



HT Media Limited

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Investors/Analysts Conference Call

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Presentation Session

Moderator: Good afternoon ladies and gentlemen. I'm Shirley, moderator for this conference. Welcome to the conference call of HT Media Limited. At this moment all participants are in listen only mode. Later, we will conduct a question and answer session, at that time if you have a question, please press * and 1 on your telephone key pad. Please note this conference is recorded. I would now like to hand over the conference to Mr. Gavin Desa of Citigate Dewe Rogerson. Over to you sir.

Gavin Desa: Thank you. Good afternoon everyone. Welcome to HT Media's Q3FY08 conference call. Today we have with us Mr. Keerthivasan, Chief Financial Officer and Mr. Rahul Jain General Manager, Finance. I would now like to invite Mr. Keerthivasan to make a few opening remarks, after which we will have a Q&A session. Over to you Keerthi.

Keerthivasan: Good afternoon ladies and gentlemen. It gives me great pleasure in welcoming you for this Q3FY08 call of HT Media Limited. I hope all of you by now would have taken a look at the results. Just to give a heads up, I think I have said this in the last call as well, we said that the industry was possibly at its lowest in the last quarter. We had one of the lowest growth quarters in the last quarter and we had said in the last quarter that we were expecting some sort of a revival in the industry in the coming quarter. We did see some sort of a recovery in this quarter. Having said that, the growth has still not been phenomenal. We saw some pickup in some sectors of the industry. However, the industry continued to grow in single digit terms, it grew from possibly, 2nd quarter it was a number of 3% to 4%, whereas in this quarter, the number went up to about possibly 7% to 8%, having said that, I am happy to report that your company has done really well. This was possibly for the fourth quarter in a row that we have actually delivered way ahead of the industry growth. We would assume that we have grown at least 8 to 10 points ahead of the industry this quarter as well. This has been a trend that we have been following in the last few quarters as well. And I think slowly but surely we are now seeing the results of some of the investments that we have made in the last four to five quarters. Yes, we are still making investments and the emphasis will be on the top line growth of the company, and that should continue in the future quarters as well.

If you were to look at some of the segments of the business, I think Hindustan Times Mumbai edition is steadily going up, increasing its brand salience in Mumbai. I think our internal brand track shows at least a 2 point improvement in the overall brand as the course of Hindustan Times Mumbai. Our revenues from Mumbai continue to grow, our

growth from Mumbai markets has been steadily in excess of 25%, specifically in the last three months.

Our Hindi business, on which we have been placing a lot of focus in this quarter, in this year, continues to grow very, very handsomely. In fact in the month of December it grew by as much as about 45%. This is the segment, which has continued to grow approximately 30% in this quarter and we are seeing traction thanks to some of the investments that we have done in the last nine months. This goes on to prove our analogy that our decision to focus and make more investments in this business is quite reasonable, and you are going to see us being extremely aggressive in this segment going forward.

One other milestone in Mint, we launched in the city of Bangalore and I am very happy to report that Mint has been received really well in Bangalore. We are already the number two paper in that city, with a print order of about approximately 10,000 copies. And we are already beginning to see the traction in that market.

With this, we are currently now in three cities in the business daily, in Delhi, Bombay and Bangalore, and you can expect a few other cities to be launched very shortly. First of them is going to be Kolkata, in the next two to three months we are going to see Mint being launched in Kolkata as well.

On the subsidiaries, I think one of the subsidiaries, which we don't report and the numbers of which we don't see, these numbers are Radio, Radio as a business, is also now beginning to get traction for us. You will be happy to note that we have now become the number two station in Delhi. You must know that we were actually competing with around three of the old entrants and we were actually the last entrant in this market. But we have, within a very short span of time come to the leadership position, and we are beginning to see traction in the revenues coming along. We expect that in the next three to six months we will begin to see similar results happening in Mumbai and Bangalore as well. Our Kolkata station has been launched as of yesterday. The formal brand launch will happen in the next week or so. So with this we have actually launched all the four licenses that we had acquired in 2006.

One other area where I think we have actually spoken very little about in the past has been the area of Internet. Couple of our sites; have now really begun to do well. The flagship hindustantimes.com which we re-launched about six months ago, is beginning to really get lot of eyeballs now. Our financial site, livemint.com is also going from strength to strength and I can tell you that the day is not far when we possibly will become the leading site in this space.

I had reported earlier that, we had formed an Internet company called Firefly e-Ventures with a view to get into lot of the horizontal businesses of Internet, specifically in the area of jobs, matrimonial, real estate and so on. We will be launching our first job site some time in March or in April. So, and lot of focus already happening on that, and you should see that happening in the next couple of months. So, I think overall my take away from our past performance and looking at the future is that, we will continue to deliver robust top line growth with good profitability growth at the bottom line. Our fundamental business continues to improve, also the fact that we will continue to make investments, which will continue to add to the value creation. So this is all I had to say to begin with. I will be now be happy to take any questions that you may have. Thank you.

Question and Answer Session

Moderator: Thank you sir. Ladies and gentlemen, we will now begin the question and answer session. If you have a question, please press * and 1 on your telephone key pad and wait for your turn to ask the question. If your question has been answered before your turn and you wish to withdraw your request, you may do so by pressing # key.

Our first question comes from Mr. Percy Panthaki of HSBC Securities and Capital Markets (India) Pvt. Ltd.

Percy Panthaki: Hi sir. Congratulations on a good set of results. Just wanted to, you just said that you are number two in Delhi now. I wanted to know whether that is on a volume share basis or is it on a value share basis.

Keerthivasan: This is the listenership share, which is as per RAM, which is the equivalent of TAM in Radio. This is a third party and this is the listenership share.

Percy Panthaki: Okay, would you be able to give some kind of guidance on the volume share, where you stand?

Keerthivasan: In terms of?

Percy Panthaki: In terms of space bought out by the advertisers.

Keerthivasan: Approximately 14% to 15%.

Percy Panthaki: Okay, and in terms of ranking would that also be number two?

Keerthivasan: Volumes are, it's a very deceptive game. It's very difficult to say whether we are number two in the volume game. I don't think we are playing the volume game, because in the whole space our inventory is, the number of times cost that we sell is the lowest in the industry. So I would rather be more looking at the value share. In terms of value share, I would assume that we will be, from the point of station revenue, we may not be number two, but a close number three or four.

Percy Panthaki: Okay, and in terms of your advertising rates, how do they compare with your competitors?

Keerthivasan: I would think that we are, see, it's a very fragmented space today. There are seven or eight stations, which are having similar formats and we are all eyeing for the same pie, but I would assume that yes, we will be a very close number three.

Percy Panthaki: Okay, and sir do you think you are doing as per expectations in Bombay on Radio?

Keerthivasan: I don't think so and I am being very honest to you. It is not because of any other reason, but the fact that we have some infrastructure issues in Bombay, which we are trying to sort out as we speak. Having said that, we are not way off from our

expectations, I think in the next three months we will see a lot of improvements happening in Bombay.

Percy Panthaki: Infrastructure, as in the signal strength you are talking about?

Keerthivasan: Yes.

Percy Panthaki: Okay. Sir, secondly on your reported figures, your other income is down substantially. Could you tell me what is constituted in this other income, and why it went down?

Keerthivasan: See, there were some write backs in the last year quarter three, which we did on account of some discounts and so on, and which was a one time activity last year, which we have not done this year.

Percy Panthaki: Okay. But in terms of your revenues from job work etc., how do they compare with last year? That is constant?

Keerthivasan: It has slightly come down because our capacity utilization internally is going up, now both in Delhi as well as in Bombay. So the job revenues have come down, but having said that, now we have just commissioned the Baker Perkins machine in Delhi to print Mint, and that machine is going to be commissioned in Bombay as well very soon. So, you will now start seeing an increase in the job work from the next quarter.

Percy Panthaki: Okay, and in terms of ad rate increase, TOI had taken some ad rate increase recently, right?

Keerthivasan: Yes, they have taken up an increase on 15th December, we will also follow shortly.

Percy Panthaki: Would you be able to tell us approximately how much has the increase been in case of TOI?

Keerthivasan: It's about 10% to 12% I would assume.

Percy Panthaki: Okay, and in Bombay have they taken up ads, TOI, ad rates?

Keerthivasan: Yes they have.

Percy Panthaki: By a similar amount is it?

Keerthivasan: I think so.

Percy Panthaki: Okay sir. Thanks very much. I will come back in case I have any follow-up questions.

Moderator: Our next question comes from Mr. Vikash Mantri of ICICI Securities.

Vikash Mantri: Sir, what is the volume increase in newsprints that we might have seen in this quarter?

Keerthivasan: See, compared to the last quarter, our POs went up by about 3 ½ lakh copies, compared to the second quarter. This was predominantly a lakh of metro copies and about 2 ½ lakhs of school copies.

Vikash Mantri: Okay, and sir how is the advertisement growth been sans real estate?

Keerthivasan: In terms of?

Vikash Mantri: The advertisement rate growth, we have seen real estate seeing a significant dip. So without that how has the growth been?

Keerthivasan: Without real estate, our growth will be about 23%.

Moderator: Our next question comes from Mr. Abneesh Kumar Roy of Religare.

Abneesh Kumar Roy: This is a question regarding your job portal. There was an understanding that it will be a tie up with international player. So what's the standing on that? Will it be a standalone launch or you will tie up with an international player?

Keerthivasan: We have a tie up for technology from a foreign partner. So that tie up has already been done and we will make announcement shortly.

Abneesh Kumar Roy: Okay. And second is, in Radio there will be a fresh round of bidding, and earlier we had gone for only four stations in the previous round, and if you see the other players like ENIL, Adlabs, and Sun, they have some 32 to 45 stations, and they will also go for further new set of bidding. So what's the game plan that after next round of bidding we will be some 10 to 15 stations, or we want to go for mass, say 40 to 50 stations?

Keerthivasan: No, our strategy continues to be to play in the top 10 cities of the country. We continue to believe that the economics of this business works better in the top 10 cities as compared to the other cities.

Abneesh Kumar Roy: And any niche positioning will take place, as in, some English songs, something like what TV Today has done. They are targeting essentially the women audience. Do we have any such niche positioning in mind, because we are targeting only 10 cities.

Keerthivasan: No, but if you look at our positioning, even in Delhi, even today in Delhi we play English music. We are the only station who plays English music in Delhi, Bombay, and Bangalore.

Abneesh Kumar Roy: But is it working really?

Keerthivasan: Otherwise how will the numbers stack up?

Abneesh Kumar Roy: No, it is not working for example, in Bombay to that extent, what it's in Delhi.

Keerthivasan: But I can tell you the problem in Bombay is that there is an issue with our signal strength, and once we rectify that we believe that the numbers will go up there.

Abneesh Kumar Roy: Why I am saying that, because the Radio 1 had similar positioning of English songs earlier, and they shifted to Hindi and their audience really became three or four times. So do we have that kind of a plan for Bombay or will it be similar to what you have in Delhi?

Keerthivasan: I think as of now, we will stick with your Delhi template.

Abneesh Kumar Roy: Okay. And in your A&P promotion there is a 78% increase, how much is Mint contributing to this?

Keerthivasan: About half of it.

Moderator: Our next question comes from Ms. Jasudha of Reuters.

Jasudha: Hi sir, just some follow-ups actually, Radio licenses, when would the bids be, I thought there was one in December, if I wasn't mistaken. Secondly, this technology tie-up for the job site, are you going to have similar tie-ups with your other ones that you have planned?

Keerthivasan: Let me answer your first question on Radio. The Radio licensing was supposed to first happen on the 17th of November, I think somewhere in November, postponed about four times now. I don't know when, the last it was supposed to happen was on the 14th of Jan, which now again has got postponed, impending a court case, which is pending in the Delhi High Court. I think this will happen post the ruling from the Delhi High Court. On to your second question on job portal, yes, if you look at all our businesses, we have actually gone out and tied up with a global partner, with a view to get the global expertise, be it Radio, be it Mint and same will hold good for the other businesses that we will get into.

Jasudha: Okay, and just last one is on newsprint. I think a few Indian paper makers have announced that the prices would go up, at least in the Indian markets. So do you at all take newsprint from Indian players or are your needs met by Chinese prints? What exactly do you do?

Keerthivasan: About 80% of our newsprint is imported. Having said that we still buy newsprint from India. You are going to see a rise in the newsprint prices globally next quarter. So, there is going to be that price increase in the global markets as well. It's not only an Indian phenomenon, its going to be a global phenomenon as well. We are now working towards mitigating this price increase.

Jasudha: And how will you be doing that?

Keerthivasan: We are working on lot of strategies, we have a procurement team and there are lot of things that we work on. At this point in time, we know that there is going to be a price increase, but what exactly is going to be that quantum, I can't tell you now.

Jasudha: Fair enough and your ad rates, you mentioned that you would be taking them up shortly, so how soon and to what amount?

Keerthivasan: In the next 30 days.

Jasudha: And is there an amount that you have arranged?

Keerthivasan: I think we are still working through it.

Jasudha: Okay fair enough. But across all your papers, to say?

Keerthivasan: That's normally the practice.

Moderator: Our next question comes from Mr. Miten Lathia of HDFC Mutual Fund.

Miten: Good afternoon sir. This is Miten here. Do you think our losses in Mint Mumbai and Radio both for FY08 and FY09 will surpass what we would have originally estimated?

Keerthivasan: These are all well within the plans.

Miten: Okay, because the reported bottom line numbers seem to suggest that all these three products seem to be bleeding more than what we would have budgeted for.

Keerthivasan: I think Bombay we are actually doing better than the plan. Radio also we are doing better than the plan. I think the only place that we slightly shot up is in Mint. That also not because of the performance, but because we had not planned for the Mint Bangalore launch, now we have gone ahead and launched Mint in Bangalore as well. So, launching in Bangalore is what is going to be the shortfall vis-à-vis the plan. Otherwise we are well on the plan.

Miten: Would you want to put a number on the Radio loss and the Mint loss for this year and next year?

Keerthivasan: I haven't Miten, but I would definitely do it in the next year.

Moderator: Our next question comes from Mr. N. Balaji Vaidyanath of Sundaram Mutual Fund.

N. Balaji Vaidyanath: Sir, could you quantify your capex, given all your investment plans that you just mentioned?

Keerthivasan: We are still in the process of doing our AOP, the annual planning process. We have still not finished that. But normally our strategy in the last few years has been that our capex numbers have been very close to the depreciation numbers. But please note that for the next year there will be an investment in Mumbai for a new press, which is the Man Roland press, which will approximately cost about 70 crore and we will possibly invest in couple of machines in Hindi. So, I would say that is depreciation for the year, plus, about Rs. 80 to 85 crore for next year. That should be the capex for next year.

N. Balaji Vaidyanath: And you mentioned, focused on top line growth and profitability coupled with investments. So probably the profitability part will come at the last, right?

Keerthivasan: I don't think so. If you look at our core numbers, and one of the reasons we give numbers with investments and without investments, is look at the numbers without investments. We are currently at an EBIDTA as a percentage of sales of 24%. Any business, and look at where we come from, we actually in the last few years have moved up from 5% of EBIDTA to 24% of EBIDTA. So the percentage improvement in our EBIDTA in the core businesses continues to improve, and once we get that we start investing rather than throwing it back to the bottom line. We throw some of that back into investments, so that's been our strategy and that will continue to be our strategy going forward.

N. Balaji Vaidyanath: Okay. And for the Radio business, what will be the investment for the stations?

Keerthivasan: What do you mean by investment?

N. Balaji Vaidyanath: You will be bidding, right? I mean going forward.

Keerthivasan: We have already got four licenses, for which we paid Rs. 75 crore. And we are possibly going to bid for three or four more cities in the next round of bidding. And, we don't know, I mean, this is a close bidding, and I would rather keep the numbers close to my chest.

Moderator: Our next question comes from Mr. Pavan Kumar of Anand Rathi.

Pavan Kumar: Hi, I wanted to understand the performance of HT Delhi. What has been the advertising revenue growth and circulation growth and any guidance on the action from the competition in Delhi?

Keerthivasan: The HT Delhi growth has been around 7% to 8% in this quarter, please note that this number actually moved up substantially in the last two quarters. In fact, Delhi is the market, which is where we are seeing bit of sluggishness in the industry, specifically led by the real estate sector. So, I don't think it's because of any competitive activity. It's broadly because of the industry growth, which is actually having a little bit of impact on the Delhi Hindi business, and possibly this is going to be the last quarter we are going to see little bit of sluggish growth in Delhi. But then it will definitely be better than the last quarter. So we are actually seeing improvements happening in each quarter now.

Pavan Kumar: What's the breakup of the 7% to 8%? How much is coming from increase in yield in ad revenues, and how much is coming through circulation increase?

Keerthivasan: Circulation increase has no role to play in the ad revenues, specifically in a market like Delhi, which is such a mature market. Your question is, how much of this, because of yield improvement?

Pavan Kumar: Yes.

Keerthivasan: I think yield improvement will be predominantly 7 to 8% as our total improvements. Pretty much 90% of it will come from the yield improvements.

Pavan Kumar: Okay. And what's the market share in terms of ad revenues right now in Delhi?

Keerthivasan: In what way, in volume share?

Pavan Kumar: Yes, volume shares.

Keerthivasan: We are normally 49: 51, 51: 49, between us and Times of India, so we just go back and forth.

Pavan Kumar: Can you tell the value, it is similar, or it's different?

Keerthivasan: Our value share will be much higher than Times of India because this is our major edition, and Times of India sells Delhi as an add-on to Bombay, so our value share will be much higher than Times of India.

Pavan Kumar: Okay. And what is the kind of growth observed in Hindustan in U.P.?

Keerthivasan: The growth that we are seeing currently is about north of 30%.

Pavan Kumar: In terms of circulation?

Keerthivasan: No, in terms of ad revenues.

Moderator: Our next question comes from Mr. Vinay Paharia of Lotus Mutual Fund.

Vinay Paharia: Yes, good afternoon sir.

Keerthivasan: Good afternoon.

Vinay Paharia: Sir, I had a question on the Hindi business per se. Could you share with us basic numbers on how much contribution Hindi did in terms of top line and the EBIDTA?

Keerthivasan: The contribution of Hindi to the top line is approximately 15%, ad revenue is about 15%, and the total revenue will be approximately about 23%, 24%. And bottom line will be about 12% to 13%.

Vinay Paharia: Okay, the contribution of Hindi to bottom line is lower.

Keerthivasan: Yes, because we are making lot of investments in U.P., so you need to give these editions at least 12 months before they start making money.

Vinay Paharia: So, basically it's because of the investments in U.P.?

Keerthivasan: Yes.

Vinay Paharia: Okay and when do we expect these investments to sort of fructify and we stop making these investments?

Keerthivasan: In a growing business, one has to continue to make investments.

Vinay Paharia: In the sense, what would be the threshold in terms of say circulation or which we can monitor?

Keerthivasan: The threshold will be that every market, which we will enter in U.P. will require a circulation of 60,000 to 70,000 and you can take for every market about 12-24 months to break even.

Moderator: Our next question comes from Mr. Ankur Periwal of First Global Securities.

Ankur Periwal: Yes, hi sir, good afternoon. Sir, could you please share your circulation figures as of now?

Keerthivasan: For English or Hindi?

Ankur Periwal: Sir for both like, the break-up of both?

Keerthivasan: Total circulation numbers for the whole year for the whole country is 30 lakhs, out of which English is about 12 lakhs and the rest will be Hindi.

Ankur Periwal: Okay, fine sir and one specific question on the tax rate, we have been witnessing a lower tax out go in the recent quarters, could you please give guidance for the tax rate in coming quarters also?

Keerthivasan: I have always said that we are currently working on some; our endeavor is to bring it down as much as we can. It is very difficult for us to give you a guidance on the tax rate, that's the function of what we get through, what amount gets through and so on. Our endeavor is to bring it down below 30%, that's what we are currently working on.

Ankur Periwal: Okay and sir, what is the current cash we are having in the balance sheet?

Keerthivasan: Rs. 300 crore.

Ankur Periwal: Okay and the debt levels?

Keerthivasan: Rs.165 crore.

Moderator: Our next question comes from Mr. Rahul Bajjal of Voyager Capital.

Rahul Bajjal: Yes, I had a few questions, firstly you mentioned that HT Delhi has grown by approximately 7% advertising and you also mentioned that ad revenues ex-real estate are up 23%, so are you referring this 23% for the English Delhi-Bombay combine.

Keerthivasan: No, this is the total company revenue.

Rahul Bajjal: Including Hindi?

Keerthivasan: Including Hindi, yes, and Mint.

Rahul Baijal: And Mint, okay and secondly what will be, you mentioned Bombay has grown by 25% in the third quarter or was that December?

Keerthivasan: Third quarter.

Rahul Baijal: Okay, do we see the monetization in Bombay to accelerate in the coming months or would it be more or less the same.

Keerthivasan: Equal, see we are actually seeing the acceleration happening, if you take the CAGR growth of the first nine months of the year it is around 25%, 26%, so if you continue to hold on to this 25%, 30% growth for the next 12 months, I think our numbers will be substantial from Bombay.

Rahul Baijal: Okay and the two key drags to advertising, real estate and autos, do you see traction improving in Delhi and Bombay on those two fronts?

Keerthivasan: Auto, yes, we have definitely seen traction in this quarter, in fact if you look at Hindustan Times in the past 10 days, you are seeing a lot of auto ads. Real estate continues to be slow, it's not as slow as what it was in Q2, but we see that in the next few months, we will start seeing some sort of revival in the real estate industry as well.

Rahul Baijal: Okay and then on Mint, EBIDTA losses are around Rs. 30 crore, so if I were to extrapolate probably we should be ending about Rs. 40 to Rs. 42 crore probably for the year, my question is, for FY09, do you think EBIDTA losses will be more than this or less than this?

Keerthivasan: Less than this.

Rahul Baijal: Substantially less.

Keerthivasan: I would think so; we are working on the numbers, but should be substantially lesser than this.

Rahul Baijal: Okay and lastly on circulation, I mean, in the wake of a slight increase in newsprint prices within the coming months, are you looking at any substantial increase in circulation in the non-Hindi, non-Mint business?

Keerthivasan: Nothing substantial, it could be about 4% to 5% increase, maximum.

Rahul Baijal: In Delhi and Bombay basically?

Keerthivasan: Not in the next six months.

Moderator: Next question comes from Mr. Manish Jain of Lehman Brothers.

Manish Jain: Hi, I just wanted some color on your strategy regarding Hindi in U.P., how are you guys going ahead, in the sense, are you guys taking on Jagran in the main markets like Kanpur and Lucknow or are you guys going to the smaller towns?

Keerthivasan: No, our strategy has always been to go to the bigger markets and that's how, if you look at the way we have been expanding, we first went to Meerut, then went to Agra, then went to Kanpur and we fortified our Lucknow and Varanasi editions and in the next few months you will start seeing us entering Dehradun, Allahabad, Bareilly and so on. So we are going to concentrate on the big cities in U.P. as of now.

Manish Jain: Okay and in some of these towns where you have already launched these initiatives like Meerut, Agra, Kanpur you mentioned, could you give us a sense of how you have fared versus Jagran, I mean, have you been able to gain market share versus theirs?

Keerthivasan: In every market that we operate today in U.P., we are either a number one or number two, in any market. In the market of Lucknow which is the state capital we have actually overtaken Jagran and we are today the number one paper in Lucknow. In Varanasi, we are a very close number two. In Kanpur, which is the heartland of Jagran we entered that about seven months ago, we are a very strong number two in Kanpur. In Meerut we are number two. So, predominantly in all the U.P. markets, wherever we have launched, we are either a number one or a very close number two or a very good number two.

Manish Jain: But, this is in terms of circulation, but in ad revenues is the success as commensurate with your circulation success?

Keerthivasan: Otherwise how will my revenues in U.P. grow by 30%+ every month, that's the reflection of the fact that people are, and in all the internal researches that we have done, shows that the quality of our readership compared to our competition is far superior.

Manish Jain: No, even Jagran, I mean, if my memory serves me right, its ad revenues are going at 20%, 25%, so is it that the market is expanding a lot or its more of market size.

Keerthivasan: Market expansion also and there is an expansion that we are also gaining because of the national foot print. Please understand, in U.P. there is one more player which is Amar Ujjala and I would assume that some of them might also be losing some share.

Manish Jain: Okay and I had another question on your Delhi growth in English, is it a case where the South three IT cities, Chennai, Bangalore, Hyderabad, are they growing much, much faster because some of the newspapers there are reporting much faster growth than 7% to 8%?

Keerthivasan: I have exactly the same information as you have. See, unfortunately we don't have an industry number which comes out by region every quarter, but looking at the numbers of some of the publications in down South, yes, the natural inference that I would make is that, yes, possibly there is a much higher growth happening in that part of the country compared to North and West.

Manish Jain: But having launched Mint in Bangalore, you must be having some sense on the market.

Keerthivasan: Mint is a very small market, I mean, that's a small market compared to the dailies business, so I would partly agree to your fact that, yes, possibly that market is growing, but how far high it is growing, I don't know.

Moderator: Our next question comes from Mr. Sulabh Agrawal of Angel Broking.

Sulabh Agrawal: Sir, just one question I want to ask sir, what is the kind of trend you are forecasting for the growth in advertising in the Hindi market particularly?

Keerthivasan: We will continue to grow north of 25%, that's the target.

Sulabh Agrawal: And sir, what kind of differentials do you see, I mean, do you see that actually reducing between English and Hindi market, the ad rates?

Keerthivasan: No I don't think so, I think that process has still not started, the gap between Hindi and English is still huge. I think there is a long way to go for that gap to come down, but I think with our national foot print also improving with every launch of the editions, you will see the gap narrowing slowly and slowly.

Sulabh Agrawal: Okay and sir, currently what is the contribution that you get from your Hindi newspapers in the terms of top line?

Keerthivasan: About 23%, 24%.

Sulabh Agrawal: And how much would that be in terms of circulation as well as your ad revenues.

Keerthivasan: 15% will be ad and the rest will be circulation.

Moderator: A follow-up question comes from Mr. Percy Panthaki of HSBC.

Percy Panthaki: Sir, I just wanted to know in terms of your Hindi newspaper the growth is at 30%, could you give me a split between volume and rate on that?

Keerthivasan: Can we get this after this call with Rahul, I don't have these exact numbers on my table, but I would assume bulk of it will be volume and some will be rate, but in my mind it will be 50:50, but let Rahul confirm this number.

Percy Panthaki: Okay and what I was getting at is, you are expanding very rapidly, so when do you see your expansion becoming complete in two to three years after which the increase of 30% will come down only to the increase of the ad rate increase because the volumes will stop expanding after that, so I want to know till when is that going to expand?

Keerthivasan: No, please understand, we are talking about launching some 15 to 18 editions in the next two years. That is a lot of volume, please understand will be, the

average print order of all these locations will be over 80,000 copies in about 15 editions, so the volume multiplies by so much, no. So, this will translate into a huge number.

Percy Panthaki: Right and what kind of capex will you need to implement this?

Keerthivasan: See, we have already said in the last quarters that we are looking at investing about Rs. 150 crore in Hindi business in the next two to three years.

Moderator: Our next question comes from Mr. Jonas Bhutta of Prabhudas Lilladher.

Mihir Shah: Hi sir, this is Mihir.

Keerthivasan: Yes, tell me.

Mihir Shah: Sir, last quarter you mentioned about acquiring couple of social networking sites, I guess this quarter you acquired Desimartini for about Rs. 43 crore, so can you share the financials for the company and what is the criteria for acquiring similar such web sites going ahead.

Keerthivasan: We acquired Desimartini, but not for Rs. 43 crore.

Mihir Shah: Sorry, Rs. 4.3 crore.

Keerthivasan: For an undisclosed amount and I would not like to disclose the amount that we have paid, but I can tell you it is a very small number and we thought that this will be a good fit for our business and this was a very opportunistic buy for us.

Mihir Shah: Okay then similar acquisitions in the similar space like social networking, what are the criteria in terms of or any other genres in the portal business?

Keerthivasan: I mean we broadly know what we want to enter into in terms of Internet, we have our strategy which we have developed for Internet and if a particular portal comes into, it forms part of our strategy and if the price is right, we will go for it.

Moderator: We have a followup question from Mr. Abneesh Kumar Roy of Religare.

Abneesh Kumar Roy: I wanted to understand the Delhi market better, see we have seen the slowest growth in Delhi at some 7% to 8% and in that market we saw a launch from TV Today promoter group company, so has there been any effect from that new newspaper?

Keerthivasan: Absolutely nothing.

Abneesh Kumar Roy: Okay and what would be the plans for the Hindi business of yours, any plans to demerge.

Keerthivasan: Yes, we have already taken a board approval to demerge, we have also taken the approval from the shareholders, and it's only a matter of time. We will come back with the dates in the next few months.

Abneesh Kumar Roy: So, it will list separately, that's our game plan?

Keerthivasan: We are evaluating all the options, we have not decided yet.

Moderator: Sir, we have two more questions. Our next question comes from Mr. Sachin Kasera of Infinity.com Financial Securities Ltd.

Sachin: Hi Sir, this is Sachin here from PINC research, just couple of questions, one is regarding the Hindi business, you mentioned that you are transferring it into a separate subsidiary and you also mentioned that the capex is approximately Rs. 150 to 180 crore, so are you also looking at some sort of an external funding being brought into the company or may be listing it at a later stage?

Keerthivasan: Yes, we are evaluating all the options as we are speaking now, we have not decided the path as of now, but then we are looking at all the possible options.

Sachin: Okay, secondly sir, these ad revenues which have grown from Rs. 233 crore to Rs. 274 crore this quarter, it's primarily because of yield improvement or is it also because of increased space selling?

Keerthivasan: Because of increased space selling also.

Sachin: No, but any ballpark in terms of how much it has improved because of yield improvement?

Keerthivasan: Yield improvement will be about 7%, 8%.

Sachin: And sir, were there any major price rise that we went into in this quarter across any of the editions?

Keerthivasan: Not this quarter, we will take it up in the next quarter.

Sachin: And the figure that you mentioned sir, 10%, that is actually for both Hindi as well as English editions, across all editions?

Keerthivasan: Yes.

Sachin: Okay, lastly regarding this A&P expenditure, from something like Rs. 15, 16 crore a quarter, it has now moved to almost 30 Rs. crore a quarter, you mentioned this is primarily because of the new launches, do we see this figure sustaining Rs. 30, 32 crore or probably it would reduce a little going forward?

Keerthivasan: Say that we have been managing this number as that we normally like to keep it to about 6% to 7% of the total revenue.

Sachin: Okay, so it would be more prudent to link it to a percentage of revenues rather than absolute figures?

Keerthivasan: Right.

Sachin: And you expect that to remain the same as the 6% to 7%, sir?

Keerthivasan: Yes, we will continue at anything between 6% to 8%.

Sachin: And sir, regarding the subsidiary, what is the type of investments that we have made in the Radio business or couple of other subsidiaries that we have, what is it that we committed till date?

Keerthivasan: I didn't get your question?

Sachin: Sir, what is the type of investments in the capex that we have incurred in the subsidiaries till date?

Keerthivasan: In Radio we have already incurred a capex of approximately Rs. 110, 115 crore, these are including the licenses and in the other business, in Firefly e-Ventures we have hardly just started.

Sachin: Right, in Radio are we through with majority of the capex?

Keerthivasan: Yes, done.

Moderator: Our next question comes from Mr. Rahul Bhangadia of Lucky Securities.

Rahul Bhangadia: Yes, I just wanted to get a sense on the HT circulation numbers in Bombay and vis-à-vis DNA?

Keerthivasan: We are currently, our print order as of today is about 3.3 lakhs.

Rahul Bhangadia: Okay and DNA would be doing about?

Keerthivasan: 3.75 lakhs.

Rahul Bhangadia: Okay and what was this 3.3 lakh may be a quarter or six months back?

Keerthivasan: We have actually added one lakh copies in the last 12 months.

Rahul Bhangadia: You have added one lakh copies?

Keerthivasan: In the last 12 months.

Rahul Bhangadia: Okay and I just wanted to clarify, your Mint circulation in Bangalore is how much, 10,000 or 20,000?

Keerthivasan: 10,000.

Moderator: Our next question comes from Mr. Amit Kumar of Kotak Securities.

Amit Kumar: Yes, I just wanted to understand, of the total ad revenue that you have in your various print properties, how much comes from classifieds, which is, your jobs, and matrimonial and so on, how much would be classifieds roughly?

Keerthivasan: 8%.

Amit Kumar: I mean, I just want to understand this in the context of your Internet ventures, this is a very small percentage of your overall ad revenues as far as print is concerned, so what kind of an opportunity do you see from the kind of portals that you want to launch on the internet site?

Keerthivasan: You know, if you look at some of the bigger sites in this country, you know what are the numbers of Naukri.com and the Monster.com are, and we have a huge database of these applicants with us through our print editions. Even if we translate what we have in our hand, I believe that we can create a huge value creation in this business.

Amit Kumar: No, but isn't the, at least as far as the jobs and matrimonial are concerned, isn't there already number of India oriented sites already there, so what kind of, I am driving at the competitive intensity that you will have to face when you enter into this segment, so how do you look to position yourself and differentiate yourself from what other already established players have achieved?

Keerthivasan: No, in this space, the way we understand this space is that, there are no brand loyalties in this business; it is a question of what are the benefits that you can give to the consumers. The products that we are going to come up with is going to have some distinct features, which will not be available with any of these sites in India and also if you look at our past track record, first in terms of Radio and secondly in Mint, we have actually within a very short span of time in both these businesses in a very cluttered market, we have been able to establish long term value creating business in both these areas, so we are fairly confident that we will be able to pull off this venture as well.

Moderator: Our next question comes from Ms. Yasmin Shah of Alchemy.

Yasmin Shah: Hi sir, I just had a question on, what is the growth rate in Mumbai and Delhi markets, like last quarter you said the markets were growing at 1%, 2%, the entire market.

Keerthivasan: Yes, I would have guessed the numbers would have gone up to about 4%, 5%, but nothing more than that.

Yasmin Shah: And what is the outlook on the same?

Keerthivasan: For this quarter?

Yasmin Shah: Yes, Q4?

Keerthivasan: Similar numbers.

Yasmin Shah: 4%, 5% is what you are looking at?

Keerthivasan: Yes, 5%, 6% I would say.

Yasmin Shah: Okay, right sir, thank you.

Moderator: Our next question comes from Mr. Kunal Bhatia of Dalal and Broacha.

Kunal Bhatia: Yes sir, I just wanted a segmental breakup margin on the revenues from Radio, Paper and Internet?

Keerthivasan: See, the numbers that you are currently seeing is only of HT Media; Radio revenues are not included in this number, because that is a separate subsidiary. All the numbers you are seeing today are predominantly from print.

Moderator: Our next question comes from Mr. Chirag Negandhi of Enam Securities.

Chirag Negandhi: Yes, I just wanted to know what your circulation revenue was for the December quarter.

Keerthivasan: Rs. 39 crore.

Moderator: A follow-up question comes from Mr. Sulabh Agrawal of Angel Broking.

Sulabh Agrawal: Hello sir, just wanted to ask, there is a big difference in the employee cost between HT Media and Deccan Chronicle, so are you by any sense planning to bring down your employee cost to that level?

Keerthivasan: See, if you look at any global print media company in this world, the employee cost is anything between 15% to 16%. At least, this is the model that we are aware of and if you look at all other, I have looked at some of the other companies in terms of other competition, their numbers are very comparable. We don't believe that our business model permits us to have employee cost of 4 to 5%; at least we are not aware of such model.

Moderator: A follow-up question comes from Mr. Dipti Solanki of PINC Research.

Dipti: Sir, I wanted to know the revenues from event business?

Keerthivasan: The events business in this quarter contributed about Rs. 10 crore.

Moderator: There are no further questions. Now I hand over the floor to Mr. Keerthivasan of HT Media Limited for closing comments.

Keerthivasan: Thank you all of you for coming and joining us on this Q3 FY08 conference call. As I said in my opening remarks, we in HT Media Limited are extremely confident about the future. Yes, there has been a little bit of slowdown in the industry in couple of the markets where we are operating in. However, even with these kinds of growth we have seen a lot of improvements in our operating efficiency and our profitability indices are only continuing to go up, so we will continue with our journey of working on the top line growth, making investments in good businesses and ultimately creating a lot of wealth for our stakeholders. I thank you once again for joining us today on this conference call and we will talk to you again in the next conference call, which will also be the full year conference call for FY08. Thank you all of you.

Moderator: Ladies and gentlemen this concludes your conference for today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thank you and have a pleasant day.

Certain statements that may be made or discussed at the conference call may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. HT Media Limited will not be in any way responsible for any action taken based on such statements and discussions and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.