help brands improve their monetization ability as in through well managed digital marketing services.

Another part of it is where we also work with the publisher side of the ecosystem. We directly work with major publishers around India including ABP, TV9, Dainik, NDTV, etc. where we help them monetize their inventory in an effective manner. We end up buying their inventory in a sense and monetizing that through platforms like Google, Magnite, PubMatic, etc. We also have a business in the market research and consulting states, where we provide a lot of enterprises with focused consulting and data within the IT industry and the technology sector.

Dina Mani Lahkar

Okay. Can you please share some light on the customer side of the business?

Dhaval Gupta

Yes. We have customers like Hewlett Packard, AWS, etc. We work with customers in the education space like GEMS Business School, APJ, and University 18. We also work with international customers, out of which Google is a big customer. In the U.S., we have a couple of customers, NYTCP is one of them, through whom we manage Iron Mountain, which is a Fortune 500 company. We also work with another listed entity in the U.S. GAIN Therapeutics. There is a very wide array of customers that we work with.

Dina Mani Lahkar

On the customer side, I have seen that Go Digit is your customer, right?

Dhaval Gupta

Last year, Go Digit was a customer. We had done four month campaign with it around its insurance products. This year, it is not a customer with us.

Dina Mani Lahkar

Okay. Like when it comes to the margin front, I have seen that for the past four quarters, like the OPM is like very volatile, like 3%, 4%, 6%, 12%. So, what is the normalized percentage for that?

Dhaval Gupta

Yes. In the services business particularly with Indian clients, I would say that single high digit percentages are what typically the customers work on, which is exactly what brings us back to earlier point, that we have been investing in developing technology and building a platform for a couple of years now.

CMGalaxy is one of such products, in which we have been getting a lot of feedback. We have a very good team working on it, and we have been getting a lot of positive feedback as far as the demo for the product is concerned. One of the things that we are excited about is that we have also integrated certain level of AI enablement within the product.

Now with the product led approach, we do expect our margins to improve as we move along in the future. It is, that is quite exciting for us and we continue to make sure that it is an area where we are putting some of our best resources forward.

Dina Mani Lahkar

Yes. In your last call, like you have given a target like INR 100 crores revenue for FY25. So, with the first half, it is around INR 35 to INR 36 crores. Is it likely that the target will be missed by this year end?

Dhaval Gupta

Yes. I mentioned earlier, INR 100 crores this year will be a stretch. At the moment, we are focusing our energy aggressively in the market and making sure that we are bringing back sort of growth, so that we can move towards the kind of numbers that we had achieved last year.

Dina Mani Lahkar

What is the target for the remaining two quarters, like for the H2? Can you give some guidance on the revenue front? How much cash is available as per balance sheet?

Dhaval Gupta

Yes. We don't give future guidance. As I mentioned to you just now, at the moment, we are focusing on how we can achieve the kind of numbers that we had achieved last year.

Dina Mani Lahkar

Okay. Last question from my side.

Dhaval Gupta

I would like to add your question and to answer your earlier question, the cash of INR 3.77 crores is available on the balance sheet.

Dina Mani Lahkar

Yes. Are there any plans for M&A, this cash or anything like that to expand your business?

Dhaval Gupta

Yes. We have been looking at sort of having various conversations. In fact, there were a couple of conversations which we had reached an advanced stage.

However, we also recognize that we need to be very judicious when it comes to the money that we have and we should be able to get a good valuation for all investors. So, we are looking at other situations, but we will be very cautious and we will be very careful in terms of the valuation that we are able to get while considering any M&A activity.

Dina Mani Lahkar

Can we say that H2 will be better than H1, if you are like going forward?

Dhaval Gupta

Yes. Exactly, as I was mentioning earlier, we are working and we have a good pipeline for H2. We are seeing some positive movements. So H2 is going to be better than H1.

Moderator

Next question comes from Darshan Chandra, an Individual Investor. Please go ahead.

Darshan Chandra

Yes. Thanks for the opportunity. Sir, I have two questions. One question from the balance sheet side. In the balance sheet, in the asset, loans are given up to INR 9 crores rupees. What is that? Are there loans and advances of INR 9 crores?

Pradeep Gupta

Yes. This is we had already sort of sent a note explaining the entire thing. Cyber House, which is CyberMedia's property, there was a plan that CMRSL will buy 50% of the said property. Therefore, CMRSL have extended advance towards that. However, it was decided that we will conserve the cash and use it for growth. Therefore, CyberMedia is returning on the entire money against the sale of the Cyber House. Therefore, it is the loan, which is on the books of the Company. It is repayable as per schedule in an accelerated manner.

Darshan Chandra

Okay. if you would talk about the CMGalaxy product, in H2, how much we can expect from CMGalaxy? And in next year, you might get a substantial amount from that side. Will our margin be in the double digit?

Dhaval Gupta

Yes. CMGalaxy as a product, we have initiated the go-to-market activity. I think at this stage, it is a little premature to give guidance or fixed numbers on what is the monetization that may happen through CMGalaxy. But as I have mentioned very clearly, we are very keen to make sure that we are improving our profit margins. Therefore, CMGalaxy will be an important contributor to such profit margins from next year on which my feeling is.

Darshan Chandra

Okay. Dhaval Ji, one simple means, basic to promoter of the company, means, at the price of INR 110 or 105, will be the promoter, I mean Cyber Media (India) Limited will be the active, means buying the share at this price from the market?

Dhaval Gupta

In the past, also the promoters have looked at sort of this activity and in fact promoters have done buyback as well. As and when the situation arises, we will continue to look at such option and increase the promoters' stake. We do believe that at the current valuation, the Company remains very attractive.

Darshan Chandra

Okay. Will the revenue be at least INR 87 crores in H2?. It will achieve the last year target, not INR 100 crores but at least INR 87 crores will be achieved by our company.

Dhaval Gupta

Yes. That is what we are working towards and striving towards, and it is what we expect.

Darshan Chandra

I only thought that H2 will be better than H1. So, might be the margins will also improve little bit, 200 basis points?

Dhaval Gupta

Yes, H2 will be better than H1. On margin, as I have mentioned, we are at this stage being aggressive in the market. On margin, we always keep a tight eye, so that we are profitable and we have good cash flow. We will continue to be something that we do. What is the level of improvement on percentage? Again, I will not be able to comment on that right now.

Darshan Chandra

Will it be better than H1?

Dhaval Gupta

As an aggregate, profit will be better than H1.

Moderator

Thank you. Now I hand over the floor to the Managing Director, Mr. Dhaval Gupta for closing comments.

Dhaval Gupta

Yes. If there are no more questions, then I would like to place on record a thanks, a very big thank you to our investors. We will continue to work towards, we think that this is an exciting industry. We have a lot of belief and faith in the space that we are working on and with the solutions that we have. I also want to mention a recent trip to the U.S., where we were able to sort of talk to potential customers, I think it's something that has been interesting. We are working towards that and we hope to report to your faith in the coming quarters and years.

A very big thank to our investors and we will continue to work towards making sure that we are steadily growing the Company. In the past also, the Company has delivered improved results YoY on a consistent basis, and we are striving towards that.

Moderator

Thank you, sir. 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 good day.
