



**INVESTORS/
ANALYSTS**
conference call

2009
29 JULY



Jagran Prakashan
Q1-FY10 Results Conference
July 29, 2009

Moderator 

Ladies and gentlemen good morning and welcome to the Jagran Prakashan's Q1FY2010 results conference call hosted by ICICI Securities Limited. As a reminder for the duration of this conference, 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 the conference call, please signal an operator by pressing * and then 0 on your touch-tone phone. Please note that this conference is being recorded. At this time I would like to hand the conference over to Mr. Vikas Mantri of ICICI Securities. Thank you and over to you sir.

Vikas Mantri 

Good morning everybody, welcome you all to the Q1-FY10 Jagran Prakashan con-call. We have senior management from the company represented by Mr. Sanjay Gupta the CEO and Mr. R. K. Aggarwal the CFO, over to you sir for the opening remarks.

R. K. Aggarwal 

Good morning friends, we welcome you to the conference call of JPL. We are pleased to present and discuss exceptionally good results for the Quarter 1, thanks to the partial reversal of adverse condition prevailing during the second half of the last fiscal, general elections, management policy, and the constant effort of the management to keep the cost under check.

The profit for the Q1 includes exchange fluctuation gains which might not repeat in remaining quarters and high treasury income due to redemption of yearly FMP. Management's policy of not accumulating inventories has helped in having lower newsprint cost on quarter to quarter basis. In fact if the economic scenario does not worsen like second half of the previous year we are confident of achieving minimum 50% expansion in the bottom-line. With these opening remarks we now request you to have your questions which our CEO Mr. Sanjay Gupta and I will endeavor to answer to your satisfaction.

Moderator 

Thank you sir. Ladies and gentlemen we will now begin the question and answer session. Anyone who wishes to ask a question may press * and 1 on their touch-tone telephone. If you decide you remove yourself from the question queue you may press * and 2. Participants are requested to use handsets while asking a question. Anyone who has a question may press * and 1 at this time. The first question is

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SANJAY GUPTA

R. K. AGARWAL

VIKAS MANTRI

from the line of Abneesh Roy from Edelweiss Capital. Please go ahead.

Abneesh Roy 

Sir, congratulations on very good set of numbers.

R. K. Aggarwal 

Thank you.

Abneesh Roy 

My first question is on the ad revenues, could you give us a sense what has been the election related ad revenues? Why I am asking this is during election government DAVP ads are not there.

R. K. Aggarwal 

That is right.

Abneesh Roy 

So on a net basis how much have we gained due to election as an event?

R. K. Aggarwal 

See as we discussed in the last conference call .we estimated benefit of 7 to 8 Crores but ultimately when we further analyzed it, it came to be around 5 Crores.

Abneesh Roy 

Net positive impact?

R. K. Aggarwal 

Yes.

Abneesh Roy 

And sir how have outdoor and events done sir?

R. K. Aggarwal 

Outdoor has remained flat. Event has improved as compared to the corresponding quarter of the previous year.

Abneesh Roy 

So sir how do I see this result because you are saying just 5 Crores from incremental event of election, but your ad revenue growth has been pretty strong?

R. K. Aggarwal 

That is pretty strong, thanks to the local advertisements which we have been concentrating on for past four to five years. And that is what has really helped. In fact the 15% growth if we have to breakup then you can take increase in space to the extent of about 5% and remaining came from conversion of black and white into color as well increase in recovery. This is something very heartening because when we were discussing the last quarter's results, I mentioned that there was no impact of rate increase.



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Abneesh Roy 

Okay. And any sense on rate hike in the second half, I mean people are saying recovery can happen?

R. K. Aggarwal 

This second half you are talking about?

Abneesh Roy 

Yes this financial year.

R. K. Aggarwal 

This would be still better that is what we feel. But, all depends on the economic conditions in fact.

Abneesh Roy 

Okay. Sir wanted to get a sense of our market share in the Hindi belt, one of your competitor has reported 32% in the Hindi revenues but if I see on the net level the ad growth was not that encouraging. So are we gaining market share in our core belt?

R. K. Aggarwal 

No there is no question of losing any market share whatsoever 30% or 32% I do not know which competitor you are talking about, but on lower base 30% could be 1% of my total growth.

Abneesh Roy 

Okay. And sir regarding newsprint what is the outlook can we see better margins even going forward or this is the number we should look going ahead?

R. K. Aggarwal 

Newsprint prices are already very low, unrealistically very low. And as we said in the past, 3rd Quarter should see some increase in the prices, but impact of lower prices would be completely felt in the 2nd Quarter of the current fiscal.

Abneesh Roy 

And what kind of increase you are expecting in 3rd Quarter because in the past the increase also has been quite sharp...

R. K. Aggarwal 

We do not expect that kind of an increase in next couple of years, but definitely I mean these prices are also unrealistically low, they might

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go up to a level of 550 to 575 dollar by the year end.

Abneesh Roy 

And sir my last question would be on the I Next how has it done in terms of ad revenues and where do we see it going forward?

R. K. Aggarwal 

I Next for the Quarter 1 has remained more or less flat as compared to the previous year in fact which was not very encouraging. We have taken certain steps which are likely to improve the revenue in the remaining quarters. We know what was the problem and we have taken the corrective steps.

Abneesh Roy 

Sir that is a bit difficult to understand because I Next would be targeting the local ads compared to your main paper and you have said local ads have been the main driver ...?

R. K. Aggarwal 

But then that are different targets. For I Next, there is a different target so we cannot construe since I Next has remained flat local has not improved.

Vikas Mantri 

Abneesh you would appreciate that I Next has a very low geographical coverage compared to Jagaran. So you should not compare a Jagran and I Next in that way.

Abneesh Roy 

But sir local ads if I see in terms of positioning they will always go to local media so

R. K. Aggarwal 

you are absolutely right, but what Mr. Vikas is pointing out is I Next is city centric and Jagran is spread across...

Abneesh Roy 

Okay sir that is all from my side, thank you.

R. K. Aggarwal 

Yes.

Moderator 

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

Anand Shah 

Yeah good morning sir, congratulations on a very good set of numbers. Sir just has a couple of questions, one is your depreciation has gone up by almost 50% so can you indicate what is the CAPEX for this year and plans for next year?

R. K. Aggarwal 

We have planned about 100 Crores for the current year and in fact the increase in depreciation is



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mainly on account of capitalizations done in the last quarter and in the current quarter.

Anand Shah 

Okay. Sir how much CAPEX was incurred for FY2009?

R. K. Aggarwal 

More than 100 Crores, I do not remember exactly, but it was I think 120 Crores or so.

Anand Shah 

Okay. And sir second question was this quarter we witnessed your INM selling some stake in Jagran because it has its own issues globally. Sir can you give your comments on that?

R. K. Aggarwal 

They sold it in July, in fact not in the last quarter as they have some financial difficulties because of which they decided to sell off about 7.3% stake that is it.

Anand Shah 

And sir can you give comment on who acquired the stake this 7.3%?

R. K. Aggarwal 

Out of 7.3%, 5% was acquired by the promoters and 2.3% has been acquired by others.

Anand Shah 

Okay sir. And sir can you indicate any plans or updates on your JV with TV 18 to release a daily?

R. K. Aggarwal 

In fact we have already accounted for in the current quarter impairment loss on that investment as we have decided to drop the project.

Anand Shah 

Okay so it is officially been dropped is it?

R. K. Aggarwal 

Yes.

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Anand Shah 

Okay, thank you sir.

Moderator 

Thank you Mr. Shah. The next question is from the line of Ruchit Mehta from HSBC. Please go ahead.

Ruchit Mehta 

Yeah good morning sir and congratulations. Just on the advertising revenues we grew almost 15% in this quarter, at the beginning of the year you said you will be happy with 10% growth what is your outlook now because I mean given that most people are anticipating the second half recovery?

R. K. Aggarwal 

if that happens definitely 15% should not be a problem, but let us see and wait, what people are expecting or what we are expecting actually happens

Ruchit Mehta 

Okay. And you mentioned that there was some one time revenue figures or cost in this quarter could you elaborate that please sir?

R. K. Aggarwal 

There are couple of items on the revenue side, 1) exchange fluctuation gain, if you recall when we were discussing March results I had mentioned that in Q4 of last year we had accounted for exchange loss to the tune of about 8 Crores, Out of which I mentioned that part has already got reversed, so that is roughly about 4 Crores. And 2) High treasury income that is to the extent of about 4 to 5 Crores. On the revenue side you have about 9 Crores which might not repeat in remaining quarters.

Ruchit Mehta 

Sure. And in terms of profitability, can the dynamics of newsprint cost, I mean where do you see sustainable margins at?

R. K. Aggarwal 

Sustainable margin is what you have seen in the Q1 results. That is something very much sustainable.

Ruchit Mehta 

Very much sustainable, okay. And finally what is the debt and the cash profile on the books of the company?

R. K. Aggarwal 

Debt is, including working capital, about 120 Crores. And cash is about I believe 275 Crores.

Ruchit Mehta 

And what is the full year CAPEX plans sir?



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R. K. Aggarwal 

For current year we have planned more than 100 Crores of which very little has been spent in the 1st Quarter.

Ruchit Mehta 

Could you give us a sense of what the investment is going to be into?

R. K. Aggarwal 

Expanding the printing capabilities, that is increasing the color capacities, modernization, upgradation, and so and so forth.

Ruchit Mehta 

Okay, thank you sir.

Moderator 

Thank you Mr. Mehta. The next question is from the line of Ritesh Poladia from Dolat Capital. Please go ahead.

Ritesh Poladia 

Sir, most of my questions have been answered. Just one thing, sir you have guided for 15% bottom-line growth?

R. K. Aggarwal 

I did not get?

Ritesh Poladia 

Right now you have guided for 15% bottom-line growth?

R. K. Aggarwal 

No not 15% what I said is, if the economic conditions do not worsen be sure about minimum 50% expansion in the bottom-line

Ritesh Poladia 

50 okay I thought it was 15 so I was quite...

R. K. Aggarwal 

No I am not going to incur loss in remaining quarters

Ritesh Poladia 

I was like quite, I thought that you have become too conservative now. Okay that is all from my side, thank you sir.

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Moderator 

Thank you Mr. Poladia. The next question is from the line of Swati Nangalia from IDFC SSKI. Please go ahead.

Bhushan Gajaria 

Hi sir Bhushan here. Just couple of questions, one is on the revenue front, this quarter education is the significant contributor to our revenue, what will be the contribution of education and how much it would have grown?

R. K. Aggarwal 

I do not have figures readily available but that would be significant.

Bhushan Gajaria 

Okay. Second sir you just mentioned that there were some FOREX gains and one-off gains, so what would be that?

R. K. Aggarwal 

Rs.4 Crores on account of long-term foreign currency loan, as a result of reversal of loss which I could have very well deferred last year when I accounted it for but being conservative I preferred to account it for in the last quarter of the previous year. On 31st March I believe Dollar was 51 and 30th June it was 48 or so.

Bhushan Gajaria 

Okay. So this is part of your other income.

R. K. Aggarwal 

Yeah.

Bhushan Gajaria 

Okay, yeah I think that is all from my side, thanks a lot.

Moderator 

Thank you. The next question is from the line of Hiren Dasani from Goldman Sachs. Please go ahead.

Hiren Dasani 

Yeah sir can you tell us what is the average level of copies per day on each of the paper?

R. K. Aggarwal 

Sorry.

Hiren Dasani 

What is the total circulation per day on an average for each of the paper?

R. K. Aggarwal 

Dainik Jagaran 2.8 Million per day, I Next about 3 lakhs and CityPlus about 3.25 lakhs per week.



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Hiren Dasani 

Okay. So not much increase from what you reported in Q4 virtually the same levels, hello. Yeah so not much increase from the Q4 numbers which you reported?

R. K. Aggarwal 

Yes.

Hiren Dasani 

Okay. And do you think there will be meaningful increase in circulation this year because of new additions...?

R. K. Aggarwal 

4% to 5% circulation increase always happens I mean in the 1st Quarter also there is an increase of about 4% in circulation as compared to the corresponding quarter of the previous year. So even if we do not do anything which we have not done, the increase in the circulation to that extent is something which we cannot stop, In fact last year we registered a growth of over 8%.

Hiren Dasani 

Okay.

R. K. Aggarwal 

So by the year end if the growth in circulations again could be in that range, I will not be surprised.

Hiren Dasani 

What could be the average level of pagination on these papers?

R. K. Aggarwal 

20 pages.

Hiren Dasani 

Across all of the three?

R. K. Aggarwal 

Sorry.

Hiren Dasani 

Across all of the three papers?

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R. K. Aggarwal 

No, Dainik Jagran is 20 pages, I Next is 12 pages, I mean it is tabloid of 24 pages, And 12 pages CityPlus which is again tabloid.

Hiren Dasani 

And we have not reduced or increased any pagination right?

R. K. Aggarwal 

We have not reduced I mean like there is no scope for reduction when you are registering a growth of 15% in advertisement revenue rather it might increase in times to come.

Hiren Dasani 

Sure. The other thing is sir like if you look at this quarter margins they are probably one of the highest across so many years which at least ...?

R. K. Aggarwal 

That is right.

Hiren Dasani 

So what gives you the confidence that this can be sustained?

R. K. Aggarwal 

This is very much sustainable as far as current year is concerned and in times to come also this should be sustainable because many of the editions which were suffering losses have turned into profit and they are expected now to continue to be in profit. For example entire Bihar and Jharkhand came in profit last quarter of the previous year. So they have continued to be in profit and they should be generating more and more profit.

Hiren Dasani 

Okay.

R. K. Aggarwal 

So still there are 5 to 6 editions which are in losses they also have to turn into profit so I mean that is what is the reason for our confidence and 30% margin in print media is not, still very great margin.

Hiren Dasani 

What would be the plans for using all this cash which is being generated, you already are like a net cash company and the business is throwing up good amount of cash?

R. K. Aggarwal 

Our many other plans which have been kept on hold till now might be unfolded and then that might need some cash. In fact there could be certain opportunities where you can have tie-ups for that also the cash is required. Further, growing business also needs working capital. And in any case we have been aggressive in distributing dividends this policy would continue even in future.

Hiren Dasani 

Okay. And the plans which you just mentioned would be in the print side only or other media as



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well?

R. K. Aggarwal 

On this I would request our CEO also to throw some light because this is something which relates to the strategy.

Sanjay Gupta 

As far as utilizing cash is concerned, I would like to keep my concentration on Dainik Jagran and I Next and some editions of City Plus will also come in. By Q3 you may see new editions of I Next being also launched, and then expansion of outdoors is on the plan in this year. .

Hiren Dasani 

Thanks a lot. That is it from my side.

Moderator 

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

Fatima Pacha 

Hello sir, great numbers. Sir just I guess the ad revenue keeps on boggling us is there any way of quantifying how much of volume growth you would have and how much of pricing growth?

R. K. Aggarwal 

5% is the volume...

Fatima Pacha 

Sir I am not talking about circulation, I am talking about ad volumes.

R. K. Aggarwal 

Sorry.

Fatima Pacha 

Ad volume growth.

R. K. Aggarwal 

Ad has grown by 15% and circulation also has grown by 14%.

Fatima Pacha 

Sir I meant in the 15% ad revenue growth how much would be volume and how much would be price?

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VIKAS MANTRI

R. K. Aggarwal 

That is what I said, out of 15%, 5% is a space then 10% comprises of conversion of black and white into color and also the pricing.

Fatima Pacha 

Okay. Sir if I have to say that your circulation or whatever 3% to 4% keeps on happening what is you are going to ads like I meant in circulation you do not expand in any new additions whatever the stage at which you are right now remains for next two years, what is the kind of ad revenue growth you believe you can sustain for next two years?

R. K. Aggarwal 

See let me tell you as our CEO just pointed out we are not going to be very aggressive as far as expanding Jagran is concerned because we already have acquired the numbers which can get us the desired growth, but there are plans to expand I Next, there are plans to expand CityPlus. So I mean all those expansions should get us the additional growth, but as far as Jagran is concerned 15% growth or something of that sort without expanding it or without launching new editions is also very much possible.

Fatima Pacha 

Sir do you see a lot of people has started realizing that trend is seeming to be expensive in terms of a national print, I can understand local yet, it is very reasonable, so would you believe that some point of time or even if it is today that TOI say a Bombay editions is garnering as much rate as say your main state Kanpur is getting?

R. K. Aggarwal 

No, I think TOI Bombay is much-much costlier than what DJ in Kanpur is.

Fatima Pacha 

In terms of your readership matrix.

R. K. Aggarwal 

Oh yes.

Fatima Pacha 

Okay. But what would be the difference like if 20% to 30% I think it will be ...?

R. K. Aggarwal 

More than that, I think it could be still 40% to 50%.

Fatima Pacha 

Okay. So now I was trying to get at that point that would the price increase somewhere hit a hurdle?

R. K. Aggarwal 

As it is, we did not have any impact of price increase last year. In the 1st Quarter also, the maximum impact could be in the range of about 4% to 5% which is less than inflation, I mean like let us forget this minus inflation figures, but normal inflation rate whatever has been so far increase beyond that has not been possible, but once the economic scenario improves, I am sure, there will not be



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any issue in passing on 10% to 15% increase.

Fatima Pacha 

And sir how is Punjab edition doing now, would that be breakeven?

R. K. Aggarwal 

Punjab edition has improved very significantly in the 1st Quarter, thanks to lower newsprint prices and increase in advertisement revenue. So whatever losses we have suffered last year will come down significantly. In case cover prices do not improve and remain at the same level, we are going to have some loss, but the losses are going to be reduced very significantly. And on increase in cover price, I will request our CEO to share his views with you.

Sanjay Gupta 

See in Punjab as you know that we are in competition with one of a major Hindi daily and with that competition to keep our Number#1 position intact we are subsidizing the newspaper to a great extent, but this year, I am positive that competitive activities such as continuing with lower cover prices may come down and therefore I see little saving there, which will in fact help in improving the bottom-line.

Fatima Pacha 

Sir, our cover price increase is not at all implemented in Punjab, right?

Sanjay Gupta 

At the moment no.

Fatima Pacha 

Okay fine.

R. K. Aggarwal 

Because as I told you, if you recall, there are already subscription schemes which are going on...

Fatima Pacha 

Yeah. So you cannot increase it.

R. K. Aggarwal 

So neither we nor other one can increase till then, but thereafter as CEO just mentioned, we might look at that.

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Fatima Pacha 

Okay sir, thanks a lot sir.

Moderator 

Thank you Ms. Pacha. The next question is from the line of Arjun Khanna from Principal. Please go ahead.

Arjun Khanna 

Congratulation sir on a good set of numbers.

R. K. Aggarwal 

Thank you very much.

Arjun Khanna 

Just trying to understand seeing that Dainik Jagran what would our peak level of pagination be, you said that current is around 20.

R. K. Aggarwal 

Peak level, if you are talking about, I will just give an example, during Diwali season last year, Kanpur edition carried 64 pages.

Arjun Khanna 

Just trying to understand on a blended basis, say on an average, say for a quarter being at 20 now what level it could go given the lower newsprint price environment?

R. K. Aggarwal 

See it all depends on the advertisement flow, if the advertisement flow is there definitely page levels would go up which neither you nor we would mind.

Arjun Khanna 

Sure. In terms of inventory how much do we hold of imported and domestic?

R. K. Aggarwal 

We have inventory good enough for consumption in one and a half month.

Arjun Khanna 

Imported?

R. K. Aggarwal 

Both blended.

Arjun Khanna 

Sure. In terms of IMIL stake, I understand like you mention 7.3% was sold by them, any views on the remaining part of it, would they be coming back in the market?

R. K. Aggarwal 

They have already gone on record to say that, they do not intend to sell now even one share.



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Arjun Khanna 

Sure. The stake that we picked up 5% was there any incremental latching by us for it or..?

R. K. Aggarwal 

We raised a loan to buy the stake.

Arjun Khanna 

So the shares were on pledged per se in that sense.

R. K. Aggarwal 

Yes.

Arjun Khanna 

Sure, in terms of the OH business you said we could deploy our incremental cash flow in it, are we looking at bidding for these huge properties in terms of airports?

R. K. Aggarwal 

These are not our business models. Our focus is now entirely in Jagran footprint area without losing opportunities in bigger town in case this is making a business sense.

Arjun Khanna 

Sure, that would not really require the larger levels of CAPEX?

R. K. Aggarwal 

That would not require but then spending in our footprint area, might require good amount of cash but then that cash would perhaps help us getting many more properties than what we can get in bigger town.

Arjun Khanna 

Sure, thank you very much sir.

Moderator 

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

Amit Kumar 

Very good morning to you sir, great set of numbers. Sir just wanted to clarify, I am sorry I joined the con-call late so please excuse me if this is a repeat.

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VIKAS MANTRI

R. K. Aggarwal 

Never mind please continue.

Amit Kumar 

Just wanted to check what is, I think there was some board meeting the last time on the 4th Quarter result you had said that there will be some board meeting to decide on TV18 JV?

R. K. Aggarwal 

Yes we have dropped this project.

Amit Kumar 

Okay we have completely dropped this project.

R. K. Aggarwal 

And this is why I have accounted for impairment loss, in 1st Quarter.

Amit Kumar 

I am sorry, where is this impairment loss booked?

R. K. Aggarwal 

It is booked under the head of other expenditure.

Amit Kumar 

Okay. And how much this would be?

R. K. Aggarwal 

That would be about 1.75 Crores.

Amit Kumar 

Okay. So is there, I mean at the company level is there a plan to go alone on this or are we completely facing that we will not be launching a Hindi business daily at all?

R. K. Aggarwal 

I request Mr. Sanjay to share with you his strategy on this.

Sanjay Gupta 

Looking into the scenario of the other Hindi Business daily, I do not think I will be currently toying with an idea of another Hindi Business Daily though if you have noticed in Delhi we have launched National Delhi, which I plan to expand in the coming years, given the response received so far.

Amit Kumar 

Okay.

R. K. Aggarwal 

National Daily would cover sufficiently the economic part.

Amit Kumar 

Okay sir, fine. Yes I just wanted to get a sense on the key markets where you are present which is



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UP-Uttranchal, Bihar-Jharkhand and CT-HP regions, how are, I mean if you just give us some sense on how each of the individual markets are growing. And how Jagran is doing in each of the markets?

R. K. Aggarwal 

Each of the market has been growing as we always expected, I just shared with some of your colleagues, Bihar-Jharkhand where we went in fact practically in 2003,(although Patna is there since 2000 but all other editions were launched since 2003 onwards) we have already come in profit from the last quarter of the previous year. And in fact this year, those two states are going to result in good amount of profits.

Amit Kumar 

Great sir. And sir just wanted to check with this the JV that you have for the MP market I think that is also off the table right now. So does that in some sense prevent you from, is there some clause as part of that JV which prevents you from going alone in MP city and the strategy of that market?

R. K. Aggarwal 

Yes currently.

Amit Kumar 

So you cannot enter that market at least for a time being?

R. K. Aggarwal 

Yes.

Amit Kumar 

What is the status of that dispute?

R. K. Aggarwal 

It will not take now much of time, because two years have already gone. I believe within a year things would get sorted out.

Amit Kumar 

Okay fine. That is all from my side, right now, I will come back if I have any, thank you so much.

Moderator 

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

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SANJAY GUPTA

R. K. AGARWAL

VIKAS MANTRI

Ritwik Rai 🗨

Good morning sir and congratulations, great result sir.

R. K. Aggarwal 🗨

Thanks

Ritwik Rai 🗨

Sir I just wanted to check, would you be able to give us some idea on how big each of the markets are in terms of what is the total advertising that comes to Hindi newspapers in each of these markets sir, UP and Bihar and Jharkhand and so on?

R. K. Aggarwal 🗨

I will be grateful if you come back to me off the line.

Ritwik Rai 🗨

Sure sir, I will do that.

R. K. Aggarwal 🗨

Details I do not have currently.

Ritwik Rai 🗨

Sure sir, I will do that. My other questions have been answered, thank you very much.

Moderator 🗨

Thank you Mr. Rai. The next question is from the line of Ankit Kedia from Centrum Broking. Please go ahead.

Ankit Kedia 🗨

Sir could you share with us the losses you have done in the out of home and events business during the quarter?

R. K. Aggarwal 🗨

In Out-of-home business we suffered a loss of about 2 Crores.

Ankit Kedia 🗨

And sir going forward for the year what is the guidance?

R. K. Aggarwal 🗨

We see outdoor business turning into profit in the last quarter at least.

Ankit Kedia 🗨

Okay. And sir my second question is could you give some sectoral breakup on the advertisement based on, are we seeing some sectors coming back for advertisements where we have seen the growth coming from?

R. K. Aggarwal 🗨

Yes automobiles have started coming back already, but they are yet to pickup the way it should.



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Ankit Kedia 

You said, do we do some forward booking so in the sense in the 2nd Quarter and 3rd Quarter are we seeing some bookings coming in already, which gives us the 15%?

R. K. Aggarwal 

No in case of advertisement you are never allowed that luxury in this industry, even if you have a booking and it stands cancelled earlier than publication you cannot help.

Ankit Kedia 

Right. And sir just one last question.

R. K. Aggarwal 

We do deal on annual basis but then you are never sure.

Ankit Kedia 

Sir one last question is on the newsprint front, could you share with us the average newsprint price for the quarter?

R. K. Aggarwal 

For this quarter the blended was about Rs.26 per kg, that is 26000 per ton.

Ankit Kedia 

Right. Thank you sir that is all from my side.

Moderator 

Thank you Mr. Kedia. The next question is from the line of Nitin Gupta from Ethos Advisors. Please go ahead.

Nitin Gupta 

Good afternoon sir, congratulations for good numbers. I just wanted to know, what is the mix, do you import any newsprint as such, what would be the mix of local purchasing?

R. K. Aggarwal 

We do import. We do import and in the quarter gone by had very low consumption of imported which is going to go up, but our policy is to consume about 25% imported and rest indigenous, but out of that 75% indigenous we consume roughly about 60% of the quality newsprint. Some of it is almost as good as imported.

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R. K. AGARWAL

VIKAS MANTRI

Nitin Gupta 

Okay. And I was wondering if you can share which business sectors are showing good traction in ad revenues in the downturn, in the last quarter, if you can give best plate of your ad

R. K. Aggarwal 

Education is always recession proof. So education till July will remain buoyant but then what is pleasing us is you see now white goods automobile, mobile all coming back, they had gone off almost completely from November to February.

Nitin Gupta 

Okay. And what about real estate?

R. K. Aggarwal 

Real estate we have never been beneficiary in a big way from real estate. It is only our NCR region which has been benefiting from real estate, and since we were never big gainers, we were never big loser too.. And now things are slightly better than what they were, but not completely, they are not completely the way they should be.

Nitin Gupta 

And would it be possible for you to give on a percentage basis contribution to your ad revenue by the various sector?

R. K. Aggarwal 

That is very insignificant, I have never looked at it as a very significant category so I do not remember the number but I do not think it would be more than 1.5% or maybe 2%.

Nitin Gupta 

So maximum is education and how much would be the percentage be?

R. K. Aggarwal 

Education should be now about 15%

Nitin Gupta 

And for the other segments also if you can give?

R. K. Aggarwal 

All others will be in the range of about 6% to 7% except government, government still contributes about 15%.

Nitin Gupta 

And if you can share some thoughts on OH business because it did a loss of 2 Crores so what changes are you doing in your strategy as such, you talked about....

R. K. Aggarwal 

Changes have already started happening.

Nitin Gupta 

So where did you go wrong?



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R. K. Aggarwal 

One of the biggest changes is shifting from leasing model to ownership models. Number two, focus in Jagran footprint area, these are the two major changes which have been brought about since last year. And in fact the losses have been substantially reduced, but definitely the 1st Quarter because outdoor industry is yet to come out of that slowdown, we have slightly higher losses but then I am sure going forward these losses would come down and in the last quarter we should see some profit.

Nitin Gupta 

And one final question, when you talk say that you are moving from leasing to ownership, what would be the CAPEX one should look at in your OH business?

R. K. Aggarwal 

I am not able to give exact figure but that would not be huge. And in fact when I say leasing to ownerships, we would never own any outdoor properties, This ownership word is normally used in outdoor industry to refer to taking it from government direct and that is for longer period. In case of leasing model, we take it from some middle man and that is generally for shorter period. So that is the difference between leasing model and ownership model, but essentially both are on rented basis, one is directly from the government and there you have to incur CAPEX and in other phase you have to take it from the middle man who had already done the CAPEX.

Nitin Gupta 

Okay. Thank you very much sir and congratulations once again.

Moderator 

Thank you Mr. Gupta. The next question is from the line of Nirav Dalal from Capital Markets. Please go ahead.

Nirav Dalal 

Good morning sir, sir I wanted to share the local advertising to the revenues, this quarter?

R. K. Aggarwal 

Local advertisement has further grown up in this quarter that is roughly about 63% of the total revenues.

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SANJAY GUPTA

R. K. AGARWAL

VIKAS MANTRI

Nirav Dalal 

Okay because last year it was about 60%.

R. K. Aggarwal 

You are right absolutely.

Nirav Dalal 

And the government would be the DAVP right because 15% that you spoke of.

R. K. Aggarwal 

Yeah.

Nirav Dalal 

Okay, right sir, thank you.

Moderator 

Thank you Mr. Dalal. The next question is from the line of Tejas Shah from IL&FS. Please go ahead.

Tejas Shah 

Good morning sir.

R. K. Aggarwal 

Good morning.

Tejas Shah 

Congratulations on good set of numbers. Sir my question pertains to a FOREX fluctuation, I guess it has impacted both our top-line and cost structure also somewhere, so just wanted to know, can you just quantify where and how much it has impacted?

R. K. Aggarwal 

See 4 crore is the exchange fluctuation gain, which is accounted for as part of other income.

Tejas Shah 

Okay the one which we accounted in other expenditure, last year.

R. K. Aggarwal 

Yeah.

Tejas Shah 

And sir and top-line?

R. K. Aggarwal 

In top-line there is no gain or loss.

Tejas Shah 

And we also talked about some redemption of FMP can you quantify that too?



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R. K. Aggarwal 

That is about 5 Crores additional income.

Tejas Shah 

Okay. And sir you mentioned that you are carrying inventory of one and a half month, this seems to be growing concerns that newsprint prices have bottomed out. So I was just wondering is this a strategy that we are not raising up to three months that normally people do.

R. K. Aggarwal 

This policy we have never followed and this is what has really helped in our 1st Quarter. If you look at our newsprint consumption and if you look at other's newsprint consumption you will find a wide gap. So I mean that over the period of years we have never tried to play with the inventory. And this policy has been found to be very effective.

Tejas Shah 

True sir. And sir I just missed out figures of cash and debt on books?

R. K. Aggarwal 

Debt on books is about 120 Crores and cash-in-book is about 275 Crores.

Tejas Shah 

Thanks a lot sir, I am done.

Moderator 

Thank you Mr. Shah. The next question is from the line of Ritesh Poladia from Dolat Capitals. Please go ahead.

Ritesh Poladia 

Just one follow-up in the annual report we have invested something like 2.5 Crores in Skorydov systems. So this is that ads for private model?

R. K. Aggarwal 

Yes, that is the only transaction we have done so far.

Ritesh Poladia 

Okay. And any other transactions.

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R. K. AGARWAL

VIKAS MANTRI

R. K. Aggarwal 

Others are under consideration but we are very careful about it and we are not going to go over board. We have already decided the limits within which we have to operate and taking due care.

Ritesh Poladia 

Okay. And now you must have got good valuations or still valuations would be too high to look at it?

R. K. Aggarwal 

Which valuations you are talking about?

Ritesh Poladia 

As for equity.

R. K. Aggarwal 

For equity interest we are considering couple of proposals and they are in fact listed companies.

Ritesh Poladia 

Okay, yeah that is all from my side, thank you.

Moderator 

Thank you Mr. Poladia. Ladies and gentleman due to time constraints we will be taking one last question from the line of Vikas Mantri from B&K Securities. Please go ahead.

Vikas Mantri 

Hello sir.

R. K. Aggarwal 

Hello.

Vikas Mantri 

Sir congratulations on good set of numbers. Sir I just missed out on newsprint prices and your expectation for the entire year?

R. K. Aggarwal 

Newsprint prices are unrealistically low, currently.

Vikas Mantri 

So what was the average price for us in the 1st Quarter?

R. K. Aggarwal 

That is something, leave it to me, that is something which is confidential.

Vikas Mantri 

Okay sir not an issue. Sir what is the price that we are looking for the entire year?

R. K. Aggarwal 

In our business model we have factored you know \$575 per ton but I do not think that would be an



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average.

Vikas Mantri 
Okay that will be an average?

R. K. Aggarwal 
That will not be ...

Vikas Mantri 
Okay, that would not be an average. Okay that is all from my side sir.

Moderator 
Thank you Mr. Mantri. I would now like to hand the floor back to Mr. Vikas Mantri for closing comments. Please go ahead sir.

Vikas Mantri 
Thank you everybody for participating in the call, over to you sir.

R. K. Aggarwal 
Thank you very much for sparing your valuable time to attend our call.

Sanjay Gupta 
Thank you everybody.

Moderator 
Thank you Mr. Aggarwal and Mr. Gupta. Thank you Mr. Mantri. Ladies and gentleman 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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