

FY2011 Earnings Conference Call**May 18, 2011 at 12:00 pm IST**www.htmedia.in

Moderator: Ladies and gentlemen good day and welcome to the HT Media and Hindustan Media Ventures Ltd's Q4 and FY11 Earnings Conference Call hosted by IDFC Securities Ltd. As a reminder for the duration of this conference, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call please signal an operator by pressing * and then 0 on your touchtone telephone. Please note that this conference is being recorded. At this time I would like to hand the conference over to Ms. Swati Nangalia, Thank you and over to you ma'am.

Swati Nangalia: Good afternoon everyone and welcome to Q4 FY 11 earnings conference call for HT Media and HMVL. Today we have with us Mr. Rajiv Verma – CEO of HT Media, Mr. Piyush Gupta – CFO of HT Media and Mr. Amit Chopra – CEO of HMVL representing the management of HT Media and HMVL. We would start with opening remarks from the management following which we would have an interactive Q&A session. I would now invite Mr. Verma to give his opening remarks. Over to you Mr. Verma

Rajiv Verma: Good afternoon ladies and gentlemen. I want to thank all of you for taking out time to be with us this afternoon and joining us to discuss the Company's performance during the quarter and year ended March 31, 2011..

Let me begin by saying that we are very pleased with our 2010-11 results. We have once again delivered consistent, profitable and sustainable growth inspired by our 2020 vision, fueled by our innovations as well as our brand portfolio. In spite of ongoing challenges on the commodity front, we have continued to invest behind our businesses, build our brands and generated very strong cash flows in the year gone by. We are competing and winning as the only company which has a portfolio of strong brands in the English print, Hindi print, Radio as well as digital segment. As you are aware, we continue to be No. 1 in our English daily in Delhi , a position that we have held for a number of IRS rounds . In Mumbai, we have become the second largest read English newspaper. Mint is now available in most of the metro cities as well as some Tier II cities. It's a clear No.2 Business Daily as all of you know. Our most encouraging feat was by the Hindi newspaper, which has now become the second largest newspaper in the country in terms of total readership. My colleague, Amit, is going to be talking more about this business when I turn it over to him. Our radio business has also been a star performer with a very strong brand franchise of Fever 104 in key Indian cities.

We also continue to make significant investments behind our digital businesses. As mentioned in earlier con calls, we see tremendous growth opportunities for our brands due to the cross-media synergies over the next 10 years and possibly beyond. We began the year with the effects of global recession still lingering. Despite that, our revenues have grown by almost 25% during the year.. This has been possible due to pricing, volume as well as new lines of business. Clearly it shows that our growth strategies are working well. We believe that we are at least 4 to 5 percentage points of growth ahead of what the industry is growing at. We also saw our circulation revenues growing by almost 17% due to pricing actions taken during the quarter which we have started pressing in most of the markets now. This growth has also been very profitable which is reflected in the consolidated EBITDA numbers which have grown by 26% from Rs.291 Crore last year to Rs.365 Crore this year.. This clearly shows that we have maintained our margins structure while investing behind the future growth. We are also expanding both footprint as well as depth of our brands across various markets. For this quarter, our EBITDA profits have improved from Rs.96 Crore to Rs.99 Crore. However the underlying profitability has been even stronger as we made significant investment behind our HT Mumbai brand to enhance the brand equity in Mumbai market. As you might be aware that we ran a “No TV day” campaign in Mumbai to enhance our brand equity in that market. Our PAT has improved for the year by 33% from Rs.136 Crore to Rs.181 Crore. We improved our margins structure by 100 basis point. We are particularly pleased with the fact that investments have continued behind our businesses and this will show growth and the result in future as well.

On the cost side I would like to share with you that costs have gone up from Rs.475 Crore in terms of raw material to Rs.625 Crore. This is partly due to investment behind growth strategy in Delhi, Mumbai, Mint as well as Hindi markets because we are increasing our print orders to account for future growth. In addition to that, the hardening commodity pressure has also taken away 1 to 2 percentage points out of our gross margins. Overall, we are very happy with the way our results have panned out. All businesses are performing very well and overall this has been a very strong year for the Company. I will now hand over to Mr. Amit Chopra who will share with you the performance of our Hindi business.

Amit Chopra: Thanks Rajiv and good afternoon everyone. This is indeed the first year of HMVL results post its listing and I am pleased to report that HMVL revenues registered a strong growth of 19% to Rs.520 Crore, led by advertising revenues growing at a very strong 27%. EBITDA for the business has improved by 12% to Rs 97 Crore inspite of hardening commodity prices and strong investments in expanding our leadership franchise in the Indo-Gangetic belt. The year also saw a renewed focus on product enhancements and innovation. You may know that the entire portfolio of Hindustan brand was re-launched on April 12, incorporating many new offerings such as a weekly magazine called Anokhi, which we print at our group’s state of art Burda press and a weekly jobs offering called Hindustan Jobs that leverages our editorial strength and the technology of our group’s job site shine.com. It’s a result of all these efforts that Hindustan IRS readership continues to grow very strongly and, faster than the other large players in the industry. In Quarter 4 as Rajiv mentioned,

we crossed another extremely important landmark as Hindustan became the second largest read newspaper in India as per the IRS total readership data. The readership increase should sustain in times to come as we have been investing very strongly in increasing our franchise and copies in the belt that we operate in. The readership growth should also stand us in good stead as we enter the new financial year considering this is the key currency that gives us future monetization. That concludes my opening remarks. We would now like to open the floor for Q&A's.

Piyush Gupta: Moderator: Thank you very much sir. The first question is from the line of Abneesh Roy from Edelweiss.

Abneesh Roy: In Q4 Hindustan has seen some slowdown in the advertising growth from 27% full-year growth to 19%. I wanted to understand if the entire Hindi belt has seen slowdown or there is any particular segment of advertising wherein you have seen slowdown. Secondly, for FY 12, what is the expectation for ad-growth for both English and Hindi?

Amit Chopra: On your first question, **the quarter has seen a slower growth due to three main reasons.** First is government revenues in Bihar have seen some decline. If you recollect, there were elections in Bihar towards the end of Quarter 3. Revenues out of Bihar and specifically government revenues out of Bihar are a significant contributor to the overall Hindustan revenue numbers. Post this, there was a slowdown in terms of the government business coming back and that really impacted the Quarter 4 ad-revenue growth. The second important part which we mentioned in our last call is that we continue to believe that Hindustan's growing readership is under monetized and, we need to keep pressing the pricing lever to get the monetization at the appropriate level. Towards the beginning of Quarter 4 we increased our rate-card substantially. We continue to receive initial resistance from the advertisers on the increase but we believe that this is right way to go, to unlock the value of our readership. In terms of revenues moving forward, while there are various kinds of signals emanating from the economy in terms of hardening of interest rate etc., we still believe that Hindustan's efforts towards increasing pricing, should pave a way for growth. . We believe that it will be a very good story looking forward.

Piyush Gupta: Though we don't give any forward-looking statements but we definitely believe for all the initiatives that we have started in the last two quarters both, in Hindi and t English which are really to do with ad-space sales, realization enrichment etc. It should hold us in good stead and we should have a stellar next year as well.

Abneesh Roy: You do not see any big slowdown from all those interest rate sensitive segments like, auto, real estate, etc.

Piyush Gupta: You are right that those sectors are very interest-rate sensitive and our view on interest-rates are that they will harden further before they start softening. So there might be some

sensitivity which might affect our revenues on both the sides but, the dynamics of both the P&L's really depends not just on the volumes of business coming in but also on the prices of business. With a steady IRS data that we have seen both in our Mumbai business on the English side and the Hindi business, we should be able pull thru., Also substantial part of our revenues comes from non interest rate sensitive segments like government and education. We believe that should definitely give us some kind of a hedge going forward.

Abneesh Roy: My second question is on the Fever FM, we have seen very good growth in FY 11 in almost all quarters. Where do we go from here? Also any comments on Phase III? Are you seeing any action on the phase III given that three States elections are over? so any comments on that?

Piyush Gupta: We have been hearing about phase III for the last 2 or 3 years it is difficult to predict when will it be officially out. But as far as our business is concerned, we clearly know that it is showing a huge amount of traction on a Q-o-Q and Y-o-Y basis. This year you have already seen the numbers, We have achieved a robust Rs.70 Crore top line and Rs.12 Crore EBITDA levels. We personally believe that the journey that we started with four stations would have limited opportunity to grow in the long run therefore we need to add few more stations to spruce up the revenue growth Whether we will participate in Phase III or not we really can't say at this point in time, but surely if we need to expand even without Phase III, there are multiple options which are available and we shall evaluate that at the right moment.

Abneesh Roy: Regarding Phase III, I had one follow up question that if you see Jagran and DB Corp., they are in the smaller towns because they have their Hindi business there. Currently, you are mainly in the four metros. Are you completely ruling out the Hindi markets?

Piyush Gupta: No we are not ruling out anything and all the options are on the table. We have got a pretty sizable Hindi business and our Radio business synergizes very well with our print media business, Now that we have got a reasonable amount of scale, expansion into Hindi markets is definitely an option which is being considered. At a group level, we have sufficient level of cash which we are holding right now and that cash is essential to evaluate all these options when they are presented to us. So I'm not ruling out anything

Abneesh Roy Thanks for the opportunity.

Piyush Gupta Thank you.

Moderator: The next question is from the line of Rahul Bhangadia from Lucky Securities. **Rahul Bhangadia:** If you could give us a sense of your cumulative investments in your ad for equity deals that you have done so far?

Piyush Gupta: The investment number keeps on changing every quarter. The cumulative investment as it stands effectively is the amount of assets that we are holding of about Rs.325 Crores. The new deals keep on coming in, the old assets keep on retiring out, so that's a dynamic number which keeps on changing.

Rahul Bhangadia: If I understand it correct, if I remove this Rs.325 Crores you would roughly have Rs.500 Crores of cash and cash equivalents on the book of HT Media?

Piyush Gupta: No because the total cash and cash equivalents will be close to about Rs.740 Crores. Also you will obviously have to net out the debt that we are holding to tide over the working capital requirements within the group.

Rahul Bhangadia: You have Rs.760 Crores of investments and some Rs.100 Crores of cash, so Rs.860 Crore out of which I was trying to remove the Rs.325 Crore?

Piyush Gupta: So excluding the ad for equity assets, we have cash and cash equivalents of about Rs.740 Crores and a debt of about Rs.300 Crores, therefore we have a net cash of about Rs.440 Crores.

Rahul Bhangadia: Is there a dividend policy that the company follows? I understand you would require some cash to grow, but you have lots of cash in the books and you are also going to generate more than Rs.200 Crores per annum of cash next year whereas the Company ends up paying out only about Rs.8 to 9 Crores?. Is there a policy in place; is there something else that we need to understand?

Rajiv Verma: First and foremost, we are a company which is very focused on creating shareholder's value and there are two ways of creating shareholders value. One is of course dividend pay outs and the other is ensuring that the overall equity of the company increases in terms of its value. Now we have a lot of opportunities within the company for both organic as well as inorganic expansion and investment. While at this point in time you see certain cash on the balance sheet but we are exploring opportunities for further growth. As you would have seen, a 25% growth is certainly ahead of the industry and we would like to accelerate it even further. But at the same time we would like to make sure that we remain a dividend paying company and therefore 18% dividend is what we have maintained from last year for HTML, HMVL had also in its very first year of listing declared dividends and has been a dividend paying company.

Rahul Bhangadia: Could you give any color on the newsprint prices?

Piyush Gupta: As you are already aware that the newsprint prices are at a peak. It is a pretty cyclical industry and the newsprint prices have definitely troubled us in this quarter. Our personal outlook is that they will probably plateau out at this level or marginally go up a few percentage points before they

start softening a little bit. That's what our projections are based on and that's what the industry is also taking cognizance of. But being such a close commodity which is not even traded on the exchanges it is very tough to really call out what is going to happen going forward.

Rahul Bhangadia: What's the present price which you are calling a peak?

Piyush Gupta: Present price is about Rs.32,000 a tonne which is about 15% to 18% higher on a Y-o-Y basis. Now if you look at it in comparison to December 2008, it is definitely short of where it peaked at about USD 980 a metric ton but we don't expect it to go to that level.

Moderator: Thank you. The next question is from the line of Chitragda Kapur from Angel Broking.

Chitragda Kapur: If you can tell us how much is the contribution of Burda JV to the total consolidated revenues this year?

Piyush Gupta: Burda JV is one of the investment that we have made to de-risk the revenue stream also. Burda JV has contributed about Rs.62 Crore in FY11 as far as consolidated financials are concerned. You need to understand that Burda JV is a joint-venture with one of the German partners thereby there are various things that the partners bring to the table. One of the things that a partner brings is business soliciting out of the European markets which are soft at this point in time. So we are focusing more on the domestic market..

Chitragda Kapur: What was the contribution to your total cost of materials and EBITDA for Burda JV?

Piyush Gupta: For Q4 FY11 the total cost of materials was about Rs.11 Crore and EBITDA was negative Rs. 4.25 Crore.

Chitragda Kapur: As you have mentioned the European market is going to be soft going forward. So how is the domestic market going to fare for Burda JV?.

Rajiv Verma: Burda plant is running only for the last 8 months and it has registered a very heartening performance for plants of this magnitude. As we know that this has all been done on very marginal cost basis because both the partners have contributed their assets into this and as a result it works out much cheaper. We were able to produce high-quality products at very low cost in terms of very high throughput. So within the first 8 months of performance, we were very happy to see the way this plant is running. Usually plants have a much longer gestation and we believe this will not have that kind of long gestation period because business will be moved from Europe as well as organic business in India will be developed.

Chitragda Kapur: There has been a significant decline in your tax rate. Is there any particular reason or is this just cyclical?

Piyush Gupta: On a Y-o-Y basis it has come down by about a percentage point or two which is basically due to the various initiatives that we keep on doing in this organization. Lower tax rate is largely due to other income which is being charged to capital gains as compared to normal tax rate. But, if you just look at the standalone numbers for HT Media you will see a dip which is in excess of 5% to 6%. This is due to the reversal of tax provision that we created in the last quarter. As we have mentioned in the notes to account that application for demerger of firefly is currently pending with the High Court and the hearing has now being scheduled for July. That's why we have taken a reversal of the tax credit which we had taken in Q3. So on a Y-o-Y basis the decline is sustainable however, if you only look at only the quarter, it will be a misleading number to look at

Chitragda Kapur: How much is the reversal of tax provision that we have taken in this quarter?

Piyush Gupta: Rs.40 Crore in the standalone books.

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

Siddharth Goenka: Sir my first question is on the newsprint prices as you said, the newsprint prices are likely to just plateau out at these levels. So what kind of consumption can we expect going forward from you considering that we are on an expansion spree?

Piyush Gupta: We have consumed approx. 175,000 tons of newsprint this year so given the expansion, next year should be higher than this level. We would not be able to give out a specific number, however the total consumption would depend on circulation, pagination and grammage. So it would be a mix of all the three that would determine the consumption.

Siddharth Goenka: Out of this how much will be in Hindi approximately and how much did we end up in English in terms of consumption?

Amit Chopra: we consumed about 73,000 tonnes in Hindi. So, overall Hindi is now broadly about 1/3rd of total consumption. The only difference being that most of the consumption in Hindi is domestic newsprint whereas HT is imported newsprint.

Siddharth Goenka: Is the consumption in Hindi likely to go up 15% approximately?

Amit Chopra: We would not be able to give out a number however as Piyush mentioned earlier, there are various levers that determines consumption.. Depending upon how the newsprint price behaves, we also keep re-evaluating our ad-edit ratios, our expansion plans to ensure we are able to manage the way we had planned . So it could change quarter to quarter depending on how everything goes.

Siddharth Goenka: What has been the volume and yield growth in FY11 and what kind of expectation can we have for FY12 for ad revenues?

Rajiv Verma: We expect the industry to continue to perform well and we don't see any reason for a major slowdown. While there are some headwinds which are visible, we believe that the industry will continue to perform well and our objective will be to continue to outperform the industry. So as a company we do believe that we will grow ahead of the industry.

Siddharth Goenka: Any number if you can give us?

Rajiv Verma: We don't give any guidance on growth numbers. But as I said the industry should continue to perform well, there may be some bumps along the way which are not expected to be very major. Our agenda will be to continue to outperform the industry.

Siddharth Goenka: What kind of mix can we expect going forward in terms of volume and yield improvement?

Rajiv Verma: That's a great question. , as I pointed out earlier, two quarters back we started on an ambitious price correction. The confidence came primarily from the IRS data that we got across publications and geographies. We definitely think that yields will hold us in very good stead. Though I can't give you the numbers but we are definitely banking on yields to also give us a reasonable amount of contribution going forward which will definitely be more than this year.

Siddharth Goenka: What kind of CapEx guidance do we have for FY12 and FY13?

Piyush Gupta: I won't like to call out the numbers for FY13 but for FY12, we will be doing a lot of growth CapEx which we started primarily last year in our Hindi locations. The CapEx will be about Rs.80 Crores to Rs. 100 Crores. We have got a net asset block of about Rs.758 Crores so about 4% to 5% of that will be the maintenance CapEx and also expansion of printing infrastructure to increase the depth in key geographies that the Hindi business operates in. Some part of planned CapEx will be deployed in the English markets especially in the critical markets of Delhi and other markets that we operate in.

Moderator: Thank you. The next question is from the line of Gaurav Jain from AltaVista Capital.

Gaurav Jain: You mentioned that you are quite bullish on growth going forward. If the growth were to slow down beyond your expectations right now, then do you plan to cut down some investments that you are making or your investments will continue irrespective of what the growth trajectory is?

Rajiv Verma: The fact of the matter is that even when the worst possible global slowdown happened two years ago, we outperformed industry. When other players in the industry were de-growing, we still

grew by about 5% to 7%. The way we overcome a slowdown scenario is through continuous innovations. In the company, there is a pipeline of innovation which is always filled with different innovative products that are being incubated and we keep rolling them out and scale up the successful ones. . So in case a slowdown happens, I have little doubt that our pipeline of innovation is going to roll out certain products which are going to be able to help us in overcoming those headwinds as and when we encounter them. As some of you would have seen, there are strong innovative ideas which have been rolled out in our vernacular business recently in Hindi and they are doing very well. So some of these things are going to help the company overcome any bumps along the road.

Gaurav Jain: In the domestic newsprint industry, all the major Hindi newspapers have moved their sourcing mix away from international side to domestic side over the past 4 years. Is there enough domestic newsprint capacity being set up so that there will not be a supply-demand mismatch in the domestic newsprint industry because I guess the domestic newsprint prices are lower than the international prices. So there is no concern around the domestic newsprint supply demand situations?

Piyush Gupta: We don't know whether new capacities are coming in the domestic market..This is a very opportunistic industry and capacities come up stream quickly and they go off stream quickly. Lots of people have also diversified their consumption in domestic newsprint away from international newsprint because of price dynamics which was there in the market. At a certain time the domestic newsprint was at par in terms of prices or expenses than the imported newsprints. So those dynamics keep on changing. But the reason that we have taken a conscious call to use certain publications on domestic and certain on imported is because that's a competitive landscape and that's what augurs well for our product construct as well as for the financial construct perspective.

Gaurav Jain: On your internet strategy, Times of India launched this application on the Apple IOS as well as the Blackberry platform which is actually quite good. Do you also plan to launch any apps on these platforms?

Rajiv Verma: We have also launched live Mint application recently but the fact of the matter is that right now the penetration of these devices is not very high. Therefore it is unlikely to be a massive game changer in the short-term. But to answer your question, applications are currently under production in our company as well and we will keep rolling them out at the opportune time.

Moderator: Thank you. The next question is from the line of Ram Hegde from Primus. **Ram Hegde:** In Mumbai HT, what sort of revenue are you clocking now?

Rajiv Verma: In the Mumbai market, we grew by about 38% primarily because we managed to get better realization because of IRS data. We don't give Mumbai numbers separately but Mumbai market is substantially giving us a kicker as far as the entire HT is concerned because of the IRS data. What we can share with you is the volume data. Currently our volume share is between 60% to 70% of the

market leader. So we have a fairly good volume share. As far as revenues are concerned we don't give separate revenue numbers for each market.

Ram Hegde: Is it fair to assume that the quarter-on-quarter growth momentum was also intact?

Rajiv Verma: You should look at Delhi and Mumbai businesses together because a lot of business that gets sourced, is Delhi and Mumbai put together. The answer to this question lies in the overall growth that you are seeing Our growth has been far ahead of other industry players and Mumbai business within that has grown even more significantly given the base is not very large at this point in time.

Ram Hegde: In terms of pagination, what is the sort of growth that you're seeing in Mumbai?

Rajiv Verma: Not much, our pagination in Mumbai is very well-controlled within the same band more or less as I said. We still have significant inventory available in Mumbai if that is what you are alluding to.

Ram Hegde: Could you just elaborate how many editions of Hindustan are currently loss making?

Amit Chopra: It will be wrong to look at individual editions because in India, national media which is more than 50% of the revenues is bought at a state level. We operate in Bihar, Jharkhand, UP, Uttarakhand and Delhi. Bihar, Jharkhand, Delhi have been making profits, while in UP we continue to invest very strongly towards growing our franchise.

Ram Hegde: Is it possible to understand the sort of losses which are sitting in Hindustan even now because some of the editions wouldn't have turned around totally?

Amit Chopra: I told you UP in totality is operating at a slight loss while all other states are profitable.

Ram Hegde: The other thing was on private treaty deals. Are you still doing private treaty transactions?

Rajiv Verma: As and when any customer approaches us for an ad for equity kind of transaction because they are cash starved and they would prefer to do transaction with advertising against either equity or some other form of barter, we do look at it although we cap such transaction to below 5% of our total revenues.

Ram Hegde: Do you apportion a cost against this also through the P&L or it's just the revenues which come in?

Piyush Gupta: These businesses only makes sense where you have an idle inventory which can be monetized on these things and these are tactical businesses that we do. We cap them at about 5% of our revenues. In terms of apportioning of cost internally, there are various ways to look at it, but we look at it at the revenue level and also at the profit level. But you need to understand the real cycle only gets completed once you liquidate these assets which you contracted in these kind of contracts which we managed to do very profitably last year.

Ram Hegde: My reason for asking was in a way booking fictional revenues and you're paying actual taxes on it. I am just trying to understand from that angle?

Piyush Gupta: Your hypothesis will be entirely accurate if you are unable to liquidate the assets which you have contracted in the same side. We continuously keep on liquidating the assets that we have contracted from the counter party which gives us a real cash profits. Thereby the taxes that we are paying are not entirely on fictional profits that we are booking here. Fictional profits would be if you are unable to liquidate the assets on the other side.

Ram Hegde: Because 5% of your revenues technically flow straight to the PBT level.

Rajiv Verma: Correct.

Ram Hegde: You said because of Bihar elections the growth in this quarter was muted. , Could you give some sort of sense on how big is the government space just in Hindustan?

Amit Chopra: In totality, government contributes about 20% to our total ad revenues, Bihar alone contributes about 6% to 7% out of that.

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

Vikash Mantri: How do we see the internet business going forward in the next 2 to 3 years. What are the operating parameters that we should be continuously looking at in terms of profiles on shine.com and how have they done over the last 1 year?

Rajiv Verma: The Internet business continues to do extremely well. As we all know there are a couple of sites that we have started. Some of them are in their second year and some of them are in complete infancy, but the main site that we started 2.5 years ago was shine.com which is related with jobs. As we all know India is demographically a very large country with almost 500 million people below the age of 20 and online medium is the best way for recruiters and potential candidates to come together. Therefore, there is a massive opportunity waiting to be taken and in the last 2 years since inception, that site is doing very well. Today our candidate acquisition is almost matching the market leader. It is almost 75% to 80% of what the market leader is at, . Also our acquisition costs are

lower than what the other players acquire these candidates at. Besides our synergy of print and online advertising, the cross media synergy also allows this site to perform very well. The new site that we have started which is about bringing potential students and potential colleges together is also doing extremely well. The traffic is very robust. So the parameters which are being tracked show that the sites are really performing well and they are going to massively create value in times to come.

Vikash Mantri: When can we expect an operating break even in this business?

Rajiv Verma: We will continue to invest in this because one of the parameters that we are tracking is the revenue growth. The revenue are growing almost at the rate of 70% to 80% and is likely to even accelerate more as the site traction improves. These sites require a certain time of boot strapping wherein the traffic comes in, the candidates start to find it interesting, the jobs start coming in and that cycle has now kick in. So we will expect almost anything between 80% and 100% growth of revenues in our online businesses and that's a very healthy rate of growth. So we got through that and the cost are all kind of maxed out now because the site is well functioning. We are not looking for any immediate profitability but what we are looking at is how well these sites can perform and how quickly can they start mapping the parameters which are in line with what the market leader is doing.

Vikash Mantri: In terms of the market leader, Naukri had 4.5 cr EBITDA and revenues of Rs. 15 cr in FY 2004, whereas you are currently operating at EBITDA loss of 40 Cr while having a revenue of Rs. 10 Cr. So in spite of a revenue ramp up that we can do, we have a very high cost base relative to our competitor?

Rajiv Verma: First and foremost it's not the EBITDA loss, it's the EBIT loss that you're talking about. EBITDA loss is much lower than the EBIT loss. I'm not very well familiar with Naukri's numbers of 2004 but what I know is that in our case it was not just one site but there were few other sites which are also a part of this. Naukri started at a time when there was no other player in the market. Now with 2-3 players in the market, cost of entry has gone up. We believe that the market is large and can accommodate much more than 3 players. However, the cost of entry is slightly higher than what it used to be, but in the online space is the most attractive opportunity because it can provide jobs to people in large numbers and as I said that this is the most efficient way of discovering jobs for the people. So the barrier to entry is higher now, the cost of entry is higher than what it was in 2004, so that comparison with 2004 numbers of naukri does not make sense.

Vikash Mantri: Do we intend to add larger portals in the education or the matrimonial space given that they have synergies with our print business?

Rajiv Verma: We will continue to explore and find opportunities which are innovative in nature. As you would have seen with our education site that was started, htcampus.com, it is a very innovative site and within six months the traffic is very strong. There is also a strong interplay that happens

between our education print business as well as education online. So if we find other innovative ideas only then we will start those sites, it's not about just starting the sites because we are trying to build a certain portfolio.

Moderator: Thank you. The next question is from the line of Arjun Khanna from Principal Mutual Funds. Please go ahead.

Arjun Khanna: There was a guidance given in terms of break even for Mint. Would you like to revise that guidance or are we sticking by it?

Rajiv Verma: Mint is doing very well, I'm not familiar whether a guidance was given but let me only allude to that, Mint has had different phases of expansion which have almost been completed. It would be unreasonable to expect break even in a city like Hyderabad which got added last month. There are different editions of Mint which are at different lifecycles. Of which some editions have achieved break even or are even profitable. Mint has been growing very well, it has been growing at 40% plus growth rate. However, the important question to realize is that Mint still has a lot of growth left in terms of readership that it can acquire, therefore we will continue to invest in it. But those parts where investments happened earlier in its lifecycle are going to become profitable sooner than those parts which are going to be invested later because it's where each geography is in terms of the cycle.

Arjun Khanna: In terms of readership we have given a number of 1.99 lakh, could you give us a sense of actual circulation currently?

Rajiv Verma: The current circulation is at about 160,000 to 165,000 copies.

Arjun Khanna: In Q3 FY11, we have stated on the call that the circulation was 1.6 lakh, so if I understand it correctly you have increased it by 5000 over this quarter?

Rajiv Verma: There is little inefficiency in the system which is taken out and those are ones which are redistributed.

Arjun Khanna: I understand when we launched the Burda JV that we would have a secured off-take at least in the initial years to enable us to breakeven. Yet I see that we have been doing about Rs.5 Crore of EBITDA loss for the past couple of quarters. When do we plan to breakeven in this business and when will the revenues really ramp up?

Rajiv Verma: There are two things to keep in mind at this point in time. Firstly, this is the first year in which there is a period of trial and there is a period of boot strapping the business to stabilize the plant since it's a large plant and needs certain time. So this is the period when the operating efficiencies are picking up because a large factory like this requires certain amount of time for efficiencies to crawl in. The other critical point to observe also is that at the time when the plant got established or was

under construction phase, European markets were in a very different state of health. At this point in time, European markets have taken a lot of beating so the pricing in Europe is under severe pressure. But the good news is that the European market has seen massive consolidation. There are two players who have gone out and as a result of this consolidation, pricing in European markets is going to harden and we believe this is going to lead to pricing power which will come to our market also. What we have to get in mind is that it's an extremely high global quality product at a relatively low pricing that it's able to produce.

Moderator: Thank you. The last question is from the line of Namrata Sharma from PINC Research. Please go ahead.

Namrata Sharma: I would like to know the breakup of circulation copies for English and Hindi papers.

Piyush Gupta: Circulation in 2011 was about 39 lakh copies of which Hindi was about 21.5 lakh and the balance is between HT and Mint

Namrata Sharma: In Q3FY11, Hindustan circulated 21.1 lakh copies?

Amit Chopra: More or less the same. We have just added copies in Gorakhpur and have taken out certain inefficiencies so the result is net increase of copies from 21.1 to 21.6.

Namrata Sharma: How is our Hindi paper performing in UP? Can you just give me the circulation gap between us and Jagran and Amar Ujala?

Amit Chopra: We circulate about 8 lakh copies in UP and I am not including Uttarakhand. Jagran in our belief is around 15.5 lakh and Amar Ujala is 10.5-11 lakh copies. We are performing well in terms of readership growth which has grown in one-year from about 23 lakh to about 36 lakh.

Moderator: Thank you. I would now like to hand the floor over to Ms. Swati Nangalia for closing comments.

Swati Nangalia: I would like to thank all the participants and the management of HT Media and HMVL for taking out time for this conference call. **Rajiv Verma:** I just like to take this opportunity to thank all participants who came on this call and as I said earlier that this has been a great performing year for us. We have grown by almost 25%. Our strategy is a growth led strategy but with profitable growth. Therefore we would like to maintain our margin structure while delivering strong growth and you could expect continuing strong performance from the Company given the fact that we are continuously investing behind our brands and businesses across all geographies. So with that thank you very much for your interest in the Company and I hope to talk to you again during the next quarter.

Moderator: Thank you. On behalf of HT Media, HMVL and IDFC Securities Ltd that concludes this conference. Thank you for joining us, you may now disconnect.