



12 DEC 2019

Ref: HTML/CS/02/2019

BSE Limited
P.J. Tower, Dalal Street
MUMBAI – 400 001

**The National Stock Exchange of India
Limited**
Exchange Plaza, 5th Floor
Plot No C/1, G Block
Bandra-Kurla Complex
Bandra (East)
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

This is in furtherance to our letter bearing same reference no. and dated 11th December, 2019, wherein pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it was informed that the credit rating agency 'CRISIL Limited' (CRISIL) has,

- Revised the credit ratings assigned to Non-Convertible Debentures (**CRISIL AA/Stable**, Downgraded from 'CRISIL AA+/Negative') (Current Rated amount Rs.100 Crore); and
- Reaffirmed the credit rating assigned to Commercial Paper (CP) programme (CRISIL A1+) (Current Rated amount Rs.1000 Crore).

In relation to the above, please find attached a letter dated December 10, 2019, received by the Company from CRISIL informing the above alongwith rationale for the revision in credit rating.

This is for your information and records, please.

Thanking you,

Yours faithfully,
For HT Media Limited

(Authorized Signatories)



Rating Rationale

December 10, 2019 | Mumbai

HT Media Limited

Long term rating downgraded to 'CRISIL AA/Stable'

Rating Action

Rs.100 Crore Non Convertible Debentures	CRISIL AA/Stable (Downgraded from 'CRISIL AA+/Negative')
Rs.1000 Crore Commercial Paper	CRISIL A1+ (Reaffirmed)

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL has downgraded its rating on the non-convertible debentures of HT Media Limited (HTML) to 'CRISIL AA/Stable' from 'CRISIL AA+/Negative'. The rating on the commercial paper programme has been reaffirmed at 'CRISIL A1+'.

The rating action factors in weakening of HTML's business risk profile over the medium term. Revenue and profitability continue to be constrained by sluggish advertisement (ad) volumes owing to low economic activities, despite increase in ad yield across various categories and softening of newsprint prices.

Operating performance weakened significantly in fiscal 2019 due to high newsprint prices and sluggish macro-economic conditions. Earnings before interest, tax, depreciation and amortization (EBITDA)¹ was Rs 102 crore in fiscal 2019 as compared to Rs 393 crore in fiscal 2018. The operating performance was expected to rebound in fiscal 2020 due to lower newsprint prices, upward revision in Directorate of Advertising and Visual Publicity rates and pickup in ad volumes.

Despite consolidation², revenue remained flattish at Rs 1,061 crore during the first half of fiscal 2020, as compared to Rs 1,064 crore in the corresponding period of the previous fiscal. The impact was much more pronounced on English ad revenues, which declined by about 10% on-year, as compared to a decline of around 4% on-year for Hindi ad revenues. On a pro-forma basis³, the radio business revenue declined by about 4% on-year, in the first half of fiscal 2020.

On the other hand, while consolidated² EBITDA improved to Rs 63 crore in first half of fiscal 2020, owing to softening of newsprint prices, but EBITDA margins still remained at about 6% during the period as compared to approximately 16% in first half of fiscal 2018.

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. These strengths are partially offset by the exposure to volatility in newsprint prices and economic downturns.

Analytical Approach

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

Please refer Annexure - Details of Consolidation, 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 a circulation of about 9 lakh copies during January-June 2019, as per circulation audit by Audit Bureau of Circulation (ABC). *Hindustan* is also the fourth-largest circulated Hindi daily, with circulation of around 19 lakh copies for the same period, as per ABC data.

According to the Indian Readership Survey (IRS) Q2 2019, *Hindustan* is the second 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 leadership position in UP, Bihar and Jharkhand, should continue to support overall business risk profile.

* Strong financial flexibility

Capital structure draws support from the sizeable liquid surplus of Rs 2,280 crore as on September 30, 2019, which comfortably exceeded total debt of Rs 1,120 crore. Gearing was healthy at 0.45 time as on March 31, 2019, and is expected to remain stable over medium term. Debt protection metrics for fiscal 2020 are expected to improve moderately in line with mild recovery in profitability, with interest coverage expected at rise to more than 4 times for fiscal 2020 from 2.83 times in fiscal 2019.

Financial risk profile should continue to be driven by healthy financial flexibility, backed by sufficient liquidity and absence of any large capital expenditure (capex)/investment plans.

Weaknesses*** Continued weak operating performance**

Revenue declined by about 6% on-year in fiscal 2019, owing to muted ad spends by large corporate advertisers. The decline coupled with high newsprint prices and rupee depreciation significantly impacted profitability. EBITDA declined to Rs 102 crore in fiscal 2019 from Rs 393 crore in fiscal 2018.

While the performance was expected to revive in fiscal 2020, but weak macro-economic environment lead to subdued ad spends during the first half of fiscal 2020. The softening of newsprint prices during the first half of fiscal 2020 did support the operating margins by about 400 basis points to 6% as compared to same period of last fiscal, however they still remained lower as compared to 16% during the corresponding period of fiscal 2018.

*** Exposure to volatility in newsprint prices and economic downturns**

Business and financial risk profiles remain susceptible to sharp increase in newsprint prices, exchange rate fluctuation and economic downturns. Newsprint, the key raw material, accounts for 40-50% of overall operating expenses. HTML import 65-75% of total newsprint, which exposes it to the risk of increase in newsprint cost owing to fluctuation in exchange rate.

Both domestic as well as international newsprint prices rose sharply in fiscal 2019, leading to erosion in profitability. However, newsprint prices moderated in the first half of fiscal 2020, thus improving the margins.

During the six months ended September 30, 2019, print ad revenue declined by ~8% on-year, owing to economic slowdown. Impact of economic downturn is particularly high in the case of English newspapers such as *HT* and *Mint*, which depend more on national advertisers. Thus, English ad revenue reduced by approximately 10% on-year, as compared to a drop of ~4% on-year for Hindi newspapers in the first half of fiscal 2020.

Liquidity Strong

HTML has strong liquidity with cash & cash equivalents of Rs 2,280 crore as on September 30, 2019. Liquidity of over Rs 2,000 crore should be maintained over the medium term.

Going forward, the improvement in profitability is expected to result in cash accrual of Rs 220-250 crore, which should be more than sufficient to meet debt repayment and capex requirements over the next few years.

Outlook: Stable

CRISIL believes HTML will continue to benefit from an expected improvement in operating profitability, driven by soft newsprint prices while the financial risk profile should remain supported by strong liquidity.

Rating sensitivity factors**Upward factors**

- * Revenue growth leading to EBITDA sustaining above Rs 300 crore
- * Significant scale up of operations with improved profitability, amidst sustained financial risk profile

Downward factors

- * Lower-than-expected cash accrual and EBITDA sustaining below Rs 150 crore
- * Large, debt-funded capex/acquisition or diversification into unrelated businesses
- * Weaker market position of publications, due to intense competition

About the Company

Hindustan Times Ltd (HTL), a KK Birla group company, held 69.5% stake in HTML as on September 30, 2019. HTL 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*; a women's Hindi magazine, *Kadambini*; and a children's magazine, *Nandan*. 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*.

For the six months ended September 30, 2019, HTML reported net loss of Rs 170 crore on operating income of Rs 1,061 crore, owing to provision made by the company owing to acquisition of Next Mediaworks.

¹EBITDA excludes other income (These are CRISIL-adjusted numbers and may not match directly with the numbers reported by the company)

²HTML has completed the acquisition of Next Radio Ltd (NRL) on November 15, 2019. It now holds 48.60% equity stake in NRL, directly, and balance 51.40% equity stake through its subsidiary, Next Mediaworks Ltd (NMW). HTML has started consolidating NMW w.e.f. April 1, 2019.

³Including NRL

Key Financial Indicators

As on / for the period ended March 31		2019	2018
Total Revenue	Rs crore	2,436	2,581
Profit after tax (PAT)	Rs crore	-27	352
PAT margin	%	-1.1	13.6
Adjusted debt/adjusted networkth	Times	0.45	0.43
Interest coverage	Times	2.83	7.33

These are CRISIL-adjusted numbers and may not match directly with the numbers reported by the company

Any other information: Not applicable**Note on complexity levels of the rated instrument:**

CRISIL complexity levels are assigned to various types of financial instruments. The CRISIL complexity levels are available on www.crisil.com/complexity-levels. Users are advised to refer to the CRISIL 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 (Rs cr)	Rating assigned with outlook
NA	Debentures*	NA	NA	NA	100	CRISIL AA/Stable
NA	Commercial Paper	NA	NA	7-365 days	1000	CRISIL A1+

*Not yet placed by the company

Annexure - List of entities consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
Hindustan Media Ventures Ltd	Fully Consolidated	Related business and common promoters
HT Digital Media Holdings Ltd	Fully Consolidated	Related business and common promoters
HT Music and Entertainment Company Ltd	Fully Consolidated	Related business and common promoters
HT Education Ltd	Fully Consolidated	Related business and common promoters
HT Learning Centers Ltd	Fully Consolidated	Related business and common promoters
India Education Services Private Limited	Fully Consolidated	Related business and common promoters
HT Global Education	Fully Consolidated	Related business and common promoters
Topmovies Entertainment Ltd	Fully Consolidated	Related business and common promoters
Firefly-e-Ventures Ltd	Fully Consolidated	Related business and common promoters
HT Mobile Solutions Ltd	Fully Consolidated	Related business and common promoters
HT Overseas Pte. Ltd	Fully Consolidated	Related business and common promoters
Next Mediaworks Ltd	Fully Consolidated	Strong business linkages
Next Radio Ltd	Fully Consolidated	Strong business linkages
Syngience Broadcast Ahmedabad Ltd	Fully Consolidated	Strong business linkages

Annexure - Rating History for last 3 Years

Instrument	Type	Current		2019 (History)		2018		2017		2016		Start of 2016
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Commercial Paper	ST	1000.00	CRISIL A1+	30-04-19	CRISIL A1+	02-11-18	CRISIL A1+	21-12-17	CRISIL A1+		--	--
						05-07-18	CRISIL A1+					
Non Convertible Debentures	LT	0.00	CRISIL AA/Stable	30-04-19	CRISIL AA+/Negative	02-11-18	CRISIL AA+/Negative	21-12-17	CRISIL AA+/Stable	26-09-16	CRISIL AA+/Stable	CRISIL AA+/Stable
						05-07-18	CRISIL AA+/Stable	28-09-17	CRISIL AA+/Stable			
Short Term Debt (Including Commercial Paper)	ST							28-09-17	CRISIL A1+	26-09-16	CRISIL A1+	CRISIL A1+

All amounts are in Rs.Cr.

Links to related criteria

[CRISILs Approach to Financial Ratios](#)

[Rating criteria for manufacturing and service sector companies](#)

[CRISILs Criteria for Consolidation](#)

[CRISILs Criteria for rating short term debt](#)

For further information contact:

Media Relations	Analytical Contacts	Customer Service Helpdesk
<p>Saman Khan Media Relations CRISIL Limited D: +91 22 3342 3895 B: +91 22 3342 3000 saman.khan@crisil.com</p> <p>Naireen Ahmed Media Relations CRISIL Limited D: +91 22 3342 1818 B: +91 22 3342 3000</p>	<p>Sachin Gupta Senior Director - CRISIL Ratings CRISIL Limited D: +91 22 3342 3023 Sachin.Gupta@crisil.com</p> <p>Nitesh Jain Director - CRISIL Ratings CRISIL Limited D: +91 22 3342 3329 nitesh.jain@crisil.com</p>	<p>Timings: 10.00 am to 7.00 pm Toll free Number: 1800 267 1301</p> <p>For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com</p> <p>For Analytical queries: ratingsinvestor@crisil.com</p>

naireen.ahmed@crsil.com

ROUNAK AGARWAL

Rating Analyst - CRISIL Ratings

CRISIL Limited

B:+91 22 3342 3000

ROUNAK.AGARWAL@crsil.com