HT Media Limited's

Q4 FY14 Earnings Conference Call

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www.htmedia.in

Moderator: Ladies and gentlemen good day and welcome to HT Media's Q4 FY14 results conference call, hosted by Centrum Broking Private Limited. As a reminder, all participants' lines will be in 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 call, please signal an operator by pressing * and then 0 on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ankit Kedia from Centrum Broking. Thank you and over to you Mr. Kedia.

Ankit Kedia: Good morning everyone. Centrum Broking is pleased to host the Q4 FY14 earnings conference call for HT Media. We have with us the senior management of the Company - Mr. Rajiv Verma, CEO and Mr. Vinay Mittal, Chief Financial Strategist. I will now hand over the call to the management for their initial remarks after which we will open the floor for Q&A.

Rajiv Verma: Good morning ladies and gentlemen and thank you for joining us for HT Media's Q4 FY14 earnings conference call. Over the next one hour, we will discuss the performance of the Company and answer your questions on status of the economy, our industry, and our Company. We are glad to report an overall growth during the year despite challenges in the economic environment. The total revenues for FY14 grew by 10%, out of which advertising revenue grew by 9% and circulation revenue grew by 15%. EBITDA improved by 26% and profit after tax increased by 24%.

FY14 was a challenging year for most of the players in media industry, especially the print business. The exchange rate fluctuation caused an uncertain environment which made it difficult for us to know how the cost structure would pan out, as the Company is highly dependent on imported newsprint. However, in the latter part of the year, the dollar-rupee equation stabilized and the rupee started to strengthen which enabled us to control costs. The economic environment was such that our customers were not confident about advertising and hence the growth in advertising spends was relatively restricted.

In wake of a difficult external environment, we are very pleased with the results that have been posted. We are glad to report sustained operating margin performance despite the raw material cost increasing by almost 6%. Our Hindi business did exceedingly well and the operating margins expanded from 18% to 21%. As you are aware, the Company started focusing on the Hindi business only during the last seven years or so, and in that time period, we have attained a 21% operating margin, which is a fairly decent performance. HT remains one of the few companies in this country that has a very balanced portfolio, both in English, Hindi, and business newspapers. We all know that the latest IRS results were plagued by a lot of controversies; however, we got an order from the High court stating that the Company is allowed to share the IRS results with all its stakeholders, be it customers or investors. As per the IRS numbers, HT holds a very strong and undisputed number 2 position in English. ‘Hindustan’ has become the second largest read newspaper and it is now a very strong franchise in UP, Bihar, Delhi and across North India. ‘Mint’ also holds a very strong number 2 position in business newspapers. It is the choicest brand amongst all the business newspapers available where the readers find credible business stories. We believe that the benefits of this strong number 2 position as per the IRS will accrue in years to come. The yield gap is expected to narrow in Delhi, UP and Mumbai. While the initial trends are encouraging, we believe that it will accelerate going forward due to our increased readership. Going by the readership data, Mumbai, from a three paper market, has now virtually become a two paper market, with HT having a readership of little over 12.5 lakhs with the market leader at about 21 lakhs. This gap is being closed with the number 3 losing importance.

A trend that is fast emerging is the digital economy. Many people are consuming media on a digital platform and HT was one of the early movers in this space. HT Media has been investing consistently since the last 7 to 8 years in the digital arena. In this space, the revenue has gone up by 42%. Revenues from our job portal, where the bulk of the investments were done, have gone up by 58%. The Company also has a HT mobile solutions Company called ‘Digital Quotient’ and the revenues of this business are up 60%. Total digital revenue in FY14 was roughly about Rs. 75 crore and we expect it to increase to about Rs. 100 crore in FY15. So, sizeable revenues are expected to come from the digital medium and we are taking a lot of interesting bets in this space.

The other business that the Company had invested in, the early parts of its diversification strategy was radio. The Company has four radio stations in Delhi, Mumbai, Bengaluru and Kolkata. This business grew by almost 19% and EBITDA improved by almost 130%. For FY14, the radio EBITDA stood at ~ Rs. 29 crore, up from Rs. 13 crore last year. We are ready for the next phase as and when the government allows expansion of radio franchises by going ahead with the phase III bidding. This is going to be an interesting period because we are one of the well performing radio companies when it comes to profitability with very strong core competencies around content and brand management. This is another business where we expect further wins to come to the Company.

Another business where we have made progress as a result of strategic work done over last three to four years is ’Education’. Our Education business has two verticals, one being the supplementary coaching centers for grades 9 to 12 while the second is a higher education business where we provide an 11-month MBA and specialized courses to people in the field of big data, project management, etc. This business had been created in the form of a joint venture with one of the world's largest online education Company called University of Phoenix, a brand of the Apollo Group. We have also partnered with Northwestern University, which is based out of Chicago. Both the supplementary coaching institution and higher education business are at an interesting stage. The supplementary coaching business has been in existence for the last 4 to 5 years and we had six centers in Delhi, which we are now doubling to 12. At a unit level, the business has started to turn positive and we have unearthed the formula by which any new center can start doing well within 1 to 2 years' time. This is one business which is doubling every year and we are extremely happy with the progress made. Higher education has massive opportunity in India, a country of 100+ billion people, where more than 50% are under the age of 20. Given our partners and our competencies, we believe this could be a great future business for the Company. Thank you and we will be happy to take any questions that you might have.

Moderator: Thank you very much Sir. Ladies and gentlemen we will now begin the question and answer session. First question is from the line of Abneesh Roy from Edelweiss.

Abneesh Roy: With the latest IRS numbers now being approved, how do you expect to bridge the gap between the number 1 player and yourself in terms of circulation and readership over the next 2 years?

Rajiv Verma: We are the only Company that has been closing the gap on readership for the last five to six years. The combined readership of all the HT brands put together stands at about 4.1-4.2 million which has grown from 2 million about 8 years back. The market leader has been constant for the last 10 years at 7.5-7.6 million in terms of readership. We believe that we have moved at a good pace because of the hard work done by our brands in Mumbai, Chandigarh and a few other small markets. In English, we are the undisputed leader in Delhi, whereas in Mumbai we are closing the gap with the leader. We are optimistic of taking advantage of this with the advertising environment improving and our traditional advertisers like auto, real estate, education etc. coming back onboard.

Abneesh Roy: With the capital markets reviving, do you expect Mint to recover in both revenues and profits in FY15?

Rajiv Verma: Definitely, Mint is a great franchise. Unfortunately the slowdown in the financial sector over the last two to three years has hurt this business. There were no IPOs and the financial market action was also missing. Should the economic environment improve, for which there are enough signs on the horizon, I am very optimistic about its performance. Mint is very well poised to take advantage as this brand is highly appreciated by our readers and it is just a matter of advertising coming back now.

Abneesh Roy: Could you explain the status of the job portal business in terms of competition, revenues and the gap with the market leader? With revenues increasing from Rs. 75 crore to Rs. 100 crore in FY15, do you expect the losses to be lower or do you plan to increase the investment in this business?

Vinay Mittal: The Company has seen traction in revenues and hence a lot of marketing money has been spent behind it. To give you a perspective, close to Rs. 9 crore was spent in the period of June-August last year for its marketing and advertising on television. While revenues will improve, I do not expect to see a decrease in the EBITDA losses in digital this year. However, if you follow a quarterly trend line, you will see that the EBITDA losses will start coming off in the third and fourth quarter.

Rajiv Verma: Our digital businesses offer a significant opportunity for the Company. Relative to most other media companies who are in the print space, HT has been one of the early movers in building core competencies in managing the digital medium. In fact, even our education business, which is a separate vertical, is mostly digital when it comes to higher education. We are very enthusiastic about this opportunity. While it has taken us some time, but today our business is growing fast with increasing revenues and happy customers. We have a differentiated recruitment solution available relative to other players as a result of the tie-ups that we have done. Our hiring is not just regular, but also includes social hiring. You would be aware that India is now the second largest market for Facebook and we leverage that platform to help people find jobs of their choice through a route called 'Referrer'. Another portal is 'HT Campus' where we help students find colleges of their choice. In this space, we are amongst the top two players as well. Hence our digital offerings are looking good and we are very optimistic that in years to come this will be a new source of value creation for all our stakeholders.

Abneesh Roy: Could you give some clarity in terms of ranking within job portals. How are we placed in terms of revenue and other metrics?

Vinay Mittal: Shine had reported revenues of Rs. 24 crore for FY14. Naukri with just the job portal business is far ahead with Rs. 250 odd crore. So, there is a lot of distance that the Company needs to cover in terms of revenue. But, we have taken the high ground on the paradigm shift in terms of recruitment on social platforms.

Rajiv Verma: In addition, our growth rate is upwards of 50%, whereas the market leader's growth has come down to around 10% or thereabout. So we are very enthusiastic that this would emerge as a good second alternative for recruitment.

Abneesh Roy: Is the Company planning to enter smaller markets in the Radio business? What is your rationale for focusing on the larger cities only?

Rajiv Verma: The Company is looking at all options. Getting into larger cities was a matter of choice that was made when phase II licenses were sold, as our strategy was to cherry pick stations where the bulk of the revenue sits. Thereafter, due to regulatory hurdles, radio stations were not allowed to buy or sell any licenses and we were pretty much limited to the licenses we had. Now when phase III begins, it would be feasible for radio stations to start buying and selling licenses and new licenses would be available.

Moderator: Next question is from the line of Vikash Mantri from ICICI Securities.

Vikash Mantri: What was the newsprint price in Q4 FY14? Based on the current prices and the rupee-dollar equation, how do we see average price behaving in FY15?

Vinay Mittal: The raw material cost has gone up by about 8% and most of this increase has been primarily because of the increase in newsprint prices. Newsprint price has increased by approximately 16% to Rs. 39,500 per ton in Q4 FY14 from Rs. 34,500 per ton in Q4 FY13. However, Burda is not getting reflected in Q4 FY14. So if you take out Burda from Q4 FY13 costs, the increase in raw material cost would have been close to 15%. Going forward, with the dollar stabilizing at about Rs.60 +/- 1 rupee, we are hopeful that we should be stable in terms of newsprint prices.

Vikash Mantri: In dollar terms, have the newsprint prices been stable?

Vinay Mittal: Yes, they have been stable at about USD 625 to 630 a tonne.

Vikash Mantri: When would the new rupee-dollar equation start to reflect based on inventory and contracts the Company might have?

Vinay Mittal: It will start getting reflected more towards the latter half of the second quarter.

Vikash Mantri: In terms of capital allocation over the next 2 to 3 years, how would the Company invest in the English, Hindi, and the new media businesses?

Vinay Mittal: We would like to invest in our new businesses which are education, radio, and digital. That is where most of the Company's investments would be going. Also, the Company would continue to keep investing in the Hindi or vernacular business.

Vikash Mantri: So the English business would not require any more investments?

Vinay Mittal: Delhi and other North Indian regions would not incur significant investments. However, in Mumbai, one can see some investments. That said, majority of our investments would be in the new businesses and Hindi.

Moderator: The next question is from the line of Prakash Ramaseshan from Kotak Mahindra.

Prakash Ramaseshan: There are two broad issues that are hampering the re-rating of the Company. The first of course is the fact that there is lot of cash in the balance sheet which is not being used nor returned. So a plan for the utilization of existing cash and incremental cash flows from here would help. Secondly, we do agree that this is a board decision, but our request would be to bring it up to the board and provide some clarity in the next call to enable minority shareholders to understand how distribution of capital is going to happen going forward. We also understand that in HMVL you are already holding 75% as a parent Company and there is no scope for a buy-back. But in HT Media there is a possibility of buyback as well as distribution of capital. I think the fact that both the companies are quoting below the IPO price is contradictory to the quality of the performance that you have put out.

Rajiv Verma: Let me assure you that this will be brought to the board. This issue does come up for discussion time-to-time at a board level. The operating performance of the Company has been very good. In terms of utilizing this cash, we believe that this industry is now getting to a stage where you will see increased opportunities for merger & acquisition and consolidation to take place. Also, some of the new businesses that we have started like digital, radio and education are at a stage where we are going to see scale up. Also, our vernacular strategy, in which the business has received significant investment during the last five years or so, has started churning healthy EBITDA margins and has started contributing positive free cash to the Company. So most of the investment strategy so far has worked well and as an investor, we hope to give you good capital gains because we believe that we can make use of this cash in the coming years for our growth businesses.

Prakash Ramaseshan: I think the rerating of the Company is actually a combination of the operating performance which clearly has been very good in a difficult environment and the decisions around allocation and return of capital, where even compared to other listed peers your dividend payout has perhaps been the lowest.

Rajiv Verma: Definitely, I will discuss this issue with the board. Also, the peer group with whom HT gets compared does not have the quality of assets that HT is building in areas of digital and education. We do believe that we are underpriced and hence did a buyback last year and we consumed 100% of what was available. Unfortunately, there has to be a one year cooling off before we can do a buyback again due to regulatory reasons. That was just to signal to the market that we are underpriced and HT Media is a great stock to own. To come back to the point on peer comparison, we believe that peer comparison has to be done from the lens of opportunities that HT has in the new businesses that it is building which is something that will create shareholder value in times to come.

Moderator: The next question is from the line of Srinivas Seshadri from CIMB

Srinivas Seshadri: The English print business has seen growth recover from 4% in Q2 FY14 to 6% in Q4 FY14. Do you expect the growth rate getting better for FY15 considering market perspective as well as the Company's positioning which has been highlighted through the IRS?

Vinay Mittal: The fact that the new IRS figures can be used freely makes us positive on increasing the advertising growth in both Delhi and Mumbai. We have already seen traction in the last two months and will continue to see this traction over the next one year.

Srinivas Seshadri: Is it fair to say that the Company would be able to show double digit growth or would be closer to a double digit growth in FY15? Would you like to quantify that?

Vinay Mittal: I would not like to estimate at this point in time. But we will certainly do better than what we have done in this year. Both, the economy and leveraging of the IRS will play a role in moving towards that growth which should ideally happen.

Srinivas Seshadri: Assuming that the economy does not deteriorate from here and becomes a bit better; do you expect this kind of growth rate to be achievable?

Rajiv Verma: There is a possibility that there would be an economic rebound resulting in an improved business environment if there is a stable Government. Although, there are other factors which are beyond anybody's control and which may have global implications. Usually when the economy goes down, advertising is the first to suffer and the last to rebound. Therefore, it is a question of time, i.e. how much time our customers take to begin advertising again. However, we are optimistic that this year would be a good year for the media industry given improvement in the rupee-dollar equation.

Srinivas Seshadri: In Q4 FY14, salary cost has been flattish on a q-o-q basis. Could you quantify some inflationary component that we should factor in for the next year bearing in mind any impact of the wage board?

Rajiv Verma: I would not be able to comment currently as the numbers are being worked out. The Company is undergoing an annual wage increase as our year ending is around March. .

Srinivas Seshadri: It was mentioned earlier that the digital business losses are unlikely to reduce. Was the comment with respect to the year gone by or was it a prospective comment for FY15?

Vinay Mittal: It was mentioned for FY15, where we expect to grow at a better pace than last year. But simultaneously, there will be investment into advertising and marketing similar to the previous year. For the whole year, you may not see the losses coming off, but the trend line will start dropping in terms of EBITDA losses from the third quarter onwards.

Srinivas Seshadri: Will the marketing campaign that was done in the previous year be similar for 'Shine' in FY15?

Vinay Mittal: Yes, it would be the same as last year.

Srinivas Seshadri: What are the inflationary components in the cost base, apart from the marketing activities, because of which the operating leverage is not coming through in terms of lower losses?

Vinay Mittal: Most of the digital businesses typically are high fixed-cost businesses. Going forward, it is essentially recruiting of the sales people, and therefore marginal cost going forward is much lesser than your fixed cost.

Moderator: The next question is from the line of Amitabh Sonthalia from SKS Capital & Research Pvt. Ltd.

Amitabh Sonthalia: What is the 'ad for equity provisions' number for the quarter and full year?

Vinay Mittal: The 'ad for equity provision' for Q4 FY14 is about Rs. 14 crore. The total provision for FY14 is about Rs. 31 crore, compared to about Rs. 20 crore last year.

Amitabh Sonthalia: Could you explain this provision?

Vinay Mittal: Some mark-to-market has been done on the equity investment with a view to clean up the portfolio. Currently, the portfolio has more of property and less of equity.

Amitabh Sonthalia: How does this model work? Is it that instead of getting cash, you get issued preferential equity in your client's Company, which is listed? What is your understanding in terms of how soon you can sell those shares and cash in?

Vinay Mittal: It is not only equity, there are a lot of properties and these are completed flats. So those can be sold off within 3 to 6 months. We can even sell off the equity with a waiting period of about 6 months to a year. 60% of the Company's portfolio is actually property and not equity. We have tightened our due diligence process and are making sure that the provisioning will come down sharply in FY15. Also, we ensure that we monetize assets equivalent to the kind of revenues we book every quarter. For instance, in the fourth quarter, we booked revenues of Rs. 15.3 crore which as per definition of 'ad for equity' is non-cash, but we have also sold assets there for about Rs. 19 crore. Therefore, it is not that it is non-cash revenue that is coming in that quarter; it is making sure that the same amount of cash is monetized through sale of 'ad for equity' asset.

Amitabh Sonthalia: What would be the total size of the assets in terms of real estate or equity shares in the balance sheet?

Vinay Mittal: The total investment as on March 31, 2014 was Rs.300 crore. Out of this, ~60% comprises of property.

Amitabh Sonthalia: So the Rs. 300 crore is almost like a current investment?

Vinay Mittal: Yes.

Amitabh Sonthalia: Does the net cash of Rs. 900 crore include this?

Vinay Mittal: No. The gross and the net figures in the balance sheet do not include this.

Amitabh Sonthalia: Is this the realizable value as per the management estimate? Will this be en-cashed on a rolling basis during the course of the year?

Vinay Mittal: Yes absolutely. The effort is towards monetizing this investment.

Amitabh Sonthalia: I would like to highlight the poor record of payout by the board and the promoters. I know the rational for holding cash, but the point is that the Company has Rs. 900 crore of net cash plus Rs. 300 crore which is almost a current asset. So, Rs 1,200 Crore is available to the Company for pursuing growth opportunities. The Company made a buyback, which was very modest and almost close to nothing. The payout ratio has actually gone down in the last two years for a Company which holds such a high amount of cash. One can buy the argument of holding the cash for pursuing future growth opportunities, but why is the board not maintaining the payout ratio? The dividend has remained flat in absolute terms in the last 3 years while the EPS has grown from Rs. 7 to almost Rs. 9. With such a poor payout ratio of less than 5%, the management or the board could have maintained the payout levels. Even though it still would have been very small for a cash-rich Company like yours, but at least it would have given some signal to the investor community of maintaining the dividend. Even if it was 5 paise higher than last year, it would have at least given some solace to investors. It is not that the investors are here to make 5 paise extra on the dividend, but it is more the mindset of the promoters and the board which is of concern that they continue to run the Company like a private Company.

Vinay Mittal: Our thinking was to return the money partly through buyback. If you take the Rs 25 crore buy back into account then the Company's payout ratio has actually become better. The Company would continue to do buybacks because we do feel that it is a better form of returns as compared to dividend. But due to regulatory reasons, the Company cannot do another buyback for a year after the closure of its first buyback. The Company does intend to carry on with the buyback process going forward.

Amitabh Sonthalia: From when are we eligible to do another buyback?

Vinay Mittal: The last buyback was finished in March 2014. So, the Company would be eligible to do another buyback by March 2015.

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

Bijal Shah: Was the 'ad for equity investment' figure Rs. 300 crore?

Vinay Mittal: Rs. 300 crore is the gross amount. If Rs. 90 crore in provision is taken out, the net is Rs. 210 crore.

Bijal Shah: What exactly is the status of IRS 2013? Can MRUC come and change the numbers tomorrow? Will there be a new IRS in due course of time? Is that process on or how exactly things will move from here?

Rajiv Verma: We are also not completely sure as to what was being pursued therefore we had approached the High Court in Mumbai to get a redressal, which we got last week. As per that, HT Media is fully allowed to use the results that were declared by the agency of MRUC i.e. A.C. Nielsen. Going forward, our understanding is that the second round of survey is in progress and those results should be out soon, It was the first round of survey for which the results were made public and some publications had a problem with that. Hence they had approached the courts to block that. However, Mumbai High Court has allowed HT media to use it. We are quite hopeful that the advertising agencies will have the latest survey with them, and can accordingly make their choices in buying media because the old survey results which were being used are more than two years old. In the last two years, companies who have been investing have made a lot of progress in the readership as demonstrated by the latest IRS results. I think in the next one month or so the situation will become clearer.

Bijal Shah: What was the EBITDA level loss in year FY14 with respect to digital business and could you provide some guidance for FY15?

Vinay Mittal: The EBIDTA level loss in digital was Rs. 33 crore and this figure should be more or less similar in the next financial year as well.

Bijal Shah: Will there be a meaningful increase in cost in FY15 as well? Will it again be due to ad spend?

Vinay Mittal: The figure mentioned is the maximum. You could see a lesser amount than that. But the Company would not increase the EBITDA loss.

Rajiv Verma: We consider digital business as the future as there is a strong digital economy emerging in India. Therefore, it should not be considered as a loss, but as an investment. Growth rates are anywhere between 50 to 100% depending on what business you look at. We may decide to start a few more websites in the future. We believe that the companies which are not investing in digital business should be looked at with a very careful lens and questioned about their future as there is a huge digital economy that is emerging.

Bijal Shah: Could you provide some details with respect to the new websites that the Company would be coming up with? Would it be an extension to the current portfolio?

Rajiv Verma: Various possibilities are currently being looked at by the Company. Real estate, auto, news are some areas. Besides, there are some new innovations that are happening in the digital space which are also being looked at. We would strive to come up with some interesting and innovative ideas which could help people who are part of the digital economy. As seen in the latest elections, there was great usage of social and digital media. We believe that the companies who are making use of digital platforms stand a better chance than their peers who are not looking at the digital economy.

Moderator: We have the next question from the line of Niraj Somaiya from Span Capital.

Niraj Somaiya: Could you split the Rs. 2,500 crore revenues into matured and non-matured with matured having an EBIDTA margin of more than 26% and non-matured having a margin of less than 26%?

Vinay Mittal: I think about 20 of our revenue would fall under young revenue where the EBITDA is negative or just about a shade positive.

Niraj Somaiya: So that will be around Rs. 400 crore.

Vinay Mittal: Yes, around Rs. 450 crore. The balance is matured, which basically means revenue from Delhi and partly Hindi.

Niraj Somaiya: What would it take to double up the revenue to about Rs. 5,000 crore in terms of management and time frame?

Rajiv Verma: In 2004 we were a Rs. 500 crore Company. So we have grown from Rs. 500 crore to Rs. 2,500 crore in 10 years. Currently, a lot of the Company's businesses are still in investment phase like Mumbai, Mint and Hindi. I do think that the next growth cycle for the Company would be accomplished sooner. That said, there are a lot of factors which have to be kept in mind. The last three years of the Company were lost because of the frail economy. Not only media companies, but companies across the board, like automobile, real estate or companies in any kind of business have suffered. The Company's customers have suffered, resulting in loss of growth for the last three years. Else the time frame could have been reduced. Therefore, growth is dependent on macro, political and economic environment. But as a Company, we have the management capability, talent and a plethora of brands which have been created in addition to the new investments which have been made in growth areas like digital and education. So, a secular growth is possible which would help the Company to outperform.

Niraj Somaiya: To double up the turnover, what sort of bandwidth would the Company need? Will it need more people or does the Company have everything in place? Will it require significant investments and that is the reason for holding a lot of cash? Could you provide some understanding in terms of the Company achieving a significant number growth?

Rajiv Verma: The Company has all inputs available. All the resources, whether it is manpower resources or capital resources are available in the Company. What is needed is a little bit of tailwind and change in economic sentiment in this country, and the Company will have its way.

Niraj Somaiya: Why can't the management come up with a firm statement stating that the Company would be not paying higher dividend and is going to hold cash as the Company needs money for growth opportunities? I mention this because it has been observed in the previous con-calls that many people ask the same question in different ways?

Rajiv Verma: Unfortunately, there is nothing black-and-white, because everything has to be seen at a point in time. At this point in time, we believe holding cash is the right thing for us to do as we are in growth phase and there are lots of opportunities which are going to come our way.

Niraj Somaiya: In terms of new opportunities, Radio has now become a Rs. 100 crore property for the Company. So, how would the minority investors benefit from the various initiatives the Company has undertaken? Would you come up with an IPO for Radio or would you continue to remain private?

Vinay Mittal: Currently, radio is part of our main Company HTML. The idea is to make radio at least 10% of the revenue. Today it is less than 5% of the revenue of the Company. Part of the cash of HTML will be utilized towards acquisition of licenses in the phase III auction. At an appropriate time, when we do feel that it can be spun off and listed as a separate Company and it has critical mass, it will be considered. But at this point of time, it is probably better for it to remain housed in HTML.

Niraj Somaiya: Would you consider remerging 'Hindustan Media Ventures' with the parent itself in the long term, maybe 3 to 5 years from now?

Vinay Mittal: Both sides of the argument have merits. When we spun it out and listed it as a separate Company, we expected M&A to happen, not only in the Hindi space but also in the vernacular space. Unfortunately, that did not happen immediately after the IPO and three years have gone by without us being able to acquire anything. But we do feel that things are heating up and hence we now want to utilize both equity and cash of HMVL to be able to grow. But yes, if it is not possible over the next two years, we will certainly think of this other alternative which also has its own merits.

Niraj Somaiya: I've observed that various analyst and reports suggest that HT is not growing as fast as DB. But your numbers prove exactly the opposite, and therefore my question is what is the management doing in terms of making their investors aware because a gap is reflected in the stock price? Why is the management shying away from explaining about the extremely good performance of the Company? I feel that the market understanding is probably poor on our Company. What would the management like to say on that?

Vinay Mittal: We make regular visits to Mumbai, participate in some of the analyst meets organized by various institutions in Mumbai, and also do periodic visits to Southeast Asia.

Niraj Somaiya: But some of the analysts are ignoring the Company's strong growth, and somewhere it is not getting reflected. The Company has had massive growth when compared to any media Company or any sector. Even in such a bad environment, the Company has done well. Isn't there is a disconnect somewhere between the management and the investment community?

Vinay Mittal: I agree with you and it will be great if you could help us in educating them or tell us as to what else we can say.

Moderator: Ladies and gentlemen, due to a time constraint that was the last question. I would now like to hand over the floor back to the management for their closing remarks. Over to you Sir.

Vinay Mittal: Thank you everybody. We have had good traction in revenues. Our advertising growth has been 9% for the full year. Our FY14 EBITDA & PAT has grown by 26% and 24% respectively. It would have been even better, but for the extraordinary expense of Rs. 20 crs towards reversal of deferred tax assets. As per SEBI's directive, if there are any comments of the auditors outstanding for more than two years, it needs to be provided for. So following that we had to write off this deferred tax asset of Rs. 20 crore, otherwise our PAT would have been higher by that amount. The IRS has been very salutary for us, and we should see good things coming out of it during the course of this year in terms of yields. We would like to reiterate that our digital, radio, Mumbai and our Hindi businesses will continue to outperform and contribute to creating shareholders value. Thank you.
