

## HT Media Group Q1 FY24 Earnings Conference Call

**July 28, 2023**

**Management:**

- Mr. Piyush Gupta – Group CFO**
- Mr. Pervez Bajan – Group Controller**
- Ms. Anna Abraham – Head, Investor Relations**

Aaditya Mulani:

Good afternoon, ladies and gentlemen. This is Aaditya Mulani from the HT Media Group. I would like to welcome you all to our Q1 financial year 2023 -24 earnings webinar.

As a reminder all participants will be in listen only mode. After we are through with the presentation, there will be an opportunity for you to ask questions. I now hand over to Ms. Anna Abraham – Head, Investor Relations. Thank you and over to you Anna.

Anna Abraham:

Thank you, Aaditya. A very good afternoon to everyone. On behalf of the HT Media Group I welcome you all to the earnings webinar, to discuss the financial results of the 1<sup>st</sup> quarter for Hindustan Media Ventures Limited, which was declared yesterday and of the HT Media Limited which was released earlier today. On the call with me today are Mr. Piyush Gupta – Group CFO, Mr. Pervez Bajan – Group Controller, and members of our Investor Relations team.

We will be now starting our presentation. Hope it's visible to all of you. This presentation and the financial statements are available on stock exchange websites and the investor relations section of our Company website. On your screen now is slide no. 2, which captures a disclaimer regarding forward looking statements. As a practice, we do not provide specific revenue or earnings guidance. Kindly keep this in mind.

Moving on, the next slide gives our Chairperson's comments on the performance of the company for the quarter, and I quote:

*“Overall, our performance in Q1 FY2023-24 has seen an improvement. While revenue is muted, profitability has expanded on the back of continued streamlining of costs and easing of commodity prices.*

*Circulation and Advertising grew on a year-on-year basis in Print, while in Radio, non-FCT and value-added solutions drove the growth.*

*Rising media spends by companies, growing consumer demand, more government spends, and relative easing in inflationary pressure, all augur well in the near-term for Print, Radio and Digital sectors of the M&E industry, which should benefit your Company. We are focused on working towards achieving profitable growth in our core businesses while expanding into new areas such as OTT.*

*We remain committed to our journalism, while continuing to provide credible and insightful news & analysis, to our audiences.”*

Moving on to the agenda for today on slide no. 4. We will begin the performance update with comments on our consolidated financials for the 1<sup>st</sup> quarter. This will be followed by detailed remarks on Print, Radio and Digital businesses. We will open for Q&A. after the presentation concludes. With that I hand it over to Piyush.

Piyush Gupta:

Thanks, Aaditya, Thanks Anna. If we may just track the presentation. Our consolidated financial results, total revenue came at INR 445 crores a growth of 3%. EBITDA at INR 27 crores is a growth of 250+%, margins therefore, improved from a -4% to +6%. Our PBT came in at INR -21 crores, which is, however, an improvement of +68%. And PBT margins at a -5% from a -15% same period last year. Cash still remains a healthy INR 902 crores. Sequentially our revenues declined by 10%. And our PBT improved by 39% from INR -34 crore to INR -21 crores.

Moving on, now on the Print business performance. Our Ad revenues came at INR 244 crores, which is a growth of 2%. Circulation revenue came at 4% growth at INR 60 crores. Operating revenue was INR 324 crores, which is a decline of 7%. Operating EBITDA was flat versus the same period last year, at INR 2 crores with the margin at 1%. Primary reasons are given in the bottom of the chart. Ad revenue growth for the quarter basis y-o-y, is supported by better ad volumes, so the volumes have come to a pre-pandemic level. Circulation revenue rose on a y-o-y and q-o-q basis owing to healthy realizations per copy. Overall operating revenue saw a decline on account of one-off in other operating income in the base year and operating EBITDA was marginally positive.

Having a quick look at our English business. Our Ad revenues on a y-o-y basis grew 2% from INR 127 crores to INR 130 crores. On a q-o-q basis they came down 16% to INR 130 crores. Circulation revenue on a y-o-y basis was up 53% because of active realization per copy actions and on a on q-o-q basis they were flat to a marginal decline of 2%. Circulation revenue improved y-o-y due to improvement in our realization for copy and Ad revenue grew on y-o-y basis, as categories such as education, retail, real estate grew while FMCG, Auto remains subdued.

A quick look at our Hindi business. Our Ad revenues were up 2% at INR 115 crores. And on a q-o-q basis they were flat at about INR 115 crores versus INR 116 crores last quarter. Circulation revenues on a y-o-y basis were down 6%. On a q-o-q basis they were up 2%. And key highlights for

the quarter, ad revenues grew y-o-y primarily supported by higher ad volumes. On a y-o-y basis, category such as retail education, auto, healthcare grew while real estate and BFSI were subdued. Circulation revenue saw growth on q-o-q basis backed by higher copies.

Radio, our operating revenue grew by 4% and came in at INR 35 crores and operating EBITDA was virtually flat at about INR 2 crores. Margins remained flat at 6%. On a sequential basis it's a 5% decline on operating revenue and operating EBITDA it's a 182% growth. Key revenue growth on y-o-y basis, is led by non FCT segments, which is basically on air and on ground events and various other integrations with the on-air activities. Operating EBITDA has improved from same quarter last year.

The Digital segment operating revenues came in at INR 36 crores, which is a decline of 9% and operating EBITDA at INR -17 crores, which is a decline of 101%. Operating EBITDA margin came in at -48% as against -22% same period last year. On key highlights, q-o-q revenue growth with improvement across all business segments in Digital and increase in EBITDA losses owing to investment in new businesses.

With that we come to the end of the presentation. I hand it over back to Aaditya.

Aaditya Mulani:

Thank you Piyush. We will now begin the Q&A session. You can click on the raise hand option which will enable the moderator to unmute you for posing your query. Please introduce yourself before posing your query, and kindly restrict to a maximum of 2 questions per participant, so that we may be able to address questions from all participants. We will wait for a few moments while the question queue assembles.

Aaditya Mulani:

The first question is from the line of Kaustav. Please introduce yourself and ask you question

Kaustav Bubna:

I'm from BMSPL. It's a family office. So, I have a few questions regarding Hindustan Media Ventures business. So, you know your cost of goods sold has moved up from about 32% in FY21 to 44% in FY23. Now, the global pulp prices are coming down. So, I wanted to really understand, could you explain to us how sustainable this trend is from how you all are seeing it on global pulp prices coming down. And also, how much inventory? What is the inventory days for you? How much inventory do you hold of high cost

paper already? And so basically, what I wanted to understand was, how do you see gross margins going into FY24? And then the second part of the question is, you know, we are going into election year. So, since FY24 is you know, we're getting closer to elections. How do you see in this Print business revenue growth, you know, in terms of circulation and advertisement revenue?

Piyush Gupta:

Right. Well Kaustav on the first part we definitely see the gross margins expanding from here on. The pulp prices and the newsprint prices have been now coming down for like 3-4 months and we don't go very long in a commodity cycle which is coming down. We don't stock very long inventory, but you know, our inventory prices will, in production, start coming down now, so you will see the margin expanding from here on, and we are not sitting on a very long inventory pile as well. So that's point number one. On the election year, of course you know there will be election revenues, which will come. And I think right from the festive season, which will start let's say, in late September, October right up to election, I believe the revenue outlook should be reasonably buoyant.

Kaustav Bubna:

Fair enough, you know I understand all these points you mentioned but the main and I know you don't give guidance, but could you give some sort of you know indication as to how can we get back to these high single digit EBITDA margins, not including other income.

Piyush Gupta:

Only 2 things Kaustav. So, let me okay, so let's brainstorm this. You are absolutely right, I think it's a great question. So, one is obviously the commodity prices. Now newsprint you know, depending on the price of the newsprint, it constitutes anywhere between 30% to 40% of the bill of materials depending on what the commodity prices are. As it is coming down, obviously it will expand the margin. The only other thing is which I've been highlighting on the calls earlier is the pricing. Now, as you are aware that the volumes have come back. If you look at the industry volumes in Hindi, in languages, in English, most of the volumes are now back to pre-pandemic level. But, however, the pricing is still a challenge. I mean depending on market to market, you know, in some markets pricing is as low as 65% to 70%. Whereas in other markets it's 80% to 85%. We've started a very aggressive pricing program. But, as you can understand, pricing is a competitive activity in the marketplace. But we are very hopeful from now to the balance of this calendar year itself, you know, we should

reach substantial pricing and the moment pricing comes in, pricing falls directly to the bottom line.

So, without other income there are only two levers. One is the raw material prices which you have a better sense than I do. And the pricing which I'm telling you that we've instituted a program which should help immensely, but you know, it will not be a flip of a switch. I mean, we have started this program 2 months back. We are, you know, trying to push that number as much as possible. But it's a competitive market. The only good news is the volumes are back. It gives us confidence to undertake this journey. Last year same time, we didn't have the confidence to hit the pricing paddle because the volumes weren't back then.

Kaustav Bubna:

Okay, great. And just last question, if you would allow me. You know, one of the biggest concerns when we talk about this Company is that you've got a lot of cash lying on your books, and you don't use it. So, is there any update on utilizing the cash on the books?

Piyush Gupta:

Well Kaustav I have no fresh information to give on that side. The only point I can say, you know, and people can say hindsight is 20-20. We've seen the start of the pandemic to the end of the pandemic. I think that cash held us in very good stead, you know, because the revenues collapsed the way they collapsed, and it took more than 18 months for them to anemically start building back. But at this point in time I don't have any fresh information to give on cash.

Kaustav Bubna:

Okay, Thank you for your time.

Piyush Gupta:

Thanks.

Aaditya Mulani:

The next question is from Mehul Parikh. Please introduce yourself and ask you a question.

Mehul Parikh:

Hello, Good afternoon. I'm an individual shareholder. My name is Mehul. I had basically two questions. One is that in OTTplay our online OTT aggregator app, there are other players like Tatas and all DTH players and broadband players who already have a customer base. So, what makes us so confident that we have a right to win when I mean right to win is being among the top 2 players in the country. What gives us that confidence? And you know, but the plan that we will be there. Second question is that

we have basically 4 or 5 live digital projects. One of them is Slurrp. So, when do we expect this kind of, this business to become cash positive.

Piyush Gupta:

Okay, so let me first address the OTTplay. So, you are right, there are top players in the market. But what OTTplay is trying to do is aggregate the OTT, so that people seamlessly can move to a certain genre and seamlessly, with a single sign on, at a discounted price watch the content that they want to watch, irrespective of the platform that content is hosted on. So, you know the DTH players or the other broadband players, some of them DTH players are definitely having their own proprietary app on which they are working, but what we are trying to do is aggregate the market. Now, of course, there are a few aggregators as well, and this is like aggregations that have happened in various places. You know, we are trying to aggregate the OTT, because that's a big theme which is growing, and that content is now, really, really, you know, growing at a speed of 18% to 19% annually and slated to grow like that, for at least the next 5 years. Now, what will come out of it? You know, we are approaching that from multiple price points. So, you know there are markets like Delhi, Bombay and Bangalore, whereby a lot of people have, you know, subscribed to multiple OTTs and paying that subscription. So, if you do the sum of parts, the kind of OTT platform that you are getting, the single login, and the single subscription is at a steep discount to what you would otherwise you know have to pay to get access to all that content. So, it's an aggregation play. It can't be directly compared to what you know, or Tata, or various other people. But you know there are other players. So yeah, you wanted to say something. Go for it.

Mehul Parikh:

Yeah. So, I understand that model of the business. What I'm asking you is that like for example, Tata Binge is offering 27 channels. Similar packages aggregating the OTTs together. So, a lot of people are doing. I keep getting Airtel messages regarding a kind of aggregate discounted pricing. So basically, all of this have a legitimate customer base which is already a part of their viewership. So, what makes us stand out that we will corner a market share there?

Piyush Gupta:

Well, I've never said that we're going to corner the market share. I'm saying, market is good enough for more than one player.

Mehul Parikh:

So, yeah. But can we be even in top two? And what makes us there?

Piyush Gupta:

Yeah, so please segregate the market in NCCS A, B and C and in NCCS B and C market, there are a lot of people who are still watching through the cable. The cord cutting still has not happened there, because either the broadband is not there, you know, and 5G has not reached there, etc., and they want to watch it on TV. And maybe they don't want to take a you know a Tata, if the cable is not there. So. you know, we are trying to access a certain segment of the market whereby we can with the proposition that we have tap the NCCS B and NCCS C market. I'm not even saying for a moment that we'll be going head to head against the Airtel or a Jio who are bundling 15 to 20 apps. I think that's not possible, because they are basically bundling with their broadband stuff. So, there is a separate section of the market that we are trying to address. And I don't believe that the market, you know, will be saturated and won by a single player. So, I think we have a right to win. But in a certain segment of market that we've kind of basis our research carved out for ourselves.

Mehul Parikh:

So, have you got? Have you collected some good numbers over the last 3-4 months?

Piyush Gupta:

Well, last 3-4 months have been slightly slow, because some of our critical key partnerships that we are doing, you know, are going a little slow. But you know, we've been also surprised on the positive side with the potential of doing multiple other value-added services with, you know those Tier 2 Tier 3 town operators whereby we can do certain more value-added services and take this slightly higher on the value chain. But I would say, it's encouraging, but not superbly encouraging at this point in time.

Mehul Parikh:

Okay, thank you. Yeah, the second point was about Slurrrp, like those channels which are there. When do we expect them to become cash positive for us.

Piyush Gupta:

You know. So, Slurrrp, is not taking a lot of money at this point in time. We aren't even investing too much money into it at this point in time. That particular segment that particular theme, I think, is a very relevant theme. Hence, we are still in a pilot stage. I don't think we have any ambition to scale up Slurrrp at this point in time. We will see how it goes later on. But Slurrrp is not burning a lot of money.

Mehul Parikh:

Okay, yeah. okay, thank you very much.



- Piyush Gupta: Thank you.
- Aaditya Mulani: The next question is from Yash R. Please introduce yourself and ask your question.
- Yash R: Good afternoon. Yeah so, my first question is, with regards to the other income, which I can see has increased by quite a bit versus previous year. What is the reason behind the same?
- Anna Abraham: Yes, this is Anna here. This is largely linked to treasury. You know, last year, same time there were multiple rate actions, etc. which had happened, which therefore there was a fairly high MTM (Mark to Market) loss that we had taken. In this quarter on the contrary, now we are expecting the, you know, rate actions to kind of near a pause, and therefore there is MTM (Mark to Market) gain that has happened. That's really accounting for the fluctuation.
- Yash R: Okay. And my second question is, with regards to the employee benefits expense. Now I can see, although there is a slight reduction. But what is the reason behind the same versus previous year is what I'm talking about again.
- Anna Abraham: There is actually versus previous year, quite a substantial reduction and we do have you know, certain provisions which have been trued up basis final payouts of variable, etc. So, because of that, there is savings in that employee cost line.
- Yash R: No sorry I didn't. I didn't get the last part it is on account of?
- Piyush Gupta: So, Yash, Piyush this side. We've trued up the provisions, the unwarranted provisions have been written back.
- Yash R: Which were there in Q1 last year
- Piyush Gupta: You know, So the variable payout which happens basis the performance. These provisions are trued up every quarter.
- Yash R: Okay, Got it. Yeah, thank you.

Piyush Gupta: Thank you.

Aaditya Mulani: The next question is from Mehul Pathak. Please introduce yourself and ask your question.

Mehul Pathak: Hi Piyush, Anna, Pervez. My greetings. Congratulations on an improved set of performance in the last quarter.

Piyush Gupta: And we shall not disappoint you going forward, Mr. Pathak

Mehul Pathak: No, I hope. You know, after the questions, you don't remain disappointed. So, no, actually Piyush, I was just, you know, had some overview on the whole media of what is happening in the stock market and all that, you know. So, if you look at Jagran Prakashan and DB Corp, the stock prices have run up big time. I have not checked their quarterly results and what they are showing, but clearly from the market side the expectation of performance from Print media has significantly changed. So, if we see the market as a sort of a you know indicator in terms of the pricing it is giving to other companies. A little disappointed, you know, should be the HT Media shareholders. Our stock price is not running up. Now when I look at our market cap, even the book value of Hindustan Media is not captured in our market cap, which means our Company is selling for free. If you are to get even the book value of Hindustan Media, HT Media will, you know all the assets of HT Media are today, you know, selling at the price of zero as per what the stock prices are. So, the stock market is, you know, making a very strong statement by not, you know, buying our stock. So, are there any thoughts of unlocking value of various assets that we have? Is there? Because in the last 3 or 4 years Covid was there. Covid is gone. Performance wise, even today we continue to make losses, so the book value will continue to keep coming down. Is there some way of you know you are thinking of unlocking value for the shareholder? Maybe this is an AGM question. But the thought came to my mind, so I asked the question, my second question is that Digicontent, is there any update? You know there is silence even in the notes on the Digicontent quarterly result. What is happening in the company? If all the NCLT issues are solved, and you know Company was going to come up with a revised proposal to take shares back from the shareholder. So, would you please share your perspective on these 2 questions.

Piyush Gupta:

So, Mehul, let me answer the second question first. Look on Digicontent Limited we made an honest effort at that point in time, but we couldn't get the support of all the shareholders which was required to take that scheme through. Now, you know, it will be foolhardy to come up with various schemes, unless and until we have stitched the support of all the shareholders who can sign off on a certain scheme. But is the thought in our mind? Answer is absolutely yes. Will we do it like in the next couple of quarters? I can't say that, but you know we absolutely have to unlock that value, and that is the honest attempt that we've made one and a half years ago. So, you know, watch that space. We will be back on that. But right now, I have nothing to say. Now coming on the stock price, and I totally understand that the performance of Bhaskar, which came last week is much superior. But if you break down the revenue, I mean the 3 state elections, etc., are sitting and driving 13% to 14% of growth in that 17%. And these states, we don't have a presence in. Now, we are approaching the national elections. We will see how it goes. The good news, of course, is that on the pricing side, as I was just telling another participant earlier on, we've started a program which will hold us in very good stead, and if everything goes well from now to the general elections which are slated for next year, we will be growing multifold from here on. And that coupled with the raw material price decrease etc., should drive a certain level of operating leverage which has been a little tough. You know, the answer on the stock market actually, look, I mean, HTML & HMVL, are also 20% and 30% up in the last 6 months, so markets are doing what the markets will do. But your first part of the question is absolutely valid. I mean, it's a pathetic market price. Trading at less than the book value doesn't make any sense at all. But really, can I impact that directly? We will do whatever is in the best interest for all shareholders. Unlocking the value on digital is definitely top of mind and watch the space. We will come back to you. We will solicit your thoughts and comments if you have a better thought but sheerly on the operating performances of both Print businesses and the Digital businesses - which we are not answering on this call - I think from here on you will see the next 3-4 quarters really building. From the momentum that we've seen and I don't read too much into the 20% and 30% stock price up in the last 3-4 months for both HTML and HMVL, because they are still substantially discounted. And I take your point on that.

Mehul Pathak:

Thanks, Piyush. We look forward. Because last four years at least some financial reengineering potential was there in the Company. And you being such a seasoned CFO, we expect that you know and Anna also being there.

How you engage with the mutual fund industry. You know, have people's buy-in on our stock. I think a lot of potential is there to work in that area. And with the quality of management that we have.

Piyush Gupta: Fair enough Mehul, we take the point. And I think we are putting our heads together. We still don't have a 100% solve for it. But we will be approaching all the shareholders, to seek their buy-in before we announce, the next steps on unlocking that value.

Mehul Pathak: Thanks, Piyush

Piyush Gupta: Thank you.

Aaditya Mulani: The next question is from Ankit Patel. Please introduce yourself and ask your question.

Ankit Patel: Yeah. Hi, So, I am with HSBC Mutual fund. My question was around the Radio business. The Radio business, seems to have peaked some time in FY19-20, where you had a run rate of around INR 60 crores of revenue per quarter. And you were making an EBITDA of about INR 16-20 crores at that time. Whereas if we see the situation right now, it seems to have halved. And I can understand Covid was a period in between. But we are starting to seeing a good amount of recovery there in the Radio business for other players. Is there a scale issue over here for HT Media in terms of having 15 stations? So, want to understand from you, do you see recovery coming through over here? Because it's now making an EBITDA of only INR 2 crores compared to that peak level of INR 16 crores or so on a quarterly basis. Second question on the same thing is that for Radio, how are you looking at it in the future? Are you looking to expand in terms of radio station approach? Maybe acquire. You know, recently we heard that Zee Media also wanted to enter into the business by acquiring something. What is your future plan for this Radio business?

Piyush Gupta: Look on the Radio business. You have to peel the onion a little bit to understand the economics. Of course, you are right. I mean, there was a time when Radio business actually peaked out, the entire industry peaked out, and then Covid happened, and then, after that, the entire industry is under the weather a little bit. Now, when you compare the relative performance of our Radio business to some of our competitors, you have to understand that, regulations have a big bearing on the Radio business. Now,

the Government, obviously, by doing a certain level of auctioning, had taken their part of the money well in advance, whereas the industry has been under the cloud for the last 3-4 years, Covid or no Covid. Now, obviously with multiple representations, as you would be aware, Government is contemplating on various steps, like on license fees, the time duration of this license period, Government advertising rates so on and so forth, which of course is an industry level thing, and it will help the entire sector. But you know, if you basically model those things out, I think radio will come back to the FY19-20, if not FY19-20, at least 80%-90% of profitability there, sooner rather later, but it has a huge regulatory play. So, you know, I really can't comment on that. But you know, those are the things that we are grappling with. As far as our ambition on Radio are concerned, of course, with the sector itself, getting the raw side of the stick in terms of listenership and the disruptions that the digital medium has done on the broadcast medium, we are also reinventing this medium. Apart from terrestrial. We are trying to you know, button in various other digital, the podcasts, the music. You know what we call the non-FCT, which means the integrations of on air and non on air events, etc. with it, to drive revenue profitably on this medium. So, if some of these things, apart from the regulatory things, have their play, you'll see the trend line, shifting in the positive direction in the next couple of quarters. Of course, regulations will play the single biggest role in this.

Ankit Patel:

When you say regulation, you mean the license fee that is being charged by Prasar Bharti?

Piyush Gupta:

Yeah. So, if you remember the license fees, it's the higher of 4% of revenue or 2.5% of NOTEF. So, people, for whom the NOTEF value is very low, which means the Tier 2 and Tier 3 towns, I mean, their total charge of license fees is just about 4% of their revenue, whereas guys who have a presence in big cities like us and are paying something like 30% of revenue because of the Government's formula. And now Government is obviously finally, after 10-12 years taking cognizance and they have put down a consultation paper, which is currently with TRAI. So, if that goes forward and they take away this NOTEF thing, then it will be a level playing ground. Then you can see 27% of the revenue falling to the bottom line straight away for guys like us, who have a big city play as against, some of our competition who have a small city play whereby the NOTEF values are like 1/50<sup>th</sup> of what our NOTEF values are.

Ankit Patel: Okay. Last question on this. I understand. what you are mentioning. So, in that respect, then with 15 stations at play would you be looking to add more stations. So yeah, since you are sounding upbeat on the business going forward.

Piyush Gupta: Look, I have no reason to be either upbeat or be delusional, or be very, very pessimistic about the business. I'm saying I am a very realist on this. You know, from here on, the past I can't do much about, but if the future is bright, we don't mind kind of scaling up. And it's not 15, it's 22 stations. We don't mind scaling it up, provided we see the financial box becoming more robust by Government and Regulatory intervention, which has actually tilted the playing field against operators like us who have a big city play. And big city if you remember pre FY18-19 or FY19-20, also was where disproportionate revenue was coming. So, we didn't mind paying that kind of a high license fees. But now, when the markets have shifted, the Government has to basically look at this whole thing very pragmatically.

Ankit Patel: Okay, thank you. Yes.

Aaditya Mulani: The next question is from Rohit Jhanwar. Please introduce yourself and ask your question.

Rohit Jhanwar: Yeah. good afternoon myself, Rohit Jhanwar from Kotak Mahindra Bank. So, my question is related to the pricing which we have discussed, that we have rolled out some plans to, you know, increase the pricing. So, the question is related to when we looked at you know the peer within the industry, and we compare our revenue viz a viz their revenue sets and the EBIT margins. Then there is still a good gap viz a viz the peers and our EBIT level. So is it purely due to the pricing which we could not match. And still there is a good gap. And how we are going to you know, bridge this gap in near term.

Piyush Gupta: Look pricing is a substantial part of the delta that you are observing viz a viz the peer set. Scale is, of course, the second one. But you know all other things remaining equal, if you look at our pre-pandemic pricing which you can read into our margins versus the peer set. The delta was only the scale part at that point in time and scale, you know, we can always scale as long as, we get substantial amount of revenues coming. But at this level of pricing it doesn't make any more sense to incur cost by increasing copies. So, hence what we are doing is from a right manner, we are trying to correct

the pricing to a certain index of the pre-Covid level, and the scale difference will always remain unless we scale up to that level. But even without scaling up to that level you have seen financials right from FY16-17 onwards up to pandemic, our margins were pretty robust, and that's where we want to come to, before we look at the scale in those particular markets. Because, please understand, you know let's say, a market in which we have a reasonable pole position is Bihar, which is not as robust or as lucrative a market as UP is, where some of our competitors play.

- Aaditya Mulani: Rohit you are on mute, please unmute yourself. Rohit are you there?
- Aaditya Mulani: Moving on. The next question is from the line of Kaustav. Please unmute yourself and ask your question.
- Kaustav Bubna: Yeah. Hi, So, just you know, going back to a previous question of mine. Regarding your Print business, what is the exact, if you could actually give the number of months, the figure for your raw material inventory days?
- Piyush Gupta: Look. let me give you a sense, you know, though we won't give you our exact number. But let me give you a sense. We have never in a falling commodity price market gone beyond 3-4 months. Of that 3-4 months, not everything is sitting in godowns, some is in transit as well. That is exactly the situation right now, because the new contracts that we are negotiating, with the raw material suppliers are for 3 months after that, so, it will never exceed that part. But obviously, you have to keep a cover of at least 90 days, including the in-transit inventory, because some of this inventory is imported.
- Kaustav Bubna: Yeah. So that's exactly my question. Because if your inventory days, is about 3 months, the actually effect of falling prices will only come now, right? Is that a correct assumption?
- Piyush Gupta: That's exactly the point I'm saying. So, in this quarter Q1 FY24, our inventory valuation happens on a weighted average right. In this quarter, you've only seen about 5% of the impact flow through. But now, as we progress into the second quarter and the third quarter, you know this will geometrically improve, 5 will go to 10, and 10 will go to 15%.
- Kaustav Bubna: And is that is that good enough to make you EBITDA positive without including other income?



- Piyush Gupta: Yes, it itself will do that. But there is also a yield program just to let you know. But that's good enough, you know.
- Kaustav Bubna: Yes, that you had mentioned. On your cash, just a question. If you are not going to invest it. Why don't you reward shareholders in some way, like a buy back or something?
- Piyush Gupta: But Kaustav, we are investing in OTTplay, aren't we.
- Kaustav Bubna: No. under HMVL or under HT Media?
- Piyush Gupta: Under HMVL
- Kaustav Bubna: Okay Okay, So, you are using that cash.
- Piyush Gupta: Absolutely, we are trying to create long term sustainable value for shareholders. And if our thesis that in the NCCS B and NCCS C markets the aggregation play can work well. Then, you know, we might have a good business on our hand. But obviously time will tell.
- Kaustav Bubna: You know what is this that you're investing in. Could you explain it to me? I didn't quite understand. What are you trying to do?
- Piyush Gupta: So Kaustav, just a quick thing. But we are trying to aggregate multiple OTT Players into a single login and distribute that to the end consumer via various channels whereby they can you know they can get access to content on 15-20 logins for a fraction of the price which they would have had to otherwise pay to get access to all those OTT platforms.
- Kaustav Bubna: Does something like this already exists?
- Piyush Gupta: No one has a pure play aggregation like this. But of course, guys like the big telcos like Jio and Airtel are doing with their broadband services. But we are doing it on a pure play aggregation platform and going to the Tier 2 and Tier 3 towns here.
- Kaustav Bubna: Okay, okay, great. Thank you so much.



Aaditya Mulani:

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

Piyush Gupta:

Thanks, Aaditya. Thank you very much for joining our quarterly call. We had a good discussion, and, as I said, during the call, from here on we are very hopeful that the margins, EBITDA margins, and indeed the bottom line will improve. So, we thank you for your support, and we wish you all the very best, and have a great day and a year ahead.

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