DB Corp Limited

Q2FY21 Earnings Conference Call Transcript

October 23, 2020

Moderator: Ladies and Gentlemen, Good Day and Welcome to the DB Corp Limited Q2 FY'21 Earnings Conference Call. As a reminder, all participants' lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Hina Agarwal. Thank you and over to you, Madam.

Hina Agarwal: Thank you and Good Evening to everyone. We welcome you to the conference call of DB Corp Limited for Q2 and H1 FY21. We have with us today the Senior Management team of DB Corp Limited. Mr. Pawan Agarwal – Deputy Managing Director; Mr. Girish Agarwal – Non-Executive Director; Mr. P. G. Mishra – Group CFO; Mr. Mushtaq Ali – Vice-President, Finance and Account; Mr. Lalit Jain CGM, Finance and Accounts; and Mr. Prasoon Kumar Pandey – Head (Investor and Media Relation) who will represent DB Corp Limited on the call.

We will be sharing the "Key Operating and Financial Highlights" for the quarter and half year ended September 30, 2020, followed by a question and answer session.

Before we begin, we would like to state that some of the statements made in today's discussion maybe forward looking in nature and may involve risk and uncertainties. Document relating to the company's financial performance have already been emailed to you and are available on the website of the stock exchanges. We trust you have been able to go through the same.

Now, I invite Mr. Pawan Agarwal to share his outlook on DB Corp's performance for the quarter. Thank you and over to you, Sir.

Pawan Agarwal: Thank you Hina and Good Evening to everyone. With the pandemic still affecting our lives, we trust that everyone and their families are safe and healthy. We will begin the call today by highlighting the key financial performance for the quarter ended September 30, 2020, followed by operational updates during the quarter.

With the gradual opening of the economy across different geographies, definitely a certain level of positivity has come back with businesses restarting their outreach to consumers, which is reflected in the much improved Q2 FY2021 performance of DB Corp.

Our print business EBITDA was at Rs. 873 million with EBITDA margin of 26.7% as against Rs. 1010 million, EBITDA margin at 20.3% last year, that is, margin expansion of 650 basis points in Q2 FY 2021.

Our consolidated advertising revenues stood at Rs. 2263 million in Q2 FY2021. The circulation revenue stood at Rs. 1033 million and the total revenue stood at Rs. 3498 million. The Company reported a profit of Rs. 745 million at the operating level and a net profit of Rs. 285 million. While the overall performance is lower than last year in the backdrop of COVID-19, we are very pleased to inform you that profitability has witnessed improvement with EBITDA margin at 21.3% in Q2 FY21 as against 18.8% in the same quarter of last fiscal and this was driven by nothing but a very, very diligent cost optimization drive which has yielded positive results.

Dainik Bhaskar Group Radio business continues to maintain leadership position in all its significant markets and radio advertising for the quarter stood at Rs. 182 million with operating profit of Rs. 27 million in Q2 FY2021.

Our digital business, we continue to remain focused on a strategy to increase our daily active users through our mobile apps and we are very, very focused on this. We have been steadily growing our daily active user base since the last update that we gave you and we have been building loyalty on our user base.

During these challenging times, the fact that short-term focus and long-term goals are intertwined and gets reiterated. We, therefore, took a very conscious call that this time our short-term focus should be to achieve normalcy of top line and bottom line, as soon as possible, which in turn will enable us to stay strong and growth oriented in the long term.

As you always know that our focus has been to give a very compelling value to our readers and advertisers, and actually our readers invested trust in our ability to deliver truthful, relevant, and timely information to them, and advertisers rely on this trust and use it as a platform to reach out to their customers, so our role and responsibility therefore towards both of them is of paramount importance and this has been validated time and again by our circulation numbers as well as our advertising revenues.

As you all are aware, the market that we operate in currently have been far quicker to get back on their feet in comparison to the Metro markets in the country and hence we are pleased to report that our operations are consistently improving towards reaching the normalcy.

On the circulation front, we are happy to share that our circulation has witnessed month on month improvement from 78% in July to 81% in August and September, and currently circulation is at an impressive 86% of the pre-COVID level. We are witnessing consistent circulation growth in all our markets.

On the advertising front, as we had apprised you during the previous quarter, we witnessed major disruptions initially, but as the unlock measures began to unfold, our advertising revenues do have shown sequential improvement with revenues achieving 53% of pre-COVID levels in July followed by 71% in August and a further 77% in the month of September after adjusting for Navaratra days in September last year. Currently, based on customer engagement, we are hopeful that the ongoing festive season which is the October and November will lead to further improvement in the coming months.

The return of advertisers to the fold is evident by our ability to launch various mega editions, I am going to talk about that in our major markets. As recent as this week, we had our largest pagination at 144 pages in our Shimla edition, this was after Dainik Bhaskar published 130 pages in Bikaner, 128 pages in Indore, 72 pages in Bhopal, 80 pages in Ahmedabad and Raipur, and 60 pages in Ujjain and Hoshangabad. It was a sight to see how these level of paginations were even printed and distributed in the morning, and I must share that we have broken all records of pagination in our own market, and of course as well as in the entire industry.

Further, incremental growth of economy in our all markets are evident from September months GST collection registering a growth of 10.3% YOY, which was significantly higher than the all India growth of only 3.9% YOY.

On the operating cost front, we are helped by the newsprint rates, which continued to be soft at Rs. 35,500 in Q2 FY21. We expect the newsprint to be further correct by about 1% in the coming quarters. As mentioned earlier, our other operating costs efficiency measures continue to be effective and they are all helping us in safeguarding our bottom line. Our print business operating profit has improved to Rs. 184 million in July and was an excess of Rs. 300 million in the month of August and September each, with EBITDA margins for these months at about 25% plus.

We are witnessing signs of revival in all our markets in the upcoming festive season, our teams are very well-prepared to capitalize on this opportunity and we are all out there to achieve the pre-COVID business performance in the months to come.

That is all from our side, Friends. My colleagues and I will now be happy to respond to your questions. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Yogesh Kirve from B&K Securities. Please go ahead.

Yogesh Kirve: Sir if you can talk about how the print ad revenue are recovering, so if you talk about what was the trend month wise in the second quarter and how are things looking in the third quarter in the sense of when we could be back to the pre-COVID levels, so what are our expectations at this point of time?

Girish Agarwaal: So we are happy to inform you that in the month of September itself we were almost at 77% of our last year September adjusted for the Navaratra's four days. Let me give you the month on month numbers, July we were at 52%, August 72%, and September with this four days of Navaratra, if you remember last year Navaratra started two days 29th and 30th of September was Navaratra, so two days of pre-Navaratra and Navaratra two days if I adjust that, we are at 77% in the month of September, and we believe that in the month of October and November because of the festival season, we should be able to improve upon on this number.

Yogesh Kirve: That is quite helpful, Sir my second question is regarding I think there was pretty good control over the cost despite the revenue weakness or EBITDA margins up on YOY basis the EBITDA margins, so how much of this cost savings are sustainable going ahead and if we are back to say almost 80%-90% of the revenues of the pre-COVID level in terms of the advertisement, could we go back to our EBITDA margins of like closer to 30% at 80%-90% at revenue recovery, it looks like based on the current cost base, so if we just?

Girish Agarwaal: With due permission of yours, I would like to first of all compliment the entire team of DB Corp on the fantastic job done on the cost saving side because if you remember we had indicated to you that we are looking at a cost saving what we had planned around Rs.125 crores in the whole year, right from April to March and I am happy to announce that we have achieved this number in first six months itself, so I think that is a fantastic job done by the entire team at DB Corp. Now, going forward certainly we are looking for another six months to have some further more cost saving coming our way and we strongly believe that for the next year which is FY21-22 almost 60%-70% of this cost will be saved even in the year FY21-22 going forward.

Moderator: Thank you. The next question is from the line of Ketan Chawala from JM Financials. Please go ahead.

Ketan Chawala: Sir, my question is regarding the circulation levels that we have reached back to 86%, so I just wanted to understand the remainder of 14% are these in certain specific sub-pockets of the markets or certain regions, and how long do we expect for these 14% also to come back, so that we are closer to 100% odd circulation levels?

Girish Agarwaal: Yes, so what is happening, the number 86% is not across all through, some markets are higher than 90%-95%, and some are at 76%-78% also depending on the impact of COVID and the area restrictions in those markets and I would say around another 5%-7% copies are the ones which are the cash sales point, offices and all that, which are yet to come back, so we are hoping that with every passing month, we should be able to improve couple of percentages, so let us hope in next three to four months' time, we should have this entire copies back to us.

Ketan Chawala: Sure, and just related to that, one more question on the advertisement recovery, so wanted to understand, are we seeing a broad-based recovery in the advertisers or are we seeing only a certain specific group or certain sectors which are leading this recovery in advertisement and the other sectors are still on the sidelines in terms of their ad spends?

Girish Agarwaal: So let me divide the advertising revenue in multiple segment for ease of understanding, first of all as you know almost 65% of advertising comes from the retail and 35% from the corporate advertisers, so in the retail we are already if I see the last quarter, Q2, in retail we are by back to almost 70%-72%, while the national advertisers are still at the range of around 50% over there, that is the broad segment. Furthermore, if we go by the category as such what we have realized that categories of education, automobile, and I will go month wise because what is happening when we look at the Q2, July, August, September, frankly speaking it is the wrong comparison because July still we had lockdown, August was still not great shape, September was a better month, so if I look at the comparison of the growth, in September the automobile started really gearing up a lot, so that is one advantage. Even education because the season got delayed, the results got delayed, so the education billing came in the month of September and some money came in the October month also, so all the segments are responding well. One difficult problem what we are facing is that the long tail is creating a problem, which means in a particular category, the bigger clients are back to business, but the smaller clients are yet finding it difficult to come back either some of them are facing a cash flow problem or some of them are not very sure of the response of the market going forward, so they are holding back, so we are hopeful that in this season, the sale is going to come back. Recently today only the Central Government has announced the bonus for their employees, some Rs.3500 crores will come in the market in terms of more money in the hands of people, so I think that all will give the confidence in the market for the sales mode and this long tail will also start responding.

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

Himanshu Upadhyay: Good Afternoon, congratulations on good results, at least margins are coming back in the print space, my question was if we see some of the larger companies FMCG and where the results have come out, we are still seeing the A&P spend reducing only, so the growth or whatever we have achieved, how much would be from the existing customers and how much would be from new customers or are we having to make extra efforts to get new customers and how are you seeing the large companies, which is 30% of revenue you stated earlier?

Girish Agarwaal We do not have any largely by and large in the entire revenue base except 1% or 2% there would be hardly any new customer, because this is not a time for any new customer to come and launch a product or start looking at the market afresh. This is entirely based on the regular customers in the regular categories of automobile, FMCG, education, real estate and all that, they are the one those who are responding back. As I told you, the retail clients are responding much faster, real estate has shown very good growth in most of the markets, when I say growth means come back. Similarly, the healthcare and pharma sector is coming back pretty well, jewelry is one sector in lot of markets which has come back very, very efficiently and with a bang in few markets, so I think it is a mix basket all across, but as I said in most of these categories, the big clients are firing, but the long tail guys are still thinking.

Himanshu Upadhyay: When we say the large corporate which is 30% of revenue what all gets included in that?

Girish Agarwaal: Any advertiser who is nationally advertising based out of any of those metros they are the ones, but that also I would say in the month of September-October we are seeing them also to be firing a lot.

Himanshu Upadhyay: Can you throw some light on your radio business, month on month is it recovering or how are you seeing on that business means, is it back to normal and which of the business, print or radio you think would come earlier to the pre-COVID levels both on revenue and profit, just your expectations and how it is also doing?

Pawan Agarwal: Radio market, the Metro markets are where most of revenue companies operate, they have recovered by only 70%-75% in terms of volume. Our markets are back to about 90% advertising volumes, our yields are about 25%-30% low, so we are at a recovery of about 60%-65% in radio and we are seeing a very sharp recovery there in the festive months and we are hopeful that the next six months we should be able to level out the last year's performance in radio as well.

Girish Agarwaal: As far as your question about which will come back faster, print or radio, I think both are going hand-in-hand, so we are hoping that number in terms of coming back would be almost similar.

Moderator: Thank you. The next question is from the line of Depesh Kashyab from Equirus. Please go ahead.

Depesh Kashyab: Thanks for taking my questions, I have question on your cost savings, Sir last quarter as we talked to you guiding about Rs.115 crores savings in other expenses, now Sir what is the revised target?

Girish Agarwaal: We internally decided a target and we are working on it, I would not like to give you a revised target, but I can only say that whatever we committed for the year, we achieved in six months' time, so obviously next six months' time there will be extra efforts happening for some sales.

Depesh Kashyab: Sir, what was the guidance you gave on the newsprint, I missed your initial remarks?

Girish Agarwaal: The newsprint is at Rs.35,500 in the Q2 and we believe from here it will go down by another percent or so in the next quarter itself, which is Q3.

Depesh Kashyab: You also have an inventory of 150 days, right?

Girish Agarwaal: Yes.

Depesh Kashyab: Sir, lastly can you help me with the average copies that you sold in this quarter and what was the average realization?

Girish Agarwaal: The average copies sold, frankly speaking I am giving you the average number, but we are living life on a weekly basis, so this average of three months suddenly makes it look slightly not comfortable, but still I will share with you. Average copies in Q2 comes to 42.68 lakh copies, but I would request do not go by average because this is the July, August, and September average and as you know our circulation in the month of July was 77%, August was 76%, September was 77-78%, and now it has come up to almost 85%, so numbers are increasing, so I would say do not go by just by that average.

Depesh Kashyab: Sir, the average realization Rs. 2.6 it is still around that or?

Girish Agarwaal: Rs. 2.72, it has improved over last year because in some markets we have taken a small price increase in the cover price in few markets.

Moderator: Thank you. The next question is from the line of Pavneet Singh from Skyline Equity Managers. Please go ahead.

Pavneet Singh: I wanted to know like what is the current pagination which we have seen over the last quarter and as on date like do we have any target of cutting down on those news articles or clippings which would like help us prevent in the expense of raw material, and one more thing is like the raw material cost has almost like halved over the last year and the circulation revenues are like just down by around 20%, so what kind of price hikes do you envisage over the next ensuing six months period, as we like had gone through the conference call of another competitor and they said that you were like they had interaction with different competitors and they decided to aid each other during the tough time so that unhealthy competition of dropping the cover prices has almost abated in the market?

Girish Agarwaal: Let me first of all answer your first question that are we looking at page reduction. Frankly speaking, I want to increase number of pages and not only me, the entire team of DB Corp want to increase the number of pages because increased number of pages means more advertising and more revenue. Let me give you the average, our September month average last year was 22.7 pages and this year was 18.25 pages, but as we speak in the month of October, last year we were at almost 21-22 pages, this year we are already at 19 pages average and we are targeting that we should be able to achieve the last year pagination. Now please understand when I am saying last year pagination should be achieved means more advertising has to be achieved, so that is our focus, that is what we want to do. There is no point saving pages by reducing the content for the reader, reader is paying but he is paying more than what he was paying earlier, so we should be happy to increase the number of pages for the reader, that is one. Second thing as far the newsprint price is concerned, last year in the Q2 we were at the price of on an average of around Rs. 39,300-39,400, this year we are 35,500, so around 10% savings over the last year same quarter. I think you mentioned that the price is almost half, so I think you are considering price is half, considering the quantity being reduced because of the number of pages and the circulation, but if you look at the price wise we are 10% reduced over the last year same quarter as such.

Pavneet Singh: Circulation is broadly down by around 18% to 19% in terms of the pagination and in terms of quantum, if it is down by say around 23%?

Girish Agarwaal: Cost has gone down, the prices have not gone down Sir, the price of the newsprint has not gone down, price is gone down by 10%. The overall cost of newsprint has gone down because the price and the number of pages and the circulation.

Pavneet Singh: Do you envisage increasing the cover prices as already there are elections in Bihar and you know almost like experimented 18 months to boost up their circulation, so is it the right time to levy increment on that?

Girish Agarwaal: We have done some price increase of say Rs. 5 on a monthly basis in Madhya Pradesh, Chhattisgarh, and Jharkhand. They have increased around some Rs. 6-Rs. 7 in Punjab, they have increased around Rs. 10 to Rs. 12 in Rajasthan and Bihar also we are looking at some similar range in these lines only.

Pavneet Singh: Do you like look forward to meet the inflation target by raising it incrementally over the next like every year?

Girish Agarwaal: Not exactly, if my revenues from the advertising is going to support me and the newsprint price continues to stay soft and if I am able to take care of my other expenses and my EBITDA margin goes beyond what I have been looking at last year, then I do not want to unnecessary tax my readers.

Pavneet Singh: How much of the cash we have as on date on our books?

Girish Agarwaal: In the month of September, the cash in bank position is around Rs. 103 crores and this has reduced because we have already paid CC limit of Rs. 81 crores, which we took in the month of I think April.

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

Anuj Sharma: My question is over the past few years and post-COVID, how do you see the categories evolving, do you see some categories going off and some new categories coming into the print for advertisement, just your thoughts on that?

Girish Agarwaal: Frankly speaking what advantage we have seen in this COVID times that FMCG who was not a great advertiser in print has started coming back to print, so we believe that this may become an advantage for us since the FMCG category experimented with print, so there would be a possibility of this category staying with the print though the number is still not very big, but whatever and other categories we are yet to see any new category coming into the print, but good thing is that the existing categories of automobile and education, real estate they all are decent now.

Anuj Sharma: Also when we look at Metro editions of some large papers, we see a lot of ad through the jackets and cover jackets or power jackets what they are called, in the regional markets also are these form of ads very prevalent or they increasing, can you share what proportion of revenues would come from jackets and cover jackets?

Girish Agarwaal: I would not be able to give you the exact breakup of the revenue of the jackets, but I am saying whatever jacket comes in the national market, I am proud to say almost all of them are also with us in the Indian languages also.

Anuj Sharma: Okay, are they as prevalent as in the metros as in the regional markets?

Girish Agarwaal: The only difference what I see in the Metro paper that beyond the jacket there is hardly any advertising inside. Fortunately in our paper apart from jackets there is enough advertising inside also.

Anuj Sharma: Also when you talk about these mega editions, large editions hundred plus pages, are this pure branding exercises or do they have a disproportionate ad to edit ratio in the sense that the content would be so much, but a lot of ads are filled and would this continue or this is just one time sort of brand-building exercise?

Girish Agarwaal: Let me explain you the concept of mega editions, so the mega edition concept is to generate revenue because in a particular market you go and announce because of my anniversary or because of particular reasons and all that, you say okay you want to create a mega edition. You go and create confidence in the advertiser and you suddenly go and tell advertiser there are 80 people coming onboard with half page and full-page and all that, how about you and they all join hands together and they come in the paper, so the prime objective is revenue. At the same time, to create a reader delight also, so that the paper from editorial point of view should be fantastic, it should become a collectors like edition itself, like I was talking, we got lot of feedback from our readers. Today only somebody from Shimla called me because Shimla had 144 pages and he said Sir, it has been last two days I am not able to finish your paper because there is so much to read in the paper, I am happy about the reader response also, so this mega edition are serving all the purpose, they are creating confidence in the market, they are also giving the revenue to the particular edition and the readers delight, and we would like to continue this depending on the readers response and the advertisers response.

Anuj Sharma: When you see the festival pipeline, you feel that post this there might be a lull that people who wanted to create an ad once the festive are over, do you see any sense you can throw into the post, the festives are yet to begin, but just your thoughts as to post this there could be a lull in ad or that seems to sustain?

Girish Agarwaal: Honest answer to this, right now the entire team is focused on the festive, that we must achieve the numbers in the festive and we will handle post-festive when it comes to, so right now, we are not really putting much time on the execution level.

Anuj Sharma: My last question is the new regulation of 26% FDI cap on digital aggregation, can you just your implications of how this will help or may be useful for the print business?

Girish Agarwaal: We are already at 26% FDI as per the Government of India regulation and this regulation has come that anybody else who is into the news business in terms of aggregation and all that, they all need to comply at 26%, so I think they need to comply to that regulation.

Moderator: Thank you. The next question is from the line of Himanshu Shah from Dolat Capital. Please go ahead.

Himanshu Shah: Sir, just couple of bookkeeping questions, one, our job work revenue has declined quite significantly, anything specific to read over there, if I exclude other income then it is albeit negative during this particular quarter?

Girish Agarwaal: Job income used to be actually, the publication of some companies, balance sheet, some companies annual numbers, magazines, couple of poster on the cartoons and all that since because the lockdown, most of the magazines got shut down, the balance sheet decided to go online, so that is the reason there is a decline and we are hopeful that maybe next quarter onwards, they should see some revival on that.

Himanshu Shah: Okay, fair enough, so it is fair to assume that 35-40 crores quarterly run rate that we were running at, it may take much longer?

Girish Agarwaal: Looks like.

Himanshu Shah: Sir, second question, you just highlighted that advertising volumes are at 90%-95% level and yields are at 20%-25% lower, did you mean this for radio, or it was for print?

Girish Agarwaal: This is for radio, Sir.

Himanshu Shah: What about print Sir, if you can give similar breakup?

Girish Agarwaal: Frankly speaking in print we do not go by the volume parameter for simple reason because in radio, they have a limitation of volume, so they know they cannot go beyond 100% because they have 24 hours fixed while in print I can modulate it from 12 pages to 144 pages that is the reason we do not go by that number. Just to help you understand in the month of September if I take those Navaratra days out, four days out, we were at 77% of our last year number.

Himanshu Shah: Fine Sir that number you just called out for all the three months and that was very helpful, so Sir just trying to dissect this 77%, is it fair to because our circulation is also in terms of overall down and pagination is also down, so is it fair to assume and assuming the added ratio would have been maintained and the volumes for advertising or the number of pages printed for advertising would have also been lower and so is the yield partly?

Girish Agarwaal: The ratio stays as it is, last year also we were at around 28% of the advertising and 72% of editorial ratio. This quarter also we are at same number because we have to ensure that our reader is getting the same quantum of reading material what he was getting earlier.

Himanshu Shah: Just Sir lastly if you can help with what are the initiatives we are taking specifically to bring back the advertisers, if you can just call out a few it would be helpful that we must be trying to get back, one you called out this mega edition, anything else if you would like to call out specifically?

Girish Agarwaal: I think everything possible written in the books or told to us by any consultant or thought by ourselves, everything has been we have been trying to implement everything possible, we are not under any illusion that people know enough or we know enough, we are seeking advice from various sectors also, we are meeting, physical meetings also wherever possible and where are not then meeting through the virtual meetings to understand the requirement of the clients, taking a different like we used to do the real estate mela, awas mela what we used to call them, but now there is no physical mela, we are doing virtual mela, so everything possible whatever we can think of or can implement, we are doing everything possible and that is the reason you are able to see this number, and I am sure but there is further more to learn and we are always open for learning and we have been talking to our advertisers and other people also to help us understand and how can we improve more.

Himanshu Shah: Sir, you just called out FMCG has started coming back to print, any further read through from there when the numbers are not met, why probably they are coming back and can this category grow very significantly because I think so on digital and especially on TV it is a very, very large category?

Girish Agarwaal: I think FMCG came to the print because in last two months most of them also wanted to announce certain price benefits because they realized the customer in the market is looking for the best price available and print is the best medium to announce the price benefit or any schemes as such, so most of the FMCG companies whom we saw advertising with us were doing the price announcement, benefit announcements and the way it looks like, the market has now become very price conscious, they may continue doing so.

Himanshu Shah: Sir, just lastly sequentially our circulation has increased quite significantly, but I do not have the exact averages for both the quarter, but you called out that this quarter it is somewhere around 77%-78%, but revenue growth is just 10% so is it due to annual subscription that customers would be having prima facie on account of that reason?

Girish Agarwaal: Yes, there is a cover price increase also.

Himanshu Shah: No, I am just trying to understand that if the circulation growth is so high, why is the circulation revenue growth only 10% from 93 crore to 103 crore quarter-on-quarter?

Girish Agarwaal: No, because last quarter if you see the average, in Q1 we were at 70%, this quarter we are at 77%, so there is a 10 point some percent growth.

Moderator: Thank you. The next question is from the line of Ketan Chawala from JM Financials. Please go ahead.

Ketan Chawala: My question is regarding the digital strategy, has there been any material development in terms of the digital platform as well as our monetization plans that you would like to share?

Pawan Agarwal: We are happy to share with you that we are very steadily growing on the daily active users, our focus which we shared with you earlier is on the mobile app to make that as a premium destination for readers to come and consume our content and eventually build a very high quality audience, which belongs to us, that is growing very steadily. Even after the pandemic, the numbers have not dipped down, we are steadily growing on the numbers and also happy to share with you our ratings are one of the best on the App Store at about 4.2, Gujarati app is rated at about 4.4 on the App Store, the time spent is in double digit numbers, minutes per daily active user, so we are pretty happy and also with lot of effort that we have made on the content differentiation on the app for a digital user, so growing pretty steadily there.

Girish Agarwaal: As far as the monetization of this opportunity is concerned, I think we need to give it more time cross minimum threshold level of number of BAU and then take a call on that, I do not think we should be doing anything early there.

Moderator: Thank you. The next question is from the line of Siddarth Mohta from B&K Securities. Please go ahead.

Siddarth Mohta: I am asking for July and August month wise print revenue, what is it to the pre-covid level, so for September you gave it as 77%, what is for July and August, I missed that numbers

Girish Agarwaal: In July the print ad revenue was 53%, August was 72%.

Siddarth Mohta: Second question is regarding the promoter's pledge, as a shareholding, what is the percentage now at percentage of the share capital?

Girish Agarwaal: It is around 26% and it would have actually gone down furthermore, but because of the price also went down and because of that we are able to just maintain that same 26%.

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

Himanshu Upadhyay: My question is on digital, can you throw not financial data, financial numbers, but in terms of readership or how many customer or what is the addition of new readers and again on your app how is the addition base?

Girish Agarwaal: Sir, I would request you to allow us some more quarters to give you those numbers because we have been really working strongly on that, but we can share one thing with you that number is growing and growing better than the peers in the industry and our rating is also improving, our time is also improving, so we are in a good shape here.

Himanshu Upadhyay: Okay, my small suggestion would be whatever improvement or public forum whatever improvement which you can share, with press release if you can share those data it would be helpful.

Pawan Agarwaal: We will do the Comscore number for sure.

Himanshu Upadhyay: Yes it helps, because competitors will always be knowing that, but as shareholders we would like to see.

Girish Agarwaal: Certainly, we will give you the number which is in the public domain.

Himanshu Upadhyay: Yes, so that would be helpful, and second question is we have seeded your markets for growth and emerging businesses, what is your view further here on print especially not digital in emerging markets, are you looking for adding new markets or what would be the strategy and does it at any point of time bother you that this medium whatever we give and say, 10 years down the line there is some amount of doubt of how large this medium would be, especially on the advertisement side, because what we hear and what we see data, advertisement pie for print is continuously reducing, so how would you plan and think about emerging or getting into newer geographies especially through organic route?

Girish Agarwaal: If you noticed that in most of the markets, we have done in terms of circulation expansion in last three or four years' time and we have got the good results also of that. Now, adding on any new geography is not much practical and viable in the current environment, so we will not be looking at that, but within the market where we are in whether it is Rajasthan, Gujarat, Madhya Pradesh, Bihar all these markets where we are in, you will have to ensure that our leadership further goes up in terms of gap with the number two or number three whatever is that, so we are working towards it because that will help us to get the monetization rewarded through the advertising and advertising edition and all that, so we are consciously working on that. Now, looking at the long term of 10 years and all that, I think company is preparing for it that if there is a transition then we have a digital platform to take care of the transition, so that is what we are working towards also.

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

Anuj Sharma: We had decent cash flows considering the challenges of Q1 and Q2, I mean we generated 26 crores, what is the outlook and what is the focus area for the next six months, I mean we will not get close to the last year's numbers, but just what is the outlook and what is our focus areas on cash flows?

Girish Agarwaal: Our focus area on cash flow is to ensure that whatever cash flows we had on the last year basis, we should achieve that number, so that is the focus and target, and in terms of utilization of cash flow, company has no avenues for any investment as such, so it will obviously been, now there is a dividend for the stakeholders, so that is the understanding.

Anuj Sharma: All right, and on an aggregate for six months it comes out to 86, is it possible for you to give a breakup between Q1 and Q2, so we can get an accretion of Q2 in terms of cash flow?

Girish Agarwaal: I do not have it right now with me, but we can always have you send that number through Mr. Prasoon Pandey.

Anuj Sharma: All right, no problem, and my last question is our last year CAPEX was around 46 crores and this year given the challenges also, we expect 30 crores, so you know on CAPEX what is this CAPEX and do you think it is continuing for the year forward or?

Girish Agarwaal: No, this is going forward it will be just a maintenance CAPEX, nothing else.

Anuj Sharma: That will be how much?

Girish Agarwaal: Six months 17 crores we have already incurred, so maybe equal number going forward.

Anuj Sharma: Okay, all right, so around the same number as last year which is 46-47 crores for the year in terms of CAPEX?

Girish Agarwaal: Yes.

Moderator: Thank you. The next question is from the line of Pavneet Singh from Skyline Equity Managers. Please go ahead.

Pavneet Singh: My follow-up question pertains to the pricing in the advertising revenue, now all together we have seen that there is a decline of almost like 39% year-on-year due to the lack of the new advertisers coming back to print, now this kind of price damage which we have seen in past six to seven months' period, do we see any specific segment which we have made as a permanent damage to the pricing, which will never come back maybe in another like couple of years, maybe we have downsized the kind of pricing we used to have in the golden era of like couple of years back?

Girish Agarwaal: I am happy to announce that in no segment we have taken that kind of price cut or the damage which could not be repaired immediately, and I am very happy to announce that. In fact that was a bit critical issue, we had lot of arguments with the advertisers on that front and some kind of normal bargaining tactics by the agencies also, but we stood by our guns and I am happy that no such permanent damage has been done.

Pavneet Singh: But seeing the enormous pagination decline and the lack of advertising revenue which is very evident while the almost like 40% less year-on-year advertisement revenue, it is evident that there must have been significant price decline also in this past quarter?

Girish Agarwaal: But there has been but what I said that as you mentioned that you wanted to check is there any category where we have done some price damage which will take some couple of years for it to come back, so nothing has been done like that, so for example in a particular category if I give a particular discount in the month of April, May, June, in the month of July, August, September have we improved upon that or not, so for example, if I offer a person a discount of say 25%, have I reduced the discount from 25% to 15% or not, we have done that, so that clearly shows that this is not a permanent damage, this would be over in next maybe couple of quarters.

Pavneet Singh: Okay, and what are the like dealers at this festive season of starting October, especially Navaratra now?

Girish Agarwaal: So far so good, couple of days were very exciting, it is a mix basket right now, everybody wants to see…

Pavneet Singh: I am specifically asking with respect to pricing only?

Girish Agarwaal: Pricing there has been improvement only I would say,, from September to October there has been an improvement.

Pavneet Singh: Second question pertains to the education segment, which has taken a bigger hit because due to completely lack of any students going towards tutorial or schools, so how would you like plan to bring that back on track once things, even now there is very slow pace of tutorials and the schools opening up?

Girish Agarwaal: Let me give you the specific number to education, education in Q2 has shown a decline of 36%, why because the results got shifted so if I include those results in the month of October then the decline would be hardly to the extent of around 15%-18%, so it is not that bad.

Pavneet Singh: And vis-à-vis last year you mean?

Girish Agarwaal: Yes, it is not that bad. I think once the online-offline coaching classes and the universities and colleges and all starts, then we hope next year that we should be to cover this up because education is a time-bound business in the two quarters which generally happens in the Q4 and Q1.

Pavneet Singh: Like do you feel that the automobile segment has over crossed the real estate segment which used to be a very prime segment for DB Corp once?

Girish Agarwaal: I am very happy automobile has responded very well, in fact two wheelers and four wheelers, barring out one or two clients everybody has responded very well, so we are very happy with the automobile segment response and real estate is also doing very well in the local markets comparatively.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to the Management for closing comments.

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

Moderator: Thank you. Ladies and Gentlemen, on behalf of DB Corp Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.