

हिन्दुस्तान

ekhajokha

Hindustan Media Ventures Limited

Annual Report 2010-11



DEBUT ON THE
STOCK EXCHANGES

PERFORMING
AHEAD OF THE CURVE

No.2
and counting...

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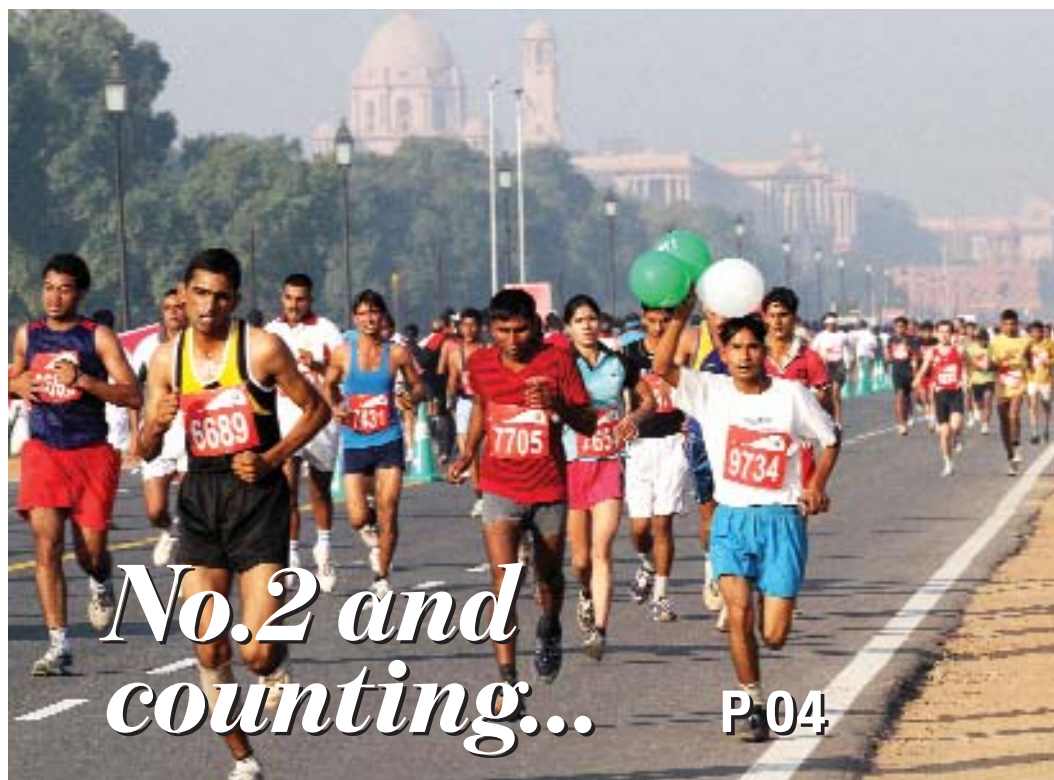
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Note to Stakeholders

As the stakeholders are aware, the Hindi Business of the Company was acquired by way of a demerger from the parent company viz., HT Media Limited ('HTML'), on a going concern basis w.e.f. 1st December, 2009. Accordingly, for a fair comparison throughout the Annual Report (other than the section on Financial Statements), the performance of FY 10, comprises of Hindi Business for complete 12 months (i.e., 8 months carved out from HTML and 4 months of HMVL). Further, the performance for FY 07, FY 08 and FY 09 reflects Hindi Business, as carved out from HTML.

DRIVEN BY VISION, FUELLED BY VALUES

With a rich legacy of 75 years, our Hindi daily, *Hindustan*, has informed and empowered millions of Indians across many generations. It has witnessed many game changing events all across. It has shared and shaped the vision of a progressive society and ensured the active participation of Hindi speaking people from the Indo-Gangetic belt. In the process of doing so, it has transformed itself many a time - as the agent of change at some times and as the adapter of change at others. One thing that has remained constant is its vision of a strong and progressive India.

As a Company that owns such a legendary newspaper brand, besides *Nandan* and *Kadambini* magazines, Hindustan Media Ventures Limited is governed by a set of five modern values. The values of Courage, Responsibility, Empowerment, Continuous Self-renewal, and People-centric are deeply ingrained in every single facet of its day to day operations. The five values govern the Company and its employees every day, in the endeavour to create value sustainably for the stakeholders.

As the Company set-out to present its first Annual Report since going public, it chose to call it *Lekha Jokha* which means transparent statement of affairs. The first issue of *Lekha Jokha* is historic, as it reports the listing of Company's shares on the stock exchanges, a healthy growth across all parameters, and also rise of *Hindustan* to emerge as the No.2 newspaper in India.

As it moves ahead on the growth path, HMVL invites all fellow stakeholders to continue the journey together.

Happy reading!



Debut on a winning note

A key aspect of this socio-economic progress is the increasing participation of rural and semi-urban populations and geographies in the national economy.

Dear Shareholders,

Let me begin by thanking each one of you for the overwhelming response to our maiden IPO during the year. The successful listing of Hindustan Media Ventures Limited marked the end of the restructuring process by our parent company, HT Media Limited. The separation was well envisioned, keeping in mind the underlying growth potential of our Hindi business and the focus that was needed to unlock its true potential.

We have reached a critical juncture in our growth journey. While the first decade of the 21st century served as a period of consolidation for India; the second decade, in my view, will witness the unlocking of our true potential. A key aspect of this socio-economic progress is the increasing participation of rural and semi-urban populations and geographies in the national economy. While growth is reaching its high point in developed parts of the



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country, it is also finding new centers in underdeveloped areas.

The latest census estimated that the overall literacy rate has improved to 74% from 65%. Another study by FICCI-KPMG estimated the total literate population in India at 579 million, with print media's penetration put at a little over 30%. It is encouraging to note that socio-economic indicators are registering growth, even at the furthest mile. This augurs well for regional language newspapers like *Hindustan*.

The revival of the Indian economy after the slump, that was brought on by the global financial crisis, has helped the media sector to regain its growth momentum. The FICCI-KPMG report suggests that the surge in advertising has acted as a catalyst for expansion of the media industry in general, and print media in particular. Advertising spends grew by 17% to ₹ 266 billion and accounted for 41% of the overall size of the media industry. Rising literacy levels amid low print media penetration signify



Printing facility of the Company at Danapur, Bihar

substantial room for growth. According to the report, the overall print media industry may witness a CAGR of 10%, to touch ₹ 310 billion in five years. Regional media is expected to grow at an even higher rate of 12%.

FY 11 was a landmark year for your Company. A major breakthrough came in the latter half, when IRS Q4 for the year 2010 confirmed that our flagship brand *Hindustan* had emerged as the second-largest newspaper in terms of total readership, in all languages in the country.

Our vision is to sustain and build on this, continuing the march forward to reach the top spot. We will make efforts to benefit from the rising interest of readers and advertisers in Hindi print media and translate this into stable, robust growth in the years ahead.

We have tried to make the best of the growth in the vernacular and regional media print space by focusing our efforts on serving the requirements of the target audience, be it readers or advertisers. We have continued with our endeavour to localize news, while offering a judicious mix that includes national news. We have also addressed the requirement of our growing readership within the student community, keeping the publication tuned in and updated with the latest trends, which includes meeting the burgeoning demand for career opportunities in a growing economy.

The notable initiatives of the fiscal year include the launch of *Hindustan* in Gorakhpur, the strengthening of existing printing and publishing facilities, and our decision to retire long-term debt of ₹ 135 crore.

During the fiscal year, our revenue improved 19% from the previous year. Advertisement revenue rose 27%, whereas circulation revenue showed a modest growth of 1%. We were able to take advantage of this at the level of profitability, with EBITDA gains of 12%.

Finally, I wish to place on record my sincere thanks to the senior management team and the employees, and my gratitude to our shareholders, readers, advertisers, the government, bankers, vendors and associates, for their valuable contribution and continued support to Hindustan Media Ventures Limited as always.

Thank You!

Shobhana Bhartia
Chairperson



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The marathon crosses an all important milestone of No.2

Hindustan races ahead of competition to become second largest read Indian newspaper in all languages

At the turn of the first decade of 21st century, the contours of a new world order are getting clearer. India, as many would undoubtedly agree, features amongst the key drivers of world economy today. Known long for its diversity, India's economic drivers can be divided along two broad groups of cosmopolitan & urban populace at one end and the semi-urban & rural populace at the other. While the former has evolved as an economic group of sizeable scale, it is the unleashing of the latter's potential that will truly augment India's next round of growth.

Indian media, newspapers in particular, have played a significant role in awakening and empowering fellow citizens towards progress and prosperity. *Hindustan* – the flagship Hindi daily of Hindustan Media Ventures Limited – has led from the front in empowering Hindi readers. It has been making a positive impact in the lives of its readers – from Delhi - NCR to UP to Uttarakhand to Bihar to Jharkhand -





with a slew of content initiatives that tend to defy the trends that the regional language press has been following. It has, in a sense, redefined the role that non-English print media must play in today's time and context.

Not surprising then, *Hindustan* has evoked tremendous reader-acceptance and has grown by leaps and bounds over the last three years in terms of spread, readership and leadership. The decision to aggressively invest in expanding footprints, consistently improving the content and presentation mix, and enriching readers with the option of choosing a Hindi newspaper that reflects changing times, has got vindicated in many gains for *Hindustan*.

Thought leadership

The growth story of *Hindustan* is inspirational. There is much that has gone into scripting its successful march forward. As a result, the newspaper is now being handpicked by more and more readers and advertisers alike.

In March 2008, the newspaper had 4 editions, 11 print locations, circulation of 13 lac copies and 235.32 lac readers (IRS R2 2007). In a span of just 3 years, it has grown to 15 editions, 16 print locations, circulation of 21 lac copies and 351.92 lac readers (IRS Q4 2010). From the 3rd position to the 2nd position amongst all newspapers in all languages, *Hindustan's* rise has been meteoric and vindicates all the hard work that has gone into it. The verdict of No.2 is cast and the march towards No.1 will also be an equally inspiring one.

The rise of *Hindustan*, all these years, has been engineered with a multi-pronged strategy. The key constituents of this strategy have been well-planned geographic expansion; better supply chain management; product improvisation and innovation; yield-oriented marketing initiatives; perception building

Delivering content through activation



Actor Manoj Tiwari entertaining audiences at Hindustan Kisan Mela

The commitment of *Hindustan* to benefit its readers as well as fellow community in the geographical surroundings of its circulation areas is not just limited to the newspaper. It has been taking up issues of concern and community interest with many on-ground activations and periodical events. Through these effective media vehicles and engagement platforms, *Hindustan* has been bringing about a definitive change in the lives of its readers.



A health camp in progress at Hindustan Health Fair

The agrarian India is willing to play a bigger role as the nation continues to clock higher GDP growth, year after year. In order to optimise their potential, farmers need exposure to the latest farming techniques and equipment, besides gaining awareness on various welfare schemes initiated for them by the government. With an aim to reach the farmers in the agricultural part of Northern India, *Hindustan* organises a farmer fair, namely, *Hindustan Kisan Mela* every year. During the FY 11, the fair was organised at 14 locations across Bihar, Jharkhand and Uttar Pradesh. The fair recorded a combined footfall of over 1.5 lac visitors.

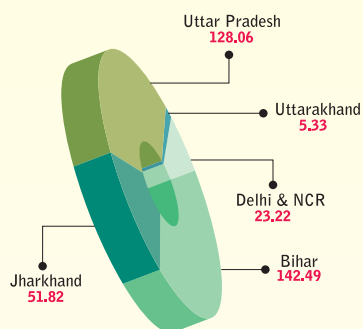
Another campaign, *Hindustan Health Fair* was organised at 8 locations across UP, Uttarakhand, Bihar and Jharkhand. The fair included an editorial series and numerous health camps. Aimed at promoting wellness through prevention, cure and information, the event touched a footfall of 40,000 visitors in its last edition. *Hindustan* also organised *Hindustan Shopping Festival*, a retail-market focused activity held across 10 markets in October 2010.

Consistent growth in readership

The most important aspect of *Hindustan's* readership growth has been the sheer consistency it has shown over the last three years in the Indian Readership Survey (IRS). In terms of Total Readership (TR), it raced ahead of the competition to emerge as the second largest read newspaper with TR of 352 lac readers in the latest round of IRS Q4 2010. It added over 100 lac readers in the last

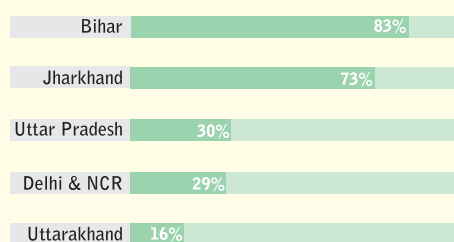
three years. The momentum has picked up in the last nine months where *Hindustan* has added 57.8 lac readers (TR), 42 lac of which has come from UP and Uttarakhand alone. It has also been the only player to grow in the last 3 years. It enjoys an enviable 83 per cent share in Bihar (TR, IRS Q4 2010). Its readership in Jharkhand crossed 50 lac readers, taking its share to 73 per cent (TR, IRS Q4 2010).

Hindustan: State-wise Readership Mix



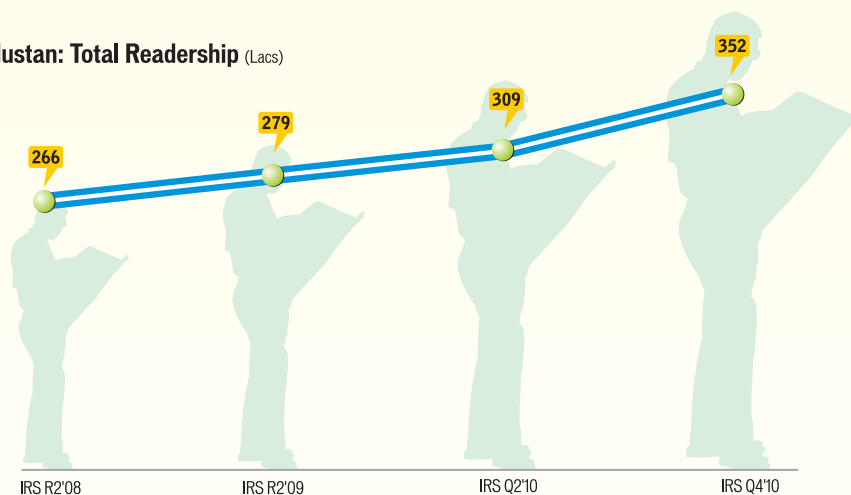
Total Readership in Lacs, IRS Q4 2010

Hindustan: State-wise Readership Share



Total Readership, IRS Q4 2010

Hindustan: Total Readership (Lacs)





and reader engagement; and superlative leveraging of reach and quality amongst advertisers.

Translating leadership from intent to content

Hindustan has consistently translated its thought leadership into a meaningful and progressive newspaper in terms of rich and contemporary editorial content. It all began with 'Badal Raha Hai Hindustan' (Hindustan is changing) campaign, way back in December 2005. It was the time to shed the stereo-typed look of traditional black & white era and adorn a fresh, colourful and vibrant look.

A serious consideration was spent on the type and mix of content that the readers - more importantly the young ones -

wanted, as well as needed, in order to keep pace with a fast changing world. The time was ripe for unleashing 'Poori Taiyari' (complete preparedness). It was in this phase where the editorial initiatives like *Jaano English* (Learn English) and *Hindustan Money* were launched.

Jaano English was launched in June 2010 and became an instant hit with readers who accepted it to be their guide and companion in their journey of learning English. Such was the acceptance and impact of this supplement that it soon went on to be converted into a paid weekly publication. Today, more than 3.5 lac copies of *Jaano English* are circulated every week with *Hindustan*.

The expertise in matters of personal finance of the group

business daily - *Mint* - was leveraged in *Hindustan Money*, an 8-part personal finance guide for the readers of *Hindustan*. Encouraged by the readers' excellent response, *Hindustan Money* will be made a permanent supplement in all the key cities of *Hindustan*.

Hindustan also came up with many specials that mattered to its readers in various regions during the FY 11. One such initiative was *Patliputra ki Jung*, an exclusive 3-month series on the Bihar elections. The activity was aimed at empowering voters to make informed choice and it assisted people to exercise their right to vote effectively.

'*Badi Soch - jo le jayegi Jharkhand to Tarakki ki oar*' (big thinking that would propel Jharkhand on the path to progress) was an attempt to drive ideas that would revolutionize the state of Jharkhand. It was a 45-day multi-leg campaign with on-ground activations, sequential editorial coverage and a conclave. The campaign was successful in not only generating and bringing



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