Hindustan Media Ventures Limited

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16th November, 2023

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Plot No. C-1, Block G,
Bandra-Kurla Complex, Bandra (E),
Mumbai - 400 051

Scrip Code: 533217

Trading Symbol: HMVL

Sub: Transcript of Conference Call for Analysts and Investors for the quarter and half year ended on 30th September, 2023

Dear Sir(s),

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed transcript of Conference Call for Analysts and Investors held on 08th November, 2023 in respect of Un-Audited Financial Results of the Company for the quarter and half year ended on 30th September, 2023.

The transcript of the Call is also available on the Company's website at:

http://www.hmvl.in/earnings-call-transcript-audio.html

You are requested to take the above information on record.

Thanking you,

Yours faithfully,
For **Hindustan Media Ventures Limited**

NIKHIL SETHI
Digitally signed by NIKHIL SETHI
Date: 2023.11.16 14:30:31 +05'30'

(Nikhil Sethi)
Company Secretary

Encl: *As above*

HT Media Group Q2 FY24 Earnings Conference Call

November 08, 2023

Management: **Mr. Piyush Gupta: Group CFO**

Ms. Anna Abraham: Head - Investor Relations, HT Media Group and CFO - Hindustan Media Ventures Ltd.

Mr. Pervez Bajan: Group Controller

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 Q2 FY2023-24 earnings webinar. As a reminder, all the 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, CFO - Hindustan Media Ventures Limited and Head - Investor Relations. Thank you, and over to you Anna.

Anna Abraham: Thank you, Aaditya. A very good afternoon to everyone. On behalf of HT Media Group, I welcome you to our earnings webinar to discuss the financial results of the Q2 FY2023-24. On the call with me today are Mr. Piyush Gupta, Group CFO; Mr. Pervez Bajan, Group Controller and members of the Investor Relations team.

The financial results of Hindustan Media Ventures Limited were declared last Wednesday, that is 2nd November, and of HT Media was released earlier today. We will cover the highlights of the same during this call. Our remarks will track the presentation on the Zoom webinar. This presentation and the financial statements are available on the stock exchanges and the Investor Relations sections of our websites.

Slide #2 captures the disclaimer regarding forward-looking statements, which is on your screens right now. Kindly keep this in mind. As a practice, we do not provide specific revenue or earnings guidance.

The current slide gives our Chairperson's comments on the performance of the company for the quarter, and I quote,

"The business environment improved significantly in the first half of the current financial year on the back of improved government spending.

Your Company's performance in the second quarter, compared to the year-ago period, saw higher operating margins despite muted revenue growth with gains coming from the easing of newsprint rates. Revenues of our Print business remained flat on a sequential basis, with a marginal decline compared to last year, but this was primarily due to a shift in the festive season this year. Radio posted healthy growth and our Digital business also performed creditably in the quarter.

The global environment continues to be volatile, both on the economic and geopolitical fronts. If the crisis in West Asia deepens it could impact India and therefore our businesses, however we continue to be optimistic and believe the festive season will bring all around cheer.

We thank our diverse and loyal audiences across multiple mediums and platforms and remain steadfast in our commitment to being a reliable source of credible news and engaging content."

Now we have the table of contents, which covers the agenda for today. We will begin the performance update with comments on our consolidated financials for the second quarter, followed by the detail remarks on our Print, Radio, and Digital businesses.

We will open for a Q&A session after the presentation concludes.

With this, I hand it over to Mr. Piyush Gupta for the rest of the presentation.

Piyush Gupta: Thank you, Anna. I'll be tracking the presentation.

As you can see from the chart in front of you, the total revenue for the quarter declined 5% on a YoY basis. As we had articulated earlier, this is primarily because of the shift in the festive season. So, most of the festive season is now in Q3 as opposed to last year when it was in the second quarter. Other income also saw a relative decline on a YoY basis. EBITDA profitability improved in the quarter owing to easing of newsprint rate as compared to the prior fiscal, and we will talk about it a little bit more.

Now we go into the business unit performance. For Print, as we can see ad revenue on a YoY basis declined 9% with circulation revenue up 3%. Operating revenue as a consequence was down 6%. Operating EBITDA improved because of the newsprint prices. And the key highlights being - Advertising revenue declined because of the shift in the festive season which impacted ad volumes. Despite revenue decline, operating EBITDA saw YoY margin expansion aided by the decline of newsprint prices.

On a quarter on quarter, we can see ad revenue was flat, circulation revenue was marginally up by 1% and operating revenue came out flat.

A little deep dive into English. On a YoY basis, there was a decline in ad revenue of 9%. On a sequential basis, there was a growth of 2%. On circulation revenue, on a YoY basis, there was an increase of 35% and on a QoQ basis, there was a 10% improvement. Going to Hindi, on ad revenue, we saw a YoY decline of 8%, and sequentially a decline of 2%. On circulation revenue, there was a decline of 5% on a YoY basis and a decline of 2% on a QoQ basis.

For Radio, the operating revenue grew by about 8%, which was largely led by the non FCT revenue. Operating EBITDA as a consequence remained flat, and on a sequential basis, there was a marginal improvement in the topline.

On Digital, we saw our revenue grow by about 10% coming at INR 36 crores, with operating EBITDA remaining relatively flat at a negative INR 21 crores. On a sequential basis, the revenue was flat.

With that we come to the end of the presentation. Back to you Anna.

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.

The first question is from the line of Ketan Athavale. Please introduce yourself and ask your question

Ketan Athavale: Thank you for the opportunity. I am Ketan Athavale from Robo Capital.

I wanted to know if I see your segmental accounts, there is a PBT unallocated loss and a digital loss. Can you explain what exactly is included in these two things?

Anna Abraham: Unallocated is a whole host of amounts which are largely corporate in nature. It will include corporate fees, and any kind of fair valuation on instruments. It will have a legal fees, audit fees, all of that sitting there. There is a marginal amount pertaining to certain new businesses that we are exploring, but those are marginal numbers.

Piyush Gupta: Basically, corporate overheads, which cannot be allocated towards a particular segment.

Ketan Athavale: Ok and on the digital side?

Anna Abraham: For Digital, in the investor presentation, we have put all the brands, which are forming part of Digital for HT Media. It is Shine, Mosaic, a business of digital entertainment and OTTplay.

Ketan Athavale: Ok. So, regarding this OTTplay, I wanted to ask, up to when will this loss continue? What plan do you have and by when can we see it turn profitable?

Piyush Gupta: Well, That's a great question. Look, OTTplay, as you are aware now, we have been at it about six quarters now and that we had basically given a flavor on the last quarter's call. It'll be a few more quarters before we will see profit coming in. As we have said that we are trying to aggregate the OTT platform, we are one of the first movers on the OTT platform space. I don't think we are turning in a profit anytime very quickly, but it will take another four to six quarters before we will have profits coming in there. Right now, we are basically getting a good subscriber base, which will renew their subscription and hence we can have a glide path to profitability.

Ketan Athavale: Ok. Can you give an amount, a rough figure how much cash burn is expected going ahead on this thing and what is your plan regarding balance of the cash?

Piyush Gupta: Well, look, I think there will be cash burn for sure. But we don't give forward-looking numbers, but it'll be fair to assume. If you look at the segment numbers right now, I think you know what you are seeing as a cash burn at this point in time, we are really cycling on the top of the line. So, the cash burn will remain static to declining, it is not going to go up from here on.

Ketan Athavale: Got it. And I have a few questions on Printing side as well. In Printing business also, we have some amount of loss, Printing and Publishing or maybe slightly profitable, but other peers are making much better profit. Can I understand the reason for that? What will be the reason?

Piyush Gupta: I can give you a high-level reason. When you talk about peers, you are really talking about the Dainik Bhaskar and Dainik Jagran. So first of all, you need to remember they are a pure play Hindi and other languages publication as opposed to us, which has English and Hindi. So, both the businesses have different set of dynamics. That is point number one. Point number two, when you look at Bhaskar's number, you have to really remember there are two or three state election revenue which are sitting in their number as opposed to Jagran, which does not. So, we really can be compared to a Jagran kind of a number and where we don't have too much of a delta.

Now, of course, Jagran being the number one player in UP or at least the eastern part of the UP and does have a marginal advantage to us, but not a huge amount of advantage. So, really the point I'm trying to make is, with Bhaskar, it's not really an apple-to-apple comparison in terms of market because in those markets there is an election revenue, which is sitting in those publication's P&L.

Anna Abraham: Dainik Jagran per se didn't have presence in some of those markets. But some of their other publications did have some market presence so that could also have some bearing on the delta.

Ketan Athavale: And about the elections, I had a question. What benefit do you see coming from elections, including the general election?

Piyush Gupta: There will be benefit. It will be of benefit to the entire industry, including competition if you're talking about the union elections or the central elections. The state election depends really on the state, but on the union election, really tough to quantify, depends upon the spending that the various political parties do. But will there be benefit? Answer is yes.

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

Mehul Pathak: Hello, Piyush, Anna and team. Thanks for this opportunity to reach out to you and ask a question. I have two queries. First is that when I was looking at the employee cost to revenue, Digicontent has for every rupee of employee cost there is only 2 rupees of revenue, which is very, very unusual for a non-asset heavy sort of business. When I look at HT Media, it is almost four times. What are the comparative benchmarks in the industry for these? In fact, now we are reaching a point in HT Media, where overall, I'm just saying, there is no split in my mind on Radio how much is employee cost and all that. But when I look at the overall employee cost, the print cost, the newspaper raw material cost is 25% higher than that. So, my assumption is that in the Hindustan Times business, the employee cost and the raw material cost should almost be same, or the employee cost is higher. So, it is a very low level of employee productivity in terms of the ratio if you see.

My second question is that from 2018, the shareholders' fund has eroded by about 30%. From INR 2,550 crores we are now close to around INR 1,799 crores in March 2023. We are down again another INR 100 crores in the last two quarters. At this burn rate, we are only maybe 25 to 30 quarters from burning up all the shareholders' funds. Now I don't see that whether it is on the employee cost front or whether it is on the other cost front? The management's behavior is not as if the house is on fire. When we talk to you every quarter, there is a whole degree of optimism that things are coming back, and things are looking up now.

Internally, is there this urgency to address the erosion of the balance sheet, either in terms of, if you're not able to control the revenue then control the cost. One way or the other, otherwise in 30 - 35 quarters, nothing is going to remain there. So, I want your perspective on overall internally and within the Board, how you're looking at this problem? And at what point are you going to pull the plug and say that, okay, now revenue may not come. So now let us look at costs or let's look at sale of non-performing assets or let us monetize some of the unrelated investments that we have in the business. So, know you an overall sense and perspective on the balance sheet and in future what it'll look like and when we can see the improvement in the balance sheet will be appreciated. Thank you.

Anna Abraham: Thanks, Mehul for your questions. I'll try and take an attempt at it and then Piyush will probably add to it. So actually, Mehul, if you look at the employee cost levels of our entity and you can look at consolidated and you could look at even HMVL separate versus in the pre-COVID days, the maximum correction in costs across all competitors if you look at it, has been done by HT Media and HMVL, and that till date is being maintained. So, if you benchmark versus FY2019-20 the savings on this line are still there while most of our competitors have actually come back to those levels.

So, we've done massive actions on all parts of cost. The challenge of course that we have to some extent is on the operating leverage we have, especially in the Hindi locations versus some of our competitors. So, the extent of monetization that they manage vis-à-vis the copies, that operating leverage does sit in, which also has some impact on the ratio that we are talking about. On the cost, whether it is on all the direct cost or on the indirect cost there is massive action, which actually we started way back in 2016 and we've been continuously at it and if you look at it vis-à-vis trend we've improved. Our ratios are a factor of the revenues not having fully kicked in, but we are hopeful given that advertising volumes are back that we will see better ratios sooner than later.

The only element of cost which has not been fully controlled is actually in commodity rate, which is a larger industry-wide problem that happened last year, led by of course, by the global crisis, which is unprecedent. Coming to the balance sheet position, part of the erosion is a fact of the investments that we had done in the radio business post which you know that medium, saw a huge challenge. Even pre-COVID when the MSME crisis was on and then post-COVID, of course, it was the medium which was impacted and took some time to recover.

That did have an impact on the situation, but thereafter you would see that in the COVID year also, we maintained our cash balances. In year two of COVID, there was hardly any shift in our year's cash position, it is in year three when the commodity rates have widely swung that we kind of had some levels of cash burn. So, we've been conservative, of course also needing to invest in business to the extent we have to build other verticals, which we will do. But we are hopeful that the balance sheet position should only improve from here on.

Piyush, if you want to add to that.

Piyush Gupta: Let me just take the two parts of the business. First, upon the employee cost, where you have a strong view. Let me just add on to what Anna said. Whichever part of analysis you want to carry out, you want to benchmark or index that to FY2019-20, pre-COVID or you want to index that to competition. We have done a much finer job.

We can connect offline, and we can share all those analysis with you and you can have a look at it. But on the employee cost, you have to understand there'll always be a finality because a basic news gathering system has to be maintained. A basic circulation department has to be maintained. A basic ad sales monetization network has to be maintained, so on and so forth. So, I would say we've been pretty robust on that. But as they say, can you improve that? Of course, you can improve that, and that is the intent at any given point in time. But I would absolutely with conviction tell you that we've done the best job if you do a peer comparison.

Now coming back onto the balance sheet side because the number you quoted was INR 2,500 crores, which was a gross cash number because you'd not netted off the debt number. Now you have to understand in a situation where there's a reasonable market arbitrage, both the numbers will tend to go up. So, the right number to watch there would be a net cash number. Now the net cash number has of course come down. If you look at our vis a vis 2016 level, the biggest investment or the single biggest investment has been an investment in the FM radio business, where we first participated in the Phase 3 where the total outlay as we had put down then was close to about INR 450 crores, and then the acquisition of Radio One, which was another INR 300 crores. So that's basically all the erosion there.

Now apart from that, our net cash level is still north of INR 800 crores and given the commodity cycle is correcting, the way it is correcting right now, cash is not dwindling because what you're doing is you're extrapolating a deduction of INR 150 to INR 200 crores on every year basis and therefore, coming to a certain thesis, I don't think that is correct. Because cash, as you would remember from the earlier call also, we've been reasonably conservative.

We've been monetizing assets which are non-core, given the correct realities and looking at other ways to engage business. So, I don't think our cash numbers are dipping, but in the same breath, we are currently investing in OTTplay whereas I said, we will be investing for some time to come. So that will, of course, have an impact and that money will come from the core business. So that's the new impact. But that is not like in a bit, we will have a INR 300 – INR 500 crores play, that slowly and gradually tracking our KPIs we are on that investment journey and at some point, in time, that business should start churning out cash. I hope I have answered everything, but if you have really more questions, we can share analysis and we can then discuss on numbers anytime you want Mehul.

Mehul Pathak: Thanks, Piyush and Anna. I appreciate your response and it is on expected lines that you would do that. As an investor, I see that our house is on fire.

Piyush Gupta: So, Mehul on that particular bit, let me share a couple of things with you. I totally understand and let me build on that operating leverage. Now, you know, understand the footprint of our business, English businesses primarily in Delhi and Bombay, which are the big two metros and as you know, COVID impacted these big businesses very sharply. If you look at the copy recovery or the ad price recovery, etc, it's still not fully done. Hence, we have rationalized it through a copy rationalization to the maximum extent we have done. So, that has stolen some part of operating leverage out of the business. Through the cost actions we have tried to manage as much as we can.

In Hindi, with Hindustan, we were the third player when we did the IPO back in 2011 and in a market where Jagran and Ujala had a dominant position, we created a niche for ourselves where the business is absolutely profitable. However, given this COVID, our prices, even in the Hindi markets are challenging and hence we've been working very aggressively on the cost because the pricing is a very tough thing to come. As I had guided in the last call that this is now in this particular year, we are making a big program to take a stab on pricing, which is exactly what we are doing as we are entering into the season.

Also, at this point in time, I hope we'll be able to recover some part of the pricing because the moment you'll see pricing coming back into English and Hindi businesses, you will see the margin expansion automatically happening. We are very hopeful and on cost, we always keep one eye on cost and the second eye on cash that we can assure you.

Mehul Pathak: Thanks, Piyush. I appreciate your response. All the best.

Aaditya Mulani: The next question is from Mr. Ranga Prasad. Please introduce yourself and ask your question.

Ranga Prasad: Good afternoon everyone. At the outset, let me say that I'm extremely disheartened by the results of both HT Media and HMVL. Both HT Media and HMVL have yet again shown extremely disappointing results. When the whole industry was not doing well, we were showing steep losses. Now even when the industry has turned around and companies such as DB Corp and Jagran have shown extremely good results, and are even rewarding shareholders with an interim dividend we continue to show huge losses.

Even on our operating level, our topline revenues have not grown, and we continue to show steep operating losses even. Added to this, we are showing exceptional item losses of INR 31 crores on account of impairment of intangible assets and INR 30 odd crores towards impairment of intercorporate deposits given. My question to management is this; in the light of these massive losses quarter after quarter, you honestly see the light at the end of the tunnel. After all, in the last investor concall, Piyush, you had said that we can expect to see profitability at the PAT level sooner than later. Do you have any timeframe for this to happen?

Piyush Gupta: Mr. Ranga Prasad, first of all, before I answer that, I'm not disregarding your analysis that the operating results could definitely have been better but as I just diagnosed the results for one of the earlier speakers, because both our competitors have put their results out in the public domain and you are saying, Dainik Bhaskar's result, where there's a lot of election revenue sitting, which we don't have because our presence is not there in those markets, and the other competitor is basically in a ballpark and as we are entering into the union election from the third quarter onwards going up to quarters of FY2024-25, you will see the election revenue coming. So that's point number one. Having said that, could our results have been better? Yes.

Now, let's diagnose the reasons. As I was just speaking to the earlier speaker and I was saying what we have not been very happy about is the yield performance that we have seen and when we spoke on the last call, I said and I repeat again, that we've got a yield program, and we are working very hard to get our yields to a certain index of the pre-COVID yield but going market by market, that's bit of a challenge. Now that we are approaching the festive season, our hope and desire is that we'll be able to unlock some yield. The moment that happened, you can see that coming straight to the margin.

The third point that I made was on the newsprint. Newsprint prices have been coming down for the last four quarters and accordingly, our procurement prices have been coming down. They have started bringing down the weighted average cost of consumption, and you will see that trend continuing secularly for the next foreseeable future. I don't see the commodity cycle going up so that you will see flowing through on to the EBITDA.

Now coming to your last question, do I have a timeline? I don't have a timeline, but what I can tell you is if you were to extrapolate towards these two or three trends that I'm telling you, I basically clearly believe that on the quarterly basis, the second half of this year will be much better than the first half of this year because of essentially the same reasons, and the union election revenue also flowing in with the marginal cost of newsprint much lower than what it is.

On the discretionary costs, we've already taken actions which are supposed to be taken. Now this is about the Print business, because your point was more about the Print business.

At the same time, if you look at the segment results on the Digital side, we have been consciously investing in the businesses or the future profit pools and OTTplay really is one big venture, which is taking a certain amount of cash, and at this point in time, giving a certain amount of burn on the P&L. Now that will continue for some time. As far as the other mature businesses of Print and Radio are concerned, I don't think they will, on a stand-alone basis, be giving you an operating loss.

Now coming onto that exceptional item or a one-off impairment that you are talking about. These are as my colleague Anna explained to the earlier speaker, all our investments in Radio business that we had done in the time when radio's, multiple or the trading multiple of the companies which were tracking was more than 20x - 25x earning or for some companies were 35x earnings. Those have been re-rated very sharply. Unfortunately, we had made the investments in the Phase 3 government auction and the M&A on Radio One thereafter and most of those assets are now coming under impairment. So, this time also that INR 32 crore number that you see on a consolidated result is primarily the impairment of the investments that we had done in FY 2019-20. I hope I managed to answer your questions, Mr. Ranga Prasad.

Ranga Prasad: Yes. The other one is, see we're showing steep losses on the digital front. I am a little worried.

Piyush Gupta: On the Digital front, Mr. Ranga Prasad is OTTplay that I just spoke about. It is in an investment phase right now, and it will remain in the investment phase for another three to four quarters as I was just answering the earlier speaker. Because at this point in time, we are increasing the subscription base on OTTplay, and we've already tied up with the content providers. There are 20 - 22 content providers who are already sitting in our package.

Ranga Prasad: But do you see in the foreseeable future that this will turn profitable with the kind of investment and the losses that you're showing.

Piyush Gupta: Well, Mr. Ranga Prasad, there's a finite time we as a management has set out to do this whole stuff. Had we got this indication that this will not be profitable, we would already have pulled the plug but at this point in time, there are a few very heartening signals that we are getting when we are distributing the products and getting a certain level of renewal done from certain set of customers. Now, of course, there's a timeline that the management already has set aside. If it doesn't turn out profitable, we will have to take a call on this. So current hope and expectation is that OTTplay will be a very profitable business going forward.

Ranga Prasad: Thank you. I hope what you're saying comes through that we will turn profitable in the coming future.

Piyush Gupta: Mr. Prasad, I appreciate the question, and I respect your thoughts and comments, but that's really the way it is and thank you for your wishes.

Ranga Prasad: Thank you very much.

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

Mehul Parikh: Good evening. I'm an individual shareholder of HMVL. My question is regarding the security deposits liability, which we have been showing for the last 3 – 4 years. Prior to that, the figures were very small, and we are taking some of them as write backs in our income. What exactly are those security deposits?

Piyush Gupta: Mr. Parikh if you're aware, we've got a line of business called Ad for Equity, in which we take an investment position in a counterparty in lieu of a certain advertising contract that we have. So, for most of that advertising contract, the amount that is deposited by the counterparty is the security deposit and some of the write backs that you are referring to is basically the contractual liabilities are not fulfilled by the counterparty, there is a write back which comes into the shareholders' income.

Mehul Parikh: Ok. In case the counterparty fulfills its condition we still don't have to pay the cash. It will go as revenue in our books, but it'll not flow in as cash. Am I understanding, correct?

Piyush Gupta: Your understanding is partly correct. If the counterparty does fulfill the obligation, there will be part cash and part revenue. Cash also comes because the way the transactions are configured, they're not totally backed by securities; they're partly backed by securities and partly by cash.

Mehul Parikh: Okay. So, we do not have to pay back this money? It only goes in the form of advertising revenue?

Piyush Gupta: You're absolutely right.

Mehul Parikh: Second thing is this OTTplay, the cost that we are paying to these OTT partners whose channels we're using, we are making a payment to them. So, every quarter, what we are paying them, is that installment or is it like we are paying them lumpsum?

Piyush Gupta: Yes, both the models. There are two cost, one is the content cost, which you are referring to. There are multiple agreements with multiple content providers. There is no "lumpsum - lumpsum" but there is a structuring on that, thereby, either on a monthly basis or on a quarterly basis or on a half yearly basis or on the attainment of certain tollgates that we have to pay certain content fees to the content providers. Now these are separate contracts, which our team negotiates with all the content providers and we have got more than 20 of them onboard.

The second cost, however, is that customer acquisition cost, which is basically the cost of acquiring the customer because we are building up the subscription base at this point in time, which depending upon which channel that you are acquiring that customer through, an online channel, off-line channel, cable channel, digital channel, OEM channel and so on and so forth, or a feet-on-the-street channel depends upon the payout that you have to give to that channel. There are really two costs there and of course, there is a product and a product creation and a product marketing cost, which is already sitting there, but that's more of a corporate nature. These are the two real time costs, which at some point in time, the content cost will remain, and the acquisition cost has to come down much sharply.

Mehul Parikh: Oh, great. So, this we are taking a full write-off or are we capitalizing some portion?

Piyush Gupta: No. We are not capitalizing. In a given year, all the costs will hit the P&L.

Mehul Parikh: When we are talking about the content, supposing we tied up with one content provider and, let's say, it's a 4 or 5-year tie up and when we are paying them. If our subscriber base shoots up? Do we have to pay them more?

Piyush Gupta: No. These are not revenue linked at all, these are content fees and negotiated as such.

Mehul Parikh: Ok, that should be ok. Thank you very much.

Aaditya Mulani: The next question is from Rikin Shah. Please introduce yourself and ask your question.

Mr. Rikin Shah, please introduce yourself and ask your question. Mr. Shah you are not audible.

Moving on to the next participant speaker.

Aaditya Mulani: The next question is from Aniket Kulkarni. Please introduce yourself and ask your question.

Aniket Kulkarni: Good afternoon, and thanks for the opportunity. I am Aniket from BMSPL Capital. I had a couple of questions. So firstly, the Print revenue in HT Media presentation, which is shown as INR 324 crores in Q2 but in HMVL earnings, the revenue is given as INR 164 crores. Can you explain what is the difference between here? Does the Print business include something else and if you can say what all revenue goes to HMVL and what all comes to the HT Media standalone business?

Anna Abraham: You are referring to Print overall revenue at INR 324 crores. Print overall for us includes Hindi, HT, and Mint business. There are three publications. The number that you are referring to is only Hindi. So, in the presentation we have given, Hindi separately and then English separately and Print separately.

Aniket Kulkarni: So, the HMVL business is only the Hindi business if I'm correct.

Anna Abraham: Yes.

Piyush Gupta: And the English business is HT and Mint business.

Aniket Kulkarni: Okay. And secondly, can you give an idea from where the Company is buying pulp from? Because China pulp prices have rebounded from lows and the management is saying that you are expecting raw material prices will not materially increase from here. So, could you explain that, please.

Piyush Gupta: So, if you go into the newsprint commodity market, you'll realize that China really has not been an international supplier of newspaper grade printing paper for the last many years, I would say more than 6 – 7 years. Because right now the China pulp is being used to produce newsprint and other grade of paper only for the Chinese market. They are not big exporters at this point in time. Most of the imports, which is happening in India is happening from the Western Hemisphere. I would say countries like Canada, North America, and also a big supplier of newsprint is Russia. So those other places and sometimes, of course, South Korea also comes into the market to supply our newsprint, but China really is not a player in exporting newsprint at least to India.

Aniket Kulkarni: Okay, that clarifies my doubt. All right, thank you for answering my questions and best of luck.

Aaditya Mulani: The next question is from Hari S. Please introduce yourself and ask you a question.

Hari S: Good evening, I'm Hari, an individual Investor. These elections we are talking about there are a one-off event. We can't depend on it for the revival of the Company. And these commodity costs also go down and up again, that is not dependable and the new verticals don't seem to be like big enough to turn the Company around because the major revenue is from the Print. And so, my question is, is the Company looking at buybacks since that seems to be the best solution. The way the Company is going down the hill, I'm not talking about just our Company, but the industry overall also is like print media itself is going down the hill. So, is the Company looking at any buyback since that seems to be the optimal solution for shareholder returns?

Piyush Gupta: Good evening, Hari. There's no proposal of any buyback, which the Board is deliberating at this point in time and regarding the hypothesis, I would tend to say I totally agree with your point that elections are a one-off event, and we don't create a Company on the basis of that, and the commodity cycles can go up and down as well. But the really the point that I was making to one of the earlier callers was if you look at the results pre-2019, in spite of the multiple commodity cycles and the multiple election cycles that we have seen, the Company was reasonably very profitable.

The problem that has happened is after the Company has come out of this whole COVID cycle, the pricing has been a bit of challenge on which we already have a program FY24. That is the program that we are trying to execute to. If we get even the 80^{th} or the 90^{th} percentile of that pricing, you will see the profitability come back in a very significant manner back to the Print business.

Now, of course, pricing is a challenge on our Radio business also. But Radio business, if you just look at the historical financials of Radio segment versus now, we have done a very sharp cost optimization whereby we've cut the cloth to the size and now again, pricing is what we are hoping for in the Radio business and this festive is really the time from now to December that we'll be working very sharply on that.

So, if these come back, I don't think this industry is in that bad a shape. A 10% to 12% EBITDA margin, I think looks like a sustainable level of margin, which I think from here to foreseeable future can easily be sustained. I hope I have answered your question.

Hari S: Thank you, sir. And about this Oravel Stays Ltd., what is the percentage of holding, we are holding in that Company, through Hindustan Media Ventures?

Piyush Gupta: Look, that we don't publicly disclose because those things have competitive sensitivities. But suffice to say that we don't take a very substantial stake because these are not strategic investments, these are part of our AFE program, which I was explaining to one of the callers earlier.

Hari S: Thanks for the answer, Sir and best of luck.

Aaditya Mulani: The next question is from Ketan Athavale. Please introduce yourself and ask your question.

Ketan Athavale: Hello. I'm Ketan from Robo Capital. Thank you for the opportunity again. Just a quick question on Radio side. So, regarding the recent TRAI recommendation, which will mandate a radio in mobile phones. Do you see that being accepted?

Piyush Gupta: I think that's a great question that you have asked. The TRAI recommendations are already with the Ministry of Information and Broadcasting. I think that those have a very real likelihood of seeing the light of the day. But as they say, you know, it's not been notified by the Ministry, so really there's no conclusive evidence of that. But I believe if the Ministry does indeed notify that, it can be a substantial game changer because from the times when FM radio in a car for passengers during the commute used to be the first medium, and right now, there's a lot of appointed medium in terms of playing through their smartphones, etc.

Once you get that into a mobile phone, that gives another set of audience which hitherto we have been missing. So, I really hope that the Ministry does notify that, and I believe that will give a flip to the entire industry and therefore, our radio interests as well.

Ketan Athavale: Okay, but in general, what has been the trend about these TRAI recommendations in the past say last 5 - 10 years. What have you been observing?

Piyush Gupta: Yes. if we look at the process, which is undertaken even before the TRAI recommendation, there are multiple set of industry conversations that TRAI does and before TRAI, the industry body basically makes their recommendation. So, there are 3 - 4 steps before it reaches TRAI. The fact that it has crossed those 3 - 4 steps, of course, it's taken more than 5 years because some these recommendations are actually not new recommendations, they are 4 – 5 year old recommendations.

The mere fact that it has reached TRAI gives me a lot of hope and TRAI has further made a recommendation to the Ministry gives me a lot of hope that it is a matter of time before the Ministry will accept the recommendation. But obviously, as I said, again, it is not recommended till it's recommended.

Ketan Athavale: Just one data keeping question. What was the newsprint consumption rate in HMVL entity and how much on average do you see it correcting as you mentioned that it will correct going ahead in few quarters.

Piyush Gupta: I think it will correct another 5% to 10% from where it is. And on the exact rate I would request my colleague Anna to add-in.

Anna Abraham: It is around INR 54,000/MT for Hindustan.

Aaditya Mulani: The next question is from Siddharth S. Please introduce yourself and ask your question.

Siddharth S: I'm an individual investor. I just have one question on the movement in other expenses between Q1 and Q2. I think historically, we have seen a jump so for example, it was about INR 70 crores last quarter and it is INR 86 crores this quarter. So, what is driving this increase?

Anna Abraham: Are you referring to HT Media consolidated results or some other?

Siddharth S: HMVL standalone.

Anna Abraham: On YoY basis it is a INR 2 crore increase.

Siddharth S: But what is driving it QoQ, these other expenses?

Anna Abraham: The main reason is the fair valuation of our equity investment that happens. It happens on a half yearly basis. Q1 didn't have such a valuation impact, Q2 did have. So that is partly the reason for the increase. Second is the fact that the OTT cost largely sits in this line from all the content and customer acquisition cost that we have been speaking about. And this quarter on a sequential basis, has marginal increase in the level of events that have happened. These are the main reasons for the cost increase on a sequential basis.

Siddharth S: Ok, thank you.

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

Mehul Parikh: Good evening. Sorry, I missed one question. I wanted to know that livehindustan.com, which is the digital Hindi website, is run by Digicontent or HT Digital Streams. Do we get any revenue from there? Because we had put up some notice regarding revenue share sometime back. So, do we really get some revenue? And because that notice was really a little complicated for me to understand.

Piyush Gupta: Notice for revenue share?

Mehul Parikh: Yes, between Companies, of advertising revenue share some notice was put up a few months back.

Anna Abraham: Mehul, we are not prima facie able to figure which is the notice that you are referring to, so we can take this offline. On livehindustan, revenue per se does not come to Hindustan. It is, as you said is part of the HT Digital Streams. Overall, if there are any sales which is done as part of combo, like if you've to gone to the client and you have sold Print and Digital, then as per RPT arrangements, there will be revenue sharing that happens basis such sales that are sold together of multi-mediums. Beyond that, there shouldn't be anything, everything will be as per the RPT arrangements if at all. We can connect with you offline on the specific notice that you are referring.

Piyush Gupta: Look, livehindustan is a property of DCL through HTDSL. So, no revenue of any such properties which is monetized comes here. It will all be sitting there. But if a customer is taking a combo, whereby he/she is taking a Print property and a Digital property then we would have requested a certain related party transaction basis which the revenue will be distributed. But obviously beyond that, there's no revenue which crosses the legal entity boundaries here.

Mehul Parikh: Okay. Great. So that's like a separate newspaper itself which is on a digital medium?

Piyush Gupta: Yes, think of it like that.

Mehul Parikh: Thank you very much.

Aaditya Mulani: The next question is from Ashima Khandelwal. Please introduce yourself and ask your question.

Ashima Khandelwal: Hi, I'm Ashima, keen to invest in the Company. My question is, like you mentioned in the PPT that the operating EBITDA for the Print business has gone up. It has improved mainly due to newsprint prices. My question is by how much newsprint prices has declined?

Piyush Gupta: As we said to one of the earlier callers, on a YoY basis, we are already seeing prices come down by about 15% and as we go forward from here on into the next two quarters, we already see the prices coming down between 5% - 10% in the next two quarters.

Ashima Khandelwal: Ok, thank you.

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: Thank you dear friends for joining our Q2 FY2023-24 Investors Call. Really appreciate that. We wish you and your families a very happy Diwali and a happy festive season. Thank you so much.

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