

(Rs in Lakhs)

Statement of Unaudited Standalone Financial Results for the Three Months and Six Months Ended 30 September 2020

SL. No.	Particulars	3 Months ended 30 September 2020 (Unaudited)	3 Months ended 30 June 2020 (Unaudited)	3 Months ended 30 September 2019 (Unaudited)	6 Months ended 30 September 2020 (Unaudited)	6 Months ended 30 September 2019 (Unaudited)	Year ended 31 March 2020 (Audited)
1	Income						
	(a) Revenue from operations	10,769	7,439	15,018	18,208	27,101	50,011
	(b) Other income	294	541	292	835	610	1,149
	Total Income	11,063	7,980	15,310	19,043	27,711	51,160
2	Expenses						
	(a) Contract manufacturing charges	149	23	4,362	172	6,779	9,979
	(b) Cost of production of films and television serials	1,232	179	1,837	1,411	3,277	5,408
	(c) Changes in inventories of finished goods and work-in-progress [(increase) /decrease]	231	743	(655)	974	(165)	337
	(d) Employee benefits expense	1,451	1,436	1,156	2,887	2,410	5,344
	(e) Finance costs	81	95	201	176	391	671
	(f) Depreciation and amortisation expense	120	124	110	244	223	445
	(g) Advertisement and sales promotion	1,376	696	3,008	2,072	5,967	9,417
	(h) Royalty expense	1,524	1,329	1,548	2,853	2,971	6,128
	(i) Other expenses	1,313	972	1,642	2,285	3,561	6,852
	Total Expenses	7,477	5,597	13,209	13,074	25,414	44,581
3	Profit before exceptional items and tax (1-2)	3,586	2,383	2,101	5,969	2,297	6,579
4	Exceptional Items	-	-	-	-	-	-
5	Profit before tax (3-4)	3,586	2,383	2,101	5,969	2,297	6,579
6	Tax Expense						
	(a) Current Tax	974	610	482	1,584	717	1,963
	(b) Tax related to earlier years	-	-	-	-	-	46
	(c) Deferred Tax (net)	(43)	14	(25)	(29)	(114)	(329)
	Total tax expense	931	624	457	1,555	603	1,680
7	Profit for the period (5-6)	2,655	1,759	1,644	4,414	1,694	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	(45)	2,576	(956)	2,531	(1,010)	(5,321)
	Total Other Comprehensive Income	(45)	2,576	(956)	2,531	(1,010)	(5,321)
9	Total comprehensive income for the period (7+8)	2,610	4,335	688	6,945	684	(422)
10	Paid-up Equity Share Capital (Face Value of Rs. 10/- each)	1,743	1,743	1,742	1,743	1,742	1,743
11	Other equity						39,636
12	Earnings Per Share (Face Value Rs. 10/- each): #						
	(a) Basic (Rs.)	15.50	10.21	9.43	25.70	9.72	28.20
	(b) Diluted (Rs.)	15.40	10.15	9.43	25.52	9.72	28.16

#Figures for three months and six months are not annualised.



(Rs in Lakhs)

Standalone Segment wise Revenue, Results, Assets and Liabilities for the Three Months and Six Months Ended 30 September 2020							
SL. No.	Particulars	3 Months ended 30 September 2020	3 Months ended 30 June 2020	3 Months ended 30 September 2019	6 Months ended 30 September 2020	6 Months ended 30 September 2019	Year ended 31 March 2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment Revenue						
	(a) Music	10,105	6,852	12,290	16,957	22,944	42,986
	(b) Films/Television serials	664	587	2,728	1,251	4,157	7,025
	Total segment revenue	10,769	7,439	15,018	18,208	27,101	50,011
	Less: Inter Segment Revenue	-	-	-	-	-	-
	Total Revenue from Operations	10,769	7,439	15,018	18,208	27,101	50,011
2	Segment Results						
	(a) Music	4,541	3,651	2,091	8,192	3,457	8,496
	(b) Films/Television serials	(83)	(361)	531	(444)	414	915
	Total	4,458	3,290	2,622	7,748	3,871	9,411
	Less:						
	(a) Finance costs	81	95	201	176	391	671
	(b) Other unallocable expenditure net of unallocable income	791	812	320	1,603	1,183	2,161
	Total Profit Before Tax	3,586	2,383	2,101	5,969	2,297	6,579
3	Segment Assets						
	(a) Music	41,463	42,791	44,115	41,463	44,115	42,711
	(b) Films/Television serials	4,719	3,062	6,505	4,719	6,505	5,489
	(c) Unallocated	22,797	20,526	18,593	22,797	18,593	13,715
	Total Segment Assets	68,979	66,379	69,213	68,979	69,213	61,915
4	Segment Liabilities						
	(a) Music	14,007	13,923	13,787	14,007	13,787	13,696
	(b) Films/Television serials	1,132	649	1,249	1,132	1,249	827
	(c) Unallocated	6,061	6,430	11,519	6,061	11,519	6,013
	Total Segment Liabilities	21,200	21,002	26,555	21,200	26,555	20,536



(Rs in Lakhs)

Standalone Statement of Assets and Liabilities

SL. No.	Particulars	As at 30 September 2020 (Unaudited)	As at 31 March 2020 (Audited)
	ASSETS		
1	Non-current assets		
	(a) Property, plant and equipment	20,454	20,523
	(b) Right of use assets	9	44
	(c) Investment properties	228	231
	(d) Intangible assets	1,028	1,103
	(e) Investment in subsidiaries and joint venture	1,865	1,865
	(f) Intangible assets under development	30	-
	(g) Financial assets		
	(i) Investments	9,138	6,186
	(ii) Loans and deposits	386	438
	(iii) Other financial assets*	0	0
	(h) Other non-current assets	396	225
	Total non-current assets	33,534	30,615
2	Current assets		
	(a) Inventories	7,933	8,907
	(b) Financial assets		
	(i) Trade receivables	9,701	11,030
	(ii) Cash and cash equivalents	884	330
	(iii) Bank balances other than (ii) above	6,923	195
	(iv) Loans	387	133
	(v) Other financial assets	67	7
	(c) Current tax assets (net)	2,106	3,536
	(d) Other current assets	7,444	7,162
	Total current assets	35,445	31,300
	TOTAL ASSETS	68,979	61,915
1	EQUITY AND LIABILITIES		
	Equity		
	(a) Equity share capital	1,743	1,743
	(b) Other equity	46,036	39,636
	Total Equity	47,779	41,379
	Liabilities		
2	Non-current liabilities		
	(a) Employee benefit obligations	357	288
	(b) Deferred tax liabilities (net)	4,809	4,508
	Total non-current liabilities	5,166	4,796
3	Current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	-	633
	(ii) Trade payables		
	a) Total outstanding dues of micro enterprises and small enterprises	7	2
	b) Total outstanding dues of creditors other than micro enterprises and small enterprises	4,911	5,218
	(iii) Lease liabilities	10	47
	(iv) Other financial liabilities	2,387	2,210
	(b) Other current liabilities	2,555	2,274
	(c) Provisions	6,033	5,141
	(d) Employee benefit obligations	131	215
	Total current liabilities	16,034	15,740
	Total liabilities	21,200	20,536
	TOTAL EQUITY AND LIABILITIES	68,979	61,915

*Represents value of less than Rs. 0.50 Lakh.



Standalone Statement of Cash Flows						(Rs in Lakhs)
Sl. No.	Particulars	6 Months ended 30 September 2020		6 Months ended 30 September 2019		
		(Unaudited)		(Unaudited)		
	Profit Before Tax		5,969		2,297	
A.	Cash Flow from Operating Activities					
	Adjustments for:					
	Depreciation and amortisation expense	244		223		
	Allowance for expected credit loss	132		183		
	Finance costs	176		391		
	Liabilities/Provisions no longer required written back	(503)		(146)		
	Interest income	(314)		(505)		
	Share based payment expense	69		1		
	Net loss/(gain) on unrealised foreign currency transactions/ translation	46		(4)		
	Profit on sale of Investment in Mutual Fund*	-		(0)		
	Operating profit before Working Capital Changes		(150)		143	
	Adjustments for:		5,819		2,440	
	(Increase)/Decrease in Other current assets, Loans, Other non-current assets	(246)		2,478		
	Increase in Other financial liabilities, Provisions, Other current liabilities	1,675		1,296		
	Increase in Trade payables	88		503		
	(Decrease)/Increase in Employee benefit obligations	(30)		65		
	Decrease/(Increase) in Trade receivables	1,218		(2,616)		
	Decrease/(Increase) in Inventories	974		(165)		
	Cash generated from operations		3,679		1,561	
	Income taxes paid (net of refund)		9,498		4,001	
	Net cash generated from Operating Activities (A)		(154)		(1,189)	
			9,344		2,812	
B.	Cash Flow from Investing Activities					
	Purchase of Property, plant and equipment and intangible assets	(299)		(174)		
	Investment in equity shares of other company (quoted)	(76)		-		
	Interest received	42		118		
	Loan given to Subsidiary Companies	(265)		(230)		
	Investment in Mutual funds	-		(50)		
	Proceeds from sale of Investment in Mutual funds	-		50		
	Fixed deposits placed with banks (with maturity more than 3 months)	(6,728)		(3)		
	Net cash used in Investing Activities (B)		(7,326)		(289)	
C.	Cash Flow from Financing Activities					
	Repayment of Short term borrowings	(633)		(1,508)		
	Proceeds from issue of shares*	0		1		
	Share premium received on issue of shares	5		15		
	Purchase of Investment by Saregama Welfare Trust (Treasury Shares)	(512)		-		
	Dividend paid	(261)		(523)		
	Dividend distribution tax paid	-		(107)		
	Repayment of principal portion of lease liabilities	(37)		-		
	Interest paid on lease liabilities	(2)		-		
	Interest paid on others	(24)		(225)		
	Net cash used in Financing Activities (C)		(1,464)		(2,347)	
	Net increase in cash and cash equivalents (A+B+C)		554		176	
	Cash and Cash Equivalents at the beginning of the period		330		145	
	Cash and Cash Equivalents at the end of the period		884		321	

*Represents value of less than Rs. 0.50 Lakh

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Note: The above Standalone Statement of Cash Flow has been prepared under the "Indirect Method" as set out in Ind AS 7 - "Statement of Cash Flows".



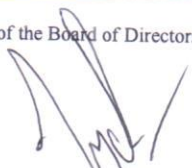
NOTES:

- 1 The aforementioned results for the three months and six months ended 30 September 2020 have been reviewed and recommended by the Audit Committee in their meeting held on 28 October 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 and six months ended 30 September 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 September 2020.
- 3 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 September 2020, 30 June 2020, 30 September 2019 and 31 March 2020. Unallocable corporate assets less unallocable corporate liabilities mainly represent investment of surplus funds and cash and bank balances.
- 4 Final dividend for the year ended 31 March 2020 of Rs. 1.50/- per equity share of Rs. 10 each (i.e. 15% of face value of equity share) recommended by the Board of Directors in their meeting held on 05 June 2020, was approved by the Shareholders at the Annual General Meeting held on 11 August 2020 and has been paid during the current quarter.
- 5 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 profitability. 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.
- 6 The figures of the previous periods/year have been regrouped/ reclassified, wherever necessary, to conform to the classification for the three months and six months ended 30 September 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.



Kolkata
28 October 2020

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


Vikram Mehra
Managing Director
DIN: 03556680

(Rs in Lakhs)

Statement of Unaudited Consolidated Financial Results for the Three Months and Six Months Ended 30 September 2020

Sl. No.	Particulars	3 Months ended 30 September 2020	3 Months ended 30 June 2020	3 Months ended 30 September 2019	6 Months ended 30 September 2020	6 Months ended 30 September 2019	Year ended 31 March 2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Income						
	(a) Revenue from operations	10,811	7,649	15,746	18,460	28,336	52,147
	(b) Other income	344	537	294	881	512	1,123
	Total Income	11,155	8,186	16,040	19,341	28,848	53,270
2	Expenses						
	(a) Cost of material consumed/ Contract manufacturing charges	54	33	4,490	87	7,185	10,703
	(b) Cost of production of films and television serials	1,232	179	1,837	1,411	3,277	5,408
	(c) Changes in inventories of finished goods and work-in-progress [(increase) /decrease]	225	776	(600)	1,001	(216)	256
	(d) Employee benefits expense	1,797	1,744	1,548	3,541	3,092	6,661
	(e) Finance costs	81	95	201	176	391	671
	(f) Depreciation and amortisation expense	125	128	114	253	232	464
	(g) Advertisement and sales promotion	694	607	2,623	1,301	5,699	9,294
	(h) Royalty expense	1,524	1,329	1,548	2,853	2,971	6,125
	(i) Other expenses	1,599	1,094	1,880	2,693	3,796	7,653
	Total Expenses	7,331	5,985	13,641	13,316	26,427	47,235
3	Profit before exceptional items and tax (1-2)	3,824	2,201	2,399	6,025	2,421	6,035
4	Exceptional Items	-	-	-	-	-	-
5	Profit before tax (3-4)	3,824	2,201	2,399	6,025	2,421	6,035
6	Tax Expense						
	(a) Current Tax	975	611	482	1,586	717	1,968
	(b) Tax related to earlier years	-	-	-	-	-	46
	(c) Deferred Tax (net)	(43)	14	(25)	(29)	(114)	(329)
	Total tax expense	932	625	457	1,557	603	1,685
7	Profit for the period (5-6)	2,892	1,576	1,942	4,468	1,818	4,350
8	Other Comprehensive Income (net of taxes)						
	(a) Items that will be reclassified to profit or loss	(23)	13	1	(10)	36	18
	(b) Items that will not be reclassified to profit or loss	(60)	3,163	(1,155)	3,103	(1,224)	(6,520)
	Total Other Comprehensive Income	(83)	3,176	(1,154)	3,093	(1,188)	(6,502)
9	Total comprehensive income for the period (7+8)	2,809	4,752	788	7,561	630	(2,152)
10	Profit for the period attributable to:						
	(a) Owner of the Company	2,819	1,575	1,926	4,394	1,796	4,394
	(b) Non-controlling Interest	73	1	16	74	22	(44)
11	Other Comprehensive Income for the period attributable to:						
	(a) Owner of the Company	(77)	3,173	(1,155)	3,096	(1,197)	(6,509)
	(b) Non-controlling Interest	(6)	3	1	(3)	9	7
12	Total Comprehensive Income for the period attributable to:						
	(a) Owner of the Company	2,742	4,748	771	7,490	599	(2,115)
	(b) Non-controlling Interest	67	4	17	71	31	(37)
13	Paid-up Equity Share Capital (Face Value of Rs. 10/- each)	1,743	1,743	1,742	1,743	1,742	1,743
14	Other equity						38,136
15	Earnings Per Share (Face Value Rs. 10/- each): #						
	(a) Basic (Rs.)	16.46	9.14	11.06	25.58	10.31	25.29
	(b) Diluted (Rs.)	16.35	9.09	11.06	25.41	10.31	25.26

#Figures for three months and six months are not annualised.



Consolidated Segment wise Revenue, Results, Assets and Liabilities for the Three Months and Six Months Ended 30 September 2020							
Sl. No.	Particulars	3 Months ended 30 September 2020	3 Months ended 30 June 2020	3 Months ended 30 September 2019	6 Months ended 30 September 2020	6 Months ended 30 September 2019	Year ended 31 March 2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment Revenue						
	(a) Music	10,035	6,964	12,720	16,999	23,737	44,434
	(b) Films/Television serials	664	587	2,728	1,251	4,157	7,025
	(c) Publication	112	98	298	210	442	688
	Total Segment Revenue	10,811	7,649	15,746	18,460	28,336	52,147
	Less: Inter Segment Revenue	-	-	-	-	-	-
	Total Revenue from Operations	10,811	7,649	15,746	18,460	28,336	52,147
2	Segment Results						
	(a) Music	5,124	3,785	2,687	8,909	3,987	9,056
	(b) Films/Television serials	(83)	(361)	531	(444)	414	915
	(c) Publication	(337)	(313)	(295)	(650)	(600)	(1,292)
	Total	4,704	3,111	2,923	7,815	3,801	8,679
	Less:						
	(a) Finance costs	81	95	201	176	391	671
	(b) Other unallocable expenditure net of unallocable income	799	815	323	1,614	989	1,973
	Total Profit Before Tax	3,824	2,201	2,399	6,025	2,421	6,035
3	Segment Assets						
	(a) Music	41,457	42,694	44,490	41,457	44,490	42,878
	(b) Films/Television serials	4,719	3,062	6,505	4,719	6,505	5,489
	(c) Publication	478	470	578	478	578	466
	(d) Unallocated	22,623	20,376	19,381	22,623	19,381	13,142
	Total Segment Assets	69,277	66,602	70,954	69,277	70,954	61,975
4	Segment Liabilities						
	(a) Music	14,435	14,504	14,290	14,435	14,290	14,373
	(b) Films/Television serials	1,132	649	1,249	1,132	1,249	827
	(c) Publication	375	340	337	375	337	298
	(d) Unallocated	6,213	6,590	12,017	6,213	12,017	6,373
	Total Segment Liabilities	22,155	22,083	27,893	22,155	27,893	21,871



(Rs in Lakhs)

Consolidated Statement of Assets and Liabilities			
SL. No.	Particulars	As at 30 September 2020 (Unaudited)	As at 31 March 2020 (Audited)
	ASSETS		
1	Non-current assets		
	(a) Property, plant and equipment	20,457	20,529
	(b) Right of use assets	9	44
	(c) Investment properties	228	231
	(d) Intangible assets	1,035	1,116
	(e) Intangible asset under development	30	-
	(f) Financial assets		
	(i) Investments	11,164	7,544
	(ii) Loans and deposits	423	473
	(iii) Other financial assets*	0	0
	(g) Other non-current assets	405	236
	Total non-current assets	33,751	30,173
2	Current assets		
	(a) Inventories	8,387	9,364
	(b) Financial assets		
	(i) Trade receivables	9,445	10,846
	(ii) Cash and cash equivalents	1,262	705
	(iii) Bank balances other than (ii) above	6,923	195
	(iv) Loans	27	31
	(v) Other financial assets	56	7
	(c) Current tax assets (net)	2,255	3,689
	(d) Other current assets	7,171	6,965
	Total current assets	35,526	31,802
	TOTAL ASSETS	69,277	61,975
	EQUITY AND LIABILITIES		
1	Equity		
	(a) Equity share capital	1,743	1,743
	(b) Other equity	45,083	38,136
	Equity Attributable to Owners of the Company	46,826	39,879
	Non-controlling interest	296	225
	Total Equity	47,122	40,104
2	Liabilities		
	Non-current liabilities		
	(a) Employee benefit obligations	428	350
	(b) Deferred tax liabilities (net)	4,958	4,578
	Total non-current liabilities	5,386	4,928
3	Current liabilities		
	(a) Financial liabilities		
	(i) Borrowings	-	923
	(ii) Trade payables		
	a) Total outstanding dues of micro enterprises and small enterprises	8	3
	b) Total outstanding dues of creditors other than micro enterprises and small enterprises	5,203	5,797
	(iii) Lease liabilities	10	47
	(iv) Other financial liabilities	2,603	2,347
	(b) Other current liabilities	2,742	2,439
	(c) Provisions	6,048	5,159
	(d) Employee benefit obligations	155	228
	Total current liabilities	16,769	16,943
	Total liabilities	22,155	21,871
	TOTAL EQUITY AND LIABILITIES	69,277	61,975

*Represents value of less than Rs. 0.50 Lakh.



(Rs in Lakhs)

Consolidated Statement of Cash Flows

Sl. No.	Particulars	6 Months ended 30 September 2020		6 Months ended 30 September 2019	
		(Unaudited)		(Unaudited)	
	Profit Before Tax		6,025		2,421
A.	Cash Flow from Operating Activities				
	Adjustments for:				
	Depreciation and amortisation expense	253		232	
	Allowance for expected credit loss	258		(108)	
	Finance costs	176		391	
	Liabilities/Provisions no longer required written back	(555)		(146)	
	Interest income	(305)		(402)	
	Share based payment expense	69		1	
	Bad debts/advances written off	3		-	
	Profit on sale of Property, plant and equipment*	-		(0)	
	Profit on sale of Investment in Mutual Fund*	-		(0)	
	Net loss on unrealised foreign currency transactions/ translation	50		2	
			(51)		(30)
	Operating profit before Working Capital Changes		5,974		2,391
	Adjustments for:				
	(Increase)/Decrease in Other current assets, Loans, Other non-current assets	(177)		2,578	
	Increase in Other financial liabilities, Provisions, Other current liabilities	1,774		1,325	
	(Decrease)/Increase in Trade payables	(198)		598	
	(Decrease)/Increase in Employee benefit obligations	(13)		65	
	Decrease/(Increase) in Trade receivables	1,209		(2,544)	
	Decrease/(Increase) in Inventories	977		(207)	
			3,572		1,815
	Cash generated from operations		9,546		4,206
	Income taxes paid (net of refund)		(152)		(1,191)
	Net cash generated from Operating Activities (A)		9,394		3,015
B.	Cash Flow from Investing Activities				
	Purchase of Property, plant and equipment and intangible assets	(299)		(177)	
	Sale of Property, plant and equipment*	-		0	
	Interest received	44		19	
	Investment in equity shares of other company (quoted)	(93)		-	
	Investment in mutual funds	-		(50)	
	Proceeds from sale of Investment in Mutual funds	-		50	
	Fixed deposits placed with banks (with maturity more than 3 months)	(6,728)		(3)	
	Net cash used in Investing Activities (B)		(7,076)		(161)
C.	Cash Flow from Financing Activities				
	Repayment of Short term borrowings	(923)		(1,508)	
	Proceeds from issue of shares*	0		1	
	Share premium received on issue of shares	5		15	
	Purchase of Investment by Saregama Welfare Trust (Treasury Shares) (net)	(512)		-	
	Dividend paid	(261)		(523)	
	Dividend distribution tax paid	-		(107)	
	Repayment of principal portion of lease liabilities	(37)		-	
	Interest paid on lease liabilities	(2)		-	
	Interest paid on others	(24)		(225)	
	Net cash used in Financing Activities (C)		(1,754)		(2,347)
	Net increase in cash and cash equivalents (A+B+C)		564		507
	Cash and Cash Equivalents at the beginning of the period		705		500
	Effect of exchange rate changes		(7)		33
	Cash and Cash Equivalents at the end of the period		1,262		1,040

*Represents value of less than Rs. 0.50 Lakh.

Note: The above Consolidated Statement of Cash Flow has been prepared under the "Indirect Method" as set out in Ind AS 7 - "Statement of Cash Flows".



NOTES:

- 1 The aforementioned results for the three months and six months ended 30 September 2020 have been reviewed and recommended by the Audit Committee in their meeting held on 28 October 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 and six months ended 30 September 2020.
- 2 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 entity has not been consolidated by the Group.
- 3 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 September 2020, 30 June 2020, 30 September 2019 and 31 March 2020. Unallocable corporate assets less unallocable corporate liabilities mainly represent investment of surplus funds and cash and bank balances.
- 4 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 profitability. 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.
- 5 The figures of the previous periods/year have been regrouped/ reclassified, wherever necessary, to conform to the classification for the three months and six months ended 30 September 2020.
- 6 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



Kolkata
28 October 2020

Vikram Mehra
Managing Director
DIN: 03556680



is pleased to invite you to the

Q2FY21 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

Thursday, October 29, 2020

at 16:00 hrs India Time

Diamond Pass registration link:

Copy this Link in your browser: [Link](#)

Call Co-ordinator

Mr. Bhupendra Tiwary: Phone: +91 22 4084 0418, e-mail: bhupendra.tiwary@icicisecurities.com

Mr. Sanjesh Jain: Phone: +9122 6637 7153, 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



Q2FY21 PAT up by 49% to Rs 289 Mn. Riding the Stay-at-Home wave

Mumbai, 28th Oct, 2020: Saregama, India's oldest music label and the youngest movie studio, announced its financial results for the 2nd Quarter of the financial year 20-21. Company registered **49% growth in PAT** yoy during this quarter. With the consolidated turnover of the Company being Rs. 1081 Mn and PBT of Rs 382 Mn, the company enjoyed a **35% PBT margin** for the quarter. On PAT basis, the Company registered **27% PAT margin** for Q2 FY 21 against 12% in the same quarter last year.

H1 FY21 PAT is **Rs 447 Mn** against Full-year FY20 PAT of 435 Mn.

The key driver for the growth continues to be the increasing Digitisation in India. With more and more people consuming content on their smartphones, Saregama is constantly able to increase monetisation of its IP (music, films, series). This phenomenon has become even more accelerated due to the stay-at-home phenomenon caused by Covid-19.

Company re-started shoot of its Movies and TV serials from July'20. It's Tamil serial Roja regained its no.1 position (by TRPs) across Tamil channels immediately.

With lots of elderly people stuck at home, the latent need for Carvaan has been rising since lockdown. As retail network starts opening up, we expect Caravan sales to also start growing. From a paltry 15k units in Q1, Carvaan sales went up to 81k in Q2, and is expected to improve further in Q3.

Other Highlights:

- New Music Licensing deals with ShareChat and Moj
- 285 Podcasts station are now available on Carvaan 2.0, with daily average consumption being 37 mins /day/ user during the quarter.

Company is expecting this digitisation-of-India driven content consumption trend to continue, and is aligning its strategy to provide more-n-more relevant content to the audiences.

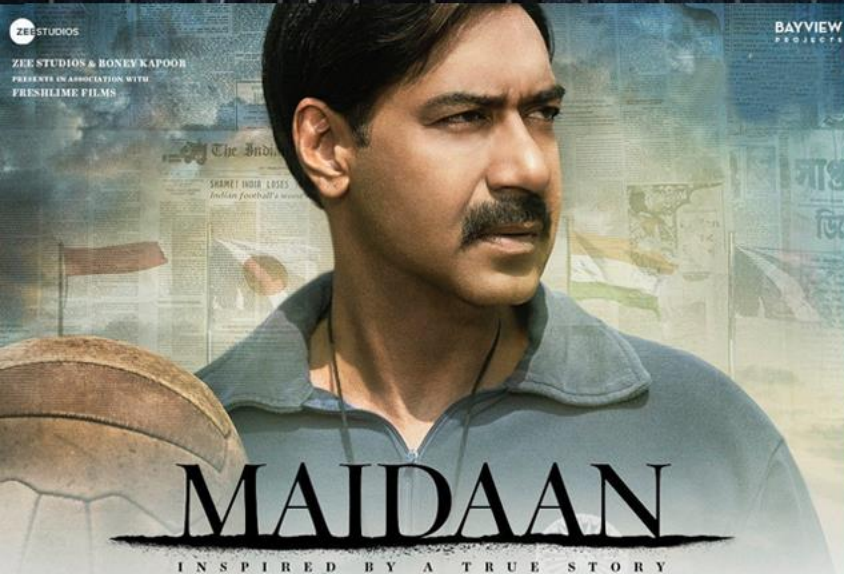
About Saregama India:

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:

Honey Sheth | honey.sheth@mslgroup.com | 9870097011

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



SAREGAMA CARVAAN™ — mini —



- Rhymes
- Stories
- Learning
- Mantras



Snapshot



India's oldest music label and
youngest film production house

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



Consistent Dividend Yield and
Zero Debt Company

Leading producer in terms of
number of hours of content (6050+
hrs) produced for Tamil television
serials



Strong 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



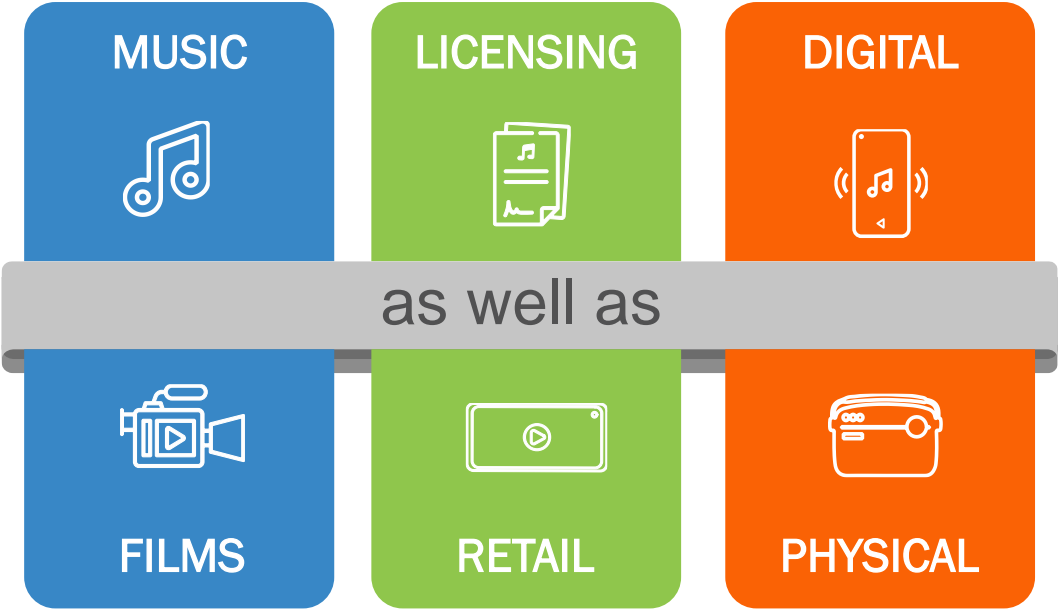
Owning Intellectual Property (IP) rights
for more than 130,000+ songs,
6,050+ hours of television serials and
59 movies

Digital licensing agreements across global OTT
platforms, social media giants, TV channels,
radio stations etc.
6B+ 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

INDIA'S ONLY
Entertainment Company
into



Music

India's Largest Music IP
130k+
Songs

Films

Content IP rights of
59
Films

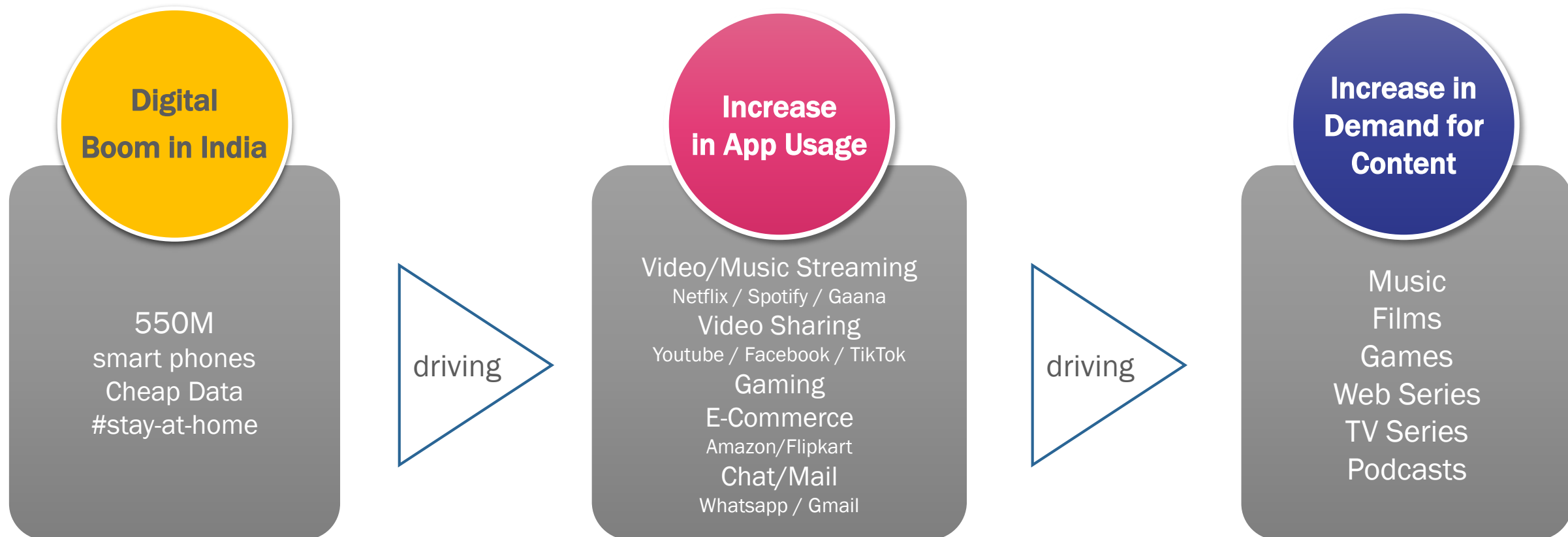
Television Serials

Content IP rights of
6k+
Hours of Television Serials

Retail Business

Distribution network
29k+
Retailers

DIGITISATION DRIVING GROWTH



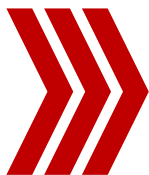
130k+ Songs | 59 Movies | 6k+ hrs of TV Series | Advantage **Saregama**

Strategic Overview



To be a **Pure Play Content Company** capitalising on the global content consumption boom driven by the ever increasing **Digitisation**

Monetisation of Existing IP

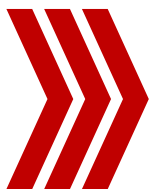


Through licensing to EVERY 3rd party Digital (music, video, social) and TV platform



Carvaan transitioning from being a Product with only one-time margin to a Platform with upfront margin and recurring advertising and subscription revenue

Building of New IP



Cementing leadership position with New film and non-film music acquisition across Hindi, Tamil, Bhojpuri, Gujarati, 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

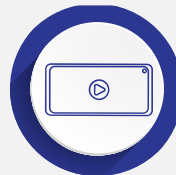
IP Creation over next 3 years (thru Internal Cash Flows)



20% Market Share
in New Film Music



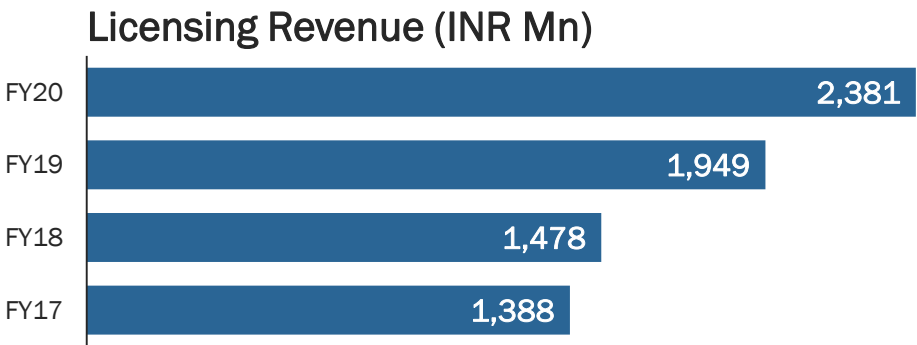
50 New Films
and Web Series



1,800 hours
of new TV serials content

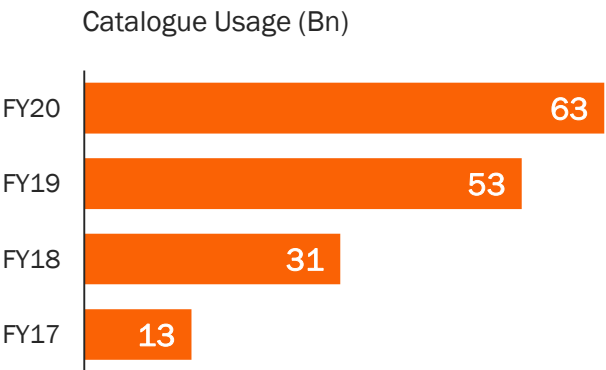


Fast Growing Licensing Revenue

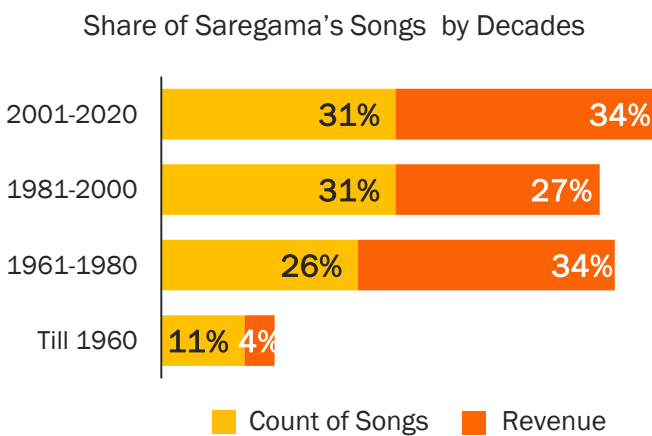


On account of

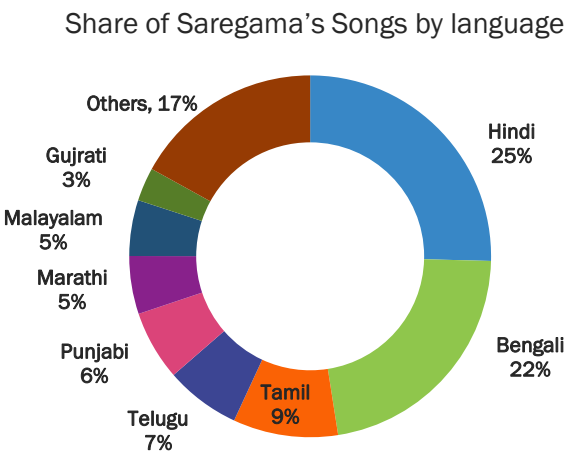
A. Growing customer interest in Retro Music



B. Saregama’s Investment in New Music



C. Presence across all Indian Languages



A typical movie has 5 songs. Assuming a music label acquires 1000 movies in a year, it will get 5k songs. By comparison, Saregama owns 130k songs, each digitised with rich metadata behind it, giving it a big competitive advantage

Our Music Licensing Partners



Music Streaming Platforms



Broadcasting Platforms



Video Streaming Platforms



Social Media Platforms

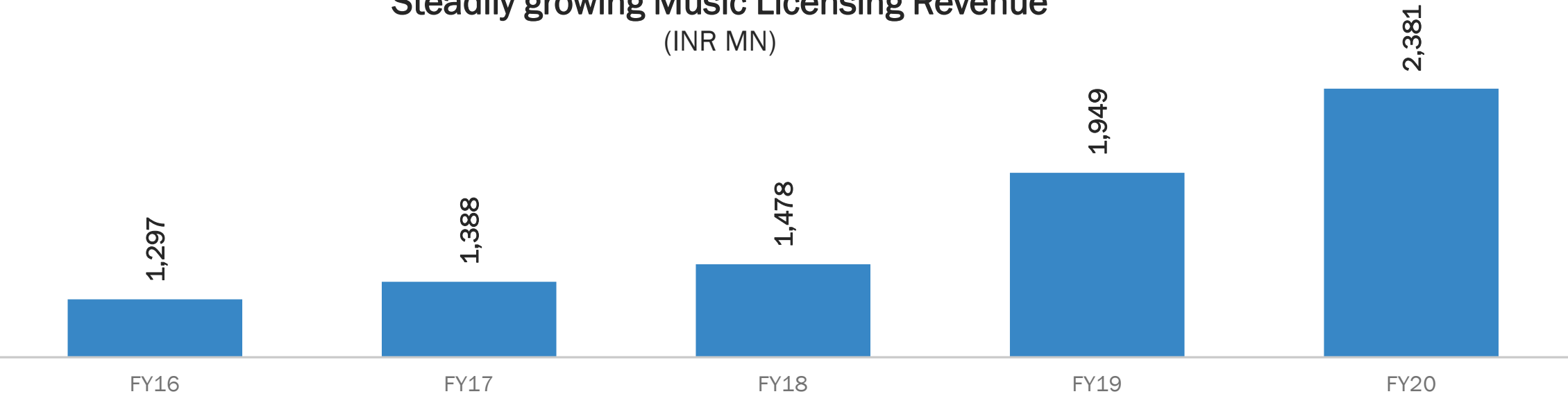


OPERATIONAL HIGHLIGHTS

Music Segment Operational Highlights



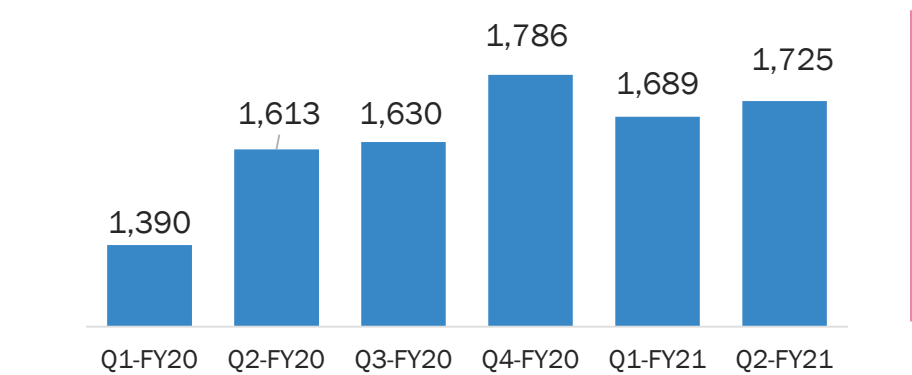
Steadily growing Music Licensing Revenue
(INR MN)



WHAT'S NEW

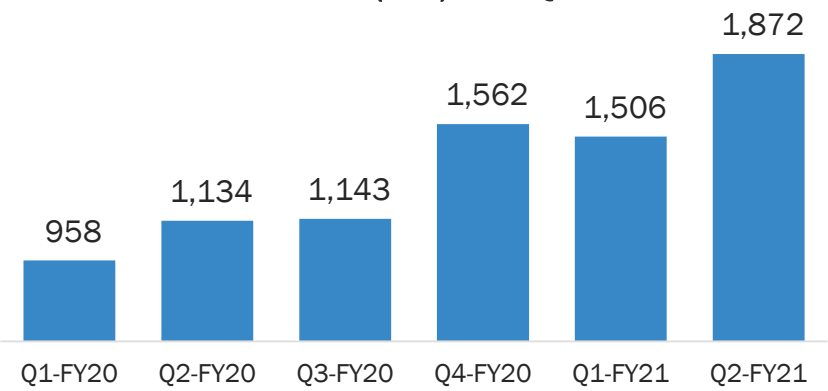
- Licensing deal with Share-chat and MOJ
- New songs released across Hindi, Bhojpuri, Gujarati, Tamil, Punjabi etc.

OTT STREAMS (MN) PER QUARTER



Nos. till Q4-FY-20 are Actuals. Q1 FY-21 and Q2 FY-21 Nos. include estimates

YOUTUBE VIEWS (MN) PER QUARTER



Views count is from 25 Saregama owned channels

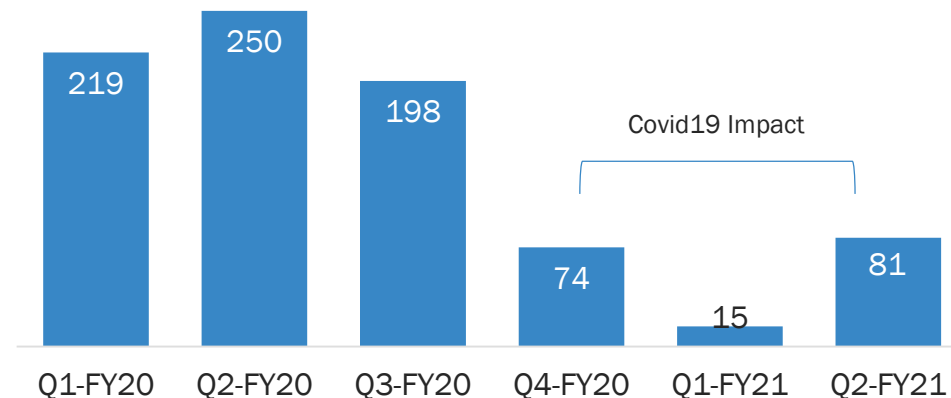
Music Segment Operational Highlights



- Carvaan sales start momentum form Q2
 - Retail network started opening in phases
 - Footfalls in stores still low
 - Share of Digital sales going up
- Launched new variants of Carvaan in Malyalam Language, Mini Bhakti in Marathi Languages Go in Tamil Language
- 285 Podcasts station with average Consumption of 37 mins /Day/ User on Carvaan 2.0
- Cost rationalisation (marketing, manpower) across the business continued



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



- Hindi remake rights of **KD** sold
- Shooting of 3 Movies started post lockdown relaxations
- **Bahut Hua Sammaan** released on Hotstar Sept'20 (licensed in Mar'20)

Future Outlook

- **Comedy Couple** to be released on Zee5 in October : the shoot of this movie started in July'20
- We are expecting 2 more movies to be released during the year



TV Segment

- **Roja** continued to hold number 1 serial position in Tamil post lockdown
- Roja is also garnering ~4M views per episode on youtube
- Telugu dubbing right of 2 serials sold



Future Outlook

- New Tamil TV serial is expected to launch in November this year

FINANCIAL HIGHLIGHTS

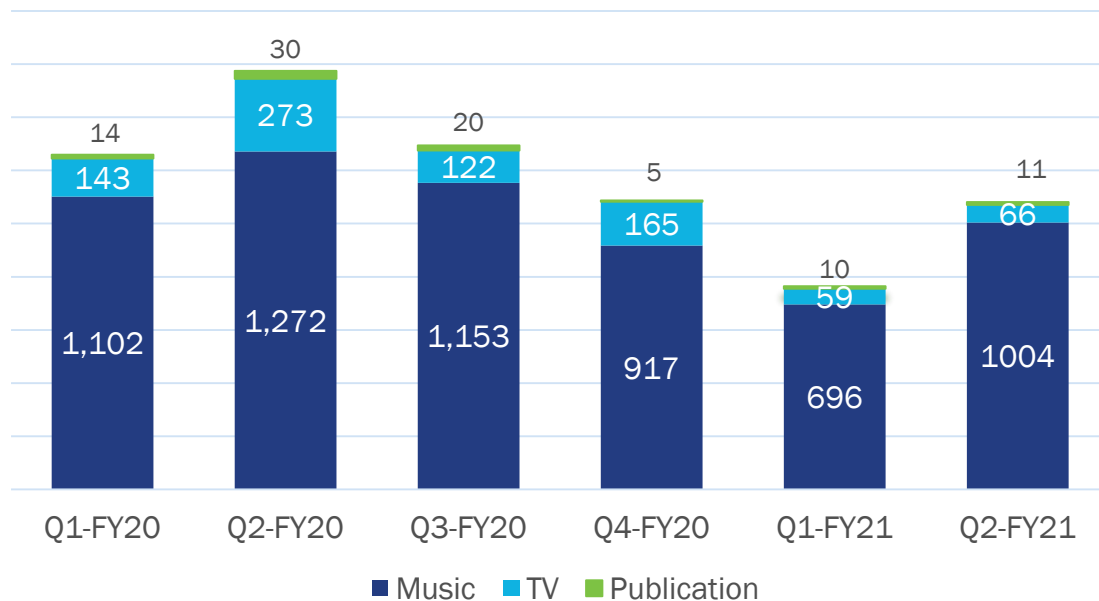
CONSOLIDATED

Quarterly Financial Summary

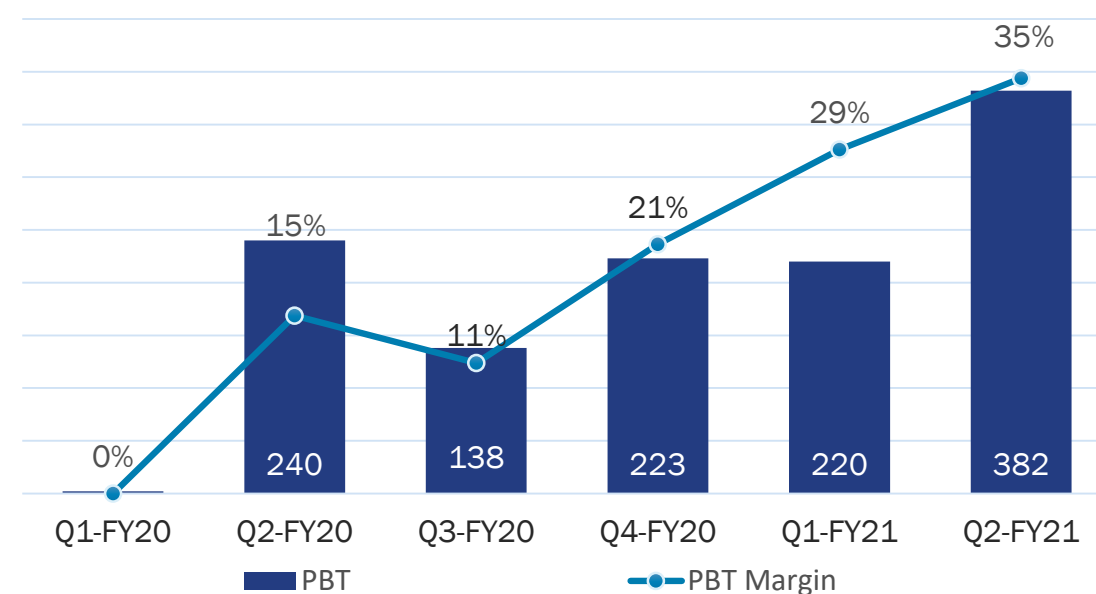


Particulars (INR Mn)	Q2-FY21	Q1-FY21	Q-o-Q Growth	Q2-FY20	Y-o-Y
Revenues					
• Music	1,004	696	44%	1,272	(21)%
• TV & Films	66	59	12%	273	(76)%
• Publication	11	10	10%	30	(63)%
Turnover	1,081	765	41%	1,575	(31)%
PBT	382	220	74%	240	59%
PAT	289	158	83%	194	49%

Revenue (INR Mn)



PBT (INR Mn) & PBT Margin



Financial Performance



Particulars (INR Mn)	Q2-FY21	Q1-FY21	Q-o-Q Growth	Q2-FY20	Y-o-Y Growth	H1-FY21	H1-FY20	Y-o-Y Growth
Turnover	1,081	765	41%	1,575	(31)%	1,846	2,834	(35)%
Other Income	34	54	(37)%	29	17%	88	51	73%
Total Revenue	1,115	819	36%	1,604	(30)%	1,934	2,885	(33)%
Total Expenses	712	576	24%	1,333	(47)%	1,288	2,581	(50)%
EBITDA	403	243	66%	271	49%	646	304	113%
EBITDA Margin (%)	37%	32%		17%		35%	11%	
Depreciation	13	13	-	11	18%	26	23	13%
Finance Cost	8	10	(20)%	20	(60)%	18	39	(54)%
PBT	382	220	74%	240	59%	602	242	149%
Tax	93	62	50%	46	102%	155	60	158%
PAT	289	158	83%	194	49%	447	182	146%
PAT Margin (%)	27%	21%		12%		24%	6%	
Diluted EPS	16.35	9.09		11.06		25.41	10.31	

Balance Sheet



Equity and Liabilities (INR Mn)	As on 30 th Sep 2020	As on 31 st March 2020
Shareholders Fund		
(a) Equity Share Capital	174	174
(b) Other Equity	4,509	3,814
Net worth	4,683	3,988
(a) Non-Controlling Interest	30	22
Non-Current Liabilities		
(a) Employee Benefit Obligations	43	35
(b) Deferred tax liabilities (Net)	496	458
Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	-	92
(ii) Trade Payables	520	579
(iii) Lease Liabilities	1	5
(iv) Other Financial Liabilities	260	235
(b) Other Current Liabilities	274	244
(c) Provisions	605	516
(d) Employee Benefit Obligation	16	23
Total	6,928	6,197

Assets (INR Mn)	As on 30 th Sep 2020	As on 31 st March 2020
Non Current Fixed Assets		
(a) Property, Plant and Equipment	2,046	2,053
(b) Right of use Asset	1	5
(c) Investment Properties	23	23
(d) Intangible assets	104	112
(e) Intangible asset under development	3	-
(f) Financial Assets		
(i) Investments	1,116	754
(ii) Loans and Deposits	42	47
(iii) Other Financial Assets	-	-
(g) Other Non Current Assets	41	24
Current Assets		
(a) Inventories	838	936
(b) Financial Assets		
(i) Trade Receivables	945	1,085
(ii) Cash and cash equivalents	126	70
(iii) Bank Balances other than (ii) above	692	19
(iv) Loans	3	3
(v) Other financial assets	6	1
(c) Current Tax Assets (Net)	225	369
(d) Other Current Assets	717	696
Total	6,928	6,197

Cash Flow Statement



Particulars (INR Mn)	FY21 - H1		FY20	
Pre-Tax Profit	602		603	
Change in other operating activities (Non Cash Items)	(5)		25	
Change in Working capital	357		388	
Taxes Paid	(15)		(221)	
Net cash generated from/(used in) Operating Activities (A)		939		795
Purchase of Fixed Assets (Including Intangible Assets)	(30)		(83)	
Bank Fixed Deposits	(673)		-	
Other Investing Activities	(5)		33	
Net cash (used in) Investing Activities (B)		(708)		(50)
Net cash (used in) Treasury Shares	(51)		(76)	
Repayment/Proceed from Short term Borrowing	(92)		(546)	
Proceeds from Issue of Share Capital	1		2	
Repayment of Lease Liability	(4)		(9)	
Dividend and taxes thereon paid	(26)		(63)	
Interest Paid	(3)		(33)	
Net cash generated from/(used in) Financing Activities (C)		(175)		(725)
Net Inc./ (Dec.) in Cash and Cash Equivalent		56		20
Cash and Cash Equivalents at the beginning of the period		70		50
Cash and Cash Equivalents at End of the period		126		70

STANDALONE

Financial Performance



Particulars (INR Mn)	Q2-FY21	Q1-FY21	Q-o-Q Growth	Q2-FY20	Y-o-Y Growth	H1-FY21	H1-FY20	Y-o-Y Growth
Turnover	1,077	744	45%	1,502	(28)%	1,821	2,710	(33)%
Other Income	29	54	(46)%	29	-	83	61	36%
Total Revenue	1,106	798	39%	1,531	(28)%	1,904	2,771	(31)%
Total Expenses	727	538	35%	1,290	(44)%	1,265	2,480	(49)%
EBITDA	379	260	46%	241	57%	639	291	120%
<i>EBITDA Margin (%)</i>	35%	35%		16%		35%	11%	
Depreciation	12	12	-	11	9%	24	22	9%
Finance Cost	8	10	(20)%	20	(60)%	18	39	(54)%
PBT	359	238	51%	210	71%	597	230	160%
Tax	93	62	50%	46	102%	155	61	154%
PAT	266	176	51%	164	62%	442	169	162%
<i>PAT Margin (%)</i>	25%	24%		11%		24%	6%	
Diluted EPS	15.40	10.15		9.43		25.52	9.72	

Balance Sheet



Equity and Liabilities (INR Mn)	As on 30 th Sep 2020	As on 31 st March 2020
Shareholders Fund		
(a) Equity Share Capital	174	174
(b) Other Equity	4,604	3,964
Net worth	4,778	4,138
Non-Current Liabilities		
(a) Employee Benefit Obligations	36	29
(b) Deferred tax liabilities (Net)	481	451
Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	-	63
(ii) Trade Payables	492	522
(iii) Lease Liabilities	1	5
(iv) Other Financial Liabilities	239	221
(b) Other Current Liabilities	255	227
(c) Provisions	603	514
(d) Employee Benefit Obligation	13	21
Total	6,898	6,191

Assets (INR Mn)	As on 30 th Sep 2020	As on 31 st March 2020
Non Current Fixed Assets		
(a) Property, Plant and Equipment	2,045	2,052
(b) Right to use assets	1	4
(c) Investment Properties	23	23
(d) Intangible assets	103	110
(e) Investments in subsidiaries and Joint Venture	186	186
(f) Intangible asset under development	3	-
(g) Financial Assets		
(i) Investments	914	619
(ii) Loans and Deposits	39	44
(iii) Other Financial Assets	-	-
(h) Other Non Current Assets	40	23
Current Assets		
(a) Inventories	793	891
(b) Financial Assets		
(i) Trade Receivables	970	1,103
(ii) Cash and cash equivalents	88	33
(iii) Bank Balances other than above	692	19
(iv) Loans	39	13
(v) Other Financial Assets	7	1
(c) Current Tax Assets (Net)	211	354
(d) Other Current Assets	744	716
Total	6,898	6,191

Cash Flow Statement



Particulars (INR Mn)	FY21 - H1		FY20	
Pre-Tax Profit	597		658	
Change in other operating activities (Non Cash Items)	(15)		44	
Change in Working capital	367		362	
Taxes Paid	(15)		(218)	
Net cash generated from/(used in) Operating Activities (A)		934		846
Purchase of Fixed Assets (Including Intangible Assets)	(30)		(82)	
Bank Fixed Deposits	(673)		-	
Other Investing Activities	(30)		(21)	
Net cash (used in) Investing Activities (B)		(733)		(103)
Net cash (used in) Treasury Shares	(51)		(76)	
Repayment/Proceed from Short term Borrowing	(63)		(546)	
Proceed from issue of share capital	1		2	
Repayment of lease liability	(4)		(9)	
Dividend and taxes thereon paid	(26)		(63)	
Interest Paid	(3)		(33)	
Net cash generated from/(used in) Financing Activities (C)		(146)		(725)
Net Inc./ (Dec.) in Cash and Cash Equivalent		55		18
Cash and Cash Equivalents at the beginning of the period		33		15
Cash and Cash Equivalents at End of the period		88		33

Historical Financials

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. 376 Mn 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	-	-
(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



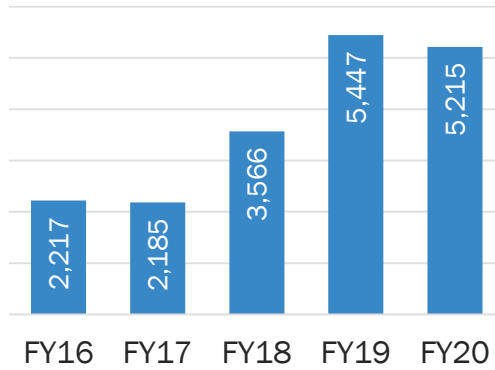
Equity and Liabilities (INR Mn)	FY20	FY19	FY18
Shareholders Fund			
(a) Equity Share Capital	174	174	174
(b) Other Equity	3,964	4,087	3,647
Net worth	4,138	4,261	3,821
Non Current Liabilities			
(a) Employee Benefit Obligations	29	25	21
(b) Deferred tax liabilities (Net)	451	557	456
Current Liabilities			
(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

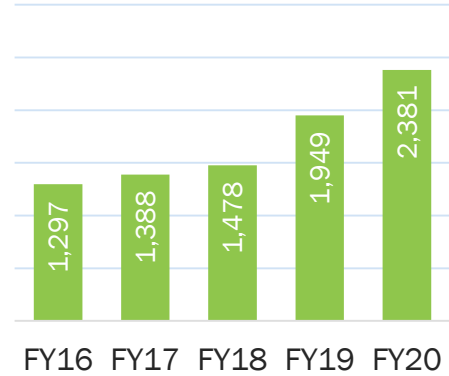
Financial Charts (Consolidated)



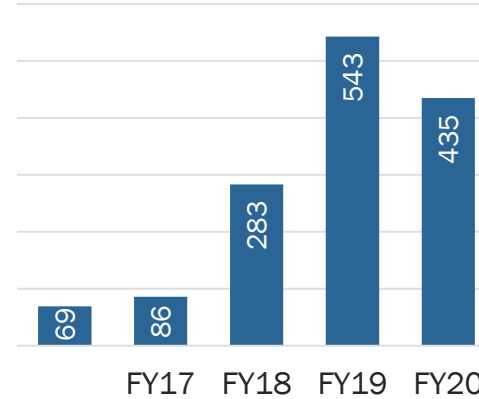
Revenue from Operations
(Turnover) (INR Mn)



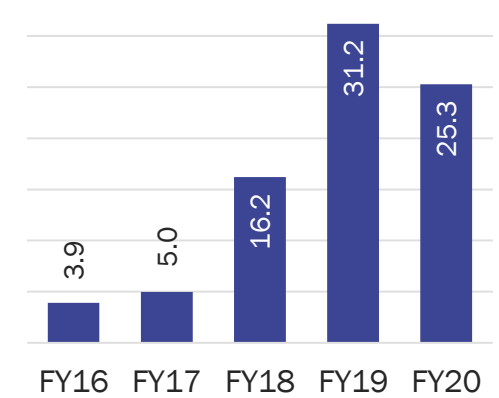
Music Licensing Revenue
(INR Mn)



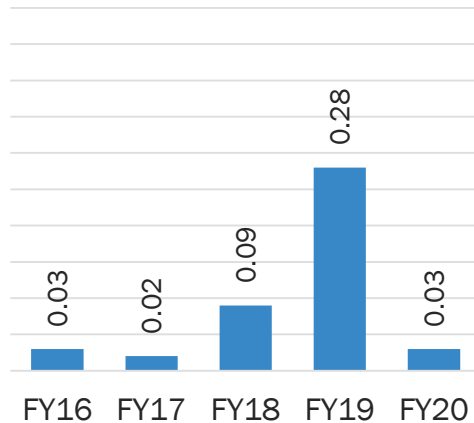
PAT (INR Mn)



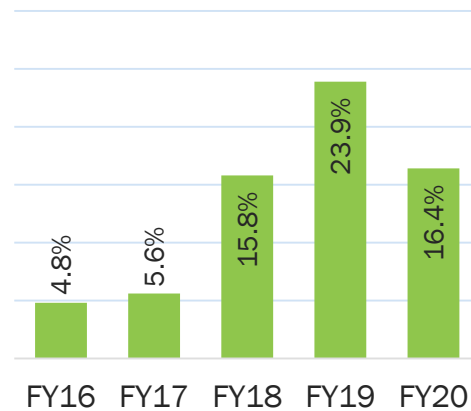
Diluted EPS (INR)



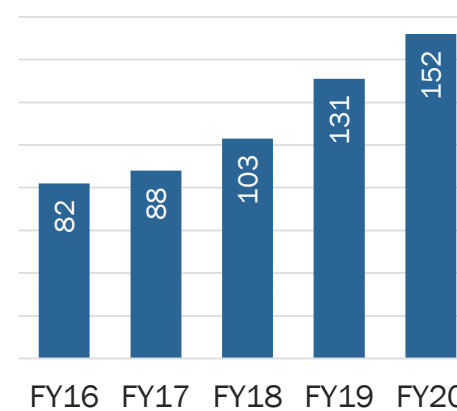
Debt to Equity Ratio



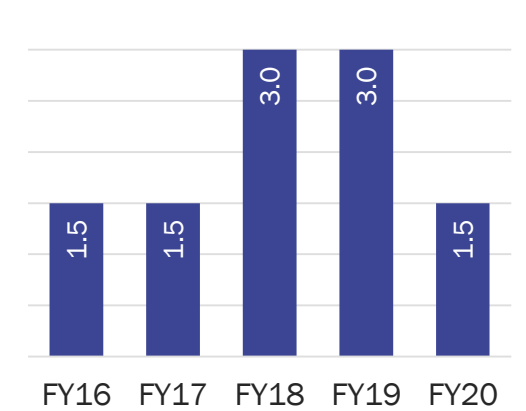
Return on Equity (ROE)
(%)*



Book Value Per Share
(INR)



Dividend per Share
(INR)



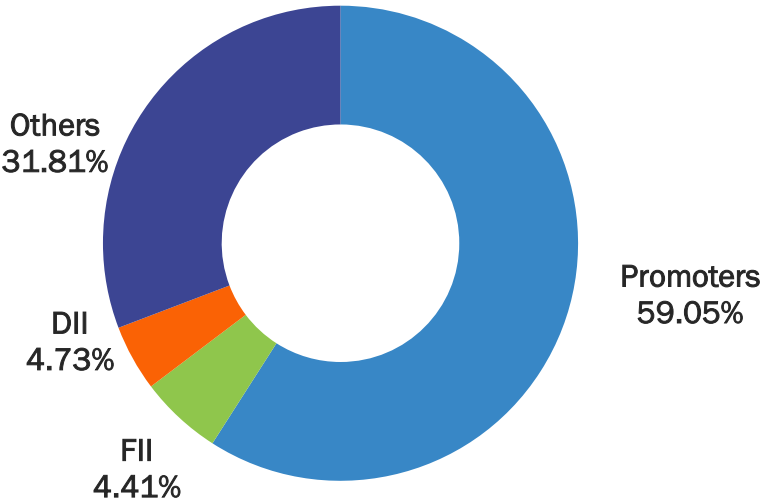
* Equity = Equity share capital and free reserves
Numbers are from consolidated financial statements

Capital Market Data



Price Data (As of 30 th September, 2020)		INR
Face Value		10.0
Market Price		557.8
52 Week H/L		603.0/185.0
Market Cap (INR Mn)		9721.4
Equity Shares Outstanding (Mn)		17.4
1 Year Avg. Trading Volume ('000)		33.8

Shareholding Pattern as on 30th September 2020



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“Saregama India Limited Q2 FY2021 Results Conference Call”

October 29, 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**



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Moderator: Ladies and gentlemen, good day and welcome to Saregama India's Q2 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: Thank you. Good afternoon everybody. On behalf of ICICI Securities, we welcome you to Q2 FY2021 Results Conference Call of Saregama India limited. From the management side, we have Mr. Vikram Mehra, who is Managing Director, Mr. Vineet Garg, who is CFO and Mr. B. L. Chandak, who is Executive Director. I will now hand over to Vikram to take the proceedings ahead Over to you Vikram!

Vikram Mehra: Thank you. Good evening everybody. It will be an understatement to say that the last six to eight months have been extremely difficult for the entire industry - not just in India but all across the world. But the silver lining for people like us has been that with people stuck at home they are all consuming that much more content. If one goes by the traditional definition of digitization, which means how many people have got a Smartphone and are accessing data, that number is steeply going up. As digitization goes up, so will the consumption of content. When people start consuming more content, companies like us will continue to have a huge edge, simply because what will people be consuming: it will be movies, songs, web or TV series or gaming. Saregama has a play in three out of these four categories. Except gaming we are one of the biggest players across all other three categories, and this reflects in the results: PBT of Rs.38 Crores for this quarter, compared to last year, where it was Rs.24 Crores. On a half year basis our PBT till now for FY2021 is Rs.60 Crores. This is actually equal to the PBT for the entire earlier financial year, which is FY2020.

During this time, especially ever since COVID has come and hit us, another big focus for us has been to preserve cash both to improve our collections from our partners and to spend less like we mentioned last time. I am very happy to state that as of today, that we are completely a debt-free company and we now in fact have a surplus of Rs.80 Crores at the consolidated level. A few things, I would want to clarify upfront, because these questions often get asked. We have four distinct business verticals within Saregama: music licensing, Carvaan, films and TV series. Internally it is amply clear that every business has to fend for itself - we are not ready to subsidize one business at the cost of the other business. While there may be minor tweaks and adjustments in short-term, in the long-term



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every business has to provide for itself . All four of our businesses are in pretty decent state. While we all celebrate this good quarter , please keep in mind two exceptions that have happened in this quarter : Firstly on the revenue side, we had a one-off income from operations in the music vertical. It is in a single digit of Crores that happened in this particular quarter. We are seeing it as an exception. , Secondly on the cost side we have not been taking any content cost for the last two quarters : no new movies have got released, and hence we haven't booked any cost for the same , Hence there is neither revenue nor cost coming in. This is going to change as the market starts opening up. New movies will start getting released. We plan to invest heavily right now in newer content because that will give us a huge edge in the market. As we keep investing, you will see that both content and marketing costs will rise , which has been very low over the last six months.

As we mentioned last time in light of the fact that no Bollywood film music was coming out , we have taken a call to invest heavily in non-film content in the regional space, namely Tamil, Bhojpuri, Gujarati and Punjabi. Our Bhojpuri channel, was launched in February 2020 and within a month of launching the YouTube channel ,COVID struck . In spite of that we have been able to put close to 50 songs on that channel and we are already clocking close to 225 million views cumulatively over this period. We are therefore seeing that there is a huge growth, which is coming from the regional side and plays to the strength of Saregama. We are the only music label in India, which has a large catalogue in every major regional language of the country. It is not just limited to Hindi or Tamil - we are very big on Bhojpuri , Malayalam , Telugu , Punjabi , Haryanvi, Gujarati etc . . We are now ensuring that we play to this strength of us. Our biggest competitor has got a play primarily in the Hindi and Punjabi languages. While we will fight the Hindi and Punjabi battle, we will also try to consolidate our position in other Indian languages. The biggest driver for us during the last few quarters has been the music licensing business. As digitization is increasing, we are seeing this part of the business going up even further for us. Last quarter we had declared the licensing deal with Spotify and Facebook this quarter we ended up securing deals with ShareChat and Moj. These are all video sharing apps and you will now see the advantage of this in the coming quarters.

We have now licensed to 45 music streaming applications, 357 TV channels in India and a host of video sharing apps like Instagram Reels, ShareChat, Moj, YouTube, Facebook. All these are video sharing apps and have become very prominent ever since TikTok exited the market. The other great thing, which is happening, is that there is a large amount of usage of our music in all the latest digital series that have got released . If anybody has watched A Suitable Boy - a BBC series, based on Vikram Seth's book, which has just been released on Netflix, it has plenty of Saregama's songs in it. There is Hostages 2 on Disney Hotstar



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again, with a lot of our songs, Scam is a series, which is doing very well on SonyLIV, also has our songs. So these days we are tapping every opportunity for any digital series to start using more and more of our content as part of the show. Every time they use our content they need to take a license from our side, which means additional revenue coming across to us. So when I say digitization is helping us, its important to remember there are various ways in digitization helps. Once a customer has got a Smartphone in his or her hand either they listen to songs on a Gaana or a Saavn or Spotify and Saregama gets paid They consume various series on Netflix or Hotstar or Amazon and if that series has used Saregama songs we get paid. If the consumer creates a video of their own using one of our songs and uploads it on YouTube Facebook Instagram, ShareChat or Moj, Saregama gets paid. Suffice to say that, digitization is helping us get a massive kicker on our monetization ability. To put things in context, if our licensing revenue has been growing in the past between 22% to 25% year-on-year, one may ask where is this growth coming from? : The music industry in India is growing at a projected rate between 11% to 12% as per some of the data released by IMI and other firms like KPMG and E &Y., but we are growing between 22% to 25%. How is this happening? It is a fact that Saregama's market share is steadily going up and there are two factors, which are contributing to this market share growth. One is our investment in new content which we have just started, and have not done large investments yet. But they are already bearing fruit and helping us increase our market share, but the second part, which according to me, is even more prominent these days, is that retro music share is going up in the market. It is not just reinterpreted music that's seeing a rise - it is genuine retro songs that are getting used more and more. The biggest credit for this goes to just one thing : Saregama Carvaan. All the work that we have done on Carvaan over the last three years has not only resulted in a consistently healthy sales of the product, but an equally big consequence has been the new found popularity of these old songs from our catalogue. . When we promote Carvaan we do not just advertise Carvaan, the hardware product, we are also promoting the songs, which is the very essence of Carvaan.. During these times of lockdown, as people consume more content on their Carvaans, they get exposed to our catalogue that much more. They then want to listen to this music on digital platforms too – and hence one sees a lot of usage of our songs in digital series, TV shows, commercials etc . A lot of music streaming apps, which earlier used to promote only newer content, have been quick to observe the popularity of Carvaan, and in effect have also started promoting retro content in a big fashion. This means the share of retro music is going up on music streaming apps. Saregama stands as the sole custodian of retro music in India, and today we reap the benefits of the same. t.



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Since we are on the topic of Carvaan, let me just talk about that a bit in detail. As retail networks open up Carvaan sales have steadily started been on the rise again. We sold over 81000 Carvaans during this quarter – admittedly its nothing compared to what we sold last year the same quarter, which is 250,000, but it is still a steady increase compared to 15,000 units sold in Q1 or 74,000 units sold in the January to March quarter.. Our digital sales are contributing a lot currently. As we had committed in January to March quarter, our focus going forward, till the time COVID-19 threat is not completely obliterated, will be on reducing our costs, It's simply because of the uncertainty in terms of when the retail Market will be fully functional. We have worked on pruning our cost structure, while effectively retaining our muscle in terms of best manpower and distribution relationships. If we were getting into the Tier-3 cities, we have paused such plans currently and focusing on consolidating sales in in Tier-1 and Tier-2 cities. The aim is to be consistent in sales in these regions, so that by the end of the year, we can ensure that Carvaan is managing to break-even and I can happily say that we are on track to achieve that.

At the same time I will say this, something that many of you may be experiencing at your home with the advent of COVID-19. The people who have been impacted the most are the elderly, especially the sixty plus demographic, They are all stuck at home, they fall in the high risk category and they are unable to step out. Some of us will be / already are getting back in offices but the senior citizens have hugely restricted movements and this, I see, continuing till next year. Even when the vaccine arrives, we are likely to see that the widespread proliferation of the vaccine is going to take time. The older age group of consumers - which is the prime Carvaan demographic will be staying at home. We believe that as retail market opens up people will start spending once again leading to a positive impact on the sale of Carvaan, but we do not want to solely rely on that. Our part is very clear : we will not do any major marketing push or start getting deeper into newer markets at this juncture - we will wait and watch. Whatever sales happen right now will be from the innate demand present in the market and we will closely track its movement. . This entire lull that we are seeing over the last six months has also given Team Carvaan to change the direction of the product. One of the biggest objections that almost all of you had and, admittedly was our own concern as well, was that Carvaan was becoming a one-time margin product and that there was no long-term play coming out there from it. If we sell a Carvaan to somebody how do we make money from him or her on an ongoing basis ? People buy into the premise of these 5000 packaged songs and they are very happy for the next three to four years. But that customer is not going to generate any additional revenue for us, Hence we have taken a call to completely transition that direction of Carvaan from being a one-time purchase product to an ongoing revenue generator platform. Everything remains the same except Carvaan now also has the capability to connect to your home Wi-



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Fi through which we are able to stream more and more content. It essentially means that Carvaan now comes with 5000 preloaded songs and there will be another another 20000-25000 songs that we stream through it, along with giving consumers new content like the Bhagavad Gita or nursery rhymes for the grandkids or whiskey appreciation classes or travelogue or current news on-demand. So there are lots of things that we are providing through the digital streaming route on the same Carvaan. As a customer you just need turn the knob and get access to variety of new content which is, is no longer limited only to music. We believe in the next 18 to 24 months there will be large number of Carvaans in the market that will be supporting the Platform functionality and once that happens we will be able to generate enough advertising and subscription revenue through these units. I want to give you all this comfort that the content which is running on these Carvaans is either Saregama-owned content or its being created by 3rd parties on revenue sharing basis. We are not incurring any cost on this additional content being offered on the Carvaan 2.0 platform.

The other part of the business I want to talk about is the Films and TV vertical. The moment lockdowns were lifted albeit with restrictions, somewhere in the month of July I am very, very proud to say that Saregama was the first company, which was off the block in terms of restarting shoots. The Covid 19 situation affected all production houses equally – we were no different. We had to face the same restrictions and hardships as others, and we had to find a way to deal with it. What was different was the way we tackled this and went about doing our business.. In July both the teams – the team in Mumbai and the team down South, on their own accord restarted shoots. We put up new episodes of our serials on Sun TV in the month of July itself. We are very proud to say that our serial Roja, which was the number one show on Tamil TV before lockdown, again immediately went back to the number one position in terms of TRP, as soon as it aired post lockdown. Essentially you have a Saregama owned IP, which has been consistently topping the charts on Tamil TV – not just now, but from the Q3 of the last financial year.. It also helps that since we own the IP we are also monetizing these programs on YouTube. Each Roja episode on an average does 4 million views for us on YouTube, which means additional source of revenue coming in. Not just down south, back here in the Mumbai film industry – uncertainty was writ large in the cinematic landscape. With no clarity on when would theatres open, very few producers had started shoot. Saregama started the shoot of its movie Comedy Couple in July. In October the movie has already been released on Zee5. The deal was finalized just before lockdown, and the script got locked during lockdown. We started shoot in the month of July and by October the movie was released to audiences worldwide, I can safely say that no other production house today has got this kind of wherewithal to go back and turn things around so quickly, so soundly and so efficiently. Honestly, these things did not happen because of an individual. It's not dependent on the Managing Director or the Head



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of Yoodlee business. Our systems are so strong and efficient that we can start any movie at any time and the processes will ensure that the movie gets over within the stipulated time and budget. With Comedy Couple we have again proved this. Every other movie that we are seeing right now getting released were shot before COVID-19. We are the only production house that started to shoot after COVID-19 started and have been able to secure a proper release of the film in a major OTT platform. Another film of ours, which had got sold to Hotstar in March of this year, finally got released during this time. The film is called Bahut Hua Samman. Both these movies have opened up to great ratings and critical reviews. If you see the quarter's numbers on the segmental side, you will see a marginal loss going in. This is merely a timing issue because in the month of July there was no programming that was up on Sun TV for more than three and a half weeks. We all restarted only at the end of July and you will see the clear direction going forward where we will return to our TV and films being profitable before the end of the year.

My last point out here and I think it is important to understand this, is the big element which is driving the commercial success of the company. We have been doing well in a steady fashion now quarter-on-quarter, but you need to understand that this cannot be attributed any longer to any one business doing exceedingly well. Neither can it be attributed to any one individual. It is the overall change in the way the Saregama as a company is dealing with every business every individual working out here feels that they can bring about a change and they feel like a winner. The financial performance of our company that you are seeing right now is not coming at the cost of the people. In fact we are one of the rare media companies that gave over 10% increments across the board to the employees and in spite of that have been able to go back and deliver results. So as we go ahead for the remainder of the year I maintain that music licensing business will keep on hovering between 18% to 20% growth this financial year while Carvaan will show a breakeven. Films and television right now may be showing a loss but before the end of the year they will be able to recover the losses that we have incurred in the first two quarters. Digitization is there to happen and stay in the country and we believe Saregama with the strength of its IP will be able to ride this digitization wave more successfully than any other media company. Thank you ladies and gentlemen and we will be happy to take questions.

Moderator:

Thank you very much. Ladies and gentlemen we will now begin the question and answer session. We have the first question from Biplab from Antique Stock Broking. Please go ahead.

Biplab:

Sir I wanted to understand how does this whole licensing business work? Do you track down if your content or your IP has been used by some OTT player without taking a



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license? Is there a onetime payment that Spotify gives you on your content or does it vary depending on how many people are listening to that music?

Vikram Mehra:

Sure. You are talking about how music licensing works? Music licensing - our first big revenue earner comes from the music streaming applications like Spotify, Gaana, Saavn, Apple, Amazon, Wynk, Hungama. There are nine of them in India. This works on a variable basis : more number of times our songs are heard, the more we get paid . So in essence we get paid every time a Saregama song is heard. We also get paid a share of the advertising revenue that the said platform is generating on our songs. If they have a paid subscriber base we also get a share of the subscription that the customer is paying. So there are three sources that we are getting revenue from and because of the quality of content we own, we also insist on getting a minimum guarantee from these platforms. , With time what we are seeing is that, as digitization is increasing more and more people are listening to songs through these apps and our share is going up. We believe Spotify has got close to 144 million paid subscribers globally. We believe, that in India also, with time these apps are going to move to the paid model . Once that happens, we will also get a share of the subscription fee, and the revenue that we are making from these apps will start rising even more substantially.

Biplab:

Sir how does it work on other social networks - is it fixed or variable?

Vikram Mehra:

YouTube works on a variable model. Every time a video which has got our song in it has an advertisement served, we get 55% of the money generated and 45% goes to YouTube. So the more number of times viewers are watching video with Saregama IP in it, and if ads get served in that, we end up making more money. With a television channel typically, these are fixed fee deals that we do whereby they pay us a fixed amount of money for a year. But every year we track how many times our songs are getting used and if there is a big variation we go out there and renegotiate the deal within a year or two.

Biplab:

Sir you have to keep track whether there is any leakage or not?

Vikram Mehra:

Leakage?

Biplab:

Any unaccounted for usage – for example somebody plays your song, without taking a valid license ?

Vikram Mehra:

. We have a 28-member team of kids earning around Rs.12000 to Rs.15000 per month whose only job is to track on YouTube and some of the apps whether they are using any of our songs without taking a proper license. If we find out any such cases, we move legal



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immediately. I am pretty proud to say this that we have relationships with over 45 streaming applications in the world - these are not all Indian apps : there is a Chinese app and a French app - all of them officially have taken a license for our music. Over 350 TV channels in India have taken a license for our music,. Our infringement tracking team is so strong that if anybody ends up using our content without a license, we notify them within 24 hours through a legal notice. More often than not, they end up taking the license.

Biplab: Sir one final question : on the music licensing, could you give us a breakdown of which one of the platforms among the many that you license music to – be it the music streaming platforms, OTT platforms like Netflix and Amazon and social media networks like Youtube and Facebook, contribute the maximum percentage of revenue ?

Vikram Mehra: I am not going to give you a percentage of revenue split but the biggest revenue generator for us are the music streaming applications : Spotify, Saavn, Airtel Wynk, Hungama etc,

Biplab: Thank you Sir. I will come back in the queue.

Moderator: Thank you very much. We have a next question from the line of Rahul Jain from Credence Wealth. Please go ahead.

Rahul Jain: Thanks for the opportunity and in tough times we are doing exceptionally well, but just to understand - going ahead you have already mentioned that in the last two quarters we have not had any new music content acquisition Earlier you had mentioned about spending about Rs.200 Crores on new music acquisition over a period of three years. Considering you will have 90% market share of about a 400 Crores market in a year given in the last six months you did not have any release of films and assuming things go back to normal in three to four months once the market opens up - in that scenario, what do you foresee in the coming year ? Will there be a barrage of films coming out next year, to satisfy pent-up demand of consumers, leading to a rise in the overall music industry much higher than 400 crores and thereby you might be spending much more in FY2022?

Vikram Mehra: You are asking me to share and tell you which way COVID-19 pans out. It all depends on when the COVID-19 vaccine is going to come in. If we have a vaccine by March and it starts getting widely distributed across the country, you will have majority of the big movies getting released in 2021-2022 itself. In fact some of the movies that have already been announced, we have bought the music rights for. We have the music rights for the next Akshay Kumar movie called Bell Bottom, the next Ajay Devgan movie called Maidaan, and two other big starcast movies whose rights we have picked up. Alongside there are eight new Tamil films whose music rights lie with us. All these movies are not



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released yet. In most of the cases we haven't paid anything - just a legal agreement is in place or have paid a very small token. It is difficult for me to go back and give you a confirmation that they will get released in theatres in 2021-2022, but at this juncture this looks likely. I. Perhaps in the March quarter I may be in a better position to tell you whether all of them will get released or not. But by and large, please understand that the numbers that you are seeing today financially are numbers at which Saregama can go back and keep on generating if there is no new content investment that is happening, but we know right now that will be an extremely short term move from our side because 10 years down the line what will happen to this company. We will use the cash generated by music licensing business to invest in the new music content.

Rahul Jain:

Sure and you also mentioned in your opening remarks with regards to advertisement expenses and also with Carvaan, the focus now for some time will be only Tier-1 and Tier-2 cities. I remember some two to three quarters back, when we tried to position our products into Tier-3, Tier-4 towns and had allocated a large budget at that point. You mentioned that for now you are not going to invest in a large budget, but typically when the situation becomes normal do you see yourself investing in large budgets then? t?

Vikram Mehra:

I think the most fundamental part out here is that we will invest in Carvaan only if we believe Carvaan will make revenue. If we think Carvaan is not going to make any revenue, we won't keep investing in Carvaan. At this juncture if we have taken a call not to invest in Carvaan for the simple reason that retail network is shut, there is no point spending money going to Tier-3 towns where the job losses are even more than in the Tier-1 and Tier-2 towns. Going forward we believe there may be a decent enough play for Carvaan - the platform. We will keep on testing the hypothesis out there. If it works, we will invest in Carvaan. Remember in the first two years of Carvaan, Carvaan was making profits. The entire issue of Carvaan started happening in the last financial year, and in that also would have done a breakeven had Q4 been normal. I can assure you that we will invest in Carvaan in sync with the money that Carvaan throws back in the system.

Rahul Jain:

Sure so do I assume now with the experience of last year going ahead, as you mentioned in your opening remarks, that each of the businesses has to take care of itself and that going forward Carvaan will not incur any losses, which will in turn dent some other businesses?

Vikram Mehra:

Carvaan has to breakeven, if that the question you are asking me - yes, Carvaan was able to do a breakeven the first two financial years. Carvaan was not able to do a breakeven last year because of the fourth quarter, where numbers got wiped out. . Q4 in normal cases would have ended up giving us 250000. We scored about 70000 number in that quarter., It is clear that Carvaan has to pay for itself, there is no cross subsidization happening out here



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with Carvaan. In essence there is no vanity project that we are undertaking with Carvaan.

Rahul Jain: Sure. Last question on Yoodlee films, we are almost three years done in this business and we have had some fantastic content including the recent one Comedy Couple. It was a really nice movie and you also tasted success with some of the OTTs including Netflix and Hotstar and Zee5 in terms of licensing content. So Vikram what is your feel for this business over the next two to three years? Do you feel now somewhere we had an inflection point where it can accelerate and probably we can see larger revenues and profits coming from this business in the next two years?

Vikram Mehra: All I can project right now that Yoodlee business is going to be a profitable business. First year, I maintained that the Yoodlee business would be loss making, second year was breakeven, the last year was profitable and we will maintain that profitability track record of it. The business per se - the very nature of the business is that you make films, which are smaller budget films and put it on digital platforms. You are not making films which cost Rs.50 Crores and end up generating Rs.300 Crores. We are not in that business, we are in the business of making content only for digital audiences. So will there be a massive growth right now: No. You will see a double digit growth easily going in. We are intentionally investing in relatively lower risk projects with relatively lower returns, compared to big Bollywood films.

Rahul Jain: Sure that I understand and that I know, since I have been tracking this company for a long time - so just to get a sense in three years, where do we see this business?

Vikram Mehra: All I will be able to go back and say is that you will see a low double-digit growth coming in the Yoodlee business year-on-year.

Rahul Jain: Sure. Thank you so much Sir. Wish you all the best and take care of yourself.

Moderator: Thank you very much. We have a next question from the line of Dhwanil Desai from Turtle Capital. Please go ahead.

Dhwanil Desai: Two questions: the first question is on the content type. We talked about the content consumption side of it, but in terms of content acquisition we know that world over that content is being chased by a lot of large players including platforms and that has happened in the video content side. Do you see that happening in the music content type also with players like Amazon, Spotify? They are also competing with you on content side and the reason I am asking you is that, the cost of capital is much lesser there and the profit may not be the only motive or this may not be the only part of profit that they may be aiming at.



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So does it mean that the content will be costlier for us and hence IRR that we are targeting can go down - how do you look at the entire ecosystem evolving around that?

Vikram Mehra:

The biggest OTT app right now in music space is Spotify, which as I said has over 144 million paid subscribers. Universal Music, which is world's biggest music label is becoming bigger and bigger, with 7 billion revenue, and a 33 billion odd valuation going in for them. Spotify has not gone out there and started competing with Universal or Sony Music or Warner All these are also in India now, all of them are very clearly concentrating on the platform business and not getting into content business. Remember content is not commodity, Lata Didi - whatever song she has sung or whatever song Arijit has sung or Kishoreda has sung - these songs are not going to come back, so platforms understand that if they get into the content space content companies will stop giving them content and that is the reason none of the music streaming businesses have come into the content business. Forget India, I am talking in the global scale - the biggest guys, Spotify, Apple Music, Deezer, all massive players nobody is getting into content business and we do not expect any of these guys to get into content business in the future. Universal and Sony globally made it very clear telling these players that the moment they get into the content business these companies will stop giving them content, . Now let us talk about about the video side. Netflix is the biggest boy in this game. We have given 10 movies to Netflix in the last three years. IP of all those 10 movies was maintained by us, they are not interested in taking over IP, they are very, very happy that you go and create the content, they will take over all rights of licensing of that for 3-10 years, use it, give you a flat fee and then the content comes back to you. So in nutshell do we believe platforms will get into content space? I have my doubts. Forthat matter, what will stop content companies to get into platform space in that sense. All I need to do is to go and join T-series and we can start launching a platform of our own, so I do not think that will happen.

Dhwanil Desai:

Okay this was very helpful. The second question is on Yoodlee. Vikram I think if I remember correctly our aspiration was that in four, five years create a library of around 40 - 50 movies currently we are sitting at around 13 movies then maybe a few more in production. So do you have the same aspiration or after having tested the model, we think that we want to be a much larger player in that space and we want to take a different course ? , How are you seeing Yoodlee Films as a separate venture? What are your aspirations for Yoodlee Films and how do you look at that business 5 to 10 years from now?

Vikram Mehra:

I think Rahul was asking a similar question. The only guidance I can give you is double digit growth going year-on-year as far as Yoodlee is concerned, but in qualitative aspect we will do more of what we are currently doing. We have no ambitions to get into large



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budgeted Bollywood films. Our films are always going to remain extremely tight budgeted, script led cinema that is what we stand for. The obvious evolution of Yoodlee will be that we will extend our scope into web series and not limit ourselves to films. We are in dialogue right now on multiple ideas with multiple platforms. If something clicks on the series space, we will be that much more profitable. We have built our reputation as a great producer with our films, but we will evolve into series too.

Dhwanil Desai:

Thanks. That's it from my side.

Moderator:

Thank you very much. We have a question from the line of the Ankit Gupta from Bamboo Capital. Please go ahead.

Ankit Gupta:

Thanks for the opportunity and congratulations for a good set of numbers. Vikram if we see the evolution of how we have acquired content over the past two three years, we started with small movies, then went on to Panga and now we are acquiring music rights for large star cast films as well. We have acquired music for Bell Bottom, Maidaan, there was also news articles that we will be acquiring music for one of the Khans, so if you can talk about what is the process for choosing content, when we make bids for acquiring music rights. In Yoodlee we have seen that our focus has always been on script and not on any big stars, so is there any thought process while we are acquiring music for new movies especially when the stakes are going up for us?

Vikram Mehra:

Yes Ankit in fact I specified that in a corporate presentation too. We follow both the left brain as well as right brain approach here. What we have been able to build is a solid research based database on every song which has got released over the last 36 months, irrespective of who bought the music rights., Each song is further mapped into who was the lyricist, singer, music composer, film director, actors on whom the song was picturized and the genre of the song : , romantic, melancholy, motivational etc . For each of these songs we know how many times the song has been heard on Jio Saavn, since Jio Saavn openly publishes that data. We also know the songs performance on YouTube. Using these two external data points and our internal estimates of what contribution these two sources have to overall revenue, we are able to make an educated estimate on the revenue that the song has generated . Using this we have built predictive models whereby if a new song is released we can estimate what revenue will it make using inputs like lyricist, singer, composer, actor etc. Is this a precise science ? No , but it gives us a decent understanding that going by the last three years track record, who is tracking well. This gives us a number in terms of how much should we be bidding for the music rights for the album. We have an internal benchmark that anything that we people pick up, the payback period should not exceed five years. Keeping that in mind we know what kind of money we can bid for.



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Then comes the right brain of the company and this is the exciting part : there are bunch of kids all under the age of 30 whose job is to go to the film producer and listen to those songs. As a policy the decision making heads do not get involved in this process. It is the younger people who listen to it and give their qualitative feedback. Finally we get the numbers from our model and qualitative feedback from team, and basis of that we decide whether we should go ahead with the album or not. Is it a precise science ? No it is world of creativity. The only thing we are trying to take away is the individual calls out of this equation, so that it becomes a little more thought out and a larger number of people are involved in the decision making process.

Ankit Gupta:

Sure this is really helpful. My second question also is on new content acquisition. Now we have started out with plans that we will be spending Rs.200 Crores for music acquisition over the next three years but that was pre-COVID. Are there any changes in that plan as of now and if everything goes as per plan and if the vaccine gets released in March and things come back to normal by June, -July of next year ,do we see that this Rs.200 Crores will be spent in FY2022 and 2023?

Vikram Mehra:

Again right now I cannot give you specific timelines because I do not know when the movies will start releasing here. Our current plan is Rs.200 Crores over a period of two to three years, all funded by the music licensing business itself. We are clear that no debt is going to be taken by the company, other business streams are not going to go back and subsidize or fund licensing business acquisition spree. If we believe that the model is working and we need to increase the amount of investment we will come back and inform you all

Ankit Gupta:

Sure. Thank you so much.

Moderator:

Thank you very much. We have the next question from the line of Yash from ICICI. Please go ahead.

Yash:

Congratulations on an excellent set of numbers. Just wanted to check on this radio licensing issue which was supposed to expire on September 30, 2020. The licensing which the entire industry had gotten used to was to get 2% What is the status on that : has that been renewed and are we going to be getting 7% or 8% as we had desired?

Vikram Mehra:

For right now the issue is sitting at the copyright board level, they will start the hearing from November 2, 2020 where both the radio side and all the music labels are presenting their case. We hope by the end of this quarter we will have an official rate from the copyright board.



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Yash: Thanks and my second question is on the YouTube channel and you have been doing excellent work. We have seen that the subscribers are just multiplying from the time I started following it. Just wanted to check if we do pay a royalty to the film banner – for example if DDLJ songs are being played and we get revenue from YouTube, do we have to pay Yash Raj Films? Does it work the other way around as well? I am asking this question because specifically in YouTube we see content wherein most of our songs are lyrical videos, presumably, because of licensing rights, Film banners have their video songs, which get very viewership, so do we get reverse royalty as well?

Vikram Mehra: Yash You are talking of the videos, if I remember correctly in 2001 or 2003, the way music rights used to be sold was that only audio rights used to go to the music label, while the rights of the music video used to be sit with the film producer or the negative rights owner. So the person who owned the film had the rights of the original music video and the song rights used to go to the music label. Since the last 15-20 years, music label gets both the music video rights as well as song rights.

Vikram Mehra: Now let us go back to the older music of ours. If a song was picturized on Dev Anand we do not have any rights on the original music video, the money is still being made by the person who owned the movie, which may be Shemaroo or Ultra. But the song is ours and if you want to create a video of yours, where Yash is appearing, singing song from our catalogue, the money comes to us. For Saregama, suppose on the song of ours “Mere Sapno Ki Rani Kab Aayegi Tu”, if we are making X number of views from our official channel on “Mere Sapno Ki Rani”, we may generate close to 3.5 to 4 times of the revenue from user-generated content where a user has uploaded his own video. So the revenue from the original Rajesh Khanna video may not come to us, but from all other uses comes to us. This includes someone using the words “Mere Sapno Ki Rani,” use of the music composition or anybody else singing the song any fashion or if the original song is attached to your video, all the money flows back to us.

Yash: Got it - this is very helpful. I had question something on the open magazine because nothing seems to be happening on that. In every quarter we see it to be a loss making venture. Anything on that open magazine front? The trend now is RPG group has acquired a new music app, is there any plans of Open today or something of that sort?

Vikram Mehra: At this juncture assume that Open magazine is a status quo. The losses should not go up, it is a very, very difficult market. So in the long run I will leave it to the promoter Mr. Goenka, but at this juncture assume that Open remains at the same state for some more time.



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- Yash:** Sure thank you Sir. I will come back in the question queue if I have any more questions.
- Moderator:** Thank you very much. We have a next question from the line of Dipan Mehta from Elixir Equities Private Limited. Please go ahead.
- Dipan Mehta:** Congratulations on a good set of numbers, in the beginning of presentation there was some one time **(audio cut) 50:08?**
- Vikram Mehra:** It is single digit of Crores.
- Dipan Mehta:** Second question is that any data point we have in terms of the market share of the new music to acquire in the last 12 months?
- Vikram Mehra:** I cannot get into those kinds of details. It is a very, competitive and sensitive information, but for us , both things are helping us. Remember what has changed in Saregama suddenly ? Why are the numbers looking that great - it is the same music of Lata Didi and Kishore Kumar? The newer content that we people have acquired across Bollywood, Tamil Cinema and now Gujarati and Bhojpuri is helping us out a lot and at the same time retro music is becoming increasingly more popular. So both the new and the old is contributing to our numbers
- Dipan Mehta:** I understand, but my point of view is how do you keep the freshness of the library alive, so if you have some big **(audio cut) 51:08?**
- Vikram Mehra:** Fair enough. If you have seen my corporate presentation we have stated out there, thenumber of songs we have by decades and the contribution to revenue andthe songs which have been acquired in the 21st century. The total number of songs which belong to 21st century is 30% of our overall catalog of 130000 songs and they contribute 31% to the overall revenue. You can see by decades we have given the data. You can surmise what is the share of the music of a decade to our total catalog both in terms of count and revenue.
- Dipan Mehta:** It is interesting information, another question you see investment of Rs.111 Crores - what is the investment on consolidated basis?
- Vineet Garg:** Investment in balance sheet, it is investment in subsidiary.
- Dipan Mehta:** Consolidated basis?
- Vineet Garg:** This is the investment in the group company.



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Dipan Mehta: Which group Sir?

Vineet Garf: CESC and Philips Carbon, etc.

Dipan Mehta: This is listed entity?

Vineet Garg: These are all listed entities

Dipan Mehta: The value of the library is **(inaudible) 52:52?**

Vineet Garg: Unfortunately, my entire music is charged off to P&L and it does not feature anywhere in the balance sheet.

Dipan Mehta: Fantastic Sir, thank you and all the best.

Moderator: Thank you very much. We have the next question from the line of Kush from Care PMS. Please go ahead.

Kush: My first question is on advertisement revenue. Considering we did not have any major new music acquisition or movies in this quarter, was ad spends related mainly to Carvaan?

Vikram Mehra: Advertising happens right now in three accounts,; new music , Carvaan and new films. In new music we have not done any major film acquisition, but the Gujarati and the Bhojpuri music that we people have released right now, all of them end up getting their own marketing. Carvaan had a minimal support, which is needed at any particular time,

Kush: Okay so you mentioned two movies that would be releasing in Q3, In October I think we have had two movie releases Comedy Couple and one more - so the revenue would be coming in Q3 right?

Vikram Mehra: Bahut Hua Samman revenue got factored in our books from last year's Q4 itself, Its in the interest of Yoodlee to build the equity for brand Yoodlee and that we also promote the fact that Yoodlee went out there and did this particular movie. It is for the purpose of brand building of Yoodlee - the studio, though the revenue has already been factored in the last year. So you can ask me if you hadn't advertised, would it have made any difference since no revenue was to come in. ? But the problem with the studio brand is that its a B2B brand and the end customer does not come to know very easily who has made the film. Hence it was important right now that whenever we are releasing a film we do some amount of publicity behind it to build brand Yoodlee



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- Kush:** Sure if you can share the percentage of online sales for Carvaan?
- Vikram Mehra:** I will not give you a percentage but since retail numbers have come down dramatically online share has gone up over the last two quarters.
- Kush:** Is that significant meaning above 10% or?
- Vikram Mehra:** It was above 10% even pre-COVID, post COVID the numbers have gone up substantially. But remember percentage is a very numerator-denominator game, the percentage of digital have gone up not because digital sales has gone through the roof, it is because retail has fallen dramatically, hence digital had gone up in an absolute number for us. But the bigger issue is that the retail sale is not happening at this moment, so once that sale starts coming back and retail shop starts opening up and customer starts walking in, digital numbers again as a percentage will start falling down.
- Kush:** Sure, and how was the response so far in the festival season for Carvaan in Dussehra, etc.?
- Vikram Mehra:** All I can tell you right now the numbers are there for you : we did 15K number in Q1, which has crossed up to 81K and you will not see any TV advertising happening out there. This is all coming out of the innate power of the brand Carvaan.
- Kush:** Okay and you mentioned about the web series also, so considering if we get license for any web series - would that mean web series will have 8, 10, 12 episodes, so that is equivalent revenue of four or five films - is that understanding correct?
- Vikram Mehra:** There are web series, which go out there for which per episode, you may end up generating Rs.2 Crores to Rs.3 Crores also. There are series that goes up to Rs.4 Crores and Rs.5 Crores per episode and there are web series that is happening at 50 lakhs too, so I will not be able to throw a generic number at you. Web series are typically done by all large studios, which have been there existing for 20, 30, even 50 years. We are slowly getting into that space, we have a reputation of doing great quality concept led films so we will get into series gradually., Chances are that the initial series maybe smaller budget series and as we deliver one or two series right now, we will get into larger budget, but the good part in series is that it is always guaranteed profit business.
- Kush:** Sure that is it. Thank you.
- Moderator:** Thank you very much. We have the next question from the line of Mayur Gathani from OHM Portfolio. Please go ahead.



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Mayur Gathani: Short-term question, but will you be able to maintain a margin of 35% - you were usually in the 11%, 12% range last year?

Vikram Mehra: It's 13% and not 12%. We have been touching 15% a year before that. Only last year because of Q4 retail network COVID-19 that the numbers fell down -. I think 35% is an unsustainable number; you are talking of a situation where you are not investing in future at all. If one decides right now that we have to milk the catalog and no investments need to happen in future this number tells you how much we can manage. If you further strip off the work on films and television, which also suffered because of COVID-19, especially the TV part, then the numbers were even better. The way you should read as it right now is : look at the numbers and say this is what this company can do just on the basis of the catalogue this company owns. If we keep on investing in future right now hopefully the overall revenues are going to become that much more. As a percentage the numbers may fall down, but the absolute profitability may go up.

Mayur Gathani: Let us say with the lesser sales of Carvaan and less business from the TV side, we can do better margin, right ? Of course at the same time putting money on content?

Vikram Mehra: All the businesses are spending for themselves, so a television business is important for us because its creating new IP through which we are making money on YouTube and Facebook. TV business on its own ended up making money for us last year and will again make money this year. It is just a question of TV being shut in April, May, June and most of July, hence we are seeing this part. This COVID-19 is hopefully a kind of situation is not going to happen every time.

Mayur Gathani: Okay got the point. Thank you very much.

Moderator: Thank you very much. We have the next question from the line of Biplab from Antique Stock Broking. Please go ahead.

Biplab: Sir just wanted to understand the competition in the new music launches: could you give us some idea like in last five years or even one year what would be the Saregama share be in new music launches?

Vikram Mehra: We have not been investing in new music, our investments are very low. Our strategy was very clear that we will invest in smaller films in the beginning, which started in 2017-2018. We were spending on movies which had one or two songs and a smaller star cast to ensure that we had our own marketing and monetization engine running properly. This is very important since majority of the money has to be made in the year one itself and if you do



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not have a very strong marketing setup within the company, on monetization then you will fail. So we used the first two years to do this. We also had a commitment both to investors and our promoter that we were not going to raise debt to invest in music. The existing catalog had to be refined to the extent that it can throw that much amount of cash that we can invest further. We are finally in the position where you would have seen a larger investment happening in 2021 itself, but many of the movies that were getting locked got pushed to the next year now.

Biplab: Sir basically going forward that 20% a year I saw in your presentation that 20% of new music would be Saregama's share in new music launches?

Vikram Mehra: As going forward the new music market roughly is anything between Rs.380 Crores to Rs.400 Crores, We want to go back and pick up at least 20% of that and we will see how it fares. If it works well we may come and tell you that we are increasing that number. If after trying it out for one two year, we believe that our assumptions are going wrong we will come and tell you that we are going to be reducing it.

Biplab: Okay and one final question : in traditional movies we know there is a benchmark for it to be determines if its hit or a flop ., In the case of OTT movies, is there any way of knowing whether you have fared very well in that in terms of how many views?

Vikram Mehra: Unfortunately, none of the platforms actually formally share that data. We only come to know on informal level – and that also the count never comes to us. The very nature of deals is that we do a fixed fee licensing deal with them - that is how platforms have been able to negotiate at this juncture, so it is all qualitative . The bigger benchmark is if the next film of ours that we are giving to them, can drive a higher valuation - it means the previous ones have done better.

Biplab: Okay so it is not kind of revenue sharing?

Vikram Mehra: Upside and downside both are theirs.

Biplab: Okay Sir that is all from me.

Moderator: Thank you very much. We have the next question from the line of Ayaz Motiwala from Nivalis Partners. Please go ahead.

Ayaz Motiwala: My question is in your presentation you talked about the music industry being worth about Rs.1500 Crores, going up to Rs.2000 Crores and the various constituents of that. with the



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biggest contributor now being the subscription services. Taking a reference from that would you be able to give us a sense on the music, which is monetized not by you internally and which you shared by decades, but what would be the recent decade contribution be in the industry which is currently between Rs.1500 Crores to Rs.2000 Crores ? to those industry revenues

Vikram Mehra:

That will be difficult to say, since I won't be able to get hold of that precise information. We had not had a very big play in the newer content all this time.. When I say newer content I mean Bollywood film content, and in that our share was on a lower side because we were not investing in that space at all. So I am unable to give you a very specific number here. That is sitting with my competition, not with us.

Ayaz Motiwala:

Let me share the reason why I would like to learn this. Your stated intent on trying to have a payback of about five years for the new purchases, is guided us to appreciate your purchase decisions and the science behind it. You mentioned that your new music purchases go beyond Bollywood into other regional languages, which can be estimated to be Rs.500 Crores of sales. In such a case if you want to link the payback to this I was trying to understand if the industry itself is only worth Rs.1500 Crores to Rs.2000 Crores. It clearly sounds that a lot of the music is either under monetized, which maybe you can throw light on? It is also a fear that we have as investors, of not understanding the subject or the purchase very clearly and that is where I bring up the question of recency. If recent music contributes a big part of the revenue of the industry ? Then you are on the track to make your three-year, five-year payback that you intend to? **Vikram Mehra:** To give you an idea right now, this decade rate that we are talking about – which is there as a part of the presentation - if I see that decades between 1961 to 1980 – in these two decades out of the total 130000 songs that Saregama owns, 26% of its songs belong to films that were released between 1961 and 1980, and are contributing 34% of my total revenue. My music licensing revenue last year was Rs.238 Crores, 34% of that came from the music, which was released between 1961 to 1980. Hopefully that will give you comfort right now that a great thing about music is the investment that you make in today, we may charge it after six years, but it has got a very long shelf life going in.

Ayaz Motiwala:

No. I appreciate that I was just trying to understand how this new investment is going to pan out?

Vikram Mehra:

The other data point I will give you, which is our internal benchmarks based on last few years' performance, is that the payback periods have to be a maximum five years. The music that we have acquired in the last three years, we are doing better than that. The other benchmark is that any album that we are releasing, 38% of the cost has to get recovered in



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the year 1 itself. That is a minimum number that we work with but usually the numbers are far higher than that.

Ayaz Motiwala: You change the write off norms on account of that, right Sir?

Vikram Mehra: Our write-off norms got changed because we were following both four years and 10 years writeoffs depending on the nature of the deal. Our earlier benchmark was that if we were buying a movie on a royalty basis then the advance of that was getting written off in four years, but if we were buying a movie outright, without any ongoing royalty, we were writing off the upfront payment in 10 years. . Most of the regional and non-film Hindi content that we people buy is without any ongoing royalty. Since we were increasing the play of the regional and non-film content, we were seeing that the content cost was getting written over 10 years. So we felt it is better that we have a uniform policy going within the company irrespective of the financial model under which the content is required. We should do what's right for the business rather than try to play around with the accounting policy. So we have now standardized the the writeoff to six years for all kind of music.

Ayaz Motiwala: Okay this is very helpful. Thank you very much.

Moderator: Thank you very much. We have the next question from the line of Jinesh Joshi from Prabhudas Lilladher. Please go ahead.

Jinesh Joshi: Thank you so much for the opportunity. I just have a couple of questions. The first on the A&P spends : now I understand that in this quarter obviously they were lower because of the lower sales of Carvaan, which you mentioned in the opening remarks, but if I look at FY2020 our consolidated number was approximately Rs.92 Crores to Rs.93 Crores and if I am not mistaken we sold approximately 740000 units of Carvaan. So now FY2021 might be a washout, but from a two-to three-year perspective if we were to achieve that kind of sales for Carvaan, how much of A&P spend would that require? Are we through the peak investment cycle as far as creating awareness is concerned or will we require similar kind of things?

Vikram Mehra: The advertising and sales promotion head, as I mentioned earlier is not just for Carvaan - it also includes all the new music marketing and the Yoodlee marketing that we people do. It also includes marketing for retro music, so it is a consolidated head that you are seeing and not jut a Carvaan head, Yes, you are right this year we have taken a conscious call because retail networks may not be open for majority of the time and there is no point investing in building up and opening new markets for Carvaan. Hence Carvaan marketing spends have taken a beating. It has also happened that no new music was getting released by us even



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that marketing had stopped, so the money that we are seeing right now constitutes of a little bit of Carvaan, little bit of retro music and some amount of Yoodlee marketing that we have done.

Jinesh Joshi: Okay but Sir going ahead now say for example in FY2022 especially for Carvaan will we require that kind of marketing spend and if you can just share out of this Rs.92 Crores, how much is specifically for Carvaan?

Vikram Mehra: I am not be able to share that information. What I gave you the comfort in the beginning is that Carvaan this year will break even and going forward we will invest in Carvaan the platform, but Carvaan is not going to get any subsidy from our side. There was never an intent to subsidize the Carvaan business last year. Just Q4 went in a way that nobody thought because of COVID hence we ended up incurring a loss. Carvaan will remain right now breakeven to a positive margin product and remember Carvaan's rub off on music licensing business is massive.

Jinesh Joshi: Secondly out of this Rs.200 Crores which we have envisaged to spend over the next three years is it possible to kind of share how much will it be for Bollywood and how much will it be for regional?

Vikram Mehra: Just imagine if any producer exactly knows what my budgets allocations are, it would become that much easier for them to start negotiating to get that much more.

Jinesh Joshi: Because our Hindi library, if I am not mistaken, is at about 25%. Majority of the music is either regional or devotional, so I just wanted to get a sense as to how much are we going to spend for the Bollywood music?

Vikram Mehra: Bollywood music will always be less in number but more in revenue because of the simple fact that Bollywood is the biggest film industry we have here, after that comes Telugu and Tamil and we have a play right now both on the Hindi side and the Tamil side. So you will see while the devotional songs are cheaper to make, the absolute returns of them are also lower compared to a Bollywood songs.

Jinesh Joshi: Got it Sir. Thanks a lot.

Moderator: Thank you very much. We have the next question from the line of Aditya Nahar from Alpana Enterprises. Please go ahead.



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Aditya Nahar: Congratulations for a great performance to you and your entire team. Two questions Vikram, one is on the fact that KD has gone for the rights of Hindi remake. Just want to understand how does the terms of trade work? What is the logic behind it and how does the entire cycle work for you - that is the first question. The second question is the sales and advertising expenses in the consolidated and standalone number : is almost Rs.14 Crores in the consolidated and about Rs.7 Crores in the standalone approximately I am just wondering why this such a large difference in the two?

Vikram Mehra: I will try to answer the first one and allow Vineet my CFO to take the second one. On the KD specifically that you are asking about how much the rights went for. I think what it tells you that licensing to a digital platform is just one window in which we people monetize. Till now the majority of films have been monetized only on the digital window. We are now going in the market to find alternate windows , which means additional sources of revenue. One of our movies is going to get licensed to a TV channel. Hopefully that deal should happen in Q3 itself, which means the TV window is also opening up, otherwise TV typically ends up taking only big budget Bollywood films. They do not end up taking smaller budget films but that window is opening up. Remake rights are another window, which is opening up. Now remake rights for each movie varies . You may make a the remake yourself if you are very bullish on the story, Else you sell the remake right at a low upfront, but keep a share of the revenue that the remake will make. Other option is to charge high upfront and sell off the rights without any future royalties. In all cases, the remake rights of other languages, prequel and sequel stay with you. .

Aditya Nahar: Absolutely.

Vineet Garg: Now you askede why is there a big difference in the advertising and sales expense between standalone and consolidated. Actually these are the film transactions that happen between the subsidiary, so a couple of transactions happened for international subsidiary and one for Indian subsidiary and thus consolidated gets knocked off, hence the reason for the difference

Aditya Nahar: You are saying one is for the international subsidiary and one is for the domestic subsidiary?

Vineet Garg: Indian subsidiary.

Aditya Nahar: Okay great. Thank you so much.



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Moderator: Thank you. We have a next question from the line of Ankit Kedia from Phillip Capital. Please go ahead.

Ankit Kedia: Sir just want you to understand on the TV segment very less has been discussed when you said you make content for Sun TV. Now Sun TV has the Sun NXT App who deal with Telcos and the same content is being shown to Telcos. They also have a deal with Reliance where they are selling their programming there. Do we have a play there or is it that when we produce for them all the rights are passed down to Sun TV and only the YouTube rights are with us to monetize?

Vikram Mehra: You are asking me very, very specific question. The IP of the series is sitting with us for all the content we have produced for Sun TV, which is 6000 plus hours, which means we can put this up on YouTube or a Facebook or a TikTok or a ShareChat or a Malaysian platform or a platform in Kenya - all those rights are sitting with us. With specific to Sun NXT we have given them the rights to Sun that the content can also sit as a part of Sun NXT.

Ankit Kedia: Sure I think that is helpful, but do not you think now, when we are producing the **(inaudible) 1:17:34** since they can monetize in turn on Sun NXT and sell Sun NXT to multiple platforms then the IP ownership with us has little meaning - because I can install the Sun NXT app and then see the same content everywhere?

Vikram Mehra: I am not going to dispute what you are saying We have derived our profitability from the money that we make by putting the program on Sun TV itself - everything else we are making is additional money coming in. We do not justify our investment based on the additional source. Our TV business is profitable on its own through that television channel itself; digital is over and above that.

Ankit Kedia: But given the current nature of digitization going forward do not you think this business model should also be tweaked a bit so that we get the long-term benefit of digitization as well?

Vikram Mehra: You are right, but this is all about what kind of business negotiations can you have. With Sun TV at this juncture the majority of the producers they are working with are on a commission model, which means IP is fully retained by Sun TV. Saregama is one of a very, few producers who have refused to work on commission model and are working on an IP based model and have held on to that position.

Ankit Kedia: No worries. I understand. Thank you so much that is very helpful.



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Moderator: Thank you very much. We have a next question from the line of Amit Kumar. Please go ahead.

Amit Kumar: Thank you so much for the opportunity. I just had a two-part question. The first one was what kind of deal did you have with TikTok and what is the status of that currently given that they are banned in India, but they are still operating in a few countries like US, etc., They might be using our content and the second bit was that because this was not an orderly wind- down : in the sense that one fine day the government just shut it down : are there any sort of receivable position you have with them in terms of your past accruals of revenue bookings from them and what is the status of those receivables?

Vikram Mehra: I cannot comment on specific TikTok deals as it would be unfair to TikTok also, all we can tell you we have no receivables from them.

Amit Kumar: I am trying to understand that they would they be taking your content primarily for the Indian market but also for international markets Are you still booking some revenues from them?

Vikram Mehra: Our current deal is still on and we have no receivables.

Amit Kumar: But then what happens because they are not doing any business in India, which I presume would be the major driver of deal between you and TikTok . Has that deal been renegotiated?

Vikram Mehra: We cannot discuss specific deals with Saregama.

Amit Kumar: No I am not asking the specifics. I am only basically asking if there sort of renegotiation to the terms of the deal, I do not need to know the terms of the deal at all?

Vikram Mehra: Right now we are not discussing individual company deals of ours In general with TikTok not being available in India, - there have been a large number of new video sharing apps that have come up. ShareChat and Moj are few of them. There are also Triller and Josh. There are multiple of these coming into the market, which gives a great opportunity to label like us to issue them music licenses.

Amit Kumar: Alright okay thank you that is it from my end.

Moderator: Thank you very much. We have next question from the line of Ankit Gupta from Bamboo Capital. Please go ahead.



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Ankit Gupta: Just wanted to understand the new music market currently is around Rs.380 Crores to Rs.400 Crores per year - so what has been the growth rate for this market over the past four or five years. Let us say in FY2015-FY2016 what was the size of the market?

Vikram Mehra: I will have to find out but the cost has not gone up substantially because the number of players who are acquiring music are not that many. There are very few, and the entry barriers in an industry like this are massive, so it is not easy for a new guy to suddenly turn into a big music label. On the big music label side there is just a handful and it is difficult for anybody else to come in because of simple maths : a movie has got typically five songs. If you end up buying 100 movies rights, you get 500 songs in an year, do it for a decade you get 5000 songs, you do it across five different languages to make 25000 songs, you need to be playing this game for 50 years to come in anywhere close to Saregama. So it is not a market where anybody can just jump in unless you acquire some other label. So with number of players acquiring new film music being that few, the prices have not gone through the roof -

Ankit Gupta: Because what I am trying to understand is that producers also understand that the way the monetization of this music is happening and the way the streaming apps and the YouTube have penetrated our lives, the way in which this new music can be monetized and how its increased substantially over the years. We have seen that the piracy has come down substantially globally, so just trying to understand whether they have also increased their cost and there is competition among players to acquire this music?

Vikram Mehra: It's a typical buyer seller negotiation. If the seller believes that the buyer can monetize it in a massive way they will try to increase the price, if seller jacks up the price too much there will be no buyer left in the market. The comfort I am giving you is that we are working on a payback for five years and if we believe payback of five years is not happening we are open to go back and slow down once again.

Ankit Gupta: Okay. Thank you so much that was helpful.

Moderator: Thank you very much that was the last question. I now hand the conference over to the management for closing comments. Over to you!

Vikram Mehra: Thank you guys, a lot of questions this time and I am happy to see that a lot of you have belief in us. I am just going to repeat some of the points I made in my opening statement. As digitization increases in India, it gives great opportunity for a company like Saregama to monetize its content IP of 130000 songs, over 59 movies, 6000 hours of TV content. We are in the unique position, that no other company in India has, with such a large



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entertainment IP catalog. We expect our licensing business this year to be growing at 18% to 20% this year and from next year onwards, once the COVID impact is completely off, go back to 22% to 25% growth year-on-year. We will continue with our investments in new music Hindi, Tamil, Bhojpuri, Gujarati, and Punjabi primarily. Some of these songs are going to get released in Q3 and Q4 onwards especially the regional content, which means when you are looking at Q3, Q4 please keep that in mind that there will be content cost coming in because that is the only way we can keep this company growing in a sustainable basis. We will continue our very cautious approach towards Carvaan. We will keep on following the wait-and watch policy to see whether the market has fully revived or not and till that time our spends are going to be minimal. We will be managing our breakeven during the year on Carvaan. On the film side we continue following a broad principle that at least 60% to 70% of the films that we are producing have to be presold - that means even before we start working on the film there is somebody who has agreed to become the buyer of it. Our exposure will be limited only to 20% to 30% of the films that we are making on our own. We believe we will be able to grow the films business anything between 15% and 20% on year-on-year basis. On the television side things will come back to the last financial year status. At any particular time there will be two to three serials on Sun TV: right now we have two and a third serial will be going on air in the third quarter. Overall, we are bullish on the stay-at-home phenomena and the resulting digitization and the resulting content consumption, which means Saregama, will have a big play in the India of tomorrow. Thanks a lot. Look forward to hearing from you guys end of Q3.

Moderator:

Thank you very much Sir. Participant on behalf of ICICI Securities that concludes today's conference call. Thank you for joining us and you may now disconnect your lines.