



**INVESTORS/
ANALYSTS**
conference call

2012
27 JULY



Jagran Prakashan

Investors/Analysts Q1FY13 Conference Call

July 27, 2012

Moderator 

Ladies and gentlemen, good day and welcome to the Jagran Prakashan Q1FY13 earnings conference call hosted by ICICI Securities Limited. As a reminder for the duration of this conference all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should need any assistance during this conference, please signal an operator by pressing "*" and then "0" on your touchtone telephone. Please note that this conference is being recorded. At this time, I would now like to hand the conference over to Mr. Vikash Mantri, from ICICI Securities. Thank you and over to you, Sir.

Vikash Mantri 

Good afternoon everybody. We at ICICI Securities are pleased to host Jagran Prakashan for the Q1FY13 conference call. We have the senior management of the company with us Mr. Sanjay Gupta, the CEO of the company, Mr. Shailesh Gupta, Director Marketing and Mr. R K Aggarwal the CFO of the company. Over to you for initial remarks.

R K Aggarwal 

Good afternoon friends. We welcome you to the conference call of JPL. I will start with the salient features for the Q1. The growth in advertisement revenue which we will discuss a bit later, another heartening performance came from Nai Dunia which in fact has performed incredibly and Mid Day performance was also pretty satisfactory.

Growth in advertisement revenue which can be easily termed as robust in the present context is against all odds. More importantly, the growth has come from local as well as national market, although growth in local markets was higher.

We are also glad to point out that the company has been successful in registering higher growth in advertisement revenue than its comparable peers for the past three quarters in succession, which were economically more difficult than the earlier part of the previous year.

As per IRS survey which has come a few days back, Dainik Jagran in terms of total readership has become largest read newspaper in SEC A in the country across all languages. The latest IRS survey has also shown that we have done remarkably well on readership front and reduced our gap from the closest competitor in crucial states of UP,

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Mr. Vikash Mantri

Mr. Sanjay Gupta

Mr. Shailesh Gupta

Mr. R.K. Agarwal

Uttarakhand, Bihar and Delhi in the past one year and continue to maintain our third position in Jharkhand.

As I mentioned, Nai Dunia performance was in fact more than satisfactory and the losses for the first quarter are negligible as compared to what we originally envisaged. We have also completed the first phase of expansion of circulation and gained over 10% copies since we have assumed the control about two months back. If this trend continues our investment in strengthening this brand is going to be far lower than what we had originally estimated.

Coming to Mid Day's performance, Mid Day Gujarati becomes number two Gujarati newspaper in Mumbai, much earlier than expected and Mid Day English too have registered growth in readership of about 18% in the past one year as against much lower growth registered by any other top news daily of Mumbai. Mid Day was also successful in recording nearly 8% growth in topline and keep its losses much below we budgeted.

In fact , when the year started we thought perhaps our investment in both these brands would impact us significantly in the current year, but given the performance of Q1 we are pretty optimistic that even if both these brands incur some losses for the year, it will be insignificant in relation to the company's bottomline. In other words, on our consolidated results, results of both these companies will not have much of impact.

There were a few negatives also for the quarter, but these were essentially uncontrollable factors namely adverse macroeconomic conditions, slowing advertisement growth and depreciation in rupee.

In this connection, you may please note that the performance of the peers is not a good indicator for the industry for the remaining year and is concerning and worrying for all. We are meeting at a time when there is an absolute uncertainty as to how the remaining year would role out It makes difficult to make any projections or suggest any number and therefore whatever we may say here would just be guesstimates ;

however, the silver lining of this difficult time is that everyone of us is forced to cut out waste and tweak business models to ensure delivery to all the stakeholders. The past record of the company is a testimony to the fact that the company has always outperformed the industry when chips are down. It has been possible because the company is able to identify the crisis and it is flexible to react faster than many others. Also the company's diversified business model and vast footprint area spread across various territories having varying growth rates has further helped the company. We assure you that JPL will not be found lacking and like past so many years will deliver better than many in the business.

Quarterly results before you are evidence to this very commitment of ours and the sincere efforts made in this direction.

We hope and trust that. We will discuss and evaluate the results in this light. We now request you to proceed with the discussion and thank you once again for sparing your valuable time.



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Thank you very much sir. Our first question is from Ashish Uppanlawar of Spark Capital. Please go ahead.

Ashish Uppanlawar 

Sir, I just wanted to know more details on how do you read the advertising environment as such because from what you say 15% odd everyone has dropped to a single digit growth now, how do you read it for the rest of the year?

R K Aggarwal 

As I mentioned in the opening remarks for rest of the year it is very difficult to make any prediction; however, we remain optimistic about the fact that we will do better than the industry.

Ashish Uppanlawar 

Any base case growth rates that we can target for this year sir?

R K Aggarwal 

It will be very unfair you know to suggest any number, but for the remaining year we are pretty confident that we should do better than the first quarter.

Ashish Uppanlawar 

Okay, Sir and national and local if you could split these you are in both these seconds of advertisers?

R K Aggarwal 

The local for us was 60 and the national was 40 for the first quarter and in fact it has been improved from 57:43 which was for whole of the year 2011 -2012.

Ashish Uppanlawar 

Local has performed better than national this part Sir?

R K Aggarwal 

Yes,

Ashish Uppanlawar 

National for you has grown or has it declined?

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Mr. Shailesh Gupta

Mr. R.K. Agarwal

R K Aggarwal 

No, for us it has grown that is what I have specifically mentioned in my opening remarks. For us, national has been growing consistently for the past three quarters. We never had any dip in that.

Ashish Upanlawar 

Nai Dunia and Mid Day you mentioned that some recent numbers have been since specifically on these two what was the advertising revenue growth and you said that the losses would be lower than it was guided earlier so, some more comments on these things?

R K Aggarwal 

According to MIS received from them ,Nai Dunia had a meager loss of about 1.4 to 1.5 Crores for the first quarter, Last year, if you recall, they had suffered a loss to the tune of 25 Crores.

Ashish Upanlawar 

Had we increased circulation how would this progress in terms of revenue growth rather than revenues to keep up with the cost?

R K Aggarwal 

We have been able to integrate seamlessly their operations with us that is the main reason why we were able to effectively pass on the cost benefit ,revenues synergies have also been passed on to them

Ashish Upanlawar 

On Mid Day just wanted to understand since you have present in the Bombay market how is it looking on the English advertising over there in Bombay, especially on the English advertising more on, could you see?

R K Aggarwal 

They have not registered degrowth in advertisement revenue from Mumbai that is what I can say, but as I mentioned they have registered on overall business nearly 8% growth in topline.

Ashish Upanlawar 


Sir one more thing on newsprint if you could throw some light our years looking at the newsprint cost planning out for the year?

R K Aggarwal 

Our view for newsprint prices is that the prices are going to remain stable.

Ashish Upanlawar 

Okay, so YOY you do not see any increase in the prices at all?

R K Aggarwal 

Not much.

Ashish Upanlawar 

Thank you Sir. Thanks a lot.



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Thank you very much. The next question is from Shobhit Khare of Motilal Oswal Securities. Please go ahead.

Shobhit Khare 

Good afternoon Sir. Thanks for the opportunity. Nai Dunia you mentioned 1.5 Crores EBITDA losses?

R K Aggarwal 

No EBITDA loss, I am talking about net loss.

Shobhit Khare 

Okay, is it EBITDA positive?

R K Aggarwal 

these figures are not audited. I would not say that they are EBITDA positive, but as per their MIS it is EBITDA positive.

Shobhit Khare 

If we look at going forward would you like to basically invest more in the market, because increase the copies, etc., in the MP market.

R K Aggarwal 

We have completed the first phase of expansion in which we have gained 10% circulation, since we assumed the control, II phase of circulation expansion has to be rolled out and we have plans to increase circulation significantly up to March 31, so we may not remain EBITDA positive, but definitely at the same time, losses are going to be far lower then what we had originally envisaged, in fact less than 10 Crores. I am talking about net loss. I am not talking about operating losses which are going to be still lower.

Shobhit Khare 

Okay and sir basically the reason for tax rate obviously looks like amalgamation, but would it remain zero or we were expecting that it will remain at MAT earlier, so will it remain zero for the current year?

R K Aggarwal 

The MAT is different .Even if I have to pay MAT which I will have to that is going to be parked as a recoverable amount and that is not going to be charge to P&L. That MAT credit is available you can adjust it next year.

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Shobhit Khare 

What is the circulation number for Dainik Jagran?

R K Aggarwal 

About 3.4 million.

Shobhit Khare 

If you could give the newsprint quantity consumed for the first quarter and the YOY increased for the quarter?

R K Aggarwal 

Dainik Jagran increased the circulation by over 6% and correspondingly the quantity also has increased by 6%. In fact more than that, because circulation of I-Next has increased, circulation of Jagran Punjabi has increased and other brands have also increased their circulation.

Shobhit Khare 

Thanks a lot and all the best.

Moderator 

Thank you very much. Next question is from Alankar Garude of Edelweiss. Please go ahead.

Abneesh 

Sir, this is Abneesh here. Thanks for opportunity. Sir, could you tell us in FY13 what is the circulation increase you are targeting taking Nai Dunia and Mid Day also into account?

R K Aggarwal 

I never thought that way, total increase in circulation for all brands put together, because we have planned to increase our circulation for each brand and what may happen is if the economic conditions do not permit or deteriorate further we may slow down our growth for the year, so to that extent we are flexible, but so far we continue with our plans.

Abneesh 

Sir coming to Nai Dunia circulation is at 10% increase we have taken, so uniform across MP and Chhattisgarh both or are you targeting on any micro market?

R K Aggarwal 

In fact we are targeting certain selected markets.

Abneesh 

You said in the coming quarters circulation in these two markets will be stepped up further?

R K Aggarwal 

Yes.

Abneesh 

Given a loss of 10 Crores as the guidance, so some color on...?



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R K Aggarwal 

These are expectation. Please do not take it as guidance, because as I mentioned my expectations of that loss are based on certain assumptions and one of the most important of them is that the economic conditions do not deteriorate further from here.

Abneesh 

My question was not at all on guidance front, my question is from strategy and target perspective what is the gain plan in MP plus Chhattisgarh, so there is a very strong player there and then there are weak players so what exactly is strategy there?

R K Aggarwal 

The strategy part ,it may not be appropriate to discuss here at this forum.

Abneesh 

No sir, I am asking more from not number perspective but what do you want to do say when you are given a 10 Crores number, so circulation growth how much do you want to increase some color on that?

R K Aggarwal 

Again that is something which I would not like to share currently.

Abneesh 

I will come to the other questions. Mid Day Gujarati if you can share from insights there and Inquilab, I-Next and City Plus what is the growth, what is the revenue and profit or loss numbers?

R K Aggarwal 

Mid Day Gujarati becomes number two newspaper in the current quarter that is Q1, we never thought it to become number too so fast. I do not have revenue breakup of Mid Day between various brands readily , so I am not in a position to give you, but in any case Mid Day Gujarati has always been in profit and have remained in profit in Q1.

Abneesh 

Sir 8% growth overall which you mentioned in Mid Day English plus Gujarati right?

R K Aggarwal 

Yes, and also Inquilab and then circulation plus advertisement revenue both, so this was about Mid Day, Gujarati and Inquilab including

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North. North has started having traction in advertisement revenue and Inquilab also continues to be in profit. As far as I-next is concerned you must have read it in the press release their local billing has increased by as much as 69% in the first quarter and similarly City Plus also has increased its local billing by as much as 48%.

Abneesh 

What has happened? These numbers look very high.

R K Aggarwal 

But, the base was lower that goes w/o saying but still both the brands out of 8% have contributed at least 1.5%.

Abneesh 

I cannot get this number, could you repeat?

R K Aggarwal 

If Jagran has registered 8% growth in advertisement revenue, both these brands have contributed 1.5%.

Abneesh 

Okay, 6.5% is from DJ itself and 1.5% is from these two broadly?

R K Aggarwal 

Both put together I am saying.

Abneesh 

Okay, sir coming to how the maintenance question staff cost 4% dipped quarter-on-quarter for only 4% YOY, so how have you managed this and any rationalization done and similarly interest cost is up on a small base EBIT higher, so anyone of in that and full year what is the interest costs you have?

R K Aggarwal 

I will tell you. As far as employee costs are concerned, you will see some increase in the remaining quarters. In the first quarter we have rationalized, we have initiated the exercise of rationalizing the staff strength which will be completed by July or August and then annual increments which we have not given in the first quarter will be given in the second quarter, but I believe you will not see much of increase in the staff cost in the remaining quarters as well may be from June quarter you will see an increase of about 5% to 6%.

Abneesh 

Last question on advertising front?

R K Aggarwal 

You talked about interest part also.

Abneesh 

Okay.



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R K Aggarwal 

You see a steep increase in interest. In fact Jagran has never been paying so much of interest, it is because we paid about 225 Crores odd to acquire Suri Info Media.

Abneesh 

Is this the runrate we need to assume in the coming quarters or this kind increase further?

R K Aggarwal 

Interest will come down because whatever short-term loan we had raised against fixed maturity plan that is loan of 150 Crores which was raised in May, we have already repaid about 65 Crores till June 30, so you will see drop in interest in the coming quarters and especially from Q3.

Abneesh 

Sir last question on advertising front more from the national advertisers, we have got the different sectors, so one sector specific for example education, auto, consumer durables, telecom, FMCG, real estate etc., so if you could comment how you have seen in growth in Q1 and how would you see growth in the next three quarters?

R K Aggarwal 

For the next three years, I repeat, it is very difficult to make a prediction, but still we are pretty hopeful and expect to do better in the remaining year what has gone good for us in first quarter in national market will be explained by Mr. Shailesh Gupta, Director Marketing.

Shailesh Gupta 

As far as the growth is concerned, there has been growth in lot of categories, but there have also been dip or a slow down, if you pick up FMCG and Entertainment we have grown if you pick up automobiles, it has gone little down, if you pick up white goods it has gone down, education has not gone that bad ultimately real estate has been all right except NCR, so overall it has been okay.

Abneesh 

Why will the education pickup because of the IIT fiasco slow done as in the tussle, which is happening with the minister?

Shailesh Gupta 

It is because of late counseling

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Mr. Shailesh Gupta

Mr. R.K. Agarwal

Abneesh 

That has picked up.

Shailesh Gupta 

Yes has picked up

Abneesh 

That is TV channels or what is it?

Shailesh Gupta 


TV channels as well as film.

Abneesh 

Okay sir thanks for the opportunity and all the best.

Moderator 

Thank you very much. Our next question is from Bijal Shah of IIFL. Please go ahead.

Bijal Shah 

Thanks for the opportunity. First question is on advertising growth, did I hear correctly that you said the rest of the year will grow faster than the first quarter?

Shailesh Gupta 

Sorry, I have missed the question?

Bijal Shah 

Did management say that in response to one of the question, did management say that in rest of the year we expect to grow advertising revenue faster than that in Q1?

Shailesh Gupta 

It would be better because of the festive seasons. Diwali happens to be in 3rd quarter in this year it is now in November, so October end and November, although second .

R K Aggarwal 

What we are saying is for the remaining year for nine months, the growth should not be less than 8%.

Bijal Shah 

Okay that it should be more than 8% and it could be higher also, so 8% is the base case that we are at. 8% is the minimum growth which we are looking it?

Shailesh 


There is no minimum . because in market scenario right now , you cannot say any thing concrete but our expectation is that we should be looking anywhere between 7% and 9%.




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Bijal Shah 

Second question is on Nai Dunia guidance when we talk about 10 Crores of PAT loss at Nai Dunia we are not talking about any ex-corrected in that, we are just talking about whatever normal operating loss we would have?

R K Aggarwal 

Yes.

Bijal Shah 

Okay sir that is much better than what you are estimating. Thank you and all the best.

Moderator 

Thank you very much. Next question is from Siddharth Goenka of JM Financial. Please go ahead.

Siddharth Goenka 

Good afternoon everyone and thanks for the opportunity. Sir my first question is on our advertising growth out of this 8% how much has been the volume in yield improvement?

R K Aggarwal 

It is entirely volume.

Siddharth Goenka 

Entirely volume. If you can let us know that what different we are doing versus our competitors because most of the competitors have shown degrowth in national advertising.

R K Aggarwal 

We are sticking to our basics and trying to offer an innovative solution that is all. We are not doing anything exceptional I do not know why competitors are not doing at national level ,it is for them to answer.

Siddharth Goenka 

If you can let us know that what has been the incremental growth from Nai Dunia post Jagran takeover?

R K Aggarwal 

As far as national revenue is concerned in just two months time we could get them a growth of nearly 28%.

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Siddharth Goenka 

Okay, right that is the incremental growth.

R K Aggarwal 

National revenue.

Siddharth Goenka 


National revenue. Okay, fine and sir just few bookkeeping questions, if you can give us the gross debt in cash position and or CapEx required for FY13?

R K Aggarwal 

Our net debt position as June 30 was 175 Crores including 95 crores drawn from holdco.

Siddharth Goenka 


This is for the standalone entity right?

R K Aggarwal 

Because in any other entity there is hardly any, there are working capital limits aggregating to the extent about 20 Crores or so.

Siddharth Goenka 


How much will be gross debt in this?

R K Aggarwal 

Gross debt, Siddharth, I am sorry that I can give you later. Net debt figure I have noted down for you all unfortunately I am also in Delhi, I am not in my office otherwise I would have shared it with you there.

Siddharth Goenka 

What will be the CapEx requirement for FY'13 for this year?

R K Aggarwal 

CapEx, for the current year we have planned CapEx of about 65 Crores for Jagran, part of which includes maintenance CapEx and some part needed to complete the left over projects of March 31, 2012.

Siddharth Goenka 

That is it from my side. Thank you.

Moderator 

Thank you very much. Our next question is from Mr. Mitul Patel of Laburnum Capital. Please go ahead.

Mitul Patel 

Thank you for taking my question. Just one question is there any possibility of change in dividend payout during such time?



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R K Aggarwal 

In fact for the current year I mean for the financial year 2011-2012 board has already proposed dividend which is same dividend as it was paid in the last year and for the next year let us keep our fingers crossed, let us not come to a situation where we have to reduce the dividend.

Mitul Patel 

Thank you.

Moderator 

Thank you very much. Our next question is from Mr. Grishma Shah from Envision Capital. Please go ahead.

Grishma Shah 

Good afternoon Sir. Just wanted to know what have you done as you say that you had no way to offerings and therefore the 8% tied growth so if you could throw some light on that?

R K Aggarwal 

Let it be a trade secret .

Grishma Shah 

The other thing is that could you highlight forex loss you put some 14 Crores for it?

R K Aggarwal 

Yes forex loss was to be tune of 14 Crores as you might have seen in the press release also that is what worried my CMD as well and if this loss was not there our profits would have been higher to that extent.

Grishma Shah 

So you had an option to capitalize?

R K Aggarwal 

Yes we had an option to capitalize but we have not. We follow written down value method of depreciation as against straight line, which many of my peers follow, but we believe in being conservative and charge as much to P &L at the early stages instead of postponing it for future.

Grishma Shah 

Now is this, if I have to ask it will there be any reversal for these losses that you have booked currently are these notional?

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Mr. Sanjay Gupta

Mr. Shailesh Gupta


Mr. R.K. Agarwal

R K Aggarwal 


Definitely we are expecting a major part of it to be reversed by the time long-term liabilities become due for payment, we do not expect dollar to remain at 55 for next three years.

Grishma Shah 

After 14 Crores you mentioned 9 Crores is related to the borrowing (indiscernible) 32.13 balance 4 Crores roughly 5 Crores what is that attributable to?

R K Aggarwal 


Major part of it relates to buyers credit which if repaid at the same exchange rate will incur this much of loss otherwise not.

Grishma Shah 

Your expansion plan for Dainik Jagran, you have highlighted some part of it of Nai Dunia and do you have any other expansion plan?

R K Aggarwal 

Our CEO will respond to that.

Grishma Shah 

I just want to know the expansion plan, you have highlighted the plans for Nai Dunia as in?

Sanjay Gupta 


Nai Dunia plans as stated earlier by the CFO, it may not be appropriate to disclose . As for Dainik Jagran , we are going ahead with our expansion of circulation what we had projected for year and if market continues to deteriorate we may phase out our circulation as in Dainik Jagran.

Grishma Shah 

Would you like to highlight what to have projected earlier?

Sanjay Gupta 

The circulation growth that in Jagran we have projected in the starting of the year was to gain about 6% -7% of copies but it is again depending on economic scenario.

Grishma Shah 


How do you book your new print ratio can you tell me quoted in the domestic context?

R K Aggarwal 

We have reduced imported consumption very significantly and this is what is the response to the current situation.

Grishma Shah 

What is the kind of inventory that you are running with?

R K Aggarwal 

Inventory we do not have much, may be for one month or so but question of inventory is not very material, I mean definitely we all started talking about inventory position in past two years but fact of the matter is it is not something which is taking you any where or which is giving you any




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indication whatsoever. we have already briefed on how the remaining year is looking like to us.

Grishma Shah 

Fine thank you and good luck.

Moderator 

Thank you very much. Our next question is from Mr. Amit Kumar of Kotak Equities. Please go ahead.

Amit Kumar 

Thank you so much for the opportunity Sir. I just wanted to have a sense this is a while back two three years back when we had launched a lot of our smaller business outdoor events we were looking at a very strong profitability focus in these businesses, but I think in this quarter it would be marginal EBITDA or marginally EBITDA negative is it the case that scale and profitability are sort of going together and given the fact that you scalability in both these businesses have been on the lower side profitability is also down and what is the future strategy for these two businesses?

R K Aggarwal 

You are absolute right, Amit. What you have seen is absolutely right but let me tell you in fact these businesses contributed in the bottom line to be extent of about 10 Crores last year. So as I mentioned in my briefings it is the diversified business model and it is your spread across you know various territories which in fact is helping you in situations like current . By providing you a platform where you can provide 360% solution, as we say, to the advertisers, so there are direct and as well as indirect benefits or tangible or intangible benefits. First quarter, what has happened is Jagran solution which has never been in loss has first time come in some loss that is because of certain unavoidable circumstances and from second quarter onwards things will get corrected and Jagran Solutions will again post profit. As far as outdoor is concerned unfortunately is in the industry which gets the hit most whenever chips are down or when the overall economy is down but what is very satisfying or what is very heartening is they have registered a very steep growth in the top line at the cost of yield which is bound to improve once economy is back on rail . good part is that they are neither in loss nor they need funding from us for past 2 years and in fact have returned capital to the extent of nearly 5 crores.

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Mr. Vikash Mantri

Mr. Sanjay Gupta

Mr. Shailesh Gupta

Mr. R.K. Agarwal

Amit Kumar 

Not maybe from a twelve month perspective from two to three year perspective what is the plan to actually scale these two businesses?

R K Aggarwal 

Jagran Solution as it is as I told you last year gave a net profit of roughly about 6 to 6.5 Crores outdoor gave a profit about 3.5 Crores. Jagran Solution this year may post a profit of 3 to 4 Crores because we had lost in first quarter and from next year again we will have about Rs.7 to Rs.8 Crores profit and we will keep on increasing thereafter. In this quarter what has gone good for Jagran Solution is like after COO left last year there was a huge dip in corporate business, we have recovered and as such in this quarter we have grown our corporate business by about 50%. So these auger well for Jagran Solution and do you know once they generate a profit of 7 to 8 Crores the return on capital is to the tune of about 80% because our investment in that business is hardly 10 Crores as of now. As far as outdoor is concerned ,there our investment is higher but profits are not commensurate with the capital invested, but as I had mentioned that this also has a bright future especially in UP .For past two years we have started concentrating in our areas of operations where profitability is higher much higher than what we see in metros.Now with the expansion of outdoor in our footprint area the profitability would improve.

Amit Kumar 

So you will continue to consolidate the outdoor business even within your areas of operation only, is that the basic plan? As you all were saying that would you continue to consolidate the outdoor business only in your areas of operations? Is that the thing in future?

R K Aggarwal 

That is essentially the plan and let me also tell you here about outdoor. We have certain businesses like you know in Goa where the operating profits are amazing. This is just a second year second full year and their operating profits are in the range about 60% to 70%,although the turnover is small and will increase may be after three or four years significantly. But now currently they have a turnover about 1.5 to 2 Crores but giving that kind of a profit.

Amit Kumar 

Fare enough thank you so much sir.

Moderator 

Thank you very much. Our next question is from Mr. Rohit Dokania from Batlivala & Karani Securities. Please go ahead.

Rohit Dokania 

Good afternoon and thank you for the opportunity. Just one question relates to the synergy benefits of that Nai Dunia has been showing so I am just wondering that we would be probably bundling Jagran DJ and for my understanding advertisement seems together. So how do we account for the increment?

R K Aggarwal 

Out of bundling very little is going major part is going when we sell them on standalone basis. So if we have contributed from national level some Rs.6 Crores out of that about Rs.4.5 Crores has gone on account of standalone selling and 1.5 Crores has gone on account of bundle selling.



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Rohit Dokania 

So basically and that even why this 4.5 Crores would have increased because we have been able to showcase more advertises Nai Dunia?

R K Aggarwal 

That is right. In fact they had a very smaller network and that is what is coming in their way. . That is what was their problem and now our bigger network is getting higher revenue.

Rohit Dokania 

Sir is that possible to give me the figure of the national and local split for Nai Dunia of FY'12? For last fiscal what was the split and add between national and local for Nai Dunia?

R K Aggarwal 

If I remember correctly they had about Rs.15 Crores for whole of the year from national market.

Rohit Dokania 

Sir what was the total advertising. I am sorry I do not have that figure?

R K Aggarwal 

That was about 52 Crores.

Rohit Dokania 

The total Nai Dunia advertising, I believe it should be a little higher because I think the total revenues were about 100 Crores?

R K Aggarwal 

I am sorry you are absolutely right. In fact it was 52 plus 15

Rohit Dokania 

Thanks a lot sir and wish you all the best.

Moderator 

Thank you very much. Our next question is from Mr. Miten Lathia from HDFC Mutual Fund. Please go ahead.

Miten Lathia 

Congratulations sir on the industry beating numbers. Two questions, one is on your circulation increase in Q1 FY'13 we are already 6% higher on a YOY basis in terms of our circulation are we also likely to increase circulation from the Q1 runrate further or this runrate will

Q1FY12 Conference Call




Mr. Vikash Mantri

Mr. Sanjay Gupta

Mr. Shailesh Gupta

Mr. R.K. Agarwal

continue for the rest of the year thereby giving us a 5% to 8% growth that we are targeting?

R K Aggarwal 

It will increase in remaining year a bit more but for whole of the year the target was to increase the circulation by about 6% - 7% and now future will tell us whether we have to go to that extent or we have to slow down our expansion.

Miten Lathia 

Second question is after closing out the acquisition do we have some sort of proforma numbers for FY'12 as it would be on a recurring basis for us?

R K Aggarwal 

That is what I shared in fact on the basis of the proforma numbers which they have provided to me for the first quarter of the current year versus first quarter of the previous year.

Miten Lathia 

It was the whole of fiscal?

R K Aggarwal 

They had a loss of about more than Rs.25 Crores.

Miten Lathia 

No but in the acquisition concall you had mentioned that a lot of it would not sort of recur may be about 9-10 Crores would not recur in FY'13 because of the way the transaction is structured and because of what you have taken over?

R K Aggarwal 

I am making a comparison on like-to-like basis. We had for the year 2011-12 a loss of more than 25 Crores from MP and Chhattisgarh markets.

Miten Lathia 

So 25 Crores loss if we have to bring it down to 10 Crores and increase circulation we sort of targeting revenue growth of almost 35% in Nai Dunia?

R K Aggarwal 

They have reported net loss of not than 1.5 Crores and that has happened after taking 10% increase in circulation since the time we have taken the control. So circulation is going to be further increased and that is why I have taken higher than proportionate loss of 6 Crores My estimate is we may not cross 10 Crores if the market conditions do not you know worsen further. So that 15 odd Crores what we will save this year. Out of that something will come from additional revenues and something will come from cost synergies like on newsprint front alone we have saved roughly about Rs.1.5 to Rs.1.6 Crores for them in the first quarter itself.

Miten Lathia 

FY'12 25 Crores is the net loss number and total revenues as they would stand for us the full MP and Chhattisgarh business would be?



Jagran Prakashan

Investors/Analysts Q1FY13 Conference Call


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R K Aggarwal 

About over 90 Crores

Miten Lathia 

It should be broken up as 60?

R K Aggarwal 

Rs.67, Rs.68 Crores between advertisement revenue and 20 Crores for circulation revenue.

Miten Lathia 

At the EBITDA level would you have a number as to what the loss would have been last year?

R K Aggarwal 

Out of 25 Crores their EBITDA was about 21 or 20.

Miten Lathia 

So they do not have a really depreciation or interest?

R K Aggarwal 

No there is much. They have depreciation to the extent of on a straight line method last year about 3 Crores and now since we have changed our method to WBV the yearly depreciation charge would be about 5 Crores.

Miten Lathia 

Great Sir. Wish you all the best. Thank you very much.

Moderator 

Thank you very much. Our next question is from Mr. Lakshmi Narayanan from Catamaran. Please go ahead.

Lakshmi Narayanan 

Good afternoon sir in the NPC markets which are your key additions and what is the average per copy price of a paper there?

R K Aggarwal 

Mr. Lakshmi Narayanan, those much details I currently do not have, but I will request my CEO to answer that question because he is hands on and involved in operations in MP Chhattisgarh,

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Mr. Vikash Mantri

Mr. Sanjay Gupta

Mr. Shailesh Gupta

Mr. R.K. Agarwal

Sanjay Gupta 🗨

The per copy realization at this moment is less than Rs.2 to us and to the customer the price has been Rs.2 and Rs.3, so in some markets it is Rs.2 and in some markets some editions are priced even at Rs.3. There has not been any price reduction in MP and Chhattisgarh

Lakshmi Narayanan 🗨

What are the key additions MP and Chhattisgarh for you?

R K Aggarwal 🗨

The premium edition is in north followed by Bhopal and Raipur.

Lakshmi Narayanan 🗨

I guess it is also there in Gwalior, Jabalpur and Bilaspur?

Sanjay Gupta 🗨

yes.

Lakshmi Narayanan 🗨

Is there any plan to expand additions or how do you think about that?

Sanjay Gupta 🗨

We will consolidate and increase circulation from there only.

Lakshmi Narayanan 🗨

Sir just how much is their market leader charge per blended copy like Rs.2 to Rs.3 is what you have charge?

Sanjay Gupta 🗨

Market leader is charging more than what we are currently charging for a better product. .

Lakshmi Narayanan 🗨

Thank you Sir.

Sanjay Gupta 🗨

That gives us scope to improve our cover pricing.

Moderator 🗨

Thank you very much. As there are no further questions from the participants, I would like to hand the floor back to the management team for closing comments.

Sanjay Gupta 🗨

Thank you very much once again for sparing your valuable time and I believe these discussions will clarify many of the doubts which you might have.

Moderator 🗨

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

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