



DB Corp Limited

Q1 FY2023 Earnings Conference Call”

July 28, 2022

Moderator:

Ladies and gentlemen, good day and welcome to the DB Corp Limited Q1 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 this conference call, please signal an operator by pressing ‘*’ then ‘0’ on your touchtone phone.

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 June 30, 2022, followed by a 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 Q1 FY2023 DB Corp earnings conference call. We will begin the call by highlighting the key financial performance for the quarter ended June 30, 2022, followed by key operational updates. We are pleased to report that despite inflationary pressures and challenging

sentiments in the domestic and global market we have delivered strong results in this quarter. We witnessed good growth in both circulation and advertising. We have commenced this new financial year on an optimistic note.

In Q1 FY2023 advertising revenue grew by 96.6% to Rs. 3369 million versus Rs.1713 million of Q1 FY2022. Circulation revenue recorded a growth of 4.5% to Rs.1156 million against Rs.1106 million of previous year. EBITDA stand at Rs. 738 million versus Rs.51 million of previous year despite high newsprint prices and our continued investment in the digital business. This was possible in large measure due to stringent and long-term cost control measures that continue to serve us well. Print business EBITDA margin stood at 20%, PAT for the quarter stood at Rs. 310 million versus a net loss of Rs.223 million in Q1 FY2022.

Moving on to our digital business, the company has been steadily growing its loyal daily active user base across all its apps, increase of over eight times from two million in January 2020 to about 17 million in May 2022 can be attributed to focus on ensuring high quality content with the bespoke and highly personalized product experience. This we believe has helped propel Dainik Bhaskar group, in becoming the dominant digital leader with #1 Hindi and Gujarati news app players. 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 company from the country.

Coming to the radio division in Q1 FY2023 revenue grew by 105.8% Y-o-Y to Rs.320 million versus Rs.156 million last year. EBITDA grew exponential Rs.94.2 million versus loss of 2.6 million. EBITDA margin for the quarter stood at 29.4%, the MY FM content continues to connect with audience and augment listener engagement activities through innovative content creation. This has also 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 operation. Over to you!

Girish Agarwal:

Good evening and thank you everybody. Thank you, Pawan. We hope and wish you and your family members are healthy and safe. As Pawan stated we have commenced this financial year on a stronger note with strong Q-o-Q and Y-o-Y performance across all segments. I think it is more important to note the Q-o-Q rather than Y-o-Y for simple reason, because last year the first quarter was a COVID hit quarter so the numbers look very highly growth centric, but to be very honest we need to compare it Q-o-Q also we should compare ourselves with the 2019-2020 quarter rather than last year.

We are hopeful that at this pace print sector should be reaching to satisfactory level with growth over FY2020, in the interim we continue to strengthen our position in circulation by energizing our distribution channels to onboard new readers as well as focus on institutional sales as an added stream of revenue and growth. We are hopeful that this strategy will allow us to tap the organic reader's universe that we already have in our market.

Our leadership position in the market has helped us attract a wide variety of advertisers both from the traditional categories like real estate, jewelry, education as well as new age sectors like e-commerce, start up, fintech etc. We will continue to strengthen our advertising funnel by innovations such as award-winning special editions while providing a platform to advertiser for hyper local ad campaigns.

On our financial performance and cost optimization as we have been pointing out over the past few quarters, our similar focus has been to ensure that our various cost cut 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 6% in the operating cost vis-à-vis Q1 of FY2020. Resultantly the print business EBITDA margin for Q1 FY2023 stood strong at 20%, EBITDA margin expanded by more than 700-basis points despite newsprint prices headwinds. We believe that the newsprint prices are peaking, and we should get some relief going forward from the Q3 of this year.

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

Moderator: Thank you very much Sir. Ladies and gentlemen, we will now begin the question-and-answer session. Our first question is from the line of Bhagyesh Kagalkar from HDFC Mutual Fund. Please go ahead.

Bhagyesh Kagalkar: Thanks for the level of disclosures in your result bulletin. Just two questions which are actually in mind of many investors. One is our paywall strategy over two, three years how it will shape up and secondly the issue that comes from all the media houses, issues with Google and other Western technology companies also that we are not getting fresh share of revenues when you are invested so heavily in a countrywide cost base basically?

Girish Agarwal: The first is about the payout?

Bhagyesh Kagalkar: Paywall how we are going to?

Girish Agarwal: I thought payout, my mistake.

- Bhagyesh Kagalkar:** The paywall strategy in your franchises, you have taken up constantly.
- Girish Agarwal:** As you know in digital, we have already reached to a level of 17 million monthly active users on our app and these numbers are pretty steady from last three, four months as you must have noticed despite if you look at my other competitors, if I look at any other news channel or app and all that they all have gone down in numbers, so that clearly indicates that we have found the stickiness with our readers very clearly. Our time spent also almost at 13 minutes that is also pretty encouraging for the news app, all this happening I think as you mentioned about the paywall that is the way forward for us. Now whether it should happen in couple of quarters or we need to wait a bit more I guess we are still working on it.
- Bhagyesh Kagalkar:** The second question was regarding the revenue strategy that we need to get from Google and other Western technology companies, because they are using...
- Girish Agarwal:** The Digital Newspaper Association and Indian Newspaper Association society they both have filed a complaint for the petition with Competition Commission of India requesting them to have a look at this aspect, so that some giants those who are misusing their monopoly, they should not do it and they should share the fair amount of revenue with all the publishers, so the matter is subjudice and we are very hopeful to get a positive outcome from them soon.
- Bhagyesh Kagalkar:** If you can answer question on payout also, if it is?
- Girish Agarwal:** Payout.
- Bhagyesh Kagalkar:** Payout related what is your view?
- Girish Agarwal:** Just to inform you our board today recommended Rs.3 dividend which is going to be recommended to the AGM now for this payment, it is an interim dividend which will be done and then I think there will be further more going ahead.
- Bhagyesh Kagalkar:** Thanks for the replies. Thanks, and all the best from my side.
- Moderator:** Thank you very much. Our next question is from the line of Nikhil Chandak from JM Financial Family Office. Please go ahead.
- Nikhil Chandak:** Actually, my questions were in continuation to what Bhagyesh just asked so any numbers which you could share both on the paying for the app so to say and paying for the news and also on the Google assuming the order goes in favor of the INS and like it has been in some

of the other countries, what can be the likely or approximate revenue accretion which can really happen from that?

Girish Agarwal: In fact, in our petition that is one of the points we have mentioned to CCI that please ask Google to disclose the exact advertising income they make it from India and then based on that some ratio to be decided on, so I think we should wait for the honorable CCI to decide on that. Second that first you asked about the money which we can get from the app and all that correct the paywall?

Nikhil Chandak: That is right.

Girish Agarwal: We are also evaluating it, understanding it from the market should take couple of more quarters.

Nikhil Chandak: Understood or maybe some any global model which you are trying to kind of understand?

Girish Agarwal: We are studying all the possible models which have been adopted by publishers in Europe and US, to understand that, but at the same time we will have to see it from the Indian perspective and then take a call on that.

Nikhil Chandak: Okay, great. Thank you.

Moderator: Thank you. Our next question is from the line of Amit Khetan from Laburnum Capital. Please go ahead.

Amit Khetan: Good evening and thank you for the opportunity. Sir, can you provide some color on the advertising yields, where are they relative to pre-COVID levels and where do you eventually see them going like would they recover to 100% to pre-COVID levels or would they be slightly lower and by when?

Girish Agarwal: Now this advertising yield again we are looking at category wise, so some categories yields are already higher than the pre-COVID level, but some categories are still struggling now it is true, it is a function of the category behavior in the market. So, for example, real estate category we are higher than the pre-COVID level because that category has already bounced back in a big way, but in our auto sector that is still struggling because the automobile category as such is down, so that is the way we are looking at it.

Amit Khetan: But on average where would you be relative to pre-COVID?

Girish Agarwal: Still below the expected number.

- Amit Khetan:** Okay and you expect recovery by Q3 which is the festive season?
- Girish Agarwal:** I can say yes, we are trying for it, but will the recovery happen faster because, there are two challenges we are facing. One is the yield improvement and also ticket size improvement, so with the negotiation table, you may decide either of it, so we are taking a call accordingly.
- Amit Khetan:** Understood and secondly in terms of number of copies, where are we again relative to pre-COVID?
- Girish Agarwal:** We are now at 42 lakh copies in this quarter, summer quarters generally slightly lower than the normal, so we hope that in this Q2 of this year, the copy should increase by a couple of lakhs compared to the pre-COVID which is 2019-2020 this is certainly down by almost 10 - 15%.
- Amit Khetan:** Thank you very much.
- Moderator:** Thank you. Our next question is from the line of Riya from Aequitas Investments. Please go ahead.
- Riya:** Good set of numbers, congratulations. Basically, I just wanted to have a word about where are we seeing the advertisement majorly coming from like you said you are doing well when you expect auto to do good so what part could you give a percentage wise breakup of which segment from how much of the total advertisement revenue?
- Girish Agarwal:** I have the whole chart in front of me, but because of the competitive environment I do not want to read out the whole chart for you, but let me still give you the flavor. Education as a category contributes the most because of the Q1, because in Q1 that is the education season time followed by government and then real estate and FMCG, real estate is doing very well if I compare real estate with as I am telling you that I do not want to compare any number with last year, because last year was a COVID hit month so all the numbers show the growth of 100%, 200% looks very fancy. We should compare ourselves with 2019-2020 which was a normal year. If I compare from that year, the real estate is up by almost 30%, jewelry is up a big time even health sector is up, three sectors which are down which are making an impact, one is education. Education is actually not down, education is shifted because of the results, all the results this time came late, generally the NEET results the class 10th and 12th result they all come in the month of April and May, this time they all result shifted to July and August so that is the reason the advertising got shifted. Apart from

that government for us is down for certain reasons which we have briefed you earlier also and automobile is one category which is still big time down because of their short supply.

Riya: Okay and are we really seeing any resistant from the FMCG?

Girish Agarwal: FMCG contributes around 5% to our overall kitty and which is if I compare 2019-2020 its flat right now.

Riya: Okay and government you were saying something that it has been on a declining time so is it because the elections got over and now there are no further elections something like that?

Girish Agarwal: Yes, part of it that way also.

Riya: Okay, in the next quarter of the coming year which segment of it, do you think would make a major impact apart from real estate?

Girish Agarwal: I think education will make a big impact. FMCG, automobile should do a lot well going forward.

Riya: I wanted to ask the second question on the cost front. Since we are saying paper cost rising so much, could you give a flavor on it like what was the cost before it and what has been right now and are we able to pass on the entire cost in the circulation like are we breaking even just on the circulation basis or how do we look at it?

Girish Agarwal: First of all, thank you very much to give us the hope that we can breakeven on the circulation though we are not breaking even circulation because generally newspaper model right now is not that they really breakeven on the circulation price, anyway just to give you the number. On the newsprint prices if I compare with 2021-2022, we were at around Rs.41000 per ton which this year is at Rs.62000 per ton, it is a big 50 - 51% jump in the overall price of newsprint. While I see the Q4 of last year then the price was roughly around Rs.50,000, because we had the old stock so as the old stock getting consumed the new stock coming at a higher price, but one silver lining what we recently came to know that Government of India is thinking to do something with the custom duty of 5% on the imported newsprint so if that finds the favor with the government that 5% duty will go away and that will have an impact on imported as well as Indian newsprint also in terms of pricing. Another point which is right now working little negative is the dollar price, because the dollar price going up my imported parity with the Indian newsprint as well as the foreign goes up so that is another concern right now. So, all in all newsprint is one big elephant in the room which we are still struggling with.

- Riya:** Right, so with the ad slot which we are giving so have we increased our rates or how is it?
- Girish Agarwal:** We have increased our cover price by 5% if I compare last year number, we are right now at Rs.4.76 average cover price of our newspaper. Some room there may be 5 - 7% more room to increase the prices.
- Riya:** Okay, got it, but if we increase the 5 - 7% we can just pass on the incremental pricing because of the paper cost?
- Girish Agarwal:** Yes.
- Riya:** That is, it from my side. I will get back in the queue for followup questions.
- Moderator:** Thank you. Our next question is from the line of Himanshu Upadhyay from O3 Capital. Please go ahead.
- Himanshu Upadhyay:** Good afternoon and congrats on good set of numbers. The circulation numbers as we stated earlier that we should look at Q-on-Q numbers, but they are flattish. How quickly can we get the circulation and at this price point if newsprint maybe it is not profitable, but what is your view and can the ad rate what we are getting or the yield rate will be dependent upon the circulation copies, what we are giving or is the number and how do we think about growing these numbers?
- Girish Agarwal:** There are two different things. One is that the absolute circulation copies going forward will increase, answer is yes, we are working on it as for example the average of the quarter which we mentioned to you around 42 as in the month of July itself we have got another 60000 copy growth over that number, so we are hopeful that the copies will grow further more. Number two, from the advertiser perspective I think one good thing has happened that in spite of whatever little copies we have lost because of the COVID and the format of the offices and all that. I would say my market share in various markets have improved which means if I have lost 'x' number of copy may be the market and the competition a lot much more, so whether it is the market of Madhya Pradesh or Rajasthan or Punjab, Haryana in most of these markets, my market share had improved. In few markets I maintained my market share like Bihar I maintained my market share in spite of me losing in competition also losing, so that is a good sign that if my markets are improved and the copies are further growing. I think that is a very positive sign.
- Himanshu Upadhyay:** Okay and are we see some players reducing their presence in certain markets or just trying to lead some of the larger players also unlisted larger players just to understand?

Girish Agarwal: So, we have not seen anybody leaving the space, but yes because of the newsprint price hike we can clearly see a lot of people are compromising in their product, so if their pages were say 16 they brought it down to 14 or 12 they are using bad quality newsprint and all that that certainly is helping us to gain the market share.

Himanshu Upadhyay: Okay and on the advertisement rates of the yield?

Girish Agarwal: I think that is what we are pushing that the yield should improve since our market, advertising rates in a way they are the resultant of your reach and market as well leadership position in market, since our leadership position has comparatively has gone up, so we are the reason asking for a better yield.

Himanshu Upadhyay: On the radio how is the utilization and the rates means in Q4 I think or Q3 we have stated that the yields or rates we have increased, the improvement is on the yield or do you think the both things are improving the rate as well as the capacity utilization?

Pawan Agarwal: Right now, we are improving both, we are improving volumes, we have also in the last two years, there is a category called non-airtime that used to be less than 20% roughly 15%, we have pushed that category without burning inventory we are earning a lot of activations and formal activities which do not consume our space. We have basically introduced both and that non-airtime activity gets us better realization, but for the commercial that we are playing earlier we are seeing some improvement in yields, but we have further robust improving the yield, but right now focuses on getting better full volume which we have and we are able to maintain our value as a result of that.

Himanshu Upadhyay: Thank you so much Sir.

Moderator: Thank you. Our next question is from the line of Gaurav Gandhi from Glorytail Capital Management. Please go ahead.

Gaurav Gandhi: Congratulations on the good set of numbers. Sir, I needed to ask you that what is the dispute between the government and us and when will this get resolved? What is the issue that is coming up?

Girish Agarwal: We do not have any disputes with the government. There were some state governments for the past one year or two years have stopped advertising with us. We are in conversations with them, to make them understand that the readership which are there for us, we need to send them the message and some of the state governments are heeding to us, but they have not given us any clarity on that.

- Gaurav Gandhi:** What is the reason? Why did they stop advertising with us?
- Girish Agarwal:** This, we also do not have any knowledge. Actually, it is the government's decision and it is according to their policies, this is not in our understanding. They have not said anything about it yet.
- Gaurav Gandhi:** Our digital application which is there, which is really good, I also use it, the video content and overall things are good. I am from Maharashtra, there are very good content, other than the other peer groups, so I think, here we can up our circulation, if you compare our newspaper and the peer group content's so what are the steps we have taken to increase the circulations? I read somewhere that you are doing something big in Mumbai and other states, what are you doing to increase the circulation in smaller towns and tier 2 and tier 3 cities?
- Girish Agarwal:** We are working on each and every market. Like you said that the content is very good and in July we had crossed about 60000 copies have increased and we believe that the efforts which my team is doing, the fruits will come next month onwards.
- Gaurav Gandhi:** The monthly active users, we have seen a decreased from 3.7 million from January 2022 to May 2022, it has come down to 3.4 million, so what is the reason for this decline? Is it some kind of consolidation or something else?
- Girish Agarwal:** In digital, the data in some months, there will be some ups and downs, but overall, we have seen a very good growth.
- Gaurav Gandhi:** What is your opinion of monetizing the digital application?
- Girish Agarwal:** I will ask the same question to you, that the digital is very good and you are using it, so if I start paying you from next month, would you pay for it?
- Gaurav Gandhi:** 110% I will pay, but I just needed to analyze it, currently we have 17 million users and if you start monetizing this, then according to you, 10%, 20%, 30% will subscribe, have you done some kind of analysis.
- Girish Agarwal:** The way you asked you a question, and you answered you will pay 110%. Then if I ask the rest 17 million the same question very slowly, then we can understand how many people will pay and will not give.
- Gaurav Gandhi:** All the best.

Moderator: Thank you very much. Our next question is from the line of Mohit Khanna from Banyan Capital Advisors. Please go ahead.

Mohit Khanna: Congratulations on very good set of numbers here. I just wanted to get more clarity on newsprint, are you importing from Canada or Russia first of all and then you did mention newsprint pricing I think I could neglect it if you could repeat that and first this and then probably, I will get back?

Girish Agarwal: Newsprint prices let me tell you, last year Q1 was at around Rs.41000 per ton blended for Indian and imported, this year it has become around Rs.62000 per ton, so around 51% price hike in terms of newsprint. Coming to your second point, are we importing yes, we are importing and our imported percentage is also in the range of around 30 - 35% we are importing in the current quarter, last year the import was higher, because the rate was better for imported than Indian, because of Ukraine war, our Russian import has almost come to a standstill like on halt, because of that we are not able to import much from Russia, but we are taking the quantity right now from wherever we are able to get it.

Mohit Khanna: Fair enough and when you say when we talk about the ad yields and the ticket size that is the negotiation trade off that you mentioned right, what is your sense among the advertising, your advertisers largely on a small scale in small cities what is the traction we are seeing and is there sort of an inflection point wherein by post Diwali, wherein you will get a decent ticket size and you might start to pick up from there on?

Girish Agarwal: In a newspaper business, the ticket size is more critical to be very honest, because I am not a radio or a TV business where my 24 hours are fixed, so for example on a particular day if I get double the revenue, double the volume or triple the volume I can publish it, I can increase the number of pages so there is a reason my large focus is also on the ticket size even if I have to not take the yield hike, for example if I am looking at a 10% yield hike and somebody comes and offers me 5% yield hike and 20% ticket size increment I will take that.

Mohit Khanna: Fair enough, so now let me just rephrase the question here. In terms of different categories that you mentioned education government real estate, in these categories where have you seen the biggest ticket size or ticket size increments or increase recently and where is your expectation that in this segment it is going to go a lot higher?

Girish Agarwal: Real estate is one category where we have seen a big-ticket size increase.

Mohit Khanna: Okay and then education, jewelry, FMCG?

- Girish Agarwal:** Education not much, because very seasonal thing, jewelry yes, few clients yes, but across the category if I see real estate is one.
- Mohit Khanna:** Real estate is just one category that you would point out which is definitely witnessing ticket size and yield increases on both right?
- Girish Agarwal:** Yes Sir.
- Mohit Khanna:** Is it fair way to look at it?
- Girish Agarwal:** Yes.
- Mohit Khanna:** Fair enough. Thank you so much.
- Moderator:** Thank you very much. Our next question is from the line of Rishikesh from Robo Capital. Please go ahead.
- Rishikesh:** Can you please share the quantum of the ad spends in Q1 and for how long are we looking to continue the spends?
- Girish Agarwal:** Ad spends in terms of digital marketing you are talking about?
- Rishikesh:** Yes.
- Girish Agarwal:** Okay, digital marketing not only that spend, overall money which was spent in the Q1 and some in the last Q4 also, it was largely more in the Q4 not in this Q1.
- Rishikesh:** Okay, so are we still continuing that like increase plans for coming quarters?
- Girish Agarwal:** No, now since we have got a pretty good size and a good traction of the market, so we have reduced drastically the marketing spend on digital. I think the organic growth is very good, very encouraging.
- Rishikesh:** Okay, so like we have almost like completed the investment phase of ad spending phase of that profile, right?
- Girish Agarwal:** I think you misunderstood me. We are still in the investment phase because investment is not about advertising alone, investment is in the technology, is in the manpower, is in the infrastructure everything at the same time some bit of marketing also so our investment

phase will continue, because 17 million is not our ultimate benchmark, we need to go five times more.

Moderator: Thank you. Our next question is from the line of Falguni Dutta of Jet Age Securities. Please go ahead.

Falguni Dutta: How much was the cover price increase that we took in FY2022 in all?

Girish Agarwal: From Rs.4.33 that is why we went up to Rs.4.62, almost 8% increase overall.

Falguni Dutta: Some increase in Q1 as well right, because you said now it is 4.76?

Girish Agarwal: It is now 4.76 if I compare Q-on-Q which means 4.53 have become 4.76.

Falguni Dutta: Okay.

Girish Agarwal: That is the reason if you notice my overall circulation revenue has gone up to 4.5% almost.

Falguni Dutta: Okay and another question on this, suppose newsprint prices tomorrow if they come off significantly, will we be able to retain this price increase?

Girish Agarwal: Yes, very much, because we have not passed down much to our reader.

Falguni Dutta: So at least we get a benefit of that as you mentioned we are not breaking even there so at least doing that if this come off and we are able to read and at least we may be able to break even or may be make some bit?

Girish Agarwal: Absolutely.

Falguni Dutta: Another question this partition is for my ignorance like on this digital thing whenever you start monetizing it, but do we also get revenue from the ads which people could be showing there, because I have never used it, so I am just asking you like do we get some ad revenue from there already?

Girish Agarwal: Allow me to make a request to you that start using my app is good and very knowledgeable. Number two, advertising point of view right now we are not taking any ads on our app, but going forward company has plans to start accepting ads over there.

Falguni Dutta: Okay and just as an input like many people which this is just an input, peoples that we had earlier been taking physical copies from, for now in COVID times we have shifted to digital

and what I feel I just checked a few papers like this is all in the English print but all of them people are now willing to pay their digital mode.

Girish Agarwal: Yes, that is what we are hoping, that readers in our market are willing to pay and accept to pay.

Falguni Dutta: That is very good. That is all from my side. Thank you.

Moderator: Thank you. Our next question is from the line of Anuj Sharma from M3 Investments. Please go ahead.

Anuj Sharma: I want to appreciate your capital allocation policies and strategies. My question is on pagination if we compare a pre-COVID and currently, what is the difference in pagination and how do you see that going forward. I understand it is a function of volumes, but just did not pass on today?

Girish Agarwal: For example, this quarter we were at almost 19 pages average compared to last year this quarter at 16 pages that was a COVID hit time but if I compare this with 2019-2020, it was 23 pages average, so which means we still have to go up by four pages more to achieve the pre-COVID number and that is where the advertising has to come in picture.

Anuj Sharma: Okay and that will be a function of the ad to EBIT ratio?

Girish Agarwal: Yes.

Anuj Sharma: Any outlook as to when do you think you can reach that or internally?

Girish Agarwal: We have been really working hard, our teams are really working hard to see how we can further grow the advertising revenue. In some areas we are getting good results, but something here and there keeps happening so let us hope when newsprint prices up and down, the advertising also comes back.

Moderator: Thank you very much. Our next question is a followup from the line of Riya from Aequitas Investments. Please go ahead.

Riya: Thank you so much for giving me an opportunity again. This question is mainly from a radio business perspective, I just wanted to know are we maintaining our market share there and what is the incremental advertisement we are getting it from there like could you explain me or like the current scenario in the area space?

- Pawan Agarwal:** I was saying that healthy mix of advertising categories and we have been able to maintain our market share basis Q1FY19-20 is at the same level and we have up our market value share of wallet has gone up in most of the markets as well because our rates have been better than the market.
- Riya:** For the radio business, what would be the major advertisement sources like segmental wise?
- Pawan Agarwal:** Again, all same lifestyle would be one large category followed by healthcare, FMCG, electronics, real estate, education, banking, finance all the dotcom companies.
- Riya:** Are you seeing some resistance from the player for advertising?
- Pawan Agarwal:** I did not hear you properly.
- Riya:** Basically, are we seeing some curtail in the radio ad spend because we have been reading that as a percentage of the entire where advertisement spent by the major FMCG, they are more of knowing social media advertisement right now and curtailing on radio, TV businesses so are we seeing any impact of that?
- Pawan Agarwal:** Not in our markets, but we are seeing some reduction in volumes in bigger cities, but our stations are all in tier 2 and tier 3 cities and we still see a lot of companies being interested in our markets, but we do see when we look at ad expenditure at the big cities we do see a reduction though, but not in tier 2 tier 3.
- Riya:** This is the last question. What would be the yields here in the radio business advertisement yield?
- Girish Agarwal:** That depends on the station to station.
- Riya:** On an average if possible if you could give me a ballpark number?
- Girish Agarwal:** We will not be able to give you this competitive information now please. I hope you will appreciate it.
- 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 expected percentage increase in inventory cost in Q2 and Q3?

- Girish Agarwal:** Tough question, we are at Rs.62000 per ton in Q1, I think Q2 will be at least maybe 3% to 3.5% more because of the new stock coming in picture.
- Ankit Shah:** Right and Q3 should be further higher or should settle at 3?
- Girish Agarwal:** It can actually go down, because we have been getting some softening indications from mill in the Southern India as well as the import duty cut assumption by the government if that happens and I think Q3 should see cut down.
- Ankit Shah:** We have accumulated fair bit of cash on the balance sheet apart from the two dividends, is there likely to be any accelerated payout maybe in the form of a special dividend or buyback?
- Girish Agarwal:** Right now, in the balance sheet as the cash bank and mutual fund we have Rs.532 Crores in the balance sheet and board has announced a dividend of Rs.3 right now and I am sure has been our policy in last so many years we do not sit much on the cash so going forward this money will be utilized in the best possible manner for the stakeholders.
- Moderator:** Thank you. Our next question is from the line of Harshit from Flare Capital. Please go ahead.
- Harshit:** Great set of numbers congratulations for that first. My first question, current digital revenue Sir and going forward how much do we target?
- Girish Agarwal:** Our digital revenue currently as I mentioned to you we do not accept the advertising on the app, so it is zero from the app, but we still have some revenue from the web, because we accept the advertising on the web, so there is some revenue on the web, but that is not our focus area and going forward there will be a big revenue source coming from the advertising and subscription going forward.
- Harshit:** Till date how much investment has made in this digital strategy?
- Girish Agarwal:** If you remember Sir, two years back I took the liberty of requesting all the investors to allow us not to disclose the digital number separately, because of the competitive environment and you all were kind enough to allow us not to do that so that is the reason we are not disclosing these separate numbers for digital.
- Harshit:** I apologize I am a new investor and 75% of our print revenue comes from ad and 25% comes from cover prices?

- Girish Agarwal:** Yes Sir.
- Harshit:** Do we expect to be in the same ratio going forward?
- Girish Agarwal:** Largely this would be ranges around 80 - 20% also when advertising goes up, it can go up to 80%, the circulation could be 20%.
- Harshit:** But below 75% we are not targeting?
- Girish Agarwal:** As of now, because advertising is also a big revenue and when the circulation revenue goes up, advertising also goes up.
- Harshit:** With the shift happening to digital, do we face the problem of cannibalization from physical to digital, is it happening within our customers?
- Girish Agarwal:** I would say yes to some extent, for example if we lost around 10% copies, I am sure there would be some 4%, 5% people those who were reading my newspaper earlier, now are on the app like I was talking to a friend of mine, he used to subscribe two copies of Bhaskar one in at home and one in his office. Now he says my home copy is Bhaskar but in office I see your app so that one copy is lost because of the app, but I think that way that reader is more bounded with me throughout the day with the morning newspaper and then App both.
- Moderator:** Thank you. Our next question is from the line of Amit Khetan from Laburnum Capital. Please go ahead.
- Amit Khetan:** Just thank you for the followup. Just one question around I see that on a quarter-on-quarter basis your other opex has come down by almost Rs.30 Crores, is this mostly, is this entirely the reduced digital marketing spends and is this a sustainable number?
- Girish Agarwal:** Yes largely.
- Moderator:** Thank you. Our next question is from the line of Pawan Nahar an Individual Investor. Please go ahead.
- Pawan Nahar:** Thank you gentlemen. My question is, I am just trying to understand last call we said we would look at a tax effective way of distributing money right. Now our ownership is around 70.5%, so would not a proportionate buyback, would not that have been a more tax effective, I am trying to understand how does it, how do you rationalize saying so much that unless we promote our entities, they are more tax efficient or they have other expenses and is it a big tax output?

Girish Agarwal: I appreciate your point of view Mr. Nahar and I will certainly put up this note up to my board.

Pawan Nahar: You do not need to put it up. your board is very wise and two of you are here, you are very wise, you run your business so efficiently I am sure there is a reason if you are doing it that is your choice, but I was wondering last time we all said that anyway that was one point. The second point was so the interim plus the previous year's final, so interim dividend of this fiscal comes first and the final dividend of the previous fiscal will come later?

Girish Agarwal: Yes, after the AGM.

Pawan Nahar: And the AGM is being held I do not know when we regularly do it but this time it seems to be quite late because most of the efficient companies and investor friendly companies tend to do it early right, so you are reporting your numbers early.

Girish Agarwal: Our AGM is scheduled by mid of September Sir.

Pawan Nahar: Yes, that is late by your standards, I would imagine, but never mind so I just have one request. One is if we could do something about being more tax efficient on the dividend given that you have headroom in your ownership right, did not change much and second was instead of this final dividend, it is better if we have to give two dividends this year, do two interims and finish it off in the fiscal itself, just a thought.

Girish Agarwal: We will certainly consider your thoughts.

Pawan Nahar: Thank you so much and all the best and thank you again.

Moderator: Thank you. Our next question is from the line of Harshith an Individual Investor. Please go ahead.

Harshith: My questions have been answered. I just like to ask you one question, how will we compete ourselves with our competitors, I would like to just know about that like where we are in front of the competition, like the competitions from companies like Jagran or any other. I do not know they are doing very well, I think.

Girish Agarwal: Why do not we take this question offline with you, because the answer would entail almost an hour.

Harshith: Something in brief is possible, something in brief.

Girish Agarwal: I am very proud to say from my team perspective that all 8000, 9000 people those who are directly working with Dainik Bhaskar and thousands of them those who are indirectly working with the Bhaskar Group I think we all are very passionate about our work and that is the reason why day in and day out we are able to produce newspaper which people really look forward to seeing it in the morning and give that 30 minutes to us and from every prospect I think team is doing a fantastic job that is the reason why even in the difficult times we were able to sail through comparatively better and smoothly in most of the markets and especially I would like to take this opportunity to talk about my editorial team, because the kind of stories our teams are coming out with they are investigating fearlessly and mind you mean that this fearless world is very easy and simple to say, but to live that world is really difficult like I must say that couple of months back my Bihar team did a story on sand mafia now how things are and how the mafia would operate, but still they did story and we gave option to the reporter that if he does not want his name to be published, we could drop his name, but he said no please go ahead and publish my name because I am willing to face any consequences if anybody wants to I think I must really put forward the kind of effort my editorial team and all of the team are making to make sure that our readers are engaged and feel knowledgeable and feel that yes we are working for them.

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

Girish Agarwal: Thank you everyone for your participation and time on this earning call today. I hope we were responded to your queries that were raised today and we will always be happy to be of persistence to our investor relations department headed by Mr. Prasun Kumar Pandey for all your further queries. Take care everyone and stay safe. Thank you. Have a good evening ahead. Thank you.

Moderator: Thank you very much Mr. Agarwal and members of the management team. Ladies and gentlemen on behalf of DB Corp Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.