



HT MEDIA LIMITED

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**HT Media Limited**

Investors / Analysts Conference Call Transcript

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**Moderator:** Ladies and gentlemen good afternoon and welcome to the HT Media Q1 FY09 results. As a reminder for the duration of the presentation all participants are in the listen-only mode. And there will be an opportunity for you to ask question at the end of today's presentation. Should anyone need assistance during the conference call they may signal an operator by pressing \* and then 0 on their touchtone telephone. Please note that this conference is being recorded. At this time I would now like to hand the conference over to Mr. Ishan Selarka of Citigate Dewe Rogerson. Thank you and over to your sir.

**Ishan Selarka:** Thank you Melissa, Good afternoon everybody and welcome to HT Media's Q1 FY09 conference call. Thank you for joining us. We have with us Mr. M.S.Venkatraman, CFO and Mr. Rahul Jain, General Manager, Finance of the company. We will commence this conference call with opening remarks from Mr. M.S.Venkatraman which will be followed by any comments or questions that you may have. I would now like to invite Mr. Venkatraman to share it perspectives with regards to the companies performance during the quarter ended 30th June 2008 and the opportunities going forward, over to you Mr. Venkatraman.

**M.S.Venkatraman:** Thank you Ishan, Good afternoon ladies and gentleman. I would like to welcome you all to HT Media's earning call for the 1<sup>st</sup> Quarter of the current financial year. I hope you had an opportunity to go through our results for the quarter under review. I will briefly go through our financial results for Q1 FY09 before taking up the questions.

To begin with our total revenue for the quarter was Rs. 333 Crore which translates to a growth of 17.4% compared to last year 1<sup>st</sup> Quarter of total revenue.

Embedded within the Total revenue is the Ad revenue which was Rs. 280 Crore for this quarter compared to last year 1<sup>st</sup> Quarter our revenues have grown by 19.4%. EBITDA for the quarter was Rs. 74.5 Crore which is higher by 12.8% compared to last year 1<sup>st</sup> Quarter. In percentage terms EBITDA margins were 22.4% compared to 23.3% same period last year. PAT for the quarter was Rs. 37.7 Crore compared to Rs. 34.1 Crore last year 1<sup>st</sup> Quarter. Non-annualize EPS is Rs. 1.61 for a quarter. During the quarter we benefited significantly from the newsprint stocks that we have built up in the past this enabled us to maintain leadership position in most markets besides helping us in expanding in some of the markets.

We invested significantly in our brands during the quarter and despite challenging economic environments we were able to improve our overall financial performance. On the operational front all our publications grew robustly on circulation and advertisement revenues during the quarter, we continue to benefit from the synergy effects of English and Hindi combo-packages on the ad revenues and from the Jodi packages for circulation. Despite the competitive environment HT brand continues to grow robustly we relaunched “HT City” during the quarter with new features and are youthful style and structure. The relaunch was supported by an extensive advertising campaign billboards and other mediums and will be continuing into Q2 FY09 as well. These changes have been appreciated very well by our readers and we hope to positively benefit from this change in years to come. Similarly “HT Mumbai” has been tracking a very robust progress with improvement in brand salience and products appreciation by the target readers, going forward we will continue to invest in the brand with the emphasis on leadership and top line growth for the company.

Our Hindi Daily, “Hindustan”, continues to deliver a very healthy performance during this quarter as well. We continue to expand our footprint with launch in Dehradun and Chandigarh and gain market share in existing markets. We invested in the power of one brand campaign during the quarter and the customer response has been very good and finally Mint continued its robust growth during the quarter. Other significant areas of the company that is Radio and Internet continue to do well.

Official launch of Shine.com our Job portal was supported by significant marketing efforts during this quarter. I take this opportunity to highlight the error in respect of registered users which was inadvertently specified as 2.3 lakh users in our press release. It should read as 7.4 lakh users as of June 2008. I hope you will make a kind note of the same. Similarly Fever 104 during the quarter continues to grow very healthily in revenues and listenership both these businesses continue to track as per our plans.

During the quarter we formed a joint venture with Hubert Burda of Germany to exploit emerging opportunities in high-end magazine and catalog printing space in India and the Asia Pacific regions. The JV will be fully operational by Q3 of the next fiscal year.

To sum up the progress during the 1<sup>st</sup> Quarter has been in line with our plans and all our businesses. The economic outlook is beginning challenging with a higher than plan inflation rate and the consequent increase in cost this entails. We continue to monitor our progress very closely and hope to expand our top-line and bottom-line during this year as well. With that I would like to end the overview of the Q1 FY09 and would like to welcome any questions that you may have, thank you.

**Moderator:** The first question is from Mr. Percy Panthaki of HSBC, please go ahead.

**Percy Panthaki:** Sir if you could just give some kind of rough indication out of the 19% ad revenue growth that you have, how much could be attributed to new additions how much to price increases and how much to increased inventory utilization in the present addition.

**M.S.Venkatraman:** Right, in terms of new editions as I said we had two editions in Hindi coming in this quarter but then the contribution of that have seen been very small. In terms of price I would say about 10% came through price and about 8% came through volumes.

**Percy Panthaki:** Okay sir. And the real estate sector which was a laggard last year, has it sort of come back or do you still seem under performance in that sector.

**M.S.Venkatraman:** No during Q1 FY08 real estate did really well compare to last year and we hope we can continue into the future as one despite the fact that there have been changes to the interest rates and so on.

**Percy Panthaki:** Compared to last year Q1 FY08 what would be the approximate Y-O-Y growth in the real estate advertising?

**M.S.Venkatraman:** Here I can talk about an overall growth rate which is at about 20%; real estate was one of the better performers I would imagine that it could be much higher than the 20% base rate.

**Percy Panthaki:** On the raw materials front what is it that you are currently purchasing in terms of landed cost and what was the average charge out for raw materials in Q1 FY09.

**M.S.Venkatraman:** We are contracting for various quarters as we speak Q2 FY09, Q3 FY09 and Q4FY09 and it varies between anywhere between USD 750 to about USD 850 right and on top of it you would have to add up the custom duty, inlands rate etc.

**Percy Panthaki:** Okay. What I am trying to get at sir is as compared to your charge out rate for Q1 FY09, it would obviously be lower because you had a big feedstock what is the percentage increase from that level to the current buying levels.

**M.S.Venkatraman:** I would say it could be order of about 20%.

**Percy Panthaki:** And the market prices on news print have now stabilized or are they still going northwards.

**M.S.Venkatraman:** They are currently stable but then we expect that to go up a little bit, again it all depends on how oil will track going forward.

**Percy Panthaki:** Okay, sir when was your last rate increase and what further rate increases our planned.

**M.S.Venkatraman:** Our last rate increase was in June this year and yes we would do one more sometime in September I think.

**Percy Panthaki:** And this one in June what was the approximate quantum of the increase.

**M.S.Venkatraman:** About 8% to 10%.

**Percy Panthaki:** Okay. And lastly in terms of the outlook for the year and in terms of advertising growth, do you see it is becoming more difficult as compared to Q1 FY09 would you struggle to maintain the 19% number or do you think it would become easier.

**M.S.Venkatraman:** Let's put it this way, my target for the year from an internal perspective is to maintain the current levels of growth which we would continue to do.

**Moderator:** The next question is from Mr. Ritesh Doshi of First Global Securities, please go ahead.

**Ritesh Doshi:** My question is, raw material cost have not increased so much as compared to what the newsprint cost have increased. So it is because you have shifted to a lower quality of newsprint or something.

**M.S.Venkatraman:** No, not really I mean we are still maintaining the same quality standards that we use to have.

**Ritesh Doshi:** Okay and sir can you provide breakup of ad revenues and how much came from Hindi newspapers and how much from English newspapers.

**M.S.Venkatraman:** Hindi was approximately about Rs. 60 Crore this year.

**Ritesh Doshi:** And sir can you forward your circulation numbers A, B, C.

**M.S.Venkatraman:** For which one.

**Ritesh Doshi:** Sir for Hindustan and HT Media, Hindustan Times.

**M.S.Venkatraman:** Current Print orders are about 1.5 million copies a day.

**Ritesh Doshi:** And for Hindustan Times?

**M.S.Venkatraman:** Hindustan Times would again be a similar number about 1.45 million.

**Moderator:** The next question is from Mr. Pawan Sadarangani from Dipan Mehta Stock Broking, please go ahead.

**Pawan Sadarangani:** Yes, when do you expect your Mint to break-even?

**M.S.Venkatraman:** Mints break even as I said earlier it would be next year.

**Pawan Sadarangani:** Okay so you still hold on to that target.

**M.S.Venkatraman:** Absolutely. Yes I mean that's as per the plan. And we are progressing as per plans only.

**Moderator:** The next question is from Mr. Pratik Gandhi of Patson International, please go ahead.

**Pratik Gandhi:** I have two questions, one is that you just mentioned that in September there will be another increase in the prices that you are expect, how difficult do you think it is likely to in light of the slower growth in the economy as such, I mean how much do you think the corporate etc would challenge this increase.

**M.S.Venkatraman:** See from a justification perspective I do not think there are any concerns I would say basically given that the level of news print price increases as far as the general inflation going up that I think from a logical, rationality perspective should be able to flow through but we also have to be careful in terms of pushing those prices because we want customers to continue to advertise, right. So we are trudging a fine balance between price increases and ensuring customers continue to use our medium going forward. So that one will have to see as the year progresses I mean if this inflation rate and so on start coming down by say September, October then I think we should be back into the old ways of growing very significantly.

**Pratik Gandhi:** Otherwise as you mentioned the increase in the cost is 20%, is that entirely news print oriented.

**M.S.Venkatraman:** See it is a combination of a lot things I mean news print is one portion, my consumption also would go up because the circulation during the next two quarters. And also, I would continue to invest significantly in our various brands and so on going forward. So it is a combination of lot of other costs also.

**Pratik Gandhi:** So to finally close this question do you expect the margin to remain the same in the next quarter or do you think it will come down.

**M.S.Venkatraman:** Next quarter in particular for possibly the margin could come down and on a full year basis as I have always maintained we will try and maintain last year's and the year before that levels, but yes I mean Q2 FY09 would be slightly difficult for us I mean which is again in line with what it has been in the past.

**Pratik Gandhi:** Okay got it. Now the other question that I had is that in the last balance sheet which was filed. There are Rs. 255 Crore which is lying in the mutual funds and some cash which is also lying. Now on the other hand, there is also some Rs. 200 Crore of debt which is also outstanding. So I mean what really is the logic for this I mean would you not rather retire the debt?

**M.S.Venkatraman:** Yes I mean it is basically of two things, it is part of our treasury operations as loans. The point is that these loans have come to us at an extreme cheap rates right I mean it was at about 9.5% they were long-term very similarly the yields on the mutual funds have been in the range of about 10% post tax. So the spread is fairly significant for us to benefit from it, we find no reason why we should retire it earlier than when it is due.

**Moderator:** The next question is from Mr. Abneesh Kumar Roy of Edelweiss Capital. Please go ahead.

**Abneesh Kumar Roy:** In the last year Hindi revenues were going in the range of 30% to 40% Y-O-Y what is the growth this time in Hindi.

**M.S.Venkatraman:** This Q1 FY09 has been pretty strong for Hindi it grew almost by about 45% to 48%.

**Abneesh Kumar Roy:** So are we seeing some structural shift from your competition because one of your competitors reported very modest numbers in add revenues in Q1 FY09.

**M.S.Venkatraman:** See that I would not be able to answer as to what my competition did but what I can say is that we continue to grow both circulation as well as leadership significantly in our vernacular both in Bihar, Jharkhand and UP markets and we are increasing our circulation and footprint as well. So all of these are contributing very significantly to the add revenues growth and as I said we are offering to the advertisers something called a combo pack which works with English and Hindi so those benefits are far superior to anyone else in the market for us. So that could explain the reason for our stronger growth possibly.

**Abneesh Kumar Roy:** And what would be the growth in English and circulation revenues.

**M.S.Venkatraman:** English growth was approximately about 13%.

**Abneesh Kumar Roy:** And circulation.

**M.S.Venkatraman:** Circulation was again about 9%.

**Abneesh Kumar Roy:** Okay. And sir how much did you spend on Shine.com because ad revenues have grown up, ad expenditure has grown up from Rs. 14 Crore to around Rs. 26 Crore so was it largely due to shine.com or...

**M.S.Venkatraman:** No shine is in a separate subsidiary called Firefly e-Ventures this spend is primarily on our Hindustan as well as on HT City re-launch.

**Abneesh Kumar Roy:** And my last question is on the JV with Hubert Burda do we plan to launch any B2B or B2C magazines in the next financial year FY2010.

**M.S.Venkatraman:** Not really this is more of as I said high end outsourced printing for Burda for the Asia Pacific region.

**Moderator:** The next question is from Ms. Dipti Solanki of PINC Research. Please go ahead. Ms. Solanki please go ahead.

**Dipti Solanki:** Sir, I wanted to know what are the revenues from the radio business?



**M.S.Venkatraman:** Radio business this quarter we did little over Rs. 2 Crore per month.

**Dipti Solanki:** Sir, Internet business contributing anything to the revenues.

**M.S.Venkatraman:** Not as of now I mean both radio and Internet are separate subsidiary so they do not contribute to HT Media now.

**Dipti Solanki:** Okay. Sir what would be the loss on account of radio business.

**M.S.Venkatraman:** Loss on radio business would be as you said on a full year basis it should be in the region of about Rs. 15 Crore.

**Dipti Solanki:** That is what you estimated?

**M.S.Venkatraman:** Yes.

**Moderator:** The next question is from Mr. Ritesh Poladia of Dolat Capital. Please go ahead.

**Ritesh Poladia:** Firstly, what would be the CAPEX of Hubert?

**M.S.Venkatraman:** CAPEX for us would be pretty small in my opinion it should be about Rs. 20 Crore and overall for the project should be around Rs. 35 to Rs. 40 Crore.

**Ritesh Poladia:** Okay and what kind of asset turnover we can look on this venture.

**M.S.Venkatraman:** I would say our targets are on a full year stable basis, it should be 3 times that.

**Ritesh Poladia:** Okay so we are like absolutely those high-ends outsourcing stuff we are looking at.

**M.S.Venkatraman:** Correct.

**Ritesh Poladia:** And sir what is our status of demerger.

**M.S.Venkatraman:** In the demerger we have decided to postpone it for sometime. So we would take up that issue only next year if required.

**Ritesh Poladia:** Okay any particular reason for deferment.

**M.S.Venkatraman:** Yes it is basically to grow our Hindi business we have come to the decision that it is better that we defer it for the present, consolidate our position in the UP market and continue to invest in that market significantly.

**Ritesh Poladia:** And sir as of now some talks are going on for increasing in FDI, what is your take on this?

**M.S.Venkatraman:** Well I mean we would welcome it if there is an increase in FDI obviously we would also benefit from it in terms of the flexibility it might provide us.

**Ritesh Poladia:** But do you see this time it would go through for the newspapers.

**M.S.Venkatraman:** Well I am not sure let us wait and watch. We still have at least 9 to 10 months before this government moves so yes possibly it could be an issue that could be taken up before that.

**Ritesh Poladia:** Okay and sir sometime like in notes to accounts we used to mention EBITDA loss of Mint can we have that figure.

**M.S.Venkatraman:** EBITDA loss of Mint now I mean the reason why we explained that was because of first year of operation. Now it is all part of our operation and the numbers are comparable between the two quarters. So that is the reason that we have stopped giving it, we do not want to give any standalone publication EBITDA and so on because again our performance is tied to all the branch from our ad revenue perspective.

**Ritesh Poladia:** Okay no issues sir. Sir just one small thing; is it cash broken even or still languishing on that.

**M.S.Venkatraman:** No it is not cash breakeven as yet.

**Moderator:** The next question is from Ms. Yasmin Shah of DSP Merrill Lynch. Please go ahead.

**Yasmin Shah:** Hi sir I just had a couple of questions. You gave us a breakup of advertising revenues – you said in English it was Rs. 212 Crore thus deriving backward revenues, were revenues from Mint around Rs. 7 Crore this quarter.

**M.S.Venkatraman:** Yes slightly more than that I would say.

**Yasmin Shah:** Okay and what are your circulation revenue and other revenues for the total revenue breakup?

**M.S.Venkatraman:** Circulation revenues overall were at about Rs. 36 to Rs. 37 Crore.

**Yasmin Shah:** Okay and just want to have a breakup between circulation in Hindi, English and Mint.

**M.S.Venkatraman:** Mint is a very small numbers you might as well skip it, basically I mean Hindi is a substantial portion of our circulation revenue which stands at approximately about Rs. 25 Crore.

**Yasmin Shah:** Okay and what has been the growth rate in Hindi?

**M.S.Venkatraman:** That is about 7%.

**Yasmin Shah:** Okay and sir just wanted to know in the metro towns what has been the growth rate in the ad markets in Bombay and Delhi.

**M.S.Venkatraman:** I would not go into Bombay and Delhi, we track it more at a regional level I would say this is what we have said all along. From a regional perspective we would have grown in the western region by about 12% and northern region by approximately 18%.

**Yasmin Shah:** Okay but could you like throw some sense on what the main markets like Bombay and Delhi are growing at.

**M.S.Venkatraman:** As I said again I do not have the breakup of Bombay and other markets in western region and for that matter north also, if I do joint sales across regions etc. etc. so it is very difficult to give the precise breakup that you are looking for.

**Yasmin Shah:** And sir I would really appreciate if you could just tell us whether the losses in Mint have remained at the same levels as last year or you have seen some kind of deceleration in them.

**M.S.Venkatraman:** Yes it has marginally come down, because of higher newsprint cost it has marginally come down relative to last year and plus of course I mean we have spent on the brand and so on much higher than what we had last year.

**Yasmin Shah:** Okay and sir my last question is if I have to compare your newsprint cost in terms of rate per tonnage what would be the exit rate for this quarter compared to Q1 FY08 of last year.

**M.S.Venkatraman:** Exit rate I mean this quarter was much lower than last quarter in that sense we closed this quarter as about USD 650 a ton as compared to approximately about USD 660 last year

**Yasmin Shah:** Right and now since most of your inventories have exhausted you would see ...

**M.S.Venkatraman:** A higher inventory cost going forward yes.

**Yasmin Shah:** Yes so you are looking at a jump of USD 650 to USD 750 kind of range right.

**Moderator:** The next question is from Mr. Arun Gupta of Equirus Capital. Please go ahead.

**Arun Gupta:** Wanted to get a sense of your plans on inorganic growth especially in radio, Internet and the vernacular segment.

**M.S.Venkatraman:** All three segments we are watching I mean as of now there is no player yet in the market, but as and when an opportunity arises in radio we would definitely pick up a license. We are also waiting for auction of phase 3 of radio license we look forward to picking up a few licenses when the government does the auctions. On the Internet front also while we are looking for opportunities as of now there are no firm plans as to any targets or any such thing.

**Arun Gupta:** What are the verticals in Internet you know you would want to get into whether organically or inorganically have they been identified, because ....

**M.S.Venkatraman:** Of course as I had explained my Internet strategy I mean we work on what is called 3Cs which is classifieds, communities and content. And content is basically currently hindustantimes.com, livemint.com and so on. So going forward we would look for opportunities to expand that space. Similarly on the classified side it is currently started with shine.com going forward we would look at real estate, matrimonial and so on. And community this would be professional networks, knowledge networks and so on. So there we have www.desimartini.com which we had acquired in Q4 FY08 and which we would now expand during the forthcoming quarters.

**Arun Gupta:** Right. Which are the two key markets for Hindi, for Hindustan, would it be right to say that it is UP, Bihar and Jharkhand.

**M.S.Venkatraman:** Currently yes.

**Arun Gupta:** And who would say are your main competitors in those key markets.

**M.S.Venkatraman:** There is Jagran Prakashan in the UP market, Bihar market we control that more or less where we have a fairly significant share there. So in UP we compete with Jagran Prakashan.

**Moderator:** The next question is from Mr. Hitesh Shah of Citigroup. Please go ahead.

**Hitesh Shah:** Yes just a couple of questions, what are the newsprint inventory levels at the end of Q1 FY09.

**M.S.Venkatraman:** Yes back to those 75 days inventory levels.

**Hitesh Shah:** And just wanted to understand in the annual report the inventory level does not show as that 4.5 months which you had spoken about at the end of Q4 FY09, just wanted to understand if I am missing something or ...

**Rahul Jain:** When we talked about 5 months inventory we talked about what is on our balance sheet as well as the on contracted rates, so what you are seeing on the balance

sheet is only what was in our godowns. Also contracts which were not delivered to us but were on fixed rates.

**Hitesh Shah:** Yes sure, that helps to understand. Secondly, we had a significant increase in the ad spent in this Q1 FY09 do you expect this rate of ad spent to continue for the rest of the year or ...

**M.S.Venkatraman:** Yes I mean the ad spent and brand building exercise circulation sales promotion expenses we would continue to have much higher numbers than last year. The significant proportion of it would be spent during Q1 FY09, Q2 FY09 and Q3 FY09.

**Hitesh Shah:** Sure and lastly content Internet portals are in the standalone entity right.

**M.S.Venkatraman:** No Hindustantimes.com is part of HT Media.

**Hitesh Shah:** Okay so what was the advertisement revenue from that content portal?

**M.S.Venkatraman:** It is a fairly relatively small number we do about Rs. 70 lakhs a month from that.

**Moderator:** The next question is from Mr. Vikas Mantri of ICICI Securities. Please go ahead.

**Vikas Mantri:** Sir just wanted to understand that our wonderful performance in Hindi segment how is the strategy of launching this new editions and the market share of our old editions being paid out in the last 2 quarters.

**M.S.Venkatraman:** Yes I mean it has been growing very well I mean we have grown as I said the top-line by approximately about 45% odd. And circulation revenues also continue to grow fairly strong in that market and in some of these markets we are experiencing really the power of one: both on the ad revenue as well as on the circulation front. We are gaining market shares in most markets for example in Lucknow we are #1 at the moment and other markets also the aspiration is to emerge as #1 as quickly as possible, but from a target perspective for this year I would, let us put it this way I would look for a very close number #3 position or a number #2 position in the entire UP market.

**Vikas Mantri:** Also, we have relatively a very strong foothold in the Punjab market where English is concerned so are we looking at moving there aggressively as well.

**M.S.Venkatraman:** Yes I mean we have had this Chandigarh edition of Jodi playing out very strongly with Hindi and English. Currently as I said our first concentration is on the UP market once we are done with that we will go back into Punjab and try and explore that market as well.

**Moderator:** The next question is from Mr. Ankur Arora of ING Investment Management. Please go ahead.

**Ankur Arora:** You said your inventory of 2.5 months is going forward, right?

**M.S.Venkatraman:** Yes.

**Ankur Arora:** Secondly what is the contracted price for this inventory?

**M.S.Venkatraman:** That would be in the region of about USD 750.

**Ankur Arora:** And what was the cost of the current quarter.

**M.S.Venkatraman:** Around USD 650.

**Ankur Arora:** So essentially we are looking at around 15% increase in inventory cost there in the next quarter itself.

**M.S.Venkatraman:** Yes well I mean I would not go into that kind of a mathematical equation the reason being as Rahul said we also have deliveries happening during Q2 FY09 which could be at higher rates.

**Moderator:** The next question is from Mr. Hiren Dasani of Goldman Sachs. Please go ahead.

**Hiren Dasani:** I heard from somebody that Times of India took almost 40% ad rates hike in two of the key markets whereas you are indicating that the price increase was only about 10%. So are we missing something here?

**M.S.Venkatraman:** Yes what I talked about was the June increase that we had announced. And what you are talking of is Times of India's rate that comes into effect from 15<sup>th</sup> August.

**Hiren Dasani:** Okay and this 40% increase is for the full year

**M.S.Venkatraman:** Yes, currently there is a 40% increase that they have indicated whether they stick to it throughout the year or they revise the rates going forward that is something that remains to be seen.

**Hiren Dasani:** Okay but in that case even the cycle is different for HT and Times – so that HT does 2 or 3 times a year where...

**M.S.Venkatraman:** ...so I mean we are looking at a possibility of price increase come September.

**Hiren Dasani:** Okay so on an average basis realization should improve by about 20% compared to last year, is that fair assumption?

**M.S.Venkatraman:** No make it more like about 12% to 15%.

**Hiren Dasani:** And sir how much would we have invested in the Internet business till now.

**M.S.Venkatraman:** We have invested pretty small amount so far I would say it is about Rs. 20 Crore.

**Hiren Dasani:** Okay and I think earlier you indicated that the plans are to invest up to Rs. 150 Crore, right.

**M.S.Venkatraman:** Correct over the next 3 years that is the kind of number we would be investing in that business.

**Hiren Dasani:** And this will be largely related to what marketing expenditure or ...

**M.S.Venkatraman:** It is a lot things it is not just marketing it would be the development of a number of websites in each of those domains that I have talked about. It will be about



recruiting people, talent both on the technical and non-technical front it is also about expanding our physical footprint across various markets across the country. So it is a multiple levels of investment it is not just about marketing spend.

**Hiren Dasani:** And by what time can we expect meaningful revenues from the Internet business.

**M.S.Venkatraman:** I do not know what you mean by meaningful but in my opinion in another year and a half to two years timeframe this could be for us a Rs. 100 Crore business possibly.

**Moderator:** The next question is from Mr. Amit Purohit of Motilal Oswal. Please go ahead.

**Amit Purohit:** Sir wanted to have some clarity on the Hindustan side what is the kind of rate hike we have taken in Hindustan or is it ...

**M.S.Venkatraman:** Yes as I said we sell it as a Jodi or combo packages between English and Hind but if you were to take just the standalone in some of the market it is as much as 25%.

**Amit Purohit:** Okay and sir what is the lineup of new editions coming in the Hindustan.

**M.S.Venkatraman:** We would launch another 3 editions in this year which is the Allahabad, Bareilly, and Moradabad.

**Amit Purohit:** Okay and sir I just missed out on the CAPEX that you are putting in the JV. So what was the number you said.

**M.S.Venkatraman:** We would invest about Rs. 15 Crore. Rs. 20 Crore, the other partner is Rs. 15 Crore.

**Moderator:** The next question is from Mr. Bhushan Gajaria of IDFC Securities. Please go ahead.

**Bhushan Gajaria:** Hi Good afternoon, just a couple of things one I think so during the quarter our circulation revenues have actually dropped Q-o-Q basis.

**M.S.Venkatraman:** So you mean Q4 FY2008 versus Q1 FY09, Yes absolutely.

**Bhushan Gajaria:** Sir it is more we are actually increasing our footprint in the Hindi belt, which is a higher price in newspaper, is to rationalizing our circulation to keep newsprint in check or how is it working.

**M.S.Venkatraman:** Yes I mean basically see Q1 FY09 circulation numbers traditionally drop because of schools and so on, vacation period starts right. So it's primarily explained by that.

**Bhushan Gajaria:** Okay but I do not think we have had this big, even if you look at last year by partly it would be contributed by this Mint coming in, but still we had Q-o-Q increase in Q1 FY08 also. So is it more to do just with the seasonality or more with our efforts to rationalize our cost structures.

**M.S.Venkatraman:** No I would not say it is cost structure, I do not know what you mean by that because ...

**Bhushan Gajaria:** If you know in the market if we think beyond a point circulation does not bring incremental advertising revenue are we trying to rationalize on that front.

**M.S.Venkatraman:** Not really I mean we continue to grow our brands and circulation numbers all across. So I do not think that has contributed it is primarily as I explained driven by the holiday season.

**Bhushan Gajaria:** Okay. Secondly you have given numbers on growth whereby Delhi market has grown, the northern region has grown at 18% and the western has grown at 12%. Now since the western has grown at 12%, are you really enthusiastic about it or is it something which is much lower than we would have expected.

**M.S.Venkatraman:** Well frankly I would have expected a much higher number.

**Bhushan Gajaria:** Okay but do we see like in coming quarter onwards or still because this contribution of the western region is significantly lower to our top-line.

**Rahul Jain:** Let me tell you what has happened. Why has the western region been lower, a large part of the banking finance insurance and IPO advertising comes out of the western region and this segment was quite active last year and it is very, very slow this year. So that is why the western region is slow.

**Bhushan Gajaria:** Do we see Dainik Bhaskar getting more aggressive in a Bihar and Jharkhand market.

**M.S.Venkatraman:** Dainik Bhaskar is not present in Bihar and Jharkhand.

**Bhushan Gajaria:** No because I think they are launching one of their Tabloid Newspaper so that could be a precursor to their entering into that market.

**M.S.Venkatraman:** Yes sure I mean they are active but we have a fairly solid hold in that market. So we continue to hold that while we are watching that development as to how it shapes out.

**Moderator:** The next question is from Mr. Sonaal Kohli of AIM Capital. Please go ahead.

**Sonaal Kohli:** Hi couple of questions, firstly what is the debt in the cash lying on your books and when do you expect to pay this debt what is the duration of the debt.

**M.S.Venkatraman:** One debt which is Rs. 95 Crore of retiring in May 2009 and then Rs. 70 Crore is the year after in 2010.

**Sonaal Kohli:** So you have a total of Rs.165 Crore on date?

**M.S.Venkatraman:** Yes I mean that is long-term debt, they also contracted on ECB for roughly about Rs. 70 Crore which we would draw down on only sometimes in the month of December. We have done a small draw down on beginning of this quarter.

**Sonaal Kohli:** So what would be your liquid cash in respect?

**M.S.Venkatraman:** Our liquid cash would be in the region of about Rs. 320 Crore to Rs. 350 Crore.

**Sonaal Kohli:** Secondly what would be your debtor days for this quarter compared to last quarter end also on Y-o-Y? What would be your debt?

**M.S.Venkatraman:** It is approximately about 65 days.

**Sonaal Kohli:** And what was that for Q4 FY08?

**M.S.Venkatraman:** It is steady at 65 or 66 those PAT numbers or.

**Sonaal Kohli:** Could you also throw some light on how your Mumbai operations are progressing and what kind of money does that make?

**M.S.Venkatraman:** I mean we do not go into an edition level that is more from a regional perspective and from a regional perspective that market group well is steadily for us during this quarter. And Mumbai in terms of circulation we still continue to do 3.2 to 3.3 lakh every day. And then terms of brands styling and in terms of leadership and so on we are seeing pretty decent growth level compared to last quarter. So we are doing fine in Bombay I think.

**Sonaal Kohli:** Okay and when do you think we will be well to make substantial money out of this business.

**M.S.Venkatraman:** Which business, you mean as a public profit, Yes I mean it should be in the next couple of years, the revenues traction there would be much stronger as western & northern markets play together even more strongly, this is what our strategy is, so two years along the line the profitability of this company could be fairly higher.

**Sonaal Kohli:** Okay, till then you would continue to invest in your Bombay business in building the business.

**M.S.Venkatraman:** Yes and we are in Bombay for keeps for a long time to come.

**Sonaal Kohli:** Okay and sir could you also mention what were the contribution of region say you know vertical to your revenues in 2008 and in this quarter.

**M.S.Venkatraman:** We do not go into sectorial breakup.

**Sonaal Kohli:** Can you give a very broad you know breakup.

**M.S.Venkatraman:** Instead the last year was about 12%, this quarter it would have done about 13%.

**Sonaal Kohli:** To your total rate to your advertisement revenues right.

**M.S.Venkatraman:** Yes at Company level.

**Moderator:** The next question is from Mr. Nikhil Pahwa of Media Nama.com, please go ahead.

**Nikhil Pahwa:** I was just wondering about HT.com and Live Mint... Are they part of Firefly?

**M.S.Venkatraman:** No as I clarified it is part of HT Limited.

**Nikhil Pahwa:** Okay, sir you had mentioned about Rs. 79 Crore of revenues from HT.com about Rs. 10 to Rs. 11 million sales for the quarter last time what is your update on that in terms of numbers.

**M.S.Venkatraman:** In terms of page views we are doing 1.5 million now.

**Nikhil Pahwa:** Okay and in terms of revenues.

**M.S.Venkatraman:** Revenues as I said it does 70 Rs. Lakh every month for us.

**Nikhil Pahwa:** Okay. And you had mentioned the real estate and matrimonial portals you are doing an annual call as well and this time during the press release as well so when are they expected to launch.

**M.S.Venkatraman:** Current plans are about Q4 FY09. And it would be graded approach not all is going to come down during Q4 FY09. Matrimony is expected in Q4 FY09 and maybe real estate by Q1 FY10.

**Nikhil Pahwa:** And how are things doing at shine, could you share some numbers for that company and particularly on how much advertising spend has been done so far.

**M.S.Venkatraman:** In the case of shine.com we had something like a. 14 million page views per month at the moment which is growing at about 15% month-on-month basis. We have had about 3 million users at the moment. In terms of candidate profile we have to get into as I said earlier in the approximately about 7 lakh registered users.

**Nikhil Pahwa:** Okay. Also what kind ads per equity deals have we done with HT Media private treaty deals?

**M.S.Venkatraman:** Private treaty from a revenue perspective this quarter we should have had a very small number it is approximately about Rs. 6 Crore.

**Nikhil Pahwa:** And in terms of deals.

**M.S.Venkatraman:** Deals it would be approximately about Rs. 70 Crore spread over 3 to 5 years.

**Moderator:** The next question is from Mr. Rahul Bhangadia of Lucky Securities. Please go ahead.

**Rahul Bhangadia:** Yes sir my question was regarding your radio business, I just want to know how much you paid for the license fees for all your radio businesses put together.

**M.S.Venkatraman:** Rs. 75 Crore.

**Rahul Bhangadia:** And sir what is the strategy over there, we are running a net loss rate of about Rs. 15 Crore annually out there and if I am not wrong these licenses would come about for again 10 years down the line, right.

**M.S.Venkatraman:** Yes that is right 3 years from the date of launch.

**Rahul Bhangadia:** Right so now it has been almost what 2 years now since our radio launch.

**M.S.Venkatraman:** No if you were to take Delhi that is about 18 months in to the business.

**Rahul Bhangadia:** Okay 1.5 years so when do we expect breakeven on the cash front and what is our return expectation from this business given that we have already put in Rs. 75 Crore and we are running losses out here and we have a, in a relatively limited period of time to recoup our investments and then make returns.

**M.S.Venkatraman:** Yes basically from an internal plans perspective I would say that Delhi station would breakeven this year. And all four stations are expected to breakeven and start profits from next fiscal year. And from a return perspective the internal targets are anywhere between 20% to 25% kind of return over the next 10 years.

**Rahul Bhangadia:** Okay so you expect to recoup the losses the investment or it will make a return of 20% to 25% is what I understand right.

**M.S.Venkatraman:** Yes absolutely.

**Rahul Bhangadia:** Okay and the second question was on the western region, last time you said that because of the Mumbai edition the revenue run rate from the western region went from about Rs. 2 to Rs. 3 Crore a month to Rs. 8 to Rs. 10 Crore a month. Are we at the same rate right now or we are better off.

**M.S.Venkatraman:** That was a much higher figure. I said it was approximately about Rs. 14 Crore.

**Rahul Bhangadia:** So now it is at Rs. 14 Crore a month.

**M.S.Venkatraman:** No now it is at about Rs. 15.5 Crore a month.

**Moderator:** The next question is from Mr. Venkatesh Sanjeevi of Edelweiss. Please go ahead.

**Venkatesh Sanjeevi:** Would you in future be giving us consolidated numbers also with your standalone numbers.

**M.S.Venkatraman:** No that we do only on an annual basis.

**Venkatesh Sanjeevi:** ...because losses are increasing you know and the picture will also change once you look at the consolidated numbers.

**M.S.Venkatraman:** That is precisely the point is that each of these businesses are in their various stages of incubation so you might see a extra spend happening in 1<sup>st</sup> Quarter which we tend to recoup in terms of additional revenues coming in Q4 FY09. That is how we are growing these businesses.

**Venkatesh Sanjeevi:** Yes and could you also tell me what will be the market share of your radio business in Delhi and other cities.

**M.S.Venkatraman:** Market share in terms of volumes or value.

**Venkatesh Sanjeevi:** Value.

**M.S.Venkatraman:** Okay it is anywhere between 8% to 10%, in each of the four markets that we currently operate in.

**Venkatesh Sanjeevi:** Okay and in terms of volumes it would have been.

**M.S.Venkatraman:** Yes I mean like Bangalore and Calcutta volumes would be significantly lower.

**Moderator:** The next question is from Mr. Arun Gupta of Enquirius Capital. Please go ahead.

**Arun Gupta:** Do you have any plans of starting Hindustan or other regional language publication in western India particularly Maharashtra.

**M.S.Venkatraman:** Not as of now.



**Arun Gupta:** Okay in terms of your private treaties would you be able to share some of the key portfolio company that you have.

**M.S.Venkatraman:** Again most of these investments are covered by non-disclosure agreement so I am not allowed to disclose any names and so on and so forth.

**Arun Gupta:** Yes fine, and would you be able to share approximately what is the advertising fill rate on radio business.

**M.S.Venkatraman:** What do you mean by fill rate?

**Arun Gupta:** Sir as in the volume of inventory sold vis-à-vis available.

**M.S.Venkatraman:** No it is running in Delhi for example like about almost 90% to 95% level.

**Arun Gupta:** 90% to 95% in Delhi.

**M.S.Venkatraman:** Yes.

**Arun Gupta:** And what about in Bangalore.

**M.S.Venkatraman:** Other markets it is slightly low Calcutta being the lowest.

**Moderator:** The next question is from Mr. Rahul Baijal of Voyager Capital. Please go ahead.

**Rahul Baijal:** Yes I might be repeating the question but just wanted to know what are the plans for the reporting numbers of the Hindi business separately in terms of a demerger and I thought we were expecting it to report beginning Q1 FY09 or Q2 FY09 onwards. Just needed an update on that?

**M.S.Venkatraman:** Yes Rahul. As I said earlier in the call we have decided to defer the demerger of Hindi into next year possibly. The reason being that, we want to consolidate our position and invest significantly in the UP market and since the markets are what they are currently we would reach for the sentiments to improve before we demerge our business and go either for a private equity infusion or a public issue.

**Rahul Baijal:** Okay. And in terms of newsprint prices inflation for the company are we still constantly maintaining 15% kind of an average increase for this fiscal FY2009.

**M.S.Venkatraman:** No we have indicated a much higher level which was at about 20%. So that is what it would be and again what we are trying to do is to ensure that on a full year basis we continue to deliver the same levels of EBITDA percentages that we had in the past.

**Rahul Baijal:** Okay and lastly in terms of inventory levels how many months of low cost inventory do we have.

**M.S.Venkatraman:** As per the low cost inventory we have exhausted more or less now.

**Rahul Baijal:** Okay so we shall see the full impact coming in, in the coming quarters.

**M.S.Venkatraman:** Absolutely.

**Moderator:** The last question is from Mr. Rahul Bhangadia of Lucky Securities, please go ahead.

**Rahul Bhangadia:** Sir I just wanted to get the data point again. What is the revenue run rate of Mint as of now?

**M.S.Venkatraman:** About Rs. 8 Crore a quarter.

**Rahul Bhangadia:** About Rs. 8 Crore a quarter. Okay that is what I wanted to know.

**Moderator:** Sir there are no further questions in the question queue. I would now like to hand the floor back to Mr. Venkatraman. Please go ahead.

**M.S.Venkatraman:** Thank you very much ladies and gentlemen for participating in this conference call. I definitely look forward to meeting you once again later during the quarter regarding company's strategy, etc., for which we will comeback with details. Thank you very much and have a nice day.