



Earnings Webinar – Quarterly Results – Q2 FY'21

Transcript of earnings webinar on Q2 FY'21 results of
HT Media Limited
&
Hindustan Media Ventures Limited

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Note: This transcript has been edited to improve readability

Amit Madaan: Good morning, everyone. I am Amit Madaan from Investor Relations team, HT Media Group. I would like to welcome you all to Q2 FY2021 earnings webinar. Kindly note that all the participant line will be in 'Listen only' mode and there will be an opportunity for all to ask questions once the presentation concludes. I now invite Ms. Anna Abraham, Head - Investor Relations to take forward the webinar. Thank you, and over to you Anna.

Anna Abraham: Thank you Amit. Hello everyone. Welcome all of you to the earnings webinar of HT Media Group. This morning, we will be covering the results for the quarter ended September 30, 2020. On the call from our end are Mr. Piyush Gupta, Group CFO, Mr. Sandeep Gulati, CFO of Hindustan Media Ventures Ltd. and Mr Pervez Bajan, Group Controller and members of the Investor Relations team. We hope that you are all staying safe and healthy. Given the exceptional circumstances created by COVID, we are presenting the results to you from our respective homes, so please bear with us if there is any technical glitch. Kindly note that our remarks today will track with the presentation on the zoom webinar, which is also available on the Investor Relations section of our website. We will now start with our presentation.

Moving onto slide no. 2 of our presentation, before we get started on the contents, I would like to draw your attention to the disclaimer regarding forward looking statements, which is on your screens right now. Kindly keep it in mind as we proceed with our comments on the call.

Moving on to slide no. 3, as you can see, this is what we are proposing to cover today. We will start with the presentation with remarks by Piyush on our consolidated financial performance for the second quarter. Then we will move on to detailed remarks on our performance of our English and Hindi print and our Radio business. This will be followed by an update on the whistleblower complaint that we received a month or so back. After the remarks conclude, we will open for Q&A. During the Q&A, you may raise your hand using the option on your screen. With that, over to you, Piyush.

Piyush Gupta: Thank you, Anna and Good morning everyone. I hope everyone's remaining safe in these tough times. I'll quickly go into the table of contents which my colleague Anna has already articulated. So, jumping straight into slide no. 5, which is the consolidated financial summary. As we can see, in second quarter, total revenue tracked to Rs. 302 crores as opposed to Rs. 569 crores last year which is the degrowth of 47%. EBITDA came in at Rs. -16 crores vis-a-vis Rs. 69 crores last year. EBITDA margin came in at a -5%, PAT is at -41 crores and PAT margins at -13%. Net cash at the end of the quarter is Rs. 1,033 crores. If you look at the highlights on the left of the screen, EBITDA for second quarter is at -Rs 16 crores, margin at -5%. Operating EBITDA is higher by Rs. 38 crores vs. the first quarter. Net Cash improved by Rs. 27 crores in the first half of this fiscal year. Continued focus on cost controls measures and maintaining strong liquidity held the group in good stead.

If I may move to the next slide, now I come into the business unit performance. First on the print side, Ad revenues came to Rs. 162 crores as against Rs. 342 crores, a 52% degrowth. Circulation revenue however degrew by 34%.. Operating revenue as a consequence came to Rs.

225 crores and Operating EBITDA was at Rs. -4 crores with EBITDA margin at -2%. If you look at the commentary, continued pressure on ad deals and volumes continue, however sharp recovery sequentially has happened if you look at it vis-à-vis first quarter, but still far from the same period last year. Circulation revenue witnessed month-on-month improvement. Operating EBITDA is nearing break even on the back of cost control initiatives, which have been initiated by the company, on both direct and indirect costs.

If I may move forward and deep dive into English business, as you can see on slide no. 10, our Ad revenues in English business had a decline of 62%, came in at Rs. 76 crores vis-à-vis Rs. 203 crores. However, vis-à-vis the first quarter, ad revenues have nearly doubled with 112% growth. Circulation revenue on the other hand, which came in at Rs. 3 crores had 82% decline in the second quarter. If we look at the revenue drivers, softer ad yields and realization per copy have been one of the major reasons vis-a-vis last year. Both national and local advertising continues to be impacted on a y-o-y basis. However, we are witnessing a sequential improvement. Ad volume from categories likes auto, government, education, FMCG and real estate have shown early signs of improvement.

Moving forward, if I go to Hindi Business, Ad revenue came in at Rs. 86 crores, which had 38% y-o-y decline and circulation revenue came in at Rs. 41 crores, which is at 18% decline. Some of the key drivers have been softness in Ad and circulation revenue on y-o-y basis. However, realization per copy are higher than last year and it's a q-o-q improvement in Ad volume for most of the categories, led by auto, education, FMCG and retail.

If I may move forward to our radio business, the financial performance, the second quarter revenue came in that Rs. 15 crores vis-a-vis Rs. 48 crores, which is 68% y-o-y decline. Operating EBITDA was at Rs. -17 crores for the quarter. Ad yields and volumes are down as compared to last year though have improved over the last quarter and growth in inventory utilization has been witnessed on a sequential basis, but they are still far from the normalized time period before COVID.

If I may just go to the other matters, as most of you are aware, we have done Stock Exchange filing on a certain whistleblower complaint that we had received in August. This was alleging irregularities and potential misconduct in the radio business. Further to the preliminary investigations, we had appointed a reputed law firm, who engaged two leading accounting firms to undertake the investigation. A thorough investigation, including forensic analysis was conducted by the investigation team and the allegations were established to be correct, but it was concluded that the anomalous practice was limited only to a stream of revenue in the radio business which is called 'pure money', and impact of the same is overstatement in revenue for the various financial years as below. For FY 17-18 it was Rs. 5.2 crores, for FY 18-19 it was Rs. 6 crores, for FY 19-20 it was Rs. 22.6 crores. In the first half of this year, it's Rs. negative 1.3 crores, which means that utilization of that pre-billing has happened to the extent of Rs. 1.3 crores in this year.

As a consequence, the company has already revised the financial results of FY 19-20 for all the quarters. The prior period amounts, as they were not material, have been adjusted in the opening

retained earnings as of 1st April 2019. If I go to the next chart, chart no. 17, the total revenue has been restated downwards by Rs. 21 crores, EBITDA has been downstated by Rs. 7 crores. EBITDA margin comes at 16% and PAT comes at Rs. -345 crores, which is Rs. -127 crores variance vis-a-vis last year and PAT margin stood at -15%. On the right side, if you see the commentary, the revision has the impact of the investigation. Also, because we were opening the last year's results, as the Accounting Standards mandates, post balance sheet items after the balance sheet date, but before the signing have been incorporated. Therefore, all those effects have been taken in the March 2020 results. Financial impact of revenue restated is Rs 21 crores, EBITDA restated by Rs. 7 crores and PAT is down by Rs. 127 crores which is impairment analysis carried out as of 31st March with current information that we have till 31st September basis the accounting standard. With that, I come to the end of the presentation and I give it back to Anna. Thank you.

Moderator: Thank you, we will now begin the Q&A session. Participants may use the 'Raise Hand' option if they wish to ask a question. Please introduce yourself with your name along with the name of your organisation before asking your question. Also, may we request you to restrict to two questions per participant so that we may be able to address questions from all the participants. Now, we will wait a couple of seconds before the question queue assembles. The first question is from Yash R. Yash, please unmute yourself and ask your question.

Yash R.: Yeah. Hi, Good Morning. So, my question is with regards to the print business EBITDA. Now I can see the investor presentation saying that, it has been near break-even on the back of cost control initiatives. So, my question is what all costs have we targeted in the overheads and whether these are sustainable in the coming years?

Anna Abraham: Yash, we have pretty much looked at all cost lines of both direct and indirect cost for the print business. Significant component has come from raw material costs, given that there was a drop in PO during the extended lockdown period and we are still not completely back. However, we've also done a lot of productivity exercises across the group and in overheads, in infrastructure and all other lines as well, we have looked at it. To the extent of cost of raw materials etc., depending on how fast the volumes come back, there would be some change. On employee related expenses, some of the cost savings are linked to increment decisions, so to that extent it would not be sustainable. But pretty much about 50-55% of this component we think we should be able to sustain in the near term.

Yash R.: Any costs apart from newsprint material and the staff cost? If you can just highlight a few of those costs?

Anna Abraham: Yes. So employee cost and overheads. And overheads include all infrastructure-related technology costs, marketing costs and copybook building costs. In every single line item, there is a cost reduction.

Yash R.: Okay, thank you.

Moderator: A gentle reminder to all the participants who wish to ask a question me use 'Raise Hand' option on your screens to ask a question. The next question is from Sanjesh Jain. Please unmute yourself and ask your question.

Sanjesh Jain: Yes, thank you. Good morning, and thanks for the opportunity. One question on how has the Ad revenue been in this festive season now. How has been the recovery during this festive season?

Anna Abraham: Sanjesh, we are seeing a month-on-month improvement in Ad revenues and we are seeing pick up in some categories like FMCG, Retail and Auto etc. in the festive season. So, there is improvement, there is significant pickup and volumes during the festive period, but it's still not back to the earlier years.

Sanjesh Jain: Were print and radio more impacted than the TV ad revenue because TV players are already talking of minute decline over last year, but they are significantly recovered. Well, we still say that we are far from what we were last year. So structurally, we are down and it looks like our journey back to the peaks of pre-COVID or FY19, which was the peak for print and radio. Is the journey difficult to go there?

Anna Abraham: So, I'll just answer your TV question first. TV has a sizable dependency on FMCG as a category which contributes significant % of their advertising pool at any point of time, they have only three or four categories which actually contribute 75% and of which FMCG is the biggest segment. Therefore, as long as FMCG is doing well, TV will do relatively well. Therefore, that is the reason why you're seeing that TV is not as impacted as print. Print on the contrary has about 12 to 13 categories, which contribute to the advertising revenue which is also a strength, but in the current circumstances with such a pandemic impacting performance across industries, it is a lot of sectors which are not are not doing well and it's only two three sectors which are doing well. Radio has an additional impact of the fact that most of their customers are more in the MSME space while print has a lot of national players as well, so to that extent radio has been a little more impacted because that is the space which was in any way before COVID was also facing a little bit of problem given the slowdown in economic growth as well as financing issues that MSMEs are facing., I would also like to add that in Hindi, the volumes are almost back on print and the declines have significantly reduced. It's English which is facing a slightly bigger challenge.

Piyush Gupta: Let me just add on to what Anna said. When you compare with broadcast, one of the big differences in this quarter has been IPL as well, which has been a big revenue churn as far as the broadcast is concerned. So really to isolate the impact of the pandemic, we will have to look at the next quarters' performers to understand what has been the real impact because it is artificially impacted because of the broadcast. As Anna was pointing out, that in Hindi, volumes are nearly as much as they were in pre pandemic level, but the major dynamic which has happened is that yields are under pressure across Hindi & English and it looks like it will take some time to recover back to the pre pandemic level; which is contributing to the revenue shortfall across print and radio sectors. Radio, of course, is a very hyperlocal medium and directly linked to the MSME sector.

Sanjesh Jain: Thanks. Just one question I will talk about a listed player, who was negatively impacted from IPL, even they are talking of sharp recovery. And another question on the radio, if we look at the KPMG estimates, the advertisement for radio is noted around Rs. 17 billion. So, in FY22, radio revenue is equivalent to FY14 levels. Do you think the investment in radio will not yield the IRR we anticipated during the bidding of those stations? So how do you see radio as a medium from here?

Piyush Gupta: At this point in time, because we are undergoing the full impact of pandemic, it'll be very tough to call whether the assumptions which were there at the time of phase-3 investment will fructify or not. I still believe that, with the underpenetrated nature and hyperlocal nature, radio will have a significant role to play, but now that it has set back two or three years, it will definitely take some time. But we are very hopeful once radio recovers, we will be able to recoup our investment and most of the assumptions, but of course, it is delayed by two to three years.

Sanjesh Jain: Just one last question from my side. Where is the subscription vs. pre-COVID?

Piyush Gupta: You mean subscription in terms of copies?

Sanjesh Jain: Yeah, in terms of copies.

Piyush Gupta: So broadly. Let me just get the data. English is at about 50% on a y-o-y basis, whereas Hindi has recovered much better and is nearly at about 70%.

Anna Abraham: 80% right now. Yeah.

Piyush Gupta: As of date.

Sanjesh Jain: What is this 20% which we are missing?

Piyush Gupta: For newspapers, at least in the big three cities of Delhi, Bombay and Bangalore copies stopped going into a lot of household consequent to pandemic. Some of the compounds in these big cities have still not allowed entry of newspapers, which is why we are missing the sales. So, once those conditions are lifted, we believe the newspapers will start going back. There will be some permanent loss as some people might not take the newspapers back because of the health and safety issue. Hindi on the other hand, which has already come back to 80%, has shown much more resurgence. And we believe, in a couple of quarters English should come back to 80 to 90% level as well.

Sanjesh Jain: Got it, Thanks.

Anna Abraham: Thank you.

Moderator: Thank you. The next question is from Rahul. You please unmute yourself and ask your question.

- Rahul Nagnoor:** Yeah. Hi, good morning. Thank you for the opportunity. Given the cost of materials savings, would you like to break it up into PO and your rate?
- Anna Abraham:** We wouldn't want to get into that level because there will also be also pagination impact, it won't be just be PO. But rates, it is kind of maintained. Rates, we can give you on metric tonnage, that we have around Rs 34,000/ tonne at an overall level.
- Rahul Nagnoor:** 34,000 per metric tonne?
- Anna Abraham:** That's right, yes. At consol level.
- Moderator:** Thank you. The next question is from Satish. Please unmute yourself and ask your question.
- Satish:** Thanks for the opportunity. I want to follow up on the previous question asked. When you say COVID, what is the next step that we are going to take to go into online. So I came to know that HT media is in online business? Till now, what is the success percentage we are expecting and how far we are on that?
- Piyush Gupta:** Hi, good morning. As you would be aware, three years ago for the digital thing and this is much before the pandemic we had put our digital business in Digicontent Ltd., which is in the business of digital media, I'm happy to report, but that's not part of the group, that's our sister concern. But I'm happy to report that in the pandemic, when most of the things are getting digitalized much sooner than we had anticipated that business is showing a much more resurgence in terms of growth percentage. And HT Media is investing aggressively behind the digital properties. So, it's a very healthy growth which we are seeing in the digital part of the businesses.
- Satish:** Yeah, thanks for that. And one more question. Recently we got aware that some of the transactions are misleading. So, has everything been sorted out or going forward is it going to be sorted out?
- Piyush Gupta:** Everything has been sorted out. It was a very detailed investigation led by a leading law firm, along with the leading accounting firms, all the filings have been done to the stock exchanges. I presented on chart number 17 that all the restatements and all the revisions which are supposed to be taken to the FY 19-20 financials have already been conducted. This is the last of it. There is nothing coming out anytime soon. All of the investigation's results have been baked into the financials now.
- Satish:** Okay, thank you.
- Moderator:** Thank you. The next question is from Mehul Pathak. Please unmute yourself and ask your question.
- Mehul Pathak:** Good morning, HT Media team. For the last many quarters, it has been very difficult to understand what is happening in the subsidiaries, that is, other than HMVL and radio. Education, international and there has been consistent booking of losses in the subsidiaries. Now, how long

will this bleeding continue? What is happening at the business level in the subsidiaries and what is the board level thought in terms of future? Are they going to be sold off? Are there good businesses there that you are going to continue? Can you give some flavour of what is happening and any future plans there?

Piyush Gupta:

Apart from HMVL and radio which you have said that you have some visibility. Most of the businesses are at various levels of incubation. Now, there are not substantial investments which have gone behind these businesses, but businesses around content creation, businesses around international radio, these are some other businesses that HT Media has been incubating as a forward-looking revenue strategy. As one of your colleagues asked that print looks like to be under a bit of pressure. So, we've been on the journey of diversification. Now these businesses, the contents studio businesses, which we started about one and a half years ago, of course, have also been impacted a lot by COVID. But the whole point of putting that business was to go into a content platform, whereby on OTT, then various movie productions etc. HT can participate. Smartcast and the podcast are another such initiative, which has not taken a lot of capital, but is a forward looking business. So at this point in time, all I can tell you is that HT Media is various initiatives so that we can kick-start new revenue streams, which will start giving fruitful benefit back to the shareholders but at these times, most of them are subscale.

Anna Abraham:

Apart from the radio subsidiaries, which are Next Mediaworks and NRL, there are no major subsidiaries bringing losses to the consolidated results. Education business that you referred to has been significantly scaled down and it is hardly impacting any operating loss. HT Overseas, yes, there we had incubated a few new businesses and it does contribute a little bit to the loss, but it's marginal. In standalone, we've taken some impairment on account of historical investments and on future cash flows, etc. But otherwise, there are no subsidiaries apart from radio, which is generally contributing too much to the losses of the business.

Mehul Pathak:

A follow up question, Anna. Do these businesses have any market value and if they're unrelated, can we not sell them off?

Anna Abraham:

Yeah. Education business had been a focus area, and we had two businesses in that. Over time, of course, we have not done well and we have had taken similar decision. So we have scaled it down significantly and given whatever COVID impact has done on the operations, we may finally discontinue it. So that is where it is. In the overseas operations, yes, there is a potential future value, which can come in because couple of the businesses are in incubation business. Scaling up has taken a little bit of time in the new environment, but we are hopeful, and then there are also certain investments that we have done as part of strategic partnerships, which also we are holding. And while current the COVID related issues have led to some markdown in that, in long term we should get some money on that as well. The radio businesses you are anyway aware.

Mehul Pathak:

Thank you very much.

Moderator:

Thank you. The next question is from VP Rajesh. Your line is open. Please unmute yourself and ask your question.

VP Rajesh: Hi, good morning. Thanks for the opportunity. My question is regarding your advertisement revenues. So, the way you said that your circulation is back to 80% of the pre-COVID level, how would you describe your ad revenue in terms of percentage of pre-COVID levels?

Piyush Gupta: So, Rajesh. The 80% on a pre COVID level, I referred to, was on the Hindi publication, which is Hindustan, whereas the English publications are still at about 50%. The volumes have also recovered quite sharply as far as the Hindi is concerned. But as I was pointing out earlier, the big problem has been on the effective pricing because yields have been under pressure. As you can see the newspapers have been continuously rationalizing pagination, because there is not too much of advertising revenue at this point of time. But if KPMG report is to be believed, a swift recovery post the vaccine etc. might come through and then the economy kick starts more smartly. We believe this is another two quarters impact that you will see, more profoundly on English than on Hindi. But after that, we should start coming to a normalized level. Some of the categories like FMCG, auto etc. have already shown some kind of recovery in this festive season, we believe that will continue. But of course, then there are new norms around electric cars and various other regulatory things that the government is attempting. So, I think in the next two quarters, the COVID impact should come out and with the circulation going up smartly, we should start commanding certain yields which we were before the pre-COVID levels.

Anna Abraham: Overall, we will be at 60% of what we were, a little better than that. And Hindi, of course closer to 75%.

VP Rajesh: Okay, that's very helpful. My other question is, what is the trend you are seeing in this quarter given that we are already through the first two months? Any commentary around that in terms of the Ad revenue?

Anna Abraham: We typically don't share forward info. So, we'd like to just stay away from that at this point of time, I have given you a broad indicator as to where we are.

Piyush Gupta: Yeah. However, just to point out, I think in this quarter when you compare it on a y-o-y basis, there will be one festive season which will play slightly sharply for the third quarter when the results will be out, because last year the dates of Diwali were different from a quarterly perspective than this year.

VP Rajesh: Okay, Thank you.

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

Dharmesh Sangoi: Can you throw some light, update on this transaction which we had entered on Mosaic Media Acquisition?

Anna Abraham: We will be closing the transactions soon.

Dharmesh Sangoi: So, can you just throw some highlights on how it is going to help you in your performance and what will be the upside of this, some estimates, some ballpark?

Anna Abraham: At this point of time, I wouldn't want to get into that, but it is supposed to be synergic with our Mint business and the presence in the financial space. There is no cannibalization; it's an incremental stream of revenue. But with our sales capabilities along with their product capability, we believe that there will be potential of building it up. So, they have databases and they have subscription and they have event; those are the three critical elements of their business. Their product is very good, while we bring in capabilities of a large proportion, and that is where synergies are expected.

Dharmesh Sangoi: And what is the value of investment that we will be putting into the company, roughly Rs. 6 crores is what you have mentioned?

Anna Abraham: Yeah.

Dharmesh Sangoi: Okay, thank you.

Moderator: Thank you. The next question is from Sunil Jain. Please unmute yourself and ask your question.

Sunil Jain: Yeah. Good morning. My question relates to the digital business, you said that three years back you transferred the digital business to separate company. What is the growth path for digital business in this company and how we will be getting the benefit of our digital business? Will there be any revenue sharing agreement for the content business or something like that?

Piyush Gupta: If I may just give you a historical perspective, at the time of the transaction all the shareholders got a mirror shareholding in the digital company as well. So, that's how the value that digital company was shared with the shareholder. However, as far as this company is concerned, like various inorganic transactions, that you are saying we are talking about Mosaic Media, we are trying to look at various properties which have a synergistic impact with the existing properties and will drive value for the shareholders at the HT Media group. So, we are very clear that the digital has a good path. So, we will see what can happen in HT Media Group. As far as the DCL is concerned, we had already done the transaction two years ago, and all the shareholders got mirror shareholding. That's how the value sharing was done with the shareholders at that point.

Sunil Jain: So, the content which gets generated at the both the level or one generates and shares with other?

Anna Abraham: Yeah there is a content which is on the e-paper, which is largely the reproduction of print, and then there are the digital websites. HTML and HMVL have a content sharing arrangement with Digicontent Limited so that all the digital news can flow into print paper. So that's how the content arrangement works. Otherwise the digital news websites sits within the HTDSL legal entity, and the monetization gets done by them. But as Piyush mentioned, we have other initiatives in the digital space. Of course, the shine business still resides with HT Media. While it was impacted in the early months of COVID, is pretty much coming back to normal in terms of revenue. We also have a couple of other initiatives that we are doing both on the HT side and

HMVL side into new businesses which we are hoping to grow. And this is only the news side of things, which is currently with other entity. HT Media and Hindustan Media Ventures pay content fees to HTDSL because HTDSL generates digital first content which is used also in the newspaper by these properties.

Moderator:

Thank you. The next question is from Rushabh Sheth. You can unmute yourself and ask your question.

Rushabh Sheth:

Hi, this is a question on corporate governance. We have seen whistleblower complaint coming and of course the company has addressed that, but generally, I mean our sense always been that the company is not doing enough on the corporate governance side, in terms of capital allocation, in terms of the new investments that you're making in Mosaic. I think this is the problem that we always faced as investors that the company has never given a clarity in terms of what investments, what is the logic, what they are contributing and we have seen almost thousand crores being blown up in various initiatives over the last five to seven years by the company whereas none of it has been distributed to the investors. So, we are surprised that what is the board doing, and is the board going to do something about this or this is just going to continue like this, that the company will be keep making random investments in various properties which will not yield any results at the end of the day, the investors and shareholders are not getting any return from it. I mean, this is one of the companies which trades at significantly below the cash. I think it will be one of the few companies in the whole stock exchange which is trading maybe 50% or less than 50% of net cash on balance sheet and that's because of the poor corporate governance. And I just want to know what is the board doing to address this issue and this is a structural issue which has been plaguing the company for now many years.

Piyush Gupta:

Thanks for joining the call. Look you are using the word corporate governance very generically and you are linking it back to the capital allocation. I would just basically like to delink the question that you had in two parts. One is on the corporate governance which is related to this whistleblower complaint which came, which as you can clearly see the company has done everything in the right manner which had to be done to address this particular thing. Now that all the filings are done, we have already put it out in the public domain. As far as the capital allocation is concerned, I think we've discussed that in the past in person and on the calls as well.

The company has been for the longest time been seeing that the predominant revenue stream, which is the print revenues, has been under pressure and company has been trying new revenue streams. Now, you call that the company has been unlucky, or you can always say that the company has had a bad strategy or bad execution. Well, I would not concur with that Rs. 1000 crores number because when you say 1000 crores, you are also counting-in things like investment in Hindustan Media Ventures at that point in time, which was done before it went public but a lot of successful properties have been created. Look at Mint, I mean, this has happened in the last 8-10 years and it is still in the newspaper space. Radio happened, now radio for the last one to one and a half years, even before COVID, had some issues of their own. And I'm not talking about corporate governance, I'm saying about the slowing down in the MSME space post the ILFS and the DHFL that happened sometime in the middle of the last year. But there have been some good new revenue streams, which have been built. And, of course there have been ventures on the

education side which have not really performed. Shine still continues to be a challenge though it has broken-even in this particular quarter. You actually have to give this much to the company that the company is putting in small businesses and trying to see if they can scale up. Have we been very successful in most of them? The answer is No. But should we really give up these things, I think the answer still is a No. The 1000 crore number, I would seriously urge you to look at granularly, it's nowhere close to that number. I hope that answers your question.

Rushabh Sheth:

No, yeah, that answers the question. So, my point is that the amount of money you put into these ventures, at least some bit of that you could have distributed to the shareholders. Every time we raised this issue with you, you said the board will take a decision. I don't understand the board. The CEO of the company doesn't come on the call to kind of explain what the board is thinking and why the board is not increasing the dividends. I can't really understand this. This kind of fauces my mind that why can't the CEO come on the call. It's just once a quarter that the CEO needs to be on the call.

Piyush Gupta:

Rushabh, look, if there is any communication gap, we'd be more than happy to take it. If you wan't to have a chat with the CEO, I will definitely convey that back to him. As far as the dividend distribution is concerned, which you've discussed on many calls and many times, is something that the Board of course is briefed, as I've always been telling, and I can again take it. But if it's about having a conversation with the CEO, I'll definitely facilitate that.

Rushabh Sheth:

Yeah, please take it to the board and to the CEO that you know there is a serious issue on this, and at least we, as shareholders, want the board and the CEO to look into it, and I hope that at least some point of time you start addressing it. Thanks.

Piyush Gupta:

Sure, Have a great day and stay safe.

Moderator:

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

Anish Jobalia:

My question is on Hindi print side. You mentioned that the yields are under pressure, so would you be able to quantify how much of the yields are down vs normalized levels?

Anna Abraham:

That will be a little difficult for us to quantify.

Piyush Gupta:

I'd still like to add, yields have to be seen in context of the relative pricing of the competitors in a given market. So, for example, in a market like Patna, there is a certain competitive scenario but because you've got a pole position in that market, the yields have been reasonably well. However, given the political election, political advertising comes at a different yield. But most of the UP , local revenue has suffered much more because we are definitely not number one in those markets and when the yields come under pressure from the single biggest player, you have to react in the marketplace accordingly. So, depending on market, they have been in the pressure, but we wouldn't be able to give you one blended consolidated number. But yields across have been under some pressure, somewhere less somewhere more.

- Anish Jobalia:** Can I say it is the outcome of competitive pricing led by the largest players in those markets?
- Piyush Gupta:** Yeah, of course. If we are the largest player in Bihar & Patna, we have to have active participation in setting up the prices there. But in UP, it's the other way around.
- Anna Abraham:** It's also the demand supply situation. There are only two three sectors which are firing at this point of time. It's different from a scenario where the pages are running full and we will charge that extra for every additional square centimetre that you make us print. There is an environmental impact also. But based on our internal analysis, we believe that we are growing shares from a market value perspective when we have done our internal benchmarks. So, it's not that we are suffering on pricing vis-a-vis the competitors. It is just that the entire industry level is low and if at all, we have managed to improve our market share in that environment and we have not lost anything on the market share perspective. But the pie per se has reduced.
- Anish Jobalia:** Once the customer gets adjusted to the lower pricing, is it going to be a challenge to take it back to where it was. So, do you think that the industry is going to operate at lower yields going forward, over the next 2-3 years?
- Anna Abraham:** We don't believe so. Because print has always seen dynamic pricing and customers understand that. So, for example, during the Shraadh times for Print, it is lower pricing. During festive times, it is 2-3x of the average pricing. It is like how it is in airlines. So, there is an amount of dynamic pricing. So as volumes come back, as demand picks up, there will be a pickup in the pricing also.
- Anish Jobalia:** I think you mentioned that volumes are back to 100%.
- Anna Abraham:** That for certain categories and that is at lower pricing. So we don't have pricing power at this point. I'll also request my colleague Sandeep to add to it.
- Sandeep Gulati:** Yeah, just to add into it a couple of points. As Anna already called out, if you go back and think about overall value standpoint, we have gained both volume and value shares during the recent times, and that is visible from the results also as you can see all the published results, as far as Hindi is concerned. The other piece which you asked about, pricing, how the recovery is going to be, I think the way the whole industry has executed, not only us, has done in a little smarter way. It is not that the gross pricing has been brought down, the way the whole execution has happened was through some promotional schemes, not that the gross pricing has come down. So, I think path to recovery will be there and that's getting adjusted as we speak, and it's already on that path. So, if that helps answer a little bit better.
- Anish Jobalia:** Do you think that this industry has been set back in terms of yields for a couple of quarters, one or two partners, or at least eight quarters?
- Sandeep Gulati:** So, there will be pressure, clearly, and that's what we are seeing, and it's evolving every single day as we continue to move forward. Good news is when you start getting volumes back it just starts telling you that you are getting into a situation where you can take the recovery faster, so we'll have to see this over time. I wouldn't want to speculate whether it is going to happen in two

quarters or eight quarters. Let's just see and as we come back next quarter, we will update you which way it's going.

Anish Jobalia: Okay, thank you.

Moderator: Thank you. The next question is from Depesh Kashyap. Your line is open. Please unmute yourself and ask your question.

Depesh Kashyap: Hi, Good morning. Is there any update on the royalty fees negotiation that was going on with the music companies?

Piyush Gupta: At this point in time, there is no update on that.

Depesh Kashyap: By when do you expect a solution to come?

Piyush Gupta: Well, it would be a conjecture, if I do, I'll say the conversations are still going. If there'll be something, we will definitely let you know.

Depesh Kashyap: Did you see any comeback in the political or the government Ads during the Bihar elections because Bihar is your major market. So, did you see any come back in those Ads?

Piyush Gupta: Look, we definitely saw flip in Bihar elections, not as much as we would have liked but even the state governments in the elections, what we analysed in the trend, did not spend as much as they did in the elections five years ago. So was there a flip? Yes. Was it as much as it was five years ago? The answer is No.

Depesh Kashyap: Okay. And also there was a media article that the pagination during the festive season has increased multiple times for the Hindi medium, and especially the pages during the Diwali period were around 120+ in many of the leading papers. So, just want to understand, you've already talked that the Ad volumes are back to normal. But is there a growth y-o-y or just q-o-q improvement you are seeing?

Piyush Gupta: Look, I think the festive had a very big role to play as far as this quarter is concerned. I also picked up those 120 pages, etc. that some publications had run in some of their editions. Of course we didn't have 120 pages, but pagination is a mere factor of Ad and Edit, with Edit frozen at a certain columns, it depends upon what is the demand for the advertisement and that decides the pagination. It was of course better in the festive season, but after the festive season we've seen a sharp decline in that space, which is a normal trend which happens typically after Diwali.

Sandeep Gulati: And just to add. Yes, it is y-o-y reference, not q-o-q.

Depesh Kashyap: And is this true for both Hindi & English, or only Hindi?

Sandeep Gulati: English still has pressure. So, Hindi is where the recovery is the most.

- Depesh Kashyap:** Understood. Thank you, sir.
- Moderator:** Thank you. The next question is from Karun Gera. You can unmute yourself and ask your question.
- Karun Gera:** Hi, good morning. Just two quick questions which are follow ups. One you talked about, the newsprint prices have been around 34,000 per ton. How sustainable do you see them for the course of the year?
- Anna Abraham:** For the course of the year, we should be able to sustain it because we have reasonable visibility till the end of the year.
- Karun Gera:** Okay, so you're saying, by the end of the year, it will still remain at that same level. Right?
- Anna Abraham:** Or slightly lower.
- Karun Gera:** Lower. Okay, that's good, that's good news. And the second one was on the corporate governance that Piyush talked about. And when you go through the entire findings that have been put out by your partners, they're talking about the pre-billing happening in the radio space and I know that has been corrected and you guys have taken it up. Have we looked at it from the print point of view?
- Piyush Gupta:** Yes. So that's a great question. I mean when it first happened, we of course did a scan across the organization. We looked at it from a print point of view as well. And I am happy to say there are no such instances in any other part. Leave aside print, I mean, even in digital part there are no such instances. However, if you look at the management response to the report that we have put online, we are currently taking multiple steps and one of such steps is strengthening our revenue assurance exercise, which will further strengthen these areas. But it is totally localized to a certain revenue stream that too in the radio business which constitutes about 2-3% of the total consolidated revenue, but we are still taking stand to further strengthen our revenue assurance practices within the organization. And we are in conversation with our auditors as well.
- Karun Gera:** Fantastic. That's good to know. Thank you.
- Moderator:** Thank you. Next, we have a follow up from Dharmesh. Please unmute yourself and ask your question.
- Dharmesh Sangoi:** Just following up on Rushabh's question on the investments that company has made. Can you throw some light on Pune market which you invested some three years back? You invested heavily in Pune, then you invested very heavily in Mumbai, which were your upcoming two markets, apart from your North market. Other than that, I don't see any other markets where English is operating. So, what is happening in Pune and Mumbai, at least you have to throw some light?

Piyush Gupta:

Absolutely. Look Dharmesh I am not shying away from the question. I think I just sequence the question properly. I think Bombay we invested much ahead of Pune. Bombay investment happened somewhere in 2008 if my memory serves me right, the commercial production started in 2009. Pune, as you rightly said, is an investment which happened about three years ago. Now, Mumbai is a substantial investment, where we set up a print location and it's a full edition, and as you know, Mumbai is one of the biggest English print markets in the country. So, investment has been substantial and we've been playing second to our competitor there for the longest time with a clear intent to reach about 80 to 90% of the competition. Of course, I'm taking pandemic out of the question.

Pune, I would like to factually correct your question, we had not invested substantially at all. As a matter of fact, we did not set up any print location. We already had a sales office, which beefed up by four people and we had a local-added staff because we had to cover the city and that is all the investment that we had done, apart from the daily copies, which are going, which are not very substantial, the whole idea of starting Pune was that Mumbai and Pune are very contiguous places and you know there's a lot of revenue, which basically come for the twin cities, rather than Mumbai alone or Pune alone. The whole idea of having that sub-edition was to flank the Mumbai edition and serve the customers in Pune who also have interest in one leg in Mumbai.

Now, of course, we are not shying away from that investment. It's not a substantial investment which runs into multiple hundreds of crores or anywhere close to it. But has it given us the rightful impact at this point in time? Answer is No. And pandemic has definitely not helped. So, it is not a substantial investment, is the big point I'd like to make. But if it fructifies, Pune and Mumbai will be sold as a bundle, because there are a lot of people who are interested in the twin cities.

Dharmesh Sangoi:

So now, whatever investment in the form of losses or whatever you have invested, because your competitor is very strong in that market. What is the sort of investment you have put from 2008 to date in Mumbai & Pune?

Piyush Gupta:

For example, look, I think if you don't give out separate investment, but please understand if you break down the investment in Mumbai, it will be basically in two or three big buckets, one will obviously be the land that we had to take for creating your printing location and infra for office, etc. which I don't think gets vanished and which only goes up with time. The second is the loss funding that we have done, we've done loss funding for a brief period of two years, which was about three years ago, we had come down to a break-even number on our P&L as far as the operating EBITDA are concerned. But however, the last two years, we've had a bit of a challenge, our competitor has reacted very sharply in the city of Mumbai seeing what we are also seeing, so it's primarily the loss funding. Apart from that, all the investment which was in Land and Machinery which I don't think has gone down substantially at all. As a matter of fact, would have been appreciated, but we haven't taken any valuation report for that.

Dharmesh Sangoi:

Okay, Thank you.

Moderator:

Thank you. That was the last question for today. With this, we come to the end of Q&A session. If you have any further queries, please reach out to the Investor Relations team. Our contact details

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are given in the investor presentation and are also mentioned on our website. I now hand over the call to Piyush for closing remarks.

Piyush Gupta:

Thank you, ladies and gentlemen for making time. We are sorry we had to do it on a virtual platform because of COVID conditions. This is the third time that we are doing this in this template. We definitely hope to see you in person when we will be able to undertake some travel. I hope we have been able to answer most of your questions. If there are some of the questions that you might have, please feel free to reach out to Investor Relations team and we'll be more than happy to answer the same. With that I wish you the best of festive time and wishing you a very happy new year in advance. Look forward to seeing all of you in the next quarter. Thank you so much.