



**INVESTORS/
ANALYSTS**
conference call

2012



Jagran Prakashan

Investors/Analysts Conference Call

October 30, 2012

Moderator 

Ladies and gentlemen, good day and welcome to the Q2FY13 results conference call of Jagran Prakashan Limited hosted by ICICI Securities Limited. As a reminder, for the duration of the 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 you need assistance during the conference call, you may signal for an operator by pressing "*" and then "0" on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Satish Kothari, of ICICI Securities. Thank you and over to you, Sir.

Satish Kothari 

On behalf of ICICI Securities, we welcome you all to Q2FY13 results and conference call of Jagran Prakashan. From the management side, we have Mr. Sanjay Gupta, CEO and Mr. R K Agarwal CFO.

R. K. Agarwal 

While we are speaking we have a credit policy announcement which does not make any one feel good but still RBI continues to cut CRR and that adds to the liquidity.

The quarter was expected to be tougher than Q1 primarily on account of complete festive season getting shifted to Q3 unlike previous year and this is how it has panned out. Although the company recorded the highest growth in advertisement revenue amongst all the listed peers, this was the lowest for the company in the past one decade. We earnestly hope that the growth has bottomed out, worst is over and from here we will see some recovery. Higher growth than the growth achieved by the closest competitor has been achieved by the company in succession for the fourth quarter.

I agree, nobody is going to feel bullish with the kind of growth of 3.5% odd but in the prevailing circumstances, it needs to be seen in the light of the facts that not only company has fared better than its peers but it has come entirely from its existing edition as against all those whose Q2 revenue includes revenue from the new launches in past one year. Another important point is that we could achieve the same level of advertisement revenue as we did in Q1 inspite of the fact that Q2 did not have any positive seasonality effect, which Q1 had, that is education. It also does not include any revenue from private treaty

Investors/Analysts
Conference Call



SATISH KOTHARI

SANJAY GUPTA

R. K. AGARWAL

arrangement and like Q1, we continue to have growth at local as well as national level and the share of local and national revenue remains same at 60:40.

Another positive for the company was the prudent management of cost and increase in cover prices in response to economically difficult times. As a result, circulation revenue registered a growth of nearly 9% and other fixed costs increased by less than 5%. Outdoor, once again, registered a steep growth of 66% and improved net realization from sight hiring by nearly 5%, which is credible in the sense that outdoor is an industry which gets hit most during the economically difficult times but event business continued to suffer mainly on account of a stopping an activation activity from UP Government due to delayed payments from them.

As you have seen from the press release, our internet properties are now one of the top 50 internet sites of the country and our news and education portals are at number 6 and number 3 respectively, that justifies our investment which is negligible in comparison with the investment being made by many of the print media companies.

The performance of Mid-Day and Nai Dunia continues to be satisfactory and we expect to invest in these two brands far less than what was originally envisaged to get the desired result. In case of Nai Dunia the company was able to contribute 24% more revenue from national market in H1 and in this quarter nearly 20%.

On macroeconomic front, there are few positives the most important of them for us was recovery in depreciated rupee and in general the announcement of reforms that has improved the global sentiment for India resulting in increase in capital flows. Recent IIP data, food inflation, lowering of rate of interest by a few banks also give some hope that economic recovery maybe round the corner; however it is yet to be seen how the reforms announced one after the other by central government get implemented and this is what will decide the fate of economy and especially the media companies. We now request you to proceed with the discussion on the results announced.

Moderator 

Thank you very much. Participants' we will begin the question and answer session. Our first question is from the line of Mr. Shobhit Khare from Motilal Oswal. Please go ahead.

Shobhit Khare 

My first question is on ad revenues. Could you quantify what could have been the impact of delay in festive season? Are we still hopeful for a double-digit growth or better than 8% growth as you had mentioned earlier for the full year and how has the pricing, basically yields and volumes been on the ad revenue growth?

R. K. Agarwal 

Yields have remained under pressure and are likely to remain under pressure for the remaining fiscal. The impact of festive season getting shifted entirely to Q3 should be in the range of about 10 Crores.

Shobhit Khare 

On the circulation what is the impact of the cover price increases and what has been the circulation of Dainik Jagran?



Jagran Prakashan

Investors/Analysts Conference Call

October 30, 2012

R. K. Agarwal 

About 3% increase in circulation revenue is attributed to increase in cover prices, going forward that impact would increase only because increase in cover prices has happened over the period.

Shobhit Khare 

Your raw material price has declined quarter-over-quarter, so has there been a softening in the newsprint prices and what is the outlook there?

R. K. Agarwal 

No, if we compare the newsprint price of Q2 with Q1, it was higher because prices of domestic newsprint increased from July 2012 but they have softened up from October.

Moderator 

Thank you. Our next question is from the line of Abneesh Roy from Edelweiss. Please go ahead.

Abneesh Roy 

In the last con call you said the advertising scenario is in the worst phase and you were more apprehensive compared to FY 2009, this time you are saying that it seems to be bottoming out, so any numbers, trends available from Q2 or is it largely based on festive related and some rate cuts happening in Q4?

R. K. Agarwal 

I would say festive related number one, number two with inquiries being received from advertisers it seems that the scenario should be better.

Abneesh Roy 

Between national and local if you could tell us what has been the split of the total ad revenues and what was the decline or the growth number, whichever is applicable?

R. K. Agarwal 

At both the levels as I mentioned in my opening remarks, we have grown so the split continues to be 60: 40 what it was for Q1.

Abneesh Roy 

If you see the secular trend for the last few years regional and local ads have been growing faster of course taking the festive related impact into account why has the regional and local ads slowed down

Investors/Analysts
Conference Call




SATISH KOTHARI

SANJAY GUPTA

R. K. AGARWAL

compared to the earlier times, any insight you can provide on that, any sectoral outlook or trend in the local adds?

R. K. Agarwal 

If you compare the growth in local with the growth what we were achieving in Q3 and Q4 of the previous year it has improved in the current year, but at the same time for us national also has grown.

Abneesh Roy 

Are we getting any benefit in national by the recent acquisitions in last few years, any benefit on the main paper are we getting because of the overall network ads etc.?

R. K. Agarwal 

As far as the main paper is concerned we never expected any benefit to flow but the other brands what we have acquired were expected to benefit and I am very happy to share with you, as I mentioned in the opening remarks as well, in case of Nai Dunia there is a huge contribution which is going from national market from our side and this is what has curtailed their losses significantly; last year they reported a loss for MP and Chhattisgarh to the tune of about 27, 28 Crores and for H1 inspite of increase in circulation by more than 10% since the time we have taken over cash losses are not more than Rs.3 to Rs.4 Crore in the first half.

Abneesh Roy 

On the circulation revenues, you have managed the growth quite well there, 9% growth; did you say that 3% out of this has come because of the subscription cover price increase?

R. K. Agarwal 

That is right.

Abneesh Roy 

So 6% is the circulation number growth.

R. K. Agarwal 

Yes. We continue to grow our circulation as we had originally planned although we have slowed it a bit given the adverse economic conditions. We may not achieve the targeted PO by the close of the year and it may get spilled over to the next year.

Abneesh Roy 

One is in which market this 3% cover price has happened and has the other players also followed us in that and any more price hikes coming in the other markets? That is the first question follow-up.

R. K. Agarwal 

Increases in cover prices are happening in stages almost every month since this year has started and it has happened across the market, there could be a few exceptions which I do not remember offhand but we have increased the cover prices by and large everywhere like in every state.

Moderator 

Thank you. We will take our next question from the line of Mr. Amit Kumar from Kotak Securities. Please go ahead.



Jagran Prakashan

Investors/Analysts Conference Call

October 30, 2012

Amit Kumar 

I just wanted to get a sense that in terms of the various geographies which are there, this 4% ad growth, which are the geographies which are delivering better, which are the pressure points out there in terms of territories?

R. K. Agarwal 

Pressure points for us are a few business houses and the most important drag is South market.

Amit Kumar 

That would be from a national advertising perspective I was actually looking to get a sense of more local advertising that within the territories Chandigarh, Punjab-Haryana?

R. K. Agarwal 

Jharkhand is doing well. Punjab is doing reasonably well but not very well. NCR is doing pretty well. UP, given the large base, is recording growth but at a lower rate.

Amit Kumar 

And Bihar?

R. K. Agarwal 

Bihar Jharkhand is doing pretty well. The percentage of growth I do not have it readily available. We can speak later.

Amit Kumar 

My second point was with respect to the subsidiary companies Nai Dunia and Mid-Day, I think you have given the data for Mid-Day in terms of overall revenue growth could you give us some sense of Nai Dunia overall?

R. K. Agarwal 

I was talking about Nai Dunia in fact, when I was speaking to Abneesh In case of Mid-Day also what we had originally envisaged we are going to invest much less, the losses are far lower than what we had envisaged and the cash losses in case of Mid-Day for first six months should also be in the range of about 3 Crores odd.

Amit Kumar 

In Nai Dunia the sense of the overall advertising and circulation revenue growth especially the revenue traction in that particular territory?


Investors/Analysts
Conference Call




SATISH KOTHARI

SANJAY GUPTA

R. K. AGARWAL

R. K. Agarwal 

In the first quarter Nai Dunia had registered on an overall basis a growth of nearly 9% and in the second quarter they have registered a growth of about 6.5%. For them the regional-- rather the local growth has been slower than the national one. But since there has been change in the local team as well the growth is picking up and you will see further traction in coming months.

Moderator 

Thank you. Our next question is from the line of Mr. Miten Lathia from HDFC Mutual Fund. Please go ahead.

Miten Lathia 


Looking at your raw material cost you said there is a 6% increase in circulation year-on-year the raw material cost are pretty flattish, could you give a sense of what the price of newsprint would look like year-on-year?

R. K. Agarwal 

There was an increase in the price and it was about 2% to 2.5%. Essentially, it has been controlled due to change in mix of the raw material. It has been controlled due to very, strict monitoring over the pagination and also by saving wastage.

Moderator 

Thank you. The next question is from the line of Mr. Himanshu Shah from HDFC. Please go ahead.

Himanshu Shah 


What is the circulation growth we are planning for in phase II for Nai Dunia?

R. K. Agarwal 

That we may not be able to share, sorry. I think that you would appreciate.

Himanshu Shah 

Just a related question to Mid-Day and Nai Dunia, when do we foresee the subsidiaries contributing positively?

R. K. Agarwal 

In case of Nai Dunia, the things are happening faster than what we had envisaged, maybe next year you will see the positive contribution from them and in case of Mid-Day, there has been very recently that is from October itself an integration of their marketing team with our marketing team and this is showing the results. I believe that Mid-Day should also be giving positive results after one year or so. We are more than happy that both these brands need much lesser investment than what we had originally envisaged, when we started growing both these brands, so as far as current year is concerned, we may be perhaps investing not more than 30% to 35% of what we had originally envisaged or even less than that.

Himanshu Shah 

The foreseeable future over the next two to three years do we see meaningful contribution from both these?



Jagran Prakashan

Investors/Analysts Conference Call

October 30, 2012

R. K. Agarwal 

I am saying from next year itself you can see positive result or you can expect positive results coming from Nai Dunia. As far as Mid-Day is concerned, we always expected that it would happen not before 2014-2015, and that is what we maintain.

Himanshu Shah 

Is it possible to get some color on average time spent by reader on newspaper reading of our brand?

R. K. Agarwal 

I do not have that figure readily available; yes we have that we can share with you later.

Himanshu Shah 

These are very subjective things?

R. K. Agarwal 

But one thing what I saw from the data it has not fallen as you might be apprehending.

Himanshu Shah 

Will be paying MAT this financial year?

R. K. Agarwal 

We will be paying MAT but that is something, which is adjustable against the tax payable for the next year that is why it will not have hit to the P&L this year.

Himanshu Shah 

From a cash flow perspective we need to take that?

R. K. Agarwal 

From cash flow perspective, there will be an outgo of 35 Crores odd or 40 Crores odd and we are paying advance taxes.

Himanshu Shah 

There is one time write off of Rs.30 million around 3 Crores related to prior period expense, some color on that?

R. K. Agarwal 

3 million is relating to the private treaty, not the earlier year expense.


Investors/Analysts
Conference Call



SATISH KOTHARI

SANJAY GUPTA


R. K. AGARWAL

Moderator 

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

Siddharth Goenka 

Just one question I have on the advertising growth, if you look at the second half of FY'12, it was a very strong half for us, wherein we showed a growth of +10%, so what kind of growth can we expect in second half of FY'13 this year given that all the festivities in Q3?

R. K. Agarwal 

Very difficult question you are asking, in fact as far as Q3 is concerned as you remember we already had the highest of the revenue in the previous year, so we are challenged against very high base because if you recall we registered a growth of 15% last year. So we are expecting a growth in Q3 as well, but to what extent and in Q4 it would be to what extent, again things remain uncertain.

Siddharth Goenka 

But given that we are nearing the festivals in October, how are you seeing?

R. K. Agarwal 

October is good, on that front there is no problem, but as you know the biggest booster comes around Diwali and this time there is one more positive let us hope that it should improve the expected growth rate for Q3 and that is the marriage season starting immediately after Diwali.

Siddharth Goenka 


If you can give us the split between OOH and event revenues for this quarter?

R. K. Agarwal 

For this quarter, outdoor was 20 Crores and event was 6.5 Crores.

Siddharth Goenka 

Event has always been trending downward which you mentioned in your opening remark also?

R. K. Agarwal 

There is one activation which we were doing for UP government and that has halted, this can start anytime, we have stopped it because government has delayed the payment. On corporate business front in fact event has registered a steep growth even in this quarter and it grew by about 15%. In the first quarter, it grew by about I think 30 odd percent that is auguring well for future, but unfortunately currently we are stuck up with that UP government activation, because if government releases the payment then we will start immediately. This is a good business for us, it would give us a profit in the range of about Rs.1.5 Crores per quarter, so it is just question of time, the moment it starts it would add at least Rs.4.5 to 5 Crores revenue and profit also to the extent of about 1.5 Crores. It is from our side only that we have halted in order to put pressure on the government.

Moderator 


Thank you. The next question is from the line of Bijal Shah from IIFL. Please go ahead.



Jagran Prakashan

Investors/Analysts Conference Call

October 30, 2012

Bijal Shah 

My question is on advertising growth outlook, sir we had seen pretty strong growth since we got listed and that was the period when we also saw meaningfully high economic growth, so now we are at say around 5-6% GDP growth and may be it is unlikely to change in the near term or may be even medium term, so what kind of advertising growth we should see in the medium term, I am not talking about probably FY'13 or FY'14?

R. K. Agarwal 

Let me clarify to you. As you rightly said, advertisement revenue growth is purely driven by GDP growth. This has been traditionally proved, there is nothing which is new and here also once you are used to 8% kind of GDP growth for past 7, 8 years. If you do better than 8%, definitely the growth would also be much- much steeper than what growth or additional growth in GDP you see, but in case it is anything less than 7% or 8% then the sentiment dips so badly that it hurts advertisement revenue most and in that case you can see a very steep fall.

Bijal Shah 

That is what we are seeing right now; probably second half of FY'12, not for you but for other guys FY'13 has not been so good, but in the medium term let us assume that 5 to 6%, sentiment also adjusts to the reality after a while, if you were to assume that 5 to 6% is probably a sustainable growth rate then what would be your assessment of advertising growth, I am not just talking for Jagran but overall regional front?

R. K. Agarwal 

I believe that if the sentiments remain intact, if they do not further go down or dip then in that case you can expect the same kind of growth in advertisement revenue as you are expecting for GDP i.e 5 to 6% kind of growth.

Bijal Shah 

As of now we saw some six years of very good advertising growth and that point of time incrementally overall from an industry perspective focus on circulation revenue was going down and in fact there was significant increase in production cost also because we added pages more number of color pages, more number of printing center and all, more editions, so as probably we can say that advertiser stops paying for all this so how do we see circulation revenue or how do you think

Investors/Analysts
Conference Call



SATISH KOTHARI

SANJAY GUPTA

R. K. AGARWAL

you should think of circulation revenue from a 3 to 5 years perspective if ad growth in this 6% or 7%?

R. K. Agarwal 

I am requesting you to refer to the management discussion and analysis which we have published along with the annual report and there you would find our views clearly captured, in my opinion if you go through this kind of a phase for one more year then there will be some sanity to the business plans of the newspaper company and they will be forced to increase the cover prices as they have been doing for the past one year. The hardcore believer of cutting down the prices has also started increasing the cover prices and this is what you would witness.

Bijal Shah 

I am just talking more from if that is the case in terms of contribution from circulation revenue can it go up materially?

R. K. Agarwal 

Why not, this is what should happen because once you are talking about such a low growth of 5 to 6% which used to be globally there say 5 years back or 7 years back or 8 years back in that case the publishers were selling newspapers at much higher prices. India is the only exception which was thriving on an advertisement revenue growth of 20% or 25%, but then when it goes down to that level then India also has to follow the same practices what have been followed globally.

Bijal Shah 

In a medium term perspective, can we think of a 10% increase?

R. K. Agarwal 

It is too hypothetical at this juncture, I do not believe that we are permanently in the growth trajectory of 5 to 6% of advertisement revenue, so let us discuss sometime later our plan and I have very strong views on the business model of a newspaper company and I request you before that to go through management discussion and analysis the chapter of our annual report.

Moderator 

Thank you. The next question is from the line of Lakshmi Narayan from Catamaran. Please go ahead.

Lakshmi Narayan 

What are the new editions you have started this quarter?

R. K. Agarwal 

We have started no edition in the past one-year.

Lakshmi Narayan 

Second on the Bihar market, which are the key cities you are getting your ad growth from?

R. K. Agarwal 

We are getting growth across Bihar and Jharkhand.

Lakshmi Narayan 

Between you and your named number two competition what is the ad share you actually take approximately?



Jagran Prakashan

Investors/Analysts Conference Call

October 30, 2012

R. K. Agarwal 

My sense is in Bihar we should be taking at least 60 to 65% of the leader.

Lakshmi Narayan

If the leader is 100 you are 65% of the leader?

R. K. Agarwal 

Yes.

Moderator 

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

Aashish Uppanlawar 

You said that on newsprint prices you witnessed in July a bit of an uptake and now again softening, so any outlook to share on newsprint as such what is changing in the market perspective overall?

R. K. Agarwal 

I firmly believe that whatever drop in prices has happened that is something, which is reasonable and beyond this may not be possible.

Aashish Uppanlawar 

YoY how would this tack up for FY'13 overall, newsprint prices on an average to your understanding?

R. K. Agarwal 

OnYoY basis I believe it could be 4 to 5%.

Aashish Uppanlawar 

You are talking about a drop of 4 to 5%?

R. K. Agarwal 

4-5% increase as compared to 2011-2012, because in Q1 we had higher prices, in Q2 also we had higher prices, Q3 whatever drop has happened would not compensate, whatever increases have already happened and you may end up with yearly 4-5% increase.

Aashish Uppanlawar: On Mid-Day I wanted to understand you get some figure on what the loss for first half of this year was, just wanted to get it again?


Investors/Analysts
Conference Call



SATISH KOTHARI

SANJAY GUPTA

R. K. AGARWAL

R. K. Agarwal 

It should be like in the range of about 3 Crores.

Aashish Urganlawar 

Do you see this run rate continuing for the second half just 2 to 3 Crores additional losses for the next year?

R. K. Agarwal 

Yes. Not more than that.

Aashish Urganlawar 

I wanted to get some color on how different advertisement scenario is panning out, you gave some specific color on how it is shaping across geographies, but you made some comments on education and would like to have some perspective on other sectors as well?

R. K. Agarwal 

White goods industry has remained quiet, currently in festive season we saw some advertisement and I hope that when Diwali comes again there will be a few more advertisements, but white goods has kept itself away from the advertisement in a big way, telecom is another one, because as it is suffering from their own problems.

Aashish Urganlawar 


Others say government advertising?

R. K. Agarwal 

Government advertising in UP at least has picked up in past couple of months and it appears that UP government is advertisement savvy.

Moderator 

Thank you. The next question is from the line of Mr. Abneesh Roy from Edelweiss. Please go ahead.

Abneesh Roy 

You gave insights into the circulation increase and average buying price increase, but your raw material cost if you see has not increased much, so average pages per copy if you could give us color on how that has come down YoY and does it have much of correlation to advertising or it is more that you have cut down on the news related content?

R. K. Agarwal 

We have not cut down on the content as such. It was mainly because of lower advertisement and it is mainly because we have started monitoring the inventory utilization, ad inventory utilization very, very closely.

Abneesh Roy 

What is your view on the domestic newsprint in the next six months?

R. K. Agarwal 

Whatever fall has happened, beyond that I am not expecting any fall.



Jagran Prakashan

Investors/Analysts Conference Call

October 30, 2012

Abneesh Roy 

If you could give us insights in to your internet business, how that is shaping up, when do you see revenues really scaling up and on the EBITDA front what is the situation?

R. K. Agarwal 

As far as internet properties are concerned as I mentioned in my opening remarks our news and education portal both are now rated at 6 and 3 respectively, so we are progressing very well. We have already become one of the top 50 internet sites of the country after we had consolidated all our internet properties and we are one of the top 5 media companies in internet.

Abneesh Roy 

Last question is on the employee cost, any plans to really rationalize this, any leeway available?

R. K. Agarwal 

Whatever increase you are witnessing in the current quarter of 18%, it is mainly because we paid annual increment arrears in the current quarter which were decided in the current quarter and was paid in the current quarter, so it captures roughly about 2.5 Crores which relate to Q1, if you eliminate that and also if you eliminate couple of Crores which were written back in the last year then in that case you will see just 8% growth in employee cost and this is and in fact in Q3 and Q4 both you will see similar growth.

Abneesh Roy 

Last follow up on the marriage days; you were alluding that in Q3 there will be pickup in number of marriage days, so is this across all the key states and how large is the number of days?

R. K. Agarwal 

That is something we have never analyzed that closely but it benefits us that is what we know.

Abneesh Roy 

Since you commented on that, so I thought some numbers you can share?

R. K. Agarwal 

Very difficult.


Investors/Analysts
Conference Call



SATISH KOTHARI

SANJAY GUPTA

R. K. AGARWAL

Moderator 


Our next question is from the line of Gaurav Jain from Alta Vista Capitals; please go ahead?

Gaurav Jain 


Just referring to that question that was asked before on GDP growth and advertising growth, if there is a 6% real GDP growth and there is inflation on top of that, then you come to a low double digit sort of nominal GDP growth, so in that scenario your advertising growth will only be 5%, the industry loses its pricing power?

R. K. Agarwal 


Do not catch me on that because you asked me if the GDP continues to remain at 6% and if the sentiments do not dip, in that case I would also say revenue growth would be in that range only but that is something which I do not believe and I believe there will be pick up in advertisement revenue because if you look at the group as a whole if we have registered growth of 3.65% in case of JPL we have done nearly 7% growth in Nai Dunia, so if you look at the group level then in that case our revenue growth has not been less than 5% in spite of the fact that Q2 was not a good quarter from any angle .

Abneesh Roy 

For this year it is okay, but I am just questioning your longer term?

R.K. Agarwal 

Longer term, I do not take that argument, because if one has to believe that India will always have 5% to 6% growth in times to come, in that case and then asks me what happens to the advertisement revenue. My answer would be if our future looks so bleak then in that case, print media companies also have that bleak future as far their advertisement revenue is concerned. In that case, they will have to do something else and that something else is nothing, but increasing the cover price and bring more sanity to their business plan. That is globally also whenever the growth has been challenged. I am not talking about for the past couple of years or so, but traditionally, whenever, advertisement revenue growth has been challenged, globally also, the publishers were increasing the cover prices, and as it is, they had a high base of cover price and they still increased it. In India it cannot so happen that advertisement revenue growth remains at the rate of 5% and circulation subscription also remains at Rs.3 or Rs.3.50 paisa.

Abneesh Roy 

Going back to the question on employee cost, your revenue growth say for this year is mid single digits, but your employee costs are growing at high single digits because of inflation?

R.K. Agarwal 

As I have told you, we have managed the employee cost and other expenses pretty beautifully. Our other expenses have increased just by 5% on year-on-year basis. Employee cost also as I just explained has increased on year-on-year basis nearly by 8%, if you eliminate one off items from last year's Q2 and this year's Q2. Let me throw some more light. It cannot so happen that the revenue is always under pressure, but the cost will keep on increasing. If I am CFO here and if the company is recording just 5% growth or 6% growth in the revenue then I cannot expect the kind of increment when the industry was enjoying the growth of 20% to 25%. Look at the software companies, nobody now gets that kind of increment, what media company employees have been getting in the recent past but if we say that the media or entertainment industry has a bleak future in that case, all the




Jagran Prakashan

Investors/Analysts Conference Call

October 30, 2012

employees and all other costs will also be controlled accordingly.

Abneesh Roy 

It seems that the net debt quarter-on-quarter did not come down a lot?

R.K. Agarwal 

It has come down. We paid 220 Crores in the current financial year to acquire and invest in Nai Dunia, and out of that 220 Crores, if net debt has increased nearly by 50 Crores, by September 30, I think, one should be more than happy. Your cash accruals have reduced the debt or have nullified to the extent of 175 Crores cash outgo for making an acquisition.

Moderator 

Our next question is from the line of Miten Lathia from HDFC Mutual Fund. Please go ahead.

Miten Lathia 

Earlier on the call, you mentioned that yields were under pressure. Is that a function of just the overall slower ad growth or competitive intensity in the market of UP itself has gone up?

R.K. Agarwal 

Fact of the matter is it is bad economic scenario, nothing else. Competitive intensity in fact has neither increase nor reduced. It has remained stagnant for the past one year. So it is not because of competitive intensity, it was because of the economic environment. We do not want to lose advertisers; so definitely, we are compromising currently on yields.

Miten Lathia 

This aggregates 4% YOY growth would you have an off-hand number on what the underlying yields and volume breakdown would be?

R.K. Agarwal 

In fact there is a dip in yield. There was a dip in yield and this entire growth has come through the volumes or standalone billing of our I-next and Citiplus. If you ask me to break it what has come through the volumes for Jagran and what has come through yields, I would say that the yield has gone down by at least 2% to 3%.


Investors/Analysts
Conference Call



SATISH KOTHARI

SANJAY GUPTA

R. K. AGARWAL

Moderator 

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

Amit Kumar 

You mentioned that October because of the festival season is seemingly better and we are just reaching the end of the month. Could you give us some quantification?

R. K. Agarwal 

Amit, in fact, last year if you recall, you had Dusshera and Diwali both falling in October. So, if I eliminate Diwali impact, in that case my growth should be in the range of about 6% to 7%, in fact slightly high.

Amit Kumar 

My second point was with respect to the circulation, compared to the rest of this industry, compared to even listed peers, your average cover price is already on the higher side, so specifically in terms of Jagran how much of a flexibility do you have on that side, and potentially in which markets?

R.K. Agarwal 

You are absolutely right. In terms of flexibility, I do not have much to increase it further, but still there are a few markets where I am selling at a very low rate. Still, I am selling in Punjab at a very low rate of Rs.2 or something of that sort.

Amit Kumar 

How would you rate the Punjab market? Is there still a fairly large growth opportunity available there or it is more of a mature market?

R. K. Agarwal 

Punjab continues to be oversold market. Growth opportunity is there. There is no denying to it, but I am not very bullish on Punjab. So, there you can expect increase in cover prices by all the competitors, maybe in the next six months or maybe a bit later. So Punjab is a bad market for us in terms of our cover prices. Jharkhand, it has improved, but there is still scope to improve. In UP also there could be three or four editions, or five editions where there is a scope to improve.

Moderator 

Thank you. We will take our next question from the line of Ritwik Rai from Kotak Securities. Please go ahead.

Ritwik Rai 

Just a question on readership of I-Next and Nai Dunia, pretty sharp decline there in the last survey, first, if you could give us some idea about how I-Next circulation has moved?

R. K. Agarwal 

In fact Nai Dunia when we acquired we were expecting this to happen even in the last survey, if you recall, but we could sustain that. The last survey came to us as a surprise, because, Nai Dunia had drop in the circulation before our acquisition for past one year, whereas Rajasthan Patrika had been increasing. So this is something, which was expected. This was on expected lines. Therefore, I am not surprised. It will take six more months before it starts recording the growth in readership, and that is something, which is on expected lines.



Jagran Prakashan

Investors/Analysts Conference Call

October 30, 2012

Ritwik Rai ☞

As of now you already raised circulation by 10% or so?

R. K. Agarwal ☞

We have increased the circulation by 10%, but you know, it gets captured only after six months or so.

Ritwik Rai ☞

Do we expect some improvement there going ahead?

R. K. Agarwal ☞

It does not happen immediately, and we always expected that at least for one year we will have lower readership numbers than what we had when we acquired. So, I am not unduly disturbed nor I am surprised.

Ritwik Rai ☞

You were saying that actually the investment that you would require in Nai Dunia will actually be lower than you are past expectations. So why are you expecting even more severe decline in readership in this?

R. K. Agarwal ☞

There could be decline. I do not deny that. whatever increases in circulation have happened in the past six months will get captured maybe in Q4 of 2012-13. That is March 2013. So, there could be some decline. I do not deny that. It could remain stagnant.

Ritwik Rai ☞

On I-Next, have you reduced the circulation on that paper?

R. K. Agarwal ☞

In fact in the case of I-Next, we are focusing on sec A and sec B readers and as a result of that we are cutting down those readers who are not meant for this brand. Although we had increased the circulation by nearly 15%, but that we have done amongst sec A and sec B readers where you have per copy readership lower than what we have in case we distribute it amongst the mass.

Ritwik Rai ☞

What is the cover price for I-Next, average?

R. K. Agarwal ☞

Average cover price should be Rs.1.50 paisa, I am not sure or even less.


Investors/Analysts
Conference Call




SATISH KOTHARI

SANJAY GUPTA


R. K. AGARWAL

Moderator 

Thank you. Participants; that was the last question. I would now request Mr. R.K. Agarwal to add a few closing comments here.

R. K. Agarwal 

Thank you very much for your patience and for sparring your valuable time.

Moderator 

Thank you Sir. On behalf of ICICI Securities that concludes this conference call. Thank you for joining us.

CORPORATE OFFICE
Jagran Building, 2 Sarvodaya Nagar,
Kanpur 208 005, India.
☎ +91 512 221 📠 +91 512 223 0625
Website : www.jplcorp.in

REGISTERED OFFICE
Jagran Building, 2 Sarvodaya Nagar,
Kanpur 208 005, India.
☎ +91 512 221 📠 +91 512 223 0625

Designed at - Constant Design