



# DB Corp Ltd

## DB Corp Limited

Q2FY22 Earnings Conference Call Transcript  
October 28, 2021

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**Moderator:** Ladies and gentlemen, good day and welcome to the DB Corp Limited Q2 FY2022 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, please signal an operator by pressing “\*” and then “0” on your touchtone telephone. I now hand the conference over to Miss. Hina Agarwal. Thank you and over to you, madam!

**Hina Agarwal:** Thank you and good evening to everyone. We welcome you to the DB Corp Limited Q2 and H1 FY2022 post earnings conference call. We have with us today the senior management team of DB Corp Limited, Mr. Pawan Agarwal – Deputy Managing Director, Mr. Girish Agarwal – Non-Executive Director, Mr. P.G. Mishra – Group CFO, Mr. Mushtaq Ali – Vice President Finance and Account, Mr. Lalit Jain – CGM Finance and Account and Mr. Prasoon Kumar Pandey – Head Investor in Media Relations who will represent DB Corp Limited on the call.

They will be sharing the key operating and financial highlights for the quarter and half year ended September 30, 2021, followed by question-and-answer session.

Before we begin, we would like to state that some of the statements made in today’s discussion may be 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 and are available on the websites of the stock exchanges and company’s investor website. We trust you have been able to go through the same. Now I invite Mr. Pawan Agarwal to share his outlook on DB Corp’s performance for the quarter. Thank you and over to you Sir!

**Pawan Agarwal:** Thank you Hina and good evening to everyone and thank you for joining the Q2 FY2022 DB Corp Earning Conference Call. Hope you and your family are in the best of your health and spirit in this festive season.

We will begin the call by highlighting the key financial performance for the quarter ended September 30, 2021, followed by operational updates during the quarter.

While the first quarter was defined by the impact of the second wave which halted the rebound momentum achieved in the second half of fiscal 2021. The second quarter witnessed a very strong

economic rebound owing to the accelerated vaccination drive and declining active COVID-19 cases which boosted consumer sentiments and reintroduced a sense of optimism among businesses as evidenced by DB Corp much improved Q2 FY2022 performance.

Consolidated advertising revenues stood at Rs.3029 million in Q2 FY2022 on a comparative higher base of last year. Circulation revenues stood at Rs.1159 million and the total revenues came in at Rs.4513 million. The operating profit stood at Rs.1054 million aided by stringent cost control measure and despite large investment in the digital business for our future growth. Our PAT stood at Rs.538 million in Q2 FY2022.

Radio division continued efforts towards augmenting audience connect and listener engagement activities through new content creation are bearing fruit. I am happy to share with you that our market share has increased by around 2% to 3% YoY to 37% in H1 FY2022 further solidifying a leading position in our key markets. MY FM has outperformed its operating markets in terms of ad volume growth. Our ad volume growth increased by 68% in H1 FY2022, while the industry's ad volume increased by 57%. Radio business saw a very strong growth in several key sectors including real estate, banking, and finance, FMCG, education and healthcare. In Q2 FY2022 radio advertising revenue was Rs.287 million with an operating profit of Rs.87 million.

Let me share with you on the digital front now, we continue to invest in our digital business which has grown significantly over the last year on a steady sustainable manner. We have remained committed to our strategy of providing the best-in-class journalism, package in our world-class leader experience on an advertising free digital app. According to current ComScore data, Dainik Bhaskar Apps monthly users have climbed up by around 7 times since the beginning of 2020, owing to the high quantity content development and a highly personalized product experience. With this we have achieved a significant lead and stand as a dominant number one Hindi and Gujarati news app player while continuing to remain committed to strengthen our positions even further.

Our continuous endeavor remains to establish a loyal user base in order to establish a long-term growth and monetization strategy. To achieve this growth, we recently on-boarded Mr. Mark Thompson, the former CEO of the New York Times to our Advisory Board. He will work closely and exclusively with us in India to help us in the building of our digital news business. Mark was instrumental in changing the New York Times into our digital news giant powered by high quality journalism and subscription revenue positioning it as the world's number one news business success story in the new global order. We have also strengthened our team with members having consumer product and technology background from some of the top start-ups across India and we are investing in upskilling our top journalist to become digital savvy and create news content in real time.

The other area of focus is technology where we are investing heavily to build personalized news experiences in real time basis and provide best app experience which is key for end-user, retention as well as growth.

The third area which is also the foundation of group's philosophy is the editorial strategy. We continue to provide users with original content and hyper localized content, and to further strengthen the readers

connection Dainik Bhaskar add a feature called Video News. The first news app that makes mobile native vertical video news with a magnificent content library that is renewed every single day. I would now request Mr. Girish Agarwaal to update us on the operational front.

**Girish Agarwaal:**

Thank you Pawan. Good evening everybody and I hope that everybody continues to remain stay safe and healthy. Several early indicators suggest that consumer confidence is increasing and economic activity is accelerating across the board. With the current festive season the sector's growth momentum has intensified further and advertisers continued to gravitate towards the most credible medium to reach out to their audience resulting in an upsurge in demand for print advertising space.

On the editorial front, our editorial teams stay steadfast in their commitment to courageous and honest journalism providing our readers with unbiased, courageous, and accurate news. Our inherent commitment to responsible journalism has not only bolstered our leadership, but also helped us in attaining the status of India's most regarded and recognized newspaper. We continue to integrate or reader centric approach by exploring numerous topic that contain knowledgeable information for our readers. We believe that our reader centric editorial strategy will continue to further help increasing our standing in the markets where we operate.

On the circulation front while the second wave of COVID-19 lower circulation by around 10% in the first two months of quarter one of fiscal 2022 our well calibrated circulation strategy enabled a remarkable recovery and we are now almost nearly at around 94% to 95% of our January-March 2020 levels along with our cover price increase in select markets.

We are pleased to share that our circulation drive efforts not only resulted in the recovery of the lost copies but also it has helped us expand the market share in an average around 2% to 3% growth in market share YoY in various markets where we operate. We believe, with our superior product offering, efficient distribution network and strong trade connection our group is well poised to further expand its market share going forward.

Most importantly on the advertising front as the economic activities are accelerating advertisers are increasingly resorting to hyperlocal Indian language newspapers to maximize their connection with the consumer on the ground. Local advertising for us which constitute almost 70% of our overall advertising revenue is growing in the current month by almost double digit, in few cases strong double digits. Almost every sector is experiencing a resurgent in demand which is further intensified by the current festival season. Non-metros, the market in which Dainik Bhaskar group operates are once again driving this economic revival in the country that most sectors experiencing a similar trend of growth. As a result, our advertising revenue from January to March 2020 level has been almost achieved and we are almost at around 85% of our pre-COVID level in terms of advertising.

I would also like to mention here that this 85% which I talked about is also including the decline of the government advertising which we are seeing in various states. If I take that out of the calculation that we are at 94%, 95% of our pre-COVID level number. As all the other sectors like real estate, education, banking, finance, healthcare, they all are really, really dominating the advertising space across

newspapers. On a lighter note, these days we get call from our advertisers asking for a favor for a particular page position. So, this is happening after a period of many months, so it is a very nice feeling.

Our cost optimization efforts continue to aid in improving the margins. The print business EBITDA in Q2 of FY2022 came in at around Rs.1219 million with an EBITDA margin of 29% compared to Rs.873 million in Q2 of FY2021. We continue to remain committed to keep our costs under control and are expected to do almost 50%, 60% of last year's cost saving of Rs.195 Crores aiding our margin growth going forward.

This is all from our side and furthermore my colleagues and I would be now happy to respond to your questions. Thank you.

**Moderator:** Thank you very much, Sir. Ladies and gentlemen, we will now begin the question-and-answer session. We will take our first question from the line of Himanshu Upadhyay from PGIM. Please go ahead.

**Himanshu Upadhyay:** Good afternoon and congratulations on good set of numbers. It is really heartening the margins and everything has improved. One question, the first question I had was we were seeing some amount of raw material price moving up. What is the trend on that side and how are we able to maintain the margins or are you seeing the paper prices remaining what they were?

**Girish Agarwal:** The newsprint prices let me give in detail in the last year this quarter were at around Rs.35000 ton blended of Indian and imported which is in this quarter came up to almost 41500 roughly around that. So there has been almost 16% growth in the newsprint price per ton and to be very honest going forward in the Q3 and Q4 these prices will further go up by almost 7% around because in this quarter we still had some stocks tied up at the earlier rate but the rates are increasing, already increased so the impact will come in the Q3 and Q4 also. At the same time, we have been able to maintain the margin on two fronts one is that we are able to cut down certain costs and the advertising revenue has gone up. I think the biggest savior is the growth in the advertising revenue which we are very confident about going forward also. Second thing we have taken a cover price increase, so almost by 7.5% so our average cover price which was at Rs.4.30 which has gone up to Rs.4.62 in the YoY quarter the net realization was Rs.2.75 around which has come up to around Rs.3 so there has been a growth of around 8% to 9% in the cover price realization for us so that is how we have been able to manage it. Thank you.

**Himanshu Upadhyay:** One question we and this is slight confusion we have said that circulation copies we are back to 92%, 95% of pre-COVID level.

**Girish Agarwal:** From January-February of 2020, March.

**Himanshu Upadhyay:** We have taken a price rise of let us say 5-6% and current revenue if we take let us say in a similar quarter of Q2 of FY2020...

**Girish Agarwal:** Let me explain you our circulation revenue has gone up by 12% our average cover price realization has gone up by around 9.5% and our circulation has gone up by 1%.

**Himanshu Upadhyay:** It is in comparison to Q2 FY2021.

**Girish Agarwaal:** Yes.

**Himanshu Upadhyay:** In comparison to Q2 FY2020 how would it be that was what I was trying to understand?

**Girish Agarwaal:** Exactly, I do not have the 2020 quarter right now with me but we can certainly get back to you with those details.

**Himanshu Upadhyay:** One or two questions on the annual report. In our annual report we have said that the number of journalists is currently 2200 and in 2000 it was around 3000 so we have reduced the number of journalists?

**Girish Agarwaal:** I think there is a confusion in that when we say 3000 people will be the people those who are working in the department some of them are journalist, some of them are photographer, some of them are news supporting team and all that. But we talk about the people those who are pure journalist that is the number.

**Himanshu Upadhyay:** So that number remains the same.

**Girish Agarwaal:** Yes.

**Himanshu Upadhyay:** Because in 2017 annual report it is around 3000 that was the confusion. As the advertisement revenue and the things are improving, do we think it will need to hire more employees or you think this many employees will be sufficient and costs moving ahead?

**Girish Agarwaal:** To be very honest with you as of now that looks very sufficient that if my advertising continues to grow the way it is growing, I will be more than happy to hire more people.

**Himanshu Upadhyay:** In our annual report, we have said that cost optimization focus will lead to 55% to 60% savings?

**Girish Agarwaal:** Last year we remember we had done a saving of Rs.195 Crores and we believe that out of that 195 almost 100 Crores plus saving will continue even going forward.

**Himanshu Upadhyay:** The nature of it will be majorly fixed cost reduction?

**Girish Agarwaal:** Some fixed cost some variable cost also for example couple of supplements got merged into the main paper so that is our saving is a newsprint cost in particular market so that will continue with that. The production saving will continue with us on those markets plus certain areas we have merged, certain optimization we have done into our system of recovery and all that so that will continue with us.

**Himanshu Upadhyay:** That is why where we have been able to reduce printing presses from 56 to 53 Crores in last two years?

**Girish Agarwaal:** Yes.

**Himanshu Upadhyay:** Thank you for further questions. I will join back the queue.

**Moderator:** Thank you. We will take our next question from the line of Jayesh Jain from Edelweiss. Please go ahead.

**Jayesh Jain:** Sir first of all congratulations on getting Mr. Mark Thompson on Advisory Board. One question on this front is that I want to understand what value add or what is our direction that we are looking at the theme onboard and how do we think that our digital footprint will increase in coming years if any guidance around that?

**Girish Agarwaal:** I really appreciate your question but you will understand this is slightly I would like to keep it within the company till the time we show some more results to you.

**Jayesh Jain:** We are looking to expand our digital footprint considerably well?

**Girish Agarwaal:** See the whole idea is that if we have been able to grow 7 times from January of 2020 till September of 2021 this momentum should continue and whatever it takes for that.

**Jayesh Jain:** Any guidance around your margins for overall business because we hear the prices, I know it is a continuation of previous question but how are we looking to maintain those?

**Girish Agarwaal:** Currently, on a consolidated basis, we are at 23% EBITDA margin and while in print alone we are at 29% EBITDA margin and our efforts will be to improve this from here or at least maintain this number unless until some major thing comes out in the newsprint and the prices further goes up and all that but overall things are looking pretty good, the third wave what we all were hearing about with the grace of God that wave has passed on very swiftly so no damage done to the country as such I think we are in the right path as a country and as our industry also.

**Jayesh Jain:** Got it. Thank you so much for the satisfactory answer. Thank you, Sir.

**Moderator:** Thank you. Our next question is from the line of Ankit Shah from White Equity. Please go ahead.

**Ankit Shah:** Thanks for taking my question. Can you share the cost incurred on the digital piece during the quarter and considering additional hiring for digital that we are planning where do we expect the quarterly employee cost to settle?

**Girish Agarwaal:** With due regards if you remember we took the permission from all of you that for digital front we do not want to disclose too much right now in terms of number of employees, the cost and all that and you all been kind enough to allow us that and keeping that in mind we had done some disclosures this time of giving you the momentum in terms of number of people those who come and look at our app on a monthly basis we have given that so we humbly request you that further disclosure on the digital should be kept confidential for a while more please.

**Ankit Shah:** Sir on the employee cost side if you can throw some light the prospective employee cost on a quarterly basis around where should it settle at?

**Girish Agarwaal:** Sir our employee cost was around 90 Crores in last year Q2 which has come up to 95 Crores this year, this increase of 6% actually is not an increase if you remember last year, we have taken some cost cutting measures which we rolled back this April itself so that there is no pinch on the employee because the numbers are improving so we thought why should we unnecessarily penalize them. As a company we believe we need to announce nominal increment for our employees maybe in the next quarter post Diwali we should do that. There will be some cost increment on some percentage on that also going forward.

**Ankit Shah:** Sir on the digital side in our understanding the entire IP revenues cost assets of the digital piece are under the listed entity only one is that understanding right and is it safe to assume that all future investments, monetization in any form revenues expenses everything was DB Digital will we routed through this listed entity only?

**Girish Agarwaal:** 100% Sir what your understanding is right and in future also we intent to do so and if any change we will certainly come to you all of you for your advice and guidance on that.

**Ankit Shah:** Thanks, and Sir in the initial remarks you shared something on advertisement revenue growth in the festive season compared to last year Sir can you repeat what you shared I missed that piece?

**Girish Agarwaal:** Yes, what we are trying to say the growth this year if I have to compare the festive growth like-to-like from Navratra day one till now because we compare like-to-like base and I am not comparing of 2020. I am comparing 2019 actually because 2020 was still in bit of COVID so 2019 was the year which was very clear so, I am comparing over 2019 in that case we clearly have our growth in various states in a strong single digit and couple of states in a double digit also so that indicates that, that the festival season is really strong.

**Ankit Shah:** Sir if you can help us on a blended basis so this would be of selective states some states we would have done exceptionally well and some states we have not reached the pre-COVID levels etc., on a blended basis how is it looking like?

**Girish Agarwaal:** So overall we are on a single digit growth if you talk about the October month number festival growth number.

**Ankit Shah:** That is it from my side. Thank you so much for taking my questions.

**Moderator:** Thank you. Our next question is from the line of Yogesh Bhat from Edha Wealth. Please go ahead

**Yogesh Bhat:** Good evening, Sir. I have couple of questions one is broadly to understand the newsprint industry from macro level so it has been like it is a dying industry etc., etc. and post this COVID period there has been quite a bit of change in the behavior like we have seen lot of re-pagination, there is a cost cutting exercise which has been done rigorously and you have been mentioning that a good part of it will be

retained and after maybe quite a few years there has been some increase in newspaper prices so is there a thought within industry that now this calibrated view will continue and profitability would be a priority for this industry going forward, even when you people start growing significantly at the same time there is one more thought that because of COVID quite a few smaller players actually had to close down their shops. So first is from macro level is there a change in the thought process of the newsprint industry?

**Girish Agarwaal:** Sir, I want to understand newsprint industry or newspaper industry?

**Yogesh Bhat:** Newspaper sorry?

**Girish Agarwaal:** With folded hands very humbly, I would like to say you made a remark that this is a dying industry.

**Yogesh Bhat:** No, not me Sir this is what we have been reading Sir.

**Girish Agarwaal:** No Sir, I think you have been reading a wrong publication or whatever. We are not a dying industry at all by any means. We are growing though it is a single digit growth in spite of the COVID and all that we have been a single digit growth and not only for me even my peers if you look at other listed publications, they all are showing a number and a healthy profit so by any parameter you look we are not a dying industry at all. So humbly put in for that.

**Yogesh Bhat:** My apologies for this misunderstanding Sir I was just reading few articles from that this so my apologies Sir.

**Girish Agarwaal:** Not at all Sir. I am very happy that I am able to clarify this confusion in your mind that is one. Second thing Sir, as per the overall scenario that we face the COVID problem, English newspaper face the major distribution issues and all that and all that but I think our industry has been able to come out very strongly from that and that is why the number what we are showing are showing a healthy number at the same time we all are cognizant of the fact that there are challenges we need to address that. We need to ensure that the reading habit continues and grows at the same time if you stay much more relevant like people talk about digital news and all that but who are growing in the digital, these are the newspapers only so their app, look at my app number so it is a news app which means the newspaper news goes into an app which is further growing. So, I think going forward there will be extension of business which is we are talking about in the digital format and other formats also so I think overall things are in a decent situation and we can assure you one thing that not only Dainik Bhaskar Group but all the other newspaper publications are doing whatever best they can to stay healthy and grow. You also mentioned that some publications had to shut shop and all that to be very honest I have not heard a single name in last 18 months where a particular newspaper has shut shop, no not a single case. Thank you, Sir.

**Yogesh Bhat:** There was because I do not act the industry so well actually there was some news around six months back with regards to some sort of revenue sharing or something with this new generation apps actually like Facebook and WhatsApp and can you throw some light on that?

**Girish Agarwal:** Yes, I think that is a regular business practice that when we share our news with any other platform for which I get a particular revenue for sharing that news and they pay for that so that has been an ongoing trend with various platforms.

**Yogesh Bhat:** So is there a possibility that there could be a long-term tie-up with these sort of guys going forward?

**Girish Agarwal:** Yes, I think we all are talking to that; let us see when it happens.

**Yogesh Bhat:** Lastly from my side sir because we have been monitoring the results of the industry actually and there is a big mismatch between the cash generation and the valuation that this company enjoys. So, any thought process from your side means how we use this cash and how as a industry would you like to communicate to existing investor or prospective investors because there is a huge gap between whatever the cash we generated?

**Girish Agarwal:** I totally agree Sir and this investor call is one of our small efforts from our side to communicate our strategy, our strength, our numbers to you so as you understand it better and then communicate to the people further down.

**Yogesh Bhat:** Lastly Sir sorry again there is always a decent size of receivables so what is the policy on receivables?

**Girish Agarwal:** Our industry receivable generally happens in a period of 60 to 90 days and this is within the policy Sir.

**Yogesh Bhat:** So, we should not fear about any write-offs or something?

**Girish Agarwal:** Not at all Sir. We have a policy that any receivable which is beyond three years in a private sector has been provided for and if it is a government sector beyond five years and we provided for so you do not have to worry about any such number furthermore.

**Yogesh Bhat:** So, it is a very long period three years and five years.

**Girish Agarwal:** Yes, Sir.

**Yogesh Bhat:** Thanks a lot. Thank you very much Sir. Appreciate.

**Moderator:** Thank you. Our next question is from the line of Ayaaz Motiwala from Nivalis Partners. Please go ahead.

**Ayaaz Motiwala:** Thank you for taking couple of my questions. Sir the first question that I have is on the progress that we have made as we see in the numbers in terms of September of last year to this year there is almost a consolidated basis about a 100 Crore change in the revenue base and the two line items which have hurt you one is the raw materials which you partly explained and I would like to get some clarification on that and the other one is the other expenses which may or I am assuming had an element of the digital spending but Girishji, it will great if you could express this a little bit more both of the newsprint side of

the business primarily raw material and other expenses barring the digital ones which have seen a very sharp spike you have explained the employee expense part already?

**Girish Agarwal:** I think the Q2 of last year the other operating expenses were Rs.86 Crores, this year they are at Rs.122 there has been an increase of Rs.36 Crores out of this Rs.36 Crores around Rs.8 Crores is the additional cost which we have incurred in digital this quarter because of the marketing and other things. There has been a Rs.3 Crores cost incurred extra for the extra pages production because if you notice the number of pages has gone up so the production cost, the ink plate and all that is that cost. Rs.3 Crores is the business promotion cost this year we have undertaken because in quite some time we have not really connected with our advertisers and all that so we took that cost and around Rs.2.5 Crores is the cost increase on the rent and traveling and insurance and Rs.1 Crores is the power cost which went up and forex there has been an impact of around Rs.2 - 2.5 Crores on forex and we sold one machinery in Surat which we shifted, which was a loss of Rs.2 Crores that has also been booked. So, these are the breakup of the cost Sir.

**Ayaaz Motiwala:** This is the breakup of the 36 Crores change, the other part which is unexplained by these breakup numbers would be other unexplainable cost at this momentum.

**Girish Agarwal:** The other is the general cost. There has been some CSR cost Rs.1.5 Crores increase and few more things if you see the total is almost Rs.30 Crores on that.

**Ayaaz Motiwala:** Yes this number is about Rs.23-24 Crores but I mean I take your point Sir and in terms of the newsprint inflation you quoted that the price running during the quarter was about Rs.41000 per ton?

**Girish Agarwal:** Yes, Sir this quarter is around 41.5, the quarter gone by that is ended in September, Q2 of 2022.

**Ayaaz Motiwala:** That would be at what level of inflation Sir that you took in I mean on a comparable basis because obviously there is an element of pagination which changes as you have this cost control program so we appreciate that but on a like-to-like basis what would be the inflation?

**Girish Agarwal:** See this is the newsprint prices increase so 16% is the price increase over the last year and this year and if you talk about the overall cost then the...

**Ayaaz Motiwala:** So the 41000 Sir the newsprint cost how much is that percentage change?

**Girish Agarwal:** Yes, that is the overall percentage change on this but the overall newsprint cost if you see was around 100 Crores last year in this quarter and in this current quarter is around 128 Crores so there is a 29% jump in the overall cost out of that 16.5% is the price and balance is in terms of the number of pages and increased copies. So, our number of pages last year was 17 pages average in the quarter last year and this quarter it has been around 18.5 so there has been a growth of around 7.5- 8% on the number of pages Sir.

**Ayaaz Motiwala:** This is very helpful Sir. In terms of the just a sense of the outlook you shared a bit on the kind of advertisers who has come on so you quoted two things and I quote you Sir you said that 70% of the

business on a consolidated basis is local and there is a lot of action in terms of say there is new age advertisers trying to move tier II, tier III customers as well as the existing advertisers and that it is showing you some buoyancy in few industries that you called out. Sir, if you were to give us a flavor in terms of where the utilizations are in terms of because you can obviously add pages which you are gradually adding as you have mentioned there were couple of pages that you added where would you say you are in terms of the core sort of ad-edit ratio and keeping that integrity you still have a lot of room to go Sir.

**Girish Agarwal:** Our ad-edit ratio generally stayed at 30% of advertising and 70% of the news and as you know we are flexible in terms of number of pages so more advertising comes in we increase the number of pages so the ratio is maintained largely 70:30 only Sir.

**Ayaaz Motiwala:** Sir so the question then is that as you roll out more into the festive season and towards December are you getting order from your system on higher pagination and print runs?

**Girish Agarwal:** Yes Sir, we are very much I am actually said today is our Guru Pushya Nakshatra very auspicious day and today most of our editions have gone beyond 30 pages because there was enough advertising for us to carry those 30 pages.

**Ayaaz Motiwala:** Yes, just to get a flavor of that so that is great.

**Girish Agarwal:** Very much.

**Ayaaz Motiwala:** Sir the industry that you called out I did not pick them, you mentioned about four industries of its consumer was one of them and real estate was the others which are the others which have been affected in the past such as and are coming back maybe autos, real estate, etc. So, what was this industry is.

**Girish Agarwal:** Except auto, and a bit of consumer durable everybody is showing a growth and government obviously for different reasons but apart from that if you see auto guys have some issues because they have not been able to supply the demand in the market so obviously, they are not advertising much and same is with the consumer durables also there is a lot of consumer durable companies are not able to supply in the market but apart from that every single category is showing a growth. If I can read out the numbers to you for example education that is on a much higher growth because the season got shifted by a quarter for that but if I see real estate is at almost 70% growth, FMCG at 14% growth, banking, and finance at around 80% growth, jewellery, jewellery has done fantastic this year almost 100% growth in jewellery. So, every possible category is growing, government certainly there is a decline in a strong double-digit for us and yes otherwise the category is growing auto will also growing but at a 16% which is nothing major.

**Ayaaz Motiwala:** Lastly this question on government you qualified it in terms of your longer-term ad run rate and you said if you were to adjust for that it is 94%, 92% or 94% there and that and it has declined also so could you throw some light on what is the issue that hand and how this would sort of meant itself?

**Girish Agarwal:** What happened the decision of advertising and it has been added in a particular newspaper, it stays with the government that local government state government DVP we have been trying to pursue them and I am sure going forward they will see the merits in advertising through our newspaper to reach out to our readers also for their messages.

**Ayaaz Motiwala:** Great Sir. Thank you very much. I also ask one too more questions. I will come back in the queue. Thank you.

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

**Himanshu Upadhyay:** My question was on ad realization how has the ad realization behaved for both radio and newspaper and are we seeing a trend of improving ad realizations are we back pre-COVID or they are low and secondly on the utilization in radio business how is it versus pre-COVID in terms of ad occupancy?

**Girish Agarwal:** If I am allowed to answer this question in Hindi, then I would, am I allowed Sir.

**Himanshu Upadhyay:** Yes, you can speak.

**Girish Agarwal:** Guests have started coming back home, right now we sit with them peacefully, and worship him, and if we talk to him to increase the cost, then he will just run away. So, we are ensuring right now that he stays peacefully with us, spend more money with us, as an advertiser. So, we are not looking at current in quarter we have not kind of pushed them for any rate increase to be very honest because they are also coming back into the market. They are also kind of investing in the market because they were also not too sure about the response from the market because there were lot of talks happening about the third wave and this and that so I think the whole confidence in the advertiser or the any particular category has really come back in last month I would say where they know that their consumers are out in the market and shopping so now after maybe a month or two we can still go and nudge them for some kind of rate increase Sir.

**Himanshu Upadhyay:** On the capacity utilization on radio business means what is it currently?

**Pawan Agarwal:** We are still sitting at about 13-14 minutes of minutes per hour we are still comfortable; however, this next quarter we will now start requesting our advertisers to go back to the same yield as 2019.

**Himanshu Upadhyay:** Radio will happen at an earlier pace than let us say the newspaper in terms of ad rate improvement that the utilization is higher?

**Pawan Agarwal:** Yes, because radio has a limit of inventory and then the radio will try and do it better earlier.

**Himanshu Upadhyay:** One last thing we have investment properties worth 100 Crores in our balance sheet and any scope to reduce it and generate cash as the real estate market is booming and again when this market is booming our advertisements real estate advertisement are coming with these schemes or most of them are ready to pay cash or the ad?

**Girish Agarwaal:** Yes, when we brought in this the idea was to provide the liquidity benefit to the category and since this category anyway have lot of liquidity from last one year's time so we have taken a call that most of the advertising is on the cash and carry basis that is in terms of cash no barter and for whatever barter we are sitting at right now we are putting all our efforts to ensure that the liquidity faster and I am very confident that in this quarter which is Q3 we should be able to liquidate at least Rs.5 Crores to Rs.7 Crores worth properties in this quarter itself.

**Himanshu Upadhyay:** One small thing on the newspaper or digital edition of our newspaper currently the newspaper is online free at what point of time will we like to start charging and if this free newspaper goes on for a very long period of time, is there any risk of people not being ready to pay because one habituated to getting a free newspaper how tough will it be to start getting payment from them?

**Girish Agarwaal:** You have a very pertinent question and the whole industry is grappling to find an answer on this and so I think everybody is waiting for critical mass to come on to the news platform so that we could start charging them some money so we all are grappling with this problem and let us see how going forward maybe in six months time one year's time we get some answer on that.

**Himanshu Upadhyay:** One small thing we say that governments are not ready to advertise on our platform or not that much but I was just going through our Patna edition and some of those editions so the municipality advertisement for that local thing are happening from municipality?

**Girish Agarwaal:** You are right Sir so some of these states' governments are finding merits in our paper to advertise and some of them are not so we are trying to convince the one those who are not.

**Himanshu Upadhyay:** It is political ads which are problem or we are saying the municipality ads and all those is also a problem in some of those states.

**Girish Agarwaal:** It is a mix of both Sir.

**Himanshu Upadhyay:** Thank you.

**Moderator:** Thank you. Our next question is from the line of Yash R from JP Associate. Please go ahead.

**Yash R:** Sir my question is with regards to the buildup of a question that was asked previously with regards to the staff cost now you have answered that there has been an increase of 6% over previous year Sir what about the increase of the previous quarter we are seeing there is an increase from 80% to 95% so that is around 8% hike?

**Girish Agarwaal:** Yes, that is because of only as we told you that we rolled out the salary cut which we have taken some of them in the first quarter some of them in the second quarter.

**Yash R:** Now with regards to the copies that we have on a pre-COVID level on a monthly basis it was around 54 if I am not mistaken.

**Girish Agarwaal:** Yes, you are right 54 but that was in the year 2019 but if you see the immediately pre-COVID we were around 50 lakhs so we are currently targeting that number so we are also at 90% of that.

**Yash R:** So around 45.

**Girish Agarwaal:** Yes, we are around 44-45.

**Yash R:** Thank you.

**Moderator:** Thank you. Our next question is from the line of Ankit Shah from White Equity. Please go ahead.

**Ankit Shah:** Sir considering the consistent cash generation and no intent to kind of hold or accumulate cash would the company consider more into a quarterly dividend mode if you can share whatever your thoughts on this?

**Girish Agarwaal:** Sir, our dividend policy as we have declared earlier also and shared with all of you is that company as you rightly mentioned have no intension to keep too much cash in the books so whenever here is a cash generation and the board decides we give it out as a dividend to all the stakeholders.

**Ankit Shah:** Sir you have shared ComScore MAU data this quarter can we request you to continue providing that data going forward it is useful.

**Girish Agarwaal:** That will be our endeavor Sir.

**Pawan Agarwal:** We will also provide you the comparative numbers so as you would have experienced this time we also shared numbers of all the other Hindi media companies. Let me share with you that we have build a lead of almost 2 to 3 times over the number two player and almost lead of almost 15 times over some of the other newspaper company that operate in a market.

**Ankit Shah:** Absolutely. Thank you so much.

**Moderator:** Thank you. Our next question is from the line of Pavan Nahar, an Individual Investor. Please go ahead.

**Pavan Nahar:** More than a question I wanted to congratulate the management for several things whether it is the digital numbers or the print revenue or the royalty of EBIT, radio profits, all the time you all have been taking to answer all the questions every quarter so thank you so much as a shareholder just feel will be very happy.

**Girish Agarwaal:** It is an honor for us to receive this kind of comments from you.

**Pavan Nahar:** Honestly only to say this I actually wanted to speak. Now that I am speaking, I just wanted to say earlier participant made a point of considering a quarterly dividend. Of course, you all have been I would say liberal in paying out dividends and it does not matter whether you pay quarterly or annual or half yearly but I think it is just maybe a good way and a stronger message to send out to the markets I

just feel that unless it is too much of effort or cost a quarterly dividend maybe a good thing to consider. The third thing just I was looking at the revenues and we are about Rs.100 Crores lower than September 2019 actually not Rs.100, more like Rs.80 Crores lower than September 2019. I understand there could be this festival thing. It is okay if you do not answer but when do you think we would be able to cross the pre-COVID revenue number let us say December 2019 it was close to Rs.600 Crores ballpark you are doing Rs.2400 Crores full year pre-COVID?

**Girish Agarwal:** I think Sir let me answer your both the questions one is the dividend thing I would certainly put up your point to the board with the request that can it be considered quarterly and let me assure you from our side there is no efforts issue and there is no cost issue. I think board need to reconsider this request and decide on that. Coming on to the revenue front, I think what has been happening in the market when we speak to the advertisers the 100% clarity of the response from the market and from the supply chain has not been achieved by most of them so like when we speak to one category guy they were very, very excited in the month of August and they said we are going to go all out this year but suddenly their supply chain became a constraint and they had to withdraw the entire advertising campaign. Some of the people were very skeptical about the market response that will people come out to shop or not or the third wave will happen or not so I think we are grappling with such issues in the market and but fortunately for India this last two months have been fantastic, every sector is doing amazingly good so we are hoping that this momentum continues and the confidence in the advertisers continues and then maybe from next quarter which is quarter four we should be able to show much better numbers but one thing I can assure you our entire team those who are into sales are not leaving any stone unturned to really generate the revenues and you must have seen our special mega issues which people are bringing out from the smaller market, some editions have done unbelievable work to gather that kind of revenue from the local clients and all that so that goes on assuring you that we will do whatever best possible in the market to make sure that we get the revenue which is required.

**Pavan Nahar:** Thank you once again and lots of respect for whatever you all have achieved.

**Girish Agarwal:** Appreciate Thank you very much.

**Moderator:** Thank you. Ladies and gentlemen, due to time constraint that we are now closing the call, I now request the management team to add a few closing comments. Over to you Sir!

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

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