HT Media Limited and Hindustan Media Ventures Limited's
Q1 FY13 Earnings Conference Call
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Moderator: Ladies and gentlemen good day and welcome to HT Media Limited & Hindustan Media Ventures Limited's Q1 FY13 earnings conference call hosted by IIFL Capital Limited. As a reminder for the duration of the conference, all participants' lines are in listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during this conference call, please signal an operator by pressing "*" and then "0" on your touch tone phone. Please note that this conference is being recorded. At this time, I would like to hand the conference over to Mr. Bijal Shah, thank you and over to you sir.

Bijal Shah: Thank you Chitrashu. Good morning everybody. We at IIFL are pleased to host the Q1FY13 earnings conference call of HT Media and HMVL. We have with us on the call today, Mr. Rajiv Verma – CEO of HT Media, Mr. Amit Chopra – CEO of HMVL, Mr. Vinay Mittal – Chief Financial Strategist of HT Media and Mr. Ajay Jain, CFO of HMVL. I would like to invite Mr. Verma to make his opening remarks, following which we will have an interactive question and answer session. Over to you Mr. Verma.

Rajiv Verma: Thanks Bijal. Good morning ladies and gentlemen. Let me take this opportunity to thank all of you for joining us on this call today to discuss HTML and HMVL's performance for the quarter ended June 30, 2012.

Before I give you a detailed summary of our financial performance, I would like to share some of the challenges the Company is facing from the external and internal environment. I'm sure that all of us are aware that our country as well as the industry is facing one of the worst downturn over the last decade or more. Clearly, our industry is not insulated from the downturn that the economy is facing and as a result, there is a massive downward pressure on the advertising environment. Our customers across sectors are reducing their investments, and this coupled with rising dollar, has created a very tough environment for the industry in which the media industry operates.

Essentially, there are four forces in the advertising environment which are applying a downward pressure on advertising revenues. First and foremost, Government spending has been cut pretty significantly to meet deficit target. Secondly, all of you are from the financial sector and hence I don't need to tell you what challenges the financial sector is facing. I can't think of any major IPO or any major activity in the recent past, be it in the area of mutual funds or investments. Thirdly, the Real Estate sector is also facing enormous pressure given the high interest environment combined with low liquidity. Hence, activity in the Real Estate sector is also down to a very low point. Lastly, all this combined with the fact that other smaller customer's businesses are under pressure, the demand for advertising is muted at this point in time, putting further pressure on advertisement yields.

Therefore, we are working internally to try to look at various ways and means of rationalizing the cost structure of our Company. We are one of the fortunate companies in the media sector which is not leveraged. You would agree that not being leveraged ensures keeping away unwanted interest cost pressures that leveraged companies are facing currently.

We continue to grow in segments where the Company had made investments in the past. Our endeavor at HTML & HMVL has always been on investing in building brand and presence. We had the foresight to ascertain that the media industry is somewhat volatile and is likely to mirror the ups and downs of the economy. Hence, considering this scenario, we had made investments in building our digital portfolio. I am happy to share that we are seeing a lot of activity in our digital portfolio and are witnessing a growth of almost 40% on a Y-o-Y basis. One of our major sites i.e. Shine.com, has achieved 5 million active resumes, thus positioning it among the top 2 players in the industry. Also, our other site, HTCampus.com, is now running on a breakeven; it has data of almost 28,000 colleges from India and is performing very well. In addition to that, our other digital portions of the business, though small, are seeing almost 50% to 100% growth, and are a very important growth engine of the Company for the future. Today our digital portfolio contributes anything in excess of Rs. 50 crore annually to the total revenues of the Company.

Lastly, our alliance strategy of working with partners like the Hindu and the Telegraph etc. is also helping us to complete our overall portfolio. As a result, we are able to provide much better alternatives and more economic solutions to our customers.

While we will be comparing our results on a year-on-year basis, I would like to point out that during the same period last year, the economy was in a very different shape. Hence, it will be equally important for us to compare our Q4 results with Q1 in order to see how the trajectory of the business has been doing as far as linear improvements are concerned.

The other important thing that I want to share with you is that our Company got recognized as the "Employer of Choice" and was rated as the top media Company for employees to work for by an American institute called 'Great Places to Work'. They rated almost 580 Indian companies across all sectors, including media. In the media sector, we emerged as the number one employer and we ranked 14th among all the segments of industries. This gives me a lot of confidence that we are outperforming our peers in this downturn. Additionally, we are seeing green shoots emerging in our digital portfolio and the strength of our brands is visible from the fact that we are holding and improving our readership shares in Delhi, in Mumbai and in Hindi. Our brands are strong and our readers are appreciating the work being done by our Company in terms of bringing quality news to them every day. Overall, the talent of this Company is very strong and the strategy is robust, thereby giving me the confidence that HT Media will emerge much stronger relative to its peers once this downturn ends. I will now hand over to Vinay Mittal to take us through the financial performance for the Company during the quarter ended June 30, 2012.

Vinay Mittal: Good morning everybody. Our total revenues were flat at about Rs. 510 crore. There was a 3% decline in print advertising revenue on a consolidated basis at Rs. Rs. 373 crore from Rs. 383 crore. This was due to a decline in the advertising revenues for the industry as a whole. Circulation revenues were up 8% to Rs. 53 crore from Rs. 49 crore. Given the decline in advertising revenues, EBITDA also declined by about 17% to Rs. 88 crore from Rs. 106 crore. PAT consequently declined by 21% to Rs. 41 crore from Rs. 52 crore. EPS (non annualized) stood at 1.73.

We can now move to the Q&A session.

Moderator: We will now begin the question and answer session. We have the first question from the line of Chitrangda Kapoor from Reliance Securities, please go ahead.

Chitrangda Kapoor: Could you share with us the revenues from Radio and Burda this quarter?

Vinay Mittal: Radio revenues stood at Rs. 18.6 crore and Burda revenues stood at about Rs. 24 crore.

Chitrangda Kapoor: In Mumbai, while we are seeing a lot of investments from HT Media, we also see a lot of investments from Bennett and Coleman which is one of your primary competitors there; so could you throw color on how is Mumbai market fairing for you in particular and how is the advertisement revenue market fairing for you in general?

Rajiv Verma: Let us look at national markets. What is available in this industry is the advertising volumes data, but getting revenue data is difficult because we don't know at what price each Company sells its inventories. The random behavior of each individual Company leads to a certain cumulative revenue. I would like to hazard a guess here that the advertising industry in terms of revenue has shrunk between anything from 6% to 10%. Unfortunately there is no particular body that reports this data, however, what is known is that the volumes have also shrunk and that has been by anything around 4% to 5%. So clearly, the industry is seeing shrinkage and it is easy to ascertain that the volumes are shrinking and the prices are under pressure and hence there would be higher shrinkage of value share as compared to volume share. The industry is seeing compression and in such an environment, HT has maintained a flat position which means we have not been losing share, rather gaining share.

Talking specifically about Mumbai, you are right in saying that HT and its competitors are investing in that market. Today our main issue display volume share is similar to that of the market leader and our revenue in Mumbai is seeing growth which is certainly in double digits.

Moderator: We have the next question from the line of Shobhit Khare from Motilal Oswal, please go ahead.

Shobhit Khare: Firstly, has there been a decline in the net cash position during the quarter as compared to Q4. Could you share some details on that and also give your thoughts on the cash usage, dividend, buyback, acquisitions etc. Secondly, on the cost front, we have done quite well. So do you feel that this would be sustainable and can we take this as a run rate for the rest of the year? Thirdly, tax rate has declined to almost 23%. What are the reasons for this decline and is it sustainable?

Vinay Mittal: The cash is lower at about Rs. 485 crore due to the usual seasonal trend that takes place in Q1. I would like to mention here that cash would be the highest in the 4th quarter because all the government payments come in during that period.

If you consider the cash position on a Y-o-Y basis, you would notice that it would have gone up by about Rs. 60 to Rs. 70 crore. With regards to tax, a part of the reason for lower tax rate is that our other income has gone up, which includes dividend income. As we go forward, our tax rate will be lower, given the Shine merger.

Shobhit Khare: But I thought we were already using the deferred tax on that digital as well or is it not so?

Vinay Mittal: No it is not so as yet.

Shobhit Khare: So we are not taking any tax advantage of Shine?

Vinay Mittal: As yet we are not. However, the tax rate will not fall below 20% to 21% because of MAT.

Shobhit Khare: So it will be probably at MAT level for the year?

Vinay Mittal: We should take it at about 21%.

Rajiv Verma: Regarding cost structure, looking at this downturn, we started to act on various costs. Actions were taken on free circulation, taking out extra pages, improving the ad edit ratio, employee costs and various other fixed costs, advertising, promotions, sales promotions, freight and other raw materials which we purchase. It takes time for all these actions to fire but we started implementing these about two quarters ago and the result of that is what you are seeing now. It is my belief that the resultant cost cuts are only going to accelerate and not go down. The only problem that we have to keep in mind is that newsprint cost might inch up because of the fact that the dollar is at all-time high; but we are trying our best to mitigate the overall net impact.

Shobhit Khare: Could we get the tonnage for the quarter?

Vinay Mittal: We consumed 46,000 tons of newsprint vis-à-vis 44,000 tons in Q1 FY12.

Moderator: We have the next question from the line of Vikash Mantri from ICICI Securities, please go ahead.

Vikash Mantri: Could you reiterate the point on newsprint cost? Is it that we will have the same cost of inventory despite depreciating rupee and newsprint cost or it will accelerate going forward?

Vinay Mittal: The newsprint price has declined from $700 to $640 in January and that has started flowing in April-May. The pagination cuts have also benefited us. It was the foreign exchange losses and the extra paper in circulation which was negative. However, these two things canceled out the first two positives.

Vikash Mantri: So if we see a revival in ad growth, would we have to immediately increase our pagination or our current pagination would be fine to support our 10 to 12% growth?

Rajiv Verma: No. Advertising environment is very low right now and if we have a situation where advertising volumes come back, the present level of paper should be able to support it until the advertising volumes are so strong that we have to add pages.

Vikash Mantri: How was the performance of Burda business in terms of profitability and when do we see that stabilizing?

Vinay Mittal: Burda business is stabilizing and we hope to achieve breakeven this year. There was a marginal loss in the 1st quarter of Rs. 1 to Rs. 1.5 crore; but we certainly see it stabilizing in this year if not with a marginal profit.

Vikash Mantri: We have had a good growth in our subscription revenues on the quarter-on-quarter basis. Given the weak environment, are we in a position or do we believe that we can continuously raise prices going forward to mitigate any higher newsprint cost or a weak ad environment?

Rajiv Verma: The cover prices are being increased because this situation is being faced by the entire industry. You might have noticed that almost all players are taking up cover prices because the situation is not sustainable. Therefore, across the country we have seen cover prices going up and we would continue to see this phenomenon.

Moderator: We have the next question from the line of Siddharth Goenka from JM Financial, please go ahead.

Siddharth Goenka: Could you share with us the national and local splits for Hindi and English market for this quarter?

Amit Chopra: It is about 54% for national and about 46% for local for Hindi.

Vinay Mittal: For English, it is 60% for national and 40% for local.

Siddharth Goenka: How much would the de-growth or growth be in the national and local segments for this quarter?

Amit Chopra: In Hindi, National has de-grown in double digits and the local has grown in double digits.

Siddharth Goenka: And what would it be for English?

Vinay Mittal: The national English also would have de-grown by about 8 to 10%.

Siddharth Goenka: Mr. Verma mentioned that there has been traction coming in some of the digital properties and some properties which are at breakeven levels. However, the losses have increased on a Q-o-Q basis. So is there any particular reason behind the same?

Vinay Mittal: The losses that have increased on a Q-o-Q basis are primarily because of seasonality. In Shine, we tend to increase our online spends to acquire resumes in the 1st two quarters as a lot of fresh people come into the job market because of the placement cycle.

Siddharth Goenka: So can we expect the full year EBIT loss at around Rs. 35 to Rs. 40 crore from digital business?

Vinay Mittal: You will see quarterly improvements.

Moderator: We have the next question from the line of Ram Hegde from Primus Investment Advisors, please go ahead.

Ram Hegde: What is the private treaty revenue that you booked this quarter?

Vinay Mittal: Private treaty revenue was about Rs. 7 crore.

Ram Hegde: Just on the Delhi market, you said national advertising de-grew 8 to 10% but Delhi presumably has a larger government ad spend. So, could you give us a sense of what is the sort of growth in Delhi market?

Vinay Mittal: As Rajiv pointed out, we are leaders in the Delhi market but the market de-grew at about 8 to 10% that is why we de-grew. Just to put it in perspective, in terms of absolute numbers, we are at the same number in Q1 as we were in Q4 last year. So the situation in Delhi has not deteriorated any further.

Rajiv Verma: Here, we have to make note that at this time of last year, the economy was not doing too bad and the Real Estate sector was booming. We are comparing two points which are very different as far as the external environment is concerned.

Moderator: We have the next question from the line of Amit Kumar from Kotak securities, please go ahead.

Amit Kumar: Do we have any one-offs anywhere in the result?

Vinay Mittal: No one-offs.

Amit Kumar: Any forex losses?

Vinay Mittal: There are forex losses of close to about Rs. 3 crore.

Amit Kumar: Where have we booked these?

Vinay Mittal: These are in other expenses and also we have it in the buyers' credit which comes under the interest and finance.

Amit Kumar: So essentially somewhere in other expenses and interest expenses essentially, net impact is Rs. 3 crore?

Vinay Mittal: Yes.

Amit Kumar: Depreciation has gone down by about Rs. 3 crore on a Q-o-Q basis. Could you clarify that?

Vinay Mittal: There was a bit of a catch up on the depreciation in the 4th quarter due to a change in the depreciation policy for some assets.

Amit Kumar: Could you please give me the circulation at the HT level and break it down in English and Hindi?

Vinay Mittal: Hindi circulation is about 24 lakhs and English circulation is at about 18 lakh copies.

Amit Kumar: Mr. Verma mentioned earlier that in a few areas you are looking to cap circulation. So could you please give us some color on how circulation is panning out for the major brands like HT Delhi, Hindustan, HT Mumbai, and Mint?

Rajiv Verma: This is a natural outcome that some print reader may go out when you take up cover prices; but in our case the total overall drop across the Company would not have been more than 40,000-50,000 copies. The exact outcome as to how the numbers are stabilizing would be known a quarter later.

Amit Kumar: Broadly, how is Mint performing; specifically on a profitability perspective, I think, this year we were expecting some sort of EBITDA breakeven. Does that still hold or given the advertising situation, this may be pushed back?

Rajiv Verma: No, we are on track for that. Only thing that might change the plans a little bit is our plan to grow Mint in few other markets because Mint is receiving a very good response. Here the important thing is that Mint continues to do very aggressive top-line growth even in the current environment, especially when industry is declining.

Amit Kumar: Could you give us some very broad sense of what kind of advertising did Mint do on a full-year basis last year?

Rajiv Verma: High double-digit growth.

Amit Kumar: In terms of absolute numbers?

Rajiv Verma: That's the number which unfortunately I won't be able to share with you because it is sensitive to competition.

Moderator: We have next question from the line of Pranav Kshatriya from Brics Securities, please go ahead.

Pranav Kshatriya: I have a question relating to financials of HMVL. There is a high jump in other income of HMVL, i.e. on quarter-on-quarter basis, it has gone up by around 50%. Is there is any one-off reason and is it sustainable?

Ajay Jain: The other income includes an increase in interest income because of the funds deployed in the market. Also there is a mark-to-market increase due to interest rate changes in the 1st Quarter.

Pranav Kshatriya: So this is more of a one-time increase and it will be more in line with Q4?

Ajay Jain: Increase in terms of mark-to-market is one-time but our surplus funds available are going up as we see a higher amount of cash flow coming in from operations. Therefore, these surplus funds will be invested and hence, on the yearly basis, it will be much better than the last year.

Moderator: We have the next question from the line of Apurva Prasad from ITI Securities, please go ahead.

Apurva Prasad: Can I get a breakup of in terms of volume and what kind of cover price changes we had for this quarter in HMVL?

Amit Chopra: The cover price is different for different markets. But as Mr. Verma mentioned, gradually this has been going up. Out of the 13 percent Y-o-Y increase in circulation revenue, half came from increased circulation and the balance from pricing.

Apurva Prasad: Also if you could just give me the newsprint cost for the quarter as well as what kind of new editions or new launches we are looking at for HMVL?

Amit Chopra: We have already completed our entire expansion in UP and Uttarakhand. We are anyway the market leaders in Bihar and Jharkhand. In Delhi, we are also the number two player. So there is no plan to add any more editions. We will continue to work towards strengthening our editions wherever appropriate, but you will not see any new edition launches this financial year

Moderator: Our next question is from the line of Upasna Agarwal from HSBC, please go ahead.

Upasna Agarwal: What is the traffic share for Shine and HT Campus and secondly what is the strategy with regards to them going forward?

Rajiv Verma: Traffic share for Shine today is almost equal or slightly behind the market leader on a daily basis. As I was sharing with you the parameter to be kept in mind here is the active resume data base or the engaged candidates. Today we have 5 million engaged candidates, while it's only a three-year-old site. So the traffic today is almost equal to or slightly behind the market leader. This gives us a lot of confidence that the site is becoming a good place for candidates who look for a job and recruiters to find good candidates. So this is a business which is showing a lot of traction.

Upasna Agarwal: What is your strategy going forward?

Rajiv Verma: Strategy going forward is to continue to push the progress of digital businesses. You have to make investments before advertisers come in and the revenue starts showing up. We continue to innovate and get into spaces that are likely to be highly successful. In that regard, we have built HTCampus.com, which is one of the early movers in the education space to help students find colleges. Also, we are incubating a small education business where we will try out online education. So the Company will continue to push internet-based businesses.

Moderator: We have a next question from the line of Hiren Dasani from Goldman Sachs AMC, please go ahead.

Hiren Dasani: Could you give us some insight in terms of how is advertising growth happening in different markets of HMVL? Are you gaining more market share in UP, Uttarakhand? Would the advertising growth be materially different in the Bihar, Jharkhand versus UP, Uttarakhand?

Amit Chopra: Yes. There is and it has to do with which situation the brand is in. So, first of all, the regional markets for us have grown by double-digit. To give you a perspective, Bihar and Jharkhand markets have grown by double-digits, UP has grown at higher double-digits because we continue to gain shares owing to increase in our number of editions, readership and presence of the brand. National markets have of course declined and it would be unfair for me to allocate that to one market or the other.

Hiren Dasani: You are saying that at the retail level, the Bihar and Jharkhand markets are also growing at double digits?

Amit Chopra: Yes.

Hiren Dasani: And UP and Uttarakhand are also going at similar pace?

Amit Chopra: For us they have grown at higher double-digits. I would not like to delve on the numbers, but they have grown by high double-digits.

Moderator: We have next question from the line of Aashish Upganlawar from Spark Capital, please go ahead.

Aashish Upganlawar: What is the kind of consumption growth that we can expect in newsprint this year and our corresponding circulation increase that we are planning?

Vinay Mittal: As I had mentioned earlier, the consumption for Q1 was about 46,000 tons. So basically you can multiply that by 4.

Amit Chopra: Actually it will be slightly lower than that, given some of the cost measures that we are taking as Mr. Verma articulated. So I guess in this scenario, you can multiply Q1 by 4 as there are no new editions planned to be launched. Also, currently where we sit, the advertising environment does not look very good and we still have place to absorb more growth so we should not see any increase on Q-o-Q basis.

Aashish Upganlawar: What is the effective newsprint cost on a blended basis?

Vinay Mittal: The price has not gone up much, it is about Rs.32,500 a ton and going forward, so long as the dollar-rupee does not play truant, I suppose we can expect about the same trend.

Aashish Upganlawar: So this is including the impact of the rupee, is it?

Vinay Mittal: Yes.

Aashish Upganlawar: How much newsprint inventory would we be holding on right now?

Vinay Mittal: On an average, we hold 3-3.5 months of imported newsprint inventory and for domestic it is about 45 days.

Aashish Upganlawar: I know that the advertisement scenario is a bit murky overall, but what can be the base case here on growth or de-growth in Hindi and English?

Amit Chopra: It is bit tricky but based on our own assessment, advertisers have been taking a call on a quarter-to-quarter basis. Some segments like Auto are spending but others are not. Real Estate has also been affected by a lot of policy issues. We saw some slowdown even in Education due to the chaos around IIT-JEE exam pattern. So it is very difficult to generalize. The only thing we can say is that the environment will remain tough and we do expect regional markets to continue to behave better.

Aashish Upganlawar: What kind of increase can we expect on the non-newsprint cost?

Vinay Mittal: We believe we should be able to contain the non-newsprint cost increase anywhere between 2% to 4%.

Moderator: We have a follow-up question from Ram Hegde from Primus Investment Advisors, please go ahead.

Ram Hegde: The other expenditure de-grew from close to Rs. 120 crore in Q4 to Rs. 97 crore this quarter. So what led to the sharp decline really on a sequential basis?

Vinay Mittal: Provision for the ad-for-equity reduced to about Rs. 70 lakhs as compared to Rs. 5.7 crore last year. We also witnessed a decline in provision for bad debts from Rs. 7 crore to Rs. 3 crore.

Ram Hegde: My other question was on HMVL. If one looks at 6% ad growth, is there a case to say that some of the core markets de-grew actually because you have added newer markets Y-o-Y?

Amit Chopra: As I stated, national market de-grew. We sell large part of our advertisement in bundled format which is Hindustan UP plus Delhi plus Bihar plus Jharkhand. I think it had to do with the advertiser sentiment among national advertisers, whether it is durables, IT, Telecom, Banking and Financials, which continues to remain subdued. However, as we have been expanding our presence in UP and our readership is growing, it would be fair for me to say that the UP market has done better even at an overall level.

Ram Hegde: Finally on pagination, how much has been cut Y-o-Y? Is it possible to quantify?

Amit Chopra: We will not like to get into that specific data. Like Mr. Verma mentioned, we will continue to focus on wherever there is cost leverage possible without affecting any of our brands.

Moderator: We have a next follow-up question from Amit Kumar from Kotak Securities, please go ahead.

Amit Kumar: You mentioned that your advertisement from the education sector is also a weak because of chaos around the IIT-JEE and the Education Ministry factor. Given that has been resolved, is there a case that education advertising will pick up now in 2nd Quarter?

Amit Chopra: Let me address this in 2 parts, first of all, the category itself has been weak for the last couple of years. Hence, the so called smaller universities are having a lot of trouble. Additionally, I think the entire IIT-JEE chaos and policy level paralysis affected advertising. Unfortunately, a very large part of the coaching led advertising happens around the April-May-June period when class 11th students come in to the market and enroll into one-year program, two-year program and special programs, etc. Unfortunately some part of the opportunity is gone but hopefully the second season which comes around December-January period should be slightly healthier.

Amit Kumar: But there is nothing that you are seeing in this particular quarter?

Amit Chopra: The base comes down in Q2, but again I believe for the same reason that I articulated, there should be a slightly better growth compared to Q1.

Amit Kumar: The second point was that a lot of these events will take place, e.g. Olympics coming in and then you have T-20 World Cup. So, how much of a benefit are they to ancillary media like Print and FM Radio and are you expecting any sort of benefit coming in from there?

Amit Chopra: A very large part of advertisers, who become sponsors, etc., are essentially TV advertisers like very large FMCG companies, etc. Hence, as per our assessment, it may not add too much dividends to print.

Rajiv Verma: I don't think it brings a lot of advertising spends in general when activity like this happens; If the example of Commonwealth Games in Delhi is something to go by, it did not lead to any advertising spends which were out of tune with the normal advertising spends.

Amit Kumar: What is happening with HT Mini?

Rajiv Verma: It is a very interesting innovation. Companies usually tend have a kneejerk reaction because there is a downturn and they end up losing their focus on innovation. However, we would not like to give up on our overall long term strategy of staying focused on innovation. There are almost 20 lakh people who commute in Metro trains, and we cannot ignore that segment.

Amit Kumar: I agree but do you believe that the timing of the launch was a bit awry?

Rajiv Verma: It's a pilot; it's not something which is scaled up. So pilot should continue.

Amit Kumar: How much circulation are you doing in that product broadly?

Rajiv Verma: Again, this is something we would not like to share.

Moderator: Ladies and gentlemen due to time constraint that was the last question. I now hand over the conference to the management for the closing comments.

Vinay Mittal: To conclude, I would like to reiterate as Rajiv started, that the economy is going through a tough phase and therefore advertising continues to be under pressure. Further, foreign exchange continues to exert pressure on our raw material cost. However, a lot of actions have been taken, both, on the revenue side as well as on the cost side. On the revenue side, we have increased cover prices across the board whether it is English or in Hindi, without affecting the competitive intensity because everybody is taking up the price. Also, we have seen advertising volume growth, but it is the pricing which is getting affected. The idea here is to try and take action so that we maintain a balance between pricing and volumes. On the cost front, we have been able to maintain the raw material line at low levels, given various actions on the pagination piece as well a drop in the dollar rate of newsprint. The price of the imported paper is down from $700 to about $640 in January and now to about $600, but the effect of this will only come up with a three-month lag. Similarly on the employee expenses, we have contained costs by registering an increase of only of about 4%. The IRS results continue to be good, validating our growth strategy and hopefully as the economy improves, we should be able to monetize the readership. Digital businesses have given us a lot of confidence and you should see quarterly increase in revenues in those businesses. Last, but not the least, I would like to re-emphasize our balance sheet strength. We have cash of approximately Rs. 500 crore with no net leverage, which in these times, gives us a lot of confidence in taking through our innovative products like HT Mini, etc., and not pulling back on them. So I think all the brands look good to us and as Rajiv pointed out, we are poised for growth, but we do need a bit of a tail wind from the economy. Thank you.

Moderator: Thank you gentlemen. On behalf of IIFL Capital Ltd that concludes this conference. Thank

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