



DB Corp Limited
Investor/Analyst Conference Call Transcript
May 13, 2014

- Moderator** Ladies and gentlemen good day and welcome to DB Corp Limited Q4 FY14 earnings conference call. As a reminder all participants' lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference please signal an operator by pressing * then 0 on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Ms. Malini Roy of CDR India. Thank you and over to you ma'am.
- Malini Roy** Good morning everyone welcome to the Q4 and FY14 conference call of DB Corp Limited. We will be sharing the key operating and financial highlights for the fourth quarter and full year ended March 31st, 2014. We have with us today the senior management team of DB Corp Limited Mr. Girish Agarwaal – Non-Executive Director, Mr. PG Mishra – Group CFO, Mr. Rakesh Goswami CGM F&A and Mr. Prasoon Pandey – Head Investor and Media Relations. Before we begin I would like to state that some of the statements made in today's discussions maybe forward-looking in nature and may involve risks and uncertainties. Documents relating to the company's financial performance have been mailed to you. I now invite Mr. Girish Agarwaal to share his outlook on DB Corp's performance for this quarter.
- Girish Agarwaal** Good morning everybody I would like to share some key highlights of our financials and operating performances, post which we will be happy to respond to your questions. We are very glad to report yet another quarter of a strong performance. Over the past few months, we have maintained an aggressive stand to ensure that the fundamentals of our business remains strong through various growth oriented initiatives. Our strategy of market diversification, cost and operational efficiency and content innovation has been successfully undertaken and continues to deliver visible results. Over the fourth quarter we maintained our focus on strengthening our market efforts, geographic expansion and innovative reader engagement initiatives by ensuring that our product quality remains foremost through customized content. Dainik Bhaskar continues to be the largest read newspaper of urban India and retains its leadership position in legacy markets of Madhya Pradesh, Chhattisgarh, Chandigarh, Haryana, Punjab urban Rajasthan and the key markets of Gujarat while also strengthening presence in emerging regions. We are excited about our progress in newer regions of Bihar and Maharashtra where we have been actively strengthening the brand and engaging with our readers. In January this year, we launched Bihar – Patna edition which was an exciting challenge. The overwhelming outcome was a result of a well strategized and a high decibel launch and marketing campaign, reiterated our execution capabilities and Patna's preference for our differentiated product. Our non-print segment progress is on a high growth trajectory and continued to report strong numbers across digital that includes our Internet, mobile and radio businesses. Our vision of our digital business is to lead the digital revolution by creating the most preferred destination for content. Our digital strategy is centered on unique-content, expansion of

engaging platform and ability to leverage the Bhaskar Group's huge editorial network. Our digital platform has been reporting consistent growth, driven by strong viewer engagement strategies, which has been led by the phenomenal growth in page-views across our Internet and mobile platforms. We have been closely studying the manner in which the news is being consumed across traditional and new media platforms. While readers in non-metro still continue to have a long connect with their preferred newspaper, this personal relationship has extended to usage of the mobile tablets and computer to access news. For the quarter under review, Dainik Bhaskar digital business has registered an upsurge of 63% in unique visitors and also registered an unprecedented total time spend or 128 million minutes per month highest engagement by any site by users. www.dainikbhashkar.com web enable platform has registered a growth of 75% in Q4 2014 over Q3 FY2014 with total visits during this period rising to 12 million from 7 million.

In the radio business our vision is to be the leading and most admired FM radio network in the non-metro cities. We believe that radio has significant growth potential in India and we seek to capitalize on the market shift in attitude of consumption of radio content, as it is now an integral part of media plans. We are excited by the prospects of the post phase three licensing. The government is finalizing the process to be followed for phase three bidders for radio licenses, which will reach even smaller towns than during phase two. Also allowing the news content in phase three is said to immensely benefit the Company due to readily available infrastructure at all the radio stations that we operate. My FM has already achieved the number one position in majority of the 17 markets where we are operating.

Our financial performance for the fiscal ended March 31st 2014 is as follows: Our consolidated total revenue for the year 2014 stands at Rs.18,836 million registering a growth of 17% on Y-o-Y basis. Our ad revenue for the period is Rs.14,178 million, this has registered a growth of almost 17.4% year-on-year. Consolidated EBITDA stood at Rs.5,241 million with a margin of 28% and a growth of 31% on a year-on-year basis. DBCL's consolidated PAT for FY14 stood at Rs.3,066 million with margin of 16.3% and a year-on-year growth of 41%. The same factors a one-time tax gain of Rs.149 million on account of demerger of digital media business. Our digital business registered a growth of 54% year-on-year to Rs.163 million from Rs.108 million. Radio business ad revenue grew by 19.2%. Our consolidated total revenue for Q4 FY14 stood at Rs.4,622 million compared to Rs.4,073 million in last year, reflecting a growth of 14% year-on-year basis. Advertising revenue came in Rs.3,400 million reflecting a growth of 14.3%. DBCL's EBITDA margin stood at 24.4% and reported EBITDA of Rs.1,127 million. The same factors our one time preoperative expenditure of Rs.39 million for Patna, Bihar launch and a FOREX gain of Rs.26 million. We also like to bring to your attention that our matured editions EBITDA stands at 30% due to our relentless focus on higher performance efficiency. PAT margin stands at 16.4%, Rs.759 million against Rs.552 million in Q4 of last year after considering of digital media business demerger tax adjustment of Rs.149 million. The company Board has considered and recommended a final dividend of Rs.4.25 per share for FY14. Thus along with interim dividend of Rs.3 per share the total dividend would be Rs.7.25 per share and a total dividend payout of around 51% in FY14. The digital media business reported revenue of Rs.43 million. The EBITDA of the radio business stands at Rs.98 million with a margin of 46%. We are also pleased to inform that My FM is at the leadership position over peers at a non-metro level.

Our Bharat consumption concept Unmetro. the market driving India which has been hosted in Mumbai, New Delhi and Bangalore have been very well appreciated and accepted by the professionals within the media and the marketing space to study the potential of non-metro markets. We continue to look forward with cautious optimism and we are hopeful that as we move towards political



certainty the consumer sentiment will become more positive and result in better growth across sectors. I am confident that with our clear strategic focus from business fundamentals, superior execution capability supported by a highly talented team, we will strive towards our vision to be the largest and most admired media brand as well as an active socioeconomic change agent. Thank you once again on your interest in the development of DBCL, my colleagues and I will now be happy to respond to your questions, we look forward to continuing our interaction and please do contact our investor relationship department headed by Prasoon Pandey for all the further question queries. Thank you.

- Moderator** Our first question is from Shobhit Khare of Motilal Oswal Securities.
- Shobhit Khare** What was the impact on government revenue in the fourth quarter?
- Girish Agarwaal** We believe that revenue of almost Rs.11crore has been lost out in the last quarter because of election code of conduct. If we would have continued to grow in the way we were growing in the last three quarters then our overall number would have been better in Q4FY14 and believe that we would have achieved 18% ad growth rate instead of 14.3%
- Shobhit Khare** Will this have an impact in the current quarter as well because the model 'Code of Conduct' would still be effective?
- Girish Agarwaal** No. I think from next quarter onwards, the number should improve straight away as the 'code of conduct' has been over and its benefits should start now.
- Shobhit Khare** Given that for half the quarter it would still be in place so should we expect similar impact in first quarter also?
- Girish Agarwaal** We still have one-and-a-half months more to go and hence I really would not be able to comment on that.
- Shobhit Khare** What is the yield increase for the full year FY14?
- Girish Agarwaal** Out of the overall revenue growth of 17.4%, we believe that the large chunk i.e more that 50% has come because of the yield increase. You can say up to 60%. But, I won't be able to give you the exact number on the yield increase.
- Shobhit Khare** Wanted your outlook on the emerging edition losses for the next year? Also are there any plans to launch more editions?
- Girish Agarwaal** We have just launched in the state of Bihar. Patna was also launched recently in the month of January. We believe that we would take atleast 2-3 quarters to consolidate the recent launches. As of now we don't have any plans for new launches in the next 2-3 quarters.
- Shobhit Khare** So, will the emerging edition losses decline progressively quarter-over-quarter in FY15?
- Girish Agarwaal** Yes, certainly we have demonstrated that over last many years also.
- Moderator** Next question is from Atul Soni of Macquarie
- Atul Soni** Can you give a brief breakup of how the various sectors have stacked up in fourth quarter in terms of the growth.

Girish Agarwaal The large chunk of comparative growth has come from FMCG, lifestyle and political. These are the segments which have contributed strongly. Automobile also did a decent job if compared from Q4FY13 to Q4FY14. But when compared from the previous two quarters it has not been that strong. Whereas, government tender auction and some classified advertising were expected to give good numbers but took a slight beating.

Atul Soni What would be the average cover price for FY14 working as a whole?

Girish Agarwaal Rs. 2.91.

Atul Soni In terms of the Company's hike in cover prices for FY15-FY16 as a whole?

Girish Agarwaal See if you see we have taken a price increase of almost 10% - 12% overall, just to give you an idea that if you look at my overall analyzed average we are at Rs.2.91 but when you look at the Q4 we are at Rs.3 so we are taking the number up very, very marginally, we are not banking a lot on that but couple of percentages growth is happening on that.

Moderator Next question is from Srinivas Seshadri of CIMB.

Srinivas Seshadri What were the revenue growth trends in each of the following states on a full year basis namely- MP, Chattisgarh, Rajasthan, Gujrat, Maharashtra, etc.?

Girish Agarwaal As mentioned, the numbers that has arrived annually is 17.4%. only 2 Emerging markets, Mmaharashtra & Jharkhand and for part of Qtr 3, Bihar, so largely, the chunk of growth has come from the markets of Madhya Pradesh, Rajasthan and Gujarat. Therefore, it can be clearly said that most of the growth has come from the mature markets only.

Srinivas Seshadri Within the mature markets, how was the growth in terms of individual markets?

Girish Agarwaal We don't give out the individual state wise numbers.

Srinivas Seshadri But could you give some flavor of that?

Girish Agarwaal The growth in two markets, i.e. Punjab and some markets of Jharkhand were below expectations.

Srinivas Seshadri Was there any kind of provisioning on account of wage inflation or was it some kind of a year-end variable payout, etc as the Company had a little bit of higher wage inflation in Q4FY14 versus the previous quarters?

Girish Agarwaal No. That number is largely because of the Patna edition coming into picture. On the wage board we are still doing a review.

Srinivas Seshadri Any direction you can give us in terms of what to build in for salary cost, etc., from next year?

Girish Agarwaal In the last three years, the number has remained the same in terms of growth. Therefore, we expect that in terms of growth it should continue the same way and there would be no extraordinary growth in the number.

Srinivas Seshadri The Company had done pretty well this year and good contribution have come in terms of the yield improvement to the numbers. As we are entering FY15, would the company be executing similarly in terms of yield increases, etc. or will this year be a more volume driven year rather than a yield driven year?

Girish Agarwaal No. I still feel that this year also the yield improvement will be a key factor because we have been working on the yield improvement since last one-and-a half years. The numbers have started growing, but we feel that we have a long way to go. Volume is one thing which I have no control upon as it depends on market driven forces. But yield is something where we have atleast 50% role to play. Here the company and the client have to decide whether you want to take a yield or not. But in the market we have no role to play. Therefore, this year the focus of our entire team would again be on the yield.

Srinivas Seshadri Do you think the market is receptive to price hikes which you were going to take?

Girish Agarwaal Very much. So far, it can clearly be seen. The Company has very justified, valid points to explain to the market that we have been underpaid, if our market is compared to Andhra Pradesh or other markets. The clients really acknowledge this fact and that's the reason why they have being accepting this yield increase for us.

Srinivas Seshadri What is the outlook on the newsprint prices from here on?

Girish Agarwaal Newsprint prices has softened down a bit in this last quarter. We expect the advantage of this to happen in Q1 and Q2 of FY15. Also, the dollar which was estimated by us at Rs.62.5 comes down to Rs 59 or Rs 58 will lead to some more advantages. This is because when the dollar comes down then the Indian prices also come down in proportion.

Srinivas Seshadri So maybe 3% to 5% kind of a price correction can happen?

Girish Agarwaal We are expecting that.

Srinivas Seshadri Okay in a one to two quarter timeframe?

Girish Agarwaal Yes.

Moderator . Our next question is from Prince Poddar of UBS.

Prince Poddar What is the percentage of imported newsprint in Q4 and FY14?

Girish Agarwaal The newsprint consumption has been almost 31% imported in the Q4 and the annualized average has been 33% quantity wise.

Prince Poddar In the last quarter it was mentioned that Patna would take lesser time to break-even than other markets we have seen in the past. So when can we expect Patna to break-even EBITDA?

Girish Agarwaal As per our internal benchmarks, it takes four years for a market to become a matured market from emerging. We expect Patna should take lesser than that.

Prince Poddar What is the full year CAPEX for FY14 and guidance for FY15, since it was mentioned that there are not many launches that has been planned for the next few quarters?

Girish Agarwaal Apart from the routine maintenance CAPEX and some smaller CAPEX which includes making up of our office in Noida, in Delhi i.e considering all, we feel anything in the range on Rs 50-60 crore should be the maximum CAPEX requirement of the company.

Prince Poddar What would be the full year number for FY14?

Girish Agarwaal Rs 83 crore. This includes the large NOIDA land which we purchased this year and Patna also.

Prince Poddar Patna would include how much in this?

Girish Agarwaal Patna is Rs 20 crore. Akola, Amravati involved around Rs 8 crore. We got one machine in Indore also. Jodhpur would be Rs 9 crore and Indore Rs 5 crore.

Moderator Our next question is from Abneesh Roy of Edelweiss.

Abneesh Roy It was mentioned earlier that Punjab and Jharkhand markets were slightly below the expectations, Could you give the reasons for the same?

Girish Agarwaal I think there has been an overall lull in the market. Because with respect to volumes, we have maintained our market share percentage with other players. In fact, we have grown by 1%.The local as well as the national market has not been responding.

Abneesh Roy What was the split of local versus national this quarter and for the full year?

Girish Agarwaal Advertising wise we have 65 – 35 for this quarter and the annual average has also been the same.

Abneesh Roy With a much stronger government now very likely do you expect corporate tax to grow faster in FY15 and so what is your expectation on the ratio for FY15 and FY16?

Girish Agarwaal See what was happened when the national advertisers respond very robustly hopefully I am very confident that the local will respond equally so the ratio from 35 – 65 may become 37 – 63 or 60 to 38 because both the markets will respond simultaneously.

Abneesh Roy There is one school of thought which says that if you see last two terms of the present government they were focusing more on the rural areas in terms of the development schemes. There is one school of thought that the new government might focus more on urban at least from a relative basis. How does this impact you?

Girish Agarwaal Frankly speaking we have not done such analysis so far we all are waiting for May 16th to happen, in order to get 100% clarity and then start working on it. All of the above would be assumptions at this stage.

Abneesh Roy Could you speak on the competition TOI in Gujrat, similarly in Patna and how has completion been shaping up there?

Girish Agarwaal In Gujarat, we are happy that so far we have been able to increase the copies in Ahmedabad city to the extent of around 22,000. This increase was in spite of the new launch done by a publication there and therefore this clearly indicates that we are on the stronger ground in Gujarat. In Bihar, Government advertising has not yet

started for the company and is expected to take some more time. Once the elections and the 'code of conduct' are over it is to be seen that how much the state would respond to our request. The other competition which we faced in Bihar has been the same as to what the company has faced in Jharkhand earlier. Therefore, there is nothing majorly different on the way they responded in Jharkhand than in Patna.

Abneesh Roy

Regarding IRS, now HT has been allowed to use the data so are you worried from there and when do you see clarity emerging on this finally?

Girish Agarwaal

We are still talking to IRS as still there is no clarity as one publication group has been allowed to use the data. But, I think it is an industry decision overall. All the publications who have taken a stand against the IRS have been told by the IRS that they would clarify the whole thing in four week's time. But, it has been almost four months by now. The IRS has not been able to come up with their reasons. We are still waiting for them to respond and clarify. Also, the idea is not about one particular report. The idea is that going forward, this report has to stand as all of us have funded and backed up this report. Therefore, we want them to become more constructive rather than being negative or whatever.

Abneesh Roy

What are the advertisers saying regarding this, as they will not do advertising based on older currency and if a new currency is being put on by HT, they would take cognizance of that, right?

Girish Agarwaal

Not yet. As most of the advertisers are still not very clear that which currency to use and let's see how it goes.

Abneesh Roy

On your digital media initiative, English players have been focused there much more and their revenues are much higher. So what is your long term strategy on building specific portals like strong job portals, online classifieds and other verticals. Why Hindi players seem to be missing out there? Is it because of the internet usage patterns and do we plan to build this gap in the coming years?

Girish Agarwaal

No I think you will have to understand this slightly more in detail for simple reason because the job portal or the classified portal are not the domain of any newspaper in this country. You will appreciate the largest job portal does not belong to a news publication house. Even the largest property portal does not belong to publication house. You have to understand and we are very clear that we are in the business of giving out news. So we have to see in that segment how strong are we and how stronger are we becoming in that and we are proud to say that in the news segment our growth has been phenomenal. Our top line has been increasing though the number is small but largely you see we have 450 million page views on our news portal so we are not at all keen in getting into a job portal or matrimony or classifieds and all that because we clearly believe what we have a forte in news and that to in the market where we operate so if anybody who is sitting in Bombay or New York or Washington or in Australia he is coming to my portal my website to look at the news of those market from that and that's what we are working on and we have been having a very encouraging response from that.

Abneesh Roy

Therefore, do you mean to say that in those verticals it is difficult to enter as there are already existing players present?

Girish Agarwaal

No, because I don't have any great forte or strength in that field, I should not be confused in my mind that since we are a newspaper, we can also host a job portal easily. It is not like that.



Abneesh Roy One of the players is speaking on either organic or inorganic entry unto some of your markets. So, are such opportunities available which could potentially impact the Company and are you worried about the same?

Girish Agarwaal There was a recent launch in Gujarat (hardly a year back) by one of the leading publication. Similarly we have seen the launches in Madhya Pradesh and in other markets also. We are pretty confident about our strength and about our teams understanding of the market so I don't think any new launches kind of bothers us that way, we are more focused on our growth. In Gujarat we have grown, in Rajasthan we are growing further more so we are more focused on our growth

Moderator Our next question is from Bijal Shah of IIFL.

Bijal Shah In Q2 and Q3FY14 con-call, it was suggested that the Company benefited directly or indirectly on account of elections as the advertising growth was partly because of the election. As we get into Q2 and Q3 of FY15 will we see a higher base impacting our growth?

Girish Agarwaal I am not pretty clear about this question. We feel that the growth which has to come in those markets of Maharashtra, Jharkhand and Haryana will happen. Because only political advertising is not a great number. As I told you last time also that election advertising if you are trying to say that how much the election advantage I will get from the political advertising.

Bijal Shah I am asking that in MP, Chhattisgarh and Rajasthan where we are fairly strong or very, very strong -- were the states which went to election in last year Q2 and Q3. We benefited directly indirectly on account of that. Now that may not be political but otherwise increasing consumption, leading advertiser to advertising in those markets.

Girish Agarwaal To answer that way yes we got some benefit in those states because of the consumption level going up. I am not too sure whether in Maharashtra, Jharkhand and Haryana that will happen or not because all that depends on initiatives taken by the government whether they simply want to advertise or they want to do something on the ground where the overall consumption goes up, so I really can't comment on that now, but I am yet to see that.

Bijal Shah So that will form a higher base probably I mean last two 2Q – 3Q there was some specific advantage on account of that and that will not be there in 2Q – 3Q this year. So there will be base impact leading to some lower growth rather than weakness.

Girish Agarwaal No, I don't think so because see whatever initiative was taken by the government they were more to increase the consumption and once the consumption level goes up now with this new government coming or whatever happens in the national that advantage will further flow in so I think that's the momentum which has been taken up which will continue from there.

Bijal Shah On advertising now I am not getting into whether IRS will hold or not, that we will know at appropriate time the question is see we see that 65% is the regional advertiser who do not depend upon IRS which is absolutely correct they may not depend upon IRS, but if pricing is so different like let's assume that if IRS gives us a benefit and we increase pricing for national do we also increase prices for local and corollary of that that if national prices come down local prices will also come down or national and local prices are completely different and it doesn't matter what happens in one another, can I mean at other place the pricing environment could be completely different?

Girish Agarwaal See to be very honest we are not looking at the pricing from the IRS perspective we are looking at the pricing from the market perspective when a particular market gives a particular client 8% contribution of the country sales and if he is paying say Rs.100 for that market and a for a similar size of market he is paying Rs.150 that's what our question is that when you can afford to buy the similar size of market at a higher price why not this market.

Bijal Shah So that is at market level that maybe true but at distribution level that maybe different because different newspaper have different level of readership. So if readership of one goes down no doubt I mean the advertiser may spend more but if readership of one goes down he may pay lesser to that guy and he may pay higher to a guy who has actually more readership?

Girish Agarwaal Unfortunately the media buying doesn't work so scientifically. So it's not like when I go and say okay my readership is this, proportionately you give me the advertising. Unfortunately it doesn't work that way, and that's what we are trying to fight out -- that there should be a more scientific way to discount our publication or pay per the price for the publication and that's the reason we have been seeing yield growth in last one and a half year and this growth is also coming from local.

Moderator Our next question is from Kalpesh Makwana of Quant Capital.

Kalpesh Makwana What is the blended cover price in the blended realization for the quarter?

Girish Agarwaal Rs.3 is the average cover price and the realization is Rs.1.93.

Kalpesh Makwana And if I were to look at the ad revenue growth of 14.3%, could you please break this down in to volume and pricing the yield rather?

Girish Agarwaal 60% would be the yield and the balance would be the volume.

Moderator Our next question is from Riken Gopani of Infina Finance.

Riken Gopani In terms of the overall raw material cost for the quarter was there any increase in the newsprint cost which has led to higher overall cost or is it because of the new launch that the expenses has been higher this time for the company?

Girish Agarwaal If you look at the last year quarter and this year quarter there has been a growth of 1.9% on the price per ton. But the overall impact is because of the quantity of the new launches also.

Riken Gopani Okay so on a Y-o-Y basis how different would have been the ad/edit ratio or the overall pages that you would have had?

Girish Agarwaal The ad/edit ratio almost remains the same at almost 69% being the edit and 31% being the advertising and the overall pagination, If you look at this year is 22.2 while last year annualized it was 21.58 so there has been a 3% growth on the pagination side.

Riken Gopani What would be the outlook for the next year? Will the increase happen slowly or is it going to be a stable number as such?

Girish Agarwaal I think it is all dependent on how the volumes stake up, if the volume also continues to grow, the pagination may go up otherwise will remain the same.

Riken Gopani The margins and the gross level moves so much it is just because of the new launches?

Girish Agarwaal Yes, largely because of that.

Moderator Our next question is from Naval Sheth of Emkay Global.

Naval Sheth With respect to ad growth, it was said that on account 'Code of conduct' the government ads were lower. Was there any spillover of election led spending which was not seen in Q4FY14, but would be seen at a very high pace in Q1FY15 and would compensate that lower government ad spend as well?

Girish Agarwaal Hopefully, but we can't comment because government advertising has stopped, it's going to start on 16th of May.

Naval Sheth No, but has the political spending increased in a meaningful way starting April which might compensate that loss?

Girish Agarwaal I would say largely we should be able to take care of that. Because of the high decibel political advertising or the noise around in last two months, the other categories like automobile and education and all have kind of almost gone in the shell. There have been no new launches in last two months. The month of April and May so far has not been very encouraging from those companies perspective.

Naval Sheth Okay so that might pick up post elections result.

Girish Agarwaal Everybody is waiting for 17th now we have plenty of release orders lying with us post 20th of May.

Moderator Our next question is from Miten Lathia of HDFC Mutual Fund.

Miten Lathia If I look at your SG&A cost trend, typically 3Q and 4Q are very similar and this time around in 4Q you have shown almost 10 per cent drop on a Q-o-Q basis is there anything that is not normal with 4Q?

Girish Agarwaal See what has happened as you know the selling and distribution cost in a specific project which we keep taking on various markets, so in the particular quarter we decided since we are launching Bihar to focus on that market rather than doing certain activities r elsewhere, so that is I would not say any difference, just maybe a difference of quarter.

Miten Lathia Okay, so no one offs or anything of that?

Girish Agarwaal No.

Moderator Our next question is from Srinivas Seshadri of CIMB.

Srinivas Seshadri First is can you share the number of copies circulated during the quarter?

Girish Agarwaal 50.09 lakhs that's the average copies print order of the Q4.

Srinivas Seshadri And bulk of the increase would have happened primarily in Patna or any other market you tactically increased?

Girish Agarwaal No, we increased some copies in Jaipur some copies in Gujarat, some copies in Indore, some copy in MPCG also. So it's been overall spread because if you see

there is a growth of almost on a quarter-to-quarter basis of about 5.4% in terms of numbers, almost 2.5 lakh copies growth. So it's not Patna alone.

- Srinivas Seshadri** And you also earlier mentioned that one of the verticals which grew fast was political advertising, so I mean last time you shared that there was nearly 3 percentage extra contribution on the political side, this time is that contribution similar or is it kind of a lower than that.
- Girish Agarwaal** No, because the number grew higher because in Q4 of last year there was no political big advertising and so the number looks a spike in terms of percentage growth but the overall number is less because most of the Lok Sabha election advertising happened in the month of April.
- Srinivas Seshadri** Okay, so as such it has not meaningfully contributed to overall growth?
- Girish Agarwaal** No.
- Moderator** Our next question is from Yogesh Kirve of B&K Securities.
- Yogesh Kirve** The balance sheet long term loan and advances have gone up from around Rs 85 crore to about Rs 185 crore. What was driving this increase? Doe the Noida land has anything to do with it?
- Girish Agarwaal** In the last con call we had explained that Rs 90 crore security deposit was given to WPL based on the income tax fair value working in terms of rentals..
- Yogesh Kirve** Our inventory days have gone up this year from about 87 days(last year) to about 100 odd days. In light of that, do we see any benefit coming in the Q1 and Q2 of this year? This is with reference to newsprint prices or it could be a little back ended?
- Girish Agarwaal** Because of the Patna launch and all that we were using the imported newsprint more there and we had to stock it up so as you rightly said that the large advantage will only come in the first and second quarter not immediately in the first quarter.
- Moderator** Our next question is from Dhaval Shah of Siddhesh Capital.
- Dhaval Shah** As mentioned earlier, that there is a lot of room for growth in the yield compared to our other market. How extensively can you take the yield hike over the next 2-3 year period? What kind of growth can we see on the top line coming out of yield increase over the next two year period?
- Girish Agarwaal** See if you ask my wish list it's pretty tall order, but when I see the market reality also so that's the reason we took a call rather than taking any harsh stand or take it or leave it kind of stand in the market we have decided that we will move along with the advertising agencies and take a very slow and gradual number growth. So that's the reason why we have seen this kind of growth but fundamentally if you want to understand I strongly feel that the markets of Gujarat, Madhya Pradesh, Rajasthan are underpaid by the advertisers because when I compare these markets to say Andhra Pradesh or Tamil Nadu I believe those markets have potentially to be paid at least 50% higher.
- Dhaval Shah** Traditionally, what was the reason which was leading to the Gujarat, Maharashtra and Rajasthan being underpaid compared to the southern market?
- Girish Agarwaal** That was because in the last 10 years, the entire focus was on the volume. The target was to achieve the volume and the yield's were not given importance. But

there is a point you can achieve the volume beyond the point you just can't keep filling the pages up. Therefore, we took this call to explain to our team that there has to be a mix i.e a right balance between the volume and the yield also.

- Dhaval Shah** So, currently this yield gap is only with DB Corp or even the number 1 player in Gujarat, Rajasthan and Maharashtra is facing the same problem? For example, is Gujarat Samachar who is the leader in Gujarat – is he also facing the same problem in terms of yield and working towards this issue?
- Girish Agarwaal** To work on yield, it's a larger platform where you simply can't talk about one state. You have to see that if you are discounting a particular state as a package of the entire 14 states and then feel that okay I will take a correction in that, we won't be able to comment on individual publication but in our case we feel that there is a strong case and we are getting a benefit of that.
- Dhaval Shah** Can we assume that over the next two year or three year period, DB Corp will have 10% to 11% kind of growth driven only by yield?
- Girish Agarwaal** We are certainly working on it.
- Dhaval Shah** What will be the long term sustainable margin in this type of business at the operating level?
- Girish Agarwaal** If you look at our mature markets, EBITDA margin is 33% this year, while overall is 28%. So we feel that this 28 % should move up to 33. %
- Dhaval Shah** And what kind of cash balance are we planning to keep of the balance sheet. So are we always going to keep around Rs 150 crore as reserve cash? I want to understand, is there any plan for any further new launch next in the next two - three quarters? Are you expecting higher dividend payout next year?
- Girish Agarwaal** As you would know that this year we have done 51% payout. There is no fixed decided policy to be very honest right now. The company is clear that whatever cash the company requires will be kept that and balance will be payout as a dividend, going forward.
- Dhaval Shah** If you have to assume what kind of growth will you witness going ahead now that you have almost penetrated many markets of the country so the growth ahead for the DB Corp would come more or from an acquisition or a new launch what should we understand over next two to three year period how would it come?
- Girish Agarwaal** As of now we have no acquisition on our table.
- Moderator** As there are no further questions from the participants I now hand the floor back to the management for closing comments.
- Girish Agarwaal** Thank you very much on behalf of the management I thank you for all your participation and time on this Earning Call. I hope that we have been able to respond to your queries adequately today and in case you still have any queries furthermore we will be more than happy to assist you through our investor relations team department for any further queries, thank you very much.
- Moderator** Thank you. Ladies and gentlemen on behalf of DB Corp Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.