DB Corp Ltd

8th February, 2023

The Manager (Listing - CRD)
BSE Limited
Phiroze Jeejeebhoy Tower,
Dalal Street, Fort,
Mumbai - 400 001.
Scrip Code: 533151

The Manager (Listing Department)
The National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (East),
Mumbai - 400 051.
SYMBOL: DBCORP

ISIN: INE950I01011

Sub.: **Transcript of the Investors/ Analysts meet held on Thursday, 2nd February, 2023**

Dear Sir/Madam,

In continuation to our letter dated 27th January, 2023 and pursuant to Regulation 30, 46 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of Investors / Analysts Meet held on Thursday, 2nd February, 2023. The same has been uploaded on the Company's website within the stipulated timelines at https://www.dbcorpltd.com/financial-results.php

The link to access the said transcript is:

https://storage.googleapis.com/webimages.dbcorp.in/investor/DB_Corp_Qtr_3_FY_23_Conference_Call_Transcript.pdf

We request you to take the same on record.

Thanking you.

Yours truly,

For **D.B. Corp Limited**

Anita Gokhale
Digitally signed by Anita Gokhale
Date: 2023.02.08 15:53:47 +05'30'

Anita Gokhale
Company Secretary

Encl.: a/a

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“D B Corp Limited

Q3 & 9M FY '23 Earnings Conference Call”

February 02, 2023

Moderator: Ladies and gentlemen, good day, and welcome to the D B Corp Limited Q3 and 9 Months FY '23 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 star then zero on your touchtone phone. Please note this conference is being recorded.

We have with us today the senior management team of D B Corp Limited, Mr. Pawan Agarwal - Deputy Managing Director; Mr. Girish Agarwaal - 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 D B Corp Limited on the call.

The management will be sharing the key operating and financial highlights for the quarter and nine months ended December 31, 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 e-mailed 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 Q3 FY2023 D B Corp Earnings Conference Call. We will begin the call by highlighting the key financial performance for the nine months and quarter ended December 31, 2022, followed by key operational updates.

We witnessed yet another good quarter driven by advertising revenues from the festive season, coupled with robust revival of demand in our key markets of non-metro Tier 2 and 3 cities. We have been, over the past few quarters, highlighting a strong resurgence of traditional media, and this quarter is a strong testament to that trend continuing. As India's largest print media group, our innovation and consistent focus on our editorial and circulation strength have helped us build on our strength and continue this momentum.

Consolidated nine months advertising revenue grew by a strong 29% to Rs. 11,233 million versus Rs. 8,693 million of nine months FY2022. Circulation revenue recorded a growth of 2% to Rs. 3,469 million against Rs. 3,406 million of previous year. Total revenues grew by 24% Y-o-Y to Rs. 16,209 million as against Rs. 13,087 million.

EBITDA grew by 6% to Rs. 2,722 million as against Rs. 2,565 million, aided by stringent cost control measures and despite relatively high newsprint prices, and large digital business investments for future growth.

Consolidated PAT for the nine months grew by 8.5% to Rs 1,281 million versus Rs 1,180 million in FY2022. Further, it is worthwhile to share with all of you that domestic newsprint prices are witnessing softness of around 12% to 15% from the peaks of around Rs 70,000 per ton. Similarly, imported newsprint spot prices have also seen a correction of around 15% to 20% from their highs of US $850 purchased by us. We expect domestic newsprint prices to further soften due to weak demand. The partly impact of these corrections has started reflecting in our results in the current quarter, and we expect quarter-on-quarter corrections continuing in Q4FY23 as well.

In Q3FY23, advertising revenue grew by 2.6% Y-o-Y to Rs 4,052 million versus Rs 3,951 million of Q3FY22. Although on adjusting for the festive season and billing spread on a like-to-like basis, ad revenue grew by double digit in comparison to previous festive season.

Circulation revenue stood at Rs 1,157 as against Rs 1,141 million of Q3 FY2022. Total revenue grew by 4.6% Y-o-Y to Rs 5,745 million as against Rs 5,495 million in Q3FY22. EBITDA stood at Rs 1,007 million versus Rs 1,459 million after considering forex loss of Rs 21 million and despite relatively high newsprint prices and large digital business investments for future growth. PAT for the quarter stood at Rs 483 million versus Rs 865 million in Q3FY22 after considering forex loss of Rs 24 million.

Moving on to our digital business, which has been a key focus area and an important vertical in terms of future growth for our business. The company has been steadily growing its loyal monthly active user base across all its app with increase of over 7x from 2 million in January 2020 to more than 15 million in November 2022. As the dominant player in both the physical and digital mediums, we are not resting on our laurels and continue to work on increasing the engagement of our users.

Coming to the Radio division, in nine months FY2023, revenue grew by 24.6% to Rs 1,020 million versus Rs 819 million last year. EBITDA grew by 37.3% to Rs 318 million versus Rs 232 million and formed a margin of 31% in nine months FY2023. Our teams at MY FM continue to work towards building a strong brand visibility through key tie-ups in current affairs and innovative content to increase audience engagement, which will help us increase our ad rates and augment revenues.

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

Girish Agarwal: Thank you, Pawan, and good evening, everybody, and thank you, everybody, for joining us on this call. The print media industry has been gaining prominence over the past few quarters, again, as readers and advertisers alike are looking to stick to the culture. We have always believed that our ability to deliver very crisp, relatable content with the high level of integrity will help us in long run. Coming out of the challenging pandemic period this quarter and the nine months of the fiscal has shown us that there is a tremendous potential in the sector.

Our advertising revenue continues to grow, and we are hopeful that in the forthcoming quarters, we will further strengthen our phygital platform to help us deliver better results. The festive season saw advertisers across the board, starting with traditional sectors and to the new age sectors also, large conglomerates as well as the small businesses, all choosing print media in our market for the satisfactory return on their advertising spends.

Automobile, another key traditional sector is also showing signs of revival, which is very crucial for us after soft performance of last 3-4 years. On the circulation front, we are rolling out several initiatives for our readers and trade partners to drive more reader acquisitions.

I would like to take this opportunity to also mention this January month, which we have closed 2 days back, we have closed this January compared to last year January month on a very strong double-digit growth. And the growth has come from all the segments like government, education, real estate, automobile, lifestyle, jewelry. So fortunately, this January has closed on a very strong double-digit growth, and we are hopeful that this momentum will continue going forward also.

Our cost-cutting measures that we have implemented continue to serve us well. As disclosed in our press release, we continue to rationalize our operations and have managed to save approximately 9% from our total operating cost for the nine months FY2023 versus nine months FY2020, pre-pandemic. We have been consistently achieving these cost reductions due to the long-lasting nature of our measures. Our EBITDA growth of 6% in the 9-month period comes after accounting for higher newsprint prices as well as our continued investment in the digital business, which we believe will help us in the long run.

This is all from our side. Me and my colleagues would be happy to respond to your queries/questions. Thank you very much.

Moderator: We have our first question from the line of Riya from Aequitas Investments.

Riya: My first question would be in regards to the cost -- current cost. So basically, we have been routing papers from Russia and basically the logistics costs have been going down. So what would be currently on import and domestic paper mix? And my second question would be in terms of what is the paper trends? Like you mentioned in the opening comments, I would like to know more about it in numbers.

Girish Agarwal: So out of the total consumption, almost 64% is Indian and around 36% is imported. And as far as the cost is concerned, as you know, that if you look at the overall cost base, the newsprint cost has gone up by almost 60% if we consider the nine months period and this quarter is up by almost 39%. So let me give you this understanding why the 61% growth because, first of all, the dollar, which was at Rs 75 last year in nine month's time is currently at around Rs 80 this year. I'm talking about nine months of financial year, April-December of 2022-23 and this year also. So around 8% impact is on the dollar price.

Second thing in the Q1, Q2 & Q3 of FY22 , our imported newsprint average price, which we were consuming was in the range of around USD 400 per ton. Because we already had some stock plus we had certain contracts -- forward contracts, which fortunately some of the companies honored that. But moving on to the next year, which is FY23, the first quarter went up to almost $500, second quarter went up to around $600 and third quarter at around $630. And the same impact we had on the Indian newsprint also. But fortunately, it looks like that the worst is behind us because we are seeing some trend of the decline of the newsprint prices already. And we are hopeful that in the Q4 also, it will further soften down by another 4%. And every quarter, there will be further relief coming in.

Riya: Okay. So Q3 was $630 and Q2 was $600 ...

Girish Agarwal: Roughly $580, $600, $630.

Riya: So actually, domestic prices on a quarter-on-quarter basis have reduced. So that is what the case is imported, is what I assume.

Girish Agarwal: Indian newsprint prices came down in Q3 slightly, but we are hopeful that going forward, they should further come down.

Riya: Okay. Can I know the number or what was the realization for domestic newspaper in Q3?

Girish Agarwal: If you look at the Q3 number, my Indian newsprint rates per ton was in the range of around Rs 63,000 per ton.

Riya: Right. So, it was around Rs 65,000 in Q2, if I'm not wrong.

Girish Agarwal: Yes, Rs 65,000, you're right, bang on.

Riya: And Q4, we are further seeing more 4% to 5% decline in domestic prices also.

Girish Agarwal: Yes.

Riya: Okay. Now my second question is in regards to the advertisement, so what is currently our segmental mix like where did we see demand coming in from? And how do we see the mix changing going forward?

Girish Agarwal: See the demand, fortunately, I can talk about the Q3 and I've also got the number for the month of January. So if I stick to Q3 for a minute. So in Q3, the growth has come from government, but government growth largely has come because last year, our government advertising in certain markets were stopped, that has, again flowing back. So that large number has come, growth from their percentage.

But I think education is growing to some extent. Real estate is one category which is still holding the growth on. Automobile, as I mentioned, the Automobile started growing again. So I think that's a very positive sign. FMCG is also growing very little, almost I would say flat. Jewelry is growing. Jewelry is still growing around, if I see the Q3, jewelry has grown by almost 15%. So all these sectors are firing, so hopefully, this will continue going forward also.

Riya: Earlier, we used to have around Rs 100-odd crores coming only from automobile advertisements. So what kind of numbers are we right now currently for Auto? And how much have we seen it coming back?

Girish Agarwal: Okay. I think Automobile was more than 100 overall, earlier. Now we are pretty down, but hopefully, we should be back to the same number soon.

Riya: Maybe next quarter something or in 1, 2 quarters?

Girish Agarwal: There's a growth happening every quarter. So, let's hope that especially if I see the month of January, in January month alone, we have done roughly around Rs 10 crores in Automobile. So if I go by that run rate, we should be back to the number which you just mentioned.

Riya: Okay. So actually, just comparing Q3 versus Q3, though I know that the festive season was broken apart in 2 quarters, however, the growth in print advertisement was as not great. Like, if we look at other traditional media like Radio, it has grown better than print to say, and all the entire gamut. So what was that reason?

Girish Agarwal: No, no. I think you got your facts wrong here, sorry. The print is growing pretty steadily. And Radio, actually, because the base was much higher of Radio. So because of that, their growth is not that strong. If you have more questions, would you mind if we can answer you on a side call with our team separately because otherwise, other investors will be in the queue.

Moderator: We have next question from the line of Devrat Himatsingka with Augmenta Research.

Devvrat Himatsingka: Sir, I'm sorry, I missed that part. But how much -- what was the revenue from the state of Gujarat because of the elections, what kind of impact did that have on our revenues for Q3?

Girish Agarwal: So frankly speaking, as I've been mentioning time and again, that the election revenue of the government does not really impact much. It does give us small percentage slip, but not something which is, we need to rave about.

Devvrat Himatsingka: And given that, I mean, once again, I'm coming on the same topic, but given that the Madhya Pradesh, Rajasthan elections are there, and I believe our presence is the highest in Madhya Pradesh and Rajasthan would be second highest. So do you think that we should benefit from this severely? Or is it just, again, would it be a few percentage points here and there, say, Q3 of next year?

Girish Agarwal: So I'm looking at the benefit from a different perspective. The perspective is this, that when the election happens in a particular state, the state government goes all out to ensure that the people by large, are happy. So they will be spending lot of money in the infrastructure. They will be offering certain benefits to the farmers. They will be offering certain benefits to the government employees and all that. And that will increase the disposable income of these individuals. And then these individuals will come out in the market and start buying up automobiles and real estate and other things. Those advertisers will advertise more with me because of this traction. So that's the benefit how I'm looking at.

Devvrat Himatsingka: Noted. But having said that, you still do believe that print media will continue to grow over the next maybe 1 or 2 years? I'm not talking 10 years down the line, but if you just look at immediate future you still see growth from here, right?

Girish Agarwal: Absolutely.

Moderator: We have next question from the line of Gaurav Gandhi with Glorytail Capital Management.

Gaurav Gandhi: Sir, in your press release, you have mentioned about the increased market presence with institutional copies to corporates. Sir, what do you mean by these institutional copies and is there any future lines in this area?

Girish Agarwal: Yes. Hotels, restaurants, hospitals, corporate offices, when we say institutional sales, that is the thing.

Gaurav Gandhi: I mean, do we see any kind of special additions to these people like magazine or something like that or...

Girish Agarwal: It is the same paper, but we go and liaison with them so that, for example, if there's a hospital of 400 beds in city of Indore, we'll go and request them that while your patients are resting in your hospital, allow them to buy copies.

Gaurav Gandhi: All right. And the second question is, any response on the monetization of your digital strategy and whether readers are comfortable with paying any subscription, if you have tried on those readers?

Girish Agarwal: As we have mentioned to you in the previous calls also, we are working towards it, and the initial response is good. Our testing is happening. The pilots what we are running are very encouraging. And soon, in a couple of quarters more, we should be able to disclose more details, till then.

Moderator: We have next question from the line of Rushabh Shah with K R Choksey Shares & Securities.

Rushabh Shah: Sir, my question is, if we look at circulation revenue, it is flattish Y-o-Y, even with some price increase per copy, it means the circulation copies went down, Y-o-Y?

Girish Agarwal: Yes, very miniscule because if you look at the Y-o-Y number, my average realization price was Rs 3 last year versus Rs 3.10 this year. So there's a miniscule difference in that front.

Rushabh Shah: And sir, my next question is what are our plans for Radio business? Do we expect we can cross FY20 revenues and grow from those levels?

Pawan Agarwal: Rushabh, we are now YTD minus 4% on the '19 -'20 base. So, we are working on growing the base, which was the largest base in '19-'20, and we're very close to that now. We are at minus 4%, despite there is a loss of rates, which we are recovering. We're very hopeful that we'll cross the base of '19-'20, which was the original base pre-COVID.

Rushabh Shah: And sir, the digital subscription revenue is in print and other business advertisement?

Girish Agarwal: Sorry, sir, I couldn't get that last question of yours.

Rushabh Shah: The digital subscription revenue is in Print and any other business advertisement?

Girish Agarwal: No. Digital, in the app, we don't take advertising, sir.

Rushabh Shah: And sir, have we rolled out paid subscription across the country for digital paper?

Girish Agarwal: Not yet. We are doing some experiment in various pockets in the country and the response is very encouraging.

Rushabh Shah: And sir, my last question is how good is our understanding of our own digital consumer? And what innovations we have done based on our insights?

Girish Agarwal: That I would request you to slot maybe a 2 hours discussion with us in a couple of quarters and we'll give you the whole rundown on this.

Moderator: We have next question from the line of Nagraj Chandrasekar with Emerge Capital.

Nagraj Chandrasekar: Just wanted to understand the print advertising cadence a bit better given we've had 2 or 3 abnormal years. You mentioned January was up 20% Y-o-Y, which was very good to hear. But just wanted to understand the last normal year we had, the March '20 print advertising revenues were almost flat compared to the December '19 revenues. So, is that the sort of Q-o-Q cadence we should some expect? Or will there be a usual drop of post the festive season, the following quarter in absolute terms, very directionally if you could give a sense.

Girish Agarwal: So sir, if you look at the quarter 3, which we closed in December, the festive season was very good. But then there's a whole rumors of, apprehension of COVID coming back started. So I think that did wash out a large portion of November. And by the time, sanity came back and people were and all that, so we lost some time, the markets were very, very cautious about that. But having said that, January is a testimony of the market response. And we are very bullish that they should continue in the same manner.

Nagraj Chandrasekar: Our checks indicate that spot newsprint prices for imports have actually come down a lot more, they come down to an equivalent of something like Rs 50, Rs 55 /kilo. So when would these really start reflecting in our COGS for newsprint per kilo on a blended basis? I understand it takes a quarter or 2, but would it take maybe till the first quarter for us to get to that certain level of COGS per kilo from our current number?

Girish Agarwal: So today, if you look at the average newsprint price is roughly around Rs 62 kilo, what we have used in the quarter 3. We are hopeful that in Q4, this will go down by around 4% and then in the Q1, further, it should go down. So, answering your question, that will it come to around Rs 50, Rs 55, hopefully, it should happen in next 2 to 3 quarters.

Nagraj Chandrasekar: And finally, we've seen our Newspaper Association, the INS, has come together and filed before -- a case in the CCI against Alphabet, the parent of Google for various reasons of advertising revenue sharing. Just, could you just comment on what you aim to achieve in that case and what the Indian Newspaper Association, newspapers such as yourself with the largest sort of readership in India aim to achieve from this, from the -- as an outcome from this case? I do not want any numbers or anything, but just qualitatively we wanted to understand what your aim to achieve, sir.

Girish Agarwal: As you rightly mentioned, the Indian Newspaper Society and digital publishers also have gone to Competition Commission of India, requesting them to look into the fact of the matter and evaluate and investigate and see that how Indian publishers get the due share of their revenue, which is now currently not being shared by the other company, and they are in the process of hearing us. They have called certain meetings and all that. And I'm sure in due course, they will come out with a very fair justice.

Nagraj Chandrasekar: So sir, just as a follow-up, in various industries, the revenue share trends from, say, 50-50 for music library owners with YouTube or say, another example could be how mutual funds share fees with their distributors. Just what sort of share do you currently get? And what do you think is a fair share would be, directionally would be good to understand.

Girish Agarwal: Currently, what we are getting is not even a share, I would say. So but as you mentioned, these other industries' numbers as you mentioned, I would think that should be a fair justification, fair sharing and through a sense of partnership.

Nagraj Chandrasekar: And just what is this share, if that can be quantified and some of the other countries, we've seen this being implemented such as Australia, the EU, Canada, etc, where there are payments being made for news providers, newspapers for this service?

Girish Agarwal: For every country regulator has decided on different number. So I would leave this to CCI to decide and let us know.

Moderator: Your next question from the line of Saikiran Pulavarthi with Pulavarthi Advisors.

Saikiran Pulavarthi: Sir, just quickly continuing the conversation on the digital side. You've consistently said over a period of time that you had made significant investments and are still continuing. Just would you like to talk on what kind of investments you have done and then how much more you need to do? And second question, as a follow-up to that is that you have built significant amount of digital assets, as mentioned in your press release and have got very large, what I can say, app downloads compared to any other revenues, that's what I can say, apps in the country. How do you try to monetize that? And apart from that, you also have good significant number of subscribers on the YouTube channels and all that stuff. So how do you intend to monetize these investments over a period of time?

Girish Agarwal: Sir, if you recall, I made a humble request to the investor community a couple of quarters back, a couple of years back, and they all allowed us that not to disclose the number of digital in detail now because it's a very competitive market. So and they all agree that we are not we cannot disclose the digital number in detail. And once we are ready to show you the result, then we disclose everything to you. So may I request for the same thing from you also, sir.

Saikiran Pulavarthi: Sir, in your assessment, how far or how near is that time frame, sir, if you can qualitatively.

Girish Agarwal: Yes. As I mentioned to you, we have started experimenting in pilots across the country for the subscription in various formats. And so far, the pilot results are very encouraging. And we are waiting that in the next couple of quarters, we should be able to roll it out all across. Yes, numbers.

Saikiran Pulavarthi: In the meantime, would you like to see any global good models you have seen where they would have done it better? Anything which you would like to guide us to look at some of the companies globally, which you would have studied or something like that, sir?

Girish Agarwal: Yes, sir, our team has been actively engaging with a few international partners in terms of understanding their knowledge. As you know, Mr. Mark Thompson, who used to be the CEO for New York Times has also been our advisor. So Mark also brings a lot of knowledge to the table. And we've been talking to a lot of other consultants also on this. So we are trying our best to get the worldwide knowledge and seeing the relevance of the same in Indian context, what our consumers would like and we are experimenting that only here.

Moderator: We have next question from the line of Riya Mehta with Aequitas Investments.

Riya Mehta: Sir, I wanted to know on the circulation front, what are the number of copies this time? And are we looking for growth in organic or incremental market share?

Girish Agarwal: Riya, currently, we are on an average of around 42,15,000 copies. Certainly, we want to grow more. And that's the reason we've been driving certain strategies in the markets of Rajasthan, Gujarat, Madhya Pradesh, Bihar to see how we can grow more. And we are seeing some results on that. But at this time, we are very clear that we want to grow copies without offering any freebies or offering any price reduction and all that. So it's slightly tough because we are not offering any freebies and all that, but we are getting there.

Riya Mehta: I mean is there any inorganic acquisition in mind?

Girish Agarwal: Do you have something in mind you want to disclose to us? Riya, I'm asking you.

Riya Mehta: No, no. Nothing.

Girish Agarwal: Okay. So we have nothing in our mind. Thank you.

Riya Mehta: And what was the current cover price is?

Girish Agarwal: Our cover price is -- average cover price is Rs 4.81, and net realization amount is Rs 3.10.

Riya Mehta: And what was it last year?

Girish Agarwal: Last year, it was Rs 2.99 was the average realization price and cover price of Rs 4.64.

Riya Mehta: Is there any scope of further incremental in the cover prices?

Girish Agarwal: There is a scope there, but I don't want to unnecessarily increase the cover price because Rs 4, which is average price of, say, INR 5, is a decent enough, good enough price. And yes, we should now focus more on the advertising growth rather than getting some money from the cover price.

Riya Mehta: Are we increasing the advertisement yield there?

Girish Agarwal: This is the #1 in my wish list to increase the yield. But right now, the focus is on the volume, actually.

Riya Mehta: And going forward, you mentioned in your press release that you're seeing e-commerce coming back, e-commerce and start-ups. So what kind of growth do we see from that -- those areas coming back?

Girish Agarwal: So we've been in touch with most of these e-commerce, start-up companies and all that. But I think because of the overall market slowdown for them, investors are not giving them enough money for them to expand. So most of them have kind of kept things on hold. But we are hopeful that some of them are finding the grounds.

Moderator: Ladies and gentlemen, that was the last question. I'd now like to hand the conference back over to the management for closing comments. Over to you, gentlemen.

Pawan Agarwal: Thank you, everyone, for your participation and time on this earnings call today. I hope we have responded to your queries that were raised today and we'll always be happy to be of assistance through our Investor Relations Department, headed by Mr. Prasoon Kumar Pandey, for all your further queries. Thank you and have a great evening.

Girish Agarwal: Thank you.

Moderator: Thank you, very much, sir. Thank you. Ladies and gentlemen, on behalf of D B Corp Limited, that concludes this conference. Thank you for joining the call. You may now disconnect your lines.