



“Jagran Prakashan Q3 FY2018 Earnings Conference
Call”

January 31, 2018



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Jagran Prakashan Limited
January 31, 2018

Moderator: Ladies and gentlemen, good day and welcome to the Jagran Prakashan Limited Q3 FY2018 Earnings Conference Call hosted by ICICI Securities Limited. As a reminder all participant 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 “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vikash Mantri from ICICI Securities. Thank you and over to you Sir!

Vikash Mantri: Good afternoon everybody. Sorry for the delayed start there were some technical problems. We at ICICI Securities pleased to host the Q3 FY2018 Conference Call of Jagran Prakashan. We have the entire senior management with us represented by Mr. Sanjay Gupta, CEO, Mr. Shailesh Gupta, Director Marketing, Mr. R.K. Aggarwal, CFO and Ms. Apurva Purohit, President. Over to you Sir for initial remarks!

R.K. Aggarwal: Friends, very happy New Year to you all and welcome to the earnings conference call for the quarter ended December 31, 2017. I am sure you have all seen the results of the company, Music Broadcast Limited and also the presentations, which have been uploaded on our website and the websites of the stock exchanges.

First we would like to highlight certain salient features of the quarter, which are not that visible from the results or the presentation and then we will share our understanding of degrowth in revenues and profit, which is for almost all media companies.

These salient features are as follows:

After nearly five years, IRS Readership Survey came out in the month of January providing the advertisers reliable measurement, which has been missing for such a long time. Findings of the survey have been shared with you through our press releases, which you must have seen.

Investment in growing circulation over past five years has paid off well for us and as a result Dainik Jagran continues to maintain its dominance in the print industry of the country. Dainik Jagran becomes the first newspaper to cross mark of 20 million readers per day. It augurs well for future revenue growth. Whereas it has strengthened its market position vis-à-vis competitors in all its major markets without any exception, the most noteworthy is Dainik Jagran becomes number one newspaper of Haryana and Patna for the first time besides continuing its numero uno position in Uttar Pradesh and NCR.



Jagran Prakashan Limited
January 31, 2018

Also, Dainik Jagran goes past Hindustan and is next to only Navbharat Times in city of Delhi, which is also for the first time. Nai Duniya becomes one of the top 10 Hindi dailies of the country.

Improvement in per copy realization for all newspaper brands has been witnessed during the quarter and dropping cover prices seems to be over and now we are heading towards improving the per copy realization in the coming quarter further and increase in circulation revenue for Nai Duniya/ Nav Duiniya, Inext Mid-Day and Inquilab was there in Q3.

Growth in digital revenues for the quarter as well as for the period of nine months as against degrowth reported by the listed peers is another point to be noted. Digital revenues have grown by nearly 17% for the quarter and 23% for the period ended nine months.

The third core business of the group radio also reported growth, which is reportedly once again highest in the industry.

Outdoor in continuation of Q2 continues to report growth exceeding 30% in revenues with good operating profits.

Besides above highlights in otherwise dull quarter, the most notable feature of performance of the company was keeping degrowth in profits under check. In fact, you will be pleased to note that Dainik Jagran continues to have a healthy operating margin of 34% even though the revenues were flat. Whereas degrowth of any nature is disappointing, managing the adversities attributed to external factors gives profound satisfaction and we are happy to report that the company is sailing through tough times successfully and will come out still stronger out of this phase as it has done several times in the past.

In spite of flat revenues and the strategic investment in systematic growth in circulation, digital and new FM stations, de-growth in profit after tax was less than 10% on standalone as well as consolidated basis. It became possible due to keeping increase in expenses lower than inflation and good profits reported by Jagran Engage and Solutions besides some benefit accruing on account of GST. You may also note that the whole of the period under report does not have any one off effect in the form of additional revenue or cost savings as you may have seen in case of one of our competitors.

As far as degrowth in print revenues is concerned, it is primarily on account of division of festive season into two quarters, shortfall in government revenues and loss of revenues from political parties due to the elections, which we have had in the previous year. However, the



Jagran Prakashan Limited
January 31, 2018

silver lining is green shoots are visible in Q3 although implementation issues related to GST continue to be causing concern and uncertainty especially to the small advertisers.

We also like to bring to your notice that the group's financial health remains robust with net cash of nearly Rs.400 Crores, which is same as on September 30, 2017 in spite of payment of dividend and tax aggregating Rs.120 Crores in Q3.

With these opening remarks ,I now open the session for discussion. Thank you very much.

Moderator: Sure. Thank you very much. We will now begin with the question and answer session. Ladies and gentlemen we will wait for a moment while the question queue assembles. We have the first question from the line of Abneesh Roy from Edelweiss. Please go ahead.

Abneesh Roy: Sir my first question is on the other publication revenue I see that for the last six, seven quarters it has been there broadly in that Rs.86 to Rs.90 Crores revenue run rate, now if I see the new IRS data magazine category this is not specific to your numbers, the magazine category is up some 95% versus the earlier readership survey, so if you could tell us do you expect jump here because may be your numbers also has shown a very robust growth in terms of readership?

R.K. Aggarwal: Other publications will do better going forward . it includes Nai Duniya, which is one of the major brands and also Mid-Day brands. In fact, when you compare six to seven quarters growth, one of these quarters included the revenues from certain closed publications also e.g City Plus and Josh magazine .So that comparison is not so much on like-to-like basis.

Abneesh Roy: Sir in Madhya Pradesh the reader revenue growth has been quite stagnant and you also said Nai Duniya is doing well and in terms of rankings it has moved up, so in that state is Nai Duniya gaining market share and what is the plan in terms of circulation ramp up there going ahead?

Sanjay Gupta: The readership survey has been out only for about a week.So we are still formulating plans on our growth strategy for circulation for the next year. Having said that we have had a good traction in the city of Bhopal and Indore and we have shown a reasonable growth in advertising in Bhopal and Indore and we expect to continue this trend in the coming years also.

Abneesh Roy: My next question is on advertising how much has been the contribution from real estate, government and FMCG and in your key states of UP and Bihar how is real estate and government looking in terms of outlook going ahead?



Jagran Prakashan Limited
January 31, 2018

Shailesh Gupta: The revenues have de-grown because of the government advertising which unfortunately is still not showing any signs of improvement in comparison with the previous year which though included election revenue. Government advertising should become normal going forward. As far as real estate is concerned, in our territory real estate has done well in spite of the fact that other big cities real estate has not been doing well, but real estate for us is not a big category

Abneesh Roy: FMCG, what is the percentage contribution?

Shailesh Gupta: FMCG is doing well. FMCG continues to do very well, but pharma has not shown growth after demonetization.. As far as percentage of FMCG is concerned I would not have it on top of my mind

Abneesh Roy: I will take it offline Sir, no problem.

Shailesh Gupta: Okay.

Abneesh Roy: Sir just one followup on the government ads. UP state elections are now still three, four years down the line, this year general elections are there for the country, so in terms of UP how is the state versus the central government ratio normally. Now central government ads will revive, but state government still there is no big reason for revival, so in UP are you expecting overall big revival in terms of government ad both put together?

Shailesh Gupta: **The elections should help in state as well as central advertising both.**

Abneesh Roy: What is the typical split state versus central last three years in UP?

Shailesh Gupta: I will have to check that, I do not have that right now.

Abneesh Roy: I will come back in the queue. Thank you.

Moderator: Thank you. The net question is from the line of Vaibhav Gadjatiya from HNI Investments. Please go ahead.

Vaibhav Gadjatiya: Thanks for providing this opportunity. I have a question on the readership survey. In the state of UP if we go by average issue AIR then who would be the number one, number two and number three places respectively in the state of UP?

- Shailesh Gupta:** Number one would be Jagran on AIR, number two would be Amar Ujala, and number three would be Hindustan.
- Vaibhav Gadjatiya:** So this is excluding variants or including variants?
- R. K. Aggarwal:** Variant has been excluded from the survey and it is reported separately, so let there not be any confusion this time.
- Shailesh Gupta:** Confusion about the variants.
- Vaibhav Gadjatiya:** So excluding variants you are saying Amar Ujala is number two and number three is Hindustan.
- R. K. Aggarwal:** There is a huge gap between number one and two.
- Vaibhav Gadjatiya:** Between number one and number two there is a huge gap and if I look at the overall AIR growth for all over India level it is quite low, it is just 0.6%, so do you expect that it is because of this low AIR growth there will be an impact on RDS from national advertiser?
- R. K. Aggarwal:** When you are talking about AIR and if you look at country as a whole it does not present true picture because the potential is not same across the country. If you look at AIR growth in Dainik Jagran it has gone up from 1.64 Crores to 2.2 Crores over a period of five years, which is a huge growth.
- Vaibhav Gadjatiya:** I understand your point for Dainik Jagran it would not have that much of impact, but do you think from industry as a whole this low growth of AIR might have some impact on the yields?
- R. K. Aggarwal:** As I said potential is not same across the market. If there are market where the penetration is already 50%, 60% or whatever it is and there are markets where the penetration is 20%, where the penetration is very low there only the significant growth will happen. If you are connected to TV across the country it does not mean the growth in revenue will not happen, so significant growth in circulation will be expected only in those places where it is not penetrated as much.
- Vaibhav Gadjatiya:** So just to stress on this point what is the AIR growth in UP as such for the industry as a whole I am sure it must be very high because UP is under penetrated and just improving on the level of literacy and everything, so is the AIR growth quite impressive in UP?



Jagran Prakashan Limited
January 31, 2018

R. K. Aggarwal: Jagran is true representative of what is happening in UP, if Jagran has reported 30% growth in AIR on overall basis, so of course in UP also it has grown by, at least 20% to 25%,

Vaibhav Gadjatiya: There is one last question on my side. If we compare the system of newspaper in India versus couple of western world, I see there are two important differences, which is that the newspapers in India is delivered at home, which is not the case in western world and second is the prices of newspapers are significantly lower in India as compared to the income levels in the western world, so I want to understand that previously how the system has changed in western world over a period of time, I am sure that earlier western worlds also used to have the home delivery of newspaper and that has somehow changed in last two to three decades, so I just want to know what has triggered these change in the western world and do you see it is replicating in India as well?

R. K. Aggarwal: What I would request is, this question can be discussed and debated across the table and not on this call, for the simple reason that addressing these two questions alone would not help you understand what is going to happen to newspaper industry in the country. There are 100s of reasons, why in India print industry is doing so well as against western world, so let us have discussion some other time across the table.

Vaibhav Gadjatiya: That is not an issue. I will separately get in touch with you for this. No issue. Thank you.

Moderator: Thank you. The next question is from the line of Jai Doshi from Kotak Securities. Please go ahead.

Jai Doshi: Thanks for the opportunity. First question I will ask a quick one on news print cost. The news print cost for the past three, four years have been growing at a CAGR of about 2% or 3%, now I think we have got from other players, the expectation of news print price increases much higher for next year, so how should we expect overall news print cost for Jagran Prakashan for FY2019 at a very broad level?

R. K. Aggarwal: Increase in the domestic newsprint prices is going to be I think about 6% to 7%, in case of imported yes it is going to be significantly higher for us as compared to the current year, it is going to be about 25% to 30%, so on an average I think newsprint cost would increase by about 10% to 12%.

Jai Doshi: That will be the price, but you will have some flexibility in terms of changing the mix and pagination cuts, so at overall level what is the target that you have in mind in terms of raw material cost for you?

R. K. Aggarwal: I do not think we have ever tried to cut the pages to simply save cost. We have tried to optimize the page inventory, which we continue to do and on overall basis what is going to be the impact as we are still in the process of finalizing our plan for the next year, it is difficult to suggest. It will depend on what is going to be the circulation target for the next year, readership survey etc; so probably at this stage it may not be possible to indicate what is going to be the increase in the total newsprint consumption value, but here I would like also to point out since cover prices have started increasing and they expect to continue to increase they will offset some impact.

Jai Doshi: Understood got it Sir and next set of questions in IRS and to start with, would it be possible for you to sort of in a brief manner explain us what is the difference in methodology that was carrying out the survey in IRS 2017 versus the previous surveys? Second is what is the frequency whether it is going to be a three monthly quarterly thing or six monthly? Third is what percentage of your advertising revenue you think will be benchmarked against IRS, my understanding is it is only national advertisers who look at the data and government advertising as well as local advertising, which is significant for you may not really be impacted by this data and finally what is it that you are hearing from advertisers, what are based on your initial conversations at least the ones who are looking forward to are very keen on having some data too?

R. K. Aggarwal: Answers to these questions need a lot of time I think. As far as methodology part the first question is concerned, the process of survey has been strengthened manifold to plug-in the loopholes whatever observations we have had, industry has had and whatever observations council has had basis that they have improved the system.

Jai Doshi: Understood.

R. K. Aggarwal: Rest of the three questions Director Marketing can answer.

Jai Doshi: The question is what percentage of overall advertising revenue will be benchmarked or at least the rates will be benchmarked with IRS, given that my understanding is the government advertising is largely, they look at circulation numbers and local advertisers, for local advertisers largely IRS does not matter, so that is the question number one and what is that you are hearing based on your initial discussions or at least with the advertisers on how will IRS reflect on advertising rates going forward and the inflation that you can take on rates?



Jagran Prakashan Limited
January 31, 2018

Shailesh Gupta: As far as rates are concerned, obviously with IRS coming out and newsprint cost increasing, it will help. Since the IRS is only about a week old and we are still analyzing the survey, we will start negotiating with the agencies/clients for next year. As far as local client is concerned, some of the local clients are also now big and are also very bothered about the IRS because their advertising budgets are also quite large, so they also would like to look into the numbers; it is not true that they will not look into the number. It may not affect them as much as the national clients, but they will certainly give importance to IRS numbers.

Jai Doshi: Understood, so is it reasonable to assume that about 40% to 50% of advertising revenues come from advertisers who will take this data quite seriously or?

Shailesh Gupta: Yes.

Moderator: Thank you. The next question is from the line of Anuj Sehgal from Manas Capital. Please go ahead.

Anuj Sehgal: My question was also on the IRS and thank you for clarifying that definition of AIR in IRS 2014 and IRS 2017 is the same, so you shared your growth rate based on AIR. My question is will the advertisers now use AIR as a metric or will they use total readership as a metric going forward to decide on advertising and secondly going back to the question that somebody asked earlier based on AIR the overall country growth is just less than 1% based on TR it looks fairly high at around 40% for the Hindi print, so I just want to get a sense of how are the advertisers viewing this data and what sort of conclusions are they coming to?

Shailesh Gupta: AIR will decide all the revenues, if it is a long campaign then they might look at to the total readership, but if it is one or two or three ad campaign they will always look into AIR.

Anuj Sehgal: Thank you.

Moderator: Thank you. The next question is from the line of Pratik Baradiya who is an Individual Investor. Please go ahead.

Pratik Baradiya: I wanted to understand what do you see as the growth potential for Hindi versus English newspapers and how advertisers going to be looking at that?

Shailesh Gupta: It is becoming very, very prominent by every passing day



Jagran Prakashan Limited
January 31, 2018

- Pratik Baradiya:** So the growth for Hindi, will it outpace English or both of them at the same pace like will there be one dominant or?
- Shailesh Gupta:** It has been outgrowing English and it shall keep outgrowing English.
- Pratik Baradiya:** For the reader business what do you see as the future capex and the future growth potential after we have ramped up all the current stations?
- Apurva Purohit:** So we have spent all the capex . We had planned to invest in 11 additional stations to maintain a reach of 60% after enhanced FM footprint and we manage that in part A itself,, so there is no further capex investment required.
- Pratik Baradiya:** Thank you.
- Moderator:** Thank you. The next question is from the line of Amit Kumar from Investec. Please go ahead.
- Amit Kumar:** Thank you so much for the opportunity Sir. My first question is a bookkeeping one the print advertising decline and how do we look at this from a yield and volume perspective?
- R. K. Aggarwal:** Amit, there was a fall in volume as well.
- Amit Kumar:** You are basically saying that 2% decline, is it entirely on account of volume or is it anything on the yield?
- R. K. Aggarwal:** On account of volume only. As I mentioned in the opening remarks we lost big time government revenues, and as a result of that we lost nearly about Rs.15 Crores of revenue.
- Amit Kumar:** So yields would have been broadly flat in this particular quarter or you have seen a little bit of?
- R. K. Aggarwal:** No I would say yields are better because if Jagran has registered degrowth of about 2%-2.5% in print and volumes have dropped by about I think 5% to 6%.
- Amit Kumar:** Understood. What would be the share of government advertising in Jagran now after this adjustment steady state?
- R. K. Aggarwal:** it should be about 20%.

Amit Kumar: My final question Sir. Why this difference in terms of international newsprint inflation in domestic, the domestic you are saying is going up by 6%, 7% and in international we are sort of tracking a little bit of those indices also, they are showing a bit of inflation, but not to the extent of 20%, is there any sort of specific to Jagran, you had some low price newsprint inventory this year or how do we read into this?

R. K. Aggarwal: In case of imported we are going to suffer higher increase mainly because we had tied up the quantities for nearly one-and-a-half years, so whatever interim increase has happened that did not impact us, so this is why it is looking that steeper, otherwise as they say probably there is also an increase of about 14% to 15%.

Amit Kumar: I will probably seek a little bit of clarification on this whole thing because our understanding was that prices had gone down and then they sort of started to go up, so last one-and-a-half years the public data that we have on international newsprint pricing even in one-and-a-half years it will not sort of show up at that level of inflation, but I will clarify that offline?

R. K. Aggarwal: Let us discuss because that is what my understanding is because these prices at which we bought the newsprint in the current year were prevailing about one-and-a-half years back.

Amit Kumar: This does not show up in your inventory, you buy some sort of covers on newsprint is anything?

R. K. Aggarwal: No.

Amit Kumar: So how do you sort of tie it up for one-and-a-half years?

R. K. Aggarwal: Because Jagran has been bulk purchaser for years, so it is based on relations. We agree to a certain quantity and certain price, which is what they adhere to irrespective of the fluctuations.

Amit Kumar: Understood. I will come back. Thank you. That is it from my end.

Moderator: Thank you. The next question is from the line of Rohit Dokania from IDFC Securities. Please go ahead.

Rohit Dokania: Good afternoon. Thanks for the opportunity, two, three questions. One is can you talk about the sharp decline in Mid-Day advertising what has led to that?

- Apurva Purohit:** There are two reasons really, one is the festive season has got broken up into two quarters, so September had reasonably descent number coming in. The other is that last October was extraordinarily high month for Mid-Day.
- R. K. Aggarwal:** In Nov and Dec, Mid-Day has recorded a growth of nearly 18% to 20%, which is very-very positive and when she says festive season is divided into two quarters, it has happened to all newspapers this year, but in case of Mid-Day it had some additional impact because Ganesh Chaturthi as well as Dussehra both fell in second quarter, so this is why you saw 9% growth in second quarter.
- Rohit Dokania:** Sorry to come back on the newsprint bit again, but if let us say international newsprint prices are going up by 13% to 15% odd should in India newsprint prices also sort of domestic newsprint prices also trend in a similar fashion, why are you saying that they would increase only 6%, 7%?
- R. K. Aggarwal:** Because that is something, which we have already finalized - that is one part and number two----- gone are the days when the domestic prices used to mirror the international prices. We have seen in the past domestic prices increasing crazily even though international prices remained subdued.
- Rohit Dokania:** Overall while you are talking about green shoots in terms of advertising, I think you are still referring to government being slightly subdued and at the same time we also have newsprint probably playing spoilsport in terms of sharp increase, so how should one look at margins from FY2019 perspective at a consolidated level?
- R. K. Aggarwal:** Rohit if you look at this quarter's results as well there was no growth whatsoever in the revenues, even then Jagran reported margin upward of 33%. So as far as Dainik Jagran's model is concerned it has evolved over a period of time and it is self-adjustable in the sense that, of course we also do keep a watch over expenses that is what we would continue to do, but more importantly as I mentioned in response to other question if the newsprint prices are increasing the cover prices are also increasing, to what extent they will get set off that time will tell. But, we should get guided by the past .Whenever there has been increase in newsprint prices , publishers have joined the hands together and have taken increase in the cover prices, which tended to compensate some part of newsprint prices increase.
- Rohit Dokania:** Sure Sir. I totally appreciate the model of DJ, but I was more referring to from a perspective of consolidated margin, so even if we look at the nine-months?

- R. K. Aggarwal:** Number one, this was about the Dainik Jagran. Now number two, as far as other core business radio is, it has already done better than what was originally envisaged in terms of news stations. So we should also expect that the radio will make more contribution in the next year. Number three unlike other publications Nai Duniya despite as somebody said leader's almost stagnant revenue, recorded growth in advertisement revenue of 2% to 3%. With improved readership position we should expect still higher growth, as it should help more increase in the ad rates. This year we should also understand one very- very important point. Whereas we all are talking about degrowth in the revenues, we forget one thing that we were able to successfully pass on GST levy on the advertisement revenue. So to that extent you already had a growth despite lingering impact of demonetization and GST but green shoots are visible. When I say green shoots are visible I mean look at private sector spending that is more important; that has done pretty well. Our Bihar, Jharkhand has done pretty well.
- Rohit Dokania:** What I understand is what you are saying is that this year appears to be sort of year of an aberration because of the GST?
- R. K. Aggarwal:** As I mentioned while discussing the second quarter call also, let us take this year as nonexistent, though radio and digital will still record near double digit growth despite mayhem.
- Rohit Dokania:** Sure Sir agreed, so I am just wondering, so from a margin perspective FY2019, so if I look at FY2017 consolidated margins they were somewhere around 28% odd excluding other income, so would FY2019 look better than this number, would look somewhere around?
- R. K. Aggarwal:** Of course.
- Moderator:** Thank you. The next question is from the line of Pavnit Singh from Skyline Equity Manager. Please go ahead.
- Pavnit Singh:** My question is regarding the advertisements being placed by consumer durable companies like TV, fridge, AC as well as e-commerce companies, generally we observe that in every quarter they have two to three big day sale or four big day sale during which duration they place full pages in the English Dailies, but very often we feel that these advertisements are missing in Hindi Dailies, so do you feel that they feel that the Hindi newspaper readers are not aspirational or prices are different for them?
- Shailesh Gupta:** I am sorry I do not agree with that because for us the television or the white good industry is a very big advertiser, but this year they have been little muted



Jagran Prakashan Limited
January 31, 2018

- Pavnit Singh:** What about e-commerce companies, what kind of shares do they enjoy with you?
- Shailesh Gupta:** E-commerce is not contributing much but Amazon like players are our advertisers..
- R. K. Aggarwal:** Dainik Jagran?
- Pavnit Singh:** Yes Dainik Jagran.
- R. K. Aggarwal:** It is 4.1 million.
- Pavnit Singh:** What about Mid-Day?
- R. K. Aggarwal:** All brands put together it is about Rs.3 to Rs.4 lakhs.
- Pavnit Singh:** Thank you.
- Moderator:** Thank you. The next question is from the line of Alok Ramachandran from Future Generalli. Please go ahead.
- Alok Ramachandran:** Thank you for taking my question. Just wanted to know the proportion of imported newsprint in terms of volume, entire newsprint consumption?
- R. K. Aggarwal:** Imported in DJ?
- Alok Ramachandran:** Yes exactly.
- R. K. Aggarwal:** Imported is currently 30%.
- Alok Ramachandran:** So that pricing will be impacted from when onwards?
- R. K. Aggarwal:** Not necessary CEO may clarify, he may like to reduce the consumption of imported if required.
- Alok Ramachandran:** So this long-term contract that you have actually gone ahead with?
- R. K. Aggarwal:** That is one part, but let Mr. Sanjay Gupta also respond to your question.



Jagran Prakashan Limited
January 31, 2018

- Sanjay Gupta:** We as a group decided long time back that we will not use bad quality newsprint. Having said that for imported we have still to firm up our contract. If we get good rates we may continue with the same percentage, but if there is any sharp increase and we are not getting good rates then yes definitely Indian supplies will go up.
- Alok Ramachandran:** So what I want to maybe perhaps if you could throw some light is when was this kind of contract signed with the domestic player?
- Sanjay Gupta:** It has all been done in last 20- 25 days.
- Alok Ramachandran:** So for the one year you are kind of logged in?
- Sanjay Gupta:** It is not exactly one year, it is a more of commitment - not like written down contract these are commitments that is the way the industry works.
- Alok Ramachandran:** So on the commitment is does the pricing move or is the pricing remain constant in that sense?
- Sanjay Gupta:** As the CFO has explained ,the pricing of domestic is going up and so is the pricing of imported , but imported we have yet to finalize our contract, domestic we have kind of finalized.
- Alok Ramachandran:** So there also we have a similar kind of contracts currently or is there kind of?
- Sanjay Gupta:** No in the imported those are much more formal contracts.
- Alok Ramachandran:** So much more spot based are they?
- Sanjay Gupta:** No they are not spot based, they are long-term contracts.
- Alok Ramachandran:** Alright fine. Thank you.
- Moderator:** Thank you. The next question is from the line of Akhilesh Bhandari from ICICI Prudential. Please go ahead.
- Akhilesh Bhandari:** Thank you for the opportunity. You spoke about cover prices have started increasing, so is this limited to UP or you are talking about Bihar as well because?



Jagran Prakashan Limited
January 31, 2018

- R. K. Aggarwal:** Across, Jagran has been a player, which has always tried to look at increasing the cover prices wherever possible.
- Akhilesh Bhandari:** If you can talk about more detail about the situation with government advertising there is a significant portion of advertising revenue, so what is the outlook and when do you start actually seeing this increase?
- R. K. Aggarwal:** Which you are talking about?
- Akhilesh Bhandari:** Government advertising.
- R. K. Aggarwal:** Government advertising -- one has to see it in the right perspective . When I say there is degrowth in government revenue it is in comparison with the base, which included the revenue from election. In comparison with that base there is degrowth. If I remove that election revenue component of course it may not have registered 7% to 8% growth or 10% growth, but still it registered some growth. That is one part. Number two part is this year government revenue should do better. First , it will have a low base, number two again in 2019 you have elections, so nearing close of the 2019 you should start getting some revenues in buildup for election as well from government.
- Akhilesh Bhandari:** Thank you.
- Moderator:** Thank you. The next question is from the line of Vaibhav Gadjatiya from HNI Investments. Please go ahead.
- Vaibhav Gadjatiya:** Thanks for providing the followup opportunity. My question is again on ad yields, in last three to four years would you say the growth in ad yields is more line of the ARR growth for our newspaper or it is higher or it is lower than that, what is your assessment broadly?
- Shailesh Gupta:** Our yields have been increasing every year. With now the readership survey coming back and our position getting strengthened , we should have a better yield increase than what we have been having.
- Vaibhav Gadjatiya:** Secondly on the government advertising I understand I guess the rates for the government advertising is decided by DAVP, so how that rates have moved in last one or two years and what is your expectation for the next year?

Shailesh Gupta: The rates that DAVP move as per circulation certificate given by ABC, In DAVP , the important is how many editions you can get included in the campaign, the more addition the better rate it gets.

Vaibhav Gadjatiya: That is it from my side. Thank you.

Moderator: Thank you. The next question is from the line of Dhiral Shah from Asit C Mehta. Please go ahead.

Dhiral Shah: No Sir. My question has been answered.

Moderator: We will move to the next question. Next question is from the line of Yogesh Kirve from B&K Securities. Please go ahead.

Yogesh Kirve: Thanks for the opportunity. Sir as far as the advertisement revenue growth is concerned if you look at the non-government side, non-government and non-elections, so as far as commercial advertising is concerned, what has been the trend in the national versus local R.

R.K. Aggarwal: Local, which has done better.advertising?

Yogesh Kirve: But if you look at how is the November and December is shaping up, so is it that national is showing any better recovery?

R. K. Aggarwal: **November and December had good growth**

Moderator: Thank you. The next question is from the line of Amit Kumar from Investec. Please go ahead.

Amit Kumar: Thank you so much. Actually this continuing from the previous participant questions, so you had indicated November, December local has done better than national, but within national FMCG as a category seems to have done fine for you, so within national the other national categories, which are there autos, telecom, etc., could you please call out, which particular category has been under pressure and any specific reason behind it?

- R. K. Aggarwal:** I have talked only relatively, in fact as a director marketing was explaining since festive season got divided into two quarters, so the national advertisers had their role to play in second quarter, automobiles, consumer durables, all went with Dussehra. So they also did very well, automobiles all did well.
- Amit Kumar:** I understand that the split, that split essentially comes in October, so November, December has there been any sort of national category because last year you had demonetisation so even national advertisers, FMCG, other guys everybody has sort of barring autos probably?
- R. K. Aggarwal:** When I said local did better than the national, it was only in a relative term, if local has grown by 12% they have grown by 9% that is it but both of them have recorded very reasonable growth in November and December, it was not disappointing at all if we consider automobile and durables got postponed in Q2
- Amit Kumar:** With the national autos and durable seems to be areas, which have been slightly soft, actually just quick one on that any sort of specific reason, when we look at the auto the numbers and the two wheelers and four wheeler companies in our report the volume growth sort of continues to be fairly steady in the region of 5% to 10% it is not like blockbuster, but it is sort of steady, so any reason why the advertising sort of even in relative terms sort of softer and then let us say FMCG, anything that you can sort of call out in your conversation?
- Shailesh Gupta:** As far as autos are concerned I am just looking at my mail; there were six launches there, which got postponed to Q4 which too impacted
- Amit Kumar:** Understood, so it is just delayed sort of response because of launches, understood. Got it. Thank you so much Sir. Very helpful.
- Moderator:** That was actually the last question. As there are no further questions I would like to hand the conference back to Mr. Vikash Mantri for closing comments.
- Vikash Mantri:** Thanks and over to you Sir.
- R. K. Aggarwal:** Thank you very much on behalf of management of Jagran.
- Shailesh Gupta:** Thank you everyone.
- Sanjay Gupta:** Thank you.



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Moderator: Thank you very much. On behalf of ICICI Securities that concludes this conference. Thank you for joining us ladies and gentlemen. You may now disconnect your lines.