



# DB Corp Ltd

## DB Corp Limited

### Q3 FY18 Earnings Conference Call Transcript January 18, 2018

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**Moderator** Ladies and gentlemen, good day and welcome to the DB Corp Limited Q3 FY18 Earnings Conference Call. As a reminder, all participants' lines will be in the listen only mode.. Please note that this conference is being recorded. I now hand the conference over to Ms. Malini Roy. Thank you and over to you.

**Malini Roy** Thank you. Good evening everyone. Welcome to Q3 FY18 Conference Call of DB Corp Limited. We will be sharing the key operating and financial highlights for the quarter ended 31 December 2017. 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 and Mr. Praseon Kumar Pandey – Head-Investor and Media Relations.

Before we begin I would like to state that some of the statements made in today's discussions may be forward-looking in nature and may involve risks and uncertainties. Documents relating to the company's financial performance have been mailed to you. I invite Mr. Agarwal to share his outlook on DB Corp's performance for this quarter.

**Pawan Agarwal** Thank you, Malini and good evening everyone. We would like to share some key highlights of our financial and operating performance for the quarter ended December 2017 post which we will be happy to respond to your queries.

Starting with performance for the first nine months of this fiscal. Total revenues grew by 1.4% YoY and stood at Rs. 17,778 million as against Rs. 17,528 million generated during nine months last year.

Advertising revenues grew by 1.3% YoY to Rs. 12,565 million from Rs. 12,406 million during nine months of last year. I would like to state that the headline numbers might reveal a subdued performance on a yearly and quarterly basis but the point to be kept in mind is that last year's number includes number of one off which gives the performance to a large extent.

EBITDA stands at Rs. 4,824 million as against Rs. 5,418 million in the nine months FY 2017. EBITDA has registered growth excluding last year one off and circulation expansion strategy related expenditure.



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PAT for nine-month FY18 stood at Rs. 2,669 million as against Rs. 3,106 million generated in nine months FY 2017. PAT has registered double-digit growth excluding last year's one offs and circulation expansion related expenditure.

Our circulation expansion efforts have added almost 6 lakhs copies since the initiation of the expansion drive in July 2017 that is 12% growth on a high base of circulation copies despite increasing our cover prices. The number of copies in July stood at 50.41 lakhs which increased to 56.39 lakhs copies in December. We have been able to maintain the momentum during the current month as well and have reached 57 lakhs copies per day through intense circulation campaign. The focus is now on retention of subscribers through strong reader engagement.

Moving on to quarterly performance. Total revenues stood at Rs. 6,025 million as against Rs. 6,309 million reported during corresponding period last year. Ad revenues for the quarter stood at Rs. 4,263 million as against Rs. 4,530 million reported in Q3 of last fiscal. Advertisement revenue has registered growth in Q3 after excluding last year's one offs and festival days billing difference.

Circulation revenues also grew by 6% and stood at Rs. 1,319 million as against Rs. 1,243 million generated during Q3 FY17, mostly on account of volume growth from matured markets.

EBITDA for the quarter stands at Rs. 1,434 million as against Rs. 2,019 million reported in Q3 of last year. EBITDA has registered mid-single digit growth during current quarter after excluding last year's one offs in revenues and expenditures related to circulation expansion in legacy and Bihar market.

PAT for the quarter stood at Rs. 781 million as against a profit of Rs. 1,181 million generated in Q3 FY17 after factoring in the above-mentioned items. This quarter we continue to focus on two core areas that we identified earlier. The circulation enhancement and product strengthening initiatives. Both these efforts are progressing well, and the outcome has been impressive growth in our circulations.

Press in India report 2016-17 launched by registrar of newspapers of India maintains Dainik Bhaskar newspaper as India's largest circulated multi editions daily.

We have maintained our leadership in legacy markets of Madhya Pradesh, Chhattisgarh, Chandigarh, Punjab, Haryana, Urban Rajasthan and Urban Gujarat. The second phase of our rest of Bihar launch has been completed and Dainik Bhaskar has now extended its reach to entire 38 districts. Riding on our strong product and our brand strength we are determined to achieve greater progress over the next few months.

DBCL's non-print business continues to create stronger bonds with its digital and radio audiences through some very unique activation. Our strategies are yielding results and dainikbhaskar.com continues to maintain number one spot for Hindi news websites. Divyabhaskar.com continues to remain number one Gujarati news website. Our page views for the month of December 2017 were 1.3 billion while our unique visitors for the same month was 79.1 million.

DBCL's radio business continues to be the largest player in rest of Maharashtra and number one player in Chandigarh, Haryana, Punjab, Rajasthan, Madhya Pradesh and Chhattisgarh. Our radio advertising revenues for this quarter stood at



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Rs. 336 million as against Rs. 363 million in the same period last year. EBITDA stands at Rs. 97 million.

We have undertaken several efforts to drive business growth to support the editorial and sales teams and build a more impactful leadership to unit connect all of which are strengthening our internal efficiencies. Our focus is towards achieving stronger ad sales and with the team's efforts we are confident of reporting stronger performance.

My colleagues and I will now be happy to respond to your questions. We look forward to continuing our interactions and please contact our investor relations department headed by Mr. Praseon Pandey for all further request and queries.

**Moderator**

Thank you

The first question is from Vivekanand Subbaramaniam from Ambit Capital.

**Vivekanand S**

Thank you, couple of question sir, the first one is pertaining to the advertising environment. I understand that you had several one offs in the base and hence ad growth was impacted. But even otherwise your ad growth doesn't seem to be reflecting any buoyancy notwithstanding the base being that of the demonetization quarter. And of course, there being elections in Gujarat so one would have expected a better yield driven growth there. So what are your thoughts on the ad environment and why is growth so weak even adjusting for the one offs?

And secondly, the circulation increase that we have seen which are the key markets that have driven this increase and how much time do you reckon this will take to translate into advertising growth as the response for the local advertisers also improves and potentially your IRS numbers also come through?

**Girish Agarwaal**

I will address your Ad- growth question first. Frankly speaking we are not happy with the performance. I can give you few data points on that. As you know overall, we are down by 6% in this quarter and the largest categories which are down are real estate, down by 40%. We have education category down by 7%, electronics down by 20% and so forth. Couple of categories those who maintained themselves are Government response category, the healthcare category has shown a growth overall. But furthermore, if we dissect this quarter into month wise which is October, November and December, then in the month of October the festival season last year was entire October and this year 11 days fell into second quarter September. So around Rs. Rs. 40 crore of money of October actually shifted to the month of September. But if we look at the November month and December month, in November we showed a single digit growth and in December we have achieved a strong double-digit growth. And further I can say as we are on 18 January today we are still maintaining the strong double-digit growth around 15%, 16% in the month of January till 18.

So with this hope and the categories those who are performing like real estate I can say has started coming back in the month of December and January. Lifestyle category also has shown some positive trend in the month of December and January, as well as education because this quarter seems to be strong with education quarter. So we are very hopeful that this quarter we should be able to show a pretty good growth.



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Coming to your second question on the circulation growth. As you know we have if I give you the breakup of these 6 lakhs copies almost 3 lakhs copies have come from the Bihar expansion and balance 3 lakhs has come from our existing markets of Rajasthan, Gujarat, Madhya Pradesh.

With regard to revenue generation, in past we have seen it takes around 6 months for the retail advertiser to start giving us the benefit of that circulation and the corporate national advertising which constitute around 35% of our overall advertising revenue takes almost around a year plus.

- Vivekanand S** Thank you that was very helpful sir. Also just wanted to know, how big is the real estate category for you now given that it has been moderating consistently and also which are the other large categories that seems to be struggling still in your mind?
- Girish Agarwaal** Real estate currently is at 5%. So this category is actually in pretty bad shape. Another category which is struggling is the response category which would have been higher. Electronic and electrical and the lifestyle category these are the categories and education are amongst those which are struggling.
- Moderator** Thank you. The next question is from Vikash Mantri from ICICI Securities. Please go ahead.
- Vikash Mantri** Sir, on the private treaty side if I remember correctly, we stopped this business two years back right?
- Girish Agarwaal** Yes true, last year's Rs. 11.87 crore was pertaining to Gitanjali transaction which we had closed last year and we published the final ads and booked the income. As you rightly mentioned we have stopped all the private treaty business last three years. So we have not signed any new private treaty in last three years' time. But what was signed as Gitanjali we had to close it so it was closed last year.
- Vikash Mantri** So it was the impact was Rs. 11 crore in Q3, is it?
- Girish Agarwaal** At Rs. 11.87 crore roughly Rs. 12 crore in the Q3.
- Vikash Mantri** And did we see any benefit of elections in this quarter?
- Girish Agarwaal** As I mentioned in my previous call's generally election we get some benefit but the entire benefit is taken away because of the code of conduct the regular advertising of government goes down. So it kinds of nullifies the whole thing.
- Vikash Mantri** On the circulation front we heard one of your peers talking about increased competitiveness in some of the markets. Could you help us what has happened in that market in terms of the cover prices and stuff like that?
- Girish Agarwaal** Which market are you referring to?
- Vikash Mantri** Bihar and Jharkhand
- Girish Agarwaal** Okay so whatever exercise we have undertaken is only in Bihar not in Jharkhand. And in Bihar as we have mentioned to you we were present in limited districts not in the entire 38 districts. So as a company we decided that from June onwards we



will work on this and happy to announce that in the month of December we completed our coverage of the entire 38 districts. As of today, we have already grown the copies in Bihar in a big way and our final implementation for some copies which were left will be done by end of February.

That market saw some cover price war with the existing players reduced the cover price which did help us move in faster because whatever kitty our consumer had with them so they were able to push up also in size so that duplicate still reader those who wanted buy two copies we were able to do that. That is a good progress in Bihar. And furthermore I would like to add on in these circulation things. As mentioned to you that we have already grown 6 lakhs copies in last 6 months' time and our circulation drive will continue.

So we have target to grow another 2 lakhs3 lakhs copies in the next quarter itself. So we are totally committed to that and especially we are very, very energized and encouraged by the response because you have to understand this circulation largely is coming at a cover price which is almost Rs. 4 average. Rs. 4 average cover price growth increase in all these markets is very encouraging for us that the consumer really wants to read better-quality newspaper and we are able to give that. So our growth will continue in the coming quarters also.

- Vikash Mantri** So Y-o-Y what is our increase in circulation copies?
- Girish Agarwaal** So 6% growth compared to the last year.
- Vikash Mantri** 6% growth in circulation copies?
- Girish Agarwaal** Yes, 5.3% exactly to be precise.
- Vikash Mantri** Just on the newsprint prices, the prices that we have got for this quarter are lesser than our nine months average. Now again we had one of your peers talking about newsprint prices being on the higher side or going forward. So just your outlook on that and can you give us guidance where should we expect this?
- Girish Agarwaal** So as of now we are already at a price of average at Rs. 35.49 for Indian and imported which is rupees per kg. And looking at the numbers going forward I think we will see a growth of almost 8% to 10%.
- Vikash Mantri** By next year we mean?
- Girish Agarwaal** Next year starting the Q1 and Q2 of next year.
- Moderator** Thank you. The next question is from Neeta Khilnani from Batlivala & Karani Securities. Please go ahead.
- Neeta Khilnani** Sir, can you quantify the incremental expenses that went towards expansion in this quarter?
- Girish Agarwaal** Roughly around Rs. 25 crore and largely in Bihar and Gujarat.
- Neeta Khilnani** So in the next quarter can we expect since I believe you have achieved most of your expansions can these expenses come down?



**Girish Agarwaal** Yes, they will come down drastically.

**Neeta Khilnani** Sir, my second question was on radio. So after two healthy quarters of growth we have seen a sudden decline. So sir, your comments on that?

**Pawan Agarwal** Radio there is a shift of business in October the Diwali season to September and besides that Government almost contributed to 7% in the de-growth because post demonetization there was a major spent by the Government to the more demonetization activity and that did not happen this year and also because of Gujarat elections the entire Government advertising from center got depressed and real estate got dipped by about 6% in the revenues. These two were major contributors and that led to a decline of inventory consumption from almost 18 minutes to 15 minutes. So we have seen a rate increase of almost about 7% and the decline again in this quarter was from October. October we had a much higher decline November-December were much lower.

**Neeta Khilnani** Sir, Government and real estate has declined by 6%, 7% these two categories?

**Pawan Agarwal** They declined much more, in the overall decline their contribution is more. 70% of the decline is contributed by government and real estate.

**Neeta Khilnani** And sir, one final question. Any specific reason for the deferment of interim dividend?

**Girish Agarwaal** So we took up the matter to the Board today and Board has deferred it for the next meeting which will be in the month of May.

**Neeta Khilnani** So there is no structural change in your dividend policy or something?

**Girish Agarwaal** That is right.

**Moderator** Thank you. The next question is from Vaibhav Badjatya from HNI Investments. Please go ahead.

**Vaibhav Badjatya** I have a question on the Government revenue piece of our business. So how does the DAVP rates get decided and what is the revision cycle for DAVP rate which I guess probably affect even state level rates as well?

**Girish Agarwaal** So on DAVP rate process, they revise the rate based on a particular periodicity and the committee sits on it and decide. So we can explain you much more in detail the whole regulation of that. I will ask our investor relation committee to discuss with you and give you the entire regulatory aspect on how it goes about.

**Vaibhav Badjatya** Yes okay fair enough. I will probably touch base separately on that. Now y a question on your business strategy What is your view on entering Uttar Pradesh market it is the only big Hindi market where we are not present and so what is your view if you want to enter whether by organic route or inorganic?

**Girish Agarwaal** We have no plans to enter into Uttar Pradesh as yet. So we really won't discuss anything on that.

**Moderator** Thank you. The next question is from Ritwik Rai from Kotak Securities. Please go ahead.



**Ritwik Rai** Sir, could you tell us about the ad revenue growth in terms of yield versus volume?

**Girish Agarwaal** So fortunately we were having a 2% yield growth and almost 8% volume decline.

**Ritwik Rai** And sir, could you tell us a little bit about IRS and when we can expect some kind of resolution because the kind of expansion that you have taken in Bihar?

**Girish Agarwaal** As we speak the IRS is being released. So in next couple of hours we will have some data from them and Bihar will get covered after 12 months.

**Ritwik Rai** And sir, suppose this time the industry players are all okay with it what would be the frequency going forward for IRS any idea on that?

**Girish Agarwaal** What has been informed to us is that IRS will release the report in every quarter.

**Ritwik Rai** And lastly sir, on real estate you said the contribution has now declined to 5%. What was this number 12 or 24 months ago?

**Girish Agarwaal** It was almost 10%.

**Moderator** Thank you very much. The next question is from Dimple Kotak from SKS Capital and Research. Please go ahead.

**Dimple Kotak** Sir, as you mentioned that there will be an increase in prices of newsprint by 8% to 10% in the first half of FY19. So what kind of pressure would we see on your margins?

**Girish Agarwaal** So frankly speaking that all depends on how the advertising revenue goes up. And also in circulation what is the number. So we are trying to kind of mitigate some kind of numbers by the number of pages and other aspects, rationalizing making more efficient and all that. So it is a bit too early to comment right now directly on the margins.

**Dimple Kotak** And sir, what is the expectation for the growth in ads like as you said that from January we are seeing a 15% to 16% growth. So going ahead what is your view on that?

**Girish Agarwaal** I am sitting on a 6% decline in this quarter. So frankly speaking I would like to hold on for a while till the time actually show you some numbers and then give you the projections.

**Dimple Kotak** Yes, so in the initial remarks I mean when the first participant had asked regarding the advertisement environment and I think the answer was this January there was a strong growth in ads revenue, did I take it correctly?

**Girish Agarwaal** Yes.

**Moderator** Thank you. The next question is from Rohit Dokania from IDFC Securities. Please go ahead.



- Rohit Dokania** Just want to know what are the one offs that you were mentioning as far as the ad growth is concerned? One was this in the base the Gitanjali Gems and the other one?
- Girish Agarwal** The ad growth is only one thing which is Gitanjali Gems and second thing was that shifting of the season by 11 days. So that are the two things. And other one off in terms of expenses is with the expansion of Bihar and Gujarat in the existing copies.
- Rohit Dokania** And sir, the last question was can you talk about what kind of print order you had in Bihar before you embarked on this expansion?
- Girish Agarwal** Because we have applied for Audit Bureau circulation it will not be wise for us to give you those numbers. It will be flaunting their rules. So we would like to resist ourselves. But what we can say currently we are doing pretty good in Bihar. We should be able to give you the exact number sometime in the next quarter.
- Rohit Dokania** No problem, so can you at least talk about within what range are we to the number one leader in terms of percentage 70%, 80% roughly would also help?
- Girish Agarwal** We are a bit higher than that.
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- Moderator** Thank you. The next question is a follow up from the line of Vivekanand Subbaramaniam from Ambit Capital. Please go ahead.
- Vivekanand S** Pawan, if you could give us an update on the digital business where you were highlighting till very recently that you are cutting down on irritant ads which impacted your revenue growth? At what point do you think you will be happy with your customer experience and hence pushing more ads to consumers? Also can you share with us some engagement metrics and moniterables in this business?
- Pawan Agarwal** So we look at COM score and we look at our Facebook data. So as per Facebook we are now the fourth most engaged content brand in the world. Most engaged content brand in country and fourth most engaged content brand in the world that's on Facebook. The other is that we have the highest daily active users on mobile in India. So as I said last time our mobile is much bigger than our desktop now. And our entire focus is on improving the user experience on mobile. So happy to share with you that as per COM score our mobile site has the highest daily active viewers in India. And our focus has been on improving the mobile. The fourth metrics is mobile has been growing as I said desktop continues to degrow both in revenues as well as sessions.
- That we have factored in our future strategy. We are happy that people are moving away from desktop and using it on mobile because that gives us sort of a device which people can access 24 hours and it also helps us to get into youth readership. The challenge that we are having is the brand business the banner advertising is disappearing especially by the brands directly. That is getting converted more and more into pro-dramatic which means we will have to increase our traffic we will have to increase the number of the frequency of users coming to our site. That is the future.





There is pressure on rates because there is an oversupply of traffic of content in the industry right now. The demand is very poor. The demand is not going up for the last six months of the overall industry because the mobile is not been liked by people to buy the inventory. So we are figuring out, branded content solutions and more engaging content solutions. We are also building our radio inventory which also helps us put video ads before our video content.

**Vivekanand S** Ok just a follow up question. Despite the base being so small just around Rs. 15 crore a quarter why is it that we are facing so much pressure in growing our revenue in a seemingly large digital advertising category What am I missing here because digital advertising clearly seems to be growing for the large players but in your case why is it that there is so much challenge in growing revenue in the first place?

**Pawan Agarwal** So as I said there is a transition from desktop to mobile so the desktop revenues for us especially is under pressure, it is de-growing. And the mobile is growing but mobile sessions are growing the other metrics see the most important metrics for us is to stay on top. So as far as staying on top we are on top as far as the highest daily active users on mobile in India. So just to give you numbers we are almost 5 million daily actives versus Times of India at 4 million and NDTV at 3 million.

So that is the gap that we have been able to build on mobile side. And those are the matrices that we are tracking. And not necessarily the revenues alone at this point of time because we know that the user experience and this gap in traffic will get us additional users and higher frequency.

**Vivekanand S** Also sir, how much time does an average user spent on your website or on your app on a daily basis if I may ask?

**Pawan Agarwal** Yes, so on app it is a double-digit.

**Vivekanand S** Double-digit minutes per day you are saying?

**Pawan Agarwal** Yes, minutes per day. On a mobile actually it is a high single digit minutes per day.

**Moderator** Thank you. The next question is from Amit Kumar from Investec. Please go ahead.

**Amit Kumar** Just a quick one on the radio revenues bit. I am also little bit surprised with the decline because you have fully launched the 13 new stations and those inventory would have also been added to the overall system now. So could you just help us understand what is the revenue contribution from those stations now and correspondingly what is the like-to-like trend in radio revenues from the 17 existing markets?

**Pawan Agarwal** So the new stations that have been added they contribute about 15% to our total revenue. They are all profitable. Now Q3 the new stations all have broken even. It is EBITDA positive.. And on the existing stations the legacy station as I said October because of the preponement of Diwali in October was a washout actually, than November-December Real estate and Government those two categories. So real estate degrew by almost 40% and followed by Government at about 30% dip compared to last year same quarter. So because of these two reasons and government declined because there was a huge spent by government on radio last year post demonetization in December. So that led to the overall decline in radio



but if you look at November-December our legacy stations are obviously doing well and January also they are doing well as we speak.

- Amit Kumar** And what is the share of Government & real estate advertising on the radio side?
- Pawan Agarwal** So the Government contribution in our 30 stations both center and state at about 25% in this quarter because real estate was a dip.
- Amit Kumar** Sorry, both put together is 25%?
- Pawan Agarwal** Yes, so there are two the central government and state government both put together, contribute 25% and real estate contributes about 8% in this quarter.
- Amit Kumar** Government revenue contribution on the revenue side seems to be quite high it has not seen this much on with print side it is 13%, 14%, right?
- Pawan Agarwal** Yes, correct.
- Moderator** Thank you. The next question is a follow up from the line of Dimple Kotak from SKS Capital and Research. Please go ahead.
- Dimple Kotak** Sir, can you please help me with what would be the contribution of real estate and education on the advertisement side?
- Girish Agarwaal** For print, Real estate is around 5% in the last quarter and the Government is around 15% and Education is 6%.
- Dimple Kotak** And secondly sir in the previous quarter we had mentioned that we will be completing the expansion in Bihar by Jan end. So is it completed or are there some more expenses left for it?
- Girish Agarwaal** So large proportion is done but some area still the roll out of the copies we have booked some copies roll out is left. So I think safely by end of February we should be done.
- Dimple Kotak** Okay so sir, what would be the incremental cost over there?
- Girish Agarwaal** Nothing major.
- Moderator** Thank you. The next question is from the line of Laxminarayan from Catamaran Investment. Please go ahead.
- Laxminarayan** Just a follow up question on the Radio thing which you actually mentioned. And in terms of the legacy stations which you have the likes of Jaipur etc and you mentioned that they contribute around 85% of your revenues. What kind of utilizations these large stations like Indore and Jaipur all these things operate at?
- Pawan Agarwal** So about 15 minutes to 17 minutes per hour is our utilization per hour actually. So in peak hours we take our inventory to about 20 to 23 and non peak hour to about 12 to 13. So there are still scope in some of the legacy stations.



**Laxminarayan** So in your terms what is the utilization blended for the legacy stations - is it like 60% or is it 70% what is that utilization assuming that whichever way you would calculate the utilization?

**Pawan Agarwal** We look at it about 80% to 90%.

**Laxminarayan** So right now you are at what utilization in the legacy stations?

**Pawan Agarwal** Between 80% to 90%.

**Laxminarayan** And the new stations?

**Pawan Agarwal** And the new stations are sitting at just about 50% utilization.

**Laxminarayan** And on the new stations what is the kind of you said you have actually broke even within say six quarters or so because these 13 stations have been launched in the last financial year, right? Typically what is the project IRR you expect on these stations especially the new ones?

**Pawan Agarwal** On double-digits. All of these new stations have been planned at double-digit IRR. And as I said earlier their current contribution to total revenue is about 15% the new stations that we have launched.

**Laxminarayan** Double-digits means it is like upward of 15% or lower than 15%?

**Pawan Agarwal** No, it is upward of 15%. It is a double-digit IRR.

**Laxminarayan** Now you mentioned that Government had Real estate contributors to this decline and last year if you look at you made close to around Rs. 127 crore of advertisement revenue for radio, right? And for a full year last year what is the split between Government and Real Estate and currently if you take the three quarters together which is close to around Rs. 100 crore what is the split between government and real estate now?

We will come back to you later; we don't have the number readily available as of now

**Moderator** Thank you. The next question is from Abneesh Roy from Edelweiss. Please go ahead.

**Abneesh Roy** Sir, readership survey comes out today and this is the currency which was not there for past many quarters. So you expect the industry to see significant benefit or you expect that only the leaders or who are expanded benefit because overall print allocation may not change just because of currency between the players it might change. So what is the view you have?

**Girish Agarwaal** I would actually say this will help the entire industry. Because what has happened in last couple of years there has been loose talk about print stagnating and all that and all that. But if you look at the ABC number there has been a 5% CAGR of circulation in last 10 years and this report as I just got the topline number the total



readership of newspaper or the print in India the newspapers in India has gone up by 40% compared to 2014 data in 2017 data the topline I have got the newspapers have shown a 40% total readership growth.

So this will also motivate the advertisers to relook at the print because in last couple of years everybody started talking about various things and digital became one of the thing everybody talked about. So I think with this we will get a huge tailwind to further grow the industry.

**Abneesh Roy** Couple of follow up questions sir - One is 40% jump in 3 years obviously in any survey or any study which comes out sample size will be obviously different in those three years?

**Girish Agarwaal** No sir, let me explain to you this sample size this time the IRS is doing the 320,000 samples which is probably the largest under the sun. No survey in the entire world for any readership has been done with this size. So this is a huge survey on a higher base and it was done three years back.

**Abneesh Roy** Okay so you expect that there will be meaningful jump because of this 40% for the entire industry?

**Girish Agarwaal** It should be why because suddenly as an advertiser I was thinking like no, print is like stagnating going down or whatever. You will be surprised to note magazines have shown a 95% jump in the total readership. So I think it is very positive report for the industry.

**Abneesh Roy** Sir, and the fact that it was not there, it was stopped for many quarters and you are saying now this will be quarterly. So you do not expect that reason to come back?

**Girish Agarwaal** So we really do not know whether the issue is resolved or not but last time there was some fault in the report people pointed out and I hope the amount of work they have done I am sure this time there should not have any such kind of goof up in the report.

**Abneesh Roy** Sir, your comment on elections was it is kind of neutral. Now Rajasthan, Chhattisgarh, MP all are very key states for you and all are going into elections very soon. So and these will be of extremely closely fought going by the data which came out from Gujarat. So you still share that even for these three states it will be neutral?

**Girish Agarwaal** See there are two ways. Now these three states if they learn some lesson from the past they may like to actually forget the elections, Government may like to start doing something on the ground and tell people this is what is happening over a period of next one year, one-and-a-half year. So that should give us some benefit provided they understand that. So we all keep talking to them. Let us see if they get some understanding on this, to help all of us.

**Abneesh Roy** Sir lastly, lot of questions have been on advertising growth. I am sure you must have seen zee's growth yesterday 25% like-to-like Viacom 18 around 14%, 15% like-to-like. So of course, your growth is very different there are specific reasons. But sir, what is your reading why broadcasting is still growing much faster? I understand the advertising will be different but in the same market why should TV continue to grow much faster? Any learning from their advertising sales strategy?



- Girish Agarwaal** I think I totally agree with you. There needs to be further deep dive to understand that why it is happening so. So we can always brush it off saying that we have different category altogether and all that but advertiser is almost the same. So we need to understand and we are looking at it. I think this readership data will further help because what happens when the campaign is planned there is no data available and the money obviously is passed in the medium where the data is available. So I hope this should also help and you made a valid point we are looking into it and we need to further see how we can see that as an opportunity.
- Abneesh Roy** Sir, I understand what you are saying but this has been going on for many quarters. Initially your pricing issue was there you took pricing ahead of the market and then that push back was there. But my question is, is it a sector issue so advertisers are already kind of cutting down and they are going towards digital but on TV they do not want to cut because it is from visibility perspective it seems the perception is there. So already the sector shift starting to happen which say happened in US?
- Girish Agarwaal** As per the last recent report of Dentsu and also one of the report came from Mediacom, and all that they are indicating that print is growing. So in one of the report mentioned that the print will be the number one contributor in terms of advertising growth better than TV. So frankly speaking I really do not agree that there is a shift in the behavior but yes, in the absence of data there might be some percentage shift happening earlier. But now since the data is also out that should have been arrested now going forward.
- Moderator** Thank you. The next question is from the line of Alankar Garude from Macquarie. Please go ahead.
- Alankar Garude** Sir, if I look at the last 3.5 to 4 years our overall ad revenues have grown by just around 17% cumulatively. This is despite the phase 3 radio auction. If I strip out radio the growth is just may be around 13%, 14%. So while I understand that there were various external factors like lack of IRS, demonetization then this GST impact. But overall do you think that is there something which we could have done differently in hindsight could our strategy on the advertising front been any different?
- Girish Agarwaal** Yes, when we look at in hindsight certainly there are things that we could have done differently. And we have already learned the lesson from them and we are trying to work up on it. And we are hopeful going forward we should improve on them.
- Alankar Garude** Sir, it would be really helpful if you could more specific. Any issues which you could highlight which you could have done differently perhaps the yield strategy which we pursued about couple of years back. Any learning from the same that would be really helpful?
- Girish Agarwaal** Yes, so for example when we did the yield agenda and drove the whole thing in the market I think one learning is that rather than taking that as a yield agenda it was more seen as an internal agenda imposed on the outside world we should have actually done some circulation work first and own some circulation growth what we have done this time earlier and then gone to the market saying that we are looking at a yield agenda over there.



So this we learned and we said this time if we want to increase the rates better to increase the circulation, increase the dominance, increase the response in the market and then go back to the advertiser. We had some issues internally in the teams also so we were able to identify that and we have changed certain systems in our teams also. So obviously one has done major learning looking at the past.

**Moderator** Thank you. The next question is a follow up from the line of Vikash Mantri from ICICI Securities. Please go ahead.

**Vikash Mantri** Sir, just wanted to ask you the same question which I had asked to one of your peers, - Whether whatever data that the MRUC reports with respect to our Company are we confident this time of the processes that it has adopted and therefore not fight the study?

**Girish Agarwaal** So I would answer it in this manner that we have seen their process and I can certainly say their process has certainly improved from last time a lot. Once the data is released in the next couple of days, we will study that in detail. We will understand that if there is an issue we would certainly like to go back to them and discuss and see how they can resolve it if at all there is any issue.

**Vikash Mantri** Okay so that in case if its unfavorable then can we as an industry go back?

**Girish Agarwaal** I would not say unfavorable, I would say if the data is not palatable if the data is not as per the process. So see nobody can promise you a favorable data. They can only promise you a very robust process. So we will have to see based on the data the entire process and if we feel there is going to be any question mark on the process we will go and ask them.

**Vikash Mantri** So shouldn't we question them before? After the data comes out it becomes result oriented?

**Girish Agarwaal** Exactly, so we have raised the question. So far, they have assured us because they could not tell us that we have done everything. So once we see that data we will know whether they really address our issue or not. So if they have addressed the issue there should not be any problem in the data. But if they have not addressed the issue and just given us the lip service, then the data will have a problem and we will go back to them again.

**Moderator** Thank you. As there are no further questions, I now hand the conference over to the management for closing comments. Over to you.

**Pawan Agarwal** I thank you for your participation and time on this earnings call. I hope that we have responded to your queries adequately today. We will be happy to be of assistance through our investor relations department headed by Mr. Prasoon Pandey for further enquiries. Thank you and have a nice day.

