Saregama India Limited
Registered Office: 33, Jessore Road, Dum Dum, Kolkata - 700 028
web: www.saregama.com, Email id: co.sec@saregama.com, Phone no: 033-2551-2984
CIN:L22213WB1946PLC014346

(Rs in Lakhs)

Statement of Unaudited Consolidated Financial Results for the Three Months Ended 30 June 2020

Sl. No.	Particulars	3 Months ended 30 June 2020 (Unaudited)	3 Months ended 31 March 2020 (Audited) Refer Note 2	3 Months ended 30 June 2019 (Unaudited)	Year ended 31 March 2020 (Audited)
1	**Income**				
	(a) Revenue from operations	**7,649**	10,866	12,590	52,147
	(b) Other income	**537**	338	218	1,123
	Total Income	**8,186**	11,204	12,808	53,270
2	**Expenses**				
	(a) Cost of material consumed/ Contract manufacturing charges	**33**	907	2,695	10,703
	(b) Cost of production of films and television serials	**179**	895	1,440	5,408
	(c) Changes in inventories of finished goods and work-in-progress [(increase) /decrease]	**776**	408	384	256
	(d) Employee benefits expense	**1,744**	1,542	1,544	6,661
	(e) Finance costs	**95**	137	190	671
	(f) Depreciation and amortisation expense	**128**	117	118	464
	(g) Advertisement and sales promotion	**607**	1,434	3,076	9,294
	(h) Royalty expense	**1,329**	1,550	1,423	6,125
	(i) Other expenses	**1,094**	1,981	1,916	7,653
	Total Expenses	**5,985**	8,971	12,786	47,235
3	**Profit before exceptional items and tax (1-2)**	**2,201**	2,233	22	6,035
4	**Exceptional Items**	-	-	-	-
5	**Profit before tax (3-4)**	**2,201**	2,233	22	6,035
6	**Tax Expense**				
	(a) Current Tax	**611**	879	235	1,968
	(b) Tax related to Prior Periods	-	46	-	46
	(c) Deferred Tax (net)	**14**	(176)	(89)	(329)
	Total tax expense	**625**	749	146	1,685
7	**Profit for the period (5-6)**	**1,576**	1,484	(124)	4,350
8	**Other Comprehensive Income (net of taxes)**				
	(a) Items that will be reclassified to profit or loss	**13**	12	35	18
	(b) Items that will not be reclassified to profit or loss	**3,163**	(4,872)	(69)	(6,520)
	Total Other Comprehensive Income	**3,176**	(4,860)	(34)	(6,502)
9	**Total comprehensive income for the period (7+8)**	**4,752**	(3,376)	(158)	(2,152)
10	**Profit for the period attributable to:**				
	(a) Owner of the Company	**1,575**	1,581	(130)	4,394
	(b) Non-controlling Interest	**1**	(97)	6	(44)
11	**Other Comprehensive Income for the period attributable to:**				
	(a) Owner of the Company	**3,173**	(4,865)	(42)	(6,509)
	(b) Non-controlling Interest	**3**	5	8	7
12	**Total Comprehensive Income for the period attributable to:**				
	(a) Owner of the Company	**4,748**	(3,284)	(172)	(2,115)
	(b) Non-controlling Interest	**4**	(92)	14	(37)
13	Paid-up Equity Share Capital (Face Value of Rs.10/- each)	**1,743**	1,743	1,742	1,743
14	Other equity				38,136
15	Earnings Per Share (Face Value Rs 10/- each): #				
	(a) Basic (Rs.)	**9.14**	9.16	(0.75)	25.29
	(b) Diluted (Rs.)	**9.09**	9.12	(0.75)	25.26

#Figures for three months are not annualised.

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(Rs in Lakhs)

Consolidated Segment wise Revenue, Results, Assets and Liabilities for the Three Months Ended 30 June 2020

Sl. No.	Particulars	3 Months ended 30 June 2020 (Unaudited)	3 Months ended 31 March 2020 (Audited) Refer Note 2	3 Months ended 30 June 2019 (Unaudited)	Year ended 31 March 2020 (Audited)
1	**Segment Revenue**				
	(a) Music	**6,964**	9,174	11,017	44,434
	(b) Films/Television serials	**587**	1,645	1,429	7,025
	(c) Publication	**98**	47	144	688
	Total Segment Revenue	**7,649**	10,866	12,590	52,147
	Less: Inter Segment Revenue	-	-	-	-
	Total Revenue from Operations	**7,649**	10,866	12,590	52,147
2	**Segment Results**				
	(a) Music	**3,785**	2,520	1,300	9,056
	(b) Films/Television serials	**(361)**	405	(117)	915
	(c) Publication	**(313)**	(422)	(305)	(1,292)
	Total	**3,111**	2,503	878	8,679
	Less:				
	(a) Finance costs	**95**	137	190	671
	(b) Other unallocable expenditure net of unallocable income	**815**	133	666	1,973
	Total Profit Before Tax	**2,201**	2,233	22	6,035
3	**Segment Assets**				
	(a) Music	**42,694**	42,878	43,903	42,878
	(b) Films/Television serials	**3,062**	5,489	5,867	5,489
	(c) Publication	**470**	466	457	466
	(d) Unallocated	**20,376**	13,142	20,140	13,142
	Total Segment Assets	**66,602**	61,975	70,367	61,975
4	**Segment Liabilities**				
	(a) Music	**14,504**	14,373	13,980	14,373
	(b) Films/Television serials	**649**	827	1,380	827
	(c) Publication	**340**	298	377	298
	(d) Unallocated	**6,590**	6,373	11,712	6,373
	Total Segment Liabilities	**22,083**	21,871	27,449	21,871

SAREGAMA INDIA LTD. ★

NOTES:

1 The aforementioned results for the three months ended 30 June 2020 have been reviewed and recommended by the Audit Committee in their meeting held on 31 July 2020 and approved by the Board of Directors of the Parent Company at their meeting held on even date. These results have been subjected to "limited review" by the Statutory Auditors of the Parent Company who have issued an unmodified review report on the consolidated financial results for the three months ended 30 June 2020.

2 The figures for the three months ended 31 March 2020 are the balancing figures between audited figures in respect of the full financial year and published year to date figures upto the end of third quarter of the relevant financial year. The published year to date figures upto the end of third quarter of the relevant financial year were subject to Limited Review.

3 The Consolidated financial results are prepared in accordance with the principles and procedures as set out in Ind AS 110, notified by Ministry of Corporate Affairs. The consolidated financial results of the Company include its six subsidiaries (including one step-down subsidiary), i.e. Saregama Limited (formerly known as Saregama Plc.), RPG Global Music Limited, Saregama FZE, Kolkata Metro Networks Limited, Open Media Network Private Limited and Saregama Inc. (Step-down subsidiary of Saregama Limited) (hereinafter referred as "Group") combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses eliminating intra-company balances and transactions and resulting unrealised gains/losses. The Consolidated financial results are prepared applying uniform accounting policies. The Group has one joint venture i.e. Saregama Regency Optimedia Private Limited, which is under liquidation with effect from 19 September 2016. Accordingly, this entiy has not been consolidated by the Group.

4 Based on the guiding principles given in Ind AS 108 on "Operating Segments", the Group's business activity falls within three operating segments, namely:
(a) Music
(b) Films/Television serials
(c) Publication

Segment Revenue, Results, Assets and Liabilities represent amounts identifiable to each of the segments. Other "unallocable expenditure net of unallocable income" mainly includes interest income, expenses on common services not directly identifiable to individual segments and corporate expenses.
Segment Assets and Segment Liabilities are as at 30 June 2020, 31 March 2020 and 30 June 2019. Unallocable corporate assets less unallocable corporate liabilities mainly represent investment of surplus funds and cash and bank balances.

5 In view of pandemic relating to COVID – 19, the Group has considered internal and external information available up to the date of approval of these consolidated financial results and has performed analysis based on current estimates in assessing the recoverability of its assets including trade receivables, inventories, investments, other financial and non-financial assets, for possible impact on these consolidated financial results. The Group has also assessed the impact of this whole situation on its capital and financial resources, profitability, liquidity position, etc. On the basis of its present assessment and current indicators of future economic conditions, the Group expects that there will be a reduction in revenue from the sale of Carvaan products and revenue from TV serials as compared to the previous year. However, this will not have any overall negative impact on the bottom line. Apart from this, the Group does not anticipate any material impact on these consolidated financial results. However, the actual impact of COVID – 19 on the Group's financial results may differ from that estimated and the Group will continue to closely monitor any material changes to future economic conditions.

6 The figures of the previous periods/year have been regrouped/ reclassified, wherever necessary, to conform to the classification for the three months ended 30 June 2020.

7 For more details on Results, visit Investor Relations section of our website at http://www.saregama.com and Financial Results under Corporates section of www.nseindia.com and www.bseindia.com.

For and on behalf of the Board of Directors of Saregama India Limited

SAREGAMA INDIA LTD.

Vikram Mehra
Managing Director
DIN: 03556680

Kolkata
31 July 2020

Saregama India Limited
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CIN:L22213WB1946PLC014346

(Rs in Lakhs)

Statement of Unaudited Standalone Financial Results for the Three Months Ended 30 June 2020

SL. No.	Particulars	3 Months ended 30 June 2020 (Unaudited)	3 Months ended 31 March 2020 (Audited) Refer Note 3	3 Months ended 30 June 2019 (Unaudited)	Year ended 31 March 2020 (Audited)
1	**Income**				
	(a) Revenue from operations	7,439	10,545	12,083	50,011
	(b) Other income	541	274	318	1,149
	Total Income	7,980	10,819	12,401	51,160
2	**Expenses**				
	(a) Contract manufacturing charges	23	970	2,417	9,979
	(b) Cost of production of films and television serials	179	895	1,440	5,408
	(c) Changes in inventories of finished goods and work-in-progress [(increase) /decrease]	743	212	490	337
	(d) Employee benefits expense	1,436	1,211	1,254	5,344
	(e) Finance costs	95	137	190	671
	(f) Depreciation and amortisation expense	124	112	113	445
	(g) Advertisement and sales promotion	696	1,052	2,959	9,417
	(h) Royalty expense	1,329	1,553	1,423	6,128
	(i) Other expenses	972	1,652	1,919	6,852
	Total Expenses	5,597	7,794	12,205	44,581
3	**Profit before exceptional items and tax (1-2)**	2,383	3,025	196	6,579
4	**Exceptional Items**	-	-	-	-
5	**Profit before tax (3-4)**	2,383	3,025	196	6,579
6	**Tax Expense**				
	(a) Current Tax	610	873	235	1,963
	(b) Tax related to previous periods	-	46	-	46
	(c) Deferred Tax (net)	14	(176)	(89)	(329)
	Total tax expense	624	743	146	1,680
7	**Profit for the period (5-6)**	1,759	2,282	50	4,899
8	**Other Comprehensive Income (net of taxes)**				
	(a) Items that will be reclassified to profit or loss	-	-	-	-
	(b) Items that will not be reclassified to profit or loss	2,576	(3,966)	(54)	(5,321)
	Total Other Comprehensive Income	2,576	(3,966)	(54)	(5,321)
9	**Total comprehensive income for the period (7+8)**	4,335	(1,684)	(4)	(422)
10	Paid-up Equity Share Capital (Face Value of Rs.10/- each)	1,743	1,743	1,742	1,743
11	Other equity				39,636
12	Earnings Per Share (Face Value Rs 10/- each): #				
	(a) Basic (Rs.)	10.21	13.23	0.29	28.20
	(b) Diluted (Rs.)	10.15	13.16	0.29	28.16

SAREGAMA INDIA LTD. *

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CIN:L22213WB1946PLC014346

(Rs in Lakhs)

Standalone Segment wise Revenue, Results, Assets and Liabilities for the Three Months Ended 30 June 2020

SL. No.	Particulars	**3 Months ended 30 June 2020**	3 Months ended 31 March 2020	3 Months ended 30 June 2019	Year ended 31 March 2020
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
			Refer Note 3		
1	**Segment Revenue**				
	(a) Music	**6,852**	8,900	10,654	42,986
	(b) Films/Television serials	**587**	1,645	1,429	7,025
	Total segment revenue	**7,439**	10,545	12,083	50,011
	Less: Inter Segment Revenue	**-**	-	-	-
	Total Revenue from Operations	**7,439**	10,545	12,083	50,011
2	**Segment Results**				
	(a) Music	**3,651**	2,887	1,366	8,496
	(b) Films/Television serials	**(361)**	405	(117)	915
	Total	**3,290**	3,292	1,249	9,411
	Less:				
	(a) Finance costs	**95**	137	190	671
	(b) Other unallocable expenditure net of unallocable income	**812**	130	863	2,161
	Total Profit Before Tax	**2,383**	3,025	196	6,579
3	**Segment Assets**				
	(a) Music	**42,791**	42,711	43,608	42,711
	(b) Films/Television serials	**3,062**	5,489	5,867	5,489
	(c) Unallocated	**20,526**	13,715	19,138	13,715
	Total Segment Assets	**66,379**	61,915	68,613	61,915
4	**Segment Liabilities**				
	(a) Music	**13,923**	13,696	13,008	13,696
	(b) Films/Television serials	**649**	827	1,380	827
	(c) Unallocated	**6,430**	6,013	11,610	6,013
	Total Segment Liabilities	**21,002**	20,536	25,998	20,536

SAREGAMA INDIA LTD.

NOTES:	
1	The aforementioned results for the three months ended 30 June 2020 have been reviewed and recommended by the Audit Committee in their meeting held on 31 July 2020 and approved by the Board of Directors of the Company at their meeting held on even date. These results have been subjected to "limited review" by the Statutory Auditors of the Company who have issued an unmodified review report on the standalone financial results for the three months ended 30 June 2020.
2	Out of the 53,38,628 equity shares of Rs. 10/- each issued for cash at a premium of Rs. 35/- (issue price - Rs. 45/-) pursuant to the Rights Issue in 2005, allotment of 5,290 equity shares (relating to cases under litigation / pending clearance from concerned authorities) were in abeyance till 30 June 2020.
3	The figures for the three months ended 31 March 2020 are the balancing figures between audited figures in respect of the full financial year and published year to date figures upto the end of third quarter of the relevant financial year. The published year to date figures upto the end of third quarter of the relevant financial year were subject to Limited Review.
4	Based on the guiding principles given in Ind AS 108 on "Operating Segments", the Company's business activity falls within two operating segments, namely: (a) Music (b) Films/Television serials Segment Revenue, Results, Assets and Liabilities represent amounts identifiable to each of the segments. Other "unallocable expenditure net of unallocable income" mainly includes interest income, expenses on common services not directly identifiable to individual segments and corporate expenses. Segment Assets and Segment Liabilities are as at 30 June 2020, 30 June 2019 and 31 March 2020. Unallocable corporate assets less unallocable corporate liabilities mainly represent investment of surplus funds and cash and bank balances.
5	The Nomination and Remuneration Committee (NRC) of Board of Directors at their meeting held on 30 June 2020 have approved the cancellation of 1,00,000 Stock Appreciation Rights (SAR) previously granted to eligible employees, under the SAR Scheme 2018 of the Company. The NRC at the said meeting also approved the grant of 1,00,000 options to the eligible employees under the amended Employee Stock Option Scheme (ESOS) 2013. These options granted via ESOS 2013 is being implemented through a trust viz. Saregama Welfare Trust ("Trust") in accordance with the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 which involves secondary market acquisition of the Company's equity shares by the Trust.
6	In view of pandemic relating to COVID – 19, the Company has considered internal and external information available up to the date of approval of these standalone financial results and has performed analysis based on current estimates in assessing the recoverability of its assets including trade receivables, inventories, investments, other financial and non-financial assets, for possible impact on these standalone financial results. The Company has also assessed the impact of this whole situation on its capital and financial resources, profitability, liquidity position, etc. On the basis of its present assessment and current indicators of future economic conditions, the Company expects that there will be a reduction in revenue from the sale of Carvaan products and revenue from TV serials as compared to the previous year. However, this will not have any overall negative impact on the bottom line. Apart from this, the Company does not anticipate any material impact on these standalone financial results. However, the actual impact of COVID – 19 on the Company's financial results may differ from that estimated and the Company will continue to closely monitor any material changes to future economic conditions.
7	The figures of the previous periods/year have been regrouped/ reclassified, wherever necessary, to conform to the classification for the three months ended 30 June 2020.
8	For more details on Results, visit Investor Relations section of our website at http://www.saregama.com and Financial Results under Corporates section of www.nseindia.com and www.bseindia.com.

For and on behalf of the Board of Directors of Saregama India Limited

SAREGAMA INDIA LTD.

Vikram Mehra
Managing Director
DIN: 03556680

Kolkata
31 July 2020

is pleased to invite you to the

Q1FY21 Results Conference Call

of

Saregama India Ltd

Represented by

Mr. Vikram Mehra, Managing Director
Mr. Vineet Garg, CFO
Mr. B L Chandak, Executive Director

on

Monday, August 3, 2020
at 16:00 hrs India Time

Call-in Numbers
Primary Access Number [Toll]: **+91 22 6280 1144 / 7115 8045**

Local Access Number:

+91 70456 71221
Available all over India

Toll Free Numbers:

Singapore	8001012045
Hong Kong	800964448
UK	08081011573
USA	18667462133

Toll Numbers:

Singapore	6531575746
Hong Kong	85230186877
UK	442034785524
USA	13233868721

Diamond Pass registration link:
Copy this Link in your browser: **Link**

Call Co-ordinator
Mr. Bhupendra Tiwary: Phone: +91 9619147052, e-mail: bhupendra.tiwary@icicisecurities.com
Mr. Sanjesh Jain: Phone: +91 9833325082, e-mail: sanjesh.jain@icicisecurities.com

For any clarification, please contact:
Mr. Rushad Kapadia: Phone: +91 22 6637 7334, e-mail: rushad.kapadia@icicisecurities.com
Ms. Divya Purohit: Phone: +91 22 6637 7454, e-mail: divya.purohit@icicisecurities.com

PAT Q1FY21: 158Mn vs Q1FY20: (12) Mn

Riding the Stay-at-Home wave

Mumbai, July 31, 2020: Saregama, India's oldest music label and the youngest movie studio, announced its financial results for the 1st Quarter of the financial year 20-21. In a quarter which was locked down due to Covid-19, the Company was able to increase its PBT 110 times on y-o-y basis. With a consolidated turnover of Rs. 765 Mn and PBT of Rs 220 Mn, the Company was able to achieve 29% PBT margin in this Quarter. The PAT for the Quarter was 158 Mn.

The primary profit driver was the increased consumption of Saregama IP: Music, Films, TV Serials on digital media by people staying at home. There is more content getting consumed by more number of people in the post-Covid-19 era than the pre-Covid-19 one.

These results have come despite Caravan sales slowing down in light of retail network being shut and no new shoots of our TV serials during this Quarter.

Highlights for the Quarter as follows:

1. New Licensing deals with Facebook and Spotify
2. Two Yoodlee films released on Netflix: Chaman Bahaar and Axone. Both trended on Netflix Top 10 list
3. License (remake, dubbing) deals for 2 Tamil TV serials in Telugu language
4. Carvaan sale re-started around mid-June and 15k units were sold during the Quarter. There was a steep increase in the consumption of Podcasts on Carvaan 2.0 during this period.

While Saregama is concerned about the impact Covid-19 may have on the broader economy, the Company is confident of further strengthening its position as the partner of choice for platform businesses as well as consumers in the days to come.

About Saregama India:

Formerly known as The Gramophone Company of India Ltd, Saregama owns the largest music archives in India, one of the biggest in the world. The ownership of nearly 50 per cent of all the music ever recorded in India also makes Saregama the most authoritative repository of the country's musical heritage. Saregama has also has expanded into other branches of entertainment - publishing, film production and digital content.

For further information, please contact:

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Arzoo Chhabra | arzoo.chhabra@mslgroup.com | 9504432768


किसी की मुस्कुराहटों
पे हो निसार
Saregama pledges to donate Carvaans
to old age homes across India
LATA MANGESHKAR
SAREGAMA
CARVAAN™


NETFLIX
TOP TEN
1
CHAMAN BAHAAR
2
AKHUNI
AXONE


LOCKDOWN RELEASES
#STAYHOME
MIKA
SINGH
SHIRLEY
SETIA
DHRRITI
SAHARAN
ARMAAN
MALIK

Saregama

INDIA'S ONLY
Entertainment Company into

MUSIC	LICENSING	DIGITAL

as well as

FILMS	RETAIL	PHYSICAL

Music

India's Largest Music IP
120k+
Songs

Retail Business

Distribution network
28k+
Retailers

Films IP

Content IP rights of
59
Films

Television Serials

Content IP rights of
6k+
Hours of Television Serials

Strategic Overview

To be a **Pure Play Content Company** capitalising on the global content consumption boom driven by higher smartphone penetration, lower data costs and the recent phenomenon of greater time spent at home.

Monetisation of Existing IP

- Through licensing to EVERY 3rd party digital and TV platform.
- Carvaan transitioning from being a Product with only one-time margin to a Platform with upfront margin and recurring advertising and subscription revenue.
- Strengthening of copyright societies.

Building of New IP

- Cementing leadership position with New film and non-film music acquisition across Hindi, Tamil, Bhojpuri, Punjabi and other regional languages.
- Producing Thematic films, with Story as the only hero, targeted at youth. Revenue primarily from licensing to digital platforms. Scale allowing lower cost of production.

IP Creation over next 3 years

20% Market Share in New Film Music

50 New Films and Web Series

1,800 hours of new TV serials content

Snapshot

India's oldest music label and youngest film production house

Producing digital thematic films targeted at the youth segment. 13 movies licensed to Netflix / Disney Hotstar in 3 yrs

Consistent Dividend Yield

Leading producer in terms of number of hours of content (6000+ hrs) produced for Tamil television serials

Strong and professional management team with experienced professionals from the entertainment industry

Revolutionary product Carvaan: Digital Music Player with 5000 preloaded songs, easy UI and high-quality speakers

Owning Intellectual Property (IP) rights for more than 120,000 songs, 6,000+ hours of television serials and 59 movies

Digital licensing agreements across global OTT platforms, social media giants, TV channels, radio stations etc.

5.5B+ pm song touch points

India's first song was recorded in 1902 under the company. Earlier retailed under the name Gramophone Company of India, and then HMV

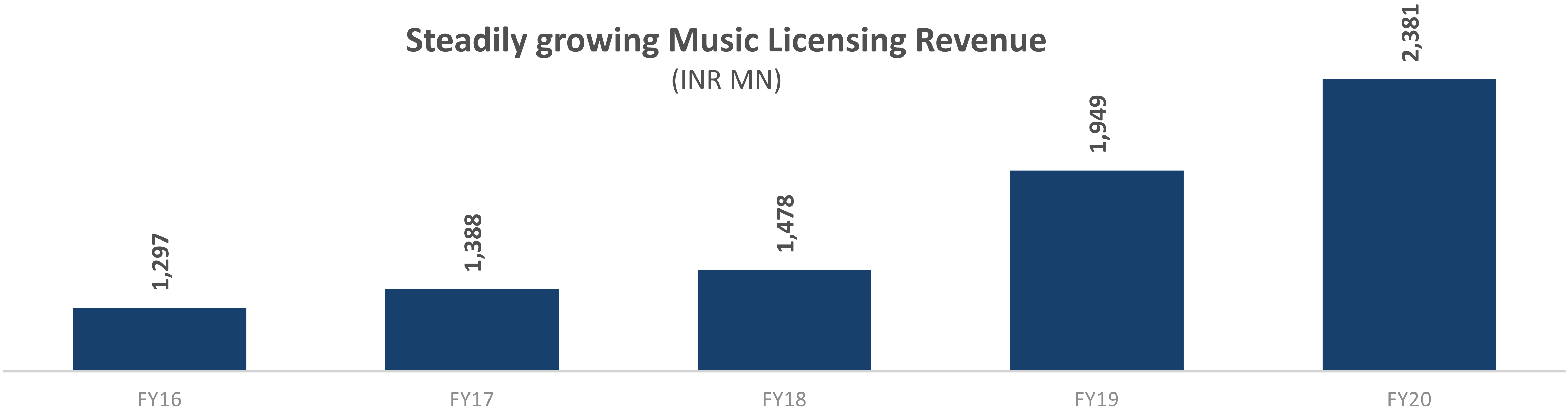
sa re ga ma

soul of India

Operational Highlights

Music Segment Operational Highlights

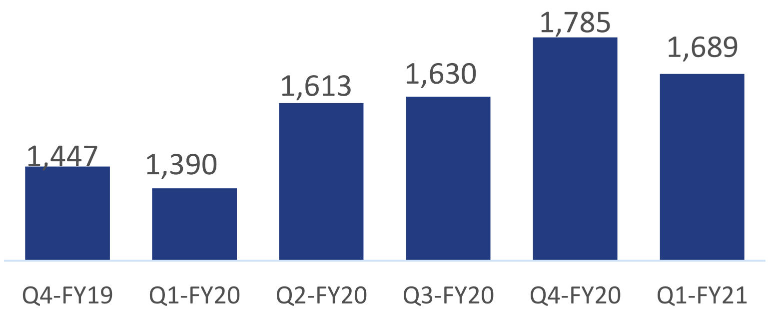
Steadily growing Music Licensing Revenue
(INR MN)



WHAT'S NEW

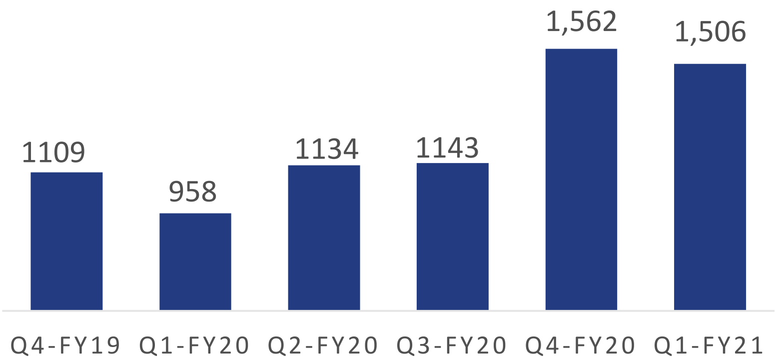
- Licensing deal with Spotify
- Publishing deal with Facebook
- 11k additional songs digitized and released on streaming platforms

OTT STREAMS (MN) PER QUARTER



Nos. till Q3-FY-20 are Actuals and Q4FY-20 and Q1 FY-21 Nos. included estimated Nos.

YOUTUBE VIEWS (MN) PER QUARTER

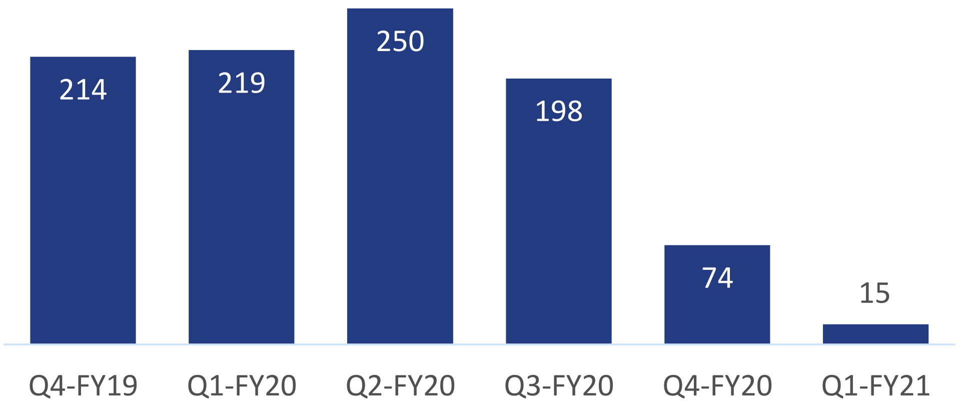


Views count is from 25 Saregama owned channels

Music Segment Operational Highlights

- Carvaan sales fell due to lockdown
  - Retail network shut for last 4 months
  - Digital stores started delivering in select pincodes from June onwards
- Avg. stock holding in the distribution chain has fallen
- No Supply issues due to preventive measures
- Podcasts Consumption (no. of mins per day) on Carvaan 2.0 went up
- Cost rationalisation (marketing, manpower) across the business unit

Carvaan Sales (units '000s)



Future Outlook

Sale expected to takeoff around festival season

Reliance on Natural Pull from the market

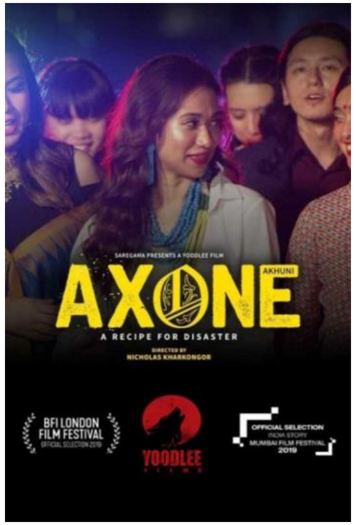
Tight cost controls to continue

Films & TV Segment Operational Highlights

Film Segment

Quarter

- Release of Axone and Chaman Bahar on Netflix. Both films trended in the top 10 list
- Chaman Bahar songs fared very well



Future Outlook

Two new films deal

First Movie Studio to start shoot of a New Film, post Covid-19

TV Segment

Quarter

- No shoot of new episodes during the quarter
- Old episodes of Roja crossing 2M views on Youtube
- License (remake, dubbing) deals for 2 Tamil TV serials in Telugu language

Future Outlook

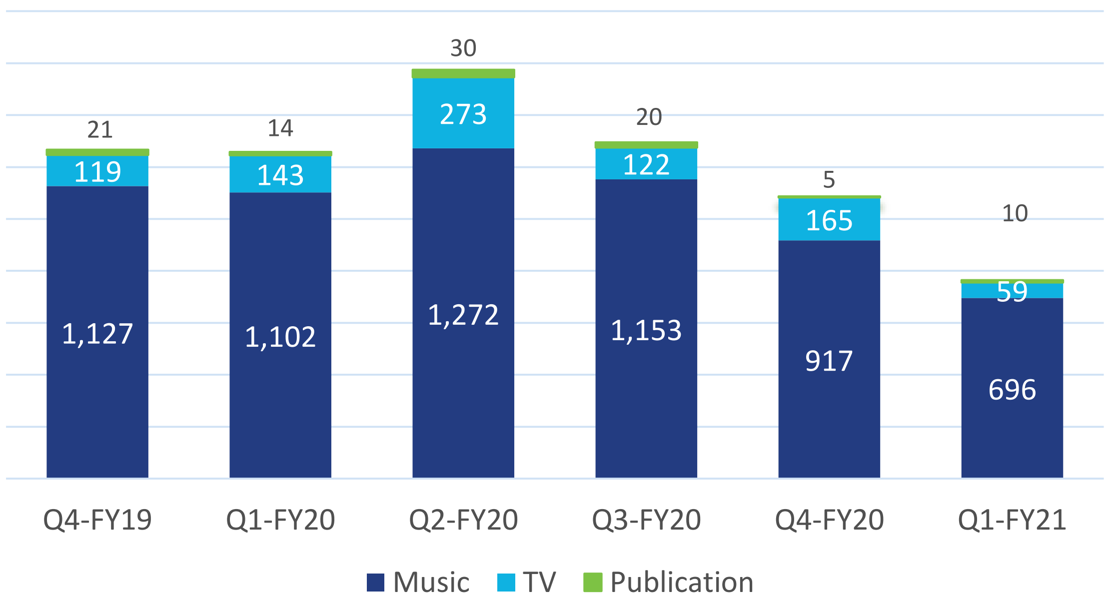
New episodes went on air from 27th July

Consolidated Financials

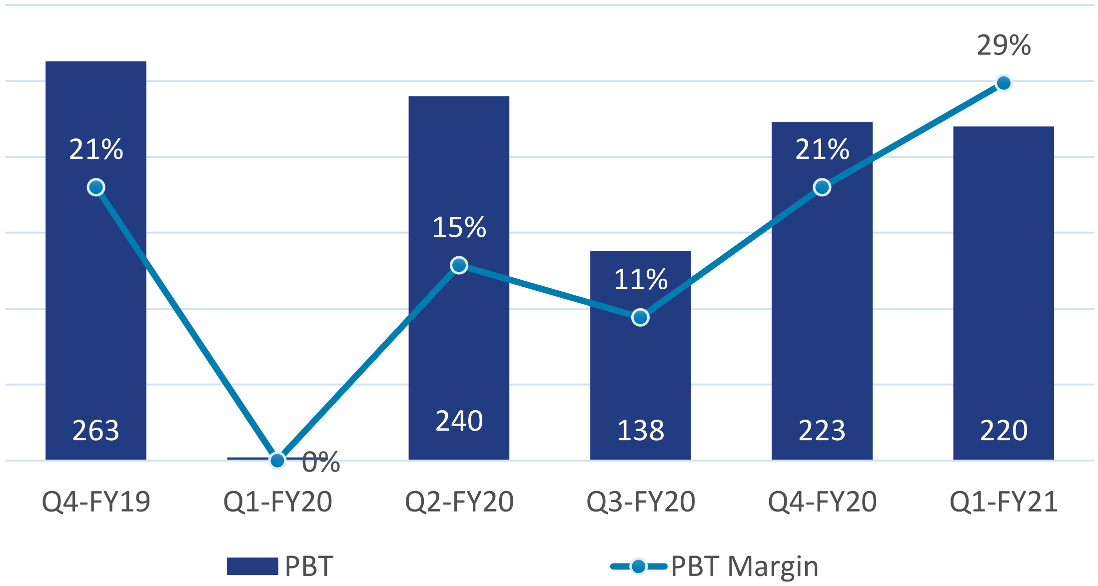
Quarterly Financial Summary

Particulars (INR Mn)	Q1-FY21	Q1-FY20	Q4-FY20
Revenues			
• Music	696	1,102	917
• TV & Films	59	143	165
• Publication	10	14	5
Turnover	765	1,259	1,087
PBT	220	2	223
PAT	158	(12)	148

Revenue (INR Mn)



PBT (INR Mn) & PBT Margin



Financial Performance

Particulars (INR Mn)	Q1-FY21	Q1-FY20	Y-o-Y Growth	Q4-FY20	Q-o-Q Growth	FY20
Turnover	**765**	**1,259**	**(39)%**	**1,087**	**(30)%**	**5,215**
Other Income	54	22	145%	34	59%	112
Total Revenue	**819**	**1,281**	**(36)%**	**1,121**	**(27)%**	**5,327**
Total Expenses	576	1,248	(54)%	872	(34)%	4,610
EBITDA	243	33	636%	249	(2)%	717
EBITDA Margin (%)	***32%***	***3%***		***23%***		***14%***
Depreciation	13	12	8%	12	8%	47
Finance Cost	10	19	(47)%	14	(29)%	67
PBT	**220**	**2**	**10900%**	**223**	**(1)%**	**603**
Tax	62	14	343%	75	(17)%	168
PAT	**158**	**(12)**	**-**	**148**	**7%**	**435**
PAT Margin (%)	**21%**	**(1)%**		**14%**		**8%**
Diluted EPS	**9.09**	**(0.75)**	**-**	**9.12**	**-**	**25.26**

Balance Sheet

Equity and Liabilities (INR Mn)	As on 30th June 2020	As on 31st March 2020
Shareholders Fund		
(a) Equity Share Capital	174	174
(b) Other Equity	4,255	3,814
Net worth	**4,429**	**3,988**
(a) Non Controlling Interest	23	22
Non Current Liabilities		
(a) Employee Benefit Obligations	37	35
(b) Deferred tax liabilities (Net)	501	458
Current Liabilities		
(a) Financial Liabilities		
(i)Borrowings	31	92
(ii)Trade Payables	531	579
(iii) Lease Liabilities	3	5
(iv)Other Financial Liabilities	263	235
(b) Other Current Liabilities	275	244
(c) Provisions	544	516
(d) Employee Benefit Obligation	23	23
Total	**6,660**	**6,197**

Assets (INR Mn)	As on 30th June 2020	As on 31st March 2020
Non Current Fixed Assets		
(a) Property, Plant and Equipment	2,049	2,053
(b) Right of use Asset	2	5
(c) Investment Properties	23	23
(d) Intangible assets	108	112
(e) Financial Assets		
(i) Investments	1,115	754
(ii)Loans and Deposits	48	47
(iii)Other Financial Assets	-	-
(f) Other Non Current Assets	27	24
Current Assets		
(a) Inventories	861	936
(b) Financial Assets		
(i) Trade Receivables	888	1,085
(ii) Cash and cash equivalents	452	70
(iii) Bank Balances other than (ii) above	19	19
(iv)Loans	3	3
(v) Other financial assets	3	1
(c) Current Tax Assets (Net)	355	369
(d) Other Current Assets	707	696
Total	**6,660**	**6,197**

Cash Flow Statement

Particulars (INR Mn)	QE June'20		FY20	
Pre-Tax Profit	**220**		**603**	
Change in other operating activities (Non Cash Items)	(26)		25	
Change in Working capital	356		388	
Taxes Paid	(47)		(221)	
Net cash generated from/(used in) Operating Activities (A)		**503**		**795**
Purchase of Fixed Assets (Including Intangible Assets)	(5)		(83)	
Other Investing Activities	-		33	
Net cash (used in) Investing Activities (B)		**(5)**		**(50)**
Net cash (used in) Treasury Shares	(51)		(76)	
Repayment/Proceed from Short term Borrowing	(61)		(546)	
Proceeds from Issue of Share Capital	-		2	
Repayment of Lease Liability	(2)		(9)	
Dividend and taxes thereon paid	-		(63)	
Interest Paid	(2)		(33)	
Net cash generated from/(used in) Financing Activities (C)		**(116)**		**(725)**
Net Inc./(Dec.) in Cash and Cash Equivalent		**382**		**20**
Cash and Cash Equivalents at the beginning of the period		70		50
Cash and Cash Equivalents at End of the period		**452**		**70**

Standalone Financials

Financial Performance

Particulars (INR Mn)	Q1-FY21	Q1-FY20	Y-o-Y Growth	Q4-FY20	Q-o-Q Growth	FY20
Turnover	**744**	**1,208**	**(38)%**	**1,054**	**(29)%**	**5,001**
Other Income	54	32	69%	28	93%	115
Total Revenue	**798**	**1,240**	**(36)%**	**1,082**	**(26)%**	**5,116**
Total Expenses	538	1,190	(55)%	754	(29)%	4,347
EBITDA	260	50	420%	328	(21)%	769
EBITDA Margin (%)	***35%***	***4%***		***31%***		***15%***
Depreciation	12	11	9%	11	9%	44
Finance Cost	10	19	(47)%	14	(29)%	67
PBT	**238**	**20**	**1090%**	**303**	**(21)%**	**658**
Tax	62	15	313%	75	(17)%	168
PAT	**176**	**5**	**3420%**	**228**	**(23)%**	**490**
PAT Margin (%)	***24%***	***1%***		***22%***		***10%***
Diluted EPS	**10.15**	**0.29**		**13.16**		**28.16**

Balance Sheet

Equity and Liabilities (INR Mn)	As on 30th June 2020	As on 31st March 2020
Shareholders Fund		
(a) Equity Share Capital	174	174
(b) Other Equity	4,363	3,964
Net worth	**4,537**	**4,138**
Non Current Liabilities		
(a) Employee Benefit Obligations	31	29
(b) Deferred tax liabilities (Net)	486	451
Current Liabilities		
(a) Financial Liabilities		
(i)Borrowings	31	63
(ii)Trade Payables	487	522
(iii) Lease Liabilities	2	5
(iv)Other Financial Liabilities	244	221
(b) Other Current Liabilities	255	227
(c) Provisions	543	514
(d) Employee Benefit Obligation	22	21
Total	**6,638**	**6,191**

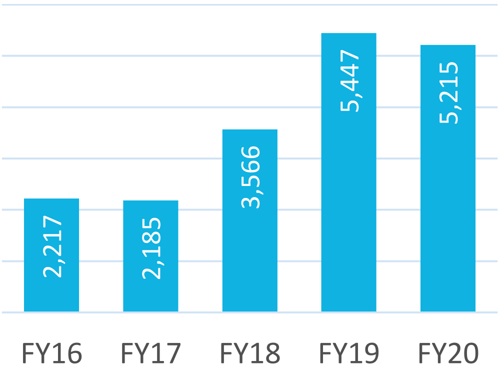
Assets (INR Mn)	As on 30th June 2020	As on 31st March 2020
Non Current Fixed Assets		
(a) Property, Plant and Equipment	2,048	2,052
(b) Right to use assets	2	4
(c) Investment Properties	23	23
(d) Intangible assets	108	110
(e) Investments in subsidiaries and Joint Venture	186	186
(f) Financial Assets		
(i) Investments	913	619
(ii)Loans and Deposits	44	44
(iii)Other Financial Assets	-	-
(g) Other Non Current Assets	26	23
Current Assets		
(a) Inventories	817	891
(b) Financial Assets		
(i) Trade Receivables	917	1,103
(ii) Cash and cash equivalents	411	33
(iii) Bank Balances other than above	19	19
(iv)Loans	37	13
(v)Other Financial Assets	4	1
(c) Current Tax Assets (Net)	341	354
(d) Other Current Assets	742	716
Total	**6,638**	**6,191**

Cash Flow Statement

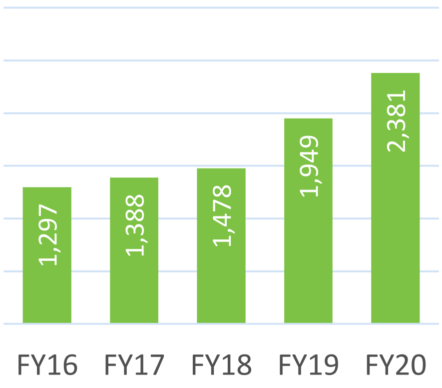
Particulars (INR Mn)	QE June'20		FY20	
Pre-Tax Profit	**238**		**658**	
Change in other operating activities (Non Cash Items)	(26)		44	
Change in Working capital	335		362	
Taxes Paid	(49)		(218)	
Net cash generated from/(used in) Operating Activities (A)		**498**		**846**
Purchase of Fixed Assets (Including Intangible Assets)	**(5)**		**(82)**	
Other Investing Activities	**(28)**		**(21)**	
Net cash (used in) Investing Activities (B)		**(33)**		**(103)**
Net cash (used in) Treasury Shares	(51)		(76)	
Repayment/Proceed from Short term Borrowing	(32)		(546)	
Proceed from issue of share capital	-		2	
Repayment of lease liability	(2)		(9)	
Dividend and taxes thereon paid	-		(63)	
Interest Paid	(2)		(33)	
Net cash generated from/(used in) Financing Activities (C)		**(87)**		**(725)**
Net Inc./(Dec.) in Cash and Cash Equivalent		**378**		**18**
Cash and Cash Equivalents at the beginning of the period		33		15
Cash and Cash Equivalents at End of the period		**411**		**33**

Financial Charts (Consolidated)

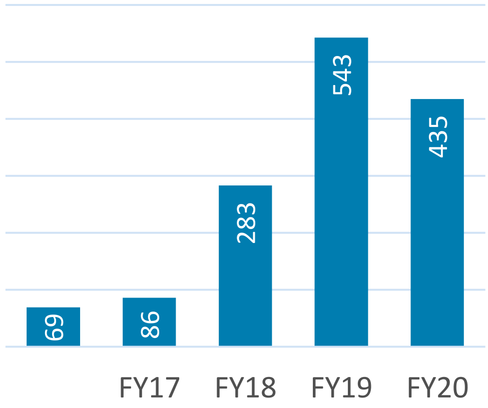
Revenue from Operations (Turnover) (INR Mn)



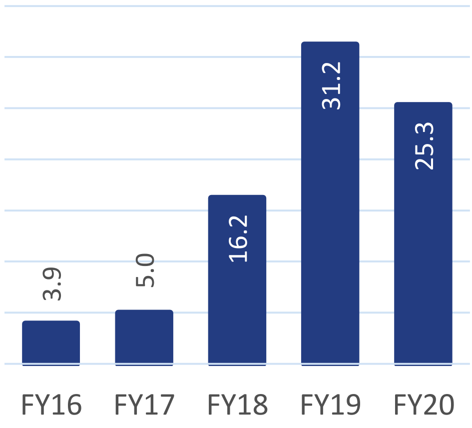
Music Licensing Revenue (INR Mn)



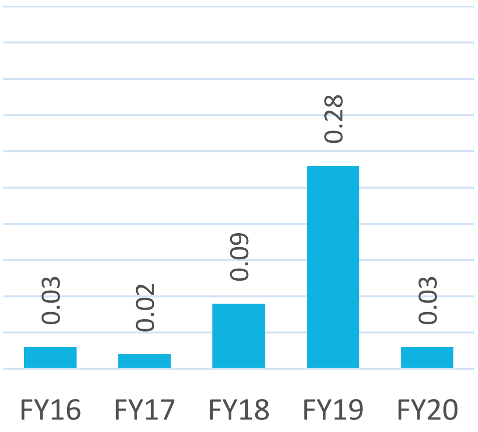
PAT (INR Mn)



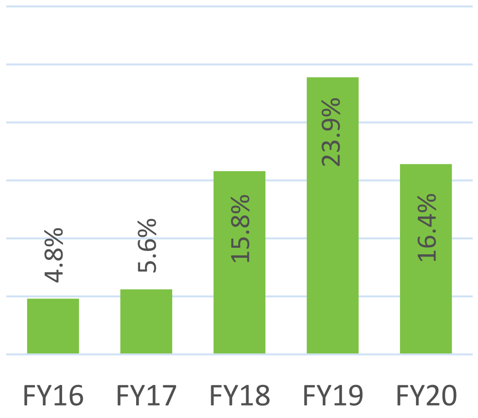
Diluted EPS (INR)



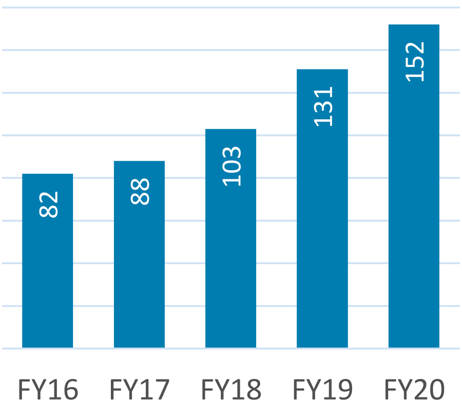
Debt to Equity Ratio



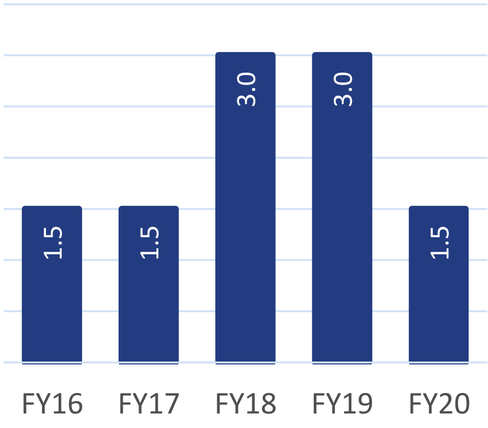
Return on Equity (ROE) (%)*



Book Value Per Share (INR)



Dividend per Share (INR)



Historical Financial

Historical Consolidated Income Statement

Particulars (INR Mn)	FY20	FY19	FY18
Revenue from Operations	5,215	5,447	3,566
Other Income #	112	564	102
Total Revenue	**5,327**	**6,011**	**3,668**
Total Expenses	4,610	5,065	3,203
EBITDA	**717**	**946**	**465**
EBITDA Margin (%)	***14%***	***17%***	***13%***
Depreciation	47	33	42
Finance Cost	67	66	34
PBT	**603**	**847**	**389**
Tax	168	304	106
PAT	**435**	**543**	**283**
PAT Margins (%)	***8%***	***9%***	***8%***
Other Comprehensive Income	(650)	(13)	164
Total Comprehensive Income (After Tax)	(215)	530	447
Diluted EPS (INR)	25.3	31.2	16.2

In FY2018-19 other income includes Rs. 322 Mn estimated Insurance claim receivable & Total Expense includes Rs. 376Mn towards cost of damaged stocks because of fire in the warehouse.

Historical Consolidated Balance Sheet

Equity and Liabilities (INR Mn)	FY20	FY19	FY18
Shareholders Fund			
(a) Equity Share Capital	174	174	174
(b) Other Equity	3,814	4,107	3,643
Net worth	**3,988**	**4,281**	**3,817**
(c) Non Controlling Interest	22	26	23
Non Current Liabilities			
(a) Employee Benefit Obligations	35	28	24
(b) Deferred tax liabilities (Net)	458	581	479
Current Liabilities			
(a) Financial Liabilities			
(i)Borrowings	92	638	159
(ii)Trade Payables	579	564	404
(iii) Lease Liabilities	5	-	-
(iv)Other Financial Liabilities	235	421	359
(b) Other Current Liabilities	244	183	149
(c) Provisions	516	357	361
(d) Employee Benefit Obligation	23	9	8
Total	**6,197**	**7,088**	**5,783**

Assets (INR Mn)	FY20	FY19	FY18
Non Current Fixed Assets			
(a) Property, Plant and Equipment	2,053	2,057	1,884
(b) Right to use assets	5		
(c) Investment Properties	23	24	24
(c) Intangible assets	112	71	65
(d) Financial Assets			
(i) Investments	754	1,483	1,510
(ii)Loans and Deposits	47	49	40
(iii)Other Financial Assets	-	-	-
(e) Other Non Current Assets	24	16	112
Current Assets			
(a) Inventories	936	963	493
(b) Financial Assets			
(i) Trade Receivables	1,085	1,098	730
(ii) Cash and cash equivalents	70	50	92
(iii) Bank Balances other	19	18	16
(iv)Loans	3	2	2
(v)Other Financial Assets	1	0	0
(c) Current Tax Assets (Net)	369	349	423
(d) Other Current Assets	696	908	392
Total	**6,197**	**7,088**	**5,783**

Historical Standalone Income Statement

Particulars (INR Mn)	FY20	FY19	FY18
Revenue from Operations	5,001	5,244	3,456
Other Income#	115	595	142
Total Revenue	**5,116**	**5,839**	**3,598**
Total Expenses	4,347	4,921	3,115
EBITDA	**769**	**918**	**483**
EBITDA Margin (%)	***15%***	***16%***	***14%***
Depreciation	44	30	38
Finance Cost	67	66	34
PBT	**658**	**822**	**411**
Tax	168	303	106
PAT	490	519	305
PAT Margins (%)	***10%***	***9%***	***8%***
Other Comprehensive Income	(532)	(16)	136
Total Comprehensive Income (After Tax)	**(42)**	**503**	**441**
Diluted EPS (INR)	**28.16**	**29.80**	**17.51**

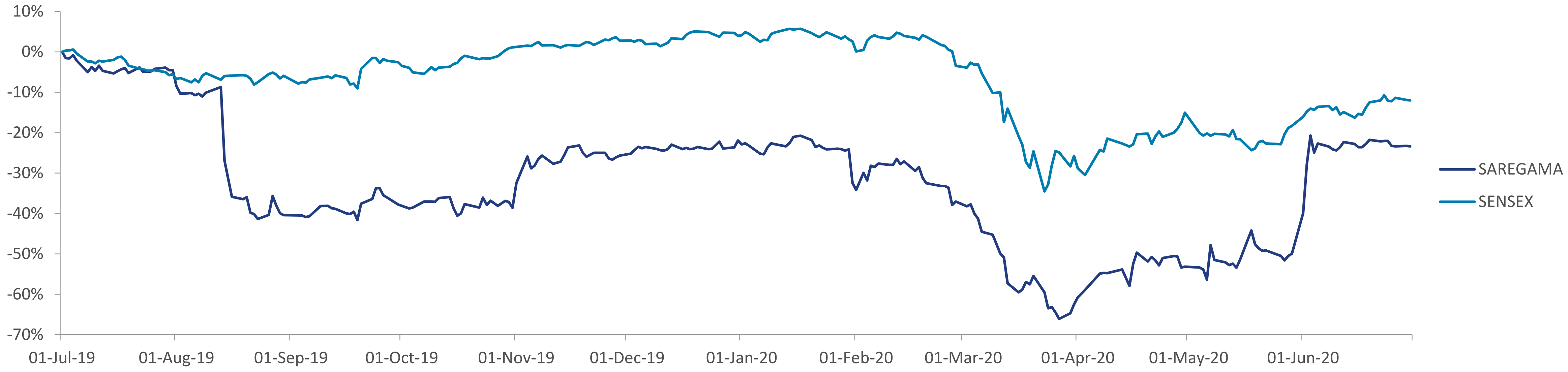
 # In FY2018-19 other income includes Rs. 322 MN estimated Insurance claim receivable & Total Expense includes Rs. 376Mn towards cost of damaged stocks because of fire in the warehouse.

Historical Standalone Balance Sheet

Equity and Liabilities (INR Mn)	FY20	FY19	FY18
Shareholders Fund			
(a) Equity Share Capital	174	174	174
(b) Other Equity	3,964	4,087	3,647
Net worth	**4,138**	**4,261**	**3,821**
Non Current Liabilities			
(a) Employee Benefit Obligations	29	25	21
(b) Deferred tax liabilities (Net)	451	557	456
Current Liabilities			
(a) Financial Liabilities			
(i)Borrowings	63	608	129
(ii)Trade Payables	522	526	386
(iii)Other Financial Liabilities	221	411	347
(iv) Lease Liabilities	5		
(b) Other Current Liabilities	227	166	116
(c) Provisions	514	356	359
(d) Employee Benefit Obligation	21	8	7
Total	**6,191**	**6,918**	**5,642**

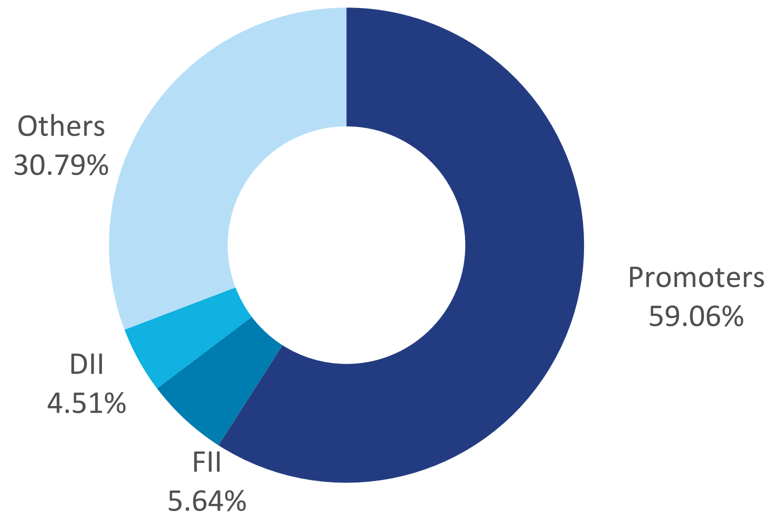
Assets (INR Mn)	FY20	FY19	FY18
Non Current Fixed Assets			
(a) Property, Plant and Equipment	2,052	2,056	1,881
(b) Right of use Asset	4		
(c) Investment Properties	23	24	24
(d) Intangible assets	110	69	61
(d) Investments in subsidiaries and Joint Venture	186	158	155
(e) Financial Assets			
(i) Investments	619	1,212	1,234
(ii)Loans and Deposits	44	46	34
(iii)Other Financial Assets	-	-	-
(g) Other Non Current Assets	23	15	112
Current Assets			
(a) Inventories	891	924	473
(b) Financial Assets			
(i) Trade Receivables	1,103	1,129	781
(ii) Cash and cash equivalents	33	15	64
(iii) Bank Balances other	19	18	16
(iv)Loans	13	13	5
(v)Other Financial Assets	1	1	1
(c) Current Tax Assets (Net)	354	336	414
(d) Other Current Assets	716	902	387
Total	**6,191**	**6,918**	**5,642**

Capital Market Data



Price Data (As of 30th June, 2020)	INR
Face Value	10.0
Market Price	426.8
52 Week H/L	562.9/185.0
Market Cap (INR Mn)	7,437.4
Equity Shares Outstanding (Mn)	17.4
1 Year Avg. Trading Volume ('000)	32.4

Shareholding Pattern as on 30th June, 2020



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“Saregama India Limited Q1 FY2021 Earnings Conference Call”

August 03, 2020

ANALYST: **MR. BHUPENDRA TIWARI – ICICI SECURITIES LIMITED**

MANAGEMENT: MR. VIKRAM MEHRA – MANAGING DIRECTOR - SAREGAMA INDIA LIMITED
MR. VINEET GARG - CHIEF FINANCIAL OFFICER – SAREGAMA INDIA LIMITED
MR. B. L. CHANDAK - EXECUTIVE DIRECTOR – SAREGAMA INDIA LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Saregama India Limited Q1 FY2021 Results Conference Call hosted by ICICI Securities Limited. 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. Bhupendra Tiwari from ICICI Securities Limited. Thank you and over to you Sir!

Bhupendra Tiwari: Good afternoon everybody on behalf of ICICI Securities, we are pleased to welcome you to the Q1 FY2021 Conference Call of Saregama India limited. The management is represented by Mr. Vikram Mehra, Managing Director, Mr. Vineet Garg, CFO and Mr. B. L. Chandak, Executive Director. I will now hand over to Vikram. Over to you Vikram!

Vikram Mehra: Hi good evening everyone. A quarter like never before, condition like never before but in spite of all the tough environment that we people have faced like every other company the good news is that we have been able to grow profit this quarter. Although our topline came down because of Carvaan retail not happening and we not being able to shoot episodes for our TV serials on Sun TV, our PAT as Rs.15.76 Crores at consolidated level where the decent growth over a loss of Rs.1.24 Crores same quarter last year and even compared to Q4 we improved our PAT numbers by a crore or so. As much as profits is great news to us now what makes us very, very happy is to see how our music and films have grown in popularity and usage during this quarter. So April was a tough month when there was an immediate kneejerk reaction coming from consumers and we could see that the streaming numbers, YouTube number everything was going down, but eventually from May onwards we have seen a rapid growth coming in these numbers and both films and music have done very well for us.

With consumer sitting at home primary during the April, May, June timeframe most companies have suffered due to lockdown, because lockdown means lower consumption of their products. Saregama by the virtue of the fact that we own content IP, we have been able to do much better in this quarter compared to other companies because if you are sitting at home, you are doing something and what are you doing either listening to music or watching lots of content on digital platforms both ways right now it means you will end up consuming the Saregama content. What we clearly saw this time that more people consume content and they consume for longer duration per day compared to the previous quarter which means more and more of our music and films and TV serials got consumed in this quarter.

Our big initiatives right now apart from driving for profits is the beginning of this quarter since COVID that already hit in March, our management team was very clear about the SAR that we have to preserve cash and we need to do everything possible right now so that our cash reserves go off to take care of any eventuality. This meant that we had to improve our selections and spending have to come down dramatically. I am happy to say not only during this quarter have we repaid debt of Rs.6.1 Crores, not only have we taken care of all our SAR issues, which I will talk about after this, but we also reduced the working capital by Rs.35.6 Crores, which means we are ending our quarter at a consolidated level with Rs.45 Crores cash with us. By all benchmark this goes a long way to show you right now that how particular we were during this period on cash management. The long issue which has come from all the investors has been issue of stock appreciation rights or SAR, I am happy to announce right now that 100% of the SAR have been canceled right now. So there is no concept of SAR any longer in the company, everything has been converted into ESOP because of the accounting policies we had taken the hit of Rs.1.3 Crores in this quarter on account of SAR moving to ESOP and there was another right off that we will have to take on the range of around a crore over the next three quarters, but this is the end of the chapter of SAR as far as Saregama is concerned.

So overall a great quarter but do keep in mind the cost elements in this quarter were kind of a one-off because the content cost for this quarter was practically zero. We have not gone out there and procured any high-profile content this quarter because all production has come to a standstill. This is not something right now, which is going to get repeated in the quarters to come. Revenues lines will keep on improving as we keep on moving from the first quarter to second to third, but there will be content cost that will also start coming in to prepare the company for future.

Let me get into detail part, we had been mentioning this right now on multiple calls that the biggest growth driver that we see within the company is the music licensing business. We were a content IP company and we continue being a content IP company. Everything else right now is a way to ensure that we monetize our IP better, but our focus always has been to build IP and monetize IP. As the digital consumption is going up globally more people are consuming content right now through streaming platforms, whether it is video streaming, audio streaming or social media or video sharing sites as more and more people consume content on that, higher is our content consumption which means our revenue straightaway starts going up. The good thing which has happened over the last three years that is popularity of Carvaan which is an altogether different business that we have started out here has helped a lot in bringing attention and focused back onto retro music. Retro music is suddenly live once again courtesy we work on Carvaan is a very cool thing to go back in hear. Let us take an example of there was a series that got recently launched on

Disney Hotstar called Aarya which is Sushmita Sen series. If you see that there are 32 instances of Saregama music getting used in that program. In fact, the lead song of the entire series, which is very, very popular is Bade Acche Lagte Hai. All this is a proof right now the retro is again becoming very, very cool, this is the work we have done earnestly over the last few years and Carvaan does a lot. Our licensing deals with Spotify and Facebook finally got operational this quarter so we are seeing the revenue impact of that also. We overall now have our licensing done to 45 different music streaming applications in India and abroad almost all leading television channels in India, all the popular video sharing apps whether it is YouTube or it is Facebook or Instagram or it is TikTok our deals are there everywhere and our content is being used by primarily all big video OTT apps so Netflix has lot of series that uses our content, Amazon, Hotstar, ALT Balaji almost all of them the programming that they carry ends up using our songs somewhere in the film and series. The only part of the licensing business which got affected immediately was public performance. Revenue with no parties happening, no functions happening clearly that business is taking a hit. There was no impact on this quarter because Q1 typically is not quarter in which we end up getting revenues from society's for public performance, but in the long run if the current problem of Corona continues, you will have an impact on public performance revenue. Thankfully for us that is not a very big share of overall licensing revenue.

We had taken this call around four years back to ensure that every piece of content that we own is fully digitized and we have rich metadata behind it. We continued with this exercise right now in this quarter, released another 11,000 songs that means our catalog has gone up by 10% in a single quarter these are great old retro songs of ours right now, which we always owned for which digitization work has got over right now which makes a library richer by 10%. We have also constantly investing in newer content. The interesting fact, which we have also shared an annual report in that 30% of the total revenue that we make out the music licensing, 30% of that comes from the music that people have acquired in the 21st century, only 70% now comes from the music as required in the 20th century. So while we are doing a great job right now monetizing our retro content are investment strategy of investing in newer content seems to be paying off.

We are also now planning to continue with this. You will see us investing heavily in regional content as we go forward. All the data that we people have consumer research done by us and the data which is coming out there from the TV channels, publication business, movie business indicates that there is an upsurge in the entertainment consumption in regional languages. So you have that much more Bojpuri, Gujarati, Bengali, Tamil, Telugu content getting consumed. We are aggressively going ahead and creating content or acquiring content in many of these regional languages of India. This goes hand in hand obviously with the Hindi and Tamil film music content, which clearly in this year is going to take a backseat because we do not see too many of the film's getting release, but suddenly even the movies that were getting released this year and the movies which we have bought and of the next year all are going to get released in financial year FY2021, FY2022, so the entire cost may get loaded next year, but the good part is revenue will also come in next year. This year the focus will continue on Gujarati, Tamil, Bhojpuri Punjabi music non-film music being invested into by us. We in this quarter also ended up releasing lot of cover versions performed from original music. The strategy was a very clear they will be content investment which was close to zero. All these deals we convinced the artist sitting at home to create music from the comfort of his or her home and the only investment from our side was marketing and not on content and that has helped us a lot. Our overall YouTube base has gone up, us following on all the video sharing apps like Instagram, Facebook, Tiktok everywhere we find upsurge in the number of followers for Saregama. As we continue our journey right now of investing more and more in content because that is the key part as we go ahead.

We people now have relooked at content charging methodology. Let me spend a minute right now explaining to you what is happening here. Till now the content within the company was bought in two different fashions and the charging dependent on the acquisition structure of content. Film music typically gets acquired on the basis of perpetual royalty and in advance so if I am buying music of film x I may end up paying right now 1 Crores advance and may get into a royalty deal of X person so the way it works is once I recover the entire advance I have given and the revenues cross the hurdle rate then the people end up seeing the producer in perpetuity and X person royalty. These kinds of deals the way they work us that the marketing cost was charged immediately on the marketing cost is typically 20% so I am paying Rs.100 for a movie typically Rs.20 goes towards marketing and Rs.80 goes to the producer. So Rs.20 were charged of immediately and Rs.80 were getting charged off over a period of four years. The music that we were buying outright means where there was no royalty, we were doing onetime payment this is typically non-filmy music. In that case we had been charging it out over a period of 10 years. Since majority of our content cost for all filmy music, so the majority was sitting on four years and 10 part were not coming in action in a very big fashion. In both cases as I said marketing costs were always getting charged off in the year one itself so all this we debating on that Rs.80 of cost Rs.20 rupees marketing get charged of immediately. So filmy case Rs.80 were getting charged off over eight four years non filmy case over 10 years this is how Saregama have been charging off its content cost over the last decade or so. We are not saying that since we will be investing so heavily now in nonfilm music also, we decided as a management team that this discretionary path we want to take it away and depending on how the acquisition deal is structured to have a charging method between four to 10 years for bringing some kind of acquisition based bias so to ensure right now that the content team is not at all influenced by how the acquisition deal structure is we are now standardizing that irrespective of how the content is bought, the marketing cost will continue to be charged right now in the year one itself while the remaining cost which is Rs.80 will be charged up over a period of six years. 35% of that 80% right now get charged up in year one and remaining over five years so if I must say right now including the marketing cost if I am buying things for Rs.100, Rs.48 will get charged in year one and remaining gets charge off next five years. This will be applicable only on content that we have acquired or will be acquiring post 1st April 2020. In this quarter there have been literally no impact on account of this change in accounting policy because we acquired hardly no content in this quarter but as we go forward, they will be an impact since they will be large amount of non-filmy music also that will be bought. We believe right now this impact hopefully neutralize each other, but the key part is acquisition structure in no longer going to be dependent on what we charge in methodology going to be.

Now the second part which is Carvaan this has been a very quiet quarter for Carvaan. The sales have been shut primarily because the retail network was closed for entire month of April and May even e-commerce was shut for the majority of the quarter and even when it started right now it was during delivery in select pincodes only. We actually restarted the selling process of Carvaan only in mid of June onwards we sold on 15,000 units only during this period. The focus as I had mentioned the during the March investor call was to reduce our manpower cost and marketing costs dramatically during this quarter and I am happy to say that we were able to manage this, we cut down our manpower a lot during this period and above the line marketing was brought down to literally zero. The only marketing expenses that continue were the work that we are doing with the various agencies so we have media buying agencies, creative agency is a more on the retainer basis so you do not throw them out on a month-on-month basis, but all the discretionary part of marketing was taken off. As we look at future now we realized that even if the vaccine coming in for COVID-19, you will see the elderly staying at home for at least next 12 to 18 months period, people above the age of 60 are in general being recommended by government and by all agencies to play safe and stay at home. Remember staying at home is not an easy task. People who have stayed at home for four months realized that the boredom starts killing you. There is always a fight right now for the television set because children are also at home these days. So, we believe there will be upsurge for a product like Carvaan which allows people above the age of 60 which are stuck at home to go and entertain themselves without being dependent on anybody else. Irrespective of that our focus that I had committed earlier remains that we will not be doing any marketing push this year. That entire sale of Carvaan will be dependent on the natural pull that comes out because it is just too scary to carry out any marketing campaigns because if the next set of lockdown comes in 15 days, we do not want our money to get wasted. So this year our strategy on Carvaan is rely completely on natural consumer pull, bring your cost structure down to the minimal out here and wait for things to stabilize hopefully by next year things will stabilize and that is the time we go back in terms of aggressively pushing Carvaan, but the key part which we are solidified during this quarter also is the transition which is happening from Carvaan as a product which used to give one time margin to Carvaan platform which is targeted at middle age people of India people above the age of 35 and 40 giving them not just music but podcast and which we believe will be able to generate advertising revenue for us in a period of 18 to 24 months. So the good part at that time will be not only will we make money when you sell Carvaan, we should also be able to generate advertising on maybe subscription revenue from a large base of consumers who will be having a next generation Carvaan, which we call Carvaan platform.

Shoot of our serial for Sun TV came to complete halt during the 90 days. We had only four or five episodes that we had as new episodes that we were able to put during this period. Did it hurt us financially, yes it did, it hurt us both from the topline and bottom-line perspective because no new content could be put up. We had a bunch of people right now who were there with us on payroll of the company not contributing, but the good part is this period of three months allowed us to start monetizing the existing IP of our Tamil serial. We always as telling you right now that we have 6,000 hours of content sitting on Tamil serials and this one of these quarters right now where we were able to go back and set this IP so couple of deals happen right now of two of our serials where people got either remake rights or dubbing rights of a serial for new content. We started pushing our older episodes of the serials aggressively on YouTube, and now we are realizing some of the episode are crossing two million number that means additional source of revenue started coming in for us from the older episodes of older serials. We believe right now and as things progresses and the new episodes keep on coming back this learning of how to go back and make money from the older episodes will come in very handy for us.

As far as Yoodlee is concerned right now with a great quarter two of our films got released on Netflix, Chaman Bahaar and Axone. Both these films trended in the top 10 list of Netflix. Chaman Bahaar was number one for a week or so and Axone went to number two in the trending list. What it is doing overall now people are licensed out 13 films between Netflix and Hotstar over a period of less than three years. We are the only studio in this country which can go for these kind of numbers 13 new films which are being produced and over the last three years have already been licensed out, which is helping us build a reputation nicely as a production house, which understands the digital audience better than the other production house, which understands the theatrical audience. We are very, very confident this year we should be able to get one or two web series production mandate also, which means Yoodlee should hopefully become bigger and bigger.

Overall, what I again say right now is that it has been a good quarter for us from the bottom line perspective. Licensing was very, very solid, films was very solid and Carvaan and TV serials because the market was shut could not do much but we ensured through prudent cost management and growing our revenues our licensing that overall, this quarter went very well. Thank you, ladies and gentlemen.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Adithya Nagar from Alpana Enterprises. Please go ahead.

Adithya Nagar: Just wanted to comment on your disclosures for the quarter I hope you continue to publish the balance sheet and cash flow every quarter, you have set a pretty good standard. My question Vikram is about shooting permissions I believe that some movies have been allowed to start shooting in Bombay itself when do you think that we can get back to 40%, 50%, 60% schedule for our movies?

Vikram Mehra: For us right now we have started shoots of two of films and Tamil serials in the month of July. Our Tamil serials the first eight episodes are already out and broadcasting today so their life has come back to normalcy for both our serials. Our first film we already completed the first schedule. We are moving to the second schedule at this juncture everything is business as usual for us in a month of July.

Adithya Nagar: Alright great. Thank you so much.

Moderator: Thank you. The next question is from the line of Ravi Naredi from Naredi Investment. Please go ahead.

Ravi Naredi: So you are basically living in Mumbai or Kolkata?

Vikram Mehra: Mumbai.

Ravi Naredi: Take care because there is so much Corona in Mumbai and Kolkata both the cities, so hopeful you will take care. Where will you take the company in that next two years be it movie, Carvaan or something else?

Vikram Mehra: I think I have maintained this stand also right now we are basically content IP company, IP means that we are into audio, we are into video both long format and short format so you will see us progressing more and more both these directions. They are very connected areas to each other. They are not very different areas of music or films or TV series. What we are very clear we are not getting into launching our Netflix equivalent app or a Ghana or Sarvan equivalent applications. We have no intentions of doing that. We will remain up of pure play content IP company. The only other area right on that we people are looking at for a direct and this is going to be a B2B business the only area we want to get into directly with the consumer is the Carvaan platform. Carvaan has got positioned very well over the last three years as the most convenient way of accessing entertainment by people who are middle-aged or old and we want to further cement on that positioning of the product and so our focus has been very, very simple in the world of entertainment, we are content IP company, do B2B do not get into B2C, on the hardware platform right now try to extend Carvaan from being a standalone product to a platform. There is no other areas we are getting ourselves into.

Ravi Naredi: Okay Vikram but in Caravaan we are not getting much margin and much profit. We are getting main margin from music so what is you are planning to explore the music for the company?

Vikram Mehra: Let me again repeat out here is remember Saregama not into the retail business for the longest time. In fact the name, Saregama itself was not a very well recognized name so when you say Carvaan will not be making money, we are not making the money because like any other new product it needed basic amount of marketing investment in the initial year and that is all that has happened. It is only the last year when we started trying to make Carvaan big right now so the initial upfront marketing expenses were there. My experience of 25 years across and I have launched multiple products across multiple categories every category seems to recourse and plays out. You in the beginning invest in building the brands recognition and in later years you start reaping the dividends for that and I do not think Carvaan story is going to be any different from that. Remember for the first two years Carvaan was completely self-sustainable making money on its own and you will see the same story coming back on Carvaan, so I am not worried on the Carvaan front. Regarding the music part is concerned we are very clear that IP creation is our main stay. We are debt free company, we are generating enough amount of cash at this juncture right now to constantly invest in films, music and TV series. Our focus is clear, we are into IP content we do not do content right now where the IP does not stay with us, we are not a service company.

Ravi Naredi: As a shareholder and I am always coming AGM in Kolkata and looking after your working and every concall I try to contact you so everything you have made a fantastic that is no problem at all, but can you tell in Facebook or some Jio something is going on, how much revenue can generate for company?

Vikram Mehra: I cannot get into specifics of every deals. The music licensing business in the past has grown up to 25% year-on-year, this year it will be anything between 15% to 20%, Q1 has been exceptional but I will continue with the guidance of 15% to 20% increase in licensing business on a medium to long-term basis.

Moderator: Thank you. The next question is from the line of Govind Chellappa from Tarero Capital. Please go ahead.

Govind Chellappa: I had a few questions first in your annual report you mentioned that in your entire library you not only have the master record with you, you also are the publishers for those songs is that true for of all the new rights that you are acquiring?

Vikram Mehra: In fact it is true practically every right that we have, of the entire library of 120000 this right is there in 99.99% of the cases.

Govind Chellappa: And its true new music you are acquiring as well?

Vikram Mehra: Absolutely.

Govind Chellappa: Currently of the licensing revenue how much would be the master record...

Vikram Mehra: I cannot get into this, this is competition sensitive information, I cannot get into that right now but what I can tell is in very matured markets in India publishing revenues starts after a point, starts beating after revenue. As the copyright laws in our country right now keep on strengthening you will see publishing revenues going up steeper and steeper.

Govind Chellappa: My second question is again last year most of the growth in licensing revenue was in the international market, in the segment where you talk about revenues from India and international all the growth in licensing seems to be from international is that an accounting issue why is that like that?

Vikram Mehra: Majority of the revenues going back in India, some of the deals have structured in a fashion right now that one of our subsidiaries ends up in doing that deal which is UK based, but revenues all primary from India. The good part is in 1.3 billion population, there is enough Indians outside India too but the bulk is from India.

Govind Chellappa: Last question related to what the previous person asked, on Carvaan the last two quarters numbers make it very clear that the licensing is extraordinarily profitable but Carvaan is extraordinarily loss making I mean that seems to be the conclusion...

Vikram Mehra: Sorry Sir, I would like to correct right now, Carvaan is not extraordinarily loss making, that is a serious amount of exaggeration we people are doing out here. Carvaan in the last year and especially right now last quarter please correct me right now tell me in the books of any of the electronic based companies everybody is going to go through the same issue if the retail network is shut you do not go back and kill your infrastructure overnight. This is an exceptional situation that has happened. Carvaan for the longest time last year till first three quarters was 25% gross margin product, we ended up taking a hit right now on gross margin only in January, February, March because I cannot shut warehouses overnight right now and on that basis right now Carvaan at this juncture not a great profit making product for us. Carvaan is not a loss-making product either out here and Carvaan is a long-term future to turn into a platform.

Govind Chellappa: I understand that. My question was actually a little different. Obviously you are in the investment phase so I understand it is not too profitable, but you know if you see in the current quarter when volumes of Carvaan has collapsed, the overall music profitability has actually exploded that is what I am trying to say that when Carvaan volumes fall your overall margins go up because Carvaan is not profitable but that aside over a two to three year period when do you think you will make profitability in Carvaan which is more than cost of capital I mean when do we get out of the investment phase?

Vikram Mehra: Two years in fact Carvaan was in profit it was only the last year that Carvaan has seen a loss, and I do not know whether I am going to use last year right now as a benchmark its primarily the last quarter that it went completely topsy-turvy for all of us from February onwards in fact. So contrary to the popular perception right now Carvaan is not a loss making proposition and we believe right now if we can successfully harness the equity of brand Carvaan and remember brand Carvaan is the only premium differentiated music brand in this country, if you check out the music streaming app you cannot differentiate one app from the other. Carvaan is the only product and this is coming on from a lot of brand consulting studies. Carvaan is regarded as only unique product in the music category especially talking to people above the age of 40 and that is the time people have money in their pocket, we want to effectively transition that equity from being a standalone product to a hardware based platform which can generate advertising and subscription revenue also for us without subsiding the cost of hardware.

Govind Chellappa: Finally, last year you mentioned that you would be investing 200 Crores over three years for new music rights acquisition, does that still stand?

Vikram Mehra: Yes, it very much stands.

Govind Chellappa: Okay, fine, thank you.

Moderator: Thank you. The next question is from the line of Chandraprakash from Tata Mutual Fund. Please go ahead.

Chandraprakash: Good afternoon Vikram. I had a question on the scalability of the music licensing income segment in the sense that you mentioned that now you have captured almost all platforms everywhere you find a deal so you have seen a good growth in licensing revenue over the last few years because of that it may be this year as well, incrementally how this would scale up is it more because of the organic growth of consumption of music will grow and hence that will grow or are there any steps that the company can take to increase the growth over a period of time?

Vikram Mehra: Sir please understand right now majority of the growth for the last four years is going at above the rate of 25% in spite of telecom revenue going away and it is actually not coming out of more partners on board, it is coming out of more users coming in so more users are getting into the digital foray and they are listening to more songs per day per user and music industry which is anything 1200 to 1400 Crores industry it has the potential to very easily start touching a 10000 Crores industry and then there are elite benefits that are coming in if the more digital series start coming up more of we watch Netflix and Hotstar the programming the runs out serials or films they end up using retro music or music per se right now and we get royalty every time our music is used anywhere. So we believe at this juncture I am maintaining my stand that we should be able in a long run basis should be able to continue growing licensing at a 25% number we do not see any issue coming in there. This is just a tip of iceberg. Global data is validating that right now universal numbers or Sony music numbers everywhere we are realizing out here is that music has seen a huge amount of upsurge everywhere. Piracy rates have just fallen down from late 80s to late 70s% right now it is still a big way to go.

Chandraprakash: So the deals let us say an entity like Facebook or Spotify do that give you an indication I mean the numbers?

Vikram Mehra: The numbers are going up everywhere remember our revenues are not going up these are not fixed deals these are variable deals. If more users are consuming my content right now my revenue keeps on going up which is the biggest driver for our revenue going up year-on-year. I am showing this percentage growth in spite of caller ring back tone going away till four years back caller ringtone, that tone was about 60% of our revenue if I remember my numbers which has become zero now and still the numbers are going up. Because actual usage is going up. World over music had seen a high and then took a huge beating because of the issues of piracy now with streaming apps coming in this has given a completely new rise, streaming app now the more the number of replacements keep on coming right now for video sharing apps like Tik Tok more number of licenses are going to be issued by us.

Chandraprakash: During Q1 did we have any new music release in India?

Vikram Mehra: On the film perspective no because no film got released during this quarter, but we released a lot of non-film songs during this time and we released remix versions also for songs so that is why our numbers has not come down it is only that the filmy music was not there.

Chandraprakash: Thank you. Vikram can I ask one more question. You mentioned that FY2022 you may have a bunched-up movie releases, again the cost will probably come there so how many movies of that nature would be probably seen in FY2022?

Vikram Mehra: It is too early right now for me to give you all I can tell you many of the movies that were actually supposed to get released in 2021 whose music was bought in 2019-20 in fact but they were supposed to release in 2021 and now it looks like it will get released in 2021-22 and movie whose deals were supposed to release in 2021-22 will also get released. Now at this juncture people have announced a released date of their movies, but we do not know whether they will hold on to those dates or not it is completely dependent on when will Bollywood get enough windows for the movie release. All we have done right now is to reduce our dependence on film music and keep on investing heavily on non-film also, especially regional languages so that we have newer content which is going out at all times.

Chandraprakash: What kind of difference would be there between regional movie music release and Hindi Bollywood movie release from a cost perspective for you?

Vikram Mehra: On the cost perspective Bollywood is far more expensive but also gives you revenue which are in the same multiples the risk factor and returns factor are little steeper in the case of Bollywood so what we are doing on the regional side the only area where we playing in film music is Tamil because we understand that area pretty well, all other languages we are playing in the non-film category which is relatively lower risk, low returns and untapped areas.

Chandraprakash: Would you have a breakup between the 200 Crores number between regional?

Vikram Mehra: I have internally the moment my buyer knows what the budget am I working our negotiation power goes off completely.

Chandraprakash: Sure. I am done. Thank you.

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

Yash Modi: Congratulations for the great set of numbers I had just couple of questions one if I look at your music revenue of roughly around 69 to 70 Crores this quarter and I subtract say around 15 thousand Carvaan at 3 or 4 Crores, 65 Crores so on a 100 basis that gives me a number of 260 Crores which is like a 10% increase on 238 Crores number that you reported last year so part of it you have actually explained because the OTT number of streaming and all had happened and in April you said it is a down. Could you help us understand what was probably the exit run rate in the month of June for this IT business to understand and what portion of Facebook and Spotify contributed from June onwards or prior to that?

Vikram Mehra: The only part I did not answer directly is that Facebook and Spotify contributed from this quarter onwards the other thing I can certify to you right now that typically in our business taking quarter numbers and multiplying by first typically does not work there are lot depends right now that when are the deals coming up for renewals and there are some money that comes from public performances, external society, radio stations, they are booked only in the quarter which they are coming and they do not come equally in all four quarters. So the treatment becomes a bit different I maintain my number right now that the licensing revenue should be growing this year between 15% to 20%.

Yash Modi: Okay, thank you and secondly on this film and TV series part of it you said most of the entire quarter of Roja the Tamil serial was not on board and we are still able to do 4 to 5 Crores of revenue so we try to assume this was all due to the re-runs of TV serials that you had with you or would it include anything else as well?

Vikram Mehra: The revenue that you are seeing right now finally of the two movies that were released in this quarter. TV serials literally gave nothing this quarter.

Yash Modi: Thank you. That is it from my end.

Moderator: Thank you. The next question is from the line of V.P. Rajesh from Banyan Capital. Please go ahead.

V.P. Rajesh: Trying to understand the films business and by the way congratulations on making 13 movies and selling it to the OTT platforms so what has been the experience in terms of the profitability of these movies?

Vikram Mehra: Rajesh just want to clarify our models does not allow us, we do not sell the license, IP is always retained by us only and these deals are typically depending on the validation anything between 3 to 10 years clearly any movie which is given for 10 years it has given us a decent enough margins. You are asking of my experience from the first movie that we people licensed out Abji to now our validation have changed completely. We were the youngest studio in town, and nobody was taking us seriously neither the buyers nor the investors everybody had the question right now why they are getting into the film business. I think we people have been able to prove right now that we can work on very, very tight budgets and schedules and produce quality products at a price that makes sense and at that pricing it becomes easier to go back and recover and make some money. The good part for the movie business functions right now, earlier we were giving all the rights to a single platform now we are carving out rights, so when we license it out to any digital platform, we give them only the digital rights sometimes only exclusive in India, international we still retain the rights, we do nonexclusive deals. We retain TV rights, we retain music right, we retain ALN rights then the rights are may be for three- or four-year period that means at renewal will again get us money. Some of the movies right now are making good amount of money from the music of those films, which literally came to us on a free of cost basis. So overall the first year of the films business was the last year for us, last year was a profit, in-profit by profit and we see this trend continuing for us. As our reputation becomes bigger, it is no longer a cost plus model, it is about what you can get for the product that we have made and in the current scenario where more and more people, producers are releasing their movies through digital platforms and a number of movies getting released in theatre are going to come down, we believe that we are in a very strong position because for a big movie studio to make films in the budgets that we people are making is a very difficult task. I often share this in Yoodlee films which is a movie brand of ours, nobody flies business class, only the big actors get flight tickets, people travel by trains, nobody gets vanity vans, the upfront money that we pay to them is relatively on the lower side, every movie has got shot within 23 days, every movie has been within budgets, this is a very different mindset from the mindset of the big Bollywood studio which makes things at a large scale and not necessarily on a very tight budgets and if Netflix and Hotstar and Amazons of the world and

ALT Balaji and Eros, the appetite for content is going to go up that much more that people like us who can make good movies at tight budgets will be in a very good position and the fact that two of our movies are trending in number one and number two position in the month of May and June, I think is a reflection of that.

V.P. Rajesh: That is very helpful. Just a followup on that when you are getting these deals done, whether it is three years or five years, are you booking the entire revenue upfront or are you also amortizing the revenue over that period?

Vikram Mehra: So we actually book the entire revenue upfront and entire cost upfront.

V.P. Rajesh: Okay, understood and then in terms of your cost, is has come down dramatically from Rs.125 Crores to Rs.58 Crores this quarter and obviously that is because the operations were at suboptimal level as you ramped those back up, what is the expected cost over the next three quarters?

Vineet Garg: This is actually because of the Carvaan numbers did not happen that way, so overall cost includes the Carvaan product cost as well, so if Carvaan sale has dropped substantially in numbers, the cost accordingly gets dropped.

Vikram Mehra: So let me answer it this way. On the Carvaan case the cost has come down dramatically, but still some elements of the cost are fixed in nature like warehousing, so that cost had to continue. As we go further in the quarters right now according to me if anything cost to revenue ratio should improve a bit, but on the music licensing business, we got all the revenues without investing anything in content which is a very short term way of thinking, so as we go forward right now, in the music licensing business will go up compared to the current quarter. Have I answered to your question directionally?

V.P. Rajesh: Directionally yes, if you look at last year Q1 right Rs.125 Crores, it has three components, your music licensing cost, your Carvaan cost and your operational cost, so what I am trying to understand is you are saying the first two buckets were almost zero in the current quarter, the question therefore is as you ramp up your music business or as you ramp up your Carvaan business, what is the likely cost going to be that is what I am trying to get a handle alone and I do realize that at least Carvaan will be more variable in nature, but if you can just directionally give a some sense of what the cost will look like?

Vineet Garg: You have partly answered your question if I see in that way, this Carvaan cost if you see my topline has dropped and equally in the same ratio, my cost has also dropped, so Carvaan has the revenue and Carvaan has the cost, so both neither revenue is there no cost is there, so as the Carvaan revenue will come proportionately cost will also come in, I think the important point what Vikram has explained that we have not purchased any content in Q1, in additionally we some going to have the cost of content also, if you compare with the last year versus this year, the fundamental difference is going to be last year we have substantial size of the marketing cost we have on the Carvaan which we did not have right now and I think we explain we are not planning to have any sizable marketing cost for Carvaan in this financial year. In this financial year, we want Carvaan to be sold based on the pull from the market rather than the push.

V.P. Rajesh: So what was the Carvaan marketing cost in Q1 last year?

Vikram Mehra When we book at the marketing cost right now, there are movie marketing, music marketing and Carvaan marketing cost that we have booked under single entry, it was a substantial enough number that was the time we were most positioned economy had not started showing a downturn yet, but I may not be in a position to answer this specifically you are asking me. If I can give you directional answer, I will be happy to.

If you see my profit and loss account which were printed, my Q1 marketing cost was Rs.31 Crores which has dropped to Rs.6 Crores now, so that kind of drop in numbers we are looking.

V.P. Rajesh: Understood, okay, thank you.

Moderator: Thank you. The next question is from the line of Jaideep Merchant from Janak Securities. Please go ahead.

Jaideep Merchant: Vikram, thank you for the disclosures and the cash flow in balance sheet for the quarter, I have two questions. One, in terms of royalty, the royalty expense is about Rs.13 Crores odd, as a percentage of sales, it is much more than last year, so do we understand that the royalty on non-Carvaan constitutes majority of the royalty?

Vikram Mehra: The royalty on non-Carvaan is higher than that of Carvaan because in the case of Carvaan the royalty rate is not applicable on the entire revenue valuation of Carvaan, but a part of it.

Jaideep Merchant: Okay, secondly, we read that you have signed up Akshay Kumar movie and does this mean that now we are looking at bigger budget kind of movies going ahead in the future?

Vikram Mehra: All I can say right now, the valuation of that movie will not be very different from that of the Total Dhamaal Aur Ek Ladki Ko Dekha Toh Aisa Laga, so just give some comfort there, but if you ask me are we looking at bigger budget films, yes we are looking at bigger budget films. We understand right now that taking the company to the next level and start getting into a clear leadership position right now on newer content also we will have to play that game and reputation at this juncture among some movie producers it quite well out there where most of the movie producers are more than happy to go back and partner with us.

Jaideep Merchant: Okay and lastly the margin on the music revenue is now reflecting on your licensing business, is there any scope for further increasing?

Vikram Mehra: Both ways this functions right now is, we see revenues going up, but we also for the long time right now we have not invested too much in content, so we do want to go a little more aggressive on the content investment side that is the only area in which money is going to get spend. The good part is that the manpower cost or everything else right now, all the other cost structures do not need to go up as the revenue goes up, but the content cost will go up.

Jaideep Merchant: Okay, thank you Vikram all the best.

Moderator: Thank you. The next question is from the line of Priyankar Sarkar from HSBC Global Asset Management. Please go ahead.

Priyankar Sarkar: It is a more of a bookkeeping question. In terms of the inventory, which is there, which is of Rs.86 Crores all of that would be music or will there be any movie inventory also be part of that?

Vikram Mehra: It includes movie and TV serials and Carvaan all three.

Priyankar Sarkar: Okay, but bulk up would be music, right?

Vikram Mehra: Bulk up will be Carvaan, not part of inventory.

Priyankar Sarkar: The other thing is that cash which has increased because we have done very well in the working capital front, so that will actually reverse right more or less once things start picking up?

Vikram Mehra: It will not reverse completely, but some of the cash will be utilized to purchase the content.

Priyankar Sarkar: Okay, fair enough and the last question is that there is other app which has been bought by the group, not by the company Editorji is there any possibility of that getting squeeze into Saregama from a group point of view?

Vikram Mehra: The app is being picked up by one of the privately held RPG group companies and that has nothing to do with Saregama.

Priyankar Sarkar: Okay, great. That is all from my end. Thanks. All the best.

Moderator: Thank you. The next question is from the line of Apurva Shah from Phillip Capital. Please go ahead.

Apurva Shah: Thanks for the opportunity. First question is on the movies library, so we have 13 movies available on Netflix and Hotstar, so how much money we have spent on making of those movies and second thing on same part is how does the economic work so as I believe like on a licensing work, so do you have typical timeframe within three years or five years whatever money we have invested that will we retain in terms of the license revenue from those platform and for rest of the year we will be getting the free money in terms of the royalty or may be whatever form it may be?

Vikram Mehra: First part, I will not be in a liberty to go back and tell exactly how much have we spent on the films business, I can give the answer broadly, first year there was a minor loss we had incurred because our policy is the movement of first digital deal happens. We booked the entire cost of the film in that year. So if I go back and take a movie and do a three year deal with the Netflix I will book the entire cost of the movie in that year and also the deal value with the Netflix whatever money I make from the film in the subsequent way as straightaway flows into my bottomline, are you clear about that?

Apurva Shah: Yes, Sir that is clear.

Vikram Mehra: Now, the second part you are asking the business model that it is not function here, movie by movie we are also evolving here is, we are more and more doing deals where the digital rights on an exclusive basis where India given to somebody along with nonexclusive international rights which gives us up play to go and also license the movies to other partner on is a T ward basis or S ward basis, we always retain the music right, we retain the ALN rights, we retain the festival rights, remake rights and after three or five years all the rights come back to us. There are some deals which have happened for a longer duration in those kinds of deals we ensured right now that there is a decent profit, we make up front and there also the music rights are retained by us.

Apurva Shah: Fair point and second question is in some of the questions you mention that we will be spending Rs.200 Crores on the acquisition of music only, so is there any particular budget in mind, what we will be spending on making of movies or may be web series and for web series in particular if at all we get that order to make a web series, will we need to make investment or that will be back to back arrangement?

Vikram Mehra: If we are making series, we will do it only if we have a free order, also on films what we are doing increasingly we are moving to pre-order basis, so that the risk elements are coming down. In the first year, everything was done by us and then we sold as we go forward and our reputation becomes more cemented in the market, we are able to get orders from people. Given your question is what is the level or risk involve, there is still risk because we will be making a couple of movies on our own, but more and more of the work happening on films and series is on pre-order basis.

Apurva Shah: Okay, so question was also on risk and may be the total investment per se at company level for next three years, so Rs.200 Crores is for music and what will be other incremental investment apart from music? Is that clear Sir?

Vikram Mehra: On the movie part right now, I can go back and say now the movie business primarily started funding for itself.

Vineet Garg: If you see the movie business, the investment remain in the working capital and the small amount of debtors if we have, so investment and we are not expecting to go up substantially as we go forward it may get invested for some time and as the movie get released or licensed to person it will get converted into cash, so it is not going to be any sizable investment.

Vikram Mehra: It is not a working capital investment and that is the conscious call we have taken, because whenever we are doing a movie on a pre-order basis, we also take advances.

Apurva Shah: That is very useful and all the best.

Moderator: Thank you. The next question is from the line of Ankit Gupta from Bamboo Capital. Please go ahead.

Ankit Gupta: Thanks for the opportunity Sir. Just wanted to understand the philosophy on music acquisition, the last two years we have been spending quite a bit on acquiring music rights for the growth of the company, with Carvaan series now coming down significantly and we were utilizing decent portion of Carvaan profit for acquiring new music right, so how does cash alter strategy on new content acquisition and secondly post COVID and shift towards the OTT especially for new movie releases, have we seen some change in the pricing of new content music right?

Vikram Mehra: Yes Sir, lots of things I will start correcting sound these things now, you said we spends a lot of money on acquiring new film music in the last few years actually the number is not very high and we are very clear right now, the new music acquisition market is roughly around Rs.400 Crores odd per year and we want to have a minimum 20% play in that, in 2019-2020 and 2018-2019 we were nowhere close to that and that was an intentional cost because Saregama was getting back into film music acquisition after a long time and it was a commitment to both promoters and investor that we will take it slow for that of our policies and processing are in place and our methodology or recovering cost is fully established now that we have been able to prove that even with small investment we can go back and increase a revenue substantially, we will like to go back and increase our investment in new film music. Second part, you said right now that the Carvaan profits were allowing us to invest in music, no. Music was always making money on its own.

Ankit Gupta: It was making money, but the profits generated from that were also pulling our investments in acquiring new music?

Vikram Mehra: Actually, music on its own were making enough money that it was more than, in last three years is all I am talking about there, it was more than enough taking care of the investments that we are making on music. Carvaan money was Carvaan's money, so the way we see right now going forward Carvaan has taken a temporary dip right now, because retail network is shut, we need to read it correctly here. This is not the fact even if the consumer you want to buy Carvaan tomorrow you cannot buy, because shops are not open in most parts of the country, so as the retail network starts opening up, you will see right now traction going back to Carvaan is just that to play safe this year, we have decided right now that even if the Carvaan sales number has come down, we will not take a risk by pushing doing any promotions. No marketing or promotions are going to happen this year that is what the Carvaan part is. If you see my quarter's number and where the Carvaan sale is practically negligible, the licensing business on its own is generating enough amount of cash that we can go back and invest in film and nonfilm music.

Ankit Gupta: We had informed investors that you will be making good investment in acquiring new music contents so does the current situation alter plans for that?

Vikram Mehra: Current situation is anything right now is increasing the consumption of content. There are more people sitting at home and when you are sitting at home, you consume more music and more movies. In the month of April, when the first time people settled at their home we saw the numbers going down substantially right now of people consuming content, by April end when people has settled in the new reality, now they may have to work from home and consumption has gone up both on the music streaming applications as well as video sharing apps. So we see this number going forward which makes us in a better position to monetize both our retro content as well as a new content we are going to go back and acquire. Have any new movie music deal has been closed right now, no. Even what Jaideep asking me about Bellbottom, Akshay movie, the deal got announced right now, the deal was agreed some five months back even before COVID-19. Right now no movie production house is the announcing any new movies, so no deals are getting struck, once normalcy comes back we will obviously take care of the fact that the valuation that we are going to be paying for a movie music will be dependent on whether the movie is getting released in theater or not. If a movie not getting release in theatre there will be clauses in agreement which will be protecting us.

Ankit Gupta: Secondly on the Carvaan side, prior to Q4 we were making quarterly run rate of 200000 to 250000 units per quarter, so from the current situation in hand when do you think will get back to those numbers?

Vikram Mehra: Sir, it is very difficult for me at this juncture project that completely depends on retail network. We get enough amount of anecdotally consumer feelers that they want to know more about the product, that they want to touch and feel the product before they buy it. Please do remember Carvaan is still just about two-and-a-half year marketing story, three years to launch but we started talking about it only two-and-a-half years back, not everybody has actually touched or seen the product, they want to see the product for which retail network has to open. There is uncertainty and, in this uncertainty, I cannot give you clear projection numbers. All I can assure you is we will not do any marketing promotions till the time there is 100% clarity right now that markets are going to remain open which means this year financially it may get ruled out completely.

Ankit Gupta: Carvaan has earlier you said that it has been a pretty good gifting product and Q3 and Q4 festive season has contributed in a big way to Carvaan sales, so do you think at least some of the sales we would be able to have in Q3 and Q4 of this year?

Vikram Mehra: We are hoping right now some amount of sale will happen on its own, if we people can manage decent percentage of sale compared to the last year and literally no investment is going in terms of building the brand any longer, I think the financial year Carvaan not going to make money but hopefully Carvaan will not even lose money.

Ankit Gupta: Okay, thank you so much.

Moderator: Thank you. The next question is from the line of Manoj Shah from Last Curve Investment. Please go ahead.

Manoj Shah: Good afternoon gentlemen. My question is with respect to Carvaan, are we getting this manufactured in India or we are getting imported from China or any other company?

Vikram Mehra: Right now, it is a mix of China and India, but we are increasing numbers production from India only and we are looking on more vendors to replace our manufacturers from China right now in the short run.

Manoj Shah: As of now the mix work in favour of China?

Vikram Mehra: As of last year, the mix was in favour of China, but we are ramping up our Indian product manufacturer also.

Manoj Shah: Okay, but it may have any cost implication because we have the difference between the domestic manufacturer or…

Vikram Mehra: Yes Sir, this cost is coming out to almost same.

Manoj Shah: Okay. Thank you very much.

Moderator: Thank you. The next question is from the line Rishab Garg from Counter Cyclical Investments. Please go ahead.

Rishab Garg: Sir I have seen in your investor presentation that your music licensing revenue in the past three year has increased by around 60% and last year it has increased by 22%, whereas if we look to our competitor which is Tip industries in the last three years there music licensing revenue has tripled from Rs.32 Crores to Rs.98 Crores whereas we have grown only by 60% during this year and also Sir, their music licensing revenue Rs.98 Crores and our is Rs.240 Crores even though our music library consists of around 1.2 lakh songs and they have only 25000 songs and I understand that our songs are more super hit songs as compared to…

Vikram Mehra: Let me interrupt here, it was the wrong on my part to do a comparison with Tips to best of my knowledge, the data which is their includes their films revenue also and not just music revenue because there are also film production company, so it is a little wrong on my part to comment on it, I can just talk about Saregama. The music industry according to IMI which is regarded as the Indian Music Industry is only central body, where all the music companies go back and submit their revenue. If we check out the report right now and there is no Carvaan element out there, it is pure sheer music, according to them Indian Music Industry is growing at 11%, so our 22%, 23% growth right now by company I would like to believe is decent because that is double of the industry growth.

Rishab Garg: In this Rs.238 Crores music licensing revenue Sir, is there any cost associated with this or this is pure basically operating profit?

Vikram Mehra: Cost is royalty that need to be paid to the producers whose music we have taken, there is a basic sale in marketing cost which remains involved there, and if we buy any new music that cost starts getting loaded onto it.

Rishab Garg: But the new music you will capitalize that cost, it is not a revenue expenditure per se?

Vikram Mehra: Even in the new capitalization 48% of the cost or the new music will get charged up in this first year itself.

Rishab Garg: Okay Sir, so except for purchase of new music out of these Rs.238 Crores roughly will our operating profit be Rs.200 Crores?

Vikram Mehra: I cannot comment just like that all I can tell you right now, there are royalties to be paid so even the music that we acquired from the 90s, 60s or 70s and 80s, we still pay royalties very religious passion out there to all the movie producers, we take a responsibility very seriously there then there is a basic sales in administrative cost right now every time a big artist birthday is coming, we go back and invest in promoting that because every time we promote an artist, his music gets heard that much more. If you see the promotion that keep on happening right now every birthday and all that or the 100th anniversary of somebody there are cost associated in keeping the music alive, but yes you are right, the margins are very, very decent on the music licensing business even if we load the cost of the new contents still the margins are very healthy.

Rishab Garg: Any idea that you can give us like operating margins would be like…

Vikram Mehra: Look at my numbers right now, this quarter because is very little Carvaan I do not think you need to ask me any questions, things become very obvious, just look at the segmental revenue and you will get an idea.

Rishab Garg: Thank you very much.

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

Yash Modi: Good evening Sir. Two followup questions. Just wanted to understand I have been observing on these Amazon and Flipkart of the world the traction that Carvaan is getting, so is it fair to assume that in this lockdown period we have opened up this channel, earlier you said because of the brand building activities, it is a touch and feel product, now with more and more people knowing the brand we have seen traction building up in the e-com space, is that a fair assumption to make?

Vikram Mehra: Literally whatever sale we people are doing right now primarily is all coming from e-commerce only, but still the numbers are not that big right now, because not everybody who is interested in it is actually gets Carvaan, the total number of units is 2 million plus, numbers are not that huge that everybody has seen a Carvaan from a reference zone, so lots of people keep on requesting us and we keep on getting on an average right now 100 to 200 mails on a daily basis requesting us if we can arrange demos because people wanted but they want to first touch and feel it, but there are initiatives we are carrying out and I will be happy to discuss this at the end of second quarters call which to facilitate demonstration of the product in consumers home, there are still all those issues right now that go to somebody's home also societies are not allowing people to go up, so there are all kinds of delivery issues, demonstration issues we people are suffering on. Containment zones, many of the delivery companies they do not deliver, they have gone back and blacklisted those pincodes itself. Things were very bad in April, May, it started opening up in June, July was better than June hopefully as we move to the festival season and if God willing, we find a vaccine things should go back and improve.

Yash Modi: Secondly on the Facebook number, I was just looking at the likes that your page has and it has absolutely exploded in the last one month and it closed to around 16 lakh likes now on the Facebook page, so in the previous calls you told us like in the music OTT platform every time a song play, you get a variable amounts, you get a 10 paisa fee so is that something that, obviously I am not asking you details of the Facebook deal, but is that something we have to assume goes with Facebook as well or is that something different?

Vikram Mehra: Sorry, I did not get your question you are saying, how did the number of followers in Facebook?

Yash Modi: Is there variable component like what happens in music OTT apps when somebody plays a song say on Gaana.com...

Vikram Mehra: I cannot comment on that may be into this specific Facebook deal, I will be not be able to due to the confidentiality arrangements, but yes now that we are in a partnership with Facebook, we are constantly working with them right now to increase the engagement level of Facebook users with Saregama content, the way we have always worked out with YouTube, we are doing similar work with Facebook and Instagram.

Yash Modi: Okay, just one last question if I just chip in, as you said about acquiring regional music and all, I was again doing some analytics on your YouTube platforms and I saw that the YouTube Bhojpuri channels is just around 33, 34 videos you have just exploded, you have got like 5 lakh, 6 lakh likes and the ranking of the pages were also going up, so how do you monetize this YouTube aspect now with the YouTube likes going up so much, what is it like how are you planning to monetize it, because now there are so many channels, you said that the Tamil TV serials also you keep on re-adding them and YouTube and those are also getting 2 million likes and I saw some of the Roja episodes…

Vikram Mehra: Let me thank you from my heart that you are following us that religiously, a lot of work goes out there in increasing these cases that you are talking about Thank you. How do we make money on YouTube, every time an add is presented by YouTube on any of the videos where ownership is sitting with Saregama, they share the advertising revenue in a 55% to 45% ratio, as a content owner we get 55% and YouTube gets 45% this is public knowledge I can share it, this is how we make our money. Also, what happens if we are releasing a Bhojpuri song on YouTube not only we make advertising from YouTube, but if the song becomes popular in YouTube then people may end up listening to it on a Ghana also and Saavn also later then we make money from that also. YouTube and Facebook not only as a revenue generating tools, but also as a marketing tool.

Yash Modi: If a song is playing and before that you play the Carvaan add, is that free of cost or is that charge?

Vikram Mehra: That is my time, that is free of cost.

Yash Modi: Okay. Thank you, Sir.

Moderator: Thank you. The next question is from the line of Aditya Nahar from Alpna Enterprises. Please go ahead.

Aditya Nahar: Just swinging back to something which I missed earlier, given the circumstances, is it possible for you to look at some inorganic opportunities in terms of acquiring smaller labels or smaller houses which are facing some generational challenges and some cash flow issues, are you actively looking or working towards this front?

Vikram Mehra: Yes, we are looking and if you know anybody please reach out to us.

Aditya Nahar: Thank you so much.

Moderator: Thank you. The next question is from the line of Ravi Naredi from Naredi Investment. Please go ahead.

Ravi Naredi: Thank you for giving me the opportunity. One thing, it is still in doubt, what is the mode of operation of making the movie, how you start, the budget, story and when you sell it, when you receive the payment if you give some brief summary it will be helpful for every investor?

Vikram Mehra: Every topic I get interviewed on this very often, may be lots of other people I will tell you. The model that we people follow right now is that movies do not fail, their budgets fail. So that is the key principle with which this business unit or movies have been built in Saregama. Second part, we believe that movie business is no different from any other business if the basic management principles of cost can be managed and second if individual vanity can be kept out of it completely, so as a policy the only person who gets an entry in Saregama on a movie project is the writer, nobody else can reach out to us saying they want to make a movie, we do not entertain it only if we have got a script idea is Saregama going to entertain you. No script can come to managing director position or films business head position, every script that comes in the first page is torn then it is handed over to script readers, we have 17 script readers in the company, they are not told whose script it is right now, they are giving a quantitative scale, they evaluate every script that comes to them right now on a quantitative scale and they mark it out. If the marks given by two people is higher than the benchmark we have, it goes to the script head then it goes to film head then it comes to me, everybody has the right to veto, nobody in the company has a right to green light a film. What that does is the individual choices that I like a particular kind of film goes out of the window, because every film script will start at the bottom. I may like romantic comedies a lot right now does not matter, because the script will never reach me if the people down the line have completely veto it, it is a line getting a much creditors variety of movies and taking our individual biases out. Second part, the writer whose is coming in, we people line produce our films, so every film, the entire cost we are not like any other studio which buys ready films, we make our films, we have shot 13 films that means in last three years we have benchmark on every cost item, because 13 times that cost item has come back and hit us in a period of 32 months, it allows me to go back and benchmark and negotiate my price better than anybody else in the market. The third part, the only area we give complete freedom to a writer is the cast selection. I am a big believer that just because I am a managing director of the company does not make me special enough to go back and decide which hero, heroine are going to do better, we keep ourselves completely out of it, we do not decide the cast of the films, we decide the script, we decide the cost structures along with the writer, the cast is left with the writer and director. Our experience tells us the movement we remove the vanity of the management team right now, you end up getting better products. The other very interesting thing we people do right now on the budget of every films, we decide shot wave budget, so film is broken into shots, every shot the amount of hours that will be given in the cost associated with it if agreed on before the first shot is taken, the money that is disbursed on the set of films is managed by Ernst & Young who are our cost accountant on the film project. The Saregama team does not have the rights to disburse cash, the director does not have the rights to disburse cash, this way we can keep our very tight cost control and more importantly MIS reaches us at Mumbai level on a daily basis to know if there are any cost overheads happening. Other areas right now which we keep our cost under control is there is no need once again for the managing director or the films head to start travelling to film shoots I do not know what value will I add if I go to a film shoot apart from showing of my seniority. So, I keep myself complete out of it, it helps, every time senior people end up travelling, five star hotels, the flight tickets and then they will waste everybody's time, we are very, very particular about this. In lot of my films in fact cast stay in the dormitory and not even at hotels to keep our cost structures down. We never shoot on sets, we do everything right now real-life locations, it gives us more authenticity and keeps our budgets down, we do not do dubbing, we do everything on life skills again keeps our budgets down gives us more authenticity. As a film is getting ready right now, other part is we do not allow any films to exceed 120 minutes, because we are getting younger crowd, we know if the films start going into two-and-a-half hours, a Bollywood hero may be able to carry it, these films cannot do it, so we keep it at 120 minutes which also helps me keep my cost structure down. When we are doing the right sale, we never go back and give up our IP. IP is always written by us, we do only licensing deals, so that in the long run as our library becomes bigger and bigger, we are talking about 13 movies hopefully we will in next year's be able to sit on 40, 50 movie library that give us in a very good position to negotiate, when the renewals of the movie will come in, we are in a far better position to negotiate by doing a big bulk deal or a slate deal. Ravi, am I giving you some idea?

Ravi Naredi: Yes, 100% hopeful idea, but when your sale the first-time movie, when that is completed?

Vikram Mehra: Both happen right now. Initially when we are making the movies, we were selling the movies only when they have fully ready, because studio wanted to wash the movie before they bought it. In 2019-2020, there were multiple movies right now, the people are pre-ordered, they bought the movie at the script level itself, because our reputation, especially after Hamid won National Award, our reputation had become stronger enough where people were trusting our production ability, so more and more we are now pitching movies to people at the script stage itself.

Ravi Naredi: Okay and one small thing whatever cost we are incurring we get in the sale of the movie almost?

Vikram Mehra: I can just tell you right now internal principle are worst performing movie also is to recover 75% of its cost, we as a company do not believe that one hit movie can recover the cost of nine flops, we believe every movie should be in a position to at least recover its own cost. We are lucky enough right now in FY2019-2020, the movies made profits.

Ravi Naredi: Okay, thank you, all the best. Really you have explained everything.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference to the management for closing comments.

Vikram Mehra: We maintain a bullish stand right now in light of the COVID-19 as more and more people stay at home, we see more and more content getting consumed and whether it is they hearing our music, streaming applications where Saregama content is available or watching web series on a Hotstar or a Netflix or an Amazon, everywhere Saregama music is getting integrated right now or they are watching a film, 13 films already on or watching TV serials on YouTube, 6000 hours of content of ours is sitting in there, we believe right now we will be in a very, very good position to ride on the stay at home wave. The profits that you are seeing right now, we may not able to have the same position of no content investment in Q2 or Q3 or Q4, but the topline we believe right we will be in a position to maintain this. We will continue with our investment as I said right now heavily in non-film music this year and film music as film production starts again from next year onwards. We will follow a very cautious approach on Carvaan, no marketing spends are going to be happening this year, we will rely only on the natural pull. Our focus is to move Carvaan from a product to a platform, so you will see more and more podcast coming out as part of Carvaan and we will keep on increasing the usage of the podcast. Our internal target is in 18 to 24 months we should start having enough number of people using podcast on Carvaan so that an advertising model can start getting built on top of this. On films, our focus will continue being on a pre-sold film and if we can get up pre-sold series hopefully something will happen pretty soon. On TV, the shoots have restarted. We put up our first episode on Sun TV on July 27, 2020 of both Roja and Chandralekha our two serials. We have lost three months but hopefully right now we should be able to somehow try to find ways to make up right now for the lost time over the next nine months. So overall guys we remain quite bullish in light of COVID-19. Let us not treat our first quarter as a role model and start multiplying by three because content investments are going to be happening in the days to home. Overall being a content IP company, we are in a good position as more and more people stay at home. Thank you.

Moderator: Thank you. On behalf of ICICI Securities that concludes today's conference call. Thank you for joining us and you may now disconnect your lines.