Hindustan Media Ventures Limited's

Q2 FY2016 Earnings Conference Call

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www.hmvl.in

Moderator: Good evening ladies and gentlemen. Welcome to the earnings conference call for Hindustan Media Ventures Limited Second Quarter FY2016, hosted by Kotak Securities Limited. For the duration of the presentation all participant lines will be in the listen-only mode. After the presentation the question and answer session will be conducted for all the participants on this call. I now hand over the floor to Mr. Ritwik Rai who will further introduce the speakers for today's call. Thank you and over to you Mr. Rai.

Ritwik Rai: Good evening to everyone on the call. On behalf of Kotak Securities, I welcome you all to this conference call of HMVL. We have with us the management team, Mr. Vivek Khanna, the CEO of the Company; Mr. Ajay Jain, the CFO and Mr. Vinay Mittal, Chief Financial Strategist. We will start with the opening remarks from the management followed by Q&A. I would now hand over the call to the management.

Vivek Khanna: Thanks Ritwik. Good afternoon everyone. I am delighted to report that we closed the quarter on a very strong note, reporting healthy topline and bottom-line growth coupled with margin expansion. The initiatives that we have taken on the pricing as well as activation front, along with the increasing share of local business & pre-election ad spends in Bihar resulted in an advertising growth of over 18% for the quarter. Total revenue grew by 16%. Circulation revenue grew by 8% driven by an increase in copies as well as higher net realization per copy.

This high advertisement and circulation growth along with higher interest income resulted in EBITDA growth of 39%. Raw material costs grew by only 1.2% versus Q2 last year, primarily due to softening of newsprint prices globally since Q3 FY2015. Our EBITDA margins were at 29% versus 24% for the same time in previous year. Operating EBITDA margins also expanded significantly. PAT was up by 43% for the quarter and PAT margin was 18.3%.

Our performance across states continues to be good, especially in UP, which continues to grow handsomely. Profitability in UP in the first-half of this year is higher than the last full year.

Thus, overall we report a very satisfactory quarter with good performance across topline & bottom-line. Now, we can have the Q&A session.

Geeta: The first question comes from Mr. Srinivas Seshadri from Antique Stock Broking Limited. Mr. Seshadri you may ask your question now.

Srinivas Seshadri: Thank you and congratulations to the management on a very strong advertising growth. Can you throw a little more light on the drivers of the revenue growth? Firstly, we have been hearing that your key competitor started doing volume discount scheme & thus, we would like to know if you followed suit or did you manage a volume growth with the pricing being held? Secondly, what were the key drivers of growth in terms of markets or individual verticals? Thirdly, what is the contribution of the upcoming Bihar elections to revenue this quarter?

Vivek Khanna: We have not gone down the discounting route. Having said that, we have not been able to push up our yields too much on account of competitor's discounts and therefore this is largely a volume-driven growth with limited yield growth. Yield growth is of course lower than the extent to which we could have gone had our competitors not being doing the deal discounting.

In terms of state wise performance, both Bihar and UP/Uttarakhand have done extremely well. While Jharkhand has been reasonable, Delhi has been a bit sluggish. Growth in Bihar was upwards of 25% with a couple of Crores of jump on account of the pre-election DAVP spending by the Bihar government.

While there is a little bit of political revenue in Q2, the same was offset by the DAVP revenue loss on account of the code of conduct. So, we got incremental government spending in July and August and post September 7th, when the code of conduct came in, we had reduction in DAVP spends being made up by the political ad spends. Overall, the pre-election spends from government helped us by a couple of Crores as far as Bihar is concerned.

The states of UP and Uttarakhand continue to do well with growth close to 20%. The same being attributed to all the yield initiatives taken in the past as well as on an ongoing basis, coupled with some big initiatives launched & activation efforts.

Geeta: The next question comes from Mr. Abneesh Roy from Edelweiss, Mumbai.

Abneesh Roy: What is the plan in terms of circulation going ahead? Where do you want to take circulation because the gap is big with the leader in UP & Uttarakhand?

Vivek Khanna: The gap with the leaders is not too large as far as the state is concerned. We have been concentrating on the important revenue generating markets & cities and plugged most of the white spaces. There is only a little bit of white space left in Haldwani area and we are setting up a new unit there and will be launching the Haldwani unit pretty soon.

We are very competitive in terms of readership. Competition may have slightly higher copies in villages which do not necessarily translate into high readership. We also do not intend going up high on circulation numbers in such markets as they do not generate much revenue. So, copies addition in the future may not be at the pace at which it has happened in the last few years.

Abneesh Roy: Can you share some information on when and how many copies are we planning to add in Haldwani?

Vivek Khanna: We should be launching sometime very soon within the next 15-20 days. However, we can't share the number of copies planned for Haldwani owing to it being sensitive information.

Abneesh Roy: We are hearing constant noise from consumer companies and many other segments about an increase in the rural stress over last one-or-two quarters. Poor monsoons for two years & then limited rural-focused government schemes are some of the reasons. Given that rural economy as a percentage of the state GDP is even higher than the national average in your states of presence, specifically UP, Bihar and Jharkhand; are you hearing any similar noise from your sales force on a big growth slowdown? How do you see growth panning out?

Vivek Khanna: Firstly, we do not see any such risk in the immediate quarters. Also, I have not heard any such noise from the sales team. I have also been travelling extensively across these markets and do not see any such major slump.

Yes, there are pressures in certain areas and in certain segments but other segments have been doing well. Secondly, our growth is also a function of our markets of presence, our strategy and how we can extract more revenue from advertisers when compared to competition. So, it is both a market led-thing as well as a share gain strategy that we have to follow. Therefore, we are confident that we will not have any serious impact in the next couple of quarters.

Abneesh Roy: Could you give a breakup of the different sectors and how growth has been sector wise? I understand that the consumer sector would have done well.

Vivek Khanna: Yes, the growth has been very strong in FMCG. All categories other than education and real estate have done well this quarter.

Government growth has been very strong. Automobile has done well. We have also seen growth in the Tenders, IT, Telecom, etc. Growth is also strong in e-commerce; though its contribution is small, we should see a further upside as far as e-commerce is concerned. Banking & finance has also done well.

Abneesh Roy: Sir, can you elaborate on the banking segment? Has it come back post rate cuts? Is it the first quarter of Banking doing well?

Vivek Khanna: Banking has done well and we have grown by 58%. Banking has been depressed for the last couple of quarters and even for last couple of years. So, we are also seeing growth due to the base effect. Secondly, we are seeing clear share gains versus competition in both PSUs as well as private banking.

Abneesh Roy: What percentage of your total advertising is e-commerce now?

Vivek Khanna: It is about 1%.

Moderator: The next question comes from Mr. Ankit Kedia from Centrum Broking, Mumbai. Mr. Kedia you may ask your question now.

Ankit Kedia: Please elaborate on the corporate action mentioned in your notes to the accounts which states that we are transferring our multimedia business to HT Digital. Could you throw some light on the same and it is also given that we will source services from outside. Would that 30-40 Crores of cost saving come to us?

Vivek Khanna: We have been talking about a new digital strategy being put in place in the last couple of quarters. We are very clear that we want to have strong growth and strong initiatives on the digital side. To ensure greater focus across the company on digital, a new entity is being formed with effect from March 31, 2016 subject to all necessary approvals. We have started taking a few initiatives and deliberately not gone into too much of details because of its sensitive nature. We have launched both the Android as well as the iOS app and should start an aggressive campaign for these apps soon. In addition, we shall work on some technology up-gradation over the next couple of months.

Ankit Kedia: This will be a 100% subsidiary of HMVL or would it be in HT Media?

Vivek Khanna: This would not be a subsidiary. It will be a separate company, which will end up housing these assets.

Ankit Kedia: Would the cost of INR 20.8 Crores for the first-half as shared in the press release be our cost saving? Or would we also buy the content from this entity? What would be the nature of arrangement?

Vivek Khanna: This would be a company in which HMVL also has ownership and so there is a cost which should be moving there. The revenues will also be moving into that entity.

Vivek Khanna: We will certainly have ownership in the new entity and accordingly, certain costs will move from HMVL to this entity along with certain revenue which is currently negligible. Once when we start taking services from this new entity, we will have to make payments which will be our costs. Overall idea behind creating a new entity is to ensure greater focus on digital content businesses, promote best practices sharing among these businesses & get some synergies.

Ankit Kedia: What was the consideration which we have sold the business for and what will be our end stake in this company?

Ajay Jain: The business had been valued by an investment banker at about 70Crores. We shall be having 43% to 44% stake.

Ankit Kedia: Sequentially, we have seen raw material cost move up. Is it due to increase in circulation and pagination levels or are we seeing newsprint prices also move up?

Ajay Jain: On the sequential basis, there is higher newsprint consumption because of circulation as well as increased pagination. Newsprint prices remain almost same.

Ankit Kedia: Understand that we did a conclave in Lucknow this quarter on the same lines as done for HT Delhi. Could you share the incremental revenue and costs for the same?

Vivek Khanna: There was incremental revenue as well as incremental costs in hosting that event. The revenue was obviously more than the cost but the margin on the event was not dramatic in the first year. But most importantly, the event was done with an intention to build our brand and thought leadership in the UP market where we have been expanding very rapidly. We have been doing significant investments in UP market in last 5 years and growing rapidly. The event got great coverage and the kind of buzz it created in those parts was absolutely amazing and it more than fulfilled the purpose for which it was done.

Moderator: The next question comes from Mr. Vignesh Subramaniam from Karvy, Hyderabad. Mr. Subramaniam, you may ask your question now.

Vignesh Subramaniam: In the presentation, we have mentioned that we saw an increasing share of local business. Could you elaborate on that? Secondly, are we looking at any particular geography with regards to expansion?

Vivek Khanna: At this moment, the expansion is on hold. Nothing is happening in the immediate future. As far as increasing local share strategy is concerned, we have typically had a ratio of local to national of 45:55 and we have said that the idea is to move it closer to 50:50. That is what we mean by greater local revenue and we are now moving closer towards that 50:50 benchmark.

Vignesh Subramaniam: Are we seeing more traction in local business as such?

Vivek Khanna: Well, we have seen growth in both local and national. But yes, it was slightly faster in local which is also on account of the pre-elections spends which have happened.

Moderator: The next question comes from Mr. Vivekanand S from Ambit Capital Mumbai. Mr. Vivekanand, you may ask your question now.

Vivekanand S: The net cash that we have is around Rs 6.3 billion and we still took a resolution in the AGM to borrow up to around Rs 6.25 Billion. Do you see yourself requiring this kind of money for any acquisition? What is the thought process behind this resolution considering that we have so much cash in the book?

Ajay Jain: Taking the resolution or board approval is the enabling thing which we want to take up if the cash is required. Also, the cash is required for handling working capital, buyer's credit, etc. and the invested capital or the investments may not be broken at that point of time owing to taxation rules being more stringent. It may be rather more efficient to borrow for working capital buyer's credit, etc.

Vivekanad S: My next question is pertaining to the digital strategy that we have outlined. In the AGM, you had acquired certain trademarks from HT Media namely Hindustan, Hindustan.in and so on. Since you are now moving the digital business to a separate subsidiary, are these two things linked or it is a separate transaction that you did?

Vivek Khanna: There is no connection between these two transactions. Up until now, the brand was owned by HT media and we felt it was important that we get the brand into HMVL which was done in the last AGM. So, the brand Hindustan had nothing to do with digital.

Vivekanad S: In respect to digital, the sites that we have are owned by us or HT owns it?

Vivek Khanna: No they are owned by HMVL.

Vivekanad S: Lastly, in the UP market you mentioned that we have taken yield improvements although we would have liked to take more. What is the gap between us and the market leader and how far ahead are we from Amar Ujala in UP?

Vivek Khanna: Two years back, we used to be about 50% of the market leader. Today, on an average, we are 60% to 65% of the market leader. Of course, there are categories where we are at 75%. There are categories where we are still at 50% but on an average, we would say we are at 60%-65% of the market leader. Even versus Amar Ujala, we are about 80%-85% and in some cases we are higher than Amar Ujala in some categories and clients but the average is about 85%.

Vivekanad S: Progressively, you believe that you will be able to take rates hikes higher than market rate increases? At what point of time do you think we would be able to converge with Amar Ujala or come much closer to the market leader?

Vivek Khanna: We think we should cross Amar Ujala in the next couple of quarters. By the end of this year, we should be almost at par with Amar Ujala or beyond which would be a function of us taking up rates and may be them declining because that always tends to happen. As far as Jagran is concerned, we have never said that we will be at their levels because they are the market leader and the No.2 player is always shy off the No.1 player as far as yields are concerned. we still have a lot of gap which we will cover up.

Moderator: The next question comes from Mr. Vikash Mantri from ICICI Securities Mumbai. Mr. Mantri you may ask your question now.

Vikash Mantri: I wanted to understand the transaction on the digital side better. We are valuing our division at 70 Crores and selling it to HT Digital Information for which we are getting a 43%-44% stake of HT Digital. Is it right?

Vivek Khanna: Yes.

Vikash Mantri: This implies that HT Digital has been valued at close to 155-160-odd Crores to make your share 43%?

Vivek Khanna: The new company will be valued at about 170-175 Crores and we are taking about a 43% stake in that.

Ajay Jain: That is a new company which will house the digital assets of HMVL.

Vikas Mantri: So, are there no other assets of HT Media that are going to be put into that which would be higher loss making?

Vinay Mittal: HT Media's digital assets will also come there but HT Media's digital assets will be only HT.com and livemint.com, not Shine, etc.

Vikas Mantri: After we take a 43%-44% stake, our share of losses will be higher or lower than the losses that we are currently already doing?

Vivek Khanna: It will be about the same, if not lower. HMVL losses will not be higher.

Vikas Mantri: But why would we want to have English assets in our company when we are largely a Hindi assets company? It is Hindi Digital, right?

Vivek Khanna: As Vinay mentioned, these are digital assets which are HindustanTimes.com, livemint.com and livehindustan.com i.e. the content related digital assets will be moving there. So, no movement of Shine or any other online classifieds business.

Moderator: The next question comes from Mr. Varun Madan from Metis Management, New Delhi. Mr. Madan you may ask your question now.

Varun Madan: Firstly, regarding the UP growth of 20%, could you give some color on growth split into volume and pricing? Secondly, is there any change sequentially versus previous quarter for pricing in UP? Thirdly, what is the local versus national split in UP on a sequential basis?
Vivek Khanna: In this quarter, there has been pressure on yields on account of some competitive activity of No.1 and No.2 and because of higher government spending which is typically at a lower rate than commercial. Therefore, the weighted average of this means that it has been more of a volume led growth rather than a yield led growth. The yield has gone up by a couple of percentage points and the rest of it is led by volume.

Varun Madan: Could you give a quantum on that? Out of that 20% what would be volume exactly? Will it be 70-80%?
Vivek Khanna: Yes, about 75:25. That does not mean that the yield growth has not happened in commercial clients. We are just clarifying that because the mix has changed slightly this quarter in favor of greater government spending, which is typically at a lower yield, so it is a mix change rather than a yield impact.

Varun Madan: If we were to do a like-to-like comparison, could you give some additional color on that?
Vivek Khanna: If you take a like-to-like comparison from a commercial advertising point of view, we would have seen a yield growth of about 8% to 10%. But then, that is not what gets reported and seen because you look at overall volume which has greater weightage in this quarter due to government spending.

Varun Madan: Any change sequentially versus previous quarter for pricing in UP?
Vivek Khanna: Not very significant compared to the last quarter in terms of the pricing because we have taken those initiatives at the beginning of the year and we saw the benefit of that in Q1 also.

Varun Madan: Please comment on what is the local versus national split in UP? Are you hoping to ramp it up to 50-50 as you commented earlier?
Vivek Khanna: UP is again close to some 47-48% local. On a national basis, we used to be 45%-55%. That has moved up and UP has also moved up in line with that.

Moderator: The next question comes from Mr. Shalab Agarwal from Snow Ball Capital, Hyderabad. Mr. Agarwal you may ask your question now.

Shalab Agarwal: Please clarify again which properties from HT Media are getting transferred to the newly formed company?
Ajay Jain: It will be HT.com and livemint.com
Vivek Khanna: This is the content business only.

Shalab Agarwal: Is there a possibility at some point later that other properties get transferred to this company? At the end of the day, as a group, you would like to consolidate all your digital business together.
Vinay Mittal: This will be with respect to the news piece in the content business only. We do not want the focus to be diverted. The classified portals require a different skill set.

Shalab Agarwal: What are the losses which HT.com and livemint.com are reporting currently?
Vivek Khanna: I will have to get back to you on that.

Shalab Agarwal: If you look at our balance sheet, we see some loans as vendor financing and buyer's credit. Can you give some details on vendor financing and why have we opted for the same given cash in our books?
Vinay Mittal: There are requirement for working capital, buyers finance, vendor finance, etc., which keep on going up and down at different points of time. So on one hand, our investment of free cash is put into various mutual funds and short-term and long-term securities. We have almost a tax-free yield because of indexation, etc. and to feed our working capital requirement, we either use the unutilized cash available in liquid form or borrow, whichever is convenient and more economical.
Currently, when we have taken buyer's credit, it is available at international Dollar LIBOR plus 3%-4%, which is a more effective cost of borrowing than the effective yield from our investments.

Shalab Agarwal: Please tell us the average cover price and the average realization. How much was it last year same quarter?
Vivek Khanna: Our average realization per copy was around Rs 2.20 and Rs.2.14 last year. Cover prices vary across market but on an average they would be about Rs 3.50.

Moderator: The next question comes from Mr. Vivekanand S from Ambit Capital Mumbai.

Vivekanand S: On the digital front, what are the revenue and losses for liveHindustan for FY2015? Secondly, was it currently being reported as part of the standalone business and will now get transferred to a subsidiary?
Ajay Jain: Since HMVL will be holding 44% stake in it, it is not exactly a subsidiary. What is getting transferred out there is 7 Crores and 20 Crores of loss for quarter and half year respectively.

Vivekand S: Henceforth, when this amalgamation is done, we will then be reporting consolidated financial numbers on a quarterly basis?
Ajay Jain: It will not be consolidated because HMVL would have 44%. It will not get consolidated at the topline but you will have minority interest coming in. So, it will get consolidated below EBITDA.

Moderator: The next question comes from Mr. Vinod Malviya from Florintree Advisor, Mumbai. Mr. Malviya you may ask your question now.

Vinod Malviya: Do we take Ad for equities?
Vivek Khanna: Yes we do but it is very small. It would be less than 10 Crores of total deal size. In terms of revenue it will be only a few crores.

Vinod Malviya: What is the form of this? It is the equity stake or some real estate assets?
Vivek Khanna: We have real estate as well as one in equity. It is almost negligible. From HMVL perspective it is virtually non-existent.

Moderator: The next question comes from Mr. Lakshminarayan K G from Catmaran, Bangalore.

Lakshminarayan K G: I am referring to page 11 of your presentation; you mentioned market leadership position. I assume that this is based on the average readership?
Vivek Khanna: Yes.

Lakshminarayan K G: In terms of overall market size and market growth for advertisement, can you throw some light on how large is UP and what is the growth rate for the industry that you are anticipating for the next year or so and also for Bihar and Jharkhand?
Vivek Khanna: I would not take the benchmark of this quarter for Bihar as something that will happen for the rest of the quarters because there is an election impact and there is a DAVP loss. So, in Q2 we had two-three things. First in July and August you had extra government spending and then September 7 onwards, we had a drop in government spending. We had a drop in commercial spending but slight increase in some political spending. The Q3 will also see an impact of elections, and therefore faster growth in Q2 and Q3. But certainly, we expect an underlying growth of 8% to 10% in Bihar and probably slightly more than that in UP.

Lakshminarayan K G: So this is on the absolute volume basis?
Vivek Khanna: Yes, I am talking about the volume.

Lakshminarayan K G: What I understand is that you have been taking market share away in UP and consolidating in Bihar. So, is it possible to say that we taking market shares from Amar Ujala or are we taking market share from the leader and Amar Ujala in UP?
Vivek Khanna: We have been taking share from both from Dainik Jagran as well as Amar Ujala in the last 2 years. As per our calculation, even this year, we continue to gain share from Amar Ujala. Regarding Dainik Jagran, in most of the months we gained share but in last one or two months, we haven't taken share especially when they did the deep discounting scheme.

Lakshminarayan K G: What is the underlying market growth for you in Bihar?
Vivek Khanna: We would be couple of percentage points higher than 8% for the market.

Lakshminarayan K G: Regarding digital, please elaborate the total unique visitors to your website and also the engagement levels. People from which locations are reading your internet based news?
Vivek Khanna: In the last six to eight months, we have increased the page users from 4 million to about 14 million. It is still minuscule compared to our competitors & we intend to get there soon and which is why a lot of changes are being done including technology upgrades. In terms of the locations, we are getting visitors from Delhi, Mumbai and Karnataka which is same as for our competition and may be slightly more from Bihar and Jharkhand.

Lakshminarayan K G: You don't see a lot of people reading newspapers on the internet in the markets of UP, Bihar and Jharkhand?
Vivek Khanna: No we do not.

Moderator: The next question comes from Mr. Srinivas Seshadri from Antique Stock Broking Limited, Mumbai. Mr. Seshadri, you may ask your question now.

Srinivas Seshadri: How do you see the current quarter with the full festive season playing out in the quarter versus gross spread last year? Secondly, Bihar, considering the fact that in UP you came off on a positive way but in Bihar basically DAVP is a higher factor relative to UP. So, did you see some loss on that front versus some bit of political spend? How do you see the overall dynamics in Bihar market play out in the current quarter plus the overall commentary on the festival spend.
Vivek Khanna: We got the 18% ad revenue growth despite the fact that festive season this year is in Q3 versus Q2 last year and therefore if we were to take it on a like-to-like basis, our growth would be even stronger in Q2. So the underlying growth in Q2 in that sense is even stronger. Secondly, we expect Q3 to be also quite robust because the entire festival season impact is going to come in Q3 and so far the festival season is going as per our plans.

Srinivas Seshadri: There is lot of press about the elections and government etc. From your business perspective, does it really make a big difference in terms of which government comes to power or do you see the local economy anyway being reasonably resilient enough to support good growth in Bihar from a three to five year perspective?
Vivek Khanna: From our perspective, what is important is that a stable government is there in Bihar. I think most governments these days now are working on the development agenda and Bihar will continue to do well

as long as we have a stable government. So, as long as one of the two sides gets an absolute majority, we are okay with that.

Srinivas Seshadri: Regarding digital, you mentioned that in the first half, there is an operating loss of around 20 Crores. That seems quite sizable relative to your overall operating cost. If I add up the staff cost and SG&A cost for the first half, it is just about 173-174 Crores. So, working backwards it implies that more than 10% of the actual indirect cost is going towards digital. So, I am wondering whether there is a large proportion or at least a sizable proportion of your staff who are engaged in digital and are you doing a lot of promotions to kind of highlight these platforms already? What is there in the cost base as far as Bihar is concerned?

Vivek Khanna: We have been talking about digital first strategy for some time now and a large number of our people are working on both digital as well as other things. I could take the detailing offline with you.

Moderator: The last question comes from Mr. Dhwanil Desai from Turtle Capital, Ahmedabad. Mr. Desai you may ask your question now.

Dhwanil Desai: I wanted to understand the management's thought process on the overall capital allocation as our operating business generates substantially higher return on capital and there is a lot of cash sitting on the balance sheet. What I really want to understand is if this normalized return of around 22%-23% can be expected to continue or is management thinking about getting higher return through its operating business?

Vivek Khanna: The 23% - 24% return on capital which you see in the five-year chart has improved year-on-year basis. So definitely, with the increase in profitability and capital employed being disproportionately less, this keeps on going up. Yes you are right that the higher cash in the books and a mix actually makes the overall return being lower than what it would have been. Having said that, the investment in any new business, acquisition etc., must justify the rationale of return on capital.

Dhwanil Desai: Since this business will be generating lot of cash year-after-year, from a longer term perspective, I understand that there may be lack of opportunities where you can deploy capital efficiently and hence you are parking it in the probably short-term, long-term maturity bonds and instruments but from a longer term perspective what is the thought process which is going on in the management as to how to invest cash?

Vinay Mittal: I think in the longer term the Board has to decide. But Board is cognizant that the cash generation is increasing year-on-year and if we do not get an opportunity to deploy cash in an acquisition then a lot of thinking needs to be done as to how to deal with it.

Moderator: The next question comes from Mr. Lala Ram from Analyse Wise Investment Advisor. Mr. Ram you may ask your question now.

Lala Ram: May I know the margins in UP and Uttarakhand as of now to date? Secondly on the digital side, we have transferred the digital business to another entity in which we have 44% stake. Who holds the other 66% and what is the expected amount which you are getting for that 44% stake?

Vivek Khanna: We are getting about 75 Crores. That is the independent valuation which has been done and we are getting about 43-44% which means that the overall valuation of the company is at about 174 – 175 Crores. HT Media will be holding the balance stake.

EBITDA margins in UP are around 18% to 20%.

Moderator: I would now hand over the call to the management for closing comments. Over to you, Sir.

Vivek Khanna: Thank you very much. As we been saying for last couple of years, we have been growing rapidly over the last 5 years on account of our strategy to expand in UP and to get operating leverage out of that. That is something that has started to show. Our margins have expanded and we expect to continue delivering strong performances in the quarters ahead. Thank you once again.

Moderator: Thank you very much members of the management. Ladies and gentlemen, on behalf of Kotak Securities that concludes this conference call. Thank you for joining us and you may now disconnect your lines. Thank you.

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