



**DB Corp Limited**  
**Q1 & FY 2012 Results Conference Call**  
**July 22, 2011**

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- Moderator** Ladies and gentlemen, good afternoon and welcome to the DB Corp Limited Q1 FY'12 Earnings Conference Call. As a reminder for the duration of this conference all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. If you should need any assistance during this conference call you may signal an operator by pressing \* and then 0 on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Siddharth. Thank you and over to you.
- Siddharth** Thank you, Farah. Good afternoon everyone. Welcome once again to the conference call of DB Corp. Limited. We will be sharing the key operating and financial highlights of Q1 ended June 30, 2011. We have with us today the senior management team of the DB Corp Limited, Mr. Girish Agarwal, Non-Executive Director, Mr. P.G. Mishra, Group CFO, Mr. Ashok Sodhani, General Manager Finance and Accounts and Mr. Prasoon Pandey, Head Investor Relations. Before we begin I would like to state that some of the statements made in today's discussion may be forward-looking in nature and may involve the risk and uncertainties. Documents relating to the company's financial performance have already been mailed to you. I now invite Mr. Girish Agarwal to please share his outlook on DB Corp's performance for this quarter. Over to you.
- Girish Agarwal** Good afternoon everybody and welcome to DBCL's first quarter earnings call for fiscal 2011-12. We shall first share with you the operational and financial highlights for the first quarter ended June 30, 2011. Following our opening comments, we will be happy to respond to your questions.
- This quarter, which is the onset of an exciting fiscal of new investments, has commenced on a progressive and encouraging note as we continue to report strong growth in advertisement revenue, deliver robust margins and maintain our emphasis on the next phase of aggressive growth through launches in newer territories and in new languages. This quarter too, was marked by consolidating our presence in existing markets while simultaneously executing rapid, highly successful launches in new cities.
- We continue to be at the forefront of the Indian print media industry as the largest and the most widely read print media group with ~18.1 million readers, now in 4 languages, across India's fastest growing markets, as revealed by the Quarterly Results of IRS (Q1 2011).
- We are happy to report that all our major markets are witnessing impressive growth in readership in response to our high quality product that is focused, unbiased with high localized editorial content. Our growth has primarily been driven by strong performance in Madhya Pradesh, Chhattisgarh, Chandigarh, Haryana, Punjab, Rajasthan, and Gujarat. In Madhya Pradesh and Chhattisgarh, Dainik Bhaskar is in a dominating position with a market lead of 2.5 times over nearest competitor; Specially, I would like to mention, in last 3 years, there are couple of new competitors, who have launched their newspaper in MP and Chhattisgarh, and yet we are able to maintain lead of over 2.5 times over competitor. In

Chandigarh, Punjab, Haryana (CPH) Dainik Bhaskar continues to enjoy a lead of 17% over nearest competitor in overall CPH with a lead position of 79% in Chandigarh. In Rajasthan, Dainik Bhaskar has a lead of over 43% over nearest competitor in Jaipur. It continues to maintain a commendable lead in other major urban towns of Rajasthan like Jodhpur, Udaipur, Ajmer and Kota. In Gujarat we continue to be a formidable player with a lead in key markets and reflecting a lead of 29% over its nearest competitor in Ahmedabad. All these key states have been demonstrating strong readership growth that has strengthened DBCL's top line as well as bottom line.

As you all know, DBCL has successfully launched Dainik Divya Marathi in Aurangabad which is our Marathi new paper and Nasik in Maharashtra, which has taken our edition count to 62 and extended our presence to 4 languages. The response from both these regions has been overwhelming and in keeping with DBCL's new-market launch tradition, in both cities, Dainik Divya Marathi has emerged as most formidable and the most popular newspaper. Our high-quality product in the form of Dainik Divya Marathi, with strong unbiased editorial content, local focus and appealing to diverse readership categories, has attracted very encouraging responses from readers in both cities. Followed by the successes in these regions, we plan to soon launch in Jalgaon and over 2011-12, plan to extend our presence in other markets of Maharashtra. The company intends to entail a maximum investment of around 18-22%, in FY12 of DBCL's mature markets EBIDTA, as part of the company's expansion strategies for new markets, subject to favorable market and economic conditions and stable newsprint price regime. Our impending launch in Bihar has been deferred to FY 2012-13 on the face of slightly sluggish market conditions and the resultant weakness in advertising and volatility in the newsprint segment.

On an overall basis, we have maintained our growth momentum this quarter as reflected by our strong financial performance and a robust ad revenue growth, which we believe is one of the most consistent and strongest across the Indian print media space. Over the past two years, DBCL has launched 14 new editions and has forayed into three more regions – Jammu, Jharkhand and Maharashtra. Our new-market launch strategies have served us well, and have always centered on two key approaches: customizing and launching a strong product with high quality content based on intensive research and identifying territories presenting significant readership gap that also presents an opportunity to expand the market. Expansion in new regions therefore continues with strong momentum and is another growth driver for overall business expansion. We would like to reiterate that based on our past experience of launches in a new state, every new state has attained EBITDA break even in less than 4 years time – as exemplified by Bhaskar's launch in Punjab in 2007, which achieved EBITDA breakeven in 3 years.

Our Digital business is ramping up rapidly. We have reported stellar growth in page views from 8 million to over 94 million over the last 15 months. We are happy to share that as an independent Hindi portal dainikbhaskar.com has established itself as a preferred destination for online audiences. Our properties are also available on the mobile platform through our WAP portals and dedicated apps for iPhone and Android devices – ours is the first regional newspaper to have apps for iPhone. Our digital business growth strategy is centered on developing our portals into a one stop solution for content requirements of the online reader.

Lets us now take a quick review of DB Corp's financial performance for the first quarter of fiscal 2011-12 – our Stand Alone Advertisement Revenue has grown YOY ~21% at Rs 2840 million from Rs 2358 million. We have been consistently delivering strong advertising growth which is one of the best in the Indian Print space.

Our Stand Alone Total Revenue has grown YOY by 19% to Rs. 3527 million from Rs. 2977 million. Our Stand Alone EBIDTA is at Rs. 1024 million with 29% EBIDTA margin which factors our pre marketing and survey related expenses of around Rs. 61.5 million for Jharkhand, Maharashtra and Bihar which have been booked in the revenue account, instead of capitalizing or deferring the outlay for future quarters, considering the long term impact of these expenditures. I would like to present you the Mature Our Mature markets EBIDTA stands at Rs. 1181 million at 37%. Our Stand Alone PAT stands at Rs. 634 million at 18% PAT Margin. We have been consistently delivering strong and high PAT margins, from beginning, in spite of new market launch losses, including one-time pre-operative expenses on account of new launches.

Our Consolidated Advertisement revenue has grown YOY 20.2% to Rs. 2832 million from Rs. 2357 million. Our Consolidated Total Revenue has grown YOY 18.4% to Rs. 3537 million from Rs. 2987 million. Our Consolidated EBITDA is reported at ~Rs 1004 million (~28.4% margin).

DBCL's radio business continues to demonstrate steady progress and reports around 17 % growth in Advertising Revenue, supported by a robust EBITDA of ~ Rs. 17 million.

My colleagues and I will now be happy to take your questions. We look forward to continuing our interactions and do please reach out to our investor relations department, for any further requests and queries.

- Moderator** Thank you very much. The first question is from the line of the Abneesh Roy from Edelweiss. Please go ahead.
- Abneesh Roy** My question is in terms of local advertisers what is the percentage they are contributing now?
- Girish Agarwal** 60%.
- Abneesh Roy** What is the full year expectation we have for the advertising growth?
- Girish Agarwal** We have done 21% growth this year and out of this 21%, around 18% has come from our mature markets, around 2.5% to 3% is being contributed by our newer markets like Jharkhand, Maharashtra and looking at the scenario around we'll keep our fingers crossed if economy contributes to grow like this I think we should be able to move on the right side.
- Abneesh Roy** But no numbers you want to share for that 18%?
- Girish Agarwal** We do not want to comment any numbers here.
- Abneesh Roy** Have you seen any slowdown in the education sector, because some of the other players who came out with their numbers they said they have faced a delay in advertising from education and some slowdown also?
- Girish Agarwal** very marginally.
- Abneesh Roy** From a long-term perspective how much do you think Maharashtra and Jharkhand can contribute say two to three years down the line this 2% to 3% in terms of growth can become how much ?
- Girish Agarwal** Frankly speaking as you know as a company we do not give any future guidelines, but the kind of response we have received from our two editions launch of Maharashtra which is Aurangabad and Nasik is very encouraging and Maharashtra as you know the total size of market is good in our understanding it is a 700 Crore market in the territory where we are working on except Mumbai and Pune. Considering that we are able to get the right kind of circulation leadership in the market we should be able to get a substantial chunk of the market share.
- Abneesh Roy** In Q4 you had said you got 13% as an equal split from volumes and yield for the advertising growth. For 18% in the existing markets what is the breakup between volumes and rate hikes?
- Girish Agarwal** Volume growth is higher than the rate hike, because you know what has happened in the first quarter our national advertising has not grown at the same extent of the regional advertising, which is retail advertising. That is the reason in the retail you have to push more volumes and take a hit on our yield to get revenues. I would say this time the breakup would be 70:30

**Abneesh Roy** one last on radio, what is the view on the phase III and why radio is growing at similar levels as your print? Radio should have grown faster at least one of the player has grown faster and your base in radio is far smaller?

**Girish Agarwal** In this quarter, we are not talking about annualised working, now this particular quarter we are able to grow 17%. I understand there is obviously a room for further improvement and we are targeting to grow faster in that. As per the phase III comes in, we are very clear, when the phase III comes in we will be bidding for our market growth those 14-15 states where we are present we will be bidding for those markets. We are not looking at any metro at all.

**Abneesh Roy** I will come back if I have more. Thanks for the opportunity.

**Moderator** Thank you. Then next question is from the line of Siddharth Goenka from JM Financials. Please go ahead.

**Siddharth Goenka** My first question is on your outlook on the newsprint environment. We have seen that the domestic newsprint prices have moved faster than the international newsprint prices. So if you can just share your thoughts and your outlook in the newsprint prices?

**P. G. Mishra** As far as newsprint price changes are concerned we have seen that almost international prices have now been stable due to degrowth in the USA and UK print industry, but we hope that Indian price is on the peak and may increase by 5% to 10%, maximum in the coming financial year.

**Siddharth Goenka** Because the thing is what we have been hearing from the market that it is almost matching with the international newsprint prices, so I believe that in terms of the procuring of newsprint, we might switch over to international newsprint also in terms of procurement, so there could be some kind of downfall expected in the domestic newsprint?

**P. G. Mishra** Definitely when the newsprint prices are on the peak that difference between imported and Indian will become very narrow. This is a permanent phenomenon but when the prices start decreasing then the gap becomes wider than the peak levels.

**Siddharth Goenka** In terms of consumption, how much did we consume this quarter for newsprint?

**P. G. Mishra** Newsprint consumption in quantity?

**Siddharth Goenka** Yes in quantity?

**P. G. Mishra** 38,785.

**Siddharth Goenka** That is perfect. we have been delivering strong margins from a mature additions but our overall consol margins are at around 28% levels so are we likely to sustain these margins going forward?

**Girish Agarwal** If you look at this 29% margin, which we are talking about with you, in this the mature additions of ours, those who are more than four year old has shown an EBITDA margin of 37.1%. Now if you look at the numbers which is taking care of my preoperative expenses of Bihar, Jharkand and Maharashtra is around 61.5 Mns of that. If I take that out my EBITDA margins even taking care of the newer launches stands at around 30.8% and if I take the one-time expenses it will come down to 29%. So as a company what we have decided that whatever the profit of the EBITDA of the mature market additions we have around 18% to 22% max of that we are going to invest in our newer markets subjected to advertising growth and newsprint pricing for this year itself, because this year we will be counting this as an expansion year for us where we have expanded already in Jharkhand and we are expanding it in Maharashtra.

**Siddharth Goenka** Maharashtra now that we have launched as a major editions with Aurangabad and Nasik, so going forward will be launching, I mean, we do try to launch, but in terms of the expenditure will it be higher in these quarter or it will come down?

**Girish Agarwal** As I mentioned to you that we have made up overall ceiling for us at 18% to 22%. So if I launch, for example, we intend to launch Jalgoan, Amaravathi and Akola, Kolhapur, and Sholapur, this all will happen, but in such a manner where my total investment does not go beyond 18% to 20% of my mature market EBITDA.

**Siddharth Goenka** just one more question I have on the employee cost it has gone up this quarter so any particular reason behind it and what is the employee strength as of now?

**Girish Agarwal** Our employee cost has gone up for two reasons; one is that there is an annual increment, which we have given to our all the team members for this year that is number one. Number two the new additions like Jharkand and Maharashtra has come in, so the number of people has increased there. Also in our existing editions also we have launched few more markets like Hoshangabad, and Barmer. These editions are launched within the existing market, so there also the number of manpower has gone up. Also this cost includes a bit of, let me give you the numbers, we have incentives into it, we have staff training cost into it and also the contractual staff getting transferred from the operative expenses to the personal expenses.

**Siddharth Goenka** What is the employee strength as of now?

**Girish Agarwal** 8182.

**Siddharth Goenka** What was it last time in FY'10-FY'11 how have we moved over the last one or two years?

**Girish Agarwal** 7661 in March 2011, has gone up to 8182 in June 2011

**Siddharth Goenka** One more question, what are the CapEx plans for FY'12 and FY'13 and how much fund are we allocating for the phase III funding in the radio side?

**Girish Agarwal** See for the radio side, we have not really allocated any funds so far, because when the markets are out we will evaluate, then understand, what makes sense and business plan. We have not earmarked anything so far for that and the CapEx requirement as we mentioned to you last time that our Jharkand and Maharashtra it stayed in the same limits.

**Siddharth Goenka** So 80-100 Crore I would say?

**Girish Agarwal** The entire Maharashtra which is over a period of two years' time.

**Siddharth Goenka** I am talking about the overall CapEx, how much are we likely to incur in FY'12?

**Girish Agarwal** 90-100 Crore for this year FY'11-12 on a higher side. This is including Jharkhand, Maharashtra, and since we have pushed Bihar to the next year it might even get lesser.

**Moderator** Thank you. The next question is from the line of Dimple Seth from SKS Capital. Please go ahead.

**Dimple Seth** You said that 18% to 20% you will be allotting as investment as the EBITDA margin of mature markets, , what will be in that in value terms? I missed on that given your mature markets what you have in EBITDA?

**Girish Agarwal** Let me give you the number of the last year. Last year mature markets EBITDA was at around 445 Crore, out of that 42 was the losses of our emerging additions, so last year it was 9-10%. Now this year we have Maharashtra also with us and the full year impact of Jharkhand will come in. So considering this you can work out the numbers.

**Dimple Seth** Thanks a lot.

**Moderator** Thank you. The next question is from the line of Amit Kumar of Kotak Securities. Please go ahead.

**Amit Kumar** I just wanted to have a sense as to how the newsprint price has moved on QoQ basis. There seems to be a reasonably steep 9% increase, and our understanding of the market and there has obviously been quarter-on-quarter increase but not that steep. So is there something that we are missing here?

**Girish Agarwal** You look at my total newsprint cost it has gone up. 19% is on account of the price, apple-to-apple comparison. Mr. Mishra will answer that.

**Amit Kumar** This 19% YoY is on account of price?

**Girish Agarwal** Yes.

**P. G. Mishra** The cost for June 2011 is 1184 million and in June 2010 it was 832 million.

**Amit Kumar** Actually newsprint cost overall cost is okay, I am just talking about the price. The price has gone up 9% on a QoQ basis.

**P. G. Mishra** June 2011 it is 1184 mn, and March 2011 it is 1042mn. There is an increase of 142 million. I can give you the breakup. Due to increase in the PO it is 11 million, due to increase in the newsprint prices it is 83 million, new addition in products it is 30 million and due to days difference because January, February and March there is 88 days and in April, May and June there is 91 days, so 45 million is for days difference.

**Amit Kumar** basically what I was trying to understand was that typically what most of your peers are talking about in terms of quarter-on-quarter newsprint price increase, that is just in the region of 3% to 5%.

**Girish Agarwal** This is why because last year we had inventory lying with us, based on that stocking advantage which we have not seen this time there is a major difference on that.

**Amit Kumar** This is basically what I want to clarify. Secondly, just broadly wanted to have a sense of the sustainability of this 18% of advertising growth, because obviously national advertisers we have seen some bit of weakness on that side, so just wanted to get a sense no quantum required, but whether this 18% you believe could sustain or you could improve or in your view how is the advertising market looking?

**Girish Agarwal** We are very optimistic and we want this 18% or 21% actually to go up much higher, but we are all keeping our fingers crossed, because in advertising as you know there are various elements which plays in, economy slowdown, monsoon , so I guess so far the monsoon has been okay, but again there are worries. For example the national market has not responded that well in the last quarter. It was the retail market, which really helped us sail through and get this numbers, but looking at the whole environment we are keeping our fingers crossed.

**Amit Kumar** Thank you so much. That is it from my side. I will come back.

**Moderator** Thank you. The next question is from the line of Satish Ganesan from CRISIL. Please go ahead.

**Satish Ganesan** My focus is again on the newsprint. Could you please give us an idea of the mix of domestic and international newsprint? Your last annual report had the domestic number at about 77% to 78%?

**P. G. Mishra** The mix of imported and Indian newsprint for this quarter is 84% indigenous and 16% is imported.

**P. G. Mishra** In the last year same quarter it was roughly 82% and 18%.

**Satish Ganesan** Given the continuous increase in the domestic newsprint prices is there any plan to probably alter this mix or may be bring in a little more of imported newsprint?

**Girish Agarwal** Certainly yes, it depends on the pricing and the stock what we have. For example, currently, I was happy with the stock, which we have for the Indian newsprint 18 days and imported around six months. Now I feel my imported stock is getting consumed and I am getting imported at a better rate than the Indian I would change this mix. Because there is no compulsion for me to use a particular supplier, so whatever is the best in terms of rate we would certainly take that.

**Moderator** The next question is from the line of Hiren Dasani from Goldman Sachs; please go ahead.

**Hiren Dasani** On the newsprint side, if you look at the current prices, forget whatever gain or losses on the inventory, but if you were to buy today in the market would it be the same as about Rs. 30.50 per kg.

**Girish Agarwal** 30.52 is the domestic rate, and 30 is the imported rate because we are also carrying the old stocks, I guess if we go to buy.

**Hiren Dasani** Blended basis it will be around 30.2, 30.3 only.

**Girish Agarwal** Yes, It is almost the same right now, that is the reason we are in talks with our all Indian suppliers, they need to relook at their pricing and also I guess the wastepaper price has come down which is a large portion as raw material, that has come down by almost 15 to 16% and there is a slowdown in US, I guess there is a time to relook at their pricing.

**Hiren Dasani** And the other thing is just to understand this emerging versus mature what we are saying is mature markets has done about 118 Crore of EBITDA in the quarter and 17 Crore of EBITDA loss is from the emerging edition which will include all the three, Jharkhand, Maharashtra and also the other new editions which were launched in three years in the existing states, is this correct?

**Girish Agarwal** Yes.

**Hiren Dasani** So, this 17 Crore of EBITDA loss includes the new states as well as the less than four year old edition in the existing states?

**Girish Agarwal** Yes.

**Hiren Dasani** Third clarification is that the impact of moving contractual staff from the operating line to the employee line, what would be the quantum during the quarter or what was the reclassified number let us say if you were to go by the earlier classification?

**Girish Agarwal** 15 million is the amount.

**Hiren Dasani** And it was earlier in the operating expense or general administrative expense?

**Girish Agarwal** It was in the operating expense, there was contractual staff, which has now been regularized in to the regular personal accounts. There is no change in their cost.

**Moderator** Thank you. The next question is from the line of Ratish Varier from Reliance; please go ahead.

**Ratish Varier** I just wanted to understand, just can you clarify this, in terms of your international newsprint you talked about six month of inventory, is it, can you tell us, do you follow any hedging policy over there or how it exactly works?

**P.G. Mishra** We are almost keeping 50% of our exposure as hedge fund, right now whatever the imported liability on DB Corp, we have already hedged 48 to 50%, and this is our regular

policy. Considering the strong rupee, we are leaving 50% but as a policy we are always keeping between 40 to 50% as a hedge.

**Ratish Warrior** My other question pertains to your market, which is there; just can you give us more details on market, which are there, less than four-year-old market, which you have talked about, Jharkhand, Maharashtra and other markets.

**Girish Agarwal** Jharkhand and Maharashtra are the only two markets where we are less than four years old and then there will be smaller editions within our existing states where we are less than four years old but that they are hardly any worthwhile number on that, our number is in Maharashtra and Jharkhand.

**Ratish Warrior** Can you give us more clarity on your Jharkhand and Maharashtra markets in terms of where do you see the markets in the next one or two years down the line, and where you position yourself in terms of your total number of content and then where you see yourself?

**Girish Agarwal** In Jharkhand we have already completed the entire launch in those three cities, Jamshedpur, Ranchi and Dhanbad and circulation wise we are pretty stable there and revenue wise also the numbers are picking up pretty strong and Maharashtra also is a pretty interesting market, we have done two launches, we are going to do few more launches like Jalgaon and other markets and how these markets are going to pan up, let me give you the example of Punjab. We launched Punjab in the year 2006 and 2007 where we did the launch in Jalandhar, Amritsar and Ludhiana and later on Bhatinda. Punjab market we were able to do EBITDA breakeven in a period of three years time and the size of that market was almost at 3 lakh copies in that market, if you were to compare that with Jharkhand I think Jharkhand is a smaller market in terms of expenses, so based on our Punjab and Gujarat experience, we feel that 3-4 years EBITDA positive strategy of company so far should work.

**Moderator** The next question is from the line of Prajakta Karde from PTI; please go ahead.

**Prajakta Karde** First of all congrats, you have shown a robust growth but your net, the PAT has declined, I think it must have been a repetition but what is the exact reason for the PAT going down?

**Girish Agarwal** We explained to the other members earlier that our overall mature editions numbers have grown much higher than the overall number what you see because of the losses of Jharkhand and Maharashtra included in that. As a company we are in expansion mode this year, so the new markets when we launch there is always an operating loss in those new markets, so because of that there is temporary dip in the profit after tax this year.

**Prajakta Karde** Going forward do you think that the operating loss that you have incurred right now will convert in to profits in the coming quarters?

**Girish Agarwal** Certainly, as we explained that in Punjab we were able to do EBITDA break even in three years time in other markets also, so we are very hopeful that the same strategy should work out in the markets also and our investment will pay off pretty well.

**Prajakta Karde** Any timeline you are seeing for the break even in these two new markets?

**Girish Agarwal** Three to four years.

**Prajakta Karde** You have mentioned about 90-100 Crore of CapEx, is it for this year itself?

**Girish Agarwal** It is not 9200, it is 90-100Crore CapEx will be done this year which is including the normal CapEx of 30 Crore, this also includes expansion plan for Maharashtra.

**Prajakta Karde** So, how much will be the total CapEx?

**Girish Agarwal** 90 Crore.

**Prajakta Karde** So it will include the overall expansion plans.



**Girish Agarwal** Exactly.

**Moderator** The next question is from the line of Sakshi Malhotra from Eureka Shares & Stocks; please go ahead.

**Sakshi Malhotra** The one time expenses that we booked in terms of Maharashtra and Jharkhand what was the number for that?

**Girish Agarwal** The losses of these markets is around 17 Crore and if you look at the pre operating especially in this quarter I would say a large portion of this would be a one time preoperative expense.

**Sakshi Malhotra** Along with that earlier you were giving like a breakup for newsprint on a quarter-on-quarter basis as to what are the components of the increase, could you just repeat that?

**Girish Agarwal** See if you go by percentage 19% is based on the price, apple-to-apple comparison price and 20% includes the increase in number of pages, newer markets, and more number of days, new editions and new products.

**Sakshi Malhotra** This is in comparison to this quarter and the previous quarter or year-on-year?

**Girish Agarwal** Year-on-year.

**Sakshi Malhotra** What was the blended newsprint price this quarter?

**Girish Agarwal** Rs30.52/kg

**Moderator** The next question is from the line of Rohit Dokania from B&K Securities; please go ahead.

**Rohit Dokania** Just one question you said that last year the mature edition EBITDA was about 445 Crore and we did about 41 Crore of losses from the new expansion plans that we did and this time around we are expecting it to be in the range of 18 to 22% of the mature edition EBITDA, even if I assume that the EBITDA is not growing to grow and I assume an EBITDA of 445 Crore for the mature edition does that mean that we will do about 90 Crore of losses from Jharkhand and Maharashtra, am I looking at the right number?

**Girish Agarwal** I cannot comment on the numbers frankly speaking, I am saying this because you have taken an assumption that the EBITDA will not grow.

**Rohit Dokania** No, what I am trying to say is let us assume the EBITDA grows by.

**Girish Agarwal** You have taken both the extremes actually; you will appreciate both the extremes in a very rare case.

**Rohit Dokania** Absolutely, let us assume that the EBITDA grows by say another 50 Crore, so what I am trying to hint is that is the new market losses would be in the range of 90-100 Crore this year is what the question is?

**Girish Agarwal** That is the extreme number, which we have given it to you, certainly we are working on it to minimize it, like for example last year, just 9-10%.

**Rohit Dokania** Sure, you said 18-22%

**Girish Agarwal** See, these extreme numbers are given out so that it helps you to understand the overall working.

**Rohit Dokania** By when do we plan to bring down the promoter holding because I believe there is a law which says that we have to carry it down to 75%, so could you just hint on that how would you go about it, whether it could be through the open market?

**Girish Agarwal** As per the SEBI guidelines, we have to do it by June 2013.

**Moderator** The next question is from the line of Akash Chattopadhyay from IIFL; please go ahead.

**Bijal** Hi, this is Bijal from IIFL, thanks for the opportunity, just wanted to get some more color on the advertising growth, as we see that national advertisers are actually not increasing their spend, so it would be helpful if you can give us a breakdown of that 18% growth, how much it comes from national advertiser and how much came from the regional ones?

**Girish Agarwal** Our larger kitty is the regional kitty which is contributing 60% of the overall revenue and 40% is national and if you look at last year June 2010, it was 57% regional and 43% national; regional is growing faster than national.

**Bijal** Okay, so that is probably a backward calculating number and that would be probably number which you are suggesting or if you can just give directly a number that how much national advertiser growth was on a year-on-year basis?

**Girish Agarwal** I am sorry because of competitive reasons I cannot give out the number to you, you will appreciate that but national has grown lower but still in a double digit while regional has grown much higher.

**Bijal** Going forward on the national front do you see further slowdown as probably being as is the commentary of most of the media companies, so do you see a slowdown in that 11% growth rate?

**Girish Agarwal** I am keeping my fingers crossed.

**Moderator** The next question is from the line of Mohan Lal from Elara Capital; please go ahead.

**Mohan Lal** I just wanted to know about your Bihar plans, as per my estimates, Jagran today in Bihar is about 5.5 lakhs and HMVL is 7 lakh plus, so does it really make sense with the overall pretext of breaking even in three years, does it make sense to still go to Bihar given these kind of circulation by the competitor?

**Girish Agarwal** I appreciate your calculation but please understand as an organization, as a company DB Corp, we make any move, or do any launches, purely out of the business equation, no ego, no proving one-upmanship, so be very clear, if we are getting in to Bihar or Maharashtra or Jharkhand it has to make business sense to us. Coming to the circulation numbers frankly speaking as per our strategy we do look at circulation of competition but at the same time we also look at the number which says that the overall penetration of Bihar is just 20% of newspapers among the people those who can read Hindi, so there is a huge scope in that market going forward. If I remember when we went to Gujarat in 2003, the publications over there had a circulation of almost 9 lakhs, 8 lakhs and 7 lakhs copies but that does not stop us because we saw the gap in that market, similarly in Maharashtra there are publications those who are doing a circulation of almost more than a million copy, but we saw a gap and we are in that market in Aurangabad and Nasik and we are pretty popular I would say very strong in these markets and coming to the reason why we have deferred Bihar by a year because we want to do things in a manner where we can handle it and prove it in terms of getting success, not just doing it for the heck of it, so we realize it that we already have Maharashtra with us and we have plans for Maharashtra for the group, so we decided to defer Bihar by another one year so that we can handle Bihar the way it should be done.

**Mohan Lal** I just wanted to know in terms of your strategic thinking the two markets that you mentioned in the answer both had a far bigger ad market, so probably circulation in those markets was at a probably optimal level in relation to the ad market size, given in that context does it still hold true for Bihar, 7 to 8 lakhs of targeted circulation within one-and-a-half year probably of launch?

**Girish Agarwal** I would love to have this further conversation with you sometime other time maybe one to one because you will appreciate I cannot let my business strategy out just like that.

**Mohan Lal** Would you be little more specific to us with Bihar entry, let us say first half or second half of FY 2013?

**Girish Agarwal** It all depends, as of now we have planned for the year 2012 and 2013, now depending on how the market is panning up, how the newsprint sizes are and how the advertising revenue is going, we would look at that market.

**Moderator** The next question is from the line of Mayur Gathani from OHM Group; please go ahead.

**Mayur Gathani** Good set of results. I wanted to have some more updates on phase 3 that is coming up, I mean have you allocated any Capex the 90-100 Crore that you mentioned I am sure that does not include phase 3, right?

**Girish Agarwal** This does not include phase 3 of the radio for the simple reason why because we have been hearing about this phase 3 for last almost three years, there is no point blocking the fund for that, anyway company has the fund which we are sitting on the cash with us, so we have not decided anything as yet, because it depends on that time, what kind of market comes up, how many stations, does it make sense , I think it is too early to plan for that.

**Mayur Gathani** But you will be bidding only for those cities where the newsprint is available?

**Girish Agarwal** Where the newspapers are available with us yes, we are not touching any metro.

**Mayur Gathani** And probably Bihar also you plan to go next year, so you will bid that as well?

**Girish Agarwal** Yes, possibly, in fact we just repaid our term loan to IDBI because we realize that money was lying idle with us, 40 Crore.

**Mayur Gathani** How is the utilization level in the states where you operate currently on the inventory side?

**Girish Agarwal** The radio side, I think we are doing pretty decent because that 17% growth advertising growth which has come, we have tried to increase the rates so that it does not bother the listener much because if you increase advertising then it consumes more space then the listeners get bugged, so we are deciding we have taken the effective ER up on the advertising in the radio business.

**Mayur Gathani** will you be offering a bundle offer like newsprint as well as radio or is it individually placed to advertisers?

**Girish Agarwal** Right now, we are doing it both ways, those who are willing to buy as a bundle we are offering them as a bundle, those who want stand-alone they are taking it individually also.

**Moderator** The next question is from the line of Yogesh Bhatia from Athena; please go ahead.

**Yogesh Bhatia** I would like to know, your presentation says, a combined average daily readership of 18.1 million, can you give me what was this number in the last year June 2010 and Q4FY 2011?

**Girish Agarwal** We will mail it to you because we do not have the readership details now with us, so if you could be nice enough to just send a mail to Mr. Prasoon Pandey in our investor relation team we will send you a data for last two years.

**Moderator** The next question is from the line of Abneesh Roy from Edelweiss; please go ahead.

**Abneesh Roy** Just some follow-up questions, Maharashtra you said some 4-5 cities you have still launched had left, you said Bihar launch has been delayed because of volatility in newsprint and slowdown in ads?

**Girish Agarwal** Let me just clarify on that, Bihar has been delayed not because of the newsprint and advertising volatility, because it will be too much to handle 2 states at one point in time. We chose to do Maharashtra first and after that Bihar.

**Abneesh Roy** When you launched Jharkhand at that time advertising scenario was very different from when you launched Maharashtra, so between Jharkhand and Maharashtra could you share some light which launch is progressing better, of course the time lines are different, but the competition is also very different in Jharkhand it was basically the national players who are competing, Maharashtra it is the local players but advertising has slowed down, some color on that.

**Girish Agarwal** We have been fortunate enough to say that in Maharashtra in Aurangabad and Nasik our local advertising revenue, generally what happens when we launch, almost one year's time the national advertising does not support you largely, because those guys wait for some IRS and NRS and ABC numbers to come in, the local retailer who is sitting there, he sees the response on a daily basis, he is the first one to come and support. We are very happy to say that in the first one-and-a-half months of our Aurangabad edition launch, it has been one of the most successful in the last five to seven years.

**Abneesh Roy** How has the local competition responded in terms of says cover price and maybe any other say content rejuvenation?

**Girish Agarwal** They have done their best but they have not changed the cover price that is their strategy.

**Abneesh Roy** You have half of the cover price right?

**Girish Agarwal** They are at Rs.3 we are at Rs.2.

**Abneesh Roy** Lastly, what is driving the domestic newsprint is there a big mismatch between the demand and supply?

**Girish Agarwal** Our experience says domestic guys simply follow the International price.

**Abneesh Roy** But the last four months it is not happening.

**Girish Agarwal** I know that is what I am saying, they are finding it as opportunity for them to spend from their balance sheet for this moment, but I guess considering that the raw material price is going down for them, I am sure they will revise their strategy and be reasonable to us.

**Abneesh Roy** There is no big mismatch between the demand and supply right?

**Girish Agarwal** I do not think so, because demand has been the same, there are no major changes in the demand and supply also remains largely the same, in fact it has improved.

**Abneesh Roy** Demand everyone is launching, you are one of the biggest guy who is launching and expanding so definitely demand is going up.

**Girish Agarwal** Please understand if I am launching somebody else is reducing also.

**Abneesh Roy** Who is reducing?

**Girish Agarwal** There are publications those who are losing circulation, those who are losing readership and those who are not going at the pace we are going. There is a growth happening yes, in the industry but if you look at the overall all-India basis growth, I am sure it will be a single digit growth.

**Moderator** The next question is from the line of Pratish Krishnan from Merrill Lynch; please go ahead.

**Pratish Krishnan** Just on the circulation side, other than the Maharashtra launches which is due, any other market where you will still be keen on increasing your circulation copies?

**Girish Agarwal** Yes, we are looking at some growth in Punjab because that is the market which is responding pretty fast on the advertising numbers so we are looking at some circulation growth in Punjab and also wherever there is opportunity in our existing market like Madhya Pradesh or Rajasthan or Gujarat, we are keeping an eye on it, depending on the newsprint pricing and the advertising market we will take that opportunity.

**Pratish Krishnan** Punjab you are saying is something, which you will clearly do.

**Girish Agarwal** Punjab as we clearly see an advantage there, so we are going ahead with that.

**Moderator** Ladies and gentlemen, that was the last question; I would now like to hand the floor over to the management for closing comments.

**Girish Agarwal** On behalf of the management I thank you all for participation and time on today's earnings call. I hope that we have been able to respond to your queries adequately; however we will be happy to be of any assistance through our investor relations department should you have any further queries, thank you very much once again for all your time and support.

**Moderator** Thank you very much, on behalf of DB Corp Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.