



“DB Corp Limited
Q4 FY23 Earnings Conference Call”

May 19, 2023

Moderator:

Ladies and gentlemen, good day, and welcome to the DB Corp Limited Q4 and FY2023 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode. 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 that this conference is being recorded.

We have with us today the senior management team of DB Corp Limited, Mr. Pawan Agarwal Deputy Managing Director; Mr. Girish Agarwal, Non-Executive Director; Mr. Lalit Jain, Chief Financial Officer; Mr. Mushtaq Ali, Vice President (F & A); 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 March 31, 2023, 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 e-mailed to you and are available on the website of the Stock Exchange 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, everyone, and a very good evening to everyone, and thank you for joining the Q4 FY2023 DB Corp Earnings Conference Call. We will begin the call by highlighting the key financial performance for the full year and quarter ended March 31, 2023, followed by key operational updates.

We concluded fiscal 2023 on an optimistic note with strong results on the back of growth in ad revenues across all major markets and circulation. Our print advertising for fiscal FY23 grew by strong 27% Y-o-Y. Print advertising grew strong 16% Y-o-Y in Q4FY'23.

Our consolidated EBITDA grew by impressive 34% Y-o-Y. And in Q4FY23 to Rs 889 million, with margin expanded by 250 basis points despite higher newsprint prices. We've

been highlighting over the past few quarters on the strong revival of traditional media and this quarter, once again, demonstrated print media as the most credible source amongst advertisers, resulting in strong growth in advertising revenues across categories.

Traditional advertisers, such as real estate, education, white goods and jewellery etc., continue to use print as a preferred medium and the auto segment has started to see some movement. The Audit Bureau of Circulation Survey for July 2022 to December 2022, continues to position Dainik Bhaskar Group as the largest circulated newspaper group in India as well as placing Dainik Bhaskar in the top position as the largest circulated newspaper in India with a very wide gap with number 2 print player.

Consolidated full year advertising revenue grew by a strong 25.4% to Rs 14,827 million versus Rs 11,827 million of FY2022. Circulation revenue recorded a growth of 1.5% to Rs 4,627 million against Rs 4,558 million of previous year. Total revenue grew by 21.2% Y-o-Y to Rs 21,682 million as against Rs 17,885 million. EBITDA grew by 12% to Rs 3,611 million as against Rs 3,228 million after considering forex loss of Rs 52 million, aided by stringent cost control measures and despite high newsprint prices. Consolidated PAT for the full year grew by 19% to Rs 1,691 million versus Rs 1,426 million in FY2022 after considering forex loss of Rs 60 million.

In Q4 FY2023, advertising revenues grew by 14.2% Y-o-Y to Rs 3,578 million versus Rs 3,134 million of Q4 FY2022 on the back of increased ad spend by traditional sectors as well as new-age sectors. Circulation revenue remained flat at Rs 1,153 million as against rupees Rs 1,152 million of Q4FY2022. However, it may be noted that our circulation teams are making strong progress through several campaigns with trade partners as well as our readers.

Total revenue grew by 13.5% Y-o-Y to Rs 5,446 million as against Rs 4,799 million in Q4 FY'22. EBITDA grew by 34% Y-o-Y to Rs 889 million versus Rs 663 million, with EBITDA margin expanded by 250 basis points despite, again, very high newsprint pricing, but on the back of our operating cost cutting measures that we took. PAT for the quarter grew by 67.3% to Rs 410 million versus Rs 245 million in Q4 FY2022.

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 its apps with increase of over 7 times from 2 million users in January 2022 to more than 14 million in March 2023. Our teams continue to work on the digital apps to improve the engagement with users and this is helping overall retention of our readers across all formats.

Coming to the radio division in FY'23, revenues grew by 20% to Rs 1,342 million versus Rs 1,122 million last year. EBITDA grew by 28% to Rs 402 million versus Rs 314 million, with EBITDA margin at 30% in FY23. Our teams at MYFM continue to work towards building strong brand visibility through key tie-ups, local and current affairs and innovative

content to increase audience engagement, which will help us increase our advertising rates as well as augmented revenues.

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

Girish Agarwal:

Thank you, Pawan, and good evening, everybody, and thank you for joining us on this call. As Pawan stated earlier, we concluded this fiscal on a stronger note with strong Y-o-Y growth, especially Indian print media industry is witnessing a strong growth in advertising across segments and this is happening across languages Hindi, Gujarati, Telugu, Tamil, Marathi, which is very heartening.

Our key market seems to be doing very well. And as it is evident that in the GST collection, it's up by almost 15 - 25% from our market, where Dainik Bhaskar' operates. Dainik Bhaskar editorial strategies and dominant position in these markets has resulted in a strong growth of advertising revenues across the board. In addition, the new age sectors, the digital players are also using print for their hyperlocal campaigns.

And we are very optimistic that this trend of increasing revenues will continue in the forthcoming quarters. Our radio and digital presence are ever increasing, and we continue to innovate our content, improve our omnichannel platform for delivering truthful, crisp and pertinent content to our loyal reader base. We've been implementing various cost optimization measures, as we have been highlighting over the past few years to ensure that these measures keep our cost in control.

And we're very happy that so far, whatever cost measures we have informed you, we have lived by that commitment. The newsprint prices have also started softening further and as indicated in our press release, while newsprint prices were high on a Y-o-Y basis, it has started to taper off and the true benefit of this tapering will be visible over the forthcoming quarters.

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

Moderator:

Thank you. Our first question is from Rushabh Shah with O3 PMS. Please go ahead.

Rushabh Shah:

I have a couple of questions. We have seen the prices of paper fall and -- which will lead to cost savings. So, will we invest the savings in increasing the circulation or more investment in digital part of the business? And why so sir?

Girish Agarwal:

So please understand whatever savings are coming, that will be further adding on to our bottom line, but that is not stopping us from any expansion plan. As I mentioned to you in the last quarter also that we are looking at circulation growth, expansion in most of our markets, MP, Bihar, Rajasthan, Gujarat. So, we are anyway going ahead with that. We are doing it. And also, in digital, we are not leaving anything, any stone unturned over there

and that is the reason why we have the huge number of app monthly users and daily users also. So please be rest assured that your company has enough bandwidth, enough reserve with us to take care of any such requirement and expansion issues.

Rushabh Shah: Okay. And then my second question is, how is the capacity utilization in terms of Ads in radio business?

Pawan Agarwal: In radio business, utilization is about 11 minutes in an hour if we look at our entire clock so there's still headroom for growth in 30 stations, a lot of headroom for growth in smaller station. And bigger stations, we are trying to reduce this in peak hours also.

Rushabh Shah: And then my third question is, is there scope to improve advertising rate in radio or newspaper?

Girish Agarwal: So, the advertising rate is not one-way traffic. If I can increase the rate, I would have done it yesterday only. But it's all process. The market has to respond, advertiser need to feel okay about it. And I think it's a everyday affair of ours to ensure that we are able to push our rates a bit. But it's not that simple. So, I hope you will appreciate that.

Rushabh Shah: Last one from my side. Are we seeing intensity of competition increase in newspaper business with fall in paper prices?

Girish Agarwal: So frankly speaking, in last 30 years of my career, we have always seen very intensive extreme competition in all the markets. And that's why it keeps us on our toes all the time. So, we haven't seen any change plus or minus, to be honest.

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

Amit Khetan: So, my first question is on other operating income. There seems to be a substantial jump of about 30% quarter-on-quarter. What is driving this? And is this a sustainable number? Or is there some one-off element here?

Girish Agarwal: These are the job work done by our production team in various location because, as you know, our printing presses are lying idle during the day. And MP Printers one of our printing subsidiary is set up in Noida. So, they also do their job well. All these guys are going out and doing higher job. Especially after COVID this whole printing job has increased. And also, this bucket has the income from interest on FD. As you know, that currently, company is sitting on a Rs 631 crores bank and cash balances. So, a large chunk of it is in FD form. So, we get FD income also on this.

Amit Khetan: I'm talking only about the operating part, right, not the other income. Other operating income, if I exclude the circulation and the advertising revenue.

Girish Agarwal: I'm talking about that only. I'm talking about the other income, which include job work, and it includes the little bit of event income and also FD income and also it includes the wastage

from the newsprint sales.

Amit Khetan: Understood. Secondly, we have done a very good job on cost control over the last few years. If we exclude newsprint costs, right, how much of our cost structure is variable and how much it fixed?

Girish Agarwal: So frankly speaking, if I look at the other cost apart from the manpower, so my Q4 cost is around Rs 144 crores. This Rs 144 crores, I can call it, 100% variable. But in a way it's fixed because I have to print a number of copies. So, in a large way, I would call it fixed, depending on the number of copies, circulation our approach in the market and all.

Amit Khetan: Got it. So, what I'm trying to understand is tomorrow, next year, if your revenue fall 10%, how much our cost can fall by?

Girish Agarwal: Okay. I'm going to answer it other way. If my revenue increase is by 10 - 15% next year, how much this cost will go up. So let me give you the number. In the Q2, we had a cost base of Rs 138 crores. In Q3 because of the festival, the cost went up to Rs 153 crores because more number of pages and all that. In Q4, it came down to Rs144 crores. So, our idea is to keep these costs under control, which should only increase when my revenue goes up, either through circulation or the ad revenue, the number of copies goes up and number of pages goes up. And I'm more happy to increase this cost because then I'll print more pages for advertising and will incur the cost for that.

Amit Khetan: And lastly, our circulation revenues have been kind of flattish and we would have affected some price increases over the course of the year. What would be your loss of copies? And how should we think about volume growth from here on?

Girish Agarwal: So, our loss of copies in nil. If you look at my Q4 number last year and Q4 number this year, I am at the same number, Rs 43 lakh, round. And I have increased the cover price from Rs 4.70 to Rs 4.82. So, I have taken a Rs 0.12, which is 3% jump in my cover price overall without any loss in the circulation.

Amit Khetan: Got it. And how should we think about volume growth going forward?

Girish Agarwal: As I mentioned in the last call, we are working hard to increase another 2, 3 lakh copies this year. And as of now, it looks okay. Let's see how it goes going forward.

Moderator: Thank you. Our next question comes from the line of Pradyumna Choudhary from JM Financial. Please go ahead.

Pradyumna Choudhary: Congrats on a good Y-o-Y set of numbers and then improving outlook. My first question is with regards to the gross margin. So last couple of quarters, we've been seeing a decline in newsprint prices, right? So but the same hasn't any translated till now at least and do much improvement in our gross margin. Could you throw some light over there? That's my first question.

Girish Agarwal: If you look at the EBITDA margin, in Q2, we were at 16% EBITDA margin. In Q3, we went up to 17% EBITDA margin. Now as we sit in Q1, we believe our margin should be decently higher than this. When we meet you in the month of July now, we'll give you some good news on the margin.

Pradyumna Choudhary: Okay. And like, just trying to understand more from an inventory side, like are we done with probably some high cost inventory that we will expect with regards to the newsprint, because...

Girish Agarwal: Very much done. Let me give you the newsprint prices trajectory also. In quarter 2 last year, we were at Rs 63,500 per ton blended cost of the newsprint of Indian and imported. In Q3, it went down to Rs 61,500. In Q4, it went down to Rs 60,000. And as we are sitting in Q1, we are hopeful that this Q1 would close at around Rs 57,000. So there has been a constant decline in the newsprint cost. And also, this will reflect in the margin going forward.

Pradyumna Choudhary: Usually, sir -- like what I'm trying to understand is usually what's the lag period between the prices going down and the same getting reflected in our margins. Like just a sense, very dot sense.

Girish Agarwal: There is no formula. For example, at one particular point of time, we thought \$800 or \$850 was an okay price because market was showing indication for \$1,000, and I have entered and bought a 6-month stock. After that, market did go to \$1,000, but then quickly got corrected and came down to \$750.

So, the lag period -- because I bought for 6 months benefited me and stood with me while if I don't buy for 15 days 3 days like period or less. So, there's no formula, frankly speaking. It's a commodity market and one has to look at that accordingly.

Pradyumna Choudhary: Understood. And my second question relates more to the digital app side. So, like now are you in a position to give any updates with regards to strategy over there?

Girish Agarwal: So, I can update you saying that we have been pretty good in digital. So generally, what happened in digital business, people are dependent on the advertising to take care of the digital expenses and give them profit. But what we have seen in the news genres, worldwide, especially if you look at the example of New York Times and other publications from Sweden and other places, we have seen their dependency is more on the subscription rather than the advertising because advertising and digital platform is a commodity. So, our focus also is there that we need to go to a subscription, and that's how we've been working in last from two, three years' time on that. Making sure that our content are really worthwhile for a customer to pay for it.

And we've been doing multiple experiments in multiple markets and different socio-economic categories of our readers to see how much they are willing to pay. Are they interested in the pay wall or a metered wall or e-paper and all that? What would they pay

for? So, all these experiments are going on from last six to eight months and would take another, I think, 8, 10 months more. And one thing I can assure you, we are in very much in the right direction.

Pradyumna Choudhary: Understood, sir. And my last question is in regards to the rate of advertising. So, I think it's been four, five years since we last saw an increase by the DAVP. So, are we expecting any increase in advertising then, in the next few months, maybe?

Girish Agarwal: I will certainly forward your request and suggestion and apprehension to the Government of India to look into it.

Moderator: Thank you. Our next question comes from Naman Dhanuka, an investor. Please go ahead.

Naman Dhanuka: Sir, I recently seen a Billboard -- is there a new campaign that you're running in Mumbai? And would we share some thoughts on that, please?

Girish Agarwal: So just to let you know, Dainik Bhaskar, as a newspaper has been launched in Mumbai, but it is not being launched by DB Corp. As you know that a section of our family runs the business in Maharashtra for Hindi. So, they are the ones that have launched in Mumbai, obviously, with our support with tie up with us. But no financial involvement of DB Corp on that. And they're doing a good job in Mumbai.

Naman Dhanuka: And secondly, you mentioned that you have Rs 631 crores of cash and cash equivalent and you're also generating reasonable amounts of free cash flow every year. So, if you can just explain to us what you plan to do with the excess cash going forward?

Girish Agarwal: I'm happy to inform you today Board decided to announce another interim dividend of Rs 3. So, this year, we have announced Rs 6 of interim dividend equivalent to almost Rs106 crores, which is 63% of our PAT. So, as you know, our policy is being very clear that unless company needs some more money and all that. Whatever money board approved; we announced as a dividend.

Naman Dhanuka: And is there any possibility of doing a buyback, considering that the stock price is where it is and you don't really has need for the excess cash?

Girish Agarwal: We can certainly take your suggestion to the Board in the next meeting.

Moderator: Thank you. Our next question is from Riya Mehta with Aequitas Investment. Please go ahead.

Riya Mehta: Congratulation for good set of results. My first question is in regard to the digital business. So, we've been doing really great there and just out of sheer comparison, so I think Dainik Bhaskar app as on January '22 and May '22, we had around 13.6 MAUs. However, sequentially, we dropped down to 10.9? Any particular reason?

Girish Agarwal: No, I think you've got some number wrong. We have not dropped down from 13 to 10. You

were seeing must be in the overall number in our – Pawan correct me if I'm, right?

Riya Mehta: I have it from the presentation.

Girish Agarwal: You're talking about MAUs, correct?

Riya Mehta: MAUs.

Girish Agarwal: Yes, you are talking about March '22 number, correct?

Riya Mehta: Yes. May '22, I think.

Girish Agarwal: Yes, that actually was done as a promotion by us for that particular month. There's no reason on that particular month number went up. Otherwise, if you look at my overall number, we've been maintaining a number of around 16 million to 17 million for Dainik Bhaskar and Divya Bhaskar put together.

And as I mentioned to you, we are doing multiple experiments these days now in terms of subscription preparation for going forward. So, we are also experimenting in a particular geography, particular socio-economic class to see when I go and ask them that if you have to pay for a metered wall, if you have to do something as such and all, how do they respond? So maybe a couple of like people here in there keep moving based on that.

Riya Mehta: Because I think in 2022, we had around -- average of around 16.5 to 17, and now we have seen around 14 to 15. So that's -- I was a little bit concern. My next question is in line with the print. I think sequentially, our raw material prices have been going down. However, EBITDA for the print as a whole so in Q2 FY'22, they're 17% and then it will still higher and I think Q4 is sequentially decreasing to 15.7%. So, this is an impact of inventory of newspaper or any other thing expenses we can read into?

Girish Agarwal: No expenses, all costs under control, which is all about newsprint. And also, what happened, the number of pages has gone up in last two quarters because of the more inventory of the advertising in the season time. Because last year, if you remember, in this quarter, the education results were postponed. So that quarter was not a very strong education season. This year, it happened because of that.

Riya Mehta: Okay. Yes, because the raw materials prices are going down EBITDA was up. And now the prices going down and still our EBITDA is going down. So, it's the concern there.

Girish Agarwal: As I had answered earlier question that in the Q1, the EBITDA margin will expand in a pretty decent manner.

Riya Mehta: Okay. Thank you. And my third question would be in regard to the regional advertisement. So, I think in an interview that you've seen 23% volume growth. So, could you elaborate more where do you see this coming -- going forward, where do you see growth coming from and which segment? And do you see any shift in the segment as a whole?

- Girish Agarwal:** Growth is coming from largely, I would say, barring out few states, most of the states are contributing to the growth, number one. Number two, segments are very clear real estate, education, jewellery, healthcare, these are the segment government, which are growing pretty decently. And our focus is also on these states only -- these states and these categories.
- Riya Mehta:** And did you give some more details on auto. How is auto doing for us, in earlier to some Rs 100-odd crores, where is it right now and where do you see it going forward?
- Girish Agarwal:** So frankly speaking, if you look at the auto number over last year, we have grown. But if I see the auto compared to that Rs 100 crores of '19, '20 numbers, we are still far behind because most of the auto companies are hardly launching any vehicles. So that's one problem we have with them. We're waiting for them to start -- getting the response on the market, start selling more vehicles and then they should come and do more launches and advertise.
- Riya Mehta:** Okay. And I think you said that the new age startup companies are investing more with us. So, could you give some insight into that?
- Girish Agarwal:** What happened that generally people used to say that all the digital companies are different, they don't look at and all that. So, all these digital companies are also advertising with us, all the food delivery guys, all the medicine delivery guys, different apps become advertised through us to capture the audience. So that is the reason we tell people that we all these new age, so-called advertisers are also looking at print, when it comes to popularizing themselves.
- Riya Mehta:** So, moving forward, correct me if I' wrong, we would see a similar kind of volume growth of 23% to 24% going forward. And in terms of value on yields, it will more or less remain constant?
- Girish Agarwal:** I can only say that we are working very hard. Teams are doing all efforts to ensure that the growth comes in the way we are looking at it. Committing on any number could be a futile exercise. Because better to deliver and come back to you in the month of July to give you the quarter 1 numbers.
- Riya Mehta:** Okay. And how is FMCG advertisement going? So, it is a small part for us, but it was lower FMCG and Lifestyle.
- Girish Agarwal:** Yes, both are. FMCG is growing but in a very single digit, and Lifestyle is bad, not too bad, but still bad.
- Moderator:** Thank you. Our next question comes from Bhagyesh Kagalkar with HDFC Mutual Fund. Please go ahead.
- Bhagyesh Kagalkar:** There are two queries here. One is, okay, you'll be aware that New York Times did some

11% growth took them last year \$2.31 billion. The second part of interest is that we are going to receive \$100 million from Google Alphabet, a three-year deal, which you allowed them to feature the inverting content. The issue here is I think government has been supportive of the Indian print media agreements but nothing concrete has happened so far up to. But the big companies sort of, do share something with us eventually.

Girish Agarwal: If you remember last time, I mentioned to you, DNPA, which is a Digital Newspaper Association as well as Indian Newspaper Society has already gone and filed a case against Google in Competition Commission of India. And since the matter of subjudice, it will not be prudent on my part to comment anything on that. But we have taken up the matter with the regulator saying that Indian newspapers should be compensated by Google in an appropriate manner.

Bhagyesh Kagalkar: Okay. Other question is a general question. Most of the areas in which we operate, now we are close to elections, both Lok Sabha as well as Vidhan Sabha elections in the next 12 months to 18 months, you'd mentioned that there will a boost to the overall economy, small guys advertising and everything. Will this include the political party also who will take out big ads now onwards because the election will be easier to contest it in the election, essentially. So that should give an extra boost to the revenues over time.

Girish Agarwal: Political parties should consider us, in our markets. So that if they are want to communicate their message to our millions of readers, do it through us.

Moderator: Thank you. Our next question comes from Yash Rangaswamy with JP Associates. Please go ahead.

Yash Rangaswamy: First of all, congratulations on a good set of numbers. So, I would -- my first question is with regards to the digital spend that we have done during the quarter. Can you just throw us some light on that, please?

Girish Agarwal: Sir, if you remember couple of quarters back, we took the permission from all of you to not disclose any specific numbers on digital that our competition should not get any kind of information on this front. That's the reason we are not disclosing any specific number on the digital. But I would like to assure you that the company is doing everything possible to ensure that we get the desired results in the digital platform, and we are working towards it.

Yash Rangaswamy: Okay. And I was just going through the results that have been announced. And I was just trying to figure out what the EBITDA margin for print stands at. Because it's not mentioned anywhere. I mean, I was looking at the results as well. So, nothing can mention on that front. Could you just let us know the number, the margin for the print business alone.

Girish Agarwal: So, in print, the EBITDA margin is 20%.

Yash Rangaswamy: Okay. And just one more question with regards to the government ads, have they come back versus what they were before, or are we still -- there's still some ground that needs to

be acquired on that front?

Girish Agarwal: We have acquired all the grounds.

Yash Rangaswamy: Okay. So, there's no embargo as such at the moment.

Girish Agarwal: No, sir.

Yash Rangaswamy: Thank you.

Moderator: Thank you. Our next question comes from Pradyumna Choudhary from JM Financial. Please go ahead.

Pradyumna Choudhary: Just another question was, would you be able to quantify the government Ad revenue end of quarter gone by? How much came from government Ad?

Girish Agarwal: So, government advertising includes central government, state government, panchayat, all the government, local bodies like, Nagar Nigam, state, housing boards and all put together as such. If I look at the Q4, the government revenue was around Rs 65 crores.

Pradyumna Choudhary: Around Rs 65 crores.

Moderator: Thank you. Our next question comes from the line of Riya Mehta with Aequitas Investment. Please go ahead.

Riya Mehta: My question is in regard to -- there was a case on the radio business where we have filed a counter case for increase in the -- there's some royalty or something to be paid to the main label producers or something. Could you elaborate on that?

Pawan Agarwal: We've challenged it in the Supreme Court. The court has admitted our petition. It's under consideration of Supreme Court. It's an old case in the entire industry and Supreme Court has still there a petition. So, we are pretty hopeful that we get a favourable order from the Supreme Court.

Riya Mehta: Okay. And it is unfavourable, what will be the impact on the financials?

Pawan Agarwal: We don't know.

Girish Agarwal: We would not like to comment on that. I hope you will appreciate that.

Riya Mehta: Yes. In regard to the employee cost, I think it will increase significantly on a quarter-on-quarter basis. So, do we see this similar trend going forward?

Girish Agarwal: When you say significant, what percentage is significant for you, Madam?

Riya Mehta: Percentage of sales which has increased almost 180 basis points that we see on a quarter-on-quarter basis the employee expenses. So just want your insight on it?

- Girish Agarwal:** Manpower cost, if you see Q-on-Q from Rs 100 crores has gone up to Rs 102 crores -- it's Rs 103 actually. It's a 3% growth in manpower costs.
- Riya Mehta:** Okay MP as a percentage of sales from India. And in terms of other expenses, which is events and all the other ancillary businesses, what kind of margins do we see there and what kind of growth? Because last 2 years, I think FY22 and FY23, we've seen significant growth in that business. So, going forward, what do you anticipate? And what are the margins like in that business?
- Girish Agarwal:** Margins are in the same range what DB Corp as a company makes largely there. And in terms of growth, we are hopeful that this percentage -- higher percentage will continue because after COVID, a lot of people have started getting things published. And again, so the printing job is doing pretty good.
- Moderator:** Our next question comes from Mohammed Patel with Care Portfolio Managers Private Limited. Please go ahead.
- Mohammed Patel:** My first question is for FY23, can you split the sectoral is for advertisement in education, real estate, FMCG, government?
- Girish Agarwal:** We can give you some flavour. As I mentioned to you for the Q4 government was around Rs 65 crores. And response category, which was classified was around Rs 50 crores. Real estate, education and automobile put together was around Rs 100 crores. Yes, that are the other categories.
- Mohammed Patel:** Can you give the same number for full year FY23? Percentage is also fine.
- Girish Agarwal:** So, if you go by percentage of last year, so government was around 15%, education, real estate, automobile put together around 30%. and response category another 15%.
- Mohammed Patel:** Okay. My second question is, are you expecting any city addition launches to add volume growth in the near term?
- Girish Agarwal:** Sorry, I couldn't understand it.
- Mohammed Patel:** Any city addition launches -- adding new cities -- I mean adding new additions to increase of volume growth.
- Girish Agarwal:** We are expanding within our territory, within our geography.
- Mohammed Patel:** Okay. My next question is, can we expect the gross margin revival to historical levels starting FY '24?
- Girish Agarwal:** That's what we are working towards.
- Mohammed Patel:** Okay. And what is the average circulation volume number for full year FY'23 versus FY

'22?

Girish Agarwal: Almost 42.5 for full year.

Mohammed Patel: Subscription includes e-paper and I was just thinking, so if that is shared on a social media app. So how do we tackle that?

Girish Agarwal: No, we don't -- so there is a high court order now where the e-paper circulation is illegal. So, whenever we come to know about few cases, we take them to the complaint of the police station and they correct themselves because there are some excited lot. Those who make a group and every morning they copy the e-papers and circulate to all the groups. I'm sure you would also be a member of one of them groups. So, these excited lots whenever we come to know about them. We send them the legal notice and then they correct themselves.

Mohammed Patel: And my last question. So, you prefer a subscription over advertisement. So, if you can just throw your earlier thoughts on why you believe on this?

Girish Agarwal: It's not about my preference, is that how the news apps worldwide, the successful ones have emerged. And when we look at and review in the same context the Indian market, we also believe there is a way forward because advertising on the digital platform is a commodity. So why would somebody come and pay me a premium for advertising, the other point.

And if my reader is -- see advertising in a newspaper or in a digital format have a different co-relevance. In a newspaper, I'm emerged in a particular news in a particular paper and the advertising on the side of it. While in digital, advertising is in a in my face kind, you are including in my reading pleasure there.

There's the reason as a consumer, people -- nobody appreciates advertising on digital platform or even television platform. If you look at IPL, suddenly I'm watching something seriously and it goes off and somebody comes and saying that why don't you buy this candy? They are upsetting me.

While in print, that was in a very decent manner. I'm reading my article there's an ad place here. That's the reason we believe that if a reader has to pay for an app to use that going forward. He doesn't want all this kind of nonsense there. You want to read your e-paper or your paper when you read your newspaper. There we are not very comfortable with putting lot of ads over there and irritate the consumer.

Mohammed Patel: Okay. Can we expect some news from contribution from digital business starting FY24?

Girish Agarwal: I think it's too early. Larger things take time, and we want to give time to our readers so that they also get used to us and then show us larger benefits going forward.

Moderator: Our next question comes from Ankit Shah with White Equity Investment Advisors. Please go ahead.

- Ankit Shah:** I just have one question on the margin. How would we see the trajectory of digital business investment in FY24? And in this context, how would the margin trajectory of the company look like in FY24?
- Girish Agarwal:** See the advertising growth in print as well as the newsprint prices going down will help me improve my EBITDA margin considerably. At the same time, whatever investment we have to do in digital that will continue there. But since digital also is maturing now in terms of their requirements, so they won't need major help from us going forward. So that way, whatever savings print has, will add on to the overall margin of the company.
- Ankit Shah:** Okay. So would it be fair to assume that the spend on digital business may not rise further. So, let's say, if we were at Rs 100. Next year, it may not cross Rs 100?
- Girish Agarwal:** Yes, you can kind of assume that.
- Moderator:** Ladies and gentlemen, due to time constraint, that was the last question. I would now like to hand the conference over to the management for closing comments.
- Pawan Agarwal:** Thank you, everyone, for your participation and time on these earnings call today. I hope that we've responded to your queries and we will 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, everybody.
- Moderator:** On behalf of DB Corp Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.