



**INVESTORS/
ANALYSTS**
conference call

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Jagran Prakashan
Investors/Analysts Conference
October 28, 2009

Marina ☞

Ladies and gentlemen, good morning and welcome to the Jagran Prakashan Q2 FY'10 Conference Call hosted by Centrum Broking Private Limited. As a reminder all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. If you should need assistance during this conference call, please signal an operator by pressing "*" and then "0" on your touchtone phone. I would now like to hand the conference over to Mr. Ankit Kedia of Centrum Broking. Thank you and over to you Mr. Kedia.

Ankit Kedia ☞

Thank you Marina. Good morning everyone. On behalf of Centrum Broking, I welcome you all to the Q2 FY'10 Earnings Call of Jagran Prakashan. From the Jagran Management we have with us Mr. Sanjay Gupta, CEO and Mr. R.K Agarwal, CFO. I would like to hand over the floor to Mr. Agarwal for his opening remarks. Thank you.

R. K. Aggarwal ☞

Thanks, our CEO Mr. Sanjay Gupta and I welcome you to the conference call of JPL. In continuation of Q1, Q2 has also witnessed a remarkably good performance both in terms of revenue as well as profits. Operating profit margin for Q2 was 33.72% as against 18.21% for the corresponding quarter of the previous year, and 30.41% for Q1 of the current fiscal. The sharp improvement in the margins is attributed to improved cover price, lower newsprint prices, a robust growth in advertisement revenue of nearly 20% despite pressure on rates and management's efforts to keep the cost under check. We are also happy to inform that the outdoor and event activities have also registered a healthy growth of more than 25% and 60% respectively. In fact, outdoor business has for the first time since inception witnessed marginal operating profit in August and September 2009 and it is expected that the business will have net profit in Q3. As far as the remaining half of the current fiscal is concerned there will be some adverse impact on profitability of increase in newsprint prices, competitive pressures and expansions which were held back so far, but still we are confident of delivering an EPS of about Rs. 5.50 an increase of nearly 80% over the previous financial year. I would also like to inform that INM after selling their 7.3% stake in the company due to their own financial difficulties has once again reiterated that they do not have any plans to sell anymore shares and the stake held by them in JPL enjoys their top priority and are valuable for them. With these opening remarks we now request you to have your

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questions which our CEO Mr. Sanjay Gupta and I will endeavor to answer to your satisfaction. Thank you very much for sparing your valuable time to attend the call.

Marina 

Thank you, very much. 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 phone. If you decide you want to withdraw your question from the questioning queue please press "*" and then "2" to remove yourself from the queue. Participants are requested to use only handsets while asking a question. Anyone who has a question at this time may press "*" and then "1". The first question is from the line of Mr. Rishi Maheshwari from Enam AMC. Please go ahead.

Rishi Maheshwari 

Hi, Congratulations on a good quarter. You said, the escalation in the other costs that may happen in the next half besides the newsprint costs could you quantify what could be the escalation that we may see in the other expense line items?

R. K. Aggarwal 

I do not see much of an impact there, but I expect roughly about 5% impact in Q4.

Rishi Maheshwari 

And what would be this on account of?

R. K. Aggarwal 

Newsprint prices.

Rishi Maheshwari 

All right besides would you be also encouraged to give employee salary hikes sir?

R. K. Aggarwal 

No for the current year we have already done and whatever increase happens that would happen only next year.

Rishi Maheshwari 

In terms of your revenue on the advertising front do you think the environment is now conducive enough to take another advertisement rate hike?

R. K. Aggarwal 

That is what we do once in a year normally. And that is what we would do sometimes in the month of March.

Rishi Maheshwari 

Sir any outlook sir on the topline and bottomline?

R. K. Aggarwal 

We seem to be pretty assured about delivering Rs.5.50 EPS for the current year.



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Rishi Maheshwari 

All right thank you, so much sir and all the best.

Marina 

Thank you Mr. Maheshwari. The next question is from the line of Ms. Fatima Pacha from ICICI Prudential. Please go ahead.

Fatima Pacha 

Hello sir and great set of numbers and I guess every quarter we are upgrading our EPS. Firstly on the revenue side, first quarter we thought that there would be a lot of election relating bump up, but I guess 2Q has even surpassed that. Sir, any bunching up of revenues that we have had for this 2Q or anything that you would have said was unexpected and it has just come up and may be you cannot assume this kind of growth going forward?

R. K. Aggarwal 

Q2 has seen a growth of nearly 20% in advertisement revenue. There were two reasons for that. Number one, thanks to our innovative marketing strategies and number two, part of festive season got preponed to the second quarter this time.

Fatima Pacha 

Sir you are saying third quarter would not that be that way because you do not have the entire October?

R. K. Aggarwal 

You are absolutely right, in third quarter, which is post festive season there is a dip in advertisement revenue which is usual and it has got nothing to do with the economic environment or something of that sort. So in third quarter as compared to the corresponding quarter of the previous year, there might not be this kind of an increase.

Fatima Pacha: Because last year I remember October was your best month for...?

R. K. Aggarwal 

You are absolutely right because last year in October you had Dusshera and Diwali both. This time Dusshera came in September.

Fatima Pacha 

Your newsprint prices can you exactly tell me what will be your average procurement price this quarter and third quarter and then may be finally what is the new agreed price?

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R. K. Aggarwal 

The second quarter has felt the maximum impact of the lower newsprint prices and in Q3 as well we will see some impact, but in Q4 we are expecting newsprint prices to rise which might increase our cost by about 5% for the Q4.

Fatima Pacha 

Can you tell per tonne what is the newsprint prices will be because even the Rupee has appreciated, so?

R. K. Aggarwal 

Yes, Rupee has appreciated and that is what might not result in adverse impact in the Q4 as well despite the increase in prices but if the Rupee again falls then I could have an impact of nearly 5% on newsprint cost.

Fatima Pacha 

Sir, what will be per tonne price right now if you have to buy today? If you can please put on domestic print?

R. K. Aggarwal 

This was about \$500 per tonne.

Fatima Pacha 

Okay, around 23-24000 dollars, domestic newsprint?

R. K. Aggarwal 

Yes, domestic is slightly less than that.

Fatima Pacha 

And sir if you remember we have had this long discussion on this EBITDA margin that we have made. Like we thought may be this year EBITDA margin could go back to 2007 levels but it is far far so passed this, sir this kind of EBITDA margins what is your clue about this, say in FY'11?

R. K. Aggarwal 

We have always maintained that newspaper industry should be delivering this kind of margin. That is not a problem. But for 2010-11 it is too early to predict.

Fatima Pacha 

Okay sir. Thanks a lot.

Marina 

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

Abneesh Roy 

Sir, Congratulations on extremely good set of numbers. My first question is regarding ad growth, you have done one of the best among the broadcasting, print and radio players. So what has worked for us, if you can give us a break up in terms of volume growth, rate hike, colour and I-Next and Citi Plus? So my question is in terms of all these four key variables if some colour you can



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give, Sir?

R. K. Aggarwal 

It is DJ, which has done the trick definitely. I Next hs also achieved growth, but the main contributor was Dainik Jagran.

Abneesh Roy 

Sir, was it largely volume growth?

R. K. Aggarwal 

It was largely volume growth.

Abneesh Roy 

Sir, coming to outdoor, you have turned marginally profitable and you expect net profit in the Q3. So is it because of curtailing of loss taking properties? Where do we stand in terms of say number of sites and what will be the growth driver going forward, because if you are not expanding now when the ad industry is coming back, what is your growth driver. I totally take your point that profits might be there, but how big will be the opportunity in outdoors?

R. K. Aggarwal 

No not that. We have not stopped expanding. What we have done is we have rationalized our sites and in fact we started doing that since third quarter of the last year and the result was seen in the second quarter of the current year. So we are expanding; in fact we are talking to a few vendors whom we want to acquire. Number two, we have started the construction of bus shelters at Goa. Number three we have got the rights for Varanasi railway station. So not that we have stopped expanding. In fact we have added a number of sites in Q1 and Q2 both, which is what will drive the topline growth as well. If you compare the outdoor revenue for the Q2 of the current year with Q1 of the last year then you would see a growth of nearly 26% in that.

Abneesh Roy 

Numbers you can share, sir. The number of sites or may be the absolute revenue per outdoor?

R. K. Aggarwal 

That would be a bit more detailing. We can discuss offline.

Abneesh Roy 

I have two strategy related questions. One is in UP now there is a

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broadcasting news channel available just for the UP market, and currently print just dominate the market because there was no alternatives available.

R. K. Aggarwal 

Who said no alternatives are available? That is where you know people have confusion.

Abneesh Roy 

No, sir. I am saying from a strong player. There are some alternatives, but from a strong national player we have...?

R. K. Aggarwal 

Just name those big players you are talking about?

Abneesh Roy 

I am talking about Zee News UP. So my question is more from a long-term perspective. Can this takeaway revenues from the print players?

R. K. Aggarwal 

Definitely not. Because as it is we have Sahara UP, we had ETV UP, and we have so many other city centric channels, so this has clearly proved that no media replaces any other media.

Abneesh Roy 

I was asking because the quality of the new player is vastly different from the earlier players, so that is why I asked?

R. K. Aggarwal 

Not that. Zee TV I do not find any better than ETV UP or something of that sort or I do not find Sahara UP is that bad.

Abneesh Roy 

Sure and Sir, lastly you mentioned in your opening remarks that in the coming quarters cost might incept because of increasing competitive intensity. So what is the sense that you are getting? Will you have to spend more in terms of advertising or say more subscription schemes or will it be that revenues might dip because of the new competitions?

R. K. Aggarwal 

Revenue will not dip, because revenue has not dipped ever because of competition, as you have already seen. In fact we have been competing very fiercely with those who are operating in our areas of operation for quite sometime and despite that we have been growing not only in the current year but for so many years. What I talked about was increase in some expenses. May be as you know we spend on promotional schemes and another cost which would increase in Q4 is newsprint cost which I just mentioned might increase by 5% in case Rupee depreciates.

Abneesh Roy 

Okay and Sir one last structural question, you have enjoyed the best ever EBITDA margin 33.7% and I think that will be the case even for some of the other players in your markets, so at this kind of an EBITDA margin if the newsprint prices do not go up too much taking Rupee into account can cover price correct? The cover price increase which you have taken suddenly people will start



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saying that there is too much money and let me go aggressive and cut cover price. Can that theoretically happen?

R. K. Aggarwal 

Theoretically yes, you are right, it can happen, but I do not see that happening, because players operating in our area of operation, have already experienced what has happened in the third quarter of the last year or since third quarter of the last year, so we expect good sense would prevail and nobody will try to play around the prices because once you play around the cover prices which have already got established, it is very difficult to increase them again.

Abneesh Roy 

Okay Sir. All the best. Thanks for taking my question.

Marina 

Thank you, Mr. Roy. The next question is from the line of Prashant Kothari from ICICI Prudential. Please go ahead.

Prashant Kothari 

Sir just wanted to understand this ad revenue growth that you have shown, would it be reflective of the ad revenue growth in the markets that you are operating or you would have gained some market share?

R. K. Aggarwal 

We have gained market share. Definitely market also has grown. There is no doubt about it, but my feeling is that we have increased our market share.

Prashant Kothari 

And what steps the company would have taken to increase the market share?

R. K. Aggarwal 

That was due to innovative marketing strategy, which we adopted.

Prashant Kothari 

And is it only UP or also other areas where you...?

R. K. Aggarwal 

Other areas also.

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Prashant Kothari 

In your core UP market what would have been the ad revenue growth roughly? Just for understanding is it more like 10% to more like 15%?

R. K. Aggarwal 

It should be close to 13%.

Prashant Kothari 

Okay. And secondly Sir, the worry that we have is that after this newsprint costs starts climbing up again because they seem to have bottomed out then how would the company maintain its margins. Any thoughts on this?

R. K. Aggarwal 

I do not see newspaper costs going up to those levels which we have witnessed in the last year and if the newsprint prices grow to a level of \$600 cost then I do not see much of a problem in maintaining margin around 30%, if rupee remains at 45 level.

Prashant Kothari 

Okay Sir. Thanks.

Marina 

Thank you, Mr. Kothari. Next question is from the line of Ruchit Mehta from HSBC AMC. Please go ahead.

Ruchit Mehta 

Sir, you mentioned that this time we had a bit of a benefit from the festive season spinning over to September, but heading into this quarter do you think we can sustain 14% to 15% ad revenue growth on a year-on-year basis?

R. K. Aggarwal 

That is what we feel.

Ruchit Mehta 

Would that growth not be actually better, because last year third quarter and fourth quarter were actually subdued?

R. K. Aggarwal 

You are absolutely right. That is what gives me confidence that year-on-year growth should not be less than 15% for whole of the year.

Ruchit Mehta 

So then are you being overly pessimistic in terms of guiding to 170 Crores of profitability for the current year because even if you have...?

R. K. Aggarwal 

I am not getting too pessimistic about it, but then at the same time I am not too optimistic either.



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Ruchit Mehta 

Okay and just on an investment perspective what kind of capital expenditure are we planning for the current year and any thoughts on what you might be spending for the next year as well?

R. K. Aggarwal 

In fact for the current year we had plans to spend around 110 Crores or so, but so far we have not spent much. So I do not see that 110 Crores CapEx plan is going to be exhausted in the current year. There would be some spillover for the next year as well, but then second half I would see more CapEx being incurred.

Ruchit Mehta 

Okay, how lower would be the CapEx would actually end up? Would it be 70-80 Crores or..?

R. K. Aggarwal 

No I do not think even that much would be possible, because delivery of machines etc., is not that quickly possible.

Ruchit Mehta 

Okay and then the next year would then again CapEx expenses scale up to 100-odd Crores you will incur or are we not looking to invest much?

R. K. Aggarwal 

This 110 Crore plan has to be completed and maintenance CapEx for us amounts to another 40-50 Crores. So whatever will be left over plus another 40-50 Crores we will be spending next year.

Ruchit Mehta 

Okay, great. And just a final query, on the competition, in terms of the behaviour our ad markets have you seen any price hikes or price cuts taken by competition and anything you have so to done to counter that or matched?

R. K. Aggarwal 

The competition has been doing that. This is not something new, which we are experiencing and we have our own strategies to tackle with that problem. Not very often, we cut down our rates.

Ruchit Mehta 

How much would they have cut it and what would be the differential

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between yourself and competition now?

R. K. Aggarwal 

That is something very difficult to say. In fact, we have seen rate cards, losing sanctity like we have seen cases where the competition has extended - discount to the extent of 80% or 90% also from the rate card.

Ruchit Mehta 

Even recently large players would have done the same thing?

R. K. Aggarwal 

They have been doing that for quite sometime. Nothing new.

Ruchit Mehta 

Okay thank you so much.

Marina 

Thank you, Mr. Mehta. We have a followup question from the line of Mr. Prashanth Kothari from ICICI Prudential. Please go ahead.

Prashanth Kothari 

Sir, just wanted to understand the depreciation expense that you are showing in P&L, is there anything extraordinary in that or is there any change in depreciation policy because it seems to be going up by almost 40-50%?

R. K. Aggarwal 

No it is only because of new assets purchased and we follow written down value method. So whenever you incur CapEx, for a couple of years you have higher burden of depreciation than your peers who follow straight line method.

Prashanth Kothari 

Okay Sir. Thanks.

Marina 

Thank you, Mr. Kothari. Next question is from the line of Priyadarshan Shah from Standard Chartered Capital Markets. Please go ahead.

Priyadarshan Shah 

Hello sir. Congratulations for a good set of numbers. Sir present there has been some competition in Bihar and Jharkhand market. So what is your strategy to just sit from them?

Sanjay Gupta 

Sir where have you got this information that we are having competition in Bihar and Jharkhand? I do not see any new competition happening over there at this moment.

Priyadarshan Shah 

Hindustan and Aaj I think there are in some odd man's position there.



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Sanjay Gupta 

It is all status quo over there at this moment, and very little activity is happening in Bihar and Jharkhand at this moment. So there are no aggressive competitive moves in Bihar and Jharkhand by anyone.

Priyadarshan Shah 

Okay sir. That is from my side. Thank you.

Marina 

Thank you, Mr. Shah. Next question is from the line of Shalini Gupta from SGPI Equity Research. Please go ahead.

Shalini Gupta 

Sir, I had a question for the outdoor business. We have seen in the past that the outdoor business is very volatile and for a business that is so volatile it seems to me that the returns are not commensurate with the risk, like you yourself had shared that the peak EBITDA margins were just about 20%. Sir my question to you is what is so attractive about this business?

R. K. Aggarwal 

First we have not seen any volatility as such in our outdoor business as you are saying. In fact, you have to look at Jagran's strategy for outdoor business and there you would see we are entirely different from rest of the players. We have not seen volatility. We have seen at best flat revenues in the past, but we have not seen degrowth as such. I do not think it is right to say that there is a lot of volatility and number two, outdoor business in our areas of operation is something which is going to be evolving in times to come. So that is what we want to capitalize on and given our infrastructure we are best placed to do that.

Shalini Gupta 

Okay, then Sir, my second question is that whenever economic conditions start to look up we find that the prices of properties also go up. So how do you ever make decent money in this business because you know when ad revenues start looking at prices of properties start moving up?

R. K. Aggarwal 

If you are depending too much on leased properties, what you are saying is absolutely right, but if you are out to create your own properties and if you are going to tender the properties in our areas

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of operation where outdoor is yet to evolve there is no risk as such and another important strategy what we have adopted for our outdoor business is we are entering into a long-term contract as against contracts for couple of years or so. So that is what would take care of the exorbitant increase in property prices when the market looks up.

Shalini Gupta 

Okay you have said that you have been very different from the others in terms of the strategy you have adopted for this business. Which is why you say that the revenues have not been volatile for you. So could you just throw some weight light on how you have been different from the others?

R. K. Aggarwal 

It is just too much detailing on the strategic front.

Shalini Gupta 

And do you see yourself getting at this peak EBITDA margin of 20% or so, say by the fourth quarter of this year?

R. K. Aggarwal 

Not for this year, because we have suffered some loss in the first quarter at operating levels and there is some loss in current quarter. What I said was we saw operating profits in August and September, but July we had some losses because of rains and all, and going forward we expect that there is going to be net profit but then it will not be enough to absorb the losses of the first two quarters.

Shalini Gupta 

Sir my last question is that would it be correct in my assumption that peak profits in any given year, if everything goes well, sir you would be about 20% for this business?

R. K. Aggarwal 

No, I think, that could be more also; because again there our strategy is going to help.

Shalini Gupta 

Okay. Thanks a lot Sir.

Marina 

Thank you Ms. Gupta. Next question is from the line of Arjun Khanna from Principal Mutual Fund. Please go ahead.

Arjun Khanna 

Thank you for taking my question. My first question is in terms of the growth in editions. Do you have any plan or rollout of additional editions over India?

Sanjay Gupta 

We have to rollout more editions of I-Next at this moment, and we are definitely keen on expanding the I-Next space. For Dainik Jagran, we are looking into other markets, we are exploring possibilities, but nothing concrete is finalized as yet.



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Arjun Khanna 

Sure, so we would not be looking at entering other language markets in India?

Sanjay Gupta 

Other language markets is not in this current financial year at least, and may be in future.

Arjun Khanna 

Sure. In terms of say the Hindi business news we had a venture earlier and we abandoned it probably high newsprint prices were factored in the sales. Given that concern is abated for the time being are we looking of relaunching?

Sanjay Gupta 

No at this moment, we have got any interest in launching product in that genre.

Arjun Khanna 

Sure. In terms of subscription revenues I see a very robust growth of around 15% over the last year. Does this include say an increase in Punjab or that has not come through as yet?

R. K. Aggarwal 

No. Not yet. If we see increase in cover prices in Punjab that would be additional.

Arjun Khanna 

Okay sure. And is there any indication of same happening?

R. K. Aggarwal 

Our CEO would answer that question.

Sanjay Gupta 

At this moment I do not see prices of Punjab moving to the levels of where UP or other states are for next another one year or so.

Arjun Khanna 

Just to clarify, I understand UP some editions will be close to Rs. 4, would Punjab be around Re. 1?

Sanjay Gupta 

At the moment it is a little more than Re. 1.

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Arjun Khanna 

Sure. Any update on our national edition?

Sanjay Gupta 

National edition still we are circulating in the Delhi NCR region and we are drawing up plans to expand its base further, which probably will fructify sometime in January and February.

Arjun Khanna 

Sure and my last question is on our internet venture with Yahoo. I understand we have a very good viewership on the same. Have you been able to monetize it at all?

R. K. Aggarwal 

The monetization has started, but definitely it is not commensurate with the viewership what we have, it will take some time. In fact, it takes time before we start getting revenues commensurate with the viewership.

Arjun Khanna 

Do we have any timeframe by which we could probably see some?

R. K. Aggarwal 

No as such. In fact we have been developing internet very cautiously and we have not been investing hugely on this, but we are preparing ourselves continually for those times when internet becomes a prominent source of news.

Arjun Khanna 

Sure. Thank you again gentlemen and Congratulations on a good set of numbers.

Marina 

Thank you, Mr. Khanna. Next question is from the line of Ravi Baid from Sahara Mutual Fund. Please go ahead.

Ravi Baid 

Sir, last quarter we had 8 Crore gain on Forex on long-term liability, what would be this quarter?

R. K. Aggarwal 

No I do not think that was Rs. 8 Crores. It was about Rs. 4 Crores to Rs.5 Crores on account of long-term liability in the first quarter and in fact in the second quarter it is reversal of that gain. Part of it got reversed because dollar was higher on September 30th than June.

Ravi Baid 

Okay. Thanks Sir. That is it.

Marina 

Thank you Mr. Baid. Next question is from the line of Sangam Iyer from Alpha Advisors. Please go ahead.

Sangam Iyer 

What is the current rate at that the newsprint inventory is being carried?



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R. K. Aggarwal 

Inventory, again this is something which we have been clarifying, we have not been playing around inventory and that has what has helped us reap the benefit of lower newsprint prices much earlier than our competitors. Even now I do not have too much inventory. We have inventory what we always use to carry that is roughly about lasting 1.5 months on an average.

Sangam Iyer 

So the average price would be at the current rate which you had indicated earlier during the call, which is around \$500?

R. K. Aggarwal 

Actually \$500 what I said was the going rate and our rates could be entirely different.

Sangam Iyer 

What would be your outlook on the circulation revenue for the second half and going forward?

R. K. Aggarwal 

It should be again registering that kind of a growth what we have witnessed in the second quarter.

Sangam Iyer 

Similar to what you did in second quarter on a YOY basis?

R. K. Aggarwal 

Right.

Sangam Iyer 

Sir, then when you are giving this earnings guidance of around 5.5 for the full-year and considering what we have delivered so far in the first half where exactly is the mismatch and why there is a flattish down kind of a number that we are looking at for the second half in terms of the earnings?

R. K. Aggarwal 

One is increase in newsprint cost, another is we might not see in the third quarter, that kind of advertisement revenues growth what we saw in the second quarter, because in the second quarter this time part of the festive season got captured.

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Sangam Iyer 

So would you say that your guidance of 5.5 is not a pessimistic one, but something that you see more realistic considering the scenario and pricing on both advertising as well as your costing front in terms of the newsprint price hikes?

R. K. Aggarwal 

Yes.

Sangam Iyer 

Okay thanks a lot, Sir, and just final question, what is the current cash balance?

R. K. Aggarwal 

That is, net of debt about 160 Crores.

Sangam Iyer 

Thank you.

Marina 

Thank you, Mr. Iyer. Next question is from the line of Nirav Dalal from Capital Markets. Please go ahead.

Nirav Dalal 

Good morning Sir. I wanted to know how many loss making editions are there currently?

R. K. Aggarwal 

Currently there are only four editions.

Nirav Dalal 

Okay thanks a lot.

Marina 

Thank you, Mr. Dalal. Next question is from the line of Yasmin Shah from Aventus Capital. Please go ahead.

Yasmin Shah 

Hello Sir. Congratulation on a good set of numbers. On your advertising revenues is it possible for you to give us which segments contributed to the growth?

R. K. Aggarwal 

All the segments contributed growth. There is nothing, which was special.

Yasmin Shah 

There were no segments which was missing and which is like come back or better seen in acceleration?

R. K. Aggarwal 

All sectors contributed.



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Yasmin Shah 
Can you list down the top five sectors, Sir?

R. K. Aggarwal 
None of these sectors contributes in our revenue more than 6% to 7%. We are not heavily dependent on any particular sector like automobile or something of that sort, because substantial part of our revenue comes from the local advertisement. That is nearly 60%.

Yasmin Shah 
In Q1 around 65% for local ads?

R. K. Aggarwal 
63%.

Yasmin Shah 
Okay and Sir, is it possible for you to share the circulation numbers for DJ, Citi and I-Next?

R. K. Aggarwal 
DJ is about 2.8 million, I-Next is about 0.3 million and Citi Plus is about 0.33 million.

Yasmin Shah 
Thank you Sir.

Marina 
Thank you, Ms. Shah. Next question is from the line of Anand Shah from Angel Broking. Please go ahead.

Anand Shah 
Hello good afternoon. What kind of dividend pay out are you looking at this year since your profits were almost double by 2009-10?

R. K. Aggarwal 
We have already declared 100% intern dividend.

Anand Shah 
But can we expect any further dividend because I mean at 100% that level becomes lesser than what you maintain?

R. K. Aggarwal 
Why not? We are able to double the profit, we can again expect some

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good amount of dividend coming in.

Anand Shah 

Thank you, Sir.

Marina 

Thank you, Mr. Shah. Next question is from the line of Ritesh Poladia from Daulat Capital. Please go ahead.

Ritesh Poladia 

Good morning Sir. Thanks for taking my question. What kind of a rate increase we can expect in FY'11? Any rough estimates?

R. K. Aggarwal 

We have not yet worked on that.

Ritesh Poladia 

Okay but do you expect their market is now ready to take any rate hikes?

R. K. Aggarwal 

You are right.

Ritesh Poladia 

Thank you very much.

Marina 

Thank you, Me. Poladia. Next question is from the line of Amit Kumar from Kotak Securities. Please go ahead.

Amit Kumar 

Very good afternoon to you Sir. We saw the overall growth rate of about 19.5% in this quarter and you discussed the growth rate to UP. So out of the other markets which are there, Punjab, Haryana and Delhi, Bihar and Jharkhand, where is this delta between overall growth and UP market growth and which market is the major contribution to the delta basically? If you could throw some light on that?

R. K. Aggarwal 

Definitely major contributors in terms of percentage are Bihar, Jharkhand, Punjab,. Haryana. When I say higher growth, their percentage of growth is much higher than growth rate in UP. This is because their base is smaller as compared to U.P., but if you are talking about absolute term, UP and Uttarakhand would be number 1.

Amit Kumar 

Okay and you talked about two points, one was the smaller base in these markets so as for the lower end, but essentially what is driving the in these markets themselves?

R. K. Aggarwal 

As I said the markets are growing and those markets are new for us in the sense that we are



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there for not more than 5 years although, one edition of Bihar was launched in 2000 and one edition was launched in Punjab in 1999, but in fact in those states we completed our expansion just four-five years back. So all the markets are growing for us. There is no exception as such.

Amit Kumar 

Thank you, so much, Sir.

Marina 

Thank you, Mr. Kumar. Next question is from the line of Bhushan Gajaria from IDFC SSKI. Please go ahead.

Nikhil Vora 

Hi this is Nikhil Vora here. Sir, just one odd questions, one is from the overall cash flows of our business. We will have close to around 200 Crores of cash generated during the year. How do we see this in the context of not really expanding or getting into the Hindi business unit space or other spaces that we are looking at right now? So what is the utilization of the cash if any right now?

R. K. Aggarwal 

As our CEO has just mentioned, it was not that we are not looking at expansion. We have definite plans to expand I-Next. We have definite plans to expand Cit Plus. As far as DJ is concerned there also our CEO has just mentioned we are looking at certain possibilities, which for strategic reasons cannot be disclosed currently because you never know what happens after you have evaluated the markets. So that is what I can say at best. And definitely we are looking at certain joint venture and acquisition, which, I would like to admit, has not materialized so far because it is very difficult to form a joint venture or partnership in media industry, but we have always been looking at these possibilities very aggressively and even currently we are evaluating couple of proposals.

Nikhil Vora 

Any thoughts on Bhaskar entering into UP, where has the progress been because that is basically one of our largest markets, so any thoughts on that?

R. K. Aggarwal 

We do not have any information on that nor we expect the same happening in the near future, but ultimately you know it is Bhaskar,

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which can answer this question. But one thing we know, as they have disclosed in their prospectus, they have no plans to enter into UP because the title for UP belongs to somebody else.

Nikhil Vora 

Okay thanks for this.

Marina 

Thank you, Mr. Vora. Next question is from the line of Ritwik Rai from MS Global. Please go ahead.

Ritwik Rai 

Hi, good afternoon Sir. Sir would you be able to give us an idea of the guidance revenues for this quarter or what kind of revenues you would expect for the year from I-Next?

R. K. Aggarwal 

We expect about 40 Crores revenues from I-Next (circulation and advertisement revenue both put together).

Ritwik Rai 

Sir what are the circulation revenues? What would the breakup be like about 25% or will it be somewhat similar to your regular...?

R. K. Aggarwal 

No in case of I-Next the circulation revenue proportion would be less because it is lowly priced newspaper as compared to DJ, because it is thinner newspaper as well and it is a tabloid.

Ritwik Rai 

Sir this I-Next of course the leadership growth and everything is very aggressive. I was just wondering is it given at some kind of a subscription scheme to people?

R. K. Aggarwal 

No. We have not.

Ritwik Rai 

Okay and Sir, how does the number of pages in I-Next compared with that of Dainik Jagran. What is the total number of pages in I-Next clients?

R. K. Aggarwal 

I-Next is about 60% in terms of pages.

Ritwik Rai 

Thanks very much.

Marina 

Thank you, Mr. Rai. Next question is from the line of Miten Lathia from HDFC Mutual Fund. Please go ahead.

Miten Lathia 

Good afternoon, Sir. Sir if it is possible to comment on I-Next profitability as in do you look at it



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separately from Dainik Jagran, is it now a standalone has profitable as Dainik Jagran is or...?

R. K. Aggarwal 

We monitor it separately and I am happy to say that I-Next saw some profit in the second quarter.

Miten Lathia 

Okay and next year it could probably hit the same level of margins as Jagran achieves or it is still sometime away?

R. K. Aggarwal 

It is too optimistic to expect the same kind of margins in the next year, because it is going to be expanded and when the brand is being expanded then you will expect these kinds of margins after it is reaching somewhere maturity level.

Miten Lathia 

No, current editions of I-Next. I am assuming that I-Next doesn't go to any cities.

R. K. Aggarwal 

The current editions will also take some more time, because year 2008-09 was the first full year of operations for all the nine editions. In fact, couple of editions was launched in May-June 2008, so just give them some more time to deliver that kind of a profit.

Miten Lathia 

Thank you very much and Congratulations on a brilliant set of numbers.

Marina 

Thank you, Mr. Lathia. We have a followup question from the line of Abneesh Roy from Edelweiss. Please go ahead.

Abneesh Roy 

Just one small question, we have got so much cash, so I was just thinking what would be the possibilities. Sir in outdoor we have always had a very different model from some of the other listed players.

R. K. Aggarwal 

You are absolutely right.

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Abneesh Roy 

But what has happened is in the current slowdown our overall aggressiveness of some of the players have really reduced drastically, so what is happening is in the new airport contract for example the fittings will be far more sailor, far more less aggressive compared to the earlier rounds, so any thinking on that lines, because that can be the big-big opportunity for us, Sir?

R. K. Aggarwal 

Government will become bit more cautious now while allowing the bidding for airports, but still I don't see this becoming a profitable business for the next three four years. So, we do have any intention to look at those opportunities unless and until they are lucrative enough.

Abneesh Roy 

And sir on the events you can give us some growth plan?

R. K. Aggarwal 

Event is doing well. In fact this quarter, although last year there was a very small base, there was a growth of about 68% in the topline.

Abneesh Roy 

Is it profitable, Sir?

R. K. Aggarwal 

Event has been all along been profitable except one year.

Abneesh Roy 

Okay Sir, that is all from my side.

Marina 

Thank you, Mr. Roy. Next question is from the line of Chetan Shah from Sanman investments. Please go ahead.

Chetan Shah 

Hi Sir, Congratulations for the good set up of number. what is the average newsprint consumption in tonnage terms for this quarter?

R. K. Aggarwal 

Above 25000 tones.

Chetan Shah 

Okay Sir. That is it. Thanks a lot.

Marina 

Thank you Mr. Shah. There are no further questions from the participants at this time. Mr. Kedia would you like to add a few closing comments.

Ankit Kedia 

Yes. On behalf of Centrum we would like to thank all the participants on the call. Also many thanks to the Jagran Management for their time out for the earnings call. Thank you very much sir.



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R. K. Aggarwal 

Thank you, very much everybody for sparing your valuable time, and I hope and trust that all of your questions were answered to your satisfaction. Thank you very much.

Marina 

Thank you, Mr. Kedia, Mr. Gupta and Mr. Agarwal. On behalf of Centrum Broking Private Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines. Thank you.

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