



HT Media Group Q3 FY22 Earnings Conference Call

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MANAGEMENT:

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

Amit Madaan: Good afternoon, everyone I am Amit Madaan from investor relations team HT Media group, I would like to welcome you all to the Q3 FY2022 earnings webinar.

Kindly note that all the participant lines will be in a listen only mode and there will be an opportunity for all, to ask questions, once the presentation concludes. Now, I hand over the call to Ms Anna Abraham, Head-Investor Relations. Thank you and over to you Anna.

Anna Abraham: Thank you, Amit, and welcome, everyone. Thank you for joining us today to discuss the HT Media Group's financial results for the third quarter of fiscal year 2022. Joining me on the call today is Mr. Piyush Gupta, Group CFO; Mr. Sandeep Gulati, CFO of Hindustan Media Ventures Limited; Mr. Pervez Bajan, Group Controller; and members of the Investor Relations team. Please note that our remarks will track the presentation on this Zoom webinar. This presentation, along with the financial statements, have been published on the stock exchanges and is also available on the Investor Relations section of our website. We are on Slide 2, which captures the disclaimer regarding forward-looking statements, which is on your screens right now. Kindly keep this in mind as we progress through the call today.

Moving on to Slide 3. The slide gives our Chairperson's comments on the performance of the company for the quarter and I quote, "The third quarter of this financial year saw a healthy performance in the media sector with an increase in our advertising spend especially during this festive season, which was much stronger than the previous years. The operating environment continued to show improvement. The impact of the revival of economic activity and the turnaround in advertiser sentiment is reflected in our business performance. Print, both English and Hindi publications, Radio and Digital have all recorded revenue growth both on annual as well as on a sequential basis. In our Print business, revenue growth has come from both robust advertising growth and better traction in circulation. Our Shine business continues to do well with an uptrend in recruitments. The company witnessed an improvement in operating profit margins in the quarter despite inflationary pressure on commodity prices.

The ongoing third wave of the coronavirus pandemic has reintroduced an element of uncertainty as different regions are enforcing calibrated restrictions to contain the spread. We continue to watch the situation closely and while there might be an impact on business, our expectation is that it will be limited."

On Slide 4, we have the agenda for today. We will begin with Piyush sharing his perspective on the performance for the quarter on a consolidated basis, followed by the businesswise performance. I now hand over the call to Piyush.

Piyush Gupta: Thank you, Anna. Good afternoon, everyone, and wishing you a very happy new year. I hope you and your family members are safe during this third wave of coronavirus. It gives us quite a lot of joy to present the third quarter results. As you can see on the webinar, we are looking at the consolidated financial summary.

The total revenue grew by 28% to INR 501 crores. Consolidated revenue growth y-o-y was 28% and was 14% sequentially, which is led by growth across all the business segments, as we shall be sharing with you shortly. Consolidated EBITDA, at INR 107 crores, which is INR 49 crores increase versus Q3 of FY'21. And the margins have come to a very robust level of 21%. EBITDA margin expansion happened despite an inflationary newsprint price environment, which we shall also be covering as we move forward in the presentation. PAT came in at INR 51 crores with a 10% margin. This is the highest in the last 14 quarters.

Now we just go into the business-wise performance. If you look at the Print performance, the ad revenue came to INR 323 crores, which is a 37% growth versus the period last year. Circulation revenue grew by 16% at INR 54 crores. Hence, the total operating EBITDA came at INR 396 crores versus INR 289 crores, which is a 37% growth. Operating EBITDA came at a very handsome INR 87 crores, which is a 3x improvement over the same period last year with an operating EBITDA margin at 22%.

This has happened because of a sharp increase in ad revenue driven by a strong festive season. And of course, there was a strong impetus of government advertising given the multitude of state election spending during the quarter. Circulation revenue growth on the back of recovery of copies in circulation and continued improvement in realization per copy has been witnessed in this quarter. Better operating EBITDA and margins are driven by top line growth primarily. If we just break it down into English and Hindi. This is our English Print business, as you can see the ad revenues, there's a growth of 47% at INR 176 crores on a y-o-y basis and 32% growth on a quarter-on-quarter basis.

On the right-hand side is circulation revenue, there's a quarter-on-quarter growth of 43% and a y-o-y growth of 129%. Therefore, the robust revenue recovery in nearly all advertising categories was witnessed, substantial growth in ad revenues as well as improvement in yields. Growth in circulation has been led by copies and strong pickup in realizations across various additions.

If we go to Hindi, on the top left-hand corner, you can see the ad revenues in Hindi on a quarter-on-quarter basis grew 30% to INR 148 crores; and on a y-o-y basis, a 26% growth. Circulation revenue on a quarter-on-quarter basis was reasonably flat at 2%; on a y-o-y basis, a marginal improvement of 5%. And the strong traction in ad revenues is due to the festive season, government revenues were also better. Categories such as FMCG, retail, BFS and e-commerce witnessed a strong tailwind. Circulation revenue growth continues to grow and with the focus on realizations. However, there was muted advertising from categories such as auto, education, medical, health and fitness.

Our Digital business in HT Media also had a robust y-o-y growth of 42%, with revenues coming at INR 36 crores as against INR 25 crores, and operating margin came to a breakeven level.

Last but not the least, happy to report that our Radio revenues also grew at 27% y-o-y. We would have it slightly higher but as you know, Radio has a lot of headwinds. But suffice to say, in this environment, Radio reported a positive EBITDA of INR 5 crores during the quarter.

So we come to the end of the presentation. We can now have the Q&A. Over to you, Anna.

Moderator: Thank you, we will now begin the Q&A session. To ask a question participant can use the raise hand option on Zoom. Before asking, please introduce yourself with your name and the name of your organization. Please restrict to two questions per participant, so that we're able to address questions from everyone, we will wait for a couple of seconds, while the question queue assembles.

The first question is from the line of Mr. Pawan Tarodia, Pawan, please unmute yourself and ask your question.

Pawan Tarodia: So my question is regarding HMVL. We noticed the top line has now reached like almost pre-COVID level to around INR 190 crores in HMVL. What is the expectation in current quarter for this is it going to be same or what is the trend in current quarter basis?

Piyush Gupta: Pawan, though we don't give forward-looking statements, but I'll request my colleague Sandeep Gulati to take that question, please.

Sandeep Gulati: Piyush already talked about that, we don't give forward-looking statements, but just wanted to say this quarter again, though started off well, , but now we are getting impacted by the COVID wave-3. It is pretty uncertain at this point of time, we are hoping that it will keep improving from here on. It will be difficult to comment further on that it started well but a little uncertain at this point of time.

Piyush Gupta: I think what Sandeep is clearly articulating is that we started on a strong footing, but the external uncertainties are beyond us. We are hoping for the best, and that's I think where we will leave today.

Pawan Tarodia: Okay. And what is the expected impact of newsprint prices? I think that is also touching around \$700 now. So what is the expectation in current quarter for that part?

Piyush Gupta: Sandeep, would you like to take that?

Sandeep Gulati: Yes. The newsprint prices continue to remain strong and, the spot prices are increasing even further beyond this also. So that headwind is still there for us, and we expect that this will remain like that for a few more quarters before it starts settling down. That's the kind of expected trajectory we are seeing. It will remain strong for the next couple of quarters, at least it looks like.

Pawan Tarodia: Okay. And what about the plans for better utilization of cash as for last 2-3 quarters, we have seen it is not performing well in this low interest rate scenario?

Piyush Gupta: It's not exactly been bad if you look at the last 2-3 quarters and look at the cash number that we had published in the balance sheet. I don't think it's a bad deal, but I will request my colleague Anna to respond to that question.

Anna Abraham: The impact on cash is also led by the fact that business has taken some cash in the first part of this year. And it's only in quarter 3 that we have seen some sensitivity on the return given the highly volatile environment right now. So that is a result of volatility and it's expected to hopefully settle in another month when there is more clarity on the monetary policies both by the Fed as well as by the RBI. Otherwise, it's been a fairly healthy return for this year as well.

Last year, of course, it was an unusually high return given the various rate actions and the movements that were happening. But in this year too, the first half has been very good. Quarter 3, there has been some softness led by volatility. And the drop in overall cash is little and is more on account of the utilization business is taking.

Moderator: The next question is from Anish Jobalia.

Anish Jobalia: My question is the recovery that you have seen in the Hindi business, so is it possible for you to give some more breakdown around how has been the volume growth and how has been the yield changes in this quarter versus the pre COVID quarter of Q3 FY '20 or, I mean, any comparable quarter that you can share?

Piyush Gupta: Let me give you a high-level perspective on the volumes. As we've been maintaining the volumes since our historical low last year, now has been on a gradual increase. As far as Hindi is concerned, we are now close to more than 90% depending on market-by-market edition by edition. If we look at the volumes, the volumes growth has been slow and steady but has reached a critical level. Yields there is some susceptibility, of course, because when the markets are coming down from a historical low, obviously, yield action will take some time to go through this thing. For more details, I can request Sandeep to basically share some details of the numbers with you.

Sandeep Gulati: The only thing I will just add more into that is, Anish, that of course, you have seen that we had a good recovery on the revenue side, and that's largely driven by volumes. Yield is still under pressure, so the rates if you want to think it through. But good news is that gradual recovery continues, and we have reached a pretty good state. Again, it's hard to give exact numbers here because it just keeps moving between quarters, but it's still not completely recovered from that standpoint. And we had to operate with the discounts to continue to recover our overall business.

Anish Jobalia: Sir, I mean, sequentially, is there any improvement.

Sandeep Gulati: Yes, sequentially, so it's improving, but it's gradual. It's not sharp. That's the only comment I would make.

Anish Jobalia: So at one point of time, we had a yield decline of 20%?

Sandeep Gulati: Yes.

Anish Jobalia: So does this continue or this gap is now narrowed down?

Sandeep Gulati: The gap is narrowing now. So that's the way I would look at it. Exactly, wouldn't comment on that one. But the only thing I can directionally say that it is improving.

Anish Jobalia: If we look at the Q3 FY'20, I mean we did around like consolidated revenue of 208, right, so versus we did 200, I mean, as published in the results. So if we are having a decline of yields versus the pre COVID, right, because we are comparing it with pre COVID, the yield decline because after that only started happening. So can you be saying that then there is a volume growth of 15-20% over FY '20.

Sandeep Gulati: Yes, you're right. So volume growth is pretty robust versus 19-20. And that's what gives us the confidence that the business is recovering well. And that's why gradually also it's helping us move the pricing table in the direction.

Anish Jobalia: Would you now like to accept that the yields are now going to remain at lower levels? I mean because, volume multiplier realization is already reached where we wanted. So even the advertisers might now be looking like it's difficult to increase the yield once it's taken down, right? So like now, is it right to expect that now yield recovery won't happen, I mean, going forward and everything will be volume-driven growth? And how do you see this in the FY '23? Because now we have 2 quarters of without lockdown, and lockdown has been like the major impact on the overall Print business overall, right, so that's been the major reason. So now we have seen 2 good quarters without much impact of lockdown. I mean you mentioned Q4 being there, but Q3, Q2 was not there. So how are you seeing going forward now? Because I think the lockdowns impact is going to only reduce gradually, to keep on reduced sequentially going forward.

Anna Abraham: Anish, I was just going to add saying that it's not really just lockdown, it's a question of the general sentiments out there in the market when it comes to advertising spend. Lockdown has more of an impact on the circulation as opposed to the advertising in terms of operational constraints. When it comes to advertising revenue, it's more driven by the market sentiment that is perceived by the advertisers. Obviously, when such an event happens, the consumption-led spends tend to reduce, and therefore, the advertising tend to reduce. But as Sandeep said, it's difficult for anybody to predict what will happen because we really don't know how long all these problems will take time to settle. But we are consistently seeing improvement in volumes, and we are also seeing improvement in pricing. Of course, it is not to the extent and the speed at which we

would like to see. But as and when volumes come back, we believe that pricing power will increase. So difficult to predict, but it should be on that continued improvement because that's what we've been seeing on a sequential basis all throughout.

Moderator: Could I request you to return back in the queue? The next question is from Nikunj Thumar.

Nikunj Thumar So I just want to know the expansion plan of the printing in the newspaper business. Right now, we are only present in the couple of states in the North India side. Do we have any expansion plan of that? And then how company going forward will focus on digital things like apart from the traditional news printing business?

Piyush Gupta: Nikunj, so first of all, on the expansion plan, I think there is no massive expansion plan. This question we had discussed last time as well. But selectively in the markets where we feel there is a certain demand, we will definitely look at those markets and explore the market. But launching traditional newspaper in this market scenario is not beneficial as the cost benefit analysis doesn't add up. So there are no big expansion plans but we keep on evaluating niches, where there might be pockets of revenue sitting there.

As far as the Digital business is concerned, that has been the focus for the company for the last 3 to 4 years. And as shown in the segment report, the digital business has done exceedingly well. And apart from that, if you remember that we had created a separate digital company by carving it out of HT Media some 3 years ago. And that company itself continues to grow very handsomely. Of course, there are digital businesses sitting in HT Media which are covered in the digital segment of HT Media results as well, and we continue to keep on focusing on the digital businesses because that's where a lot of growth is coming for the last many years. And of course, COVID has only accelerated that.

Nikunj Thumar: One last question. So I can see there are a couple of investments as well there from the HMLV like OYO and MobiKwik. So in future, do we have also planned to invest in some start-ups like this? Or how sure you are on those investments, like when you will start getting the returns from that?

Piyush Gupta: I have always articulated, most of these investments are under our AFE platform, from that perspective these are cashless investments. These are given against ads, so there are 2 benefits. One, of course, these become our permanent customers for a long time and second is that we are taking position in the new age growth companies with a clear expectation of a certain IRR. Now the question whether how soon can we expect returns is a million dollar question. India has churned out 43 unicorns last year, some of them have gone IPO and most IPOs are not doing well. I think that really is a very speculative question, and I will not go down that road. But our investment portfolio so far has done reasonably well, and we will be on lookout of great opportunities as and when they present themselves to us.

Moderator: The next question is from Tushar Sarda.

Tushar Sarda: Yes. Mine is just a bookkeeping question on Slide 9.

Given on Slide 9 you have given ad revenue for Q3 '22 as INR 323 crores and circulation revenue is INR 54 crores. Your operating revenue has shown is INR 396 crores. So what is the difference?

Anna Abraham: Yes, there will be other streams of revenue like we have job work. There will be other operating revenue that we get from scrap sales and other incidental income. All of that together add up to the operating revenue.

Tushar Sarda: And this operating EBITDA is excluding the income on investments, right?

Anna Abraham: Yes.

Tushar Sarda: Okay. I just wanted this clarification.

Moderator: The next question is from Rahul. Since there is no response, we'll move to the next participant. The next question is from Yash.

Yash R: It is with regards to the ad revenue. You mentioned that volume is at around about 90% of pre COVID levels. Am I right?

Piyush Gupta: Yes.

Yash R: Okay. This was for English or is it for both?

Piyush Gupta: I gave you a blended number. So yes, if you go market by market, there are certain markets where the ad volumes are actually 100% of pre COVID level, certain market where it is about 80%. So I gave you a blended number of 90%. If you'll have to look at in the Hindi and English parts and then market to market.

Yash R: Okay. And yield, like you said, is 15% higher than pre COVID over Q3 FY '20. So that is also a blended number, right?

Piyush Gupta: No, we never said it's higher. We said it's lower.

Yash R: Sorry. I'm sorry, yield is lower, okay

Piyush Gupta: Yes. So basically, what I'm saying is, yields are still not at a pre pandemic level. And yield is a big challenge in spite of the fact that the volumes have really built to 90-95%, in some cases, back to a 100% level. But going forward, you know how they will correct, we were just answering to the participant earlier that it will only gradually

increase because in a market which is coming back from such a low, it's a very tough journey to take pricing actions and that pricing power will come slowly and gradually.

Yash R Yield will continue to remain under pressure is what you're saying?

Piyush Gupta: Yes.

Yash R: Okay. Now I can see in the investor presentation that it has mentioned that there has been increase in the realization per copy. So is that on account of cover price increase was done during the quarter?

Piyush Gupta: Yes, it is basically both cover price and subscription price that we have taken across markets.

Yash R: So that was across English and language for HMVL as well.

Piyush Gupta: Not exactly across all markets, but absolutely, yes, across English and Hindi, but we have taken selectively in markets depending on the competitive actions.

Yash R: Any percentage that you've done?

Piyush Gupta: I won't know that number, but it depends upon the market dynamics, I won't have that number for you.

Yash R: Okay. And you've mentioned copies have increased as well, right, the circulation?

Piyush Gupta: Yes.

Yash R: Where are we now in terms of percentage of pre COVID level?

Piyush Gupta: You have to go market by market, on Hindi, if we look at the copies, I think the copies are pretty close to the pre COVID levels. But on English, I think we are still close to about 75 to 80%.

Yash R: Okay. And where are we in the newsprint cost, the cost for the quarter?

Anna Abraham: Around 45,000, yes.

Yash R: 45,000. We, of course, expect any increase in the coming quarters, I mean, depending on?

Anna Abraham: We are expecting an increase, but it may not be a substantial increase because we still have some inventory which we are holding, for which is cost is lower. But the purchase rate is high, so in the year to come, we will see that impact.

- Yash R: And this 45,000 is a blended cost of imported and domestic as well.
- Anna Abraham: That's correct.
- Moderator: The next question is from Tushar Sarda.
- Tushar Sarda: I wanted to know, there is this scheme of arrangement which is pending. So what is the status? And does the ratio remain the same as the original one?
- Piyush Gupta: Yes Tushar, the scheme of arrangement is with both Delhi NCLT and Mumbai NCLT. The ratio remains the same, which was developed after the valuation of all the companies participating in the scheme of arrangement. Depending on the NCLT's pronouncement as and when the meetings happen, the scheme will go ahead.
- Tushar Sarda: Okay. Because if I'm looking at the price of this company's Digicontent and Next Mediaworks, then the ratio looks not in favour of shareholders of those companies. So why is the market price not in sync?
- Piyush Gupta: I think that's the classical dichotomy which in the earlier calls also we had articulated because the only comparison that generally most of the investors do is to the market prices. Of course, markets are rational, but they are not currently factoring in. So if you go to the scheme document on the NSE website or the BSE website, the rationale behind these schemes are multi-fold. The customer behaviour which has changed, they want a bundled product, to clean up the capital structure and get various synergies are driving this whole arrangement. Now of course, some of these companies are not as widely traded, and hence, the market price is not truly reflecting whereas market is discounting some other companies. So this valuation was done not just on trading prices but also an intrinsic value and the DCF factors depending on their earning capacity and also net asset method. I really can't comment on market prices, but I would presume that eventually the market prices should converge. But this scheme is very good for all the shareholders who would like to participate in the journey, whereby we as HT Media Group are able to take a joint proposition to the advertisers.
- Tushar Sarda: No, I understand before you announce the scheme, the prices could divert. But once the scheme has announced the price, you should have been more in sync. There's any other reason? I have one more question. The networth of HT Media is in excess of INR 2,000 crores. It's a very cash-rich company, but market cap is only INR 700 crores. So what is the management doing to unlock the value? Or are you happy with this kind of market cap?
- Piyush Gupta: No, we are absolutely not happy with this current kind of market cap. If you look B2B price to book or price to earnings, of course, it's very dismal. One of the reasons that we are bringing this scheme together is also to address this whole piece. But various other revenue streams that we are trying to kick start, like I spoke about Digital, we also tried something in the cricket stream at a certain proposition or a business value that we did.

All those things are taking some time, but obviously, are we happy with the market share, we are not. What would we do? We will allocate capital in the best possible sustainable manner for value creation for all shareholders, majority and minority. But really, the other trend which we have seen, all the listed publication companies have been de-rated by the market over the last few years very sharply. Now that is very unfortunate given the healthy results that we have seen even this quarter. But the other fact also is that the COVID had impacted all the publication companies in a very sharp manner. I hope that the market prices correct themselves in the mid to long term, and we are taking whatever actions we can to the best of our ability.

Tushar Sarada: I don't know if you read about this New York Times reinvented itself, and now they have a fairly strong digital content. And the market cap has multi-fold over the last 5-7 years. I think it may be a good case study for you to look at and see how shareholder value gets created.

Piyush Gupta: Absolutely, you're right. As a matter of fact, we are in touch with New York Times on a pretty regular basis. New York Times team has basically visited us in India, and we have gone over those case studies. And that was one of the reasons, we had crafted out Digicontent Limited, and as you can see, the business performance DCL results came two days before yesterday, you would have seen the growth in the business. So we are trying to create shareholder value, but the value will get created across multiple counters. Now we are trying to clean up the capital structure therefore, I think that in the mid to long term, the shareholders will definitely get a value with the business performance that we turn out.

Moderator: The next question is from Mr. Mohit Kumra.

Mohit Kumra: So I have 2 questions. The first one is that your holding in OYO, MobiKwik etc. Whatever holdings you have, do you plan to be a seller during the IPO? Or do you plan to hold on to these strategic long term- investments or strategic/long term?

Piyush Gupta: It depends upon the IPO, the timing and the valuation. And right now, everyone is relooking at their IPO or the go-to-market strategy in terms of fundraising. But we definitely plan to monetize. Now whether we will use IPO as the window or post IPO remains to be seen, but we don't want to hold these for the long term, and we will look at a strategic exit wherever we can find one.

Mohit Kumra: Okay. That was a very clear answer. But my second question is that in the last couple of meetings, you have been mentioning this, I'm specifically talking in terms of Hindustan Media Ventures, as a shareholder of Hindustan Media Ventures. You have been mentioning this corporate reorganization. And it seems to imply that once this is done in a quarter or 2 quarters or 3 quarters, whenever the time takes, there will be some significant action from your management in terms of return of excess cash, and this is I'm speculating a little. But am I thinking in the right direction? Is this where the management is thinking Part A and Part B? You also made a very, very aggressive bid

for some IPL team at maybe INR 4100 crores or something, which is the amount of cash you have. So which direction are you looking at? Because holding cash in treasury and then discussing what returns the treasury is giving is not the best form, you would agree, right?

Piyush Gupta: On the first part of your question, where you said that we've been indicating certain reorganization at the HMVL level, I don't think we've ever said that. Even the scheme of arrangement, which is currently with NCLT is at an HTML level, not at HMVL level. What we've been indicating is to clean up the capital structure and to have a joint offering to the customer. We are trying to integrate Next Mediaworks, HT Media and Digicontent Limited. HMVL is on the side. So that's point number one. What was the second point?

Mohit: My second point is that in the bigger scheme of things, are you looking at utilizing cash in some way because you made a very aggressive bid for cricket team, which you did not win?

Piyush Gupta: Yes, which we did not win. On the capital allocation, we don't want to hold cash to eternity. We obviously want to deploy for a long sustainable value creation, as I said earlier. Now whether that will come from IPL or organic routes. whereby one of the earlier participants was also asking about the expansion of printing facilities or deploying that money in digital is something that the Board always discusses. We will do whatever will give the best value to all shareholders on a sustainable basis. That's all I can say, unfortunately, at this stage.

Moderator: The next question is from Kunal Gera.

Kunal Gera: You talked about auto being muted for you in the quarter. Is that related to the chip shortage anyway?

Piyush Gupta: That is one of the reasons. The second reason is that a lot of auto launches have been postponed by the OEMs. So that's the second reason.

Kunal Gera: Historically, how much has auto been contributing as a percentage to get an understanding and how much did it contribute last quarter for us to get an understanding of how much has been the impact?

Piyush Gupta: Anna, would you like to take that?

Anna Abraham: We can't share an exact percentage, but typically it is in the top 5 category of advertisers for us.

Kunal Gera: Okay. And how did it feature in this?

- Anna Abraham: It has been a negative growth.
- Kunal Gera: I understand the top 5 or it's actually slipped down the pull?
- Anna Abraham: It will be in the top 5 still.
- Piyush Gupta: It did not fall off the place, if that's the answer. I think in the top 5, because of the impending state election, the government did a lot of campaigning etc. So autos, because of the inherent problem, if not in the 5, I mean it would have come to a 6 or 7, but we've not seen it like that. But it's not like totally fallen off the cliff or gone away.
- Kunal Gera: And how long do you see this challenge remain?
- Piyush Gupta: Well, the government is trying to get manufactured chips now and god knows they'll be able to do this. I think one thing to understand is that advertising is a derived demand business. It depends upon the state of the underlying companies who are taking a campaign to the market. Now autos have had a certain headwind in the last 2 quarters. Actually, sometimes A category fires, sometimes B category fires So this auto will keep on changing, but let's see where it goes. But auto, I believe, as long as India auto penetration is what it is, now it might change to EV, it might change to various other forms. But I think as long as India is underpenetrated in autos and autos will sell, I think their campaigns will definitely come. But of course, they have to tide over their own companies also.
- Moderator: The next question is from Amit Mehendale.
- Amit Mehendale: I just wanted to understand what is the value of some of these OYO, MobiKwik, that kind of the stake that we are holding. Can you articulate some number that at the current market value you can value?
- Piyush Gupta: I can't give you the value. But as a principle of our investment, we don't take substantial stakes in any of these companies as one of the guiding principles is there for the marketing spend within our company. And these are mark-to-market basis whatever our other prevailing prices.
- But from our balance sheet point of view, these are substantial investments, and we would definitely look at monetizing them whenever the opportunity presents itself. Right now, for the last 1 month, of course, the wind has blown in a different direction. But given some of these companies have a very successful business model and the COVID is also a transitory thing, we believe that we will be able to monetize them very healthily. Some part of that in the past we have also monetized, and those numbers have already flown into the financials.
- Amit Mehendale: Right. Maybe you can articulate value of the unlisted book asset, some directional number, like, say, INR 300 crores some number, direction number.

- Piyush Gupta: At a program level, it will be more than that. I don't want to give the numbers because this is an open public call, but it will be definitely more than that.
- Moderator: Next, we have a follow-up from Anish Jobalia.
- Anish Jobalia: Sir, I want to dissect your Hindi advertising numbers a bit better. So INR 148 crores we did in this quarter. So how much would be the impact of the state election and this also being a festive quarter? So I just want to understand the impact of these 2 on our advertising revenues in this quarter.
- Anna Abraham: , we won't be able to give you such level of details, I'm sorry.
- Anish Jobalia: Okay. And secondly, but directionally also, is it possible for you to us to help us to understand?
- Anna Abraham: No, we can't give you a breakup but as we mentioned, we had a good festive this quarter better than the festive last year. So festive has also contributed. Government spending has also contributed.
- Anish Jobalia: Secondly, coming to the Radio, so we have obviously seen a very good recovery in the industry as well as for HT. So I just want to understand for us like, I understand you have mentioned the presentation that sales volume recovery. But is there any improvement in the yields also seen on the Radio side? What are your thoughts?
- Piyush Gupta: It's a very tough journey, my friend. As I said in the presentation, Radio yields are in the down space right now. We as a company are making the effort. The industry itself is making an effort. But again, what happened in the second week of January and again the demand softened a little bit, is not helping that journey. So Radio yields will take some time, for sure.
- Moderator: Next, we have a follow-up from Tushar Sarda.
- Tushar Sarda The Digicontent is your subsidiary, right? And that's a digital content. So how do you consolidate because Digicontent Q3 revenue is INR 87 crores.
- Piyush Gupta: Tushar, just a factual correction. Digicontent is not a subsidiary. It's a parallel company to HT Media. And if you remember, the scheme of arrangement, shareholders of HT Media were issued shares in Digicontent and the company was listed 3 years ago. It's not a subsidiary.
- Anna Abraham: So it's not consolidated. The results are not consolidated.
- Tushar Sarda So it's held by your parent company. Okay. Okay. I made a mistake, sorry. Okay. I have a follow-up on my previous discussion. What is your 3- to 5-year target for turnover,

EBITDA, ROC, ROE kind of thing? Because creating shareholder value is important. And if you can give a road path, road map as to how that will happen, it will help all of us understand your future better. And HT Media is very strong. Mint is my favourite newspaper, but still the value is not there.

Piyush Gupta:

In these times, as they say, looking out into the future is a fool's game, but you can call me a fool after the call, but that's beside the point. 2 or 3 big trends that we've been seeing not now but for the last 3 years, and we've been trying to act on that. What is the first big trend? The first big trend is we are still extremely profitable and a cash-rich company. Hence, there's capital, and we want to deploy that capital effectively to create long-term sustainable revenue streams. Hence Digicent Limited happened. We also bid for a certain acquisition, which obviously did not happen. And we are looking at some more things, which is the Board's prerogative. That's trend number one.

Trend number two, clearly, we know for a fact that from a market perspective, most of the publications stock prices have been run down in the market because the market is basically at this point in time not seeing a long-term value in this whole bit. Now our share price is no exception to that. And our share price has also gone down. As I said, it's currently trading less than the book value. As a matter of fact, it's trading less than the cash which is sitting on the balance sheet, and we are totally cognizant of that. What are we doing? Of course, we have our internal plans and we are looking at various ways. So if you look at the unallocated section of HMVL segment reporting, there are some new products that we are trying to bring in the market through our labs. These are currently in incubation stage. We hope that pretty soon, as a matter of fact, next year, they should be put out in the market, and they should then go from strength to strength. But these are all the incubations that we had started about 1.5 years back. And of course, it takes its own time to kind of go to the market. The investment business, we've already spoken to you about, were looking at various opportunities wherever we as a media house can get good investment positions to drive long-term value. And that program has been running very successfully, and we have also monetized quite a lot of assets. Now those are things we draw up our business plans. We obviously are not putting them out in the public domain. But would we like to draw a return on capital employed of anywhere north of 12% to 15% absolutely is the intent. Are we able to do that right now? Absolutely not. Are we taking actions to kind of tide over the situation, yes, but it's only time will tell. And as I said, we are a pretty ambitious company. We are reasonably strong balance sheet. So we just hope that some of these things that we are trying to do can drive value creation for the shareholders over the mid- to long term. I hope I've answered that question. You could discount that by 100% also if you want because future is the mugs paradise, right?

Tushar Sarda:

No, no, but some numbers would help.

Piyush Gupta:

I said the aspirational number is the ROCE of 12-15%. Now you can do the back math from ROCE.

Tushar Sarda: Okay. Next Media consolidated?

Piyush Gupta: Next Media is consolidated in HT Media.

Tushar Sarda: Yes. And that is a radio business?

Piyush Gupta: Yes, please.

Tushar Sarda: So how does that happen? Because that turnover quarterly is INR 8 crores, and here you are showing some INR 27 crores. So pardon me because I'm looking at HT Media after a long time.

Piyush Gupta: No, no, no problem. I don't know what numbers you are looking, but let me just clarify. There are 2 brands, our Radio business is sitting in Next Media, which is only the 7 stations of Next Media, which is a separate listed company. And a lot of radio business is also sitting in HT Media, which is the Fever-104, right, when we participated in the Phase 2 auction of the government of India. So I don't know which numbers you are looking for, but the Radio business actually goes across 2 legal entities.

Anna Abraham: Actually across 3 legal entities.

Piyush Gupta: 3 legal entities.

Tushar Sarda: Okay. I'll have a detailed look because I didn't get much time before.

Piyush Gupta: You can always drop an e-mail to us, and we will be more than happy to answer your question.

Moderator: Since there are no further questions in the queue, 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 the call to Piyush for closing remarks.

Piyush Gupta: Thanks Sankalp. Dear shareholders, Happy New Year once again. Stay safe, and thanks for participating in the call. A very constructive conversation, it also gives us the opportunity to take feedback from the shareholders. And some of you give us very astute feedback and we will be carrying that home. The only point that I'd like to make is, as a company, we are trying to do various things. Now some will work, some will not work. But as this quarter's results have demonstrated that if we have a little less of headwinds or a little more of tailwinds, there's a lot of operating leverage which can be brought to bear, which will indeed drive shareholder value over mid to long term. With that, I wish you all the very best, and thank you once again for participating, and have a great day.

Note: This transcript has been edited for readability and does not purport to be a verbatim record of the proceedings.