



**INVESTORS/
ANALYSTS**
conference call

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Jagran Prakashan
Q3 FY'11 Results Conference
January 31, 2011

Moderator 

Ladies and gentlemen, good day and welcome to the Jagran Prakashan Q3 FY'11 earnings conference call hosted by ICICI Securities Limited. As a reminder for the duration of this conference, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call please signal an operator by pressing "*" and then "0" on your touchtone telephone. Please note that this conference is being recorded. At this time, I would like to hand the conference over to Mr. Vikash Mantri from ICICI Securities Limited. Thank you and over to you, Sir.

Vikash Mantri 

Good morning everybody, we at ICICI Securities are pleased to host the Q3 FY11 results review concall for Jagran Prakashan. We have senior management of the company represented by Mr. Sanjay Gupta, the CEO of the company, and Mr. R.K. Agarwal, the CFO of the company. Over to you, Sir.

R.K. Agarwal 

Good morning friends. Welcome to the conference call of JPL.

Here we are present to discuss quarter #20 since the company was listed in 2006. If we look back at the past what the company has done and what the company has achieved during the past five years, I am happy to say that the company has been an over-performer in terms of performance in the industry and has outperformed the SENSEX. In the past five years, the company's topline has more than doubled and in fact has been more than 2.25 times and profits have become 6 times while operating margins increased by 2.5 times. In terms of return on the investment by the investors, I am glad to say that the investors have got 18% return on compounded basis including the dividend. Also Dainik Jagran, the flagship brand of the company has maintained its numero uno position despite intense competition.

All the three new businesses, which were started during past five years namely Outdoor, Event Management, and Internet seem to have come up nicely and seem to be quite established to give returns in times to come.

Coming back to the performance of Q3, you all must have seen the results and I am sure that you must be satisfied. Even if there is a

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marginal decline in profit on quarter-on-quarter basis, which is on expected lines and not a cause of worry. There was growth in all revenue streams resulting in a topline growth exceeding 26%. This growth was led by advertisement revenue, which grew by 31%. As a result, the operating margins improved from 28.77% to 31.38% and net profit margins improved from 17% to 18%. As compared to Q2, there was growth of around 3% in turnover but there was a marginal dip in profits. Results are on expected lines because Q3 was to be the first quarter of the current fiscal to witness full impact of increased newsprint prices and significant increase in circulation as per our plan. The impact of increase in newsprint prices in Q3 is to the tune of Rs. 12 Crores when compared on year-on-year basis and Q4 too is likely to have more or less same impact, as we do not see any further significant increase in the newsprint prices.

As far as balance sheet is concerned, the company's financial health continues to be strong as ever with net cash and cash equivalent of about Rs. 160 Crores.

Process of amalgamation of Mid-Day has since been completed and you will see consolidated numbers from Q4. During the first nine months despite increase in newsprint prices and circulation of all three brands in Mumbai, there is improvement in profit, primarily due to growth of 10% in revenues and some cost savings especially newsprint and interest. However, due to delayed approvals the full benefit of joining hands has not yet accrued to any of the companies so far but from next financial year you will see the synergy resulting in notable improvement in the top as well as bottomline.

Having given summary as above, I will list the salient features of the quarter as follows: Circulation increased by 10.86% and circulation revenue increased by 7.16%,

Outdoor Business had a PBT of 98 Lakhs as against loss of Rs. 15 Lakhs in Q3 FY10.

Digital business recorded a topline of Rs. 2.25 Crores bringing down the losses from Rs. 81 Lakhs to Rs. 36 Lakhs. If you recall, company has a conservative policy of charging of the investment in Digital business to profit and loss account, which is the reason why Digital business has some losses.

Event business recorded a growth of 30% in revenue and PBT of Rs. 1.41 Crores.

Growth in advertisement revenue was driven by increase in space as well as yield and

Growth in advertisement revenue for nine months was over 20%, well above 17% to 18%, which was expected and indicated in the beginning of the year by us.

As far as Q4 is concerned, it looks good from the viewpoint of revenues and we do not expect any major adverse cost impact.

Friends, this was your confidence in the company and the confidence of our valued customers including readers, which helped us sticking on to basic principles and following the policy of prudence, which is what has helped us withstand the worst ever recession in 2008-2009, and still give decent return on your investment, which we are committed to even for future and we would not leave any stone unturned in adding value to your investment.



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With these opening remarks, I request you to have queries, which I and my CEO would endeavor to answer to your satisfaction. Thank you very much.

Moderator 

Thank you. We have the first question from the line of Abneesh Roy from Edelweiss, please go ahead.

Abneesh Roy 

Sir, great ad revenue growth of 31% and good profit growth. My question is for ad revenue going forward how does FY12 look; one of your competitor has gone on record that the next rate hike, the period and the quantity. If you can also share in terms of ad rate hike for FY12 and overall growth what is the expectation and for Bihar in particular was there a negative impact from the Bihar election?

R.K. Agarwal 

We have not yet decided on the rate hike Abneesh. We will be able to share it with you after a month from now. We are already working on it, but definitely the year 2011-2012 also looks pretty good from the viewpoint of revenue. As far as negative impact of Bihar elections is concerned, yes, there was some negative impact on revenue; otherwise the growth could have been maybe 2% higher.

Abneesh Roy 

Sir, on Outdoor what would be the expansion plan, after a long time we have seen on the profit front and revenue front both Outdoor is doing well, any plans now to go to the next level in terms of inorganic expansion in terms of space particularly?

R.K. Agarwal 

That we have always been attempting. In fact, in that direction only we had acquired couple of businesses in the past two years and we are still looking for more opportunities to consolidate. In addition, since our focus is on our areas of operation, we have been adding properties and unique properties in that like we have recently got permission for putting up solar traffic signals in Gorakhpur and in a couple of more cities, so this is what is about Outdoor. As far as Event Management is concerned, now we have got a few more government contracts and in this business we see clear visibility of revenue at least of Rs. 35 Crores per annum for the next three years.

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Abneesh Roy 

I think this is the right time now to talk on the Mid-Day's Urdu paper and Mid-Day's overall strategy. Could you take us through that?

R.K. Agarwal 

As we have already stated in the past while making this acquisition, our strategy is very clear on Mid-Day; we want to strengthen Mid-Day English and Mid-Day Gujarati in Mumbai to begin with and expand Inquilab. Unfortunately, due to delayed approvals by the courts last of which was received in January, we could not do much so far, but definitely as our CEO would explain our plans are going to be rolled out soon.

Sanjay Gupta 

Abneesh, I would like to add here that we have been working very closely with the Mid-Day team and some results are already showing in Mumbai market where we have increased our sales both in Gujarati and in English, and on the Inquilab front, our first initial research and exploratory work especially in UP market are over. We are trying to locate a good team to spearhead the operation considering the fact that the main paper will be made in Bombay itself and very soon you will hear some good news on this front also.

Abneesh Roy 

Sir, do you continue to remain as optimistic on the Urdu paper when the acquisition has happened?

Sanjay Gupta 

I personally and the company remains optimistic on the growth of Urdu.

R.K. Agarwal 

Abneesh, let me add, if you look at Q3 IRS you will see amongst all the six brands what we publish, the Inquilab is the only brand where you have seen a growth in readership to the extent of about 8%.

Moderator 

Thank you. The next question is from the line of Bikram Mahajan from Bay Capital, please go ahead.

Bikram Mahajan 

Sir, I just wanted to take a step back here and discuss what is going to be the impact due to the increasing competitive intensity among the three leading dailies, Jagran, Dainik Bhaskar, Hindustan in the core Hindi-speaking hinterland you mentioned, which I think also resulted in price cuts, so what would be your game plans hereon?

R.K. Agarwal 

That is something, which you will see when the plans are rolled out, it may not be appropriate to share those plans at this juncture.

Bikram Mahajan 

But broadly are we going to witness because ad spends increasing, so we do not mind price cuts to gain volume share, are you going to continue with that?



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R.K. Agarwal 
Are you talking about the circulation?

Bikram Mahajan 
Yes Sir.

R.K. Agarwal 
Possibility of dropping the cover price in future in a couple of pockets may not be denied. That is something, which is very much in our mind and whatever plans we make for the next financial year, those plans will incorporate those price cuts.

Bikram Mahajan 
Are we witnessing the same level of intensity in both UP, Bihar, Jharkhand areas?

R.K. Agarwal 
Fact of the matter is that the intensity of the competition in UP has been there for quite sometime, but it seems to be peaking now and not only for UP, but in Hindi heartland you will see this intensity peaking in the next couple of years; much has already happened, very little is left to be done.

Bikram Mahajan 
In terms of newsprint prices that you mentioned, do you think that they seem to have stabilized now? 

R.K. Agarwal 
We do believe, there will be some impact on account of inflationary impact as it happens in case of any other expense, but not beyond that.

Bikram Mahajan 
So, can we assume operating margins to be northwards of 31% level for the next few quarters?

R.K. Agarwal 
It should stay there or should slightly improve with the improvement in the revenue.

Bikram Mahajan 
You spoke about your near-term plans for Mid-Day especially when you talked about the value efficient synergy, are we going to follow

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something like jodi offer, metros?

R.K. Agarwal 

Nothing of that sort, we have not thought of any of those things. When we are talking about synergies, there are immense synergies in saving cost, part of which we have already implemented and in fact bigger synergies would come in marketing advertisement space.

Moderator 

Thank you. The next question is from the line of Ankur Periwal from Religare Capital, please go ahead.

Ankur Periwal 

Couple of questions, first is just a clarification, on the Outdoor business going ahead our focus will be more on tier-II and tier-III cities, am I right on that?

R.K. Agarwal 

That has been there for the past couple of years.

Ankur Periwal 

And incrementally also we will be focusing on those cities?

R.K. Agarwal 

Without losing good opportunities, if we come across anywhere.

Ankur Periwal 

Okay. Sir I just missed the revenues and profitability numbers from Mid-Day so if you can please mention those for nine months?

R.K. Agarwal 

For nine months, I think they have already published their results and if I am not mistaken their topline was about 78 Crores, a growth of 10% on year-on-year basis for nine months. Their profits were also better than the corresponding nine months of the previous year. I think the profits were also better by about 10%.

Ankur Periwal 

Okay fine sir. Lastly, on our expansion strategy for Mid-Day, will it will be right to say that we will be focusing in terms of Mid-Day English or Gujarati hand-in-hand or it will be sort of step-by-step progressive expansion?

R.K. Agarwal 

As our CEO has just mentioned, our strategy for at least couple of years is to strengthen Mid-Day English and Mid-Day Gujarati in Mumbai, and expand Inquilab.

Ankur Periwal 

Expansion of Inquilab will be in UP first or how this will be?



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R.K. Agarwal 

Let us see how it happens, but definitely UP being our prime market and having more Urdu-speaking population should see the first edition.

Moderator 

Thank you. The next question is from the line of Harish Zaveri from Deutsche Bank, please go ahead.

Harish Zaveri 

Sir, just a question on the Mid-Day, I do see a broad sheet today of Mid-Day in Mumbai and it has come in the morning, so is it like a change in strategy for Mid-Day? We do see a different format in the sense that normally there is a tabloid format for Mid-Day, today morning we do see a broad sheet, which is sitting there Mid-Day Impact and clearly it is very different from the normal Mid-Day that we normally see, is it like a change in strategy and how do you see that, the thought process behind that if at all?

Sanjay Gupta 

There is no change in strategy, it remains a tabloid, it must be an advertising innovation that they would have done today,

Harish Zaveri 

Do you plan to continue with this format or you go back to that?

Sanjay Gupta 

These are some innovations that Mid-Day keeps doing time and again, and a few days back you would have seen it in a A4 size also, so these are also innovations, if you could correlate it with some advertising on the front page, it would be correlating with that.

Harish Zaveri 

Fair enough. The second part is on the advertising growth itself, while you did mention that FY12 looks good to you, what is that being driven by? We did see local real estate, local retail, education driving that in the third quarter, any change that has happened because overall across industries auto, telecom, power we do see some semblance of a slowdown that is happening, if you could just give a perspective on that?

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whatever slowdown industry has witnessed in the past two to three years now seems to be done away with the portability thing getting introduced. In January itself, we have seen almost all telecom operators coming to the front.

Sanjay Gupta 

Let me say that the industries slowdown does not really at times affect the media usage by these industries, there may be a little slowdown in the industry, but to push their inventories they keep advertising and for us the growth driver is mainly local retails,

Harish Zaveri 

And real estate sir?

R.K. Agarwal 

Retail estate in certain parts of our areas like NCR Delhi etc., was affected adversely when there was a slowdown, but as far as remaining areas were concerned they never experienced the boom, so they never experienced the slowdown, but definitely now in the past one year we are seeing some uptake in real estate advertising as well across the company.

Moderator 

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

Siddharth Goenka 

Thanks for the opportunity and congratulation on good set of numbers. Sir, my first question is on the circulation revenue; can you explain what has led to the Q-on-Q and Y-on-Y rise in circulation revenues?

R.K. Agarwal 

There is an increase of about 7%.

Siddharth Goenka 

Is this because of the push factor in our existing markets?

R.K. Agarwal 

There is an increase in circulation to the extent of about 10.86%, which has resulted in increase in circulation revenue by 7.16%.

Siddharth Goenka 

And rates cover price?

R.K. Agarwal 

Rates have gone down. This is how you see lower increase in circulation revenue than increase in circulation.

Siddharth Goenka 

If you can give us the split of value and volume ad growth in this quarter and for the first nine months?



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R.K. Agarwal 

In this quarter, there was an improvement in yield to the extent of about 15% to 16%

Siddharth Goenka 

Okay. Sir, then going forward also, I mean because you just mentioned that you do not see any kind of rate hike that means you will be deciding it later, so going forward in FY12 can we expect 50:50 ratio in terms of volume and value growth.

R.K. Agarwal 

Difficult to say, let us wait and see for some more time, but I believe even if it is not 50:50, it could be 60% in favor of space, 40% in case of yield or 65% in case of space, 35% in case of yield.

Siddharth Goenka 

Okay fine, and Sir my last question is on the newsprint, if you can tell us what has been the average price of newsprint and what is the expectation for the year and also what is the expectation in terms of quantity consumed?

R.K. Agarwal 

What I can share with you is the expected increase in newsprint cost on account of increase in newsprint prices for the next year and that is in the range of about 6% to 7%.

Siddharth Goenka 

Can you share with us what kind of quantity consume are we likely to end up at the end of FY11 in terms of newsprint consumption?

R.K. Agarwal 

It could be about 1,10,000.

Moderator 

Thank you. The next question is from the line of Avinash Agarwal from Sundaram Mutual Fund, please go ahead.

Avinash Agarwal 

Sir, can you tell us which states have contributed to the increase in circulation revenue?

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R.K. Agarwal 

All the states.

Avinash Agarwal 

Does the Cricket World Cup affect us positively or negatively?

R.K. Agarwal 

Positively.

Avinash Agarwal 

Okay, how does it happen sir? Does the space increase or does the yield increase during these things?

R.K. Agarwal 

What I can tell you is we expect additional revenue of about Rs. 4 to 5 Crore from World Cup and this is going to be combination of both.

Avinash Agarwal 

Okay, how has the I-Next performed this quarter?

R.K. Agarwal 

I-Next has performed fairly well, but definitely it should have faired still better.

Avinash Agarwal 

Okay, any plans for expanding it further in new geographies?

R.K. Agarwal 

We are already contemplating. You will come to know at appropriate time. In fact, I-Next revenue has two components, one is the standalone billing, and another one is combo with Jagran. The standalone billing has recorded a growth of nearly 50% in Q3, but combo revenue has not done that well, this is why I said in fact it could have done still better, but in the long run thrust on the standalone billing will only help, so that they do not have to ride on the back of Jagran.

Avinash Agarwal 

Sir, what is cover price of I-Next?

R.K. Agarwal 

It is ranging from Rs. 1 to Rs. 2.

Moderator 

Thank you. We have the next question from the line of Miten Lathia from HDFC Mutual Fund, please go ahead.

Miten Lathia 

Just to understand for next year what would be the outlook on circulation and if you could break that up geography wise UP and Bihar that would be great?



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R.K. Agarwal 

As you know, a new competitor is expected in Bihar anytime next year. The moment it happens the circulation in Bihar should go up by at least 30% to 40%. Then we have plans to increase circulation in certain pockets of UP as well because for the past five years we have attempted to monetize the existing readers and after we have started concentrating on developing up-country markets now there is a need to have additional numbers so that they can be monetized after two years from now, so you will see increase in circulation in UP, you will see increase in Bihar, you will see increase in Punjab and Haryana.

Miten Lathia 

Okay, what would be the order of magnitude of the UP circulation increase?

R.K. Agarwal 

we have already chalked out plan for increasing circulation, offhand I do not remember, but what I can say is for FY11-FY12 you will see on an average increase in circulation of about 8% to 10%.

Miten Lathia 

Circulation volumes for the company as a whole.

R.K. Agarwal 

Yes.

Moderator 

Thank you. The next question is from the line of Rohit Dokhania from B&K Securities, please go ahead.

Rohit Dokhania 

Thank you for the opportunity. Just two questions, could you please give us the circulation figures for our brands?

R.K. Agarwal 

Daily circulation of DJ is now about 3.1 million copies, City Plus has a circulation of about 0.5 million copies per week, and I-Next circulation is now about 0.3 million copies.

Rohit Dokhania 

Is it possible to share the Inquilab and Mid-Day numbers also if you have it offhand?

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R.K. Agarwal 

Yes, Mid-Day Mumbai has already crossed 100,000 copies, an increase of about, I believe, 7% to 8% since we acquired. Inquilab is about 50,000 copies in Mumbai alone and Mid-Day Gujarati is also about 50,000 copies and when I said over 100,000 copies that was only in Mumbai. Pune, Bangalore, Delhi are in addition.

Rohit Dokhania 

Okay sure Sir, that was really helpful. Sir, another broader question, I was just looking at the average issue leadership for DJ in the UP market and that particularly has been pretty much stagnant over the past three to four years?

R.K. Agarwal 

That is something, which I mentioned; it was as per the strategy decided by us because still we believe we have so many readers that have not yet been monetized. Definitely in the past five years, the thrust has been to monetize the existing numbers instead of pushing them, but now after we have reached this far, we believe the number should be increased so that after next couple of years from now, we will need higher numbers to have traction in advertisement revenue and this is why we have started increasing from the current year itself.

Rohit Dokhania 

Is it possible for you to give us a very broad figure as to where the circulation used to stand say in 2006, 2007 in the UP market, and currently where it stands, I am just asking for growth figures?

R.K. Agarwal 

There should be growth of about 4% to 5% in these past three years.

Rohit Dokhania 

You are talking of compounded or an overall growth?

R.K. Agarwal 

Compounded.

Moderator 

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

Amit Kumar 

Thank you so much for the opportunity. Sir, I just had one question, the Mid-Day revenues for nine months you talked about 78 Crores, would you have the breakup available at hand?

R.K. Agarwal 

At hand I do not have Amit, sorry.

Amit Kumar 

Not a problem sir, I will get back to you. Thank you so much.

Moderator 

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



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Sakshi Malhotra 

Thank you very much for taking my question. Sir, can you give us the breakup for advertisement and circulation for this quarter?

R.K. Agarwal 

Advertising was about 195 Crores, circulation was 57 Crores.

Sakshi Malhotra 

Sir, basically what we see over here is that on a quarter-on-quarter basis we do not see a big movement in terms of advertisement...

R.K. Agarwal 

I was expecting this question, you know. Let me tell you with education sector performing beyond expectations, first two quarters and the last quarter are now no longer as bad as they used to be say three to four years back, at least in our areas where education sector is doing exceptionally well, so the revenues are getting generated in the first two quarters, which traditionally used to be worse than festive season quarter, which is Q3, but for the past couple of years what we are witnessing is that this is not holding true and revenues are more or less evenly distributed over the period of year.

Sakshi Malhotra 

Sir, can we expect Q4 will be in the same lines like Q3 and Q2, looking on the market trend?

R.K. Agarwal 

In case festive season does not get preponed as it got preponed last year then in that case Q2, Q3, Q1, Q4 all will be looking more or less similar. Seasonality factor is getting done away with and that is something, which has been noticed by us in the past two to three years. Couple of percentages here and there, but not a very significant change one might see.

Sakshi Malhotra 

Sir, I am sorry, I joined the concall a little late, so I might be repeating a question, but I wanted to know like how is FY12 looking right now, looking at the way advertisement is picking up, can we expect the same rates to continue or would it go down a little?

R.K. Agarwal 

If you are referring to 31% growth, it is not sustainable yet anything around 20% is very much doable.

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Sakshi Malhotra 

In terms of newsprint we see there has been a slight increase in this quarter because since this is the main quarter where the price hikes were incorporated, can we expect Q4 to be approximately at the same level?

R.K. Agarwal 

Yes, you will not see it increasing further significantly

Sakshi Malhotra 

Would it be at the same level for FY12 too, at least for the first half of FY12?

R.K. Agarwal 

Even if it is going to happen we never assume that, at least to the extent of inflation I would expect increase in the newsprint prices, which may be 6% to 7%.

Sakshi Malhotra 

Do you expect a further increase of 6% to 7% in newsprint from the present level?

R.K. Agarwal 

Yes.

Sakshi Malhotra 

Can you give us the average procurement prices?

R.K. Agarwal 

That is something very special for the company; my vendors do not get comfortable.

Moderator 

Thank you. The next question is followup from the line of Abneesh Roy from Edelweiss, please go ahead.

Abneesh Roy 

Sir, a few followup questions, one was in Jharkhand post DB Corp's entry circulation revenues have gone up, but what is the impact on ad revenue still now?

R.K. Agarwal 

Nothing. Jharkhand due to political uncertainty has not proved to be as good market as one would have expected, but there is no negative impact on our revenues in Jharkhand post DB entry.

Abneesh Roy 

Regarding I-Next you said that the combo has not worked as well as the standalone?

R.K. Agarwal 

I did not say that combo did not work but what I said is we could have done better in combo billing but in a way it is good also from the long-term perspective because every brand should stand on its own feet at the earliest possible.



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Abneesh Roy 

Regarding circulation volume growth for FY12 you have given guidance of 8% to 10% and with Jharkhand itself we have seen...

R.K. Agarwal 

That is already done, which is already captured in this current year. I am talking about 8% to 10% increase on current base.

Abneesh Roy 

I was coming to that Jharkhand being a smaller market we have seen a 10% increase, Bihar is a much bigger market and you want to expand in UP also and in that context does 8% to 10% look slightly lower number?

R.K. Agarwal 

No, Abneesh.. What I am talking about is increase on an average, if you will compare print order of 31st March 2011 with print order of 31st March 2012, there could be a gap of 15%, so increase will happen gradually and will spread over the period of year, so that on an average you get only 8% to 10% increase.

Abneesh Roy 

How is the competitive intensity in Punjab and Haryana, any reduction in competitive intensity?

R.K. Agarwal 

There are now three prominent Hindi players i.e., Punjab Kesari, Bhaskar, and Jagran, all three are very well settled and doing very well, in fact Punjab has given us growth in terms of revenue even this year, a decent growth.

Abneesh Roy 

How many would be the loss making in terms of additions now overall?

R.K. Agarwal 

Jharkhand has also got added, but hopefully in FY11-FY12 they will again turn into profit.

Abneesh Roy 

One last question on the Internet business in which you have done well on the topline and losses have also reduced, and you do very aggressive booking of the cost. What is the plan, you want to make it

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SANJAY GUPTA

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big, which mean the cost will be high or you want to turn it...

R.K. Agarwal 

We know for sure that you should be ready in your preparedness whenever Internet becomes way of your life but there is no need to go overboard, there is no need to spend crores on that because still that time is far and accordingly we are moving ahead. You can very well understand that there are a few who invested crores and crores but still could not command this kind of revenue what we have recorded, so we will continue with that conservative policy but I can assure you that we are fully committed to be prominent in Internet space and I do not know whether you have seen our recently launched English news web portal, which is called Jagran Post, just have a look at it . As per the information received from various Internet users who are very keen observers of the developments in this space, this is one of the best they have seen.

Abneesh Roy 

I will go through that, but is it a (indiscernible) 42:51 for a long-term launch in the print English space?

R.K. Agarwal 

No, there is no plan as such. Why we have launched this English version is because on our Hindi portal also we had been getting visitors from those areas you would be surprised like south, west, and definitely foreign countries. It is for their convenience, and it is to become more versatile than anything else.

Abneesh Roy 

Lastly, one of your competitors has launched a specific business daily in Hindi. Any comments on that in the past you have said no plan, but any comments?

R.K. Agarwal 

At that point in time when we did joint venture with TV18, we had definite plans and definitely those plans are entirely different from what people are pursuing currently. We do not think that those plans have seen too much success. At least for the time being, we do not have any such plans but definitely if the plans what we had could have been implemented, it we would have been able to add some value by now.

Abneesh Roy 

But you are not again talking to the earlier partner?

R.K. Agarwal 

No, not now.

Moderator 

Thank you. The next question is from the line of Ritwick Rai from Kotak Securities, please go ahead.

Ritwick Rai 

Sir. I just wanted to understand we are expecting a growth in newsprint expense of 7% to 8% and growth in circulation of 8% to 10% and growth in advertising of 20%. So, I was just thinking like growth in advertising would still split about 10% between price and volume right sir. So then sir how come we expect such low growth in newsprint expenses?



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R.K. Agarwal 
I cannot understand your point.

Ritwick Rai 
Because of the circulation growth and the growth in the additional newsprint that you will require assuming the added rate ratio (ph) does not change too much, it should add to the total growth in newsprint expenses that is what I was thinking?

R.K. Agarwal 
My newsprint cost will go up by about 20%, in fact, 20% on higher side and 17% to 18% on the realistic side and as against that if you record 20% growth in advertisement revenue, we are more than happy. What is your concern; please explain that because we have other businesses also, which will also record a growth exceeding 25% next year.

Ritwick Rai 
Okay sir. I missed your guidance on Out Of Home business, over the next two to three years what kind of revenues do you expect?

R.K. Agarwal 
It all depends on how many more small operators we consolidate with ourselves. If that happens, you can see in three years this revenue of about 55 Crores/ 57 Crores, which is what we will do this year more than doubling. In fact, we are not very keen in expanding only the topline, we are more keen in improving the bottomline, and that would happen if we focus more on our areas of operation where the topline growth could be smaller, but bottomline growth will be significant.

Moderator 
Thank you. The next question is from the line of Ashish Uppanlawar from Spark Capital, please go ahead.

Ashish Uppanlawar 
My question is on the cover prices in Jharkhand clearly the cover prices have come down. Which are the other pockets where the cover prices are high and clear trend that cover prices have to settle?

R.K. Agarwal 
When you say cover prices are high, I do not agree with that because if you say cover prices in Jharkhand are low, I agree, Jagran as such

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R. K. AGARWAL

believes in realizing the value for its contents and if you are talking about cover prices in the range of about 3 to 4 that is very much in UP and it is not coming down. Whenever, you know, any new competitor does launch a newspaper in any of the pocket, for sometime it goes down but then again in some time they start rising..

Sanjay Gupta 

In circulation, the 10% increase that we have achieved this year, it is more to protect our existing market share or some kind of monetization of additional leadership?

R.K. Agarwal 

It has two-pronged strategy, to maintain our market share and also to increase our market share. In certain pockets, we would increase our market share and in certain pockets we would maintain our market share.

Sanjay Gupta 

Finally, on the dividend policy, we have been about 70% pay out?

R.K. Agarwal 

We have been aggressive on dividend policy and so long as our liquidity permits, we would allow sharing profits with the shareholders.

Sanjay Gupta 

So, it will continue to be about 70%?

R.K. Agarwal 

There is no written policy as such, but that is what has been the practice, and if our liquidity permits, you will keep getting good dividends.

Sanjay Gupta 

Any change in the CapEx?

R.K. Agarwal 

No, for the next year again we have good amount of CapEx plan, but after next year, it will come down to the maintenance level i.e., may be Rs. 50 to 60 Crores every year.

Sanjay Gupta 

For the next year what is the CapEx that you are likely to have?

R.K. Agarwal 

That would be over Rs. 100 Crores.

Moderator 

Thank you. I would now like to hand the floor back to the management for closing comments, please go ahead, Sir.

R.K. Agarwal 

Friends, thank you very much for sparing your valuable time. We earnestly hope that we will live up to your expectation.. As I said in the beginning, if we look back at the past, I believe you will agree



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that we have not made our investors unhappy and given them good results and good returns, which we are committed to.

Sanjay Gupta 

Dear investors and friends, we are committed in JPL to make sure that the investors realize their full value and we are also committed to our readers to get the best product and also for our advertisers to get them the best return from their advertising spend with us, so let me assure you on part of the management that we will deliver in all accounts be it solutions, engage, and on the print properties in the coming years. Thank you.

Moderator 

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

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