



**INVESTORS/  
ANALYSTS**  
conference call

**2008**  
30 JULY



Jagran Prakashan

Q1-FY-08 Results Conference

July 30, 2008

Moderator 

Good evening Ladies and Gentlemen. I am Preetham, the moderator for this conference. Welcome to the Jagran Prakashan Conference Call hosted by ICICI Securities. 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 the floor to Mr. Vikas. Thank you and over to you sir.

Vikas Mantri 

Good afternoon everybody. We at ICICI Securities are pleased to organize the Q1-FY09 conference call Jagran Prakashan. We have with us the management of Jagran Prakashan, CEO- Mr. Sanjay Gupta and the CFO R. K. Aggarwal with us. Over to you sir for brief remarks.

R. K. Aggarwal 

Dear friends, a very good afternoon. Welcome to conference call of JPL. With me is our CEO, Mr. Sanjay Gupta. Friends, the quarter gone by, that is, quarter-ended 30th June 2008 has witnessed one of the lowest growth in revenues in the recent past. As we all know, yes, sentiments are not very healthy, but let me assure you the ground realities are not that bad as these are being portrayed. These negative sentiments have sort of created a bit of doubt in the minds of advertisers particularly the large budget advertisers, who preferred to hold their advertisement budget and wait and watch for some time. Clearly, it adversely affected the national advertising, resulting in lower than expected growth in advertisement revenue. We, however, still expect that these things would improve, and we should close the year with the advertisements growth exceeding 20%. In fact, if you look at the last quarter, apart from these bad sentiments, diversion of revenue to IPL was also a bit of problem which did not help, and which resulted in lower revenue.

At the same time, I would also like to share with you a few positives as far as JPL is concerned. According to recently released data by AdEX, there was a growth of just 5% in print advertising during the first half of the calendar year 2008. As against this, JPL recorded a growth of nearly 15% in the first quarter of the calendar year and 11% in the quarter-ended June 30th 2008, which is well above the industry's overall growth rate. Further in July 2008 till now, advertisement revenue is growing by over 35% as compared to July 2007, which indicates that things are improving. The main contributor to growth in the first quarter as well as in July 2008 has been education sector that reaffirms our belief that economic slowdown

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R. K. AGARWAL

VIKASH MANTRI

does not affect the advertiser of necessity as much as it affects others. I am sure all of you must have had a look at Hindustan Lever's financials also. This was one of the best quarters for them in recent past.

I also request you all to view the growth of Q1 in the light of the fact that Q1 of financial year 2008 had some benefit of UP election, which was not there this time and as I said earlier, there was some diversion of advertisements to IPL in Q1 of 2009.

The negative market scenario made us look at measures to cut cost, primarily news print cost, which in spite of unprecedented increase in the newsprint prices was kept under control, and as a result, there was saving as compared to the budgeted cost. Also, there was substantial reduction in losses from new publication businesses and other verticals as compared to Q4 of the last fiscal. As a result, the profit could be achieved in line with our budgeted profit for the current fiscal despite an adverse effect of exchange fluctuation (which, as we all know, is not in our control) and reduction in treasury income which happened due to deployment of funds for the objects of IPO. We would also like to reiterate that though nothing positive has been heard on the economic front including RBI's review yesterday, JPL's commitment is to deliver to the best of its ability and add value for all. We now welcome you to have your questions which we would endeavor to answer to the best of your satisfaction.

Vikas Mantri 

Yes, Preetham, can we take the questions please.

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 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 now. First in line we have Tanu from Quantum AMC. Over to you.

Tanu 

Yeah, sir, I wanted to know something on the financial paper side- has anything been launched regarding the JV that you all with TV 18?.

R. K. Aggarwal 

No, it has not yet been launched.

Tanu 

Okay.

R. K. Aggarwal 


It is kept on hold for sometime.

Tanu 

Alright, fine, thanks. I will come back later if I have any...




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Moderator 

Thank you very much. Next in line we have Ritesh Doshi from First Global, over to you.

Ritesh Doshi 

Hello? Hello?

R. K. Aggarwal 

Yes.

Ritesh Doshi 

Sir, can you please provide a breakup of revenues like how much came from advertisements, subscription?

R. K. Aggarwal 

Yeah, I will give you. The advertisement revenue was 140 crores.

Ritesh Doshi 

140 crores?.

R. K. Aggarwal 

Yeah.

Ritesh Doshi 

Subscription?

R. K. Aggarwal 

Subscription was 47.28.

Ritesh Doshi 

And sir, OOH in event management?

R. K. Aggarwal 

Outdoor was 11 crores.

Ritesh Doshi 

Okay.

R. K. Aggarwal 

A growth of 22% as compared to the corresponding quarter of the previous year.

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R. K. AGARWAL

VIKASH MANTRI

Ritesh Doshi 

Okay.

R. K. Aggarwal 

Event about 3 crores. If I am not mistaken, it was again, you know, more than 100%% growth.

Ritesh Doshi 

Right. And sir like, how many OOH properties do we have right now?

R. K. Aggarwal 

We are having about 2000.

Ritesh Doshi 

Okay, and sir, like personal cost also increased by around 25%.

R. K. Aggarwal 

Yeah.

Ritesh Doshi 

Is there any particular reason for that?

R. K. Aggarwal 

Yeah, yeah. In fact, if you compare it with the last quarter, that is,

Ritesh Doshi 

Yeah.

R. K. Aggarwal 

Q4 of the financial year...

Ritesh Doshi 

Yeah.

R. K. Aggarwal 

2007-2008.

Ritesh Doshi 

Yeah.

R. K. Aggarwal 

You will not find any increase whatsoever.

Ritesh Doshi 


Right, sir.


R. K. Aggarwal 


More or less, you know, it was same.





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Ritesh Doshi   
Yeah.


R. K. Aggarwal   
So, as we explained in the last quarter, there have been additions...


Ritesh Doshi   
Right.


R. K. Aggarwal   
in the staff strength, particularly in the new verticals. We have launched 7 more editions of Inext since June 2007.


Ritesh Doshi   
Okay, after that, you have launched 7 more editions?

R. K. Aggarwal   
7 more editions.


Ritesh Doshi   
And sir, this miscellaneous expenses also... include mostly selling expenses, I assume?


R. K. Aggarwal   
No, no, it is not selling expense. Other expenses comprise of manufacturing expenses, selling expenses, administration expenses..

Ritesh Doshi   
Okay.

R. K. Aggarwal   
Including stores and chemicals.

Ritesh Doshi   
Yeah. So that has also increased 22% while sequentially it has declined 10%?


R. K. Aggarwal   
I did not get you?

Ritesh Doshi   
Sir, these other expenses increased 22% year-on-year.


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R. K. Aggarwal   
Yeah.


Ritesh Doshi   
And has declined 10% sequentially.


R. K. Aggarwal   
Yes.


Ritesh Doshi   
So, any reason for that?

R. K. Aggarwal   
If you are talking about the increase...


Ritesh Doshi   
Yeah.


R. K. Aggarwal   
as compared to the last quarter of the last fiscal?


Ritesh Doshi   
Yeah, right, sir.


R. K. Aggarwal   
New launches that is reason one. Number two is scaling up of outdoor and event management activities.


Ritesh Doshi   
Okay. And sir, have you launched any edition in this quarter?

R. K. Aggarwal   
We launched 2 editions of Inext in this quarter.

Ritesh Doshi   
Sorry?

R. K. Aggarwal   
We launched 2 editions of Inext in this quarter.

Ritesh Doshi   
2 editions?

R. K. Aggarwal   
Yeah.



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Ritesh Doshi 

Okay, sir. Sir, like newsprint cost you have mostly controlled I believe, like it has increased only 14%.

R. K. Aggarwal 

I think it deserves, a compliment.

Ritesh Doshi 

Yeah, that's a compliment to you.

R. K. Aggarwal 

to the management.

Ritesh Doshi 

Like, what is the outlook on newsprint going forward?

R. K. Aggarwal 

Second quarter seems to be worse..

Ritesh Doshi 

Yeah.

R. K. Aggarwal 

And, from the end of the third quarter..

Ritesh Doshi 

Yeah.

R. K. Aggarwal 

we expect that newsprint prices trend start looking a bit positive.

Ritesh Doshi 

Okay, and so like who are the major advertisers?

R. K. Aggarwal 

I will request our Marketing Director who is also incidentally here to throw some light on that.

Shailesh Gupta 

Okay. The major advertisers for this quarter have been from education sector.


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R. K. AGARWAL

VIKASH MANTRI



Moderator 

Sir?

Shailesh Gupta 

Education is one of the topmost categories.....

Ritesh Doshi 

Right.

Shailesh Gupta 

.....that has basically driven the last quarter for us, because all the FMCGs have been quiet, all the white goods have been quiet.

Ritesh Doshi 

Yeah.

Shailesh Gupta 

But they will now be.... because for them the season starts now.

Ritesh Doshi 

Right, and what about the auto and realty sector?

Shailesh Gupta 


Realty.... real estate and auto have been slow.

Ritesh Doshi 

Okay, okay, that's it from my side, thank you very much.

Shailesh Gupta 

Thank you.

Moderator 

Ritesh, are you done with your question.

Ritesh Doshi 


Thanks, sir.

Moderator 

Thank you very much. Next in line we have Mr. Jain from Principal Mutual Fund, over to you.

Male Speaker 

Sir, I was wondering what traction did we have on the Yahoo portal, have we seen any revenues?

R. K. Aggarwal 

In fact, Yahoo portal has started marketing only from January or February.

Male Speaker 

Sure, sir.



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R. K. Aggarwal 

There has been an increase month after month, more than you know, 20% in the past 3 months, but still the revenues are not very significant. We hope that by the close of this year the revenues would start looking substantial.

Male Speaker 

Sir, yesterday your joint venture partner in Jagran 18 had disclosed that they have a CAPEX of around 100 crores planned for their newsprint business, so what kind of CAPEX are you seeing on your end?

R. K. Aggarwal 


I don't know, I mean, like they are into many other things also, I cannot say about their CAPEX plans.

Male Speaker 

Sure, and sir, in our Punjab region sir, are we seeing an increase in circulation revenues in the ticket size of Dainik Jagran increasing in price?

R. K. Aggarwal 

I will request our CEO to throw light on that.

Mr. Sanjay Gupta 

At this moment, we are not going to increase any price in Punjab , so there will not be any change in the circulation revenue in Punjab .

Male Speaker 

Sure, thank you, sir.

R. K. Aggarwal 

But more importantly, let me point it out to you that the increase in circulation has been maintained and as a result revenues have started flowing in Punjab and we have done far better as far as our recent revenue is concerned compared to the past.

Male Speaker 

Sure, thank you, sir.

Moderator 

Thank you very much. Next in line, we have Ankit from Centrum Broking, over to you.

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Ankit 

Sir, our advertisements have grown only by 10% year-on-year. I just wanted to know what was the volume growth and what was the value growth in that, sir?

R. K. Aggarwal 

Volume growth figures, if you can, talk to me after the conference call, I can share with you, I don't have that figure readily available.

Ankit 

Okay, sir, I will do that, sir. And sir, even if I look at the circulation revenues which grew only by 5.8%...

R. K. Aggarwal 

Circulation revenue has grown by 8%, gentleman.

Ankit 

Okay, sorry, sir, but sir, after including so many editions, did we actually cut down on the circulation in this quarter a bit to save on the newsprint which increased?

R. K. Aggarwal 

No, we cannot stop the organic growth, and, that is what is the trend, so circulation grew by about 6% in the last quarter as compared to the corresponding quarter of the previous year as far as our mother brand is concerned.

Ankit 

Okay, and sir, how much losses did we make in out of home and events business for the quarter?

R. K. Aggarwal 

Out of home and event management both put together had a loss of about 150 Lakhs which is much reduced as compared to the last quarter of the previous year.

Ankit 

Okay, sir, and thank you sir, I will speak to you after the conference, sir. Thank you.

Moderator 

Thank you very much. Next in line we have Venkatesh from Edelweiss, over to you.

Venkatesh 

Sir, firstly, I mean, we are really finding it very difficult to hear you sir, I think there is a problem with the line or maybe the phone there, could you please be a little loud?

R. K. Aggarwal 


Is it okay now?


Venkatesh 


Yeah, it is better. Okay, my question was on firstly what is the cash level we have currently?





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R. K. Aggarwal   
Again about 200 crores.


Venkatesh   
200 crores, okay, and could you share the circulation numbers please?


R. K. Aggarwal   
We have average circulation of about 2.6 million for the quarter-ended June 30th 2008 .


Venkatesh   
Okay, alright, thanks sir.

R. K. Aggarwal   
This is for Dainik Jagran.


Venkatesh   
For Dainik Jagran.


R. K. Aggarwal   
Include the circulation of Inext which is another 3 Lakhs copies.


Venkatesh   
3 Lakhs?

R. K. Aggarwal   
Yeah.

Venkatesh   
Alright. Alright, sir, thanks.

Moderator   
Thank you very much. Next in line we have Neerav Dalal from Capital Market, over to you.

Neerav Dalal   
Good afternoon sir. Sir, I wanted a take on the newsprint prices and what are the current newsprint prices and what is the take for the year?

R. K. Aggarwal   
I will just explain. The second quarter seems to be worst although

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there could be some hike in the third quarter as well, but by the end of the quarter, things would start looking positive and for us, the average newsprint cost for the first quarter of this current fiscal was about 27.25 rupees.

Neerav Dalal 

27.25 rupees, okay, and what are the international prices as of the moment?

R. K. Aggarwal 

Between 850 to 900 dollars.

Neerav Dalal 

Okay, sir, this you were saying would come off by the end of the third quarter?

R. K. Aggarwal 

Third quarter, yes.

Neerav Dalal 

Right, sir, and sir, in the beginning you had said you would grow at 20%, right?

R. K. Aggarwal 

Yeah.

Neerav Dalal 

That is that... we could not hear you clearly.

R. K. Aggarwal 

Yes, 20%.

Neerav Dalal 

20%, right, thank you, sir.

Moderator 

Thank you very much. Next in line we have Amit from Motilal Oswal, over to you.

Amit 

Yeah. Good afternoon sir, and thank you for the opportunity. I just wanted to understand one thing, Sir, on the newsprint prices you had been able to control the newsprint prices pretty well, so is it largely because you have reduced the number of pages or what has been the, I mean, reason behind this, just wanted to understand?

R. K. Aggarwal 

I think we had done a lot of things.

Amit 

Right, okay.

R. K. Aggarwal 

It is really difficult to pinpoint one.



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Amit ☞  
Okay,

R. K. Aggarwal ☞  
We have been able to, you know, control our waste. We have been able to control our, you know, unsold copies, and so many other things.

Amit ☞  
Okay and what is the average inventory that you keep?

R. K. Aggarwal ☞  
Average inventory would not take you anywhere, I mean....

Amit ☞  
Okay,

R. K. Aggarwal ☞  
Like I don't carry inventory more than 1 month consumption, or say 1.25 months consumption.

Amit ☞  
But then sequentially, there would be an absolute increase in the newsprint prices, right, from fourth quarter and first quarter as far as your purchases are concerned, right?

R. K. Aggarwal ☞  
See, this is a slightly difficult question, you know, for me to answer..

Amit ☞  
Okay,

R. K. Aggarwal ☞  
In fact whatever deal we get, we are not supposed to share.


Amit ☞  
Right, right, no, I am just saying the trend, not the absolute number?


R. K. Aggarwal ☞  
Trend, I mean, in terms of percentage, yes, I can tell you. It is roughly about 15% costlier in this quarter..


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Amit   
Okay,


R. K. Aggarwal   
Than the last quarter.


Amit   
Okay, okay, because I was just trying to understand your advertising revenue has been just about 10% so I thought that was.... was that there would be more decline in volume due to the pages and hence improvement in..


R. K. Aggarwal   
No, no, I can not stop, advertising just because of pages. In any case, you know, if I have to advertise additionally I would love to do that irrespective of the fact whether or not I would have to increase pages.


Amit   
Okay,


R. K. Aggarwal   
In any case, yield per centimeter irrespective of the newsprint cost would always be higher.


Amit   
Okay, okay, thank you, sir.


Moderator   
Thank you very much. Next in line we have Rithwik from M. F. Global, over to you.

Rithwik   
Hello, sir.

R. K. Aggarwal   
Hello.


Rithwik   
Yeah, I just.. sir, wanted to get an idea of why, you know, we had increased ad rates pretty aggressively, right at the end of the last fiscal, so I just wanted to understand how that has not translated into much, number one, and number two, I think did you say 35% growth in July and is that a kind of a lag that those rates are getting passed on with..?


R. K. Aggarwal   
Yes, yes, that is again one of the reasons and going forward, you will find the effect of that, you know, more and more pronounced.


Rithwik   
Okay, and sir, could you give us the numbers for your total newsprint consumption in million terms for this quarter and comparable last year quarter?




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R. K. Aggarwal   
Again, we can discuss it, a little later.


Rithwik   
Sure, sir.


Moderator   
Thank you very much. Next in line we have Tejas from IL&FS Investsmart, over to you.


Tejas   
Good afternoon sir.


R. K. Aggarwal   
Good afternoon.


Tejas   
Sir, I believe in the beginning of this year we were planning to acquire properties in Jagran dominated areas like UP, Bihar for our out of home business, so how many properties..


R. K. Aggarwal   
We have started that, and in that direction..


Tejas   
Okay,

R. K. Aggarwal   
...after acquiring the rights for whole of Aligarh city and UPSRTC bus stands.

Tejas   
Okay.

R. K. Aggarwal   
We have acquired now rights for the Moradabad railway station..

Tejas   
Okay,

R. K. Aggarwal   
And we are in process of acquiring a few more rights. There is a bit of uncertainty about, you know, outdoor policy of the state government

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R. K. AGARWAL  
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at the moment. That is why the acquisition has not happened faster but it is going to be sorted out and we are going to make a few more acquisitions very shortly.

Tejas 

And sir, in terms of number, how much would be that?

R. K. Aggarwal 

Pardon?

Tejas 

In terms of number, how much would be that? You said that 1000 properties we have as of today on.

R. K. Aggarwal 

More than 2000, I said.

Tejas 

Okay,

R. K. Aggarwal 

And Aligarh itself has about 200.

Tejas 

Okay, okay, thank you, Sir.

Moderator 

Thank you very much. Next in line we have Amit Kumar from Kotak Securities, over to you.

Amit Kumar 

Good afternoon, Sir, how are you?

R. K. Aggarwal 

Very fine.

Amit Kumar 

Sir, just wanted to understand, you know, what is happening on the outdoor front, I mean, if you look at your print-dominated areas, if we could just have a sense of, you know, how many properties do you have in the core Hindi heartland and you know, the other properties which you have, you know, in the metros Bombay, Delhi, and so on, could you just give us some sense on that?

R. K. Aggarwal 


Yeah. See the clear-cut strategy was first to mark the presence, in all metros which are contributing even now more than 50%-60% in the total outdoor pie.


Amit Kumar 


Okay,





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R. K. Aggarwal   
That is where we are.

Amit Kumar   
Right.


R. K. Aggarwal   
And for the past 3 months only, we have started concentrating on our area of operations, and there we have acquired a few properties. There are a few more properties which are under discussions and at final stage.


Amit Kumar   
Okay, sir, and what is the outlook on outdoor because you know, with the economic sentiments down a bit, I mean, it is generally believed that the hit on outdoor would be more than on other advertising mediums like say a print or television, so are you seeing something like that or because...

R. K. Aggarwal   
Sentiments matter only in case of a few advertisers, not in general. We have already seen in the first quarter. Now, I mean, like how it will impact in future, I am requesting our Director Marketing to tell you.

Shailesh Gupta   
See for outdoor it will never affect that much because basically outdoor is mostly the clients which you see on outdoor is FMCG clients, right. And FMCG clients, can you hear me?

Amit Kumar   
Yes.

Shailesh Gupta   
Yeah, okay, and FMCG clients are always there any way. If the economy is slow, they still need to sell their products, right. They still need to market and they still need to launch new products. It will never affect outdoor as much because outdoor is a much cheaper option compared to a press or a TV.

Amit Kumar   
Okay, and sir, is there some kind of a churn that is happening in your properties because, you know, somewhere along the line you are stuck at that, you know, 1200 to 1400 to 1500, I mean, number of

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properties..

Shailesh Gupta 

we are optimizing the properties right now, so what is happening is the properties which are not making money, we are leaving them. We are picking up new properties which have more potential of making money or if the properties are not going at a right price, right.

Amit Kumar 

Right.

Shailesh Gupta 


We are taking properties where the margins are better than before.

Amit Kumar 

Okay, fine. Thank you, Sir.

Shailesh Gupta 

Thank you.

Moderator 

Thank you very much. Next in line we have Nikhil from Systematix, over to you.

Nikhil 

Yeah. Good afternoon sir.

R. K. Aggarwal 

Good afternoon.

Nikhil 

Sir, just wanted to understand last quarter you had given guidance that we would not be launching any more editions for the next few quarter, so what is the timeline for that, I mean..

R. K. Aggarwal 

See, what we said was ..

Nikhil 

Yeah.

R. K. Aggarwal 

Except for these few editions which we have launched in the last quarter..

Nikhil 


That is Inext.


R. K. Aggarwal 

Inext.





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Nikhil   
Yeah.


R. K. Aggarwal   
We will not launch anything till 30th September and thereafter, we will review and take a call depending on the newsprint prices and so many otherthings, so that is what we still maintain.


Nikhil   
So 37 editions of Dainik Jagran as of now?

R. K. Aggarwal   
Yes.


Nikhil   
Right, and so what are we doing in Dainik Jagran- are we like, you know, raised out of probably Kanpur, are we expanding at least say probably to towns around Kanpur and making that a strong forte?

R. K. Aggarwal   
Let me, let me tell u. Jagran is seen everywhere right from J&K to Siliguri.

Nikhil   
Right.

R. K. Aggarwal   
So, practically we have covered the entire Hindi belt except for Rajasthan.

Nikhil   
Right.

R. K. Aggarwal   
Right. So now there could be a couple of editions which we might think of, you know, launching. It could be anywhere but then this call we will take only after 30th September. There is no crying need as such.

Nikhil   
Right, right.

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R. K. AGARWAL


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R. K. Aggarwal 

There is no emergency as such.

Nikhil 

And sir, what kind of ad rate hikes are we taking in Dainik Jagran year-on-year almost?

R. K. Aggarwal 

Every year in the past, if I am not mistaken, 2 years, we have taken more than 30% rate hike.

Nikhil 

30%, and sir, just wanted to understand in Inext, what kind of investments have we been put in and, you know, if you have seen any standalone profitability of Inext?

R. K. Aggarwal 

Inext- standalone profitability last quarter, we had suffered a loss of about 6 crores.

Nikhil 

Right.

R. K. Aggarwal 

...Which has come down significantly in the first quarter. And so long as we do not launch of new editions of Inext and continue with these 9 editions, I expect it to be in profit by March.

Nikhil 

Okay. Thanks, thanks.

Moderator 

Thank you very much. Next in line we have Vishal from ICICI Prudential AMC, over to you. Vishal, you can go ahead.

Prashant Kotari 

Hello, sir, this is Prashant Kotari. Just wanted to understand this ad revenue growth number because you mentioned that the ad rate hike was like 30% plus and we are able to increase our ad revenues only by 10% so was it a case of giving higher discounts or was it a case of having lower volumes so that our ad credit ratio was down, if you can explain something about that?

R. K. Aggarwal 

See, let me clarify a couple of things. First of all, ad/edit ratio is something which can be driven by the management. It has got nothing to do with the lower volumes or higher volumes or increase in revenue or lower revenue.

Prashant Kotari 


Okay.


R. K. Aggarwal 


Right. What is ad/edit ratio? I mean if I am having advertisement at 40%, 60% content, that is what is called 40-60 ad/edit ratio. And it depends on the number of pages. If I have more advertisements, then I have a capability to print more pages.





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Prashant Kotari   
Sure.


R. K. Aggarwal   
So, ad/edit ratio has got nothing to do with the revenue part of anything of that sort. Second thing is when we say over 30%, we have may be 10,000 rates, so what we talk is 30% all-edition increase but it doesn't mean 30% increase is there across everything. Effectively all edition rate might have been increased by 30%, on an average, it could be 15%-20%. That is another thing which I want to clarify.


Prashant Kotari   
So on an average how much was the ad rate hike?

R. K. Aggarwal   
It is very difficult, you know, I can give you just one ballpark figure because I have 10,000 rates.

Prashant Kotari   
Okay,

R. K. Aggarwal   
So the problem is I have, 37 editions and more than 250 sub editions, so you have those many permutations and combinations, those many rates I have. So it is very difficult ...we never work it out like that. But ... what I would say ballpark figure which I can give you, that could be in the range of 15%-20%.

Prashant Kotari   
Okay.

R. K. Aggarwal   
So that is what it is. And as far as your question, whether volumes dipped. No, volumes have not dipped. The increase in rate, as somebody else just enquired a few minutes back, has started getting reflected from the current quarter, and going forward, it would get more and more pronounced. What happens is that we had done the deal - Last year was the first year when we took the increase in the month of March. Earlier we were taking in the month of April, so in case of national advertisers, by the time deal is struck, you know, it is end of June or something of that sort. Deal is always for 12 months' period. If we conclude a deal say on 30th June, it will be effective from 1st July to 30th June so till deal is over, we cannot take the rate

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VIKASH MANTRI


hikes.

Prashant Kotari 

Okay. And can you also tell us the proportion of color ads and how do they compare compared to last ....?

R. K. Aggarwal 

Color ad has been on increase, you know, consistently, and that is why we have been investing in the expansion of color capacities. Unfortunately, I don't have figure readily available with me. You can take it from me, on some other day.

Prashant Kotari 

And sir just, sorry for asking this. You mentioned something about AdEX data in the beginning. Can you just repeat what you said?

R. K. Aggarwal 


I said industry has grown by 5% in terms of advertisement space in the first half of the current calendar year.

Prashant Kotari 

Okay.

R. K. Aggarwal 

As against that, Jagran has grown by 15% in the first quarter and by nearly, 11% in the second quarter.

Prashant Kotari 

By ad space, you mean, the volume growth?

R. K. Aggarwal 

Volume growth.

Prashant Kotari 

Okay, so for us, how much is the volume growth, 12%?

R. K. Aggarwal 

What did you say?

Prashant Kotari 

You are saying the industry volume growth is 5% and our volume growth is how much?

R. K. Aggarwal 

I gave you figure. I mean, they have given figure for 6 months.

Prashant Kotari 


Yeah.


R. K. Aggarwal 





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I have broken it down into 2 parts.


Prashant Kotari   
Right.


R. K. Aggarwal   
One for first quarter and second for second quarter.


Moderator   
Prashant, done with your question?

Prashant Kotari   
No, I could not understand, sorry, Sir. You are saying our volume growth was 12% for this quarter?


R. K. Aggarwal   
We will discuss, you know, after the call.


Prashant Kotari   
Okay, Sir.


Moderator   
Thank you very much. Next in line we have Suresh from Reliance Life Insurance, over to you.

Suraj   
Hello, sir, this is Suraj here. Sir, my question will be regarding the ratio of your domestic and imported newsprint, so what is the ratio currently, sir?

R. K. Aggarwal   
Imported is in the range of about 24%.

Suraj   
Okay, sir and sir, the number of loss making editions we have and how much of that would be in Punjab ?

R. K. Aggarwal   
We have considerably reduced the number from nine last year to seven this year.


Suraj   
Okay, and sir, how much of that would be in Punjab , sir?

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R. K. Aggarwal 


I think we are getting too specific about it.

Suraj 

Okay, sir, okay, sir. Thank you.

Moderator 


Thank you very much. Next in line we have Avinash Roy from Edelweiss Capital, over to you

Avinash Roy 

Good afternoon sir.

R. K. Aggarwal 


Good afternoon.

Avinash Roy 

I had a question on newsprint, you said after the end of the third quarter, you expect the prices to come down.

R. K. Aggarwal 


Yes.

Avinash Roy 

So what is the logic exactly for that – is it related to Olympics.....

R. K. Aggarwal 


See there are so many things like the presidential elections, Olympics, and so and so forth which have abnormally increased the consumption.

Avinash Roy 

Yeah.

R. K. Aggarwal 


Because you cannot expect, cost of production going up..

Avinash Roy 

Correct.

R. K. Aggarwal 

From 550 or 600 dollar to 1000 dollars in a year's time.

Avinash Roy 


Correct.


R. K. Aggarwal 


What is happening to the fuel is happening to the newsprint.





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Avinash Roy   
Okay.


R. K. Aggarwal   
So I mean like the fuel has gone down, from 146 to 120 within a week's time- that is what, gives us confidence that things would come to normal level..


Avinash Roy   
Right.


R. K. Aggarwal   
by the end of the third quarter and another reason is some pulp capacities which is the raw material for newsprint are coming up in the third quarter.


Avinash Roy   
So is it possible that we can see a very sharp decline in newsprint also..


R. K. Aggarwal   
No, I don't think.


Avinash Roy   
That, you don't think.

R. K. Aggarwal   
No, I don't think, I don't think...

Avinash Roy   
And sir, second question was regarding your growth in outdoor and event, you have said 20% overall – what kind of growth you will see in the outdoor and events ...

R. K. Aggarwal   
No, when I said 20%, I was talking about advertisement revenue from the print only.


Avinash Roy   
Okay, so what kind of growth do you expect in outdoor?

R. K. Aggarwal   
Outdoor again it is expected exceeding 20%.


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Avinash Roy 

Yeah, and events also similar?

R. K. Aggarwal 


Events I think it should be much, much sharper.

Avinash Roy 

Okay, is it because of more property we want to this year?

R. K. Aggarwal 

In event?

Avinash Roy 

Yeah.

R. K. Aggarwal 


Yes, in fact, last year was an aberration in the sense we could not do to our potential for certain reasons which were beyond our control..

Avinash Roy 

Yeah.

R. K. Aggarwal 

This year we will be back, you know, to the normal level.

Avinash Roy 

Okay, okay, sir. Thanks.

Moderator 

Thank you very much. Next in line we have Vinay Paharia from Lotus Mutual Fund, over to you.

Vinay Paharia 

Good afternoon sir.

R. K. Aggarwal 

Good afternoon gentleman.

Vinay Paharia 

Sir, wanted to know, you said during the call that this business paper is on hold that's because of newsprint or ..?

R. K. Aggarwal 


No, there are various other reasons. I don't think, this is the right forum to share those strategies.


Vinay Paharia 


Fine.





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R. K. Aggarwal   
And when I say onhold, it could be, temporarily.


Vinay Paharia   
Okay. And second question is you said during the call, you said what the average cost of this newsprint was 27.5 rupees per kg is it?


R. K. Aggarwal   
That's right.


Vinay Paharia   
Okay, and what is the current domestic rate for newsprint which we are buying?


R. K. Aggarwal   
Again, domestic, as you know, has various qualities. It ranges from 28, landed cost to 40, but that 40 is something very, very special which we hardly buy.


Vinay Paharia   
So that's what, so what is your type of newsprint which you buy on an average costing, say on a current market price basis?


R. K. Aggarwal   
It will be 28 to 35.

Vinay Paharia   
28 to 35?

R. K. Aggarwal   
Yeah.

Vinay Paharia   
So maximum which you have.. yeah, okay, and this is what the.. ....

R. K. Aggarwal   
And 40 is also substitute to import.

Vinay Paharia   
Correct. So this is the rate which you feel maximum you can go in say in third quarter end?

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R. K. Aggarwal 

Yes.

Vinay Paharia 

Okay, okay, sir, thanks.

Moderator 

Thank you very much. Next in line we have Aditya from Citigroup, over to you.

Aditya 

Yeah, hi, sir. I wanted to.. most of my questions have been answered. Just one more question regarding your ad revenues. You say the ad revenues in print would be about 20%, so I am just trying to understand, you know, given the whole economic slowdown and it coming down to about 6%-7% GDP growth, how do we expect to come up to something like 20%?

R. K. Aggarwal 

First of all, I don't share the thought that growth is going to be 6%-7%.

Aditya 

Okay.

R. K. Aggarwal 

Because even RBI Governor yesterday said that, he doesn't have any reason to revise the GDP growth downwards from 8%. He is still hopeful of getting 8% rate and there was one gentleman, who was a very imminent personality, speaking yesterday onCNBC who still says that, GDP rate is not going to be less than 8.5% to 9%. I am one of those who believe in this. Having said that, I would not expect the same kind of, growth what we had last year. It would affect us and this is why I say 20%; otherwise I would have said, you know, again 30%.

Aditya 

Okay.

R. K. Aggarwal 

The reason is if you recall I mentioned in the beginning itself the economic slowdown and as my Director Marketing explained in the beginning itself. Economic slowdown does not affect the local advertisement as much as it affects national advertising. In fact, it is the local advertisements which have helped us getting that kind of a growth in the first quarter and that would continue to give. As far as national advertisers are concerned, it is not that they were not spending money. If you had an opportunity to look at Zee results or other electronic media, results, electronic media has performed well.

Aditya 


Yeah.


R. K. Aggarwal 


Courtesy, you know, IPL. So, now after they have spent substantial amount out of their budgets in the first quarter itself on electronics, the balance has to come to now print.





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Aditya   
Okay. Okay, sir. Thank you.


R. K. Aggarwal   
I mean like if you look at the growth in the local advertisement, it was pretty substantial even in the first quarter.


Aditya   
Okay, Sir, thank you.


Moderator   
Thank you very much. Next in line we have Nitin Bhatia from HDFC Mutual Fund, over to you.


Nitin Bhatia   
Good afternoon sir.


R. K. Aggarwal   
Good afternoon.


Nitin Bhatia   
Sir, you mentioned that Q1-FY08 had some impact of UP elections.

R. K. Aggarwal   
Yes.

Nitin Bhatia   
How much would have that accounted for in the base year which is not there this time around?

R. K. Aggarwal   
See it could be.. what happens is whenever these elections happen, in addition to direct flow of money from the contestants and all, there could be some additional ad spend as well, and all put together, it might not be very substantial but definitely, it might have resulted in at least 4%-5% less revenue.

Nitin Bhatia   
Okay, of our total ad revenues?

R. K. Aggarwal   
Yes.

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Nitin Bhatia 

Okay. Sir, when is it that we take our annual rate increases?

R. K. Aggarwal 

Last year, we took it in March.

Nitin Bhatia 

That has been the norm for the last several years, is it?

R. K. Aggarwal 

No, last several years, we were taking in April. This year, we took it in March and who knows this time we will take it in Feb.

Nitin Bhatia 

Okay, sir, one more qualitative thing- you mentioned that education for one has been holding up very well.

R. K. Aggarwal 

Sorry, gentleman, I didn't get your question.

Nitin Bhatia 

You mentioned that education is one category which has held up very well.

R. K. Aggarwal 

Yes.

Nitin Bhatia 

However, you know, obviously our growth rates have slowed. Would competition be one aspect which is basically Hindustan 's presence in more markets this year...?

R. K. Aggarwal 

No, I don't think any competitor has affected us at all and is not likely to affect us either in future.

Nitin Bhatia 

Yeah, I have to, yeah. They have..

R. K. Aggarwal 

They have not grown at our cost.

Nitin Bhatia 

No, what surprises... I mean I am not extrapolating the quarter's trend but what surprises us is probably that, you know, the markets that you are present in are in a phase of some sort of a structural growth and around that, this cyclical trend- has it deteriorated for a longer period or you think it was just this particular quarter that has...?

R. K. Aggarwal 

No, I am really not able to understand that, as far as our area of operation is concerned, there has not been any deterioration as such. As I mentioned just a few minutes back, it is my area of



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operations which has helped us, you know, in getting that kind of a growth. Otherwise, it just would not have been possible.

Nitin Bhatia 

Sure. Would there be any prominent categories which should have been negative YoY in this first quarter, any categories of your advertising..?

R. K. Aggarwal 

There are negatives. All the national advertisements..

Nitin Bhatia 

Prominent ones?

R. K. Aggarwal 


In fact, there was hardly any growth.

Nitin Bhatia 

Were there any significant ones which you hope that they will return back to print in the..?

R. K. Aggarwal 

White goods.

Nitin Bhatia 

Okay, white goods you would have declined YoY is it?

R. K. Aggarwal 

See, it really was not doing that well even last year. It was still worse in the first quarter.

Nitin Bhatia 

Okay. So, white goods would have declined year over year?

R. K. Aggarwal 

Yes.

Nitin Bhatia 

Okay, okay, thanks a lot for...

R. K. Aggarwal 

And they are picking up, and they will pick up. I mean like immediately after 30th June was over, we have started seeing the

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advertisements coming from white good industry as well.

Nitin Bhatia: Great, Sir! For the balance 9 months, how many more editions- Inext will not see any new launches?

R. K. Aggarwal 

No, I don't think. After September, we will take a call.

Nitin Bhatia 

Okay, okay, thank you very much.

R. K. Aggarwal 

There is no emergency as such and there is no hurry as such for launching new editions.

Nitin Bhatia 

Okay, thanks a lot for your time sir. Thank you.

Moderator 

Thank you very much. Next in line we have Ritesh from Dolat Capital, over to you.

Ritesh 

Good afternoon sir. My question has been answered. Thank you.

Moderator 

Thank you very much. Next in line we have Amit from Kotak Securities, over to you.

Amit 

Yeah, thank you, sir. My question has also been answered.

Moderator 

Thank you very much. Next in line we have Guest from Equity Master, over to you.

Female Speaker 

Sir, what is the CAPEX plan for this year and the coming next 2 years?

R. K. Aggarwal 

This year we have planned roughly about 125 crores.

Female Speaker 

Sir, how much?

R. K. Aggarwal 

125 crores.

Female Speaker 


125 crores, so this is including the maintenance CAPEX also?


R. K. Aggarwal 


Yes.





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Female Speaker   
And sir, over the next 2-3 years?


R. K. Aggarwal   
We don't have any huge CAPEX plan for next year or the year after that because we will be completing this phase probably by June 30th 2009 which we started immediately after IPO.


Female Speaker   
Okay, sir. That's it. Thank you.


Moderator   
Thank you very much. There are no further questions from participants. I would like to hand over the floor back to Mr. Vikas for final remarks.

Vikas Mantri   
Thank you everybody for participating in the call and thanks to the management for taking the call. Thank you sir.

R. K. Aggarwal   
Thank you very much gentleman.

Sanjay Gupta   
Thank you very much.

Vikas Mantri   
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 and have a nice day.

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R. K. AGARWAL

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