Conference Call – Quarterly Results – Q1 FY19

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HT Media Limited
&
Hindustan Media Ventures Limited

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Moderator: Ladies and gentlemen, good day and welcome to the HT Media and HMVL Q1 FY2019 Earnings Conference Call hosted by Anand Rathi. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Shobhit Singhal from Anand Rathi. Thank you and over to you Sir!

Shobhit Singhal: Thank you Rio. We at Anand Rathi are pleased to host the Q1 FY2019 results conference call for HT Media and HMVL. We have the senior management team of HT Media Group with us. I would now like to invite Ms. Anna Abraham, Head – Investor Relations, Financial Planning and Strategy to give the opening remarks. Over to you Anna!

Anna Abraham: Thank you. Good morning ladies and gentlemen, and thank you for joining our earnings conference call. It has been a tough quarter both on the revenue and newsprint cost front, which has impacted the results for the quarter. We will be taking you through the details of the operating performance during the course of this call today. Joining me on the call is Mr. Piyush Gupta, Group CFO of HT Media Group, Mr. Rajeev Beotra, CEO of Hindustan Media Ventures Limited, and Mr. Sandeep Gulati, CFO of Hindustan Media Ventures Limited. Our remarks today will track the presentation on the webcast, which is also available on the investor relation section of our website. I would now like to draw your attention to slide two of the presentation, which has the disclaimer relating to the forward-looking statements.

Moving forward, during the course of the presentation, we will take you through the highlights and financial performance of the group for the quarter. We will cover separately the performance of print business including English and Hindi, and the radio business in detail. Following our remarks, the call will open up for questions. With this, I hand over the call to Piyush.

Piyush Gupta: Thanks Anna. Good morning everyone. I will directly jump into the presentation by going over the highlights of the quarter. As you can see on slide number six on the presentation deck, we launched the Hindustan Purnia edition during this quarter. This has been in work for some time and finally, it has been launched in this quarter. However as you have seen in the financials, which we will be covering a few slides down, there has been muted revenue performance. I will be covering the various sectors which have not performed, but the muted corporate earnings have resulted in a very low revenue performance for us. Pickup in local advertising, even as national advertising growth remains elusive is one welcome trend that we have seen in this quarter. The local adverting has started coming back, though the big-ticket key accounts of national advertising are still elusive. We have been guiding that the newsprint prices are slated to go up. This is now playing out on the print side. I can tell you that we are still consuming some of the lower cost inventory, which we have procured earlier, but we are running it down very sharply. So, newsprint prices have had a very sharp impact on the cost structures of both Hindi and English publications.

If we just switch gears and come to the radio business, we can see that it continues to be on a path of healthy growth. Margin has also got a positive flip because of the operating leverage.

Next, we have a quick summary of the financials for the quarter. Operating revenues declined by 7% at Rs.542 Crores in Q1 against Rs.584 Crores in Q1 last year. Operating EBITDA also came down from Rs.70 Crores in Q1 FY18 to Rs.36 Crores in Q1 FY19, and, as a consequence, the Operating EBITDA margins came down to 7% in Q1 FY19. PAT registered a sharp drop to Rs.6 Crores and PAT margin was 1% in Q1 FY19. Net cash continues to be healthy which is still about Rs 1200 Crore plus.

Moving forward, we will be quickly taking you through the business unit performance. If you look at the print unit performance, the operating revenue is down by 7% at Rs.478 Crores in Q1 FY19 while operating EBITDA margin is at 14%. Ad revenues came down from Rs.421 Crores in Q1 FY18 to Rs.390 Crores in Q1 FY19. Circulation revenue stood marginally lower from Rs.71 Crores in Q1 FY18 to Rs.69 Crores in Q1 FY19. As we had indicated in the last call, we are taking corrective cover price action on circulation along with the entire industry. This has held us in good stead. As you would understand, with the cover price action at the industry level, copies do drop, and that has a negative impact on the revenue.

Moving forward, we have further segmented Print into English and Hindi. We will first take up English. De-growth in English at 9% has been much sharper than in Hindi. Ad revenue stood at Rs.221 Crores in Q1 FY19. Circulation revenue is down by about 4%. Some of the key sectors such as Real Estate and E-commerce showed ad revenue growth, while Education category posted muted growth. Local to local is showing better results, backed by yield growth. This is the point I was making earlier. However, muted ad spend in Government, Auto, Retail, Entertainment and BFSI categories had a heavy bearing on this quarter’s financials. Also, national spends have been muted over the last year.

Moving on to Hindi segment, we had 4% de-growth on the top line coming at Rs.227 Crores in Q1 FY19. Operating EBITDA came down quite sharply to Rs.19 Crores in Q1 FY19 from Rs.51 Crores in the same period last year. Op EBITDA margin came down very sharply to 9% in Q1 FY19. Profit after tax came in at Rs.13 Crores in Q1 FY19 as against Rs.48 Crores in Q1 FY18. PAT margins sharply declined to 6% in Q1 FY19 as against 18% in Q1 FY18. Net cash is at a healthy level of Rs.977 Crores.

Moving forward, Hindi Ad revenue declined by 5% and circulation revenue declined by 3%. Some key categories, which have showed pickup in ad revenue includes Auto, FMCG, E-Commerce and Real Estate. These have been net contributors for the Hindi publication. Cover price actions, which I was alluding towards earlier, have started yielding results and we will see the full impact in the second quarter results, because they have been taken various points in the first quarter. Sequential revenue growth therefore is at 9%. Local volumes and yields are on a growth trajectory, and we believe this trend will continue well into the next quarter. Some of the drags have been national advertising whereby there is a massive pressure on yields; and that being a substantial part of the ad revenue, has brought down the entire ad revenue table lower. Despite the poor base, we have hardly seen any growth trajectory on the Education category, which at a point in time used to be a substantial category for us. Also, there have been muted ad spends in Government, Classifieds, Retail, Medical Health & fitness, Durables and BFSI categories.

Moving forward to the last segment, Radio witnessed YoY revenue growth of 12%, Revenues have gone up from Rs.42 Crores to Rs.47 Crores in Q1 FY19.and operating EBITDA has also grown very sharply from 11 Crores in Q1 FY18 to 14 Crores in Q1 FY19. You can see the operating leverage kicking in, which is basically improving the margins from 26% to 30%. EBIT therefore comes to Rs.5 Crores with EBIT margin nearly doubling. Real Estate and Auto categories led to the revenue growth in radio segment.

Moving forward, as we had announced yesterday, we are entering into a proposed transaction on the radio side. I would just like to give a few highlights of the transaction. We are proposing a merger of metro radio business of HT Media with radio business of Next Mediaworks. Basically the rationale for this is that both these businesses will create a metro focused radio business, which will probably be unparalleled in competition. The reason for metro markets is that 60% to 65% of revenues are still localized in the metro market. As you would remember, when we entered this business in phase II about 11 years ago, we had taken the four stations in metro market, and we continue to be on our strategy. With this merger, we will take it to the next level, and become probably the biggest network with a metro facing radio business across the country. Fever has been successful with this strategy, and we plan to take this further on. The merged entity will have the widest reach in the top seven metro markets, with a lot of depth in the biggest markets of Delhi and Mumbai. This will also bring benefits of synergy, which will help in further strengthening the operating margins of the resultant entity. The consideration for this transaction is a pure equity deal. There is no cash transaction. This has been structured as a single scheme of arrangement, whereby relevant businesses will be combined into one entity, which is the current listed company Next Mediaworks (NMW). As a part of the Scheme of Arrangement, HT Media will be demerging all its radio businesses, except Hyderabad and Uttar Pradesh - Hyderabad because of regulatory reasons we cannot do that because there is a regulatory lock-in and Uttar Pradesh does not fit into the metro strategy and so, we will keep that separate. Uttar Pradesh has more synergy with our newspaper business, so we will house it like that. The scheme entails amalgamation of HT Music and Entertainment Company (HTM) with NMW. HTM is the one where we house our Chennai station. The scheme also consists of the demerger of the FM radio business of Next Radio Limited (NRL) into NMW. NMW in turn will issue shares as consideration for the above business transfer to the respective entities. Post transaction holding consequent to the implementation of the transaction is that, HT Media and its shareholders will hold 74% of the equity share capital of NMW, while current shareholders of NRL and NMW will hold the balance 26%. So that will be the resultant thing. All of the above are subject to regulatory approvals, which we are in various stages of. Therefore, this transaction is expected to take 12 to 18 months to fructify. With that, I come to the end of a quick presentation, and we would now open it to Q&A. So, if there are any questions, we would love to answer those.

Moderator: Sure. Thank you very much. We will now begin with the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We have the first question from the line of Vivekanand Subramaniam from Ambit Capital. Please go ahead.

Vivekanand S: Thanks for the call. I have a couple of questions pertaining to your decision to expand in radio. Can you help us understand the newly merged entity, which will be called Next Mediaworks? Is the understanding correct that the market cap of this entity, as represented by Next Mediaworks share price, would be around Rs.800 Crores? Can you just briefly help us with the FY 2018 key financials - Revenue, EBITDA, PAT and Net debt of this entity? And on a related note, can you help us understand the shareholding pattern? You said 74% and 26%, but can you drill down a bit further on what will be the holding of the HT Media promoters, the Ansari family, HT Media and Next Mediaworks minority shareholders. What will be the shareholding pattern like and lastly, on the radio business, we would like to understand or rather I would like to understand, why you feel having metro centric FM radio network, with two to three stations, possibly one station in English in the three markets, makes more sense than having a greater distribution of the radio network? Thank you.

Piyush Gupta: Thanks Vivekanand for the very elaborate question. Let me try to answer it in the order that you had asked. About the market cap, what I would say is that you cannot take the current market cap and extrapolate that. With this metro centric radio play, the way we would ideally like to see this, is the market valuing it at comparables of other listed radio companies. Anywhere between 20 to 25 times to 30 times of EBITDA should be the fair value which will come out. The current market cap of Next Mediaworks, I do not think will be representative. It is a forward looking question, and I can only conjecture on this. But with the strategy that we have, and the stations which we are bringing into the resultant entity, I think the market multiples will be much more superior, and those should be reflecting the quality of earnings that we have managed on a sustained basis. Coming therefore to the rationale, if you just examine HT Media’s radio business from a segment account over the last three to four years, you can see we have been providing a superior margin structure. This is because of the quality of revenue and the yields of revenue in metro markets, and this we believe has been validated now over the last three to four years, is much superior to the smaller markets where the value creation is not that sharp. Now, having three stations in Delhi and Mumbai, I think will give us the widest depth, which currently no one has. Even today, we have two stations in Delhi and Mumbai, and the next competition only has one in one of these markets, while we will have three each. The way we have segmented our current business between retro and contemporary Hindi Bollywood music, and the way Next Mediaworks is positioned in the market on western music in these markets, the resultant platform gives us a lot of flexibility to look at the relevant platforms in these two big markets. Of course, there is Bengaluru and Chennai and other markets like Pune, and Hyderabad etc., which will be eventually very interesting markets. But the variety that we will have on the platform, we believe, will help us drive synergistic revenue benefits, which will definitely give us superior margins. With that rationale, we progressed on this. As far as the drill down on the shareholding structure is concerned, what I can tell you is that we went through all the possible structures that could have been to get the desired results, and we have come down to the current swap ratio, which we have agreed upon. The details I would not, at this point in time, be able to give you because we will be doing a follow-up board meeting in a couple of week's time and will be applying for all the regulatory approvals and it will all come out there, but suffice to say that HT shareholders and HT will hold 74% and NMW/Radio One and their shareholders will be holding 26%. The considerations for us on the capital structure clearly were regulatory consideration, the, tax considerations and the resultant value creation consideration, which have all been taken into account for carving out the capital structure. That is all that I can tell you at this point in time.

Vivekanand S: This was very helpful. Just one-two small follow-ups. So the structure you mentioned – HT shareholders plus HT Media promoters will hold 74%. So this merged entity, will it have 100% of Next Radio limited or will it have 51% of Next Radio? Because, currently Next Mediaworks has 51% stake in Next Radio, which runs the seven Radio One stations. I am sorry, if the question is very basic in nature.

Piyush Gupta: No. I can understand, since we have just announced the scheme yesterday. It will have 100% of the operating radio businesses of Next Mediaworks. However, Ahmedabad will not be part of that scheme, because Next Mediaworks even before the inception of this scheme, had applied for demerger of that into a separate legal entity, and applied to MIB for separate approvals. So, all their business except Ahmedabad station will be part of the resultant entity, which is distributed in the ratio of 74:26. One of the things you mentioned is concerning promoters. It is not promoter. It is the HT Media and its shareholders on one hand, and Next Mediaworks and their shareholders on the other hand.

Vivekanand S: Lastly, just to understand clearly, you are saying that the Ansari family will no longer be the promoter of this entity? It is just the HT promoters that will promote this company hosting

HT metro radio stations (excluding Hyderabad) and the Next Mediaworks (Radio One) stations (excluding Ahmedabad). Is that understanding correct?

Piyush Gupta: Your understanding is fair. You are presupposing that all the regulatory approvals come in that fashion. If it does, that will exactly be the way it will play out.

Vivekanand S: Absolutely, assuming all that, yes. Thanks a lot. I have some more questions, so I will come back in the queue.

Moderator: Thank you. The next question is from the line of Giriraj Daga from KM Visaria Family Trust. Please go ahead.

Giriraj Daga: Hello team. What is the amount of debt, which will be transferred along with radio business?

Piyush Gupta: So, in this scheme HT Media is not transferring any debt. However, there is Rs.47 Crores of the closing number of March 31 is the debt, which is being passed on from Next Mediaworks.

Giriraj Daga: Sorry, the amount of debt from HT Media will not be transferred, apart from the Rs.47 Crores?

Piyush Gupta: No. HT Media is not transferring any debt. However, in this amalgamation scheme, Next Mediaworks is transferring their closing debt on March 31, 2018 balance sheet.

Giriraj Daga: But there is a thought process why like because we had… the last capex was actually borne by radio side, where we had to pay significant amount for the frequencies. So, we are not transferring any of the debt?

Anna Abraham: In the radio business, all these stations have become cash generating, so they do not need any financing per se. So in the envisaged transaction, we are not transferring any debt.

Giriraj Daga: Okay. If one had to just look at the numbers of radio business except for UP and Hyderabad, what would be the normal like-to-like number?

Anna Abraham: We have disclosed that in the filing, if you could just probably pick it from there.

Giriraj Daga: Just a broad percentage, like last year we did Rs.178 Crores. So how much would have been UP and Hyderabad put together, out of revenue number?

Piyush Gupta: The contribution of UP and Hyderabad to revenue is miniscule right now. We would not be able to give it to you, but I can tell you it is a very small number. Couple of points here - UP was a late operationalisation of the license and the whole thesis of buying UP stations was the synergistic benefit with Hindi Publication so that's how it is going to grow eventually. Hyderabad currently has a very small number, but because of regulatory lock-in, that will not be part of the scheme.

Giriraj Daga: My second question is on the print side of it. Last two quarters, we were talking about the changes in strategy, focusing on yield. Do you think that we are moving on the right direction so far, and there is no re-thought on the strategy so far?

Piyush Gupta: Yes, our strategy on the yield remains intact. However, given the market scenarios and the competitive pressure, we are trying the best we possibly can, as I had shared in the presentation earlier. On the local side, we have got some early successes, but on the national side, the needle still has to move quite a lot. In spite of the fact that we do have a strategy, we are still to on the national side, taste much success. But on the local side, I think the strategy is well on track.

Giriraj Daga: Okay, my last question on the cash side of HMVL. This quarter Rs.977 Crores versus Rs.1061 Crores on the fourth quarter number. So there is drawdown of about Rs.85 Crores and if I add the PAT, there is roughly drawdown of about Rs.100 Crores in cash on the HMVL side. Can you give the breakup of that?

Anna Abraham: It is largely working capital investment.

Piyush Gupta: Basically with this newsprint scenario, we are trying to up stock newsprint. And working capital including receivables, which typically tend to dip in March, go up in June. So, it is primarily working capital.

Moderator: Thank you. The next question is from the line of Yogesh Kirve from B&K Securities. Please go ahead.

Yogesh Kirve: Thanks for the opportunity. On the radio transaction, if I get my understanding right, the HTML shareholders and HTML will together get about 37% stake each in NMW? So is that the correct assessment?

Anna Abraham: As Piyush mentioned in his earlier comments, given that we are in the process of finalizing the scheme documentation and that is going to be approved in the subsequent board meeting, we would like to defer this question at this point of time. All the details will be announced to the public and we can possibly address this once the scheme is also signed.

Yogesh Kirve: So we have already announced along-with the swap ratio. So, are you saying that this could be revised?

Piyush Gupta: No, this cannot be revised. The whole point is that there is some regulatory filing which has to be done. We have already announced that but the regulatory filings are happening now. But broadly what we are saying is that between the shareholders of HT Media and HT Media, there is a 74% chunk, which is distributed there. But we would like to do filings, and it will be all disclosed in the filing documents a couple of weeks from now.

Yogesh Kirve: If you look from the HTML shareholders, both the minority as well as the promoters, would not it be ideal that they would have direct exposure to NMW instead of sort of an indirect exposure to HT Media. So, could we envisage a transaction where HT Media shareholders will get direct exposure to NMW?

Piyush Gupta: As I was explaining to the gentleman before you, we had evaluated all the possible structures with two or three guiding principles. Obviously, the regulatory approval was paramount because this is a very heavily regulated sector. The value distribution between both the merging parties was clearly the one which was the lighthouse on this whole stuff. Tax was the last consideration that we were working on. Now whether it will be a direct or an indirect is a consequence of what best we have been able to achieve in this scheme of arrangement. I can tell you that it is partly direct and partly indirect. 100% direct exposure was not viable and that is not the way it has been achieved.

Yogesh Kirve: Secondly, in terms of your print advertisement revenue growth, especially in the Hindi side of the business. I think the advertisement revenue was down by about 5%-6%, so, what is the outlook? First of all what is the weakness during this particular quarter, given that the base was also quite low and how do we expect FY 2018-19 to play out based on the way it has started?

Rajeev Beotra: This particular quarter, the setback has largely been on Government advertising. Last year this quarter, on account of the GST implementation, the government expenditure was reasonably high especially in the month of June. So that is one particular segment which is lower. Secondly, not all the national advertising categories are firing, still. There is some recovery as Piyush mentioned earlier. FMCG category advertising has grown very well, automobile has done well. But some of the other national advertising categories have not done that very well in April-June quarter, but the largest contributor is the slowdown in government spending in April-June quarter. That is as far as April-June is concerned. However, the good part is, as Piyush mentioned again, the local retail advertising seems to be picking up. There is some buoyancy, which we are seeing in real estate and other local advertising. In the Hindi part of the business, the government advertising is one of the largest contributors. Going forward, we are quite buoyant about that particular expenditure, largely on account of the impending elections. So we remain upbeat about government spending on this particular year.

Moderator: Thank you. The next question is from the line of Vaibhav Badjatya from HNI Investment. Please go ahead.

Vaibhav Badjatya: Thanks for providing me this opportunity. I have some the clarification on the HT, the digital content business that is going to be demerged. So first of all, is there any timeline on that? And secondly, on the shareholding of the company that is going to list, will HT Media, Public and the promoters from HT Media would be the shareholders; or, the promoters of HT Media and the public would be the shareholders?

Anna Abraham: We have got the shareholder approval for the scheme, which is why it is now disclosed as discontinued operations in the financials. Now, we are awaiting a final approval from NCLT. So it is a function of how long they will take, but it could anywhere be about three to six months for the final closure on this. In terms of the ultimate shareholding, it is the shareholders of HT Media who will be shareholders in this entity going forward.

Vaibhav Badjatya: HT Media will not have any stake directly into that new listed company, that is what you mean to say?

Anna Abraham: Yes, that is right. That is how we have always conveyed also from the time the scheme was announced.

Vaibhav Badjatya: Secondly, on the newsprint prices, I understand that partly the newsprint prices are due to pollution related control that has been implemented in China. So I just want to understand that what do you think that how sustainable it is? Because we have seen in case of couple of other chemicals, this turned out to be a sustainable level of prices for those chemicals. So, if this turns out to be sustainable rather than temporary, then what would be the strategy going forward?

Piyush Gupta: You know well it is very tough to comment on whether it will be a sustainable regulatory shift in China or not. But firstly from the other side, if you view this thing, I personally do not believe that this can be sustainable because at these escalated raw material cost, the whole sector's viability will come under question. So I do not think it will be sustainable because at this price, there will be a lot of merit for a lot of new capacity to come on stream. And this is not a viable price level for raw material for this sector. As you can also understand, this quarter there has been a double whammy, because the currency has also moved very sharply in a three-month period apart from the commodity prices. So I think the commodity prices will correct. Even if China's regulatory requirements remain where they are, I think new capacity will come on stream. As far as the currency is concerned it is anyone's guess, I mean that it is a million dollar question which we cannot answer. But I personally believe that the prices are at a very high level now, but stable, they are not going up any further. Time will tell where they will go, but I personally believe at least in the next two-three quarters, they should start coming down.

Moderator: Thank you. The next question is from the line of Vikash Mantri from ICICI Securities. Please go ahead.

Vikash Mantri: Good morning everybody. Just wanted to understand in all the radio stations that will be there in the new entity, the stakes will be 100% or not? And secondly, can you help us with what is the current realized cost, or if you were to use the current realized cost of newsprint, what could be the further increase in newsprint or raw material that we have?

Anna Abraham: Vikash, it is not a station wise purchase. All the radio stations are getting transferred to one legal entity, in which the holding will be 74:26. To that extent, all the metro stations – 7 from HT and 6 from their side will all come in one legal entity, and it will be that entity in which the holding will be 74:26. So it cannot be 100% in any station in that manner. Secondly, on your newsprint question, as Piyush had alluded to during his comment, we did have some low cost inventory which we had utilized this quarter. So the full hit of the newsprint spike has not come in Q1, and therefore Q2 will see an increase in rate over and above the current quarter as well.

Vikash Mantri: Can you help us with the realized cost in this quarter versus the realized cost of our inventory?

Anna Abraham: We do not give the absolute number. But it will be about 7% to 10% over the current quarter number.

Vikash Mantri: Thank you.

Moderator: Thank you. Next question is from the line of Arpit Ranka from Kovil Investments. Please go ahead.

Arpit Ranka: Morning, I have couple of questions. So the first one is, as part of the scheme HT Music and Entertainment, we had infused say Rs.400 Crores into that subsidiary last month. That entity will be issued about 18 Crores shares out of 50 Crores shares eventually in Next Media which is a 35% stake. And that subsidiary only has Chennai license, other than that Rs. 400 Crores. So is it safe to assume that the Rs. 400 Crores is getting transferred to the combined entity?

Piyush Gupta: First of all, one factual correction that I would like to do. The facilitation that we took in the board resolution was Rs.400 Crores, but we have not infused Rs.400 Crores, we have infused Rs.300 Crores there. So, the total infusion in HT Music, where the Chennai license is housed, is Rs. 300 Crores. But rest of the argument, what you are saying is correct. We had evaluated from the best capital structure, tax, regulatory and shareholder value creation points of view. So that is exactly how you are saying. Though, I do not readily have the exact number of shares.

Arpit Ranka: That helps. Thanks a lot. Secondly of the radio stations which are getting demerged, you have given a sales number of Rs.158 Crores out of Rs.178. What is the approximately cash flow or EBITDA on these stations**,** if you could just give a ballpark number that would be helpful?

Anna Abraham: All our stations are EBITDA profitable, and it's largely the metro stations that have contributed the profits. So I do not want to give an absolute number, but indicatively most of the EBITDA number is from the metro stations.

Arpit Ranka: Okay. Thanks a lot. That is helpful. Good luck.

Moderator: Thank you very much. The next question is from the line of Jigar Shah from Maybank. Please go ahead.

Jigar Shah: Good morning. My question pertains to the segmental profit and loss for this quarter. I think the unallocated shows that there is a increase in the loses from Rs.28 Crores in first quarter last year to Rs.39 Crores in first quarter of this year. So can you give some more clarity on this?

Anna Abraham: Hi Jigar. Yes, we took mark-to-market loss on some of the investments that we are holding. That cost has been unallocated and that is why you are seeing a spike. Last quarter, actually on some of those, we had booked a fairly high MTM gain, and then there were some correction in prices because of which we had MTM losses this quarter.

Jigar Shah: So are these from mutual fund investments or these are some other investments?

Anna Abraham: Strategic investments.

Jigar Shah: And can one say that this is something, which will not repeat, in the subsequent quarter?

Anna Abraham: As long as we hold the investment, it is subject to market fluctuations and market risk. We do, of course, opportunistically book profits, but as long as there is a market fluctuation, it could potentially happen.

Jigar Shah: Were there any other one offs in your P&L in this quarter?

Anna Abraham: We do have it in the salaries, because there has been a one-time truing up of certain bonus provisions that are there.

Jigar Shah: Could you quantify?

Anna Abraham: No.

Jigar Shah: Is it big or small?

Piyush Gupta: It is a big number. They are the year ends bonus provisions, which were quantified after the end of the year, but that is the one-off.

Jigar Shah: One last thing is on other income, we have seen a sharp fall. While you have suggested that your cash levels at the consol level, are still marginally better than what they were. So would like to understand the trajectory of other income for the full year, and in the coming quarters. Could you give some better idea about it?

Anna Abraham: The drop in other income will be a reflection of the yield curve. The 10 year G-Sec had increased by about 50 bps from the March 31, 2018 position to June 30, 2018 which was a sharp increase over one quarter, on account of which we took some hit even on the interest income side. However, going forward the accrual will be on the higher rate, and therefore on a full year basis there should not be any problem.

Jigar Shah: Okay, that is it. I think rest of the questions has been asked, so I will not repeat. Thank you.

Moderator: Thank you. Next question is from the line of Rohit Dokania from IDFC Securities. Please go ahead.

Rohit Dokania: Good morning. Just two questions from my side. One is on the discontinued operation's side, referring to the notes to accounts to consolidated results in point number five. You were saying that pending the requisite approval impact to the scheme is not considered in the above results; however there is a discontinued operation. Could you please clarify what exactly it is?

Anna Abraham: Given that we have received the shareholder approval for the scheme, we were obligated to show this as discontinued operations and disclose the results as the separate line. However, the final approval is subject to getting the NCLT clearance etc. This entire business will eventually go out of the entity, although it has not gone out of the entity at this point of time. However, because the shareholder approval has been received, we are required to report it as discontinued operations. That is the sum and substance of it.

Rohit Dokania: Understood. This is basically the multimedia content management business that we have been talking about all these projects?

Anna Abraham: Plus digital businesses also.

Rohit Dokania: Anna, if I look at FY 2018 segmental results that we had reported, the quarterly run rate of the MMCM segment was in the range of about Rs.45 Crores, and here in discontinued operation the quarterly run rate is about Rs.9 Crores. And again the year end number is just about Rs.26 Crores. So could you please help me reconcile that?

Anna Abraham: There is a little bit accounting related factors playing here. So, while the continuing operations reflect the performance and what it will be going forward of the continuing operations, the discontinuing operation number is reported as what is the consolidated less the continued operations. It is not a true reflection of the continued operations going forward, and it will have an impact of intercompany adjustments etc.

Rohit Dokania: But the difference could be so huge from Rs.26 Crores to Rs.200 Crores. That is like 90% shortfall?

Anna Abraham: There are cross charges also in MMCM division.

Rohit Dokania: Okay, fair enough. I think I will take this offline. The other question that I had is, now basically post this radio sort of bulk of the radio moving out. So, essentially HT Media now is pure play print player, because most of the digital has been moved out in terms of the MMCM and the radio is also we moved out. So obviously HT Media will hold some part probably in the range of 37%-38% in this radio entity, but otherwise we are now probably a pure play print player. That is what it has now become, right?

Piyush Gupta: Yes, your understanding is absolutely spot on.

Rohit Dokania: Would not that sort of hurt or medium to long-term prospects, because earlier when these two businesses are also part of the console entity, it was a far better placed in terms of both mix of traditional and future mediums. But now we are sort of left with just print medium?

Piyush Gupta: I think it is a very hypothetical question. You have seen the HT Media's share performance and the business performance over various digital media businesses that we have tried to incubate and also radio businesses, the way was in 2008, 2009, -2010 etc., and thereafter. Now how these businesses will eventually perform is not very clear. Digital we all know is the future, so digital is impacting not just the print media business or just the media businesses, but other forms of businesses as well. But the structuring for us, the way we kept it as a subset of the larger business synergy and how we run the business to harness the synergy out of this. As I explained last time, when we had IDFC's investor meeting, we have created a separate digital team, with a separate plan, a separate objective and they are scoping out the market and trying to set up their annual operating plan in that area. Now whichever legal structure works best for us, we are going for that. Similarly, for radio, now that it has gained a certain level of scale and size, we are unlocking it and basically putting it into pure play radio operation. HT Media, of course, has been facing headwinds for the last six to eight quarters, and it is fool hardly to say that how the future will be, but it will be pure play company. So, rather than just looking at from perspective whether this play will be more interesting because of different media platforms, it is better to set up a business in a manner whereby it is set up for success, and the values will follow thereafter. So, that is the paradigm that we are going after, and only time will tell how it plays out.

Rohit Dokania: Just one last question from my side. So if I got it right, you are saying radio entity would have about Rs.47 Crores odd of debt, which moves from NRL and about Rs.300 Crores of cash that will move from HTM. So the net cash out there would be about Rs.250 Crores, is that a fair understanding?

Anna Abraham: No Rohit. The net debt from the HT side will be zero, because there is debt sitting in the radio undertaking and there is cash sitting downstream. So, the net debt position for the radio business will be zero, and then whatever is in the NRL balance sheet will come to the joint entity.

Rohit Dokania: Understood, that is very helpful. Thanks a lot.

Moderator: Thank you. Next question is from the line of Rajiv Bharati from IndiaNivesh. Please go ahead.

Rajiv Bharati: Thanks for the opportunity. Sir in terms of cost synergies, once you have three stations in Mumbai, three stations in Delhi, two each in Bengaluru, Kolkata, Chennai; do you think you can bring down the cost? Because as per the last numbers if you had Rs.47 Crores for the depreciation of your frequencies plus Rs.20 Crores odd what EBIT number you report, Rs.70 Crores on Rs.162 Crores number what you have mentioned on the revenue side for the demerged piece, 43% kind of margin you make EBITDA margin, versus may be 25 for Next Media. Is there potential that Next Media's margin can be scaled up to your levels?

Piyush Gupta: I think that is definitely one of the rationales because of which we are going ahead with this merger and that is actually a very, very critical reason for us to go down this route. The reason we are very confident that this will play out is, even when we launched our own Radio Nasha stations in Delhi and Mumbai, we have seen the cost synergies playing out very sharply. So I see no reason why in this merger they will not play out. We will get the same advantage. How much time that will take, will it play out over one quarter, two quarters or four quarters, only time will tell. But for sure they will play out.

Rajiv Bharati: And in terms of rebranding, whether you are going to change the genre as well?

Piyush Gupta: All those discussions are for the future. We will definitely do what is best for this combined network. As I said in cities like Delhi, Mumbai, Bengaluru there is a demand for different kind of genres. We already see the demand playing out for Radio Nasha which is retro Hindi Bollywood Music and we are seeing already a good performance. I had guided you in the last call, that Radio Nasha actually started the yield realizations better than Fever, in spite of 10 year legacy that Fever enjoyed in the market of Mumbai. So genres, branding etc. are things that we will look at a future date. At this point in time, these are independent businesses and they continue exactly in the same fashion that they were continuing before this transaction was announced.

Rajiv Bharati: One last question, though this question is more for the Next Media management. So now they are only left with one frequency. I do not understand that they will be continuing that. So you could have bought that as well, why leave Ahmedabad alone?

Piyush Gupta: I think this is for the Next Media management only and I think we cannot comment on that. There might be a strategic play that they must have thought about.

Anna Abraham: One other thing, Piyush has already commented that there is an existing scheme which the entity is subject to. The rest of the details they will be able to share, and this is not a part of our deal with them.

Rajiv Bharati: Thanks a lot.

Moderator: Thank you. Next question is from the line of Naitik Mody from OHM Portfolio. Please go ahead.

Naitik Mody: Sir could you please tell us what is the value that you have attributed for the Next Media radio channel?

Piyush Gupta: On the valuation, I think I guided one of your colleagues earlier. We use comparable valuation methodology of both the listed radio stations, and use that for arriving at a resulted valuation.

Naitik Mody: So what is that value?

Anna Abraham: We have reported the swap ratios done by valuer. But, of course the market multiples and the synergy that we will derive from the business going forward, that is the guiding principle.

Naitik Mody: I am looking at a value that the company is attributed for buying the Next Media radio channel?

Anna Abraham: We would not be commenting on that at this point.

Naitik Mody: Thank you.

Moderator: Thank you. Next question is from the line of Amit M from Robocap. Please go ahead.

Amit M: Good morning. Thanks for the opportunity. My question is about newsprint prices. Can you please quantify how much it has gone up on metric tonne basis year-on-year and quarter-on-quarter?

Anna Abraham: Year-on-year it is about 15% and sequentially also it is about that number.

Amit M: And in rupee term what exactly was that number?

Anna Abraham: Sorry.

Amit M: If I have to quantify the rupees, what would that number be?

Anna Abraham: Increase in price is about Rs.6,000 per metric tonne.

Amit M: Thanks. And do we buy it locally or we import it?

Anna Abraham: It's a combination of both.

Amit M: Thanks.

Moderator: Thank you. The next question is from the line of Venkatesh Waran from Trustline Portfolio Management. Please go ahead.

Venkatesh Waran: Good morning. I did not catch price per metric tonne of newsprint cost?

Piyush Gupta: Currently, the price per metric tonne is about Rs.42,000 a metric tonne, and what Anna was alluding towards is both sequentially versus the same period last year, it has gone up by about Rs.6,000 a metric tonne. The replacement price, however, which will come into the P&L in the next quarter, might see a sharper escalation because we were still consuming inventory, which had been purchased at a price which was less than Rs.42,000 a metric tonne.

Venkatesh Waran: Thank you Sir. One clarification regarding Digicontent demerger. So, HT Digital Ventures will be 100% subsidiary of Digicontent post demerger?

Anna Abraham: That is right.

Venkatesh Waran: HT Digital Ventures FY2017 revenue was around Rs.230 Crores.

Anna Abraham: I do not immediately have the number. So, the question being?

Venkatesh Waran: Madam, FY 2017 HT Digital Ventures revenue?

Anna Abraham: I would not have the number FY 2017 revenues upfront here. We will have to take it offline.

Venkatesh Waran: That is it from my side.

Moderator: Thank you. Next question is from Rishi Goswami from Locus Investments. Please go ahead.

Rishi Goswami: Just a clarification on the transaction. Could you please clarify the shareholding structure of NWL post the transaction. How much will be owned by HT Media directly and how much will be owned by HT Media shareholders?

Piyush Gupta: As I was alluding earlier, we are not going into the details of the capital structure. But HT Media shareholders and HT Media will jointly own 74% in the resultant entity, and the balance 26% will be with shareholders of Next Mediaworks and Next Radio Ltd. The structure for both the shareholders - the majority and the minority, will be direct and indirect exposure to Next Media works. As I was guiding earlier, that the considerations have been regulatory, economic value creation and taxation reasons for the current structure that we have formulated.

Rishi Goswami: Right, but the structure that you have formulated, I guess, is it is the final structure right. So why are you not sharing?

Piyush Gupta: Yes, it is the final structure, but it is subject to approval. We do not see any changes happening there. But all these things will be put into a public domain in the next couple of weeks, when we put out the scheme document. Before all the regulatory approvals are filed, we would not like to kind of venture into that area right now.

Rishi Goswami: Okay, as a shareholder of HT Media we do get some shares in NMW?

Piyush Gupta: Yes, absolutely. Some you get directly, and some obviously you get indirectly through HT Media. But, absolutely you do.

Rishi Goswami: Okay, thank you. That is all.

Moderator: Thank you. The next question is from the line Nath Balakrishnan from Spark. Please go ahead.

Nath Balakrishnan: Thanks for the opportunity. Our questions are pertaining are HMVL. I think, firstly, if you could just help us with an understanding of the competitive landscape in your key markets - Bihar, Jharkhand and UP, and help us understand how you are positioned vis-à-vis competition there? And the second question, essentially wanting to understand movement in raw material prices. While we do gather that you say that prices that are prevailing today are Rs.42,000 a metric tonne, what we would like to understand is what was that cost on your P&L for the first quarter, and what is the inventory that you are carrying currently in terms of how many months would you be covered?

Anna Abraham: I would not be able to share that level of inventory details with you. Requesting Beotra to answer the first part of your question.

Rajeev Beotra: As far as the competitive landscape is concerned, there has not been too much of relative change in the last three to four months. In fact, we had mentioned that practically all players are currently undertaking some cover up price increase actions. In the last call we had mentioned that IRS results have come out after four years in January-February. We fared very well in the overall leadership survey. Hindustan is the second largest read daily in the country. We continue to be dominant in overall Bihar and Jharkhand put together, and in UP and Uttarakhand put together we have become number two in the readership. So, that is our current status vis-à-vis competition. So we are reasonably well placed. As I said the in the relative competitive scenario, not much has changed in the last three to four months. In fact at this point in time, we are witnessing some stability as some cover price actions have been undertaken. So we continue to lead significantly in Bihar and Jharkhand, and in UP we are overall number two right now. Not too much of relative change in the last 2-4 months. One thing that we have done though is that we have launched our Purnia edition in April with an intention of having a stronger presence in Bihar, which will further strengthen our position.

Nath Balakrishnan: Thanks. Anna, I appreciate you not wanting to disclose more granular details on inventory. But in response to an earlier question, were you commenting that you expect an escalation of further 7% to 10% on raw material price?

Anna Abraham: That is right.

Nath Balakrishnan: And over how many quarters will this be?

Anna Abraham: The next two quarters for sure. After that, there should hopefully be a decline.

Nath Balakrishnan: Okay. And can you also help us with some colour on the movement in the other expense categories on your P&L. For example, you did mention that one-off component on employee cost.

Anna Abraham: Yes.

Nath Balakrishnan: Do you see that trending back to levels that you saw in Q4?

Anna Abraham: Give or take some corrections, because there would have been impact of increments also. But apart from that, yes, Q4 will largely be more indicative of the trend.

Nath Balakrishnan: And what about your outlook on the other expenses line. Because last we have seen a fairly sharp jump of about 15%. What would you attribute that to?

Anna Abraham: The mark-to-market losses that I mentioned earlier sit in the unallocated cost and forms part of other expenses in the main P&L.

Nath Balakrishnan: Okay. And can you quantify that, Anna?

Anna Abraham: It is a double-digit number.

Nath Balakrishnan: Okay. So you are netting of any mark-to-market (MTM) losses on your other income line. Is it?

Anna Abraham: Interest Income gets reported separately as part of Other Income. This is the MTM gains on the strategic investment, which comes in this line.

Nath Balakrishnan: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Ankit Kedia from Centrum Broking. Please go ahead.

Ankit Kedia: Just on the radio deal, given that the shareholding will change substantially and the promoters would change, would this have trigger and open offer in the future?

Anna Abraham: We are doing the entire transaction through a scheme. Under the takeover code, when the transaction is through a scheme and all the relevant stakeholder approvals are required, there is no requirement of an open offer.

Ankit Kedia: Would you be able to share some financials on Next Media's EBITDA number? Why it is around Rs.10-11 Crores. How much would Ahmedabad contribute?

Anna Abraham: We cannot get into such granular level detail. I am sorry.

Ankit Kedia: Thank you.

Moderator: Thank you. The next question is from the line of Shobhit Singhal from Anand Rathi. Please go ahead.

Shobhit Singhal: Just need one clarity. The company is effectively not transferring net proceeds to NML, right? As you are putting Rs.300 Crores into the Chennai subsidiary, but does it also debt in that?

Anna Abraham: The business which is demerging from HT Media has debt, and therefore the net position will be zero.

Shobhit Singhal: Thank you.

Moderator: Thank you. The next question is from the line of Shalabh Agarwal from Snowball Capital. Please go ahead.

Shalabh Agarwal: Good morning everyone. Thank you for giving me this opportunity. The first one is on HMVL. If you can tell us what is the level of inventory and debtors on the balance sheet at the end of the first quarter?

Anna Abraham: I have already conveyed that we cannot get into such granular level of details, please.

Shalabh Agarwal: This is just some balance sheet numbers that we are asking?

Anna Abraham: I know but we would not be able to share it at this point of time. Balance Sheet is not published.

Shalabh Agarwal: The second question on the education business, which was getting merged with HMVL. Just wanted to check if Bridge Management School is a part of this education business?

Anna Abraham: Bridge is the business which is getting transferred.

Shalabh Agarwal: So that will become part of HMVL?

Anna Abraham: Yes.

Shalabh Agarwal: That helps. Thank you.

Moderator: Thank you. The next question is from the line of Rushabh Sheth from Karma Capital. Please go ahead.

Rushabh Sheth: After hearing and looking at this demerger of radio, one feedback from my end was that you are demerging the digital, and you are giving shares to all the shareholders, and completely in the proportion of whatever they hold. Why not in radio? I cannot understand why the same thing could not have been done with the radio business?

Piyush Gupta: Sorry, I missed the point here. What could not have been done in the radio business meaning? Can you just elaborate?

Rushabh Sheth: Why should HT Media be holding a part of radio business? Unlike in the digital demerger, where you are giving shares to all existing shareholders of HT Media, the same thing could have been done, that shares should have been given to all the existing shareholders, in radio merger?

Piyush Gupta: I think, I got your question

Rushabh Sheth: It is just a feedback from our end. Because I think from all these years, we have not seen much value creation from the company, and this is an opportunity for shareholders to participate in the Radio business. By keeping some shares of radio in HT Media, you are neither creating value in HT Media, nor you are allowing the full value to be accrued to the shareholders of the new company.

Piyush Gupta: Well the latter part of the question I totally take your feedback on board, and I will definitely pass it on. But the first part of your question, which was the comparison on the digital scheme and this scheme, I think the relevant factor driving that difference was that this is a regulated sector that is not. So, here the considerations were regulatory, tax and achieving the economic value swap ratio whereas those considerations were not there. So I think, on the comparison those are clearly very different things. But, the latter part I totally hear your feedback and I have taken a note on that.

Rushabh Sheth: We really appreciate if you can take it to the board and suggest if that can be done. It will be really in the interest of all the shareholders of HT Media. It is not going to do injustice to any part of the shareholders of HT Media, if we actually do exactly what we have done in HT Digital. If you are able to do it from regulatory perspective, for the radio business as well?

Piyush Gupta: I will definitely convey your thoughts to the board. But as I said earlier, one is a point whereby you saying the shareholders should be given direct shares of the radio business, so that the unlocking can happen, that is one part. But on the comparison, I would again repeat, it cannot happen like Digital for reasons which are different, because two schemes are very different. One sector is regulated and other is not. One has joint venture partner while other is not a joint venture. One has a merger partner and other does not. So those schemes cannot be mirrored in each other. But I totally take your point of view and which I am definitely going to take to the board.

Rushabh Sheth: Thanks. Really appreciate that. Thanks a lot.

Moderator: Thank you. The next question is from Ankit Sonkhiya from Oculus Capital Advisors. Please go ahead.

Ankit Sonkhiya: Thank you Sir, for taking my question. Resultant entity of radio, how much net debt will it have, after this scheme? Also, if you can tell me the current EBITDA level that I see for HT Media from the Radio, is approximately Rs.14 Crores for this quarter. So will this resultant entity will that have higher EBITDA?

Piyush Gupta: The net debt question I understood, the second question unfortunately, I missed. What is the second question please?

Ankit Sonkhiya: Second question is what will be the increment to the EBITDA level, when we will combine these entities, compared to HT Media's current EBITDA from Radio?

Piyush Gupta: On the debt side, as I said earlier, HT Media's contribution to the resultant entity is a neutral position. So, no cash and no debt. It is just the March ending debt of Next Mediaworks, which is coming into the resultant entity, so the number is 47 Crores. As far as the EBITDA is concerned, we do not give any forward looking statement, but suffice to say that our strategy by combining both these businesses is to create a very big synergistic effect - one on the cost side and in the big markets of Delhi, Mumbai and Bengaluru, we would be able to drive the synergy on various things, including sales etc. on the front end side, in these big markets. I personally believe, because in the current scheme when we were discussing with our partners on the economic sharing formula, we have not taken the synergistic benefits, but I believe the synergistic benefit would be quite a lot. The reason I say this with conviction is, on the cost side, we are clearly seeing synergies even when we launched Radio Nasha two and a half years ago. So, I presume for a running operation like Next Mediaworks, with a good brand that they control in these markets with different formats that they play between English and Hindi, I think we will be able to drive synergistic benefits. So my point is, let us say 18 months when the deal is complete, after that the first two years the whole will be much bigger than the sum of parts.

Ankit Sonkhiya: Got it. Thank you. And what will be the net debt of HT Media after this scheme?

Anna Abraham: On a consolidated basis, nothing will change.

Ankit Sonkhiya: Nothing will change. Thanks.

Moderator: Thank you. The next question is from Rohit Dokania from IDFC Securities. Please go ahead.

Rohit Dokania: Good morning again. I just had a continuation to the previous question. We have recently spoken about putting about Rs.300 Crores into the HTM subsidiary, and then we have announced this transaction right away. So, I am just wondering what would be the reason for us to do that and why not rather amalgamate Chennai into HT Media, and then move the entire business from HT Media, rather than first investing another Rs.300 Crores and then letting HT Media also hold 37% in NMW. So what was the rationale of putting this Rs.300 Crores, which I think as of now the shares also have not been allocated, and we have also announced transactions? What exactly led to this decision?

Piyush Gupta: Again, multiple structures were evaluated and the principle was the ease of getting regulatory approvals, etc. They work on exclusions to what all stations from our side and what all stations from their side are going to the transactions. There were sensitivities and considerations, which have to be managed, so that was point number two. That, and overall capital structure, which was acceptable to both the parties, was the last consideration. So, there could be many structures, as you were rightly pointing out, but the current structure was the most optimum structure, that we found on these considerations. Hence, we followed that structure. That is all I can tell you. This gives majority and minority shareholders a direct and indirect exposure to the NMW asset. As the gentleman before you was saying that he was not very happy, but we have taken all the considerations into account. I totally take your feedback. This is all I can tell you about the capital structure.

Rohit Dokania: I was just wondering, which was that one particular sensitivity, or regulatory aspect? You have not even been allocated those Rs.300 Crores worth of shares by HTM yet. So what was that one particular point, which led to this kind of a structure that the first Rs.300 Crores of cash had to be moved to that subsidiary, and then sort of the issue of shares from NMW?

Piyush Gupta: Allotting shares from HTM is a procedural thing which can be done. But because that was one of the structure requirements, we went ahead and we financed the equity into that company. The share allotment can happen. I think that is not on the critical part. But it all started with what is the right structure that we would like to follow, and that is the consideration towards which we are trying to achieve through the capital structure. It had to be acceptable to both the partners here. And the sensitivity were, one that we are not taking all our stations into this because of regulatory and some because they do not have a synergy in the strategy, and so is our partner not bringing all those stations because they have their own sensitivity. So, I think those were the consideration apart from the tax consideration which our advisors advised us for. So that is the long and short of it, my friend.

Rohit Dokania: Thanks.

Moderator: Thank you. Due to time constraints, we will be able to take one last question. The last question is from Shobhit Singhal from Anand Rathi. Please go ahead.

Shobhit Singhal: Sir there is one clarification. Any accumulated losses brought into NMW by the other parties?

Piyush Gupta: Sorry what is the question, can you repeat it Shobhit?

Shobhit Singhal: Are there any accumulated losses that are being brought into NMW by the other parties?

Anna Abraham: Nothing major has been considered as part of the transaction.

Shobhit Singhal: Thank you.

Moderator: Thank you very much. We will take that as the last question. I would now like to hand the conference back to Mr. Shobhit Singhal for any closing comments.

Shobhit Singhal: I would now like to invite the management for any closing comments.

Piyush Gupta: Well, thank you every one for making the time to come to our call. We have announced this transaction, and I could absolutely understand the clarifications that all of you are seeking. This, we believe, is strategically a very ambitious direction in which we are trying to take your company, for all stakeholders' value creation. The print business, on both the revenue side and the commodity side, is facing a bit of turbulence. We hope that it will be short-lived, and in the next quarter or the quarter after next, we will be able to overcome that. The company still remains focused on its core strategy around information, education and entertainment. As you can see, with this scheme, we are trying to fortify our position there. With my colleague, Rajeev Beotra, the management of our print business has been synchronized into one cohesive unit, and the direction that we are taking there is very simple. So, going forward focus on print, digital and radio will be the way that we will try to take the company. Revenue, I hope will improve soon. In parallel, we are trying to grow our digital business, so that going forward, we can reap the benefit. I personally believe that the balance sheet is sound enough to finance the future ambitions. The company is currently a cash generating company, and I hope it will remain like that. Rajeev, do you have any thoughts or comments?

Rajeev Beotra: Nothing else much to add. Piyush has summarised it well. There are headwinds, which will certainly continue for the next couple of quarters, at least. Commodity cycle will certainly come down. We are also buoyant about advertising revenue on some of our large categories, especially the government revenue we will come back there. But parallelly, we are undertaking structural actions to try and leverage the overall print synergies, and we are hoping to see the benefits of some of those accruing in the next three to four months' time. The good story, even in this quarter, has been the circulation cover price actions. The other of course good action that we undertook this quarter was the local revenue. So, some of the encouraging facts - local revenue is coming back and circulation performance will hopefully look very good as we progress. We are now hoping that the advertising revenue growth also comes back into our print business. Thank you very much.

Piyush Gupta: Thank you all. Thank you so much.

Moderator: Thank you very much. On behalf of Anand Rathi, that concludes this conference. Thank you for joining us ladies and gentlemen. You may now disconnect your lines.