



# INVESTORS

## Annual Update FY`17



## Cautionary Statement

*Statement in this “Management Discussion and Analysis” describing the company’s objectives, projections, estimates, expectations or predictions may be “forward looking statements” within the meaning of applicable securities law and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company’s operations include demand supply conditions, finished goods prices, availability and prices of raw materials, changes in the government regulations, tax regimes, economic development within India and the countries within which the company conducts business and other factors such as litigations and labor negotiations.*

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# FINANCIAL SUMMARY

Particulars Rs. L	Q4 FY'17	Q4 FY'16	% Change	Standalone		% Change	Consolidated	
				FY' 17	FY'16		FY' 17	FY'16
<b>Revenues</b>								
Digital & Publishing Income	3727	3318	13%	13469	12664	7%	13766	12870
Physical Sales & Others	221	154	44%	655	346	90%	1392	824
TV Software	1822	1849	-2%	6692	8474	-21%	6692	8474
<b>Total</b>	<b>5770</b>	<b>5321</b>	<b>8%</b>	<b>20816</b>	<b>21484</b>	<b>-3%</b>	<b>21850</b>	<b>22168</b>
<b>PBT</b>	<b>801</b>	<b>-165</b>	<b>585%</b>	<b>1606</b>	<b>979</b>	<b>64%</b>	<b>1455</b>	<b>911</b>

- Revenue from Music business grew both from the Digital (7%) and physical (90%)
- TV software business saw a revenue de-growth on account of proactive steps (closing down of all non profitable Hindi shows) and environmental conditions (demonetisation)

# MAJOR COSTS

Particulars Rs. L	Q4 FY`17	Q4 FY`16	% change	FY`17	FY` 16	% change
Marketing	507	600	-16%	2348	1732	36%
Royalty	724	259	180%	2036	1698	20%
Salary cost	1098	881	25%	3844	4036	-5%

- Marketing spends went up this year, on account of establishing new product category of music cards
- In line with the growth in revenues and its mix, the royalty expenses have gone up by 180% each in Q4'FY17 as compared with Q4'FY16 and on a full year basis, the such increase is 20% as compared with FY'16.
- The Salary cost for the year decreased by 5% against FY'16 as the Company continue to focus on rightsizing its talent in line with the changing business requirements.

# Strategic Way Forward



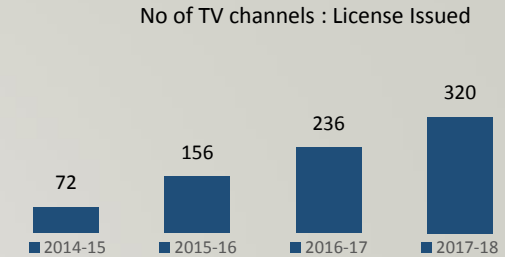
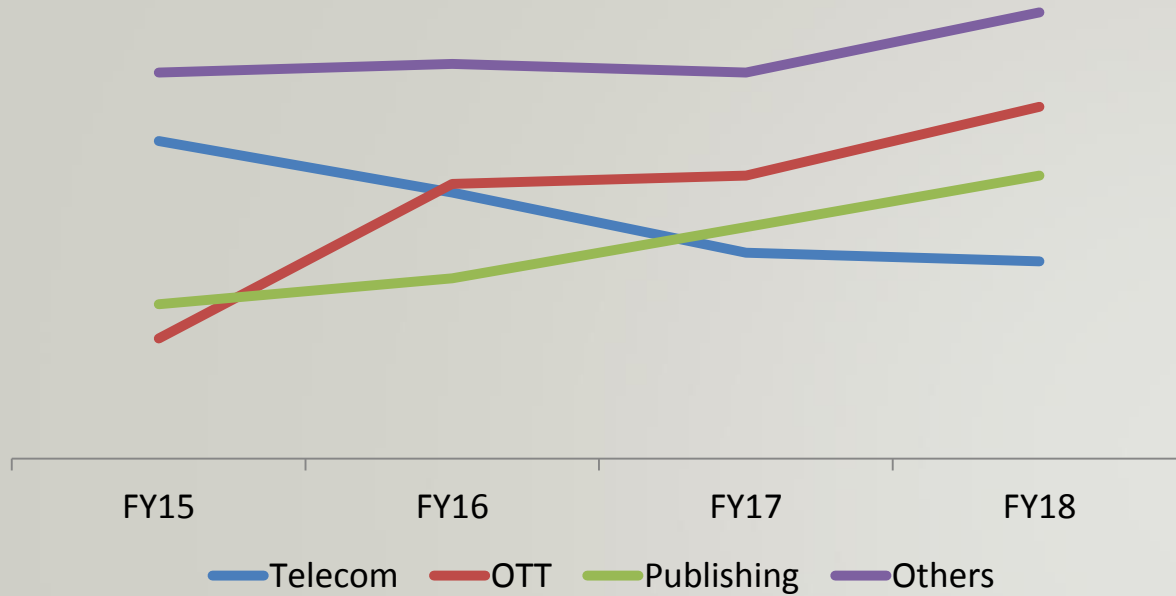
# Strategic Direction

Remain a pure play content company capitalising on the data boom globally, with focus on:

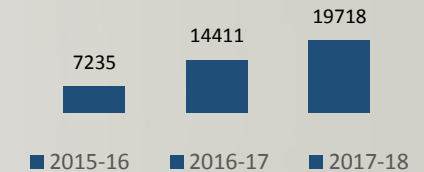
- Higher monetisation of existing IP  
( 1.2L owned songs & 3000 hours of Tamil serials)
  - through greater presence on all 3<sup>rd</sup> party digital and TV platforms
  - launch of Saregama branded physical products with embedded music
- Building of new IP
  - through new film music acquisition across Hindi, Tamil and Marathi languages
  - TV programs in Tamil language
  - Low budget thematic films targeted at youth with primary exploitation on digital platforms

# MUSIC MONETISATION

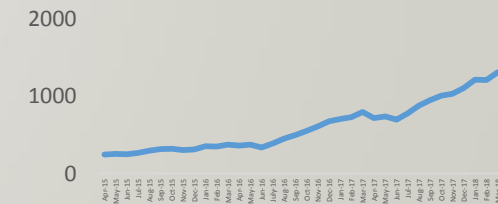
## DIGITAL: B2B



No of OTT streams (L)



Youtube MonthlyViews (L)



- Capitalizing on the data explosion, with growth in OTT and Youtube revenues
- Publishing a big focus area, with results coming in
- Expect revenue from music societies to go up in medium term
- Telecom revenues dropping primarily on account of industry de-growth in WAP...our share is steady

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# MUSIC MONETISATION

## Physical: B2C

- Primary target market for our catalogue music is 40+ age group...research has confirmed their need for a non-techie convenient way to consume music. Saregama is launching a range of physical products to satisfy this unmet demand
- Expect it to contribute 40% growth to Music vertical revenue this year
- Music Cards: 24 SKUs @ Rs 600 (India) / \$15 (USA/ Canada). Replacement of CDs. In-car consumption very high.
- Over 2000 brick-n-mortar retailers and e-commerce partners
- Steady growth in Sales



# MUSIC MONETISATION

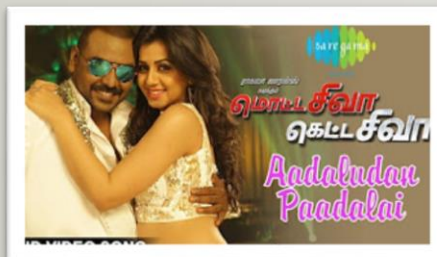
## Physical: B2C

- Carvaan is our next product. With 5000 embedded songs and bluetooth / USB connectivity, Carvaan becomes the digital audio player of home. It's being positioned as a gifting product
- Launch Pricing: Rs 5990
- Retail through 5000 electronic retail outlets through distributor model; and e-commerce outlets directly
- Follow-up products also in pipeline



# New IP MUSIC

- The Company has returned back to acquisition of new Hindi and Tamil film music. The strategy is to start slow, vet assumptions and start building up the slate over time.
- Over the last 6 mos, we bought music rights of Kahaani 2, Indu Sarkar, Motta Shiva Ketta Shiva,
- Focus on creating fresh content for Classical and devotional music continues. We are also working with other producers to recreate our Catalogue tracks into new recordings along with Videos



# New IP Tamil Serials

- Producing content for Sun TV for last 10 years. Broadcast 3-4 serials on Sun TV at any given time. IP stays with Saregama. Revenue through advertising slot sales
- Market 3<sup>rd</sup> party serials also, for a revenue share

## Ongoing own Programmes



Chandralekha  
712 Episodes  
Mon – Sat 2pm  
TRP (Fem 15+ABC) 7.45



Valli  
1211 Episodes  
Mon – Sat 3pm  
TRP(Fem 15+ABC) 8



Bhairavi  
256 Episodes  
Sunday 10pm  
TRP (Fem 15+ABC) 3



- Data explosion resulting in growing demand for 'exclusive' content from all OTT players and TV channels
  - Thematic films with tightly controlled budgets; targeted at 18-35 yrs segment; story and not the starcast being the hero
  - Launched under sub-brand Yoodlee Films
  - International audience also considered while selecting stories
  - Risk hedging by keeping upfront talent cost low, and offering profit sharing
  - Movies in all languages
- Use of Saregama's music for marketing the film
  - Limited theatre release in top 8 cities. Tie-up with PVR Pictures
  - Focus on volume to further hedge the risk. 12 films in an year. Slate of 50 films in 4 years
  - IP stays with Saregama in perpetuity
  - Revenue Model: Theatre tickets, OTT platform licensing, TV channel licensing
  - 1st Film release : Aug'17

# Publication Biz Open Magazine

- Publication Biz in 100% subsidiary.
- Sustained Circulation and Ad Revenues
- Association of premium brands (Audi, Omega, Volkswagen, Toyota, Honda ,Samsung, Airtel, IBM, HP, TAJ, ITC, Skoda, etc.)



## Music Business

### Digital Business

- OTT , YouTube, Telecom steady.
- New players : Idea, Google Play, Jio – Growth Drivers.

### Publishing

- Local Broadcasters and Advertisers major contributors .  
Steady growth
- Tier 2 & 3 cities : Big Public Performance &  
Radio opportunity
- Restructuring of IPRS. Collections expected to  
increase substantially

### Retail Initiative

- Prestigious product Caravaan roll out Q1 17-18
- Apps : “Saregama Classical” and “Saregama Shakti” ready  
to tap into expected subscription boom
- Music Cards : width & depth of distribution & foray into  
US market.

## TV , Films & Publication Businesses

### Television Business

- South TV : Leadership thru own & marketing programmes.
- The National TV GEC : all programs profitable

### Films ( Yoodlee )

- Release of 12 films in a year starting from August 2017
- All round monetisation- Domestic & International

### Publication Business

- Achieve break even through subscription and ad revenues.

Thank you

