



Between the Lines

Daily Corporate News Analysis

February 6th 2010

HT Media Limited

Market Out Performer ; Buy

Company Info	
CMP	Rs 150
Target Price	180
Sector	Media and Entertainment
52 week H/L	Rs. 153.7/36.1
BSE Code	532662
NSE Code	HTMEDIA
Face Value	Rs. 2
Market Cap	Rs 3,525 Cr

Price Performance			
%	1m	3m	1yr
Absolute	5.6%	23%	190%
Relative to Sensex	-7.5%	5.3%	76.3%

Shareholding Pattern (%)	
Promoters	68.8
FII / Institutions	26.4
Public & Others	4.8

INVESTMENT RATIONALE

HT has its presence in print, radio and internet which garner 55% share of Indian advertisement pie of Rs 22,160 crores in CY08. In the print segment, the company is a major player in English category which accounts for 45% of Rs 10,800 crore print advertisement markets. Other than english they are also into Hindi and business daily categories which together account for another 25% taking company presence in to 70% of print advertisement market. Hindustan, with 23 editions across the northern region and average readership base of 9.3 million copies, is the third largest Hindi daily in the country. Hindustan had fantastic run so far, growing from 8th position in 2004 to current 3rd. The newspaper has its presence in UP, Bihar, Jharkhand and Delhi which together account for 51% of Hindi advertisement pie, and is the market leader in Bihar & Jharkhand. To further strengthen its position in Hindi category, company has planned for a capex of Rs 40 crores to launch three more editions. We expect Hindustan to grow at a CAGR of 26% over next 2 years.

Key Developments

HT Media spins off Hindi businesses

HT Media board has approved the de-merger of its Hindi media business to its unlisted unit Hindustan Media Ventures Ltd. The move was effective from December 1, 09. HT Media is spinning off the Hindi-language Hindustan newspaper, Hindi magazines Nandan and Kadambini and their respective Internet portals. The de-merger also includes the assets, liabilities and staff, termed together as the Hindi Business Undertaking. The spin-off is as per the expected book value of the Hindi business as on November 30, for a lump-sum cash consideration of Rs 149 crore including a net working capital of Rs 24 crore,". HT Media also owns the English daily The Hindustan Times and the financial newspaper Mint.

Valuations

During the quarter, company posted a marginal de-growth in english segment but saw advertisement volume revival from key sectors like Real estate and BFSI. However, we expect advertising spends and yields in english segment to pick up by Q1FY11, which would led company to post a 16.1% y-o-y to Rs 1,416.5 crore in FY11. Strong presence in key markets, diversified business model, potential to unlock value in Partnership Growth model and Hindustan (Hindi dailies) makes HT Media a clear winner in Indian Print industry. Thus, We recommend a "BUY" on the stock with 12-month target price of Rs 180 due to revival in english advertisement volumes, lower newsprint cost and potential for unlocking value in Hindustan, which representing a potential upside of 16%. At the CMP of Rs 150 per share, stock is trading at 18.3x its FY11E EPS of Rs 8.2.



February 6th, 2010



Disclaimer :

This publication has been prepared solely for information purpose and does not constitute a solicitation to any person to buy or sell a security. While the information contained therein has been obtained from sources believed to be reliable, investors are advised to satisfy themselves before making any investments. Kisan Ratilal Choksey Shares & Sec Pvt Ltd., does not bear any responsibility for the authentication of the information contained in the reports and consequently, is not liable for any decisions taken based on the same. Further, KRC Research Reports only provide information updates and analysis. All opinion for buying and selling are available to investors when they are registered clients of KRC Investment Advisory Services. As a matter of practice, KRC refrains from publishing any individual names with its reports. As per SEBI requirements it is stated that, Kisan Ratilal Choksey Shares & Sec Pvt Ltd., and/or individuals thereof may have positions in securities referred herein and may make purchases or sale thereof while this report is in circulation.



Kisan Ratilal Choksey Shares and Securities Pvt. Ltd.
1102, Stock Exchange Tower, Dalal Street, Mumbai 400 001.
Head-Off Phone : 91-22-66535000 Fax : 66338060
Branch-Off Phone : 91-22-66965555 Fax : 66919576

Members: BSE & NSE
www.krchoksey.com