"Jagran Prakashan Limited Conference Call"

February 01, 2013

ANALYST: **MR. VIKASH MANTRI**

MANAGEMENT: **MR. SANJAY GUPTA**
MR. SHAILESH GUPTA
MR. R. K. AGARWAL
MR. AMIT JAISWAL

Moderator: Ladies and gentlemen good day and welcome to the Q3 FY13 Results Conference Call Jagran Prakashan Limited, 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. Should you need assistance during this conference, please signal an operator by pressing "*" and 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 morning everybody. We had ICICI Securities are pleased to host the Q3 FY13 concall for Jagran Prakashan. We have the senior management of the company with us represented by Mr. Sanjay Gupta, the CEO, Mr. Shailesh Gupta, Director (Marketing) and Mr. RK Agarwal, CFO of the company. Over to you Sir for initial remarks.

RKAGARWAL Dear friends welcome to the conference call of JPL. I am sure you must have gone through the press release as well as the results. However, I will summarize here the last quarter's performance. In terms of profit, Q3 is a far better than we had expected. Not only the operating profits reported for Q3 are the highest ever reported by the company in it history but even the net profit was satisfactory if we consider that it is after accounting for exchange of fluctuation loss of Rs. 5.52 Crores and high interest burden because of acquisition of Nai Dunia during the current fiscal.

This heartening performance has been possible on account of increase in revenue, particularly circulation revenue that increased by more than 12% and the continued cost control, which Jagran has always been known for, during the difficult times. Growth in advertisement revenue too was under the circumstances satisfactory and it was more than double as compared to Q2, but of course it is the shade lower than what we would have liked. However, the growth achieved by the company must be seen in the light of facts that we had highest revenue base in Q3 of the last year, the entire growth of us has come from the existing editions of the company and it does not include any revenue from private treaty.

For us national and local advertisement revenue both continue to be growing at the same pace and we clearly sense uptick in media spend by the advertisers. Besides the growth in the advertisement revenue of Jagran, what is still more pleasing is the growth in advertisement revenue for Nai Dunia where we recorded a steep growth of 21%, but Mid Day was slightly less as compared to Q3 of the previous year, but we expect it to pickup from the fourth quarter itself.

As far as circulation revenue is concerned, as I said in the beginning, it grew by over 12% and main contributor of that was improved per copy realization, which is 5% and it is expected to go up to 6% to 7% by the year end. Increase of 14% in other expenses look to be on higher side, which is true as well. It is primarily on account of annual festival related promotional events and certain nonrecurring provisioning but the most heartening was negligible increase in newsprint cost in spite of increase in circulation by over 4% in Dainik Jagran, increase in circulation of other brand and higher newsprint prices in comparison with Q3 of the last year. This has been possible due to reduction in newsprint waste, control over pagination and improvement in yield per kg of newsprint and controlling the newsprint mix.

Outdoor once again registered a steep growth of nearly 28% due to new properties taken in Mumbai in last year and better occupancy. Event business, continues to suffer on account of activation from UP government remaining suspended due to delayed payment, but the growth in corporate business of 45% augers well for the business as well as future.

Our internet properties are now ranked 38 improved from 45 in Q2 and our news and education portals are ranked at 7 and 2 respectively. It justifies our ongoing investment which is negligible in comparison with investments being made by many of the print media companies.

The operating results from Mid Day and Nai Dunia are more than satisfactory and in fact Mid Day had a breakeven at operating level in spite of the flat revenue due to exercising a stricter control over its cost. Nai Dunia in spite of recording, steep growth in circulation in Q3 reported much lower losses than we expected, thanks to the robust growth in advertisement revenue.

We believe that worst is over and print and media industry will only improve from here; however, fluctuating currency and inflation remain a concern.

We now request you to proceed with the discussion

Thank you very much.

Moderator: Thank you very much sir. The first question is from Abneesh Roy of Edelweiss. Please go ahead.

Abneesh Roy: Thanks for the opportunity. My first question is on Mid Day, you said at operating level we had broken even with very tight control of cost. My question is on the revenue front; it is flattish and may need some decline YOY. If I compared the other tabloid I see much higher level or advertisement in tabloid and in the Mid Day obviously we have increased circulation post the acquisition, so how would do you rate the Mid Day acquisition, is it meeting your internal targets, because of the commensurate increase in the circulation what is the issue in terms of the market growth, how does Mid Day flat revenue stand taking circulation into account increased in circulation into our account?

R. K. Agarwal: Abneesh as you know, print media industry has registered growth of just nearly 2% which means that English media has registered a degrowth. If you look at the Mid Day performance in that light, you will not be dissatisfied. If they could maintain more or less the same level of revenue that was not bad at all, number one. Number two, there is always a time lag between the increase in readership and its translation into revenue, so that time gap has to be given. Number three, in fact Jagran has started looking after the marketing of Mid Day from October 1, and they have done fantastically well in December and even in January it is doing very well. So let us be a bit patient about it and I am sure Mid Day is going to be far better than the current year next year and as it is Mid Day Gujarati and Inquilab are doing extremely well. Mr. Shailesh Gupta will add a further on the revenue front as far as Mid Day is concerned.

Shailesh Gupta: As far as revenue is concerned , we were facing certain challenges which we have been able to address now and as you said , the circulation has gone up that is true, but you know circulation going up and converting into more revenue takes a little time, there were certain changes which were required in Mid Day which we have done, so with these new changes, I expect that this quarter you will see a much better report and from the first quarter of the next financial year you will see even better.

Abneesh Roy: Thanks Sir. My second question is on the advertising front, if you see the other peer, which has reported numbers certainly their growth seems to be better compared to ours, which was not the trend in the earlier quarters. So some in sites into what do you think could be the reason, second is if you see?

R. K. Agarwal: Abneesh please hold on. Let me address this question first. Sorry to cut you, but let me answer this first and then move to the second question. There is no doubt about it, peers have reported higher growth in revenue. As you know for past four or five quarters, Jagran has been recording highest growth amongst all the peers. So it is in one quarter, somebody has done better, it does not discount Jagran achievement. Number two, as I mentioned in the beginning itself, we got confronted with the highest revenue base of the last year. Therefore in terms of percentage, the percentage growth is looking slightly lower. Number three, our revenue does not capture any revenue from private treaty. Many other peers have accounted for a lot of revenue from private treaty. Number four, as I mentioned, the entire growth has come from our existing editions. There are peers who have launched many editions in past one year, so they have got benefit of that as well and on the top of it, some of the peers got advantage on account of elections as well.

Abneesh Roy: Sir, one follow up in terms of advertising in January how is it looking and last quarter white goods and telecom has not done well, so if you could give us sector wise how the flavor was in Q3?

R. K. Agarwal: Q3 was not bad at all. Let me tell you. we would have reported probably 9% to 9.5% growth, but unfortunately in last 10 days of December we have lost at least Rs.4 to Rs.5 crores, basis our average revenue what we had been recording in the first 80 days of this quarter If that was not to happen, we would also have reported not less than 9% growth.

Abneesh Roy: Why was that Sir, last 10 day?

R. K. Agarwal: Last 10 days I do not know what happened. Last 10 days in fact was too bad for us and may be that it could be because north had very severe winter. Really we are not able to pinpoint what was the reason, but our growth was greatly compromised by the last 10 days performance.

Abneesh Roy: Any comment on January?

R. K. Agarwal: Really, we have not been able to find any reason, last 7, 8 days of December, it was too chilly a winter in North India where people were not able to move out of home, markets were opening very late and so on and so forth that is something which I myself witnessed at Kanpur or wherever I went.

Abneesh Roy: January has also been cold, is that trend being?

R. K. Agarwal: January has not been cold at all. After first week of January it is pretty pleasant.

Abneesh Roy: That is all from my side. Thanks a lot.

Moderator: Thank you very much. Next question is from Siddharth Goenka of JM Financial. Please go ahead.

Siddharth Goenka: Good morning and thanks for the opportunity. Sir my question is on the newsprint side, if you get the newsprint consumption and price for the quarter for the nine months?

R. K. Agarwal: Newsprint price for the Q3, Siddharth I do not have separate figure for Q3, but definitely they are lower than what they were for the period of six months and I think it was lower by about 1%, 1.5% in Q3.

Siddharth Goenka: Lower by 1%, 1.5%, okay fine and what is the consumption for this quarter?

R. K. Agarwal: Roughly about 30,000 tonne.

Siddharth Goenka: Nine months what is the consumption?

R. K. Agarwal: Nine months consumption is approximately 95,000 tonnes.

Siddharth Goenka: 95,000 tonnes and sir you mentioned that the Nai Dunia and Mid Day has done pretty well, so if you can share any financial of Nai Dunia and Mid Day for nine month period in terms of revenue?

R. K. Agarwal: I tend to avoid it, because you know those are our unaudited numbers but according to what I received from them their operating losses are much, much lower than what we had originally envisaged in the past, Mid Day had operating loss of just less than Rs.3 Crores for nine months and in Q3, they have broken them at operating level. As far as Nai Dunia is concerned, in spite of steep increase in circulation, they have operating loss for nine months less than Rs.5 Crores.

Siddharth Goenka: Okay sir that is the EBITDA which you are referring to? When are we expected to break even Nai Dunia given that it is growing?

R. K. Agarwal: Nai Dunia as we mentioned in the beginning itself at the time of acquisition, just give us two years time because we are increasing circulation and when we started talking to them to acquire Nai Dunia that time their circulation used to be about 0.5 million and when we really got control of the company it had gone down by then to 0.4 million. Now again we have reached that 0.5 million by spending much less than we had originally envisaged. So as it is for two years we had kept for ourselves to reach certain numbers which we would for sure reach and at the same time if we are able to contain these losses within these levels, we will be much more happy and we are quite hopeful that we will be able to contain the losses or may be able to reduce it looking at the kind of growth what we recorded in Q3 in advertisement revenue.

Siddharth Goenka: So the 21% growth in advertising revenue from Nai Dunia, do you expect this because of the synergy benefits what we have?

RKAGARWAL: Yes, , we have saved significantly on newsprint cost and interest besides 21% growth when I am talking about then out of that at least 15% growth has come only because of synergy.

Siddharth Goenka: Right, in terms of sector contribution you mentioned that all sectors have done well, so out of this 7% growth I mean if you get just give a break up that which sectors have been like national and local break up?

R. K. Agarwal: Local and national for us you know continue to be the same at 60:40.

Siddharth Goenka: That is it from my end. I will come back if I have more queries. Thank you.

Moderator: Thank you very much. Next question is from Amit Kumar for Kotak Securities. Please go ahead.

Amit Kumar: Thank you so much for the opportunity. Sir my question pertains to new media initiative Jagran Solution and Engage. I think we have not really seen in fact in this quarter on YOY basis their gross contribution actually declined, even in general we have not really seen the kind of profitability that we expected from these ventures gross margin of just about 20%, 25% versus 65% in our core print business. I just wanted to understand what is really going wrong here, is it that case that is deal of operations are not applicable?

R. K. Agarwal: I agree with you. During these tough times also, outdoor plus event cumulatively have registered a growth of more than 5% in this quarter as well, but unfortunately what has happened is as I mentioned in my opening remark, we stopped activation for UP government which was about 5 Crores per quarter, you know, contract that we have deliberately kept on hold, because we are not receiving the payment from government despite their repeated assurances, so this is something which has kept solutions growth subdued because last year we had benefit of that.

As far as outdoor is concerned outdoor has recorded a growth of 28% in topline. Now if you are talking about the profitability, if you recall last year Jagran Solution that is the event activity had contributed in net profit about 8 Crores, which was roughly about 18% to 19% of the topline. We have some losses which will get wiped off by the year end and outdoor and event both have contributed profit in Q3. Yes, what is concern is it is taking a little more time than we had expected .It is outdoor where I am not getting the return on capital, but fact of the matter is the growth in business is happening This outdoor industry has been spoiled especially by unorganized players so much that none has made any profits and now people have been desperate to cut down the prices so much that it is becoming difficult for Jagran Engage also to take the rate hike , but this is again a temporary phenomena. So long as I am having increase in the topline, you are adding more and more customer it augers well for the future.

Amit Kumar: Given the fact that these business is operated much lower levels versus the print business, not really seen, I am not seeing a one year perspective, but even if you take a last year perspective, I think print media advertising for Jagran has gone from 550 to almost about 900- 950 Crores this year standalone?

R. K. Agarwal: In five years Amit, both these businesses put together have gone up from 25 Crores to nearly, I believe 100 Crores.

Amit Kumar: Sir actually five year fiscal 09 also from what I gather from the numbers it was about 55, 60 Crores of topline, practically doubled about 110, 120 Crores, I am seeing given that low base we are not really seen these business scale up at an exponential level, both has been more or less similar has the print business of Jagran.

R. K. Agarwal: As far as event business is concerned, look at any event company. The growth in terms of profit will happen at a higher rate, but in terms of revenue, whether it is outdoor or event, I do not expect both these businesses to contribute even after five years more than 300 to 350 Crores revenue, In event, corporate business has grown by 45% but because of this government contract we did not make profit but from next year onwards again it will start making profit to the tune of about Rs.6 to Rs.7 Crores. I am pretty sure but outdoor is the only concern where I am having the increase in the topline and much, much higher increase in the topline than anybody else in the industry is recording but at the same time it is not translating into profit. That is something which is a bit of concern and we are working to address this problem. That is something which is causing concern to the top management, which is also causing concern to the board, but at the same time, everyone is happy with the fact that they are adding more and more clients and they are adding more and more to the topline. The reason for starting these businesses was to use as much existing infrastructure as possible, which they are doing and supporting us otherwise in getting advertisers who are interested in 360 degree solution. Also, if I did not have these businesses then whatever profit I generated last year or what profit we would generate next year that profit would not have come to me. These businesses are thriving only on synergies with Jagran plus they have their in independent management so that they do not challenge management width. l. These are the reasons why we have started this business.

Amit Kumar: Sir actually that is the little bit of a point that in some sense the profitability is the challenge by suboptimal scale of operations in the business in terms we are too much dependent on?

R. K. Agarwal: Before we come to that conclusion you compare Jagran Engage or Jagran Solutions with any one in these two industries.

Amit Kumar: So you are saying the industry itself is a big challenging?

Sanjay Gupta: Outdoor especially.

Amit Kumar: Sir my next question pertains to the fact that within our new media initiative the FM Radio continues to be a bit of a Gap, any plans on that going forward given the fact that your phase 3 is going to happen sometime?

R. K. Agarwal: We discussed it in the past and as of now let us say nothing but maybe after six months.

Amit Kumar: Okay. Sir any update on Punjabi Jagran?

Shailesh Gupta: Yes CEO will give you an update.

Sanjay Gupta: The Punjabi Jagran has been doing well with product acceptability by the readers in less than 2 years and next year we plan to take the sales increase again as local advertising has been good and national has also started responding now. So next year looks good for Punjabi and in our three year odd plan, we expect that from fourth year we will start making profit

Amit Kumar: Thank you.

Moderator: Thank you very much. The next question is from the line of Mohan Lal of Elara Capital. Please go ahead.

Mohan Lal: Sir I just wanted to get a sense of you about business activity in the first year of the new government what in your view has been the optimism in terms of the business and any specific government action or plan that make you optimistic about the normal growth they are picking up substantially in the next one or two years?

Sanjay Gupta: Thank you for the question. First we have to appreciate that the government enjoys full majority and if any government is enjoying full majority and it is likely to complete its term you can expect growth to come

Mohan Lal: So just a followup on that basically from the last five year to the first year have you been a little more optimistic about the local businesses to be more confident and the economic their picking up?

Shailesh Gupta: In any tier II and tier III town our local businesses have always been responding to us

Mohan Lal: Actually I wanted to get an understanding about what had changed after the new government that is all?

Shailesh Gupta: The new government stability is the best part because of absolute majority and no outside party supporting Samajwadi party you can rest be assured that there is stability and once there is stability, plans will come in and growth will come.

Mohan Lal: Sir my second question is that this has been about over a year now in Jharkhand when the new competition came. I wanted to understand how the advertisers are looking at Jharkhand now and versus before the entry and is there a significant difference in terms of the way they analyze the circulation figures and copies in that market and what happened to the overall ad market size in Jharkhand in the 1.5 years of new competitions?

Sanjay Gupta: Jharkhand market let me say has been a very peculiar state having nine governments in last five year and therefore again the question of stability comes in and now again it is under the President rule. So this state is probably a state which has not shown the promise that it actually should have shown in terms of economic growth because of lack of stability of the government. So I think Jharkhand in terms of advertising growth has been slightly disappointing for all the print publishers in view of investments that we have all done.

Mohan Lal: Sir actually my question was how is there a change in advertisers that ad spenders way you are analyzing Jharkhand market after the entry of the new player and that increase in the circulation and the leadership also there. Is there a change from before and after the way look at the Jharkhand market now?

Shailesh Gupta: No, there is no change. Jharkhand is always taken as an add on to Bihar or add on to West Bengal but is not taken mostly on stand alone basis in the media plan. As a market, it is not a priority market at this point of time. So, there is no change even now.

Mohan Lal: Sir if can ask one small question related to that only. If you can comment on similarly in terms of in Punjab economy this is the safe year of the government there and how people and investment climate there and they are spending in consumer side there and have you seen some healthy trends over there or is the same thing as we saw in the last five year or so?

Sanjay Gupta: Punjab you cannot compare with Jharkhand. It is the state, which is probably one of the top end of the pyramid in India and Jharkhand ranks amongst least prosperous state. So spend over there in terms of consumer spends. Still, we are not doing as good as we would have wished but in next fiscal we are very hopeful of far improved performance due to certain steps taken by us including Punjabi Jagran that has started bringing in revenue from upcountry. However, it is one of the most underpriced market which is an irony given the prosperity level.

Mohan Lal: Thanks a lot Sir. That it is all my questions.

Moderator: Thank you very much. We will take the next question from the line of Abneesh Roy of Edelweiss. Please go ahead.

Abneesh Roy: Sir just one or two followup questions. One was if you could give state wise last time Bihar has seen very strong growth. So Jharkhand you mentioned. So Bihar and UP if you could give some figure on how Q3 has been?

Shailesh Gupta: We do not have data at this moment.

Abneesh Roy: Sir second is in terms of the private treaties Mr. Agarwal quite categorically said we have not done so wanted to understand because some of the peers are going it with a listed company. So in listed companies obviously you can monetize it much better and in terms of regular compliance and corporate governance obviously thing should be better. So wanted to understand what is our thought process what is preventing us because in down trend clearly this is the cod liver available to top up the ad growth?

Shailesh Gupta: We are very, very careful. As a policy we are not against it but we are extremely careful on what we do and what is the return on investment we are expecting and what is the kind of treaty they want to do. Basically we do not want to convert our cash client into treaty business. But we are open to the offers, which we get from time to time and we analyze them and then if deemed fit we will probably will go ahead. But at this point of time that is not the high priority for us as we have burnt our fingers in whatever little we have done.

Abneesh Roy: Sir next followup is on volume versus price if you could give us the trend, which was there in Q3 for the advertising?

Amit Jaiswal: It was primarily driven by the volume.

Abneesh Roy: Lastly you did discuss phase 3 radio but my question was more from the impact on trend adverting because local revenues could get impacted in the next two to three years because of the news patients coming up so for your print advertising how worried or not worried are you from the phase 3 expansions from the competitors?

Shailesh Gupta: We are not at all worried on that because print is a print and radio is radio. These are two different mediums. Radio is there in all larger B towns like Kanpur, Lucknow, Varanasi, Allahabad already but it has not affected our revenue a bit because new revenues are coming up to radio. Print will never ever be compromised for radio because of inherent advantages of print and biggest problem in radio medium i.e measurement. We firmly believe that no media vehicle can be a substitute of any media vehicle

Abneesh Roy: Sir one last on FMCG how have you see because in Q3 FMCG has spend very aggressively, so in terms of percentage allocation from FMCG how the trending YOY?

Shailesh Gupta: I do not have the percentage but the FMCG has been growing and has been growing really quick, which is the fantastic trend.

Abneesh Roy: Thanks a lot.

Moderator: Thank you very much. Our next question is from the line of Siddharth Goenka of JM Financial. Please go ahead.

Siddharth Goenka: Thanks for the opportunity again. Just one or two follow up. Sir are we likely to... Nai Dunia financial will it be part of the standalone entity in Q4?

Amit Jaiswal: Yes it would be. As given in the footnote on the published results it has already been approved by both the High Courts. Mere filing of orders with the ROC is pending so in Q4 you have consolidated numbers of Nai dunia.

Siddharth Goenka: That is the JPL. So in Q4 what I understand you will have four quarter of Nai Dunia, the entire full year of Nai Dunia, which will be reported?

Amit Jaiswal: Yes for the full year.

Siddharth Goenka: Right and if you can give us a breakup on OHH and Event revenues for the quarter?

Amit Jaiswal: Siddharth, I do not have right now. We can have offline.

Siddharth Goenka: Sure Sir I will come back. Thank you so much.

Moderator: Thank you. Our next question is from Miten Lathia of HDFC Mutual Fund. Please go ahead.

Miten Lathia: Good afternoon Sir. The UP market itself just wanted to understand one dynamic Amar Ujala seems to be losing some share to Hindustan. Is that impacting Jagran in any way favorably or unfavorably?

Sanjay Gupta: Let me first say that Amar Ujala is yet to start losing shares

Miten Lathia: 5% down on readership YOY.

Sanjay Gupta: But I do not think it is impacting their advertising. So Hindustan is still a poor number 3 so I do not think that has any impact on the top two publishers. Jagran is there in number 1 slot.

Miten Lathia: So as a combined entity or as combined package Amar Ujala and Hindustan have?

Sanjay Gupta: There is no combined package we know of.

Miten Lathia: No it is not but an advertiser can sort of?

Sanjay Gupta: We are yet to come across any such situation.

Miten Lathia: Sure Sir and could you give us some sense of sort of losses that we can look at in Nai Dunia and Mid Day share given that Nai Dunia revenues are packing very well now?

Amit Jaiswal: Yes, as explained earlier by Mr. Agarwal also, we are having for nine months, losses at EBITDA level from Mid Day of roughly about Rs.3 Crores and for Nai Dunia it was roughly about Rs.4.25 Crores, which was much below what we expected earlier when we budgeted for this FY'13. For this particular quarter, Mid Day had some profit at operating level.

Miten Lathia: Do you think you will scale up Nai Dunia materially and so numbers could change?

Shailesh Gupta: Yes definitely as I have shared with you earlier our plan is to be a good number two player in Madhya Pradesh in a three year span. So we will definitely be scaling up in Nai Dunia this year and next year also.

Miten Lathia: I was sort of printing at the traction. There is an attraction.

Shailesh Gupta: There is definitely traction in revenue

Amit Jaiswal: Nai Dunia for this quarter had a growth of 21% helped by festive season and on overall basis for nine month also it has a growth of double digit; growth of roughly about 14% to 15%.

Miten Lathia: What I meant was do you want to prepone the sort of circulation increase plan?

Sanjay Gupta: We will go. It is not that you press the button and copies come in. It has been pushed very aggressively and it will follow a path. Because it is not a new launch you cannot flood the market like a new launch it is a very old product so it has to be built up systemically.

Miten Lathia: Suffice it to assume that the incremental sort of growth that you are getting to that market will get reinvested in the market and the process should not expand much?

Sanjay Gupta: No, the kind of sales that we are looking for will call for some fresh expenditure over there and just adverting growth may not be able to fund the entire operations.

Amit Jaiswal: But we do not expect higher losses than what we are going to see in FY'13. It will be very much similar to those levels.

Miten Lathia: Great Sir congratulations.

Moderator: Thank you very much. Our next question is from Akhil Gandhi of Aviva Life. Please go ahead.

Akhil Gandhi: My first thing is that I wanted to know how much tax credits we have, which we are utilizing to pay any taxes.

Amit Jaiswal: Nai Dunia had accumulated losses to the tune of roughly about 270 Crores. So you will get tax credit on that. This year we have not accounted for any tax. This year, there would be zero tax to the company. Even next year, we will have tax benefit of unabsorbed losses so that the average tax is not likely to be more than 25% as against average tax rate of nearly 31% for us.

Akhil Gandhi: Okay. Secondly what I wanted to understand what is our newsprint sourcing strategy means how much is the domestic we buy newsprint, how much we buy from abroad and how much inventory do we keep?

Amit Jaiswal: Presently we are doing about 15% imported and Indian premium quality, we use about 60% and remaining 25% is ordinary indigenous.

Akhil Gandhi: How many days inventory do we actually keep. It is like one month or.

Amit Jaiswal: Imported we do roughly about two months to three months and indigenous two weeks to three weeks.

Akhil Gandhi: Okay and one last thing what I wanted to understand if I read your business properly you have not launched any new editions in last two years. Is that correct?

Sanjay Gupta: Yes that is right.

Akhil Gandhi: Well when I look at your close peers also they have used this strategy to drive the circulation in advertising so your comments and your future plan on that?

Sanjay Gupta: Right from the time of filing prospectus for IPO, we said that we will be not doing many Greenfield projects.

Sanjay Gupta: Immediate target would be to have more consolidation in Mid Day and Nai Dunia.

Akhil Gandhi: When I look at your notes to accounts you have raised 150 Crores to pay off certain debts and all. So right now my question would be what is your current debt and how much would be the interest rate cost?

Amit Jaiswal: We have current gross debt of roughly about 430 Crores and net debt of 230.

Akhil Gandhi: Fine thank you.

Moderator: Thank you. Our next question is from Nihar Shah of Enam Holdings. Please go ahead.

Nihar Shah: Just few questions. One is the follow on the previous one. This gross debt and the netted number you gave it is at the consolidated level or the standalone level?

Amit Jaiswal: It is a standalone number. You add another 30 Crores for consolidation.

Nihar Shah: 30 Crores for consolidation. Okay my other question would be you seem to have forex losses this quarter. So can I understand what is the quantum of your forex loss that you had this quarter?

Amit Jaiswal: Rs. 5.52 Crores for the quarter.

Nihar Shah: For the nine months?

Amit Jaiswal: Out of this mainly 4 to 4.5 Crores was because of the ECB loan, which we have. As a policy we charged to P&L unlike many other peers who opted to capitalize it.

Nihar Shah: Okay and in the sense of for the nine months what would be your forex loss number?

Amit Jaiswal: Nine month number would be roughly about 13 Crores.

Nihar Shah: 13 Crores okay Sir. Just one question in terms of again on the newsprint side Sir. I wanted to understand what is the pricing trend now in newsprints as I understand the domestic newsprint prices had gone up a lot over the last few months. Have those started? Going forward where do you see this Sir?

Amit Jaiswal: There were some increases about 3% in indigenous price in June, which got reversed in October and from October we are seeing a stabilized price and we expect it to remain stable or may be some increase for next year.

Nihar Shah: So you believe that your prices would be at these similar levels in terms of newsprint for Rs.32?

Amit Jaiswal: Yes, if dollar does not appreciate further

Nihar Shah: Fair enough Sir. Thank you so much and good luck for the rest of the year.

Moderator: Thank you. Our next question is from Amit Kumar of Kotak Securities. Please go ahead.

Amit Kumar: Sir a small question. I think you have a very small private treaty, which was there in the FY'12 annual report. There was no benefit from that in this particular quarter?

Shailesh Gupta: you are right, there is not much in 9 months.

Amit Kumar: Second point was that in terms of acquisition that acquisition strategy of the company is it going to be focused only on print or there could be non-print components of that also. The reason why I am asking is that you and the nearest competitors DB Corp or almost at the same scale about 20 million around those levels in terms of readership and there is a fairly large gap in terms of with the number three four players. So is the print side stable and incrementally look at more non-print or it could be either way Sir?

Sanjay Gupta: **A**t the moment it will be print based but we are not averse to looking at other opportunity except TV.

Amit Kumar: Okay and why the aversion to television.

Sanjay Gupta: Because it is not the priority for the moment

Amit Kumar: But is not a bit of risk in the long run because the dynamics of the television business have certainly changing?

Sanjay Gupta: I appreciate your point. At this moment the board has given the mandate to the management to be print centric and to concentrate on growing digital platforms etc., and below the line and outdoor and to consolidate operations of recent acquisitions. May be, after couple of years, we consider this as well. We have not closed on TV, Radio etc. But for this moment and for definitely for next one year financial year we can safely say that we are not looking into any such opportunity.

Amit Kumar: Thank you.

Moderator: Thank you very much. Ladies and gentlemen due to time constraints that was the last question. I would now like to hand over the floor back to the management for closing comments.

Shailesh Gupta: Thank you participants for your time.

Moderator: Thank you very much Sir. Ladies and gentlemen on behalf of ICICI Securities Limited that concludes this conference call. Thank you for joining us and you may now disconnect your line.