



DB Corp Ltd

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Q4FY21 Earnings Conference Call Transcript

June 17, 2021

Moderator: Ladies and gentlemen, good day and welcome to the Q4 FY2021 Earnings Conference Call. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. I now hand the conference over to Miss Hina. Thank you and over to you, Mam!

Hina Agarwal: Thank you and good evening to everyone. We welcome you to the DB Corp Limited Q4 and FY2021 post Earnings Conference Call. We have with us today the senior management team of DB Corp Limited, Mr. Pawan Agarwal – Deputy Managing Director, Mr. Girish Agarwal – Non-Executive Director, Mr. P.G. Mishra – Group CFO, Mr. Mushtaq Ali – Vice President Finance and Account, Mr. Lalit Jain – CGM Finance and Account and Mr. Prasoon Kumar Pandey – Head Investor and Media Relations who will represent DB Corp Limited on the call.

We will be sharing the key operating and financial highlights for the quarter and year ended March 31, 2021, followed by question and answer session. Before we begin, we would like to state that some of the statements made in today’s discussion maybe forward-looking in nature and may involve risks and uncertainties. Documents relating to the company’s financial performance have already been emailed to you and are available on the websites of the stock exchanges and company’s investor website. We trust you have been able to go through the same. Now, I invite Mr. Pawan Agarwal to share his outlook on DB Corp’s performance for the quarter. Thank you and over to you Sir!

Pawan Agarwal: Thank you, Hina and good evening to everyone. Hope you all and your families are healthy and safe. We will begin the call by highlighting the key financial performance for the quarter ended March 31, 2021, followed by operational updates during the quarter. We are happy to share that improved economic conditions coupled with our continuous efforts towards cost rationalization and supported by continued soft prices for news print have aided in improving our profitability.

In Q4 FY2021, we reported a net profit of Rs.619 million; registering year-on-year growth of 158%. The operating profit stood at Rs. 1047 million; registering a year-on-year growth of 52% wherein, our operating margins have seen a significant improvement have expanded by about 900 basis points from 14% to 23%. Consolidated advertising revenues stood at Rs.3084 million in Q4 FY2021, while circulation revenues stood at Rs.1104 million and the total revenues came in at Rs.4601 million.

Talking about FY 2021, we have reported revenues of Rs.15222 million with operating profits of Rs.3193 million and a PAT of Rs.1414 million, various cost measure implemented in the year has supported the bottomline.

Dainik Bhaskar group Radio business continues to maintain a leadership position in all significant markets. Radio advertising revenues for the quarter stood at Rs.278 million with an operating profit of Rs.93 million and a net profit of Rs.132 million in Q4 FY2021. Radio business has got music royalty reversal as per intellectual property appellate Board decision which is been shown below EBITDA since it pertains to previous years.

Despite the challenging times we continue to outperform the entire print industry in terms of advertisement and circulations on the back of our reader centric approach, editorial excellence, product innovation and well thought and implemented circulation strategy. Going forward we strive to further strengthen our position in the markets by delivering compelling value to our readers as well as advertisers. I would now request Mr. Girish Agarwaal to update on the operational front.

Girish Agarwaal:

Thank you Pawan. Good evening to everyone and I hope that everyone continues to stay safe and healthy.

Over the past few years, the print media landscape was undergoing a structural shift with the COVID-19 pandemic accelerating some of these trends with the Indian language print emerging much stronger and on the back of a significantly improved performance to its English counterpart in terms of circulation as well as advertising revenues. During the pandemic with the increase in fake news on social media and unsubstantiated information being circulated, print media witnessed the renewed focus from the advertisers on the backdrop of being the most credible medium in news dissemination further validated by well known research agencies like the ORMAX survey which conducted the Canter Study trusts in news study in last year and the ASCI Trust Study in December of 2020 which indicates that the overall credibility print is at the top and has further increased compared to the other new mediums.

As you are aware, at the onset of the first wave of COVID-19 pandemic, print industry experienced massive disruption while amidst the second wave it has managed to remain relatively unfazed and especially the India language newspapers. The circulation numbers remaining largely intact and an improved engagement with readers.

On the editorial front, I am proud to say that Dainik Bhaskar group continues to strive for editorial excellence even during these difficult times. Our editorial teams have put their best foot forward in curating the best content for its readers while maintaining its high standard of journalistic integrity and ethics. Dainik Bhaskar group editorial team continues to stay true to its core value of courageous and honest journalism and provided extensive coverage of the ground realities of the healthcare infrastructure as well as the treatment of the departed which has garnered Dainik Bhaskar group of a global acknowledgment.

Our stories were replicated by the various reputed global media houses like the New York Times, which has published the story 'Today' written by one of our editors, the Guardian, BBC, CNN,

Washington Post, they all have really taken the link from Dainik Bhaskar's stories and have published them to be known to the world.

Along with that in social media most of the Dainik Bhaskar's stories were tweeted, exchanged and viewed by various people across the globe. We believe our reader centric editorial approach will continue to strengthen our position further in the market we operate in and thereby result in improved advertisers spend and I must really acknowledge and thank our editorial team, our brave journalists those who really went out while the whole world is working from home, our journalists actually went out to find out the truth what is actually happening on the ground to make people aware about it, whether it is the story of the Ganga where our team went and covered the 1100 kilometres patch of the Ganga banks and found out that the dead bodies of COVID departed were just buried there or left in the Ganga, and while the government was not accepting the fact our people went there and did the story with pictures and the fact.

Our journalists went to the crematorium where the relatives of the dead were not coming for the last rites, but our journalists went there to find out what is the truth, how many people actually died out of COVID and informed the government so that they could take the necessary correction action for the safety of the people at large. So, I must really thank all the journalists those who took that efforts and they risked their life, it is very easy as said than done, but I think hats off to all of them.

On the circulation front, our circulation team continued effort and focused strategies have yielded strong results. We are happy to share that in Q4 FY2021 the circulation registered the growth of around 300 basis points on the quarter-on-quarter basis enabling the group to achieve 90% of the pre-COVID circulation level. Further these efforts were also helped us reaching almost 95% circulation back in some of our stronger editions also. The recoveries have been significantly higher in the key states of Madhya Pradesh, Rajasthan, Gujarat and Bihar. We are happy to report that during the second wave of COVID-19 we continue to remain tall, our team's effort and strategy formulated during the first wave has not only aided in safeguarding our circulation during these times, but in fact we have gained the market share in most of our markets.

On the advertising front, the financial year 2021 has been a truly challenging year, but at the same time keeping with our philosophy of turning adversity into opportunity, Dainik Bhaskar's team continues to be at the forefront of innovation in the entire print industry in India. We published almost 20 mega editions across our major markets which were a kind of a testimony of recoveries stemming from the tier-2 and tier-3 cities and beyond market we operate in.

During the year, we have undertaken various initiatives like virtual market visit to marketers, advertisers, various initiatives to work with the advertisers so that they can get some response and we can also get some revenue from that.

Our cost optimisation efforts have resulted in a saving of around Rs.195 Crores in overall, other operating and the personal expenses put together. If you remember last year we made an estimation that we could be able save Rs.125 Crores, but I think with the efforts of our team we were able to go up to Rs.195 Crores, and out of this Rs.195 Crores our current estimation is that for the next year we should be able take 55% - 60% as the sustainable saving even going forward.

The dissemination of our content via the digital medium is another significant emphasis area in front of the company. We continue to invest in our digital business with a long-term focus on increasing the numbers of daily active users on our app. Our large focus is on our app only and we have made significant stride in this area. Our strategy of creating the best in class ad free user experience on our digital app has got lot of reader engagement and has given us almost 5X growth of our users in the last 12 months' time, as per the latest ComScore report. Furthermore, our Hindi and Gujarati news app are one of the highest rated news apps, a result of high-quality content creation and a highly tailored product experience. This is all from our side, my colleagues and I now will be happy to respond to your questions. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Amit Sharma from M3 Investment. Please go ahead.

Amit Sharma: Thank you for this opportunity and congratulations for the impactful news you have created in the past few months. My question is on the COVID wave 2 now, that hit the non-metro particularly hard, so what changes do you see or any structural changes do you see due to this and any change in the advertiser profile?

Girish Agarwal: What has happened this COVID second wave actually came in the month of April and the lockdown happened in April and May and now in the first week of June most of these states have opened up. In last two months certainly the advertising was very subdued but the circulation wise we did not see major impact, we saw an impact of around 5% - 6% copies which is now gradually coming back. So, advertising so far it looks still good that going forward because we noticed in the month of June since the time the market has opened up in last 15 days we are seeing the traction back from the real state auto and another categories also.

Amit Sharma: Alright, but any changes then what you saw in the wave-1, in the advertiser profile or it is too early?

Girish Agarwal: Too early to be very honest.

Amit Sharma: Alright, my second question is on the outlook of radio industry for the next three, five years, the way you created an impact for news in the newspapers do you think anything of some lines in the FM industry or any other changes which would be you want to bring about?

Pawan Agarwal: On the radio, what is changing in the radio is number of people with smartphones and ability to deliver radio to their handsets. Two is out of the kind of music, the kind of music that is coming now is really improved and has gotten people entered, we have realized that radio in future has to be a local medium and which means more and more local content, more and more local jobs and more and more personalization of music so we are optimistic about radio, listenership and the fact that it has grow it will grow only by way of making it as local as possible and not syndicating, is not running like one show across the country, not running same music across the country and that is worked well for us all these years.

Amit Sharma: What I was saying is, we are hearing that the tech companies tying up with global print companies, right what are the timelines do you think that will happen in India, how far or close are we for that?

- Girish Agarwal:** As I mentioned to you our digital number is also growing and we are confident that may be in next few years' time digital and print is going to grow together. Now, when the subscription model will emerge in digital is anybody's guess right now.
- Amit Sharma:** Thank you for the answers.
- Moderator:** Thank you. The next question is from the line of Himanshu Upadhyay from PGIM Mutual Fund. Please go ahead.
- Himanshu Upadhyay:** Good afternoon. My first question is, the way the business is evolving do we want to enter new geographies in next one year or two years. The circulation strategy which we had earlier was to enter new geographies and aggressively expand, is there rethinking what we are trying to do on that strategy or what would be your pathway from here on, anything you can guide?
- Girish Agarwal:** If you remember I think two, two and half years, in fact three years now we announced that we do not want to enter into new geography. We already have enough markets with us. Now idea is that how do we grow those markets furthermore whether it is Madhya Pradesh, Gujarat or Rajasthan, how do we increase our market share there in circulation as well as the ad revenues. So, any new geography is totally out of question.
- Himanshu Upadhyay:** Okay, and in the emerging markets where we are still to breakeven, okay. If we see those markets itself we need at least double of revenue to break even and show profitability. What are we doing to improve those profitability and how soon can we think of break even in those markets now?
- Girish Agarwal:** I think we have to look at the market individually whether it is Bihar, Jharkhand or Maharashtra, those are emerging markets. In fact, I am happy to announce that most of these markets became EBITDA positive two years back before the COVID, but for COVID now we will have to restart the whole work over there so that they come back to the profitability and improve from there and the work is on, on that.
- Himanshu Upadhyay:** Okay, and one more thing, in the local markets have we seen any smaller players moving out of the business in print media or any consolidation opportunities, what has happened on the ground in your industry, can you elaborate as far as the market is evolving?
- Girish Agarwal:** I think this is a very relevant question that you asked. I am happy to share with you that there is always an opportunity in adversity. I think the last one year's time what we have seen that most of the players in most of the markets, forget the smaller player, I am talking about the number two or number three's also have kind of got shaken up and they have done the cost cutting left, right and centre and in a way they have compromised the product and that is the reason post COVID we are seeing an improved market share whether it is Rajasthan, Gujarat, Madhya Pradesh, Bihar in all these market we are seeing in our market share in terms of circulation and the share of wallet as well as the share of mind we have a larger market share happening and that is what we need to strategize now we are strategizing to ensure that we are able to take the advantage of that going forward.

- Himanshu Upadhyay:** Can you elaborate, because in this market share the issue is this that for us also the circulation is down only if I see the revenue wise, so how much you would have gained it is very difficult to really get a hold off on the numbers side?
- Girish Agarwal:** We operate in those markets, so for example, in a particular market I am down by 10%, I actually went down to 20% then I recovered 10% now I am down by only 10% which I am 90% of the base but my competitors who is still struggling at around 70% - 75%. So, it means I have gained faster than my competition so my market share in circulation has changed and that is what we are working on to see that how that can be brought in the impact on the advertising.
- Himanshu Upadhyay:** Let us say when we read about Mumbai, one of the local newspapers is out from the English space and the other English newspaper has shown a better profitability or revenue growth or let us say better circulation. But in our case we have not yet able to see that, so how soon or late will it start showing into the numbers' side? So what you are seeing there?
- Girish Agarwal:** Again very relative and comparative working, for example in a particular market of say Gujarat, now I know my market share in Gujarat has improved compared to pre-COVID and now the advertising has to come back to me and therefore the planning is that the advertising which would come back in the market, I should be able to take lion's share of that. So, I think in next six month to twelve months time we should be able to really get the number from the ground that have we improve our market share in terms of advertising also or not or the improvement in the advertising rates and all.
- Himanshu Upadhyay:** One last question then I will join back in the queue. In the radio versus newspaper in the local media which space do you think the advertisement will come sharper and faster, what is your assessment?
- Girish Agarwal:** Obviously, people come back to the print much faster and sharper and then they look into the other medium, outdoor, radio and all that and that is what happening in our market. If you see the print in the fourth quarter also we have a faster recovery though we still have around 6% less than over last year, but radio is slightly lesser than that in terms of recovery, so we feel the print comes faster for the local.
- Himanshu Upadhyay:** Thank you. I will join back in the queue.
- Moderator:** Thank you. The next question is from the line of Himanshu Shah from Dolat Capital. Please go ahead.
- Himanshu Shah:** Thank you Sir. Thanks for the opportunity and congratulations for good set of numbers. Sir, can you just provide outlook on newsprint prices, this quarter we have seen marginal increase sequentially you had called out this in last quarter itself, how is the newsprint price tag looking from here on, FY2021 had been quite supportive in that sense on newsprint front?
- Girish Agarwal:** So, let me give you the numbers out, if you look at the Q4 of this year what we finished, our newsprint rates per ton was in the range of Rs.35600 which was almost 4% decline from the last year but almost 3% up from the quarter-on-quarter but looking at the trend right now I think because of the Indian manufacturers still facing acute shortage of the wastepaper as well as the

fuel prices up, the transportation and all these prices are going to go up by almost 12% to 15% in the next quarter and maybe from the third quarter we may see some softening.

Himanshu Shah: We are expecting a 12% to 15% increase in terms of newsprint prices?

Girish Agarwal: Yes.

Himanshu Shah: From third quarter onwards Sir, hopefully we should see it will settle over what kind of a number, is it fair to assume it should cool off by 5% - 6% from the increased level?

Girish Agarwal: Should be sharper than that. Why because the availability of the wastepaper will be good enough because suddenly what has happened in last two months time because of lockdown again the wastepaper movement did not happen in India and all these mills they are depending on the wastepaper to do the manufacturing, so I think that should improve.

Himanshu Shah: Sir, globally in terms of import of newsprint or any other there is no particular shortage or anything specific that there are no global factors at play for increase in newsprint prices?

Girish Agarwal: As I mentioned to you even global sector is facing the same problem of the wastepapers, so most of the manufacturers those who are making newsprint they did not have the wastepaper's available to them for manufacturing. So, that is the reason they were also facing the problem of the prices input cost though availability was not an issue that is the reason our ratio of the imported newsprint from 39% of the overall last year went up to 54% this year.

Himanshu Shah: Okay, and Sir imported newsprint should be costlier than Indian and by how much percentage?

Girish Agarwal: It all depends from the quality-to-quality, in certain cases Times is almost at par depends on which port you are taking in and which Indian supplier buying it from.

Himanshu Shah: Sir, second question related to cost, significantly good job on cost front; however, on a quarter-on-quarter basis there has been a sharp jump in employee cost and even other expenses have gone up anything specific over here and this is the run rate that we should project for future quarters?

Girish Agarwal: So, three reasons, first of all the ESOP were booked in this quarter, the performance pay of the Q4 which was to incentivise the team to make sure that they are able to get the job done at the ground furthermore and also in digital we have increased our expenses in digital to get the traction much more.

Himanshu Shah: Fair enough Sir, so Sir ESOP should be like onetime expense fair to assume that?

Girish Agarwal: No, largely one time but every year it happens.

Himanshu Shah: Sir is it fair to assume from next quarter we should be back again to that Rs.90 Crores – Rs.95 Crores, range on a quarterly basis for employee cost?

Girish Agarwal: Yes, very much.

Himanshu Shah: Okay, and increase in other expenses largely on account of increase in other operating income?

Girish Agarwal: Yes, and also what has happened the other operating income has slightly gone up and because of the Q4 certain expenses has been booked in this Q4.

Himanshu Shah: Fair enough Sir. Sir, third point on our dividend, we have scaled back on our dividend. Shall we envisage any kind of buyback or any further pay out in coming quarters?

Girish Agarwal: In today's board meeting, the board has considered and recommended a Rs.3 dividend. Even in these difficult times board has recommended Rs.3 dividend as a final dividend. Our dividend policy just to reiterate that the same that company does not want to keep any extra cash in the books, so whatever the cash available would be ensuring that pass it on to people as dividend and this time the bank balance and cash balances were almost Rs.312 Crores as on March 31, board took a call that looking at the overall scenario we still wanted to give a Rs.3 out and then keep some cash now and take a further call in the coming quarters and announce the dividend.

Himanshu Shah: Sir, just one last question on the yield, advertising yield front, can you provide some colour means now, print as an industry had been struggling since last four five years even before pre-COVID since demonetization and GST hay day. So, how does the yield compare currently versus pre-pandemic level or from a peak yield that you would have achieved at a portfolio level or at a company level, where would we be on the yield front?

Girish Agarwal: Frankly speaking this yield is a very theoretical question right now. Why because most of the time the deals are right now because of the last one year issue is happening on the total ticket size. I am willing to give out some more discounts if a person is willing to increase my budget or they have been spending with me last to last year. So, to be very honest the focus is not on the yield, focus is on the total number this year.

Himanshu Shah: Fair enough Sir. Sir, I will try and ask this question in a slightly different manner. Probably Sir, in FY2019 we had a peak advertising revenue of around Rs.1560 Crores odd, when do you feel or envisage once the normalcy returns I know currently these are bit of an uncertain times but assuming that normalcy starts coming back from H2 of this financial year, when do you see these kind of run rate coming back?

Girish Agarwal: I am so confident that the movement normalcy comes in we should be able to clock better number than this.

Himanshu Shah: Thank you Sir. That was very, very helpful and all the best.

Moderator: Thank you. The next question is from the line of Yogesh Kirve from B&K Securities. Please go ahead.

Yogesh Kirve: Thanks for the opportunity. Google has globally launched a new showcase product and been doing various partnerships with the various publishers and I understand even in India they announced some partnerships. So, where are we, are we also in negotiations for this particular product and what could be the expectation or the size of this opportunity could be from three to five year perspective? Thank you.

- Girish Agarwaal:** We are in talks with Google, discussing that how we can help them in India in terms of their search because people come and search for what people come on Google to search for news and news come from the news organizations. So, we are working with them, in active talk with them to see if some kind of arrangement can be worked out with them.
- Yogesh Kirve:** Okay, is there any sort of quantification or any qualitative colour of whether do we anticipate just to be or a significant driver of at least digital revenue?
- Girish Agarwaal:** If you see what happened in Australia, France and US, in Australia the regulator has asked Google to share almost 10% of their revenues with the publishers and France also similar kind of thing and in America also they are talking. So, we are expecting the similar kind of work to be done in India also and we are approaching the regulators to evaluate the whole landscape and based on that take a call and I am sure Google would be prudent enough to analyse the Indian market importance and take a call accordingly.
- Yogesh Kirve:** My second question related to the inventory here, so I understand with the volatility in prices as this is not a best of time to ask this question, but the inventory days used to be, if you look at three year or four years back it used to be like 100 days of the raw material cost and obviously it has increased over the last two years, I think even if I take a Q4 run rate of raw material cost it works out to like 175 days, so do we anticipate that this number should normalize from a two year or three year perspective or the high inventories is three year or four year?
- Girish Agarwaal:** In inventory there are two things, one is that because of the lower pagination if you see compared to last year, we had 20% less pagination because of that this issue. I think that is the only reason frankly speaking. So, that should not be a big issue it should be getting corrected in next quarter itself.
- Yogesh Kirve:** Just one point related to you made reference regarding the newsprint prices could rise by 10% - 15%, so we are referring to these spot prices, right so our cost that we would incur can be different from that, it could be lower than that?
- Girish Agarwaal:** What has happened today the newsprint manufacturers are behaving in a very strange manner, some of them are not willing to honour their earlier commitments also and all that because they have issue of their input cost, they have issue of a transportation cost and all that. So, we are negotiating with them and let us see how it goes quarter-on-quarter.
- Yogesh Kirve:** Finally, I appreciate you already made some comments related to the second wave impact but it is more on that, during the first wave we have seen revenue capitulating not just for you or not just for print but for the entire industry. So, from our assumption is the impact of the second wave is no way near that right and we are looking more flattish trend rather than kind of heavy declines we have seen post first wave?
- Girish Agarwaal:** One thing I can say that these recoveries on the second wave is much faster than what happened last time.
- Yogesh Kirve:** Fair enough. That is all from me. Wish you all the best.

Moderator: Thank you. The next question is from the line of Ankit Shah from White Equities. Please go ahead.

Ankit Shah: Thank you for taking my question. Sir, one question on the digital piece, Sir we have disclosed the growth in MAU numbers over last 12 months. Sir, can you also share something about the DAU numbers accordingly?

Girish Agarwal: Yes, we cannot give you the exact number as we took the liberty from you a couple of quarters back, but I can assure you that the growth what has happened in the MAU is almost resulting in the DAUs also.

Ankit Shah: Right, and Sir as a follow up when do you anticipate introduction of subscription on the app, how far are we from subscription on the app, a few months, quarters or is still quite some time away?

Girish Agarwal: I would still give it more than a year.

Ankit Shah: That is it from my side. Thank you.

Moderator: Thank you. The next question is from the line of Apurva Sharma from PGIM India. Please go ahead.

Apurva Sharma: Good afternoon Sir. My question regarding this digital property, just wanted to understand we had a good amount of engagement our digital properties, right. So, when just wanted to know your thoughts on results from backend data, when is the wave recedes like first wave and now the second wave is opening up, does the user engagement level dips or it remains the same or how is it, I was just trying to understand?

Pawan Agarwal: A lot of growth came in during the first wave COVID peak and as you would have noticed if you look at ComScore data or most of the news publishers, most of the publishers lost the numbers after the COVID wave last year and we continue to grow. Our prints did not go down because we were one we were very focused on the app, so the app numbers continued to grow because that for the loyal audience and even if you compare the app numbers with other players on ComScore you would have noticed that our numbers have been healthier than the overall landscape of news apps and if I look at the last six months also the interest has been increasing because our team is now focusing only on the content of COVID we are also focusing lot of other needs of our users on the app and that is helping us keep up the momentum.

Apurva Sharma: On that app, so this the usual number of downloads maybe about on an app we were spending time, per user spending time on the app will we have that kind of data and is it improving or decreasing our sales statistics Sir?

Pawan Agarwal: We are looking at time spent let us say, and the time spent as well.

Apurva Sharma: It is improved?

Pawan Agarwal: Yes, we are looking at time spent and that time spend is happening.

Apurva Sharma: Thank you.

Moderator: Thank you. The next question is from the line of Ayaz Motiwala from Nivalis Partners. Please go ahead.

Ayaz Motiwala: Good afternoon. Thank you for taking my question Sir. Sir, firstly a quick clarification of the press release that you have done, there is an item which confuses me on the second page which says consolidated operational revenue of Rs.395 million of Rs.39.5 Crores and Rs.41 Crores, in the table that I cannot make out what is this item, is this a digital item or something that you are trying to say in that?

Girish Agarwal: I am sorry. I do not have a press release copy with me right now, so may I request you to take this offline with us?

Ayaz Motiwala: That is not an issue. It is just a confusion in terms of if you have been able pass out like you shared.

Girish Agarwal: I have got the copy could you take me which page you are talking about, please?

Ayaz Motiwala: It is on the third page of your press release there is a table.

Girish Agarwal: Yes, which one the financial results, the Q4 financial highlight?

Ayaz Motiwala: Q4 financial results with the head, so the fifth column, it is a consolidated operational revenues?

Girish Agarwal: Operational revenue which is Rs.39 Crores has gone up to Rs.41 Crores.

Ayaz Motiwala: What is this item Sir? I did not understand this?

Girish Agarwal: Interest on FDR, few fixed deposits and few smaller other things, wastage sale also.

Girish Agarwal: We have around 2.5% news paper waste happen, so that the sale of that also is in this.

Ayaz Motiwala: Okay, because it is operational, right. So, financial income within under this part will be wastage sale and other such things?

Girish Agarwal: Why it has increased because the newsprint wastage price also has gone up, so that is the reason you are seeing increase in this.

Ayaz Motiwala: Right, okay. It is a pretty large number Sir, it comes in every where?

Girish Agarwal: I will do one thing I will ask our Relationship Officer Mr. Prasoon to get in touch with you and give you the details of this Rs.41 Crores, item wise.

Ayaz Motiwala: Sure, no problem okay, the other business related questions that I have which is often been asked to you on the digital side you are opening up a little bit in terms of daily, monthly active users how you are trying to create a matrix, events etc., so would you say in the current reported

numbers there is some amount of digital revenues that you are making at this stage or there is still only an investment that you are going ahead with?

Girish Agarwal: As you know in our revenue digital is almost nil because on our app there is no advertising. We do not accept any ad on our app, so there is no revenue part but the expenses what we are doing to promote digital, the team and all that is certainly a part of that.

Ayaz Motiwala: So the related question on the way we broke stories on the crisis in Ganga related to COVID deaths and how the bodies are floating etc., on an emergent scenario for readers as you said there is a lot of loyalty building up on the online platform and we are also seeing emergence of new competition which does not have the legacy background or the TV background which is essentially online. So, on the convergent side do you see actually a possibility that gives you at primarily not present in the audio visual media in the form of TV but we are obviously roped on to the digital medium. Would you see an emergence of a cross sort of situation where people have minor clips of videos and such a podcast or some objective is that the evolution that we see in your user engagement in studies, could you through some light on that, please, this also covers a bit of your competition Sir, because your competition which is the new age digital competition is trying to do these kind of things to get on people like us as readers?

Girish Agarwal: It does open up huge opportunities going forward in the digital format. As of now are we monetizing it in some format? No, because our focus is to ensure that the engagement of the reader goes up with us and as you mentioned this certainly opens up other areas which are not currently we are in, like we are in newspaper but through digital format other areas opportunity also comes up and we will explore them as we go forward.

Ayaz Motiwala: Right, and just a last part to that question Sir, does your team actually or does your media brief, actually encourage your journalists to go towards that journey which is, I mean are you equipped to do audio visual medium along with the traditional tech medium of the digital medium which is still sort of electronics writing where you had an addition?

Girish Agarwal: Certainly, yes and all 3000 journalists have been given training over a period of last few years to understand how they capture a story for print medium and how they can do a short story for the digital medium with the pictures and video's and all that. Apart from there, there is a dedicated team for video's because video is a very specialized medium, so that dedicated team for that also and I would encourage you if you could download our app it is Dainik Bhaskar app, please download that and experience it.

Ayaz Motiwala: I appreciate your answers, Sir. These are my questions and I will come back in the queue if there is anything further. Thank you very much and all the best.

Moderator: Thank you. The next question is from the line of Rahul Nagnoor from RN Associate. Please go ahead.

Rahul Nagnoor: Good evening Sir. Congratulations on your very good performance. Sir, as you have mentioned in earlier conversation that newsprint prices are going around 12% to 15% in Q2 and then Q3 will be a little bit softening are we having any strategy to cover this costs by increasing any cover price or any assets on that front?

Girish Agarwal: Yes, Sir we have increased cover price across most of our markets ranging from Rs.8 to Rs.10 a month.

Rahul Nagnoor: My second question would you throw little bit light on what is virtual market visits what you have introduced during this pandemic?

Girish Agarwal: This is actually most of the advertisers those who are sitting in Mumbai, Delhi, Bengaluru they are working from home. They do not want to step out to their office also, so we thought how do we give them the real time experience of our markets of Madhya Pradesh, Gujarat, Rajasthan, and Bihar. So, we shot video's for them in those markets and then we explained them that this is a virtual thing that you want to know what is happening in Indore, because when you sit in Mumbai and Delhi you think the world is different, so we thought why not we give you the glimpses, because if you notice right from September onwards the entire Tier 2, Tier 3, Tier4, was thriving, booming and we thought we must give them the idea that you may be sitting at home in Mumbai or Delhi or Bengaluru, but rest of India is not, they are back to action. So, we took those videos and showed them, and took them to a virtual tour of our market.

Rahul Nagnoor: That is interesting. Thank you, Sir. Thanks, and all the best for your next performance.

Moderator: Thank you. The next question is from the line of Dipesh Kashyap from Equirus Securities. Please go ahead.

Dipesh Kashyap: Sir, thank you for taking my question. Sir, while you answered to one question that your talks with Google are still on, but just wanting to understand if you know that the Google agreement with other 30 odd publishers that has already happened. Is it on the same lines of agreements that happened in Australia and France or the revenue sharing terms are different?

Girish Agarwal: Sir, those agreements are confidential. Obviously nobody is sharing on those terms.

Dipesh Kashyap: Secondly Sir, like if this agreement actually goes through do you think you will reduce the effort from the cash that is happening in the digital side right now?

Girish Agarwal: The revenue will come in that will certainly benefit the company.

Dipesh Kashyap: No, Sir but the effort that you are making for your own website or app will that continue in the same pace or do you think you will reduce because we have a sustainable revenues thing going ahead with this?

Girish Agarwal: No, when I get the more fuel, I will put more fuel to increase my efforts.

Dipesh Kashyap: Understood, right. Secondly on Bihar market I think it still being considered as part of the emerging business for the last three years if I am not mistaken. So, just wanted to understand what kind of difficulties you are facing there, a timeline by when you think it will turn profitable?

Girish Agarwal: Bihar actually turned EBITDA positive in 2018–2019 and in 2019–2020 also it was almost there but because of the last month March of COVID and this year all these numbers are changed. So, I

think now crucial for us that we rework on Bihar for 2021–2022 and next year to see that we come back again in a profitable situation there.

Dipesh Kashyap: Okay, got it and Sir, lastly has there been any further drop in circulation copies again that this lockdown has happened in the month of May and June?

Girish Agarwaal: Yes, in April–May there was a decline in the copies and which is now coming back in June and we are hopeful that by July – August we should be back to our March 2021 numbers.

Dipesh Kashyap: So, was the decline same level as last year or any percentage drop?

Girish Agarwaal: No, thankfully this time there was no unnecessary rumours, so we got declined by around 5% - 7% but that decline also happened because certain area was total lockdown like in Madhya Pradesh almost in few markets no movement was allowed even for milk you had to go out in a queue in a particular time, so that is the reason for few weeks the copies got dropped down in few markets.

Dipesh Kashyap: Thank you and all the best.

Moderator: Thank you. The next question is from the line of Anish J from Banyan Capital. Please go ahead.

Anish J: Good evening, Sir and thank you for the opportunity. Sir, I just wanted to understand in terms of our yield, you mentioned that you are looking at more volumes and not focusing a lot on the yield. But just wanted to get your sense of when will you try to recover those yields back and how much are they down let us say versus the last quarter of Q3, I think last quarter you mentioned some 5% odd yield decline. So, where are we right now today and has this yield drop been different between the different geographies and different states. So, when we see some of our competition their yield drop has been much higher than what we have seen, so could you please explain what is the difference between us and the competition overall?

Girish Agarwaal: This is a very, very local phenomenon depending on the market, depending on the category, depending on the strength. In certain markets yields are pretty intact, in certain markets they are very bad, overall number you already know. In Q4 the number was not much different than Q3, but obviously in Q1 of this year like April – May markets were down, so we had to offer people something, to say okay come on board we will support you and all that. So, I think as of now to be very honest in 2021–2022 our efforts will not be on yield, our efforts will be to get the topline back and then on 2022 onwards we will start talking again about the yield. But that does not mean that I am going to throw away discount just like that, we are very cautious in our decision that I am willing to support the advertiser who is willing to come forward he is in there okay, I am parking a larger junk of money with you and I am looking for some more benefit that is what we are planning to do.

Anish J: Right, and also could you please help to understand why are yields in markets like Bihar, the pressure over there is more higher than let us say in our other markets like Madhya Pradesh, Rajasthan?

Girish Agarwal: Why because in Bihar I am a number 2 player, so if the number one player decides to offer a major discount, I really cannot afford to say no to the client what the number one is offering there and in Madhya Pradesh, I am in a different state where I can refuse the business and the advertiser would come back to me because of the response factor in the market.

Anish J: Thank you for your answers. Thank you.

Moderator: Thank you. The next question is from the line of Yash Raghuvanshi from JP Associates. Please go ahead.

Yash Raghuvanshi: Good evening Sir. My question is actually built up on a previous question that was asked regarding employee cost, we have seen that cost have increased to Rs.106 from Rs.91 and you mentioned that there are three reasons behind it first being that the incentives were paid during the fourth quarter, right?

Girish Agarwal: Yes.

Yash Raghuvanshi: And the second was because of digital initiative that you have taken which was the third reason?

Girish Agarwal: ESOPs.

Yash Raghuvanshi: Okay, and have we seen any difference or any increase in the headcount?

Girish Agarwal: Yes, there has been a reduction in the headcount over last year.

Yash Raghuvanshi: During the fourth quarter?

Girish Agarwal: During the fourth quarter, yes.

Yash Raghuvanshi: Any numbers if you would like to help us with?

Girish Agarwal: The department wise, market wise our overall reduction over the period of one year's time has been in the range of around almost 6% reduction in manpower count.

Yash Raghuvanshi: This is across departments or any particular?

Girish Agarwal: Across the department wherever we could use the technology, we could optimise the resources is on those front.

Yash Raghuvanshi: Going forward we are seeing normalized levels of 90% - 95% quarterly?

Girish Agarwal: I would say in the same range, yes.

Yash Raghuvanshi: That is it from my side. Thank you.

Moderator: Thank you. The next question is from the line of Himanshu Upadhyay from PGIM Mutual Fund. Please go ahead.

Himanshu Upadhyay: A small question any sectors which are doing better or expected to do better on the advertisement front and the sectors where we are expecting the growth may take time to come back for us any trend you are visualizing?

Girish Agarwal: Automobile has started coming back in the month of June and with this pretty good in the fourth quarter. Education is one sector where I am very concerned, because what has happened the examinations got cancelled. There were no results to announce. Most of the schools although used to publish page ad saying that my so many students became meritorious that business kind of got lost. Coaching classes which were big advertiser with us. Now the physical coaching classes are shut, so that is one category which is totally missing from our business. Because they are all are trying online, but how people are they do not pay for online, everybody get enrolled for online but nobody pays. So, that is one category I am concerned about because that is a big category in the quarter one and quarter two also. Automobile, I am very confident they will come back, another category is entertainment, the cinema all that business, since the market is shut, cinemas are shut also not happening and one category which is bothering us is the lifestyle, the apparels and the shoes and the accessories and all that, since people are working from home or there are no marriages happening the quarter one, especially the April–May used to be the big wedding season almost 40% of India’s wedding happen in April, May, June month, that went into lockdown, so the entire Shaadi shopping went for a toss this year, so that is the concern. But I hope going forward things should improve, FMCD has improved a bit, so it is a mixed basket actually.

Himanshu Upadhyay: And how is the government business coming or it remains slow?

Girish Agarwal: It remains subdued for us, pretty subdued for us.

Himanshu Upadhyay: From 2019 levels we have not seen any improvements, or it is even below 2019?

Girish Agarwal: Yes, government will be slightly below 2019.

Himanshu Upadhyay: Thank you from my side.

Moderator: Thank you. Due to time constraint that was the last question. I would now like to hand the conference over to the management for closing comments.

Pawan Agarwal: I thank you for your participation and time on this earnings call and I hope that we have responded to your queries adequately today. We will be happy to be of assistance through our Investor Relation Department headed by Mr. Prasoon Pandey for any further enquiries. Take care everyone and stay safe. Thank you.

Moderator: Thank you. On behalf of DB Corp Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines.