



is pleased to invite you to the

Q2FY23 Results Conference Call

of

Saregama India Ltd

Represented by

Mr. Vikram Mehra, Managing Director

Mr. Pankaj Chaturvedi, CFO

Mr. BL Chandak, Executive Director

Mr. Saket Sah, Head - Investor Relations

Mr. Pankaj Kedia, Vice President - Investor Relations

on

Tuesday, November 1, 2022

at 16:00 hrs India Time

Diamond Pass registration link:

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Call Co-ordinator

Mr. Bhupendra Tiwary: +91 9619147052, e-mail: bhupendra.tiwary@icicisecurities.com

For any clarification, please contact:

Mr. Rushad Kapadia: Phone: +91 22 6807 7334, e-mail: rushad.kapadia@icicisecurities.com

Ms. Divya Purohit: Phone: +91 22 6807 7454, e-mail: divya.purohit@icicisecurities.com

Ms. Seema Sehgal: Phone: +91 11 4221 8511, e-mail: seema.sehgal@icicisecurities.com

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

(Rs. in Lakhs)

Statement of Consolidated Financial Results for the Three Months and Six Months Ended 30 September 2022

Sl. No.	Particulars	3 Months ended 30 September 2022 (Unaudited)	3 Months ended 30 June 2022 (Unaudited)	3 Months ended 30 September 2021 (Unaudited)	6 Months ended 30 September 2022 (Unaudited)	6 Months ended 30 September 2021 (Unaudited)	Year ended 31 March 2022 (Audited)
1	Income						
	(a) Revenue from operations	18,916	16,930	14,509	35,846	25,005	58,063
	(b) Other income	1,138	985	515	2,123	795	3,491
	Total Income	20,054	17,915	15,024	37,969	25,800	61,554
2	Expenses						
	(a) Operational cost*	5,349	4,986	3,411	10,335	4,907	14,311
	(b) Employee benefits expense	2,223	1,868	2,075	4,091	3,750	7,345
	(c) Finance costs	131	140	141	271	209	452
	(d) Depreciation and amortisation expense	456	410	276	866	506	1,310
	(e) Advertisement and sales promotion	1,832	1,716	1,371	3,548	2,210	5,205
	(f) Royalty expense	1,509	1,253	1,764	2,762	3,206	6,314
	(g) Other expenses	2,350	1,965	1,453	4,315	2,800	6,176
	Total Expenses	13,850	12,338	10,491	26,188	17,588	41,113
3	Profit before exceptional items and tax (1-2)	6,204	5,577	4,533	11,781	8,212	20,441
4	Exceptional Items	-	-	-	-	-	-
5	Profit before tax (3-4)	6,204	5,577	4,533	11,781	8,212	20,441
6	Tax Expense						
	(a) Current Tax	1,711	1,440	1,171	3,151	2,145	5,027
	(b) Deferred Tax (net)	(118)	(6)	(18)	(124)	(46)	149
	Total tax expense	1,593	1,434	1,153	3,027	2,099	5,176
7	Profit for the period (5-6)	4,611	4,143	3,380	8,754	6,113	15,265
8	Other Comprehensive Income (net of taxes)						
	(a) Items that will be reclassified to profit or loss	112	(18)	7	94	11	26
	(b) Items that will not be reclassified to profit or loss	943	(992)	3,532	(49)	7,359	3,817
	Total other comprehensive income	1,055	(1,010)	3,539	45	7,370	3,843
9	Total comprehensive income for the period (7+8)	5,666	3,133	6,919	8,799	13,483	19,108
10	Profit for the period attributable to:						
	(a) Owner of the Company	4,607	4,141	3,380	8,748	6,099	15,260
	(b) Non-controlling Interest**	4	2	0	6	14	5
11	Other Comprehensive Income for the period attributable to:						
	(a) Owner of the Company	1,026	(1,006)	3,536	20	7,366	3,838
	(b) Non-controlling Interest	29	(4)	3	25	4	5
12	Total Comprehensive Income for the period attributable to:						
	(a) Owner of the Company	5,633	3,135	6,916	8,768	13,465	19,098
	(b) Non-controlling Interest	33	(2)	3	31	18	10
13	Paid-up Equity Share Capital (Face Value of Re.1/- each) (Refer Note 2)	1,928	1,928	1,743	1,928	1,743	1,928
14	Other equity						1,35,842
15	Earnings Per Share (Face Value Re.1/- each): # (Refer Note 2)						
	(a) Basic (Rs.)	2.39	2.15	1.95	4.54	3.52	8.43
	(b) Diluted (Rs.)	2.39	2.15	1.94	4.54	3.51	8.42

*Includes media content cost, contract manufacturing charges and cost of production of films, television serials and events.

**Represents value of less than Rs. 0.50 Lakh.

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

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(Rs. in Lakhs)

Consolidated Segment wise Revenue, Results, Assets and Liabilities for the Three Months and Six Months Ended 30 September 2022

Sl. No.	Particulars	3 Months ended 30 September 2022 (Unaudited)	3 Months ended 30 June 2022 (Unaudited)	3 Months ended 30 September 2021 (Unaudited)	6 Months ended 30 September 2022 (Unaudited)	6 Months ended 30 September 2021 (Unaudited)	Year ended 31 March 2022 (Audited)
1	Segment Revenue						
	(a) Music	15,090	12,742	12,158	27,832	21,338	47,381
	(b) Films, Television serials and Events	3,408	3,862	2,235	7,270	3,428	10,239
	(c) Publication	418	326	116	744	239	443
	Total Segment Revenue	18,916	16,930	14,509	35,846	25,005	58,063
	Less: Inter Segment Revenue	-	-	-	-	-	-
	Total Revenue from Operations	18,916	16,930	14,509	35,846	25,005	58,063
2	Segment Results						
	(a) Music	6,697	6,048	5,675	12,745	10,318	22,519
	(b) Films, Television serials and Events	27	93	321	120	427	1,491
	(c) Publication	(40)	(37)	(334)	(77)	(615)	(1,177)
	Total	6,684	6,104	5,662	12,788	10,130	22,833
	Less:						
	(a) Finance costs	131	140	141	271	209	452
	(b) Other unallocable expenditure net of unallocable income	349	387	988	736	1,709	1,940
	Total Profit Before Tax	6,204	5,577	4,533	11,781	8,212	20,441
3	Segment Assets						
	(a) Music	58,186	54,412	45,519	58,186	45,519	50,398
	(b) Films, Television serials and Events	13,874	12,100	6,715	13,874	6,715	11,077
	(c) Publication	579	553	560	579	560	528
	(d) Unallocated	1,14,066	1,03,595	38,858	1,14,066	38,858	1,06,784
	Total Segment Assets	1,86,705	1,70,660	91,652	1,86,705	91,652	1,68,787
4	Segment Liabilities						
	(a) Music	30,695	19,601	18,186	30,695	18,186	20,404
	(b) Films, Television serials and Events	2,515	2,703	1,050	2,515	1,050	2,757
	(c) Publication	424	358	354	424	354	296
	(d) Unallocated	6,890	6,760	7,358	6,890	7,358	7,237
	Total Segment Liabilities	40,524	29,422	26,948	40,524	26,948	30,694

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(Rs. in Lakhs)			
Consolidated Statement of Assets and Liabilities			
Sl. No.	Particulars	As at 30 September 2022 (Unaudited)	As at 31 March 2022 (Audited)
	ASSETS		
1	Non-current assets		
	(a) Property, plant and equipment	21,403	21,411
	(b) Right-of-use assets	155	126
	(c) Investment properties	217	219
	(d) Intangible assets	7,746	6,017
	(e) Intangible assets under development	263	175
	(f) Financial assets		
	(i) Investments	14,476	14,528
	(ii) Other financial assets	240	197
	(g) Other non-current assets	4,515	2,916
	Total non-current assets	49,015	45,589
2	Current assets		
	(a) Inventories	14,113	10,544
	(b) Financial assets		
	(i) Investment	43,789	53,076
	(ii) Trade receivables	11,871	10,780
	(iii) Cash and cash equivalents	5,753	15,273
	(iv) Bank balances other than (iii) above	43,700	17,101
	(v) Loans	2,621	2,282
	(vi) Other financial assets	3,247	793
	(c) Current tax assets (net)	1,822	2,567
	(d) Other current assets	10,774	10,782
	Total current assets	1,37,690	1,23,198
	TOTAL ASSETS	1,86,705	1,68,787
	EQUITY AND LIABILITIES		
1	Equity		
	(a) Equity share capital	1,928	1,928
	(b) Other equity	1,43,899	1,35,842
	Equity Attributable to Owners of the Company	1,45,827	1,37,770
	Non-controlling interest	354	323
	Total Equity	1,46,181	1,38,093
2	Liabilities		
	Non-current liabilities		
	(a) Financial liabilities		
	(i) Lease liabilities	67	71
	(b) Employee benefit obligations	432	419
	(c) Deferred tax liabilities (net)	5,483	5,616
	Total non-current liabilities	5,982	6,106
3	Current liabilities		
	(a) Financial liabilities		
	(i) Lease liabilities	95	59
	(ii) Trade payables		
	a) Total outstanding dues of micro enterprises and small enterprises	39	1
	b) Total outstanding dues of creditors other than micro enterprises and small enterprises	6,299	6,452
	(iii) Other financial liabilities	4,750	4,306
	(b) Other current liabilities	14,863	4,661
	(c) Provisions	8,412	9,018
	(d) Employee benefit obligations	81	78
	(e) Current tax liabilities (net)	3	13
	Total current liabilities	34,542	24,588
	Total liabilities	40,524	30,694
	TOTAL EQUITY AND LIABILITIES	1,86,705	1,68,787

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(Rs. in Lakhs)

Consolidated Statement of Cash Flows				
Sl. No.	Particulars	6 Months ended 30 September 2022		6 Months ended 30 September 2021
		(Unaudited)		(Unaudited)
	Profit Before Tax		11,781	8,212
A.	Cash Flow from Operating Activities			
	Adjustments for:			
	Depreciation and amortisation expense	866		506
	Allowance for expected credit loss / provision for doubtful advances	790		5
	Finance costs	271		209
	Liabilities/Provisions no longer required written back	(1)		(2)
	Interest income	(855)		(584)
	Share based payment expense	37		45
	Bad debts/advances written off*	0		-
	Profit on sale of Investment in Mutual Fund	(751)		(25)
	Fair value gain on Mutual Fund at FVTPL	(308)		-
	Net loss on unrealised foreign currency transactions/ translation	22		3
			71	157
	Operating profit before Working Capital Changes		11,852	8,369
	Adjustments for:			
	Increase in Other current assets, Loans, Other non-current assets, Other financial assets	(2,754)		(3,382)
	Increase in Other financial liabilities, Provisions, Other current liabilities	9,961		2,156
	Decrease in Trade payables	(115)		(139)
	Decrease in Employee benefit obligations	(3)		(24)
	Increase in Trade receivables	(1,903)		(252)
	Increase in Inventories	(3,570)		(1,830)
			1,616	(3,471)
	Cash generated from operations		13,468	4,898
	Income taxes paid (net of refund)		(2,404)	(2,122)
	Net cash generated from Operating Activities (A)		11,064	2,776
B.	Cash Flow from Investing Activities			
	Purchase of Property, plant and equipment and intangible assets	(4,229)		(1,534)
	Interest received	679		145
	Investment in Mutual Funds	(37,014)		-
	Proceeds from sale of Investment in Mutual Funds	47,360		2,541
	Fixed deposits placed with banks (with remaining maturity more than 3 months)	(26,648)		(483)
	Net cash (used in) / generated from Investing Activities (B)		(19,852)	669
C.	Cash Flow from Financing Activities			
	Proceeds from issue of shares*	-		0
	Share premium received on issue of shares	-		5
	(Purchase)/Sale of Investment by Saregama Welfare Trust (Treasury Shares) (net)	(743)		258
	Repayment of principal portion of lease liabilities	(44)		(17)
	Interest paid on lease liabilities	(9)		(5)
	Interest paid on others	(12)		(8)
	Net cash (used in) / generated from Financing Activities (C)		(808)	233
	Net (decrease) / increase in cash and cash equivalents (A+B+C)		(9,596)	3,678
	Cash and Cash Equivalents at the beginning of the period		15,273	1,113
	Effect of exchange rate changes		76	11
	Cash and Cash Equivalents at the end of the period		5,753	4,802

*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 2022 have been reviewed and recommended by the Audit Committee in their meeting held on 31 October 2022 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 2022.
2	Pursuant to the Special Resolution passed by the Shareholders of the Parent Company by way of Postal Ballot through electronic means on 31 March 2022, the Parent Company has sub-divided its equity share of face value of Rs.10/- (Rs. Ten only) each fully paid up, into 10 (Ten) equity shares of face value Re.1/- (Rupee One only) each fully paid-up, effective from 28 April 2022. Hence, shares have now been adjusted on account of sub-division of share done by the Parent Company. This has been considered for calculating weighted average number of equity shares for all periods presented, as per Ind AS 33- Earnings Per Share.
3	The Consolidated financial results are prepared in accordance with the principles and procedures as set out in Ind AS 110, notified by Ministry of Corporate Affairs. The consolidated financial results of the Company include its seven 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, Digidrive Distributors Limited and Saregama Inc. (Step-down subsidiary of Saregama India 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.
4	<p>Based on the guiding principles given in Ind AS 108 on "Operating Segments", the Group's business activity falls within three operating segments, namely:</p> <p>(a) Music (b) Films, Television serials and Events (c) Publication</p> <p>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 2022, 30 June 2022, 30 September 2021 and 31 March 2022. Unallocable corporate assets less unallocable corporate liabilities mainly represent investment of surplus funds and cash and bank balances.</p>
5	In view of pandemic relating to COVID – 19, the Group has considered internal and external information available up to the date of approval of these consolidated financial results and has performed analysis 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 does not anticipate any material impact on these consolidated financial results. However, the actual impact of COVID – 19 on the Group's financial results may differ from that estimated and the Group will continue to closely monitor any material changes to future economic conditions.
6	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 .
	<p>For and on behalf of the Board of Directors of Saregama India Limited</p> <div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div> <p>Kolkata 31 October 2022</p> </div> <div style="text-align: right;"> <p>VIKRAM MEHRA</p> <p>Digitally signed by VIKRAM MEHRA Date: 2022.10.31 12:27:08 +05'30'</p> <p>Vikram Mehra Managing Director DIN: 03556680</p> </div> </div>

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(Rs. in Lakhs)

Statement of Standalone Financial Results for the Three Months and Six Months Ended 30 September 2022

Sl. No.	Particulars	3 Months ended 30 September 2022 (Unaudited)	3 Months ended 30 June 2022 (Unaudited)	3 Months ended 30 September 2021 (Unaudited)	6 Months ended 30 September 2022 (Unaudited)	6 Months ended 30 September 2021 (Unaudited)	Year ended 31 March 2022 (Audited)
1	Income						
	(a) Revenue from operations	16,421	14,786	14,213	31,207	24,436	56,831
	(b) Other income	1,152	978	519	2,130	801	3,341
	Total Income	17,573	15,764	14,732	33,337	25,237	60,172
2	Expenses						
	(a) Operational cost*	3,536	3,322	3,319	6,858	4,779	14,053
	(b) Employee benefits expense	1,889	1,589	1,711	3,478	3,066	6,108
	(c) Finance costs	129	138	141	267	209	451
	(d) Depreciation and amortisation expense	446	399	274	845	502	1,302
	(e) Advertisement and sales promotion	1,721	1,637	1,715	3,358	2,732	6,197
	(f) Royalty expense	1,509	1,253	1,764	2,762	3,206	6,320
	(g) Other expenses	2,135	1,838	1,330	3,973	2,556	5,542
	Total Expenses	11,365	10,176	10,254	21,541	17,050	39,973
3	Profit before exceptional items and tax (1-2)	6,208	5,588	4,478	11,796	8,187	20,199
4	Exceptional Items	-	-	-	-	-	-
5	Profit before tax (3-4)	6,208	5,588	4,478	11,796	8,187	20,199
6	Tax Expense						
	(a) Current Tax	1,711	1,441	1,171	3,152	2,145	4,986
	(b) Deferred Tax (net)	(125)	(14)	(18)	(139)	(46)	171
	Total tax expense	1,586	1,427	1,153	3,013	2,099	5,157
7	Profit for the period (5-6)	4,622	4,161	3,325	8,783	6,088	15,042
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	941	(993)	2,879	(52)	6,135	3,215
	Total other comprehensive income	941	(993)	2,879	(52)	6,135	3,215
9	Total comprehensive income for the period (7+8)	5,563	3,168	6,204	8,731	12,223	18,257
10	Paid-up Equity Share Capital (Face Value of Re.1/- each) (Refer Note 2)	1,928	1,928	1,743	1,928	1,743	1,928
11	Other equity						1,35,255
12	Earnings Per Share (Face Value Re.1/- each): # (Refer Note 2)						
	(a) Basic (Rs.)	2.40	2.16	1.91	4.56	3.51	8.31
	(b) Diluted (Rs.)	2.40	2.16	1.91	4.56	3.50	8.30

*Includes media content cost, contract manufacturing charges and cost of production of films, television serials and events.
#Figures for three months and six months are not annualised.

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(Rs. in Lakhs)

Standalone Segment wise Revenue, Results, Assets and Liabilities for the Three Months and Six Months Ended 30 September 2022

Sl. No.	Particulars	3 Months ended 30 September 2022 (Unaudited)	3 Months ended 30 June 2022 (Unaudited)	3 Months ended 30 September 2021 (Unaudited)	6 Months ended 30 September 2022 (Unaudited)	6 Months ended 30 September 2021 (Unaudited)	Year ended 31 March 2022 (Audited)
1	Segment Revenue						
	(a) Music	14,889	12,620	11,978	27,509	21,008	46,592
	(b) Films, Television serials and Events	1,532	2,166	2,235	3,698	3,428	10,239
	Total segment revenue	16,421	14,786	14,213	31,207	24,436	56,831
	Less: Inter Segment Revenue	-	-	-	-	-	-
	Total Revenue from Operations	16,421	14,786	14,213	31,207	24,436	56,831
2	Segment Results						
	(a) Music	6,830	6,087	5,280	12,917	9,669	21,082
	(b) Films, Television serials and Events	(122)	7	321	(115)	427	1,491
	Total	6,708	6,094	5,601	12,802	10,096	22,573
	Less:						
	(a) Finance costs	129	138	141	267	209	451
	(b) Other unallocable expenditure net of unallocable income	371	368	982	739	1,700	1,923
	Total Profit Before Tax	6,208	5,588	4,478	11,796	8,187	20,199
3	Segment Assets						
	(a) Music	59,671	55,963	44,984	59,671	44,984	49,828
	(b) Films, Television serials and Events	13,187	11,413	6,715	13,187	6,715	11,077
	(c) Unallocated	1,11,633	1,01,158	37,537	1,11,633	37,537	1,06,251
	Total Segment Assets	1,84,491	1,68,534	89,236	1,84,491	89,236	1,67,156
4	Segment Liabilities						
	(a) Music	30,432	19,248	17,613	30,432	17,613	19,978
	(b) Films, Television serials and Events	1,944	2,132	1,050	1,944	1,050	2,757
	(c) Unallocated	6,911	6,790	7,067	6,911	7,067	7,238
	Total Segment Liabilities	39,287	28,170	25,730	39,287	25,730	29,973

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(Rs. in Lakhs)

Standalone Statement of Assets and Liabilities			
Sl. No.	Particulars	As at 30 September 2022	As at 31 March 2022
		(Unaudited)	(Audited)
	ASSETS		
1	Non-current assets		
	(a) Property, plant and equipment	21,390	21,398
	(b) Right-of-use assets	96	126
	(c) Investment properties	217	219
	(d) Intangible assets	7,745	6,013
	(e) Intangible assets under development	263	175
	(f) Financial assets		
	(i) Investments	16,342	16,394
	(ii) Other financial assets	240	195
	(g) Other non-current assets	4,515	2,916
	Total non-current assets	50,808	47,436
2	Current assets		
	(a) Inventories	13,894	10,317
	(b) Financial assets		
	(i) Investments	41,226	50,571
	(ii) Trade receivables	11,820	10,751
	(iii) Cash and cash equivalents	3,625	14,706
	(iv) Bank balances other than (iii) above	43,700	17,101
	(v) Loans	2,727	2,385
	(vi) Other financial assets	3,293	787
	(c) Current tax assets (net)	1,715	2,516
	(d) Other current assets	11,683	10,586
	Total current assets	1,33,683	1,19,720
	TOTAL ASSETS	1,84,491	1,67,156
	EQUITY AND LIABILITIES		
1	Equity		
	(a) Equity share capital	1,928	1,928
	(b) Other equity	1,43,276	1,35,255
	Total Equity	1,45,204	1,37,183
2	Liabilities		
	Non-current liabilities		
	(a) Financial liabilities		
	(i) Lease liabilities	39	71
	(b) Employee benefit obligations	380	367
	(c) Deferred tax liabilities (net)	5,507	5,655
	Total non-current liabilities	5,926	6,093
3	Current liabilities		
	(a) Financial liabilities		
	(i) Lease liabilities	62	59
	(ii) Trade payables		
	a) Total outstanding dues of micro enterprises and small enterprises	39	1
	b) Total outstanding dues of creditors other than micro enterprises and small enterprises	6,088	6,163
	(iii) Other financial liabilities	4,171	4,090
	(b) Other current liabilities	14,524	4,493
	(c) Provisions	8,403	9,003
	(d) Employee benefit obligations	74	71
	Total current liabilities	33,361	23,880
	Total liabilities	39,287	29,973
	TOTAL EQUITY AND LIABILITIES	1,84,491	1,67,156

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

(Rs. in Lakhs)

Standalone Statement of Cash Flows

Sl. No.	Particulars	6 Months ended 30 September 2022 (Unaudited)		6 Months ended 30 September 2021 (Unaudited)	
	Profit Before Tax		11,796		8,187
A.	Cash Flow from Operating Activities				
	Adjustments for:				
	Depreciation and amortisation expense	845		502	
	Allowance for expected credit loss / provision for doubtful advances	846		16	
	Finance costs	267		209	
	Liabilities/Provisions no longer required written back	-		(2)	
	Interest income	(910)		(593)	
	Share based payment expense	37		45	
	Bad debts/advances written off*	0		-	
	Profit on sale of Investment in Mutual Fund	(751)		(25)	
	Fair value gain on Mutual Fund at FVTPL	(251)		-	
	Net loss on unrealised foreign currency transactions	3		3	
			86		155
	Operating profit before Working Capital Changes		11,882		8,342
	Adjustments for:				
	Increase in Other current assets, Loans, Other non-current assets, Other financial assets	(3,855)		(3,391)	
	Increase in Other financial liabilities, Provisions, Other current liabilities	9,432		2,085	
	Decrease in Trade payables	(37)		(149)	
	Decrease in Employee benefit obligations	(8)		(24)	
	Increase in Trade receivables	(1,927)		(175)	
	Increase in Inventories	(3,577)		(1,892)	
			28		(3,546)
	Cash generated from operations		11,910		4,796
	Income taxes paid (net of refund)		(2,351)		(2,100)
	Net cash generated from Operating Activities (A)		9,559		2,696
B.	Cash Flow from Investing Activities				
	Purchase of Property, plant and equipment and intangible assets	(4,227)		(1,525)	
	Interest received	679		145	
	Loan to subsidiary companies (net)	-		(9)	
	Investment in Mutual Funds	(37,014)		-	
	Proceeds from sale of Investment in Mutual Funds	47,360		2,541	
	Fixed deposits placed with banks (with remaining maturity more than 3 months)	(26,648)		(483)	
	Net cash (used in) / generated from Investing Activities (B)		(19,850)		669
C.	Cash Flow from Financing Activities				
	Proceeds from issue of shares*	-		0	
	Share premium received on issue of shares	-		5	
	(Purchase)/Sale of Investment by Saregama Welfare Trust (Treasury Shares) (net)	(743)		258	
	Repayment of principal portion of lease liabilities	(29)		(17)	
	Interest paid on lease liabilities	(6)		(5)	
	Interest paid on others	(12)		(8)	
	Net cash (used in) / generated from Financing Activities (C)		(790)		233
	Net (decrease) / increase in cash and cash equivalents (A+B+C)		(11,081)		3,598
	Cash and Cash Equivalents at the beginning of the period		14,706		630
	Cash and Cash Equivalents at the end of the period		3,625		4,228

*Represents value of less than Rs. 0.50 Lakh.

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 2022 have been reviewed and recommended by the Audit Committee in their meeting held on 31 October 2022 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 2022.
- 2 Pursuant to the Special Resolution passed by the Shareholders of the Company by way of Postal Ballot through electronic means on 31 March 2022, the Company has sub-divided its equity share of face value of Rs.10/- (Rs. Ten only) each fully paid up, into 10 (Ten) equity shares of face value Re.1/- (Rupee One only) each fully paid-up, effective from 28 April 2022. Hence, shares have now been adjusted on account of sub-division of share done by the Company. This has also been considered for calculating weighted average number of equity shares for all periods presented, as per Ind AS 33- Earnings Per Share.
- 3 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 of face value Rs.10/- each (relating to cases under litigation / pending clearance from concerned authorities) were in abeyance till 30 September 2022. These shares have now been adjusted on account of sub-division of share done by Company as explained in note 2 above.
- 4 In order to lay specific focus on the e-commerce distribution business of the Company alongwith identified non-core assets (including investment(s) in publication business) and other activities and/ or arrangements incidental or relating thereto, the Board of the Directors of the Company at its meeting held on 30 March 2022 approved, subject to necessary approvals, Scheme of Arrangement between the Company and Digidrive Distributors Limited, a wholly owned subsidiary ("Resulting Company") and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Act") ("Scheme") which inter alia provides for the demerger, transfer and vesting of the Demerged Undertaking (as defined in the Scheme) from the Company into the Resulting Company, on a going concern basis. The appointed date being 1 April 2022. Upon implementation of the Scheme, each shareholder of the Company would be entitled to fully paid shares of the respective companies in the ratio set out in the Scheme. Necessary accounting effect of the Scheme will be given in due course, upon receipt of the requisite approvals.
- 5 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 and Events
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 2022, 30 June 2022, 30 September 2021 and 31 March 2022. Unallocable corporate assets less unallocable corporate liabilities mainly represent investment of surplus funds and cash and bank balances.
- 6 In view of pandemic relating to COVID – 19, the Company has considered internal and external information available up to the date of approval of these standalone financial results and has performed analysis 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 does not anticipate any material impact on these standalone financial results. However, the actual impact of COVID – 19 on the Company's financial results may differ from that estimated and the Company will continue to closely monitor any material changes to future economic conditions.
- 7 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

VIKRAM Digitally signed
by VIKRAM
MEHRA MEHRA
Date: 2022.10.31
12:26:00 +05'30'

Vikram Mehra
Managing Director
DIN: 03556680

Kolkata
31 October 2022

Q2 FY23 YOY Growth: Revenue by 30%. PAT by 36%

Building IP for Tomorrow

Mumbai, October 31, 2022: Saregama, a RPSG Group company, announced its financial results for the Quarter and Half Year Ended September 30, 2022.

The Company posted highest ever Operating Revenue for the quarter to reach Rs.1,892 Mn in Q2FY23 up 30% YoY.

Company's Operating Income before Content Charge, Interest and Depreciation (OIBCID) rose 31% to Rs.699 Mn in Q2 FY23 from Rs.535 Mn in corresponding quarter last year.

Q2 FY23 PBT stood at Rs.621 Mn as against Rs.453 Mn in the corresponding quarter last year (i.e., 37% growth YoY)

During this quarter, Company launched music of Superstar Chiranjeevi's **God Father**, Kalyan Ram's **Bimbisara** etc. in Telugu; Anurag Kashyap's film **Do Baaraa** and Balki's film **Chup** in Hindi; Dhanush's film **Naane Varuvean** in Tamil and Diljit Dosanjh's film **Babe Bhangra Paunde Ne** in Punjabi. It also released multiple 'Originals' songs sung by Adnan Sami, Satinder Sartaj, Shilpi Raj and Pawan Singh. Overall, Company released 308 films and non-films songs across Hindi, Bhojpuri, Gujarati, Punjabi, Tamil, Telugu, Malayalam, Marathi and Bengali languages. The other highlight of the quarter was the use of our songs for the film "Vikram Vedha", "Dharamveer, "Jind Maahi" etc. for digital content like Coke Bangla and Delhi Crime Season-2 and by brands like WhatsApp, Uber, Dettol etc. in their ad films.

Company also announced its long-term partnership with Bollywood music maven Arijit Singh to create multiple original songs and renditions in Hindi and Bengali.

Carvaan continued to regain its momentum. The unit sales grew by 51% YoY, with the help of newly launched variant, Carvaan Mobile. Overall, Company sold 156k units in Q2 compared to 103k last year.

Company announced two new Malayalam films, namely superstar Prithviraj Sukumaran's **Khalifa** and Asia Ali's **Kasargold**.

After a record run of over 2300 episodes, the super successful Tamil TV serial 'Chandralekha' was replaced by a new serial **Ilakkiya** on Sun TV.

Avarna Jain, Vice Chairperson Saregama India, said "Saregama's strategy of investing in high quality new IP across audio and video has started paying rich dividends. And this is expected to accelerate with the growing digitisation across social strata in India".

Vikram Mehra, MD Saregama India, said "Saregama has started achieving no.1 or 2 position in New Music across multiple Indian languages. Very soon we will not just be the biggest catalogue company but become leader in New Indian music also".

About Saregama India Limited:

Saregama India Limited, formerly known as The Gramophone Company of India Ltd is a RPSG group company owning the largest music archives in India and 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 expanded into other branches of entertainment - film & series production, live events, and music-based consumer products.

About RPSG Group:

RP-Sanjiv Goenka Group is one of India's fastest growing conglomerates with a significant global presence. The Group's businesses include power and energy, carbon black manufacturing, retail, IT-enables services, FMCG, media and entertainment and agriculture.

For further information, please contact:

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

Nehal Palod | nehal.palod@mslgroup.com | 9329983701

THAAR MAAR



MEGASTAR
CHIRANJEEVI

SALMAN KHAN

GodFather

KOKA

DALJIT THIND & DILJIT DOSANJH present
A THIND MOTION FILMS & STORYTIME PRODUCTIONS FILM



ਬੰਦੇ
ਡੰਗੜਾ
ਪਾਉਂਦੇ ਨੇ

BARE BHANGRA PAUNDENE



लाल चाश्म

SINGERS PAWAN SINGH & SHILPI RAJ
FEAT. NAMRITA MALLA
MUSIC SHUBHAM.RAJ (SBR) LYRICS VIJAY CHAUHAN

SAREGAMA STRENGTHS



India's only entertainment company with IP offerings across media channels (music, films, web series and TV serials), delivery platforms (physical and digital) and business models (licensing and retail)



Large intellectual property portfolio of 142K+ songs, 65 films, 1 web-series, 6K+ hours of television content



Strong licensing relationships with streaming applications and platforms for music and video



Increasing IP library with a growing presence in all leading Indian languages



Investments and Capabilities in Data Analytics and Technology for content acquisition and IP protection



Strong financial position with track record of revenue growth, margin expansion and cash flow generation

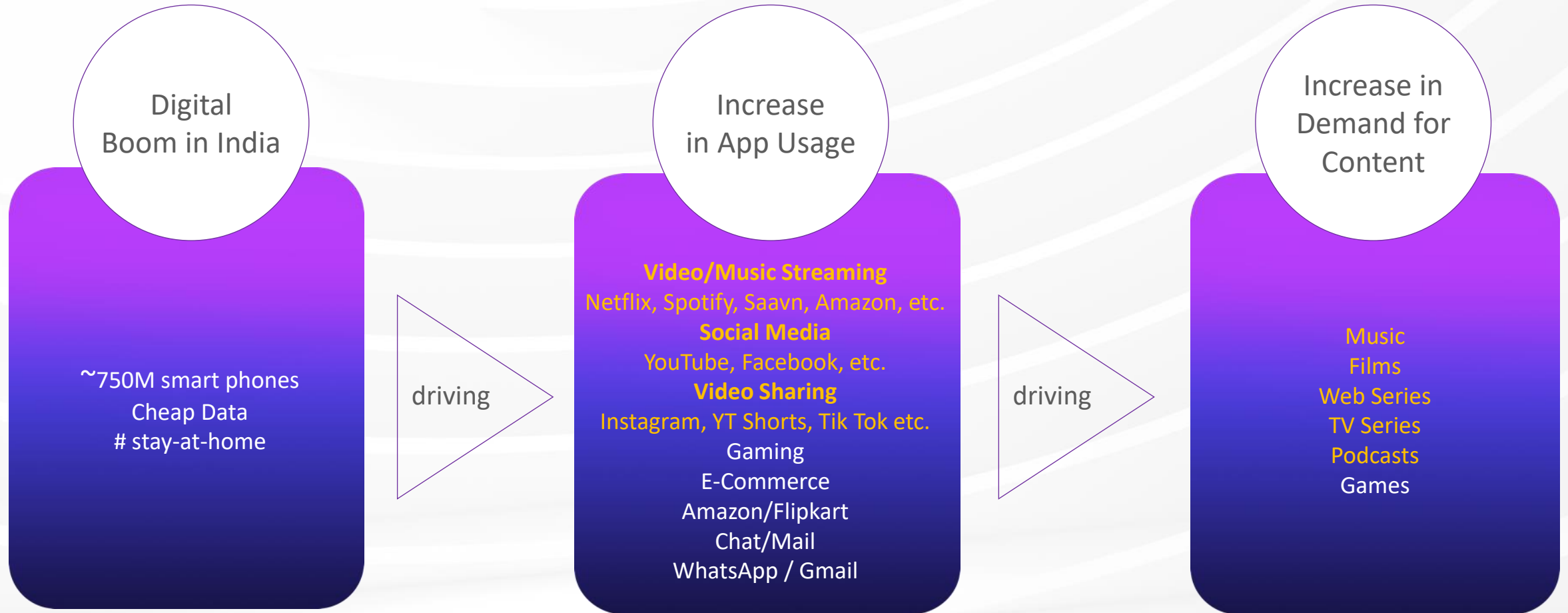


Experienced and creative leadership through Management Team and Promoter Group



STRATEGIC OVERVIEW

Digitisation Driving Growth

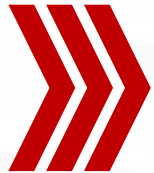


142k+ Songs | 65 Movies | 1 Web Series | 6k+ hrs of TV Series | Advantage **Saregama**

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, Telugu, Bhojpuri, Gujarati, Punjabi, Malayalam, Bengali and other regional languages.



Producing Theatrical Films in only Regional languages and Web Series in all languages. Revenue secured through pre-licensing to digital platforms. Scale allowing lower cost of production.

IP Creation ambition over next 3-5 years



Market Leadership
In Music Segment



60 New Films and
Web Series Episodes



1200 - 1500 hrs
of new TV serials content

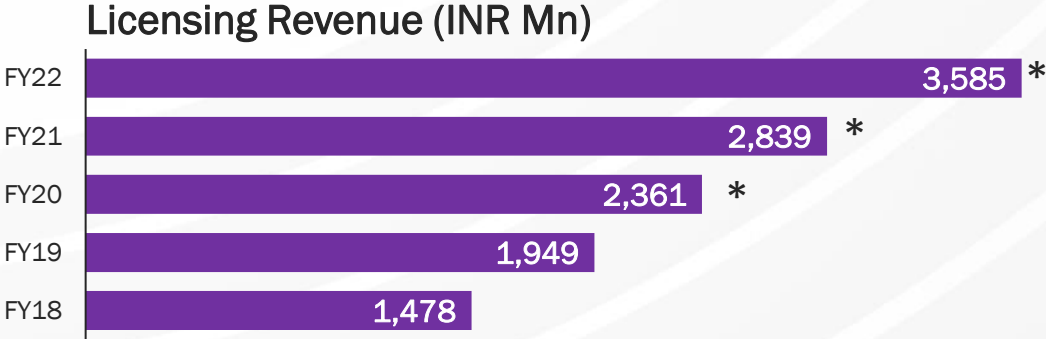
SAREGAMA WANTS TO TAKE MARKET LEADERSHIP POSITION IN INDIAN MUSIC



Catalogue Strength

SAREGAMA MUSIC IP

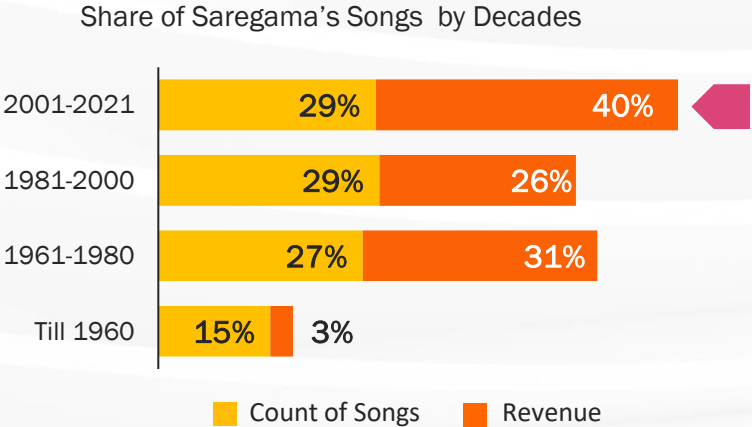
Fast Growing Licensing Revenue



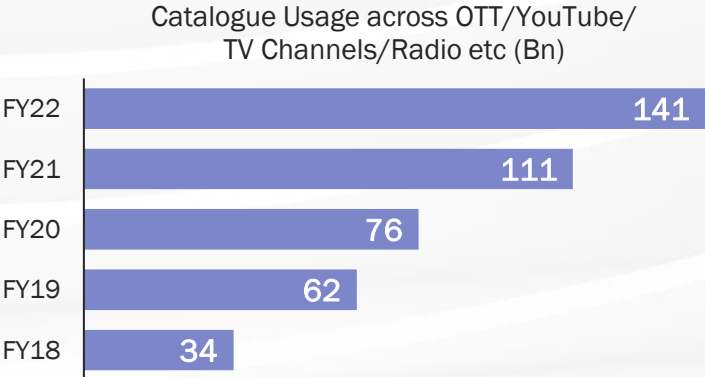
* One time income of INR 97 Mn (FY22), 155 Mn (FY21) and INR 21 Mn (FY20) are excluded

On account of

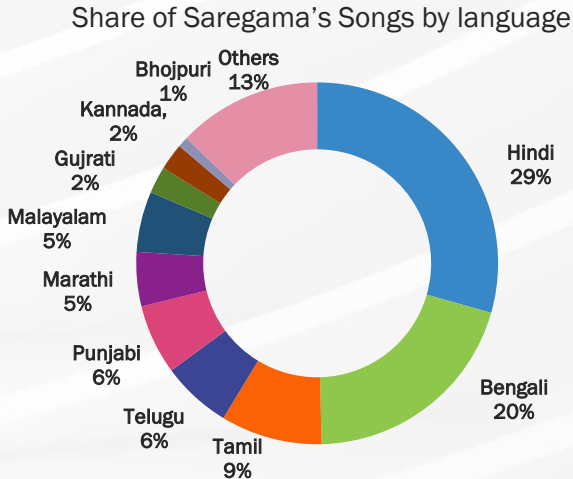
A. Saregama’s Focus on New Music



B. Growing customer interest in Retro 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 142k songs, each digitised with rich metadata behind it, giving it a big competitive advantage

OUR LICENSING PARTNERS

Streaming Partners Music



Broadcasting Partners Music + Films & Series



Video Streaming Partners Music + Films & Series



Social Media Platforms Music + Films & Series



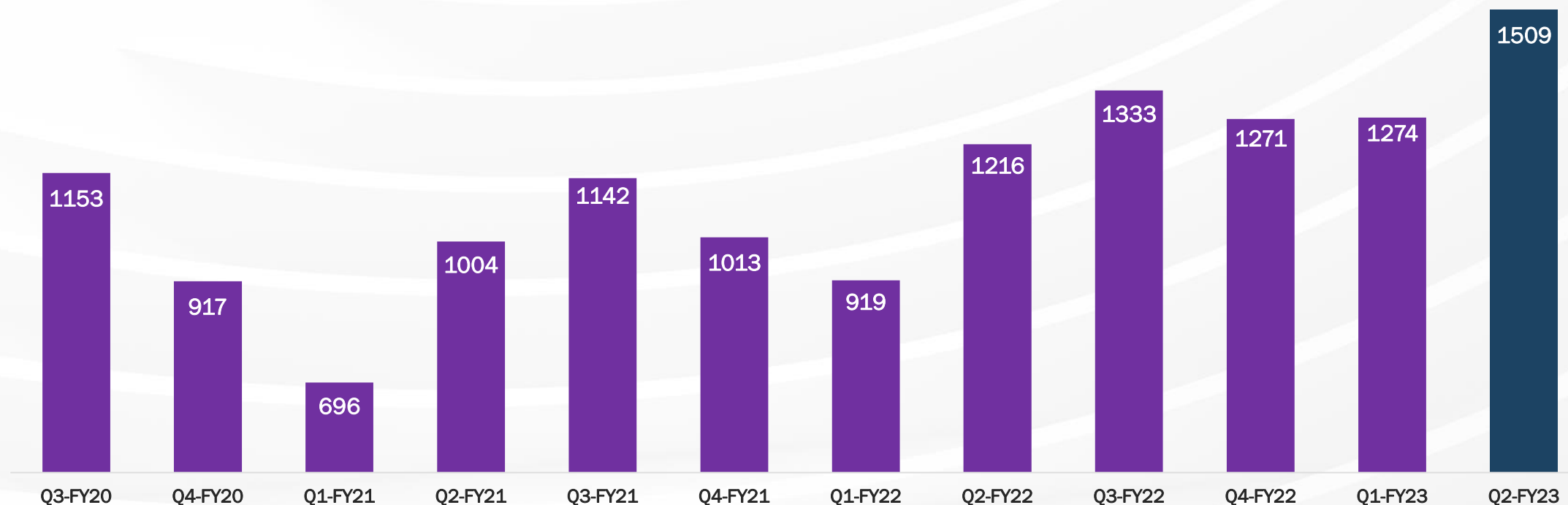
Brands Music



OPERATIONAL HIGHLIGHTS

MUSIC SEGMENT POSTED HIGHEST EVER QUARTERLY REVENUE

MUSIC SEGMENT REVENUE PER QUARTER (INR Mn)



Revenue grew 24% Y-o-Y to reach INR 1509 Mn in Q2FY23

MUSIC SEGMENT LICENSING : MONETISATION

- **Brand Licenses:**

WhatsApp, Uber, Dettol, One Card etc.

Zomato, Colorbar product integrations in New Songs

- **Digital Content Licenses:**

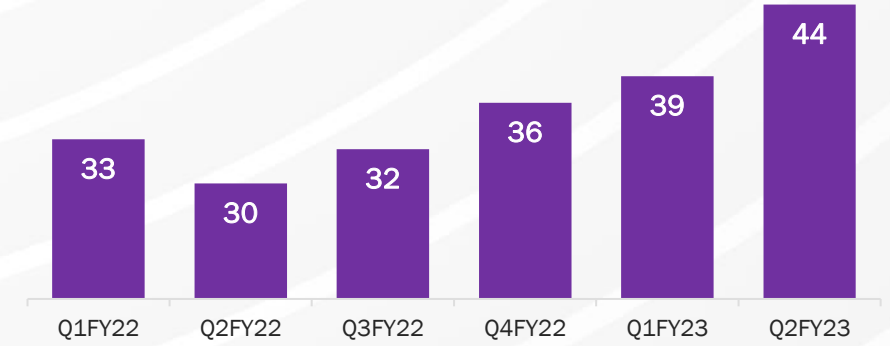
Coke Studio Bangladesh, Delhi Crime Season 2 (Netflix) etc.

- **Film Sync Licenses:**

Licensed 2 songs for the film **“Vikram Vedha”**; 1 song deal with Dharma Production’s **“Govinda Mera Naam”**; 3 songs deal with Marathi Movie **“Dharamveer”** and 4 songs deal with Punjabi film **“Jind Maahi”**

- Licensing deal with **DD National** for their program **“Suron Ka Eklavya”** Season 1 & 2

YOUTUBE VIEWS (Bn) PER QUARTER



Includes all views related to Saregama IP across its Owned Channels and User Generated Content



MUSIC SEGMENT : CONTENT CREATION

Film Albums released in Q2

HINDI



Balki Film



Anurag Kashyap film

PUNJABI

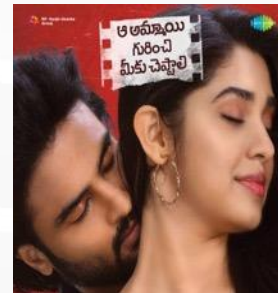


Diljit Dosanjh Film

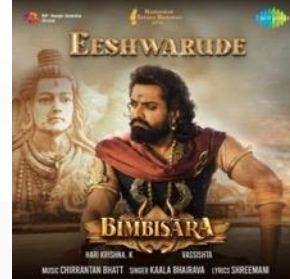
TELUGU



Chiranjeevi / Salman Film



Sudheer Babu



Kalyan Ram Film



Manchu Vishnu & Sunny Leone



Satyadev

TAMIL



Dhanush Film



Jiiva Film



Vimal

MALAYALAM



Manju Warrier Film



Soubin Shahir



Sharafudheen

KANNADA



Dhananjaya

BENGALI



Shubho Bijoya



Bhotbhoti

MUSIC SEGMENT : CONTENT CREATION

223 Non-Film Songs released in Q2

HINDI



Adnan Sami



Shaan / Neeti Mohan



Anjali Arora

BHOJPURI



Pawan Singh
Fastest 50M on YT



Khesari Lal Yadav



Neelkamal Singh

GUJARATI



Rakesh Barot



Kajal Maheriya



Rakesh Barot

PUNJABI



Satinder Sartaj



Luvdeep Saini



Jashan Singh

BENGALI



Usha Uthup



Iman Chakraborty



Anupam Roy

DEVOTIONAL



Hansraj Raghuwanshi



Abhilipsa Panda

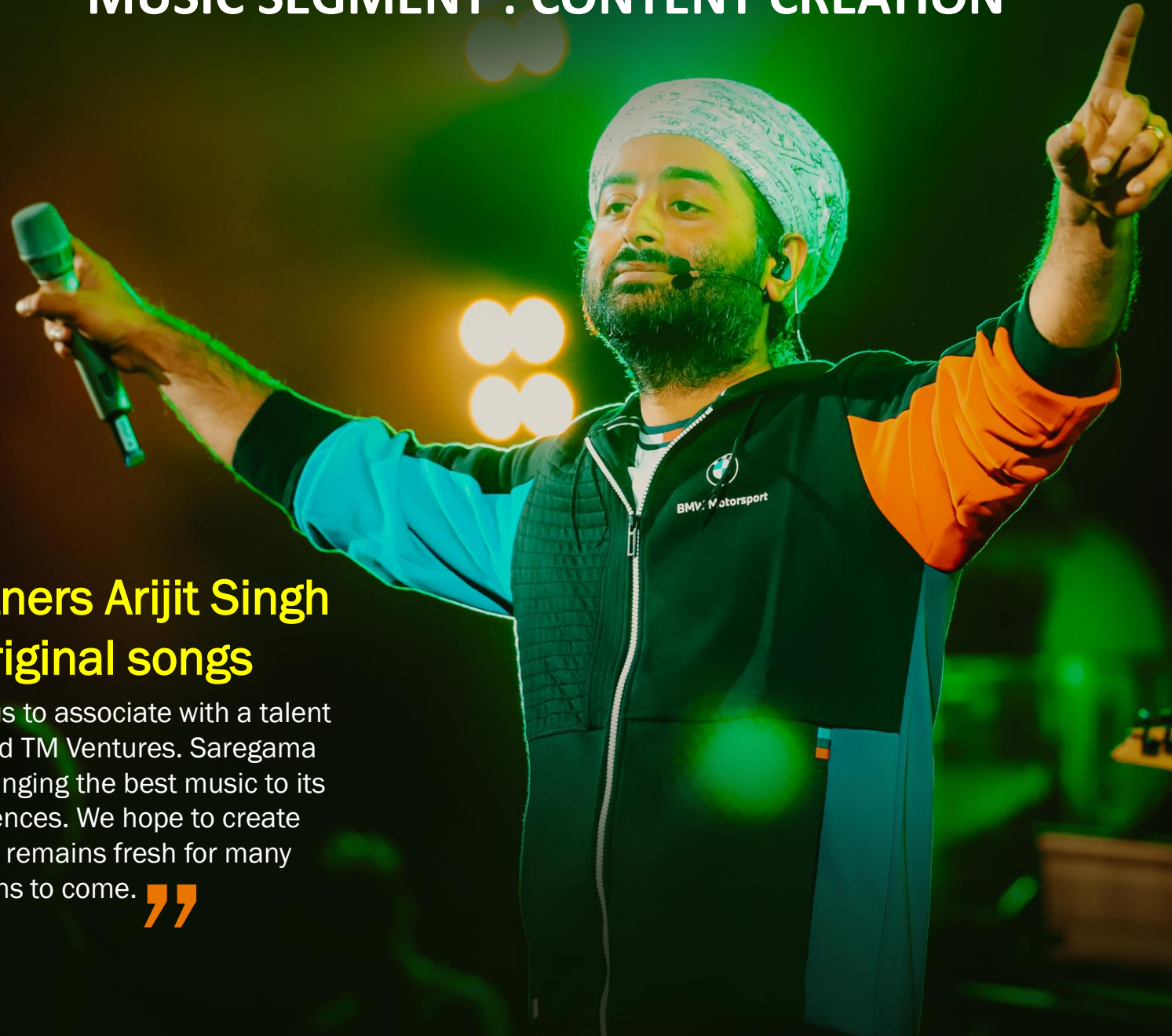


MUSIC SEGMENT : CONTENT CREATION

Saregama partners Arijit Singh to create original songs

“ It is a proud moment for us to associate with a talent powerhouse like Arijit and TM Ventures. Saregama has always believed in bringing the best music to its Indian and global audiences. We hope to create some great music that remains fresh for many generations to come. ”

Multi Songs
Multi Language
Multi Years
Partnership

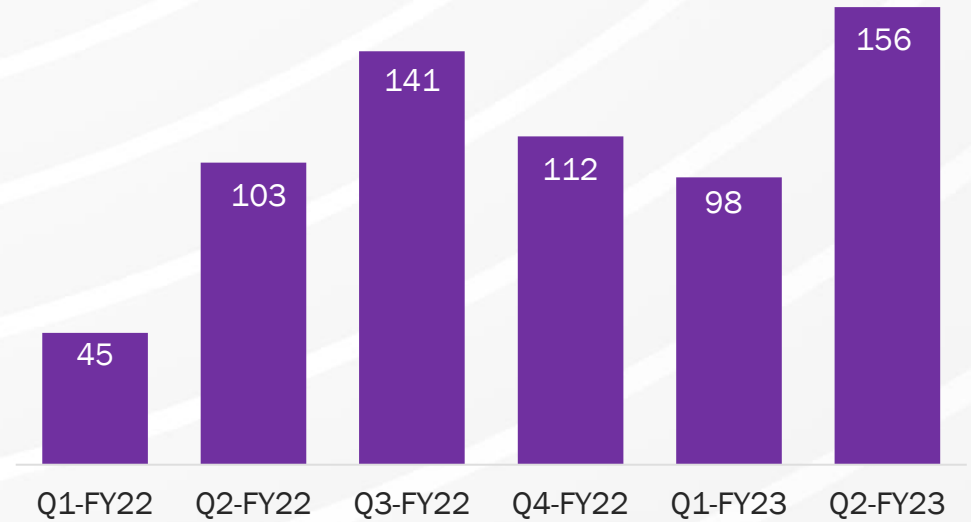


MUSIC SEGMENT : RETAIL

Retail:

- Momentum building back. Unit Sales grows by 50% Y-o-Y
- Carvaan Mobile volumes building up
- Carvaan Go being phased out
- Margin % similar on all Carvaan variants : base model, Mini, Mobile, Music Bar

Carvaan Sales (units '000s)



Future Outlook

- Reliance on Natural Pull from the market
- Tight cost controls to continue

FILMS, WEB SERIES & TV SEGMENT

Films and Web Series



- Announced second Malayalam film with superstar Prithviraj Sukumaran **“Khalifa”**
- Announced next action pack Malayalam film **“Kasargold”** starring **Asif Ali**



Future Outlook

- First Punjabi film **“Oye Makhana”** starring Amy Virk set to release on 3rd November'22.
- **“Kaapa”** Starring superstar **Prithviraj Sukumaran** expected to release in Q3FY23.



TV Segment

- Company started its new TV Serial **“Ilakkiya”** on Sun TV from 10th Oct'22. This replaces Chandralekha which had a run of 2304 episodes
- In Q2 All three serials **Roja, Chandralekha and Anbe Vaa** were the **Slot Leaders** in their respective prime time slots.
- Saregama TV Shows YouTube channel garnered 341 Mn views in Q2FY23



Future Outlook

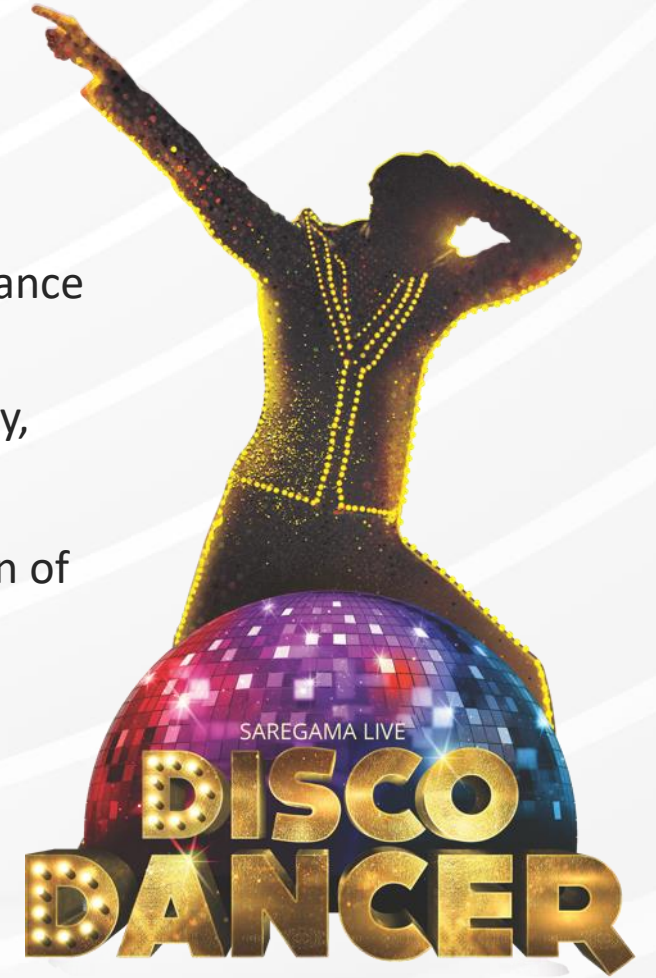
- Unlocking the value of existing IP through language remakes, new platform licensing and syndication

NEW INITIATIVES



Live Music Events

- “Saregama's Live” with India’s biggest live Performance star **Diljit Dosanjh**, continued its success overseas
 - 6 concerts were held in USA in Q2FY23 : New Jersey, Fairfax, Dallas, Houston, Los Angeles and Oakland
- Saregama Live’s next project is the stage adaptation of Bollywood’s **iconic film – Disco Dancer**



FINANCIAL HIGHLIGHTS

CONSOLIDATED

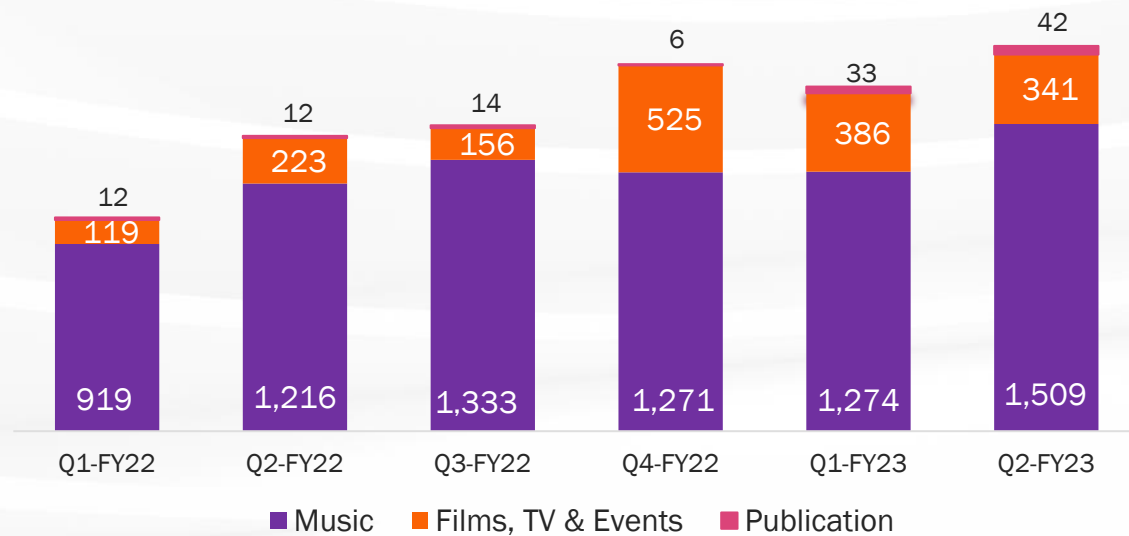
QUARTERLY FINANCIAL SUMMARY

Particulars (INR Mn)	Q2 FY23	Q1 FY23	Q-o-Q Growth	Q2 FY22	Y-o-Y Growth
Revenue from Operations					
• Music	1,509	1,274	18%	1,216	24%
• Films, Television serials and Events	341	386	(12)%	223	53%
• Publication	42	33	27%	12	250%
Revenue from Operations	1,892	1,693	12%	1,451	30%
Operating Income before Content Charge, Interest and Depreciation (OIBCID)	699	647	8%	535	31%

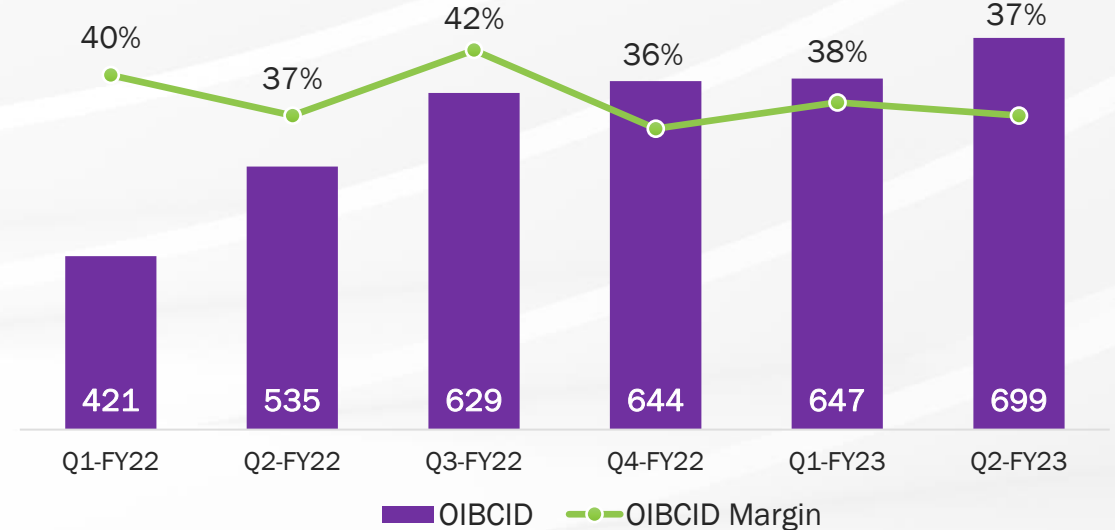
Content Charge include the following charges related to the new content during the year:

- 1) Amount amortised in case of Royalty based deals
- 2) Amount amortised against the one-time fee paid in case of Outright purchase-based deals
- 3) Marketing of new content
- 4) Content charge does not include any royalty paid post recoupment of the Minimum Guarantee amount.

Revenue from Operations (INR Mn)



OIBCID (INR Mn) & OIBCID Margin



OIBCID to PAT

Particulars (INR Mn)	Q2-FY23	Q1-FY23	Q-o-Q Growth	Q2-FY22	Y-o-Y Growth	H1-FY 23	H1-FY23 without impact of Change in Useful Life	H1-FY 22	Y-o-Y Growth
Revenue from Operations (A)	1,892	1,693	12%	1,451	30%	3,585	3,585	2,500	43%
Total Expenses (B)	1,193	1,046	14%	916	30%	2,239	2,239	1,544	45%
OIBCID (C= A-B)	699	647	8%	535	31%	1,346	1,346	956	41%
<i>OIBCID Margin (%)</i>	37%	38%		37%		38%	38%	38%	
Content Charging Cost (D)	171	168	2%	114	50%	339	387	182	86%
Depreciation (E)	7	7	-	6	17%	14	14	12	17%
Finance Cost (F)	13	14	(7)%	14	(7)%	27	27	21	29%
Other Income (G)	113	99	14%	52	117%	212	212	80	165%
PBT (C-D-E-F+G)	621	557	11%	453	37%	1,178	1,130	821	43%
Tax	160	143	12%	115	39%	303	291	210	44%
PAT	461	414	11%	338	36%	875	839	611	43%
<i>PAT Margin (%)</i>	24%	24%		23%		24%	23%	24%	
Diluted EPS (Face Value Re.1)	2.39	2.15		1.94		4.54	4.35	3.51	

- The management has reviewed the useful life of Music rights with help of benchmarking study done by EY on accounting practices of leading global music labels
- Given the increased consumption of content along with outlook for the music market, resultant useful life of the newly acquired music rights is longer than the previously estimated life.
- Starting 1st April 2022, the content cost of music rights is being amortized basis the increased useful life of 10 years
- As a result of the above revision, the content cost for H1FY23 is lower by INR 48Mn as compared to the charge based on previous estimates, leading to incremental PAT of INR36Mn.

BALANCE SHEET

Equity and Liabilities (INR Mn)	As at 30th Sept' 2022	As at 31st Mar' 2022
Shareholder's fund		
(a) Equity share capital	193	193
(b) Other equity	14,390	13,584
Net worth	14,583	13,777
(a) Non-controlling interest	35	32
Non-current liabilities		
(a) Financial liabilities		
(i) Lease liabilities	7	7
(b) Employee benefit obligations	43	42
(c) Deferred tax liabilities (net)	548	562
Current liabilities		
(a) Financial liabilities		
(i) Lease liabilities	10	6
(ii) Trade payables	634	645
(iii) Other financial liabilities	475	431
(b) Other current liabilities	1,487	466
(c) Provisions	841	902
(d) Employee benefit obligations	8	8
(e) Current tax liabilities	-	1
Total	18,671	16,879

Assets (INR Mn)	As at 30th Sept' 2022	As at 31st Mar' 2022
Non-current assets		
(a) Property, plant and equipment	2,140	2,141
(b) Right-of-use assets	16	13
(c) Investment properties	22	22
(d) Intangible assets	775	602
(e) Intangible assets under development	26	17
(f) Financial assets		
(i) Investments	1,448	1,453
(ii) Other financial assets	24	20
(g) Other non-current assets	452	292
Current assets		
(a) Inventories	1,411	1,054
(b) Financial assets		
(i) Investments	4,379	5,308
(ii) Trade receivables	1,187	1,078
(iii) Cash and cash equivalents	575	1,527
(iv) Bank balances other than (iii) above	4,370	1,710
(v) Loans	262	228
(vi) Other financial assets	325	79
(c) Current tax assets (net)	182	257
(d) Other current assets	1,077	1,078
Total	18,671	16,879

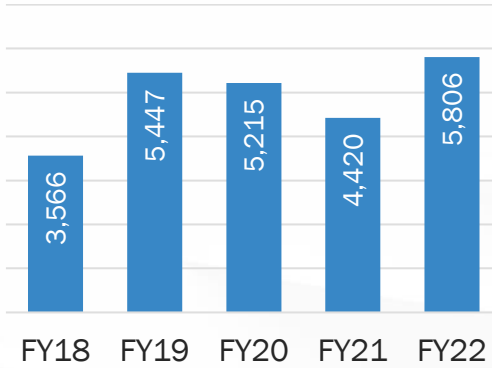
CASH FLOW STATEMENT

Particulars (INR Mn)	H1-FY 23		FY 22	
Pre-Tax Profit	1,178		2,044	
Change in other operating activities (including non-cash Items)	7		(139)	
Change in Working capital	162		(389)	
Taxes Paid	(240)		(572)	
Net cash generated from Operating Activities (A)		1,107		944
Investment in Fixed Deposits with maturity > 3m	(2,665)		(718)	
Redemption/(Investment) in Mutual Fund	1,035		(4,995)	
Net cash used in Fixed assets and other Investing activities	(355)		(590)	
Net cash used in Investing Activities (B)		(1,985)		(6,303)
Net cash (used in)/generated from Treasury Shares	(74)		33	
Proceeds from Issue of Share Capital #	-		7,332	
Repayment of Lease Liability	(6)		(4)	
Dividend paid	-		(577)	
Interest paid	(1)		(11)	
Net cash (used in)/generated from Financing Activities (C)		(81)		6,773
Net (decrease)/increase in Cash and Cash Equivalent		(959)		1,414
Cash and Cash Equivalents at the beginning of the period		1,527		111
Effect of Translation of foreign currency cash and cash equivalents		7		2
Cash and Cash Equivalents at End of the period		575		1,527

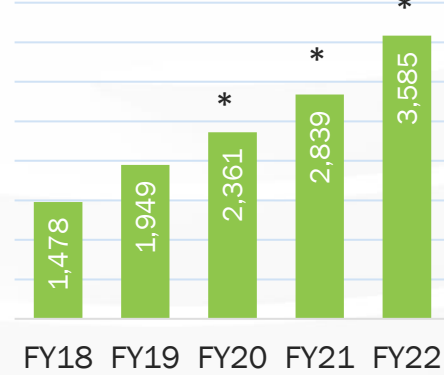
Net of Issue expense of INR 168 Mn

FINANCIAL CHARTS (CONSOLIDATED)

Revenue from Operations
(Turnover) (INR Mn)

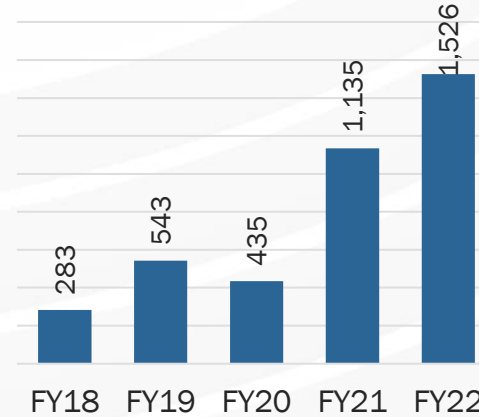


Music Licensing Revenue
(INR Mn)

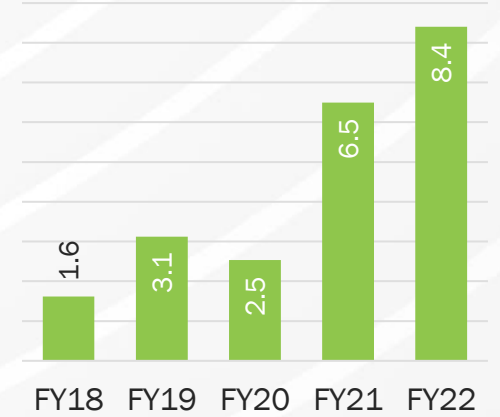


* One time income of IINR 97 Mn (FY22), INR 155 Mn (FY21) and INR 21 Mn (FY20) are excluded

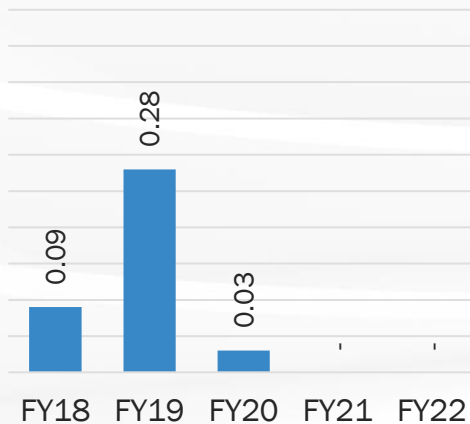
PAT (INR Mn)



Diluted EPS (INR)

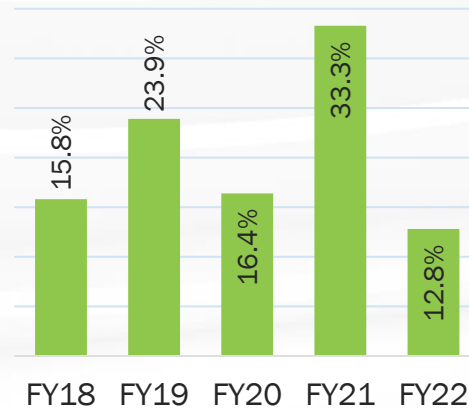


Debt to Equity Ratio



* Debt is Nil as on 31st Mar'22 and 31st March'21.

Return on Equity (ROE)
(%)*

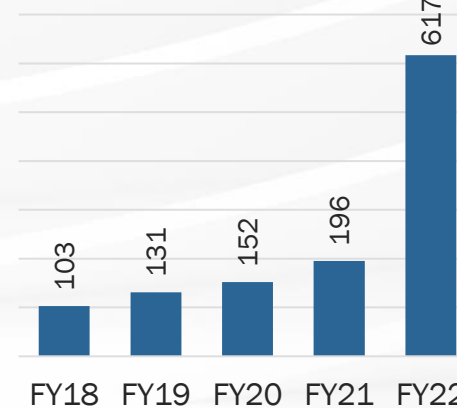


* ROE = PAT / Shareholders Equity

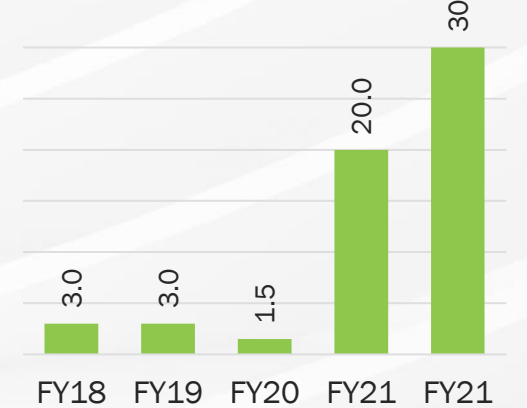
* Shareholders Equity = Equity share capital and free reserves

The decrease in ROE for FY22 is on account of fresh fund raise through QIP of Rs.7500 MN

Book Value Per Share
(INR)



Dividend per Share
(INR)



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**“Saregama India Limited
Q2 FY2023 Earnings Conference Call”**

November 01, 2022



ANALYST: MR. BHUPENDRA TIWARY – ICICI SECURITIES

**MANAGEMENT: MR. VIKRAM MEHRA – MANAGING DIRECTOR –
SAREGAMA INDIA LIMITED
MR. PANKAJ CHATURVEDI – CHIEF FINANCIAL
OFFICER – SAREGAMA INDIA LIMITED
MR. B L CHANDAK – EXECUTIVE DIRECTOR –
SAREGAMA INDIA LIMITED
MR. SAKET SAH - HEAD INVESTOR RELATIONS –
SAREGAMA INDIA LIMITED
MR. PANKAJ KEDIA – VICE PRESIDENT, INVESTOR
RELATIONS – SAREGAMA INDIA LIMITED**



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Moderator: Ladies and gentlemen, good day and welcome to the Saregama India Limited Q2 FY2023 Earnings Conference Call hosted by ICICI Securities. 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 the 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 Tiwary from ICICI Securities. Thank you and over to you Sir.

Bhupendra Tiwary: Thank you Sema. On behalf of ICICI Securities, we welcome you to Q2 FY2023 results conference call of Saregama India Limited. From the management, we have Mr. Vikram Mehra who is the MD, Mr. Pankaj Chaturvedi who is the CFO and Mr. B L Chandak, Executive Director, Mr Saket Sah, Head, Investor Relations, and Mr. Pankaj Kedia, Vice President, Investor Relations. We will start with the opening comments by Vikram post which we will take the Q&A so over to you Vikram.

Vikram Mehra: Thank you and good evening, everyone. Q2 of the financial year saw an operating revenue of Rs.189 Crores and a PAT of Rs.46 Crores which basically means a 30% year-on-year increase in income and a 36% year-on-year increase in PAT. If I look at the data on a half-yearly basis, then both revenue and PAT have grown by 43% on a year-on-year basis. Remember this is in continuation with last year’s growth number of 31% in operating revenue and 35% in PAT. This is something I have been saying quarter after quarter and year after year that the growth story that we are on is there to stay. And there are reasons for it. In our country the growth in digital consumption, is happening both on account of new customers coming in and consuming audio & video for the 1st time, and then the existing customers post COVID consuming that much more of content on daily basis. These days it is almost impossible to find a person, irrespective of socio-economic strata, who is free even for 15 minutes, not picking up his phone and watching or hearing something. That is the reason why the digital consumption is going up in a substantial manner. With that in mind, I think Saregama’s growth story is going to remain pretty stable in the medium to long-term. Growth in short to medium term is a given. The next 15 to 20 years are going to be India’s growth story and digital is what is going to be driving it. And we sit at the centre of it, being a core IP company. Technologies may come, technologies may go. Platforms may come, platforms may go, but the company that holds large chunk of valuable IP will always be pretty profitable both from the topline and the bottom-line perspective.

The other advantage that we as a company have now is that we are not overdependent on any one revenue stream. There was a time about eight to nine years ago where our entire



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revenue used to be dependent on just music and that also from telecom. We have come a long way from there. Now we are making good amount of money not only from music streaming apps, but also video streaming apps, short format apps, television channels, films, TV series, digital series and live events. So even if there is a downturn happening in any one area, the other pillars still hold us pretty steady. That is why we are very bullish on the stable growth of both our revenue and bottom line.

Our operating income before content charge interest and depreciation was Rs.69.9 Crores this quarter which grew by 31% compared to the last year. The biggest highlight for the quarter was our music business, which showed its highest quarterly revenue ever at Rs.150.9 Crores and this is courtesy growth both on the music licensing side as well as our retail business which is primarily Carvaan.

Let me start with music licensing, our core business, which again in this quarter has grown at a rate over 20%. It was the beginning of a big quarter for us because some of the regional language films that we had acquired have started coming out in Q2. This included Chiranjeevi and Salman Khan starrer Telugu film *Godfather*, Punjabi superstar Diljit Dosanjh's film *Babe Bhangra Paunde Ne*, the Hindi film *Chup* by Balki, Dhanush's Tamil film *Naane Varuvean*, Kalyan Ram's Telugu film *Bimbisara*, Malayalam superstar Manju Warrier's film *Ayish*, Anurag Kashyap's Hindi film *Do, Baaraa* and many more. In our presentation, we have shared a list of some of our high-profile films that we released in this quarter. Our strategy remains that we will not only concentrate on Hindi but will also take leadership position across all the major Indian languages. We also released many originals and recreations in Hindi and other languages including a new song from Adnan Sami. This was a very big quarter for our Bhojpuri music where the Bhojpuri superstar Pawan Singh released a very big song for us called *Lal Ghaagra*. This is in fact the fastest Bhojpuri song to reach 50 million number on YouTube. We had an equally big hit coming from the other superstar of Bhojpuri, Khesari Lal Yadav, called *Bondhu Tin Din* and this also featured in the top trending songs of the country. Punjabi saw successful songs from an artist called Satinder Sartaj while Bengali had songs from Anupam Roy and the Usha Uthup. I am taking only a select few names of the high-profile and successful songs. We also recently announced a strategic long term tie up with Arijit Singh both for creating original songs as well as recreations across multiple languages. Our strategy of investing in new content is clearly paying off. It is giving us greater leverage with all our partners because we are no longer just the biggest catalogue company, but also enjoy leadership position in new music and we define new music as anything which is less than 18 months old. Anything beyond that starts moving towards catalogue.



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The song selection continues to be done basis data analytics allowing us to get the higher quality songs at hopefully better prices. This is helping us get market leadership position across languages while sticking to our ROI guidelines.

Many of you people have asked us about our Rs.750 Crores that we have raised through QIP last year. Apart from the issue expenses, that money was used only for acquisition of Mango Music's catalogue. That money is kept secured primarily looking at inorganic purchases. Right now, our internal accruals are more than enough to take care of all the organic music purchases that we people are doing. The QIP money is invested in high quality debt funds and fixed deposits, so it is safe and secured. And as committed to you this money will be used only and only for music business of ours.

Our reliance on data mining and use of predictive models is reducing our dependence on a centralized music selection process and / or individual based gut call. Many of the films whose music we have acquired will start getting released from the Q4 of this year and may go to Q1 and Q2 of the next financial year. Some of the big films may be Karan Johar' next directorial film *Rocky Aur Rani Ki Prem Kahani*, another Dharma Production film called *Rola*. There is also a Vicky Kaushal Sara Ali movie called *Zara Hatke Zara Bachke*. There is Vijay Deverakonda and Samantha's Telugu film called *Kushi*. There is Prithviraj Sukumaran the Malayalam superstar's next film *Kaapa*; the big star from Punjabi Ammy Virk film *Oye Makhna*.

This quarter saw an upswing in the Carvaan numbers. We touched 156,000 sales compared to 103,000 sales in the same quarter last year. All the sale is coming courtesy the customer pull - that is the power of the brand Carvaan that is still there in the market. The latest variant of Carvaan is Carvaan mobile. This product was launched to get a lower price point for Carvaan. It replaced one of our existing similar variants called Carvaan Go which is now being phased out. In the smaller towns it is allowing us to get a Carvaan variant at Rs.2000 and Rs.2500 points, which is lower than the price point of Carvaan Mini also. Please keep in mind that while the number of units sold have increased by 50% odd compared to last year, the revenue increase is lower than that because we must sell two and a half Carvaan Mobiles to become equivalent to one Carvaan. The average realization per unit sold has come down but the overall Carvaan revenue still has grown out handsomely though not as high as 50%. We have not been promoting or spending any above-the-line marketing monies right now and the strategy will continue even in Q3. As stated earlier also, the interesting part about Carvaan is that it acts as a very effective marketing tool for exposing retro catalogue of ours to the younger age segment. When parents listen to their favorite retro music at home on Carvaan, the children by default get exposed to it. This



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behavior is getting validated both by consumer research and consumption patterns. We recently carried out an exercise to find the consumption growth of the retro songs - which have been put on Carvaan versus those which have not been put -in terms of numbers on streaming platforms and YouTube. We are seeing that the songs which have been put in the Carvaan devices, are growing at a faster pace than the songs that have not been put inside any Carvaan variant. Actual data is coming out and telling us that Carvaan is working out as a great marketing tool to help our music licensing business also.

This was a slow quarter for Yoodlee with no significant releases happening here which is expected. Most of our releases as stated in my last call also will be in Q3 and Q4. Our TV serials on Sun TV continue doing well in terms of TRPs. We launched a new Tamil TV serial called Ilakkiya. This serial replaces one of our existing serials called Chandralekha, which had completed 2300 episodes on Sun TV - a program that we are extremely proud of and our partnership with Sun TV that we are very proud of. We hope that the new serial will follow the same successful path that Chandralekha had. It has opened to very decent TRPs and we hope they will continue.

We launched our new business vertical called Live music and events during the Q1 wherein we had done concerts of Diljit Dosanjh in Canada and India. We continued with that in Q2 with six concerts of Diljit Dosanjh in US. Both in Canada and US, the concerts sold more tickets than any of the other contemporary artists have ever done in the recent times. So we are very happy and proud of the way we have been able to kick-start the live events business. It is a low-margin business, and we are aware of it. We still believe it is an essential business for us, to protect our music licensing business. The Live business gives us great opportunities to build relationships with our artists and promote the song that we may be working on with our artists.

Overall, a successful Q2 for us. When we look at it, we see it as just another step in the growth journey that we people started a few years back. Quarter after quarter after quarter we are solidifying our position both on revenue and profitability fronts across all our verticals. That will be all from my side. Happy to take questions please.

Moderator:

Thank you very much Sir. We will now begin with the questions and answer session. We take the first question from the line of Savi Jain from 2Point2 Capital. Please go ahead.

Savi Jain:

I just wanted to ask you about how YouTube is trending because they came out with the results, and they saw a decline in ad revenues in the long time so is that visible for us also? Is there some degrowth there or some?



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- Vikram Mehra:** Where did you see degrowth in Saregama numbers sorry you have lost me here.
- Savi Jain:** Not in Saregama numbers but specifically YouTube?
- Vikram Mehra:** No so again remember the numbers for YouTube globally and in India are very, very different. Nowhere else in the world, the corporate results are as good as we people are showing in India and which is resulting in YouTube numbers still being very steady as we people go forward in our country. We have shared our overall YouTube views numbers also. There is no degrowth that we are seeing here in our country, so I do not know where you have got this impression.
- Savi Jain:** No, I am not saying degrowth may be a slowdown in growth? Is that visible?
- Vikram Mehra:** Still going out showing you the revenue numbers. They are coming from somewhere and the biggest revenue contributors for all labels are audio and video streaming which primarily means the music OTT apps, YouTubes and the Metas of the world. So, we are seeing healthy numbers. Yes, July saw little bit of a pressure overall, but I think there have been very smart recoveries that have been made.
- Savi Jain:** And on the views I see that there is a significant increase year-on-year? Is this more user generated content or is that what is driving lot of this growth?
- Vikram Mehra:** Remember for us it does not matter whether it is user generated content or our own channel content because we get paid almost equal amount of money. We are independent of that. When you say user generated content remember there are a lot of people who will take Original Alia Bhatt songs from Gangubai and upload it on their channel. So that is user generated content only because it is not uploaded on our channel. For us it really does not matter whether it is coming from our channels, or somebody else's channel so first let me get that clarity out. Specific to your question, for Saregama we are seeing over the last four quarters, the views from our own channel are growing at a much faster pace than the user generated content. If you study our YouTube views across all our channels – we have channels in multiple languages - our views on our official channels are growing faster than any other label. And the reason is simple: we are investing much more in new content than anybody else.
- Savi Jain:** Yes, got that. Did we see a negative impact, there was a period when there was no deal with Meta for some time? Did that have a negative impact in the quarter?



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- Vikram Mehra:** Sir I cannot go back and comment on individual deals. Final numbers for the quarter are there in front of you and I am very sure you will be proud of the numbers that we people have written both on the top line and bottom line.
- Savi Jain:** Of course. I just wanted to know if the numbers would have been even better if that deal was there for the full quarter? Also, the YouTube shorts deals that is not there in this quarter right?
- Vikram Mehra:** No Sir YouTube shorts deal was considered as part of this quarter.
- Savi Jain:** Great. The numbers are good and hope we will continue in the future.
- Vikram Mehra:** Sir we have been doing this for the last many quarters with your blessing hopefully we will.
- Savi Jain:** Thank you.
- Moderator:** Thank you Sir. We take the next question from the line of Aditya Nahar from Alpna Enterprises. Please go-ahead Sir.
- Aditya Nahar:** There are many people to remember today on the call so first of all Vikram congrats on a great set of numbers. Vikram just on this Reels and Meta and YouTube sort of deal I do not want to know the specifics but was they were at better terms than we had earlier?
- Vikram Mehra:** Sir you have to read in between the lines. I cannot comment on specific deals, but yes if we are showing substantial growth, it's happening on the back of better deals. And the deals are not becoming better because we are some special people. It's only courtesy, the quality of the content we are bringing to the table - especially the newer content – it is the strength of that content.
- Aditya Nahar:** Alright so you are saying is because of the strength of the content you are in a better position to negotiate with larger players now?
- Vikram Mehra:** Yes. It is the leadership position. We always were the kings of catalogue right. We have the largest catalogue in this country, but we had a weak position in newer content, and I have always accepted and acknowledged that. We build our position on catalogue and now we are building our position in a very aggressive fashion in new content. And as we achieve leadership position across multiple languages, it is helping our negotiation position.



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- Aditya Nahar:** Sure perfect. My second question is on open stage how is the response if you can just talk about that or is it too soon?
- Vikram Mehra:** It is too soon, and it is one of the multiple specific initiatives' we people carry out, so all this is a way to go back and make more money from catalogue. Open stage is nothing but people coming out there and contributing their derivatives, remixes, lo-fis, trap mixes, recreations, and cover versions of our catalogue music. Whether it is Carvaan which is helping us promote it, whether it is playlisting which is helping us promote it, whether it is going to outside people and saying why do not they send their own versions. All that is working towards promoting catalogue. So, you will see the final impact of that on the revenue growth numbers.
- Aditya Nahar:** Perfect. Just want to say congratulations on getting the Arijit deal. I am sure it is a great deal for the future as well and my last question is for actually Pankaj, if possible, any update Pankaj Sir on the timeline of the demerger, etc., if you could give us an indicative timeline?
- Pankaj Chaturvedi:** Yeah sure, in this quarter we got the approvals from the stock exchanges. Post that we have filed our application with NCLT Kolkata. It normally takes four to five months for this whole process. It moves through various stages. We are hopeful and we are pushing for getting the final order and the demerger completed by March 2023 so that is going to be our endeavour.
- Aditya Nahar:** Thank you Vikram. Thank you, Pankaj. Thank you so much and best of luck.
- Moderator:** Thank you very much. We take the next question from the line of Swapnil Potdukhe from JM Financial. Please go-ahead Sir.
- Swapnil Potdukhe:** Congrats on a good set of numbers first of all. I just there are two or three questions. The first one is a clarification actually so you mentioned that some of the big budget content will be released in Q4 or early next year so will that by any chance mean that we are revising down our capex guidance for FY2023?
- Vikram Mehra:** No, we are not.
- Swapnil Potdukhe:** With respect to the investment's guidance, we told 220 to 230 cr broadly? Will that be lower investments for this fiscal year?



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- Vikram Mehra:** At this juncture we are not changing any of our guidance. We will try plugging in the gap created by the delay of some of our Hindi movie album releases by investing in other languages.
- Swapnil Potdukhe:** Okay thanks for that clarification. Secondly when I look at your P&L some of the cost items such as employee expenses, royalty expenses and other expenses they seemed to have grown at 20% quarter-on-quarter? Now my earlier sense was that your top line if it grows around 20% to 25% the cost may not grow at the same rate and there would be some operation leverage play there which would support our margin improvement which for some reason has not happened so any reasons you would want to call out?
- Vikram Mehra:** Sir which cost lines are you are talking about?
- Swapnil Potdukhe:** Employee expenses, royalty expenses and other expenses?
- Vikram Mehra:** Sir the employee expenses you are talking about Q2 right?
- Swapnil Potdukhe:** Yes Q2?
- Vikram Mehra:** Our appraisal systems happen in Q2, and all bonuses of the employees are given in Q2. So Q2 always for many years, has the highest employee expenses because bonus expenses get booked at that time. If I look at it on an annual basis at the employee expenses, we have been able to bring it down over time.
- Pankaj Chaturvedi:** Swapnil just to add our employee expenses as a percentage to revenue have come down to about 11% as compared more than 13% in the same quarter last year so absolute expense yes they will grow as the business grows but we are watching our margins very closely and we have been able to improve cost as a percentage to revenue on this line.
- Swapnil Potdukhe:** Okay and any reason for royalty and other expenses?
- Vikram Mehra:** Sir royalty expenses are directly linked to revenue because royalty expenses is the money that you end up paying for the older content that we have taken, which is 1960s and 1970s and 1980s content. The more revenue we make - as a percentage that number does not change that much - but they are in the range typically between 10% to 15%.
- Swapnil Potdukhe:** And what about other expenses?



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- Vikram Mehra:** It is a purely variable expense Sir. If we make revenue, we pay royalties otherwise there is no royalty.
- Swapnil Potdukhe:** No I am asking about other expenses which have grown to Rs.23.5 Crores versus Rs.19.7 Crores in Q1 quarter and last year same time it was Rs.14.5 Crores?
- Vikram Mehra:** As a percentage to revenue this has not grown. We will still clarify the same to you. Just give us a moment. You are talking about the last line other expenses?
- Swapnil Potdukhe:** Yes?
- Pankaj Chaturvedi:** The increase in other expense, if you look at it on a Q-o-Q basis it is around 12% to 13% which is in line with our top line growth.
- Vikram Mehra:** Swapnil let me put it. Philosophically for a couple of years you will see expenses moving at a similar pace as revenue. Once we pass the hump, you will see that the growth in expenses will slow down compared to the growth on the revenue side. But initially to get the new content engine moving from stationary to the first and second gear, it will require some amount of fuel consumption. Over time you will end up getting advantage on the margin side and I am not saying long run. I am talking about short to medium run.
- Swapnil Potdukhe:** Right. Very clear there Vikram and just a last question from my side. I would like to understand your events business how big is it right now? What are your plans for the business over the next one or two years and are we burning any cash right now in the near term where we will end up spending amount?
- Vikram Mehra:** Individual events is combined with the films and television so I cannot give you events' individual numbers. But event as a concept is a low margin business. I have stated in the past also that once the business gets stable it will be a 5% to 10% margin business. It is an essential business to manage my music licensing business. If we are in the newer content game right now to differentiate myself vis-à-vis the other guys and to build relationships with the artist, being in the Live business is the very advantageous part. But we will not be burning cash here.
- Swapnil Potdukhe:** Right. Those are my question, Vikram. Thanks a lot for answering.
- Moderator:** Thank you Sir. We take the next question from the line of Nikhil Moryani from Valiant Investments. Please go-ahead Sir.



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- Nikhil Moryani:** Good afternoon, everyone. Vikram I just wanted a confirmation from what you told the earlier speaker the event revenue is not part of the music licensing revenue right?
- Vikram Mehra:** No Sir. At this juncture we are combining with the Films and TV business.
- Nikhil Moryani:** Alright thank you and one more thing. Would it be possible for you to give us a breakup between revenue from catalogue and new music?
- Vikram Mehra:** No Sir. It is very confidential information.
- Nikhil Moryani:** No Sir may be not for this quarter or for the current financial year? May be for the last financial year or previous financial years?
- Vikram Mehra:** Sir I think the closest we can get to you or give an answer to you if you look at my last corporate presentation it very clearly shows how much revenue do we make from which decade of music. Two years ago, a majority of our revenue was coming from our 20th century music. Last year 40% of our revenue came from 21st century music, and in the 21st century, majority of the content investment has been done in the last three to four years only. Hopefully, this will give you perceptive.
- Nikhil Moryani:** No because as investors we would want to track how are we doing on getting a payback so this number will be very helpful?
- Vikram Mehra:** So that is extremely confidential and competitive sensitive information which we will not be able to share
- Nikhil Moryani:** I understand. Alright Sir thank you very much for your time.
- Moderator:** Thank you very much. We take the next question from the line of Priyankar Sarkar from Famycare Capital. Please go-ahead Sir.
- Priyankar Sarkar:** Thanks. Vikram I just wanted to understand the YouTube shorts business? Obviously because we are growing at a predominant phase but what I wanted to understand is that is there a minimum number of seconds that it has to play for us to get a revenue share?
- Vikram Mehra:** Sir on YouTube Shorts?
- Priyankar Sarkar:** Yes?



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- Vikram Mehra:** Sir, All short-format video Apps like Sharechat, Moj, Insta, YouTube Shorts globally pay us a fixed fee. It is not a variable model yet. None of these guys have been able to crack a variable model yet. I expect that to happen in the next couple of years. At this juncture they work on a fixed payment module which we renegotiate every year. On YouTube its a variable model which is a more evolved model now. On YouTube every time an ad gets presented on a Saregama owned IP, we get 55% of the ad revenue
- Priyankar Sarkar:** Okay got it and Vikram the second question I wanted to ask is about this cash balance so what I saw from a Rs.930 odd Crores of cash and it has been a year since we raised the capital so it is like to like no deals as such are available over the last 12 months as we could acquire new catalogues or how is that because it has been a year right so wondering on that front?
- Vikram Mehra:** We are constantly debating between optimal cash utilization and buying catalogues at fair valuations. We had to say no to a few deals because of unviable valuations or poor paperwork. We are in conversations but the reality at this moment we only have one deal. I will be honest with you. Just because we have collected money we do not want to go out and blow the cash by buying catalogues at unreasonable valuations. We want it to come at a multiple that make logical sense.
- Priyankar Sarkar:** Okay fair enough. Thank you.
- Moderator:** Thank you Sir. We take the next question from the line of Nitin Sharma from MC Pro Research. Please go ahead.
- Nitin Sharma:** Thanks a lot. Congrats on a good set of numbers. A couple of questions if I may. First, can you help us understand what caused the surge in the other current liabilities this quarter? I think it is up Rs.100 Crores or so?
- Pankaj Chaturvedi:** Yes, basis our negotiations for all the licensing deals, we do get revenue in advance on the licensing deals. However, our accounting happens on an accrual basis spread over the deal period. It is purely of that nature. It is not a liability in the sense wherein it needs to be repaid. These are all income received in advances.
- Nitin Sharma:** Understood. Secondly is it a right assessment that if I let us say your Carvaan sales are on an average 4K for this quarter it seems that prices have gone up recently? It is contributing around 30% to 35% of the revenue correct me if I am wrong here?



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- Vikram Mehra:** We give breakup of the music licensing and Carvaan business on an annual basis. At the end of Q4 we will share the numbers once again.
- Nitin Sharma:** So, I am arriving at a pure music license, but it has seen some bit of slowdown sequentially?
- Vikram Mehra:** Sir I am going on record saying it has not.
- Nitin Sharma:** Understood and lastly one question just to understand you mentioned on previous question that there was some Carvaan logistic related cost so has it also affected the segment margins for the music business? Will that come down slightly?
- Vikram Mehra:** When you are saying it has come down you are talking on a percentage basis?
- Nitin Sharma:** Around 3%-point segment margin.
- Vikram Mehra:** Carvaan business currently is a breakeven to a low margin business Hence, at an aggregate level, the Music business margin percentage will always look down if the Carvaan revenues start going up.
- Nitin Sharma:** Understood super helpful. Thank you.
- Vikram Mehra:** Again, I am telling that the music growth numbers are not slowing down. In fact, they are steady. That is why we are maintaining the projection of 22% to 25% growth on annual basis. We are also not making any change in our projections on our margin side.
- Nitin Sharma:** Understood. Thanks a lot. All the best.
- Moderator:** Thank you very much. We take the next question from the line of Ankush Agrawal from Surge Capital. Please go-ahead Sir.
- Ankush Agrawal:** Thanks for taking my questions. Vikram firstly I want to understand like in terms of say if we are spending Rs.100 on new content what would be the broad range of amount that would be going towards royalty-based deals versus the fixed deal a broad range would suffice?
- Vikram Mehra:** That breakup I cannot give you at this moment. What I can tell you is that if there is a Rs.100 deal on an overage Rs.80 goes towards content and Rs.20 goes to marketing.



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- Ankush Agrawal:** That is understandable. What am I trying to say is if you spending Rs.100 say probably half of the deals or half of the new deals that we are making are fixed and half of the new deals that you are making are royalty-based deals?
- Vikram Mehra:** I cannot give that breakup Sir because its competitor sensitive information. The only segment where you are looking at royalty-based deals is Hindi films.
- Ankush Agrawal:** The rest everything you are saying is fixed deal?
- Vikram Mehra:** Yes.
- Ankush Agrawal:** Right and again on this royalty also like you have mentioned that earlier like the older content is 10% to 15% kind of royalty so would it be possible to share what will be the higher range of the new deals because you have already mentioned that the new deals have a higher royalty versus the 10% to 15% so on the upper side may be it is like 40% and 50% more some kind of level that you can highlight?
- Vikram Mehra:** Sir we can't share this information. If we give you the highest possible number for royalty, then every partner will ask for the same percentage but what we can share is that an aggregate basis when we look at catalogue and newer music, this number should not change substantially because lot of our new music is going to be on a fixed fee basis. So at the overall business level, between the catalogue, Hindi film new music, non-Hindi film new music – the royalty % will remain between 10% to 15% of the overall revenue
- Ankush Agrawal:** But this 10% to 15% is including the revenue from the fixed fee deal, denominator is the full year basis?
- Vikram Mehra:** I understand. It does not answer your question directly, but it is market sensitive information
- Ankush Agrawal:** No, I can understand that the reason that to a great extent. Another thing is Vikram over here so if I look at your presentation on the content charge you mentioned that we do not include the royalty which is paid after the minimum upfront amount so I was wondering why do not we include the subsequent royalty into that because it is the content cost so if you are breaking this up that the content charge that you are showing only includes the royalty up front amount and not the royalty that you are paying after the recoupment of advance? It does not give a good understanding of what is the actual content charge because now it is fine, we do not have a lot of royalty, but I think given the kind of content that you



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are acquiring couple of years down the line the royalty component that would be in the other expenses and the content charge would be substantial.

Vikram Mehra:

For Hindi films the deal may be that we will pay them X Crores up front plus Y Crores of marketing and the music becomes ours. We then start recouping this X+Y. On top of that typically there is a hurdle rate which is put. Once we recovered X+Y+ the hurdle rate then we start paying royalties to them. So, royalty payout will start hitting our books only for those Hindi movies where we have fully recouped the initial money we had paid, the marketing costs and the hurdle rate.

Ankush Agrawal:

Yes, that is understandable? What I was suggesting is that in the end it is a cost attached to a content right so if we include that in the content charge it would give a better understanding that was just a suggestion but either way lastly Vikram one thing I wanted to understand so if I look at the quarterly royalty number it is about Rs.15 odd Crores right and if I calculate based on what you have mentioned that the royalty expense is somewhere around 15% odd so that comes around Rs.100 Crores of revenue right with is just broadly the entire cost we have on the entire revenue that we have on the license side broadly so the thing is not adding up because if you see the older content is 10% to 15% kind of royalty and if I assume that is the major part of royalty expense and the reverse calculation that would be indicating that the entire revenue or the license is coming through that kind of music right which is royalty attached so not sure like I put it on the right sense but it is not adding up the number?

Pankaj Chaturvedi:

Probably the way you are calculating has too much of approximation. The music licensing revenue that probably you are calculating has a mix of many parameters. As Vikram explained the royalty expenses that we account for under the head royalty start kicking in after we have recouped the initial amount paid plus the hurdle rate; and there are royalty-based deals in Hindi, but the other languages may not have these kinds of deals; so there are too many variables in it.

Vikram Mehra:

Please keep one thing in mind, Carvaan also has a royalty expense. Your current assumption that royalty expenses pertain only to Music Licensing business is not true. We pay royalties for the preloaded music on Carvaan also.

Ankush Agrawal:

That was clear. Thanks.

Moderator:

Thank you Sir. We take the next question from the line of Varun Arora from Safe Enterprise. Please go-ahead Sir.



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Varun Arora: Thanks for the opportunity. Vikram my question is regarding OIBCID margins? At the beginning of the year, you have indicated 33% margins? If I look at last two quarters, we have been doing 38% to 37% so just wanted to check are we sticking to that and what is the reason for that lower guidance? What will be the moving parts which will kind of drive this margin?

Vikram Mehra: Sir right now I will still stick to 32% to 33% OIBCID margin number. I know the last two quarters we have done better than that but for this year I continue with that number. Let us have the chat at the end of Q4.

Varun Arora: Correct and what will be the moving parts Vikram the reason you want to stick to this guidance because of?

Vikram Mehra: We have a much better control on the music licensing part. But the moment you are looking at events business which at this juncture - being in the first six months - is going to be a very, very low margin business. If we suddenly end up having a large event generating 20-40cr revenue at a margin of 2-4%, it changes the entire mix. . . Secondly, the films business is growing in an aggressive fashion. The film business is 15% to 20% margin business. We do not know exactly what releases will finally happen in Q3 and Q4. If we were only in the stable music licensing business, we could have given higher projections. But with the uncertainty of Films and Events business, we will continue maintaining a 32% to 33% projection of OIBCID. It is just a mix game and nothing else.

Varun Arora: Sure. The second question is Vikram regarding the content acquisition cost? Now I understand like during the pandemic there was no content which was coming out, but the last few quarters would you say that we can kind of look at last three quarters the number as the base on which our content acquisition cost should kind of come going forward since the last few quarters are more normalized quarters in terms of content coming out?

Vikram Mehra: Sorry Sir I am not clear about your question. Are you saying content costs will go up?

Varun Arora: So during the pandemic there were no movies which were coming out so naturally we were not acquiring new content right but the last few quarters we have seen like movies are coming out, you are acquiring content so I am saying the base that we are seeing in the last two quarters the content acquisition cost that we have seen in the last two quarters? Now would you say that it has reached like the normalized levels? Obviously, they were at much higher compared to the last year levels but the numbers that we are seeing in Q2 and Q1 touched a more normalized content acquisition cost that we should see going forward?



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Vikram Mehra: No Sir, it will go up because our bigger films, primarily the Hindi ones, have not started coming out yet. We started acquiring bigger Hindi films early this year, immediately after the QIP. And in Hindi films typically there is a lag of 12-18 months between music partner finalization and release of the film. So, you will be finding our bigger Hindi movies coming from Q4 or Q1, FY24 onwards. Hence, the numbers will be a little higher.

We had given an earlier guidance that our aim is to pick 30% of all content coming out in the year. Our estimate is that roughly 800cr worth of new content will come out at industry level. We have also shared our content charging policy. The combination of the above two will give a good idea of where the year will end.

Varun Arora: That is helpful. Thank you so much.

Moderator: Thank you very much Sir. We take the next question from the line of Devanshu Sampat from Yes Securities. Please go-ahead Sir.

Devanshu Sampat: Good evening. I had a few questions so your artist management business can this take up a sizeable chunk of your investment going forward?

Vikram Mehra: No Sir artist management business requires low investment. Because when we sign an artist, what we primarily spend on is his/her songs, which we anyway have to invest as part of our music business, we see artist management business as a byproduct of our core music licensing business. It will neither take large investments nor become a game changer in terms of revenue or profitability. It is one of those very essential things that we need to protect your core business of licensing.

Devanshu Sampat: So just to understand what all is involved here so if you are signing a new artist right the marketing cost and the video shoot and everything that happens is something that will essentially be done by a label right?

Vikram Mehra: We constantly need artistes to create new songs and music videos. Typically, we go to 3rd party artistes, and spend large sums in creating songs with them. Now instead we will discover and sign new talent and invest in creating music with him/her. If the artiste become big, there is potential upside in terms of a share of his live performances and brand endorsement deals.

Devanshu Sampat: Got it. Sir another question to do with something you mentioned in your opening comments right so you spoke about our data analytics capability is it possible you can help with



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understanding the share of new users and their streaming contribution and how they are growing versus existing users who have been around say like for a year or so and what is their contribution and what is that growth coming from them?

Vikram Mehra: Please understand the consumption data that we have is at the song level and not at the user level. Remember the users are owned by Spotify, Saavn, Wynk etc and not by us. What we get on a daily basis is consumption data of our songs across all streaming platforms. On YouTube we have invested in technology to track daily viewing numbers of all songs belonging to us and competition. What we don't know is the end user behind the stream or the view.

Devanshu Sampat: But you will get the mix between the paid subscriber versus...

Vikram Mehra: We get separate data on number of streams coming from free vs paid customers

Devanshu Sampat: Can you give you sense on what is it right now?

Vikram Mehra: So, it is still a free world. Paid subscribers are still low but as stated in the past also, we expect music subscription economy to start growing in the next 18 to 24 months in India. The video OTT platforms have gone through a similar transition in India. Music subscription has taken off everywhere else in the world. In fact, they are close to 525 to 540 million paid subscribers globally. We see the same thing happening in India. It is just a matter of time now.

Devanshu Sampat: Okay sure Sir. Just another question just to understand how this works is suppose a person who is very famous on YouTube for example for a dance channel, but they use your own music so how will the split work over here?

Vikram Mehra: Sir if anybody uses any part of our song whether it is the original song or the lyrics of the song or the music composition in their video, then Saregama has a right to either strike it down or claim the advertising money flowing to this video

Devanshu Sampat: Okay so the incentive for the person owning the channel would be some other way out?

Vikram Mehra: A lot of artists release cover or remix versions of our popular songs on video sharing apps in order to get instant recognition on social media. Their popularity then helps them make money on the live performance circuit. Eg a new singer may create cover version of Badshah's *Paani Paani* or Kishore Kumar's *Mere Sapno Ki Rani* *Kab Aayegi Tu* to cut



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through much faster because people already know the song. He then puts it on YouTube. Saregama makes all advertising money, but the artist may become popular with that song and get invited to perform at a restaurant or a wedding.

- Devanshu Sampat:** Then at which point do you start making money from their live performances?
- Vikram Mehra:** That is what we were lacking till now. With Artiste Management vertical, we will plug in this revenue stream also
- Devanshu Sampat:** Sure, Sir and Sir just last any update on the land bank that is sitting on our books in terms of value unlocking amortization?
- Vikram Mehra:** The land bank doesn't take any new investments from our side. Whenever there is any update on monetizing the same, we will inform you people.
- Devanshu Sampat:** I understand but in terms of market value it seems like a sizeable chunk for this, so I was just wondering from that angle?
- Vikram Mehra:** Its value will be unlocked someday Sir. It will only be good news whenever it comes.
- Devanshu Sampat:** Okay that is it from my side. Wishing you all the very best. Thank you.
- Moderator:** Thank you very much Sir. We take the next question from the line of Kishan Amarchand Tosniwal from Polar Ventures LLP. Please go-ahead Sir.
- Kishan Amarchand T:** Congratulations on a good set of numbers. I have two questions basically? I just wanted to know the demerger company that will happen, the segmental revenue shows television and even ad publication so what all will go into that demergered company out of these?
- Pankaj Chaturvedi:** So it is going to be all the noncore businesses of Saregama that gets moved down so which means the non-exclusive distribution of our retail, the publication side as well as some of the investments which were noncore to Saregama so they get to the new resultant company they move out.
- Kishan Amarchand T:** Does that mean noncore will mean the real estate part as well will go into that?
- Pankaj Chaturvedi:** No, non-core means the publication side that I just mentioned to you and some of the investments that we were holding, but not the real estate.



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Kishan Amarchand T: Okay the second question is when what do you say Carvaan that you have launched the newer version of the Carvaan mobile version is that going to be more margin accretive than the earlier Carvaan version which was the radio kind of a Carvaan?

Vikram Mehra: Sir the margin percentage is similar across all the Carvaan variants; from the radio Carvaan to mini Carvaan to Carvaan mobile or a Musicbar. This is something we are very particular about. While Carvaan is priced at Rs.6000, the Carvaan mobile is between Rs.2000 and Rs.2500. So, the absolute margins on Carvaan Mobile are lower. The upside is that Carvaan Mobile is allowing us to penetrate smaller towns of the country. And as I mentioned earlier, all Carvaan variants help increase the popularity of our music catalogue. Those older songs again become top of mind and then often other members of the family end up consuming this content on YouTube and OTT also.

Kishan Amarchand T: So, this Carvaan that you are making will also go to the demerged company?

Vikram Mehra: No Sir the Carvaan remains as part of Saregama. The demerged company will have a non-exclusive right to sell that Carvaan on digital platforms.

Kishan Amarchand T: Is Carvaan profitable business or is it still we are burning cash into it?

Vikram Mehra: Carvaan was profitable in FY18 and FY19. In FY2020 we lost money on Carvaan due to Covid induced supply and demand issues in Q4. Since then, Carvaan has been a breakeven business. And it will continue to be a breakeven to a low margin business in the immediate future. The margins will improve as the sales numbers start going up. But the real upside of Carvaan is the free marketing it offers for our music licensing business.

Kishan Amarchand T: Thank you.

Moderator: Thank you very much Sir. We take the next question from the line of Anika Mittal from Invest Research. Please go-ahead Sir.

Anika Mittal: Good evening, Sir. Sir what are the risks do we see in the near term or midterm for our business like any kind of cyber risk to our IP properties and all this?

Vikram Mehra: Actually, the great thing about IP is even if you steal my song the ownership still sits with us. So, in that sense it is not a physical product they are still stealing.

Anika Mittal: I was asking from your acting and all this stuff like hacking of YouTube channels and all these stuffs Sir? What are the internal measures we are taking in that?



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- Vikram Mehra:** Its ownership cannot be stolen. What can be stolen is Saregama's revenue by not taking a license for the song. Now the good part is that post 2015, the content consumption has moved primarily to the app world and away from the browser world. What do I mean by that? Up till 2015 to 2016 also many of us used to consume content on our laptops and desktops but we are seeing 2014-15 as the watershed moment. There are far greater population of the world which now consumes content only on their phones and not by typing www.something.com. Now the good part about app world is that it is controlled primarily by two companies Google and Apple. So, if there is any app sitting on a Google store or an Apple store which is infringing our content, we take the help of Google and Apple to throw that app out of that store. This allows us to control piracy to a great extent. We may still have piracy happening in the smaller towns whereby consumers go to the panwala shops and ask side-loading of some of the songs onto their mobile phones. We believe this problem will eventually go away like it has vanished from Mumbai, Delhi, Bengaluru etc
- Anika Mittal:** Understood Sir and Sir one more thing you were talking about some big movies getting delayed from Q4 to Q1 next year and you were also saying the other content will fill up the same so that content will be big enough to set off the same Sir?
- Vikram Mehra:** Sir it may not be exact replacement. There are very few albums of the stature of a Karan Johar film. We will still try maintaining our market share by investing in non-film songs eg. the recent tie up with Arijit Singh will help release one very big song in Q4.
- Anika Mittal:** Understood Sir. That is, it from my side Sir. Congratulations to you and your team Sir.
- Moderator:** Thank you Sir. We take the next question from the line of Himani Shah from Alchemy. Please go-ahead Sir.
- Himani Shah:** Congratulations on a great set of numbers and most of my questions are answered. Just one question is on the artist management side can we say that since we are signing an agreement with Arijit Singh for new content that they also guys that we would be managing on the artist management side?
- Vikram Mehra:** No. In both the cases, Diljit and Arijit, we are doing specific projects with them which are long term projects, but we are not managing those artists. Our endeavor at this juncture on artist management is to work with newer artists.
- Himani Shah:** Any names which on that you can likely say?



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Vikram Mehra: Himani at the right time we will share.

Himani Shah: Got it. Thank you and congratulations again.

Moderator: Thank you. We take the next question from the line of Ravi Naredi from Naredi Investments. Please go-ahead Sir.

Ravi Naredi: Vikram I am patiently listening to you and listen to the answers up to mark. Sir how much money we have debited towards the content charges in Q2 and H1?

Vikram Mehra: Sir I can tell you the total content charge in Q2 is Rs.17 Crores. On the H1 basis is Rs.34 Crores.

Ravi Naredi: Thank you. As we are bigger in music and main revenue earnings, we may say our bread and butter comes from music can you tell in longer run say three to five years film will be also substantial part of earning?

Vikram Mehra: Yes Sir. We believe some businesses will continue growing now at a 25% year-on-year. But music business has a huge head start. Last year films and TV business was sitting at Rs.100 Crores while music business was sitting closer to Rs.370 Crores. So, music is far bigger, but we see films and series also becoming substantial in the days to come.

Ravi Naredi: Right and Sir how 5G will help our business?

Vikram Mehra: How?

Ravi Naredi: 5G?

Vikram Mehra: Anything that allows consumption to go up is beneficial to our business. 5G will allow better quality audio and video to be delivered to people's phones and TV sets. Till a couple of years ago, we used to watch only DTH and cable TV channels on our TV set. Now many of us have started watching our Netflix and Amazon and Hotstar on those TVs. Even for YouTube, the fastest growing segment now is the smart television. This creates a great opportunity for large content library owners like us to deliver our content on large TV sets, making them more accessible to 70 years old nana nanis also. Already people are glued on to their devices all the time. With the speeds offered by 5G, this consumption may go up substantially. Which is great news for the the largest IP owner in India, Saregama.

Ravi Naredi: So, we may assume there will be tailwinds will be for longer time in our business?



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- Vikram Mehra:** We are very clear about this the good times have just started. The music industry is very small in our country and has got a very, very long way to go. It's piracy that had killed the industry earlier. With companies like us investing heavy in technology, piracy may become a problem of the past very soon. I think we have serious tailwinds behind us. The primary catalyst will be the Indian economy one thing we all are agreeing is in the next 10 to 20 years belong to our country. So, there will be money coming in, better devices, and better IP laws protecting rights. Indian judiciary has started taking IP infringement very seriously, thus protecting the IP investments, Entrainment IP is also the soft power with which India can go back and influence things at a global level. If America could do it with Hollywood movies, we can do an equally good job with Bollywood movies and music. So, we think everything at this juncture is falling in the right palace. The companies who are investing in data science, technology and new content are going to do well.
- Ravi Naredi:** Can we say in the next 10 to 20 years if not for India even our company will grow too much right?
- Vikram Mehra:** Sir we have no doubt about that and have put our bet on it. Technology and Data Science are the pillars on which we will build this growth story. In today's time and age, you cannot decide on a song basis one person's gut call or on a movie basis the lead actor. Entertainment companies have to invest in data science in a big fashion. Now we are reaching a phase where we can track customer interest on scene-by-scene basis and take corrective actions if possible. The same thing we are doing with music. We track the drop rates of a song on a per frame basis, giving us valuable insights on what increases or reduces engagement. This is used for making the next set of songs better, I think this is a good story waiting to unfold.
- Ravi Naredi:** Really you had given a very elaborate answer and everything. All the best to you and your team and company because it is our company too. Thank you very much Sir.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for the day. I would now like to hand the conference over to the management for closing comments.
- Vikram Mehra:** Thank you everyone. Thank you for this patient listening. I am often asked whether the best part of our journey is already over, and we keep stating that the growth story has just started. Indian Music industry which was literally a barren land has just started showing some off shoots of growth. There is a full tree that needs to get planted - both on the music and video side. In the days to come, more people will watch content on smart phones, and



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they will watch more content per day than what they are doing now. So as a company we will continue investing in IP to get a lion's share of this growth.

We maintain, as we go forward, our bullish stance on music licensing 22% to 25% growth year-on-year on a short to medium term basis. We continue with our content investments on film side on Hindi, Tamil, Telugu, Malayalam, Punjabi, some bit of Bengali and on the non-film side on Hindi, Bhojpuri, Gujarati and some other languages including devotional in a big fashion. We continue with a cautious approach on Carvaan. Carvaan is a great marketing tool for our music licensing business. We understand the power of it but we will also ensure that Carvaan remains withing breakeven to a low margin range. We believe in the days to come even the margin percentages can go back to FY19 levels. Our films, series and television business are expected to grow at 20% to 25% on a year-on-year basis with a 15% margin. Event business will build up slowly, but it will always remain a low margin business, but it is a crucial business to have as part of our armory. It not only helps our music licensing business but also hedges our dependence on advertising revenues. So overall we are happy with Q2 and maintain our bullish stand on the entertainment industry and Saregama's future both from the topline and the bottom-line perspective in the days to come. Thank you and look forward to talking to you at the end of Q3.

Moderator:

Thank you. On behalf of ICICI Securities that concludes this conference call. Thank you for joining us and you may now disconnect your lines.