



## Q4 & FY2010 Earnings Conference Call May 11, 2010 at 1:00 pm IST

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**Moderator:** Ladies and gentlemen, good afternoon and welcome to the HT Media Limited Q4 & FY2010 earnings conference call. As a reminder, for the duration of this conference, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. If you need assistance during the conference call, please signal an operator by pressing "\*" and "0" on your touchtone phone. Please note that this conference is being recorded. At this time, I would like to hand the conference over to Mr. Ishan Selarka of Citigate Dewe Rogerson. Thank you and over to you, Sir.

**Ishan Selarka:** Thank you, Melissa. Good afternoon everybody and welcome to HT Media's Q4 & FY10 earnings conference call. Today we have with us Mr. Rajiv Verma, CEO and Mr. Vinay Mittal, Chief Financial Strategist of the Company. We will commence this conference call with opening remarks from Mr. Rajiv Verma which would be followed by an interactive question and answer session. Please note that some of the statements made in this conference call may be forward looking and a note to that effect was sent out to you earlier. I would now like to invite Mr. Verma to share his perspective with regards to the Company's performance during the quarter and year-ended March 31, 2010 and the opportunities going forward. Over to you Sir.

**Rajiv Verma:** Thank you very much. Ladies and gentlemen, wish you all a very good afternoon. At the very outset, I want to thank you for taking time out and being with us on the call where we would share the Company's performance for the quarter and year ended March 31, 2010. I am sure you would have received the set of numbers. We are enthused with our performance during this quarter. It is not just that, but I also feel very good about the quality of these numbers and what has gone behind these numbers. You can always post a good quarter or a bad quarter, but the question is what kind of underlying quality has helped deliver those numbers and how sustainable are those earnings. As we all know, last year looked very different. We started the year in a downturn environment. The first three quarters of the year were extremely brutal and very difficult as a whole lot of advertisers deserted the market. These were primarily from the financial sector, real estate sector, automobiles, who are heavy advertisers in print and actually contribute a lot to a newspaper's profitability. So looking at the downturn situation, our Company decided to pursue a certain strategy and the building blocks were put in place in line with that strategy.

The current quarter results are actually an outcome of our strategy. It is very clear that these results are only possible if you have a strategy that is unique to you and that strategy works. So I would like to argue that our strategy has worked and I would also like to put in front of you an optimistic picture. Some of the building blocks of this strategy, which have made it possible for us to deliver these

exceptional results are - : first and foremost, our brand equity measures have all been very healthy and have improved a lot during the last one year. As you would have seen, the recent readership survey which was announced by IRS clearly shows that Hindustan Times is number one in Delhi, in terms of average issue readership as well as total readership. The other important data which has come out of this readership survey is that Hindustan, which is our language brand i.e. Hindi, has become the fastest growing brand in India. It grew by 6% in terms of readership. Our competitors were nowhere in the same range. Today, Hindustan has reached an average issue readership of close to one Crore making it a very strong and robust number 3 brand. We believe that within a short span of time, you will see Hindustan climbing greater heights. Mint has unquestionably become the second largest brand in India amongst business newspapers after Economic Times and it has increased the lead over Business Standard, which is third largest.

Our new businesses like radio, Internet as well as Burda, show a lot of positive traction and good progress. Our radio business is something that I feel particularly good about. In a difficult year, we continued to make investments in our brands and various consumer franchises. As you must be aware Hindustan Times was re-launched in the month of July 2009. This was a massive re-launch, which was unprecedented in a downturn year; as a result of which Hindustan Times in Delhi and Mumbai has become a very robust brand today. During the year, we continued to expand our Hindi brand footprint in UP. As a result of that, you are currently seeing some strong numbers being posted by the Company and therefore our market share in terms of readership has increased.

Mint franchise was recently expanded. We added two new cities Chennai and Kolkata and going forward, this expansion will continue in Ahmedabad, Surat, Baroda, and possibly in South India i.e. Hyderabad, etc. Radio, Fever 104, is a business that saw a revenue growth in the range of 65% to 70%. We believe that we achieved a very robust growth and expect to double this business in the near future. Overall, 'Fever 104' has become a very strong brand and continues to perform exceedingly well. Our strategy of targeting the youth segment combined with an adult contemporary hit formatted radio station has paid rich dividends, as a result of which in the last quarter of this year the radio business turned profitable at EBITDA level. This is a trend we expect, will continue and possibly improve by a handsome margin during this year.

In terms of our online business, Internet is a business in which the Company has made strategic investments and continued to do that in the downturn year. As a result of this some of our online properties like shine.com have today become strong. The total number of registered resumes on the site stands at almost 4 million and is growing at a rate of almost 8,000 resumes, added to the database everyday. So the growth looks handsome. Advertising revenues have also started coming in since recruitments have started. As we all know, last year, most companies were in the downsizing mode. They were not hiring anymore, but now when the economic environment has improved and recruitments have started, we are seeing a lot of traction in our advertising revenues in this business. In addition to that at a marginal cost, we will be adding many more internet properties to our overall

portfolio whether it is in the education, greetings, reviews or the entertainment space. Hence we did not lose direction in our online strategic investments and continued to put our faith in them, because we believe that these are the businesses of the future and HT has the necessary bandwidth to be able to create a successful foray out of that..

During the year we focused a lot on cost rationalization and took out wastage in both raw material as well as overhead costs. As a result of that, we were able to support a good performance on the bottom line of the Company. As you are aware, the Company has posted some of the best results in the history of HT Media. In this quarter, we have improved our EBITDA margins to almost 25%. For the full year, our top line grew 6%, which, we believe; in a declining economy was good performance. EBITDA margin for the year on the other hand registered a handsome growth and now stands at 20%, against 9% last year. EBITDA, for the consolidated entity stands at Rs. 296 Crore for the year. The big turnaround story of the Company is PAT which stands at Rs. 136 Crore compared to Rs. 1 Crore last year. So, there is a huge improvement in terms of operational efficiency and profitability by the Company. The best part of the story is that we are almost a net debt free Company now with only Rs. 5 Crore ballpark net debt on our books compared to Rs. 210 Crore last year.

Overall, I feel very good about the results and I thought it is a good opportunity for us to share them with you. I am open to any questions you might have from me and my team here.

**Moderator:** Thank you. Ladies and gentlemen, we will now begin with the question and answer session. The first question is from the line of Abneesh Roy from Edelweiss Capital. Please go ahead.

**Abneesh Roy:** My first question is on your margins and if you could give us in terms of inventory levels and the current newsprint prices, taking into account the rupee position, where do you see your margins in FY11?

**Vinay Mittal:** The margins have been very good. With respect to the newsprint, the imported newsprint cost is at USD 635 and we have stock till November. That is the inventory that we are holding. For domestic newsprint, we have a three to four week inventory which is the usual inventory that we hold.

**Abneesh Roy:** Why would we have a difference in the inventory level? Is it because the domestic prices are more dynamic currently?

**Vinay Mittal:** No, because once you order, there is a lead time of about one-and-a-half month for the imported newsprint to get delivered. With respect to domestic newsprint, you do have enough number of mills from which you can source. In case of imported, we just want to be certain since this product is a daily product and we want to make sure that we have inventories running for two or three months, so that is minimum anyways.

**Abneesh Roy:** What is the outlook in terms of newsprint prices? It is very difficult to hazard a guess, but based on current understanding, domestic and international, if you could give us some outlook?

**Vinay Mittal:** Number one, the domestic newsprint tends to track the international prices with a bit of lag. Number two, what we feel is that last year i.e. 2008-2009, was a very abnormal year, where the newsprint prices went through the roof and the ad market in the metros fell and hence the margins got totally squeezed. So even if the newsprint prices go up and the ad market or the Indian consumption story remains intact, I am pretty happy with that because I will be able to maintain healthy margin. With respect to the newsprint prices, there were a series of events that took place in 2008-2009 which led to that spike. The fact is that world over consumption of newsprint is not increasing, so there is no global demand-pull. So I do not think that you will see that kind of spike i.e. prices at USD 900 in the near future.

**Abneesh Roy:** Coming to the readership survey; we have done well across markets, which is a good thing especially in Delhi where we have expanded the lead over Times of India. I have two questions on this. Firstly, if you could give us some color on how this lead impacts our relationship with Times of India in sourcing and ad rates. Secondly, you have also launched HT Edge. How does HT Edge differentiate compared to your earlier offering of Metro Now in the Delhi market?

**Rajiv Verma:** Between Times of India and Hindustan Times, both companies keep trying to expand this market by acquiring more and more readers and by doing more and more work on their brands. Last year when HT relaunched the brand, it was an 80-year-old brand and it is not very easy to reposition and relaunch as the brand faced some challenges. One of the challenges an 80-year old brand has is that it is 80 years old, relative to Times of India, which came in this market much later and it seemed to be a younger brand. So, we were not getting a constituency of readers and the youth would associate itself more with Times of India. Post relaunch we addressed some of the issues that the brand had, which brought in a lot more energy, made it a lot more youthful, made it a lot more colorful, as a result of which we have now seen that Hindustan Times has taken lead over Times of India and the gap between Times of India and Hindustan Times has increased.

We all know the demographics of our country. More than 50% of our population is below the age of 20, so in order to address that particular segment, since India is a country with a lot of youth, we have added a line extension to our Hindustan Times brand through Edge. This is a product, which is targeted totally towards the youth under our overall umbrella brand of Hindustan Times. The content is very differently packaged and is made much more appealing to today's youth who is very time starved and just wants a quick two-minute read to keep himself informed and know what is happening around the world. This is an Internet generation; therefore to address their needs, we have launched this line extension called Hindustan Times Edge. It is early days and I am very enthusiastic about the future for this youth brand.

**Abneesh Roy:** Will it be offered free with the main paper?

**Vinay Mittal:** No, it is a paid paper. It is not going to be added free. It will develop its own constituency.

**Abneesh Roy:** How does it compare with HT Café, which is offered in Mumbai?

**Vinay Mittal:** HT Café is an entertainment supplement, which goes with the paper. HT Edge is not a supplement. It is a standalone paper. It does not have only entertainment news, but it also has news about what is happening in world affairs, world business, politics, but packaged in a way that appeals to the youth.

**Abneesh Roy:** My last question is on the Burda JV. How much of those numbers were there in Q4 and how do we understand this Rs. 100 Crore deal. What is the expected time flow?

**Vinay Mittal:** Burda has done well. They have actually broken even in the first quarter of operation i.e. Q4 FY2010 and they will continue to do so. We expect to register a healthy EBITDA in 2010-2011. The nature of that deal is what we have mentioned in the press release. We have also won our first major international printing order from a Company called 'Outiror' for printing catalogs for the next two years for the Outiror's three brands called Direct Delta, Outiror and Oye Oye.

**Rajiv Verma:** As far as Burda is concerned I think, part of their approximately a billion dollar worth of printing work in Europe will be moved over to India, that is how this JV works. So this is one of those orders which are being moved to India because India is a low cost location for such outsourcing. Ikea is another Company, which is going to place very large orders with HT Burda. Burda Germany has huge volume of orders, part of those orders are going to be moved to India.

**Abneesh Roy:** Any visibility on further contracts apart from this?

**Vinay Mittal:** The marketing is happening and as I said, you will find that this healthy EBITDA will continue for the whole year. The other orders are currently in the pipeline.

**Moderator:** The next question is from the line of Arjun Khanna from Principal Mutual Fund. Please go ahead.

**Arjun Khanna:** My question is firstly in terms of the competitive action, we have seen our circulation revenues dip on a quarter-on-quarter level, could you help us understand this?

**Rajiv Verma:** Couple of things here. Firstly, circulation revenue should be better compared year on year rather than quarter-on-quarter. You will see year-on-year circulation revenues up by about 5%. On a quarter-on-quarter basis, there are few things which keep changing all the time because there

are lots of moving parts in this. Foremost, there is a lot of newspaper which goes to schools and schools close down during this particular season, and if I am right, this year, I think school holidays in Delhi have been advanced because of Commonwealth games. So schools were closed a little bit earlier and hence these copies do not get printed and they do not get sold resulting in a part of revenue coming down. It is seasonal.

**Arjun Khanna:** We have not decreased our cover prices by any major amount in any markets?

**Rajiv Verma:** It is basically the seasonality which kicks in due to schools closing, some people going on vacation. There are no price cuts which have impacted this. Price cuts usually keep happening as a part of tactical play, but I would not say there is anything that has happened which is structural in nature.

**Arjun Khanna:** My second question is in terms of Capex. Given that we are close to almost being positive on a net cash level, are we looking at pumping up our Capex ? I remember in the second quarter, you did mention around Rs. 80 Crore for FY11, have you revised those numbers?

**Rajiv Verma:** Ballpark it is same i.e. approximately between Rs. 70 and Rs. 80 Crore. It will be basically maintenance capex . We have done all the major expansions and have facilities across all regions of our presence. We need to add only small units here and there. There is a unit in Gorakhpur that is expected to come on line but these are small numbers. So overall, Capex needs will be between Rs. 70 and Rs. 80 Crore.

**Arjun Khanna:** Would this include for our Hindi Hindustan?

**Rajiv Verma:** Yes, of course.

**Arjun Khanna:** What is the current size of our partnership for growth book?

**Vinay Mittal:** It is about Rs. 280 Crore.

**Arjun Khanna:** How much have we provided till date? .

**Vinay Mittal:** Provisioning for this quarter was Rs. 1.5 Crore and Rs. 5.5 Crore for the full year.

**Moderator:** The next question is from the line of Sumit Modi from Emkay Global. Please go ahead.

**Sumit Modi:** Can you give us a breakup of how has the ad revenue been in English and Hindi and also growth on that. What is the status of our Hindustan IPO and what would the proceeds be primarily used for apart from the debt repayment?

**Vinay Mittal:** Just to pick up on the Hindi IPO , the proceeds will be utilized for expansion as well as augmenting capacity of our existing presses and to repay the debt of the Company, as mentioned in the object's clause of DRHP. More than that, I will not be able to speak, because we are in the silent period. Your first part of the question was on the revenue growth in English and Hindi; the English revenue has grown in low single digit and Hindi has grown by about 21% during the quarter.

**Sumit Modi:** There is an article talking about your acquisition plans considering you will be generating strong cash and you are almost net debt free. What are the kind of acquisitions would you be looking at and have you identified any and what would any acquisition be, what kind of business, would it be only print or some more parts of internet business, any update on that would be useful?

**Vinay Mittal:** The fact of the matter is that the economy seems to be stabilizing, advertising market seems to be picking up and the business is now returning back to normal. We have always maintained that we will keep a lookout for inorganic expansion, so there is nothing new that we are doing. We are a cash-positive Company and would keenly look for inorganic expansion. We will look at all the areas that we are present in i.e. print, radio, and internet.

**Sumit Modi:** Do you foresee that the print industry as such is headed towards consolidation and would you be a major participant in the same?

**Vinay Mittal:** We do believe that over the next two years there should be some consolidation especially in the Hindi and the vernacular space The first of these has already been kicked off by Jagran acquiring Mid-Day. .

**Moderator:** Thank you. The next question is from the line of Amit Kumar from Kotak Institutional Equities. Please go ahead.

**Amit Kumar:** My first question is with regards to the decline in circulation revenue on a quarter-on-quarter basis. We have seen a decline previously in the fourth quarter and in the third quarter you have a large amount of school copies, but the decline is to the tune of Rs. 1-2 Crore. This time the decline is pretty large. The reported numbers is close to around Rs. 8 Crore. As you are saying that there is no structural change in terms of cover prices, are there any schemes which are running in Delhi, Mumbai?

**Vinay Mittal:** Amit, one is of course the thing about the school copies. That basically takes care of close to approximately Rs. 3 Crore of revenues. Other thing is that we have reverted to subscription in Mumbai. What was happening was, we could see that the relaunch of HT in July last year, both, in Mumbai and the Delhi markets had gone off well. The feedback was positive. The relaunch and a full redesign of a paper is generally done once in 10 years. Now when the readership is increasing we need to give additional fillip that is needed to push the readership growth. We were seeing that the ad revenue or ad volume growth is coming through, we could see a pick-up in rates and therefore we

decided to push the circulation especially in Mumbai.. Thirdly, the fourth quarter had approximately 3 days lesser than the third quarter, which has resulted in an impact of about Rs. 1.5 to 1.7 Crore.

**Amit Kumar:** We also heard that there were some additional discounting going on in Delhi because apparently Times has woken up and become a little bit more aggressive as far as the Hindi product is concerned. So they were also doing some jodi schemes, anything on that?

**Vinay Mittal:** Those things keep happening. A little bit of it happened in Agra & Bareilly. While in Delhi it happened for two months, which is getting rectified partly in May. So what happens is at any given point of time, you will have some place or the other which is facing circulation pricing pressure or somebody wants to suddenly improve their position by bringing in a scheme. In such a case, competition reacts to it and it settles down in two to three months. This is ongoing.

**Amit Kumar:** In the Mumbai market, you talked about ad volume growth and pick up in rates as well. In this quarter what has been the performance of HT Mumbai if you can disclose in terms of advertising revenue growth?

**Vinay Mittal:** We do not give Mumbai separately, but both HT and Delhi combined as such have done pretty well.

**Amit Kumar:** Actually you used to give the advertising revenue from the Mumbai market; just a rough idea on that if you can confirm whether it has grown in double digits or it is still single digit in Mumbai?

**Vinay Mittal:** It is still single digit.

**Moderator:** The next question is from the line of Shishir Manuj from Mangal Keshav Securities. Please go ahead.

**Shishir Manuj:** Two quick things, one on Uttar Pradesh as to what is happening in the Hindi market there, the way we see it is you have a very distant number #1 followed by a number #2 which you are getting closer to. Any sense on when do we actually start to see some kind of monetization in the Uttar Pradesh market? In circulation, obviously, you are doing pretty well in terms of catching up with number #2. So how do the numbers in terms of revenue start looking in three to four quarters from now?

**Vinay Mittal:** I will not be able to make any forward looking statements on our Hindi business since we have filed the DRHP, but suffice to say for 2009-2010, Uttar Pradesh has been a good territory for us and we have broken even in that territory as a State. Prior to last year, we were bleeding in that state for the simple reason that we were in an investment mode. We were trying to cover the whole State because it is necessary to have a state wide footprint to be able to garner the right kind of revenue. That is all I can tell you about Uttar Pradesh at this point of time.



**Shishir Manuj:** So you believe you now have a footprint, which you wanted to be at?

**Vinay Mittal:** That is right. We do have a footprint now, which is meaningful.

**Shishir Manuj:** I understand you cannot share the Company specifics, but can you give some color on how the Hindi UP market is growing and what is happening to the market overall in terms of both, circulation subscription rates as well as ad rates?

**Vinay Mittal:** Well the market is growing. It is the biggest market. The UP and Uttarakhand market is twice the size of any other state. It is a close to Rs. 800 Crore market and it is growing at a healthy rate. Even if you look at cement consumption or any other consumption figure, UP will stand out. If consumption is happening advertising will always follow suit.

**Shishir Manuj:** Just again a quick check on Mint break-even, if you could share some light there as to what is happening on Mint?

**Vinay Mittal:** Mint has done well and they had a good ad revenue growth for the quarter at about 38% and even the circulation growth was good at about 40%. Overall, for the whole year it had an EBITDA loss of about Rs. 18 Crore and two new editions as Rajiv pointed out i.e. Kolkata and Chennai were launched to establish a national footprint. We continue to expand going forward again as Rajiv pointed out. We will look at Western part of India more like Ahmedabad and the areas around it and may also look at South India.

**Shishir Manuj:** Finally on Mumbai, is that as a market broken even?

**Vinay Mittal:** No we have not. But the fact of the matter is that we never look at Mumbai as a separate market. We always look at it as a combined market with Delhi because a lot of sales that takes place are combined package sale of the Mumbai and Delhi markets.

**Shishir Manuj:** Is the strategy little different for both the markets. I understand the economics, you have clubbed together, the number and the accounting can be clubbed together, but obviously the strategies are different to that extent if you have a sense of what is happening to Mumbai numbers. I mean it is fine you do not share and probably do it that way, but having a sense of whether it is broken even in the Mumbai market would probably kind of define your strategy in Mumbai as well.

**Vinay Mittal:** Yes, the strategies are very different really, because of the simple reason in Delhi I speak from a position of strength, in Mumbai I am basically trying to break into the stronghold of our competitor. So the strategies are completely different and typically whenever in print media, somebody tries to enter a geography which has a strong incumbent it takes close to about seven years to break even and then start reaping the fruits. So I would say that I would remain in an investment phase in Mumbai for probably at least another two years.

**Shishir Manuj:** Just wanted a clarification, you spoke about the acquisition strategy and you said you would look at inorganic function in areas of your interest which is print, radio and internet. Just wanted to confirm if you really meant internet as well because you have your own investments going on and that is doing pretty well. Why would you be interested in Internet at this stage and if that would be a significant portion of your strategy in Internet?

**Vinay Mittal:** Going by what we have seen in the west, anybody who does not look at an Internet strategy, will probably be doomed over the next five to ten years. So as a strategy we have to actively look at the space and see how best can we move into this and kind of fortify ourselves. Now under the broad head of this category what we may want to do is to look at whether can we monetize the content that we already have or can we look at different classified portals like jobs, marriages, real estate, or education. We already have a job portal, we are about to setup an education portal, we want to get into a marriage portal. Whether we are going to acquire one or build one, all these are part of strategies. I would like different portals for all my classified piece because investment for a platform has already been done with the job portal. The others can be add-ons. Each of them may be little different; like marriage is not exactly a job, but the base investment in terms of overheads, property, platform has been made already.

**Moderator:** Thank you. The next question is from the line of Harrish Zaveri from Deutsche Bank. Please go ahead.

**Harrish Zaveri:** One question is on the phase III of radio, would HT be interested in bidding for that and is that Capex going to be out of the Rs. 80 Crore range that you mentioned? The other part and this is the maintenance one, the tonnage of inventory consumed last year?. And third question is on Dainik Bhaskar's entry into Bihar, Jharkhand and how do you see it? Bhaskar held an analyst meet and all of us went back thinking 7 lakh copies is what Hindustan sells and if the price gets cut by Rs. 2 you would have a Rs. 48 Crore loss.

**Vinay Mittal:** Harish, if phase III comes we will be active participants in it. That is one. Two, the figure of Rs. 70 Crore to Rs. 80 Crore as Rajiv said, that does not factor in the radio Capex for the simple reason we do not know what phase III would look like and so there is no way that I can plan the Capex for it at this point in time. On your other question, the total newsprint consumption for FY09 was about 1,47,000 tons, but the component of imported and domestic was very different. For FY10 It is about 1,42,000 tons. Based on quantity, the split is about even i.e. imported is about 53%.

The third part of your question was on the DB entry. The calculations that some people have done about the fact that you have 7 lakh copies, multiplied by two and you have red ink of Rs. 50 Crore, it is very simplistic really. Fact is that at this point of time when somebody enters, he is not going to enter the whole geography of Bihar and Jharkhand combined. Anybody who enters will roll it out over a minimum period of one to two years. Now as you roll it out, the other people will also increase from 7

lakhs to probably 8 lakhs, 9 lakhs, and 10 lakhs whatever it is. Therefore the impact even if the competition comes is going to be over a phased out period.

Secondly, wherever the competition has come in, whether it is Madhya Pradesh where Rajasthan Patrika came in, circulation revenues of the leader has not dropped. When we entered Mumbai, Times of India circulation revenue did not drop. In our scheme we were probably selling at probably no inflow to us, but the fact is that Times of India being such a leader there, which is similar to our position in Bihar today, their circulation revenue strengthened. So in no market, if you take a case study, the leader's circulation revenue has dropped when somebody new has entered the market. The fact is that the market expands. There are strategies available to have flanking products, which takes care of the new entrant. So it is not that I won't do anything there. I will have strategies that I have planned. The point I am trying to make is, taking into account those strategies which I have I do not foresee a major impact to my revenues. To some extent there would be a impact for a six months period or may be eight nine month period if the new entrant is very aggressive, but we see that the total impact out there of a DB entry could vary anywhere in the first year to about Rs. 5 Crore to Rs. 15 Crore at maximum, which would get made up through the ad volume increase and the advertising revenue increase in Bihar.

**Harrish Zaveri:** One last thing on this point that you have mentioned the ad yields in Bihar, are they much, much lower than Mumbai and can they go still lower than this or is there a chance that you would actually look towards increasing this?

**Vinay Mittal:** Our market share in Bihar is approximately 70-75%. So, there is no way that my ad yields will fall because if an advertiser wants to cover Bihar the cost per 1000 and the value proposition to him cannot be better than what Hindustan offers unless the competition is able to build up readership to the level that we have in Bihar, which itself will take them a significant time to achieve. If he gets a circulation of 4-5 lakhs copies, I will probably be at 8-9 lakhs copies. In a nutshell, my yield and volume of ads in Bihar will not drop. Experience has shown that when a new entrant comes in; the market actually expands and the major share of the ad volumes is with the incumbent

**Moderator:** Thank you. The next question is from the line of Ruchit Mehta from SBI Mutual Fund. Please go ahead.

**Ruchit Mehta:** Does Rs. 70 Crore to 80 Crore of Capex include all businesses?

**Vinay Mittal:** Yes all businesses.

**Ruchit Mehta:** How much did we spend in Capex for fiscal 10?

**Vinay Mittal:** We spent Rs. 60 Crore.

**Ruchit Mehta:** What would be the breakup of advertising revenues between Hindi and English?

**Vinay Mittal:** Hindi and English would be in the ratio of 30:70 approximately.

**Ruchit Mehta:** Within 70% in English how much of it would be from Mint?

**Vinay Mittal:** Mint revenue for the quarter would be about Rs. 14 Crore and for the full year, revenues were about Rs. 45 Crore.

**Ruchit Mehta:** Would Hindi still be 30% of overall FY10 revenues of the advertising?

**Vinay Mittal:** That is right.

**Ruchit Mehta:** So what were the Hindi revenues for the quarter?

**Vinay Mittal:** Hindi revenues in total would be Rs. 112 Crore.

**Ruchit Mehta:** Can you provide with the circulation revenues for the quarter and year in Hindi?

**Vinay Mittal:** Hindi circulation revenue is about Rs. 30 Crore in Q4 and for the full year it is at about Rs. 121 Crore.

**Ruchit Mehta:** You said net debt is about Rs. 5 Crore; but what will be the gross figure?

**Vinay Mittal:** Gross figure would be about Rs. 403 Crore and Cash is about Rs. 397 Crore.

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

**Vikash Mantri:** Just an understanding, you have made a statement that you would like to increase your properties in the Internet space in education and marriage. How do we see it happening in the next 12 to 18 months?

**Vinay Mittal:** Vikash we are very clear that we would keep making investments in the Internet space but we would not have more than Rs. 30-35 Crore of EBITDA losses per annum. We would not go overboard and we have seen traction in Shine. As more and more traction comes through in Shine and it takes off only then will we start unfolding into other portals. It is not that I will try and invest in another portal and a third portal without seeing the success of Shine.

**Vikash Mantri:** So for the next six to nine months we don't see any action in the Internet space?

**Vinay Mittal:** You will see an education portal but that has basically got the same platform as the job site and it synergizes with the education institutions that we visit as part of our sales effort in Shine.

**Vikash Mantri:** In terms of your HT Edge initiatives, just wanted a few details in terms of circulation and number of pages?

**Vinay Mittal:** That just got launched on May 7. I still need to get some data to be able to come back to you on that regard.

**Vikash Mantri:** But what is the idea of how many pages paper do we want?

**Vinay Mittal:** 12 pages.

**Vikash Mantri:** What is the circulation that we are targeting over a year or two?

**Vinay Mittal:** The circulation that we are looking to target over a year or two is in the range of three to four lakhs.

**Vikash Mantri:** I just wanted to check back on the product. Basically we had the Metro Now product, which is again targeted towards the urban youth population as we talk and while it was accepted well by the readers, we still did not get any advertisement revenue and had to shut down in a period of two years. So why are we doing the same thing again?

**Vinay Mittal:** The thing is that product was still born and it landed right in the middle of the economic downturn where even the mainline newspaper was scrambling to get volume. So, I think it was just bad luck as well as the timing of that product was not right; which led to its demise. On the other hand, HT Edge is completely owned by us and in our numerous surveys that we have done, we have tried to mould the re-launch of HT. We have got a strong message that youth has to be targeted and in a more focused manner and that is why this was now launched on May 7.

**Vikash Mantri:** You have had three years of experience where a similar product just did not go through while it was accepted well by readership. I am reading out your FY09 comments from your annual report, which says the Metro now was not able to generate desired level of advertisement revenue despite being accepted well by the readers, so clearly even HT Edge might be accepted by the readers, but there may not be an advertising traction and in terms of parentage, Metro Now was one of the best with both HT and Times of India the leading brands in India coming together?

**Vinay Mittal:** That is right but as I said it also got caught in a time warp where the advertising fell through and therefore nobody was focused to have a separate sales team for it. Two, Metro Now was not totally targeted to the youth while this one is being targeted right at the youth and there is a whole research backing it.

**Vikash Mantri:** I have a Metro Now product, which is defined as targeting the urban and mobile youth population. We are doing the same thing again giving it a different name. This is all I see.

**Vinay Mittal:** Maybe I am not able to come across to you. Let me try and structure a call for you with our people who had launched it.

**Moderator:** Thank you. The next question is from the line of Rohit Maheshwari from K.R. Choksey. Please go ahead.

**Rohit Maheshwari:** Can you give us the topline and the EBITDA that you have booked from the Burda JV?

**Vinay Mittal:** We booked revenue of Rs. 4.6 Crore from HT Burda JV in Q4 and EBITDA was about Rs. 3.1 Crore.

**Rohit Maheshwari:** What is the outlook for FY11?

**Vinay Mittal:** In Burda, we expect a revenue of anywhere between Rs. 80 and Rs. 100 Crore and EBITDA margin of close to about 15%.

**Moderator:** Thank you. The next question is from the line of Siddharth Goenka from JM Financial. Please go ahead.

**Siddharth Goenka:** What has been the average newsprint cost for the quarter?

**Vinay Mittal:** The average newsprint cost for the quarter has been about Rs. 27,400 per MT.

**Siddharth Goenka:** In terms of investments, we do have an investment of Rs. 475 Crore in the balance sheet which you reported in FY'10. How much will it be from long-term investments?

**Vinay Mittal:** Rs. 182 Crore is long-term investment,

**Siddharth Goenka:** That is for the partnership for growth model.

**Vinay Mittal:** Partnership for growth is separate. Some part of it gets classified as investment, some as loans and advances. The figure that you are talking about is primarily into mutual funds, which are debt based mutual fund or FDs etc. They are all liquid.

**Siddharth Goenka:** The Rs. 475 Crore are all liquid investments?

**Vinay Mittal:** Yes. Most of it. The average maturity of these investments would be anywhere between 6 months to 24 months.

**Siddharth Goenka:** Sir if you can explain, the fixed assets that we have is around Rs. 840 Crore so what is the GFA and capital WIP for FY10?

**Vinay Mittal:** GFA is Rs. 1,033 Cr and capital WIP is Rs. 129 Cr.

**Moderator:** Thank you. The next question is from the line of Rohit Dokania from Batlivala & Karani Securities. Please go ahead.

**Rohit Dokania:** Could give us the revenue figures for Q4 and full year for partnership of growth model?

**Vinay Mittal:** Partnership for growth revenue for the full year is Rs .60 Crore and for Q4 was Rs. 17 Crore.

**Rohit Dokania:** Could you give me the circulation of each HT, Hindustan and Mint's daily circulation?

**Vinay Mittal:** Mint circulation is about 1.2 lakhs copies, for Hindi it is about 18 lakhs copies and English is about 12 lakhs copies and in that approximately 9 lakh copies would be in Delhi and 3 lakh copies in Mumbai.

**Rohit Dokania:** If I recall correctly, I think you had given a figure of 15 lakhs in the third quarter for HT combined Delhi and Mumbai?

**Vinay Mittal:** You have the school copies in the third quarter.

**Rohit Dokania:** But that is a quite big figure isn't it, 3 lakhs?

**Vinay Mittal:** Yes. School copies are approx. 2.5 lakhs.

**Moderator:** Thank you. The next question is from the line of Miten Lathia from HDFC Mutual Fund. Please go ahead.

**Miten Lathia:** You mentioned that newsprint was covered for the next six months. Could you give us an idea as to whether the average cost will be similar to what we have seen in Q4 or will that change over the next two quarters?

**Vinay Mittal:** Miten, it could change over the next two quarters, because I am covered up to November for imported newsprint, which at the moment forms about 52% to 53% of my mix. So, for

the balance 48%, I am exposed to the domestic newsprint and for that the inventory that I have is about three to four weeks maximum.

**Miten Lathia:** For the imported portion, is the average of Q4 a good indicator or is that a higher price?

**Vinay Mittal:** Absolutely it will be a good indicator.

**Miten Lathia:** Would it be fair to assume that FY11 advertising revenue growth on the English side would be double digits?

**Vinay Mittal:** I cannot confirm that because it is trending upwards. We have seen traction both in volume over the last six months and on pricing in the last three months and it is holding well. So I cannot say whether it will be double-digit or not but certainly it will be a healthy growth, could be single digit but anywhere in the range of 7% to 12%.

**Moderator:** Thank you. The next question is from the line Ankit Kedia from Centrum Broking. Please go ahead.

**Ankit Kedia:** Could you just share with us the volume and value growth for advertisement during the quarter?

**Vinay Mittal:** We do not provide that breakup.

**Ankit Kedia:** Our intake of domestic newsprint has increased significantly during the last couple of quarters. Would we maintain at these levels going forward or we plan to increase our imported newsprint as well?

**Vinay Mittal:** No. I think if the prices of imported newsprint remains higher than the domestic, then the same mix would continue for the coming future.

**Moderator:** Thank you. I would now like to hand the floor back to the management of HT Media for closing comments. Please go ahead.

**Vinay Mittal:** Thanks everybody for making out time for this analyst conference. To end, I would just like to say that I think all our businesses especially the print media business, which is more than 95% of my business today; has probably come out of the downturn. We are seeing both volume and yield increase over the last three to six months. So, if the Indian economy does well, I do foresee a good time for the print media as such and also for our other businesses. So with the excellent results and a good future going ahead, I thank you all and hope to deliver better results in the coming year. Thank you.



**Moderator:** Thank you gentlemen of the management. Ladies and gentlemen on behalf of HT Media Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.

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