

(Rs. in Lakhs)

Statement of Standalone Financial Results for the Quarter and Six Months Ended 30 September 2018							
Sl. No.	Particulars	Quarter ended			Six Months ended		Year ended
		30 September 2018	30 June 2018	30 September 2017	30 September 2018	30 September 2017	31 March 2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Income						
	(a) Revenue from operations	13,842	11,128	8,446	24,970	14,650	34,561
	(b) Other income (Refer note 6)	227	4,311	332	4,538	532	1,422
	Total Income	14,069	15,439	8,778	29,508	15,182	35,983
2	Expenses						
	(a) Contract manufacturing charges	7,068	4,641	2,296	11,709	2,651	10,517
	(b) Cost of production of films, television serials and portal	1,214	1,323	(749)	2,537	(727)	5,223
	(c) Changes in inventories of finished goods and work-in-progress [(increase) /decrease] (Refer note 6)	(3,116)	1,173	1,471	(1,943)	2,969	(3,736)
	(d) Employee benefits expense	826	1,126	1,265	1,952	2,284	4,863
	(e) Finance costs	169	152	81	321	147	337
	(f) Depreciation and amortisation expense	86	87	97	173	190	379
	(g) Advertisement and sales promotion	2,631	2,219	829	4,850	1,431	4,010
	(h) Royalties	1,314	1,067	1,055	2,381	1,623	3,369
	(i) Provision for doubtful debts/ advances	160	447	537	607	959	2,132
	(j) Other expenses	1,386	1,823	995	3,209	2,077	4,777
	Total Expenses	11,738	14,058	7,877	25,796	13,604	31,871
3	Profit before exceptional items and tax (1-2)	2,331	1,381	901	3,712	1,578	4,112
4	Exceptional items	-	-	-	-	-	-
5	Profit before tax (3-4)	2,331	1,381	901	3,712	1,578	4,112
6	Tax Expense (Refer note 4)						
	(a) Current tax	719	532	510	1,251	884	980
	(b) Deferred tax	116	(10)	(55)	106	(82)	81
	Total Tax Expense	835	522	455	1,357	802	1,061
7	Profit for the period (5-6)	1,496	859	446	2,355	776	3,051
8	Other comprehensive income (net of tax)						
	(a) Items that will not be reclassified to profit or loss	(1,121)	(670)	1,467	(1,791)	1,790	1,598
	(b) Income tax relating to items that will not be reclassified to profit or loss	126	76	(164)	202	(196)	(241)
	Total other comprehensive income (net of tax)	(995)	(594)	1,303	(1,589)	1,594	1,357
9	Total comprehensive income for the period (7+8)	501	265	1,749	766	2,370	4,408
10	Paid-up equity share capital (Face Value of Rs.10/- each)	1,741	1,741	1,741	1,741	1,741	1,741
11	Other Equity						36,469
12	Earnings Per Share (Face Value Rs 10/- each) (not annualised) :						
	(a) Basic (Rs.)	8.59	4.93	2.56	13.53	4.46	17.53
	(b) Diluted (Rs.)	8.58	4.93	2.56	13.51	4.46	17.51

(Rs. in Lakhs)

Statement of Standalone Segment wise Revenue, Results, Assets and Liabilities for the Quarter and Six Months Ended 30 September 2018							
Sl. No.	Particulars	Quarter ended			Six Months ended		Year ended
		30 September 2018	30 June 2018	30 September 2017	30 September 2018	30 September 2017	31 March 2018
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment Revenue						
	(a) Music	12,637	9,970	7,320	22,607	11,871	29,268
	(b) Films/Television serials	1,205	1,158	1,126	2,363	2,779	5,293
	Total segment revenue	13,842	11,128	8,446	24,970	14,650	34,561
	Less: Inter Segment Revenue	-	-	-	-	-	-
	Total revenue from operations	13,842	11,128	8,446	24,970	14,650	34,561
2	Segment Results						
	(a) Music (Refer note 6)	3,099	2,386	2,098	5,485	3,808	9,057
	(b) Films/Television serials	19	(122)	(94)	(103)	8	(205)
	Total segment profit	3,118	2,264	2,004	5,382	3,816	8,852
	Less:						
	(a) Finance costs	169	152	81	321	147	337
	(b) Other unallocable expenditure (net of unallocable income)	618	731	1,022	1,349	2,091	4,403
	Total profit before tax	2,331	1,381	901	3,712	1,578	4,112
3	Segment Assets						
	(a) Music	41,624	37,310	27,391	41,624	27,391	32,887
	(b) Films/Television serials	4,343	4,096	3,176	4,343	3,176	3,375
	(c) Unallocated	16,892	19,056	20,055	16,892	20,055	20,158
	Total segment assets	62,859	60,462	50,622	62,859	50,622	56,420
4	Segment Liabilities						
	(a) Music	13,181	11,395	8,101	13,181	8,101	10,082
	(b) Films/Television serials	636	719	523	636	523	390
	(c) Unallocated	10,684	9,868	5,814	10,684	5,814	7,738
	Total segment liabilities	24,501	21,982	14,438	24,501	14,438	18,210



(Rs in Lakhs)

Statement of Standalone Assets and Liabilities					
Sl. No.	Particulars	As at	As at		
		30 September 2018 (Unaudited)	31 March 2018 (Audited)		
(1)	ASSETS				
	Non-current assets				
	(a) Property, plant and equipment	20,584	18,812		
	(b) Investment properties	239	242		
	(c) Intangible assets	600	614		
	(d) Investment in subsidiary and joint venture	1,554	1,554		
	(e) Financial assets				
	(i) Investments	10,508	12,340		
	(ii) Loans	386	344		
	(iii) Other financial assets	0	0		
	(f) Other non-current assets	206	1,113		
	Total Non-current assets	34,077	35,019		
	(2)	Current assets			
		(a) Inventories	6,668	4,725	
(b) Financial assets					
(i) Trade receivables		11,556	7,810		
(ii) Cash and cash equivalents		202	636		
(iii) Bank balances other than (ii) above		169	162		
(iv) Loans		57	54		
(v) Other financial assets		10	5		
(c) Current tax assets (net)		2,991	4,140		
(d) Other current assets		7,129	3,869		
Total Current assets		28,782	21,401		
Total assets		62,859	56,420		
(1)		EQUITY AND LIABILITIES			
		Equity			
	(a) Equity share capital	1,741	1,741		
	(b) Other equity	36,617	36,469		
	Total Equity	38,358	38,210		
	(2)	Liabilities			
		Non-current liabilities			
		(a) Employee benefit obligations	210	206	
		(b) Deferred tax liabilities (net)	4,591	4,557	
		Total Non-current liabilities	4,801	4,763	
		(3)	Current liabilities		
			(a) Financial liabilities		
			(i) Borrowings	4,592	1,292
			(i) Trade payables	4,494	3,864
(ii) Other financial liabilities			4,867	3,472	
(b) Other current liabilities			1,831	1,161	
(c) Provisions			3,867	3,585	
(d) Employee benefit obligations			49	73	
Total current liabilities			19,700	13,447	
Total equity and liabilities	62,859		56,420		

Notes:

- Financial results for all the periods presented have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.
- The above unaudited standalone financial results for the quarter and six months ended 30 September 2018 have been reviewed and recommended by the Audit Committee in their meeting held on 2 November 2018 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 unqualified review report on the unaudited standalone financial results for the quarter and six months ended 30 September 2018.
- The format for unaudited quarterly results as prescribed in SEBI's Circular CIR/CFD/CMD/15/2015 dated 30 November 2015 has been modified to comply with requirements of SEBI's circular dated 5 July 2016, Ind AS and Schedule III (Division II) to the Companies Act, 2013, applicable to companies that are required to comply with Ind AS.
- Tax expenses is net of Minimum Alternate Tax (MAT) Credit adjustment of Rs. Nil for the quarter and six months ended 30 September 2018 (Rs. 728 lakhs for the year ended 31 March 2018).
- Effective 1 April 2018, the Company has adopted Ind AS 115 'Revenue from contracts with customers'. Based on the assessment done by the management, there is no material impact on the revenue recognised during the period.
- On 2 April 2018 (around 12:00 AM), there was a fire in the godown (of third party service provider) damaging stocks of the Company aggregating to Rs. 3,758 lakhs. As per the best estimate of the management, Insurance claim receivable aggregating to Rs. 3,400 lakhs have been recognised as 'Other Income' and balance amount has been charged off against loss of such goods during the quarter ended 30 June 2018. Adjustments, if any, arising out of final settlement of the claim from insurance company, will be made upon such settlement. The impact of the aforesaid loss has been given in the segment results of Music segment for the quarter ended 30 June 2018.
- 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 September 2018.
- Employee benefits expense include charge/(reversal) in relation to Stock Appreciation Rights granted to eligible employees :-

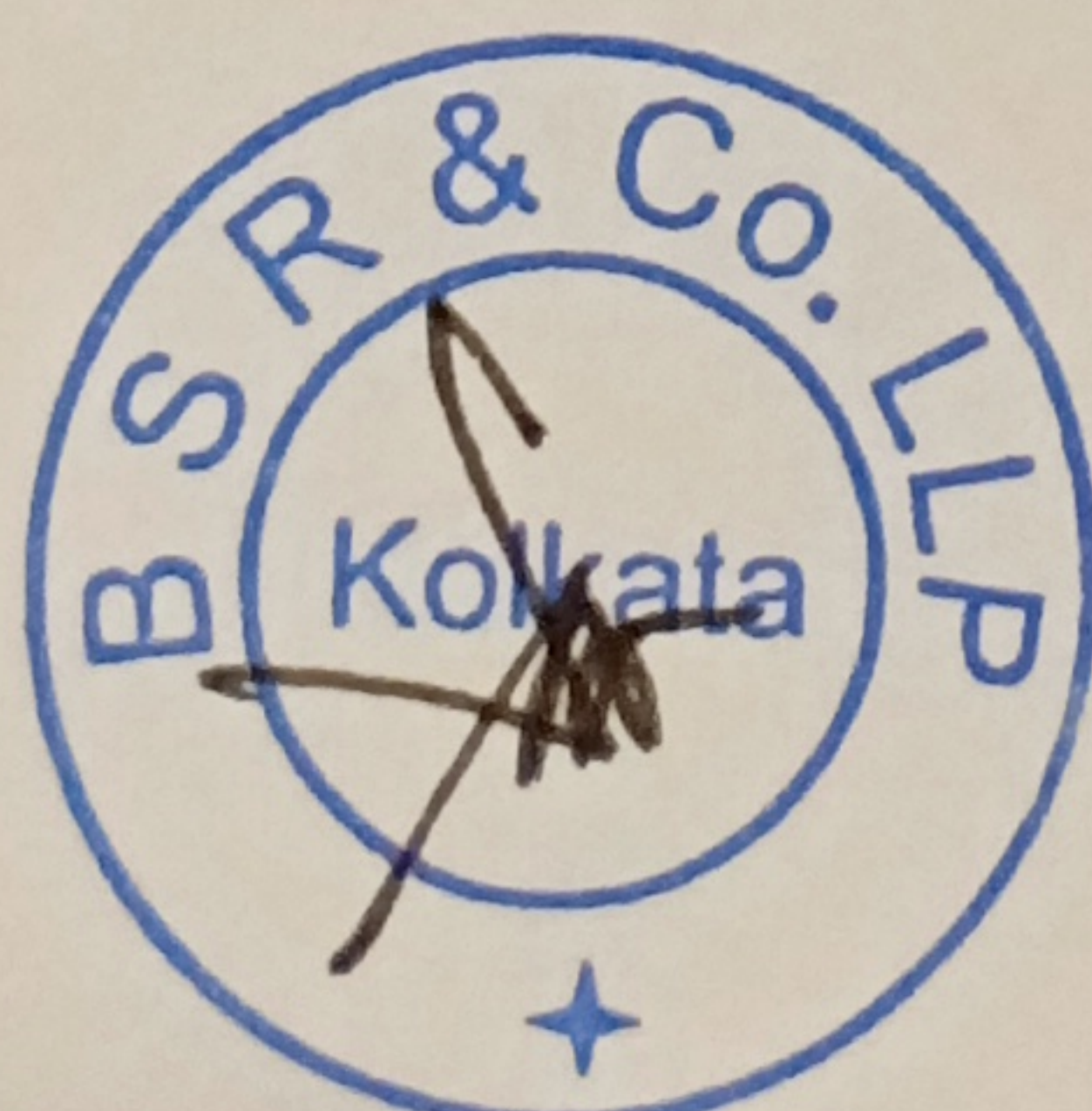
Particulars	Quarter ended			Six Months ended		Year ended
	30 September 2018	30 June 2018	30 September 2017	30 September 2018	30 September 2017	31 March 2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Stock Appreciation Rights Scheme	(269)	54	237	(215)	334	780

- The figures of the previous periods/year have been regrouped/ reclassified, wherever necessary, to conform to the classification for the quarter ended and six months 30 September 2018.

For and on behalf of the Board of Directors

Vikram Mehra
Vikram Mehra
Managing Director
DIN: 03556680

Kolkata
2 November 2018



ANAND RATHI

Saregama India



Q2 FY19 Result Conference Call

5 November 2018, at 2:00 pm IST

Hosted by Anand Rathi Research

Participants

Mr Vikram Mehra

(Managing Director)

Mr Vineet Garg

(CFO)

Mr B L Chandak

(Executive Director – RP Sanjiv Goenka Group)

Primary Access Numbers for Participants

Mumbai Access: 022 6280 1386 / 7115 8287

Local Access: 7045671221

(Ahmedabad, Bangalore, Chandigarh, Chennai, Cochin, Delhi (NCR), Gurgaon (NCR), Hyderabad, Kolkata, Lucknow, Pune)

International Access

USA: +1 866 746 2133

Hong Kong: 800 964 448

UK: 0808 101 1573

Singapore: 800 101 2045

For further information, please contact
Call Leaders

Shobit Singhal

Office No: (022) 6626 6511

Mobile: 9768637537

SAREGAMA INDIA LIMITED

Q2-FY18 EARNINGS PRESENTATION





THE PERFECT GIFT FOR YOUR LOVED ONES



Snapshot



soul of India



India's oldest music label and youngest film production house



High Dividend Yield and a Zero Debt Company



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



Owning Intellectual Property (IP) rights for more than 120,000 songs, 5,400 hours of television serials and 20 movies



India's first song was recorded in 1902 under the company's erstwhile label - HMV



Digital licensing agreements across global OTT platforms, TV channels, radio stations, telcos



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



Leading producer in terms of number of hours of content produced for Tamil television serials



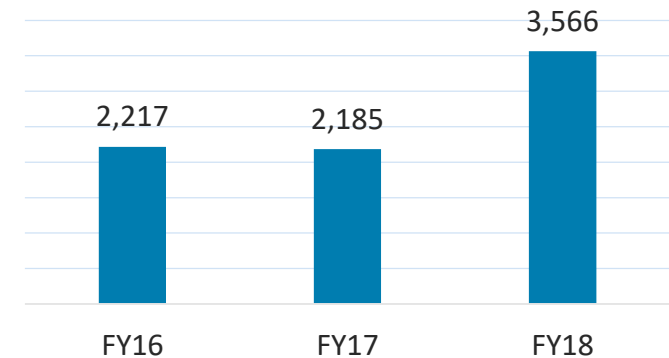
Producing digital thematic films targeted at the youth segment

Company Overview

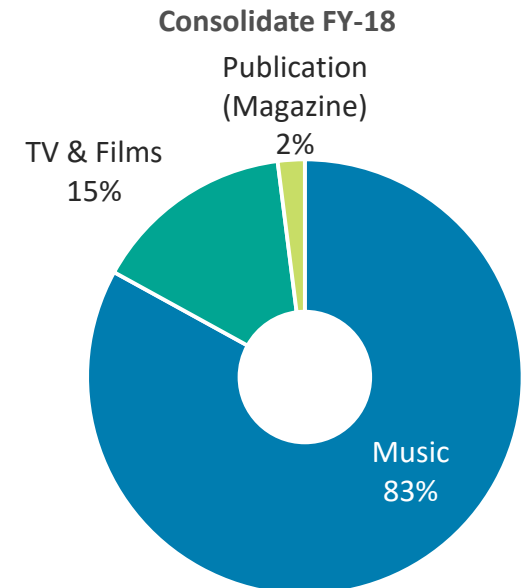


- Saregama India Ltd., an RP Sanjiv Goenka Group Company, is India's oldest music label, youngest film studio and a multi-language TV content producer. Over the years, the Company has expanded its business from audio to home video, publishing, digital, events, films production and distribution and audio visuals.
- The Company has a music library of 1.2 lakh songs, covers 18 languages spread across eight music categories – Bollywood, regional films, ghazals, devotional classical, Indian pop and kids music.
- Since 2017, Saregama has been making headlines again owing to the launch of two unique initiatives, Saregama Carvaan and Yoodlee Films.
- Carvaan is a perfect blend of digital technology and a retro form factor, in less than a year from its launch, it is now Saregama's flagship product.
 - Saregama Carvaan, Carvaan Premium, Carvaan Gold and Carvaan mini are portable digital music players that come with features such as Bluetooth, USB, FM/AM and a collection of in-built songs.
- Yoodlee Films, Saregama's film production arm is positioned as writers studio. The films produced by the studio are driven by the powerful stories targeted at young audiences across the world who primarily consume content on personal devices
- 5,400+ hours of Tamil serial programming telecast on Sun TV and features in top 3 slots of afternoon prime time.

**Consolidated Revenues
(INR Mn)**



Segmental Revenue Breakup-



Strategic Overview

Saregama's long term strategy : To be a Pure Play Content Company capitalising on the global data boom
Diversified monetisation of Existing IP to fund IP Creation for Future

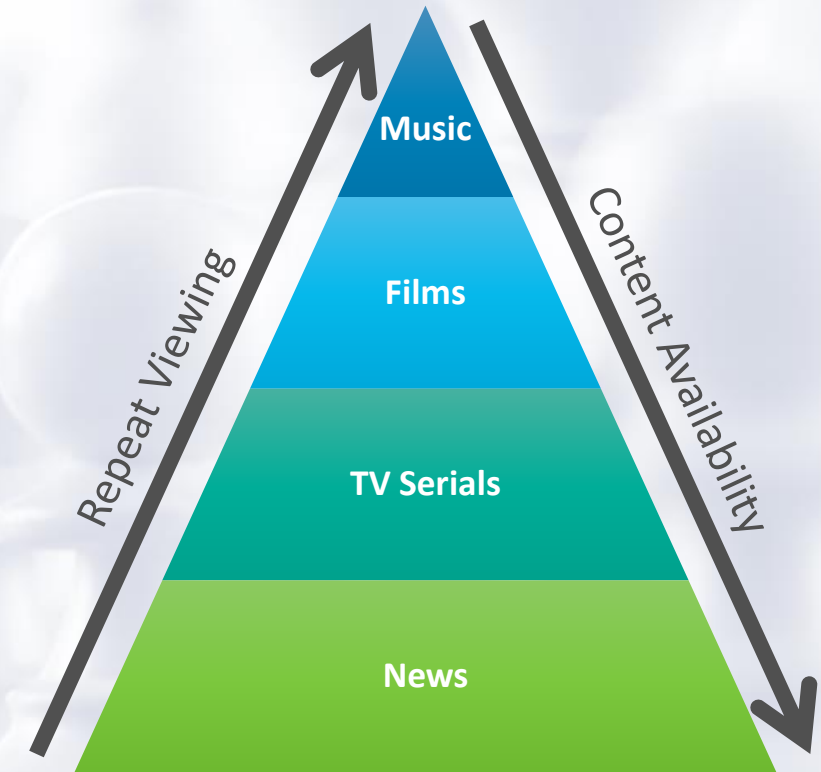
IP Monetisation

Higher monetisation of existing content through:

- 1 Greater presence on 3rd party digital and TV platforms globally
- 2 launch of Saregama branded physical products with embedded music

IP Creation

- 1 New film music acquisition across Hindi, Tamil, Marathi and other languages
- 2 Production of thematic films / series targeted at youth consuming on digital platforms
- 3 TV programs in South Indian languages



Company Focus on Top 2 tiers

Business Verticals

Saregama is the pioneer of the Indian music industry and has evolved into a premier diversified content player with Intellectual property rights of songs, TV serials, movies having presence across platforms like television, radio, digital, telecom, etc.

Business Verticals



Music Segment

FY18 Revenue Share

83%

- Includes intellectual property monetisation of music content.
- The Company owns global and perpetual rights for over 120,000 songs.
- The revenue is driven from various B2B partners like streaming online platforms, radio, television, caller ring tone, Youtube, brand advertisements, films, etc.
- The Company launched its revolutionary product 'Carvaan' in 2017, an innovative audio player with preloaded songs and other features like USB and FM radio which has been highly acclaimed and has taken the market by storm.



TV & Films Segment

FY18 Revenue Share

15%

- This segment has leadership in Tamil Sun Network channels and has been producing content for Sun TV for last 17 years and broadcast 3-4 serials on Sun TV at any given time
- Company owns rights to 5,400 hours of Tamil Series
- Yoodlee Films is the production division which focuses on thematic digital films in all languages with tightly controlled budgets



Publications Segment

FY18 Revenue Share

2%

- This segment includes the publication of Open Magazine and a weekly current affairs and features magazine.
- Open has sustained circulation and ad revenues with an association of premium brands including Audi, Omega, Volkswagen, Toyota, Honda, Samsung, Airtel, IBM, HP, TAJ, ITC, Skoda, etc.

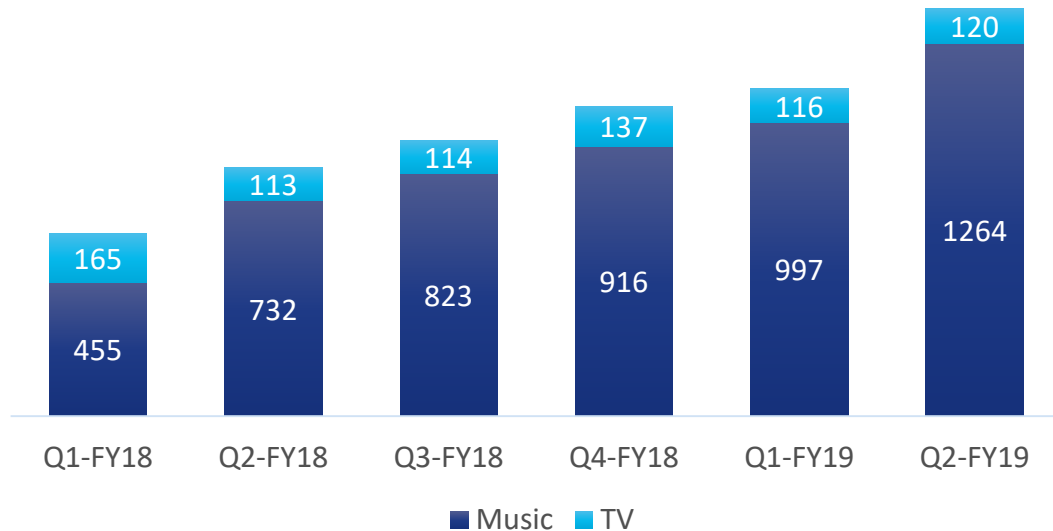


Financial Highlights

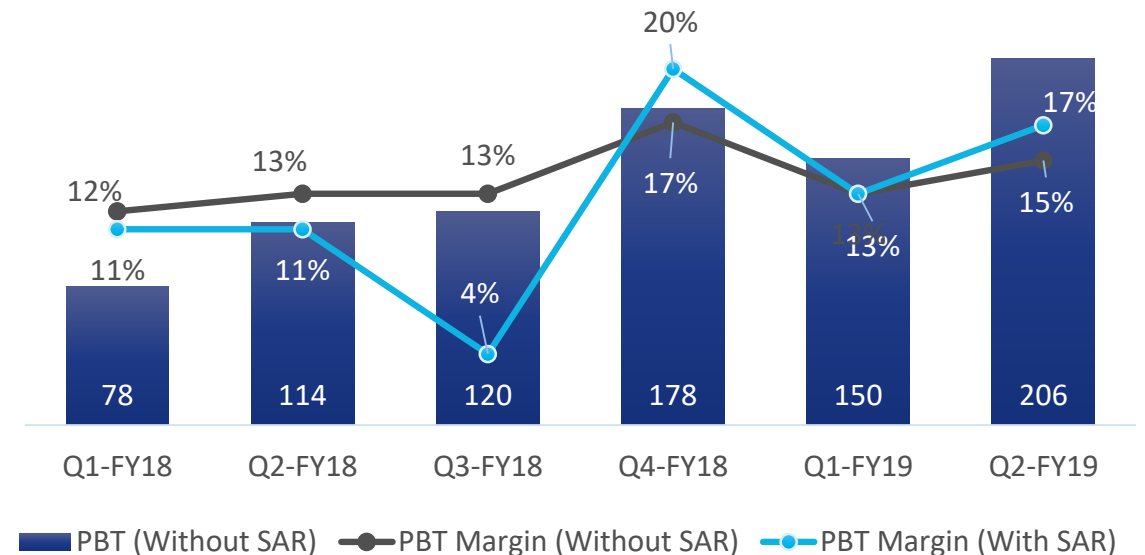
Financial Summary

Particulars (INR Mn)	Q2-FY19	Q1-FY 19*	Q-o-Q Growth	Q2-FY18	Y-o-Y Growth
Revenues					
• Music	1264	997	27%	732	73%
• TV & Films	120	116	4%	113	6%
Total Revenue from Operations	1384	1113	24%	845	64%
PBT without SAR Provision	206	144	43%	114	81%
PBT after SAR Provision	233	138	69%	90	159%
PAT	150	87	72%	45	233%

Revenue (INR Mn)



PBT (INR Mn) & PBT Margin



* In Q1 FY19 Other Income includes Rs.340 Mn estimated Insurance claim receivable & Total Expense includes Rs. 376 Mn towards cost of damaged stocks because of fire in the warehouse

Financial Performance - Quarter



Particulars (INR Mn)	Q2-FY19	Q1-FY19	Q-o-Q Growth	Q2-FY18	Y-o-Y Growth
Revenue from Operations	1384	1113	24%	845	64%
Other Income*	23	431	-95%	33	-30%
Total Revenue	1407	1544	-9%	878	60%
Total Expenses*	1175	1376	-15%	746	58%
EBITDA without SAR	232	168	38%	132	76%
EBITDA Margin (%)	17%	15%		16%	
Depreciation	9	9	0%	10	-10%
Finance Cost	17	15	13%	8	113%
PBT without SAR	206	144	43%	114	81%
SAR Charge	-27	5	69%	24	159%
PBT with SAR	233	138		90	
Tax	83	52	60%	46	80%
PAT	150	87	58%	44	233%
PAT Margin (%)	11%	8%		5%	
Other Comprehensive Income	-99	-59		130	-176%
Total Profit including Comprehensive Income(Net of tax)	51	28	82%	174	-71%
Diluted EPS (In Rs.)	8.58	4.93	74%	2.56	235%

* In Q1 FY19 Other Income includes Rs.340 Mn estimated Insurance claim receivable & Total Expense includes Rs. 376 Mn towards cost of damaged stocks because of fire in the warehouse

Financial Performance – Half Year



Particulars (INR Mn)	H1-FY19	H1-FY18	Y-o-Y Growth
Revenue from Operations	2497	1465	70%
Other Income	454	53	757%
Total Revenue	2951	1518	94%
Total Expenses	2552	1293	97%
EBITDA without SAR	399	225	77%
<i>EBITDA Margin (%)</i>	16%	15%	
Depreciation	17	19	-11%
Finance Cost	32	15	113%
PBT without SAR	350	191	83%
SAR Charge	-21	33	
PBT with SAR	371	158	134%
Tax	136	80	70%
PAT	235	78	201%
<i>PAT Margin (%)</i>	9%	5%	
Other Comprehensive Income	-159	159	-200%
Total Profit including Comprehensive Income(Net of tax)	76	237	-68%
Diluted EPS (In Rs.)	13.51	4.46	203%

* In Q1 FY19 Other Income includes Rs.340 Mn estimated Insurance claim receivable & Total Expense includes Rs. 376 Mn towards cost of damaged stocks because of fire in the warehouse

Balance Sheet

Equity and Liabilities (INR Mn)	As at 30-Sep-2018 (Unaudited)	As at 31-Mar-2018 (Audited)
Shareholders Fund		
(a) Equity Share Capital	174	174
(b) Other Equity	3662	3647
Net worth	3836	3821
(c) Non Controlling Interest		
Non Current Liabilities		
(a) Employee Benefit Obligations	21	21
(b) Deferred tax liabilities (Net)	459	456
Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	459	129
(ii) Trade Payables	449	386
(iii) Other Financial Liabilities	487	347
(b) Other Current Liabilities	183	116
(c) Provisions	387	359
(d) Employee Benefit Obligation	5	7
Total	6286	5642

Assets (INR Mn)	As at 30-Sep-2018 (Unaudited)	As at 31-Mar-2018 (Audited)
Non Current Fixed Assets		
(a) Property, Plant and Equipment	2058	1881
(b) Investment Properties	24	24
(c) Intangible assets	60	61
(d) Investments in subsidiaries and Joint Venture	155	155
(e) Financial Assets		
(i) Investments	1051	1234
(ii) Loans	39	34
(f) Other Non Current Assets	21	111
Current Assets		
(a) Inventories	667	473
(b) Financial Assets		
(i) Trade Receivables	1156	781
(ii) Cash and cash equivalents	20	64
(iii) Bank Balances other than above	17	16
(iv) Loans	6	5
(v) Other Financial Assets	1	1
(c) Current Tax Assets-(net)	299	414
(d) Other Current Assets	713	388
Total	6286	5642



FY19 Operational Highlights

Music Segment Operational Highlights

Q2-FY19 Operational Highlights:

Carvaan growth story continues with **229K** units sold in Q2-FY19 a jump of 40% over previous quarter.

SAREGAMA
CARVAAN™



3K new billing dealers added in Q2
total **15.5K** dealers.

Gross margin maintained at
23% inspite of dollar strengthening

Carvaan Premium (Companion app, AM Radio) @7390 and Carvaan Mini2.0 @2490 launched.

Future Outlook:

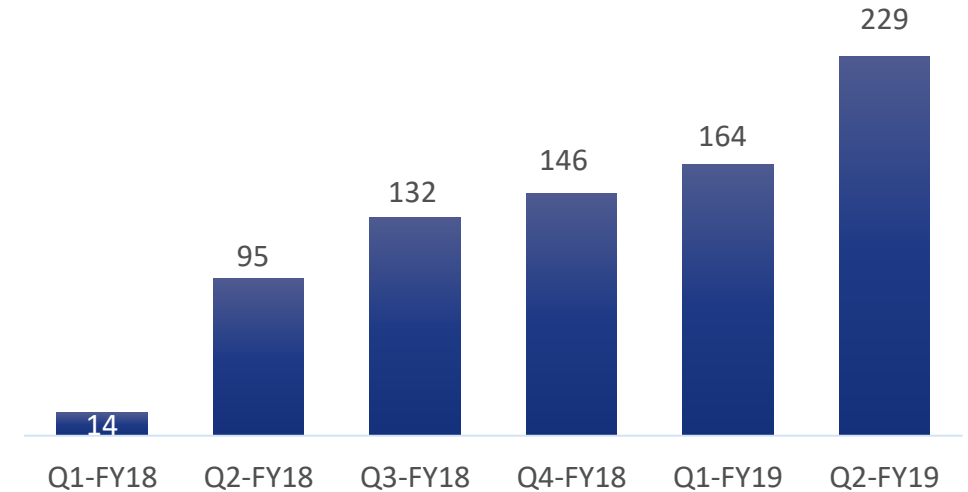
Carvaan Gold launch in Oct'18. Priced INR 14,990

Carvaan & variants Annual Sales Estimates : **750k** units

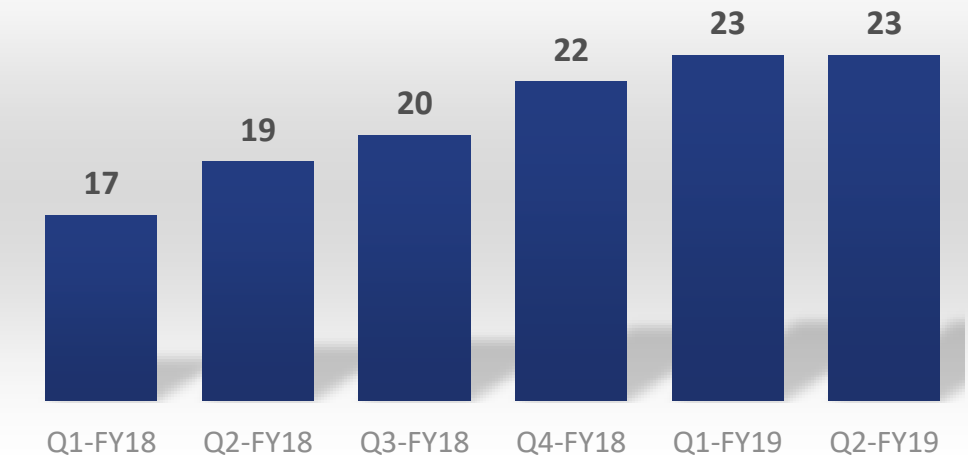
Big marketing push to continue during the year

Gross Margin will grow through high volume of sales & cost leverage

Carvaan Sales (units '000s)



Carvaan Gross Margin (%)



Music Segment Operational Highlights

Q2-FY19 Operational Highlights:

28% YoY in B2B Revenues

Fueled by growing market share in OTT business, impact of new movie song releases and higher publishing deal renewals

Newly constituted Publishing society IPRS issued its first license

New film music acquired

Sahib Biwi
Gangster3

Yamla Pagla
Deewana Phir Se

Thadam

Vandi

Marinthurunthu
Paarkum

Peranbu

Ratsasa

Aan
Dhevathai

Maaniik

Marmam Enna

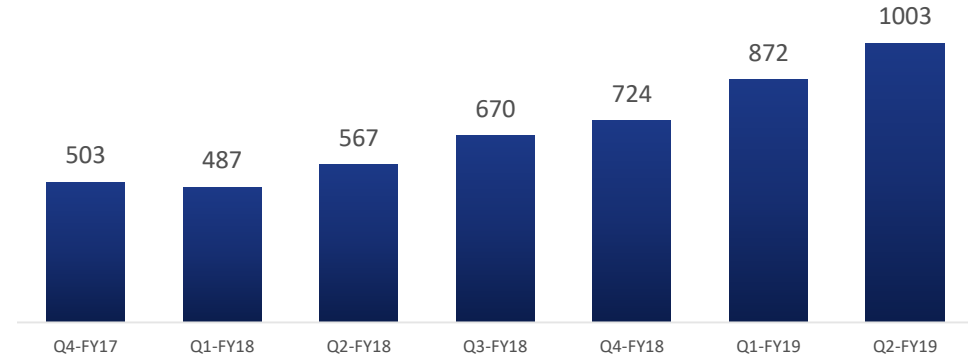
Future Outlook:

OTT will continue
double digit growth
while Telecom will
continue to decline

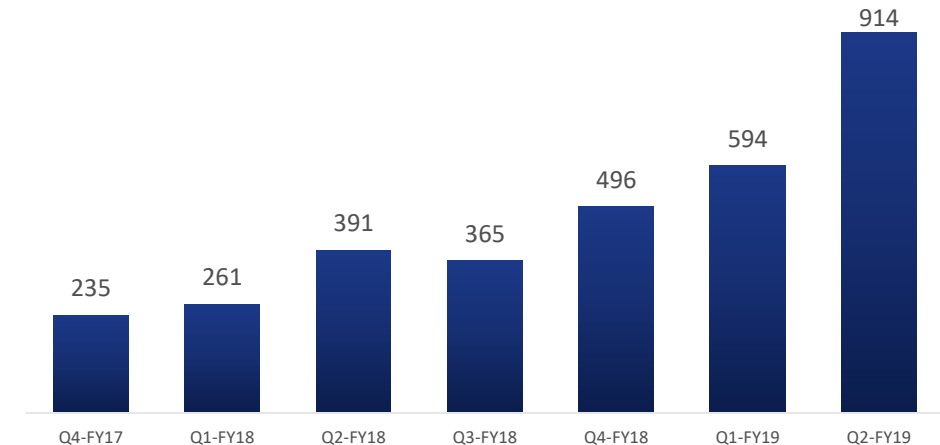
Acquisition of new
music content will start
helping publishing
business to grow
further

Collection societies
(IPRS, PPL) has lot of
headroom

Number of OTT Streams (Mn)



Youtube View (Mn)



Films & TV Segment Operational Highlights

Q2-FY19 Operational Highlights:

Films (Yoodlee)

- Brij Mohan Amar Rahein:
 - Released as a Netflix original film
- **Kuchh Bheege Alfaaz:**
 - Released on Netflix to widespread acclaim
 - Wins Audience award at Jagran Film festival
- **Music Teacher:**
 - World Premiere at Chicago Asian film festival
 - Also showcased at Houston Film Festival.
 - Heroine Amrita Bagchi wins award

Television Business

- New show Roja becomes top rated show in the afternoon band
- Valli is in its 6th year of telecast and is the longest running serial on Sun TV
- Jo Jo Laali (Kannada show) completed 400 episodes

Future Outlook:

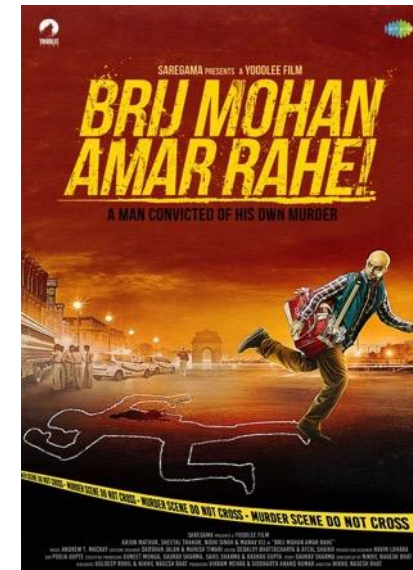
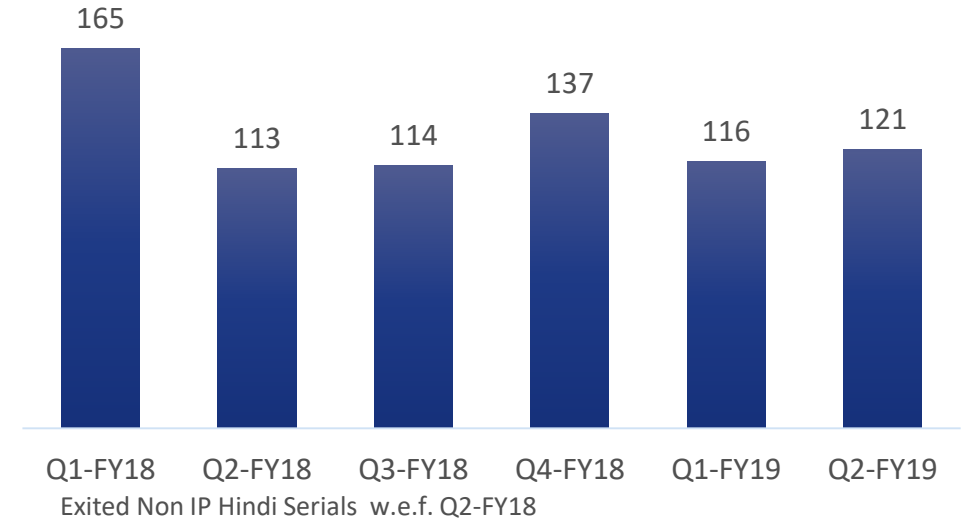
Films (Yoodlee)

- "Music Teacher" to get digital premier. Deal to be effective in Q3
- Output deal with a leading player on the cards
- Greater interest from new buyers as first few movies get sold.

Television Business

- South TV: Liquidation of banked inventory over next 2 quarters

Films & TV Segment Revenue (Rs Mn)





FINANCIAL OVERVIEW

Standalone Income Statement

Particulars (INR Mn)	FY16	FY17	FY18
Revenue from Operations	2,148	2,081	3,456
Other Income	99	159	142
Total Revenue	2,247	2,240	3,598
Total Expenses	1,997	2,003	3,115
EBITDA	250	237	483
<i>EBITDA Margin (%)</i>	<i>11.13%</i>	<i>10.58%</i>	<i>13.42%</i>
Depreciation	53	41	38
Finance Cost	3	23	34
PBT	194	173	411
Exceptional Items	96	-	-
Tax	22	73	106
PAT	76	100	305
PAT Margins	3.38%	4.46%	8.48%
Other Comprehensive Income	-	1,301	136
<i>Total Comprehensive Income (After Tax)</i>	<i>76</i>	<i>1,401</i>	<i>441</i>
Diluted EPS (INR)	4.33	5.74	17.51

Standalone Balance Sheet

Equity and Liabilities (INR Mn)	FY17	FY18
Shareholders Fund		
(a) Equity Share Capital	174	174
(b) Other Equity	3,236	3,647
Net worth	3,410	3,821
(c) Non Controlling Interest	-	-
Non Current Liabilities		
(a) Employee Benefit Obligations	19	21
(b) Deferred tax liabilities (Net)	424	456
Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	-	129
(ii) Trade Payables	371	386
(iii) Other Financial Liabilities	115	347
(b) Other Current Liabilities	68	116
(c) Provisions	262	359
(d) Employee Benefit Obligation	16	7
Total	4,685	5,642

Assets (INR Mn)	FY17	FY18
Non Current Fixed Assets		
(a) Property, Plant and Equipment	1,893	1,881
(b) Investment Properties	25	24
(c) Intangible assets	62	61
(d) Investments in subsidiaries and Joint Venture	155	155
(e) Financial Assets		
(i) Investments	1,076	1,234
(ii) Loans	42	34
(iii) Other Financial Assets	-	-
(f) Other Non Current Assets	19	112
Current Assets		
(a) Inventories	99	473
(b) Financial Assets		
(i) Trade Receivables	556	781
(ii) Cash and cash equivalents	156	64
(iii) Bank Balances other than above	1	16
(iv) Loans	28	5
(v) Other Financial Assets	1	1
(c) Current Tax Assets (Net)	413	414
(d) Other Current Assets	159	387
Total	4,685	5,642

Consolidated Income Statement

Particulars (INR Mn)	FY16	FY17	FY18
Revenue from Operations	2,217	2,185	3,566
Other Income	122	133	102
Total Revenue	2,339	2,318	3,668
Total Expenses	2,073	2,091	3,203
EBITDA	266	227	465
<i>EBITDA Margin (%)</i>	<i>11.37%</i>	<i>9.79%</i>	<i>12.68%</i>
Depreciation	54	44	42
Finance Cost	5	24	34
PBT	207	159	389
Exceptional Items	116	-	-
Tax	22	73	106
PAT	69	86	283
PAT Margins	2.95%	3.71%	7.72%
Other Comprehensive Income	-	1,402	164
<i>Total Comprehensive Income (After Tax)</i>	69	1,488	447
Diluted EPS (INR)	3.92	4.96	16.24

Consolidated Balance Sheet

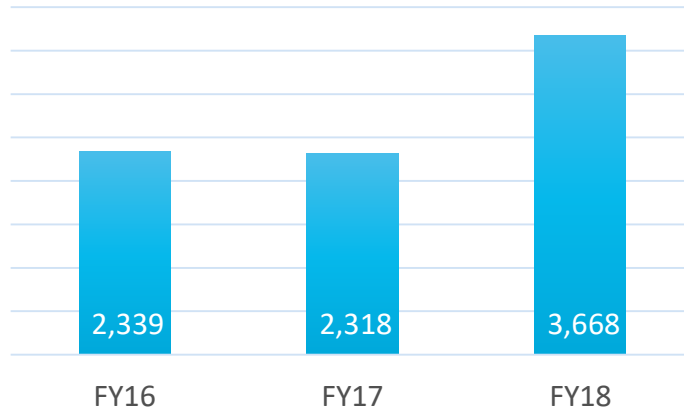


Equity and Liabilities (INR Mn)	FY17	FY18
Shareholders Fund		
(a) Equity Share Capital	174	174
(b) Other Equity	3,223	3,643
Net worth	3,397	3,817
(c) Non Controlling Interest	25	23
Non Current Liabilities		
(a) Employee Benefit Obligations	22	24
(b) Deferred tax liabilities (Net)	444	479
Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	30	159
(ii) Trade Payables	384	404
(iii) Other Financial Liabilities	125	360
(b) Other Current Liabilities	91	149
(c) Provisions	263	361
(d) Employee Benefit Obligation	16	8
Total	4,797	5,784

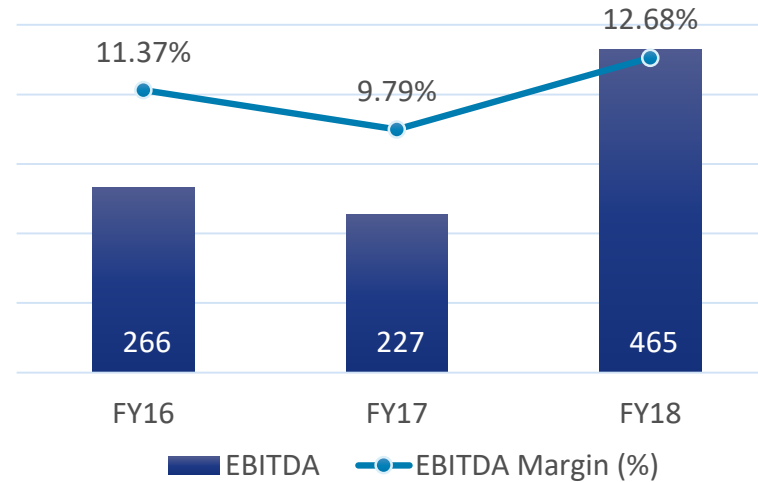
Assets (INR Mn)	FY17	FY18
Non Current Fixed Assets		
(a) Property, Plant and Equipment	1,897	1,884
(b) Investment Properties	25	24
(c) Intangible assets	67	65
(d) Investments in subsidiaries and Joint Venture	-	-
(e) Financial Assets		
(i) Investments	1,316	1,510
(ii) Loans	47	40
(iii) Other Financial Assets	-	-
(f) Other Non Current Assets	20	112
Current Assets		
(a) Inventories	103	493
(b) Financial Assets		
(i) Trade Receivables	523	730
(ii) Cash and cash equivalents	190	92
(iii) Bank Balances other than (ii) above	1	16
(iv) Loans	27	2
(v) Other Financial Assets	-	1
(c) Current Tax Assets (Net)	419	423
(d) Other Current Assets	162	392
Total	4,797	5,784

Financial Charts (Consolidated)

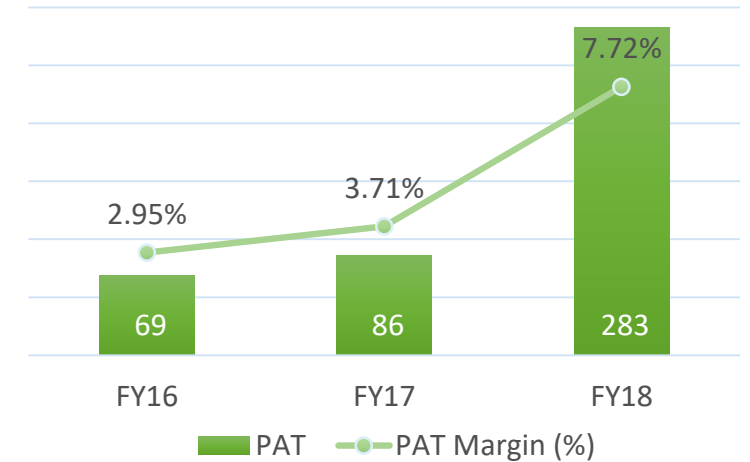
Total Revenue (INR Mn)



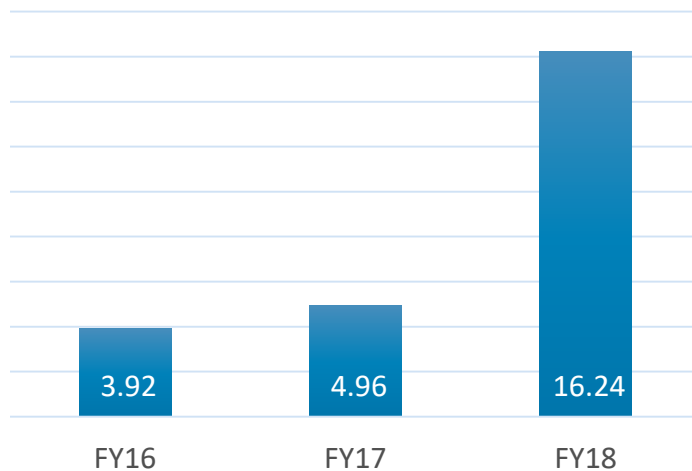
EBITDA and EBITDA Margin (%)



PAT and PAT Margin (%)



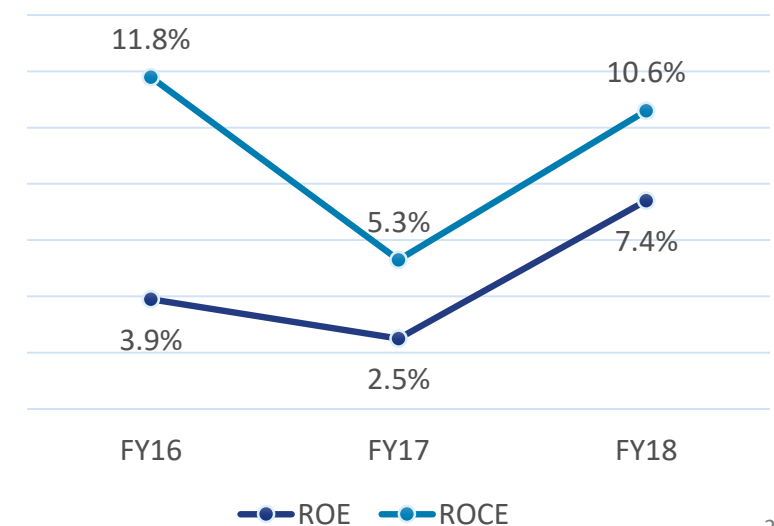
Diluted EPS



Net Debt to Equity



ROE and ROCE



Disclaimer

Saregama India Ltd. Disclaimer:

No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation. Such information and opinions are in all events not current after the date of this presentation. Certain statements made in this presentation may not be based on historical information or facts and may be "forward looking statements" based on the currently held beliefs and assumptions of the management of Saregama India Ltd., which are expressed in good faith and in their opinion reasonable, including those relating to the Company's general business plans and strategy, its future financial condition and growth prospects and future developments in its industry and its competitive and regulatory environment.

Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, financial condition, performance or achievements of the Company or industry results to differ materially from the results, financial condition, performance or achievements expressed or implied by such forward-looking statements, including future changes or developments in the Company's business, its competitive environment and political, economic, legal and social conditions. Further, past performance is not necessarily indicative of future results. Given these risks, uncertainties and other factors, viewers of this presentation are cautioned not to place undue reliance on these forward-looking statements. The Company disclaims any obligation to update these forward-looking statements to reflect future events or developments.

This presentation is for general information purposes only, without regard to any specific objectives, financial situations or informational needs of any particular person. This presentation does not constitute an offer or invitation to purchase or subscribe for any securities in any jurisdiction, including the United States. No part of it should form the basis of or be relied upon in connection with any investment decision or any contract or commitment to purchase or subscribe for any securities. None of our securities may be offered or sold in the United States, without registration under the U.S. Securities Act of 1933, as amended, or pursuant to an exemption from registration there from.

This presentation is confidential and may not be copied or disseminated, in whole or in part, and in any manner.



THANK YOU



**“Saregama India Limited
Q2 FY2019 Earnings Conference Call”**

November 05, 2018



ANANDRATHI



ANALYST: MR. SHOBHIT SINGHAL – ANAND RATHI SHARES & STOCK BROKERS

**MANAGEMENT: MR. VIKRAM MEHRA – MANAGING DIRECTOR - SAREGAMA INDIA LIMITED
MR. VINEET GARG - CHIEF FINANCIAL OFFICER – SAREGAMA INDIA LIMITED**



Saregama India Limited
November 05, 2018

Moderator: Ladies and gentlemen, good day and welcome to the Saregama India Limited Q2 FY2019 earnings conference call, hosted by Anand Rathi Shares and Stock Brokers. 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 telephone. Please note that this conference is being record. I would now like to hand the conference over to Mr. Shobhit Singhal from Anand Rathi. Thank you and over to you Sir!

Shobhit Singhal: Thank you Janis. Good afternoon to all of you. Welcome to the Q2 FY2019 earnings conference call of Saregama India Limited. From the management side, we have today Mr. Vikram Mehra - the Managing Director, Mr. Vineet Garg - CFO and Mr. B.L Chandak - the Executive Director. Now I would like to handover the floor first to Mr. Vikram Mehra for his opening remarks post that we can start with the Q&A session. Over to you Sir!

Vikram Mehra: Hi, good afternoon everyone. Firstly, let me just apologize for relatively delayed results this time right now we have been trying very hard to declare the results in the first 25 days for the end of the quarter. We got delayed for some unavoidable reasons next quarter onwards will be back on track.

Let me first start by congratulating everyone for the great quarter that we people as a company had which was the Q2. As you guys would have seen the numbers, we posted a Rs. 138 Crores topline which is the highest that we people have ever seen, and it is about a 64% increase year-on-year if I look at it from what we were doing last year which itself was a huge jump over the year before and even on a quarter-on-quarter basis right now we people have seen an increase of 24%. The good part is that this increase in topline has not come at the expense of the bottomline but in fact bottomline has looked even better.

In my last two calls, what I have been committing to you people is that we will maintain our PBTs without SAR impact of over 13%. Let me refresh everybody out here, the way we people account all new content in our company, all new movies that we are producing we charge it off 100% in the year of digital release. All new music that we people are buying we charge of 66% in the year of release.

After charging of all that is what we people get it PBT without SAR which has gone up to a Rs. 20.6 Crores which is an 81% increase year-on-year. We have got a good PBT I am not going to talk about it because SAR is not in our control & very little we people can do as a



Saregama India Limited
November 05, 2018

management team right now. I will continue focusing your attention on the PBT without SAR number only, though PBT, with SAR looks even, better this time.

On the PAT basis, this is the best PAT that we people have written right now which is a Rs. 15 Crores profitability which is more than triple what we people were able to do same quarter previous year.

Let us understand when we are talking the broad numbers, what has contributed to overall increase. The core of the business right now which is B2B digital licensing. This is the place to refresh everybody's memory we people issue music license through OTT platforms like Gaana, Saavn, Hungama, Amazon, YouTube, various telecom companies, various TV channels, radio stations, etc. and collect money, this business has grown at 28% in this particular quarter year on year.

On year-on-year basis right now it is a 28% increase I will still recommend that you see half year to half year basis in which case we have grown by a 21% which is closer to the projection we people had made. That B2B business of ours will continue growing at 17% to 18%, so on a six month to six month basis right now we have grown by 21% and we as I will tell you later expect this trend to continue. This quarter the growth was disproportionately higher. It is more of the phasing in which money has come in at times, but overall in general I will say 21% is the better reflection of how we people are growing.

The second, sale of Carvaan this quarter has seen right now the volumes grow substantially, but what has gone behind the volume sale right now let us talk about that a minute. We people ended up adding another 3000 retail dealers in our network in this quarter. This is across consumer electronics, gifting, telecom handset retail networks, we are anywhere, also available right now across all e-platforms today. This makes our overall retail network closer to 15000. At this juncture if you walk to any retail outlet in the country today, consumer electronic specifically, you are going to find Carvaan getting a serious amount of our presence there. This is in spite we being the only brand, which is not paying for placement position of Carvaan. Many of the retailers if you want a very prominent position for your brand they charge you a rental, we are not paying rental anywhere. What we are focusing on is putting our demonstrators in every major retail outlets so that even if a consumer walks in looking for a television, it is our demonstrator who can go back and pitch Carvaan to him and all this is seems to be paying rich dividends to us.

In this quarter we also launched premium version of Carvaan, this premium version has got long ask for support of a companion app. This app connects you to Carvaan in a seamless



Saregama India Limited
November 05, 2018

fashion and after that you can select whichever song you want to listen to on your app and the Carvaan understands it, and starts playing it. You can create your own playlist on your app and the Carvaan goes back and ends up playing that playlist. What this has allowed us to do to take a Rs.1000 price hike. So otherwise our color version is available at 6390 the premium version with the app support and the radio functionality has gone to 7390, which obviously means better margins for us. The music is still the same. There is no change in the music that we are putting in. The other feature we had added right now is same 5000 songs were earlier classified as singers like Latha Mangeskar, Kishore Kumar, lyricist like Gulzar and Javed Akhtar, music composers like R.D. Burman, S.D. Burman, now we have actors and actresses also so you have a station deducted to Dilip Kumar another to Rishi Kapoor, third to Amithab Bachan or Waheeda Rehman, Asha Parekh, Mumtaz. So the same songs which are now being cut sliced diced in different fashions. To the consumer it adds number of playlist, to us this gives the chance to take a price hike.

We have also launched Mini 2.0, the newer version of Mini in this particular quarter as I have mentioned this in the previous calls also that we were not very happy with the response we were getting to our earlier Mini and they were obvious weakness with the product, we have been able to correct it and I am very, very happy with the response the new Mini is getting. It has got far better speaker it has now got FM and medium waves which is built into it along with the external antenna and instead of 251 songs, we are now giving 351 songs. You walk into again any consumer electronic store and chances are very high right now the retailer will say that we are selling Mini in the branded Bluetooth speaker category. I think it has been heartening for us. We people by the way also launched a newer product of ours called Carvaan Gold. It happened in this month it was not a last quarter part so the numbers are going to get seen only in the Q3 but the initial response have been positive. Gold has got Harman Kardon Speaker build into it. More than anything else why I am sharing this is for you to get the confidence now that we people have made the transition from being a pure play music label to our consumer product company which is constantly innovating understanding what the consumer wants and are able to turnaround newer products in a very fast pace. Harman being one of the global leaders right now audio speaker technology, for us this is a matter of pride that they decided and volunteered to work with someone like us. What we have in place with them is a longer-term partnership where you will be finding the next range of Carvaan speakers some of them are going to come along with Harman Kardon.

Caravan has been winning awards across Asia and India both for innovation and communication strategy. In fact somebody in the advertising world joked that the last



Saregama India Limited
November 05, 2018

seven, eight months the only thing people seem to be talking about right now is Carvaan and that is the reality every major conference that has happened & every major price has gone out there, Carvaan is there which fills us with Pride.

We people are also one of the unique companies which have developed our own sales tracking mechanism which is allowing us to focus a lot on tertiary sale. What is the sales model of Carvaan? We people sell Carvaan cash and carry basis to a distributor who in turns gives it to retailer. Our sale gets completed because it is cash and carry distributor in turns sells it to retailer, retailer sells it to the end customer. We are realizing that if you want Carvaan to become a very big product in the long run we cannot focused only on a primary sales we need to end up focusing on the final sales what is quite tertiary sale. So the targets have been given right now to the frontline sales people to also focus on tertiary. It is being monitored using this new indigenous application which we people have developed. With the help of this application we can find out every sales guy & demonstrator of mine, everybody is connected to the sales system.

On a daily basis we track right now that what all retailers have they visited what have they done out there. What it is doing right now is bringing large amount of accountability in the systems so that people cannot sit in their homes right now and say that we have done our best. Now people are force to go out to the retail network and their incentive is starting getting linked to that. There are plans right now to go back and get it patented also, again tells you right now that we people are making all the right investments that are needed right now to ensure that the company is ready to scale up the operations in the days to come. What are the net impact, the net impact was Carvaan sales cross 200000 mark for the first time. We logged between Carvaan and in Mini 229000 units of sale in this quarter which is around 39% increase if I compare it over the last quarter.

Now last quarter itself was a large increase happening on the quarter before that so this is our sixth straight quarter of Carvaan sales where we people have been logging a decent increase quarter-on-quarter. This quarter also see a cost pressure on Carvaa, currently only one factor which is dollar appreciating. As you guys know right now a large amount of Carvaan gets assembled in China and only a portion of it is getting manufactured in India which means that when you were importing it our cost of goods sold have gone up with the steep decline in rupee that we people have seen in the last three months, but what I am happy that team rose up to the challenge. We changed our SKU mix so we try to sell more of 6390 then the 5990 and even more of 7390 Carvaan then the 5990 so that our margins improved to a great extent higher price Carvaan getting pushed Mini which was a 2290 we launched Mini 2.0 and the price was taken up to 2490. We are selling more Mini that 2490



Saregama India Limited
November 05, 2018

the new Mini then we were selling the old Mini at 2290. We are constantly working on this warehousing and the logistics part which keeps on giving us small, small savings but that it has done right now is ensure that we maintain our 23% gross margin in the quarter in spite of dollar coming back and hitting us very hard.

Now some of you people have come back to us in the past right now and not very clear about how gross margin gets calculated. The gross margin that we people are reporting has got all the cost of cost to goods sold, the import duty that we people are paying, logistics cost, warehousing cost, warranty, servicing cost, and all below the line marketing expenses. Demonstrators cost sitting in right now, point of sale material, kiosk being put in right now, glow signs that are being put in, leaflets that are getting distributed, dealer margin all that is netted out before we people give you the number of gross margin.

The only part which has not been factored in gross margin is above the line advertising, the ads that you see in television channels, digital properties, radio stations, newspapers, that cost does not get loaded onto the gross margin. So while you are calculating right now keep that in mind while if you see our UFR, the line advertising and sales promotion I see a lot of people right now assuming advertising and sales promotion is all marketing cost which should be netting off from our gross margin that is incorrect understanding. Advertising and sales promotion firstly also includes the cost of marketing the new movies.

We have taken... this quarter we people released nine movies including Saheb, Biwi Aur Gangster Part 3, Yamla Pagla Deewana Phir Se. These are newer content we released. Their marketing cost has also sitting in out here. Seven Tamil films were released by us their marketing cost also sits in out here. There is some amount of marketing cost connected to Yoodlee Films and of the remaining everything is Carvaan but it has got above the line as well as below the line. Below the line has already been factored in right now when we are calculating 24% margin. So please do not load this entire cost onto Carvaan to arrive at your net margin level number that will be misleading right now if you do it that way.

We people recently went out there, so we have maintained right now this quarter we have maintained our gross margin of 23% repeating it the only portion which has not been charged onto this right now in gross margins is above the line marketing cost which is a part of this advertising and sales promotion line that you see in a UFR.

The good part right now for us is we people did this quantitative study it is on a sample basis. We went out there for 280 or 300 consumer homes which have got a Carvaan and logged average listening time of Carvaan which is over 7-1/2 hours on a daily basis, which



Saregama India Limited
November 05, 2018

tells us right now the people who are buying Carvaan actually using it a lot. The good part for us is if you use it a lot you tell your friends also. So the word of mouth is becoming bigger and bigger and bigger.

Coming back right now, I touched this content part so we people ended up acquiring nine other films music in this quarter. This is all a part of our endeavor to go back and keep on preparing this company for 20 years down the line hence we are constantly going out there investing in newer content. So, two of the movies got released in Hindi, seven movies got released on the Tamil side and we are happy with the way movies are finally faring in the market. You will be seeing little more content getting released in the Q3. Our movie acquisition strategy remains unchanged. Cautious way of investment, we are taking baby steps right now in this direction, not going out there for very large budgeted movies at this moment. Trying out relatively smaller budget films and seeing whether all the assumption that we people have taken are falling in place or not. I am happy to say right now that assumptions are more or less all falling in place. If things go the way they are going right now, we may be looking at bigger movies also in future, but our commitment of 13% PBT without SAR after charging of all the content cost stays.

On the Yoodlee side, two of our movies got released on Netflix there was a original called Brij Mohan Amar Rahe which was only the forth original Netflix ever released in India and we had another movie of ours that went out they are called Kuch Bheege Alfaaz which both the movies have done extremely well. Kuch Bheege Alfaaz in fact is trending on Netflix even till date. In terms of fresh sales right now, we people ended up closing two deals in this quarter and the revenues that that have been factored in as well as the cost and you will be seeing those movies getting released on the digital platform hopefully in the Q3.

On the television side right now, we started our new serial called Roja. It is a Tamil program which is running out there in Sun TV and I am happy to say right now Roja is the top performing program in terms of TRPs on Sun TV today in the afternoon slot. It is a top afternoon slot programme. Even the second highest rated program in the afternoon slot also belongs to us only. One of our serials Valli has become the longest running serial on Sun TV ever. It is now very close to touching the 2000 episode mark. What it constantly tells us right now is that our editorial content seems to be getting the right recognition but on the sales side the pressure was still around for us. There have been lot of discounting which is going on right now on the rates of television serials and we have taken a conscious call we will not discount. If our content is doing that well we will not going to sell it that cheap. A good part is all these inventories banked inventory so the money is not going away. At the right rate will keep on liquidating this inventory and the profit is all going to come back to



Saregama India Limited
November 05, 2018

us at that time. The good part from...you should look at it is the cost of the content which has been showed has already been charged off. If the advertising money has not been return on that content that is all sitting out there with us right now. Whenever it comes in it will all straightaway flow to the bottomline where the cost have been charged off.

The last part right now on the other income... When you are looking at our overall numbers right now, please keep in mind that the other income in the last quarter included the goods that were burnt in fire. So we had recognize them as income as well as this cost, which is not the factor in this particular quarter and On the insurance side, we are hopeful that we will be able to get the money from our insurance agency very, very soon.

That is broadly right now what this quarter has been right now for Saregama. Thank you.

Moderator:

Thank you. Ladies and gentlemen, we will now begin the question and answer session. We would take the first question from the line of Priyanka Sarkar from Motilal Oswal. Please go ahead.

Priyanka Sarkar:

Congrats on a great set of number. Sir just wanted to get your feedback on how are the sales of Carvaan doing in the US and the UK and what is the rate at which we are selling over there and what would be the gross margin be in those countries?

Vikram Mehra:

I think this question was asked on the last call also. It is a conscious call we people have taken right now that we are not much of focused on sales outside India. We are available technically in US, UK, Canada and Middle East now. Right now, we are selling only and only through Amazon both these revenue and the cost of these units is not part of the standalone numbers that we are presenting to you. They will all start getting reflected in the consolidated numbers that are going to be coming in the end of the year. This conscious call has been taken right now I do not want management teams focus to start getting diverted too much outside India. We will be building up separate teams right now in these countries managing those operations sitting out in India is a relatively tricky part. So we allow at this movement only Amazon-based sale happening in these countries. As our number starts solidifying further, we will be putting up dedicated teams in these countries right now to push these numbers.

Priyanka Sarkar:

And what is the price point that we are selling at?



Saregama India Limited
November 05, 2018

- Vikram Mehra:** At all these countries and now they are all different price points. All these countries have relatively better margins than the margins in India but then the cost of advertising out there is also equally higher.
- Priyanka Sarkar:** Fair enough. Thanks a lot.
- Moderator:** Thank you. Next question is from the line of Sandeep Patel from Phamerica Mutual Fund. Please go ahead.
- Sandeep Patel:** Congratulations on good set of numbers. Just one question on the capital employed side, I think we have now got a little bit of debt on the balance sheet, is this temporary or is it likely to remain as Carvaan sales keep growing?
- Vineet Garg:** Debt we have is actually against the insurance only. So the moment we are going to get the insurance claim, we are going to repay the debt and we will come back to the same level of last year. So it is absolutely temporary.
- Sandeep Patel:** And capital employed as a whole is it likely to grow or do you see capital employed remaining relatively flatish compared to sales?
- Vineet Garg:** See we do not have any delta capital requirement. So what are the profit we are going to earn that going to remain with the company apart from whatever investment we are going to do in content, so pretty much capital deployment is not required in terms of any asset building apart from the content creation.
- Sandeep Patel:** Okay. Thanks a lot.
- Moderator:** Thank you. We would take the next question from the line of G Vivek from GS Investments. Please go ahead.
- G Vivek:** Congratulations on good set of numbers Sir. We had just started tracking the company recently, so do not mind if we ask some repetitive questions. So we are focusing Sir how our Carvaan sales happening in this Diwali and how sustainable are these sales Sir, any concerns you have on it?
- Vikram Mehra:** No Sir this question was asked to me an year back also during September Q2 FY2018 that is it a sustainable phenomena or is it a fad. This is the sixth quarter that Carvaan has been there and the numbers are growing right now steadily quarter-on-quarter as well as margins



Saregama India Limited
November 05, 2018

are improving right now quarter-on-quarter and we are very, very confident if the Diwali sale is anything to go by, then the next quarter should be even better than this particular quarter. What we people have identified internally right now when we do the sizing of the market, there are around 25 million homes in this country which are a potential customer base for Carvaan and we are the only players who can go out there and tap this market because this music belongs to us on an exclusive basis.

What is happening from our side is that we are having products at this moment starting from 2490 which is a Mini all the way to 14990 which is Gold and you will be finding many more products coming in, so that we can go back and tap consumers at different price segments, so that we can increase the penetration in a very fast fashion right now all these 25 million homes. Short answer we believe right now we have just grabbed the tip of the surface as far as Carvaan is concerned.

G Vivek:

Fantastic Sir. Some concerns are on the receivables and the cash flow improvements, any steps we are taking on this regards and the last was about any plans of monetizing the land and the CSC shares you have and also the investment which is going in the open magazine. You might have answered earlier but lot of new investor interest has happened...?

Vikram Mehra:

Let me answer the last one first and last my CFO Vineet should answer the second one. See on the land part right now is both on the land and CSC with the group investment right now, I expected to stay. On land it is not taking any more fresh investments from our side. We are looking for a way in which we can go back and monetize this land better. There is no quick and easy thing that is going to happen soon, but as long as not taking any fresh investment right now, it is a gold mine which may just get unlocked some day.

And as far as the open magazine is concerned right now, I think internally we all are very, very clear we need to find a solution, hopefully we will find a solution sooner rather than later. At this juncture, it results into anything between Rs. 10 to Rs. 12 Crores loss on an annual basis that number in the worst-case scenario also is going to remain at this level only it is not going to go up. Hopefully there will be a solution coming in very fast for that.

Vineet Garg:

In terms of receivables if you see the number looks bloated because the sale per se has gone up. If I calculate the DSO as on 31st March and DSO today on 30th September, our DSO has reduced by three days and March it was 97 days, now it is 94 days. So there is no increase in the receivable per se. To give you another set of numbers that greater than 90 days outstanding increase if I see my book as on 31st March and as on 30th September, there is 0 increase in that. So whatever the outstanding is the current outstanding. There is one small



Saregama India Limited
November 05, 2018

piece of information I want to share with you, in the consumer durable industry generally payments come in during the mid month so month end number always looks slightly bloated. So once you see the mid month numbers, these are always ease out. So that is a way it is and when your report month and number you do not consider the mid month numbers, so receivables is not a concern at all.

G Vivek: Cash flow?

Vineet Garg: Cash flow is absolutely perfect. We are selling 73% goods on the cash, 23% which is mostly go to the big retail outlets, I am talking about the MOR especially Croma and Reliance World, Reliance retail etc., there we go and credit and which I told you generally comes during the mid month, rest all is on cash there is no challenge in the cash flow side at all.

G Vivek: What about Amazon and other sales, cash flows from the online board it takes more time?

Vikram Mehra: Online contribution for us is relatively very, very low. So what happens majority of the online sale that is happening is the retailer trying to do an online sales rather than Saregama doing an online sales. So that percentage is very low and that is also completely on control. So we have the one of the good part of having a product as unique as Carvaan is that we were not coming under any competitive pressures to go back and start giving too much of favorable deals going out there to the retail network. We have been able to hold our guns right now saying it is cash on carry.

G Vivek: Thanks a lot Sir. Keep up the good work. Thank you.

Moderator: Thank you. Next question is from the line of Raian Surabji from Rare Enterprises. Please go ahead.

Raian Surabji: Congratulations on the great quarter. Sir I just had one question on the margins if we do not take into account the rupee depreciation what would the margins have look like the gross margins and going forward what kind of margins, can we expect to see given the operating leverage that will come in?

Vikram Mehra: See I will not go as specific as you are asking right now, the first part of your question but our stated goal is right now that the end of the year the minimum gross margin, we are looking for Carvaan and variance is 25%. 25% by March definitely will be there.



Saregama India Limited
November 05, 2018

- Moderator:** Thank you. Next question is from the line of Ravi Naredi from Naredi Investments. Please go ahead.
- Ravi Naredi:** Sir this Rs. 11 Crores 21 lakh losses you have return in the quarterly balance is reclassified as profit and loss?
- Vikram Mehra:** Come again, which...?
- Ravi Naredi:** In the quarterly results the Rs. 1496 Crores is profit for the period then you reclassified items that will not be reclassified to profit and loss Rs. 11 Crores 21 lakh is the bracket what is that figure?
- Vineet Garg:** Actually this is Ind-AS reporting. If you see it is point number eight in P&L other comprehensive income, at every end of reporting period, we need to fair value our investments. So these are the shares of CSC and other listed company which is lying on my books. So we need to fair value that and what ever the price inflation or deflation, we need to consider at the end of the period. Thus it is a non-cash charge and it is reason it is coming below PAT. There is no cash impact on the books for this transaction.
- Ravi Naredi:** And second one Sir Brij Mohan Amar Rahe, how much cost we recovered in the last quarter and on this quarter and what was the cost of movie?
- Vikram Mehra:** Listen we cannot get into that specific please understand we have to negotiate our contract in some market, I cannot start putting right now specific movie how much was the cost and how much is the recognized. So, I hope you understand our position. At the end of the day this is a movie with whom I am negotiating either with Netflix, Amazon or Hotstar, I cannot give a cost structures away. I am repeating two commitments so far the Yoodlee Films get completely charged off in the year of Digital release, music gets charged off 66% in the year of release, after charging these off, PBT without SAR be 13%. Whatever investment we people are making right now on any new content films or music, the average payback period is less than five years.
- Ravi Naredi:** But this movie was profitable for us Sir, Brij Mohan Amar Rahe or we will decide after five years?
- Vikram Mehra:** All I am saying right now I am not going to get into specifics out here please. Please understand I cannot put my negotiation position out in the open market here.



Saregama India Limited
November 05, 2018

Ravi Naredi: We are not interested in your negotiation position but whether it was profitable job for the company?

Vikram Mehra: No so all new content right now combine together the payback periods are going to be less than five year and we are doing far better than that, that is all I am going to say.

Ravi Naredi: Okay. Thank you.

Moderator: Thank you. Next question is from the line of Umang Shah from Edelweiss. Please go ahead.

Umang Shah: Sir we are looking at a good traction in our Carvaan sales, Carvaan volume this quarter there was a growth of 40%. Going ahead it would be somewhere in closer range to that only reason being new products, new SKUs which are kicking in and but when I see your presentation you have given a yearly target of 750000 units do you think that we are just being safe or there can be some hiccups that we are looking forward that is why this number because if I calculate only 10% growth in next quarter and then 10% again. It definitely crosses that mark very easily so I just wanted to get a clarity on that part?

Vikram Mehra: See this is our first proper Diwali so we also do not know right now how will this entire Diwali part workout, the marketing activities has been pretty decent and very well appreciated our retailer seems to be extremely excited about this product, it proved out to be the ultimate gifting product at this season. Yes it is better we do not know which way the fourth quarter is going to perform because here is no gifting thing coming in that quarter apart from a little load that happens in January and very little gifting that happens during Holi. So do we expect to beat our target of 750000 units, yes. Are we going to change our estimates right now, no. We will continue doing a 750000 units. Please understand unlike lot of seasoned companies, we have been there in the retail business for only 15 months. We have not been there in this business for that long so on one side there are enough number of people who think right now that this quarter was just a fad. So I need to give estimates right now that everybody believes in the way it looks right now with 160 plus for the previous quarter and 230 odd so we have done close to 400000 units looks realistic right now that we should manage a 750000 units while we do it we are keeping an eye on our margins that the margins have to go up rather than coming down.

Umang Shah: But Sir if I look at 229 that was without any festival that there was any gifting part so...?

Vikram Mehra: No actually what happened because book primary as a sale remember I explained it as part of my address. Sale for us when we sell it to the distributor accordingly, we recognize the



Saregama India Limited
November 05, 2018

revenue. So distributors typically before the festival season which was Durga Pooja and Dussehra end up taking a lot of stocks that they can put in the retail market. So yes some amount of sales which has happened right now of the Q2, which is September sales. They will have some amount of festival factor already in. October will also have the festival factor going in. December may have some amount of festival factor because of Christmas.

Umang Shah: And Sir I am sorry but initial few minutes I was not on the call but I just wanted to clarify one more thing, we were looking at setting up our one of our manufacturing unit in North India, are we on track for that or we have delayed that?

Vikram Mehra: No it is we are not setting anything of our own right now. These are all third party...

Umang Shah: Yes I mean third party. From third party who would be servicing us.

Vikram Mehra: Yes at this juncture right now the Delhi-based factory of ours is functional from June onwards and it has started contributing a good share right now to our overall numbers coming in.

Umang Shah: So this has helped us our margin to get closer to our target of 25?

Vikram Mehra: The establishment will not helped us in our margin. In fact the margins are quite similar because these guys are still importing some of the parts right now from other countries. Why we have done it also is to go back and ensure right now that the turnaround times are that much faster. So, at the time of festival if you want to suddenly ramp up on a 10-day notice, it is easier to get it done through an Indian guy.

Umang Shah: Alright. Sir just one more thing if we can give our average realization currently because now we have took any SKUs even just to take an average for us. So if you could provide an average realization that you are getting from Carvaan?

Vikram Mehra: At this moment it is roughly Carvaan gives 4000 bucks topline impact and Mini gives close to 1400 bucks topline impact.

Umang Shah: Perfect, alright. Thank you so much. Sorry, in your Carvaan volume if you can give out Mini volume differences...?

Vikram Mehra: No. Listen, we need to run business here.



Saregama India Limited
November 05, 2018

Umang Shah: I know Sir.

Vikram Mehra: Beyond a point right now all this information will sit with competition overnight so...

Umang Shah: Alright got it. Thank you so much.

Moderator: Thank you. Next question is from the line of Aveek Mitra from Aveksat Equity. Please go ahead.

Aveek Mitra: My questing is again related to your receivables. So if I understood correctly you have mentioned that you have sold about that 9000 units and you have sold it cash on carry model right, so almost Rs. 70 Crore of sales has happened on cash on carry. So where from the rest of the receivable is coming?

Vikram Mehra: So what has happened is I told you that 73% sale is cash on carry, 23% sale is happened to MOR, right and during the month end when we invoice them we book the sales which money realized after 15 days. So month end debtors looks bloated, which is artificially higher number. So it does not need to consider if I start publishing my mid month numbers, these number will go substantially low.

Aveek Mitra: So it does not look like if you look at these are almost three month our sales is outstanding right?

Vikram Mehra: It is not and this outstanding includes the outstanding for my other businesses as well. This is not only Carvaan.

Aveek Mitra: Yes exactly so Carvaan you said 73% of the sale is basically 27% if the sale is basically here?

Vikram Mehra: Yes 27% sale is on credit which generally we receive during the mid month.

Aveek Mitra: So it is a 15, 20 days of credit you mean to say.

Vikram Mehra: Yes.

Aveek Mitra: So what is the credit tie there for other type of businesses?



Saregama India Limited
November 05, 2018

Vikram Mehra: That is depend on the contract we signed with them. It has steps phasing issue at times. What happened right now that three of our contracts got bunched together and there are some of the technical points right now on which agreements was taking longer which are all sorted now. So you will see right now this number coming on substantially in Q3.

Aveek Mitra: Coming down substantially?

Vikram Mehra: Yes because some of these agreements will get signed all that the revenue recognition happens immediately and the cash starts coming in.

Aveek Mitra: And the second part is that because of the festive season and all, is it the inventory high one time or is it the structurally since you are having a very weak projections your inventory will keep on rising?

Vikram Mehra: No so that depends right now how the volumes fare up. This quarter which is Q3 obviously we had gone out there and take a made a larger investments on the inventory side. Let us see which way the volumes shape up here. Some of the questions you are asking me right now please understand, this is the first full cycle we are going through as far as Carvaan is concerned. Are we happy with that 750000 units number, no. Hopefully we are going to gun for larger numbers in the next year which will mean right now that the inventory levels are going to go up. Good part right now is that there is no case of bad debts coming in at all out here.

Aveek Mitra: Thank you. That is all from my side.

Moderator: Thank you. Next question is from the line of Rahul Jain from Credence Wealth. Please go ahead.

Rahul Jain: Congratulations on a good set of numbers. Sir I just wanted to get some more clarity or more detail on the Yoodlee Films part of our business in terms of one, so just I think our first release was Ajji which was done in somewhere around Q3 of last year and then we have had Brij Mohan Amar Rahe and Kuch Bheeg Alfaaz. So I just wanted details in terms of till date what are the number of releases, which have been done. How many movies apart from the release is are under the production stage and within that how much of the movies are already completed?

Vikram Mehra: Okay, so I will share whatever I can share right now. You are right three of these movies you have already seen. The fourth movie called Ascharya Fuck It has also been sold out



Saregama India Limited
November 05, 2018

there to Netflix and the movie hopefully is going to get released either in this quarter or the next quarter but our deal is done. There is a movie called Music Teacher which has also been sold to a player, I am not at liberty to disclose, who right now. So, five of our movies are done. There is one more movie that we people released called Abi and Anu which was released in theater and we are looking for doing a television and satellite deal for that. Apart from these, there are six other movies, which are there at play. One of them is at this juncture doing the festival round including MAMI. What we people are now saying right now every deal that we people are doing now we are able to go back and improve the realization let us say getting out of the deal because as more and more movies are coming from our side, our reputation as a serious movie producer seems to be solidifying. Very soon we will be announcing an output deal with one of the players right now who is committing to take X number of movie from us on an every year basis which will make the situation even better.

Rahul Jain:

That is wonderful. So can I summarize this? We have three movies which have been released, further two movies which have been sold and ready for release one of them Ascharya in Q3 and Ahi and Anu which have been released in theater but the digital part is going on right?

Vikram Mehra:

Yes please.

Rahul Jain:

And you mentioned another six movies are in the production stage or they have been completed?

Vikram Mehra:

Not, they are in various stages of completion right now. So one of them is like completely ready. So it all depends that it all coming out there in a phased fashion. All I can say right now is Yoodlee has also been able to jump the charging that Carvaan had there were...the serious amount of doubts in reservations we all had on Carvaan whether this concept is going to work in the digital world and now there is a basic belief right now that yes we may have cracked on something very, very big out here and the numbers maybe far higher than anybody expected. Similar thing is happening on the Yoodlee side that this entire idea that we will make very tight budgeted story like cinema which is targeted primarily at the digital and the television world. It started right now as more and more movies are coming on Netflix, there is an appreciation across the platform saying that Saregama may be a great content partner and hence the deal has been done right now, we are just about announce a deal with somebody who will be buying a guaranteed number of movies from us.



Saregama India Limited
November 05, 2018

- Rahul Jain:** Sure. Sir in a similar fashion, if you could share some details I am not asking for the exact number on a movie to movie basis but overall Yoodlee Film division what has been the cost which has been already charged and what has been the revenue recognized?
- Vikram Mehra:** Unable to disclose remember, I just only have one buyer till now with us which is Netflix I cannot go back and give more details right now because they know my revenue because they only have paid us I cannot get into these kind of costing.
- Rahul Jain:** No frankly I am saying overall the business has...?
- Vikram Mehra:** Overall how do I tell you my overall all movies are just got sold to Netflix, they will exactly know what is my cost and what my revenue is.
- Rahul Jain:** Sure so has it been... I will put my question in other way. Three movies have been released the cost of all those three movies have been already charged in P&L am I right?
- Vikram Mehra:** Of course at this juncture cost of four movies have been fully charged right, the last movie which has been sold through a digital platform both revenue and cost will get recognized in Q3.
- Rahul Jain:** So till date cost of four movies 100% charged in your P&L, am I right?
- Vikram Mehra:** Completely.
- Rahul Jain:** And you said one more movie which is for the digital one, which would be Ascharya or which would be Abi and Anu?
- Vikram Mehra:** We were getting into too many specifics out here let us avoid it please
- Rahul Jain:** Sure and I know avoid that.
- Vikram Mehra:** All I have been telling you right now, we had initial days right now when there was a little bit of reservation on Yoodlee part. What we had committed as a management team was that the potential exposure we will take on Yoodlee which is total amount of cost incurred from day one minus total revenue recognized cannot go above Rs.30 Crores. We are not even 50% of that right now we are doing far better and with an deal coming away right now, this might become a formidable force in the race to come. You trusted us on Carvaan right now we are on the right track with Yoodlee too.



Saregama India Limited
November 05, 2018

- Rahul Jain:** Sure if I may ask so and I will leave it up to you to share in Q2, can you tell us if I am right in quarter two, two movies the cost must have been charged?
- Vikram Mehra:** In Q2 two movies cost and revenues have been recognized.
- Rahul Jain:** Sure. Thank you so much for this. That is all from my side.
- Moderator:** Thank you. The next question is from the line of Sandeep Patel from Phamerica Mutual Fund. Please go ahead.
- Sandeep Patel:** Thanks for taking my question once again. Just one question, do we intend to do larger films in terms of so far we have been doing Rs.3 Crores to Rs.4 Crores budget are we likely to do larger budget films?
- Vikram Mehra:** By larger budget if you mean right now Rs.50 Crore film no. We are not in the mainstream Bollywood game. Our primary audience will always be the digital customer.
- Sandeep Patel:** Sir would the budget move to say about Rs.10 Crore film Rs.7 Crores to Rs.10 Crores or something like that?
- Vikram Mehra:** I can go back and say right now our specific movie here and there if you believe our star casting added out here may really up the game. Sure we may look at that, but by and large we want to remain in this play of Rs.4 Crores to Rs.5 Crores only.
- Sandeep Patel:** Thank you Sir.
- Vikram Mehra:** The success of Yoodlee is not a stepping stone to making Rs.50 Crores films. That is not the game we are in.
- Sandeep Patel:** Okay. Thank you so much Sir. Thanks for the clarification.
- Moderator:** Thank you. The next question is from the line of Amit Jain, an Individual Investor. Please go ahead.
- Amit Jain:** My question is regarding our app, classic and devotion, so what is our performance over there and what is the plan going forward?



Saregama India Limited
November 05, 2018

- Vikram Mehra:** On the app front right now two years back only app when I stated this that it is all our content. There is no additional cost that we have incurred on these apps, in the last I think 18 months now or maybe 21 months, not a single paisa has been spent. We are very, very clear, we do not want to go right now on the classical app specifically. We do not want to turn it into free. We want to remain a completely paid app. The number of customers are nothing to talk about. There are running in low 1000s. We are allowing it to keep on moving right the way the app as is it is. As and when more and more people start moving towards the paid app economy, that is the time we would like to put any more investments, so right now it makes less amount of money, but whatever it makes it is straight to the bottom line because there is no marketing cost and there is no content cost. It is zero.
- Amit Jain:** Thanks. That is it from my side.
- Moderator:** Thank you. The next question is from the line of Ravi Naredi from Naredi Investments. Please go ahead.
- Ravi Naredi:** Vikram you are doing very fine and now we seem Rs. 7.5 lakh target of Carvaan we will attain by January'19. So will you give the target for FY2020 right now? What is the figure in mind?
- Vikram Mehra:** For 2018-2019, I will continue to maintain the number as 7.5 lakhs. Allow me to do my festival numbers and then we will talk to see if we can revise the numbers.
- Ravi Naredi:** But what about the FY2020?
- Vikram Mehra:** The FY2020 I will be giving their projections right now. Let this quarter get over. When we talk after the end of the quarter right now that is the time we will give you our understanding about what the numbers should be. There are more variants or different kind of products, which are planned behind Carvaan. The future is very interesting. All I can tell you this is I myself want to just jump into 2019-2020 very fast and our other being 2018-2019 because we see that much more fun happening at that time.
- Ravi Naredi:** You told me in the AGM also okay we are making Rs.25,000 in Carvaan also in the pipeline, so...?
- Vikram Mehra:** Rs.15000 Carvaan has come. I did not say Rs.25000. For Rs. 15000 Carvaan has come in and there is a waiting list for that right now.



Saregama India Limited
November 05, 2018

Ravi Naredi: You were telling some Carvaan to sell the BMW and Mercedes people also? We are thinking it might be more than Rs.20000?

Vikram Mehra: Let your wish come true hopefully one we launch Rs.25000. There is work going in one variant, which may go in that range. So there are lots of interesting works going on right now here. See the good part is Carvaan is getting recognition out there and acceptance by family by and large. It is not getting hidden in the bedrooms of people, but entering into the living rooms of people. People are very proud to showoff to their guests that they have got a Carvaan. We are going to capitalize on that.

Ravi Naredi: Yes you please accept it and Vikram the credit goes to you definitely and thank you very much. All the best Sir. Thank you.

Moderator: Thank you. The next question is from the line of Raian Surabji from Rare Enterprises. Please go ahead.

Raian Surabji: Given that Carvaan has proven to be such a success. Is there any other product in vision that is currently being ideated or that we can expect and I mean I know it is very early days of Carvaan itself, but is there any other things we can expect?

Vikram Mehra: As I said in the last call also, there are a lot of other products being looked at right now. We are investing on consumer research and on the technology side. The only thing which will always remain static right now is Carvaan is less about music and more about the convenience of listening to music and talking to a particular age group, we will continue focusing on our basic strengths. You will be seeing many different form factors, huge factors coming in right now of Carvaan. That is why is am say right now I think 2019-2020 may be even more exciting than 2018-2019 has been.

Raian Surabji: No Sir. I was not referring to Carvaan variant as such. I am thinking of a new product even outside Carvaan?

Vikram Mehra: I can tell any product right now between Carvaan and Mini, there is actually very little, which is common. It is just to ensure right now that my brand expenses are controlled. I call it Carvaan Mini. There are very different kinds of products that are coming. At the end of the day, we are in the space on music, so am I going to make a television set tomorrow. No we will not, whatever we do will be in the space of audio. There are lots of things that we are looking at right now, which can expand beyond the conventional benefit of Carvaan, which is giving our catalog music or retro music to older people.



Saregama India Limited
November 05, 2018

Raian Surabji: Thank you.

Moderator: Thank you. The next question is from the line of G Vivek from GS Investments. Please go ahead.

G Vivek: Thanks for taking the questions again. One query I want to have is regarding the team and you had changed the company because it was a very old company and a very laid back Kolkata style company and so what is the culture change brought in by you and how sustainable is it and how is the team size and the team backup for it in the organization Sir?

Vikram Mehra: Come to my company and feel it for yourself if I tell you, you will not believe me. It is a different organization right now. One of the conscious calls we people have taken that the entire retail business of ours, we will get everybody from outside. So the retail business from the top level to the down is the people we have hired from LG, Samsung, Tata Sky, Airtel, and Vodafone that kind of people who are used to consumer sensitivity. The films business again we have not taken anybody from in-house. Everybody has been brought in from outside. Most people who have joined Saregama are people who are hungry to prove themselves in their life. They are not out here right now to live a comfortable life. They are here because things move fast enough out here. We encourage failure in our organization. Learn from it fast right now and move to the next one. We discourage inactivity or risk-taking propensity is on the higher side. We force people to go and meet actual customers and not take decision sitting out there from the glass offices. It is a different organization right now. I welcome all of you guys to visit our office and get a feel yourself.

G Vivek: What about the opportunity size for Carvaan abroad especially because one of my friend mentioned that they had a get together in UK recently in Durga Puja and almost 10% to 15% of the people immediately went in for Carvaan. That was a fantastic response he got and basically what next after Carvaan and how are you beefing it up abroad especially we got the Pakistani diaspora, Middle East, UK, Europe. I believe the NRIs have got special affinity for motherland through old songs?

Vikram Mehra: You are absolutely bang on, so imagine we are doing these numbers that we are doing right now without even attaching that market. Just imagine how big an opportunity is sitting out there with us. I have said this to one of the earlier callers also right now. It is a conscious call we have taken not to divert too much on management's time right now to those operations because the moment, I do it, everybody will like to travel to US and UK well the real opportunity is still sitting out there in India. Right now we are available across the markets you said. In US, UK, Middle East and Canada, you can officially buy a Carvaan



Saregama India Limited
November 05, 2018

through Amazon. We will have to go back and start building little bit of retail infrastructure also there, which we will focus by having a team in place, which is a local team rather than trying to manage it from India. All that should start happening from 2019-2020 onwards.

G Vivek: What next after Carvaan Sir anything?

Vikram Mehra: There is serious amount of interesting innovations, which are there in the pipeline. If you ask me personally I think I am more excited about 2019-2020 than I am even for 2018-2019. There is some very interesting work going on right now. You have already seen Carvaan Gold, which is a very big thing right now that world's biggest speaker company Harman Kardon has decided to put their speaker inside the Saregama Carvaan. It also tells you right now that your company is being taken that much more seriously by global number ones here and you will be seeing many kinds of innovations coming into this.

G Vivek: My last query is about me being a new investor in the company, so what is the SAR and how different is it from ESOP and I am not able to make much sense out of it to be honest Sir?

Vikram Mehra: The only issue with SAR right now is SAR actually it is not actual stock that is given. SAR is a right right now where the delta is going to be given between the price at which SAR was vested and the price at which it is encashed, so there is no real stock change, which is happening. The issue on the accounting side with SAR is that you have to account for it on quarter-on-quarter basis. While an ESOP you do not need to go back and do this. So the good part that when the SAR have actually been exercised, the entire thing has already been provided for. There will be no financial impact to the company, but in general they are also looking at a way in which we can find a way in which SAR can impact does not fall on the company quarter-on-quarter. The moment we have a solution, we will share it with you guys.

G Vivek: Thank you Sir.

Moderator: Thank you. Ladies and gentlemen that was the last question. I would now like to hand the conference over to the management for their closing comments.

Vikram Mehra: Thanks guys. I think majority of the points have been covered right now. All I will go back and say that for six quarters, we have been trying to prove to ourselves and to investors and to the outside world and to our retailers that Carvaan is not a fad. It is born out of genuine consumer needs, the extensive research work we have done after that only we decided to get



Saregama India Limited
November 05, 2018

into this space. Internally I do not think we people are very surprised by the success that Carvaan is seeing and we are very, very sure right now that the future numbers are going to be even far bigger than this. As much as we all believe in the Carvaan story right now, there is an equally strong story going on the core business of ours where we license our music right now to various digital partners. That business is going rock solid right now. We have grown at 21% on a half yearly basis, but I will go back and project this number of 17% to 18% year-on-year that business will grow. The success of both Carvaan and our core business is allowing us the flexibility to invest in new content both on the space of music as well as in the space of films. We will continue doing it so that this company remains steady for the next 20 to 25 years also. Thanks to attend guys.

Moderator:

Thank you very much. Ladies and gentlemen on behalf of Anand Rathi Shares & Stock we conclude today's conference. Thank you for joining. You may now disconnect your lines now.