



“DB Corp Limited Q2 and H1 FY2023 Earnings Conference Call”

October 19, 2022

Moderator:

Ladies and gentlemen, good day and welcome to the DB Corp Limited Q2 and H1 FY2023 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. Please note that this conference is being recorded. 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, Mr. Lalit Jain - AVP and Mr. Prasoon Kumar Pandey - Head Investor and Media Relations who will represent DB Corp limited on the call. The management will be sharing the key operating and financial highlights for the quarter ended September 30, 2022 followed by question-and-answer session.

Please note that some of the statements made in today's discussion may be 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 website of the stock exchanges and the company's investors section. Trust, you have been able to go through the same. I now hand the conference over to Mr. Pawan Agarwal. Thank you and over to you Sir!

Pawan Agarwal:

Thank you very much and a very good evening to everyone and thank you for joining the Q2 FY2023 DB Corp earnings conference call. We will begin the call by highlighting the key financial performance of half year and quarter ended September 30, 2022, followed by key operational updates. The past quarter witnessed robust growth in advertising with many hitherto muted segments like consumer durables returning to the fold in a big way. If you recollect, we had indicated that a strong trend of resurgence in print is being witnessed where advertisers both large and small are considering print to be a more trustworthy and

effective medium for utilizing their advertising spends. As India's largest print media company, our editorial strength has undoubtedly helped our performance this quarter.

Consolidated half year advertising revenue grew by a strong 51% to Rs.7,181 million versus Rs.4,742 million of H1 FY2022. Circulation revenue recorded a growth of 2% to Rs.2,312 million against Rs.2,265 million of previous year. Total revenue grew by 38% Y-o-Y to Rs.10,464 million against Rs.7,592 million. Various cost optimization efforts taken during the year has resulted in 55% growth of EBITDA to Rs.1,715 million versus Rs.1,105 of previous year after considering forex loss of Rs. 42 million. This is despite substantial increase in the newsprint prices which are showing softening trend now. Consolidating PAT for the half year grew by 153% Y-o-Y to Rs.798 million versus Rs.315 million in H1 FY2022, after considering forex loss of Rs.48 million. In Q2 FY2023 advertising revenue grew by 26% to Rs. 3,812 million versus Rs. 3,029 million of Q2 FY2022. Circulation revenue stood flat at Rs.1,156 as against Rs.1,159 million of Q2 FY2022. Total revenue grew by 21% Y-o-Y to Rs. 5,461 million against Rs. 4,513 million. EBITDA stood at Rs. 977 million versus Rs.1,054 million after considering forex loss of Rs. 25 million and despite high newsprint prices and large digital business investment for future growth. This was possible in large measure due to the stringent and long-term cost control measures that continue to serve us well. PAT for the quarter stood at Rs. 488 million versus Rs. 538 million in Q2 FY2022, after considering forex loss of Rs.26 million.

Moving on to our digital business. The company has been steadily growing its loyal monthly active user base across all its apps with increase of around eight times from 2 million in January 2020 to more than 15 million in August 2022, which can be attributed to our focus on ensuring high quality content with a bespoke and highly personalized product experience. This we believe has helped proper Dainik Bhaskar Group in becoming the dominant digital leader with number one Hindi and Gujarati news app player. With the dominance already established in the print format and now in the digital format, we are undoubtedly the number one phygital Indian language newspaper in the country.

Coming to the radio division. In Q2 FY2023, revenue grew by 18% to Rs. 338 million versus Rs. 287 million last year. EBITDA grew by 22% to Rs.106 million versus Rs.87 million. EBITDA margin for the quarter stood at 31%. MY FM content continues to connect with audiences and augment listener engagement activities through innovative content creation. This has helped us get better ad rates and we are hopeful of further improving this in the forthcoming quarters.

With this, I would now request Mr. Girish Agarwal to update us on the operations. Over to you.

Girish Agarwal: Thank you Pawan. Good evening and thank you everybody for joining us. The past six months have been extremely news heavy with the ongoing geopolitical tension and inflationary pressures that have created quicker than normal responses from governments. In India though, the economic revival continues, and this quarter aided by the forthcoming festival season has been extremely good. As Pawan stated earlier, we have been able to deliver very robust results, very strong Q-o-Q as well as the Y-o-Y performances across all segments. We are hopeful that at this pace the industry will continue from where it left off in fiscal 2020, before COVID. We continue to roll our initiatives to drive more reader acquisitions. At the same time, our editorial strength is being driven through a national campaign called Sachchi Baat Bedhadak. We wish to share some good news about newsprint prices softening which is very, very important for us. Based on the current domestic and international market visibility and engagements with newsprint suppliers, we believe that the newsprint prices should see a correction of around 12% to 15% both in India and imported going forward. The impact of the same should be visible from the Q4 of FY2023 in our numbers and we expect this to continue as further softening in newsprint in short to medium term also.

On our financial performance and cost optimization, as we have been pointing out over the past few quarters, our singular focus has been to ensure that our various cost cutting measures are long lasting. As indicated in our press release while we are working towards increasing our revenue base, we have also managed to save approximately 10% in the operating costs vis a vis Q2 of FY2020. Resultantly the print business EBITDA margin of Q2 FY2023 stood strong at 21% despite the high newsprint prices.

This is all from our side and my colleagues and I would now be happy to respond to your questions and thank you very much and before we proceed further, I would like to take this opportunity to wish all of you a very, very Happy Diwali going forward. Thank you.

Moderator: Thank you Sir. We will now begin the question-and-answer session. We have our first question from the line of Ankit Shah from White Equity. Please go ahead.

Ankit Shah: Thank you for taking my question. Sir can you share the newsprint prices for the quarter?

Girish Agarwal: Sure thank you Ankit for this question. I think this is the most apt question in the current call. So let me give you the entire history of last four quarters for the newsprint. If you remember in Q3 of FY2021-22, our newsprint prices, the purchase cost for the newsprint was roughly around Rs. 47,000 per tonne which in the Q4 went up straight away to Rs. 53,000 per tonne. Then in the Q1 of FY2022-FY2023 this number went up straight away to almost Rs. 66,000, and then in Q2 it is hovering around the same price of Rs. 65,500 and

looks like that from Q4 as I have indicated in my speech earlier that we are hoping that around 10% to 15% the prices will go down going forward so we are expecting that from this level of Rs. 65,000 to Rs. 66,000 these prices in the Q4 will go down below Rs. 60,000 and furthermore from there on.

Ankit Shah: All right and what would be the newsprint average prices for our numbers?

Girish Agarwal: The number as per the consumption if I have to say would be in the range of around Rs.64,000 to Rs.65,000 total Indian and imported blended.

Ankit Shah: All right Sir can you share that number for Q2 please?

Girish Agarwal: Yes, the Q2 number as I mentioned to you that is ranging around Rs.63,000 to Rs.64,000 per tonne. This is as per consumption while the purchase price is slightly higher in the range of around Rs.1000 to Rs.2000 per tonne more because you buy in a particular month then you consume in the going forward months.

Ankit Shah: Right Sir, the lag between our buying and consumption would be one or two months or more?

Girish Agarwal: Yes, I would say roughly around 60 days in case of Indian and imported it is slightly more.

Ankit Shah: Can you share the copies in circulation for the quarter? Can you share the number for that please?

Girish Agarwal: 42 lakh copies.

Ankit Shah: The number of active users on our apps is trending slightly lower over last let us say few months or so, so how should we read into it? Can you share your perspective on the same please?

Girish Agarwal: You are talking about the app.

Ankit Shah: Yes? Sir monthly active users on our apps Dainik Bhaskar and Divya Bhaskar apps?

Pawan Agarwal: Yes, we would love to hear from you, which reference are you taking because what we are looking at is the Comscore reference for the app numbers that is the numbers.

Ankit Shah: So, what I am referring to is the disclosure that we have made?

- Girish Agarwal:** Okay from 17 to 16.5 and 17 million and 15 and some million, correct?
- Ankit Shah:** Yes, and it is a minor one but just that it has been a few months so it is good to get your perspective on the same?
- Girish Agarwal:** Yes, from our perspective the retention and the new users coming in and the churn is almost there. Now since this difference is pretty minor, we are evaluating it to market to market. Exact reason cannot be identified for this but we are hoping that in the going forward months we should be able to not only regain that one million what we lost and furthermore but if at the same time if you look at the market, I think though I should not be comparing this but other news apps they have seen a huge decline in terms of their retention so I think from that perspective we are in a pretty good situation.
- Ankit Shah:** One question was on Dailyhunt so would you consider Dailyhunt as a more formidable competitor for our news apps compared to the others, particularly because we are ahead of others by quite a distance but this is just one app which could be better than us and also how would our numbers compare to Dailyhunt Hindi user base just in case you can share some perspective on this aspect?
- Girish Agarwal:** Frankly speaking we do not really compare ourselves with Dailyhunt because they are news aggregator. They are an app but they are not a direct comparison because they are not curating or correcting any kind of content. They are simply aggregator so we really do not compare ourselves with them and also the time spent and all is much, much different. I think we will be happy to take this call offline with you to give you much more detail on that.
- Ankit Shah:** Sure, thank you and Sir just a last one? Can you share the other expenses trajectory for next let us say two quarters? How would the other expenses pan out over next two quarters?
- Girish Agarwal:** So, if you see in this quarter the other expenses have gone up by 12.5% compared to last year which is around Rs.15 Crores. If I give you a breakup of the Rs.15 Crores, Rs.4 Crores is the forex loss and the balance large money has gone in terms of the quantity and the increased price of the production process which is ink, plate and all that, so if I assume that going forward these prices stay there or goes down so I do not see any reason why the operational cost going forward should increase except if the number of pages goes up the production cost goes up.
- Moderator:** Thank you. We have our next question from the line of Bhagyesh Kagalkar from HDFC Mutual Fund. Please go ahead.

Bhagyesh Kagalkar: Thanks, and congratulations on a good set of numbers as well as the information later on issued post result also it is quite comprehensive. So coming to the page 17 of your press release, strategic area the focus and key updates digital strategy. Sir just one query here? You have mentioned that you have strong talent pool continued focus on technology as well as new areas like video news? The key issue here is at least from what I gather from a lot of media companies essentially that it is quite challenging to hold on to talent pool in this because this is a sort of IT technology related area so what is your view on this sir because this is going to be the most critical area for us for next at least three years to evolve into a digital company?

Girish Agarwal: A very apt question on this. I think company is taking all the possible measures to ensure that we create a great place for people to operate and work in this company. They should have the creative freedom. They should have the joy of creating something, working on something and apart from that also we have issued ESOPs benefit to a lot of key positions in print and digital both, so I think that is also helping us to make sure that our talent stays with us.

Bhagyesh Kagalkar: Thanks for the answer, Sir and Happy Diwali to all of you Sir.

Moderator: Thank you. We have our next question from the line of Riya from Aequitas Investments. Please go ahead.

Riya: Congrats on great set of advertisement numbers. So like we can see pre-pandemic level auto used to form almost Rs.100 odd Crores for us for advertisement and government also used to form a big pie so what kind of auto advertisement did we see this quarter and do we see anything going forward since auto is reviving and there are a lot of new EV products which is coming by so how do we see that?

Girish Agarwal: I am very thankful to you for this question because you are comparing us on FY2019-FY2020 which is a pre-COVID year. In fact, in our internal workings we discuss about pre-COVID only because last two years numbers were down and the growth percentage looks much higher, but we actually have to see how we are able to do better than pre-COVID, so let me give you the perspective of all the other categories. In terms of education from the pre-COVID if I to compare the Q2, then we are on a growth, strong double-digit growth I would say. In terms of government advertising, we are on a decline. In response category classifieds we are on a double-digit growth. In real estate again a very strong double-digit growth. Automobile is one area we are down by 50% almost from the pre-COVID level because in last two years time if you notice all the automobile companies are facing the supply issues and hence, they are not coming up with new launches so this is one category

which has declined by almost 50% on a pre-COVID numbers. In FMCG also there was a decline of around 15% to 18% actually in FMCG pre-COVID and I am giving you all these number pre-COVID. While if you look at the jewelry again a very strong almost 100% growth in jewelry category from the pre-COVID level. Hospitals, clinics, and healthcare they all are growing. Lifestyle is another category which is at a 20% decline, 24% decline to be precise on a pre-COVID number so now what we are working in the market that once the automobile issues are sorted out for the supply this decline should turn into the growth, so that will be a big upside for us as well as the lifestyle category which is largely considering about the apparels that need to come back in terms of sales and advertising. I hope that answers your question.

Riya: Well yes so, I was actually asking from the EV point of view that are we seeing any ads because a lot of companies are coming with a lot of new launches in auto so in Q3 do we see like on the tag because of Diwali and Dussehra and all?

Girish Agarwal: Yes, there is some advertising coming from EV but certainly it is not taking care of those double spread and full pages and jackets of our four wheelers so let us hope they get their issue sorted out fast and come back to the market with us.

Riya: And out of all these categories what will be the highest margin accretive category for us?

Girish Agarwal: Yield wise I think they all are same education and real estate and automotive I would say real estate and education and jewelry would have a higher yield because they all are the front-page advertising.

Riya: Okay and what are the cover prices right now and have we taken any hikes or planning any hikes?

Girish Agarwal: So, our cover price for this quarter is Rs.4.77. There is an increase of around 3% over the last year.

Riya: Okay and are we planning any increase further to combat the increase?

Girish Agarwal: I do not think since the newsprint prices are going to go down furthermore in the next quarter so we should not be increasing any price.

Riya: Okay and for Q3 basically we will see some demands coming from Diwali and e-com players how is the advertisement for the October month so far?

Girish Agarwal: So, we are sitting at a decent double-digit growth I would say for the festival and the market is looking very strong so we are hopeful that we should continue this double-digit growth.

Riya: This is from pre-pandemic levels?

Girish Agarwal: Yes, we compare after pre-pandemic only.

Riya: Okay so October we are in the last 19 days we are seeing double digit growth?

Girish Agarwal: Yes, even September was good.

Riya: Okay and from the digital space actually what I was aware is that we give numbers for the apps basically and I just went to the Comscore subscription and I forgot that this is something called as website numbers also and the total unique visitors for our nearest competitor or the regional players like Jagran and all is around one lakh and we are sitting at around 50,000 so how would you justify this or what would be your inputs for this so basically this is a total internet audience which comes from website?

Pawan Agarwal: We do not look at the numbers coming from the total internet audiences because for most of the publishers, the challenge as we have been saying in the past is those numbers come from aggregators from people like Dailyhunt, from Facebook, from search, from random websites, from people who pick up your headline, paste it on their website so these are not your users. They come once in a month and maybe once in six months but they show up in a number and those are not the numbers which can be monetized for significant advertising because those users you can target easily on those platforms itself for advertising and subscription of course these numbers do not matter at all. We have stopped looking at these numbers.

Riya: I think Jagran and all I think they have already monetized their digital and they are doing quite good so despite not having good app-based numbers and just having internet-based numbers?

Girish Agarwal: So, our focus is all about the app so that is the reason we do not as you notice in last many years, we do not even discuss about our web number because the app is a one where I have a relationship with a person. He downloads my app, look up at the app every day or alternate day and I have an ongoing relationship with him so we really do not consider web. We are looking at app and the app numbers are in front of you and we have a long way to go.

Riya: So, our focus would continue to be on the app and not on the web base is what I understand?

Girish Agarwal: Without a doubt.

Riya: So, I was just checking out our web pages so we had something called a premium plan so have we started monetizing or how is it?

Girish Agarwal: Yes, we are working on some experiments right now and it looks like that you have been one of those part of my experiment otherwise you would have not come to know about the premium one so we are doing some experiments at the select audience and hopefully in next two to three quarters we should have some results to come and disclose it to you.

Riya: So, we have started monetizing the subscription is that what?

Girish Agarwal: No, we have not started monetizing. We have started experimenting.

Riya: Okay so basically say only for select geographies you started?

Girish Agarwal: Something like that.

Riya: Okay and this kind of plan would be there for the overall geography?

Girish Agarwal: Something like that.

Moderator: Thank you. We have our next question from the line of Dharmesh Sangvi from D S Associate. Please go ahead.

Dharmesh Sangvi: Good evening. Sir my first question is with regards to the radio? We can see that the advertising revenue has grown by 18% over the previous year so could you tell the sectors which are contributing?

Pawan Agarwal: We had a low base last year. Again, we do not look at last year's base. We look at 2019-2020 base and on a 2019-2020 base compared to last year we grew by 17% but on a 2019-2020 base we have grown by about 6% so we look at 2019-2020 as a base for all revenue growth internally.

Dharmesh Sangvi: Okay now my next question is with regards to the print business? We can see that the ad revenue for print business channels have surpassed Q2 FY2020 levels so what has contributed to it and also there has been no mention of it anywhere in the results?

- Girish Agarwal:** So, the education category is growing. The response category is growing. Real estate is booming. Jewellery is at almost 100% growth. Healthcare and hospitals are growing except automobile, FMCG and lifestyle every other category is contributing to the growth.
- Dharmesh Sangvi:** Okay what has contributed is this because of print that we have grown or is the other business that has grown
- Girish Agarwal:** Sorry your voice is echoing. What exactly are you saying?
- Dharmesh Sangvi:** I am saying the print and allied business we can see that it is mentioned at Rs.348 Crores for the current quarter alright and being we have surpassed Q2 FY2020 so what has contributed, not the verticals but which business has contributed? Have we done well in print?
- Girish Agarwal:** If paper is growing as well as the radio both are growing Sir.
- Dharmesh Sangvi:** Okay my question is with regards to print and other business advertisement? Is it because you are earning more in digital now?
- Girish Agarwal:** No digital we do not have any revenue because we do not take much of advertising on digital. The entire growth is coming from print and radio and other businesses are very minor businesses which is some printing jobs and all that.
- Dharmesh Sangvi:** Okay also one last thing could you please help us with the print EBITDA, we believe the margin was said earlier to be 21% but what is the exact number if we can have it because this time, we have not mentioned it anywhere in the results?
- Girish Agarwal:** The EBITDA margin for the consol level this quarter was at 18% and the print margin I think is at 21%, almost same Sir.
- Dharmesh Sangvi:** 21%, okay?
- Girish Agarwal:** Print margin is 21% and the consol margin is 18%.
- Moderator:** Thank you. We have a question from Riya from Aequitas Investments. Please go ahead.
- Girish Agarwal:** Yes, Ms Riya you were talking about some whistleblower in the numbers.
- Riya:** Yes, annual report so basically there was a mention that there were some whistleblower complaints during the year so if you could just elaborate what is it about?

- Girish Agarwal:** Yes sure so what happened we have a strong whistleblower mechanism in our system where people can let us know if they find and if they feel that anything going wrong anywhere and we keep getting these complaints from the whistleblowers and we have a proper committee and proper team those who look into each and every such complaint and once the complaint has found substantial our team goes to the ground because we are spread in 12 states in India and they go and investigate and find out so these complaints pertains to some misbehavior by any team member or it could be by somebody trying to give the wrong numbers to any particular client so for example if a client says I booked an advertisement for X rupees while I came to know I should have been given this benefit which I was not been given so I do not know whether the benefit is being passed on by the company properly or not so all these are kind of complaints. Some internal issues also come in that whistleblower, so we have a proper team who investigate and it does help us a lot to keep a check in the entire system.
- Riya:** Okay is there any place where we can actually read about these what all issues are there of all?
- Girish Agarwal:** These are more internal things which has been brought to our notice and if there are any issues which are concerning the SEBI guidelines then certainly, we publish that in the annual report.
- Riya:** Okay and my second question would be in regards to the receivables so we have a huge receivable on our books so where is this coming from?
- Girish Agarwal:** As you know in our system we allow a 60 to 90 days credit to the ad agency those who give the regular business to us and for the government generally it goes on to couple of years also. For example, the State Government of Madhya Pradesh, Rajasthan, Bihar, and central government and all that. They do not make payment on time so we allow them a certain time and as per the audit procedure we also do the scrutiny and provide for them if at all the payment is in a particular age, so I think all that norms are really followed very vigorously.
- Riya:** Okay and for the government ads revenue what kind of ads revenue would be there from government for this quarter?
- Girish Agarwal:** This quarter government ad revenue is around Rs.60 Crores is the total advertising from the government which includes the state government, local government, panchayat and everything and everything and going forward this number will further improve because now in most of these states the government visibility is good.

Riya: Okay so are we planning to go back to whatever we used to have before almost Rs.80 Crores to Rs.100 Crores if I am right?

Girish Agarwal: Yes, actually speaking we do not put any target on the government advertising number because you cannot go and convince the government to advertise because they are not a response driven advertising so we cannot put a target on the government. It all depends on their policies, what they want to inform to our readers so that is the reason we do not have any drive for asking government to advertise more. Whatever they feel is right for their purpose we carry those ads.

Riya: Okay my next question would be on regards to the expenses so basically as you said that in Q2 FY2020 we have saved around 10% of operating expenses so do we see this to sustain or this to come back a little on Q3 or Q4 basis?

Girish Agarwal: So, our expenses are all under control. Only the number goes up and down depending on the number of pages of the production and the total copies to be printed or if the prices of those item go up in the market.

Riya: Basically, I was just checking the newspaper cost so it had reached up to Rs.70000 to Rs.75000 so do we see that kind of numbers coming in Q3 for us?

Girish Agarwal: I think you missed out that answer which I gave a lengthy answer to the gentleman who asked the question. I gave out every quarter price to him and how it is going down and going forward we are expecting a correction of around 10% to 15% in the Q4 onwards.

Riya: Yes, but in Q3 I think we would have high-cost inventory of around Rs.70000?

Girish Agarwal: Q3 would be the same as Q2 I would say largely. Thank you.

Moderator: Thank you. We have our next question from the line of Ravi Goenka from O3 Securities. Please go ahead.

Ravi Goenka: My first question is we are building a product for which we want consumer to pay especially in digital. We have reached recently over the last three years what insight have we got about the consumer and how has the product evolved?

Girish Agarwal: I think in last three years product has evolved in a big way and the numbers are there to show that from a mere base of couple of lakhs today we are at 15 million in three years time. That is eight times growth, so I think that clearly indicates that our experiments with the product and the traction from the consumer in fantastic.

- Ravi Goenka:** Okay and we paid last year around Rs.19 Crores and Rs.5 Crores to business head of digital was there some one off and can you tell have we reached the peak of investment in the digital space and what would be the expense per year in digital business?
- Girish Agarwal:** If you remember couple of quarters back I took the permission from all of you that allow us not to disclose any specific number on digital looking at the competition around and at the appropriate time will come back to you with the details so may I request the same this time also with you.
- Ravi Goenka:** Okay. We have seen some player come up with good content but failed like print, etc., but are not able to get lot of paid subscription what are the learning from that and what changes are we bringing?
- Girish Agarwal:** Sir we have not yet started the paid exercise so it will not be right to say that we have not got success in the paid. Right now, the app is free. People are using it. We have got the huge response. Number of people using it and the time they give it to us and going forward this is further going to grow, and we are looking at monetization going forward.
- Ravi Goenka:** Okay and my last question in terms of our digital customer can you give insight on the mean and median age profile, education level, gender and location, etc.? What are their expectations from the product?
- Girish Agarwal:** As I requested all this information we are not disclosing right now because of the competition. Allow us some time for the appropriate working and come back to you.
- Moderator:** Thank you. We have a question from the line of VP Rajesh from Banyan Capital Advisors. Please go ahead.
- VP Rajesh:** Congratulations for good set of numbers here. I have a question regarding the trade-off between the volume and pricing both on the print and radio terms so how has been the progress as compared to the previous quarter-on-quarter from the pricing side and on the volume side also as compared to the pre-pandemic levels?
- Girish Agarwal:** Sir right now the entire focus is to grow the volume and that is the reason our volume is slightly higher than the pre-pandemic level now, so that is a positive indication and that is the number showing in the growth also. As far as the yield is concerned we have taken yield up in certain categories but nothing worthwhile to really mention, but one yield improvement has happened that people those who used to advertise inside pages we have been able to motivate them to come onto the front page and jacket and all that and that is

how the yield has further improved on that and I guess the same remains with radio that they are also filling in the quantum right now so that they are able to do the quantum and at the same time radio because the quantum is limited so they are also working on the yield improvement there.

VP Rajesh: Okay when you say that volume is higher than the pre-pandemic level does the pagination has improved than as compared to pre-COVID level?

Girish Agarwal: If I see the see the same pagination of pre-COVID level then my volume is up by around 3%.

VP Rajesh: So basically, the news content is lower and the ads volume is higher?

Girish Agarwal: No, it does not work like that. If you look at the number of centimeters published by me in terms of advertisement pre-COVID and this time so we say there is a 3% growth on that.

VP Rajesh: Understood and regarding the government rates on advertisements is there any thought process on increasing the rates on the government ads because I think two years now the government has not increased rate so anything due on various state governments?

Girish Agarwal: We have a body called Indian Newspaper Society, which represents all the interests of all the newspaper organization in the country with the various governments. They have been pursuing the government for the rate increase. Unfortunately, till now we have not got any ears from the government on that, but I am sure going forward the government will certainly consider the plight of the industry and give us some relief on the advertising rates.

VP Rajesh: Fair enough. On the radio business policy decisions, the government introduced a couple of days ago are you guys thinking about the M&A when the 15% cap has been removed?

Girish Agarwal: Sir we cannot really comment on behalf of the government. Once they decide something it will be out in public for all of us.

VP Rajesh: It is already been done by the cabinet?

Pawan Agarwal: So there has been something out Sir we are evaluating it, nothing concrete yet but that as certainly I mean as we have maintained in the past, we do not want to go to metro stations. Our strength and our profitability are primarily driven from the fact that we are in tier 2 and tier 3 markets.

VP Rajesh: That is helpful.

- Moderator:** Thank you. We have our next question from the line of Amit Khetan from Laburnum Capital. Please go ahead.
- Amit Khetan:** Thank you for the opportunity. Just one question from my side Sir you mentioned that government revenue the visibility is good and we faced some challenges over the last two years with regard to government advertising so it is fair to assume that those issues have been resolved?
- Girish Agarwal:** Yes, looks like.
- Amit Khetan:** Got it and related to pre-COVID levels where would government revenues be today?
- Girish Agarwal:** Slightly down, but hopefully going forward should show some improvement.
- Amit Khetan:** Understood thank you.
- Moderator:** Thank you. We have our next question from the line of Pranay Khandelwal from Alpha Invesco. Please go ahead.
- Pranay Khandelwal:** Sir I wanted to ask if we are planning to launch an English edition of a newspaper or something like that?
- Girish Agarwal:** No sir we have no plan to launch any new language now.
- Pranay Khandelwal:** Okay that is all thank you.
- Moderator:** Thank you. We have our next question from the line of Mohan Kulappi an Individual Investor. Please go ahead.
- Mohan Kulappi:** Congrats on the good set of numbers to start with. I am just trying to check what is the monetization plan of the digital not only from a subscription standpoint but also from an advertisement standpoint on the app?
- Girish Agarwal:** On the app advertising, we want to hold for a while. The idea is to give an amazing experience to a reader because we have been hearing from a lot of readers that when they open up any app the ads become very intrusive. They are on your face and you do not like that so we want to create a great experience for the reader. That is the reason we have not opened up the advertising on the app and as for the subscription is considered, we are working on it and doing some experiments here & there and there and going forward we should have some news for you on that.

- Mohan Kulappi:** Can we assume say six months to one year?
- Girish Agarwal:** I am sure something will happen in six months. We will update you on that.
- Mohan Kulappi:** Okay Sir one last question before I conclude so there is a case related to the Competition Commission of India against Google related to sharing the revenues to the news providers do we have any update? Unfortunately, I know it is not an exact question related to the organization but in general.
- Girish Agarwal:** We shall answer you that. The digital newspaper associations and as well as the Indian Newspaper Society have filed a complaint against Google with the Competition Commission of India and Competition Commission of India has recently merged all these complaints into one because there were two to three such complaints against Google and they are investigating the entire thing and I am sure soon they will come out with some kind of findings and a relief for all of us.
- Mohan Kulappi:** There is revenue sharing in Europe if I am not wrong?
- Girish Agarwal:** Yes Sir.
- Mohan Kulappi:** All the very best.
- Moderator:** Thank you. We have our next question from the line of Pawan Nahar an Individual Investor. Please go ahead.
- Pawan Nahar:** Thank you so much. First, I wanted to ask you how much is the net cash on our balance sheets as of now?
- Girish Agarwal:** Roughly around Rs.470 Crores is the net cash and bank balance in the books. Zero Debt.
- Pawan Nahar:** Zero debt and Rs.470 Crores cash. Second, I am looking at the balance sheet we have got the right assets of round figure Rs.430 Crores? Now against this I mean basically it is capitalizing of rentals so what is the annual rental we have?
- Girish Agarwal:** Can we come back to you sir on this. We do not have exact number on the table right now with us.
- Pawan Nahar:** Okay so should I expect a call or an email on this?
- Girish Agarwal:** Prasoon Pandey from our investor relations will get in touch with you Sir.

- Pawan Nahar:** Thank you. Third I wanted to ask; you made a comment by Q4 you will see the newsprint prices coming down by 10% to 12%?
- Girish Agarwal:** Yes Sir.
- Pawan Nahar:** I really wish that happens sooner and what gives you the confidence Sir? Have you struck any deals? What gives you that confidence this is coming down?
- Girish Agarwal:** I think Sir you are bang on. We have been talking to the people on a practically everyday basis. Our procurement team does it day in and day out on this and based on our discussion and based on our negotiations happening with them that is the confidence we have got.
- Pawan Nahar:** Got it great and you said that government advertisement is back across the board, centers and all states?
- Girish Agarwal:** Yes, Sir largely.
- Pawan Nahar:** There are still pockets where we are having an issue?
- Girish Agarwal:** Largely it has come back but see it is difficult to predict about any particular government or a particular market.
- Pawan Nahar:** Yes, but then those past issues are resolved where it was a blank? Those part issues are resolved where it was a blank?
- Girish Agarwal:** Largely resolved. I am saying how the governments are. One should always take things with a pinch of salt.
- Pawan Nahar:** Fair point and one last question from me? You had a great December 2019 okay I mean pre-COVID Rs.600 Crores revenues? Now do you see us growing double digit on that number?
- Girish Agarwal:** Sir right now we are focused on that.
- Pawan Nahar:** You have done slack versus September 2019 or the marginal 1% growth right so and you said that the festival season has been good and September was good so I am just asking do you, see?
- Girish Agarwal:** Our efforts are certainly on that, and we are pretty confident that we should be able to achieve the expectations of our stakeholders but having said that there are multiple issues in

the market. As of now, the festival season is good. I hope they should continue going forward. Let us see how it goes Sir.

Pawan Nahar: Thank you so much and I really hope you will continue this trend of reporting within three weeks of the quarter. This is amazing. Thank you so much.

Girish Agarwal: Thank you Sir. I appreciate your confidence.

Moderator: Thank you. We have our next question from the line of Dharmesh Sangvi from D S Associate. Please go ahead.

Dharmesh Sangvi: Thank you for giving the opportunity again and the follow-up to the previous question Sir on the circulation copy we had a peak copy of 56 lakh and now we are at 43 lakhs so we are at 75% roughly so any chances of these copies now going up or this is now the established base?

Girish Agarwal: I would say Sir that 56 lakh copies base we have been also evaluating that. We ran a major scheme just before that so I think we got a big flip because of that. Suddenly we lost some copies because of COVID. Also, in last one year's time we have increased the cover price. In last two years time we have increased the cover price also and so I think considering all this are we happy with the current number we are not, but idea is that how fast and how far we can reach that is the whole thing we are working on so let us see. We are for example at 42 lakhs to 43 lakh copies. The idea is that how can we first cross the 45-lakh benchmark and then go on from there.

Dharmesh Sangvi: Right but on the similar terms your Ad revenue has crossed the pre-COVID 104% you mentioned so that is on back of volumes coming back or pricing also improved or you have been saying that print induced digital also revenue?

Girish Agarwal: So, we do not get digital advertising so it is largely on the volume Sir?

Dharmesh Sangvi: Okay it is all on the volume and you expect the same trend to continue?

Girish Agarwal: Yes, Sir that is what the team is working on?

Moderator: Thank you. Ladies and gentlemen due to time constraints that was the last question. I now hand the conference over to the management for closing comments. Over to you Sir.

Pawan Agarwal: Thank you everyone for your participation and time on this earnings' call today. I hope we responded to your queries that were raised today and we will always be happy to be of



DB Corp Limited
October 19, 2022

assistance through our investor relation department headed by Mr. Prasoon Kumar Pandey for all your further queries. Take care everyone and stay safe. We wish all of you a very, very Happy Diwali and a prosperous New Year. Thank you and have a great evening.

Moderator:

Thank you Sir. On behalf of DB Corp Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.