



**INVESTORS/  
ANALYSTS**  
conference call

**2010**  
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Jagran Prakashan

Q1 FY11 Earnings Conference Call

August 02, 2010

Moderator 

Ladies and gentlemen, good morning and welcome to the Jagran Prakashan Q1 FY'11 earnings conference call hosted by ICICI Securities Limited. As a reminder, for the duration of this conference all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call, please signal an operator by pressing "\*" and then "0" on your touchtone telephone. Please note that this conference is being recorded. At this time, I would like to hand the conference over to Mr. Vikash Mantri from ICICI Securities. Thank you and over to you Sir.

Vikash Mantri 

Good morning everybody. We at ICICI Securities welcome you all to the Q1 FY'11 conference call of Jagran Prakashan. We have from the management of Jagran Prakashan Mr. Sanjay Gupta, the CEO of the company and Mr. R.K. Aggarwal, the CFO of the company. Over to you, Sir.

R.K. Aggarwal 

Very good morning friends. Welcome to the conference call of JPL and thank you very much for sparing your valuable time. We are pleased to present Q1 numbers, which are on the expected lines. The operating revenues are up by 16.36% driven by growth in advertisement revenue, which was up by 17.92% as compared to Q1 of 2010 and 20.36% in comparison with Q4 of 2010. Besides the growth in advertisement revenue, digital business, outdoor advertising and event management businesses have also done remarkably well in the current quarter and these businesses cumulatively have registered a growth of 50% in topline. Out of these three non print-based businesses, the performance of digital business was outstanding that reaffirms our strategy with regard to digital business in which we have been investing with caution and have not been going overboard. The business has almost broken even in the current quarter. We remain committed to invest in Internet properties to drive the growth in the era in which the Internet becomes a way of life even in India, but without being overambitious. The growth in advertisement revenue was a result of higher published space, better yield and exceptionally good growth in standalone billing of inext and Cityplus. We also like to point out that there was no contribution of private in our revenues.

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**VIKASH MANTRI**

**R. K. AGGARWAL**

**SANJAY GUPTA**

As far as operating profits and net profit are concerned both had grown respectively by 27.85% and 12.26% as compared to Q1 and by 42.55% and 37.31% as compared to Q4 of 2010. These profits would have been still higher had we not had to account for foreign exchange fluctuation loss of about 2.10 Crores and also if there was no drop in other income, which dropped by nearly Rs. 10 Crores. It was mainly because of non-accrual of exchange fluctuation gain of Rs. 4 Crores and one-off capital gain of Rs. 7 Crores approximately if you recall on redemption of yearly FMP which we accounted for in Q1 of 2010.

Let me also point out that last year advertisement revenue that is Q1's revenue included some benefits from elections as well and if you eliminate that the growth of 18% would start looking still better. Also, what I want to point out is that this is operating margin of 33.42% on the consolidated revenue. If we exclude from the top line the revenue from those businesses which are at nascent stage and which we are still developing then this margin of 33.42% would touch around 40%.

There was increase in circulation in spite of intensified competition but the circulation revenues have remained more or less flat registering a small growth of about 1.50% due to drop in cover prices in certain pockets especially Jharkhand. We once again reiterate that we do not believe in reduction in cover price but we had to resort to it to respond to the competitors who triggered the cover price war in Jharkhand. The drop in cover price is on expected lines but has happened a bit earlier than what was envisaged. However, the impact of this drop in cover price on the profits is not going to be significant and derail our profit targets for the current fiscal.

As expected, the newsprint prices have started rising but given the fact that we have booked substantial quantities of imported newsprint the impact of price rise on cost of raw material consumption for the year is likely to be between 8-10%, which has been duly accounted for in our business plan.

Whereas all costs have increased nominally increase in employee cost is nearly 20%. If you recall, the company gave very little increments in the previous financial year due to uncertain economic condition and therefore it has compensated the employees this year by giving higher increments.

We would also like to inform you that the process of merger of Mid-Day is well on track. Since the scheme was approved by the respective boards, both the exchanges have granted the approval and the schemes are pending for approval before the respective honorable high courts which have already passed order to hold the customary shareholder and creditors meetings in August. Similarly, the application for Blackstone's investment in Jagran Media Network Investment Private Limited is pending with a FIPB for its approval which we should receive in due course.

Friends, economy looks good and all the major businesses of the company are in good shape and on track to benefit from a growing economy which gives us confidence that we shall live up to your expectations as always not only in the current fiscal but many more years to come. With this we request you to have your queries and thank you once again.

Moderator 

Thank you. Ladies and gentlemen, we will now begin with the question and answer session. The first question is from the line of Abneesh Roy from Edelweiss. Please go ahead.



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Abneesh Roy 

Sir great set of number congrats for that. Sir my first question is on details on advertising growth, if you could break it in terms of yield growth and volume growth and if possible also the color growth?

R.K. Aggarwal 

Abneesh, in fact the growth has been contributed by space and better yield in almost 50-50 ratio and 90% of the increase in the space is attributed to color space increase.

Abneesh Roy 

I didn't get the second part.

R.K. Aggarwal 

This 90% of increase in the space is all color space.

Abneesh Roy 

Sir coming to circulation how does it compare to Q1 of last year, not in terms of revenues, in terms of actual circulation?

R.K. Aggarwal 

The actual circulation has increased by about 2.6%, if I am talking about Dainik Jagran standalone.

Abneesh Roy 

Sir you mentioned that if we take away the one off and new investments, which you are doing, the margins are in fact even being better at close to 40%. Although newsprint costs are increasing for the Hindi players cost may not increase very significantly. So is there a risk that suddenly all the players start investing in circulation in the current market, I am not taking in to account for example DB Corp's entry into Jharkhand, in the current market is there a risk to get more advertising, you start launching in the rural areas in the suburban areas is that a risk?

R.K. Aggarwal 

Very valid question Abneesh, let me clarify to you in two parts. Number one, the margins would not have been 40% because of one off item, what I said was if we eliminate the revenues from those businesses, which are in development phase or which are at nascent stage, operating margins would go up to a level of around 40%. Second part is our launching in upcountry and so and so forth. Question does not arise because I have always been maintaining

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that the challenge not only for us but for all other regional players is that at least 30-40% of the readership is still to be monetized and this is more true for us. In fact if you recall we have initiated a few steps to now start generating revenues from up county, where we have nearly 50% circulation and there we have started achieving success and that is what would be one of the biggest revenue growth driver.

Abneesh Roy 

Thanks for this and coming to Jharkhand all the three players have cut cover prices, so where do you think, is there a space at all for the new player and where do you see the advertising getting impacted, you said circulation overall there may not be too big impact, on the advertising what kind of impact do you visualize post the new entry.

R.K. Aggarwal 

See Abneesh as we have already explained in fact last time also, Bihar and Jharkhand are quite dependent on government advertisement revenue and those revenues do not come before a certain period of time which is nearly 18 months, point number two is Jharkhand is never seen in isolation by the advertisers of Bihar .

Sanjay Gupta 

They are able competitors and they are most welcome to come into a three-strong-player market but they will find the going very tough considering the fact that now the markets have been overexploited in terms of circulation reach and similarly the impact will be felt by them in advertising. Local advertising will be difficult to get and it will be extremely hard task for them to even get national advertising considering the fact that Bihar and Jharkhand plans are made together. They will have to really wait till they actually complete the entire circuit of Bihar and Jharkhand.

Abneesh Roy 

Is there a risk that cover price in Jharkhand can go down further; from 2 rupees can it become 1?

R.K. Aggarwal 

You see Abneesh, where you stand today, we are just realizing 50 Paise per copy, right, so even if that goes off it is not going to make too much of a difference.

Abneesh Roy 

Okay sir. Thanks a lot for this I will come back.

Moderator 

The next question is from the line of Sumit Modi from Emkay Global Financial Services. Please go ahead.

Sumit Modi 

Sir congratulations on good set of numbers, firstly on the newsprint is there meaningful increase in the newsprint consumed during the quarter because as such price would not have increased really on a quarter-on-quarter basis but then there is a meaningful increase in the expense and secondly on the merger with Mid-Day can you tell us what are all the approvals required apart from the high court approval and how long do you think would it take to complete the same?



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R.K. Aggarwal 

I will address the first question of yours. There is an increase of about 7-8% in raw material consumption as compared to Q1.

Sumit Modi 

Would you be able to quantify the same?

R.K. Aggarwal 

That is about 5 Crores which is given very much in the results.

Sumit Modi 

No, the tonnage.

R.K. Aggarwal 

Tonnage exactly I do not remember, I can let you know later, as far as value part is concerned that has increased nearly by 5 Crores which is roughly about 6-7% of the Q1 2010 consumption and that is as I mentioned because of increase in circulation by about 2.6% in Jagran but then there is increase in page levels also which we had planned.

Sumit Modi 

What could be the pagination increase Sir on an average?

R.K. Aggarwal 

Now the page level has increased by about 3-4%.

Sumit Modi 

3-4% okay; Sir and my second question?

R.K. Aggarwal 

Now as far as Mid-Day is concerned we need approval from high court and we need approval from Ministry of Information and Broadcasting. I believe approval from Ministry of Information and Broadcasting should be received any day and high court approval will take its own time and it could come by end of October.

Sumit Modi: So do you think Q3 should be an ideal time where the two should get merged?

R.K. Aggarwal 

Q3 in fact I am not too sure given the pendants with high courts but definitely Q4 will see the merger, it should not take more than six months from now.

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Sumit Modi 

Okay but there is no any sort of FIPB approval required.

R.K. Aggarwal 

No FIPB approval is required for Mid-Day.

Moderator 

The next question is from the line of Parag Thakker from Brics Securities. Please go ahead.

Parag Thakker 

Congratulations on a great set of numbers, my main question is that what kind of ad revenue growth you are looking at for this year and up to what level you are covered in terms of newsprint prices, you have inventory for how many months?

R.K. Aggarwal 

First question, we have been saying that for the current fiscal, we expect an advertisement revenue growth in the range of about 17-18%, which we stick to. In Q2 we might not see that kind of a growth for the simple reason that last year's Q2 captured the entire festive season and this year festive season is falling in Q3, so whatever shortfall we might see in Q2 as compared to 17-18% growth that would be more than compensated in Q3 and Q4. On year-on-year basis our expectation of 17-18% growth remains intact. First of all we do not play around with the inventory because the players of our size cannot safeguard themselves against increase in newsprint prices for whole of the year by accumulating the inventory, but definitely we have booked certain quantities, which would reduce the impact on our raw material cost for the current year and we do not expect it to be more than 8-10% as I said in my opening remarks.

Parag Thakker 

In the last bull cycle for crude oil your EBITDA margin actually was 10% below than what it is right now?

R.K. Aggarwal 

Let me clarify to you, news print cost in relation to our top line now is merely 27, 28% so even if there is a steep increase in newsprint prices, ( but definitely not on those lines which we saw in 2008 – 2009), is not going to impact the margin now that significantly but one should be concerned with the growth in the top line that is advertisement revenue, so long as we are able to achieve our targeted growth in advertisement revenue there should not be any problem in sustaining margins of 30%.

Parag Thakker 

Currently sir how much we are more expansive than our second competitor in UP, Bihar which are our core areas in terms of ad revenues sort of a thing?

R.K. Aggarwal 

We are not expensive. If you look at the cost per 1000 we are one of the lowest in the country across.

Parag Thakker 

No I am saying what ad rate you are charging.



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R.K. Aggarwal 

That is what I am saying, the ad rates has to be seen with reference to cost per 1000 that is what indicates the cost of reach for an advertiser and there I am saying we are one of the lowest in the country.

Parag Thakker 

Which are the segments that are currently driving the ad revenue in terms of this quarter or going ahead, which are the main segments like auto dealers or real estate or what kind of segment is driving ad revenue?

R.K. Aggarwal 

The growth drivers are clearly education for the first quarter, real estate also has started doing well particularly in NCR and other areas of ours and the local revenues which come from retail, from district level, so on and so forth.

Moderator 

The next question is from the line of Ritesh Poladia from Almondz Global. Please go ahead.

Ritesh Poladia 

Thank you sir. Sir, sequential rise of 20% in advertisement every time we have seen about 10, 12% kind of sequential growth for Q1, any major improvement in some of the sectors or would it be confined to the yield improvement?

R.K. Aggarwal 

I would not say every time you have noticed just 10-12% growth or may be that you are right but this year like everybody knows economic conditions are better and then certain efforts made by us have started yielding the results, so both have gone to contribute this kind of a growth.

Ritesh Poladia 

So we can assume that this would be like base for the next three quarters. Is that assumption?

R.K. Aggarwal 

What you are saying is 20% growth quarter-on-quarter.

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Ritesh Poladia 

No, no 190 Crore of advertisement revenue can we consider as a base because generally.

R.K. Aggarwal 

What I say is 17-18% growth for whole of the year is quite achievable and we are quite confident though on quarter to quarter basis 5 Crore less or 5 Crore more that I cannot say.

Ritesh Poladia 

Another question, apart from Jharkhand any other additions where we reduced the prices.

R.K. Aggarwal 

No.

Ritesh Poladia 

No, nothing in UP as of now.

R.K. Aggarwal 

No, there has been some drop in western UP after HT did it but then it is not of permanent in nature except in case of Bareilly, where they have done it for quite some time and we have also been continuing with that, but that is for now nearly a year.

Ritesh Poladia 

Sir there was some confusion of FIPB approval for Blackstone, was that deferred in June?

R.K. Aggarwal 

I am not able to understand what kind of confusion people created on FIPB approval .As it is, tell me one single case where it has come within a month or two months. We filed it in the last week of February and we are sitting in the month of August .In case of print media it takes a little longer because it has to go to various ministries and then only FIPB approves it, that is something which is very, very normal. Last time also when we went for FIPB approval for Independent investment that time also it took nearly six months to seven months, there is nothing unusual I do not know why people are confused about it.

Ritesh Poladia 

When annual report would be available?

R.K. Aggarwal 

Annual report I think is in the process of being dispatched or we might have dispatched .

Moderator: Thank you. The next question is from the line of Ruchit Mehta from SBI Mutual Fund. Please go head.

Ruchit Mehta 

Congratulations for a great set of numbers. I just have a small clarification; you would not have consolidated anything from Mid-Day in this quarter?

R.K. Aggarwal 

No.



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Ruchit Mehta 

What was revenue from the election spending in Q1 of last year?

R.K. Aggarwal 

I do not have that figure readily available but if I am not mistaken last year we have benefited to the extent of about 6 to 7 Crores but then, these are the things, which for the sake of comparison, mere comparison could be relevant but these are the things for us, which keep on happening that does not make too much of difference, only for comparison purposes it could be relevant.

Ruchit Mehta 

In terms of circulation you have been saying that there has been some bit of pricing pressure that has come into play but can you give a figure what was the number of copies sold, what kind of volume growth is happening on that front?

R.K. Aggarwal 

Volume growth has been there and as I mentioned it was more than 2.5 %.

Ruchit Mehta 

One book keeping question; I do not know whether you disclose the debt and cash figure for the quarter end?

R.K. Aggarwal 

Cash remains robust. Debt is to the extent of about 100 Crores and cash plus liquid investment exceed 275 Crores.

Moderator 

Thanks you Mr. Mehta. Mr. Mantri would you like to go ahead with your question?

Vikash Mantri 

Sir, Vikash here. I have two questions; one is one the Mid-Day thing when we did the acquisition we talked about cost synergies kicking in and stuff like that, so any headway that we have had in trying to given that we are in the process of acquisition, any cost synergies that we have been able to close in and also any revenue synergies?

R.K. Aggarwal 

Vikash, as you know, our boards have approved this scheme only on 5th of May and it is still to be approved by high court, so we have not

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been able to go whole hog extending those benefits but let me tell you on all important cost fronts we have already started extending the synergic advantages like for a example newsprint we have already negotiated for them, ink, we have already negotiated for them, aluminum plate we have already negotiated for them. We have already provided them some funds to retire high interest rate bearing debts, in fact from the last week of June we have also started selling the space for them in case of selected clients, we are still streamlining how do we sell at our level, so all those things have already started happening.

Vikash Mantri 

On your digital business just if you could share the numbers on that?

R.K. Aggarwal 

See, that is something, which is very, very heartening. We did a revenue of about 1.55 Crores and it is giving us an expectation that we would do nearly about Rs. 10 Crore for the year, which is stupendous, Last year we could clock a total revenue of about may be 2 Crores for whole of the year and this year we are expecting it in the range of about 9 to 10 Crores Another important thing is we have been very cautious while investing in Internet properties for past 10 to 12 years but within limit set .We are not going to invest more than Rs. 2-3 Crore per annum because we know still we are far away from those times when Internet is going to be a revenue growth driver but we have to be there, so in order to keep ourselves ready we have been investing and perha.ps results have started coming before we expected .In fact this business itself would contribute not less than Rs.2-3 Crores in our bottom line, in fact they have already wiped off, almost wiped off entire loss, which we suffered in Q1, which was in the range of about Rs. 1.5 Crores.

Vikash Mantri 

What has been the investment till date if I may ask?

R.K. Aggarwal 

Vikash, very difficult to answer because we have been investing over a period of 10-12 years and writing –off but I do not think we have invested I mean cumulatively since 1995-1996 when Jagran.com was born till now, more than 15 to 20 Crores.

Moderator: Thank you. The next question is from the line of Siddharth Goenka from JM financial. Please go head.

Siddharth Goenka 

Good afternoon and congratulations on a very good set of numbers. Sir, just wanted to know what is the average news print price for the quarter?

R.K. Aggarwal 

That is something, which is confidential.

Siddharth Goenka 

What kind of sustainable EBITDA margin are you seeing going forward, we did 33 % this quarter?

R.K. Aggarwal 

So far as we are able to achieve the growth, advertisement revenue growth in the range of about 17%-18% maintaining operating margins exceeding 30% will not be a problem although when the year started we were expecting 29%-30 % but then now this quarter has given us confidence to say



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that 30% margin would be quite maintainable in case we achieve a growth of 17% to 18 % despite drop in cover prices in Jharkhand.

Siddharth Goenka 

Can you please repeat about the drop in other incomes that you mentioned in your opening remarks?

R.K. Aggarwal 

Last year's other Income accounted for foreign exchange gain of about 4 Crores and capital gain one-off capital gain of about 7- Crores on account of redemption of yearly FMP.

Siddharth Goenka 

Is this level of other income, which we have reported that could be the sustainable rate going forward?

R.K. Aggarwal 

See, 5-6 Crores is not a problem

Moderator 

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

Amit Kumar 

Thank you so much for the opportunity. I just have two questions; first one as far as the colour advertising is concerned could you just give us a very broad idea as to what will be the colour to black and white ratio across possibility Dainik Jagran or across Jagran Prakashan?

R.K. Aggarwal 

About Dainik Jagran I can say the ratio should be colour 45% to 46% and black and white above 54%.

Amit Kumar 

Would it be fair to assume that colour inventory would be price at about 20% to 30% premium to black and white?

R.K. Aggarwal 

Let us say 20%.

Amit Kumar 

With regards to newsprint when you are talking about 8% to 10% increase are we talking about newsprint cost or newsprint prices?

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R.K. Aggarwal 

Newsprint cost.

Amit Kumar 

Second half of FY'10 was anyway, the bottom of newsprint prices given the fact that our consumption has gone up by about 6%-7%, so are we saying that overall the average price increase would only be about 3%-4% for the whole year?

R.K. Aggarwal 

No, I do not say that because, definitely I am benefiting from some carried forward inventory then I have booked certain imported quantity, which will be good enough to cater us, September-October, so that is what would save us from bigger damage, which would have been in the range of about 15%-20%, which is expected to be increase in newsprint price from 31st March 2010 level to 31st March 2011.

Amit Kumar 

Even taking that into account your second half would not your cost go up by at least may be 12% to 15% or so?

R.K. Aggarwal 

Not an account of prices but on account of increase in circulation, which has happened in Jharkhand, so you might see an increase of about 10%-12% in raw material cost, but that would be because of increase in the quantity consumed besides increase in the prices because it is still, as I said the newsprint, which was booked prior to 31st March 2010 will keep on helping us.

Moderator 

Thank you. The next question is from the line of Rohit Dokania from B&K Securities. Please go ahead.

Rohit Dokania 

Thank you for this opportunity and congratulations. On the CapEx front what could be your CapEx outline for FY'11?

R.K. Aggarwal 

FY'11 I think it is 130 Crores.

Rohit Dokania 

But if I remember right I think you had given a guidance of about 70-80 Crores towards the end of fourth quarter, so have we increased the guidances to 130 Crores?

R.K. Aggarwal 

No, I said 100 Crores. As for as Jagran is concerned there the investment would remain in the range of about 100-110 Crore but remaining 20-25 Crores is going to be spent in other verticals like outdoor event etc.

Rohit Dokania 

Sir, if you could say that whether you would be increasing the colour capacity or do we plan to launch new editions of Jagran that is why we will be doing 110 Crores of CapEx?



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R.K. Aggarwal 

No, we are not planning too many new editions out of this CapEx and where this Capex is going to be utilized I would request our CEO to throw light on.

Sanjay Gupta 

We are not launching any new edition at this moment and I can say for the next two quarters at least and the CapEx is essentially going in for building our colour capabilities and changing old machines and also building capacities in the Bihar and Jharkhand. We are building new plants where the plants had become very old or had rented premises. So, essentially the CapEx is going there, then IT enablement and we are putting up additional server banks to have a more stronger IT backbone so that is where essentially CapEx is going.

Rohit Dokania 

This 40% margin that you spoke about in your opening remark, if I am right it is for the old edition of DJ?

R.K. Aggarwal 

No, I am talking about DJ alone because we have other two brands that is I-Next, City Plus, we have other businesses that is outdoor event and digital business. These businesses are not contributing anything in my operating profits currently.

Rohit Dokania 

Wanted I wanted to ask is that we had about three to four edition of DJ that were actually...

R.K. Aggarwal 

That is still there, three, four editions but we have reduced their losses but still they are in losses.

Rohit Dokania 

This 40% margin includes those...

R.K. Aggarwal 

Absolutely right.

Moderator 

Thank you. The next question is from the line of Ritesh Poladia from Almondz Global. Please go ahead.

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Ritesh Poladia 

On the CapEx numbers if you can repeat 100 Crore for this year?

R.K. Aggarwal 

130 Crores approximately which would include investment in other businesses as well i.e., outdoor etc.

Ritesh Poladia 

Regarding modernization and adding color capacities would this be last year or FY'12 also there would be some investment?

Sanjay Gupta 

We will continue to have these color capability additions next year also. Few upgradations are still remaining where machines are still old but probably by next year I can safely say that by and large all our plants would be new and only added capacity requirements we will be funding from CapEx where we know that we need to increase circulation.

R.K. Aggarwal 

See, as it is you must understand that, in this industry Rs. 40-50 Crores in any case are our maintenance CapEx so that is going to happen every year, but as our CEO has just explained maybe that next year also we have a CapEx of about 100 Crores definitely it would be less than what we are incurring today but thereafter it might not be that much.

Ritesh Poladia 

With good monsoon has the situation drastically improved with Diwali coming in?

R.K. Aggarwal 

See, as it is, good monsoon helps everybody, will help more our areas of operation, which is more based on agricultural income, but fact of the matter is, when there was drought still we were able to record a growth of 15%-16% in advertisement revenue so these things matter definitely and help in improving our expectations on revenue growth.

Moderator 

Thank you. The next question is from the line of Sakshi Malhotra from Eureka Stocks & Shares, please go ahead.

Sakshi Malhotra 

Thank you very much for the opportunity. Sir, can you tell us the contribution of the other lines of businesses like the event business, the outdoor business, City Plus and I-Next on the bottom line of the company?

R.K. Aggarwal 

None, as of now there is none, they have broken even in a period of three to four years that is what is more than heartening because if you look at any outdoor business where people are having turnover of about 120 Crores, Rs. 130 Crores and incurring a loss of 30-40 Crores In our case at least they have broken even or they are having some profit, which is very negligible therefore



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I say that they do not have any contribution in the bottom line but going forward in remaining nine months I am pretty optimistic that they would contribute particularly event and outdoor both would contribute.

Sakshi Malhotra 

Sir can you give us some indication in the form of percentage or something how much could we expect by the end of this year?

R.K. Aggarwal 

See, all of them have been mandated to have minimum 20%-25% operating margins, event just does that, outdoor will take a little more time but I am sure they would be in a position to generate that kind of operating margins may be next year.

Moderator 

Thank you. The next question is a follow up from the line of Siddharth Goenka from JM Financial, please go ahead.

Siddharth Goenka 

Can we have the absolute circulation numbers for the quarter and what is the average revenue for copy versus last quarter?

R.K. Aggarwal 

Sorry, I do not have that figure readily available.

Siddharth Goenka 

What has been the growth you mentioned...

R.K. Aggarwal 

I gave a growth figure for Q1 of 2010 versus Q1 of 2011 that was +2.5%.

Moderator 

Thank you. The next question is from the line of Neerav Dalal from Capital Market, please go ahead.

Neerav Dalal 

Sir, you spoke of 8%-10% impact on the newsprint cost for the full year, would that be entirely pricing or would the volume growth also be an issue?

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R.K. Aggarwal 

8%-10% is the impact of the pricing, definitely there would be a growth of about 3%-4% in volume as well.

Moderator 

Thank you. The next question is from the line of Sumit Modi from Emkay Global Financial Services, please go ahead.

Sumit Modi 

Media interview that was reported in some of the financial websites you have mentioned that Q2 would not be as robust as Q1, so any clarification on that and why it is stated so and secondly has the circulation increase taken place primarily in Jharkhand as an outcome of cover price decrease?

R.K. Aggarwal 

I would address that in two parts; number one you are right absolutely, I said that Q2 is not likely to be as good as Q1 but definitely may be that we again do better than Q1 but the reason why I am saying that is last year's Q2 captured the entire festive season and this year it is falling in Q3 but then at the same time what I said was whatever short fall in growth we might have in Q2 will get more than compensated by growth in Q3 and Q4.

Sumit Modi 

Last year whatever ad rates you had during the festive season as well on that as a base you had a rate increase right? So 8%-10% is a kind of rate increase, which is for sure to happen?

R.K. Aggarwal 

See, rate increase has already happened and we have already felt the impact of that in the first quarter and what you say 8%-10% growth on account of increase in rate will definitely be there in Q2, but what I am saying is in Q1 if I have registered a growth of 18% in Q I might register a growth of say 12%-13%, but then it will get more than compensated by a higher growth in Q3 and Q4.

Sumit Modi 

So your annual guidance of 17%-18% remains intact?

R.K. Aggarwal 

That remains intact.

Sumit Modi 

The circulation increase has it primarily happened in the regions where you have dropped the cover price?

R.K. Aggarwal 

In Q1 the impact of drop in cover price was very little because we dropped the cover price in Jharkhand only from 18th June and our overall circulation increase has been more than 2.5% as I mentioned, so 2.5% on our circulation base means, on an average an increase of about 70,000-75,000 copies per day, which is not the result of drop in cover price.



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Sumit Modi 

Have we been proactively taking measures like increasing pagination in the markets where competition is expected to raise or the pagination increase is taken across?

R.K. Aggarwal 

Our CEO has already formulated a policy for increasing or decreasing the page levels per copy and it is mainly driven by the need arising out of increased advertisement space.

Sumit Modi 

So, there is no specific content increase or pagination increase or push in the markets where the competition is going to increase?

R.K. Aggarwal 

We get driven by the competitors I do not deny that but definitely we do not go overboard doing that, if we increase somewhere then we adjust it somewhere else.

Sumit Modi 

So, should we take it as across the board increase in pagination?

R.K. Aggarwal 

No, definitely not as I said wherever there is a need we increase the page.

Moderator 

Thank you. As we have no further questions I would like to hand the floor back to the management of Jagran Prakashan for closing comments, please go ahead sir.

R.K. Aggarwal 

Thank you very much once again for sparing your valuable time.

Sanjay Gupta 

Thank you very much.

Moderator 

Thank you gentleman of the management, thank you Mr. Mantri. Ladies and gentlemen, on behalf of ICICI Securities Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.

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