



INVESTORS/
ANALYSTS
conference call

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Jagran Prakashan

Q4-FY-08 Results Conference

July 01, 2008

Moderator 

Good evening Ladies and Gentlemen. I am Sandhya, the moderator for this conference. Welcome to the Jagran Prakashan Limited Conference Call hosted by ICICI Securities Limited. For the duration of the presentation, all participants' lines will be in the listen-only mode. I will be standing by for the question and answer session. I would like to hand over to Vikas Mantri. Thank you and over to you sir.

Vikas Mantri 

Good evening everybody. We have R. K. Aggarwal and Sanjay Gupta from the management who will be holding the call for you. Over to you sir for a brief remark.

R. K. Aggarwal 

Good evening friends. I am happy to have our CEO, Mr. Sanjay with me. Both of us will endeavor to answer your questions to your satisfaction, Just giving a brief on the last year's operations, as you might have already noticed from the press release, this was another good year of performance. The results, particularly the bottom line would have been still better but for certain events and changes which were beyond our control, and one of them was change in the accounting with respect to lease rentals according to the Institute of Chartered Accountants of India's opinion, the new launches of Innext and also the amendment to the Payment of Bonus Act by the government with retrospective effect. Definitely newsprint prices also started increasing from January 2008. These increases also had some adverse impact on the profits for the last quarter, but essentially the first three were the main reasons why performance for the year and particularly for the last quarter got impacted. If I have to talk about the losses from the new initiatives, the total loss for the last quarter was over 8 crores and for whole of the year, these losses were 15 crores. Similarly, the impact of change in accounting with respect to lease rentals resulted in an impact of nearly 1.75 crores. Then, Payment of Bonus Act, amendment to Payment of Bonus Act with retrospective effect had an adverse impact of nearly 2.75 crores. So, all put together, the real impact...real adverse impact on the profits for the year was to the tune of 20 crores. With this, I request you to have your questions and we will endeavor to answer to your satisfaction.

Moderator 

Thank you very much sir. We will now begin the Q&A interactive session. Participants who wish to ask questions, please press *1 on your telephone keypad. On pressing *1, participants will get a chance

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to present their questions on a first-in-line basis. Participants are requested to use only handsets while asking a question. To ask a question, please press *1. First question comes from Ritesh from Dolat Capital. Over to you sir.

Ritesh 

Good evening sir. First, I would like to know the bifurcation of advertisement revenue and circulation revenue because it is not mentioned in the press release.

R. K. Aggarwal 

Yes, you are absolutely right. Advertisement revenue for the year 2008...

Ritesh 

Yeah.

R. K. Aggarwal 

...was 499 crores...

Ritesh 

Okay.

R. K. Aggarwal 

...an increase of 28.4% over the previous year.

Ritesh 

Okay. And circulation and...

R. K. Aggarwal 

Circulation revenue was 183 crores, an increase of over 7% over the corresponding period of the previous year.

Ritesh 

And out of home and other revenues?

R. K. Aggarwal 

Out of home and other revenues, I mean like out of home, event...

Ritesh 

Okay.

R. K. Aggarwal 

...and short code services, all contributed about 57 crores.

Ritesh 

Sir, if we take this 57 crores...

R. K. Aggarwal 

Yes.



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Ritesh ☞

...and in the last three quarters, it was like 46 crores, so this year quarter on quarter we have like 50% decline. So, what would be the reason for that?

R. K. Aggarwal ☞

No, decline in what?

Ritesh ☞

Like in Q3 FY08...

R. K. Aggarwal ☞

Yeah.

Ritesh ☞

...the other operating revenue was to the tune of about 20 crores.

R. K. Aggarwal ☞

Other operating revenues...

Ritesh ☞

...was to the tune of 20 crores in Q3 FY08.

R. K. Aggarwal ☞

No, when you are talking about other operating revenues, you are referring to what?

Ritesh ☞

SMS, out of home, and event business.

R. K. Aggarwal ☞

See, first of all let me clarify to you...

Ritesh ☞

Yeah.

R. K. Aggarwal ☞

... the operating revenues comprise of advertisement, circulation, these three, and couple of more sources are there.

Ritesh ☞

Okay.

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R. K. Aggarwal 

So, I don't know how you are coming to a figure of 20 crores.

Ritesh

Okay. 

R. K. Aggarwal 

I mean, as far as other operating revenues are concerned, there has been a consistent growth throughout the year.

Ritesh 

Okay, okay. I will again check back my calculation.

R. K. Aggarwal 

You do that...

Ritesh 

Sure.

R. K. Aggarwal 

...and in case there is any further query, you can come to us.

Ritesh 

Sure, sure sir. Thank you very much sir.

Moderator 


Thank you very much sir. Next question comes from Avineshwar of Jagran. Over to you sir.

Avineshwar 

Hello sir. Sir, if we see your top line, there is a dip in Q4 compared to Q3 and if we see the growth Y-o-Y, in Q1 it was about 34%, in Q3 it was 29%, while this time it is only 16%. So...

R. K. Aggarwal 

You are absolutely right.

Avineshwar 

Yeah.

R. K. Aggarwal 

In the fourth quarter, the growth of revenue was not in line with what we had been achieving, but you must appreciate that,, with higher and higher base in terms of percentage, the revenue cannot, I mean the growth in revenue cannot remain same.

Avineshwar 

So, what kind of growth you are expecting FY09, will it be something like 15% to 18% overall?

R. K. Aggarwal 

No, I think it should be more.



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Avineshwar 

Okay. And sir, could you give me a breakup for the ad and circulation which you gave for FY08 full year, could you give us for Q4 sir?

R. K. Aggarwal 

Q4, the advertisement...advertisement revenues was 125 crores, a growth of 20%.

Avineshwar 

Yeah.

R. K. Aggarwal 

Circulation, the revenue was 45 crores, a growth of 5%.

Avineshwar 

And full year, outdoor, how much we did sir?

R. K. Aggarwal 

Full year, we did 44 crores, but in case of outdoor, you know, I have to clarify one thing which is very, very important. Whatever revenue from outdoor is disclosed in our accounts is without service tax and is without inhouse billing. Supposing, this activity was to be run by an independent company...

Avineshwar 

Yeah.

R. K. Aggarwal 

... and if you add both these to 43 crores, then we reach a figure of about 53 to 54 crores, which is comparable with other industry players

Avineshwar 

Okay.

R. K. Aggarwal 

And that way if I look at that , you know, within just two years' time, our Jagran Engage has been able to acquire more than 4% market share.

Avineshwar 

Okay. And how much have we done on event sir, full year?


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R. K. Aggarwal 


Event, this year we did only 11 crores.

Avineshwar 


Okay.

R. K. Aggarwal 


There was...I mean their performance was below expectations.

Avineshwar 

Okay.

R. K. Aggarwal 

it was because, this year we thought to concentrate on government business and we never realized, you know, there is lot of, bureaucratic approach which resulted in delay in release of the purchase order.

Avineshwar 

Yeah.

R. K. Aggarwal 


That is why we could not, meet our expectations.

Avineshwar 

And sir, what is the sense on news print because you said in Q4 there was an impact of only felt in only two months, in January there was not much impact. So, what is the sense...

R. K. Aggarwal 


No, honestly last quarter of the year saw the consumption more from, inventory as of 31st December.

Avineshwar 

Correct.

R. K. Aggarwal 

Right.

Avineshwar 

Yeah.

R. K. Aggarwal 

So, I mean like in the first quarter also, the impact will be there, definitely impact will be much higher than what we had in the first quarter, I mean in the fourth quarter of the last year...

Avineshwar 

Yeah.



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R. K. Aggarwal 

...but real impact, you know, one would feel in second and third quarters.

Avineshwar 

So, our EBITDA margin in Q2, Q3 will be far lower, is it that...

R. K. Aggarwal 

No, no, no, see, although I don't guide on the bottom line...

Avineshwar 

Yeah.

R. K. Aggarwal 

...but I can assure you at Jagran at least, we are not having fears of margins dropping or something of that sort., at least for present. It could be, you know, for a month or probably about two months, I mean could be for a quarter or so, but year on year margin, we feel still very confident that we should be doing, I mean there should not be any drop at least.

Avineshwar 

So, will that be through higher revenue growth or other means also?

R. K. Aggarwal 

we don't have any other means, I wish I could have had...

Avineshwar 

Yeah.

R. K. Aggarwal 

...but then it is going to be only from the operations.....

Avineshwar 

Okay, okay. And newsprint, any sense sir, will it come down say after two quarters because a lot of people are saying...

R. K. Aggarwal 

Yes, now what people are saying, we also, you know, agree with that.

Avineshwar 

And what will be the reasons for that?

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R. K. Aggarwal 


See we have to look at the reasons, you know, why it has gone up.

Avineshwar 

Yeah.

R. K. Aggarwal 

Definitely there is no doubt about it that, there is more demand.

Avineshwar 

Correct.

R. K. Aggarwal 

but in fact, people are putting pressure on the suppliers, this is why they have, you know, unreasonably increased the prices, I would say.

Avineshwar 

Correct.

R. K. Aggarwal 

So, I mean once the demand goes down after Beijing Olympics , particularly from China, or we, the newspaper publishers...

Avineshwar 

Yeah.

R. K. Aggarwal 

...do not run after them. Definitely, there will be reduction in the prices and then I was reading somewhere, , some pulp capacities are going to come in operation, , in September-October.

Avineshwar 

Yeah.

R. K. Aggarwal 

So, that would ease the pressure on the supply of raw material to the newsprint supplier....

Avineshwar 

Okay. Okay sir, that's all from my side. Thanks.

Moderator 

Thank you very much sir. Next question comes from Anand Shah of Angel Broking. Over to you sir.

Anand Shah 

Hello...yeah, good afternoon sir.

R. K. Aggarwal 


Good afternoon.





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Anand Shah 


Sir, this loss that you said about 20 crores, I mean because of these Bonus Act and lease rentals and others, I mean that is for the full year right?


R. K. Aggarwal 
es.


Anand Shah 
So, how much of that can be attributed for the last quarter?


R. K. Aggarwal 
About 10 crores.

Anand Shah 
About 12 crores.


R. K. Aggarwal 
...10- crores.


Anand Shah 
And sir, this will be recurring as in the Bonus Act and lease rentals or like this was one time...


R. K. Aggarwal 
See, why bonus had additional impact because we had to provide for the last year also.

Anand Shah 
Okay.

R. K. Aggarwal 
And ...whatever additional liability has come...

Anand Shah 
Yeah.

R. K. Aggarwal 
...on account of change in salary limit ...

Anand Shah 
Yeah.

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RITESH

R. K. Aggarwal 

...that would continue, but fact of the matter is once the salaries will increase...

Anand Shah 

Yeah.

R. K. Aggarwal 

..., this liability should go down and down only.

Anand Shah 

Okay. And sir, can you tell me advertising growth, I mean how much was the volume and value growth?

R. K. Aggarwal 

Space grew by about 13%.

Anand Shah 

13%.

R. K. Aggarwal 

Yeah.

Anand Shah 

This is for the full year you are saying?

R. K. Aggarwal 

I am talking about full year.

Anand Shah 

So, I mean value would be 15%.

R. K. Aggarwal 

Yes. Then, you can't attribute 15% to rate only.

Anand Shah 

Yeah.

R. K. Aggarwal 

It has a mix of...

Anand Shah 

The mix of incremental color and all this also over there.

R. K. Aggarwal 

...color and black and white.

Anand Shah 

Are you witnessing any slowdown in any particular category, for example, I mean real estate or



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something?

R. K. Aggarwal 

No, we don't see any slowdown in any particular category, but then inflation is a real ghost.

Anand Shah 

Yeah.

R. K. Aggarwal 

I mean if... it is affecting other industry...

Anand Shah 

Yeah.

R. K. Aggarwal 

...we also cannot expect to remain absolutely untouched, but one thing we know for sure that whatever impact it has, we will be least impacted.

Anand Shah 

But...sir, also one more thing, in terms of new product, new launches, you are looking to slow down, something like Inext or something?

R. K. Aggarwal 

I request our CEO to throw some light.

Sanjay Gupta 

See, there is no question of slowing down, but strategically we will like to stagger the launches in the financial year and take a call in mid term on what will be the prospective date for launching either a DJ edition or an Inext edition.

Anand Shah 

So, what kind of...how many editions are you looking for Inext in 09 and City Plus?

Sanjay Gupta 

Inext probably no more editions this year, maybe in January we will take another call...

Anand Shah 

kay.

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Sanjay Gupta 🗨

...or by October we take another call for strengthening our UP editions or some more editions in UP, but all that strategic calls will be taken once, six monthly performance is up to our mark and our expectation, .

Anand Shah 🗨

And sir City Plus?

Sanjay Gupta 🗨

Pardon.

Anand Shah 🗨

In City Plus?

Sanjay Gupta 🗨

City Plus, we are going ahead with two launches.

Anand Shah 🗨

Okay.

Sanjay Gupta 🗨

But ...it is not a very significant impact on our expenditure. So, those launches will happen, and we are looking for a few more cities which I cannot disclose now.

Anand Shah 🗨

And sir, there are also talks, I mean there were some price cuts happening in some of your markets or I mean competition has heated up, say like Amar Ujala launched in Lucknow and all these.

Sanjay Gupta 🗨

Yeah.

Anand Shah 🗨

So, can you throw some light on that?

Sanjay Gupta 🗨

On what?

Anand Shah 🗨

As in, what would be your reaction, are you looking at price cuts or anything?

Sanjay Gupta 🗨

See, price cut is a selling strategy....

Anand Shah 🗨

Yeah.

Sanjay Gupta 🗨

these are part and parcel of a newspaper industry and these keep happening every year I would



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say, somewhere here or there, and I am not bothered about the Amar Ujala launch in Lucknow at all.

Anand Shah 

Okay. So, why would...I mean they are strong as such in UP?

Sanjay Gupta 

Pardon.

Anand Shah 

As such, they are strong right, I mean...

R. K. Aggarwal 

No, that is right.

Anand Shah 

Yeah.

R. K. Aggarwal 

no point in talking about any competitor...

Anand Shah 

Yeah.

R. K. Aggarwal 

...but fact of the matter is Hindustan has been there since 1995.

Anand Shah 

Right.

R. K. Aggarwal 

In fact, as many competitors Jagran has...

Anand Shah 

Yeah.

R. K. Aggarwal 

... no other brand in the country has.

Anand Shah 

Yeah, that is right sir. And sir, how is the rate hike being absorbed that you took 35% to 40%.


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RITESH

R. K. Aggarwal 

See, as our CEO has already explained, these are part and parcel of the, business.

Anand Shah 


Okay.

R. K. Aggarwal 

So, I mean nothing to get worried too much about it.

Anand Shah 


Okay.

R. K. Aggarwal 

And ...I don't know where you got this information that Amar Ujala is cutting the price and all...

Anand Shah 


Okay.

R. K. Aggarwal 

...at least we are not aware.

Anand Shah 

Okay. Okay sir, thanks a lot sir.

Moderator 

Thank you very much sir. Next question comes from Mr. Rakesh of IL&FS. Over to you sir.

Rakesh Tarwe 

Hello...

R. K. Aggarwal 

Hello.

Rakesh Tarwe 

Hi sir, this is Rakesh Tarwe here.

R. K. Aggarwal 

Can you speak a bit loudly.

Rakesh Tarwe 

This is Rakesh Tarwe here.

R. K. Aggarwal 


Yeah.


Rakesh Tarwe 


Sir, actually I was just trying to match the numbers which you have given earlier. You said 499 crore rupees advertisement revenue, right sir?





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R. K. Aggarwal 
That is right.


Rakesh Tarwe 
183 crore rupees of circulation revenue.


R. K. Aggarwal 
Yeah.


Rakesh Tarwe 
And 57 crore is other operating income, OOH, events, and short code.


R. K. Aggarwal 
No, no, I did not say other operating income. 57 crore is operating revenue from outdoor events and short code service.


Rakesh Tarwe 
So, these three...


R. K. Aggarwal 
There are other three-four, you know, revenue streams


Rakesh Tarwe 
Okay, so these three put together is 739. So, 10 crore rupees apart from this.


R. K. Aggarwal 
10 crore...I don't know...

Rakesh Tarwe 
Because these three put together is 739 crore rupees.

R. K. Aggarwal 
Yes.

Rakesh Tarwe 
And your total revenue, net sales is 749 crore rupees.

R. K. Aggarwal 
Yeah, you can take, , another 10 crore or 11 crore rupees from others.

Rakesh Tarwe 
From others right?

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R. K. AGARWAL


RITESH

R. K. Aggarwal 

Yeah.

Rakesh Tarwe 

Okay. One more question I had was you had taken some 35% rate hike this year.

R. K. Aggarwal 

No, in case of, , one particular edition, not in case of all other editions.

Rakesh Tarwe 

No...

R. K. Aggarwal 

35%, we have taken a rate hike.

Rakesh Tarwe 

Yeah.

R. K. Aggarwal 

That was, you know, from 2350 to say 3200 or something of that sort.

Rakesh Tarwe 

Yeah.

R. K. Aggarwal 

Right. That was for All Edition.

Rakesh Tarwe 

Yeah, yeah, that is what I am saying.

R. K. Aggarwal 

That doesn't mean that, , my average yield would be like that.

Rakesh Tarwe 

What I am asking is how has been the response?

R. K. Aggarwal 

Response has been okay, I mean it has been accepted by the market, that is the rate at which we are selling apart from whatever discount, we have to extend that is something which is a normal feature.

Rakesh Tarwe 

Are you increasing the discounts?

R. K. Aggarwal 

No, I don't think we have increased.



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Rakesh Tarwe 


The discount in the card rate as on last year and this year is same?

R. K. Aggarwal 

Yes, more or less same.

Rakesh Tarwe 


Okay. So, means your whatever ad rate...

R. K. Aggarwal 

See, don't worry about that because, you know, still we are much cheaper than many others.

Rakesh Tarwe 

Okay, okay.

R. K. Aggarwal 

CPT continues to be one of the lowest.

Rakesh Tarwe 

CPT is still the lowest, yeah, that I know.

R. K. Aggarwal 

Not the lowest, but one of the lowest.

Rakesh Tarwe 


Yeah, that I know.

R. K. Aggarwal 

Now, I am not comparing myself with, you know, other language players I.

Rakesh Tarwe 

Okay. Okay, I got the point sir. Thanks.

Moderator 

Thank you very much sir. Next question comes from Vinay Paharia of Lotus India AMC. Over to you sir.

Vinay Paharia 

Good evening sir. Hello...


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R. K. AGARWAL


RITESH


R. K. Aggarwal 
Hello...


Vinay Paharia 
Yeah, good evening sir.


R. K. Aggarwal 
Good evening.


Vinay Paharia 
Sir, my question was during the call you said fourth quarter raw material was serviced out of the old inventory.


R. K. Aggarwal 
Yeah.


Vinay Paharia 
So, does it mean that the first quarter of next year will start seeing impact of the fresh prices or the current prices?


R. K. Aggarwal 
We have already felt.


Vinay Paharia 
Pardon.


R. K. Aggarwal 
We have already felt, but that is something which is within our expectations, it has not gone beyond our expectations. In fact, it is less than what we have taken for the whole of the year on an average basis.

Vinay Paharia 
The current price?

R. K. Aggarwal 
Yes.

Vinay Paharia 
What would be the current price?

R. K. Aggarwal 
Current price should be, I mean like...current price we are talking on 1st July. In this quarter, we are expecting about 900 dollars which is going to be, according to us, the worst.

Vinay Paharia 
So, current 900 per dollar and what was the price you paid for the fourth quarter inventory, fourth quarter 08.



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R. K. Aggarwal 

See, I will not like to give you the exact figure as to what price, you know, we have purchased at , but be sure about it, at whatever price others are purchasing, we have got the material at slightly lesser price.

Vinay Paharia 

No, I mean basically to find out basically what would be the increase in the raw material cost in the next quarter onwards.

R. K. Aggarwal 

Next quarter, I mean like let us concentrate first on the second quarter. We expect an impact of roughly about 20% or so in the current quarter, that is July to September and another 15%, you in the third quarter.

Vinay Paharia 

So, basically 15% Y-o-Y hike in second quarter and...

R. K. Aggarwal 

On an overall basis, we assume that the impact would be...as compared to the previous year, in the range of 15% to 20%, not beyond that.

R. K. Aggarwal 

About 20% you can say.

Vinay Paharia 

Okay. And my next question is what has been your card rate hikes across for all India editions?

R. K. Aggarwal 

We have...see, if you are talking about all edition rates...

Vinay Paharia 

Yes.

R. K. Aggarwal 

...then increase in the black and white from 2350 to I think 3200.

Vinay Paharia 

3050 to 3300?


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R. K. AGARWAL


RITESH


R. K. Aggarwal 
2350 to 3200.


Vinay Paharia 
Okay.


R. K. Aggarwal 
That is black and white and as far as other rates are concerned, we have, you know, numerous.


Vinay Paharia 
So, across the board, it would be something like say about 30%...25% to 30% hike?


R. K. Aggarwal 
No, across the board, it won't be like that, maybe 20% to 25%.


Vinay Paharia 
20% to 25%.


R. K. Aggarwal 
Yes.


Vinay Paharia 
Okay.


R. K. Aggarwal 
On an average.


Vinay Paharia 
Okay. Are you seeing any, I mean any difficulty in selling in the sense any discounts you need to offer or something like that?

R. K. Aggarwal 
No difficulty as such, ...whatever rates we have, we don't have a problem in selling at that rate. The problem is only a bit of inflation.

Vinay Paharia 
Inflation in the sense of the raw material you are saying?

R. K. Aggarwal 
No, no, I am talking about in general, the inflation.

Vinay Paharia 
Ah, in general...oh, okay, overall...the sentiment and the slowdown that is...

R. K. Aggarwal 
Yes.



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Vinay Paharia 

Okay. My third question is has your outdoor business broken even?

R. K. Aggarwal 

No, not yet.

Vinay Paharia 

Not yet?

R. K. Aggarwal 

No.

Vinay Paharia 

What would be the losses incurred on it because I think you have mentioned 8 crore as the combined loss for Inext as well as outdoor?

R. K. Aggarwal 

Yeah, I will be glad to, , keep myself confined to that only instead of giving the breakup.

Vinay Paharia 

Any outlook on the outdoor business when it would break even?

R. K. Aggarwal 

Very aggressive.

Vinay Paharia 

Pardon.

R. K. Aggarwal 

Very aggressive we are about the outdoor because it has already acquired, market share of more than 4% in just two years' time. So, now this is...now the time....we are reaching fast to, reap the benefit of that business.

Vinay Paharia 

So, when can we monetize this market share, in the sense when would this division break even?

R. K. Aggarwal 

See, it can happen, I mean like this year or it can happen anytime I would say because we have already got the properties.


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VIKASH MANTRI


R. K. AGARWAL


RITESH


Vinay Paharia 
Right.

R. K. Aggarwal 
Now, we are sitting at a point in time which is a bit worrying in the sense that inflation is on rise and we are seeing some kind of slowdown in economy, but for that , we could have broken even maybe in the next three-four months' time.


Vinay Paharia 
In next three-four...at least, in this year you expect a breakeven?


R. K. Aggarwal 
...six months' time.


Vinay Paharia 
Pardon.


R. K. Aggarwal 
Now, it might take six months' time.


Vinay Paharia 
Okay. And what is the percentage utilization of your sites currently?


R. K. Aggarwal 
I think we are getting too specific. We can discuss, you know, some other time.

Vinay Paharia 
Fine. And sir what is the status on the TV18 JV, when are we launching the Hindi business daily?


R. K. Aggarwal 
We already announced, that , we should be doing it in the current quarter, maybe that, you know, some 15 days here and there.

Vinay Paharia 
Okay, current quarter there will be a launch, okay. Thank you, I will be coming back with more questions if I have any. Thank you.

Moderator 
Thank you very much sir. Next question comes from Ritesh of Dolat Capital. Over to you sir.


Ritesh 
Sir, my question has been answered. Thank you.


Moderator 
Thank you very much sir. Next in line, we have Hiren Dasani of Goldman Sachs. Over to you sir.


Hiren Dasani 
Can you please tell me the number of copies per day for like Dainik Jagran, Inext, and City Plus?





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R. K. Aggarwal 
The Inext, we are doing over 3 lakh copies.


Hiren Dasani 
Okay.


R. K. Aggarwal 
And Inext has already become number two paper after Dainik Jagran in a couple of markets.


Hiren Dasani 
Okay.


R. K. Aggarwal 
Jagran, we are doing about 2.7 million.


Hiren Dasani 
Okay. And City Plus?


R. K. Aggarwal 
City Plus, the weekly circulation is I think in the range of about 1.75 lakh copies or 2 lakh copies.

Hiren Dasani 
Okay. And this Dainik Jagran, you launched about like four-five new editions last year?

R. K. Aggarwal 
Six editions.

Hiren Dasani 
Six editions last year right. And this year also, the plan is to launch three-four more editions if I am not wrong.

R. K. Aggarwal 
our CEO just explained, we will take a call after September.

Hiren Dasani 
Okay. I was probably...okay, I thought that was he was referring to Inext edition.

R. K. Aggarwal 
No, , I mean that is even for Dainik Jagran, I mean that is...we will

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VIKASH MANTRI

R. K. AGARWAL

RITESH

take a call after September.

Hiren Dasani 


Okay. And sir, can you share the effective average ad/edit ratio like DJ, Inext, and City Plus?

R. K. Aggarwal 

Pardon.

Hiren Dasani 

Effective ad/edit ratios or effective inventory utilization which you have....

R. K. Aggarwal 

Inventory utilization in Inext and City Plus...

Hiren Dasani 

Yeah.

R. K. Aggarwal 

...is very good. You can very well understand, Even main dailies have a tough time, you know, to get a revenue about 10 crore rupees in the very first year, but Inext has done that.

Hiren Dasani 

Okay. So, out of like total ad revenues of about 500 crores, Inext is about 10 crores, is that...

R. K. Aggarwal 

That's right.

Hiren Dasani 

Okay.

R. K. Aggarwal 

In spite of the fact that out of seven editions, five were launched only almost in the last quarter.

Hiren Dasani 

Okay, okay. And what would be the contribution of City Plus roughly?

R. K. Aggarwal 

City Plus has not contributed much.

Hiren Dasani 

Okay.

R. K. Aggarwal 

That was roughly about 1.5 to 2 crores.

Hiren Dasani 

Okay, okay. And if you can just lastly tell me also the, I mean the cover price of these three papers.



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R. K. Aggarwal 

See, City Plus is a free sheeter, we don't charge anything for City Plus.

Hiren Dasani 

Okay.

R. K. Aggarwal 

And Inext is 1 rupee, and as far as Jagran is concerned, it is except in Punjab where we sell at a lower cover price, 3 or 3 rupees 50 paisa.

Hiren Dasani 

Okay. Thanks a lot sir, thank you very much.

Moderator 

Thank you very much sir. Next question comes from Karan Mittal of ICICI Direct. Over to you sir.

Karan Mittal 

Good evening sir. Am I audible?

R. K. Aggarwal 

Yeah, you are audible.

Karan Mittal 

Yeah, okay. Sir, can you tell me something about the CAPEX plans for this year and the cash we have on the balance sheet as of March?

R. K. Aggarwal 

As of March, we have about I think 175 crores cash.

Karan Mittal 

Okay sir. And CAPEX plans?

R. K. Aggarwal 

CAPEX plan we have is about 125 crores.

Karan Mittal 

Okay, okay. And sir some idea about the Punjab scenario, we were very aggressive on the Punjab front and we are looking at increasing our circulation and readership over there, any update on that sir?

R. K. Aggarwal 

That has been a tremendous success and we are going for large

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R. K. AGARWAL

RITESH

numbers.

Karan Mittal 


Okay. Yes sir...

Moderator 

Are you done with your question sir?

Sanjay Gupta 

In Punjab, we are in competition with Dainik Bhaskar and Punjab Kesari, and we have a sizeable circulation exceeding 3 lakh copies.

Moderator 

Sorry for the interruption sir. Sir, your voice is a bit feeble, can you please be a bit louder.

Sanjay Gupta 

We have built a sizeable circulation base of 3 lakh copies in Punjab...hello...

Karan Mittal 

Yes sir, you carry on sir.

Sanjay Gupta 

Yeah. And I find it adequate to compete with the likes of Bhaskar and Punjab Kesari, and on a revenue front, we have also grown quite steadily.

Karan Mittal 

Okay sir. Sir, and my third question would be any targets we have set for the TV18 and business daily, that you have also any average daily circulation that you are looking at.

R. K. Aggarwal 

Let us wait. We have already sort of finalized our plans.

Karan Mittal 

Okay sir. Okay sir, thank you so much sir.

Moderator 

Thank you very much sir. Next question comes from Mr. Amar from Kotak Securities. Over to you sir.

Amar 


Very good afternoon to you sir. I just wanted to understand on your Inext side, you have done 10 crores last year and you have already launched seven more editions, so have you set some kind of targets for 09 as well, what kind of a revenue generation will you be looking from Inext side? Hello...

R. K. Aggarwal 


Yeah. We have very steep targets.





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Amar 
Hello...


R. K. Aggarwal 
We have a very steep target for Inext.


Amar 
Okay sir. And on the cover price side, you will continue to stay with 1 rupee cover price on this as well?


R. K. Aggarwal 
No, already thought has been given...


Amar 
Okay.


R. K. Aggarwal 
...to look at prices of certain editions.

Amar 
Right. Thank you very much.

Moderator 
Thank you very much sir. Next, questions are open for Ankit Kedia of Centrum Broking.

Ankit Kedia 
Right. Sir, just wanted to know what is the mix of domestic and imported newsprints and are we looking at cutting down circulation a bit, a couple of percent points to save on that price as well?

R. K. Aggarwal 
No, we will not do anything like that because we don't expect, you know, newsprint prices going beyond our expectations. Imported, yes, we are consuming about, , 30%. This might be reduced a bit, but besides that, we don't have any plans to cut down on circulation or something of that sort, to, remain unaffected by the newsprint prices.

Ankit Kedia 
Right. And sir, one question on the advertising. Sir, in the first quarter normally we get a lot of ads from the education institutes, do we see that trend in the first quarter as well?

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R. K. AGARWAL

RITESH

R. K. Aggarwal 

Yes, yes, yes.

Ankit Kedia 

And any sectors which we are seeing a good ramp-up coming from?

R. K. Aggarwal 

Yes.

Ankit Kedia 

Sir, any new sectors where we see a ramp-up, where we have positive surprises from any sectors because auto was one thing which is not doing so well now for us.

R. K. Aggarwal 

which was not doing that well, you know, earlier, even now it is not doing as good as it used to do maybe 1-1/2 years back.

Ankit Kedia 

Okay sir.

R. K. Aggarwal 

But then, we are not depending on any specific sector as such. Our dependence is not, you know, that much on a specific factor.

Ankit Kedia 

Okay sir.

Ankit Kedia 

Okay sir. Thank you sir.

Moderator 

Thank you very much sir. Participants who wish to ask questions may kindly press *1 on the telephone keypad. Next in line, we have Mr. Rakesh from IL&FS. Over to you sir.

Rakesh Tarwe 

Hello...

R. K. Aggarwal 

Hello.

Rakesh Tarwe 


Sir, to one of the previous questions, you said that your raw material cost will be...you expect to rise it by 20% next year?


R. K. Aggarwal 


I was comparing it with the previous year. I did not say anything about the next year.





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Rakesh Tarwe 
You are comparing it basically with FY07, right?


R. K. Aggarwal 
FY07-08, I was comparing what is going to be the material cost in 08-09...


Rakesh Tarwe 
Okay.


R. K. Aggarwal 
....and for 07-08.


Rakesh Tarwe 
Okay, so that is what, you are saying it will be rising at 20% from 08-09?


R. K. Aggarwal 
Yes.


Rakesh Tarwe 
Okay. So, what is your expectation...means right now you are saying 900 dollar is your imported newsprint cost right?


R. K. Aggarwal 
But then in the third quarter I expect it to come down.

Rakesh Tarwe 
In the third quarter?

R. K. Aggarwal 
Yes.

Rakesh Tarwe 
Okay. Can you share with us sir, in 2008 full year, what has been the total newsprint cost in absolute terms?

R. K. Aggarwal 
Roughly about 275 crores.

Rakesh Tarwe 
No, that is the total raw material cost. I am asking just for the newsprint.


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R. K. AGARWAL


RITESH


R. K. Aggarwal 
Okay, newsprint...


Rakesh Tarwe 
Yeah.


R. K. Aggarwal 
Newsprint is about 250.


Rakesh Tarwe 
250 crore rupees right. Hello...pardon me sir.


R. K. Aggarwal 
Yes, yes, 250.


Rakesh Tarwe 
Okay, thanks a lot sir.


Moderator 
Thank you very much sir. Next question comes from Mr. Ritvik from MS Global. Over to you sir.

Ritvik 
Hello...

R. K. Aggarwal 
Hello.


Ritvik 
Good evening sir, this is Ritvik here. I just wanted to understand sir given that newsprint prices have risen by about like roughly 40% to 50% this year as compared with last year. How is that, you know, you are expecting only 10% to 15% kind of increase in newsprint expenses?

R. K. Aggarwal 
20%, Mr. Ritvik: Yes sir, but like what do you think is really saving costs for you there because...

R. K. Aggarwal 
See, we have taken various steps to keep the newsprint cost under control...


Ritvik 
Yes.


R. K. Aggarwal 
...but not compromising on the quality.


Ritvik 
Sir, in terms of...like I was just wondering because in terms of your ad/edit ratio, you are running optimal in most cases right, 35% or so.





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R. K. Aggarwal 
Yeah, correct.


Ritvik 
So, then, I mean are you considering thinning down the paper or something like that or what is it?


R. K. Aggarwal 
No, I mean like as I mentioned we have reduced the imported consumption a bit...


Ritvik 
Okay.


R. K. Aggarwal 
...which is what has increased by 40% or 45%.


Ritvik 
Okay.


R. K. Aggarwal 
Not the domestic one.


Ritvik 
The domestic prices have not increased by as much sir.

R. K. Aggarwal 
Yes.

Ritvik 
About how much would be the price increase in case of domestic newsprint sir, could you give us an idea.

R. K. Aggarwal 
May be 20%.

Ritvik 
Okay, alright sir. Thank you sir.

Moderator 
Thank you very much sir. Next question comes from Venkatesh from Edelweiss. Over to you sir.


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VIKASH MANTRI


R. K. AGARWAL


RITESH


Venkatesh 
Hello...


R. K. Aggarwal 
Hello.


Venkatesh 
Sir, could you tell me what are the receivable days in the end of the balance sheet?


R. K. Aggarwal 
144 crores.


Venkatesh 
44 crores?


R. K. Aggarwal 
144 crores.


Venkatesh 
144 crores.


R. K. Aggarwal 
Yeah.


Venkatesh 
So, that is about 60 odd days.


R. K. Aggarwal 
About 70 days.


Venkatesh 
70 days.

R. K. Aggarwal 
70-73 days.

Venkatesh 
Okay. And sir, I didn't get the cash balance amount, 175 crores is what you said is it?


R. K. Aggarwal 
Let me check the debtor figure once again...


Venkatesh 
Yeah.


R. K. Aggarwal 
...because if you are working it out 60 days, I think it should be more.





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Venkatesh 
Yeah, debtors, net debtors are 158 crores.


Venkatesh 
158 crores.


R. K. Aggarwal 
Yeah.


Venkatesh 
And it is about 70 days?


R. K. Aggarwal 
70-72 days.


Venkatesh 
72 days. And I couldn't get the cash amount, it is 175 crores what you said?


R. K. Aggarwal 
Yeah.


Venkatesh 
Okay, fine. Just one question, a bit on Independent News and Media Limited, what exactly are they, you know, how are they helping you in terms of strategy in the out-of-home business, they have experience in other countries right?

R. K. Aggarwal 
Yeah, you are absolutely right. In fact, they have agreed to participate in any big out-of-home project on joint venture basis.

Venkatesh 
Okay.

R. K. Aggarwal 
They have agreed to provide us the technical expertise...

Venkatesh 
Okay.

R. K. Aggarwal 
...which becomes a prerequisite for many of the tenders and as it is,

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R. K. AGARWAL

RITESH

we keep getting, you know, other supports also from them.

Venkatesh 

Okay. So, it is only for key and large kind of projects?

R. K. Aggarwal 

Yeah.

Venkatesh 

Did we have any such projects in the past in the last one year?

R. K. Aggarwal 

We did not have any big project as such in the past and even now we don't have that....

Venkatesh 

Anything lined up.

R. K. Aggarwal 

...no strategy as such to run after those big projects because our strategy is entirely different, which is the biggest differentiator in our case from the rest.

Venkatesh 

Okay, okay. So, in case something comes up in future, then they will...

R. K. Aggarwal 

We will not miss out an opportunity in case something good really comes.

Venkatesh 

Okay, alright. Thanks a lot.

Moderator 

Thank you very much sir. Next question comes from Hiren Dasani of Goldman Sachs. This is a followup question.

Hiren Dasani 

Sir, you said CAPEX for next year is 125 crores, is it like, I mean is it more or less the recurring kind of a CAPEX or are you launching few more editions and that is why...

R. K. Aggarwal 

No, no, this is not recurring. Our maintenance CAPEX, given our scale, should be in the range of about 60-70 crore rupees per annum.

Hiren Dasani 


Okay.


R. K. Aggarwal 


This is part of the expansion plan which we initiated post IPO...




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Hiren Dasani 
Okay.


R. K. Aggarwal 
...that is to expand our capacity, current capacities in particular and modernize certain processes like CTPs.


Hiren Dasani 
So, presently like how many of your editions will be having the color facility?


R. K. Aggarwal 
We have all editions in color.


Hiren Dasani 
All editions in color.


Sanjay Gupta 
But in a few editions the number of pages are less, so we are enhancing the page level.

Hiren Dasani 
Okay. So, would it be fair to assume that over the next two to three years, the, you know, kind of enhancement of the capacity, in the sense black and white to color will also continue.

R. K. Aggarwal 
Yes, you are right. By next two to three years, our color capability will be nearly 100%.

Hiren Dasani 
Will be nearly 100%.

R. K. Aggarwal 
Because we are increasing it, you know, the way the demand has been . We are not going whole hog making, you know, all pages color unnecessarily.

Hiren Dasani 
Okay, okay. And the CAPEX for 08 was also in the similar range, about 100-125...


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R. K. AGARWAL

RITESH

R. K. Aggarwal 


About 100 crores.

Hiren Dasani 

About 100 crores.

Hiren Dasani 


Okay. And the debt level at the end of 08 sir if you can just tell me...

R. K. Aggarwal 

Can you please repeat.

Hiren Dasani 

Debt...loans.

R. K. Aggarwal 

Debt level?

Hiren Dasani 

Yeah.

R. K. Aggarwal 

It is an absolutely debt free company.

Hiren Dasani 

Okay.

R. K. Aggarwal 

We have some working capital limits of about 70 crore.

Hiren Dasani 

Okay. Because last year like there was about 107 odd crores...

R. K. Aggarwal 

Yeah, that again included... WC major portion of that was only working capital.

Hiren Dasani 

Okay.

R. K. Aggarwal 

Long-term debt was I think...last year about 30 crore.

Hiren Dasani 


Okay.


R. K. Aggarwal 


Out of which only 6 remain, 24 have been paid off.




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Hiren Dasani 
Okay. And working capital is about 70 odd crores.


R. K. Aggarwal 
Yes.


Hiren Dasani 
Okay. Thanks a lot sir.


Moderator 
Are you done with your questions sir?


Hiren Dasani 
Yes.


Moderator 
Thank you very much. Next question comes from Vinay Paharia of Lotus India AMC. Over to you sir.


Vinay Paharia 
Hello...Sir, can you tell us what is the ratio of color advertisement as the percentage of total advertisement revenue?


R. K. Aggarwal 
This year, it was 36% color.


Vinay Paharia 
Currently, you are at about 36%?

R. K. Aggarwal 
Last year, 2007-2008.

Vinay Paharia 
Okay.

R. K. Aggarwal 
I have not seen what was the figure for the first quarter.

Vinay Paharia 
Okay. And what was this in FY07?

R. K. Aggarwal 
I think around 35%.

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R. K. AGARWAL


RITESH


Vinay Paharia 
35?


R. K. Aggarwal 
Yeah.


Vinay Paharia 
So, almost...it is almost similar?


R. K. Aggarwal 
No, why similar, once the space has grown by, , 13%, overall increase in the color space was about 10%.


Vinay Paharia 
Okay, okay. And what is the proportion of imported newsprint, I think I missed that, in the total newsprint.


R. K. Aggarwal 
Last year, it was 30 imported.


Vinay Paharia 
Pardon...34?


R. K. Aggarwal 
30...30.


Vinay Paharia 
0.3?


R. K. Aggarwal 
Three-zero...three-zero.

Vinay Paharia 
Okay, thank you, I am through with my question.

Moderator 
Thank you very much sir.


Vikas Mantri 
Sandhya, can we take the last question.


Moderator 
As such, there are no further questions sir. I would like to hand over back to Vikas Mantri from the final remarks.


Vikas Mantri 
Okay, thank you everybody for the call and thanks to the management as well. Thank you sir.



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R. K. Aggarwal 
Thank you very much Vikas.

Sanjay Gupta 
Thank you.

Moderator 
Ladies and Gentlemen, thank you for choosing WebEx Conferencing Service. That concludes this conference call. Thank you for your participation. You may now disconnect your lines. Thank you.

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VIKASH MANTRI

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