Hindustan Media
Ventures Limited

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12th August, 2022

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001

National Stock Exchange of India Limited
Exchange Plaza, 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 ended 30th June, 2022

Dear Sir(s),

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find the enclosed transcript of Conference Call for Analysts and Investors held on 5th August, 2022 in respect of Un-Audited Financial Results of the Company for the quarter ended on 30th June, 2022.

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

http://www.hmvl.in/report23.html#

You are requested to take the above information on record.

Thanking you,

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

(Pumit Kumar Chellaramani)
Company Secretary

Encl: *As above*

HT Media Group Q1 FY23 Earnings Conference Call

August 5, 2022

MANAGEMENT: **MR. PIYUSH GUPTA – GROUP CFO**

MR. ANUP SHARMA – CFO, HINDUSTAN MEDIA VENTURES LIMITED

MS. ANNA ABRAHAM – HEAD, INVESTOR RELATIONS

MR. PERVEZ BAJAN – GROUP CONTROLLER

Moderator: Good afternoon ladies and gentleman. I would like to welcome you all to our first quarter financial year 2022-23 earnings webinar.

As a reminder, all participants will be in a listen only mode. After we are through with the presentation there will be an opportunity 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 evening to everyone. On behalf of HT Media Group, I welcome you all to our earnings webinar to discuss the financial results of the first quarter of financial year 2022-23. Joining me on the call today are Mr. Piyush Gupta, Group CFO; Mr. Anup Sharma, CFO of Hindustan Media Ventures Limited; Mr. Pervez Bajan, Group Controller; and members of our Investor Relations team.

The financial result of Hindustan Media Ventures Limited was declared yesterday and HT Media Limited released today. We will be taking you through the highlights of the same. Kindly note that our remarks will track with the presentation on the Zoom webinar. This presentation, along with the financial statements are available on stock exchanges and the investor relations section of our websites.

Starting with the presentation. This slide captures the disclaimer regarding forward-looking statements, which is on your screens right now. As per practice, we do not provide specific revenue or earnings guidance, but certain statements during the course of this presentation may be forward-looking statements. This will be subject to risks and uncertainties and so kindly keep this in mind as we go along with the webinar.

Moving on to Slide 3. This slide gives the Chairperson's comments on the performance of the company for the quarter. And I quote,

"The first quarter of FY 2022-23 began on a positive note with a strong performance in the previous fiscal year, with overall business performance and the larger economic and business environment seeing considerable improvement, especially in the latter half of the fiscal. But it also began amidst indications of headwinds in terms of escalating material input costs owing to geopolitical tensions and protracted global conflicts.

Our Print business saw significant pricing pressure as material prices continued to remain at elevated levels even as a rise in general inflation impacted the overall cost of doing business. Advertising revenue across Print & Radio and circulation revenues remained healthy.

In the near team, we expect market sentiment and growth to remain a bit subdued, but are hopeful of a resurgence in the mid to long term. Despite external macro headwinds, we remain committed to our journalism and to serving all our customers and stakeholders."

We now move on to the agenda for today, which is on Slide 4. We will begin with the performance update with comments on our consolidated financials for the first quarter. This will be followed by detailed remarks on our Print, Radio and Digital businesses. We will open for Q&A session after the presentation concludes. I would now like to hand over the call to our Group CFO, Mr. Piyush Gupta. Over to you, Piyush.

Piyush Gupta: Thank you, Anna. Good afternoon, ladies and gentlemen. Welcome to our Q1 FY23 investor call. We're going to be quickly taking you through the results. As you can see on your screen, the first quarter results on a total revenue, it's a substantial increase, as you can see, of 53% at INR 432 crore as against INR 281 crore last year.

EBITDA came out at a negative INR 18 crore. As my colleague Anna had highlighted, I think the big points there are the input costs, and we will be speaking a bit about it. The margin came in at a negative 4%. And PAT as a consequence came to a negative INR 42 crore with a margin of negative 10%.

Net cash balance, however, remains strong at INR 936 crore, however, there's a dip versus a year ago. That's primarily because some investments are caught behind working capital, which will be unwound as the newsprint price stabilizes as we go through the year.

Coming now to the business unit performance. For our Print business, our ad revenue came at INR 240 crore, circulation revenue at INR 60 crore, which is a 20% increase from same period last year of INR 50 crore. Consequently, the operating revenue of INR 348 crore, operating EBITDA came at INR 2 crore with a 1% margin.

Some of the key highlights, which are given at the bottom of the chart are, improvement in ad revenues is basically led by uptick in volumes and improvement in yields. Circulation revenue growth led by increase in print order and realization per copy for both English and Hindi and significant year-on-year improvement despite higher newsprint prices.

If you look at our English business on ad revenue on a y-o-y basis, INR 127 crore as against INR 69 crore ad revenue. If you look at sequentially, it came at a 4% decline from INR 132 crore, it came down to INR 127 crore. If you look at circulation revenue, it was 73% up to INR 12 crore versus INR 7 crore and which is a 3% increase on a quarterly basis as well. The highlights are, basically, if you look at it on a y-o-y basis, categories such as real estate, retail, auto, education and FMCG grew, while categories like e-commerce remained a bit subdued. Circulation revenue rose on the back of build back of copies and better realization per copy that we witnessed during the quarter.

On our Hindi ad revenues, you can see there's a substantial jump of 80% coming to INR 113 crore and a 3% decline versus a quarter ago. On circulation revenues, also a very healthy 11% jump coming to INR 48 crore, which is a 7% jump even on a sequential basis. Some of the key highlights are; the ad revenue improvement is led by both volume and yield, as I said earlier. And on a y-o-y basis, categories such as education, retail, FMCG, health and fitness, auto and retail estate grew. Circulation revenue grew due to better realization per copy and higher copies in circulation.

A quick look at our Radio business with revenue at INR 33 crore, operating EBITDA at INR 2 crore. We got a positive EBITDA margin as against the negative INR 16 crore same quarter last year. Just to remind, I think, the first quarter last year was the COVID impacted second wave quarter. So obviously, it was a pretty depressed scenario. So, the base is definitely soft here. But however, it's a substantial growth on the top line that we recorded. Significant improvement in revenues for the quarter, driven both by volumes and rates, and operating EBITDA for the quarter is showing a substantial improvement versus previous year. And this is the third consecutive quarter for operating profit.

And lastly, on our Digital business sitting within the HT Media Group, our revenues came to INR 39 crore as against INR 29 crore earlier, a growth of 33%. Even on a q-o-q basis, it's a growth of 16%. Operating EBITDA came at nearly a breakeven, INR 1 crore, marginal profit with a margin at about 3%. And this growth in Digital business continues secularly.

With that, we come to the end of the webinar. We will now open it up for the Q&A.

Moderator: Thank you Piyush. We will now begin the Q&A session. To ask a question the participant can use the raise hand option on Zoom which will enable the moderator to unmute you for posing your query. Please introduce yourself before posing your query. Kindly restrict to two questions per participant, so that we're 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 Sandeep Jain. Please unmute yourself and ask your question.

Participant: No response

Moderator: We will move onto the next participant. The question is from the line of Mehul Pathak, please unmute yourself and ask your question.

Mehul Pathak: My question is with respect to Digicontent. Now Digicontent, there were some disconcerting comments in the notes to accounts, raising questions about its viability as a going concern. Now when I look at Digicontent, the employee expense has gone up by 26%, other expenses have gone up by 41%, overall expenses in Digicontent has gone up by close to INR 20 crore. The debt on the books has gone up from INR 68 crore last quarter to currently INR 105 crore. So, when you look at all this, it does not look like there is any concern on the company, not continuing as a concern itself. So, the dots are not connecting overall.

Can you throw some light on what is happening because if the company is bankrupt and going bust, then expenses have to be curtailed, you don't increase salary and you don't increase other expenses and invest in the business as if it is going to be lockdown. So, I'm unable to understand.

Anna Abraham: Mehul, this is Anna, here. So, the comment has been put in the standalone accounts of Digicontent Ltd., And it is a function of what the accounting standards and the audit process requires the professionals to do in terms of assessment and reporting accordingly. There is a substantial loan, which is there in the books of Digicontent Ltd., which is due for repayment in the current financial year. And given that repayment is due basis the standalone balance sheet, the auditors have felt a requirement to call out a certain sensitivity.

Having said that, as you rightly said, on a consolidated operation, there is a fairly robust business sitting there. And we hope to, between a combination of cash generation from the business as well as some amount of extension of that loan, expect to kind of settle that and we do not see a problem. But given what the process involved is, there was a certain note that is required to be put as part of their obligations.

Piyush Gupta: Mehul, just to take that further, there is absolutely no financial strain on Digicontent's financials at all. That note is basically because the loan becomes due at the end of the calendar year, and they had to put it on standalone financials. Digicontent, of course, has all the lines, et cetera, available. So financially, it's not a constraint. But however, on the business side, Digicontent is still in an investment mode. If you look at the last 2 years, Digicontent has been growing north of 20-25% and with the new product offerings, which are basically being incubated there, we believe that Digicontent will continue growing. So, there is no concern at all. However, in this call, typically, we don't touch upon Digicontent. If we require more information, we can always connect offline, and we can give the answers to your questions.

Mehul Pathak: Thanks for your answer. I'm convinced that you all are committed to growing the business. But something needs to be done in terms of financial engineering to get that loan off the book internally or give a long lease or whatever, my suggestion

Piyush Gupta: Look, I think your suggestion is well taken, Mehul. We had filed with NCLT for the scheme where we required the support of the minority shareholders. I think one of the reasons was to avoid comments like this from statutory auditors because in these kinds of comments, they have to follow the auditing standards, and I understand that. But you're absolutely right. If you have got some ideas, we are definitely open to it. But now that we are back on the drawing board, we need to do something to avoid these kinds of comments, but the situation of the business is absolutely robust, needless to say.

Moderator: The next question is from the line of Yash R.

Yash R: So, my first question is with regards to the operating revenue. It seems that there is an increase in the other operating revenue, I think consolidated Print level as can be seen in the investor presentation. It seems to have gone from around INR 23 crore to approximately INR 48 crore in current quarter. So, what would this constitute?

Anna Abraham: Hi, this is Anna here. The other operating income does have a certain portion of a forfeiture as part of our Ad for Equity business, which happens on a regular basis. So, this has some portion of that as well.

Yash R: Okay. How much would that be? I mean in the delta?

Anna Abraham: No, I wouldn't want to give you a precise number, but a substantial part of the change is there.

Piyush Gupta: Competition can get access to this information, and hence, we don't give those precise numbers, but those line items are in the ordinary course of business, and they are happening at any point.

Yash R: Sure, sure. I understand that. Okay. My second question is with regards to the investment in new age Digital business that can be seen in the HMVL business. So just wanted to ask if we have started incurring or earning any revenue on that.

Anna Abraham: We are in an incubation stage at this point.

Piyush Gupta: Not yet, Yash. It will take another couple of quarters for that.

Yash R: Okay. And if I can just ask one more question. Where are we on the copies front, the circulation, for English, particularly?

Piyush Gupta: Yes. For both English and Hindi as a matter of fact in this quarter, we basically managed to bring up our copies quite handsomely. And as you also saw in the circulation revenue line, we managed to get a better realization per copy as well. So, copies have definitely gone up in this quarter. Anna, you have the exact numbers?

Anna Abraham: So, we are at anywhere between 75% to 80% of the pre-COVID levels from a copy point of view.

Yash R: For both Hindi and English?

Anna Abraham: Yes, Hindi is higher, Hindi never went down that much. English was the one where copies had substantially reduced and this is where we are back to 75%.

Moderator: The next question is from the line of Vishal Bagadia.

Vishal Bagadia: Good afternoon. This is Vishal Bagadia from Roha Asset Managers. So, my question is regarding the raw material prices. How are we seeing the raw materials prices right now? And in the near to medium term in the next 3 to 6 months, how are we seeing them moving forward? And are we seeing - have they peaked out for us in the industry?

Piyush Gupta: Well, look, Vishal, I personally believe, and this is my view, that the raw material prices as far as the procurement prices, are pretty much at their peak. And after flattening for a while, they should start their downward journey. But as far as the impact on the P&L is concerned, it will always happen with a lag, because there's a certain level of inventory build-up, which every company does. So, I believe these raw material prices in the next couple of quarters should start coming down; and definitely by Q3, we should see the prices softening.

Vishal Bagadia: So, how long are we holding the inventory for, if you can say the number?

Piyush Gupta: Well, we don't disclose that, but we don't have very long inventory. Typically, imported inventory because it has a lead transition time as well. So, typically, we like to do for about 2 to 3 months, about a quarter. Whereas the domestic inventory is virtually on a real-time basis.

Vishal Bagadia: Okay. My second question is on the Radio business. This was the most impacted business on the media segment. So now as things have started opening up and everything has been normalizing. So, how are we seeing Radio business growing moving forward? Are we seeing any events which we are going to hold in the near term as the festivals are coming in? So, how are we seeing Radio in the near term for the next couple of quarters?

Piyush Gupta: Vishal, the simple answer is absolutely yes. As you've seen in the financials, I think the growth in this quarter for Radio business has been pretty sharp because as you rightly said, it was impacted the highest. In terms of having events both online and offline, we are absolutely working for it. In the last couple of quarters, we worked with IPL quite extensively. And now as we go forward, we are approaching the festive season, and we will be working on events portfolio as well, which we always had been even prior to the pandemic. Due to the pandemic, we had to scale that back.

Vishal Bagadia: So, can we say that in the next quarter, we can be somewhere near to the pre-COVID numbers on the Radio business?

Piyush Gupta: Well, not exactly, Vishal. I think the biggest phenomenon in the Radio business has been the price degradation, which has happened across. Though it came down very sharply, it's taking a while to build back. So, I think if you're talking about the revenue numbers, it is still some quarters away. Though the journey has started and with various events and other offline properties coming into the mix, we will see the pricing going up, but it will not clearly reach a pre-pandemic level in the next couple of quarters.

Vishal Bagadia: Sir, if I could squeeze one more. This is on the Digital side of business as we are seeing shift from the Print side to Digital side. Hello, am I audible?

Piyush Gupta: Yes, we can hear you now, Vishal. Go ahead.

Vishal Bagadia: Yes. So, my question is on the Digital front. So, Sir, moving forward in next 2 to 3 years, how are we seeing the proportion of Digital to be, for our total pie of the revenue? What would be the focus for Digital moving forward in the next 2 to 3 years period?

Piyush Gupta: So, Vishal, this is a philosophical question. I have to be very honest. I mean if you compound a certain number with the speed of 25%-30%, which is Digital and a certain number with 5% or 10%, I think the proportion will keep on increasing. Broadly, that's what I can say.

Digital acceptance has grown much sharper. Our Digital products, which are now there in the market are many more. Our portfolio of Digital products for whom we are trying the market fit at this point in time are many, which we are incubating. Our investments behind Digital businesses are becoming reasonably mature. And I believe that the digital space will keep on increasing secularly for quite some time.

So, with that mix, I think Digital proportion in the overall revenue mix will keep on growing. Now putting an exact number will be a tough thing because Print, currently, in terms of size, is a much bigger business. But as you can see, at an industry level, it is. under tremendous stress and there's a different set of levers of Print business as against Digital business. So yes, you're absolutely right. Digital will keep on growing. What proportion will it become, I think only time will tell.

Vishal Bagadia: Ok that would be great. Thank you.

Moderator: 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, ladies and gentlemen, for joining our Q1 FY23 call. I wish you all the very best, and I look forward to seeing you in the next quarter's call. Thank you.

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