



DB Corp

Investor/Analyst Conference Call Transcript October 25, 2010, Q2 FY 11 Earnings Call

Moderator Ladies and gentlemen good afternoon and welcome to the DBCorp Limited Q2 FY11 earnings conference call. As a remainder for the duration of this conference, all participant lines will be in a listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call, please signal an operator by pressing * and then 0 on your touchtone telephone. Please note that this conference is being recorded. At this time, I would like to hand the conference over to Ms. Malini Roy of Citigate Dewe Rogerson, thank you and over to you.

Malini Roy Good afternoon everyone, welcome once again to the conference call of DBCorp Limited and we will be sharing the key operating and financial highlights for the second quarter and half year ended FY2011. We have with us today the Senior Management Team of DBCorp Limited, Mr. Pawan Agarwal – non-Executive Director, Mr. Girish Agarwal – non-Executive Director, Mr. PG Mishra – Group CFO, Mr. Ashok Sodhani, GM – 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 risks and uncertainties. Documents relating to the companies financial performance have already been e-mailed to you. I invite Mr. Pawan Agarwal to please share his outlook on DB Corp's performance for this quarter. Over to you Mr. Agarwal.

Pawan Agarwal Good afternoon everybody, it is a pleasure to be on this conference call today as we share the operational and financial highlights for the quarter and half year ended September 30, 2010. Following our opening comments, we will open the forum for your questions and for the discussion.

This quarter, our efforts and energies were focused on ensuring steady progress in our existing markets and on DBCL's expansion and execution of projects in several key regions. We continue to harness our competitive advantages in our markets and today, we are delighted to share with you our Bhaskar's new rising in Jammu, our launch in Ranchi and the commencement of several new independent printing center and editions. DBCorp continues to fortify its position as the largest and the most widely read print media group with 17.2 million readers across India's parts of growing market, as revealed by the quarterly results of IRF that were released in August 2010. Bhaskar's leadership growth has been primarily driven by Gujarat, Rajasthan, Madhya Pradesh, Haryana and Himachal Pradesh.

Our significant milestone this quarter has been Bhaskar's successful launch in Ranchi – Jharkhand a high growth market much ahead of a planned target. Response from readers and advertisers to the Ranchi edition was overwhelming in Ranchi and its surrounding regions from the day of launch itself. We are humbled by the support and encouragement that has been showered on us and this has truly been a sincere acknowledgement towards teams, dedication, diligence, and hard work. We are embarked upon an exciting journey in Ranchi and are making a best efforts to ensure the Dainik Bhaskar in Ranchi emerges as a powerful vehicle to usher and in participating the State's progress and development and at the same time become the most preferred advertising media for corporate. With this successful launch in Ranchi, much yet remains to be done in Jharkhand, a region of tremendous potential that has literacy level of around 59% and increasing and a region that presents a large penetration gap of about 80%.

We are also gearing up for the launch of Dainik Bhaskar's Jamshedpur edition in December 2010 and Dhanbad edition in January 2011, which will complete Bhaskar's coverage of Jharkhand. Our aggressive but strategic market expansion strategy continues with the same momentum. This quarter we have launched several new independent printing center and editions in existing territories. In our endeavor to reach out to readers closely and present relevant and most updated news, we have launched our fourth edition in Bhatinda which is in Punjab and another edition from Nagaur, Rajasthan.

As you would already know there are recent launch of public in Jammu has now brought a total editions to 51 expanding DBCLs presence across 13 states. In addition to these three new editions, we have also launched new printing centers in Itarsi, Madhya Pradesh; Sirohi and Barmer in Rajasthan and two more printing centers are planned to be launched in Rajasthan taking the count to 16 printing centers in the state. We are also planning to launch two new printing centers in Gujarat in the coming months, therefore our campaign to expand our all India readership base continues to progress with great rigor. DBCLs radio business continue to demonstrate steady progress and reports around 26% growth in the ad revenues supported by a healthy expansion of EBITDA growth of Rs. 14 million on YOY basis.

On DBCorp's financial performance for the second quarter, fiscal year 2011 has been favorable for us until date as revenues are consistently maintaining the good up trend. Advertising revenues have expanded by around 18% to reach Rs. 4716 million for the first half of the year against Rs. 4003 million in the corresponding first half of the last fiscal, such strong growth in advertising revenues is note worthy considering that in the last fiscal, the first half included festivals like Navratri and Dasshera which in the current fiscal is in the third quarter. Our circulation revenues for H1 FY11 stand at Rs. 1070 million as compared to Rs. 1054 million in H1 FY10.

Our total revenues have grown by around 14.5% in first half of the fiscal year on YOY basis to reach Rs. 5997 million. EBITDA has grown by about 18%, having expanded to Rs. 2087 million compared with Rs. 1775 million in the corresponding period of last year. PAT for the H1- FY11 grew by healthy 30.5% at Rs. 1246 million. For Q2 FY11, total revenue stand at Rs. 3310 million with a YOY growth of around 15% and EBITDA has reported at Rs. 951 million with YOY growth of around 14%. Our advertising revenues for the current fiscal quarter 2 has grown to Rs. 2359 million as against Rs. 2003 million in corresponding quarter of last year that is a growth of around 18%, our EBITDA margin this quarter is around 32%, so YOY growth in the top-line and EBITDA is more significant considering the partial impact of festivities in quarter 2 of the last fiscal, the EBITDA margin for a print business for this quarter is more than 33% which factors our pre-marketing and survey related expenses of around Rs. 60 million for Jharkhand and Jammu which have been booked in the revenue account instead of capitalizing or deferring the

outlay for future quarters, considering the long-term effect of these conditions. Our consolidated PAT reflects healthy growth of more than 25% at Rs. 551 million from Rs. 440 million of the corresponding quarter 2 of last year.

My colleagues and I will now be happy to take your questions and we look forward to interacting with you more actively and do please continue to reach out to our investor relation cell headed by Mr. Prasoon Pandey for all further requests and queries. Over to you for questions please.

- Moderator** Ladies and gentleman, we will now begin with the question and answer session. The first question is from the line of Abneesh Roy from Edelweiss, please go ahead.
- Abneesh Roy** How do you see the revenue scale up happening in Ranchi? We have seen the cost element in this quarter but I believe that revenues are hardly there because it is the launch phase. When do you see the revenues also catching up with Jamshedpur and Dhanbad also coming up in a short time?
- Pawan Agarwal** See Ranchi was launched in the month of August. The Ranchi numbers are yet to come in fully as we have mentioned in the earlier con call, that the whole Jharkhand launch is suppose to turn EBITDA positive anywhere from two and a half to four years which has also been our experience in the Punjab launch, so we will stick by those and we are very optimistic by the revenue numbers because circulation numbers in Ranchi have reached the level that we ourselves desired.
- Abneesh Roy** Sir we are seeing Patrika being aggressive in MP and Chhattisgarh and their strategy seems very similar to what you have been doing in your new areas, so I just wanted to understand how much of a risk Patrika can cause us by adopting a very similar strategy?
- Girish Agarwal** See, generally what happen in all the markets, the entry of a competition is also depends on how much is the scope in the market and how the market responds to a competition. In the states of Madhya Pradesh and Chhattisgarh, we have a pretty well entrenched reach and we continually work on upgrading our product as well as increasing the circulation base. If you look at our recent Audit Bureau of Circulation numbers, it clearly shows a jump of 12% in our circulation in Madhya Pradesh, so that indicates that in spite of any competition coming in that market, we continue to not only dominate the market but also to grow in that market.
- Abneesh Roy** Sir, when do we see ABC kind of certifying our strong position in Ranchi?
- Girish Agarwal** I guess before ABC, we will actually look forward for the IRS, Indian Readership Survey report to come in because ABC might take at least two years time for Ranchi to come in but Indian Readership Survey should come in a period of anywhere between 9 to 12 month's time.
- Abneesh Roy** Sir, one last question, any reason for Jammu being called a soft launch, any issue you are facing there or that was the strategy?
- Girish Agarwal** No, there has been no legal issue in Jammu, because we already have got all the clearances from the various authority, now the reason why we did go for a soft launch was because this is actually in the middle of the festival season and the teams of Punjab and the Chandigarh those who are working on that launch are focusing more on the existing market. So because of a new market, we never wanted to put any impact on our growing markets, so thus we decided that till

Diwali, we will go slight soft in Jammu and we will then ramp up the whole thing after Diwali in Jammu.

Abneesh Roy So, the turmoil in Kashmir is not related at all to it, isn't it?

Girish Agarwal No, not at all.

Abneesh Roy Okay sir, all the best thanks so much.

Moderator The next question is from the line of Siddharth Goenka from JM Financial, please go ahead.

Siddharth Goenka My first question is on the advertising revenue growth which was being delivered very well at around 18% on YOY basis, so can you give us what is the volume and value mix for the Q2 and first half FY11?

Pawan Agarwal We have grown by about 50% from volumes and 50% from the value growth for this quarter.

Siddharth Goenka What will be the number for the first half, this is H1 FY11?

Pawan Agarwal Q1 majority of our growth came from the volumes which is quarter 1, 90% of our growth actually came from volumes. For the Q2, we have grown 50% from the volumes and 50 from the value.

Siddharth Goenka Sure, sir this is partly because of the Ad rate hikes and negative came in the month of June I believe. Sir, can you give us some guidance on FY11 basis because we have already shown in the first two quarters, an 18% plus growth, if you can give us any guidance on FY11, what kind of advertisement revenue growth can we deliver?

Girish Agarwal What I can share with you is that last year Diwali in the festival season was also falling in the Q2 and this year because Diwali is on November 5, 2010, so the entire festival season which we call from Navratri and Diwali is in the Q3. Considering that generally the ratio which is 48 and 52 for the H1 and H2 for the advertising here I would assume it will be almost 47 to 53, so considering that we feel the quarter 3 and quarter 4 would look better than the H1.

Siddharth Goenka But Q1 was also excellent in terms of advertising revenue growth, so I will you still maintain the 47 to 53 ratio?

Pawan Agarwal Yeah, I would say this is a market post, there are Diwali festivities in the second half, I would further get the advantage of that also.

Siddharth Goenka Sure, fine. Sir my second question is on our employment cost which has gone up significantly almost by 45% on year-on-year growth, can you throw some light on it?

Pawan Agarwal I will give it to Mr. PG Mishra, our CFO, to answer your question.

PG Mishra Last year our employee cost was Rs. 54 crore and this year it is Rs. 76 Crores.

Siddharth Goenka No, I am talking about in Q2 our employee cost came in at around almost 460 million which is a huge amount on Q-on-Q basis and on your YOY basis, it is a jump of around 46%.

PG Mishra Yes, my employee cost last year, last quarter was 27 Crores and this year it is 40 Crores. Out of 40 Crores if you compare apple to apple, my new center at Jharkhand and Jammu costing Rs. 2 Crore and there is a shift of some employees contractual employs from last quarter to this quarter is Rs. 2.8 Crore. We are regularly shifting contractual employees to our relevant structure. Now if you compare apple to apple, then my cost last year was 27.4 Crores and this year it is 35.6 Crores, quarter to quarter, now the difference is 8.2 Crores which is 30% out of which 3.6 Crore is the increment, 1 Crore is the new joinee, 1.8 Crore is gratuity and ESOP and some training, staff training and some PF it is coming to 1.8 crores.

Siddharth Goenka Sir can we assume a similar rate as on Q2 FY11 going forward also, I mean will the employee cost will remain the same?

PG Mishra The employee cost will be for quarter 3 and quarter 4 will be on the level of quarter 2 itself which is 40 Crore, it will not grow from now 40 Crores, it is an all apple to apple provisions has been done in 40 Crores and whatever is just full impact of Jharkhand and Jammu that will reflect in quarter 3 and quarter 4.

Siddharth Goenka Okay not an issue, thank you so much for the information. Thank you so much and congratulations once again.

Moderator Thank you. The next question is from the line of Pratish Krishnan from Bank of America Merrill Lynch, please go ahead.

Pratish Krishnan I just want to get some sense in terms of the Ad revenue growth, is it possible to get some data points in terms of which are the markets that would have grown at a faster pace than company average for you?

Pawan Agarwal All the markets have grown equally. Particularly if you look at our national versus retail growth also, our national contribution now has moved to about 59% is our local contribution versus 41% from the national. In Q2 of last year local national ratio was 60:38, national which you are waiting for has actually started to grow for us , which is a great sign.

Pratish Krishnan Sure, you mention national was 62 for the Q2.

Girish Agarwal In the last quarter, it was 62:38 and this quarter it as 59:41, versus last year. See we still are largely a local market focused company because almost 60% of my revenue comes from the retail market the Tier 2 and Tier 3 generating revenues for themselves in those markets and we are happy to share that the larger growth as per our strategy which we have been working from last couple of year to grow the smaller market it makes them most self reliant in terms of local advertising has finally paid off and the growth is coming right from Chhattisgarh to Punjab to Gujarat and Rajasthan and all these markets have been really able to grow exponentially and especially we have seen during this festival season which result will come out for the Q3 later on, the market is really responding very well.

Pratish Krishnan Sure and just on the markets, you have given that you have grown to 18%, you know clearly some market which have done much better and some markets may not have you know if you can just classify them would be better?

Girish Agarwal We do not disclose the market wise numbers as you know that have been our practice because of obvious reasons. But what I can share with you is that most of our markets are within the you know it is not that somebody is growing at 10 and somebody is growing at 30, all of them are at the more over the same number .

Pratish Krishnan Sure just the last one in terms of the CapEx, I mean what would be assumption now for the full year?

Pawan Agarwal The CapEx for the existing additions for the expansion of launching new printing centers is at about 20 Crores now and in Jharkhand we have seen a CapEx of about provision of CapEx about 40 Crores which will be consumed in the entire year.

Pratish Krishnan So it is 20 for the full year.

Pawan Agarwal Yes, 20 for the full year now.

Moderator Thank you. The next question is from the line of Chitragda Kapoor from Angel Broking, please go ahead.

Chitragda Kapoor The circulation revenue we see quarter-on-quarter is quite flat around 53 Crores and considering the fact that Ranchi edition was launched at about 1 Lakh 40 thousand copies, we were expecting a little more, so what is your guidance on the circulation revenue and how do you feel circulation spanning out for FY11?

Pawan Agarwal See circulation, the cover price has been slashed over the last quarter, the Ranchi numbers have come in August and hence they have not reflected completely because we only got a month of September to reflect the Ranchi numbers. Moving forward the Ranchi's circulation revenues would be reflected in the Q3 circulation revenues.

Chitragda Kapoor Sir for this quarter, then how much is the contribution for Ranchi even though it is minimal, how much would that be attributed?

Pawan Agarwal See Ranchi was launched in two phases, the first in the city was launched in the month of August and the upcountry the surrounding districts were launched in early September, hence the entire numbers or circulation revenues of Ranchi are not reflecting in the numbers.

Chitragda Kapoor Okay, sir if I talk about circulation only, the operating expense that has been recorded is 6 Crores you said for this quarter for Jharkhand and Jammu edition's launch, am I correct on this?

Girish Agarwal Correct yeah but that is not for circulation alone that is for the entire survey and the pre-launch activity for marketing, survey cost and all that.

Chitragda Kapoor Okay, so it includes the entire OpEx?

Pawan Agarwal One time pre-launch of this. This includes the entire pre-launch expense incurred against revenues.

Chitragda Kapoor So, will this be carried forward obviously to the other two Quarters?

Pawan Agarwal No.

Chitragda Kapoor Sir, I believe radio is the merger you are expecting in quarter 3, so how much was the contribution of radio in the top-lines at this quarter and how do you see the contribution in top-line coming for radio for the entire year, that is for the first part of it, the second part is once it is merged in quarter 3, how do we see the tax rate for

the DB Corp listed entity coming down, it will be result of I believe last time you said the accumulative losses for radio is about 99 Crores?

- Girish Agarwal** Okay, let me answer this in two part, one is the top-line of the radio for this quarter is around 11 Crores and we have our EBITDA of almost 3.7 million that is Rs. 37 Lakh EBITDA positive for this quarter and on to the demerger which is going to happen in the third quarter with retrospect from 1st, April 2010, and on the tax part of it Mr. Mishra will answer that.
- PG Mishra** As Girishji told, we will be getting the demerger in the third quarter of the financial year and which with retrospective effect of April 1, 2010, we will be getting around Rs. 30 Crores tax benefit after demerging. We can make the provision only once we get the final approvals of the respective honorable High Court.
- Chitrangda Kapoor** Rs. 30 Crore tax limit for the full year.
- PG Mishra** 30 Crore for the full year for financial year 10-11.
- Chitrangda Kapoor** Thank you so much sir, if there are any more questions, I will come back.
- Moderator** Thank you. The next question is from the line of Miten Lathia from HDFC Mutual Fund, please go ahead.
- Miten Lathia** Post two months of our Ranchi launch, do we see any change in our assessment of what the operating losses would be in that market before we achieve breakeven from what we were earlier estimating?
- Pawan Agarwal** No, we are pretty much on track and as we mentioned, we are going ahead with the launch of Jamshedpur in December and the launch of Dhanbad in January and the entire estimate that we made for expenses are absolutely as per our mutual projection that we had made and that is why we are absolutely on time with Jamshedpur as well as Dhanbad in general.
- Miten Lathia** Okay. Is Bihar also going to be followed up after that very soon or Bihar looking more like an H2 FY11?
- Pawan Agarwal** No Bihar was always planned mid of next year and Bihar is going to happen in the middle of next year.
- Miten Lathia** Next fiscal?
- Pawan Agarwal** That is right.
- Miten Lathia** Okay, thank you very much.
- Moderator** Thank you. The next question is from the line of Vikas Mantri from ICICI Securities, please go ahead.
- Vikas Mantri** How has the Ranchi circulation for our company been and how do we expect the overall Ad environment for print industry for the year?
- Pawan Agarwal** See Ranchi, we are doing an average of about 1 Lakh 50 thousand copies, out of these 1,35,000 copies are on the annual subscription. Going forward from Jamshedpur and Dhanbad also are on time in December and January and with this we hope that having offered complete Jharkhand by the end of January we will be

in a very dominant position to go and ramp our advertising revenues. We are absolutely on track.

Vikas Mantri And what do we see the overall growth for the industry and Ad environment?

Girish Agarwal See on the advertising front it is too early to comment that how the overall industry will grow because currently we are just a two month old paper there and our advertising number so far is as per our expectation, now that bigger challenge is that how the other news paper also work together to ensure that the market grows.

Vikas Mantri No sir, I am asking for the entire industry not for Jharkhand especially but for the country.

Pawan Agarwal For the country, see we have grown by 18% in H1 and I would assume the Indian language print is certainly growing faster than the English one and if I have grown by 18% then I am sure the overall market for the Indian language print would have also grown by around 10% to 12%, that is my assumption so far though there is no number out on that yet.

Vikas Mantri Okay. Sir we have given a guidance or feeler that this year because of festive season in Q3 the split of ad might be 45:55, just if I were to do these numbers, we have delivered around 470 odd Crores of advertising revenue in the first half and assuming a 55 split, it comes to 576 Crores which means that second half will be growing at 40%.

Girish Agarwal See you will appreciate that the market numbers are not so simple to do on calculation though we are working on some numbers, these are the estimations and are only indications of our bullish approach for the Advt. Market. What we would do is look at the past track record of last 8 to 10 years, that whenever the Diwali goes into the November first week that the second half of the year looks much better, so I would assume that whatever number you are seeing should come through.

Vikas Mantri Okay thanks and congratulations again.

Moderator Thank you. The next question is from the line of Nirav Dalal from ShareKhan, please go ahead.

Nirav Dalal Sir what is the News print cost for the quarter?

Pawan Agarwal Newsprint cost for the quarter was Rs 26.24 crore

Nirav Dalal And could you give us a feeler, going forward.

PG Mishra Basically when we have booked the almost imported Newsprint in the quarter 3 including India, it will be around Rs. 28.75 to Rs. 29.

Nirav Dalal Okay and for Q3?

PG Mishra Q3 it will be the average 28.75 to 29.

Nirav Dalal Okay and then you would not want to say anything for Q4 at the moment, is it?

Girish Agarwal We really cannot comment on Q4 because generally Newsprint prices are booked almost 3 to 6 months advance only, so it will be too early to comment on the Q4 right now but we do not see any big jump happening in the Q4.

Nirav Dalal Okay. What are the average import rates currently?

PG Mishra Currently average import is coming around 675 to 750.

Nirav Dalal Okay.

PG Mishra This financial year it will be ranging between 650 to 675 average.

Nirav Dalal Okay. Sir what is your split of indigenous and imported.

PG Mishra 20% imported and 80% indigenous by volume as well as by value also.

Nirav Dalal Okay thanks a lot, thank you.

Moderator The next question is from the line of Sakshi Malhotra from Eureka Shares & Stock Broking, please go ahead.

Sakshi Malhotra I wanted a little bit of clarity on the CapEx that the company is looking forward to because earlier we had an indication that 40 to 45 Crores would be for the new printing centers and innovation of the existing machinery and about 80 Crores would be for the new launches which we are doing that would be the 80 Crores would span for about 2 years.

Pawan Agarwal That is correct. Let me explain that to you. The 85 Crores that we have taken for the new launches has been split over this year and the next year, so it is about a period of two years, we would consume about 40 Crores in Jharkhand which would be utilized this year and the balance of 45 Crores for Bihar would be utilized over the next 2 years.

Girish Agarwaal So far in the existing centers company had already done a CapEx of around 20 Crores and another 20 Crores for the balance full year would be further spent in any kind of further expansions within our existing markets.

Sakshi Malhotra Sir about 45 first were FY11, this was the upgradation of the machinery as well as launching of new printing centers.

Girish Agarwaal Sorry, I am not able to hear you clearly, can you please come again.

Sakshi Malhotra Sir I am saying that 45 Crores we have allocated for FY11 that would be for upgrading the existing machinery and for launching of new printing centers.

Girish Agarwaal True, you are right on that.

Sakshi Malhotra Okay sir and sir another thing that we are all awaiting the phase 3 for the radio business, can you give us little bit of indication as to how much is the planning to do a CapEx on that area and what kind of expansion is the company looking at?

Pawan Agarwal There is no clarity on Phase 3 yet from the government. We are still awaiting the government orders to formulate our strategy on the expansion.

Sakshi Malhotra Okay sir, thank you.

Moderator Thank you. The next question is from the line of Janaki Raman from Franklin Templeton, please go ahead.

Janaki Raman Can you give me some kind of a qualitative assessment about how this festival season has turned out so far compared to the last festival season, the growth is still about 18% or are you doing much more in terms of volume?

Girish Agarwaal See what is happening in the festival season if I can talk about the last almost 20 to 25 days of the festival into it is that we are clearly seeing the volume and the value growth, both, and especially more encouraging thing is that the volume is no more restricted to one or two categories, it is not only about real estate or it is not only about the education category, you know, I am seeing the volume growth in the lifestyle category, we are seeing the volume growth in the consumer durable and all, so considering all these it looks like that the Indian market and the Indian consumer is really out in the market to buy and the market is after him to woo him and that is how the print advertising is getting the benefit.

Janaki Raman Okay and other thing is you are mentioning that you are now buying newsprint of course buying now meaning this will hit the P&L about three quarters down the line, now buying newsprint at about \$675 to \$700 per ton add at 45 translates to Rs. 30,500 to Rs. 31,000 per ton, what is the kind of rate we will see lets say in second quarter of next year in your P&L?

Girish Agarwaal For the imported yes but as you know we have a mix of 20% import and 80% Indian and Indian is comparatively cheaper than the imported one, so our average pricing for example in this quarter is roughly around 26,600 and I would assume this will go up by another may be 3 to 4% more in the next quarter.

Janaki Raman Yes, the rate is expected to be Rs. 28.75.

Girish Agarwaal Yes correct. So if you take the average rate of which is the rate which I have given you is the per kg rate, Rs. 28.75 is the per kg rate. If I convert this into my average pricing per ton, it comes to be with Indian and imported put together roughly around 28,000 same number.

Janaki Raman Okay and of course this is just I am requesting for an opinion on this. What is your take on the newsprint market as such, why is the price going up despite the consumption coming down in the western country?

Girish Agarwaal It is a bit of a cyclic thing. If you notice for example now the pulp prices has started softening down, so I guess the indication we are getting is that, the prices went down from a particular level, went almost down to 550 level and they have started coming back again, so I guess in a mid-to-short term we would assume that these prices 4 to 5% here and there would maintain.

Janaki Raman Thanks a lot. Thanks a lot. That is all from my side gentleman, thanks a lot.

Moderator Thank you. The next question is from the line of Amit Kumar from Kotak Institutional Equities, please go ahead.

Amit Kumar My first point was with regards to how we have been growing quite a bit about you know ASCI coming out with some sort of a regulation for education sector advertisers, would you just like to comment upon what sort of an impact that would have on the psyche of education advertisers as well as you know the amount of spending that they do in the print media?

Girish Agarwaal See it is not yet clear that what all will really come into that area. So unless and until we have some clear guidance from the government, we really cannot comment on that. But broadly what looks like that it may not impact us most for simple reason because the large amount of advertising what we have as a company or most of the print media in the country has is largely from the institutes like MBA institutes and the coaching classes. We do not have many advertising happening from the schools and the universities as such. So, unless and until the whole clarity comes from the government, we would really do not be able to comment on that, you would appreciate that.

Amit Kumar Okay, just subset on this, the first quarter was typically the education quarter and you have the first half numbers with you, what sort of a contribution of education sector would be in terms of your overall advertising?

Girish Agarwaal Almost ranging from 18 to 20%.

Amit Kumar But this would be in first half and would this include the full year?

Girish Agarwaal Full year would go down to around 11 to 12%.

Amit Kumar Sir my second question really pertains to we have just launched Ranchi and you know we are awaiting the IRS readership numbers for that, how much time would it particularly take for at least the Ranchi launch to be reflected in the IRS readership numbers?

Pawan Agarwal About four quarter, about a year actually from now we should be looking at IRS reporting the Ranchi full readership results.

Amit Kumar Okay, and in terms of the ABC numbers as well and in Punjab it has almost been 3 to 4 years since we launched in that particular market, when can we expect this ABCs certified circulation numbers for that also?

Pawan Agarwal We will get Punjab ABC after a year because the copies that had been booked in Punjab are on subscription so we are waiting for one more year to get the ABC numbers for Punjab.

Amit Kumar Okay, and what will be the cover price right now in Punjab for the 3 editions that we have?

Pawan Agarwal Rs. 2.

Amit Kumar Any plans to increase that.

Pawan Agarwal Not immediately.

Amit Kumar Just one final point, looking at the second quarter financials, the employee cost has actually gone up quite significantly on a year-on-year basis. Is this only on account of the Jharkhand and Ranchi launch or is there anything more to this also?

Pawan Agarwal First was in Jharkhand, Ranchi and there is also movement of contractual employees from some of production head, so our production expenses have gone down and the production expenses have moved to the employee cost. We have converted contractual employees onto our payroll. As well as the ESOP that has also been introduced.

Amit Kumar Okay fine, thank you so much sir.

Moderator The next question is from the line of Anuradha from Ticker Plant, please go ahead.

Anuradha S What is the initial print plan in Jammu?

Pawan Agarwal Jammu, we have done a soft launch, we did about 20,000 copies in Jammu right now.

Anuradha S What is the cover price sir?

Pawan Agarwal Cover price is Rs. 2.

Anuradha S Could you please give the circulation revenues in region wise?

Pawan Agarwal Anuradha we do not give region wise circulation revenues overall. The overall circulation revenues I can tell you. The overall circulation that we do right now print copies is about 42 Lakhs is the number of copies that we did in Q2 and our circulation revenues were about 532 million in quarter 2.

Anuradha S Thank you sir.

Moderator Thank you. The next question is a followup from the line of Chitrangda Kapoor from Angel Broking, please go ahead.

Chitraga Kapoor Could you throw some color on the competition that you are facing particularly in Madhya Pradesh and in Chhattisgarh from Rajasthan Patrika, I mean after we entered I the Chhattisgarh market and when I see the readership figures the recent IRR Rajasthan Patrika is actually making inroads in terms of readership, it has significant inch-up in the readership numbers for Patrika, and how the competition will flash the cover price?

Girish Agarwaal If you look overall, there is no impact on us is number 1. Number 2 the readership if you look at the break-up of the number, there almost 75% readership is coming from the lower segment because of the pricing. Now as you will appreciate that the state of Madhya Pradesh has a large tribal and rural population and fortunately that segment is not very potential for advertisers and purposefully, I am not really addressing that market much beyond a point in terms of readership number, because if you look at in the city of Bhopal, Indore, Gwalior, say in Raipur, Bilaspur in Chhattisgarh, the difference between me and my competition it stands at almost more than 100% level.

Anuradha S Okay, so basically what you are trying to say is that they are not in direct competition with you because the segment that they are referring to is completely different.

Pawan Agarwal Yes

Anuradha S Okay but still sir, we have slashed the cover price, so how much is the circulation impact on that sir?

Girish Agarwaal We have increased almost 12% circulation recently in the city of Bhopal, where we have slashed the price and the slashing of price actually happened based on certain data which we realize that still there is a scope in the market of Bhopal and it is important for us to capture that market in the city to further grow. If you look at

the Audit Bureau of Circulation number, overall in Madhya Pradesh we have grown by 12% you know in the latest report of Audit Bureau of Circulation.

- Anuradha S** Okay sir, thank you so much sir.
- Moderator** Thank you. This question is the followup from the line of Abneesh Roy from Edelweiss, please go ahead.
- Abneesh Roy** Sir, a maintenance question, any private treaty deal we booked in Q2 and what is the cash and debt level currently?
- Pawan Agarwal** Okay, the private treaty that we booked in quarter 2 is about to the tune of 2.41 crores.
- Abneesh Roy** Increased quarter-on-quarter sir. Last time I think it was 1.8 Crores.
- Pawan Agarwal** Yeah, it was Rs. 1.8 crores last quarter.
- Abneesh Roy** And cash and debt level currently?
- Girish Agarwaal** We have 41 Crores of net debt in our balance sheet and 161 is the cash balance with us.
- Abneesh Roy** Okay sir that is all from my side.
- Moderator** Thank you. As we have no further questions, I would like to hand the floor back to the management of DBCorp for closing comments, please go ahead sir.
- Girish Agarwaal** I would like to thank all the participants and I hope we have been able to answer all your queries to your satisfaction. However, if you still have any query we will be more than happy to provide assistance, you can always mail it to us. On behalf of the management, I thank you for your participation and your time. Thank you very much.
- Moderator** Thank gentleman of the management. Ladies and gentlemen, on behalf of DBCorp Limited that concludes this conference call. Thank you for joining us and you may now disconnect.