



“Jagran Prakashan Limited
Q2 FY2020 Earnings Conference Call”

November 14, 2019



MANAGEMENT: **MR. R.K. AGARWAL – CHIEF FINANCIAL
OFFICER - JAGRAN PRAKASHAN LIMITED
MR. SANJAY GUPTA – CHIEF EXECUTIVE
OFFICER - JAGRAN PRAKASHAN LIMITED**



Jagran Prakashan Limited
November 14, 2019

Moderator:

Ladies and gentlemen, good day, and welcome to Jagran Prakashan Limited Q2 FY2020 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. 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, 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. R. K. Agarwal, CFO, Jagran Prakashan Limited. Thank you and over to you Sir!

R. K. Agarwal:

Dear friends, we welcome you to the conference call for the quarter ended September 30, 2019.

As we all know economy has further deteriorated in Q2, but we continue to work hard to contain degrowth in print and radio revenues, which was the lowest amongst the peers. We also kept near zero cost inflation excluding raw materials.

Efforts on Music Broadcast Limited are in particular laudable as it could significantly reduce the cost at the time of strong headwinds and report operating margins of 30% which would improve only with the growth in revenues coming back.

Dear friends, you may also like to make a note of the fact that the performance of Music Broadcast Limited once again proves the point that focus on core business paves and makes the difference when the chips are down. This would also remind you of the fact that our strategy for a bidding in phase 3 of going for geographical expansion as against multiple frequency was a very prudent strategy and this is what has helped us in reporting low degrowth in difficult times than our closest peer. These efforts had paid the dividend overall and we could mitigate the impact of downturn.

In Q2 there was some impact of newsprint price reduction, but in Q3 and Q4 the benefit will increase significantly which in turn will improve margins and profits amongst the print brands Nai Dunia had the steepest degrowth primarily because it had in its base included revenue from the MP and CG elections, but for this degrowth our growth in advertisement revenue from print which has less than 4% and much lower than any of our peers would have been still lower. On the contrary, INEXT had robust growth in revenue especially advertisement revenue.

Festive season is over, but unfortunately it was way below expectation; however, in run off for festive season Q2 benefitted a bit on account of increased ad spent by auto industry which had in this quarter less than 3% degrowth as against 30% degrowth in Q1.

The state government spend was also higher, so that overall revenues from government had given us a growth of nearly 15% on Y-o-Y basis which is heartening, but central government has not yet started the spend on expected lines nor it is expected that there will be any improvement worth mention at least in the current fiscal.

This void is difficult to be filled-in in an economically difficult environment, but we are working hard to recoup as much as possible. However, we are hopeful of reporting better results for the current year at the back of cost control, fall in newsprint prices and tax rate cut.

As far as balance sheet is concerned we continue to strengthen the same and have reduced the debts to negligible level at group level with net cash and liquid assets worth nearly Rs.400 Crores as at the end of the second half.

We now open the floor for discussions.

Moderator: Thank you very much Sir. Ladies and gentlemen we will now begin the question and answer session. The first question is from the line of Abneesh Roy from Edelweiss. Please go ahead.

Abneesh Roy: Sir whenever advertising slowdown happens print companies are most focused on the circulation and now with newsprint price is correcting further in second half. Will you have the conscious strategy of increasing circulation so that there could be some benefit on the advertising front also?

R. K. Agarwal: Mr. Roy, our CEO will explain and throw light on this, but prior to that let me clarify in fact in these are difficult times correlation between the circulation and advertisement revenue or correlation of readership which the advertisement revenue both have got lost. In fact if one were to pay for the readership at the circulation which Jagran had probably Jagran would have had 50% more advertisement revenue than anybody else. Now I would request CEO to throw light on future aspects.

Sanjay Gupta: Agarwal Sir has really captured the essence of the industry that it is not exactly readership in circulation, it is the perception of the brand and how advertising agencies view language brands compared to vis-à-vis say English where a lower readership gets away with a much higher cost per thousand. Having said that, low pricing of newsprint is a very compelling

thought to start increasing circulation, but then as we have seen always emphasizing that our circulation growth has always focused towards markets where we see a potential of monetizing advertising very fast, so currently there are no greenfield projects in our pipeline for the next quarter, two quarters or even one or two years for that matter and we are operating at optimum circulation levels, few markets are there we operated a little below par and we may focus on those areas, but they entirely depend on the scale of monetization that we can actually foresee going forward.

Abneesh Roy: That was useful. My question was also on the cover price in the past we have seen higher increase?

Sanjay Gupta: Jagran is probably the only one of the major publishing groups which always focuses on increases cover pricing and we still maintain that there is a huge headroom in increasing cover pricing, but then as a publishing house, we may increase cover price into marginally more than the competitive, but not out price ourselves so that we lose circulation.

R. K. Agarwal: Absolutely, right and in any case let me also clarify our management is very mindful of the fact that we do not lose our market position in any of the key markets which we have not.

Abneesh Roy: In terms of advertising in your key markets what would have been the industry growth rate any idea because you would be doing that definitely to benchmark any sense what would have been the growth in each state if you can clarify?

R. K. Agarwal: Industry growth if you talk about factors no one has grown, so there is no growth forget about the print industry, talk of any other industry also, if certain giants have grown by 1% or 2% is smaller ones have degrown, so really there is a challenge as far as growth in the total advertisement pie is concerned. If you talk about digital also, forget those transitional websites, gaming sites, etc., but websites relating to the news and current affairs, they are also not growing.

Abneesh Roy: Sir Q2 GDP growth rate most likely will be lower than even the Q1 because your Q2 data numbers are already out, my question is, is your take on economy any more positive versus earlier, why I am asking this is we have seen liquidity improve, government has taken lot of steps, so will Q4 be a quarter wherein I think recovery will start for you advertising in general and it will be more FY2021?

R. K. Agarwal: Advertisement revenue growth comes with the lag. When there is a cloud overall economic growth so it is difficult to say that the growth to us would come back in Q4 or growth to media industry would come back in Q4 right, I would say safely it is 2020-2021 which we should look at.

- Abneesh Roy:** Sir last one bookkeeping question on tax outgo for this year, now the new corporate tax rate cut has come so and you have got the write offs, how much should be the tax outgo we should build in our model for FY2020?
- R. K. Agarwal:** Yes, Abneesh for Jagran it is going to be 25.17% and for MBL, it is going to be 29% they have not availed this option because they have a MAT which is to be utilized, but for Jagran there is no benefit which we are losing and therefore we have opted for that option. For the current year, our tax rate would be much lower than 25% because we had very huge amount of deferred tax liability in the beginning of the year, which is giving us a benefit of nearly Rs.30 Crores to Rs.40 Crores in the current year.
- Abneesh Roy:** We should adjust that Rs.30 Crores, Rs.40 Crores to the 25% number?
- R. K. Agarwal:** Correct.
- Abneesh Roy:** That is all from me. Thank you.
- Moderator:** Thank you Sir. We have next question from the line of Gaurav Agrawal from Bowhead Investment Advisors. Please go ahead.
- Gaurav Agrawal:** Thank you for the opportunity. Sir you mentioned some comments about the government spending on advertising, I could not get that can you please reiterate that once again, and how was the contribution from central and state and how has been so far in Q3?
- R. K. Agarwal:** What I mentioned was, state government spend was higher so that overall revenue from government had a growth of nearly 15% on Y-o-Y basis, so break up of this I am not having readily, but there is a clear degrowth spend by central government.
- Gaurav Agrawal:** If my memory serves me right, central is 40% of the government expenditure, so 20% of advertising government of which 40% is from central government?
- R. K. Agarwal:** 30% to 40% is the central yes, 40% is the central.
- Gaurav Agrawal:** Okay, got it. Sir any indication from them in Q3, in the month of October?
- R. K. Agarwal:** I have mentioned in my opening remarks, central government increasing the spend is a big question mark right, so we are all gearing ourselves to recover as much as we can from our sources of revenue which is of course difficult in the economically difficult times, but this is how we have to live in, we cannot do much and it is not only for us, it is across for all

platforms as you have seen even in case of radio everybody is crying because for them also central government was very, very significant revenue stream.

Gaurav Agrawal: My second question is pertaining to the newsprint cost, so in the Q1 concall you mentioned your next three quarters of newsprint cost estimates for consolidated, so like for Q2 you mentioned Rs.147 Crores, so what was the number of Q2 is it similar number?

R. K. Agarwal: Q2 there is a fall on Y-o-Y basis, I believe.

Gaurav Agrawal: You mentioned Rs.147 Crores in Q1 for Q2 FY2020 is pertaining to your newsprint cost on consolidated basis?

R. K. Agarwal: On consolidated basis, we mentioned...

Gaurav Agrawal: May be you can just help me with whatever the newsprint cost?

R. K. Agarwal: For the current quarter, the newsprint cost is about Rs.147 Crores.

Gaurav Agrawal: Okay and for the next two quarters for Q3, Q4 where do you see this?

R. K. Agarwal: What I expect it is going to be less by about Rs.15 Crores every quarter.

Gaurav Agrawal: Around Rs.130 Crores to Rs.132 Crores is it?

R. K. Agarwal: Yes, between Rs.130 Crores and Rs.135 Crores.

Gaurav Agrawal: One clarification, so consolidated newsprint cost for FY2019, it was around Rs.690 Crores right?

R. K. Agarwal: Yes.

Gaurav Agrawal: Okay, you will see a substantial benefit?

R. K. Agarwal: As I indicated in Q1 call, we are expecting total benefit in the range of about Rs.40 Crores to Rs.50 Crores, so this is what I am expected.

Gaurav Agrawal: But the actual benefit comes out to be much higher than that, if you see overall cost for newsprint was Rs.690 Crores and now you are indicating something like Rs.570 Crores kind of a number, so which is like Rs.110 Crores kind of a delta?

- R. K. Agarwal:** No, last year it was Rs.690 Crores, you are right and this year we have already done nearly Rs.314 Crores, so next two quarters if you say Rs.270 Crores then how much it is Rs.620 Crores approximately.
- Gaurav Agrawal:** Yes, Rs.584 Crores, Rs.314 Crores, you did in Q1 and Q2, Rs.270 Crores, you are going to do in the next two quarters, total is Rs.584 Crores?
- R. K. Agarwal:** Rs.584 Crores let us say Rs.600 Crores.
- Gaurav Agrawal:** So Rs.100 Crores kind of a benefit should come.
- R. K. Agarwal:** Rs.80 Crores to Rs.90 Crores would come, but that is not entirely because of reduction in prices which as I mentioned is going to be about Rs.50 Crores to Rs.60 Crores, Rs.25 Crores, Rs.30 Crores will come on account of slightly lower circulation also.
- Gaurav Agrawal:** If I just squeeze one more question? When you say Rs.20 Crores, Rs.30 Crores of lower circulation revenue, I think in the last two quarters we have done flattish kind of a number for circulation, so are you expecting your circulation revenues to fall steeply?
- R. K. Agarwal:** It is not fall when you have seen the flattish revenue that is already accounted for some fall in circulation we do not expect further call in circulation.
- Gaurav Agrawal:** It is maintained at Rs.103 Crores, Rs.104 Crores kind of a number?
- R. K. Agarwal:** Yes.
- Gaurav Agrawal:** Thank you so much.
- Moderator:** Thank you. We have the next question from the line of Vaibhav Bagaria from H&I Investments. Please go ahead.
- Vaibhav Bagaria:** Thanks for providing me the opportunity. In terms of central government advertising revenue you have indicated that the outlook is not quite good and the current quarter also you have not seen any revival, but I just wanted to understand it what is the reason behind the sharp slowdown? Is it fiscal deficit or is it some other changes within central government as to where the government to spend money, what is driving this slowdown, so that we can assess that when this can revive?
- R. K. Agarwal:** Clearly, we should also look at government also the way we look at any other corporate whenever there is a pressure on profit, we reduce the ad spend in the same way government

has to manage the fiscal deficit as well, so unlike in the light of falling collections if we expect that they would increase any discretionary spend probably that would be our mistake.

Sanjay Gupta:

Let me also clarify here that because we are comparing quarter to quarter to even with last year, last year this government was going into an election mode, so it was spending through the roof, so whereas now they have just formed the government and ministries are taking shape etc., etc., and there is a slowdown in economy, but the government spends are likely to pickup when anything the government wants to portray to the public, so if you see the government is still into kind of a strategy mode, where they are wanting to come up with new things and announce them slowly, so as and when the new government starts picking up public announcements and/or start on announcing public schemes, their spends are likely to go up which are likely to go up probably by next year as Agarwal Sir said that I expect government spends to start slightly increasing after probably in the next financial year not before that because the government is just about what five months old.

R. K. Agarwal:

It is very, very important point that CEO has just made, we have to understand this also very, very clearly, we had a high base because of the fact that the government was going for election.

Vaibhav Bagaria:

Fair enough. Got it and in terms of different ministries within central government any particularly ministry which is not spending or it is across the board?

R. K. Agarwal:

Across the board at the moment and whenever as Sanjay Ji mentioned, they have to make an announcement, they will start spending.

Vaibhav Bagaria:

Thank you so much. That is it from my side.

Moderator:

Thank you Sir. We have next question from the line of Yogesh Kirve from B&K Securities. Please go ahead.

Yogesh Kirve:

Thanks for the opportunity. Sorry I need a clarification again on the government spends, so 15% growth, is it in the state government spends or the overall government spends?

R. K. Agarwal:

Overall government spends. It means state government in this quarter has given much higher growth.

Yogesh Kirve:

Sir any particular reasons that we see for the buoyancy in the state government ad spends, because I do not think there were any elections or anything which are lined up during the quarter?

- R. K. Agarwal:** There are reasons in our area from operation a couple of states are in election mode.
- Yogesh Kirve:** Okay, this also indicates that are the non-government advertisements their decline was sort of higher than what we reported overall numbers decline was 4%, so what was the non-government ad spend decline if you can just confirm?
- R. K. Agarwal:** 15% when we say on the overall government spend it amounts to 3% overall growth, 2.5% to 3% growth and on overall basis, if there is a 4% or 3.75% degrowth on commercials, you can assume degrowth of about 6% to 7%.
- Yogesh Kirve:** Okay, this is helpful. Secondly in terms of the number of copies, what was the trend on Y-o-Y basis?
- R. K. Agarwal:** There was degrowth and that is a planned we growth, because we have taken increased in cover prices inline with our strategy as CEO as explained a few minutes ago.
- Yogesh Kirve:** This is possible to quantify that the amount of degrowth in copies?
- R. K. Agarwal:** As I mentioned 4% to 5%.
- Yogesh Kirve:** Sir, can you just tell us what is the absolute number of copies that we have as of now?
- R. K. Agarwal:** Let us not go in on those details for strategic reasons.
- Yogesh Kirve:** Okay, that is all from me. Thanks a lot and all the best.
- Moderator:** Thank you Sir. We have next question from the line of Rushabh Dalal from Pravin Ratilal Share and Stock Brokers. Please go ahead.
- Rushabh Dalal:** Thanks for the opportunity. I just wanted to know that your receivables as a percentage of revenue from 2016 to 2019, they have continuously increased like in 2016, it was 21.5% your receivables as a percentage of revenue which has gone up to 22% in 2017 and now it is almost close to 27%, can you just explain us to what is the reason behind it and why is there problem in managing of that cash flow?
- R. K. Agarwal:** It is concerning us also, but we have taken three years data. I will comment on that later but you will kindly appreciate the efforts, which are being made to bring it down on Y-o-Y basis. They have fallen and we are continuously working on reducing them. Now when we talk about the reasons why the debts have increased, clearly there is an increase in debt because of delayed payments by government. It is only because of government that we

debts have increased to this extent. There is no problem whatsoever as far as commercial debts are concerned. Here, I would also like to mention that because of delayed payments as per company's policy we had to provide for a first half nearly Rs. 15 Crores for bad and doubtful debts out of which, nearly Rs.10 Crores to Rs.11 Crores relates to only government debt and Rs.3 Crores to Rs.4 Crores is normal, which is not abnormal. So and very, very nicely you have taken data from 2016 because problem for all of us started since then only for the reasons which you know best.

Rushabh Dalal: Yes, I would like to just squeeze in one more question.

R. K. Agarwal: Here, you must also remember one thing whenever we are calculating percentage we tend to forget one very important thing these debts include GST element also which was not there in 2016. So and in revenue there is no GST included, therefore I would say this 21% has gone to 27%, part of it has gone up because of inclusion of GST also.

Rushabh Dalal: But Sir, how much percent of that would you now be impacted because of GST, I mean 2016 was 21.5% and now it is 27%?

R. K. Agarwal: That is what I am saying, so 5% is only total revenue, so out of entire debtor, whatever debts are outstanding if you work out 5% on that delete from the debtors and work out percentage it may be 25%.

Rushabh Dalal: Okay and if you could throw some light on the digital newspaper that you are working with, if you can give some light on it about the revenue?

R. K. Agarwal: Not only digital paper we are working on. We have complete digital offerings ranging from health to fact checking websites and with so many other news portals and I would request you to throw light on that.

Sanjay Gupta: Can you just repeat elaborate your question?

Rushabh Dalal: What percentage of revenue comes from the digital mode and how do you look the market?

R. K. Agarwal: It is of revenue we are talking then in the first half we have done nearly Rs.50 Crores of revenue from digital.

Rushabh Dalal: In the second half of the year, how much do you expect?

R. K. Agarwal: It should be more.

- Rushabh Dalal:** Thanks. That is it from my side.
- Moderator:** Thank you. We have next question from the line of Ankit Shah from White Equity. Please go ahead.
- Ankit Shah:** Thanks for taking my question. Sir my first question is on circulation numbers that are published by ABC, over the last two three years the numbers suggest that our circulation is down from 43-44 lakhs in 2017 to about 34 lakhs in 2019, Sir can you help us understanding which geography this fall has largely come from and what could be the reasons around it?
- R. K. Agarwal:** Let me correct my answer. Let me correct myself. On digital revenue, I am extremely sorry I gave the figure of Rs.50 Crores. In fact it is Rs.20 to Rs.23 Crores for group for the first half. Can you please repeat the question?
- Ankit Shah:** Sir circulation numbers I have a question on that, the numbers published by ABC suggest that our circulation is down from about 43-44 lakhs in 2017 to about 34 lakhs in 2019, Sir can you help us understanding which geography this fall has come from and what could be the reasons attributable to the same?
- R. K. Agarwal:** Figure of 43-44 lakhs whatever you are telling, I am little confused with those numbers there has never been a fall of 1 million copies. As I mentioned, we are down by just 4%-5% as compared to last year. So, I do not know this 43-44 lakhs is what. I guess, if you are talking about the group circulation, it includes many brands, for example it is Dainik Jagran then there is a variant called Dainik Jagran INEXT, number three is Nai Dunia, number four is Punjabi Jagran and then number five is Midday English and then Inqalab and then Midday Gujrathi, so all these brands are there, all put together we are way above 4 million copies even now.
- Ankit Shah:** In your understanding even over last two years, our circulation cut has not been more than 10%-12%.
- R. K. Agarwal:** I never said that even 10%. As far as mother brand is concerned, our circulation may have dropped by say in two years 5%-6%, 3%-4% the percent of which has fallen in the current year and 5% to 6% may be in two years. The fall has been a strategic call in the light of increased newspaper cost and pressure on advertisement revenue as CEO has elaborated in the beginning.
- Ankit Shah:** Slightly again on the cover price hike, in Bihar market has not been able to take any cover price hike or if not, is there are roadmap on that?

- R. K. Agarwal:** No, not yet. It all depends on the new entrant, we are very keen to take the increase in cover price hike and as we have taken also in certain areas, but we have not been able to take it to the desired extent.
- Ankit Shah:** Sir, the last one is on the cash position, post the acquisition of RBNL, can you help us better understand the trajectory over the next one or two years on the cash payment and how do we plan to manage the balance sheet?
- R. K. Agarwal:** As far as Jagran is concerned, there is no problem in managing the balance sheet even post RBNL because we already have nearly Rs.600 Crores of cash as of today and net of debt we have over Rs.400 Crores.
- Ankit Shah:** Considering that, are we going to part fund the acquisition and from that perspective wanted to understand more on cash on the books piece, are we going to use this up or we are going to leave it on the books and what is the plan around that?
- R. K. Agarwal:** We are very clear as far as distribution to the share holders are concerned, we are not going to compromise on that number one. Whatever is the surplus cash left with MBL out of the IPO money plus whatever is the accumulation on account of depreciation over the past three to four years that is what we will utilize for acquisition of RBNL and rest will be represented by the debt in the books of RBNL which will be carried forward. Our RBNL is self sufficient to serve that debt. They need some assistance from MBL but that assistance there also will not be granted beyond be amount of depreciation because that is the money which you cannot distribute any case to the shareholder.
- Ankit Shah:** Okay alright that is it from my side.
- Moderator:** Thank you Sir. We have next question from the line of Mohit Khanna from Future Generali India Life Insurance. Please go ahead.
- Mohit Khanna:** My question is related to cash returned to shareholders and what is your plan for share buyback considering the share prices come off so much in the recent few months?
- R. K. Agarwal:** Yes. It is a good opportunity to do the buyback.
- Mohit Khanna:** Any plans or is there board resolution coming up in the upcoming meeting?
- R. K. Agarwal:** At the moment it will be premature to talk about it but yes it is very much possible and doable.

Mohit Khanna: Because you are sitting on approximately Rs.750 Crores plus cash on the book and with net cash is also?

R. K. Agarwal: We cannot be spending on the entire cash on buyback because there are limitations up to which you can buy. Of course it will also depend on promoters whether they would not like to dilute at this stage or they would like to increase this at this stage. This is something which need to be discussed in promoters so we are very clear as I mentioned Jagran has been making aggressive distribution to the shareholders and Jagran will continue to do that so long as it not needed in business and CEO has just mentioned we do not have any green plan for any Greenfield project so we can expect the aggressive distribution by Jagran to continue.

Mohit Khanna: Sir my second question relates to the receivable when you mentioned that because of the receivables get dated you write it off?

R. K. Agarwal: No we make provisions, we do not write off till our last breath.

Mohit Khanna: So you make provision so can you please share experience as how have you recovered some money made provisions by 2018-2019?

R. K. Agarwal: Recovery in 2018-2019, I think that may not be appropriate question because given the fact that the money is held up with the government from then 2018-2019, 2019-2020 there was no difference as the tax collections are not coming their budget are as it is string so I mean they were in no better position in 2019-2020 to clear 2018-2019 debts so it continues to be under followup, not that we have not recovered some amount and at the same time we have not recovered any significant amount for the simple reason why it got provided for.

Mohit Khanna: Thank you Sir.

Moderator: Thank you Sir. We have the next question from the line of Sneha Jain from SKS Capital. Please go ahead.

Sneha Jain: Thank you for the opportunity Sir. Since my questions most have been asked I wanted to ask a macro question as in currently due to the slowdown in everything the real estate and auto have been pushing a lot for advertisement, what you have comment about that like how is the advertisements are going on guidelines?

R. K. Agarwal: Real estate is not advertising.

Sneha Jain: Auto?

- R. K. Agarwal:** Auto as I mentioned in my remarks in Q1 we had degrowth of 30%, which went down 2.5% in Q2 but me let you auto industry is not yet out of the trouble so the trend what we witnessed in Q2 may not sustain in the next six months.
- Sneha Jain:** Thank you. That is from my side.
- Moderator:** Thank you. We have the next question from the line of Sarvesh Gupta from Maximal Capital. Please go ahead.
- Sarvesh Gupta:** Good afternoon Sir. Sir first question I was going to the India readership survey so that have done it for 2019 Q1 and 2019 Q2 and in their data they have mentioned 10% decline for Dainik Jagran from Q1 to Q2 while the same for Hindustan has been 15% decline and Bhaskar and Amar Ujala has basically been at the same levels so if you can comment on that what do you make sense of this state order that they have given?
- R. K. Agarwal:** It makes sense we have not disputing those data at all. As we have mentioned in the beginning we focus our circulation readership market position in the key markets so if someone has pushed this circulation in irrelevant markets or markets which are not mattering for revenue, we do not chase that, number one. Number two you must not forget Bhaskar entered into Bihar only in second half of the last year so reflection of the new circulation takes time, which has got reflected in Q2. Number three is now Jagran variant which is Dainik Jagran INEXT, there you would see a very huge jump in readership, so now MRUC has further streamlined and started capturing the variant readership separately and more accurately that is what would answer your question.
- Sarvesh Gupta:** Understood Sir. Thank you and Sir for the balance sheet right now you said Rs.600 Crores is the group cash and against that we have Rs.200 Crores group debt that includes both short-term?
- R. K. Agarwal:** It should be less than Rs. 200 Crores. I broadly said may be Rs.550 Crores, Rs.600 Crores and debt is about I think Rs.150 Crores for the group.
- Sarvesh Gupta:** For the group and if we exclude the radio business just for the print business how much?
- R. K. Agarwal:** To print business there is no debt whatsoever except for Rs.50 Crores, Rs.60 Crores and we have a cash of about Rs.250 Crores, Rs.300 Crores.
- Sarvesh Gupta:** Okay Sir. Sir any plans on distribution till the end of this financial year?

- R. K. Agarwal:** What do I say? I mean like I am not authorized to comment upon this till we go to the board that is it, but yes we are more than keen.
- Sarvesh Gupta:** Understood Sir. Thanks a lot Sir and I think even in the moment you have been able to deliver decent result as far as advertising growth is concerned Sir so that is from my end?
- Moderator:** Thank you Sir. We have the next question from the line of Gaurav Agrawal from Bowhead Investment Advisors. Please go ahead.
- Gaurav Agrawal:** Just few clarification you mentioned that state government has done very well for you so are those numbers still true for Q3 to the continue to make good expenditure on the advertising even Q3?
- R. K. Agarwal:** In Q3 also.
- Gaurav Agrawal:** Okay in Q3 at least on that front on the government side of equation we may not have to post any degrowth?
- R. K. Agarwal:** That I cannot comment because as I mentioned earlier Q2 benefited from couple of state elections also right so in Q3 also one of our states is going for election and in Q4 also one of these states is going for election so ideally speaking I should not expect any further degrowth in overall government is spend for the year.
- Gaurav Agrawal:** How about the non-government expenditure you can just your feeling to take how you are seeing this Q3 or Q4 even when you are overall advertising expectation?
- R. K. Agarwal:** If we do not talk I need degrowth we would be more than happy but Q4 will have a challenge last year Q4 had some election benefit which will be missing this year.
- Gaurav Agrawal:** Sir just last question other revenue which includes outdoor events business it has declined by 20% Y-o-Y or Rs.8 Crores decline not in the overall schemes of things it was small number?
- R. K. Agarwal:** No let me explain about it to you.
- Gaurav Agrawal:** Actually it is Bengaluru based thing and you have excelled.
- R. K. Agarwal:** Let me come back to that. Let me explained you it has got two components, one is outdoor and another is event in case of event we had already budgeted 40% less revenue this year because we wanted to focus on profitability and which is what we have achieved there is a

complete turnaround in event right and as against loss we had a profit this year that is one so that is deliberate right out of age group at least Rs.3 Crores, Rs.4 Crores as come on account of that balance Rs.4 Crores to Rs.5 Crores has come for the reason as you just mentioned that is Bengaluru it is banned, but we are pretty hopeful that we recover this in next six months in fact October has gone very well for outdoor.

- Gaurav Agrawal:** Okay so it is Rs.45 Crores kind of figure is it achievable for Q3, Q4 or it will be lower as you mentioned about the event business, which is like 2.5% of revenue?
- R. K. Agarwal:** Which Rs.45 Crores you said?
- Gaurav Agrawal:** This Rs.45 Crores of quarterly runrate which we do for these overall category, other?
- R. K. Agarwal:** No it is other as far as other is concerned that has three component one is outdoor, another is event third is job work these are three major ones and that is what gives me a revenue of about Rs.37 Crores in Q2.
- Gaurav Agrawal:** Sir I am asking about similar number expectation for Q3, Q4 is it like Rs. 35 Crores, Rs. 37 Crores is a new normal or is it just?
- R. K. Agarwal:** I expect Q3 at least as it is unlike it has not evenly distributed always Q3, Q4 are better number so I expect at least in these two quarters Rs.80 Crores, in these two quarters we will do in outdoor and event about Rs.80 Crores.
- Jimmy Oza:** Yes sir, near about that number.
- Gaurav Agrawal:** Got it Sir that is more than enough.
- R. K. Agarwal:** Job work is included. Outdoor, events plus job work.
- Gaurav Agrawal:** Thank you Sir and all the best.
- Moderator:** Thank you Sir. We have the next question from the line of Bhaskar from Entrust Family Office. Please go ahead.
- Bhaskar:** I mean in your experience have you seen slowdown this protracted kind of slowdown in the print media before?
- R. K. Agarwal:** In 15 years time in industry I have not and our CEO should tell you.

Bhaskar: So that Mr. Agarwal actually leads us to the next question that I mean is this a more structural thing that we are witnessing rather than something?

R. K. Agarwal: I was expecting this. No structural thing is happening because it is not happening to print only. It is happening to everything, whichever discretionary spend factor you talk about it is happening to that. Forget discretionary spend, after the kind of FMCG growth and volumes you are seeing at least in India you never expected. In a country where you still have a 60%-70% people who do not consume many of the basic thing and if you have FMCG volume growing by just 3% to 4% or 5% is a pain, which nobody would have accepted so there is no structural change as such if there is a structural change it is structural change in the economy.

Bhaskar: But Mr. Agarwal you mentioned FMCG, FMCG companies are reporting low volume growth here but significant ad expense reduction has not been reported and even on the electronic media side again the ad revenue growths have come down but they have not dipped into the negative territory?

R. K. Agarwal: Have you looked at some results very recently which are come out. Just look at Zee News they have reported a de-growth of 17%, NDTV they have reported degrowth. These channels, which you are referring too, they have benefitted from World Cups and Crorepati and there also I mean they cannot be any bigger network than Zee, forget about the Star because we do not know the figure, which is available in public, in Zee what kind of growth they reported that is very, very low single digit growth.

Bhaskar: That is right. That is point that I mean growth rates have definitely come of substantially but the movement seems to be more in the print media.

R. K. Agarwal: That is what I am repeatedly saying. If there are 10 electronic players who are reporting 15% to 20% degrowth and two are reporting 2% growth what does that mean? It means the overall electronic industry has gone down so what we have reported is just...

Bhaskar: So the point I mean you are not seeing any decrease in wallet share of the advertiser, is that fair assumption?

R. K. Agarwal: I am coming to that please bear with me actually this kind of thinking only has done a great damage. Please bear with me. I am explaining you everything I will give you at least 10 evidences to remove your doubts. First of all let me explain that point. If in the electronic industry 10 players have degrown and one player has grown, it is not a growth, in the same way if we have reported 4% degrowth in advertisement revenue and peer has reported 12% degrowth right what does that mean? So I mean 2% growth in neither attractive nor 3%, 4%

degrowth is that disappointing in this environment because both remain to be whether it is electronic media or it remains newspaper everywhere advertisement spend is discretionary so you tell me if you were an advertiser and if you have to spend Re.1 and you want reach where you would spend it first? You would spend first in electronic media because of higher reach, but we have to push really sale you would spend with print as well with the radio as well. This is why when the auto industry was not advertising we had a degrowth of 30% in Q1, now was the advertising in Q2, we had much better retail sale, which is where they went wrong so they continue to advertise on those Zee channels, but they did not have any impact on sales once you have started advertising with the newspaper and leaders like Jagran, they had much better sales in festive season. Maruti for the first time have reported you know 8% growth, number of vehicle sold. Number two others also have reported low degrowth number one and number two you said the volumes may have increased by only 4% to 5% in case of FMCG that is a huge concern for India. The reason is as I mentioned 60%, 70% of the population do not consume basis how come though basic items volume growth is 4%, 5%. Number three is you are asking about advertisers connecting the wallet yes they have cut down, national advertisers are not going well for the simple reasons but they have pressure on their bottomline when they are not able to sell, how will they spend on us number one. Number four if you talk about what the champion does, champion does, looking for other sources, which are Jagran is. Jagran added 2,500 new advertisers where they have come from. We have to work extra hard we cannot fill the vacuum. If central government would have spend last year we would have reported growth. It is not commercial advertising which is concerning as much. Yes it is degrowing but then if it has degrown we could have recovered it if central government had spent. Wherever there is degrowth in the commercial advertising those we clearly see are picking up. Let me also add when I am talking about addition of 2500 new advertisers to our advertiser base do you know if there are about 2 lakhs advertisers for the print, Jagran has 30000 advertisers. In the past three years we have added nearly 3000 to 3500 advertisers in these difficult times only when the growth was muted or there was degrowth so currently they will be spending more amount but going forward they are the ones who will spend more and it is good that if the local pies which used to be 60% now also it is 62% to 63% if it goes up to 80% that is still better. So there is no structural change. Let us not had any confusion on that, we talk about digital growth for the news and current affairs, online website who has grown, nobody has grown. We were only the exceptions that we have been growing for the past two to three years whereas some others having falling revenues but this time we have also stagnant revenue for Q2 and H1. H1 we have some growth, but Q2 we have stagnant revenue.

Bhaskar:

Mr. Agarwal when things turnaround hopefully in a couple of quarters where do you see your growth trend reverting back to will it be 2008 to 2013 kind of period?

- R. K. Agarwal:** Of course not, I would not sound that optimistic which has not be realistic we of course expect 7% to 8% growth year-on-year for the next five years very comfortably and 7% to 8% growth for me is good enough to report every year 15% growth in net profit.
- Bhaskar:** Thanks.
- Moderator:** Thank you Sir. We have next question from the line of Anita Singh from Inventus Capital. Please go ahead.
- Anita Singh:** Sir my question was in the circulation decline that you said 5% to 6% over the last two years are there any particular geography which are seeing a sharp decline or is it?
- R. K. Agarwal:** There is no territory where there is anything like sharp decline. It is strategic reduction in the circulation, I would not term it decline because we took increase in the cover prices so as I mentioned earlier also management has not compromised with the market position. As you may have seen somebody pointed out IRS Q2 data again Jagran came at the top and Jagran is at the top since 2003 without break. It was holding the readership position for 16 years speaks volumes of the quality, which Jagran is supplying.
- Anita Singh:** Okay Sir so the cover price increased was taking in which market?
- R. K. Agarwal:** Cover price increase as CEO said we keep pushing wherever it is possible. There is no particular area we have more than 300 editions and sub-editions put together so may be that in three sub-editions we get opportunity we immediately increase the cover price, may be that we increase the cover prices and whole of the edition so there is no set rule and be opportunistic about it. We always endeavor to convince our competitors also because till date newspaper is not getting the price it deserves despite the fact that it is the only thing which is the original creator of the content and everybody picks it up from us.
- Anita Singh:** One last question has you imported to local shares of newsprint buying changed or it remains that 25:75?
- R. K. Agarwal:** We have changed and it is because imported is slightly cheaper now.
- Anita Singh:** Okay so what would be the share currently for Q2?
- R. K. Agarwal:** 50:50.
- Anita Singh:** Okay and you expect that would be maintained for the second half of the year?

- R. K. Agarwal:** In fact in the first half it less than 50 but for the year it will be 50 which means in the second we will consume little more.
- Anita Singh:** Okay Sir so you would be seeing some impact of the customs duty on newsprint in your call?
- R. K. Agarwal:** I think it will be prudent to consume imported because it will add quality also.
- Anita Singh:** Thank you.
- Moderator:** Thank you. We have next question from the line of Depesh Kashyap from Equirius Securities. Please go ahead.
- Depesh Kashyap:** Thank you. Sir just one question you already mentioned the newsprint saying you will make in the second half so can you just tell us what the rates that are going on are and what is the outlook for FY2021 please?
- R. K. Agarwal:** Current rates have gone down very, very sharply, which are not sustainable. Let us try to enjoy those lower rates maximum for a year or so again it will start rising let us hope by the time they start rising advertisement revenue growth comes back and which is what we believe.
- Depesh Kashyap:** Can you give ballpark figure like it is around 37000 or something like that current price and how is it?
- R. K. Agarwal:** It should be around that only.
- Depesh Kashyap:** Next year it should revise again because it is?
- R. K. Agarwal:** It will remain there only.
- Depesh Kashyap:** Thank you.
- Moderator:** Thank you. Ladies and gentlemen that was the last question I now hand the conference over to Mr. R.K. Agarwal for closing comments. Sir Over to you!
- R. K. Agarwal:** Thank you everyone.
- Moderator:** Thank you very much Sir. Ladies and gentlemen on behalf of Jagran Prakashan Limited that concludes this conference call. Thank you for joining with us. You may now disconnect your lines.