“Jagran Prakashan Limited Q4 FY 2016 Earnings Conference Call”

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ANALYST: **MS. SONALI SALGAONKAR – YES SECURITIES LIMITED.**

MANAGEMENT: **MR. SHAILESH GUPTA – DIRECTOR MARKETING – JAGRAN PRAKASHAN LIMITED**
MR. R.K. AGARWAL – CFO - JAGRAN PRAKASHAN LIMITED
MS. APURVA PUROHIT – WHOLE TIME DIRECTOR - MUSIC BROADCAST LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Jagran Prakashan Limited Q4FY16 earnings conference call hosted by Yes Securities Limited. As a remainder, all participants' line will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. If you need assistance during the conference call, please signal an operator by pressing * then 0 on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Sonali Salgaonkar of Yes Securities Limited. Thank you and over to you Ma'am

Sonali Salgaonkar: Thank you Aman. Good morning everyone. We at Yes Securities are pleased to host the Q4FY16 conference call for Jagran Prakashan Limited. With us we have the management team of Jagran Prakashan represented by Mr. Shailesh Gupta – Director Marketing, Mr. R.K. Agarwal – the CFO and Ms. Apurva Purohit – Whole time Director, Music Broadcast Limited. I now handover the conference to Mr. Agarwal for his opening remarks. Thank you and over to you Sir!

R.K. Agarwal: Good morning friends, welcome to the conference call of Jagran Prakashan Limited. Friends you have already seen the results; so there is no point in wasting your time on that. What is not apparent I would like to speak about those points.

To begin with, like most of the times even this time the company improved upon its guidance for growth in advertisement revenue of 9.5% in print and 12% in radio. Not only that ,company also delivered the operating profit of Rs.590 Crores as indicated by it in the beginning of the year. Nothing can make you happier than delivering on your promise and this is how we also feel. This resulted in a growth of 39% in EPS before extraordinary items. I will give you the breakup of EPS; please bear with me for some time, what has been contributed by inorganic growth that is through acquisition of Radio City and what has been contributed by the existing businesses. I will share with you that breakup a little later.

As far as year 2015-2016 was concerned, it did not turn out to be economically as good as expected, but the team delivered which is very, very satisfying . This outcome was made positive by outstanding performance of all the three core businesses namely print, radio and digital.

Print recorded growth in advertisement revenue of 13%, digital did a growth of 58%; radio was at 17% growth in Q4. We all know it is far superior to the industry growth rate. I would also like to clarify about our circulation revenue growth vis-à-vis our closest competitor. The growth achieved by us is on expected lines and more or less as per our plan. So there was no reason for us feeling disappointed or feeling that we have recorded low growth. We have always supported and maintain that the cover prices should be increased, but unfortunately in India revenue growth driven by increase in cover prices is not possible every year. You cannot have increase in cover price every day and drive your growth.

Most of you will recall there was time when Jagran was also driving its revenue growth through the increase in cover prices, but it cannot be sustained on year-to-year basis. Even now Dainik Jagran is having the highest per copy realization at Rs.2.45. So on circulation revenue front also, we are more than happy.

Now, I would like to draw your attention to the improvement of 39% in consolidated EPS and contribution of major businesses therein . This dramatic improvement in EPS is not only because of inclusion of Radio City as I mentioned for the first time, which of course is one of the reasons but it is also because of the stunning performance of Mid-Day and Nai Dunia.

Out of consolidated EPS of Rs.10.12 per share, which is of course before extraordinary items. Radio's contribution is nearly Rs.1.50 in other words nearly 15%. Mid-Day's contribution is 0.46 paisa per share and Nai Dunia has reduced its negative contribution of 0.48 paisa per share to 0.11 paisa per share only. In other words, the businesses in which the company has been investing for some time are also becoming the growth drivers for the group and this is something, which is heartening.

In other words, now we don't bank upon Jagran alone. There are so many other things, which will drive the growth.

We entered into high growth radio industry during the year. **Radio is a too significant business for us as its contribution in revenues is more than 10% which is not the case, in case of any print- ratio player in the country**. You will see everyone has much lower contribution in the total revenue of radio in relation to total revenues. . So for them it could be one of the other businesses but for us it is a serious business and one of the major contributors.

Moreover, as far as radio industry is concerned, we also must appreciate that its maturity level, growth trajectory and geographical reach are quite different from the print and more so in our case because of its share in total revenue . We therefore manage it as an independent business, which we have been saying right from the day when we acquired the business and would request you all to look at it independently for all purposes including valuation. **It would be a bit unfair if we start valuing JPL basis the consolidated profits. There has to be SOTP valuation that is some total of valuation of radio and print.**

Coming to the digital without which no media discussion is concluded, we reiterate that it is one of our core businesses and our focus area therefore our focus on its expansion continues without going overboard. During the year, we worked with a consultant of international repute and firmed up a five years strategy, which has been rolled out. Let me give you comfort and assure you that the plan rolled out is relevant and realistic without needing any fancy investments and for an infinite period of time, which is in general the problem across the country. **Here too, we intend to have profits in 3-4 years' time by creating differentiator**. For ensuring efficient execution, appropriate monitoring mechanism has been put in place and one of the best in media industry is in control of the operations. Money saved from closure of City Plus and Josh Plus magazine will be good enough to make investment in digital and that is what we will do.

As far as dividend is concerned, let me assure you that company's policy of distributing surplus cash with the company continuous. There is no change in that. Given the confidence in continuing cash generation from the business, insignificant debts in relation to net worth and surplus cash in hand, the management had proposed to the board buyback of share, which board declined to consider owing to pendency of schemes of arrangements at high courts in line with highest degree of corporate governance. **There was no bar under law, but still board felt, let me not do something , which becomes a basis for speculation. So they said we will not consider at this juncture**. These schemes are expected to be completed in next three to four months after which the management will again consider to take the proposal to the board for its consideration.Had the dividend been proposed distributable cash available with the company would have been lower by 30%.

As I stated above, balance sheet continuous to be strong with a very low gearing. **In order to improve the return on capital, which as it is, has been improving year-after-year the management will continue to explore various possibilities.**

In 2016-2017, we expect economy doing better at the back of increased consumer spend helped by implementation of recommendation of 7th pay commission as well as one rank, one pension policy and good monsoon besides governments push on investment in general and rural infrastructure in particular. Accordingly we all should expect a more rewarding year for the industry.

For the company we expect growth of about 11% to 12% in advertisement revenue for print and over 15% growth in advertisement revenue for radio . We also expect growth of 14% to 15% in operating profit, which

should result in growth of about 20% in EPS due to lower or at best flattish depreciation owing to our conservative method of depreciation that is WDV lower interest burden as well as lower taxation. In case of Digital, we expect to maintain the momentum and achieve a growth of 50%.

Last point which I want to share is that we have analyzed impact of IndAs and we are happy to report that it will not impact key figures materially in our case although the presentation will change dramatically, which will have initial challenges of understanding and I think will all have to work for some time to improve our understanding. There will be one disadvantage to us and this disadvantage would be, we will not be able to book accumulated income in the next year profit & loss account on account of FMPs which are maturing in 2016-2017 and will have to adjust in opening balance of profit & loss account, but whatever I have said with regard to improvement in EPS or improvement in profit, that is after considering the fact that we will not be able to account for this income next year.

With this, I conclude my opening remarks and request you to proceed with your questions.

Moderator: Thank you very much. We will now begin the question and answer session. First question is from the line of Ishdeep Kaur from Karma Capital. Please go ahead

Ishdeep Kaur: Appreciate the disclosures and even the presentation. Just wanted to check on the margins of other publications how do you see the margins increasing from here on if you could also break it in terms of Nai Dunia and Mid-Day.

R.K. Agarwal: Margins are going to improve year-after-year with the growth in advertisement revenue. All of them are operating at very low margins as of now. As compared to Jagran ,yes they cannot be expected to catch up with Jagran's margins in a year or two but they would keep on improving, there is no doubt about that. Mid-Day has reported an operating margin of 20% to 21%, which was , I believe, 12% to 13% last year.

Ishdeep Kaur: So any guidance that you could give how much would it is in the next year.

R.K. Agarwal: If you are talking about the next year.

Ishdeep Kaur: Yes guidance for the next year.

R.K. Agarwal: If you are talking about next year it should be in the range of about 24%, 25%.

Ishdeep Kaur: And how would it be for Nai Dunia.

R.K. Agarwal: Nai Dunia has cut down its losses drastically. As I mentioned in my opening remarks, it had negative contribution of nearly 0.50 paisa in the EPS and this year it has a negative contribution of about 0.10 paisa so from next year they would start contributing positively.

Ishdeep Kaur: And also if you could tell us the yield differential between ourselves and number two players in UP as of now.

R.K. Agarwal: Don't you think that this is a bit detailed one . There is a good difference; there is no doubt about it and this is a bit of trade relevant information as well.

Ishdeep Kaur: Thank you.

Moderator: Thank you. We have the next question from the line of Abneesh Roy from Edelweiss. Please go ahead.

Abneesh Roy: Hi sir, congrats on very strong set of numbers. Sir my first question is in terms of the accelerating ad growth what has gone right because some of the other print players are still think to be struggling in some of their markets you are definitely accelerated and now with online retail cutting back across segments and there definitely related UP is definitely a positive but then online just cutting back, in that context how you are seeing ad growth in next year and what was the state between volumes and yield this quarter Q4.

R.K. Agarwal: Abneesh you have packed many questions in one line let me answer you the easiest one first we do not believe that online is a problem as far as print advertisement revenue growth is concerned.

Abneesh Roy: How much is online sir currently.

R.K. Agarwal: Currently for us it is 20 Crores, but I do not think online is hurting the growth in print .

Abneesh Roy: It is a quarter or a year.

R.K. Agarwal: Sorry.

Abneesh Roy: 20 Crores is a quarter number or a year number.

R.K. Agarwal: No this is year, we will be more than happy having 20 Crores per quarter.

Abneesh Roy: And sir you are referring to the online retail advertisement right, the Flipkart, Amazon.

R.K. Agarwal: No.

Abneesh Roy: Sir I am referring to that.

R.K. Agarwal: you are talking about online advertisement for the print. Ok , for us it is not yet significant Those guys might have contributed maybe 1%, 1.5% of the total pie.

Abneesh Roy: And what are the split sir rate and volume.

R.K. Agarwal: Rate and volume Abneesh. We have discussed it several times. It is very difficult to give one line answer to that because otherwise it will be very confusing what all I would say is it is mix of three things, namely improvement in yield in some cases, efficient utilization of ad inventory which also you results an improvement in yield and more ad space. So when we say we have increased our market share in the country from 7.% to 7.25% of the total print ad., this increase happened because of increase in space as well as improved yield, but what is the component of both in terms of percentage that is a little tricky question, because no simplistic answer is there.

Abneesh Roy: Sir December quarter you said real estate white goods and auto had done well so these continue and I will still don't understand real-estate which is turning everywhere in your markets why are you seeing a risk.

R.K. Agarwal: One part I will answer and then Director Marketing will add. Real-estate if you recall we are in touch with each other years , when real estate was growing elsewhere I always used to tell you we are not the gainer. So there had to be sometime when we will also become gainer there. So it is trickledown effect when Bombay, Delhi are not doing well the other towns are doing well because we never experienced boom and so we will not experience downfall as much also

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Moderator: Thank you. The next question is from the line of Prasad Padala from Investec Capital. Please go ahead.

Prasad Padala: Sir the ad revenue growth for the quarter, can you please give the breakup of what is the volume growth and the yield growth.

R.K. Agarwal: I just explained to Mr. Roy there is no way we can give simple answer to this complicated question, what I would say there are three things which helped us improve our growth that is improvement in yield in some cases, efficient utilization of ad inventory which also ultimately results an improvement in yield and third is the increase in a space.

Prasad Padala: And what is the growth in the circulation for the quarter.

R.K. Agarwal: Circulation revenue grew by about 8% in the quarter.

Prasad Padala: Volume.

R.K. Agarwal: Volume growth is of about 3% to 4% for whole of the industry Whomsoever has not launched any new edditions has had this similar kind of a growth and this is the pretty understandable also because if the economic conditions are not supporting the advertisement revenue growth then everybody would sensibly increase the circulation instead of dumping the copy.

Prasad Padala: And revenue you said 8% know.

R.K. Agarwal: Q4.

Prasad Padala: And sir if I look at the other expenses they are actually gone up sharply compared to revenue what is the contributing to that outside.

R.K. Agarwal: There are three expense which have contributed in that where you say they have gone up you are comparing QoQ or you are comparing YoY.

Prasad Padala: Last year YoY.

R.K. Agarwal: YoY again may be a very misleading comparison because you did not have radio in this but as it is also your observation is right. there is an increase of nearly 12% to 13% in the existing businesses and that is primarily because of promotional, publicity expenses in addition to incentives on sales.

Prasad Padala: Sir and one more thing if I look at the receivable days in 4Q between consolidated actually it has slipped in consolidated but not so much in standalone so does that mean anything that had been contributed by Mid-Day or radio the slippage in the receivable days.

R.K. Agarwal: Mid-Day and radio contributed very, very significantly and which is what I mentioned in my opening remarks, If you are talking about absolute amount then Mid-Day made a contribution of nearly Rs.18 to Rs.19 Crores in the bottom-line and in nine months our Radio City contributed 45 Crores.

Prasad Padala: No I am talking about the receivable days sir. If I look at the consolidated our receivable days have slipped but not so much in the absolute amount.

R.K. Agarwal: You are talking about the receivable.

Prasad Padala: Receivable days yes.

R.K. Agarwal: I am extremely sorry. Receivable again last year figure did not include radio.

Prasad Padala: No sir I am just talking about 4Q so if they were compare between consolidated and standalone.

R.K. Agarwal: Consolidated and standalone that is what I am saying in consolidated you have radio which is about 80 Crores debt recoverable which have got included in the consolidated which was not there in the standalone. Do not worry, debtors are very much under control and Radio City is a very, very conservative as far as provisioning for debts is concerned . They are the only one in probably in whole of the media entertainment industry who makes a provision incase amount is not received in six months. So they do not have any outstanding which is older than six months.

Prasad Padala: So you think that radio that 80 Crores receivables are contributed to that.

R.K. Agarwal: Yes.

Prasad Padala: So on an average what could be the receivable days for Mid-Day and radio.

R.K. Agarwal: Radio is not more than I think 120 days.

Prasad Padala: How much sir.

R.K. Agarwal: 100 days. Radio is 100 days on an average and that is what is about Mid-Day is less than that 80 to 90 days and Jagran is about 75 days.

Prasad Padala: Thank you very much, that is it from my end.

Moderator: Thank you. We have the next question from the line of Sonaal Kohli from E&R Advisors. Please go ahead.

Sonaal Kohli: Congratulations Mr. Agarwal on a very good set of numbers. I have two questions from me. First thing when you talks about growth rate going forward are you expecting a significant contribution coming from UP government and what was the UP government contribution to you overall revenues and advertisement revenues in 2016 and secondly pertaining to buy back it for some reasons talks right most of go further would you still sticks with buy back and if so what was the plan amount. Thank you.

R.K. Agarwal: I will take the second question first and first question later. See I am not authorized to speak on both the things because board is to consider and in case company is doing well and in case share prices are moving up so we cannot help and the decisions cannot be changed because the company's policy is to reward the shareholder. So that is what I feel, but then the ultimate decision is going to be taken by the board only.

Sonaal Kohli: And sir secondly coming to the UP government's consideration to advertisement revenue by in 2016.

R.K. Agarwal: Total contribution of government is about 20% to 21% and if you recall in Q3 for us revenue from government had de-grown but still total contribution is about 20% to 21% and UP government is contributing but that is something which I have never looked at but I would request Director Marketing in case he can give it.

Shailesh Gupta: UP government on the whole five would be approximately 8%.

Sonaal Kohli: Of the advertisement or of the total revenue.

Shailesh Gupta: From the total revenue contribution, advertisement contribution of UP government is…

Sonaal Kohli: And sir when you have made the future focus are you expecting a very significant spend on by the state government and the run up to be about.

R.K. Agarwal: Yes, and it is already being felt.

Shailesh Gupta: It is already being felt and it is already been planned so sometimes you need to plan ahead to take out maximum share from the government.

Sonaal Kohli: Thank you so much sir.

Moderator: Thank you. The next question is from the line of Ankur Periwal from Axis Capital. Please go ahead.

Ankur Periwal: Just if you can highlight state specific environment in terms of ad spend across UP, Uttarakhand, Bihar, Jharkhand and MPCG.

R.K. Agarwal: You want breakup for each state.

Ankur Periwal: Not breakup outlook in terms of incremental ad spend because UP as a state maybe growing much faster but may not…

R.K. Agarwal: Yes clearly UP is number one , but Bihar too is doing well. I mean when I say UP iam including Uttarakhand when I say Bihar , it is including Jharkhand.

Ankur Periwal: So when we say Bihar is now doing well is it more private sector sort of ad spend going up or probably the government has…

R.K. Agarwal: Have to probably wait for some more time before Bihar private sector contributing in the growth significantly.

Ankur Periwal: And for UP Uttarakhand it will be a mix of both.

R.K. Agarwal: 75/80% private and 20/25% government

Ankur Periwal: And from Nai Dunia respective MPCG.

R.K. Agarwal: MPCG is not yet fully settled as you can see even from Baskar's results but then as I said , they have really done a wonderful job; they have cut down their losses significantly they have reported a growth of nearly 10% in advertisement revenue for whole of the year and in Q4 they have reported a growth of nearly 13.5%.

Ankur Periwal: So in terms of the pricing now I understand the circulation will be still lower for Nai Dunia versus the market leaders but if you can help us understand the pricing differential what we are right now both.

R.K. Agarwal: You are talking about advertisement revenue yield.

Ankur Periwal: Yes.

R.K. Agarwal: We should not be more than 25%.

Ankur Periwal: So we are 25% of the market leader.

R.K. Agarwal: Yes it may be 30% but not beyond it.

Ankur Periwal: Just to draw a parallel year so what will be the similar differential let say UP versus we and the number two player in UP for you.

R.K. Agarwal: They could be 50% to 60%.

Ankur Periwal: And as per you who will be the stronger player there our Amar Ujala or Hindustan.

R.K. Agarwal: It is Amar Ujala,

Ankur Periwal: Yes, exactly because our circulation numbers are significantly better for them versus.

R.K. Agarwal: That is better for whom.

Ankur Periwal: For Amar Ujala.

R.K. Agarwal: Then.

Ankur Periwal: The Hindustan in UP I am saying.

R.K. Agarwal: That is true. We are player number one they are number two and Hindustan is number three.

Ankur Periwal: Thanks a lot from my side.

Moderator: Thank you. Our next question is from the line of Ankur Saxena from Apex Securities. Please go ahead.

Ankur Saxena: Sir first of all congratulations on a great quarterly numbers. Can you please state the movement in newsprint prices for what was the newsprint prices for Q4 and the full year and what is your outlook for the next year?

R.K. Agarwal: In Q4, there was no saving on account of newsprint prices It was more or less same what it was Q4 FY15. For whole of the year, there was some saving which got fully consumed in increasing pages per copy. Next year we expect an increase of 4% to 5% which is normal

.We always expect and we always factor it in our plan and in case we are able to save that, that becomes additional , So that does not worry as it has to be it is going to be lower than the inflation but there will be some increase, next year we cannot expect any saving on account of newsprint.

Ankur Saxena: What was the movement versus last year for full year?

R.K. Agarwal: We saved ---let me tell you straightaway the amount ---it was about Rs.34, Rs.35 Crores saving and the additional pages which we printed that cost us about 55 Crores. Pages were added because of increase in ad space as well as increase in circulation.

Ankur Saxena: Thank you sir.

Moderator: Thank you. We have the next question from the line of Rohit Dokania from IDFC. Please go ahead.

Rohit Dokania: Just two questions from my side. One is if I look at the Q4 numbers for DJ the revenues have grown at 12% sir, but the EBITDA has grown at almost 8% so could you explain what is going on out there.

R.K. Agarwal: It was simply because in Q4 I had more of promotion and publicity expenses and circulation plan for increase in circulation for the next year too was getting rolled out so there was some spike in circulation also.

Rohit Dokania: And the second question would be if you could talk about the radio margins for FY17 considering the fact that will be launch in the new station.

Apurva Purohit: As you are aware, this year we have shown the highest margin amongst the large players as we have grown from 31% to 34% of our current station. Now, as the new stations that take off, the blended average in the first year will be around 29% and then by the second year it moves back to around 31%, 32% and by the third year we will be back at 33%, 34% margin that we are talking about. Just one point that I would like to make here is that it also depends on when the roll out of stations happened. In a steady state, this is the figure that is going down to around 29%, 30% moving back to 33% in a year and a half time.

Rohit Dokania: And just a follow up when is the realistic scenario of getting the new stations launch depending all the approvals and all.

Apurva Purohit: As of now the process that is being rolled out through Basil and Prasad Bharti seems to suggest that the station will start getting launched in Q2 and Q3 of this year so in all, our eleven stations should be ready by the end of the calendar year, is our expectations.

Rohit Dokania: Thanks a lot wish you all the best.

Moderator: Thank you. We have the next question from the line of Sonaal Kohli from E&R Advisors. Please go ahead.

Sonaal Kohli: Sir two questions, firstly on my follow up question, in terms of buyback what is the kind of amount do you have and would you replace it comes hit there was and going forward.

R.K. Agarwal: Sonaal that is what I said. In fact I am not authorized to say anything on that because ultimately it is the board's call how much amount they will allocate at what price they would decide to buyback but what all I can say is company has always been shareholders friendly and board will also take cognizance of this fact and accordingly they should not disappoint any one of us.

Sonaal Kohli: Sir secondly when you said about 15% EBITDA growth we have taken into account the roll out plans of the radio station.

R.K. Agarwal: Everything.

Sonaal Kohli: And negative impact whatever will happen because of the same.

R.K. Agarwal: In our case, that is not much.

Sonaal Kohli: And sir in terms of going forward the focus which you made for various advertisement growth base how much is it dependent upon this, let's say if the economy was to grow at what it has grown last year how would it change your estimate and are you estimate more led by company specific sectors or more led by economies specific.

R.K. Agarwal: It is combination of both, clearly if the economy does not do well media entertainment industry cannot do well and that is for us too . There is a clear correlation which has been noticed by all of us .Number two, this is something again which is very, very interesting------ if you are expecting a growth of say next year 7.5% and if the indications are it would go down to 7% or it would go down to 6.75% in that case media spend does not fall proportionately it will fall drastically What I am trying to say is economy plus the sentiments both play out because after all it is a discretionary spend. Now last year also economy grew by about same amount as it is expected to grow this time or as it is estimated to grow this time but why we have done better growth, it is simply because there was a positive sentiment . We have also taken into consideration the company specific factors. There are brands like Nai Dunia, Mid-Day, which have just started making contribution; so going forward they will keep on improving their margins, they will keep on improving their contribution; so that is what would give Jagran additional support; then radio is there.

Sonaal Kohli: So sir in terms of when I say its country specific economic specific sectors are your growth more linked to the UP growth rate or country specific sectors so do you think the run up to the…

R.K. Agarwal: this is again very good question which you have asked unlike many other players our destiny is not tied up with only one state. yes UP continuous to be one of the major contributors but then now our fate depends on economies of 19 states; in some cases it is a smaller contribution where radio alone is there and in some other cases where radio and print both are there it is larger one, but UP, Bihar, Delhi and Maharashtra all are very important, in fact these four are very, very important to our businesses.

Sonaal Kohli: Sir are you seeing any early signs of aspiration at least in UP compared to last year is that the case.

R.K. Agarwal: Yes, of course if you see Jagran doing very well believe that and then it is not only because we have done something very, very special yes we have done special but then there has to be potential as well.

Sonaal Kohli: And sir when do you think you will be in a position to take price hikes would it be this year, would it be next year.

R.K. Agarwal: We have taken price hike last year also ;why do we carry that impression that we have not done the price hike last year. If we were not able to do that, how we would have maintained the margins.

Sonaal Kohli: Sir I meant in terms of context of volume versus price obviously you must have taken some price hike but when do you see the pricing power really determine would it be this year, would it be next year.

R.K. Agarwal: We expect increase in prices to the extent of 7% to 8% this year.

Sonaal Kohli: Thank you so much.

Moderator: Thank you. We have the next question from the line of Vikas Mantri from ICICI Securities. Please go ahead.

Vikas Mantri: Sir three questions from my side. You mentioned that depreciation should be flattish for the next year; this is after accounting for the higher payment in the radio side also the higher…

R.K. Agarwal: Absolutely because Vikas even this year as far as old stations are concerned we have already taken the hit basis whatever we have paid for migration.

Vikas Mantri: And sir on the other income can you explain me how will our SMP gains which we were expecting this year be recorded.

R.K. Agarwal: It will get adjusted in the opening balance only.

Vikas Mantri: So it will show up in the balance sheet that way.

R.K. Agarwal: Yes, it is not going to impact when I talked about improvement in EPS by 20% I have not considered that additional benefit.

Vikas Mantri: Sir on the radio side even we have more station this year and relatively all will be online hopefully then our growth guidance of 15% seems to be very nominal.

R.K. Agarwal: we are conservative absolutely right; in our plans we have not planned for 15% growth. Vikas I could have said 18% or 19% or 20% but then risk to that is when do we get new stations to roll out .

Apurva Purohit: See the expectation we got the stations in the cities which already have radio so we were expecting that the government would give it to us faster but as you can see that by the time they roll out it will be the second half of this year

Vikas Mantri: Fair enough thank you ma'am and best of luck.

Moderator: Thank you. We have the next question from the line of Ashish Upadhyay from Elara Capital. Please go ahead.

Ashish Upadhyay: Sir would it be possible to share the sales EBITDA PAT number for FY16 Mid-Day and Nai Dunia business.

R.K. Agarwal: Sales EBTIDA for Mid-Day and Nai Dunia making that is little difficult, will you not be happy in case I share with you the EBITDA percentage.

Ashish Upadhyay: Okay sir that should be good.

R.K. Agarwal: So Mid-Day did about 23% and Nai Dunia had negative nearly 12% turning into 2% positive maybe 10% to 11% negative and turning into 2% positive.

Ashish Upadhyay: Sir what is your assumption of organic growth of radio when you say it is 11%, 12% on top-line growth on ad revenue for next year and what is the inorganic addition that you would have considered in this on radio side.

R.K. Agarwal: If you say 11% to 12% we have talked about print not the radio.

Apurva Purohit: As of now we have estimated on the current 20 stations plus now the Mantra stations which will get amalgamated with us that is where we are saying a 15% growth and the new stations will just add on to this so this is the organic growth that we are talking about.

Ashish Upadhyay: So assuming that this Q2, Q3 you get all these new stations rolling what could it the number look like ballpark.

Apurva Purohit: I would not like to give a specific figure because I am repeating that the timing of this is not in our control but having said that assume they play out in Q2 and Q3 we would grow at around 18%, 19%.

Ashish Upadhyay: Thank you.

Moderator: Thank you. The next question is from the line of Ritwik Rai from Kotak Securities. Please go ahead.

Ritwik Rai: Sir a couple of things the realization per copy growth for the quarter, the year please.

R.K. Agarwal: Before I answer this question, let me clarify couple of things which I did in my opening remarks as well. I think you are completely aware that Jagran's per copy realization is the highest in the industry, am sure you are aware of that.

Ritwik Rai: Yes I am aware.

R.K. Agarwal: Still it has improved by about couple of percentage in the current year.

Ritwik Rai: Sir if you can put a number of that.

R.K. Agarwal: 2% improvement in per copy realization now.

Ritwik Rai: Yes sir I am aware I was asking for the growth rate.

R.K. Agarwal: this is the highest and this year we have grown it by 2% in case Dainik Jagran, in case of Punjabi Jagran it has been grown by 25% or 20% in case of inext it grew by about 5% to 6%, in case of Mid-Day it again grew significantly, in case of Mid-Day Gujarati too it improved , in case of all there was an improvement in per copy realization.

Ritwik Rai: On a blended basis sir about 4% or so.

R.K. Agarwal: Sorry.

Ritwik Rai: On a blended basis would 4% we have…

R.K. Agarwal: Blended basis I mean that kind of a exercise we don't do because problem is one is compact and other is broad sheet so for me it becomes irrelevant so long as I look at brand wise, they are selling in different markets even if you have to find out some blended rate how would it help you.

Ritwik Rai: No it would help us in modeling it so that is why I was asking but doesn't batter it is okay. Sir about the newsprint quantity for this year the amount assumed how much has that grown by.

R.K. Agarwal: Quantity has grown by about 8%.

Ritwik Rai: And sir just one last thing in terms of the breakup between ad revenue yields and volumes and you spoken about it as people have asked about it sir it is kind of helpful if you provide us that number because you, yourself use to provide that number in the past and…

R.K. Agarwal: I used to provide that number but later when we realized that this number was getting misleading as it is such a complex matrix I stopped providing it, Why don't you come down to Kanpur once, if you come down I will sit with you and then I will tell you how confusing this is.

Ritwik Rai: Okay sir I will take that, sir just one last comment on your advertising revenue growth guidance I was thinking considering that you are seeing some traction in government advertising plus I would imagine that the UP elections will also takes place in the fourth quarter of this year. So all that put together then 11% to 12% growth only are you being too conservative over there also as you can see or…

R.K. Agarwal: I am not. As you have seen in the last year also ,the growth started picking up quarter-after-quarter and this year also I am not seeing very good growth in Q1 but Q2 should be better In fact this time second half should be far better than H1.

Ritwik Rai: Thanks very much sir I am done.

Moderator: Thank you. We have the next question from the line of Chitrangada Kapoor from Samiksha Capital. Please go ahead.

Chitrangada Kapoor: I basically wanted to understand the scheme of arrangements which is newly made after acquiring Manthra between NBL and Crystal and SPML if you can just breakdown and explain it a little in detail it is still confusing on the note.

R.K. Agarwal: Chitrangada both the schemes have to be approved by Allahabad as well as Mumbai high courts because the radio related companies are based out of Mumbai and Suvi also is based out of Mumbai. So I am torn between two high courts Allahabad high court has approved one scheme that is Suvi infotainment but Bombay high court is yet to approve. The other scheme which is the larger one which is the composite one which involves radio , the progress is as follows:

Allahabad high court has accepted the filing of the scheme and has passed the order for seeking the approval from shareholders, Bombay high court is yet to do it, we have also applied to MIB, MIB have said the moment we get the approval from high court they would also give the approval so that part which is again time consuming has already been taken care off . we cannot expect these to be completed before August or September.

Chitrangada Kapoor: So it will come from third quarter onwards basically.

R.K. Agarwal: Yes, but it will come retrospectively, appointed date continuous to be January 2016 which means you would have to a/c for last 3 months of 2015-16 by adjusting opening balances

Chitrangada Kapoor: Sir could you help me of with the Manthra Financial what is the current revenue margins PAT any debt which is there any tax benefits which is there.

R.K. Agarwal: There is no debt there is a debt of only 15 Crores which JPL has given to them for the migration and their revenue growth operating profits et cetera the boss will tell you.

Apurva Purohit: I think we started selling Radio City and Manthra together as a package from last year and that has obviously reflected and increased revenues for the Manthra Group of channels so I think the margins are pretty similar to the Radio City margins which is around 30% plus

Chitrangada Kapoor: A follow up on this you said that that package is already selling with Manthra as a bundled up producing so if I can breakdown between Manthra and Radio City how much was the contribution from Manthra to the blended Radio City revenue.

Apurva Purohit: The Manthra is a fairly small set in all this so overall the revenues are not more than around 12% of Radio City revenues.

Chitrangada Kapoor: Mr. Agarwal question to you with regards to crystal what was crystal initially housing.

R.K. Agarwal: Crystal was housing madam's activation business.

Chitrangada Kapoor: Which has now gone away from Crystal.

R.K. Agarwal: Which has been closed. That was the 2,/3 Crores business, if she needs any assistance Jagran Solution would give and but then it is holder of 22% stake in Radio City as well.

Chitrangada Kapoor: Yes, but that is indirect holding it is the holding it through STML if I am not mistaken so I am just trying to know sir why we have…

R.K. Agarwal: Sorry Crystal directly holds in MBL and it is also getting amalgamated.

Chitrangada Kapoor: That is the reason why I wanted there were three tiers holding to Jagran versus the MBPL, which is the reason why I was trying to understand why this is with us.

R.K. Agarwal: , while the Radio City is directly owned by the spectrum and crystal , those two are owned by JPL to the extent of 100%.

Chitrangada Kapoor: But why keep spectrum and crystal both that is what my question.

R.K. Agarwal: That is not something which we did it has come just like that from the erstwhile owners.

Chitrangada Kapoor: Sir one final comment on the management there is a change in the management designation as per our filing in the BSE and Mr. Sailesh would say…

R.K. Agarwal: We have corrected that; I am very much there

Chitrangada Kapoor: No I ask the prices Mr. Sailesh Gupta your CFO said so…

R.K. Agarwal: Sanjay Gupta was named CFO which my interviewer pointed out to me in the morning I checked up whether I have to come for attending this call or I have been replaced.

Chitrangada Kapoor: All right, thank you sir thank you for clarification.

Moderator: Thank you. We have the next question from the line of Jay Doshi from Kotak Securities. Please go ahead.

Jay Doshi: My question is for Apurva how do you see your if you could explain your digital strategy what was the investment that you are planning over next one or two or three years and how should we track your performance other than the revenue numbers that you look forward. So would you be disclosing more metrics and how what are the milestones that you may have or targets that you may have for next three-year perspective.

Apurva Purohit: As Mr. Agarwal started the conference call by talking about the fact that we worked with the international consultant to actually design our five year strategy on digital and I think not only at Jagran but across several industries not only the media industry, there is a whole worry and reflection going on as to how will digital impact each of our businesses and I think the play that we have made and the point that we have been driving is that digital finally will add on tremendously to us because for us as a content owner and a content provider digital opens out yet another distribution avenue and thereby giving us scope to increase our interaction with the consumers and especially the millennial generation who is increasingly wanting to access news current affairs entertainment everything via the smart phone, videos, blogs, broadcasts et cetera, et cetera so we are very cognizant of that . Our five year plan is designed around becoming a significant player in the digital environment With that final end objective of five years ,we have already started putting resources in place putting in investments in place and really this strategy will be around three pillars one is the news and information pillar which is our strongest pillar there is an education pillar that we already have in Josh and we are going to substantially build on it and of course the third pillar is the entertainment pillar which will be on the back of Radio City and Mid-Days. So these are our three broad pillars. So that is really the roll out of the pillars and how many page views and unique users we are able to generate out of these three pillars will be one of the first milestones and metric that we will be measuring and talking about. Right now we have a 2% share of the relevant digital market and we want to take it up to around 8% in the next five years as the market itself expands and as the digital by itself becomes larger. It will require a significant increase in the page views that we need to generate the unique users we need to generate and also the ECPMs that we are able to command in the market . So again if you were to ask the other metrics that we will be measuring apart from the three pillars are what are our Unique users , what are our page views and what are the ECPMs and which are the high value verticals that we can build on which will drive up ECPM. Finally the big potential that we see that is opening up and available for us to explode is that the next trajectory of growth in digital is really going to come from Hindi speaking markets and that is really going to be our big play where as it is we have Jagran to support us. In fact , the percentage of Hindi viewers within the growth of internet itself is expected to go up from 30% to 55% and we expect to exploit that growth . I also think one of the big challenges digital really faces is that there is a limited advertising and how many players can hope to access that advertising pie while we are hopeful to maximize that because of our legacy of Jagran and Hindi market and the fact that internet is going to grow there we also are working harder developing a subscription model through the education portal I think this in sum is really a going forward digital strategy.

Jay Doshi: That was very helpful thank you, my next question is now radio contributes about 15% to profit and maybe three four years down the line digital will also be some percentage of profits so would you consider listing these business separately because right now at least street is not giving that multiple to radio business so I am sure you would have receive this question from a lot of investors but just want to know your thought.

R.K. Agarwal: See clearly whether it is sitting within the company or it is independent or it is getting included, it is for you all here to value the company accordingly. This is what I mentioned in my opening remarks as well if there are two businesses you should value these two businesses independently

Jay Doshi: And just last small one if I were to look at 4Q versus 4Q excluding radio business then revenue growth is about 11% EBITDA growth is about 9% I think if I were to look at other expenses I think bulk of CSR cost was taken in third quarter in this financial year. So generally the other expense amount line item looks a little high to me also the fact that what is your thought.

R.K. Agarwal: It is little high and it is because of promotion publicity expenses and there were certain target incentives which were to be accruing or given only after achieving the target. They did exceptionally well which was not expected in earlier three quarters and that is why for whole of the year , the incentive got accounted for in Q4, so this is what has resulted in increasing other expenses steeply and that is an increase of about 12% to 13% in Q4 on YoY basis although for whole of the year this increase is still lesser.

Jay Doshi: So there is more like a one half as far as this quarter is concerned.

R.K. Agarwal: Not one half this will be recurring expenditure distributed over whole year. …

Jay Doshi: And just last small one our raw material cost again is sub 9% for I think on a YoY basis newsprint was maybe flat or slight decline so and your volumes must have gone up by 3%, 4% so you did mentioned that it was related to some expansion of circulation in that Dainik Jagran so is that all or it is like something as well.

R.K. Agarwal: No, increase in pages also, pages per copy.

Jay Doshi: And should we see pagination stay at current level…

R.K. Agarwal: It all depends on the volume of advertisement. if the volume of advertisement increases substantially then page may also have to be increased at some places not across because there are certain editions where there is good ad inventory . As I mentioned earlier, the growth in advertisement revenue was function of three things, number one was improvement in yield number two was efficient utilization of ad inventory and third thing is increase in space . so whenever third thing happens then you will have to increase the page . In first two cases you do not have to increase the page .

Jay Doshi: Thank you so much and best wishes for coming year.

Moderator: Thank you. We have a follow up question from the line of Si Sonaal Kohli from E&R Advisors. Please go ahead.

Sonaal Kohli: Sir firstly was there any partner related write-off in Q4 which also impacted other expenses and secondly what is the value of real-estate we hold and is there any plan for monetize that I remember we were looking at one year back so if you could clarify though the plants still hold and is there any timeline to it and what will be the contest.

R.K. Agarwal: Yes Mr. Sonaal we avoid doing barters ,radio does some barters but print business does not do barters now ----once bitten twice shy that is the situation yes there was some provision in Q4 but that is not instrumental in increasing the other expenses to that extent, it has contributed about 1% increase but not beyond that . As I mentioned, essentially these expenses have increased because of increase in promotion and publicity activity and also sales related incentive.

Sonaal Kohli: And sir on the real-estate side.

R.K. Agarwal: On real-estate side this year also we sold out one property and if you recall I mentioned there is no desperation to sell . whenever we get the good price we do sell last year also we sold some this year also we sold some so that process is on.

Sonaal Kohli: So what is the valuable surplus property we may not need going forward.

R.K. Agarwal: What is value a few hundred crores

Sonaal Kohli: When you say few hundred sirs, it means beyond 500 below 400.

R.K. Agarwal: Keep your expectations low let us say less than 500.

Sonaal Kohli: Thank you so much.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions I would now like to hand the floor over to the management for the closing comments. Thank you and over to you sir.

R.K. Agarwal: Thank you friends, thank you very much for sparing your valuable time. Thanks.

Moderator: Thank you very much. Ladies and gentlemen, on behalf of Yes Securities Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.