



**INVESTORS/  
ANALYSTS**  
conference call

**2010**  
08 April



Jagran Prakashan  
Investors/Analysts Conference  
April 08, 2010

Moderator 

Ladies and gentlemen, good afternoon and welcome to the Jagran Prakashan's Conference Call, hosted by ICICI Securities 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. Should you need any assistance during this conference, please signal an operator by pressing '\*' then '0' on your touchtone telephone. Please note that this conference is being recorded.

I would now like to hand the conference over to Mr. Vikash Mantri of ICICI Securities. Thank you. And over to you, sir.

Vikash Mantri 

Good afternoon, everybody. We have with us Mr. R.K. Aggarwal, the CFO for Jagran Prakashan and Mr. Amit Dixit from Blackstone, representing today in the call. The developments as of yesterday are likely to be discussed in this call. We would request participants to strictly adhere to that because we will have another call post the quarterly results. Over to you, sir.

R.K. Aggarwal 

I welcome you all. As Mr. Vikash has just mentioned, the sole object of clarifying doubts if any, on account of yesterday's press release made by the company and for this reason only I requested Mr. Amit Dixit who is the Managing Director of Blackstone to be available on call so that you can have questions from him also if there is any. With this I request you to proceed with your questions, but please bear in mind my limitation that there are certain things which I cannot divulge because of the confidentiality clause between the two parties and therefore I am sure you will be considerate and not push me to those questions which unfortunately neither I nor Mr. Dixit will be able to reply.

Moderator 

Ladies and gentlemen, we will now begin with the question and answer session. At this time if you would like to ask any question you may press '\*' then '1' on your touchtone telephone. If you wish to withdraw your question from the questions queue, you may press '\*' then '2'. Participants are requested to use only handsets while asking a question. The first question comes from the line of Abneesh Roy from Edelweiss Capital. Please go ahead.

Investors/Analysts Conference



R. K. AGARWAL

AMIT DIXIT

VIKASH MANTRI

Abneesh Roy 

I have two questions. One is with this proposed investment, what would our strategy be in terms of inorganic growth because there have been some media reports. So I would like to understand whether we are really interested in a metro market, which is not growing, we have seen that the metro market in terms of advertising is not growing, especially English. So would we buy a company just for the sake of valuation or is there any fitment we see in terms of say, distribution or piggybacking the current network and bring our own brand, so some clarity on that. And second would be in terms of ad rate growth, some of the other listed entities have taken ad rate hike, so where do we stand with respect to that?

R.K. Aggarwal 

I will take up second question first, because that is easier. Within couple of days you will hear from us also what kind of rate increase we are taking and I believe we will also be taking more than double-digit rate increase.

Abneesh Roy 

Are you seeing ad environ improving as we go ahead?

R.K. Aggarwal 

Oh yes. Again, I would like to tell you March 2010 has been pretty good and that gives us a lot of confidence that the current year is going to be still better than what it was in 2009-10.

Abneesh Roy 

So the same sectors, education and normal print sectors will drive the growth or you-

R.K. Aggarwal 

Not only education sector, in fact, sometimes from the middle of the last year what we have seen is FMCG is also becoming a big advertiser now with print. And this is the category which has been shying away. As I mentioned in the past if you recollect the real estate has never experienced the boom in our areas of operation. So we were not sufferers on account of that. But now I am seeing real estate in real sense booming in our areas and we are carrying a lot of real estate advertisements as well. Now the first one, actually, your first question is pretty detailed one. I will break it into parts and then only I will be able to answer. Number one is if you recall Jagran has always been pursuing the possibilities of joint ventures and acquisitions and out of the two, most preferred is joint venture because we firmly believe that whatever others do not have, if we have and if we can supplement them then there is nothing like it as one plus one is never equal to two, it should be 11. So that is what has been the approach right from the IPO time and we have been pursuing or we have been looking for those kinds of opportunities. So there is nothing new if we are currently also looking at those opportunities, whatever are coming our way. And let me also tell you that there are more than 2-3 opportunities which we are looking at. Number two is perhaps you are getting guided by whatever media has carried today about Mid-day acquisition by Jagran Prakashan. So let me also clarify to you there is nothing as such. In fact, pursuing our object of inorganic growth we have been talking to various media players and Mid-day is also one of them. So whatever we have discussed with them so far is at a very, very preliminary stage and there is no question of us taking them over or even we buying stake there. Ultimately, if it culminates into that I do not know, but at this stage, I am not sure, how it will turn out to be. So I have replied your concern with regard to Mid-day acquisition. Number three, as you rightly said, metro is



Jagran Prakashan  
Investors/Analysts Conference  
April 08, 2010

saturating. So even if we are talking to Mid-day and even if the deal materializes again about which I am not sure there are various other reasons why we could be interested in having the stake or even having only marketing tie-up or having some other tie-ups. As far as Blackstone's investment is concerned, number one, it is subject to FIPB approval which is likely to take some time. So as of date, there is no investment as such. It is always subject to FIPB approval. Number two, in fact, more than money, what we have looked at is the Blackstone's experience of the media industry, Blackstone's relationship with various media players within the country and across the world. That is what is going to be more valuable for us than the money what they are investing in.

Moderator 

Sir, the lines of the current participant's been disconnected. Shall we move on to the next question?

Vikash Mantri 

Yes, please.

Moderator 

Thank you. Our next question comes from the line of Rishi Maheshwari from Enam AMC. Please go ahead.

Vikash Mantri 

I would like to know if Blackstone had put any timeline for the deployment of this cash. Have you already identified areas where you are supposed to deploy this cash?

R.K. Aggarwal 

It is going to be deployed over a period of time. There is no timeframe.

Vikash Mantri 

And any areas which you have identified already that this is where you would have deployed this cash?

R.K. Aggarwal 

See, there are a lot of things which are already in the pipeline. As it is we have a planned CapEx of about Rs. 120 Crore - Rs. 125 Crore for the next year. So the cash is going to be utilized for any of these purposes.

Investors/Analysts Conference



R. K. AGARWAL

AMIT DIXIT

VIKASH MANTRI

Vikash Mantri 

Specifically, could you point out if there are any new areas beyond print that you are also looking at?

R.K. Aggarwal 

No, definitely not. We will remain confined to our core business, which Blackstone likes. .

Vikash Mantri 

This may not be towards Out-of-Home or internet?

R.K. Aggarwal 

No, no, no. this is very much part of JPL.

Vikash Mantri 

Understood. But the new cash which is flowing in may also be deployed towards either Out-of-Home or --

R.K. Aggarwal 

See, when the company is generating 300-odd Crores it is very difficult to identify which cash has been utilized where . Blackstone has not put restriction of any sort on that account.

Vikash Mantri 

Okay. And could help us understand the holding structure of Jagran media network what is the equity that will go into this promoter share --?

R.K. Aggarwal 

Currently, the entire promoter shareholding is held by the individuals even today. Now, what we propose to do is we will transfer the entire shareholding of the promoters to this company, which is called Jagran Media Network Private Limited. And in that only, Blackstone will invest.

Vikash Mantri 

So as per my understanding about 55% of Jagran Prakashan share is promoters, all of that will be transferred to Media Network and --

R.K. Aggarwal 

It is promoters plus their family members which total to 63%.

Vikash Mantri 

Okay, 63% plus 225 Crores of Blackstone?

R.K. Aggarwal 

No, how do you say 63% plus 225? These are two independent things. Like promoters will transfer their entire shareholding to this company, that is one part. Blackstone will invest at this holding company and have the shares of holding company is other part.

Vikash Mantri 

Got it. Over the last six months have you seen an increased aggression from your peers towards talking about consolidation and has anybody else approached you for being taken over? How many



Jagran Prakashan  
Investors/Analysts Conference  
April 08, 2010

such instances have happened?

R.K. Aggarwal 

See, consolidation is something which I have been seeing for quite some time. It is imminent. That is something which is going to happen. Either today or tomorrow. And it will be good for the industry as well as consumers. Readers and advertisers alike. So I would not like to name anyone of them, but definitely, we are already in talks with couple of them as an ongoing process, there is nothing new, let us see.

Vikash Mantri 

Okay. Thank you, sir, and all the best.

Moderator 

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

Hiren Dasani 

Just wanted to understand whether the Blackstone money is the infusion in the Jagran Media Network or will it buy out some of the stake of the promoters?

R.K. Aggarwal 

No, existing shareholders of listed entity will not be diluted at all. They are investing in Media Network. 

Hiren Dasani 

Yeah, but the Media Network, it does not really need 225 Crores of cash at that entity level, right?

R.K. Aggarwal 

That cash is going to be utilized by listed entity .. Listed entity is free to draw the money from its holding company whenever they need. Hiren Dasani But listed entity is anyway generating very strong cash flow. So –

R.K. Aggarwal 

But then if some inorganic growth opportunities arise at that point in time, you might need additional cash.

Hiren Dasani 

But in that case, you are essentially telling that in that eventuality the

Investors/Analysts Conference



R. K. AGARWAL

AMIT DIXIT

VIKASH MANTRI

listed entity will make some sort of a preferential allotment on –

R.K. Aggarwal 

No. This is not something which is planned. It is a private limited company in which Blackstone is investing. So it is free to give loan to the listed entity at nominal rate of interest.

Hiren Dasani 

Okay, thank you.

Moderator

Thank you. Our next question comes from the line of Amit Kumar from Kotak. Please go ahead.

Amit Kumar 

Just wanted to understand two things. One is that, is this a one shot investment or is this a phase investment where Blackstone can possibly come in at a later stage and increase a stake also, is that something which is planned at this point of time? And the other point was that if you look at the structure of the investment I know it reduces the liquidity for Blackstone as well as for the promoters, so just wanted to understand what are the exit options for Blackstone five years down the line and for the promoters at a later point in time. Just a corollary to that would it not have been better for Blackstone to invest in the listed company directly?

R.K. Aggarwal 

I will answer part of your questions and part of the questions will be answered by Mr. Dixit. Number one question of yours is why they have not invested in listed company. The reason is simple. They would have been more than glad to invest in the listed company. But when we started talking, in fact, there was no headroom available in the listed entity to allow them to invest, number one. Number two; in fact, promoters never wanted shareholders to get diluted. So it was only in the interest of existing shareholders that the transaction was contemplated as investment in the holding company only.

Amit Kumar 

Okay. By headroom, you mean foreign investment?

R.K. Aggarwal 

Yeah, foreign investment I am talking about. Now, number two question what you have raised is what are the exit options and why they have invested in holding company and other things. I would request Mr. Dixit to react .

Amit Dixit 

Hi, this is Amit Dixit from Blackstone. I think to answer about restraining liquidity options for Blackstone I think we have worked out an exit arrangement at the holding company level to exit this investment at the right time. We are investors over a long period of time, five years to seven years. So over a long duration of time we have worked out a mechanism for exit. I think once that exact mechanism is confidential and it is subject to FIPB approval, so I would not comment further on that. But it would be important to say that the reason why we were comfortable with that sort of, in your language, impaired liquidity or impaired exit scenarios in the holding company is primarily because of our trust in the management team. We have evaluated several management teams in the sector over the last five years and we believe the Jagran management team is the



Jagran Prakashan

Investors/Analysts Conference

April 08, 2010

strongest in the sector. And they are strongest for several reasons. First, we found their decision-making to be quite disciplined, very focused on return on investment capital, very strong MIS Systems within the company, very data-driven decision-making, which is rare to find in a lot of the mid-cap companies, because a lot of companies do a lot of gut-based decision-making. Also, the second line of management in the company whom we met was quite deep. So I think that was the reason we were able to develop that comfort with the management. Secondly, we found the corporate governance practices of the company to be very, very strong and we will not go into an investment into a promoter Holdco unless we completely are partnered with the promoter and in complete alignment with their interest and their objectives. In this case, we found a total alignment and very above board corporate governance practice. In fact, in our reference checks, the Independent directors who have been on the Board of Jagran for the last five years, they actually could not say better things about Jagran's corporate governance practices, their openness to sharing information, their openness to seeking input from outside investors, etc., So I think all those points gave us a lot of comfort that this was the management team we can trust. This was the management team which would listen to shareholder input. And this is the management team we can trust and invest in a promoter Holdco and be assured of exit at the right time.

Amit Kumar 

Will you be looking to increase your investment at a later point in time, is that something which is in the plan?

Amit Dixit 

It is not contemplated currently. The current investment is 225 Crores, but I think in conjunction with the management and if it is in the interest of the shareholders of Jagran Prakashan, if there are opportunities to have capital and there is a good return on that capital,, I think we will be open to deploy more capital with this management team.

Amit Kumar 

Okay, thank you so much, sir.

R.K. Aggarwal 

Thank you very much, Mr. Amit. If you had spoken these kind words to my team perhaps they would have been very much encouraged to do still better.

Investors/Analysts Conference



R. K. AGARWAL

AMIT DIXIT

VIKASH MANTRI

Moderator 

Thank you. Our next question comes from the line of Ruchit Mehta from SBI Mutual Fund. Please go ahead.

Ruchit Mehta 

Just wanted a small clarification. What is your exact stake of Blackstone in the holding company?

R.K. Aggarwal 

That is something detailing which I requested in the beginning itself not to ask please.

Ruchit Mehta 

When the money is going to be used by the listed entity itself, it may not necessarily mean a dilution of equity?

R.K. Aggarwal 

It does not mean dilution of equity at all.

Ruchit Mehta 

Okay, thanks.

Moderator 

Thank you. The next question is a follow-up from the line of Abneesh Roy from Edelweiss Capital. Please go ahead.

Abneesh Roy 

My question is more in terms of increasing competitive intensity. In the past we have seen wherever a new player comes, the second and third player is really impacted more in media. In some of the markets like Bihar, Jharkhand, that might be the case with Jagran Prakashan. So where do we see ourselves, one year, two years down the line in Bihar and Jharkhand due to some of the announcements made by your competitors. Will you be impacted more?

R.K. Aggarwal 

Abneesh, let me deal with your questions in two ways. Number one, we are definitely number two to Hindustan in Bihar and Jharkhand. But fact of the matter is the cities which matter we are almost neck to neck. So we are not that weak number two as you are talking about so we will not get lost in oblivion.. Number two is that Bihar and Jharkhand, both are market, where 60-70% revenue comes from government and no new entrant gets the government rate for good 18 months. Now as far as dealing with the competition is concerned, Jagran is perhaps the only print media player which has been dealing multi competitors. In each state I have a different competitor. But still Jagran has been able to maintain No. 1 position for the past six years without any break. Recently, Dainik Bhaskar came to Punjab, say, about 2 years/ 2.5 year back. Both of us are surviving there comfortably. And in fact, if anybody has lost there more it should be Bhaskar because of being new. Our losses were limited. So competition has never been a worry for me. In fact, Hindustan has been expanding in U.P. but then at the same time we have also been growing. So these are the markets which are underpenetrated and therefore you always have a place for third player, Hindustan came to U.P. and got settled despite Amar Ujala and Jagran, being already there. . They came, they got settled. They are happy, we are happy. No way are we losing our revenue, no way we are getting any sufferings.



Jagran Prakashan  
Investors/Analysts Conference  
April 08, 2010

Abneesh Roy 

Could you explain the government part a little bit more? Regarding Bihar and Jharkhand has 60% government.

R.K. Aggarwal 

Because in case of government revenue you do not get rate from government before 18 months. So this is why it becomes relevant. When we went to Bihar in 2000, what we had to do was that we had to give and undertaking that whatever rate you would give to us after 18 months we would accept and we went on publishing the advertisement. After 18 months whatever rates they gave, there were a lot of disputes and we had to write-off a lot of amount and then ultimately whatever remaining amount was left, that was recovered after another six months .. So nearly for two years there was no cash flow, even if we were booking notionally the revenue.

Amit Dixit 

I want to add, Abneesh, to your question around the impact to the No. 2 or No. 3 player in a market when a new entrant attacks that market. One distinction I would make is in a market where there are two strong players there are few or no examples where a new entrants have made an impact. For example, if you take the Delhi English market with Times of India and Hindustan Times there, two strong players in that market, actually becomes very hard for a new entrant to attack that market. But if the market is there where there are one or two players, where one of the player is weaker, then the weaker player gets disproportionately impacted by the entry of a new entrant. So that would be my observation regarding the –

R.K. Aggarwal 

Absolutely right. I forgot to give the example of Punjab where Punjab Kesari which is still No. 1 but from revenue perspective, they are sidelined.

Abneesh Roy 

You are saying Prabhat Khabar might get sidelined.

R.K. Aggarwal 

You are talking about Jharkhand?

Abneesh Roy 

Yeah.

Investors/Analysts Conference



R. K. AGARWAL

AMIT DIXIT

VIKASH MANTRI

R.K. Aggarwal 

They might. But I am not sure. As far as we are concerned we have strategies in place. Whenever happens we will be geared up to take up that competition.

Abneesh Roy 

Just wanted to add in TV we have seen that a new player came and actually became No. 1.

R.K. Aggarwal 

okay

Abneesh Roy 

Okay, sir, thanks a lot. All the best.

Moderator 

Thank you. Our next question comes from the line of Grishma Shah from Envision Capital. Please go ahead.

Grishma Shah 

I just wanted one clarification. When the money coming in the holding company and the holding company is lending money to Jagran Prakashan, do you have to pay any interest cost, etc.?

R.K. Aggarwal 

Definitely, we will have to pay some interest cost. If for nothing else from tax perspective.. If you are giving any interest free loan to anybody that always have their eye brows raised.

Grishma Shah 

The promoter stake would definitely get diluted in the company, post the infusion, right?

R.K. Aggarwal 

No, in which company, you are talking about listed company?

Grishma Shah 

Yeah, in the listed company.

R.K. Aggarwal 

No, no, how will it get diluted? Because the shares of Jagran will be sitting in holding company and in that holding company Blackstone is going to hold the shares. You are referring to indirect dilution? Yes. That is going to be there, but no direct dilution.

Grishma Shah 

You said that the holding company structure was more because of the foreign holding restrictions in the print media.

R.K. Aggarwal 

That is right.

Grishma Shah 

If you could elaborate a little more on that perspective?



Jagran Prakashan  
Investors/Analysts Conference  
April 08, 2010

R.K. Aggarwal 

You maybe aware print as well as electronic news channels, both have a 26% cap for foreign investment. So when we started discussions at that point in time, JPL did not have any headroom available for Blackstone to invest in.

Grishma Shah 

That is the reason --?

R.K. Aggarwal 

Yeah that is one of the reasons. Another important reason is as I mentioned a few minutes back promoters did not want to dilute existing shareholders of the JPL, when JPL has a lot of money available to its disposal. And for us, in fact, Blackstone's association is more important, not the money.

Grishma Shah 

Okay. Thank you.

Moderator 

Thank you. Our next question comes from the line of Shishir Manju from Mangal Keshav. Please go ahead.

Shishir Manju 

Just two questions. One was on Jagran's plan investment; I am talking about plan investments clearly over the next two, three years. And the second one for Amit, as to Blackstone's choice for Jagran Prakashan. Obviously, he has spoken a little about the management aspect, but in terms of business strength and so on and so forth, if you could give two, three parameters on which they found Jagran Prakashan as their investment?

R.K. Aggarwal 

As far as investment plan of JPL is concerned for the next two, three years, maintenance CapEx of Rs. 40-50 Crore per year is something which is going to be done every year. In addition to that there are investments in pipeline to be made for inorganic growth for expanding the existing facility and for other businesses like outdoor.

Shishir Manju 

Could you throw some number of inorganic growth, any plans that you have --?

Investors/Analysts Conference



R. K. AGARWAL

AMIT DIXIT

VIKASH MANTRI

R.K. Aggarwal 

We have not fixed any number as such, because JPL is quite comfortable with the liquidity. So long as after evaluation any inorganic growth opportunity is making a business sense we will go for it. But definitely let me clarify to you. We are not in valuation game. We are not going to make any acquisition or joint venture just for the heck of it. And it has to make a business sense when I say, it means clearly that it should be a profit making proposition. And not in far fetched long-term, but in short to medium term.

Amit Dixit 

And Shishir, to your question for Blackstone as to why we chose to associate Jagran Prakashan, I think there are five reasons for it. The first reason is the management team and I think I already spoke about that a few minutes back, but a couple of points I would add to that. I think in addition to nature of decision-making and the corporate governance practices, we found them to be also quite creative. I do not know if you have seen the Inext product, it is a bi-lingual product which is now going across multiple markets, very innovative products and a lot of publications have tried this short format product and they have not succeeded. Jagran product is quite a success and targets the youth, which shows the creativity and innovation in the organization to come up with the product and launch it which is quite impressive. The other point is you guys yourself track all these companies. If you look at the companies consolidated EBITDA and core EBITDA, there is hardly any difference. It is because the profits of the core sector are actually not ploughed into a lot of other loss making new media type businesses. In fact, the other businesses which are there, Out-of-Home and events, they are all almost cash flow breakeven businesses in the company. We found that there are a lot of other companies in the sector, where there is a very large delta between consolidated EBITDA and core EBITDA which we were sometimes not comfortable with the amount of loss making businesses which are there in the portfolio.

Reason number two is Jagran Prakashan is a high quality asset. They have maintained the leadership position, No. 1 position, in terms of leadership over the last six years and they have a dominant position in the Hindi speaking states in India and Hindi speaking states in India has a total population of 563 million people, a total private consumption of 296 billion and a total readership of over 60 million readers. And in the Hindi belt, company is very strongly positioned with 57% reach in U.P. with a very strong position in Delhi/NCR, with the 22% reach, the 41% readership reach in Bihar, 32% readership reach in Jharkhand, 35% readership in Punjab, 29% in Haryana and 28% in Jammu. In each of these places the company is either a No.1 or a No.2 player, that speaks the strength of the franchise. Importantly, the company's return on invested capital for this year is over 20%, a business which is generating such high peak cash flow, such high return on invested capital, is usually rare to find. I think that is a second reason for investing in JPL. The third reason for investing is we believe the business model is very different and the differentiator has been created by keeping content localization and unique readership connect. So, there are 200 plus sub-editions with Danik Jagran and such high level of localization enables very high levels of barrier to switching for the readers which are out there. As you know, most of the readers like local news. Local ad revenue for the company is over 60% of the total ad revenue for the company. It is also local revenue coming from local market and very hard for any outside player to dislodge that revenue. And the company has a very wide range of advertisers to advertise in the company, so very little customer concentration, over 15,000 advertisers advertising with the Jagran Prakashan. Point No. 4 is I think you all know, it is a very attractive sector. And the reason the sector is attractive is because the ad intensity in the market has been proven over studies in all markets. When the personal consumption in a given geography crosses a threshold of about \$600



Jagran Prakashan

Investors/Analysts Conference

April 08, 2010

per capita, you see a hockey stick on ad intensity, which is a higher number of ad dollar spend to capture that personal consumption. So in a lot of states in India, overall in India, the ad intensity is 0.83, which is a ratio of advertising expenditure divided by personal consumption. In the states in India, where Jagran is operating, the typical ad intensity is, for example, U.P., is 0.4, in Bihar, the ad intensity is 0.35 and so on and so forth. Delhi, where the personal consumption for capita is already over \$1800, ad intensity is 0.25%, As more of these Jagran's target market move towards becoming like Delhi and Bombay in terms of personal consumption growth, you will see a hockey stick in ad intensity, As has been proven in Russia, China, Thailand, multiple markets, you will see 0.35, 0.4% ad intensity ratios approaching, 2% ad intensity ratios over the next ten year period. That is the fourth reason why we like this sector because of the personal consumption growth in the tier two, tier three markets as well as rural areas which is a target market for Jagran Prakashan. And the last reason is we believe there is significant upside in Jagran Prakashan from all the new initiatives. Inext, Out-of-Home, Events, and internet, I think all of these are newer businesses, which are smaller in size, but over a period of time, significant value can be unlocked of these new initiatives. I think it is a long-worded answer but those are the five reasons why we chose to invest in Jagran Prakashan.

Investors/Analysts Conference



R. K. AGARWAL

AMIT DIXIT

VIKASH MANTRI

Shishir Manju 

Thanks for sharing your perspective there. Now if you could probably highlight any specific risk that you see to investments, what could go wrong with these pieces, I would highly appreciate that.

Amit Dixit 

Sure. I would not say there is any company-specific risk that I could identify. I think overall as you know the risk to the print media sort of business model is number one, the GDP growth, because AdEx is a function of GDP growth, so if a GDP growth in India were to slow down as we saw in fiscal year '09, you saw ad revenue growth also slowing down. So ad revenue is like a beta on GDP. So that is really a risk from the business model. Second risk is the rupee depreciation, clearly, if the newsprint prices were to go up, there will be an impact on profitability of business model. I think those would be the sort of risk .....

R.K. Aggarwal 

And on second point I would like to add in fact, the other businesses which Mr. Amit has just talked about, are creating sort of a cushion to take any unprecedented increase in newsprint prices.

Shishir Manju 

Jagran Media was the only asset of the effectively Jagran Prakashan shares in that holding company?

R.K. Aggarwal 

Yes, currently, yes.

Shishir Manju 

And if these are in capital letters, if FDI where do we hike to 49% would Blackstone like to move the investments to Jagran Prakashan given that there would be additional headroom available at this point of time?

R.K. Aggarwal 

The transaction is already done. So I can not comment This is pretty hypothetical and when it happens , both of us will look at that. But currently, there is no plan as such, because this 49% thing what you are talking about being in industry, I have been hearing for the past five years, since the time FDI guidelines have come in.. But there are no plans as such. If it is in the interest of the shareholders it could be decided in that manner.

Shishir Manju 

Okay, thanks a lot for taking on the questions.

Moderator 

Thank you. We will now be taking the last question. The last question comes from the line of Amit Kumar from Kotak. Please go ahead.

Amit Kumar 

I wanted to understand two things. One was that given the fact that Blackstone will be offered the two seats previously with INM, so does that mean that INM would be looking to exit their remaining stake in the company as well?

R.K. Aggarwal 

The fact of the matter is independent is holding currently only 5.7% stake in the company. They have already disposed off 13.1. So according to the agreement between us and them, they do not have a right to hold the seat on board and various other rights have already ceased to exist. But at the same time Mr. Gavin O'Reilly, who is currently on the board is pretty experienced in the industry and he is also the Chairman of the World Association of Newspaper is going to continue as director on the board so long as he wishes.

Amit Kumar 

And that the other point was really as far as the Bihar market is concerned, just wanted to understand two things. What sort of an advertising uptake that we have seen in that particular market, in recent times, if you could just share some numbers on that. And the other point was, how do you see the market really moving? 60, 70% of the revenue really coming in from



Jagran Prakashan  
Investors/Analysts Conference  
April 08, 2010

government advertising –

R.K. Aggarwal 

As far as Bihar is concerned.

Amit Kumar 

As far as Bihar is concerned. So how do you see the display advertising really picking up in that particular market –?

R.K. Aggarwal 

Definitely, yes. If you have noted, Mr. Amit has just mentioned advertisement revenue is clearly a function of GDP and if you have had an opportunity to look at recent reports, Bihar has registered the highest GDP growth in the last year. So definitely, this ratio has fallen and will fall further in times to come which means the overall advertising is picking up there. I can tell you only one thing that is in 2008-09, if we could register a growth exceeding 10% in advertisement revenue, despite many other players having a drop in revenue, it was mainly because of Bihar, Jharkhand and a State like U.P. In the year 2009-10 also, in which we have recorded a growth exceeding 15%, again, the major contributors have been Punjab, Bihar. When I say Bihar, it includes Jharkhand as well.

Amit Kumar 

Typically, what we have seen in Bihar is that in the past because of fairly underdeveloped advertising revenue market we have seen very high cover prices to the tune of Rs. 3.5 to Rs. 4 –

R.K. Aggarwal 

That is right.

Amit Kumar 

So how do you see the cover price and we have also talked about the fact that the market is quite underpenetrated, how do you see the cover prices moving and penetration moving in that particular market and you also talked about some plans on how want to grow that market in the coming months, could you just elaborate on that?

R.K. Aggarwal 

Cover prices----- when the competition intensifies and when you have a competitor as strong as DB CORP then definitely cover prices are going to remain under pressure for some time, but I will go by their statement only, according to which initially, they might drop the cover

Investors/Analysts Conference



R. K. AGARWAL

AMIT DIXIT

VIKASH MANTRI

price, which will force us also to drop the cover price, but very soon, they will again raise it to the levels, may not necessarily be the same at which they are ruling currently, but definitely, there will not be newspaper sold, maybe a couple of years after their entry into Bihar at Re. 1, or Rs. 2, or something of that sort. So there will be a pressure on cover price, but that is not going to be very significant and Jagran's business model is good enough to take that load.

Amit Kumar 

What plans do you have to expand the market yourself given the under penetration on that side?

R.K. Aggarwal 

On cover price, one more thing I want to add, JPL has always believed in realizing the decent cover price from the readers wherever Jagran is. So Jagran is never interested in dropping the cover price and this is what would be our attempt even when new entrant comes. We would try to convince in fact the new entrant that you should not drop the cover price. So that is what our philosophy is. But now, as far as penetration is concerned, there also, Jagran has been very particular at least in past five years. Whatever numbers we have in terms of readership or in terms of circulation, in fact, they have not been monetized even to the extent of -50%-60%. So we have been very cautious in expanding the market. In fact, we have expanded the market to the extent as advertisers have desired. But once you drop the cover price the market expansion would automatically happen. We need not do anything, If we reduce the cover price. Can you believe Bihar is a market where we increased the cover price even this year from Rs. 3.50 to Rs. 4, but despite that there is a growth in circulation as well as in readership. So Bihar, U.P., etc., etc., are those underpenetrated markets. They remain more or less immune to increase in the cover prices. And once you start dropping them the kind of expansion it would result in nobody knows.

Amit Kumar 

Okay, of course. Thank you so much.

Moderator 

Thank you. Ladies and gentlemen that was the last question. I would now like to hand the floor over to Mr. Agarwal for closing comments.

R.K. Aggarwal 

Thank you all and thank you very much for sparing your valuable time. I hope that all your concerns have been adequately addressed by Mr. Amit and myself. Thank you very much. And thank you very much to Mr. Amit also.

Amit Dixit 

Thank you, Mr. Agarwal. Thank you, all.

Moderator 

Thank you. On behalf of ICICI Securities that concludes this conference call. Thank you all for joining us and you may now disconnect your lines.

**CORPORATE OFFICE**  
Jagran Building, 2 Sarvodaya Nagar,  
Kanpur 208 005, India.  
☎ +91 512 221 📠 +91 512 223 0625  
Website : [www.jplcorp.in](http://www.jplcorp.in)

**REGISTERED OFFICE**  
Jagran Building, 2 Sarvodaya Nagar,  
Kanpur 208 005, India.  
☎ +91 512 221 📠 +91 512 223 0625

Designed at - Constant Design