



Earnings Webinar – Quarterly Results – Q1 FY'22

Transcript of earnings webinar on Q1 FY'22 results of

HT Media Limited

&

Hindustan Media Ventures Limited

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MANAGEMENT: **MR. PIYUSH GUPTA – GROUP CFO, HT MEDIA LIMITED**
 MR. SANDEEP GULATI – CFO, HINDUSTAN MEDIA VENTURES LIMITED
 MS. ANNA ABRAHAM – HEAD OF INVESTOR RELATIONS, HT MEDIA LIMITED
 MR. PERVEZ BAJAN – GROUP CONTROLLER, HT MEDIA LIMITED

Note: This transcript has been edited to improve readability

Amit Madaan:

Good afternoon, ladies and gentlemen, I am Amit Madaan from Investor Relations team, HT Media Group. I would like to welcome you all to the Q1 FY 2021-22 earnings webinar. Kindly note that all the participants' line will be in 'listen only' mode and there would be an opportunity for all, to ask questions, once the presentation concludes. Now I hand over the call to Anna Abraham, Head- Investor Relations. Thank you and over to you, Anna.

Anna Abraham:

Thank you, Amit. Good afternoon everyone and welcome to the conference call of HT Media Group. We will be covering this evening, the results for the quarter ended 30th of June 2021. The panelists for the call are Mr. Piyush Gupta, our Group CFO, Mr Sandeep Gulati, CFO of Hindustan Media Ventures Limited, Mr Pervez Bajan, Group Controller and members of my Investor Relations team.

We hope all of you are staying safe and healthy and I trust you had an opportunity to go through the financial results of HMTL and HT Media limited. Kindly note that our remarks will track with the presentations on this zoom webinar, which is also available on stock exchanges and Investor Relations section of our website.

Before we get started on the presentation, I would like to focus your attention on the cautionary statement, which has been given. Kindly keep this in mind for all discussions going forward during the course of this presentation.

Moving on to the next slide, it gives the message from our chairperson, and I quote, "Economic activity gathered momentum in the third and fourth quarters of 2021, but the second wave of Covid-19 and the surge of infections it brought with it, affected the beginning of the new fiscal year. All Indian states imposed lockdowns and restricted movement and activities to combat the surge. The economy took a hit and advertisers turned cautious.

Our learnings from 2020 and the first wave stood us in good stead in this challenging environment and our operations remained resilient even as we recovered smartly from the lows of the second wave. Advertising revenue in our print and radio businesses was better compared to the same quarter last year. Our Shine business also showed good growth, led by Shine learning. Circulation revenue too continued to improve, sequentially as well as over last year.

With infections ebbing, consumer sentiment improving, and business activities almost at pre-pandemic levels, we expect pent-up demand to drive consumer and advertiser spending in the near term followed by sustained demand as the economy looks up. Our constant focus and endeavour is to offer our audience reliable and engaging news and information, and high quality entertainment."

Moving on to the next slide, this gives the agenda, which will be covered in the course of the presentation today. I now hand over the call to Mr. Piyush Gupta.

Piyush Gupta:

Thank you, Anna and good afternoon everyone. I hope everyone's safe in these trying times.

Thank you all so much for joining our quarterly investors call. We would be covering this content. Amit, can you just move on to the next slide please.

So I'll be covering the consolidated performance. So, if you look at the consolidated performance for the first quarter, our total revenue tracked at 281 crores, which was an 18% improvement over the same period last year. Of course, as all of you understand, last year was the peak of the first lockdown and there is a softening of the base. Hence, we have seen growth coming in the first quarter. Of course, if you look at it sequentially vis-a-vis the fourth quarter of last year, there will be a decline because the second wave really hit us very hard, like the entire industry. If you track the EBITDA, it came in to negative 43 crores, which is a decline of 84%, margins are at negative 15%. PAT tracked at minus 76 crores with a PAT margin of minus 27%. You know, primarily the impact on the margins can be attributed to both our raw material costs, where the pricing of paper cost has gone up about 10 to 15% versus the first quarter, as also the copy shrinkage which we saw last year of the first quarter, did not happen with that enormity in the first quarter of this year, and our copies still remain resilient.

If I may just move to the next slide. Let me cover now the business unit performance and straight away dive into the Print business. Our Print revenues came in at 132 crores, which is a growth of 55%, as highlighted in the consolidated chart. Base effect has a big role to play. Circulation revenue, which is much stickier, came in at 50 crores, which is a growth of 23%. As a consequence, operating revenue tracked 203 crores, which is a 41% growth. Operating EBITDA primarily attributed to a higher than usual raw material costs and the copies sticking came into negative 54 crores and margins were therefore at minus 27%.

Let's move on. If I may just break it down into English and Hindi, our English Ad revenue growth was 91% which is nearly doubling itself at 69 crores in the first quarter, vis-à-vis 36 crores, the same period last year. The circulation revenue went up to 7 crores from the low of 2 crores. So growth in ad revenue came from both local and national advertisers and we saw that the volumes sharply increased and I don't have the volume chart, but we saw the volume sharply increase. The big problem that we see right now is that the pricing still has to stabilize for the industry, but the volumes indeed came back before the second wave. We saw growth in most of the categories. High growth categories such as classifieds, real estate, e-commerce, durables and government continued to perform better. Circulation revenue growth was led by improvement in both realizations and copies in circulation. So a lot of pricing action also happened on the circulation copy. As a matter of fact, our RPCs are better than the same period last year across major publications and units.

Moving ahead, our Hindi business revenues tracked 63 crores, as against 49 crores last year, which is the growth of 29% and circulation revenues came at 43 crores, which is a

growth of 12%. These increases in Ad revenues were seen across most categories and we saw higher growth in FMCG, health and fitness and auto categories, and growth in circulation revenue on YoY and sequential basis. As I said our RPCs we are tracking very smartly in the first quarter FY'22.

Moving further down. On our digital business, operating revenues tracked to 29 crores as against of 14 crores the same period last year, which is slightly more than doubling itself and operating EBITDA came in at a breakeven as against the loss of 3 crores which we had last year. Operating revenues as I have said, doubled itself, was primarily attributed to our Shine learning business and our Digital Entertainment and Mosaic business which we incorporated and operationalized last year and EBITDA break-even is a significant step towards profitability and we believe that this trend will continue and gather momentum, as we move forward on our digital businesses.

Radio businesses, as everyone is aware, you know, had suffered the most even in the first wave and also had a huge impact in the second wave. Though our revenues were slightly better than what they were in the first quarter last year, at 12 crores, which is a growth of 44%, but of course the bases had shrunk down, and has taken some while to build back the revenues in the radio business. Operating EBITDA still continues to be negative, though it has improved significantly versus last year, but there is still some distance to cover. Most of the impact, if I break it down into categories on the revenue side, is coming from the MSME part of the business, whereby the covid has really disrupted a lot of businesses and those guys are currently having a very cautious stand and our revenues, therefore, continue to be soft as far as the radio business is concerned.

Okay, so with that, I come to the end of the presentation, we would be happy to take any questions that the participants might have. Thank you so much.

Moderator: Thank you Piyush. We will now begin the Q&A session. Participants can click the 'raise hand' option which will enable me to unmute you, and then you can pose your query. Please restrict to two questions per participant, so that we may be able to address questions from all the participants. We will wait for a few seconds, while the question queue assembles.

Moderator: The first question is from Rahul Nag, you can unmute yourself and ask your question. Rahul your line is open, you can ask your question.

Since there is no response, we will move to the next participant. The next question is from Chaitanya Motani. Chaitanya, you can unmute yourself and ask your question.

Chaitanya Motani: Hi, I am an individual investor. I am actually a customer of yours also and I have been using your app for downloading newspaper for my family. So, I just saw that in that section, we operate in four states and in Delhi, so why don't we operating in the Hindi speaking states of Madhya Pradesh and Chhattisgarh?

Piyush Gupta: Well, great question Chaitanya. Thank you for joining the call and thanks for being a customer. We need good customers like you. Look Chaitanya, I think there's a long answer and there is a short answer, but let me try to give you a little perspective. We had consciously chosen the states where we will participate in, and I believe you're talking about the English paper, you are talking about the Hindi, or you are talking about both the papers?

Chaitanya Motani: I am talking about the Hindi paper

Piyush Gupta: Right. So, Chaitanya in Hindi paper, this publication Hindustan started 97 years ago in Bihar, which was the unified Bihar and right now, of course that's two states, Bihar and Jharkhand. Post that we also had presence in Delhi. But over the last 8-9 years, that we have increased our footprint for our Hindi newspaper, we went to UP, Uttarakhand also with that gusto, because that's the single biggest Ad market for language papers in the country. Now going with a physical paper to various other markets is a very costly proposition from the initial losses that one has to sustain because there are entrenched players in most of the markets such as Hindi speaking markets of Rajasthan, Madhya Pradesh, Punjab, Haryana and so on, so forth. So we have cautiously picked up the state where we believe that there are more Ad revenues to garner. The other markets we are catering through our online app, and as we move forward, we will be increasing the local content for various state related issues, local municipality-related issues across the country but that's the journey on which we are. But the physical paper, we chose our markets given the richness of the market. And currently we don't plan to expand the footprint of the physical paper beyond the market that we currently are in. I hope that answers your question.

Chaitanya Motani: Yes, thank you and the second question also. So, I was reading a number of newspaper reports and opinion pieces and I read that a number of newspapers and publications, the small ones specifically, are closing down because of the pandemic, and a number of big publications also which are operating in a core markets of Bihar and Jharkhand also, are closing out their non-core activities. So Can you specify upon that?

Piyush Gupta: Well Chaitanya, if your answer is whether we are looking at those opportunities closely, we are always looking at all the opportunities which present themselves to us. But you know, we only make those investments if the business case and the ROI case make ample sense. So we are always looking and evaluating opportunity which can lead us towards sustainable value creation over the long term. So, yes, we are aware of that, but as and when something will come, we will be announcing that. But, at this point in time, there is nothing that you know we wish to make a comment on.

Chaitanya Motani: Okay. Thank you so much

Moderator: Thank you. The next question is from Anish Jobalia. Anish, you can unmute yourself and ask your question.

Anish Jobalia: Oh yeah, hi good evening, and thank you for the opportunity, so one is I just want to understand on the Hindi side. So, we have seen growth over the last year, of course, with a lower base, but just to understand your thought process about going forward in the next nine months, you started recovering gradually in the last three quarters of the last year. So how do you see this year versus the next nine months going forward?

Piyush Gupta: Okay, great question, Anish. Let me just you know reflect back on the last year. If you remember last year's results for the last two quarters. You know and I am specifically talking about Hindi, Hindi had already turned the corner and was posting a very smart recovery. As a matter of fact, not just Hindi, we were seeing the same trend over our entire publication business. On Hindi specifically, I believe, and I am keeping the outlier case of covid phase-3 or third wave or what you would call it, because the impact has not been as sharp, the downward impact of the second wave on health and wellness, we know it has been much sharper than the first wave but on the business sentiment, because the impact has not been that sharp, I believe that recovery will be very smart. I believe in the second quarter, you know we will be recovering most of the losses that we've sustained due to the impact of Covid phase-2. However, in the third quarter and the fourth quarter, depending on how the festive season pans out, I am very hopeful that we will have very handsome growth coming onto our revenue. As far as bottom line is concerned, the big difference between last year and this year is in raw material cost, because the newsprint, which is a substantial part of the bill of material for publishing a newspaper, is substantially higher than what it was last year. That, of course, will have an impact on margins but I believe it will stabilize at a certain level. Right now, it's on upward trend but given the good smart recovery on Ad sales, I believe we will have a good third quarter and a very good fourth quarter. That's crystal gazing but that's what I believe.

Anish Jobalia: So just the follow up is that vs the last nine months, do you think we can see a similar growth what we saw in Q1, say around 30%, which is not difficult to visualize because you know, we had a sharp de-growth in the last year. So do you think that kind of growth is possible, or it will be much gradual growth?

Piyush Gupta: Look, I think these are all conjectures. I mean, I think it depends on the business sentiment, if the business sentiment comes back, I believe that growth will be smart. Now the intensity of the growth, the pricing, etc. there are a lot of nuances to it, we really won't be able to comment on that, but I believe that the businesses have shown much more maturity this year in terms of sentiment, in terms of the consumer demand. So I believe you know come Q3, we will have a robust top line and bottom line, which will be growing.

Anish Jobalia: And in terms of the circulation, so we are seeing that, you know versus Q4 we are at similar revenues levels. So if you compare this to the pre-Covid, I think the recovery is still around 80%, right? Please correct me if I am wrong.

Piyush Gupta: No, I think mathematically you might be in the ballpark

Anish Jobalia: My question was that how important it is for that 80% to go back to 100% of pre-Covid for even our Ad revenues to go back to 100%?

Piyush Gupta: Look it will be welcome, but it's not like it's very necessary, because one of the other trends will be of readers probably might not come back to a newspaper and might go into a digital form. So 10%-15% readers would probably have vacated the space, but given Hindi and the market that it is in, there are a lot of first time literates who are coming into the stream, so they become the new set of readers. But you know for the Ad revenues, I think 80% gives you a sufficient critical mass to garner the same kind of Ad revenues. Of course, the wild card that we will have to see is that the pricing in the industry has to stabilize, which right now is not stable.

Anish Jobalia: And last question, if I can squeeze in, I am just trying to understand how are the sentiments of our advertisers? I mean if you could comment around that, is it still not looking that good?

Piyush Gupta: You know I think it's the same question that you're asking in a different form. I think the advertisers, again, I am homogeneously classifying them into one bucket because even within advertisers there are all kinds of advertisers. I think as an when the businesses, which are advertising B2C businesses, government, on the social messaging, the classifieds and various other properties that the newspaper has to bring out, the IPO advertising, the brand establishment advertising; as an when those businesses are stabilizing, we are seeing them clearly come back to advertising, and this is much sharper than what it was in the same period last year. So we're very hopeful that those businesses are coming back, and hence the advertising is coming back.

Anish Jobalia: And the pricing...

Moderator: Anish, could I please ask you to come back to the queue. The next question is from Yash R. Yash, you can unmute yourself and ask your question.

Yash R.: Yeah. Hi, The first question is with regards to the staff costs that we are seeing as compared to Q4 there again, is a hike of around 35%. Now, if I remember correctly, in the previous call, that we had for Q4, we were told that it was on account of provisions that were reversing on account of business not being up to the mark, so variable salaries are not being paid and that's why there were quite a few measures that were taking place, so staff cost was actually less. Now again we are seeing that there is a hike, so what is the reason? This is my first question.

Piyush Gupta: Can we answer the first question please first? Anna, would you like to take this question?

Anna Abraham: Yeah, so in Q4, we spoke about the fact that there is reversal, so it is not giving you a run rate number. Secondly, in the last year, given the high level of uncertainty etc., there were sharper actions done on these salaries, including salary corrections, which also we

had said, we will reinstate this year. So it's a combination of both, which vis-à-vis quarter four is making it look like a substantial increase.

Piyush Gupta: Yeah, let me just clarify that point, that 69 crores that you see is not the correct number, because there are things sitting in there and the salary correction or the variable part which we had taken away last year, that has got reinstated. So those are the two things that have been there.

Yash R.: So, it's just a re-instatement basically, for the most part?

Anna Abraham: Yes, that's right.

Yash R.: Okay, and it's not like these salary components that has been re-instated, that is a part of variable, and we're just providing in the books? No, that is not the case, we are paying?

Anna Abraham: We have re-instated the salary corrections that we had taken last year.

Yash R.: So, it's not just a provision in the books on the part of variable, but we are actually paying the employees.

Anna Abraham: See there are different components.

Piyush Gupta: Yeah Yash, so I do not like to put the cart in front of the horse. I mean the payment etc., the variable part happens on the attainment of certain financial objectives and the fixed salary is something which has to go out on a fixed pay-check. This is a mixture of both, and we had taken this away, and we have reinstated that. That's all that answers.

Yash R.: Okay, now, one thing that we are seeing is you know there is an increase in other expenses as well. But the problem is that operating revenue had dropped by 33%, I am talking about standalone HT, but my other operating expenses have fallen only by 14%.

Anna Abraham: Yeah, so to some extent, we will not be able to, it's not something which we can kind of drastically correct for fluctuations that happen from quarter on quarter. So there will be a minimum level of expenses that we have to run as a sustainable company. Having said that, in the last year quarter one, there was a much lower content procurement fees that we had paid given the very sharp decline in the revenues of the company. But yes, there are quarter on quarter fluctuations, it is not that other operating expenses can get corrected. Raw material of course does to the extent it's led by pagination but it's not like all the expenses we can automatically correct.

Yash R.: So, what is a run rate that we are seeing for the rest of the year quarterly?

Piyush Gupta: If I make conjecture, most of operating expenses, which were infra expenses in terms of office spaces, travel, discretionary expenses, those have been corrected very substantially. Now I don't think they will be further corrected in this year. Now, if there

were one-offs, like those provisions or reversal etc., they will obviously change the comparability of the numbers, but I believe that we will remain at frugal level that we are, adjusted for all these one-offs which happened on a quarter-to-quarter basis.

Yash R.: Okay, so any number if you can quote on a ballpark basis.

Anna Abraham: You can broadly go with the current quarter numbers because, as we have said, most of the cost actions have happened, however, it will change, depending on if the business recovery is faster, we may spend more on B2B, B2C related costs.

Piyush Gupta: If, I have to just give you one example Yash, if we start on the copy booking thing, and if we think you know, one of the earlier participant was asking a question whether 80% is the new normal and is the right thing to do, or not the right thing to do. If we see a good opportunity in a certain market and we go for a copy build up there, you might see a temporary rise in expenses on account of various sales promotions, etc., which might happen, which might be temporary in nature, but that will change the comparability. As far as those structural changes that we had to do, by letting go of office spaces and other discretionary, all those are now baked into the base.

Yash R.: Okay, so 160 is something excluding the additional amount that we are going to spend on improving our markets. 160 is the number that we can stick to approximately? That's the Q1 number I am talking about, on the consolidated basis.

Piyush Gupta: On a consolidated basis, 157, okay that number. Look, you take that as a best case number. Yeah I think you can take that number.

Yash R.: Okay, just last question. I can see that the other income has fallen considerably as compared to Q1 last year, and also as compared to Q4, so it was at 49 and we are currently at 37.7. So any reason?

Anna Abraham: It is largely driven by the interest income. We had a substantial gain last year, because last year given all the disruptions in the market, there were successive rate actions which kind of led to an unusual extent of income in the last year.

Yash R.: Okay. All right, thank you that's about it.

Moderator: Thank you. The next question is from Vinit Manek. You can unmute yourself and ask your question.

Vinit Manek: Yeah, Hi Piyush. Just two questions from my side. First one, what is the rationale behind raising hundred crores of fundraises through NCDs despite we are having cash on the books for subsidiary, and the second question from my side is, can you help us understand that like how has been the newsprint price moving up and how do you see that going forward that can hurt our profitability more in terms of coming quarters, or because we are not able to take the price increases on the per copy basis, but the raw

material prices have significantly gone up. So how are we taking measures or how should we look at that going forward?

Piyush Gupta:

Yeah, so the first question on the NCD, it is nothing but a routine refinancing of the earlier debt that that we are doing. So there is a certain long-term debt, which is coming up for retirement and we are just taking an enabling resolution to be able to explore the various opportunities in the marketplace. So I hope that answers, that's not incremental debt, we are refinancing the debt which will come up for the payment at some point in time, and we do borrow for our working capital purposes. Now your second question, on the newsprint Vinit, I think that's a great question, let me take 30 seconds on that. Look, newsprint and now I am speaking both as English and Hindi because you know that's where we consume newsprint, as a company, though we had not anticipated such a sharp increase in the newsprint prices, really the spot prices versus six months ago are up by 50%. Though we had not anticipated, but we knew a bit of a disruption will come there, so we had taken a decision to up-stock or increase our coverage. That is keeping us in very good stead as far as the imported newsprint is concerned. So the spot replacement price on imported newsprint is north of \$600 a metric ton, and we are still managing the old prices, and we, I think, have a sufficient cover to tide over it. The bigger problem, however, that we are seeing is coming on the domestic newsprint, whereby because of shortage of old newsprint, because India only makes recycle newsprint right, because of environment laws. Because of whatever reason, the old newsprint is priced so higher that the domestic newsprint is now at a very high elevated level north of Rs. 40,000 a metric ton. I believe what the prices earlier were artificially low. What I believe that right now the sharp increase which has happened is also very high, maybe it will take a quarter or two to stabilize, but I believe we might feel a little bit more escalation in prices before it stabilizes or comes down, but I think we've already got the impact of about 12% to 15% depending upon domestic or imported and a mix of that. We believe another 5% to 7% will happen before they start stabilizing or coming down. I hope I have answered your question.

Vinit Manek:

Yeah so for going forward for one or two quarters, our margins will be still affected due to newsprint and then we might see them stabilize.

Piyush Gupta:

Newsprint will have a dampener on the margin, but as I was explaining to one of the earlier participant, I believe in the next two quarters the revenue numbers, depending on the sentiment in the market should basically be able to more than offset that, but that obviously depends on the macroeconomic scenario and we'll see how that plays out.

Vinit Manek:

Okay, and just one last question from my side. So on the Radio side how has the traction been building. When do you expect that to come to break-even on an annual basis, or what are the other plans, should we continue with the losses being incurred on the Radio side or any anything else that we are thinking?

Piyush Gupta:

Look, we are thinking a lot of things Vinit. I think, Radio has been one of our very tough journeys that we've been on since the onset of the pandemic. Just to refresh you, before

pandemic we were hitting revenues north of 200 crores as a matter of fact, 225-230 crores and there, Radio actually took the biggest of the brunt because most of the advertisers on Radio were small and medium businesses who've been impacted by the pandemic, so we have been turning in the loss position. But what gives me comfort here is just before the second wave, if you look at the Radio's numbers for the fourth quarter, radio had come back to about 60% of the pre-pandemic level, 60%-65% of the pre pandemic level and, of course, the second wave again brought it down. So I believe, if the third wave does not come, we might in two quarters, see radio turning in a profit, but it will definitely not happen this quarter, maybe the quarter after that, and after that it will go from strength to strength because one thing that has happened is because of these forces, we had no other option but to work the cost structure in a very, very innovative way. Now Radio's cost, apart from the regulatory and the statutory cost which is Prasar Bharti, the Ministry of Information Broadcasting and so on so forth, have been restructured to minimum sustenance cost, and we are now adopting a lot of technology to work with that cost so that the product does not suffer. So if the revenues come back, I think, radio can be profitable in the next two quarters.

- Vinit Manek: Okay, thank you. Would hope to see a better number coming from next quarter onwards.
- Piyush Gupta: Thank you for your wishes.
- Moderator: Thank you. The next question is from Pawan Tarodia. Pawan, you can unmute yourself and ask your question.
- Pawan Tarodia: Hi, so my question is regarding HMVL. So you have very less operating profit for last many quarters and profit numbers were mainly due to interest income, I think for last at least five to six quarters. So with interest rate decreasing, what are the steps you are taking for this operational profit improvement?
- Piyush Gupta: Can I request my colleague Sandeep, HMVL CFO to answer that please?
- Sandeep Gulati: Hi, good afternoon. You are right, in last few quarters the operating profits have been low, and that too because of the tough economic environment we are going through. I think somebody else also earlier asked that same question how are we going to see it, but good news is that we are seeing an improvement quarter on quarter, even this quarter, if you look at revenues, they have come back, of course, we have got impacted by higher newsprint costs which over long term should be stabilizing to a better place, number one. Number two, even we talked about, and I think some other gentlemen also asked about this, what actions we are taking to kind of mitigate them over time, of course, we are bringing down bringing back our copies as much as we can, but we have also taken pricing actions, and that has also kind of reflected itself in a good way from overall realization per copy and if you see that you will see it quarter on quarter improvement and that's why sequentially it's going up. So structurally, we are moving in the right direction. So, the moment we are back from this tough environment, I think we should see much more sustainable profitability going forward.

- Pawan Tarodia: Okay, and also, my second question is about any consideration for dividend in coming quarters if the situation improves, at least for HMVL because we have good number of funds in HMVL and also, I think it will also help in HT Media with funds as HT will also get the funds from HMVL as part of dividend.
- Piyush Gupta: Sure Pawan. I totally resonate with the sentiment and the simple answer to your question is absolutely yes. It's just because these were so trying times that we stayed away from dividend, but your question is absolutely valid, and the answer is yes, we would be looking at dividend very closely, provided the business situation does not deteriorate, given the macro situation.
- Pawan Tarodia: Okay, thanks.
- Piyush Gupta: Thank you.
- Moderator: Thank you. The next question is from Jaanvi Thakkar. Jaanvi, you can unmute yourself and ask your question.
- Mehul Panjuani: Yeah good evening, this is Mehul Panjuani actually. Sorry I logged in the pandemic time and I am using... Anyway, good evening.
- Piyush Gupta: Good evening, Mehul. By the way, I do that all the time, so that's absolutely okay.
- Mehul Panjuani: I have two questions, one is how are we positioned to pay off the long-term debt, which is coming up, which you touched upon?
- Piyush Gupta: As I said, you know at a group level, we have surplus cash on the balance sheet, but what I was basically alluding towards is our cash is working much better when we are investing and getting return on a long term basis. Hence our working capital we tend to finance from market borrowings and hence we have taken the enabling resolution on the NCD. So, we will look at the best and the cheapest form of servicing the debt. There are multiple options available on that, that's never a concern, Mehul.
- Mehul Panjuani: Okay, great. One follow-up question on this, pardon my ignorance I have been a shareholder, but I don't know the group structure of Hindustan Media Ventures. I know HT Media is the parent company and Media Ventures is the subsidiary. Is my understanding correct?
- Anna Abraham: Yeah, it is a subsidiary. We hold nearly 75% stake in that company. I think this is something we can take offline also. You could just write to us and we can kind of take you through the details of the group structure.
- Mehul Panjuani: Thank you so much, Anna. Which email ID should I write to?

- Anna Abraham: The one which is also on the presentation. IR@hindustantimes.com.
- Mehul Panjuani: Okay, fine and the second question, which I had was that in the financial press, I came across some overall article with this, with the listing of Zomato and other companies. There was also a mention that Hindustan Media also holds a lot of stake in a lot many unlisted companies, but there was not much detail. So, is it something which you can share the details of?
- Piyush Gupta: We don't share that detail because of competitive pressure. That is some information that we do not put in the public domain. But your understanding is absolutely right, we, through our AFE platform, do make such investments and we believe that these investments will give us rich dividends for all our shareholders, as these investments mature. Now, of course, Zomato is a very headline company, which just made IPO some time back, but you know that's the journey that your company is also wishing to endeavour and aiming to partake in by going the investment route.
- Mehul Panjuani: Piyush pardon me, I missed out on something, when you said something that based on the ERP. We do invest through ERP or something?
- Piyush Gupta: No, you know there's a business segment which we call AFE, it's just a name of the business division which undertakes that investments, and that's what I said. Just think of it as an investment outfit within the company.
- Mehul Panjuani: Okay. Investment outfit of Hindustan Media Ventures?
- Piyush Gupta: It is at a Group level. Hindustan Media Ventures also participates and HT Media also participates. It's a group corporate initiative.
- Mehul Panjuani: Okay, fine. Thank you so much.
- Moderator: Thank you. The next question is from Raul Nag you can unmute yourself and ask your question. Raul, your line is open. Since there's no response, we will move to the next participant.
- The next question is from Harsh Patel. Harsh, you can unmute yourself and ask your question.
- Harsh Patel: Hi. Am I audible?
- Piyush Gupta: Yes, Harsh. You are, please go ahead. Good evening.
- Harsh Patel: So, I am Harsh Patel from Alpha Alternatives. My question was related to the Radio business, so I wanted to understand what's the capacity utilization in Q1'22 and for FY'21, and what is the pricing and volume de-growth you're seeing in the Radio business compared to pre-pandemic levels?

- Piyush Gupta: Okay, hold on, let me just look at my numbers. Well, the capacity utilization, you know typically we look at capacity utilization in prime and non-prime hours. Now in the Q1 it is much below 50% both in prime and non-prime hours and pricing, as I was alluding to some gentlemen prior to you, is under pressure on all media platforms including Radio. So pricing you know, is much, much softer than pre-pandemic level, but the capacity utilization is also less than 50% at this point in time.
- Harsh Patel: Okay. So as per the previous participant who asked you about the Radio business, you are expecting Radio business to come back by Q3 to Q4 of FY'22?
- Piyush Gupta: By Q3-Q4, you're absolutely right.
- Harsh Patel: So, do you see any write-off because one of your competitors has taken a write-off in the second frequency of the radio business. Do you need a write-off in the second frequency?
- Piyush Gupta: I don't think so. We have taken some impairment ahead of the competitor, and this was because long term value was becoming tough to establish because of the epidemic but I don't see any big write-offs coming our way. Even if there will be some, there will be very, very miniscule. I don't think so.
- Harsh Patel: Okay, great. Thank you, that's it from my side.
- Moderator: Thank you. The next question is from Ranga Prasad. You can unmute yourself and ask your question.
- Ranga Prasad: Good evening, in the last call you had said that the company was in the process of taking certain measures to enhance shareholder value and that you could expect to hear something on that in next few months. Is there any update on that?
- Piyush Gupta: Well, I think you know the single biggest update on, that is, as you are aware, in the public domain, we filed a scheme of reorganization of some of our legal entities. We believe that will unlock reasonable value for the shareholders, but the process is currently with the stock exchange. We will keep you posted. Once that happens, we believe a lot of value unlock will happen for all shareholders as per the scheme.
- Ranga Prasad: The second question is do you have any update on Google news showcase because we are hearing a lot in the press saying that they are tying up with lot of individual news publishers?
- Piyush Gupta: Yeah, you're absolutely right, great question. Google is in conversation with the most publishers and bilateral discussions and negotiations are happening. The way I look at this thing is it's better late than never. Everything got precipitated by the Australian judgment which happened. This will definitely bring actually some value back to the publishers. But I can't go into the details because these are bilateral negotiations that

Google is doing, but those values will definitely, you will see, be flowing to the P&L every quarter from here on.

Ranga Prasad: We can expect something this year itself?

Piyush Gupta: Yes.

Ranga Prasad: Okay, thank you.

Moderator: Thank you. The next question is from Prakash Advani. Prakash, you can unmute yourself and ask your question.

Prakash Advani: Good afternoon

Piyush Gupta: Yes, please, good evening.

Prakash Advani: Good evening, Mr. Piyush. So the reason I unmuted myself and to ask a question was I'd like to have some kind of an appreciation about the AFE investments. Look there's a lot in the public domain around VCCircle, Oyo, Mobikwik, Beldara, HubHopper and I believe a gentleman by the name of Anshu Gupta has also put out a statement. Now capital allocation is an important element for any shareholder and I understand you kind of alluded to not answering that question by mentioning that there are competitive tensions. But what is the capital deployed in this segment, what is the fair value, I believe we owe some level of appreciation in the scope of how the company's capital allocation policy is working, especially given this alongside any print and media business. So that's my first question, I have a second one, sir, and I request you to be as transparent as you can. So we can only appreciate what you guys are doing, because it's fantastic to see what's been done there. And the second one is could you give us a sense of, you alluded to the Facebook row and how that's helping the publishers and you said yes, negotiations are on and I can't be more open. Could you give us a sense of how big could that opportunity turn out, let's say a decade from now five years from now. How would you think about that from a long term perspective, rather than the short term?

Piyush Gupta: So let me start the other way around, and let me talk about Google because that's a general conversation, and also, you spoke about 10 years. So I don't proclaim myself to be Nostradamus, but let me from my understanding at least try to answer that question. Now, Google, Facebook or these big global media platforms have been going through a certain regulatory scrutiny the world over. Now what comes out of various countries etc., we can all conjecture. But we don't know but we as publishers, as legacy businesses, as publishers in various countries, have always maintained that the news which is gathered, which is curated, which is analysed and put up in a credible format to our readers, should not be picked up and freely distributed, because there is a cost of putting all of that together. Now how this will pan out if you ask me, and this is my personal opinion, will depend upon the regulatory environment the world over starting with United States of America. Of course, right now, Australia has taken a lead but we'll see how US and the

western democracies kind of take a lead into this thing. Will this be a big opportunity? I personally think it will be a reasonably big opportunity but it's all conjecture at this point in time, because going forward, you know as I have always maintained the heart and soul of any media organization is in the media that it is putting together. In our case, it is more news than entertainment, but the credible news, gathering the news etc., is where our heart and soul lies. Now if there is a value to be attributed irrespective of the platform served to the customer, the value has to be captured back with the person who's doing that. So that's the second part of your question.

On the first part of the question, look I think these are all coming in media, and Anshu Gupta has put down some statement, I am not aware of that. Anshu Gupta is no longer an employee, I mean he was a great employee, but the reality is these capital allocation, and I have explained that earlier, happens through our AFE platform, which is capital agnostic. Because what happens is, think of it as a barter trade, we take a stake in a company in lieu of the media that we are serving. Of course there are ways of doing it, it goes through a classical investment process whereby we buy that thing, but you know it is capital agnostic, because that same cash that is going for investment also comes back to company in the form of advertising. But what this helps the company to do is take long term bets on these new age businesses which can be multi-bagger and the value can then therefore come back to the shareholders. So don't worry about the capital allocation. I just hope like any of the classical investment business whereby 2-3 bets out of 10-20 will basically go out of the roof, and the balance might not fructify, but they'll be good enough to kind of go over this whole stuff. We are seeing that early signs and hopefully, in the next couple of years, there will be a disproportionate amount of value which will be generated for shareholders there. I hope I have been able to answer your question, Prakash.

Prakash Advani:

So yes, that's helpful. Just one clarification on that, I appreciate that you can give me qualitatively an appreciation of the scope but could you just give us a size that are we talking 100 crore investment at book value today and any appreciation or where the fair value sitting on this portfolio?

Piyush Gupta:

I can't. The numbers are higher than that. Okay, let me ask my colleague Anna to answer that question.

Anna Abraham:

We cannot give you individual investment-wise details but the accounts itself requires it to be fair valued at every balance sheet date, so the information is available in our balance sheets. We have in our calls also shared the overall number, individual investment-wise we will not be able to share with you, but the details are very much there in the public financials and it is at market value itself, because that is what the accounting standards also require us to do.

Prakash Advani:

Okay, thank you and the market value would be what number? I am sorry I have not seen it in the public domain. Is that number, which you said in the public domain, something that you can quantify on a group basis?

Piyush Gupta: On the group basis it will be north of 400-500 crores.

Prakash Advani: Thank you very much, sir, and I wish you a lot of good luck, I must say that this is great to see as a shareholder and you are thinking about platforms which could bring such incremental value to the shareholders. Thank you, sir, and good luck to you.

Piyush Gupta: Thanks for your wishes, Prakash. I wish you all the very best.

Moderator: Thank you. The next question is from Pawan Nahar. Pawan, you can unmute yourself and ask your question.

Pawan Nahar: Hi Piyush, just a clarification, in the last call you mentioned, AFE business portfolio for the group was about 1250 crores, which is equity and property. Right now, you mentioned 450 crores I think something's odd or did I hear it wrong?

Piyush Gupta: No, 1250 crores. I don't think I mentioned 1250 crores.

Pawan Nahar: In the last Call you did.

Piyush Gupta: No, Pawan. I am just racking my brain for last call. I think you were mixing the number of cash and AFE. AFE is in the ballpark of 450-500 that's what I said right now, which is the correct number.

Pawan Nahar: With property or without property?

Piyush Gupta: Everything put together.

Pawan Nahar: 450-500 for the group. Okay.

Piyush Gupta: 1250, if my memory serves me right, it was a number which looks like a cash number in March. So maybe you have kind of mistaken that.

Pawan Nahar: What is that cash number now?

Piyush Gupta: In the ballpark the number hasn't changed much.

Pawan Nahar: It hasn't dropped despite EBITDA loss this quarter?

Piyush Gupta: Must have dropped by 40-50 crores, but not much, I can absolutely tell you that.

Pawan Nahar: Piyush the other question, I have is you know, we have had a number of new initiatives and it's okay, some may work or not work. Recently we have HT labs have from which we have the OTTplay, prior to that we have seen HT Smartcast, prior to that we saw us entering into an LLP with a film producer. Today in the digital side I am seeing there is

some Mosaic Venture, and there is Shine learning. So can you please just give us like you know some thoughts, number one what is HT labs, number two, how much money are we burning in these new initiatives, number three, Shine learning as you call it, can you talk about these?

Piyush Gupta:

Yes that's a great question. Look I know it can be very confusing. But let me try to demystify it by giving you a structure around this whole stuff. HT labs as an initiative, that we embarked upon is about one and a half years old. Just think of it like an incubator whereby we are thinking as a media company, we've got a right to succeed in certain platforms, can we create those platforms or incubate those platforms, by having an in-house team and bringing those products to the market. We talked about OTTplay and various other things like that, those are the things that are coming out of HT labs. Just think of it as an incubator as a team of 20-30 professionals who are trying to make it work.

Now when you talk about Shine Learning, this is not a new business. Shine Learning is a business that we have been in, if my memory serves me right, at least for 8 to 10 years. It is classically in the space of education and online, selling various educational courses, globally think of Coursera and that's what we are trying to do here. Now, of course, you know, we are not thinking that we have created a marquee brand like Coursera, but that is the journey that we have been on to. Various other products that you said, are you know you mentioned the one whereby you know, we have created a joint venture with a producer and the whole idea will be, while we will have our OTTplay kind of a platform, can we participate in a very limited risk averse way in this whole value chain of motion pictures and not like really becoming a producer or a production house, but can we have a play and synergize that business with our existing business because all of these guys also do a lot of advertising on newspapers and Radio channels which we already have, can we also step into that shoes, in the first 20% of that value chain and create value. So as confusing as it might sound...

Anna Abraham:

And just to add, sorry, Mosaic media is just the legal entity name for VCCircle. We announced the acquisition last year. Mosaic is just the legal entity name of that business. Otherwise it's VCCircle.

Piyush Gupta:

That's VCCircle, Pawan.

Pawan Nahar:

So basically, movie venture has not taken off? I haven't seen anything.

Piyush Gupta:

Because what happened is, since last one and a half years production has gone down to zero, there is no movie getting produced because of the environment. We signed up a couple of script writers and a couple of directors and production houses and so on, so forth. Very initial on, we had to kind of stay where we were because of the pandemic but we have not made any major allocations in that, so all these businesses, no major capital allocation has been made at all.

- Pawan Nahar: So how will you do business if you don't allocate capital?
- Piyush Gupta: Unless the movie production business starts, what's the point of allocating capital, because no movies are getting produced at this point in time. As far as the incubator business is concerned, I told you it's a small outfit. We are not starving that of capital, all the capital that is required, we will go ahead. But that will never eat out hundreds and hundreds of crores, it will basically start with 10-20 crores capital allocation and churn out products which sit well with the HT portfolio.
- Pawan Nahar: But then, Piyush, HT Smartcast, I thought it was picking up. But now I can see that things are going the reverse way because I just see it once in a while how often things are getting updated. Now the only thing which I see getting regular content is the OTTplay.
- Anna Abraham: No, HT Smart Cast is doing very well and the entire podcast space we have a very high level of audience. A lot of these products are about first capturing the audience and then monetizing it and HT Smartcast in the entire podcast ecosystem, we are doing extremely well in terms of traffic.
- Pawan Nahar: No, these products look good or should I say a biased hope that they do good. But, again, without spending money, how would you do it?
- Piyush Gupta: I think this whole point that I made about spending money was on that content production and you generalized the point across. So on that particular thing we stopped the allocation of money because the production of movies stopped. Other things we are allocating whatever is the capital to be allocated as per the business plan. The point I was making is these things will never take hundreds of crores because the incubator never takes hundreds of crores. We have to create a product, we have to bring a team who will put together the product, and then we have to take the product to the market, and these things never take hundreds of crores. But the capital, whatever is required is being allocated to all these products.
- Pawan Nahar: And lastly, is there some regulation which allows you not to, I wonder, because I don't know of another Indian company where I cannot see where they have invested when I look at the annual report. There is not another company, which I know of. How do you manage to do that?
- Piyush Gupta: Well, we are not doing anything illegal; I mean you make it sound like we're doing anything illegal.
- Pawan Nahar: It's regulation right. There is no other Indian company, I know, which does not disclose where they have invested their money in the annual report.
- Anna Abraham: Pawan, we are a listed company. You know, we have to follow the accounting standards. Of course, we are regulatorily compliant in all ways.

- Pawan Nahar: I am sorry, but I don't know another company. Maybe you are doing...
- Anna Abraham: There are enough and more companies, including our competitors who do not give the details. The requirement under law is to disclose the details of subsidiaries, joint ventures, which we do. Any other investment also it's not that we don't have to disclose. We disclose with all adequate disclosure including of market value. We are not required to give the names of those companies when it is below a certain threshold. So it is under regulations. And I am sure there are enough people in the market who also can advise you about it.
- Pawan Nahar: Thank you. So the cash remains at 1000-1100 crores, right?
- Piyush Gupta: Yes, absolutely. Sankalp, are we done?
- Moderator: Piyush, we have a few follow ups if you want to take. But we are nearing the end of time.
- Piyush Gupta: Let's take the last question, Sankalp, because I have a subsequent meeting. Let's take the last question and then we'll move on.
- Moderator: The next question is from Chaitanya Motani. You can unmute yourself and ask your question.
- Chaitanya Motani: Hi, I am asking my second question, just a follow up. It's more of a suggestion and a question. So as I said, me and my family live in Bihar and we multi-generational customers of yours and during the pandemic we used the app to download the newspapers and then read it. I read the English one and my family reads the Hindi one. So the thing is that like my entire family is using mobile phones and so we are using all the websites. The Hindustan Times, the English app and the website, both are pretty good. But the Hindi app, it's pretty dull. It looks like some third class app and it doesn't look like an App which belongs to Hindustan Media. So are we doing something to develop it? Because if you see the website of HMVL, and HT Media, there's a very big difference between them. So are we doing something to change the graphics and all?
- Piyush Gupta: Yeah, well I am not aware of it, but Chaitanya, now that you pointed out, Sandeep, can I request you to take it to our marketing and our content production people. I think this is a very fair feedback coming from Chaitanya, and I think we should give the feedback. So Chaitanya, thank you for the feedback, I have taken it on board and we will take it to the right people. If it is looking that bad obviously coming from a customer, we absolutely value your input and we will do whatever is required. Thank you so much.
- Chaitanya Motani: I actually had one more question. This is just a follow up on couple of previous questions that someone asked. So you said that you're refinancing, using NCDs, your working capital, and someone asked why are you taking it when you have 1000 plus crores of cash. So what is the yield that you get on that cash?

Piyush Gupta: Well, last year, as we had disclosed our results, we on a debt investment that we made, we made a very handsome yield, which was in double digits, and this is without accounting for the tax benefit of it.

Chaitanya Motani: And what is the cost of the debt that we raised?

Piyush Gupta: Chaitanya, I don't want to go into these details, because the transcript will be available to my competition. If it gives a positive value to the shareholders through a positive accretion to the bottom line, that's the reason we do it.

Chaitanya Motani: Thank you so much.

Moderator: Thank you. With this, we come to the end of Q&A session. If you have any further questions, please reach out to Investor Relations team. Our contact details are given in the Investor Presentation, and are also mentioned on our website. I now hand over to Piyush for closing remarks.

Piyush Gupta: Thank you Sankalp, and thank you everyone for making this a very interactive session. Reflecting on the quarter, I am, as a person, very optimistic that you know the macro-economic situation will improve in the second quarter and you will see the early signs by the end of second quarter and third quarter, hopefully, will be profitable quarter. Beyond that, I see the business coming back with a vengeance with the pent-up demand really unfolding. You know, with the new initiatives across on which we had a hearty discussion with Pawan, I am very hopeful all these initiatives which also sitting in the right space as far as the market is concerned, will also give a disproportionate benefit to the business. The investment portfolio, as it matures, will definitely bring out bumper profits and returns for all shareholders and you know, with the support of all the shareholders, I believe that the scheme which is with the stock exchanges will go through and unlock more value. With that, I wish you all the best of health and wellness. Thank you so much for all your support and I look forward to seeing you in the next quarter's earnings call. Thank you so much.