

**HT MEDIA LIMITED**

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CIN : L22121DL2002PLC117874

August 31, 2022

BSE Limited
P.J. Towers
Dalal Street
MUMBAI – 400 001

The National Stock Exchange of India Limited
Exchange Plaza, C/1, G Block
Bandra-Kurla Complex, Bandra (E)
Mumbai – 400 051

Scrip Code: 532662

Trading Symbol: HTMEDIA

Dear Sirs,

Sub: Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to inform that the credit rating agency 'CRISIL Limited' (CRISIL) has:

- revised credit rating and outlook to Long Term Bank facility; and
- revised credit rating and outlook on the Non-Convertible Debentures.

The Summary of above new rating and reaffirmation by CRISIL, are as under:

Instrument	Previous Rated Amount (Rs. Crore)	Current Rated Amount (Rs. Crore)	Rating action
Long Term Bank facility	100	80	CRISIL AA-/Stable (Revised from 'CRISIL AA/Negative')
Non-Convertible Debentures	100	100	CRISIL AA-/Stable (Revised from 'CRISIL AA/Negative')

Rating rationale issued by Crisil Ratings Ltd. is attached herewith.

You are requested to take the above information on record.

Thanking you,
Yours faithfully,
For HT Media Limited


(Manhar Kapoor)



Group General Counsel & Company Secretary

Encl.: As above

Rating Rationale

August 30, 2022 | Mumbai

HT Media Limited

Long-term rating downgraded to 'CRISIL AA-/Stable'; CP Reaffirmed

Rating Action

Total Bank Loan Facilities Rated	Rs.80 Crore (Reduced from Rs.100 Crore)
Long Term Rating	CRISIL AA-/Stable (Downgraded from 'CRISIL AA/Negative')

Rs.100 Crore Non Convertible Debentures	CRISIL AA-/Stable (Downgraded from 'CRISIL AA/Negative')
Rs.500 Crore Commercial Paper	CRISIL A1+ (Reaffirmed)

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has downgraded its rating on the long-term bank facility and the non-convertible debentures (NCDs) of HT Media Limited (HTML) to '**CRISIL AA-/Stable**' from 'CRISIL AA/Negative'. The short-term rating on the commercial paper programme has been reaffirmed at 'CRISIL A1+'. CRISIL Ratings has also **withdrawn** its rating on the term loan of Rs 20 crore at the company's request. This is in line with CRISIL Ratings' policy on withdrawal of ratings.

The downgrade reflects weaker than expected operating profitability of HTML reflected in subdued operating profits of Rs 27 crore in FY22. Furthermore, company reported operating loss of Rs 29 crore in quarter ended June 2022 compared to operating profit of Rs 22 crore in the previous quarter primarily due to increase in newsprint costs. The operating revenue remained flat at Rs 420 crore in quarter ended June 2022 as against Rs 421 crore in the quarter ended March 2022.

Ad revenue, which contributes about three-fourth to the topline of large print media companies, including HTML, has a high correlation with economic growth. While ad volumes and yields have witnessed recovery since the impact of second wave of Covid-19 in previous fiscal, ad yields continue to be discounted compared to pre pandemic levels. CRISIL will monitor recovery in ad revenues and its impact on the operating performance going forward.

The ratings continue to reflect the strong market position of HTML's flagship English daily, Hindustan Times (HT), in the National Capital Region (NCR) and the established market position of its Hindi daily, Hindustan. The ratings also factor in HTML's healthy financial flexibility because of strong liquidity of ~ Rs 1880 crore as on March 31, 2022, despite sharp impact of the pandemic on the company's operations. These strengths are partially offset by continued weak operating profitability and susceptibility to volatility in newsprint prices and economic downturns.

Analytical Approach

CRISIL Ratings has combined the business and financial risk profiles of HTML and its subsidiaries. This is because the entities, collectively referred to as the HTML group, are in related businesses and have common promoters.

Please refer Annexure - List of entities consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths:

- Established market position of publications:** HT is the third-largest English daily in India with an average daily circulation of about 11 lakh copies as per the last available circulation audit for July-December 2019 by the Audit Bureau of Circulation (ABC). Similarly, Hindustan is also the fourth-largest Hindi daily, with a circulation of around 22 lakh copies for the same period.

According to the last available Indian Readership Survey (IRS) for the fourth quarter of 2019, Hindustan is the third most read newspaper among Hindi dailies, while HT is the second most read English daily. HT's strong market position in NCR and Hindustan's leading position in Bihar, Jharkhand and Uttar Pradesh, should continue to support HTML's overall business risk profile.

- Strong financial flexibility:** Capital structure draws support from the sizeable gross cash of ~Rs 1880 crore as on March 31, 2022, which comfortably exceeded total debt of ~Rs 800 crore. Gearing is estimated to be less than 0.40 time as on March 31, 2022 and should remain stable over the medium term. Interest coverage ratio was healthy estimated at 3.7 times in fiscal 2022. It is expected to remain at around 4 times in fiscal 2023 due to impact of newsprint prices on

profitability. Nevertheless, the financial risk profile should sustain, aided by healthy financial flexibility, strong liquidity and the absence of any large capital expenditure (capex) or investment plans.

Weaknesses:

- **Continued weak operating profitability:** While revenues recovered significantly in fiscal 2022 year on year, EBITDA remained weak at Rs 27 crore compared to losses of Rs 124 crore in FY21. This was due to impact of second wave of pandemic in the first half of fiscal 2022 as well as rising newsprint prices. Additionally, HTML's profitability was weaker than its peers because of significant dependence on metro markets in both English print and radio which were relatively more impacted amid the pandemic. However, the radio business saw third consecutive quarter of operating profit for the quarter ended June 2022 driven by improvement in both volume and rate.

Furthermore, elevated newsprint prices have led to operating loss of Rs 29 crore in the quarter ended June 2022. While there is an expectation of newsprint prices peaking out and expected to decline in second half of fiscal 2023, operating profitability should recover with a lag due to high cost inventory. Therefore, operating profits for fiscal 2023 are expected to remain subdued. Movement of the newsprint prices, recovery in ad revenues and their impact on the company's operating profitability going forward will remain a key monitorable.

- **Exposure to volatility in newsprint prices and economic downturns:** A substantial share of operating income is derived from ad revenue, which has a strong linkage to economic activity and is affected by economic cycles. Recessionary cycles and uncertain market conditions lead to a slowdown in spending, constraining the ad revenue for newspapers, as seen in the previous fiscal.

In addition to linkages with overall economic activity and corporate spending, the operating cost of the company also depends on movement in newsprint prices. As newsprint accounts for 30-35% of the operating cost, operating margin is susceptible to volatile newsprint prices and foreign exchange rates.

Liquidity: Strong

HTML's superior liquidity is driven by cash and equivalent of ~Rs 1,880 crore as on March 31, 2022 and estimated cash accrual of Rs 100-200 crore per fiscal over the medium term. Liquidity is further supported by unutilised bank limit of around Rs 500 crore as of March 2022. Available liquidity and cash accrual should suffice to cover debt repayment obligation of Rs 150 crore in fiscal 2023 and moderate capex over the medium term on a consolidated basis.

Outlook: Stable

CRISIL Ratings believes HTML will continue to benefit from its established market position, while the financial risk profile should remain supported by strong liquidity

Rating Sensitivity factors

Upward factors

- Sustained revenue growth, along with improvement in operating margins sustaining over 10%
- Substantial turnaround in the radio and digital businesses leading to improvement in return on capital employed

Downward factors

- Lower-than-expected recovery in ad revenue or sustained high level of newsprint prices impacting operating profitability
- Weakening of market position of publications due to intense competition
- Large, debt-funded capex or acquisition or diversification leading to net cash sustaining below Rs 600 crore

About the Company

Hindustan Times Ltd (HTL), a KK Birla group company, which holds 69.51% stake in HTML as on June 30, 2022, demerged its print media business into HTML in July 2003. HT, the leading English daily in Delhi that was inaugurated by Mahatma Gandhi in 1924, is HTML's flagship product. Other publications include Hindustan and Mint. HTML has presence in the FM radio space through Fever 104 FM, Radio Nasha and Radio One; and has internet portals such as shine.com.

Key Financial Indicators

As on / for the period ended March 31	Unit	2022	2021
Revenue	Rs crore	1,500	1,121
Profit after tax (PAT)	Rs crore	19	-65
PAT margin	%	1.3%	-5.8
Adjusted debt/adjusted network	Times	0.36	0.33
Adjusted interest coverage	Times	3.74	1.61

Financial numbers mentioned in this report are CRISIL Ratings adjusted numbers and may not directly comparable with company financials.

Any other information: Not applicable

Note on complexity levels of the rated instrument:

CRISIL Ratings' complexity levels are assigned to various types of financial instruments. The CRISIL Ratings' complexity levels are available on www.crisil.com/complexity-levels. Users are advised to refer to the CRISIL Ratings' complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size	Complexity level	Rating assigned with outlook
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					(Rs crore)		
NA	Debentures*	NA	NA	NA	4.0	Simple	CRISIL AA-/Stable
NA	Commercial Paper	NA	NA	7-365 days	500.0	Simple	CRISIL A1+
NA	Term Loan	26-Mar-21	NA	26-Mar-24	80.0	Simple	CRISIL AA-/Stable
NA	Term Loan	26-Mar-21	NA	26-Mar-24	20.0	Simple	Withdrawn
INE501G07013	Debentures	31-Dec-21	5.70%	31-Dec-24	96.0	Simple	CRISIL AA-/Stable

*Not yet placed by the company

Annexure – List of entities consolidated

Name of entity	Extent of consolidation	Rationale of consolidation
Hindustan Media Ventures Ltd	Full	Related business and common promoters
HT Music and Entertainment Company Ltd	Full	Related business and common promoters
HT Mobile Solutions Ltd	Full	Related business and common promoters
HT Overseas Pte. Ltd	Full	Related business and common promoters
HT Noida (Company) Ltd	Full	Related business and common promoters
Next Mediaworks Ltd	Full	Related business and common promoters
Next Radio Ltd	Full	Related business and common promoters
Mosaic Media Ventures Private Limited	Full	Related business and common promoters
Sports Asia PTE Limited (Singapore)	Joint Venture	Joint Venture
HT Content Studio LLP	Joint Venture	Joint Venture

^List of consolidated entities as per last filed results

Annexure - Rating History for last 3 Years

Instrument	Type	Current		2022 (History)		2021		2020		2019		Start of 2019
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	100.0	CRISIL AA-/Stable		--	31-08-21	CRISIL AA/Negative		--		--	--
Commercial Paper	ST	500.0	CRISIL A1+		--	31-08-21	CRISIL A1+	31-07-20	CRISIL A1+	10-12-19	CRISIL A1+	CRISIL A1+
			--		--	28-04-21	CRISIL A1+		--	30-04-19	CRISIL A1+	--
Non Convertible Debentures	LT	100.0	CRISIL AA-/Stable		--	31-08-21	CRISIL AA/Negative	31-07-20	CRISIL AA/Stable	10-12-19	CRISIL AA/Stable	CRISIL AA+/Negative
			--		--	28-04-21	CRISIL AA/Stable		--	30-04-19	CRISIL AA+/Negative	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Term Loan	80	Axis Bank Limited	CRISIL AA-/Stable
Term Loan	20	Axis Bank Limited	Withdrawn

This Annexure has been updated on 30-Aug-22 in line with the lender-wise facility details as on 31-Aug-21 received from the rated entity.

Criteria Details

Links to related criteria
Rating criteria for manufacturing and service sector companies
CRISILs Criteria for Consolidation
CRISILs Criteria for rating short term debt

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