



DB Corp Ltd

DB Corp Ltd Q2- FY16 Results Conference Call Transcript October 15, 2015

Moderator: Ladies and gentlemen good day and welcome to the DB Corp's Q2 FY16 Results Conference Call. Please note that this conference is being recorded. I would now like to hand the conference over to Ms. Malini Roy of CDR India.

Malini Roy: Thank you. Good afternoon everyone. Welcome to Q2 FY16 Conference Call for DB Corp Limited. We will be sharing the key operating and financial highlights for the quarter and half year ended 30th, September 2015. Once again we will have with us today, the senior management team of DB Corp Limited, Mr. Pawan Agarwal – Deputy MD, Mr. Girish Agarwal – Non-Executive Director, Mr. P.G. Mishra – Group CFO, Mr. Rakesh Goswami – CGM Finance and Accounts and Mr. Prasoon Pandey – Head of Investor and Media Relations who will represent DB Corp.

Before we begin, I would like to state that some of the statements made today in today's discussion maybe forward-looking in nature and may involve risk and uncertainty. Documents relating to the company's financial performance have been mailed to you. I invite Mr. Agarwal to share his outlook on DB Corp's performance for this quarter.

Pawan Agarwal: Thank you Malini and good afternoon everyone. We would like to share some key highlights of our financial and operating performance for the quarter ended September 2015, post which we will be happy to respond to your queries.

Our consolidated total revenues for Q2 FY16 stands at Rs. 4837 million. We have registered a circulation revenue growth of 16% YoY to Rs.1057 million primarily due to yield driven growth, largely from mature markets. Our advertising revenues came in at Rs. 3433 million, lower also due to impact of difference in Navratri Festival dates vs. qtr 2 of last year. EBITDA for Q2 stood at Rs. 1171 million. Net profit for the quarter stood at Rs. 591 million.

We completed our expansion of entire Bihar with new editions in Bhagalpur, Gaya and Muzaffarpur and 7 district editions. Even in a competitive landscape, readers from Bihar have accepted Dainik Bhaskar's product with great enthusiasm, which has become another landmark launch success story. With the completion of this foray we are now able to provide better reach to advertisers and cater to an under-tapped yet potential readership base.

We have maintained our leadership in legacy markets of Madhya Pradesh, Chhattisgarh, Chandigarh, Punjab, Haryana (CPH), urban Rajasthan and urban Gujarat. In Q2 as well as over the past fiscal, copies in matured



markets have seen good growth despite a significant increase in the cover price. During the quarter, under review, circulation revenue for matured markets other than Jharkhand, Bihar and Maharashtra, grew by 14.8% YoY and net realizations grew by 13.6% YoY, post implementation of our yield growth strategy. Sharing our Yield Strategy, detailing, we have been pretty successful in driving yield strategy and we are quite sure that the same would start getting reflected in our advertising numbers, going forward.

Our focus on delivering high quality and a content-rich product has been the key factor in attracting readers to Dainik Bhaskar and converting them into loyal customers. We have also included high quality reviews and opinion-led articles contributed by eminent authors and journalists who are stalwarts in their respective fields. Our past efforts to offer interesting, high-engagement content through associations from international publications and innovative actions like 'No Negative Monday' – have made significant contributions to engage readers.

DBCL's Radio business advertising revenue came in at Rs. 240 million as against Rs.228 million in the same period last year. EBITDA stands at Rs. 80.3 million. As we recently announced, My FM 94.3 has acquired 14 frequencies successfully in Phase 3 auctions, which is in line with our radio expansion strategy to be the leader in 'Unmetro' regions where DBCL already has a strong print presence. Out of the 14, we have acquired 9 frequencies in Maharashtra where MY FM is well placed to become the biggest player. We have been able to cover 100% of Rajasthan state with the acquisition of Bikaner and continue to be the largest player in the state, as also in the CPH region, with the inclusion of Hissar and Karnal. We expect to comment our operations in about 6-8 months, in these new cities.

DBCL's non-print business continues to make strong strides as our digital and mobile properties sustain stronger reader connect. DB Digital portals attracted 900 million page views and 40 million unique visitors in August 2015. In a first of its kind initiative, dainikbhaskar.com introduced video bulletins that enable users to see and hear news than to only read it. We have crossed 10 million video views which has not only increased viewer engagement but has helped us to also cross the language barrier – engaging with an English news consumer who is also watching a Hindi news video. Our DB Mobile app continues to gain traction and our app downloads for Dainik Bhaskar and Divya Bhaskar are over 4mn.

On a broad level, we are continuing to take all measures to leverage our strengths across print, radio and digital businesses to drive growth aggressively and maintaining a strong hold on strict internal efficiencies. The yield strategy we have adopted over the last few quarters has started to deliver good results as evident from our yield growth. We continue to have intense and successful discussions with our national and local advertisers who have started to support our yield strategy and have also expressed appreciation of the overall value, our product deliver, to support their marketing plans. We continue to strengthen these relationships with full commitment.

So, as we progress, we are very confident of our business strategies and our business fundamentals that are directed towards enterprise growth and creating strong stake holder value.

My colleagues are now will be happy to respond to your questions. We look forward to continuing all interactions and please do contact our Investor Relations Department headed by Mr. Prasoon Pandey for all further request and queries.



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- Girish Agarwal:** Before we further take your questions, I would like to update you on our yield growth agenda in advertising. I am happy to announce that in this quarter if we compare apple to apple by reducing the 6 days of festival in the last year September, then we are at the flat revenue growth and our yield has improved in the range of around 10% to 12%. But because of the subdued market conditions, the volumes are still down. We are very hopeful that in the months to come, this yield agenda which our team has done a fantastic job of driving the number and the volume comes back to the market in next couple of months, so that will suddenly give us the big desired benefit.
- Moderator:** We have first question from the line of Vikash Mantri from ICICI Securities.
- Vikash Mantri:** On the radio auctions front, can you help us with the new auction wins, what is the outlook for that business and what will be the profitability, may be 2 to 3 years ahead once the new frequency stabilizes or some color on that? On the advertising front given that the 10% to 12% rate yield improvement has happened, can we look forward to a high single digit, double-digit ad growth in the next quarter going forward?
- Pawan Agarwal:** On the radio, we look at about 6 to 8 months from now for the stations to operationalize and the markets that we have bid for are largely the market may be already have a footprint in Maharashtra, which is Divya Marathi. We have selected these markets in advance, so we are looking at the same timeline as we took last year in the auction, 3 years may be EBIDTA breakeven for these markets. We spent about Rs. 32 crore in picking up these licenses. Most of the operations, however, will commence only the next financial year.
- Vikash Mantri:** What kind of revenue should they start contributing within 3 years?
- Pawan Agarwal:** We are still working on those. The focus is basically that these stations will become profitable in 3 years. We are still working on seeing that how do we get like we are running the current business, how do we gain maximum revenue share in local.
- Vikash Mantri:** What could be the CAPEX for them other than the license fee that we have paid?
- Pawan Agarwal:** Total CAPEX we estimated near between Rs. 35 to Rs. 40 crore. We will be incurring about under 10 crore in this financial year and the balance money will go next year.
- Vikash Mantri:** On the rate yield and the growth forward, sir?
- Pawan Agarwal:** To complete, the CAPEX about Rs. 35 to Rs. 40 crore for setting up the license and about Rs. 32 crore has been spent already on the license fee.
- Girish Agarwal:** Okay, on the advertising front, I think it all depends on how the markets are moving because three large categories which is real estate, education, and automobile in terms of volumes are still yet to see the volumes coming back in the market. Recently announced RBI cutting down the home loan rate, interest rates of the bank looks like positive move, but market is yet to respond on that. We have not seen most of the real estate builders suddenly coming out and saying that now you can buy a cheaper home. So what you are saying that wherever in terms of advertising, revenues in volumes, we have got the yield correction done. Now depending on the real estate market, depending on the automobile market, we are confident in couple of months, the number should start looking up again. Just to add that over last couple of



days where the Navratra season started, the overall growth has been in a double digit so far.

- Moderator:** Next question is from the line of Dhaval Shah from Siddhesh Capital Market.
- Dhaval Shah:** Sir how has e-commerce performed as a category in the advertising space?
- Girish Agarwal:** It is picking up, but it is not that yet great volume for us, because what happened in most of the e-commerce right now is focused on the bigger cities only. They are still advertising with us, couple of pages in our market. They are still in a lower single digit.
- Dhaval Shah:** But the sales of their many e-commerce sites come from tier 2, 3 cities as we read in the newspaper, so it is very difficult to understand that why they are not advertising with the print medium and solely going with TV medium.
- Girish Agarwal:** Exactly. After reading that news in one of the business papers we did approach them, emailed the cuttings to them and saying that you guys are actually selling in the tier 2, so you should advertise with us. But what answer we got from them is not yet, they will look at our market more seriously going forward. As of now 80% of their focus is in the metros. That is what they told us. That is what is reflecting in the advertising number also.
- Dhaval Shah:** Sir, on the yield growth strategy, the growth of 10% what you mentioned which market did you get that from?
- Girish Agarwal:** It is all across. Its ranging this is the average growth we are talking about. This does not include the government because government is flat. There is no yield growth in government category as such because they operate on a fixed parameter once a year, so the government yield is flat in every market. But this growth has come ranging from single digit to a strong double digit across the market. So the average number is around 10% to 12%.
- Dhaval Shah:** Sir, on the radio side, we have done a Rs.32 crore CAPEX for getting the license, now what is the maintenance cost for this business, say, for a next 3-year period?
- Pawan Agarwal:** The OPEX for running these businesses will be roughly about Rs. 5 crore single digit actually.
- Dhaval Shah:** Okay that will be mainly towards the salary of the employees, the radio jockey and the other.
- Pawan Agarwal:** The Jocs as well the music royalty etc.
- Dhaval Shah:** So OPEX will be around Rs. 5 crore.
- Pawan Agarwal:** The OPEX will be a single digit, yes.
- Dhawal Shah:** Any other licensing fixed fee we need to pay, any other fixed expense?
- Pawan Agarwal:** No we do not. Everything is on a revenue sharing now. The music is also on revenue sharing.
- Dhaval Shah:** Just one question from the balance sheet, your trade receivables have increased in spite of fall in top line, so what is the reason for that?



Girish Agarwal: 15TH August revenue and some of the government advertising money is yet to be recovered. So that is why the receivable has gone up.

Moderator: The next question is from the line of Aashish Upganlawar from Elara Capital.

Aashish Upganlawar: Sir on the advertising revenue just wanted to reconfirm you said about 10 odd percent of yield improvement, so it means 17% to 20% kind of volume decline Y-o-Y, is that correct?

Girish Agarwal: Yes, you are correct.

Aashish Upganlawar: So it cannot be factor of the market rates mostly probably to do with the strategy that we are following and you said the market has to be blamed a bit for that.

Girish Agarwal: Why because if I look at the category overall size in various market, so overall category it reduced, for example, my market share has remained intact, but the overall category volume has gone down, so my volumes have gone down.

Aashish Upganlawar: Which would be the best performing categories as such for this quarter?

Girish Agarwal: As of now the best performing category is banking, healthcare, and the response category which is Badhai and Greetings and the local classified. And to some extent, even in terms of improvement, I think the lifestyle has improved a bit.

Aashish Upganlawar: There is no FMCG durables that are featuring in the list of best performing though these have been the names that are there for the broadcasters actually.

Girish Agarwal: The FMCG contributes 5% for us.

Aashish Upganlawar: The growth would be higher or?

Girish Agarwal: Not much higher growth. The biggest category for us stays at education, automobile, real estate, life style and the government.

Aashish Upganlawar: Which has not fired at all actually? Which have not done well at all in this category?

Girish Agarwal: These categories most of them are still on a softer side.

Aashish Upganlawar: Sir, would you link it somewhere to I mean these advertising shifting to online some part of it may be, real estate and?

Girish Agarwal: Seventy percent of our revenue retail and in the local market there is no online shift. If I am a dealer, I am not advertising on internet or radio for that matter. I am actually focused on the local print, so that advertising I really can't say shifted at all.

Aashish Upganlawar: Sir, if you could give some color on how the outlook seems to be for different markets of yours and if it is different across market?

Girish Agarwal: Frankly speaking the volumes down across the market because these categories exist all across, education, automobile and real estate, so I really cannot say which one of the market has done very bad or very good, but



what is good thing to know about in the whole process we realize that the yield agenda which we have driven in last so many months and all that has kind of really got the response all across whether it is Punjab or Haryana or Jharkhand or Bihar or even Maharashtra and Madhya Pradesh, so I think we have got a equal ability on all the markets to make client agree to listen to our number, so that's been very, very happy news for us. But at the same time we cannot blame these advertisers because if their overall revenues are down, then we really cannot push them for a higher number and advertising.

Aashish Uppanlawar: Sir, the last comment that you mentioned on advertising probably you said that this quarter has started well probably this Navratri season has been good.

Girish Agarwaal: The Navratri started 3 days back, today is the third day of Navratra. If I have to compare the festival in these 15 days, 16 days' time, so we are at a double-digit growth.

Aashish Uppanlawar: So for this quarter we may not slip into the red in the advertising, is that a fair comment to make or too early to comment on it?

Girish Agarwaal: We all are praying and hoping for that, working hard for that.

Aashish Uppanlawar: Sure. Anything to share on the newsprint side sir or is it going to be similar to news line?

Girish Agarwaal: There has been almost 8% price advantage you got compared to last year quarter. We hope that the current estimation look like that Q3, we will still have a gain of around 5% to 6% in terms of last year Q3.

Aashish Uppanlawar: No signs of uptick or any change in the prices may be in the next 6 months?

Girish Agarwaal: We really cannot comment 6 months, but the Q3 what we have already tied up gives us the benefit of around 5% to 6%.

Moderator: The next question is from the line of Srinivas Seshadri from Antique.

Srinivas Seshadri: Sir, first question was you mentioned that there has been some progress in terms of the negotiation on the pricing part if you could give us some kind of color on especially on the large national broadcasters have all of them in some way or the other come back to the platform and started advertising or are this some still sitting on the fence and trying to kind of see workout at a lower price?

Girish Agarwaal: I would say by number almost 90% have really come along with that, but 10% guys are still sitting on the fence and we are trying our best to bring them along.

Srinivas Seshadri: Okay, so the 90% even in terms of say marketing dollars that kind of thing.

Girish Agarwaal: Yes.

Srinivas Seshadri: Okay. Fair enough sir and if you had to break up the growth which is being around or rather the drop in revenue which has been around 7% for print advertising, between national and local is there any perceptible difference in the way they are growing or both of them having similar kind of trends on Y-o-Y basis.



Girish Agarwal: Unfortunately they both are on the similar kind of number because the automobile lost out in national and the real-estate lost out in the local.

Srinivas Seshadri: Okay and you are saying also from a market perspective also the trends are fairly similar.

Girish Agarwal: Yes exactly, why because the real estate is down and same with the automobile also.

Srinivas Seshadri: Okay. No, I'm saying from geographical market perspective also the trends are fairly similar for the key markets.

Girish Agarwal: Yes largely except for Bihar because that's a new market for us, so over there we really can't compare on the last year growth.

Srinivas Seshadri: Okay, fair enough and sir on the PO just wanted to get some sense on where we are relative to last quarter and what are the plans going.

Girish Agarwal: 51.81 lakhs copies in this quarter.

Srinivas Seshadri: Okay, that's the exit rate or the average.

Girish Agarwal: That's an average.

Srinivas Seshadri: Okay.

Girish Agarwal: That is higher.

Srinivas Seshadri: Yes.

Girish Agarwal: And this is almost 3.5% growth over last year Q2. And if I compare with the Q1 the growth is slightly higher.

Srinivas Seshadri: Okay and this is mainly in which geography sir in terms of.

Girish Agarwal: This growth largely has come in the state of Rajasthan. Some of it has come in the state of Bihar because of the three new editions coming in. Some copies have increased in Madhya Pradesh and some copies in Gujarat also.

Srinivas Seshadri: And where do we hope to exit at the end of the year, the PO?

Girish Agarwal: We have decided to increase some more copies in Rajasthan. We have a plan to increase copies in Punjab going forward. So I think this number should improve in the next quarter..

Srinivas Seshadri: And sir the radio growth has also been kind of a little tepid, do you think it should also kind of bounce back from the 3rd Quarter onwards and also I was reading somewhere that you have taken a fairly large connection on the price side. If you could give some comments on that as to how you see that segment going forward?

Pawan Agarwal: Radio also had a chunk of election billing in Q2 as well as radio also has 6 days of Navratra last year and radio – the pre-Navratra buildup is even higher because the client starts to spend at least a week before the Navratra. I can say that's why radio Q2 members are suppressed. We do hope to look forward to a better number in Q3 in radio and happy to share with you the



yield agenda in radio has also delivered a double digit growth in all stations across.

Srinivas Seshadri: And sir the last question if I may is on the digital side, if you can talk about the investments which are planned going ahead. I have seen that operating losses is kind of stabilized on a Y-o-Y basis, so if this likely to sustain going forward based on the current investment plans or are there some more plans to kind of scale up on a faster basis?

Pawan Agarwaal: So as of now for the rest of the year the investments are going to continue on the same range while we are trying to increase the visitors. We have expanded a traffic compared to last year same quarter from about 13 million uniques to about 40 million uniques this year So there been a 3x growth in the traffic and that's been the focus how we do grow the traffic this year exit and loss will more or less stabilized in the two quarters. We will take another expansion in next year.

Girish Agarwal : To be very honest we are really not focused on reducing the losses on digital business because the number is very small, and the idea is to grow. So I am more happy to do same investment whatever revenues they grow, I am more happy to put it back in the digital business, so they are able to grow that number. They have already at around 40 million unique visitors. We have a huge number to go ahead. Ideally we need to look at 100 million unique visitors on target. So they need to focus more on that.

Moderator: We have next question from the line of Jay Doshi from Kotak Securities.

Jay Doshi: Sir could you give us some update on if there is any progress on readership data and if the industry is working in that direction.

Girish Agarwaal: Yes, I think the team at MRUC is still working hard to revive that entire readership process. They have promised us huge factual changes on ground so to avoid any kind of leakage of data, any kind of corruption in the data. So I think the team is really working very hard over there, but nothing on ground as yet started, so we are waiting for that to happen and based on that we will go ahead with it.

Jay Doshi: So roughly in your view how much time do you think it will take for next fresh set of readership?

Girish Agarwaal: Frankly speaking I have no idea, but I would assume 6 months.

Jay Doshi: And if you could give us some idea about targets that you may have in terms of unique visitors or other matrix that you track Digital business and what is realistic revenue potential if you achieve those targets could be from a 3 years' perspective.

Girish Agarwaal: You would appreciate we don't really give the forward-looking statements and the projections, but just to answer your query to some extent, we currently have almost 40 million plus unique visitors. We believe that we have the capability and the site has that much of information that 100 million unique visitors should be attracted to us and because of that whatever advantage we get in the revenue that would come along with it.

Moderator: Next question is from the line of Amit Kumar from Investec Capital.

Amit Kumar: Just wanted to understand this Navratri point a little bit better. Our understanding is that because you have Shradh period just prior to Navratri,



so essentially the add volumes or even the advertising that you essentially lose in Shradh times gets made up in Navratri. So really given the fact that both this periods were in 2Q previously and both of them have essentially shifted to 3Q this time around so would the net-net that impact were very significant?

Girish Agarwal: No, let me just clarify. Last year only 6 days of Navratri was in September, so that's the reason we had a 6 days decline. If I give you the exact number also, there's a difference of almost Rs.29crore of revenue which if I compare apple-to-apple which we lost out on because of Navratra season not happening this quarter.

Amit Kumar: The point is here making is that even Shradh was not there at this quarter, which is essentially a trough point for advertising that also essentially shifted in October. So the entire 15-16 days of Shradh plus Navratri where thing sort of even out because in Shradh you have of course advertising people don't buy durables. They don't buy metal essentially in that sense.

Girish Agarwal: Frankly speaking Shradh days are I would say normal days. They are not festive, but they are no more a kind of taboo in the market too. So they are not that bad to be very honest.

Amit Kumar: Alright. Sir specifically on automobiles, the market data that we have seen and of course four wheelers have been showing some growth, two wheelers are declining it. Even in two wheelers what we are seeing is Mahindra, Bajaj, all of the new products they are coming out with, there seems to be fair bit of advertising on television at least, so is it a TV versus print that you know they have shifted more of their spends towards television and not digital per se but competition from television is actually? The trends that at least we have seen on TV and I think I have picked up this data from the Madison Media mid-year report which came out. they seem to indicate that even autos first six months of the year, they have also increased the spends by almost 20-30%.

Girish Agarwal: To clarify to you I think we lost out on the auto segment because of our yield strategy. Because we were driving the yield agenda, so in last quarter our volumes in auto category has clearly declined and now the yield agenda has been taken care of and whatever the growth in the market comes in the automobile sector, we will get the benefit of that.

Amit Kumar: Okay, just the final point on yield, I think in the previous quarter you indicated on a Q-o-Q basis, so the 4th Quarter to 1Q yield was up by about 15%. If we are looking at 4th Quarter versus now, what is the delta in terms of yield or rather on a Q-o-Q basis, what is the delta in terms of yield? Just to try and understand how of that yield strategy has further taken off?

Girish Agarwal: I don't have that data in front of me, but this growth 10%-12% which I have mentioned to you is only last year Q2 to this year Q2 and just to give you a further sense between the Q1 and Q2 also there's been some growth in terms of yield although it is not comparable but still from Q1 to Q2. I don't have the number of Q4 compared to this.

Amit Kumar: The way I am really looking at this your ad revenue Q-o-Q basis is more or less flat, so does that mean volumes have again come off slightly on a Q-o-Q basis, and is that normal?

Girish Agarwal: Volumes are down from Q2-to-Q2.

Amit Kumar: No, I am talking about Q1-to Q2, Q-o-Q.



Girish Agarwaal: The volume is flat between Q1 and Q2.

Moderator: Next question is from the line of Sharan B from Karvy Stock Broking.

Sharan B: Sir can we know the circulation number in Bihar?

Girish Agarwaal: Bihar, currently the total number of copies circulated is around 370,000.

Sharan B: Okay and the overall circulation I mean we essentially....

Girish Agarwaal: The average for Q2 was 51.81.

Sharan B: Okay, so are we looking any more expansion from the Bihar and all?

Girish Agarwaal: Bihar largely is done, maybe some maybe 30,000, 40,000, 50,000 copies will be added more in Bihar.

Sharan B: Sir how was the election had contribution in Bihar?

Girish Agarwaal: Not in this quarter. In this Q2 there was no election. Maybe Rs. 2 crore I think.

Sharan B: Okay and sir may I know the operating expense for the new radio setups. There are new 14 stations.

Pawan Agarwaal: All of that will come in next year. Nothing of this will come this year expect of some pre-operative expenses.

Sharan B: Okay and we did take the yield corrections. I mean we have come down, is that what it was meant?

Pawan Agarwaal: In Radio business or overall?

Sharan B: In an overall, the yield improvement we had taken in the print.

Girish Agarwaal: Yes, we have taken to around 10% or 12%.

Sharan B: Okay, so was it earlier much higher than this or how was it sir?

Girish Agarwaal: It was lower earlier.

Sharan B: Okay, so we have improved our yield.

Girish Agarwaal: Just to verify that's Q1-to Q2 in volume there's a decline in this, I just mentioned to you couple of minutes back that number again if I compare the Q1 number of the total space to Q2 space of this year, there's a decline

Moderator: Thank you and next question if from the line of Amit Kumar from Investec Capital. Please go ahead.

Amit Kumar: Could you quantify the decline for us please?

Girish Agarwaal: This is slightly sensitive information for the competition, so I won't be able to give you live, but we can give offline please. We will appreciate that.



- Amit Kumar:** Sure. Not an issue and this typically Q1-to-Q2, this is a normal seasonality impact?
- Girish Agarwaal:** Because the festival season shifted to October this year, so that's the reason there have been a decline on that, could be some percentage because of that also.
- Moderator:** Next question is from the line of Shalini Gupta from Quantum Securities.
- Shalini Gupta:** Sir if you could just talk about the difference in rate between yourself and say TOI, basically where I am coming from is that see you are in market which are perhaps lower income, but growing much faster than English newspaper reading markets, so what is the view that advertisers are taking on this? You have said that you will not be taking another yield increase soon, but I am just wondering if you are in markets which continue to grow much faster than English newspaper reading markets, then basically what is the view that advertisers are taking on this now?
- Girish Agarwaal:** Very unfortunately most of the advertisers marketing department really don't see the number from that perspective unfortunately. They simply see that how much we are paying you rather than comparing you, in the absolute term that how a particular publication provides in terms of markets to me and how much I have to provide. I think still though the number have come down drastically in terms of premium given to English newspaper but let us face it even today the English newspaper are still getting a premium for their limited presence in this country, so that's very unfortunate. Maybe I am sure they will get more rational going forward.
- Shalini Gupta:** Sir if you could just put some number to the difference.
- Girish Agarwaal:** I think what was compared last time would be almost 3x to 4x different if I compare from the circulation-to-circulation based. For example if a Gujarat market of Dainik Bhaskar with some 12 lakh copies in that market would fetch a rate Rs. 1000 than those 12lakh copies sitting in Bombay market would be getting a rate of almost Rs. 4000 to 5000.
- Moderator:** Next question is from the line of Duncan Robertson from TT International.
- Duncan Robertson:** I was just wondering if you could help us understand margins better and see you had few items that you have singled out FOREX loss and Bihar pre-launch and expenses and should we adjust those back so that it gets a more normalized margin and if you could really help me understand how the FOREX loss arises and on the Bihar pre-launch, should we really adjust that back because presumably these papers do not become profitable immediately, they take some time, so I am just wondering if it is reasonable to adjust that back?
- Girish Agarwaal:** In this year expenses in the Q2, I have Rs. 2.77crore as a part of the Bihar pre-launch. I have Rs. 2.27crore as a part of the operating expenses of the newly launched Bihar edition this year because our launch happened in the last week of July, so August-September 2 months. So roughly Rs. 5.5crore were for the Bihar pre-launch and the operative and then we also have some internet expenses on the expansion of internet and the mobile launch and also the FOREX loss. So you are right if I adjust these losses, then my overall margin in these editions will certainly improve.
- Duncan Robertson:** Okay, I guess I was wondering whether these expenses will continue because presumably Bihar does not become profitable immediately right?



- Girish Agarwaal:** Yes, digital will continue for a while because we want to expand in digital furthermore.
- Duncan Robertson:** Ok and Forex loss, how does it arises on a US dollar alone or what is that?
- Girish Agarwaal:** Okay, if you look at the FOREX loan in the Q2, the dollar rate has come to 65.59 while in the Q1, it was 63.65. So there's been impact of almost Rs. 2. So the mark-to-market correction what we are booking in the books.
- Duncan Robertson:** Okay, so what is the value of your US dollar debt then?
- Girish Agarwaal:** In Indian currency the total long-term loan on us is around Rs. 64 crore so that has to adjust as to mark-to market in terms of FOREX loss.
- Moderator:** Next question is from the line of Rohit Dokania from IDFC Securities
- Rohit Dokania:** I just had one question essentially if you look at the 1st half ad decline that's almost in the range of 9%, but for the 2nd half we have a very favorable base because there wasn't much growth in the 2nd half of FY-15 and I also believe the ad rates have gone up by let's say, 10% to 12%. Is it fair to say that FY-16 we can close at let us a flat print ad revenue over FY-15?
- Girish Agarwaal:** As I mentioned earlier, our team is really working hard on that.
- Rohit Dokania:** No, I understand that, but it will be great if you can throw some more light on that.
- Girish Agarwaal:** See frankly speaking this as I just mentioned that we already have the numbers of two quarter with us. This season in last 15 days we have seen a double digit growth, so hopefully if this continues, then what you are saying will actually be true.
- Moderator:** Next question is from the line of Abhijay Sethia from Sethia Jain Co Ltd.
- Abhijay Sethia:** In previous conference calls, you often spoken about potential synergies between radio advertisers and print advertisers, could give us an update on how that's progressing? How many conversions you have seen from one to the other?
- Girish Agarwaal:** See frankly speaking as we mentioned in the previous concalls also that the synergy between both the advertiser for radio and print is only in the large client size or the large agencies, but the on the retail and the smaller clients, there is practically no synergy. For simple reason there are two separate teams selling and we wanted to keep it like that, so that nobody can cannibalize directly on each other. That's one. Second thing we believe in the retail market, the requirement of a client in the radio and the print is totally different. On the radio largely clients are going for the branding purpose while in the print is more of a technical use. So there is some synergy which we are utilizing in the larger agencies, larger clients, but not as a way of life over there.
- Moderator:** Thank you and the next question is from the line of Kartik Gada from Val-Q Investment advisory.
- Kartik Gada:** Sir you mentioned that last two weeks the growth which we are seeing is in double digits, definitely I don't want any numbers but can you just let us know which are the categories which have picked up?



- Girish Agarwaal:** It's too early to really analyze last 15 days, but it's happening in automobile. In some market it is happening in E-Commerce, so 15 days' comparison of all the categories too early to comment on that.
- Moderator:** As there are no further questions from the participants, I will now like to hand the conference back to the management for their closing comments. Over to you sir.
- Pawan Agarwaal:** Thank you for your participation and time on this Earnings Call. I hope that we have responded to your queries adequately today and we will be happy to be to be of all assistance through our investor relation department headed by Mr. Prasoon Pandey for all further inquiries. Thank you.
- Moderator:** Thank you very much sir. Ladies and Gentlemen, on behalf of DB Corp that concludes this conference call. Thank you for joining us and you may now disconnect your lines.