

हिन्दुस्तान

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Hindustan

Media Ventures Limited



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ANNUAL REPORT 2011-12

TOTAL 28 PAGES INCLUDING 15 PAGES OF FINANCIAL STATEMENTS

corporate information

BOARD OF DIRECTORS

SMT. SHOBHANA BHARTIA
Chairperson

SHRI AJAY RELAN

SHRI ASHWANI WINDLASS

SHRI DIPAK C. JAIN

SHRI PIYUSH G. MANKAD

SHRI SHARDUL S. SHROFF

SHRI PRIYAVRAT BHARTIA

SHRI SHAMIT BHARTIA

SHRI RAJIV VERMA

SHRI BENOY ROYCHOWDHURY

Whole time Director

CHIEF EXECUTIVE OFFICER

SHRI AMIT CHOPRA

CHIEF FINANCIAL OFFICER

SHRI AJAY KUMAR JAIN

COMPANY SECRETARY

SHRI TRIDIB BARAT

AUDITORS

S.R. BATLIBOI & Co.

REGISTRAR & SHARE

TRANSFER AGENT

KARVY COMPUTERSHARE

PRIVATE LIMITED

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Expanding and Entrenching



Hindustan Media Ventures Limited's stellar performance in recent years is a result of the unwavering focus on expanding and entrenching the footprints of *Hindustan*, its flagship publication, in the states of Uttar Pradesh and Uttarakhand. As difficult as it may be to believe, until 2005, *Hindustan's* presence in this region was limited to just two editions - Lucknow and Varanasi.

Over the next six years, *Hindustan* ushered in an expansion strategy defined by immaculate planning and flawless execution. 10 new editions were rolled out in succession - Agra in July 2006, Kanpur in August 2006, Dehradun in May 2008, Meerut in October 2008, Haldwani and Allahabad in January 2009, Bareilly in

Hindustan has recorded a six-fold increase in its circulation in Uttar Pradesh and Uttarakhand from 2005 to 2012.

October 2009, Gorakhpur in December 2010, Aligarh in December 2011 and Moradabad in February 2012. As a result, *Hindustan* has recorded a six-fold increase in its circulation in Uttar Pradesh and Uttarakhand from 2005 to 2012. With 12 editions, *Hindustan* now covers the entirety of these two states.

All this while, the Company kept strengthening

its undisputed leadership position in Bihar and Jharkhand and also made rapid strides in the National Capital Region. Not surprising then, *Hindustan* has consistently ranked high amongst top-gainers in subsequent rounds of the Indian Readership Survey.

Another strategic initiative during this phase was restaging of *Hindustan*. Responding to the pulse of youth, the newspaper adopted a refreshed and vibrant design coupled with more meaningful content. Several new content initiatives like *Hindustan Money* and *Jaano English* were launched, to the overwhelming appreciation of the readers.

Another important focus has been on offering

Turn to pg04

SOURCE: IRS Q1 2012, TR

हिन्दुस्तान

NO.2 daily of India, 3.84 crore readers



Brands THAT PAVE WAY TO PROGRESS

The first step in every enterprise is to determine in clear terms its basic purpose, goals or aims. HMVL aims to keep its readers engaged with matters of public interest, socio-economic and other vital issues. We deploy a truly vibrant spectrum of brands which encompasses the needs and disposition of a wide range of people from different backgrounds.

HINDUSTAN

Hindustan, the flagship newspaper of the Company is amongst the most widely read newspapers in the country, in any language. It is a strong No. 2 among all newspapers, with a substantial total readership of 3.84 Crore country-wide; and No. 1 in Bihar and Jharkhand by a massive margin. *Hindustan*, this year, completed its expansion in the states of Uttar Pradesh and Uttarakhand and has now registered its footprint across the entirety of these two states with 12 editions. *Hindustan* is constantly working to empower readers with its credible, unbiased and informative content.

KADAMBINI

Kadambini, a cultural and literary magazine, commands high respect in the Hindi heartland. A monthly magazine, it has a readership ranging from young to old and from common people to intellectuals. In an era in which several Hindi magazines have ceased to exist after decades of their popularity, *Kadambini* continues to hold a wide readership, and has already completed 52 years.

NANDAN

Another important publication in the Company's portfolio is the children's magazine *Nandan*, which commands huge popularity among growing children. Started in 1964, the magazine teaches children about the best of both traditional and modern cultures. The 48-year old magazine continues to win the hearts of children today, in the same way it won the hearts of their parents and grandparents.

ANOKHI

A supplement of *Hindustan*, *Anokhi* is a Hindi magazine for women, which addresses issues close to a woman's heart. The magazine keeps its readers informed about issues of health, lifestyle, food, nutrition etc. As a complete package, it also touches upon mental and physical health, legal issues, parenting, diet and personality development.

LIFE n' STYLE

A weekly supplement that covers topics ranging from celebrity interviews, fashion, travelogues to restaurants and places to visit. This offering brings forth various insights about the capital city and engages the reader with its informative and innovative content.

MOVIE MAGIC

Movie Magic is a supplement for those who are keen followers of Bollywood, Hollywood and Entertainment. It carries the latest happenings in the world of glamour, including the spicy gossips and latest news from tinsel town. The supplement also features interviews of movie stars. It is a complete guide for an entertainment buff.

JAANO ENGLISH

A unique initiative by *Hindustan*, *Jaano English* aims at teaching the nuances of the English language to its readers. The publication carries a mix of Hindi and English language content. The aim is to help readers who are trying to learn English by introducing them to English words and their usage. The publication carries facts on the English language, riddles, grammar exercises, jokes and quizzes, which give the process of learning the language a fun element.

TANN MANN

Dedicated to health and lifestyle, the supplement carries articles and information on diets, exercises and health trends prevalent around the world. A popular section of the supplement is the expert's answers for readers' questions.

NAYI DISHAYEN

A supplement that offers insight into the world of education, be it higher studies or professional education. In order to give a post-education employment perspective, two new careers are showcased every week and deeply analysed by an expert to provide readers with information they can actually use. Targeted at the youth of today, it is an attempt at preparing them for success in their chosen profession.



CHAIRPERSON'S MESSAGE

Gains in UP & Uttarakhand are a game-changer



Dear Shareholders,

Four years ago, it was the US economy that gave us all sleepless nights. Today, it is the Eurozone. The protracted period of global uncertainty – albeit with some sharp growth spikes locally – has even begun to have an impact on economies once considered immune to such factors. Russia, China and India are slowing. Brazil, the other constituent of the famed BRIC economies, is in marginal decline.

Times are tough, but, as always, opportunities abound for companies with sound ideas and the wherewithal to see these to fruition. Those companies that identify and leverage these opportunities are the ones that will successfully weather the slowdown.

FY 12 was a tough one for the Indian economy which expanded by 6.5%, the lowest in recent memory. The country received a double blow from the Eurozone crisis and its own inability to create an environment conducive to growth. Investment, both foreign and domestic, in India waned and the government seemed unable to curtail its swelling fiscal deficit. The rupee plunged sharply against the dollar, which emerged a safe-haven investment for investors scared by happenings in the Eurozone and emerging markets. The lack of a clear message from New Delhi on second-generation reforms, including foreign investment in key sectors, dampened investor sentiment further. Still, there are clear signs emerging now that the government is prepared to do what is needed to attract investment and improve business confidence.

The Media Story

The media industry in India continued to grow. English language publications managed to hold on. Regional language ones expanded rapidly and new media acquired some traction. Print media remains a force to be reckoned with, accounting for 46% of the ₹300.1 billion spent on advertising (TV accounted for 39%, Internet, 5%, radio, 4%, and others, 6%).

Despite trying economic conditions, your Company remained at the vanguard of the media industry in terms of performance. We also made key investments that will see us through the

slowdown. Our growth rate was higher than the industry's – indication enough that our strategies are working. Our investment philosophy remains the same – plan for the future, invest in new growth engines, and cater to emerging customer needs.

Spirited Performance

Despite a tough macro-economic environment, your Company registered a spirited performance. Revenue grew by an impressive 17% over last year to touch ₹6,173 million in 2011-12.

Advertising revenue grew by 17% to ₹4,392 million and circulation revenue, 10% to ₹1,348 million.

Our strong circulation push didn't come at the cost of profitability. Our EBITDA margin expanded by 100 basis points to 19%, taking our EBITDA to ₹1,145 million. Our net profit margin too expanded by 100 basis points, despite a 14% increase in cost of raw material indicating astute cost and fiscal management. We ended the year with a net profit of ₹653 million and a net profit margin of 11%. Your Company's annualized earnings per share stood at ₹8.90 and I am happy to share with you that the board of directors has recommended a dividend of 12% for shareholders' approval in their ensuing Annual General Meeting (AGM).

Accomplishing Mission Expansion

As many of you are aware, *Hindustan* has been pursuing a strategy of aggressive expansion over the past few years. Our objective has been to expand our footprint across the length and breadth of Uttar Pradesh and Uttarakhand. We have also worked towards further fortifying our undisputed leadership in Bihar and Jharkhand and consolidating our No.2 position in Delhi and NCR.

With the launch of our 12th edition in Moradabad, Uttar Pradesh, we have accomplished this mission. We have made handsome gains across geographies and the true value of the gains from our investments and expansions will be wholly realized over the next four or five years.

Readership Gains

Our readership (AIR) grew by 3% in the course of the year to reach 12.15 million. In Bihar,

readership grew 1%, to reach a readership share of 72% and 4.8 million readers. In Jharkhand, we have 1.76 million readers and a readership share of 49%. In Delhi and the National Capital Region, we remained a strong No.2 with 1.24 million readers.

The gains in Uttar Pradesh and Uttarakhand promise to be a game-changer. I am delighted to share with you that according to the Q1 2012 round of the Indian Readership Survey, *Hindustan* is the fastest growing daily in Uttar Pradesh and Uttarakhand once again. Our readership in Uttar Pradesh and Uttarakhand has swelled to 4.43 million readers translating into a 11.7% year-on-year growth. With an exclusive readership of 2.87 million, the future looks very bright for *Hindustan*.

The Road Ahead

With the mission of expansion complete, we do not have any significant capital expenditure planned. At the same time, we are comfortably placed with a strong balance sheet and net cash of ₹2,341 million. This gives us the ability to pursue growth opportunities, both organic and inorganic.

Our aim is to leverage the benefits of scale and further enhance our operational efficiencies, strengthen our reach and build a strong leadership position across the entire Indo-Gangetic region. We are prepared to invest in our people, processes and brand.

Acknowledgment

I would like to thank all our stakeholders, employees, shareholders, readers, advertisers, lenders, the central and state governments, and society at large for helping us come this far. I would like to invite you to accompany us in our quest to create and share sustained value.

With best regards,

Shobhana

Shobhana Bhartia
Chairperson

REVENUE GREW BY AN IMPRESSIVE 17% OVER LAST YEAR TO TOUCH ₹6,173 MILLION IN 2011-12. ADVERTISING REVENUE GREW BY 17% TO ₹4,392 MILLION AND CIRCULATION REVENUE, 10% TO ₹1,348 MILLION.

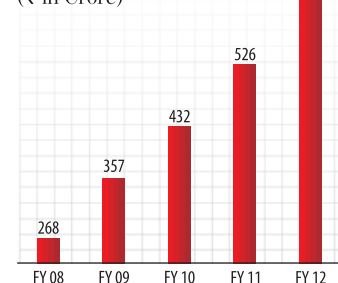
Overcoming challenges with flying colours

Amidst a challenging economic environment, when the Indian Rupee saw considerable depreciation against global currencies, consumers, retail, as well as corporate entities reoriented their focus towards preserving cash reserves. In light of increasing cost of capital, investments came to a virtual standstill. The Indian growth story appeared to fizzle out as global perceptions about India and its ratings dampened. At 6.5%, India witnessed its lowest GDP growth in the last nine years. In spite of the severe global downturn, the Company emerged as a visionary leader in the industry and posted exceptional results.

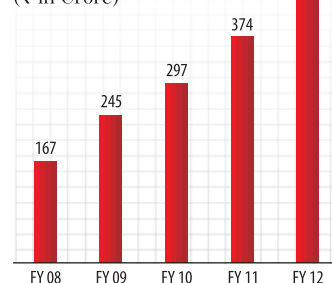
The Company's second year of operations as a listed company was also a landmark year for its Uttar Pradesh and Uttarakhand expansion strategy. It navigated the dual challenges of forging ahead with expansion in the region on one hand, while weathering wide ranging economic challenges on the other. The crux of these challenges lies in balancing continued expansion with consequential increased operational expenditure as well as countering the existing notions of the print media business' long gestation periods.

Beset by challenges on both the global and regional fronts, the Company prepared itself

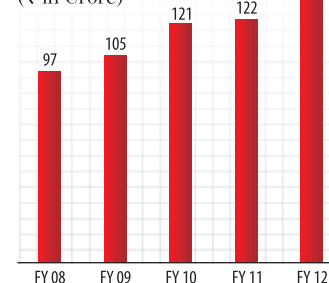
Total Revenue
(₹ in Crore)



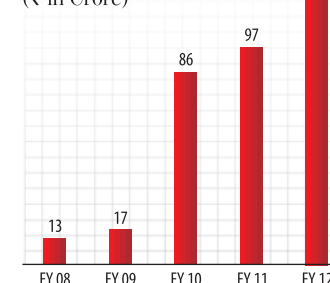
Advertisement Revenue
(₹ in Crore)



Circulation Revenue
(₹ in Crore)



EBITDA
(₹ in Crore)



for a testing year. While the project team stayed focused on adding new geographies (read editions) as envisaged, the circulation team continued to exponentially augment the reader base in every existing edition, with special attention to the newer editions in Uttar Pradesh and Uttarakhand. The team at the helm of operations worked through various permutations and combinations in order to optimize cost and efficiency.

The editorial team continued to cater to the readers with innovative content aligned to its quintessential belief and promise in "Tarakki Ko Chahiye Naya Nazariya" (Progress demands a

new perspective). At a time when advertisers were reducing their media spends significantly in terms of volume and cementing their resolve to cut costs, the advertising team prevailed against all odds to register a commendable performance in recent times.

In a nutshell, the Company posted a well orchestrated response to the challenging business environment posed by FY 12. Total revenues increased by 17% to reach ₹617 Crore from ₹526 Crore in the previous year; with a 17% increase in advertisement revenues and 10% increase in circulation revenues. EBITDA margins

expanded by a full 100 basis point to reach 19% and EBITDA increased to ₹114 Crore. These numbers were achieved despite the cost of raw material going up by 14%.

Net profit margins also expanded by 100 basis points and stood tall at 11%. With net profit reaching ₹65 Crore, EPS (annualized) stood at ₹8.90. The Board of Directors recommended a dividend of 12% for shareholders' approval at their Annual General Meeting.

Note: The Company had acquired 'Hindi Business' of HT Media Limited (Holding Company) w.e.f. 1.12.2009 and hence, prior period data has been carved out from the financials of HT Media Limited.

Establishing connect, building relationships



The mainstream newspaper business in India is largely driven by advertising revenues. Advertisers, mostly through advertising agencies, choose the right newspapers in which to advertise their products and services. Newspapers attempt to better monetize their quantitative and qualitative reach in comparison to their peers. As aggregator, counsel and negotiator, advertising agencies play a vital role in growing the advertising business and act as a bridge between the advertiser and media organizations.

The launch of the Aligarh and Moradabad editions in FY 12 marked the completion of Company's expansion in the states of Uttar Pradesh and Uttarakhand. To celebrate this momentous feat, the Company initiated a coordinated campaign to communicate the reach and strength of *Hindustan* in Uttar Pradesh and Uttarakhand. The thought behind the campaign was to generate excitement, build connect and capture top of the mind recall, in turn establishing *Hindustan* as a medium encompassing the Uttar Pradesh and Uttarakhand belt with its 12 editions.

A unique B2B printed direct mailer, "*Hindustan* Sweeps Uttarakhand & Uttar Pradesh" was circulated to establish quick and effective recall. Aimed at creating interest amongst trade members, each city from where *Hindustan* is published was featured. In addition to reproducing the front page of the launch issues of respective editions, it carried the socio-economic profiling of each city - vital information for any advertiser. To make the mailer more interesting and interactive, a quiz on *Hindustan* and Uttar Pradesh was carried out through the mailer. The

communication was a huge success as the contest received innumerable responses.

The objective of further communicating the reach of 12 editions was split into a three stage activation. To make it more interesting and interactive, food was used as a medium of engagement. In the first phase a themed cake

The thought behind the campaign was to generate excitement, build connect and capture top of the mind recall, in turn establishing *Hindustan* as a medium encompassing the Uttar Pradesh and Uttarakhand belt with its 12 editions.

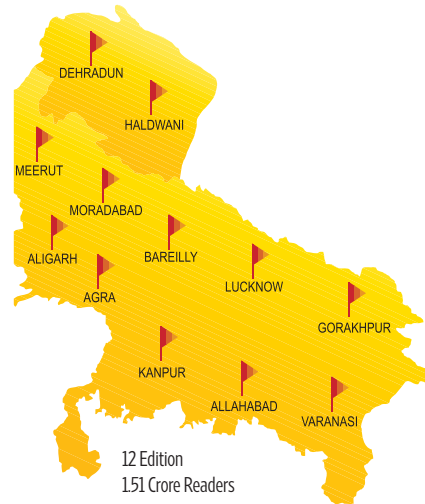
was created to represent *Hindustan's* reach in Uttar Pradesh and Uttarakhand. The cake cutting ceremony was held at twenty five top advertising agencies across Delhi, Mumbai and Bangalore. The second phase took place after an interval of fifteen days where a novel pizza was conceptualized with twelve slices, each representing one of the 12 editions of *Hindustan*. The final stage consisted of the distribution of customized chocolate bars where each piece was embossed with an edition name. This coordinated campaign was a huge success as it led to achieving great brand recall.

The campaign also communicated to advertisers *Hindustan's* emergence as a formidable newspaper reaching progressive and SEC A readers in the states of Uttar Pradesh and Uttarakhand.

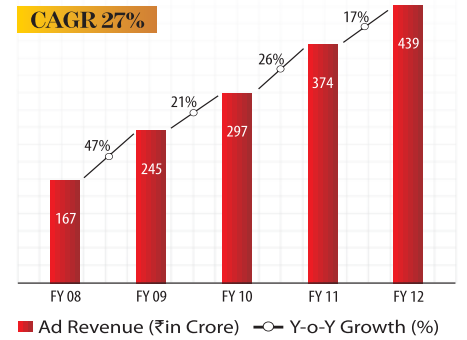
Expanding and Entrenching

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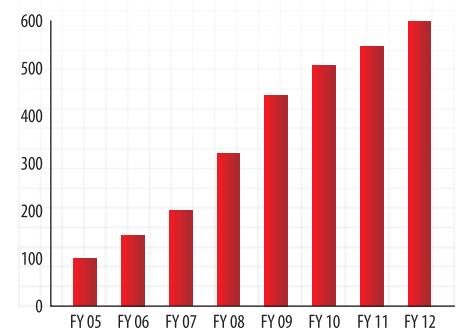
customized activation solutions to the advertisers. During the year under review, a host of such activations were implemented to great effect. Some of these included - engineering counselling sessions and seminars for VIT University,



Growth in Ad Revenue



Circulation*
Uttar Pradesh & Uttarakhand



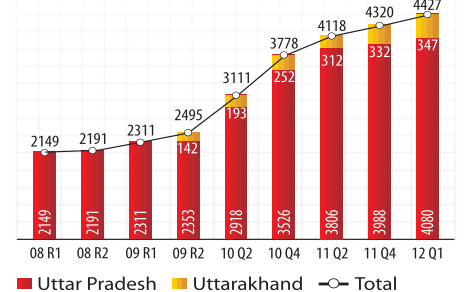
'A Fresh Face' campaign for Dabur Gulabari, Tata Nano sponsorship for *Hindustan Kisan Mela* and Parle G sponsoring the *Hindustan Pratibha Samman*. Going forward, *Hindustan* is poised to strengthen its expertise in this domain.

The consistent growth in *Hindustan's* quantitative and qualitative reach has been translated into an equally impressive growth in advertising revenues over these years. In fact, advertising revenue has increased 2.6 times over the last four years.

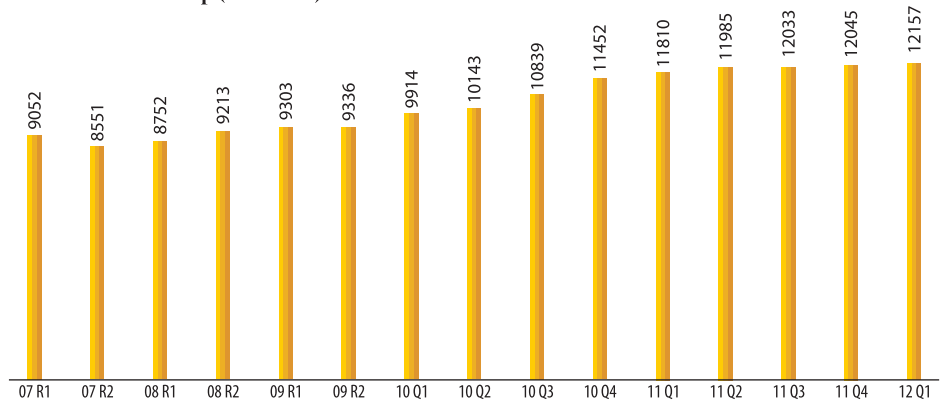
Hindustan is poised for robust growth, thanks to a consistent increase in circulation and readership across editions. It already enjoys a greater share of audience among high income groups. Furthermore, among its geographies of operations, Bihar and Jharkhand continue to remain the fastest growing states in India. Uttar Pradesh, with its newly elected government headed by the country's youngest chief minister, appears set for a robust economic upswing. *Hindustan* has the momentum on its side to make the most of offered opportunities and continue its accelerated growth across the board.

* FY 05 Base = 100

Readership Growth (AIR '000)
Uttar Pradesh & Uttarakhand



National Readership (AIR '000)



HINDUSTAN sweeps Uttar Pradesh & Uttarakhand
Only daily to grow for 14 consecutive rounds



Awakening electorate, honouring talent

As the nation's demographics tilt towards the younger generation, it is becoming abundantly clear that the strength of Indian demography lies in its youth. Today's youth is not merely a passive observer; they demand engagement. They don't just want to read the news, they want to participate in the news; they want the news to be more than simple information disbursement. The newspaper must, in fact, be a source for their growth and progress. *Hindustan* has wholly embraced its responsibility as a partner in the advancement and development of its readers. The newspaper has consistently engaged its readers with a host of events and initiatives aimed at developing a well-informed and empowered populace, these include *Aao Rajneeti Karein* and *Hindustan Pratibha Samman*. In FY 12 the newspaper continued this grand tradition by undertaking landmark initiatives.

Aao Rajneeti Karein (Let's participate in politics)

Uttar Pradesh, despite its tremendous underlying potential, had witnessed a slowdown in its growth

THE IMPACT

- Between January 2011 and September 2011, 38 Lac and 1.5 Lac new voter registrations were recorded in Uttar Pradesh and Uttarakhand respectively
- Registration campaign witnessed record turnout between October 2011 to November 2011 with 1.44 Crore persons in Uttar Pradesh and 5.21 Lac persons in Uttarakhand
- In Uttar Pradesh, poll percentage increased to 59.4% in the 2012 elections, from 45.96% recorded in the previous elections
- In Uttarakhand, poll percentage increased to 67.22% in 2012 elections from 63.72% recorded in the previous elections
- Turnout of women voters in Uttar Pradesh and Uttarakhand increased by 18.36% and 9.39%, respectively, compared to the previous elections

momentum in recent times. The state was scheduled to undergo assembly elections during the year under review. *Hindustan* believed that the elected government of the state ought to have a greater role in shaping the economic and social development of its populace and that people should actively participate in bringing about the change they desire. The consistent decline in the poll percentage over the last four assembly elections in the state suggested increasing voter apathy to the electoral process. The lack of electorate engagement was one of the likely reasons behind the state governments falling short on economic development and political accountability.

Given this context, *Hindustan* took it upon itself to champion the cause of democracy and revive interest and participation in the electoral process. It kicked off a seven month long, four phase electorate awareness campaign called *Aao Rajneeti Karein*. The first phase was aimed at driving people's participation in the voter registration process; Phase II generated dialogue and discussion around the attributes of an ideal candidate. In Phase III, *Hindustan* gave voice to the burning issues and aspirations of the electorate; and the final Phase IV was aimed at encouraging greater voter turnout and judicious casting of votes.

Hindustan conceived this campaign as a challenge to the murkiness surrounding politics. The campaign became a call-to-action for the electorate to become empowered and take a proactive part in the future of their states. Innovative deployment of the driving idea served to generate unprecedented impact. Through a combination of multiple touch-points external to the newspaper and a series of articles the campaign was able to engage a vast populace of readers and non-readers. Riding on increased visibility and tremendous goodwill and connect, *Hindustan* emerged as a thought leader in Uttar Pradesh and Uttarakhand. A thought leader



Pratibha Samman 2011

Hindustan's engagement with the youth led to the creation of the *Pratibha Samman* programme in June 2006. This annual programme is conducted with the dual objectives of recognising achievers and empowering them to study further by awarding scholarships.

During FY 12 the Company decided to increase the reach of this programme from 15 cities in FY 11 to 17 cities. Over one Lac students from schools in 17 cities of Delhi, UP, Uttarakhand, Bihar and Jharkhand applied

to participate in this year's *Pratibha Samman*. Large events were organized in these cities, witnessing the participation of over 15,000 students, parents and teachers. Approximately 10,000 students from 2,000 schools were felicitated for their achievements. Scholarships worth ₹41.25 Lac were awarded to 125 students, of whom 41 came from economically weaker sections of the society. This was a momentous year for the *Pratibha Samman* Scholarship where more students than ever were offered the chance to follow their passions.

that stood up for the citizens of the states and galvanized them into a powerful segment and acted as a channel for their opinion.

The campaign placed special attention on increasing the turnout of women and youth voters. For the first time in the history of these two states, a print media brand took responsibility for helping the cause of the Election Commission, to make the state assembly elections a fruitful exercise.

In the last leg of the voter registration phase, *Hindustan* intensified its efforts with a hard-hitting editorial series, a provocative advertising campaign and on-ground voter registration camps across the state. The campaign also took on a social media

aspect featuring live-chats with eminent political personalities.

The campaign was recognized for its invaluable contributions from all corners:

>>*Hindustan* was acknowledged at all levels of the Government for its role in the success of the Assembly Elections of Uttar Pradesh of 2012

>>*Hindustan* was a special invitee to the Social Marketing workshops held by the Election Commission

>>The campaign's principles were transplanted to two other states by the Election Commission.

Making rapid strides : Hindi speaking markets

The Hindi heartland is on the path of progress and *Hindustan* is its proud partner in growth. A vast majority in the northern regions of our country calls Hindi their mother tongue. Furthermore, the Hindi belt is seeing unprecedented levels of growth. The Hindi newspaper is perfectly positioned to, in turn, boost and benefit from this growth. By reaching out to a substantial number of people whose economic might is growing by leaps and bounds, *Hindustan* has the ability to shape opinions and influence behaviour.

The numbers tell the story. Between 2006-07 and 2009-10, the average real growth rate of GDP of Bihar, Uttarakhand and Jharkhand has been 12.05%, 12.85% and 8.55% respectively. These numbers are even more impressive when measured against the national average of 8.41%. Over the last two fiscal years, Bihar has emerged as the fastest growing state when measured according to GDP growth. Social indicators are also on the uptick – the recent assembly elections in UP recorded a remarkable voter turnout of 59.4%; the literacy rate in Bihar rose by 16.82% from the 2001 to 2011. In the same period, literacy rate in Uttar Pradesh has increased by 13.45% while urban-rural gap in literacy narrowed down by 7.76%. On already healthy literacy rate of 71.62% in 2001, Uttarakhand further improved it by 8.01% in 2011.

While English is seen as a language of aspiration, Hindi is the language of the masses. Many multinational



brands are noticing the benefits of appealing to the Hindi heartland's growing consumer power. With multiple epicenters of the country's economic growth located in the Hindi heartland, we are sure to see a surge in prosperity and investment in the region.

As the second largest read Hindi daily in India, *Hindustan* is the preferred newspaper of 3.84 Crore readers (total readership) spanning across the five

crucial states of Delhi, Uttar Pradesh, Uttarakhand, Bihar and Jharkhand. Published from 18 cities, it is instrumental in empowering readers with purposeful and credible information that will in turn shape their futures. The Hindi speaking market is the way forward and is a vital segment of our growth strategy.

HMVL has been featured on the Forbes list of "Best Under A Billion" companies in the Asia-Pacific region.

It is one of 35 Indian companies and the only Indian media company to find place on Forbes Asia's list of 200.

To qualify for the list a company must have annual revenue between \$5 million and \$1 billion and be publicly traded for at least a year.

The inclusion of HMVL on this prestigious list is a testament to its commitment towards its readers and customers.

We have cemented our place among some of the best, most prudent companies across the region and will continue in our objective of maintaining the highest standards of journalistic integrity and our goal of growing into the preferred daily across the Hindi-belt.

Management Discussion & Analysis



OVERVIEW OF ECONOMY

Global Economy

The global economy experienced uncertainties this year. The recent estimates of the International Monetary Fund (IMF) substantiate the slow down as the Global Economic Output growth rate came down to 3.9% in 2011 from 5.3% in 2010. Some of the key factors leading to the slowdown were high unemployment, declining growth prospects in developed countries, the sovereign debt crisis in Europe and high commodity prices which led to severe inflationary pressures in developing countries.

Going forward, inflationary pressures are expected to moderate in the near future as a good harvest may ease food prices. However, we believe that these tough times for global economy will continue for a while before the recovery starts. The same is substantiated by the IMF in their report, 'World Economic Outlook' released in April 2012, which projected the global GDP growth rate to fall further to 3.5% in 2012 before improving to 4.1% in 2013.

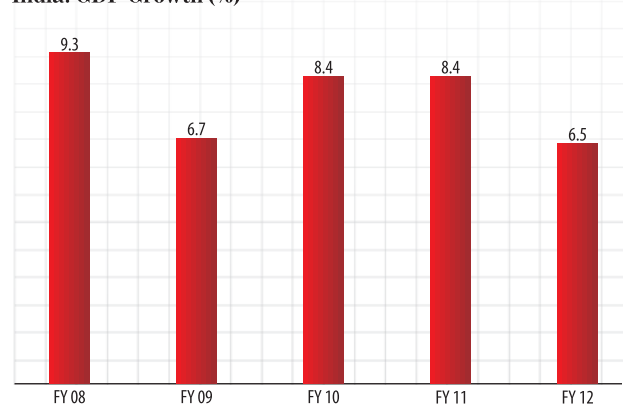
Indian Economy

The pressures of the global slowdown impacted the Indian Economy as well. While India continued to grow at a healthy rate in Financial Year 2011-12 (FY 12) compared to many other emerging economies, the real GDP growth rate was at its slowest in the last nine years.

In addition to external factors, a number of internal factors, such as slowdown in reform process due to lack of political consensus, failure to contain inflation within manageable limits, overall deceleration in construction and infrastructure development, sharp depreciation of the Indian Rupee against the US Dollar, and a monetary policy of high interest rates, adversely impacted the growth momentum of the Indian economy.

As India prepares to adopt its Twelfth Five-year plan for the years 2012 to 2017, focus continues to be on enabling faster, sustainable and more inclusive growth. The approach paper of the Planning

India: GDP Growth (%)



Source: Central Statistical Office (CSO) and Planning Commission of India

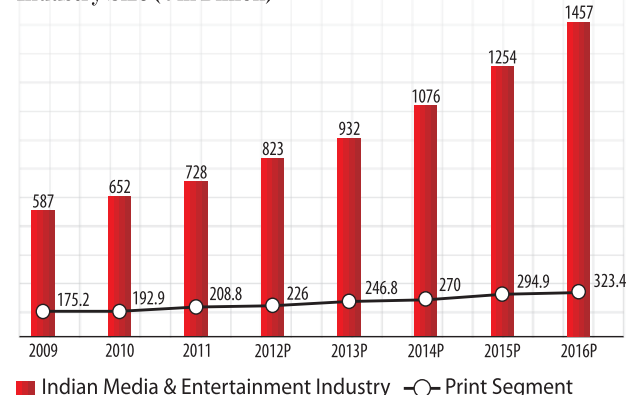
Commission of India recognizes the importance of significant investments in the development of basic infrastructure. The Twelfth Five-year plan also aims to cover as many as 13 flagship development programmes across the rural and urban sectors, health & family welfare, women & child development, school education and literacy, among them. The Indian government has allocated a budget estimate of ₹1,88,573 Crore for these development initiatives. The government's focus is expected to yield positive results for the growth of the Indian economy.

OVERVIEW OF INDUSTRY

Indian Media & Entertainment Industry

As per FICCI-KPMG Indian Media and Entertainment Report 2012, the industry is estimated to have grown at a rate of 11.7% in Calendar Year (CY) 2011, from ₹652 billion in 2010 to ₹728 billion. The report predicts the industry will continue its growth trajectory at a healthy compounded annual growth rate (CAGR) of 14.9% between CY 2011 and CY 2016 to reach ₹1,457 billion by CY 2016.

Industry Size (₹ in Billion)



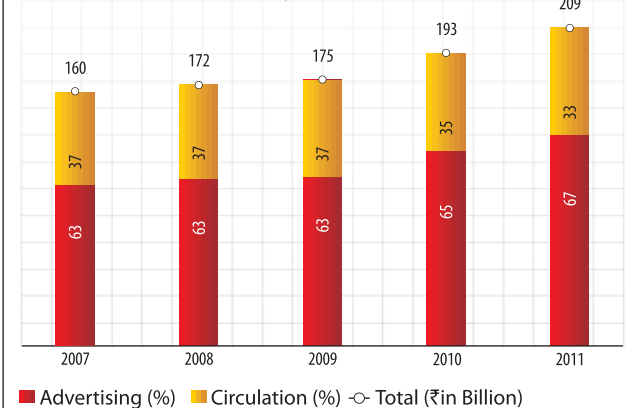
Source: FICCI-KPMG Indian Media and Entertainment Report 2012

In CY 2011, advertising revenues grew by 13.1% to reach ₹300.1 billion, taking their contribution to 41.1% of the overall Media & Entertainment industry revenues. The print segment commanded a dominant 46% share and contributed ₹139.4 billion to the advertising revenue pie. Advertising revenues are expected to grow at a CAGR of 14.3% between CY 2011 and 2016 to reach ₹586 billion by CY 2016.

Print Segment

The Print segment continues to expand, aided by the rapid growth of non-English newspapers. The increasing dominance of regional languages, including Hindi, is pumping a new lease of life in the industry which has continued to grow at a much faster rate than that witnessed for the rest of the economy.

Indian Print Media Industry: Revenue Mix



Source: FICCI-KPMG Indian Media and Entertainment Report 2012

In CY 2011, the Indian print industry hit the ₹200 billion revenue landmark. It grew at 8.3% from ₹192.9 billion in 2010 to ₹208.8 billion in 2011. While its growth was impacted by a depressed macroeconomic environment, long term growth prospects continue to be promising, with an estimated CAGR of 9% between CY 2011 and 2016. In terms of the revenue composition, advertising revenues gained 2% to reach 67% of overall revenues while the contribution of circulation revenues decreased by 2 percentage points to 33% as compared to last year. Newspapers continued to maintain a dominant revenue share of 94% in 2011 while the remaining 6% was contributed by magazines.

LANGUAGE WISE REVENUE & READERSHIP SPLIT - CY 2011

LANGUAGE	REVENUE SPLIT (%)	AVERAGE ISSUE READERSHIP AIR (%)
ENGLISH	40	11
HINDI	30	35
VERNACULAR	30	54

Source: FICCI-KPMG Indian Media and Entertainment Report 2012

The long term growth prospects of the print industry continue to be promising with the sector projected to grow at a CAGR of 9.1% and reach ₹323.4 billion by 2016. The increase in advertising spends will continue to drive the overall growth of the industry. Projected to grow at a CAGR of 11.5% from CY 2011 to 2016, advertising spends are expected to contribute 74% to the total print revenue pie by 2016. Circulation revenues are estimated to grow at a CAGR of 3.6% from CY 2011 to 2016 supported by increased penetration in regional markets.

Additionally, as literacy levels, socio-economic profiles and penetration of regional newspapers continue to increase, advertising rates for regional language newspapers are expected to catch up with the advertising rates charged by their English counterparts, leading to exponentially faster growth for the regional segment compared to the English segment. According to the FICCI-KPMG Indian Media and Entertainment Report 2012, the regional segment is estimated to grow at a CAGR of 10.9% between CY 2011 and 2016 compared to the 6.3% predicted CAGR growth in the English segment for the same period.

The FICCI-KPMG report projects the Print Industry to reach ₹323.4 billion by 2016 from ₹208.8 billion in 2011 at CAGR of 9%.

Future Outlook for Print Media

Print media market	₹ in Billion						CAGR (2011-16)
	2011	2012p	2013p	2014p	2015p	2016p	
English	83	88	94	100	106	113	6.3%
Advertising	57	61	66	72	78	84	8.0%
Circulation	26	27	27	28	28	29	2.0%
Hindi	62	68	75	83	91	101	10.1%
Advertising	41	45	51	58	66	74	12.9%
Circulation	22	23	23	24	25	26	4.0%
Vernacular	63	70	78	87	98	109	11.6%
Advertising	42	48	55	63	71	82	14.5%
Circulation	21	23	24	25	26	27	5.0%
Total print market	209	226	247	270	295	323	9.1%

Source: FICCI-KPMG Indian Media and Entertainment Report 2012

OPERATIONAL REVIEW

The Company is the publisher of India's second most read newspaper *Hindustan*, a popular children's magazine *Nandan* and a leading literary magazine *Kadambini*. While these are the core traditional brands of the Company, it also owns various periodical supplements of *Hindustan* like *Anokhi*, *Tann Mann*, *Life n' Style*, *Movie Magic*, *Jaano English* and *Nayi Dishayen* as well as websites like *livehindustan.com*, and online versions of *Nandan* and *Kadambini*.

Hindustan continues its growth momentum

Hindustan continued to grow in FY 12 and consolidated its position as the 2nd largest daily across all languages with a total readership base of 3.84 Crore readers, backed by a re-design initiative undertaken in the earlier part of the year. It added an impressive 17.58 Lac readers in the Q1 2012 round of the Indian Readership Survey (IRS) out of a total addition of 44.65 Lac readers in the entire Hindi newspaper category.

The most striking gains came from Uttar Pradesh, where the newspaper has grown its readership to 1.46 Crore readers, thereby garnering a readership share of 33%. With the launch of the Aligarh and Moradabad editions, the expansion in the state is now complete and should further add to *Hindustan's* growing readership in subsequent IRS rounds. Additionally, in Uttarakhand, *Hindustan* grew by 31% to garner a 24% readership share with 7.69 Lac readers.

Hindustan's leadership in Bihar and Jharkhand continued with a market share of 82% and 67% respectively and a total readership of 1.50 Crore and 54.45 Lac readers respectively, resulting in a combined growth of 6% in the two states.

Delhi-NCR contributed 24.23 Lac readers to the total *Hindustan* reader base.

FY12 was also a year for *Hindustan* in terms of its reader engagement efforts as it successfully launched and executed two substantial initiatives - *Aao Rajneeti Karein* and *Pratibha Samman* 2011.

Leveraging IT to business advantage

The Company is leveraging rapid advancements in Information Technology towards integrating its offline and online news content offerings. It is also deploying customized IT solutions which will help in enhancing the productivity of its editorial team and improving the connectivity between its business locations. During the year under review, the Company took its Content Management System, 'NewsWrap', to the next level via the implementation of its web version. It empowered the editorial staff in over 500 hinterland and small town locations with handheld devices, such as internet enabled netbooks and desktops, with the goal of facilitating the timely gathering of news, even from the remotest areas of the country. This system has significantly improved the speed and quantum of news flow. The Company is also working towards the complete integration of the print and online versions of the newspaper through further upgrades to 'NewsWrap'.

Furthermore, in order to improve the productivity and efficiency of email users, the entire communication system was migrated to the more effective Microsoft Exchange cloud platform. The Company has begun working on a digital archive of its image bank, at the end of which more than a million images will have been digitized.

FINANCIAL REVIEW

The Company continued its growth trajectory and delivered a robust financial performance in FY 12. Key aspects of the Company's financial performance are analyzed below.

Revenues

The Company's total revenues increased to ₹617.3 Crore in FY 12, a growth of 17% over FY 11. Growth in advertisement revenue was the highest amongst Hindi newspapers at 17%, reaching ₹439.2 Crore. Circulation revenues registered a growth of 10% to reach ₹134.8 Crore, primarily aided by higher circulation.

Expenditure

Newsprint cost went up by 13% primarily on account of higher commodity prices (per unit), which increased to an average of ₹32,166 per tonne compared to ₹28,616 per tonne in the previous year plus increase in volumes due to higher circulation. Production

(₹ in Crore)

Particulars	FY 12	FY 11	Growth %
Total Revenue	617.3	525.9	17%
Advertisement Revenue	439.2	374.1	17%
Circulation Revenue	134.8	122.3	10%
EBITDA	114.5	97.1	18%
PBT	91.7	76.2	20%
PAT	65.3	53.6	22%
EPS (₹)	8.90	7.80	14%
Total Expenditure	502.8	428.8	17%
Raw Material Cost	256.2	224.5	14%
Personnel Cost	73.4	63.6	15%
Sales & Marketing	25.2	22.2	14%

cost went up by 15% in FY 12. The launch of the Moradabad and Aligarh editions also contributed to higher sales & marketing as well as employee costs.

EBITDA

Despite an increase in the cost of operations due to two new editions, the Company posted an impressive growth of 18% in EBITDA for FY 12, with an improvement in margin from 18% in FY 11 to 19% in FY 12. The improved operating results signify considerable progress in the Company's stated aim of attaining sustained growth and profitability.

EPS

EPS (basic as well as diluted) grew to ₹8.90 for the year under review, recording a growth of 14% over corresponding figures of ₹7.80 for the previous year.

Fixed Assets

Gross Block, as on 31st March, 2012, increased to ₹228.83 Crore from ₹188.39 Crore as at the same time last year. The Company continued to expand its printing capacity by adding new facilities in Aligarh, Moradabad and Varanasi and increasing installed capacities in Kanpur, Gorakhpur, Bareilly and Allahabad during the year. Capital Work-in-Progress increased to ₹7.27 Crore from ₹0.62 Crore, as on 31st March, 2011. Work on a new production facility in Gaya and augmentation of existing capacity in Lucknow is on track.

Investments

Investments, as on 31st March, 2012, increased to ₹212.66 Crore from ₹189.01 Crore, as at 31st March, 2011. The increase was primarily attributable to surplus funds from operational profits.

Inventories

Inventories increased to ₹31.53 Crore from ₹24.22 Crore, as on 31st March, 2011, primarily led by an increase in scale of operations.

Trade receivables

Trade receivables, as on 31st March, 2012, increased to ₹78.00 Crore from ₹77.08 Crore in the previous year, primarily on account of an increase in turnover by 17%. Daily Sales Outstanding decreased to 47 days from 54 days for the previous year, reflecting an improvement in collection of receivables.

Working Capital

With no change during the year, working capital stood at ₹26 Crore, as on 31st March, 2012.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company has in place a well-established framework for internal audits and risk management. The internal audit function regularly examines and evaluates the adequacy of controls, policies and procedures within the organization. Regular and exhaustive audits

across all locations are carried out to assess the existence and effectiveness of checks and balances as well as compliance with applicable statutes. The Management exercises control through a well defined budget monitoring process along with other standard operating procedures and guidelines.

These controls have been designed to provide reasonable assurance with regard to:

- Accuracy, timeliness and reliability of financial reporting
- Adherence to laid down internal control systems
- Protection of assets from unauthorized use or disposition
- Compliance with legal and statutory regulations

Risk assessment and its management is an integral part of all key management decision making processes. During the year, the Company carried out in-depth Risk Based Audits at corporate and other key locations. Simultaneously, all business processes were mapped to identify key process risks together with their respective mitigation mechanisms. An Information Security Assessment was also conducted at the group level to examine the adequacy of controls in information systems and related operations. All key audit findings are periodically deliberated over by senior management and the Audit Committee of the Board for any possible oversights and necessary corrective actions.

HUMAN RESOURCE INITIATIVES

The Company strongly believes that attracting and retaining high quality talent has a direct bearing on its current and future growth prospects. In line with its five core values of Courage, Responsibility, Empowerment, Continuous Self Renewal and People Centricity, the Company constantly endeavors to engage its talent pool, and keep them motivated through a suitable reward and recognition mechanism.

The Company's strategy has been to maintain a vibrant talent pool, in addition to attracting the best accessible talent from different industries. An attempt is made that most of positions are filled internally with high potential employees, thereby providing growth opportunities to existing talent. Company's HR function endeavors at facilitating and upgrading employee skills so as to allow them to take on increased responsibility. As on 31st March, 2012, the Company employed 2,183 people.

OUTLOOK

The Company has a positive outlook for FY 13 and beyond. With promising growth prospects for the print industry in years to come, advertising spends will continue to drive the overall growth of the industry.

The Hindi print segment is projected to grow at a CAGR of 10.1% touching ₹101 billion in 2016. With expansion now complete in Uttar Pradesh and Uttarakhand, and a continued undisputed leadership position in Bihar and Jharkhand, the Company is well positioned to claim a significant share of this growth. Specifically in FY 13, the overall progress in socio-economic indicators in the states of Bihar and Jharkhand should lead to higher allocation of spends by advertisers and higher readership in UP and Uttarakhand should translate into higher realizations in advertising revenue.

CAUTIONARY STATEMENT

Certain statements in this Annual Report may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, 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. Hindustan Media Ventures Limited will not, in any way, be responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present their Report, together with the Audited Statement of Accounts for the financial year ended on 31st March, 2012.

FINANCIAL RESULTS

Your Company's performance during the financial year ended on 31st March, 2012, is summarized below:

Particulars	₹ in Lac	
	2011-12	2010-11
Total Income	61,730.54	52,586.06
Earnings before interest, tax, depreciation and amortization (EBITDA)	11,445.82	9,707.18
Less: Depreciation and amortization expense	1,941.57	1,644.69
Less: Finance costs	330.01	445.88
Profit before Tax	9,174.24	7,616.61
Less: Current Tax	2,498.58	1,728.59
Less: Deferred Tax charge	140.79	528.67
Profit for the year	6,534.87	5,359.35
Add: Balance as per last financial statements	6,046.92	1,540.57
Amount available for appropriation	12,581.79	6,899.92
Appropriations -		
• Proposed equity dividend	880.73	733.94
• Tax on proposed equity dividend	142.88	119.06
• Transfer to General Reserve	165.00	0.00
Net surplus in the statement of profit & loss	11,393.18	6,046.92

DIVIDEND

Your Directors are pleased to recommend a dividend of ₹1.20/- per Equity Share of ₹10/- each i.e., 12% (previous year - ₹1/- per Equity Share i.e. @ 10%) for the financial year ended on 31st March, 2012 and seek your approval for the same.

The proposed dividend payment, including Corporate Dividend Distribution Tax would entail an outflow of ₹1023.61 Lac (previous year ₹853 Lac).

COMPANY PERFORMANCE AND FUTURE OUTLOOK

A detailed analysis and insight into the financial performance and operations of your Company for the year under review and future outlook, is appearing in the Management Discussion and Analysis, which forms part of the Annual Report.

BORROWINGS AND DEBT SERVICING

During the year under review, your Company has met all its obligations towards repayment of principal and interest on the loans availed.

DEPOSITS

Your Company has not accepted any Public Deposits during the year.

DIRECTORS

During the year under review, Shri Piyush G. Mankad and Shri Shamit Bhartia were inducted on the Board as Additional Directors w.e.f. 19th December, 2011.

In terms of the applicable provisions of the Companies Act, 1956, Shri Piyush G. Mankad and Shri Shamit Bhartia hold office till the ensuing Annual General Meeting. As required under Section 257 of the Companies Act, 1956, the Company has received notice alongwith requisite deposit from a member proposing the candidature of both Shri Piyush G. Mankad and Shri Shamit Bhartia for appointment as Directors of the Company liable to retire by rotation.

Further, Shri Ajay Relan, Shri Ashwani Windlass and Shri Shardul S. Shroff, Directors; retire from office by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. A brief resume, details of expertise and other directorships / committee memberships held by the above Directors, form part of the notice convening the Annual General Meeting.

AUDITORS

The Statutory Auditors of your Company, M/s. S.R. Batliboi and Co., are due to retire at the conclusion of the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. In terms of the requirements under Section 224 (1B) of the Companies Act, 1956 the retiring Auditors have given a certificate regarding their eligibility for re-appointment as Statutory Auditors of the Company.

CORPORATE GOVERNANCE REPORT

The Report on Corporate Governance in terms of Clause 49 of the Listing Agreement, forms part of the Annual Report. The certificate issued by a Company Secretary-in-Practice, in terms of the requirements of the Listing Agreement is annexed as Annexure - A.

PARTICULARS AS PER SECTION 217 OF THE COMPANIES ACT, 1956

Information pursuant to Section 217 (1)(e) of the Companies Act, 1956 on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, is annexed to this Report as Annexure - B.

The particulars of employees pursuant to Section 217(2A) of the Companies Act, 1956 and the rules thereunder, are annexed to this Directors' Report as Annexure - C. However, pursuant to the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report is being sent to all the shareholders of the Company without the above information. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office address of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act 1956, your Directors report that:

i. in the preparation of the annual accounts for the financial year ended on 31st March, 2012, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

- ii. such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2012; and of the profit of the Company for the year ended on 31st March, 2012;
- iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. the Annual Accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENT

Your Directors place on record their sincere appreciation for the co-operation extended by all stakeholders including Ministry of Information & Broadcasting and other government authorities, shareholders, investors, readers, customers, banks, vendors and suppliers. Your Directors also place on record their deep appreciation of the committed services of the executives and employees of the Company.

For and on behalf of the Board

Shobhana Bhartia
(Shobhana Bhartia)
Chairperson

Place: New Delhi
Date: 18th May, 2012

ANNEXURE - A TO DIRECTORS' REPORT CERTIFICATE OF COMPLIANCE OF CORPORATE GOVERNANCE

To

The Members of
Hindustan Media Ventures Limited

I have examined the compliance of conditions of Corporate Governance by **Hindustan Media Ventures Limited**, for the year ended on 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

New Delhi
18th May, 2012

Sd/-
N.C. Khanna
Company Secretary-in-Practice
CP No. 5143

ANNEXURE - B TO DIRECTORS' REPORT

ANNEXURE TO THE DIRECTORS' REPORT ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO AS PER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A. CONSERVATION OF ENERGY:-

(a) Energy conservation measures taken:

The following energy conservation measures were taken during the year under review:

- Automation of DG sets for synchronizing and load sharing, to reduce diesel consumption.
- Building streetlights were atomized with timers, for effective utilization of daylight.
- High efficiency lighting fixtures are in use, to reduce power consumption.
- Installation of capacitor banks & filters, for improvement of power factor:

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

- Installation of additional capacitor banks and filters to maintain the power factor on additional load.

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

- The measures were implemented as stretch targets and achieved excellent results.
- Maintained power factor towards unity (all India) and got incentives on energy bills to the tune of 6%.

(d) Total energy consumption and energy consumption per unit of production: Not applicable

B. TECHNOLOGY ABSORPTION:-

(e) Efforts made in technology absorption: Not applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:-

(f) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans: Not applicable

(g) Total foreign exchange used and earned:

Foreign exchange expenditure	-	₹4,681.56 Lac
Foreign exchange earned	-	₹0.20 Lac