

**HT Media and Hindustan Media Ventures Limited's
Q1 FY2012 Earnings Conference Call
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Moderator: Ladies and gentlemen good day and welcome to the HT Media and HMVL Q1 FY12 results conference call, hosted by JM Financial Institutional Securities. As a reminder, for the duration of this conference, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call please signal an operator by pressing * and then 0 on your touchtone telephone. Please note that this conference is being recorded. At this time, I would like to hand over the conference to Mr. Siddharth Goenka from JM Financial. Thank you and over to you.

Siddharth Goenka: Thank you Melissa. Good afternoon everyone. We at JM Financial are pleased to host the Q1 FY12 conference call for HT Media and Hindustan Media Ventures Limited. Today we have with us, Mr. Rajiv Verma – CEO of HT Media, Mr. Vinay Mittal – Chief Financial Strategist of HT Media and Mr. Amit Chopra – CEO of HMVL. We would begin this call with the opening remarks of the management which would be followed by an interactive Q&A session. I would now like to invite Mr. Verma to give his opening remarks. Over to you sir.

Rajiv Verma: Thank you. Let me begin by saying that we are very happy to commence this year with a very strong performance. This is reflected in our expanding readership base, strong product innovations and very robust financial performance despite a slight sluggishness that all of us are seeing in the overall macroeconomic environment.

Our outlook remains very strong. We have also taken some baby steps towards starting a new business in the education segment, which we believe will be a significant contributor to our revenues in long term...

The robustness of our new businesses has given us the much needed boost. During Q1 FY12, HT Media's consolidated income grew by 25% to Rs. 511 Crore from Rs. 410 Crore in Q1 FY11. As you would have all noticed, this is one of the strongest growth, the company has registered in the last 5 to 6 years. This is due to certain fundamentals, which are working strongly for the company.

There is an increased traction and resonance in all our brands. IRS Q1 2011 results reinforced the growth trajectory across all brands. Hindustan Times as a brand has consolidated its number one position in Delhi NCR and its readership is higher by almost one lakh as compared to its nearest

competitor. We have reasserted our number two position in Mumbai, where we have emerged as the fastest-growing broadsheet daily.

The growth in our Hindi brand 'Hindustan' continues to persist as this paper continues its journey as the second most widely read newspaper in the country. Not only are our flagship brands thriving, our supplements and new products which have been offered to Hindi daily readers are becoming very strong and are making significant progress. We recently launched two innovative products called Hindustan Jobs and Anokhi. Brunch, an English supplement has been re-launched in a refreshed avatar and readers are really liking it. We believe this is a reaffirmation of the success of our innovation initiatives. Mint readership has also grown by 12% to 2.2 lakh compared to IRS Q4 2010.

Even though the advertising environment continues to remain soft, HTML's print segment performed well. Advertising revenues from this segment grew by almost 17% to about Rs. 3,84 Cr compared to Rs. 3,29 Cr primarily driven by advertisement yield improvements. Furthermore, Hindustan registered a growth of 15% in advertising revenue from Rs. 96 Cr to Rs. 1,11 Cr.

We are extremely pleased with the performance of our radio and entertainment segment. This segment registered a growth of 75% in revenue from Rs. 12 Cr to about Rs. 22 Cr. EBITDA for the quarter stood at Rs. 3.4 Cr. Just to remind you, during the same time last year, we had just achieved breakeven on EBITDA terms in the radio segment. In fact if you look at the overall EBITDA of the Company for Q1 FY 2012, it was a landmark year as we registered the highest ever EBITDA of Rs. 1,05 Cr in the company's history.

As you are all aware, we commissioned our HT Burda joint venture last year. After four quarters of operation, this joint venture has achieved breakeven. As you all know it is an asset heavy business and to achieve breakeven within four quarters is nothing short of a landmark for such an asset heavy business. Riding on a healthy pipeline of domestic printing orders in addition to the international exports that we do, HT Burda's printing revenue grew to Rs. 2.5 Cr from Rs. 2.4 Cr last year.

Our digital business grew by 38% over last year, buoyed by the new launch of HT Campus as well as new generation technology which we have applied into Shine.com. The internet business revenues were higher at Rs. 8.6 Cr from Rs. 6.2 Cr. All our online properties have shown tremendous growth and increase in customer base. HT Campus has already become the number two education portal. In traffic terms, we have database of 24,000 institutes and 4 lakh candidates who visit our site. Shine.com, our job portal, has a resume data base of almost 7 million and counting. We are almost at 80% to 85% of the market leader in terms of our daily addition of resumes. On the financial side, our cost optimization measures are leading to underlying margin expansion across board.

I feel extremely thrilled about the way our quarter has gone and given the fact that it has been a somewhat sluggish soft quarter for the industry, it makes me feel particularly proud of what the

company has achieved. I would now like to invite Amit Chopra, CEO of HMVL to give you a perspective on the Hindi business.

Amit Chopra: Good afternoon everyone and I once again extend you a warm welcome to the results call. The quarter gone by reaffirmed Hindustan's growing strength in the Hindi belt with its readership rising across all the markets. Hindustan has made a significant 19% increase in the daily readership over the past one year. With many new additions yet to reflect and more expansion plans going forward, the readership growth should sustain for some time to come.

We renovated our entire product portfolio during the quarter gone by to connect deeply with our readers. With innovative products like Hindustan Jobs, a woman magazine called Anokhi and unique supplements like Hindustan Money and Jano English, Hindustan truly presents a differentiated and progressive paper to the reader, which should further accelerate our readership growth. The ad revenues in the quarter grew by 15%, with all our growth coming on account of pricing. The volumes were relatively flat in the market that we operated in.

In a rising newsprint scenario, the operating margin grew by 2% compared to Q4 FY10 due to effective management of costs. We remain cautiously optimistic about new areas in which we are expanding our footprint. We believe Hindustan will continue to grow well in times to come. Thank you. We would now be glad to take any questions that you may have.

Moderator: The first question is from the line of Abneesh Roy from Edelweiss. Please go ahead.

Abneesh Roy: For the last two quarters, English ad revenue outgrew Hindi while logically it should have been the opposite. If you could just highlight the reason and whether going forward this trend is going to continue?

Amit Chopra: Firstly, Hindi has seen an increase in revenues over very long period of time. So there is a bit of base effect as well because Hindi has risen considerably over the last 4 to 5 years in order to achieve this kind of growth. Secondly, volumes have not grown in the quarter at all. Essentially, slowdown in the growth rate is driven a lot by the declining of government volumes in the quarter as well as softness on the education front which has a very high impact in the Hindi revenues as compared to the English revenues. And thirdly, some softness witnessed in the IT and telecom ad spend, which again are one of the largest contributors to Hindi revenues.

In the like-to-like categories Hindi growth has been higher than the growth rate in the English category. Therefore, the trend may continue in the short term, however, in the medium to long term, we believe Hindi growth will outpace growth in English revenues.

Rajiv Verma: I would just like to encourage all of you not to look at things from the lens of only one quarter. We have to look at things from a slightly more medium-term, long-term standpoint. If you take

a secular view of next 1, 2, 3 years, how things are likely to pan out, the opportunity in India for a vernacular industry continues to be very strong, given the fact that income levels in those strata of demographics are expected to increase. Literacy is also going to increase and Tier-2 towns are going to catch up in terms of urbanization. If you have seen the reports which Mint had published couple of days ago, about 50% of South India is urbanized at the moment and North India is also catching up with South. As a result, the Tier-2 market allocations in terms of resources are only going to increase. So I remain highly optimistic for the future of the vernacular industry from midterm to long-term standpoint and this growth will be secular. On the other hand, we are fortunate to have very strong positions both in English and Hindi, which is what differentiates us from other players in the industry.

Abneesh Roy: Coming back to the decline in government ads and the education sector delay; how much of this was one-off and why exactly are we seeing a decline in the government ads, is it election related? Secondly, will education now increasingly grow at a lower rate, than the overall growth of the industry?

Amit Chopra: On the government front, your point is absolutely right. Last year, volumes were much higher at that point in time due to the upcoming elections in Q3, FY 2010, therefore, growth rate is lower on account of high base last year. The volumes and revenues from the Education segment for the last 2-3 years' have grown by about 50%- 60%. I think the base has become very high and hence the growth will remain around the secular 20% mark and not a 50% - 60% mark that we typically have seen in the past.

Abneesh Roy: My last question is on radio phase 3? Are we looking at any mergers and acquisitions which are now available and do you think the bidding can become aggressive and what would be our strategy, will it continue to remain a metro focused station?

Rajiv Verma: The policy has been announced only last week and we are now studying the fine prints of this policy. I would only, at this point in time, say that the strategy that Fever 104 followed, has worked out very well. As all of you would have seen, we are one of the few radio stations which continue to grow at exponential rate and also remain very profitable. Therefore, the strategy that we pursued in the last round of licensing had been quite successful and we would like to make sure that the same success should continue for the next phase also. We are currently studying the fine prints. There are a lot of changes which have been suggested in phase 3, wherein some amount of consolidation can take place as sale of old licenses has been allowed. You can own multiple licenses in the same city. Based on these, we will formulate our strategy for phase 3. To answer your question, we are not ready with our strategy right now, we have not formulated our strategy yet but we are going to work on that and come up with a strategy in the next couple of months.

Abneesh Roy: What is the inventory utilization currently?

Rajiv Verma: If you are talking about volume utilization, then in Delhi we are pretty much maxed out, while we have some inventory available with us in Mumbai, Bengaluru and Kolkata.

Moderator: The next question is from the line of Ram Balasubramaniam from ITI Securities.

Ram Balasubramaniam: Could you kindly give the bifurcation region-wise for Hindi ad revenues?

Amit Chopra: I will not like to divulge the details of the numbers but as we have mentioned in the last quarter's call very clearly, with a growing readership situation, we believe our audiences are under monetized. So about four months back, we have embarked upon an aggressive rate expansion or a yield expansion for Hindi business to be able to get our reasonable share from the advertisers. This is a gradual process. We have seen some success in Q1 and we believe that there is more to come as our readership continues to grow.

Ram Balasubramaniam: As we have seen a deep cut in terms of volumes, is it safe to assume going ahead, ad yields would be a major factor in the ad revenue growth as compared to the volume?

Amit Chopra : Yes. That clearly is the strategy that we have adopted for this year and this is what we will focus on, because if you want to look at Hindustan over the last 1.5 years, our readership has grown at about 13% but we have still not got our dues for both, increase in readership and also improvement in the readership shares that we have had in most of the markets.

Ram Balasubramaniam: Currently we are seeing a huge disparity between the imported newsprint price and the domestic newsprint price. So what is the kind of an inventory mix you have in terms of import and domestic and how much it is helping you to reduce the cost?

Vinay Mittal: The usual mix keeps varying between 55:45 and 60:40. That is the kind of mix that we have. We keep on changing the mix depending on the availability of newsprint and the pricing.

Amit Chopra: But in terms of businesses, we primarily use imported newsprint for English business, and for Hindi business, we primarily use Indian newsprint. It is only a very opportunistic or tactical buying for imported paper in Hindi.

Rajiv Verma: We are a fairly large company with massive amount of newsprint purchases in English and in Hindi. That is what gives us the advantage of being able to take advantage of scale, as well as our negotiating position vis-à-vis our suppliers. We believe, we are one of the most efficient companies, when it comes to the cost side of our business. There are continuous innovations being done to reduce the cost of raw materials, whether it is through ad edit ratios, or it is through value engineering or it is through procurement and negotiation strategy with our vendor base. It is my belief that this is an area of core competency in the company and we use it really well.

Ram Balasubramaniam: Coming to the innovation part, you have launched Hindustan Jobs and Anokhi very well, I just want to understand if these supplements can demand the same ad yields as what Hindustan is currently trading at or do we touch lower than that?

Amit Chopra: Firstly, Hindustan Jobs is a weekly newspaper that is sold separately and Anokhi is a supplement targeted to woman, that goes out weekly with the main newspaper. Therefore, in totality, it may offer a lower audience than the Hindustan master brand but that is an audience which is extremely focused around the domain. So we believe that the realization per reader from an advertising pricing perspective, will be significantly better than Hindustan because all the audience in that supplement is relevant to the advertisers in terms of what the audience he wants to target.

Ram Balasubramaniam: There has been a huge expense related to promotion and other activities. Do we see this cost running into Q2 and Q3 or do you see it peaking out in Q2 itself?

Vinay Mittal: Usually our advertising and sales promotion expense would be around 6% to 7% of revenue. We do not find it really exceeding. However, it would depend on the launch of an edition or some activity in a particular geography when it can vary towards 8%. Otherwise it will probably be more towards the mean of about 6-6.5%. . With respect to other expenditure, there has been a jump partly due to Burda and the AFE provisioning, and also the fact that now we have got HT learning, which is our education subsidiary. So that has majorly contributed to the increase in the other expenditure.

Ram Balasubramaniam: The cash balance in HMVL's balance sheet is close to Rs. 189 Crore, do you plan to get into a new language altogether or are you planning for some acquisitions as such?

Amit Chopra: Yes, we had a two-fold objective when we came out with the IPO. The first objective was to participate in the consolidation in Hindi and the other language industry. Second was to provide extra focus to the Hindi business. Therefore, it was our stated objective to participate in the consolidation of vernacular print industry.

Moderator: The next question is from the line of Gaurav Jain from Altavista

Gaurav Jain: What was the reason behind the sharp increase in other income on a Y-o-Y basis, from Rs. 4.95 Crore to Rs. 14.57 Crore?

Vinay Mittal: There are three factors contributing to this increase Firstly, as you are aware, lot of rate hikes have been announced in the recent past, therefore the interest rates have increased by about two percentage points. Secondly, because of the IPO, the amount of surplus funds available with us has increased. Thirdly, there has been internal cash generation of funds. Therefore the total investible corpus has increased and the interest rates have gone up. Both these have contributed to the increase in the other income.

Gaurav Jain: So is this all interest income on cash balance?

Vinay Mittal: Absolutely.

Gaurav Jain: Would the ad growth from Hindi business pick up from now onwards or will it continue to be sluggish?

Rajiv Verma: My outlook for the future is that we will continue to see some softening in the advertising industry environment for some time to come. There are a couple of reasons for that. With such high interest rates and inflation, there are some monetary policy corrections which are taking place. The net impact of this is that, some industries like real-estate, BFSI, IPO's that are sensitive to interest rates and traditionally, high on newspaper advertising are seeing massive slowdowns and they are not growing. I think this is a trend which is not likely to correct in the near term because the rate hikes in interest rates by RBI are not likely to stop. Hence, these sectors are going to be like this for some more time. Both real estate as well as banking and financial sector will be a part of this. So in this situation, our traditional advertising sectors are not going to perform very well and you will see continued sluggishness in the advertising industry. Therefore to increase profitability, companies will have to improve their internal efficiencies and expand into new lines. We have created lots of new businesses which are giving us traction now, whether it is in the digital businesses or it is in radio and some new innovations that we are doing. So while we will continue to push for outperforming industry, bottom line will come through internal efficiency measures only.

Gaurav Jain: If I could just pursue that point further, In Q1, 15% growth rate in Hindi advertising and 18% in English is quite a healthy growth rate. So can we expect something like this for the entire year or you think things will slow down compared to Q1?

Rajiv Verma: Let us not look at only English and Hindi, let us look at the corporate performance. HT Media as a company has grown by 25% in the last two quarters. So our other portfolio businesses are outperforming and are really tracking very well. I think advertising industry will continue to see softness and we are going to tackle that by creating more and more innovations.

Moderator: The next question is from the line of Arjun Khanna from Principle Mutual Funds.

Arjun Khanna: We are seeing advertising dropping off in the outdoor space. Are we afraid that the same trend may come on to the print sector?

Rajiv Verma: Advertising industry is going to face a challenging environment for some more time. But the future will belong to those companies, which are able to outperform and are able to convert that adversity into opportunity through innovations. Just to give you an idea, one of the things we have done in our company is, since we have several media assets, we combine all these assets and go to our advertising customers and offer them innovations in the form of solutions to their brands. So

whether they are FMCG customers or they are customers in other sectors, we go with innovations, combining all our brand assets and providing them solutions and thereby we try to create leverage. That is the whole strategy that we pursue to outperform the industry, even if the industry environment is somewhat slow.

Arjun Khanna: Just trying to understand say in a city like Mumbai, how difficult would it be to increase advertising yields, given this environment?

Rajiv Verma: We have to look at it on a case by case basis. HT Media launched a paper in Mumbai 5 or 6 years ago and that brand is now coming from a launch state to a semi-maturity or maturity stage. Therefore in a market like Mumbai we are able to use our number two position to really push yields as well as offer better value to our customers. So just to give you an idea, our Mumbai business continues to see a very robust growth.

Amit Chopra: Just to add to that point, I think what is going to keep us in the good stead in this tougher times is, that all our brands have seen significant improvement in readerships over the last one year's time. While it will not be easy to get yield growth through advertisers, if you have a better readership compared to where you were a year back, your ability to push through growth is actually commensurate with the readership. Yield increases are comparatively easy to push as there is no effective increase in CPT at all. I think that is something which is unique about the entire group and would help us significantly as we tackle tougher times.

Arjun Khanna: How much of this CPT yield catch up is there currently in the system because I know at least in the regional space you are at a sharp discount, at least on the CPT level. Would it be similar in Mumbai?

Rajiv Verma: Mumbai in fact has quite an advantage, where of course there is the CPT discount and also fundamentally the brand position changed from being the number three to number two in six months. So I think Mumbai will gain on both counts.

Arjun Khanna: In the regional space there is a lot more catching up to do in CPT terms?

Amit Chopra: Yes. If we benchmark ourselves vis-à-vis players in similar geographies, we still have catching up to do. As we have experienced in the last six months, it takes time but there is a lot of untapped potential.

Arjun Khanna: We have seen revenue of close to Rs. 25 Crore this quarter from Burda. Could you explain as to what percentage of capacity utilization does this represent?

Rajiv Verma: It suggests the capacity utilization of about 35 to 40% at this point in time.

Arjun Khanna: What is the maximum capacity we can run at?

Rajiv Verma: You can go up to 100%, you can do roughly about 50,000 to 60,000 tons per year. So it has still got 65% left over capacity, which means Rs. 200 plus Crore revenue is easily possible in this business.

Arjun Khanna: Have we set a time frame, by when to achieve this?

Rajiv Verma: We are one year old and these machineries were imported from Germany to India which takes some time to stabilize. So, as the plant performance is improving and customers are gaining confidence in getting a high-quality long run print orders, which we are able to offer at lower cost due to better technology. The plant utilization has been going up.

Arjun Khanna: How much would be the discount if it were to be done in Germany and since it is done out here, including the freight cost and the other additives?

Rajiv Verma: I really do not have those figures readily available. But there is a significant cost advantage, which you get in terms of cost arbitrage between Europe production cost and India production cost due to labour. Labour in India is significantly cheaper. For the local Indian market itself, it is unique due to the technology which is able to offer low cost printing at a very high quality that the competition cannot offer in the Indian market.

Moderator: The next question is from the line of Bijal Shah from IIFL..

Bijal Shah: What is the circulation for Mumbai and Delhi and what is the total circulation for English?

Vinay Mittal: The total circulation in this quarter is close to about 39 lakhs across all our editions. And in Delhi we are about 9.5 lakhs and in Mumbai we are at about 4 lakhs.

Bijal Shah: How was the circulation in Hindi?

Vinay Mittal: The Hindi business was at about 21.5 lakhs.

Bijal Shah: So there is some cut back in circulation in Hindi?

Rajiv Verma: No, there is no cut back in the circulation in Hindi.

Bijal Shah: If you can give us some guidance on the rising newsprint cost and given the high price environment, how do we plan to increase our circulation? Do we continue to push more paper in UP and Mumbai?

Rajiv Verma: Absolutely, there is going to be no change in our strategy of investing behind our growth engines.

Amit Chopra: As we have done very well in the past, we will continue to optimize cost wherever there is an opportunity in terms of better ad-edit, reducing pagination and grammage whenever required and the cover price changes wherever possible.

Rajiv Verma: There are 2-3 new launches which are being planned for next half of the year and those launches will continue to go ahead as per our plan. There will be no cut backs.

Bijal Shah: What kind of increase do we see in total circulation in FY12?

Vinay Mittal: Certainly our growth rate of circulation will depend on how organic increase is happening in the mature markets and what new launches we do. But as I said, new launches are planned in UP to completely fulfill our footprint and complete the full market expansion. That will continue as per planned. Generally, a mature market expands between 2% to 2.5%, however, we will push for about 3% to 4% growth on circulation so that our market share will increase..

Moderator: The next question is from the line of Rohit Dokania from Batlivala & Karani Securities.

Rohit Dokania: Could you please tell us why the scheme of arrangement with Firefly was withdrawn?

Vinay Mittal: The company Firefly has primarily shine.com and htcampus.com, both were performing quite well. All the operating parameters in terms of number of resumes, number of jobs from the site, the traction on the sales front that we were seeing was quite encouraging. So therefore we decided that we will not merge it with the parent company and let it run as a separate entity.

Rohit Dokania: All the other income is probably interest income. So that works out to be an annualized yield of around 14% on the kind of cash that you have currently. That seems a little high. So I was wondering if you could throw some light on that.

Vinay Mittal: The total cash that we have is about Rs. 750 Crore and rest is debt, which comes to a net cash of about Rs. 400 odd Crore, and that is where the difference is.

Rohit Dokania: Could you please throw some more light on the education business that we have done with Mahesh Tutorials? What exactly are we planning there and what is the kind of investment if any, that we are looking at in the future?

Rajiv Verma: We all know education is a great emerging space in India. We have been studying that space for the last 3 to 4 years now and it is almost ten times larger industry relative to media. So the opportunity here is huge given that the demographics in India are enormous and there are a fair

number of media companies globally who have been able to migrate into the education space very successfully. Washington Post, Guardian group, Pearson group are some of the examples. We have identified supplementary tutoring as an opportunity to start with and built up a prototype to test the proof of concept. Just like the market of Mumbai where all of you are familiar with the success of the Mahesh Tutorial franchise, we are trying to build something on that basis or even better in Delhi. Given the trust and credibility that Hindustan Times brand enjoys, we are confident of building a successful brand and the investment for doing this is likely to be to the tune of about Rs. 8 Crore in this year. But as we go forward, this investment will be scaled up and we are going to build a great business here.

Rohit Dokania: Is this some sort of a JV, where we will be consolidating some stake or how does this work financially?

Rajiv Verma: We have a joint venture with Mahesh Tutorials at this point in time. It is an equity participation.

Rohit Dokania: Could you highlight the amount of stake that you have?

Rajiv Verma: I will not be able to give you those details.

Rohit Dokania: The tax rate this quarter was around 31%, so how much do we expect it to be for the full year?

Vinay Mittal: It will be around 31% for the full year.

Rohit Dokania: What could be the reason for it being lower?

Vinay Mittal: The reason is that some part of the interest income which has gone up is tax free like the dividends etc therefore the overall tax rate is lower.

Moderator: The next question is from the line of Avinash Agarwal from Sundaram Mutual Fund.

Avinash Agarwal: Just a little more on the education front, would we do everything under this JV, or are they looking at JVs with other companies as well in the other fields of education?

Rajiv Verma: As far as the space of supplementary coaching and supplementary tuition centers is concerned, this is a JV which will be addressing the current market. But we will always remain open to studying education space. It is a very large space and we will continue to study other segments in the education space and as and when those opportunities come up we will see what are our possibilities and then try to migrate into those. But the current JV with Mahesh Tutorial envisages setting up of tuition centers in the North.

Avinash Agarwal: One question on the internet front, I think you have shown Rs. 8.5 Crore of revenue this year versus our release which says Rs. 6 Crore last year same quarter. But I think last year, we had shown revenue of close to Rs. 2 Crore. Has there been any change in the way we report?

Vinay Mittal: We have clubbed all the internet related activities. So earlier what you used to see was only the Firefly related business which was shine.com and HT Campus. Now what you see is all of the HT's businesses in internet/digital space, which is not only Firefly, but also the mobile JV with Velti and, the revenues that we earn from livemint.com and ht.com.

Moderator: The next question is from the line of Amit Kumar from Kotak.

Amit Kumar: I wanted to get a sense of HT Burda. For the last couple of quarters, we have seen reasonable amount of volatility in terms of revenue booking. I just wanted to get a sense how should we really view this business, because I remember when the business had started we had booked a couple of large orders worth Rs. 100-200 crore, so would not there be a fair amount of smoothness as those orders get executed. And secondly, if you could give us some sense of the order book in HT Burda JV?

Vinay Mittal : In Burda, the first year of operations was basically, about stabilization of machines. These are heavy machines that come in from Germany and had to be stabilized for usage of the Indian paper and that is why the erratic nature of the revenues Q-o-Q last year. That process has been completed and now on, we expect a smooth buildup in terms of revenue Q-o-Q. You will not see the wide variations. Going forward in terms of order bookings, there are some long-term orders and there are some short term orders, which are there in the pipeline. I will not like to quantify exactly, how much is short term and how much is long-term. But as the confidence is growing, we are trying to book long term orders because one of the reasons for setting up this JV was the steadiness of revenue. It does not get affected by the GDP change of the Indian economy and advertising growth rate. So you are right to that extent that it was erratic last year but the volatility will move away now.

Amit Kumar: Can you give me some sort of sense on what part of the order book is domestic and what part of the order book is international?

Rajiv Verma: About 55% is domestic and the rest is international. We are trying to expand our domestic business further.

Amit Kumar: Could you give us some sense of your total CapEx that you are planning to do in FY12?

Vinay Mittal: We will do about Rs. 80 Crore of CapEx.

Amit Kumar: Can you break it down across segments, print, radio and so on and so forth?

Vinay Mittal: At this point of time, suffice to say that in Hindi we will be doing about Rs. 30-35 Crore.

Moderator: The next question is from the line of Ram Hegde from Primus Advisors.

Ram Hegde: Could you tell what part of your raw material costs is related to Burda?

Vinay Mittal: For Burda, the raw material cost is about Rs. 16 Crore.

Ram Hegde: For a revenue of Rs. 25 Crore, right?

Vinay Mittal: Yes.

Moderator: The next question is from the line of Nirav Dalal from Sharekhan.

Nirav Dalal: What was the newsprint cost for the quarter?

Vinay Mittal: Close to about Rs. 32,200 per ton.

Nirav Dalal: Moderator: The next question is from the line of Raunak Nagda from Value Quest Research.

Raunak Nagda: I would like to know how has your radio business grown as such and have the utilization and pricing increased in the last quarter?

Vinay Mittal: Radio business has done quite well, as you have seen in the results that it has grown by 75% year-on-year. The real innovation out there is that, it is being bundled along with events. A lot of events have been done in terms of music concerts, like the Sunidhi Chauhan one and Pankaj Udhass one. So, the idea is really to try and utilize both these streams and take the revenue and profitability up.

Raunak Nagda: Do you expect the radio traction to improve going forward?

Vinay Mittal: Yes we do but it cannot improve any further than 75%;,that is quite a high rate of growth. It may be difficult to sustain that rate of growth, but, it will certainly be more than the industry average.

Raunak Nagda: What are the utilizations on the radio front?

Vinay Mittal: The Delhi inventory is fully utilized, while in Mumbai, Bengaluru, and Kolkata we still have some inventory which is not utilized.

Moderator: The next question is from the line of Namrata Sharma from Pinc Research.

Namrata Sharma: In your presentation you have mentioned that you have moved towards discontinuation of bundling in the rate card, so could you explain this in detail?

Amit Chopra: Earlier, we used to sell all of our print products together in bundles, I mean like Hindustan Times all or Hindustan plus Hindustan Times all. As our presence in various geographies has strengthened and each product like Hindustan Times in Mumbai, Hindustan in UP has acquired the critical mass of readers, it is better to actually de-bundle these from the overall packages and getting the focus on selling these separately in these markets, has indeed resulting in extracting more pricing.

Namrata Sharma: So this is done for Hindi as well as English?

Amit Chopra: Yes. It has been done for both Hindi as well as English.

Moderator: The next question is from the line of Mohan Lal from Elara Capital.

Mohan Lal: Could you quantify the amount of raw material, the newsprint used in the English business for this quarter?

Vinay Mittal: You can derive that from the standalone financials.

Mohan Lal: Overall quantity including Hindi and English?

Vinay Mittal: Overall quantity used is about 44,000 tons. This is excluding Burda.

Mohan Lal: You said 4.5 lakh is the circulation in Mumbai. Where do you see this number by Q4 FY 2012?

Vinay Mittal: It depends on the competitive environment, so it could also be around 4.5 to 5 lakhs.

Mohan Lal: So for now there is, a little bit of pause in circulation growth in Mumbai as of now?

Vinay Mittal: No, I think we will keep assessing our circulation in that market. We have already become a strong number two, and it continues to remain our intention to keep improving our position vis-à-vis Times of India in that market.. Readership is still a long way to go. So we will keep focusing on getting the right readership traction and circulation expansion as per needs of the market.

Mohan Lal: I wanted to know that the 18% growth that we had in the English ad revenues, what was the growth in the Delhi market because you have already mentioned that the Mumbai market continues to grow by 30% to 40%?

Vinay Mittal: We do not give separately but the overall English has grown at about 18%.

Moderator: Ladies and gentlemen due to time constraints we will take one last question from the line of Manoj Behera from Equirus Securities.

Manoj Behera: I just wanted to know about the employee expenses, it has gone up by around 15% on a Q-O-Q basis. So what exactly was the reason for this surge in employee expenses?

Vinay Mittal: April is a month where we usually have our annual increments. Therefore 10-11%, the majority of it is because of the increments and then there are bonus payouts also. If you then compare, HT Learning, which is our educational subsidiary that has also resulted in a bit of an increase over and above the increment.

Manoj Behera: The domestic newsprint prices have been on an uptick as against the international newsprint prices. So what is your outlook, when can we see this growth getting arrested?

Vinay Mittal: The domestic newsprint prices are also determined by the raddi prices and if you see the raddi prices, they seem to be stabilizing and now it's reducing. It is early days as we still have to see whether it is a trend and only if it establishes itself as a trend, I would be able to say that the domestic newsprint prices will go down.

Moderator: Thank you. Ladies and gentlemen that was the last question. I would now like to hand the floor back to Mr. Siddharth Goenka for closing comments. Please go ahead sir.

Siddharth Goenka: I would like to thank all the participants and the management of HT Media & HMVL for taking out time for the conference. Thank you.

Moderator: Thank you. Ladies and gentlemen on behalf of JM Financial Institutional Securities, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.

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