



**INVESTORS/  
ANALYSTS**  
conference call

**2009**  
JANUARY



Jagran Prakashan  
Q3 FY'09 Results Conference  
January, 2009

Melissa ☞

Ladies and gentlemen good afternoon and welcome to the Jagran Prakashan Results conference call hosted by Religare Capital Markets Limited. As a reminder all participants 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. If you should need assistance during the conference please signal the 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. Ram Patnaik of Religare Capital Markets Limited. Thank you and over to you Mr. Patnaik.

Ram Patnaik ☞

Thank you, Melissa. On behalf of Religare I welcome you all to the Q3 FY'09 Earnings call of Jagran Prakashan Limited. From the Jagran management we have with us Mr. Sanjay Gupta, CEO and Mr. R.K. Aggarwal, CFO. I would like to hand over the floor to Mr. R. K. R. K. Aggarwal for his opening remarks. Thank you, and over to you, sir.

R. K. Aggarwal ☞

Good afternoon friends. I am sure that you have all seen the quarterly results as well as the press release published this morning. This is the first quarter since IPO when we are meeting with one of the lowest growth seen in the past reasons for , which, I am sure, all of us know, but at the same time there are a few positives also in the last quarter, which I would like to share with you. Number one, we were able to take increase in our prices from December 24 in respect to most of our editions the full impact of which you will see in the current quarter that is January to March. In addition, the newsprint prices have dropped much beyond expectations in fact in the range of 15%-25% from what the prices were at which you were buying. . The third one, as usual Jagran has continued to be the number one newspaper in the country according to the latest IRS survey, 12 th time in a row since 2003 and another heartening feature was I-Next's six editions, which were covered first time in the survey also registered a sizable leadership numbers. Yes, on overall basis we have been number one since 2003, but in pockets we were #1 as well as we were #2 and this time in whole of western UP we have become #1 newspaper for the first time, which will result in accelerated revenue in times to come. With this I request the participants to ask their questions.

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SANJAY GUPTA

R. K. AGARWAL

RAM PATNAIK

Melissa 

Thank you, sir. Ladies and gentlemen we will now begin with the question and answer session. At this time if you would like to ask a question please press "\*" and then "1" on your touchtone telephone. If you wish to withdraw your question from the question queue please press "\*" and then "2" to remove yourself from the question queue. Please use only handsets while asking questions. Anyone who has a question may press "\*" and "1" at this time. The first question is from the line of Mr. Ritesh Poladia of Daulat Capital. Please go ahead.

Ritesh Poladia 

Good afternoon, sir. Sir, if we can have a bifurcation between ad revenues and circulation revenue please?

R. K. Aggarwal 

Ad revenue was 136 crores up 4.14% from the corresponding quarter of the previous year. Circulation revenue was 49.35 crores, which is a growth of 3.75%.

Ritesh Poladia 

Okay, so even on a quarter-on-quarter basis, I guess circulation revenue has gone up, is it mainly because of the higher circulation or because of the price rise, if you can give some sense on that?

R. K. Aggarwal 

We increased our cover price from December 24 and in some of the places we have taken increase in the month of November and October as well. Partly it is because of increase in cover price and the rest is because of increase in circulation.

Ritesh Poladia 

Okay. What would be the newsprint cost per kg average in this quarter?

R. K. Aggarwal 

The quarter numbers?

Ritesh Poladia 

Yes, Q3.

R. K. Aggarwal 

That is Rs. 30.

Ritesh Poladia 

Rs. 30. Okay sir. Sir what would be the ad outlook for next year if you can give some sense on that?

R. K. Aggarwal 

Anybody's guess. As of now it is really very difficult because when we were talking in October we did not expect November and December to be that bad and we were quite hopeful you know, that October to December quarter would also register a growth of at least 10%, but then unfortunately that did not happen. There are a couple of things which I would like to share with you. In mid-February or so,, Educational season starts and also we are reaching nearer to general elections , so these two factors might help us.



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Ritesh Poladia 

Okay, but for two to three quarters can we safely assume that this kind of a growth could prevail?

R. K. Aggarwal 

No, I would not say that, . if you are talking about our expectations we do expect that from July onwards things would look better. Upto July education plus general election should take care of it, so we continue to be optimistic, but still we would not like to just attach a percentage to the growth.

Ritesh Poladia 

Okay, that is all from my side now. I will come back with the other questions. Thank you, sir.

Melissa 

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

Avneesh Roy 

My question is on the advertising front HT Media, which has a significant exposure to the maximum market in Delhi and Mumbai, which have seen a major decline of around 25%-30% has also grown up 5% ad revenues YOY, while we have more exposure to the Hindi belt, which are considered to grow faster. So wanted to understand this disconnect because my expectation was that we should have grown faster compared to at least the HT overall?

R. K. Aggarwal 

You are absolutely right Mr. Roy .In fact, if you had not asked this question I myself would have touched upon it because this is something which we have also analyzed at our end and what at least we have come to know is HT ads revenue includes a substantial part on account of private treaty. If we reduce that perhaps there is a de-growth. When you compare our revenue with the revenue of HT then you will find perhaps you know we are 7%-8% higher than what growth or degrowth HT achieved.

Avneesh Roy 

7%-8% higher, I think you must then be pointing to a minus 2% for them. Is that the number you are saying, sir?

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R. K. Aggarwal 

According to my information, yes.

Avneesh Roy 

Sir, two questions pertaining to this. Are we also looking at private treaties now that this prime time calls for innovative solution and HT has benefited, Bennett Coleman has been doing this for a long time. What is our status on private treaty?

R. K. Aggarwal 

You are absolutely right, this offers a huge opportunity, there is no doubt about it and we are also looking for this kind of transactions, but definitely we have certain things very clear in our mind that we would not convert any cash clients into equity clients. We would not be going overboard on this. We are open to entertain these proposals coming through a few consultants we have appointed and we can definitely look at that. I think that this will be offering a huge opportunity and we would also utilize, but the core marketing activity also needs some innovation, also needs something else than what we have been doing and our marketing department is quite up to it and we are going to unfold new marketing strategies from the current year.

Avneesh Roy 

Any private treaties have been finalized or nothing.

R. K. Aggarwal 

Pardon.

Avneesh Roy 

Any private treaties have been finalized till now?

R. K. Aggarwal 

Of course, a small private treaty we have already done that is worth 2 crores ..

Avneesh Roy 

Elections have been announced and wanted to get a sense of how big an opportunity that can be for Jagran in the next two quarters?

R. K. Aggarwal 

Yes, I will explain to you, but I do not think the elections have yet been announced.

Avneesh Roy 

Thank you Mr. R. K. Aggarwal.

Sanjay Gupta 

Elections are yet to be announced, but elections always give newspapers a great opportunity to garner political advertisements and we are quite hopeful that political parties will patronize in the heartland with advertising and we are just crossing our fingers that as soon as the elections are announced, political parties will start using out their budgets. At this moment I can only say so.

Avneesh Roy 

During February and March normally every year we take ad rate hike. Seeing the conditions



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currently it will be essentially a toss between the volumes and ad rates. So what is the status, are we thinking of ad rate increase or decrease, some sense on that?

R. K. Aggarwal 

See, let me tell you as far as the space growth is concerned that continues to be, robust even in the last quarter, which is something very heartening.. As far as further hike in rate is concerned that is a consideration by the marketing department, they have not yet taken call and this year since they have taken an increase in September also, could be that, they do not take further increase in February or March or they might take, decision is yet to be taken.

Avneesh Roy 

Okay and sir regarding the subscription you said it was done in late December. So, my question is what kind of an upside we can look forward in Q4 in going forward because Q3 hardly had an impact of that?

R. K. Aggarwal 

Q4 should give us an impact of about 5-6 crores.

Avneesh Roy 

Okay sir. Thanks a lot.

Melissa 

Thank you Mr. Roy. The next question is from the line of Mr. Ritesh Doshi of First Global. Please go ahead.

Ritesh Doshi 

Sir, you said newsprint costs are expected to come down by around 15%-25%. Is it mostly of domestic or imported newsprint also?

R. K. Aggarwal 

15%-25%, 15% is in case of certain qualities of indigenous and 25% in case of imported .

Ritesh Doshi 

Sir, we would be holding a high cost inventory, so when can we expect the benefit of this reduction in cost?

R. K. Aggarwal 

Probably the current quarter itself you would start noticing the impact

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of reduction in prices, but the full effect would be noticed only from April to June.

Ritesh Doshi   
Okay, thank you.

Melissa   
Thank you Mr. Doshi. The next question is from the line of Mr. Sachin Doshi of Reliance Money. Please go ahead.

Sachin Doshi   
Hello sir.

R. K. Aggarwal   
Hello.

Sachin Doshi   
I just wanted to know what actually-if I am not wrong in October you had quite good ad revenues so what exactly happened in November and December that the ad revenues have gone down. Can you just throw some light on it and what would be the guidance that you would like to be for FY'09?

R. K. Aggarwal   
See for November and December in fact as everybody knows what happened..

Sachin Doshi   
Right.

R. K. Aggarwal   
To tell you very frankly, November and December were extremely bad which we never expected, October was the best in the past couple of years, there was a bit of degrowth in November and December,

Sachin Doshi   
I was not able to hear what you said actually. I mean your voice was getting cut actually. Can you just repeat what you told?

R. K. Aggarwal   
I am repeating. November and December have been bad. Many of us have not yet been able to analyze. When I say many of us I mean most of us, you know, have not been able to analyze. What is noticeable in November and December; there was a degrowth in national advertising, local advertising slowed down, but still there was a growth of about 14% in the last quarter. October as we mentioned was one of the best Deepawali's for us in the past couple of years. November and December were unexpectedly bad.

Sachin Doshi   
So, I mean then what would be the guidance that you would like to give for FY'09?

R. K. Aggarwal: We are hopeful that the advertisement revenue growth should be in the range of 10% for the next financial year.



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Sachin Doshi   
FY'09?

R. K. Aggarwal   
Yes.

Sachin Doshi   
Fine sir. Thanks a lot.

Melissa   
Thank you, Mr. Doshi. The next question is from the line of Ms. Yasmin Shah of Merrill Lynch. Please go ahead.

Yasmin Shah   
Sir, I have two questions, firstly on your ad revenues, how much have you booked from your other editions like I-next and City Plus?

R. K. Aggarwal   
Breakup of advertisement revenue?

Yasmin Shah   
Sir your voice is cracking, I cannot hear you.

R. K. Aggarwal   
Hello, now is it clear

Yasmin Shah   
Yeah, yeah. It keeps going and coming, I do not know.

R. K. Aggarwal   
Breakup of advertisement revenue

Yasmin Shah   
I want the breakup of advertisement revenue?

R. K. Aggarwal   
I-Next has contributed up till December 31 about 25 crores.

Yasmin Shah   
25 crores. Sir, what was the comparable number last year?

R. K. Aggarwal   
Last year it will be a misleading comparison because last year I-Next

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had hardly any position and the revenue was very, very insignificant.

Yasmin Shah 

Right. Sir, right now you just explained to somebody that the local ads has slowed down, right?

R. K. Aggarwal 

Local ads have slowed down, but still there was a growth of about 14% in the last quarter.

Yasmin Shah 

And for us how much would be the share of local ads?

R. K. Aggarwal 

As of December 31, local advertisement contributed 60% for the period of nine months and 40% was contributed by national.

Yasmin Shah 

And sir, with the growth slowdown, what was the base like what is it growing at?

R. K. Aggarwal 

Earlier it was growing exceeding 20%.

Yasmin Shah 

Right. Sir, if you look at the readership data you have in certain markets kind of lost share, do you think some of this slowdown in growth is attributable to that?

R. K. Aggarwal 

No, definitely not and I am really surprised how you say that because in the western UP as I mentioned in the beginning itself first time we have become number one newspaper beating all other competitors, which are Amar Ujala and Hindustan, where Hindustan in fact has the prominent presence and in rest of the areas whatever fall has happened that is in general, that is not only in case of Jagran and there are various reasons for that, that do not indicate anything negative or something of that sort. I can have a detailed discussion with you later off the line.

Yasmin Shah 

Okay sir. Thank you.

Melissa 

Thank you, Ms. Shah. The next question is from the line of Mr. Vikas Mantri of ICICI Securities. Please go ahead.

Vikas Mantri 

Hello, Sir, just wanted to know which are the segments in the national advertising or which journals have significantly seen a decline in terms of industry segments?

R. K. Aggarwal 

As a matter of fact in every segment, but then automobile has been the one.



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Vikas Mantri 

Okay. Sir, If I were to look you were talking about 60% comes from local, so if you have done a 14% growth in local it means national on a YOY has actually declined?

R. K. Aggarwal 

Yes, you are absolutely right. As I mentioned November and December it declined.

Vikas Mantri 

Sir, are we doing anything about looking at our auditors in terms of PWC as our auditor, so any thought on that?

R. K. Aggarwal 

No, I do not think Vikas we have no reason to give a thought to it although this was briefly discussed in yesterday's board meeting also, but board came to conclusion that there is no need as of now unless and until we know full facts.

Vikas Mantri 

Okay sir, thank you.

Melissa 

Thank you, Mr. Mantri. The next question is from the line of Mr. Neerav Dalal of Capital Markets. Please go ahead.

Neerav Dalal 

Good morning sir. Sir, I wanted the split between indigenous and imported newsprint?

R. K. Aggarwal 

I beg your pardon.

Neerav Dalal 

I wanted to know the split between the domestic and imported newsprint?

R. K. Aggarwal 

Indigenous was 80% and imported was 20%.

Neerav Dalal 

Okay, sir and what benefit do you see from the dip in newsprint prices going forward?

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R. K. Aggarwal   
Substantial.

Neerav Dalal   
Can you quantify?

R. K. Aggarwal   
Quantification. Yes, I can give that, but that would be very, very broad. Newsprint cost should go down at least 15% or so.

Neerav Dalal   
Okay, right sir. Thank you.

Melissa   
Thank you Mr. Dalal. The next question is from the line of Mr. Ankit Shah of FCH. Please go ahead.

Ankit Shah   
Actually I have question on the revenues 136 ad revenues, what is the breakup between I-next and your Flagship publication, which is there?

R. K. Aggarwal   
I-next contributed 25.

Ankit Shah   
Okay and your OOH business?

R. K. Aggarwal   
Advertisement revenue does not include any OOH business that is separate altogether and it contributed 12 crores.

Melissa   
Thank you Mr. Shah. The next question is from the line of Mr. Anand Shah of Angel Broking. Please go ahead.

Anand Shah   
Good afternoon sir. I just want to ask on the OOH business and event management is witnessing a significant slowdown in this quarter, it has only grown 1%. What is the outlook for the future in this segment?

R. K. Aggarwal   
This time in fact event management has grown significantly. Event management has not slowed down and in fact it is going to pick up further in times to come.

Anand Shah   
Is it that OOH business is actually posting a degrowth.

R. K. Aggarwal   
Yes, some degrowth in the outdoor business but that was marginal about 2% to 3%.



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Anand Shah 

What is the outlook for your over segment and are you looking to acquire more properties and...?

R. K. Aggarwal 

Outdoor segment,; when there is a bit of slowdown, it is also going to come in, but as we are expecting for print, expectations are for outdoor also, so things should improve in times to come.

Anand Shah 

This quarter, I mean, your advertising revenue grew 3% to 4%, can you give a breakup in terms of your volume and value? It has the volume seen any dip?

R. K. Aggarwal 

I can share with you the figures sometimes later, as of now I do not have.

Anand Shah 

Is the general trend, I mean, is the inventory utilization and volume is actually suffering?

R. K. Aggarwal 

There is a space growth and substantial part of it has come from space growth only.

Anand Shah 

I think you just indicated earlier in the concall that you have taken rate hike in September also?

R. K. Aggarwal 

That is right.

Anand Shah 

How much was that?

R. K. Aggarwal 

That was significant I do not remember off hand, but that was significant, but it could not get passed on to the advertisers.

Anand Shah 

So it was absorbed, so it is not reflecting the numbers as of now?

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R. K. Aggarwal 

It has not but then it will help us in the current quarter as well as the next year.

Anand Shah 

Sir, the cover price hike, can you give a weighted average as to how much that would be?

R. K. Aggarwal 

Weighted average?

Anand Shah 

In terms of say a 50% hike or 150%.

R. K. Aggarwal 

.In terms of percentage, my expectations are circulation revenue should go up after this increase by about 8% to 10%.

Anand Shah 

Only from this itself. You do not see any growth happening in circulation per se right?

R. K. Aggarwal 

Every quarter it has been happening, in fact even in the last quarter circulation grew by about 5%.

Anand Shah 

Both combinations will add to the circulation revenue?

R. K. Aggarwal 

Yes.

Anand Shah 

This is the last question. What is your debt on the books and cash?

R. K. Aggarwal 

We have long-term debt of about 60 crores out-standing as of 31st December. We have unutilized working capital limit to the tune of 115 crores and in addition we have cash on our balance sheet to the extent of about 180 crores.

Anand Shah 

Is there any significant CapEx plans for this over time.

R. K. Aggarwal 

We have already spent roughly about 95 crores or 90 crores till December and we are yet to spend about Rs. 50 crore out of the plan approved in the beginning of the year.

Anand Shah 

By FY 10'. Okay sir. Thank you sir.

Melissa 

Thank you Mr. Shah. The next question is from the line of Mr. Rochit Mehta of HSBC Asset



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Management, please go ahead.

Rochit Mehta 

Just wanted to understand, you said I-next gave about 25 crores for the nine-month....

R. K. Aggarwal 

Yes, you are right.

Rochit Mehta 

How much has the City Plus contributed.

R. K. Aggarwal 

That was insignificant, could be about 1.5 crores.

Rochit Mehta 

Is it a nine-month figure?

R. K. Aggarwal 

Yes.

Rochit Mehta 

For outdoor, could you tell for nine-month how much has this contributed.

R. K. Aggarwal 

Total revenue?

Rochit Mehta 

Outdoor total revenue.

R. K. Aggarwal 

Total revenue for the period of nine months, you said no?

Rochit Mehta 

Yes sir.

R. K. Aggarwal 

That was about 33 crores, plus about 6.5 crores used by print, plus service tax so roughly about 45 crores.

Rochit Mehta 

I could not hear you. Your voice is breaking up.

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R. K. Aggarwal 

They do a lot of work for print also, so for print they have done work for 6.5 crores approximately they did for the outsiders plus service tax all put together the total contribution of Outdoor, total turnover of Outdoor for the period nine months was about 44-45 crores.

Rochit Mehta 

For the company would be 33 crores?

R. K. Aggarwal 

Yes.

Rochit Mehta 

Sir, in event management what is the revenue recorded here?

R. K. Aggarwal 

For a period of nine months, the revenue was 10 crores.

Rochit Mehta 

For the Outdoor event management, could you give a sense of what the cost at what you are looking at, can you give a break up of that?

R. K. Aggarwal 

I am sorry, for nine months event contributed 10.56 crores.

Rochit Mehta 

Okay. What is the margin status of these two entities, these two businesses, the Outdoor and Event Management?

R. K. Aggarwal 

Event Management has always profits, nothing to worry, but last year it was an aberration as, they were on expansion mode, Outdoor had some loss.

Rochit Mehta 

Outdoor losses could be how much?

R. K. Aggarwal 

You are getting too specific. We can share with you later on.

Rochit Mehta 

Just one final query, in the October-November you said the environment has come but have you seen a pricing decline or is it more of a volume degrowth. Are customers now asking for more volumes at low prices? Hello?

R. K. Aggarwal 

Lower prices.

Rochit Mehta 

How is the growth of January progress up till now sir.



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R. K. Aggarwal   
January in terms of growth is flat.

Rochit Mehta   
Okay. Thank you sir.

Melissa   
Thank you Mr. Mehta. The next question is from the line of Mr. Mithen Lathia of HDFC Mutual Fund, please go ahead.

Mithen Lathia   
Good afternoon sir.

R. K. Aggarwal   
Good afternoon.

Mithen Lathia   
What would be the YOY increase in newsprint consumption in tons in this quarter, what would be the percentage increase?

R. K. Aggarwal   
Percentage increase...just give me a second. Can we deal with this question a little later?

Mithen Lathia   
Sure sir, not a problem. The only thing I was trying to figure out is the consumption increase and the circulation increase. Now it has been like four, five readership surveys when our readership has been continuously showing some bit of erosion while our circulation keeps increasing. Is that now being addressed at some level?

R. K. Aggarwal   
The increase in circulation and fall in readership is something like what is seen in case of English press, that is the phenomena, which is coming to the language press as well, so there is nothing bad in that. Now I have got the figures of consumption. This year's consumption is going to be more or less same as what we consumed last year. There is year-on-year growth in circulation of about 7%-8%, which we have managed by reducing our page level.

Mithen Lathia   
Okay. For the Q3 is there a number on how much would commensurate increase YOY?

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R. K. Aggarwal   
In terms of tonnes?

Mithen Lathia   
Yes.

R. K. Aggarwal   
There is no increase. It is more or less the same, although circulation increased by 5%.

Mithen Lathia   
Fine. That is it from my side sir. Thank you.

Melissa   
Thank you, Mr. Lathia. The next question is from the line of Mr. Amit Kumar from Kotak. Please go ahead.

Amit Kumar   
Good afternoon, sir.

R. K. Aggarwal   
Good afternoon.

Amit Kumar   
Sir, just one small question, sir in March 2008 we had taken an almost 30%-35% ad rate increase, now I can understand your September 2008 increase not going through, and given the fact you know we have seen space growth or volume growth, but it does not look like even the March 2008 increase has also gone through. Sir, could you give us some colour that in terms of essentially what happened to that rate increase and what is our expectation for Q4 and FY'10?

R. K. Aggarwal   
Your observation is perfectly all right, in the month of March it has not got fully passed on to the advertisers but this is something which has happened first time in the past so many years, this is why we are not yet sure whether we will take another increase in the month of February or March or not, but then whatever increases we have taken in the last year, that would benefit us in the next year.

Amit Kumar   
Okay, so given the fact that you took almost 30% increase in March and on top of that you have taken maybe the quantum is not clear in September 2008, I mean, at least can we expect 25%-30% of that 30% increase may be a 10% effective ad rate increase in FY'10?

R. K. Aggarwal   
Very difficult to say at this point in time and that is what makes me you know very unsure about projecting our growth next year.

Amit Kumar   
Not a problem sir. One small question, on the CapEx side, this year you have plans of about 100 crores, sir that is already through. What is the CapEx plan for next year?



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R. K. Aggarwal 

Not yet finalized. For the current year we had a CapEx plan of about 140 crores, out of which we have already done 100 crores, 40 crores we are planning to complete by say June. We have deferred some CapEx for the next quarter.

Amit Kumar 

For the next year?

R. K. Aggarwal 

Next quarter.

Amit Kumar 

Fine. Out of lets say this how much would be your maintenance CapEx and how much would be the new machinery?

R. K. Aggarwal 

We have yearly maintenance CapEx of about 30-40 crores.

Amit Kumar 

CapEx of 30. Can we expect even next year your CapEx to cross 100 crores level given the fact that you know at least in the release you have said that at least for over the next six months you are not looking to launch any new proposals going forward?

R. K. Aggarwal 

You are absolutely right. For the next year we do not have any CapEx plan nearing 100 crores or something of that sort. Definitely maintenance capex will be there, which is in addition to whatever has been left out from the current year which will be done in the Q1 of the next year, that's it.

Amit Kumar 

Fine, that is all from my side. Thank you.

Melissa 

Thank you, Mr. Kumar. The next question is from the line of Mr. Jamil Ansari of Nomura. Please go ahead.

Jamil Ansari 

Good afternoon gentlemen. Sir, just wanted to check what proportion of your advertising revenues come from DVAP ads.

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R. K. Aggarwal 

DAVP, Not much, Rs. 40-45 crores last year.

Jamil Ansari 

40-45 per annum and sir typically you would not be getting DVAP ads during the election period, right?

R. K. Aggarwal 

these are the political advertisements, which drive during those times.

Jamil Ansari 

Sir just wanted to understand if the two cancel out each other there is a significant positive impact?

R. K. Aggarwal 

Pardon.

Jamil Ansari 

Okay, so net-net during the election time you get beneficial impact on advertising revenues, right?

R. K. Aggarwal 

Yes.

Jamil Ansari 

Okay, and secondly sir, as someone calculated that your national advertising is down some 11% in this quarter. In the past have you seen any such decline and how has the trend been. In the last few days we have seen a lot of media companies now projecting this kind of a degrowth into FY'10 and things like that, so is that normal?

R. K. Aggarwal 

Let me clarify very clearly that we are not projecting any degrowth in advertisement revenue for the next year. This has been all along our belief that the local advertisements only have to drive growth in the case of newspaper and in that direction we have been working since 2004. So in 2004 we had national advertising contributing 51% and local contributing 49%, which ratio got changed significantly and in March 2008 that is 2007-2008 we had local about 56%-57% and national 42%-43%, which does not mean that national was not growing, but ratios were changing because local was growing faster because of our focus on local, and because of certain steps we took based on our belief that it is the local advertisement, which has to grow, at the end of the day, the advertisement revenue for the newspaper. Now November and December are the first months I would say when we noticed slight degrowth in national advertising.

Jamil Ansari 

Right, Right, That is what. These are some unforeseen numbers, what is your expectation, by when do you expect this to recoup?

R. K. Aggarwal 

Let me clarify, first of all our dependence is not that much on national advertising as many others are depending.



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Jamil Ansari   
Right, got the point, sir.

R. K. Aggarwal   
In the same breadth I also maintain that the drop in national advertising for us was not very, very significant. That was not like 11%-12% or 13% or something of that sort. There was a degrowth to the extent of about 2%-3%, which could be post Deepavali effect, which could be post festive season effect and it can again improve and we expect it to improve. November, December I am just seeing as aberration, definitely there is a slowdown in national advertising, there is no doubt about it, this is what has hampered our growth, but if you are saying that I am expecting a degrowth in the national advertising on a permanent basis, no.

Jamil Ansari   
Okay, fine. Sir, the 10% number that you gave, that was for FY'09, I mean any outlook on FY'10 how is it looking, advertising revenues, is it fair enough or very rough??

R. K. Aggarwal   
10% is the bare minimum, which I am expecting for 2008-2009, because for the period of nine months we have already achieved a 12% growth despite a mere growth of 4% in the Q3. The year-on-year growth if you ask me and from inside of my heart I expect beyond 12%. As far as next year is concerned as I have mentioned it is very difficult for us to predict anything for 2009-10, but we really expect that it should be a better year than 2008-09.

Jamil Ansari   
Lastly, in terms of newsprint cost we see it coming down in the international markets, so are the domestic prices also correcting in sync or is there any disconnect. What is your sense in terms of your contract that you have?

R. K. Aggarwal   
Domestic newsprint prices never shot up like that, so they have not fallen like that.

Jamil Ansari   
What has been the correction?

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R. K. AGARWAL

RAM PATNAIK

R. K. Aggarwal 

Imported newsprint prices have fallen by more than 25% in our case and some qualities of indigenous has fallen by nearly 15% and certain qualities have also have fallen by about 20%-25%.

Jamil Ansari 

So it is more or less like 15%-20% if we take out the current rate. Okay. Thanks a lot sir and all the best.

Melissa 

Thank you, Mr. Ansari. The next question is from the line of Mr. Vinay Paharia of Religare Assets Management. Please go ahead.

Vinay Paharia 

Hello, Good afternoon sir.

R. K. Aggarwal 

Good afternoon.

Vinay Paharia 

Sir, what is the current newsprint prices prevailing in which you would be buying?

R. K. Aggarwal 

You are asking about a blended data which I have not yet worked out, but I can just give you a broad estimate, it would be in the range of about Rs. 26.

Vinay Paharia 

This compares to roughly Rs. 30 per kg, which you have incurred?

R. K. Aggarwal 

Yes.

Vinay Paharia 

Okay and the trend is downwards, is it?

R. K. Aggarwal 

Trend is downward, but I do not know how much it would go down from here.

Vinay Paharia 

Would these elections also impact it because historically newsprint price increase sometimes in the election time?

R. K. Aggarwal 

Newsprint prices increasing during the election time... I do not expect that at all.

Vinay Paharia 

Okay, you have also increased your circulation revenue, the cover prices, right? What is the extent of this increase?



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R. K. Aggarwal 

I shared earlier also 8% -10% on overall circulation revenue for the full year?

Vinay Paharia 

Okay fine. Thanks a lot.

Melissa 

Thank you, Mr. Paharia. The next question is from the line of Mr. Rishi Maheswari of Enam. Please go ahead.

Rishi Maheswari 

Hi, Thanks for taking the question. I was wondering with these challenging times continuing for a while what would be the cost cutting measures that you may deploy in the company. Are you looking forward to cutting on your grammage on the paper, curtailing employees, cutting down the junior staff, could you highlight how do you see the margins going forward?

R. K. Aggarwal 

Wonderful. Very good question you have raised, and in fact this would make others also understand our approach in these challenging times. Management is quite aware and quite ready to the situation and this is why a number of steps have been taken to keep the cost under control. .

Rishi Maheswari 

I am extremely sorry to interrupt you, but your line is absolutely broken up, so if you can come over to the receiver or operator. I can barely hear you, but you may go on please.

R. K. Aggarwal 

We have taken a number of steps in order to keep the situation under control and if you notice the growth in other expenditure as compared to the corresponding quarter of the previous year that would show how these expenditure have been kept under control. In addition, on newsprint also despite there being an increase in circulation by about 7%-8%, our consumption of newsprint has not gone up because that we managed by rationalizing our page levels. So, all these efforts, which have already been made are going to continue and as far as the reduction in the employees is concerned that we are looking at, but we will not unnecessarily retrench the employees. Definitely there are going to be measures like putting a

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cap on increments to keep the cost under control, but retrenchment is something which would be resorted to if required, but currently we have not yet been able to identify any substantial excess strength, which can be dispensed with.

Rishi Maheswari 

So that remains the grammage on paper is unanswered, would you be also looking at cutting on that?

R. K. Aggarwal 

No I do not think, although I request my CEO to give a reply to that.

Sanjay Gupta 

There is an opportunity that we probably would be looking into is to move the supplements to a newsprint that has come up in the market of 27 inches. So it will save us a little amount of newsprint, probably a few newspapers have already ordered that newsprint and we are on the verge of trying it out.

Rishi Maheswari 

Alright, so any outlook on the margins. How do you see that spanning out in the next year?

R. K. Aggarwal 

As far as the margins are concerned, given the cost control measures, which we have taken, given the fact that the newsprint prices have dropped significantly, if we are able to maintain a 5% growth of what we achieved this year in the advertisement revenue then I am sure the bottom line is going to be at least 20%-25% more than what it was or what it is going to be for the current year.

Rishi Maheswari 

Thank you, so much and wish all this comes true.

Melissa 

Thank you, Mr. Maheswari. The next question is from the line of Mr. Saurabh Pant of SBI Mutual Funds. Please go ahead.

Saurabh Pant 

Good afternoon sir. I am sorry if you have spoken about this earlier, but what would be the sectoral contribution in terms of advertisement revenue for you?

R. K. Aggarwal 

We have two brands, Dainik Jagran and I-Next 's. contribution is of 25 crores, couple of crores came from Citi Plus and rest came from Dainik Jagran.

Saurabh Pant 

Which of sectors in terms of - I mean which are all sectors in terms of advertising that would be contributing to your revenues?

R. K. Aggarwal 

In fact local advertisements comprise of retail, education and so on and so forth. So local has a share of 60% in the total revenue for the period of nine months and 40% came from national



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advertising. National advertising comprises of telecom, financial services, vehicles, automobiles and the electronic channels.

Saurabh Pant 

Sir, what I am trying to understand is how much would the retail and education contribute in local and how much would telecom and financial services, what would be the break up among these sectors?

R. K. Aggarwal 

That figures is not readily available, but what you mentioned like education contributes significantly, education and retail, both contribute significantly in the local advertisements and in fact education is the main contributor in the first three or four months of the financial year and retail contributes throughout the year.. Currently the contribution of retail on an overall basis will be higher than education.

Saurabh Pant 

So annually it would be higher than education that is what you are saying. Broadly in terms of national, which would be the big ones, which could be spread across evenly across telecom, financial services, auto and electronics or there would...?

R. K. Aggarwal 

More or less something like that, but automobile this year has not been good. In fact, last year also it did not do good, so this year electronic channel, telecom, financial services

Saurabh Pant 

That would be telecom and financial services would be the big ones is that what you are saying?

R. K. Aggarwal 

Yes.

Saurabh Pant 

All right, and I just missed this out, in terms of newsprint, you said, how much is imported and how much is indigenous?

R. K. Aggarwal 

Imported 20% and indigenous 80%.

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R. K. AGARWAL

RAM PATNAIK

Saurabh Pant   
Okay. Thank you, sir.

Melissa   
Thank you, Mr. Pant. The next question is from the line of Mr. Tejas Shah of IL&FS Invest mart PMS. Please go ahead.

Tejas Shah   
Good afternoon sir.

R. K. Aggarwal   
Good afternoon.

Tejas Shah   
Sir, I just missed out on our out of home numbers, can you just repeat it?

R. K. Aggarwal   
Nine months out of home numbers excluding in-house billing and excluding service tax was 33 crores.

Tejas Shah   
Okay and this quarter it was 12 crores?

R. K. Aggarwal   
Again excluding those two.

Tejas Shah   
Okay. Sir, our employee expense and other expenses have increased both sequentially YOY. Can you just throw some light on that?

R. K. Aggarwal   
Sorry, I did not get your point.

Tejas Shah   
Sir our employee expense and other expenses have increased both sequentially YOY. Can you just explain, like in these tiring times so.

R. K. Aggarwal   
In our case we could see growth on quarter-to-quarter basis in employee cost unlike other companies because our increments happen not once in a year, but twice or thrice in a year.

Tejas Shah   
Okay and sir, my last question pertains to one of our earlier question, I think, after the parliament is dissolved within 15 days or 20 days DAVP act will stop coming and that would be replaced I think political parties so can you give us some rough idea like how much historically political parties have contributed in election quarter as a percentage of our advertisement revenue?



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R. K. Aggarwal 

What was holding good for general election five years back cannot hold good, so history would not help us here.

Tejas Shah 

How has been their payment cycle, like in terms of payment and all?

R. K. Aggarwal 

We do not publish without receiving advance.

Tejas Shah 

Okay thanks a lot. That is all. Thanks.

Melissa 

Thank you, Mr. Shah. The next question is from the line of Mr. Arjun Khana of Principal Mutual Funds. Please go ahead.

Arjun Khana 

Good afternoon, sir.

R. K. Aggarwal 

Good afternoon.

Arjun Khana 

Sir I have a question. We were talking about declining expenses going forward. Promotional expenses would be what percentage of our expenditure?

R. K. Aggarwal 

You will be happy to know that in the current year we have not spent anything on pushing circulation. Circulation growth of 6-7% what I mentioned happened on its own and that is what shows the kind of potential in our area of operation.

Arjun Khana 

So our promotional expenses would be, say on an absolute basis, in this quarter?

R. K. Aggarwal 

In this quarter, the circulation promotional expenses, I do not have figures readily in hand, but it is not very significant, let me tell you.

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RAM PATNAIK

Arjun Khana 

Sure and going forward given that international prices have fallen, would you be looking at changing a mix more towards international or we would look to remain at around 20%?

R. K. Aggarwal 

It could be done. I do not say that it is not possible, management will take a call, we will take a call on this depending on the price movements in the times to come.

Arjun Khana 

Sure. In terms of our local and national mix the receivable base for local and national do they differ significantly?

R. K. Aggarwal 

No I do not think. Definitely in case of you know big agencies like WPP and all or in case of some other agencies there could be some difference but I do not think. As far as our accredited agencies are concerned, across the board the credit period remains more or less same.

Arjun Khana 

Sure and my last question would it be if possible could you break up the advertising say into display, classified, tender and DAVP?

R. K. Aggarwal 

Sorry that is too detailed information, which I have but not currently.

Arjun Khana 

Sure, thank you.

Melissa 

Thank you, Mr. Khana. The next question is from the line of Mr. Amit Purohit of Motilal Oswal Securities. Please go ahead.

Amit Purohit 

Good afternoon sir. Thank you for the opportunity. Sorry, I missed out. What would be our circulation number and the growth for this quarter, circulation revenue, I am saying?

R. K. Aggarwal 

Circulation growth is 5%, about 5%.

Amit Purohit 

Okay and secondly sir I wanted to check is that regionals have been doing well for us, do you see that there could be a slowdown, with a lag probably in the regional market or so and/or you feel that the education contributes quite significantly, which we will be able to bored of this?

R. K. Aggarwal 

You are right Mr. Amit. Education is something, which does not get affected by the slowdown or whatever happens but definitely there has been impact of the slowdown even on local advertising as we saw in the last quarter, but going down further it is something which we would not like to be expecting for.



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Amit Purohit 

Okay and sir you mentioned on the debtor dayside it has been same for regional and local, but during election season also the same holds true or is it...

R. K. Aggarwal 

During elections?

Amit Purohit 

Yes. The debtors tend to go on

R. K. Aggarwal 

As far as political parties are concerned, we publish only when we receive the money in advance.

Amit Purohit 

Okay, and sir can you throw some light on this arrangement with the private treaty? How does it work, just for our understanding?

R. K. Aggarwal 

Can we discuss with you, offline because it has a very detailed discussion. We have done only one small transaction that is of 2 crores, so I believe many others who have done for 100 of crores can throw in fact better light on this.

Amit Purohit 

Thank you, no problems.

Melissa 

Thank you, Mr. Purohit. The next question is from the line of Mr. Ritwik Rai of MF Global. Please go ahead.

Ritwik Rai 

Good afternoon sir, most of my questions have been answered, I just wanted to understand one thing. Would it be correct to assume that in terms of cutting pages and therefore more favorable ad rate ratio, would it be correct to assume that you are pretty much done and would not be able to cut costs further there?

R. K. Aggarwal 

Definitely not and we need not do that also because the moderation of newsprint prices has taken care of worry

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RAM PATNAIK

Ritwik Rai 🗨

Sir, just one more thing, the political advertising that would come in since that would come pretty much in a burst sort of a thing, so you would need to probably have a greater volumes at that stage, am I correct in assuming that?

R. K. Aggarwal 🗨

Probably, because we have capacity to print 24 pages, 26 pages, 28 pages I think in fact on one of these days, I mean on certain days we printed newspaper of 44 pages, so we do not mind increasing the pages provided the revenue comes.

Ritwik Rai 🗨

Yes, sir. So for these...

R. K. Aggarwal 🗨

Does not make a difference, if I had one page and if I get 50 lakh additional revenue . we are glad to print more and more pages if I get revenue at good rate.

Ritwik Rai 🗨

I agree it. I was just asking from a projection point of view. All right sir.Thanks very much.

Melissa 🗨

Thank you Mr. Rai.The next question is from the line of Ms.Yasmin Shah of Merrill Lynch. Please go ahead.

Yasmin Shah 🗨

Sir, my question is macro, this kind of slowdown you must have witnessed a similar kind of slowdown in the past, can you elaborate on that like in the years 2001 before you were listed or something, what kind of ad growth or degrowth you had seen?

R. K. Aggarwal 🗨

We never had a degrowth, I think for the past 10 years or 12 years, we never had degrowth. Industry might have degrown but Jagran never experienced degrowth. In fact, even now we are not witnessing any degrowth and if you have noticed advertisement revenue has grown by 12% for a period of nine months.

Yasmin Shah 🗨

Right and sir in terms of additions for the next year what are your plans on I-Next and City Plus front?

R. K. Aggarwal 🗨

Let things get settled down because there is no point in getting aggressive on launching four editions of I-Next, which are very much in pipeline because when revenue is not coming, it can be very well deferred.

Yasmin Shah 🗨

Sir, how many would you currently have around, nine?



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R. K. Aggarwal 

Nine, we have already put up and the response is very encouraging, Yasmin Shah: And City Plus how many would there be?

R. K. Aggarwal 

13, we have launched one edition in Pune., In case of City Plus as we had shared in the past also it is a number game. We have plans to increase it significantly but then again we are going slow till things get settled on revenue front. I think it would take another six months.

Yasmin Shah 

Right. If I have to see your average pagination in terms of the size of the copy, would it be around 18 to 19 pages?

R. K. Aggarwal 

No, , Still we are having you know, the average page for the nine-month period around 20, .

Yasmin Shah 

Right, and what are the comparable number for last year?

R. K. Aggarwal 

Last year for nine months it was 21.5, as against 20, saving only has in fact funded, the increased circulation.

Yasmin Shah 

Right. And do you expect to see this kind of circulation growth going ahead for the next year as well?

R. K. Aggarwal 

4% to 5% is unavoidable.

Yasmin Shah 

Okay, right sir. Thank you sir.

Melissa 

Thank you, Ms. Shah. The next question is from the line of Ms. Kinnari Shah of ASK Investment Managers. Please go ahead.

Kinnari Shah 

My questions have been answered. Thank you.

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SANJAY GUPTA

R. K. AGARWAL

RAM PATNAIK

Melissa 

Thankyou. Ms. Shah. I would now like to hand the floor back to Mr. Ram Patnaik. Please go ahead.

Ram Patnaik 

Sir, I have a question. Basically are you planning any new launches of editions in cities going forward in FY'10 or something like that?

R. K. Aggarwal 

No new launches till September. There are launches in pipeline, which we will give thought to post September 30.

Ram Patnaik 

Okay and secondly you said that the newsprint prices have fallen from around 15% to 25%, now on an average it is right now around Rs. 30 per kilo during in this quarter, so going forward and normally what is the growth that happens on a year-on-year basis in newsprint prices?

R. K. Aggarwal 

we factor increase in the newsprint prices of 5% year-on-year basis.

Ram Patnaik 

What is your outlook on the newsprint prices going forward in FY'10 probably?

R. K. Aggarwal 

Now the newsprint is available even at \$600, which I think is on lower side and does not make sense, but if this kind of slowdown continues, then definitely we will be happy getting newsprint at those prices otherwise ideally \$650-\$700 should be the price.

Ram Patnaik 

Okay sir. Thank you. On behalf of Religare, we would like to thank all the participants on the call. Also many thanks to the Jagran management for their time out in earnings call. Thank you very much.

R. K. Aggarwal 

Thank you.

Melissa 

Thank you, sir. Ladies and gentlemen, on behalf of Religare Capital Markets Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.

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