"HT Media Q2 FY-16 Earnings Conference Call"

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Moderator: Ladies and gentlemen good day and welcome to the HT Media Q2 FY16 Earnings Conference Call hosted by Phillip Capital India Private Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference please signal an operator by pressing "*" then "0" on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Manoj Behera of Phillip Capital. Thank you and over to you, Sir.

Manoj Behera: Thank you, Inba. Good morning everybody. We at Phillip Capital are pleased to host the Q2 earnings call for HT Media Limited. Today in the call we have Mr. Rajiv Verma, the Group CEO and Mr. Vinay Mittal, the Chief Financial Strategist. I would like to invite Mr. Vinay Mittal for his opening remarks followed by which we can have an interactive question-and-answer session. Over to you Vinay.

Vinay Mittal: Thank you, Manoj. Good morning, ladies and gentlemen. Thank you for taking out time for our Q2 financial year 2016 results.

Economic activity continues to be subdued. Advertising revenue grew by 6.7%. If we normalize for the Navratra revenue impact in the base and the Bihar state elections revenue in our second quarter this year plus the financial impact of the Chennai radio station acquisition, YoY growth is a healthy 11%. Circulation revenue grew by 5% aided by addition of copies in Hindi and Mumbai market. Delhi's reported growth was flat but normalizing for Navratras impact in base, growth was 7%. Mumbai grew at 9% with normalized growth at 18% and Radio grew at 11%. Hindustan reported growth at 18% which also translates to 23%-24% if normalized for Navratras impact. Digital grew at 36% driven by Shine revenue growth at 41% and HT fMobile revenue growth at 61%.

EBITDA, however, grew by only 2.2% to 1,083 million. EBITDA margins declined to 16.7%. Consequently PAT was down by 8.7% to 480 million. EPS stood at Rs.1.56.

On the expenditure side raw material cost were down by 5.5%. Raw material prices continue to remain benign. Employee cost grew by 23.8% including one-time performance bonuses of tenure-linked employees and some new hiring and increments impact. Advertising and sales promotion cost grew by 24% mainly on account of an event and the launch of Haldwani, both in Hindustan. Also, we re-launched Hindustan in Delhi and Kanpur region. Other expenditure grew by 16% because of a combination of increases in legal and professional fees, rent, travel and repair costs.

In 2015-2016, we do expect revenue uptrend to pick-up pace. The cost heads which are elevated in Q2 are expected to normalize and raw material prices are also expected to remain benign which should result in margin expansion and growth in operating EBITDA. Thank you. We can now move to the Q&A session.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question and answer session. Our first question is from the line of Abneesh Roy of Edelweiss. Please go ahead.

Abneesh Roy: Sir, my first question is in terms of advertising in Delhi. So are you calling this sequential pick-up a rebound given that you mentioned Delhi's growth ex of seasonality impact is at 7%?

Vinay Mittal: No, Abneesh, we will not go by just one quarter. We would like to wait for a quarter-or-two more to see whether there is a trend. But it was heartening to see the 7% growth.

Abneesh Roy: How is the competitive intensity between you and the other player in Delhi as of today versus what it was three or four years back? My understanding is that the competitive intensity has increased. What is your take on that? Could you elaborate on the gap in Delhi with the other player in terms of revenues and circulation?

Rajiv Verma: Yes, you are right in your observation that competitive intensity has increased in Delhi because anytime when the market shrinks, then all the players have to fight for a shrinking pie. English ad market has not being doing very well mainly led by those categories where you need a lot of availability of cheap capital and consumer confidence like real estate. Unfortunately, education which is the other large category has also seen a decline across Print. So, in any such scenario of a shrinking pie when all the participants in the industry are fighting for their share, the competitive intensity increases. However, due to our very strong position in readership, HT is the only paper which has grown handsomely in the last Readership survey. HT is well poised to take back its share and the same is also evident in our growth numbers. Going forward, HT Delhi's growth will depend on industry growth coming back and hopefully as a result of it, all players should start feeling better as shrinking market is not a very healthy scenario.

Abneesh Roy: Sir, if you could take us through sector-wise advertising wrt your English & Radio business Online/ e-commerce did reasonably well especially for your Hindi business and also for TV channels and Radio as per results of other media companies. How much will be online retail's contribution to English, Mint ad revenues?

Rajiv Verma: I just want to add one more thing that there are some new innovations that we have done as an industry participant like you might have heard about OneIndia. There are some of those footprint disadvantages that our company has and many other players too face similar challenges in their market, not necessarily in Hindi but in English as we are not present in South and our presence in East is also somewhat subdued although we have very strong presence in north-end of Bombay. So, this OneIndia as an innovation that was launched about four years ago is now doing exceedingly well and is growing much ahead of the market which means gaining share. Therefore some of these industry led innovations are also helping us regain our leadership and dominant position. And to your second question I am going to now hand over to Vinay to answer your question.

Vinay Mittal: The sectors which have done well for us are FMCG, Banking and Finance, E-Commerce and Government. All these sectors have done well and of course the underperformers have been Real Estate and Education. Actually, Real Estate and FMCG have done well in Radio. So, there is a lot of commonality of areas or let us say sectors which have done well both for Print and Radio.

Abneesh Roy: Vinay, one follow-up on your remark that real Estate has done well in Radio but not in Print. Is it the case of pricing being much higher in Print and thus, the reason for it shifting to lower cost media offering?

Vinay Mittal: Some of it yes, but ultimately when the things pick-up and they need to sell, they should come back to Print.

Abneesh Roy: One last question on digital strategy. I understand your digital growth this quarter has been quite good. Are you quite confident that Shine.com is growing as per your initial expectations? Also, when do you see it getting profitable? Could you explain new digital structure from HT Media perspective as well?

Vinay Mittal: With respect to Shine which is still making negative EBITDA and has incurred a loss of about 13 crores this quarter, losses for the whole year should not exceed 50-52 crores which is in line with what we have been saying about restricting it below 55 crores. The revenue grew at 41% this quarter and we do expect it to grow between 40%-50% in the following quarter as well. With respect to it breaking even, I would be more confident to talk about it in the beginning of next year. But given the path that it is trending, we are confident that it should soon reach breakeven. What was your second question Abneesh?

Abneesh Roy: So are you going to focus on Shine.com and the Android and iOS app or are you looking at more properties in terms of focus because of this new structure that you have introduced?

Vinay Mittal: No, in terms of classifieds we are pretty much sure that it will be Shine, HT Campus and HT Mobile and we are not going into any new properties. The new structure will bring together all the content business such as HT.com, Livehindustan and Livemint that were existing in various parts of our print offerings, and which have been taken out so that the best practices can be shared. The cost structure will remain the same for all the three publications.

Abneesh Roy: And shifting to a separate structure is the idea of some fund raising at some stage?

Vinay Mittal: May be at a later date if the whole thing works out really well but at this point of time, it is really with respect to best practices and efficiency.

Moderator: Thank you. Our next question is from the line of Vikash Mantri from ICICI Securities. Please go ahead.

Vikash Mantri: Can you help me with the revenues and portion of the business that we are shifting to the subsidiary? What will be the revenues, EBITDA and PAT of that new business?

Vinay Mittal: In totality, yearly revenue is about 35 crores. But the revenue will not shift; it is just going to get shared between the new company and others on a SLA basis. The production of digital content will be moving to the company and HT, Livemint and LiveHindustan will end up purchasing content from it. Advertising will also be sold and the revenue will get shared between the new company, HT and Hindustan.

Vikash Mantri: Should not all sales and costs of digital be in the new company? I am only trying to understand the revenue, EBITDA and PAT of that business which has been valued at 175 crores.

Vinay Mittal: It all gets consolidated. So, that is why all the mechanics have been worked out that way and as I said earlier it will be cost neutral. I can only share that revenue is be about 35crores.

Vikash Mantri: Sir, we have done 40 crores loss in the first-half in the digital business. So do I annualize that and you have a 55 crore target for the Shine business?

Vinay Mittal: Yes, Vikash, the losses out there are more in the classifieds piece not in the content piece.

Vikash Mantri: I am only trying to understand the transaction between HT Media and HMVL. Who bears how much loss and how is that structure there? Also if you can help me understand in terms of future because it is going to be a loss making entity in the near-term, who is going to fund the losses?

Vinay Mittal: Yes, the effort is not to get any of the two businesses to bear any extra losses. Give me another month-or-two and I will clarify everything for you because the finer details are being worked out.

Moderator: Thank you. Our next question is from Bhautik Chauhan of Span Capital. Please go ahead.

Bhautik Chauhan: A couple of questions from my side. What would be the current EBITDA margins in UP market and how do we see margins going forward in UP? What is out market share in UP?

Vinay Mittal: Current EBITDA is about 18%. Ultimately over the next two years I do see the UP margins moving towards the mature market region of about 25% to 27%. Our share in terms of revenue in the UP market would be close to about 25%.

Bhautik Chauhan: Okay, sir, can you throw some light on standalone segment wise revenue of printing and publishing of News Paper periodicals? The revenue has been flat year-over-year but the EBITDA has declined from 31 crores to 11 crores so, any specific reason for that?

Vinay Mittal: Can we talk about this later? Please e-mail it to me and I will reply back to you?

Bhautik Chauhan: Yes, sir. What would be our cash position in the book?

Vinay Mittal: Our net cash is 1,100 crores as on 30th September.

Bhautik Chauhan: And total size of ad for equity assets?

Vinay Mittal: Total size for the ad for equity is 340 crores.

Moderator: Thank you. Our next question is from Samrat Das of Florintree Advisors. Please go ahead.

Samrat Das: Can you help us understand the segmental break-up that you have given because in the segmental break-up the unallocated negative EBIT has come down significantly quarter-on-quarter. Have you allocated this to the print and publishing division because the EBIT from that division has fallen significantly from 30 crores to 12 crores?

Vinay Mittal: Last time had a one-off charge there but we have not changed the basis of any allocation.

Samrat Das: Okay. In terms of the Radio business, are you going to launch another brand? I do not understand your strategy for the dual frequency.

Vinay Mittal: We are still working out the strategy as it will take another 3-4 months for the launch to happen. I would not like to speak about it at this point of time.

Samrat Das: And are you still sticking with your annual loss guidance of 55 crore for digital now that you have incurred 42 crores on the first-half.

Vinay Mittal: Yes, I would still like to say that it will remain below 53 - 54 crores.

Moderator: Thank you. Our next question is from the line of Ashish Upganlwar of Elara. Please go ahead.

Ashish Upganlwar: Is there any one-off in the other expenditure line? 18% increase in such a scenario where I think most of the companies in print are kind of squeezing their cost and for us it keeps on increasing. Even in the employee cost, unlike the normal trend in print that is seen, we are on a higher side as far as increments are concerned?

Vinay Mittal: Yes, on the employee costs , there are one-offs because of certain performance and tenure-linked bonuses and some hiring. It will normalize during the course of the year and will come to levels of 13% to 14%. With respect to other expenditure, there is no one-off as the increase is in over six-seven cost heads.

Ashish Upganlwar: Can you give us some guidance on other expense line how it can move because it shifts the margins quite drastically. How do you see this in the next two quarters at least for this year?

Vinay Mittal: Next two quarters, it should remain at levels of 13% to 15% incremental over last year.

Ashish Upganlwar: Do you foresee any big write-offs on Ads for equity piece that may come going ahead?

Vinay Mittal: No, we are not seeing any big write-off. We provisioned for about 2 crores this quarter. Last quarter was about 4 crores or so.

Moderator: Thank you. Our next question is from the line of Nikhil Pahwa of Medianama. Please go ahead.

Nikhil Pahwa: Are you setting aside funds for investing in digital businesses apart from hiving off your existing operations?

Vinay Mittal: Yes, we do have a program for funding start-ups now with a U.S. based media fund called North Base Media in which we encourage good start-ups. We will fund them and handhold them for a period of 6-9 months. That is on a very small scale, the start-up company gets $100,000, 50% each from us and North Base Media. There is no large allocation except that we fund the losses for the growth in Shine, HT Campus and HT Mobile.

Nikhil Pahwa: Have we made any investments so far?

Vinay Mittal: Yes, we have. We are looking at three start-ups. The investment will be happening over the next fortnight.

Nikhil Pahwa: Okay. So are you looking at investing in hiving-off particular domains which are on the internet, for example, we have seen NDTV with something call Gadget360.com, which raised external money and is focusing on that domain.

Vinay Mittal: Not at the moment.

Nikhil Pahwa: So from content perspective any such plans?

Vinay Mittal: No, Nikhil. Not at the moment maybe sometime down the line but not at the moment.

Nikhil Pahwa: Okay. And other classified segments that you are looking to get into online?

Vinay Mittal: No, we are just looking to consolidate and make sure we attain breakeven in our digital space.

Moderator: Thank you. Our next question is from Anand Rawani of Horizon Research. Please go ahead.

Anand Rawani: I have four questions. You are sitting on a cash of 1,100 crore. So, can you tell us what your capital allocation plan is for the next three years? Secondly, I want to know why your borrowing has increased significantly since March, is it for the Radio business? Thirdly, how do you look to amortize your capital invested in Radio licenses? And the lastly, you have presence in Radio, Print, both in Hind and English and Digital, do you look to get into TV channels also? Thank you.

Vinay Mittal: Okay. I am going to answer them in the reverse order. We are not getting into TV Channels as we are focused on Print, Radio, Digital and Education. With respect to cash, it was 1,100 crores as of Sep end. We have borrowed through short-term commercial paper but 350 crore has already moved out of it for radio auction payments. . Therefore, there was excess cash because of timing mismatch wherein the commercial paper had been raised and the money had not flown to government of India. That is why you see a bit of elevated borrowings and higher cash of 1,100 crores.

Anand Rawani: Okay. And then how do you look to spend that money over the next three years? What is your capital allocation plan?

Vinay Mittal: Out of this 700 - 750 crore, we have got 600 crores in HMVL and which is not fungible given that it is in another company and the balance is in the parent company HTML. With respect to HMVL, I think we did speak about the fact that we are keenly looking out for inorganic expansion there. Your last question was on amortization of Radio licenses. We are quite confident that the second licenses that we have purchased in Delhi and Mumbai should breakeven in the second year of operations and we do think that we will have an IRR which will be in mid-to high-teens.

Moderator: Thank you. Our next question is from the line of Naval Seth of Emkay Global. Please go ahead.

Naval Seth: A couple of questions on the employee cost. Last year increase was because of regulatory reasonsand increase in new hiring. If your English business is not growing and Delhi market is under pressure and competitive intensity has been increasing, which part of your business, especially as you are not expanding your English or Hindi business that substantially, is hiring for the last almost six odd quarters now? Also, you have kept giving the reason that employee cost is increasing and that it will be normalizing in FY16 but again in H1 there is a substantial increase.

Vinay Mittal: Yes, I do agree. There were tenure-linked and performance-linked bonuses that had been agreed over some period of time which have come in the second quarter. As I said, we will normalize this over the year and for the whole year it will not exceed 13% to 14% increase vs. last year.

Naval Seth: But in which part of the segment is the new hiring going on?

Vinay Mittal: It is partly in Radio, a bit in Mumbai, and of course in Hindi for Haldwani.

Naval Seth: Okay. Will margins ever go towards 15% or will it be in the range of 10-12 percent? What cost measure are we taking to improve the margins as every year we have higher ad spends towards new launches ?

Vinay Mittal: If the economy picks-up, then Delhi top-line growth should pick-up and move towards double-digits. Radio's contribution to revenue should go up from 4% to 10%/12%, and so should its EBITDA contribution. So, these two things other than the Digital should help besides reduction in digital losses from 55 crores to below 30 crores next year.

Naval Seth: But sir that has not happened in the last three years.

Vinay Mittal: I agree but we are pretty confident of doing it now and measures are already in place that it should be adhered to now.

Naval Seth: Okay. And any new re-launches planned for next 12-18 months which one can see?

Vinay Mittal: I think most of the re-launches are more or less over especially after Haldwani, Kanpur, etc., there might be one or two more but the number will be far lesser.

Moderator: Thank you. Our next question is from the line of Vivekanand Subbaraman of Ambit Capital. Please go ahead.

Vivekanand Subbaraman: So, on the English business I have a couple of questions. One is pertaining to the moderate growth in circulation revenue, Any thoughts on the cover price increases that we are looking at for the second-half of this year and next year. And secondly, what is the contribution of e-commerce to our English business revenue now and how has this piece grown? How has the movement been on a year-on-year basis among the top five ad spenders on your English paper? And lastly update on the Education business?

Vinay Mittal: Some kind of cover price increases keep taking place in the various geographies but sometimes there is also a 50 paisa fall in case if a competitor drops prices. Therefore, I cannot commit to a cover price increase over the next 12 months.

Vivekanand Subbaraman: Just a follow-up, how different is the competitive intensity in respect to the cover prices in English in Mumbai versus Delhi?

Vinay Mittal: Well, Delhi is like a perfect duopoly and if one player increases, the other guy gains share; so either both of us increase or none really because of the perfect duopoly. In Mumbai, TOI is certainly higher cover price than us so we are constantly taking our prices up and therefore on the circulation piece in Mumbai we now have break-even whereas we were earlier making losses. This has also contributed to the positive EBITDA in Mumbai. On the e-commerce, it forms about 3% of our revenue pie.

Vivekanand Subbaraman: Surprising that it is just 3% given that we are so accustomed to seeing jacket ads of e-commerce firms. How much was the growth there?

Vinay Mittal: It was 200%. So you are seeing jackets, but it is basically the Paytm, Flipkart and all these kind. Hope is that it will go up to 5%. The top spenders continue to be government, automobiles and tenders at 9% and education at 8% to 9%.

We continue to grow in Education. Our Studymate business is clocking revenue of about 20 crores and next year it should breakeven and the Higher Education business is still establishing itself to clock any noteworthy revenue.

Moderator: Thank you. Our next question is from the line of Ishpreet Kaur of Karma Capital Advisors. Please go ahead.

Ishpreet Kaur: For next year employee costs, could we take an inflation of 10-12% or is it that there could be any one-off?

Vinay Mittal: I am pretty confident that it should not exceed 12%.

Ishpreet Kaur: And in the Radio margins, the Radio EBIT seem to have come down, is it because of the license fee which has increased because of this auction?

Vinay Mittal: No, it is not because of license but because of the acquisition of Chennai station which had a negative EBITDA of about 1 crore. So, while the revenue went up because of the Chennai addition, the profitability got hit because of its negative EBITDA.

Ishpreet Kaur: And what was the revenue of the Chennai station?

Vinay Mittal: 2.5 crores for 18 months.

Ishpreet Kaur: Okay. And in terms of the license fee only because in one of the earlier calls of the competitor we heard that the license fee going up because of this new auction price so what is the impact for us of the license fee?

Vinay Mittal: The impact to us on the license fee will be about 4-5 crores for the whole year.

Moderator: Thank you. Our next question is from the line of Satish Ramnathan of Tattva Capital. Please go ahead.

Satish Ramnathan: I just want to understand about your capital allocation because 1,100 crores of net cash with debt increasing, is it because most of the cash is in HMVL?

Vinay Mittal: That is right, the 600 crores on HMVL.

Satish Ramnathan: Okay. But why is still debt on the books?

Vinay Mittal: What has happened is that CP (Commercial Paper) is quite cheap for us and thus, there is bit of an arbitrage that is still available. We have picked up CP so that we do not break-up mutual fund investments.

Satish Ramnathan: Okay. So it is primarily financial engineering that is leading to the debt on the books as well as the cash on the other side.

Vinay Mittal: That is right.

Satish Ramnathan: Okay. Also, we saw the company doing a share buyback sometime in the past at similar prices. So, just want to understand what is wrong if the company actually does a similar transaction at this juncture given the cash pile and that you are seeing 250-300 crores of inflow every year. Should not the company be thinking about cash deployment in an accretive manner for the shareholder?

Vinay Mittal: I am sure that since the Radio piece is now over and we have done a lot of allocation of cash towards that, the Board would look at share buyback as well, especially since the share price has fallen to this level now.

Satish Ramnathan: So, is the radio deployment already reflected in the cash position?

Vinay Mittal: Only 25% had been paid till September end. Another 350 crores has gone out in October which has not got reflected in the 30th September results.

Satish Ramnathan: Could you just explain the Radio market in little better terms as to what is the actual scope of growth you are seeing and you have mentioned that your ROE would be in the high-teens. Could you just explain whether you are seeing vibrancy in the ad market on Radio and what is actually happening there?

Vinay Mittal: I do expect the Radio market to keep growing around 15%. I think there was a CRSIL report released about 2-3 days back also supporting the fact that Radio market should double over the next five years.. So it looks like there is unanimity of opinion on the growth in the Radio market. Two, with respect to our purchase of Radio licenses, the fact is that majority of our money had gone towards purchasing two licensees in Delhi and in Mumbai and thereby I have two licenses in both the geographies. We enjoy a leadership position in Delhi. We have a deep understanding of the local market preference, both with respect to listenership as well as with respect to the local market in terms of advertising. People in Delhi were shedding advertising because of the choked inventory, we were running at 120% utilization; so we were dropping 20%-25% of advertising that was coming to us. On a second station, the economics work out because even if you do earn just about 50%-60% the advertising rates of what you were earning in your first station, the cost of running your second station is just 25% of what it is for running the first station. So, the fixed cost does not increase at all. Thereby, in spite of paying a high license fee, we are able to achieve a breakeven by the second year as opposed to my Phase-II licenses wherein I achieved breakeven only in the fifth or the sixth year. This is what should lead to IRR in mid-to-high teens.

Satish Ramnathan: Okay. And how would you actually pull in the cash from HMVL into HT Media? Would you be giving dividends there? I mean as a shareholder should I be buying HMVL because the cash is there or should I be buying HT Media because I am the ultimate owner of cash.

Vinay Mittal: Right, so choice is yours. At this point of time, I am not looking to pull cash from HMVL because if I have to do a bigger acquisition I will be doing that in HMVL.

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

Ritwik Rai: I just wanted to understand the projection of losses that you have for your Digital businesses declining from 55-60 crores to about 30 crores next year. Is this only for Firefly or is this including the HT Digital where I suppose you will be investing more now.

Vinay Mittal: HT Digital will not increase losses at all. That is constant. What will happen is that Shine will reduce losses and HT Mobile will make money. Movement of both these will lead to a lesser negative EBITDA.

Ritwik Rai: Could you give us an idea of the kind of employee expenses that you incur in HT Digital business at the present?

Vinay Mittal: I will like to answer that a little later because the finer points are still being worked out.

Ritwik Rai: Okay. Can you share the YoY rise in employee expenses for Firefly? I was just trying to understand if the employee cost increase that we are seeing is because of higher investments in Digital.

Vinay Mittal: No, the employee cost in Digital would not have grown at similar levels, it would have grown at somewhere between 15% to 18% and whatever increasing losses you are seeing in the Digital business is largely due to the television commercial that we ran spread over the first and the second quarter. The television commercial will not be aired in the third and the fourth quarter.

Moderator: Thank you. Our next question is from the line of Rishinder Goswami of Locus. Please go ahead.

Rishinder Goswami: What is the CAPEX estimate for FY16 in HT standalone?

Vinay Mittal: CAPEX estimate is about 50 odd crores of which we have spent about 25.

Rishinder Goswami: Right. And in HMVL what is the CAPEX estimate?

Vinay Mittal: In HMVL we will do about 20 crores.

Rishinder Goswami: If I look at the standalone print and publishing margins those are significantly down, both quarter-on-quarter as well as year-on-year. Just wanted to understand if this is some kind of a one-off?

Vinay Mittal: No, it is basically because of the increase in expense on the employee costs, the advertising and sales and also on the other expenditure which is more with respect to HTML as opposed to the Hindustan piece.

Rishinder Goswami: Right. But the revenues are actually flat.

Vinay Mittal: Yes, revenues are flat because Delhi as I said is still not able to grow at the same levels that we would like it to. **E**ven though the top-line is not growing, the expenses have grown and that is why our EBITDA has taken a hit on the standalone.

Rishinder Goswami: Would you have a sense of what is the Radio advertising market size for Delhi and Mumbai?

Vinay Mittal: It is close to 450-500 crores.

Rishinder Goswami: 450, both cities put together?

Vinay Mittal: Yes, both cities put together, but Delhi is about 150% to 160% of Mumbai.

Moderator: Thank you. I now hand the floor back to Mr. Manoj Behera. Over to you, sir.

Manoj Behera: Okay, thank you. I have one question. Can you please talk about how the Mumbai market has been doing for us in terms of ad yield differential with the market leader and also the readership and the circulation number?

Vinay Mittal: Mumbai market has been doing well for us. In the first-half we have made an EBITDA of 8 crores and we are hoping that we should close this year at about 20 crores. Our circulation is 430,000- 440,000 copies. In terms of yield differential, we still have to do a fair bit of catch-up with the leader. At Rs. 500/ sq.cm, we are still around one-third of the leader in terms of yield.

Manoj Behera: And how has this trend moved in the last couple of years?

Vinay Mittal: We have done a bit of a catch-up, but it is not strong in terms of yield. Volumes have increased but it usually is the case that first the volumes increase and then the pricing power comes.

Manoj Behera: What is your sense in terms of the potential acquisition? We are seeing that Amar Ujala is coming in the primary market for IPO.

Vinay Mittal: I think as the market is growing we will see some potential candidates coming up over the next year or maybe two years. I am pretty confident of it.

Moderator: Mr. Behera, would you like to add a few closing comments?

Manoj Behera: On behalf of PhillipCapital I would like to thank all the participants for taking time out and attending the conference call. I would also thank the management of HT Media for taking time out and answering all the queries of the participants. Thank you, sir.

Vinay Mittal: Thank you.

Moderator: Thank you. On behalf of PhillipCapital India Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.