



**INVESTORS/  
ANALYSTS**  
conference call

**2012**  
28 MAY



Jagran Prakashan  
Q4FY12 Results Conference Call  
May 28, 2012

Moderator ☞

Ladies and gentlemen good day and welcome to the Jagran Prakashan Q4 FY' 12 Earnings Conference Call hosted by ICICI Securities. As a reminder all participant lines will be in the listen-only mode and there will an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during this conference call please signal an operator by pressing "\*" followed by "0" on your touchtone telephone. Please note that this conference is being recorded. I would now like to have the conference over to Mr. Vikash Mantri from ICICI Securities. Thank you and over to you Sir.

Vikash Mantri ☞

Good morning every body. We at ICICI Securities are pleased to host the Q4 FY'12 Quarter ending and FY'12 Year ending conference call. From the management we have the CEO, Mr. Sanjay Gupta, Mr. Shailesh Gupta, Director Marketing and Mr. R K Aggarwal, CFO to present for the company. Over to you for initial remarks.

R K Aggarwal ☞

Dear friends welcome to the conference call of JPL.

We are fully aware that the results might not be something which you would have liked but at the same time I am sure you all must have noticed that the company recorded decent growth in revenue from almost all streams against all odds. That way the company had a good year which ultimately or eventually culminated into an eventful year with the acquisition of Suvi Info which is 100% holding company of Nai Dunia.

In continuation of Q3, in Q4 as well advertisement revenue grew by nearly 11.5%; this growth and the growth of 15% recorded by the company in Q3 were highest amongst all of our peers of comparable size. In spite of above there is a dip in profit but the dip would not have been as sharp as it is noticed if we had capitalized exchange fluctuation loss of Rs.16 Crores approximately relating to long-term liabilities which are payable over next 5 years in installments. In fact, many others opted for this option but your company being conservative chose to reduce profit. It implies that our PAT would have been over Rs.190 Crores approximately as against reported PAT of Rs.180 Crores in standalone profit and loss account. You all are aware that the most adverse features of the year were instable macroeconomic environment and high newsprint cost. High newsprint cost alone reduced operating profits by Rs.55 Crores as on an average there was an increase in newsprint prices by nearly 18% over the previous year. These of course were uncontrollable factors and every player suffered on account of that.

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However, cost was kept under check and we saved newsprint waste and unsold copies remarkably but inflationary pressure and intensity of the competition did not help much in this direction.

The profit has come down but you are requested to view it taking into consideration above abnormal and uncontrollable external factors as well as company's investment in Punjabi Jagran for sustainable high growth in future. The reported profit is net of loss of Rs.12 Crores from Punjabi Jagran that was launched in middle of the year and has been very well accepted by the readers.

As far as operating performance is concerned, the company continued to hold its numero-uno position in industry in terms of readership. Mid-Day English and Mid-Day Gujarathi has continued to add readers. I-next had some fall in readership but let us not worry as it happened due to exercising a strict control over copies slipping to undesired territory i.e. up country market. Dainik Jagran's too grew its readership by more than 2% in spite of expansion by Hindustan in UP.

Given the economic environment resulting in slower than expected monetization of increased circulation in past two years expansion of circulation of Dainik Jagran is planned to be phased over a long period of time.

Per copy realization, I am happy to say, improved in the quarter and shall further improve in the next year due to increase in cover price being planned in certain pockets along with the competitors.

Acquisition of 100% holding company of publisher of Nai Dunia is strategically very important as it gives the company entry into Madhya Pradesh and Chhattisgarh markets which are growing at decent pace and have lot of potential to be exploited. It almost completes our bouquet for Hindi market and opens avenues for high growth in long term. As you may all know, Nai Dunia in spite of Patrika's aggressive expansion continues to be No. 2 player in Madhya Pradesh and Chhattisgarh with over 2 million readers. We have plans to invest in Nai Dunia to make it a strong number 2 in these markets but entire funding required will come from disposal /realization of certain surplus assets and tax asset which were incidental to the acquisition. These assets have been already identified and we are in the process of disposing them off and when I say surplus assets these surplus assets are sitting in Nai Dunia. I am not talking about surplus assets which Jagran carries in its balance sheet.

We remain, however, cautious given worsening macroeconomic conditions but are reasonably confident to give improved performance in terms of profits even during phase of our investment in newly acquired brands. Keeping in view the market conditions, we have initiated rationalization of certain costs without compromising on quality or efficiency which will help in overcoming difficult times.

The company's balance sheet remains healthy even if there is an increase in long term borrowing as a result of fresh loans taken and accounting for exchange fluctuation loss.

Let me also set at rest the concerns which some of you may be having after seeing the published results, long term borrowings or rather the total borrowings you might have noticed have increased sharply during 2011-2012 but post 2011-2012 major portion of long term borrowings has been settled and now if you look at our net debt position it is nearly Rs.90 Crores, excluding that Rs.95 Crores which we drew from holding company on long-term basis. As far as other verticals are concerned Jagran Solution has performed incredibly and has contributed significantly to the bottomline. In fact outdoor had a very challenging year but still it could maintain its profits and both put together have contributed profit before tax of Rs.10 Crores.



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With these remarks I request you to proceed with your questions.

Moderator 

Thank you. We have the first question from the line of Abneesh Roy from Edelweiss. Please go ahead.

Abneesh Roy 

Thanks for the opportunity. My first question is slightly long-term in nature and strategic. You have got the Mainline Hindi News paper which is still seeing very good growth and throwing lot of cash and on the other hand we have got some of the other businesses which are being acquired recently or are in investment phase like Mid-Day, Citi Plus, I-Next, Punjabi Jagran, Nai Dunia etc., so my question is on this segment of the business what is the profit expectation in the next two three years. I am not asking for any guidance and any revenue target you have Mid-Day we have completed now sometime post the acquisition so what is the revenue growth and the profits you are expecting for two to three years timeframe?

R K Aggarwal 

let me say that I-Next, Citi Plus which you mentioned definitely had some losses but they are very insignificant In fact both these brands have not had any pressure on our funds position so continuing with this I do not think both of these brands will need any further investments in the current year irrespective of howsoever bad economic environment may be.

"I-Next" had a meager loss of about a Crore of Rupee which was essentially on account of increased newsprint cost and we have already taken steps to not only increase the revenues which in past two months has shown a very good traction and in fact "I-Next" revenue has been growing at exceeding 25% in April and May. Similarly "Citi Plus" is also recording a very good growth in revenues. That also exceeds 25%. Apart from that in case of "I-Next" looking at increased newsprint cost, we have cut down on page levels from the last quarter of the year the full impact of which you will see in the next year. So we are pretty confident that "I-Next" and "Citi Plus" instead would contribute in the current year instead of needing any funding from us. As far as outdoor and events are concerned they have already become self dependent. Outdoor has not required any investment from us for past two years for existing business and in fact they have added a few more properties out of their own accruals or out of quicker realization of debtors or releasing the working capital. Definitely we invested some amount in last year but it was for acquisition of a new opportunity and after the acquisition of that opportunity I do not believe that we have any investment plan for the current year or next year because that opportunity

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in itself is a very huge one and if it is properly exploited our outdoor business will remain engaged with that for next couple of years. So this is about the verticals, yes in digital we have been investing and we have been investing cautiously. We have invested in the current year also about Rs.3 to 4 Crores and this is what would remain the target for the current year as well. So as far as verticals are concerned they do not need any investment. Yes, Punjabi Jagran would need investment but not to the extent I believe what we have done in 2011-2012 because 2011-2012 had some initial launch expenses as well which will not be repeated in the current year. So it would need some investment but not to the extent of Rs.12 Crores what we did in 2011-2012. That is what we believe and that is what our plan is, so as far as Jagran is concerned in fact in Jagran you do not need much of investment.

Now coming to Mid-Day and Nai Dunia definitely as I mentioned in the opening remarks we would be investing, but we are very clear that investment in Nai Dunia would come from its own resources. So it will not have any strain on company's fund position. As far as Mid-Day is concerned yes it would need some investment but that is not going to be so much that it exhausts/strains your resources or materially affects your operating results.

Abneesh Roy 

Sir two follow up on this, one is I-Next you said you are seeing very good advertising growth of 20%-25% and so is that sustainable and secondly you said pagination levels have been cut and you said in the opening remarks some fall in circulation also has been done in I-Next so wanted to understand how by cutting the pagination levels and cutting circulation on the other hand we are also managing 20%-25% growth so is that sustainable?

R K Aggarwal 

That is very much sustainable if you can sustain these months. Number two is as far as dropping circulation is concerned we have cut down on circulation wherever it was required. In fact this brand is not meant for up country market as I mentioned in the opening remarks and those copies consciously have been stopped and this of course has been going on for past one year or so then only we have been able to do that. But overall circulation increase in I-Next is there. That is to the extent of 22% in the year 2011-2012. So I mean cutting down the circulation was not with a view to making profit or turning it around. Cutting down circulation was essentially for the purpose of focusing on the target audience and there we have increased the circulation by 22% in the year of 2011-2012 and this year also circulation would increase but not to that extent. As far as cutting down pages is concerned, still I-Next is operating on a very low ad ratio and they are still having at least 20% more inventory available for advertisement. That is why we cut it down and this cutting down the pages did not have any impact whatsoever on the circulation.

Abneesh Roy 

My second and last question is on the Main-Line Hindi Newspaper itself we are growing faster and the peers now for almost two quarters so if you could give a small colour in terms of corporate versus retail what is the growth and how are you seeing FY'13 in terms of growth for the Main Line Hindi Newspaper?

R K Aggarwal 

Unlike others, we registered a very robust growth in national advertising because of innovation and because of innovative offerings of JPL. It is not that local did not grow. It also grew but national grew in past six months faster than the local.



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Shailesh Gupta 

As far as the projection of 2013 is concerned so far it looks good. I know the time is a tough but we are trying our best and we are doing some further innovation this year We will have to do something different, we just cannot be sitting and hand in hand saying that market is slow hence we cannot grow so we are doing certain things and we are trying to plug in as many holes as we can so that our growth is good enough.

R K Aggarwal 

Let me also add here Nai Dunia is also going to have some positive rub-off effect on Jagran advertisement as well.

Shailesh Gupta 

yes Nai Dunia is an extremely positive rub-off for Jagran and the acceptability of Nai Dunia in those markets should bring in additional revenues for Jagran.

R K Aggarwal 

In fact, we have taken up their marketing at national level only from April 15 and we are happy to report that. In past 1.5 months whatever we have done is something which they did say in three months time.

Abneesh Roy 

Sir what is the split retail versus corporate?

R K Aggarwal 

Local is 57% and 43% is National. Last year it was 56% and 44%.

Abneesh Roy 

Sir one last one it on the innovation is it possible to share one or two innovation for targeting corporate ads which you have done?

R K Aggarwal 

There are too many. In fact past six months have been full of innovation and there are too many. Therefore, very difficult to share. I mean like those innovations included presentation of advertisement or publication of advertisement in the newspaper and also in terms of offerings. It doesn't mean that we discounted our rates but it was so beautifully done that advertiser was satisfied. We were satisfied.

Abneesh Roy 

Thanks and all the best.

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Moderator 

Thank you. The next question is from the line of Bharati Gupta from Sushil Finance. Please go ahead.

Bharati Gupta 

Thank you for taking my question. I have the question on newsprint cost. You said that we had an impact of 55 Crores during the quarter?

R K Aggarwal 

No not in the quarter for whole of the year.

Bharati Gupta 

Okay that is for the whole of the year then how much was it during the quarter?

R K Aggarwal 

During the quarter, Madam I do not have that figure readily available but it should be in the range of about Rs.11 Crores.

Bharati Gupta 

Okay sir if you also can just give us how much was this product impact on the newsprint cost?

R K Aggarwal 

I have not separated that. Whatever we have booked to exchange fluctuation loss is Rs.20 Crores during whole of the year out of that about Rs.16 Crores relates to long-term liability. So Rs.3 Crores is the exchange fluctuation loss relating to the newsprint but you must bear in mind that this exchange fluctuation loss relates to the period from the date of landing of material to the date of payment but whatever exchange loss has taken place up to the date of landing that is something which gets factored in the prices only and that I have not separated, but on an overall basis let me assure you even in the worst circumstances we could keep our average rate per KG of newsprint well under budget.

Bharati Gupta 

What is the current average rate has been newsprint that is going on?

R K Aggarwal 

That is slightly less than what it was. In fact for the year of 2011-2012 it was about Rs.31 and currently it could be Rs 30.50. We expect newsprint prices to remain stabilized or rather fall by a couple of percentage but then if dollar does not behave itself that 2% -3% advantage might get wiped off.

Bharati Gupta 

So how much of the newsprint are we totally importing?

R K Aggarwal 

Our consumption was 25% last year rather 23.38% last year and in case it does not remain within our limits we may consider dropping it further. In case we are not able to do that then we will not do that, but we have enough flexibility given the circulation mix where we can save imported newsprint in case of up country circulation even if we decide to compromise on imported consumption It will not affect our circulation.

Bharati Gupta 

So to what extent can they go for in reducing?



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R K Aggarwal 

That is theoretical, currently that is theoretical because 25% as it is not that big an amount. If I am consuming Rs.380 Crores material out of that it is Rs. 80-90 Crores and at most impact could be Rs.5, Rs.6, Rs.7Crores even if we do not reduce.

Bharati Gupta 

Sir could you please give us the consumption of the newsprint is that possible?

R K Aggarwal 

It was about 1.25 lakhs tons per annum.

Bharati Gupta 

Sir we have launched the Punjabi Jagran this quarter so any other new?

R K Aggarwal 

Not in this quarter in the middle of the year that is some time in the month of June.

Bharati Gupta 

So post that are we planning in the current financial year are we planning to go ahead with any new launches or we will be consolidating a position?

R K Aggarwal 

Our CEO will respond to that.

Sanjay Gupta 

We are not having any new launches and we will be consolidating the position of our existence ones.

Bharati Gupta 

Sir you just said that we have increased our national ad revenue growth much ahead as compared to competitors basically because of innovations and offering so could you please guide us to what kind of innovations as we have been working on?

Sanjay Gupta 

You are repeating the question Madam it was already answered.

Bharati Gupta 

Sorry I just missed I did not.

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R K Aggarwal 

Madam we innovated in terms of presentation of advertisement we innovated in terms of offerings that is all we can say.

Bharati Gupta 

No details can be provided further. Thank you. That is it from my side.

Moderator 

Thank you. The next question is from the line of Nitin Mohta from Macquarie. Please go ahead.

Nitin Mohta 

Thanks for the opportunity. Sir I just had one quick question on the balance sheet side, obviously in your opening remark you mentioned that investments are Nai Dunia would come from their own surplus assets should we consider that in that case the dividend policy would remain unchanged in terms of was there any discussion at the board level in terms of trimming dividend given how the competition is?

R K Aggarwal 

No question of trimming dividend because as I said your company that way is still very well funded and we have already proposed dividend of Rs.3.50. That will show our confidence that there is no need we have to compromise on dividend payout.

Nitin Mohta 

Secondly your release obviously talks about it is difficult to predict how things are in future, but at the local advertising level if you can share some trends or different sectors how they are behaving which sectors are you seeing more pain vis-à-vis which are the one which are more resilient and you are hopeful that they will do well in fiscal 2013?

R K Aggarwal 

The fact of the matter is even in 2011-2012 there was no sector at local level which showed any pains as such but definitely there was slowdown in their growth and that is something which is not predictable as of now but having shared with you the performance of I-Next, which is essentially a local advertisement driven newspaper you can very well understand at local levels things are not as bad.

Nitin Mohta 

Thanks sir and all the best.

Moderator 

Thank you. The next question is from the line of Shobhit Khare from Motilal Oswal. Please go ahead.

Shobhit Khare 

Good morning Sir. Thanks a lot for the opportunity. Just wanted to check on the quarter over quarter decline in raw material cost so what is basically is it more about lower pagination or even?

R K Aggarwal 

Q3 was very good for us in terms of advertisement revenue. There has been registered a growth of 15% therefore the page levels were higher but in the current quarter the advertisement revenue was lower and therefore we did not have to carry so many pages.



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Shobhit Khare 

Sir would you say you had some gains because of the UP elections in fourth quarter?

R K Aggarwal 

No we did not have. If you are talking about Q4 alone, yes we also had some gains but if you are talking about full year we lost. If we had government revenue last year of X amount this year including election we had X minus, but for Q4 there were some gains there is no doubt about it.

Shobhit Khare: Then basically if you look at the ad growth outlook so would FY'13 be on a runrate basis go to single digits?

R K Aggarwal 

More than single digit. We are not English paper as yet.

Shobhit Khare: Sir on your forex given that rupee has further moved in the current quarter could you just guide us based on whatever what is your forex loan exposure and what could be mark-to-market rated current rupee level of 55.5?

R K Aggarwal 

55.5 if it continues to be at that level even on June 30, than in that case I will have a hit of about 4 to 5 Crores and net of tax 3 Crores.

Shobhit Khare 

Thanks a lot.

Moderator 

Thank you. The next question is form the line of Siddharth Goenka from JM Financial. Please go ahead.

Siddharth Goenka 

Good morning and thanks for the opportunity. Sir would like to know out of the 11% growth how much has been the volume and yield improvement?

R K Aggarwal 

How much is the yield and how much is the volume contribution? Volume contribution is in the range of about 6-7% and rest is the yield improvement.

Siddharth Goenka 

So this yield improvement is primarily coming from when have we taken this kind of a yield improvement?

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R K Aggarwal 

In our case, Siddharth, as you know well in fact our yield gets automatically improved once we start selling more and more sub additions of ours, not necessary that we have to increase our rates we took the hike in rates in March last that is what is our usual practice but this yield improvement has come on account of optimum utilization of ad inventory instead of taking advantage of rate hike.

Siddharth Goenka 

Also up country expansion has contributed to some kind of yield improvement? Up country what we have been doing that has also contributed?

R K Aggarwal 

Yes that is a contributory in this. That is what I meant by optimum utilization that is what would remain the focus at least for the current year as well.

Siddharth Goenka 

How many months of inventory are we carrying on the newsprint front?

R K Aggarwal 

Currently as of Mach 31, I believe I think it was a couple of month's inventory only.

Siddharth Goenka 

At this point of time?

R K Aggarwal 

At this point of time Siddharth actually I do not have readily available figure, but I believe it should be more or less same.

Siddharth Goenka 

You can share as your CapEx plans going forward?

R K Aggarwal 

Yes, CapEx plans this time is not much. We have CapEx plan of about 60 to 65 Crores which has been approved by the board as against 120 Crores odd which we did last year. Siddharth, here one thing very important which I must share with you in case of Jagran. As you know, we have written down value method of depreciation and if we make addition up to the value of depreciation which was there last year there will not be any incremental depreciation and in fact there will be some fall.

Siddharth Goenka 

Sir this one last question on the newsprint consumption front you mentioned there it was at 125000 tonnes for FY' 12, which is the YOY growth of around 10%, so going forward given that obviously we will expanding from country but there has been lot expansions done in FY'12 so what kind of consumption can we expect in FY'13?

R K Aggarwal 

In 2011-12 we have planned to do our circulation growth. That is as per our five year plan which we had finalized year before last. So this is the third year and in the third year we have planned not an increase to the extent of 9% or so what we recorded in the last year. So this year I mean consumption in quantity should not be not be more than you 7% or 7.5%.



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Siddharth Goenka 

So that will probably you will be ending with 130000?

R K Aggarwal 

130000, Amit is correcting me, because that is what the figure is.

Siddharth Goenka 

That it is from my end. I will come back if I have more queries. Thank you.

Moderator 

Thank you. The next question is from the line of Gaurav Jain from Altavista Capital. Please go ahead.

Gaurav Jain 

Sir on the acquisition cost of Nai Dunia it is written that there are 290 Crores of liabilities due to company subsidiaries in Suvi Info management but I think that acquisition price was 225 Crores, what is the difficulty?

R K Aggarwal 

I would like to clarify this. This 298 Crores is in form of convertible debentures held by the promoters and these debentures we have bought at Rs.203 Crores.

Gaurav Jain 

So is there going to be a gain on debt next quarter if you consolidated?

R K Aggarwal 

There will not be any gain. It is like any script. I mean like you might have bought the shares or you might have bought the debentures at say Rs.10, earlier and now sell at Rs.8 So, this is your loss but not my gain.

Gaurav Jain 

So right now you have put 476 Crores on your balance sheet?

R K Aggarwal 

As of now my net debt position is 90 Crores, if I exclude from this 95 Crores loans which I have drawn from my holding company.

Gaurav Jain 

So this 95 Crores that you drew from the holdings company because 95 Crores when you said that you have from these debentures which you have acquired at a lower price that is basically reduces our net debt by 190 Crores as of what is there on the balance sheet right now?

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R K Aggarwal 

Whatever I shared, whatever debts you are seeing whether long term or short term all put together I think aggregate in consolidated balance sheet at Rs. 640 Crores or something of that sort. It has come down to 185 now that includes Rs.95 Crores drawn from holding company that is what I mean.

Gaurav Jain 

Can you just help us understand the money that you have drawn from holding company, what is the interest expense on that?

R K Aggarwal 

interest is 6.5%. That we withdrew in the month of August or September itself.

Gaurav Jain 

So when we look at historically we had a very good other income that used to be there because you were in a net cash position?

R K Aggarwal 

By March 31, 2013 we will again be in net cash position. If your company has an operating profit in such a bad year and if you add tax benefit, which we will get because of demerger of Nai Dunia with JPL which will happen by the end of the year then in that case your cash accrual would be in the range of about 400 Crores even assuming worst case scenario wherein there is no growth in operating profit. Out of that 400 Crores, only 120, 125 Crores dividend will go away say Rs.20 Crores- Rs.25 Crores will get invested in working capital because we have beautifully managed the working capital, balance less capex of 65 crores will be with you.

Gaurav Jain 

If we were to go to circulation growth for next year, we have taken pricing increase and pricing goes up by 20%-25% because you moved price points from 2 to 2.50 or 2.50 to 3, so does the circulation revenue go up high double digit?

R K Aggarwal 

it will be in the range of about 13%-14%. We grew by 12% last year as well.

Gaurav Jain 

You mention that your CapEx is around 60-65 Crores is that a long term trajectory that you are on, if you are not expanding anymore or this is just a gray (ph) trend CapEx will again up to 100?

R K Aggarwal 

We have already done lot of CapEx. We have completed our expansion. So now these 65 Crores also includes some CapEx required to be done to complete leftovers of the last year and other one. Our maintenance CapEx is 50 Crores or so, so we believe that this year and next year the CapEx budget would not be very high. But in any case I would request CEO to explain you this point still further.

Sanjay Gupta 

Going forward our CapEx should remain in the range of between 55 to 65 Crores in these two financial years.



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Gaurav Jain 

You have mentioned that there are tax benefits that have in Nai Dunia, you will report standalone financial for the quarters?

R K Aggarwal 

Because demerger process takes pretty long time so I do not expect you to see quarterly numbers I would endeavor to report quarterly numbers by way of press release, certain key figures of Nai Dunia (to the extent permissible) as well as Mid-Day, but consolidated numbers on quarter-on-quarter basis you will see probably from the next year only.

R K Aggarwal 

But the tax benefits for the standalone financials?

That is something which I need to discuss. Your point is very valid. In fact this is something which I have also been also thinking how do I deal with that tax shield? Let me discuss, with auditors etc.

R K Aggarwal 

Thanks a lot.

Moderator 

Thank you. The next question is from the line of Rohit Dokhania from B&K Securities. Please go ahead.

Rohit Dokhania 

Good morning sir. Just two to three key questions. What could be the ad growth expectation in Mid-Day for FY'13 that we should be building because it is English and you do not sound to be very positive on the English newspaper space?

R K Aggarwal 

Definitely we do not sound to be very positive as far as English newspaper is concerned but given the kind of readership what they have registered in past two IRS surveys, it is hoped that they would continue to register it for next couple of quarter. Expectations are they should register double digit growth.

Rohit Dokhania 

Could you also throw some light on the kind of synergies that we have been able to extract from the Mid-Day acquisition because that will also give us a sense of kind of synergies we could extract from the Nai Dunia acquisition as well?

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R K Aggarwal 

No. comparison of both may not be very proper because both are belonging to different genres number one, number two Nai Dunia is just extension of Jagran to MP and Chhattisgarh where we could not present ourselves so these are two reasons as to why they cannot be compared for the purpose of understanding what kind of synergies can flow to Nai Dunia and what kind synergies we have flown to Mid-Day. So in case of Mid-Day definitely cost synergies have flown to them to the extent of 90%. Still synergies have not gone to them fully and on revenue front they have been able to contribute to JPL's entertainment category beautifully last year and as far as JPL's contribution to the Mid-Day revenue is concerned that has not been very encouraging that has been below our expectations, but the year was not good that was one reason. Number two they lacked in numbers and probably from the next year you would see good contribution of revenue synergies flowing to them. Let me also tell you in fact Mid-Day's operating performance in respect of all the brands whether it is Mid-Day English, Mid-Day Gujarati and Inqilab, has been tremendously good and we were more than satisfied with the investment what we have made in the last year and we will continue to make in Mid-Day and the outstanding performer out of all these three brands was Mid-Day Gujarati.

Rohit Dokhania 

Sir just two more questions you said you would be probably disposing some assets from Nai Dunia so would these be land assets on which we would have to pay rentals?

R K Aggarwal 

You are absolutely right.

Rohit Dokhania 

But would you have to rent on these once you dispose these?

R K Aggarwal 

No, kind of capital it would release and kind of rent what we may have to pay there is a huge difference between the two.

Rohit Dokhania 

Sir one last question, basically the funding of the Aditya Birla Group into the Living Media group, would you feel that there is longer term risk of may be Mail Today launched in Bombay, which could be direct competition to Mid-Day or may be even the cash confusion that has happened may be ask the branded Hindi newspapers getting launched across major Hindi markets?

R K Aggarwal 

All these possibilities are just , I do not deny, possibilities, but I mean it is up to the management of Living Media what their call is, but let me share with you Mail Today has not been able to generate advertisement revenue in Delhi where Living Media is best known and if they are able to generate any revenue from Bombay it is only time which will tell and launching a new brand in Mumbai is not an easy task as we all have seen in case of DNA, and in any case Mail Today and Mid-Day do not compete in real sense with each other because Mail Today is a normal Newspaper and Mid-Day is afternoon paper.

Rohit Dokhania 

The format would be more or the less the same?



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Sanjay Gupta 

Format does not matter because my I-Next is also tabloid, but both of them operate in different channels.

Rohit Dokhania 

Thank you very much sir and wish you all the best.

Moderator 

Thank you. The next question is from the line of Amit Kumar from Kotak Securities. Please go ahead.

Amit Kumar 

Thank you so much for the opportunity. I just had a small book keeping question. I think you gave the breakdown of local and national advertising this particular I missed that part?

R K Aggarwal

For full year national advertisement was 43% and local was 57%.

Amit Kumar 

What was it last time?

R K Aggarwal 

Last time it was 44% and 56%.

Amit Kumar 

Thank you so much.

Moderator 

Thank you. The next question is from the line of Ashish Uppanlawar from Spark Capital. Please go ahead.

Ashish Uppanlawar 

Sir I had question on Mid-Day could you share the numbers on at least topline and EBITDA for Mid-Day what has been in the quarter?

R K Aggarwal

Mid-Day had EBITDA of about 4.5 Crores and topline of 114 Crores.

Ashish Uppanlawar 

Okay what kind of advertising revenue growth it had in FY'12?

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R K Aggarwal 

In FY'11-12 the growth of Mid-Day English was not very heartening it was around 2 % Given the fact that other English papers had more or less flat revenues; this was not bad.

Ashish Upganlawar 

At the time of acquisition we had plans of expanding the horizon of advertisement for Mid-Day?

R K Aggarwal 

Yes at that point in time, as I explained you know just a minute ago, there were two problems. In fact on marketing front we started working only from the last year, that is 2011-12 essentially and we got confronted with a very bad year, in which we were trying to save our own skin instead of pushing any other brand. This was why and this was again one of the reasons why I-Next also could not do as well as it should have done from national advertising. Number two was their readership numbers had been dropping till Q2, which also came our way, but from Q3, they have started improving in readership and we expect that from FY2013-14, revenue synergies would also start flowing.

Ashish Upganlawar 

What is the plan on circulation now for Mid-Day?

R K Aggarwal 

Circulation they are already having a circulation of about 150000 copies in Mid Day English and they have added since our acquisition more than 70000 copies so they would continue to increase their circulation in the current year because their plans have already been freezed last year for next three to four years and they would increase their circulation this year and some increase in the next year thereafter there could only be normal increases.

Ashish Upganlawar 

Sir, secondly, just wanted to understand this thing that you said national in H2 of last year has grown faster than local for you, so any specific reason for that and is that innovation kind?

R K Aggarwal 

Probably innovations and relevance of Jagran and nothing else.

Ashish Upganlawar 

But any growth numbers that you can share on this?

R K Aggarwal 

On account of?

Ashish Upganlawar 

The national and local, what was the growth like?

R K Aggarwal 


National I do not have it readily available.


Ashish Upganlawar 


Do you see the same thing happening in FY'13 as well?





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R K Aggarwal   
This is what happens.


Ashish Uppanlawar   
Lastly on looking at the IRS numbers that have been coming out and competition is gaining sort of readership with areas of UP, so anything that you would like to comment on this as far as would there somewhere...?


R K Aggarwal   
If you name any competitor who has added significantly in the past six months then I can throw light. I do not think anybody has added any number more than 1% or so and that too by Hindustan, mainly because they had been launching the editions.


Ashish Uppanlawar   
Amar Ujala?

R K Aggarwal   
As far as our position in UP is concerned, we have taken a conscious call that we do not need to increase any circulation in UP even for the current year except in certain pockets where the increase would happen, but it could be very insignificant. Whatever increase we have planned of 6% that is going to happen every where else, not in UP, because we are pretty comfortable with our position wherever it matters.

Ashish Uppanlawar   
Sir, after the elections what is the expectation, any change that would happen in the economics in UP?

R K Aggarwal   
That is what we all hope from the young chief minister. Let us see.

Ashish Uppanlawar   
But the basic trajectory of say maybe about 10% to 12% advertising growth for you guys does that look to be the best case?

R K Aggarwal   
That is something, which we did even in the worst year and even in post Lehmann scenario also Jagran recorded 10% growth.

Ashish Uppanlawar   
Last one question on the acquisition front, anything more that you would be looking at?

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R K Aggarwal 

No we have enough on our plate. Let us consolidate now and then we will look at any other possibility.

Ashish Uppanlawar 

Nothing more for at least one or two years?

R K Aggarwal 

Yes. I do not think we are having now anymore appetite.

Ashish Uppanlawar 

Thanks a lot.

Moderator 

Thank you. The next question is from the line of Nirav Dalal from Sharekhan. Please go ahead.

Nirav Dalal 

Good morning Sir. I just needed the circulation numbers for DJ and City Plus and I-Next?

R K Aggarwal 

Circulation numbers of DJ?

Nirav Dalal 

City Plus and I-Next?

R K Aggarwal 

City Plus 7 lakhs copies per week. I-Next about 3.5 lakh copies per day

Nirav Dalal 

Thanks a lot.

Moderator 

Thank you. The next question is from the line of Niraj Vinayak from Avendus Securities. Please go ahead.

Niraj Vinayak 

Good morning Sir. Is there any cost related acquisition of Nai Dunia that we booked during the quarter?

R K Aggarwal 

I did not get your point.

Niraj Vinayak 

Is there any cost related to acquisition to Nai Dunia that we have booked during the quarter?

R K Aggarwal 

We have booked about Rs.3 Crores partly on account of Nai Dunia and partly on account of some payment relating to the amalgamation of Mid-Day.



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Niraj Vinayak 

It is classified under expenditure? Sir, what time horizon are you looking for Nai Dunia to turn it profitable?

R K Aggarwal 

Nai Dunia on as is where is basis turns into profit, in case we do not invest in the circulation, because whatever losses they had nearly 50% of that came from Daily edition, which stands closed before we took over. Further, management itself had started the exercise of rationalizing the employee cost, etc., and before we took over lot of rationalization had already happened. Number two; they were buying newsprint at very, very high prices, which benefit has already started flowing to them. Then there are certain operational synergies, which are partly implemented and partly they are going to be implemented in the next couple of months.

Niraj Vinayak 

So can we expect positive contribution for FY13?

R K Aggarwal 

Then whatever we have done in the past one and a half months on revenue front is very encouraging and we expect to add very good revenue to Nai Dunia by the year end.

Niraj Vinayak 

Finally, are we looking for any price hike for our advertising inventory this year?

R K Aggarwal 

We have already done that.

Niraj Vinayak 

What is the quantum of price hikes we have undertaken?

R K Aggarwal 

Again as I mentioned you earlier whether we increase the rate we do not increase the rate, it does not make much of difference. If we are able to continue to utilize our ad inventory optimally, we will see the improvement in yield in any case.

Niraj Vinayak 

Thanks a lot. That is it from me.

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Moderator 

Thank you. The next question is from the line of Jay Doshi from IIFL. Please go ahead.

Jay Doshi 

Thank you for taking my question. Sir I was wondering if you would be able to share some quantitative numbers around what kind of investments you intent to make in Nai Dunia and also if you could share what was the EBITDA loss of Nai Dunia for FY'12 excluding Delhi edition?

R K Aggarwal 

At EBITDA level whatever loss of Nai Dunia was there may not be taken as guiding factor for the future. As I just mentioned, it included huge losses from New Delhi edition, which was closed before we took over. So those figures are pretty misleading and even if I tell you are going to get mislead and you are going to get into comparison mode, which may not be proper.

Jay Doshi 

This is the inclusive of Delhi and you mentioned about 50% of that would be attributed to Delhi edition, am I right?

R K Aggarwal 

Correct.

Jay Doshi 

That was very helpful. Sir, can you give us absolute number in the sense...?

Jay Doshi 

Sir, what kind of investments are we planning going forward? I understand that it will be fully funded?

R K Aggarwal 

It will all depend how the year pans out to be and our plans are pretty flexible .We are very clear in out mind that we have to take Nai Dunia to its past glory and make it a strong number two in MP and Chhattisgarh market, which as of today it is but maybe that you know for one quarter or so it slips down to number three position, but that will be temporary.

Jay Doshi 

Sir, if you can give us an idea whether at EBITDA level would the losses remain flat or would reduce in FY'13 considering that will be there?

R K Aggarwal 

At EBITDA level it should also reduce because existing losses would get wiped of for whatever reasons I have shared with you. In any case, as I clarified you earlier whatever money is going to be invested in Nai Dunia for a next couple of years that is going to come out of its own assets.

Jay Doshi 

Thank you. Sir, one more book keeping question. Sir could you share the number of copies for FY'12, number of copies sold for standalone business? Alternately average realization numbers. Number of copies sold for FY'12?



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R K Aggarwal 

Total number of copies we sell too much. We must have sold more than 150 Crores copies of all brands put together.

Jay Doshi 

I will take it offline. Thank you so much.

Moderator 

Thank you. Ladies and gentlemen that was the last question. I would now like to hand the floor back to the management for closing comments. Please go ahead.

R K Aggarwal 

Thank you gentlemen. I hope that you will all view the results in the light of whatever we have discussed and would agree to the fact your company has not fared as badly as the circumstances you know well and we commit ourselves to keep performing above industry's average. Thank you.

Moderator 

Thank you, gentlemen of the management. Ladies and gentlemen on behalf of ICICI Securities that concludes this conference call. Thank you for joining us. You many now disconnect your lines.

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