



DB Corp Ltd

D B Corp Ltd. Q2 and H1 FY 2017 Earnings Conference Call Transcript October 21, 2016

Moderator Good Day, Ladies and Gentlemen and Welcome to the Q2 and H1 FY 2017 Earnings Conference Call of D.B. Corp Ltd. As a reminder all participants' 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 please signal an operator by pressing * and then 0 on your touchtone telephone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Malini Roy from CDR India. Thank you and over to you, ma'am.

Malini Roy Good Afternoon, everyone. Welcome to the Q2 FY 2017 conference call of DB Corp Ltd. We will be sharing the key operating and financial highlights for the quarter and half-year ended September 30th, 2016.

We have with us today the senior management team of DB Corp Ltd., Mr. Pawan Agarwal – Deputy Managing Director; Mr. Girish Agarwal -- Non-Executive Director; Mr. P. G. Mishra -- Group CFO; Mr. Rakesh Goswami -- CGM (Finance and Accounts) and Mr. P. K. Pandey -- Head, Investor and Media Relations.

Before we begin, I 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 e-mailed to you.

I invite Mr. Pawan Agarwal to share his outlook on the Company's performance for this quarter.

Pawan Agarwal Good Afternoon and Welcome to DBCL's Q2 FY 2017 Earnings Conference Call. I will share key highlights of our financial and operating performance for the quarter, following which we will be happy to respond to your queries.

Our performance till date reflects a strong top-line growth with an even better profitability growth despite a challenging market situation. We are also please to share that Dainik Bhaskar has recently been awarded ISO-9001:2015 award and is probably the only newspaper in India to be certified for its Quality Management Circulation Distribution Systems.



DB Corp Ltd

Over the quarter, we undertook several initiatives that have strengthened and expanded the business. In our Radio segment we have launched three new frequencies in Hisar, Karnal and Rajkot over July and August 2016. Following these new launches MY FM has extended operations to 20 live stations and in the new stations several new content have been introduced based on audience preferences and feedback to the pre-launch survey. As far as the other ten frequencies are concerned BECIL which is the Broadcast Engineering Consultants India Limited is still in the midst of setting up common transmission infrastructure. We are hopeful of launching the balance ten stations in the month of December and January.

Our real estate portal, Homeonline.com was launched in Bhopal and Raipur on August 1st to serve property seekers and new home buyers through end-to-end services in Tier-II and Tier-III towns and cities.

Starting off with performance for the first-half of the fiscal, total revenues grew by 15% Y-o-Y and stood at Rs. 11,074 million, as against Rs. 9,670 million generated during H1 FY 2016. Advertising revenues grew by 15% Y-o-Y from Rs. 6,855 million to Rs. 7,876 million during the period.

EBITDA grew by 40% Y-o-Y for the period stood at Rs. 3,400 million as against Rs. 2,435 million in the H1 FY 2016. Operating margins for the period stood at 31%, as against 25% registered during H1 FY 2016 higher by 550 bps.

PAT grew by 59% Y-o-Y to Rs. 1,925 million, as against Rs. 1,211 million in H1 FY 2016. PAT margins for the period stood at 17% higher by 490 bps primarily driven by better operational efficiency.

Moving on to the quarterly performance. Total revenues for the quarter stood at Rs. 5,328 million compared to Rs. 4,858 million in Q2 FY 2016 reflecting a growth of around 10% on Y-o-Y basis. Our advertising revenues came in at Rs. 3,740 million higher by 9% on Y-o-Y basis. Ad revenue Y-o-Y growth for the quarter could have been higher which was impacted by the Shradh Paksh that was in the Q3 last fiscal but was in Q2 this fiscal.

Over the second quarter the regions of Madhya Pradesh, Rajasthan and Maharashtra also experience very heavy and long monsoons which blocked supply and close the markets for weeks together which also had an impact on the top-line growth.

Circulation revenue has reported a growth of 12% on Y-o-Y basis to Rs. 1,179 million from Rs. 1,057 million primarily due to yield driven growth from mature markets.

We have consistently registered an impressive circulation growth of 15% CAGR for last five years highest amongst listed peer group.

EBITDA for the quarter stood at Rs. 1,547 million against Rs. 1,162 million delivered during Q2 FY 2016, growth of 33% on an annual basis. EBITDA margins for the quarter stood at 29% as against 24% margins during corresponding period last year, expansion of approximately 510 basis points.

PAT for the quarter stood at Rs. 885 million as against Rs. 568 million in Q2 of last year representing a growth of 56% Y-o-Y.

Our editorial strategy continues to strengthen our product and build deeper connect with our readers. Exclusive content from our tie-ups with world's top most topmost four credible brands, like Harvard Business Review, TIME MAGAZINE, New York Times, and most recently with The Economist has become popular and attractive for our reader across languages.

New efforts like focus on a dedicated page for food to bring different aspects of the food sector, has been created for readers. .

We have maintained our leadership in legacy markets of Madhya Pradesh, Chhattisgarh, Chandigarh, Punjab, Haryana, Urban Rajasthan, and Urban Gujarat.

Once again, Audit Bureau of Circulation (ABC) latest results January to June 2016 has declared Dainik Bhaskar newspaper as the largest circulated national daily in India consistently since last five times that is since last two and half years.

DBCL's non-print business continues to make steady strides. www.Dainikbhaskar.com the largest Hindi News Website continues to secure the No. 1 spot in the Hindi News and www.Divyabhaskar.com continues to remain #1 Gujarati website. Across our digital properties unique visitors has risen by 68% Y-o-Y to 57 million for September 2016 from 34 million in September 2015 and page views grew by three times to 2.4 billion for the month of September 2016 from 758 million in September 2015.

Improving operational performance is also starting to get translated in higher revenue growth for the business as reflected by advertisement revenue growth for the quarter amounting to Rs. 140 million resulting in a growth of 21%.

On an industry level though, I would just like to state that ad cluttering and digital media starting to damage user experience in mature markets like the US in turn leading to tactics like ad blocking, gradually gaining attraction.

Digital marketing in India is although at an early stage of growth it is crucial that we realize that one of the key factors for it remains better user experience even if it comes at the cost of some revenue. If we embark on similar practices being implemented in mature markets, we may damage the true growth potential of the business even before it reaches its true potential.

Local focus and strong brand positioning has enabled our radio business to deliver good performance during the quarter. Advertising revenue grew by 25% to Rs. 299 million and EBITDA of 152 million, margin of about 51% including one-time gain of about Rs. 57.7 million.

MY FM continues to be number one in Rajasthan, Madhya Pradesh and Chhattisgarh where we are also the biggest player in Chandigarh, Haryana, Punjab and Rest of Maharashtra.

Our radio business continues to maintain the highest EBITDA margins amongst all radio companies and is strongly position ahead of peers with the retail model well supporting performance.

The launches in Hisar, Karnal and Rajkot were executed very successfully and these stations offer advertisers the true essence of being India's local FM network. As we grow, new strategic areas will continue to be important -- maintain market share and consolidate on leadership, strengthen the Bhaskar brand in a competitive environment and fortify client relationships. We will also maintain a

stringent control on operating efficiencies and processes which has played a key role, engage more meaningfully with our communities and ensure that we actively leverage positive macroeconomic trends that will propel higher news consumption across platforms.

On an overall basis with several initiatives of economic reforms underway, good monsoons to support agriculture production, the near-term domestic outlook is encouraging and is expected to supplement overall economic growth.

We continue to maintain a cautiously optimistic yet aggressive approach constantly studying the environment to capitalize on growth opportunities. Thank you.

Moderator

We will now begin with the Question-and-Answer Session. The first question is from the line of Abneesh Roy from Edelweiss. Please go ahead.

Abneesh Roy

Sir, my first question is on the ad revenues - Your ad revenues are exactly same what it was two years back in the same quarter and you have said obviously the reasons are Shradh and floods. So, with Q3 not having floods, but if you see Q3 base is not favorable, your base in Q3 is now flat versus 7% decline in Q2. So, are you now confident of a sharp pull back because Shradh is there in the base quarter and floods also that issue will not be there, could you tell us how is the visibility of Q3?

Girish Agarwaal

Let me first answer the Q2. In Q2 we have a growth of 9% overall and 7.2% in print. The 7.2% could have been around 11% but for two - three internal calls we took for example, in one of the FMCG category, we decided to hold on the business of a particular client because the rates were not coming up to expectation. So that could have been another 2% coming in because of that. Also another 2% we lost out based on last year base because we had election and particular private treaty client which we had last year and which we have not got this year. So, considering all that we should have been at around 10%-11% but because of whatever reason we are still at 7.2%. Now on the Q3, the month of October as we are sitting on 21st today, looks very good and the season so far is doing very well. I think the seventh pay commission money is also coming out in the market, monsoon is also playing positive. If everything continues to be like this then I think Q3 should be a good quarter.

Abneesh Roy

Sir, some follow-ups here, this FMCG player issue is resolved and this private treaty issue will remain in Q3 also right?

Girish Agarwaal

Q3 they are not that much, because Q3 we discontinued the business after that. But regarding the FMCG company, that one single player issue will continue because we decided not to take business at that much lower rate.

Abneesh Roy

Sir, could you explain that? Because this issue of rate hike if that's the issue which was there last year, then why is this issue now impacting that FMCG. Please if you could take us through? You have not taken a rate hike, right?

Girish Agarwaal

On that particular client, we took a rate hike but they promised us that they will also go back again and increase the rate in the Q2 which they declined very comfortably. So, we decided not to take the business.

Abneesh Roy

And sir, one more follow-up here sir, this is Diwali month so, obviously October will be good for everyone. You said, because of pay commission and good monsoons things will be good but do you really see these as reasonably big demand generators because there are so many other things required. So, how do you see November and December? October will be good because of Diwali.

Girish Agarwaal So, if I look at Q2 again, the automobile category has grown very well, almost 22%. Education category in spite of Q2 not been a big season, still maintained around 16% growth. But the other categories have been flattish especially like as I mentioned one of the FMCG client with the category went negative and all that. So, based on that I would assume if automobile did fantastic in the Q2 in spite of the rains and all that then I am sure that Q3 and Q4 should be much better for the automobile or education or real estate also for that matter. But as you rightly mentioned that is market 100% back on the track from the fillers what we get ? No I think there is still some more work that is needed.

Abneesh Roy Sir, my second question is on the Homeonline.com you have it in Bhopal and Raipur so, any plans for more cities? How is the initial response?

Girish Agarwaal So, initial response is good, we have almost 3 lakh users so far those who have seen this and those who have used this website in last couple of months in Raipur and Bhopal and we want to establish these two markets get all the learning from these two markets and then move on to other markets

Abneesh Roy And how much are you spending at this in terms of team, in terms of marketing, in terms of any other cost if you could take us through that?

Girish Agarwaal Yeah, all put together around 40 people - 50 people in this. So, I would say a couple of crores in the years' time.

Moderator The next question is from the line of Rohit Dokania from IDFC Securities. Please go ahead.

Rohit Dokania Thank you sir, just one or two questions. One is can you talk about whether print will be included under the GST or will it continue to be exempt just like it is today on service tax?

Girish Agarwaal So, the representation given by the Indian Newspaper Society and CII everything is asking status quo for the print. As of now, we have no fillers from the government let us see how it goes.

Rohit Dokania Yeah, but assuming let us say if it is brought under GST, would you feel that there would be any impact or would you think that the advertisers will have a set off themselves and that is why it will not impact us?

Girish Agarwaal So, it depends on what they are going to do --if they going to put a GST on the advertising then obviously there is a set off for that; but if they put up further more taxes on the news print then it may have to be passed on as a cost to the reader. So, I think we are not too clear right now. We have done some permutation and combination but they are vague till the time we get some clarity from the govt, because till now we do not have any tax on advertising as well as the selling of newspaper. We have couple of percentages on the news print which is on Indian i.e., 2%. So, let us see how it pans out.

Rohit Dokania Sure, okay, thanks for that. And also can you talk about you know whether you have firming any new market launch strategy or any expansion in the existing new markets that we had launched in the last four or five years?

Girish Agarwaal In this financial year we have no new launches happening in any of the new geography, but early next year or may be in next financial year we may look at expanding some one or two small editions in Bihar to complete the Bihar foray. And

we are further increasing the news copy circulation in Gujarat and in Rajasthan in a big way this year and also in next year.

Moderator Thank you. The next question is from the line of Vikas Mantri from ICICI Securities. Please go ahead.

Vikash Mantri Sir, on the strategy front, so while we are talking about we could have done 11% ad growth on the print side and we have done only 7.27%. My overall feeling is that even if it was 11% I as a company can hardly be happy about it because we have had a 5% de-growth last year whereas others would not have had that. From a two years' perspective clearly things do not even look good at 11% growth if I were to argue.

Girish Agarwaal I totally agree with you. The 11% even that number would have been a comprise from our expectations.

Vikash Mantri Yes, so the question I am saying that now last quarter we all celebrated the growth. So, does this mean that because last quarter was so great that we agreed that our strategy of yield worked and we went soft on trying to understand what suddenly went wrong in this quarter because last quarter was a clear celebration of everything going right in terms of our yield strategy we started a year back and suddenly we see if I were to look at numbers two years of 2% growth just means that it is a strategy level worry.

Girish Agarwaal Frankly speaking, let me explain you more in detail. See last quarter we celebrated because we got a higher number based on our yield strategy and all that. Now in this Q2 we have not gone back and reduced the rate or have taken another strategy of increasing the rates and all that. The strategy has been the same. But I think you will appreciate there are two factors in any business working, one is internal one is external. So, internal whatever rightly we could do we have been doing. But I think the external factors -- where the client has to sell his vehicle and then think of advertising -- that I need to advertise to sell my vehicle or my car or my scooter or my paint or FMCG -- somehow that has been a bit soft in that quarter. So, if I look at the market share in my markets so, the market share which I had in quarter 1, in Q2 I do not have any dip in the market share. So, it is not an issue where and whether I am losing our market share. I think it's about the overall market size -- that the kind of expectation what we had, did not come through.

Vikash Mantri Sir, but if I were to say from a two-year perspective you have definitely lost market share?

Girish Agarwaal Even from a two years perspective I don't think we have lost out on market share. If I compare 2014-2015 to 2016-2017 that six months' time you know we have taken back the market share.

Vikash Mantri Okay from a half yearly perspective you say that....

Girish Agarwaal Yeah, because see I cannot compare 2015-2016 because that was the year I took a call. But if I see six months' comparison even a quarter comparison or if I see even the three years comparison if I compare 2013-2014 and 2015-2016 also then also I think the market share is not our problem. What is the issue what we are really facing is the market like for example real estate is a big category. Now with all the efforts and all that you are able to grow real estate only up to a point. While the dependency on real estate in a few markets is pretty big and Q2 was good in couple of last years also in the real estate, these are the certain categories for example government, now, in this quarter government grew by a single percent

while earlier the government was growing at a much higher number. So, there are few such things which are not in our control you will appreciate that.

Vikash Mantri

Sir, okay, so, if I were to look at your papers and just because I was worried of the growth that came in so, if I look at Rajasthan Patrika and Rajasthan today the entire state is printed on the cover page with a Hero ad.

I do not see the same for you. now, it can a particular client so, I am not trying to point out that but even if I were to look at a five days – ten-day period and just started to look at cover pages, the number of times you have had full page ads is much less then what Jagran has had in his core market, I am comparing Bhopal and Jaipur for you to I am comparing Patrika in Jaipur for you.

Girish Agarwaal

So, for example I would not compare a specific publication and a specific client, I would compare the entire category with the particular publication in various markets. So, that way if I look at the numbers...

Vikash Mantri

No sir, I agree with you but my question is that when we see this happening, the overall data when we get out of it and naturally we can lose on a category, we can lose on a client at times to be in favor of other clients those are possibilities. But I am saying is has the strategies of yield disallowing us from getting those volumes which others definitely seem to be getting. So my question is are we still not at a disadvantageous position because of our yield strategy?

Girish Agarwaal

Frankly speaking I do not agree with your point, that are we in a disadvantage because of yield strategy. We are not. But the important issue you also need to know is that whatever hard work we have done in last two years' time on bringing on the clients to a particular level and most of the business is happening on that, why would you lose the entire strategy for one of two clients. Even if it cost a couple of crore rupees in a particular quarter. I do not want to do that. The moment you go and say okay for one particular client because you have some Rs. 4 crore business on the table for particular quarter you give him the rates then the whole the market comes to know about it and then you lose space all across. So, I do not want to do that. And coming on to the comparison with other publications, I am sure they are doing good, the names you mentioned and all that but when I look at my market share, when I look at my numbers, I am pretty happy considering the markets on that. So, I think one off comparison you are drawing about one particular client in publication may not be correct to generalize this statement.

Vikash Mantri

No, I do not want to generalize that is why I asked a strategic question. I have some more questions on radio business, but I will join the queue and come back later on that.

Moderator

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

Yogesh Kirve

Sir, we have seen in this quarter our other expenses have come down now, I understand there has been some reversal of provisions, but even after that there has been healthy decrease in the operating cost. So, could you explain what were the factors there and how should we expect this cost line to behave in coming quarters?

Girish Agarwaal

So, our operating cost has remained flat largely, if I take these two extra ordinary items which was the reversal which was one was Rs. 5.77 crore of our music royalty IPR which based on the Supreme Court order, came back and another is a mark-to-market advantage to one of the private treaty deal which we did with one of the client and that is around Rs. 10.37 crore. If I take that out we are flat, largely

because we have been able to negotiate slightly better deal on few of our items except the news print. And I would like to further add-on here that on the costing we are actually this year working on a concept of zero base budget. In fact, zero base budget we are going to work on for this year where we are saying that we do not want to see our last year costing and say this was my cost and hence, I can go flat or I can go 5%. We are saying build it from scratch and from that assume that you are a new Jaipur edition, assume you are new Ahmedabad edition, what really you need to build this entire edition to run this entire edition. So you may see some further cost benefit coming in hopefully next year.

- Yogesh Kirve** So, this current quarter also reflects some of those benefits?
- Girish Agarwaal** No, not yet.
- Yogesh Kirve** Sure. Second question, the circulation we have seen over the last four years - five years our circulation revenues have grown almost 15% every year and mainly on the back of realizations. So, after four / five years where do we see ourselves vis-à-vis circulation or cover prices vis-à-vis the competition and what would be our aspiration and expectations going ahead?
- Girish Agarwaal** See frankly speaking this double-digit circulation growth will continue for I think another two to three more quarters for reason because whatever growth we have taken the annualisation impact will come and some circulation increase whatever we are doing, because of that the revenue comes in. But the new cover price increase what we are now implementing in the market this will only give us a single-digit benefit going forward because you cannot increase the cover price 10%-15% year-over-year in every market. So, we do not want to unnecessary price our self to a situation where we stop penetrating the market because we have dual agenda on our ends one is to grow circulation and also to increase some of the cover price so, I think cover price increase is largely done and we may like to take a small pause there and come to a single-digit in terms of that. But for next three quarters our increase will continue as double-digit because of the annualisation impact what we will have going forward.
- Yogesh Kirve** Sir, if I can ask what sort of circulation increase that are we expecting in coming year, I am not counting new editions but just in our existing editions we talked about increasing copies in Gujarat and Rajasthan?
- Girish Agarwaal** Yeah, we are targeting around 5% overall growth. And I am sorry, I am not able to give you the exact number because this is an information, that I do not want to go to my competitors. You will appreciate that.
- Moderator** Thank you. The next question is from the line of Ronak Aggrawal from Motilal Oswal Securities. Please go ahead.
- Ronak Aggrawal** Sir, can I know the bifurcation of revalue in radio business among emerging and mature markets as we have given for the print business?
- Girish Agarwaal** See, we have just launched three stations which is Karnal, Hisar and Rajkot so, their revenue is hardly anything. So, the entire revenue is largely through 17 stations which has been here for a while.
- Ronak Aggrawal** Sir, in the continuation of the equation earlier the EBITDA margin was around 35% and now it has been showing around 51% EBITDA margin?

Girish Agarwal In this 51% EBITDA margin there is a Rs. 5.77 crore reversal of music royalty as a one-time item. If I take that out, we will be on the same range as you just mentioned about.

Ronak Aggrawal Okay. So, 35% EBITDA would be sustainable going forward considering the amortization expenses of all the license if you take further?

Girish Agarwal Yes, that is what we are hoping.

Ronak Aggrawal And sir, one thing you have mentioned about large retail revenues that you have both in print and radio which you call activation. Can you explain what it is actually and how does it consume air time in your business?

Girish Agarwal It is not very large, its in a single-digit component in the overall revenue. It is talking to a client who wants the ground activities to be done that is what we call activation. So, for example, if you are a particular FMCG client, you want some sampling to be done, you want some door-to-door canvassing to be done about your product so, we use our radio and print as a vehicle to reach out and then our team goes door-to-door to do this ground activation for them. So, that is the billing we take it as a part of ground activation.

Ronak Aggrawal And sir, in the radio business only I would like to continue that your rates as compared to other competitor rates are also on the lower range. So, we can expect the advertising yield to go higher in the coming quarters?

Girish Agarwal So, frankly speaking this growth which has come to us and also to other players in this radio category is largely because of this, because the yield agenda has been driven by all the players.

Moderator Thank you. The next question is from the line of Shalini Gupta from Quantum Securities. Please go ahead.

Shalini Gupta Just two small questions. See, one is that now with the launch of Jio, I mean they are giving data very cheap so, I mean what we feel is that there would be a shift towards online readership even in your market. So, I mean what is your take on this?

Girish Agarwal So, let me give you some quick run up on our digital business. Last month we were at 59 million UVs out of which 45 million UVs came for Dainik Bhaskar which is our Hindi portal and balance for our Gujarati and Marathi and this also indicates, as you rightly mentioned the Jio will have some benefit coming in the market so, we are targeting that in next 12 months' time we should touch a 100 million UVs from all our websites. And also as we mentioned to you that some of us were slightly disappointed with only a 20% growth in the ad revenue from the digital that was also reason why we decided that we want to remove those irritant in the advertising because when you open up a particular app or a page you suddenly see that okay, top 10 destinations in the world to go and you click it to know who are those top 10 destination and you finally land up to some advertiser page. And that is an irritating thing. So, we are trying to clean up all that and that is the reason we have some hit in terms of advertising growth in the digital platform. But we are very confident that the idea is to increase and enhance the user experience and we are working towards that.

Shalini Gupta Ok but how serious a threat do you find online readership to DB Corp?

Girish Agarwaal We are right now taking it as a complimentary thing which will go along with us. So, my readers are reading newspaper in the morning and I am able to keep them updated during the day through my digital platform. So, we have not yet seen in our markets any kind of major shift ,who says I do not read a paper now and I am only on digital so, we have seen people those who say we are doing both the things.

Shalini Gupta Okay. And sir, we have seen circulation itself grew by about 3% each quarter. What do you think is driving this growth?

Girish Agarwaal People in our markets wants to now buy a newspaper wants to now buy a newspaper, wants to read a newspaper we are ensuring that it is of more interest to them, we are reaching out to the newer territories and within the same territory we are reaching out to the newer population, newer segments also and motivating them to read and buy a newspaper.

Shalini Gupta So, for how long do you think this can continue because I am not sure whether literacy is increasing or for that matter with increase in purchasing power you would see increase in circulation, for how long do you think this kind of 3% increase in circulation can continue?

Girish Agarwaal So, let me give you this fact the literacy in India is increasing and also beyond literacy there is another parameter called education that is also increasing by the day. The curiosity of knowing things around is also increasing. Now, even in a village of Chhattisgarh or in a small town of Rajasthan people know what is happening in US currently. As much as they know about Lalu Prasad Yadav, they know equally much about Mr. Trump also. So, there are things happening around. So, I do not think your assumption that people are not literate or not getting educated that is not correct frankly speaking. People are reading and this phenomenon which the circulation growth is happening we feel that this will continue for a while.

Moderator Thank you. The next question is from the line of Dhruv Vyas from Pi Square. Please go ahead.

Dhruv Vyas So, I just have a couple of questions firstly from the income side, like the material consumption has gone subsequently up so, is this because macro scenario that we see this upward shift now at 9%.

Girish Agarwaal Yeah, you are talking about the news print cost growth?

Dhruv Vyas Yes, correct.

Girish Agarwaal So, it is a 9.4% overall increase in the news print cost out of which there are multiple break ups around 4% is the news print price per se which has gone up. About 1.5% is our impact of the annualization of the new editions which were launched in Bihar and DB Post last year in quarter 2, and if I annualize that there is some impact of that. Then there is an overall circulation growth in that and also there is a MP Printers, one of our printing division MP Printers over there, there is a 1.5% growth.

Dhruv Vyas Okay, sir, okay. Now the radio of yours has shown quite a bright growth. How about its sustainability in the future? How do you quote that -- like will you say strong or may be stronger to be precise?

Girish Agarwaal With the new stations which we are launching ten more to go three have been done I think this will go more strongly.

Dhruv Vyas Okay, sir. And further on like the standalone and the consolidated revenue compared to the last quarter of the financial year ie Q2 FY17 has seen a downward trend. So, you were talking about the circulation being contracted because of certain natural issues, so, correct me if I am wrong, so is this the reason for that?

Dhruv Vyas So, is that the reason why the revenue has shown a downward trend comparing to the June 2017 to September 2017?

Girish Agarwaal No, circulation has gone down for simple reason that whatever increase we had taken in the earlier months we have not taken the similar kind of cover price increase that is the reason. For example, in the Q1 the growth was 15% on circulation now it is on 11.5% for a simple reason because the price growth which was taken earlier, you cannot take a similar kind of price growth in every quarter.

Dhruv Vyas And sir, one last question, like the interest expense has gone super low so why is that so?

Girish Agarwaal We have got some advantage on the FOREX almost Rs. 1.5 crore advantage because of the foreign exchange rate and the reversal of the provisions.

Moderator The next question is from the line of Vikash Mantri from ICICI Securities. Please go ahead.

Vikash Mantri On the radio side sir, we have consistently done very well on the radio side. And I still believe our group is under-invested in this space and there is opportunity to deal much better given how the segment is responding. So, any idea on whether do we want to go for some inorganic expansion possibilities that the Group sees? And connected to this, just wanted from a two years - three years perspective while somehow after a very long time we have slowed down in terms of growth in terms of newer plans we have always had one or the other new state as a plan coming up for the print but we do not have as of now. So, can you help us with the two years - three years' outlook on what could be our new areas of growth?

Girish Agarwaal On the radio business sir, we are also happy with the business parameters happening and the results coming out. We acquired 13 frequency stations in the last auction. We may look forward for more frequency if there is a new auction going forward will come out. As far as acquiring somebody else's business we have not yet given it a serious thought so we really cannot comment on that. And as a group strategy for next two years to three years' time as from our past you know that we have always been working on something on a newer market, newer geography, and all that. So, at the appropriate time we shall inform all of you together this is what the group is planning to do.

Vikash Mantri But is it something on the print side or separate from print?

Girish Agarwaal As you know our large focus is print and radio and digital so, we are not looking at anything beyond these three right now.

Moderator Thank you. The next question is from the line of Amit Kumar from Investec Capital. Please go ahead.

Amit Kumar I have joined the call a little bit late so, apology if this is a repeat. But on the radio business, if you could just call out the inventory-- I mean the 25% overall growth, how much of that was driven by yield, how much in terms of volume? And just wanted to get a sense on what is the inventory utilization at the network level in prime time and on a full day basis as well?

- Girish Agarwaal** So, I can answer two questions on the radio for you. One is that there is almost a 60-40 ratio, 60% yield and 40% volume in this 24% contribution, that is one. Second thing, regarding the utilization inventory in a particular slot I may not be able to give you the exact number and I hope you understand for reasons. But as you rightly understood that our focus is that how the large inventory will be optimized in the prime-time slot at a much higher rate because radio has a limitation of 24 hours. So, the idea is that in the prime-time band first of all how to expand the prime time band and then within prime time band whatever the inventory is there we should utilize fully and also at a better rate.
- Amit Kumar** So, okay. Leaving out the numbers aspect of it, I am just trying to understand how much of volume growth opportunities as you said 24%, 60-40 which means the volume is still on the radio business are growing at close to 8% to 10% kind of number. How much of that opportunity is sort of still even available that is what we are trying to understand basically?
- Girish Agarwaal** There is opportunity available and it is a kind of strategy involved in that. I am not too sure that looking at the competitive scenario if I should give it out to you right now or not. So, I think I will have to come back to you on that particular thing. Hope you will appreciate that.
- Moderator** Thank you. The next question is from the line of Ronak Aggrawal from Motilal Oswal Securities. Please go ahead.
- Ronak Aggrawal** Sir, can you explain economics behind the barter transaction that you did how much equities is being given or what margin of safety if share price falls in relation to any barter transaction?
- Girish Agarwaal** So, what we have done in the barter transaction is a 100% barter we have done with some real estate companies, where we advertise for them and we take part of money in cash and balance we take as a property from them. So, that property is now given to us on various stages. So, some part of which was done three years back, those readymade properties have started coming to us because we do not take any plot, we take a ready property. So, that property is coming us and we have started the process of now monetizing it so, like selling it in the market. And I think in this quarter 3 the target is to sell a couple of properties and when the results come, you will have the number from that also.
- Ronak Aggrawal** Sir, you also had some barter transaction with Gitanjali, if I am right in earlier year.
- Girish Agarwaal** That was not barter transaction that was a kind of a private treaty kind of a transaction where they advertised with us and they paid some money in cash and some money as per their shares. So, that we took the money from them and we have already sold almost 90% of their shares in this third quarter, in last one week's time. By the time we have the result of third quarter the Gitanjali advantage would have already come to us.
- Ronak Aggrawal** Okay. And sir, the new radio live event which we have started, are they at breakeven or it would a quarter for them?
- Girish Agarwaal** So, the last time when we explained to you, it takes around two years to three years' time - three and half years' time to do a breakeven on the radio business so, I think we are working hard.
- Ronak Aggrawal** Sir, on EBITDA level.

Girish Agarwaal Yeah, on the EBITDA level, yes.

Moderator Thank you. The next question is from the line of Manish Parekh from Vibrant Securities. Please go ahead.

Manish Parekh Can you throw some light on the Bihar and Jharkhand markets how we have performed in terms of print media, what kind of growth we have achieved or the market scenario there?

Pawan Agarwal So Bihar & Patna is very encouraging, we had a very strong double-digit growth from the advertising revenue in the quarter one and quarter two in fact the whole team got a special promotion there and all that so, they have done a good job. But I think we still have some time to come out as an EBITDA positive market.

Manish Parekh This was because of market share gain or did the market itself was to grow?

Girish Agarwaal No, they had a market share gain and also they got registered with the government because the government advertising take some time in that market to come in so, they got registered with the government and they got some advantage and that revenue is also coming in.

Manish Parekh Okay, understood. And how significant is the Jharkhand business?

Girish Agarwaal Bihar and Jharkhand as of now, Bihar is bigger than Jharkhand.

Manish Parekh Okay. And can you throw some light in terms of the market growth, if you can share?

Girish Agarwaal Yeah, so, Jharkhand growth is not very encouraging in terms of overall market and Bihar is showing some traction in the market.

Manish Parekh Okay. And outlook going forward in those markets?

Girish Agarwaal I hope and expect that those states will also catch with the rest part of India.

Manish Parekh Understood. Finally, on news print what is your opinion in that? Do you think that there is some headway for further rise in prices up?

Girish Agarwaal Yeah, there would be some growth in the news print prices going forward and we are seeing that there could be an impact of roughly around Rs. 2 per kg that would be around 5% to 6% going forward.

Manish Parekh Okay. And any commentary on competitive scenario in these two markets of Bihar, Jharkhand?

Girish Agarwaal Our all competitors are doing very well they are working equally hard and making us work equally harder also in those markets.

Moderator Thank you. The next question is from the line of Dhruv Vyas from Pi Square. Please go ahead.

Dhruv Vyas So, there is this one last question, any plans to penetrate the southern markets?

Girish Agarwaal Not yet.

Dhruv Vyas Not yet even like a year or a couple of years further?

Girish Agarwaal Not yet, as of now we have no plans.

Moderator Thank you. The next question is from the line of Rajeev Anand from Narnolia Securities. Please go ahead.

Rajeev Anand Just want to know expected tax rate for FY 2017?

Girish Agarwaal Normal tax rate whatever may be, there is no change as of now.

Moderator Thank you. Ladies and gentlemen that was our last question. I would now hand the conference over to the management for closing comments.

Girish Agarwaal On behalf of the management, I thank you for your participation and time on this earnings call. I hope that we have been able to respond to your queries adequately and we will be happy to be of any assistance through our Investor Relations Department headed by Mr. Prasoon Pandey for any further queries. Thank you very much and good day.