



# “Saregama India Q4 FY 2021 Earnings Conference Call”

**May 13, 2021**



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**MODERATORS: MR. BHUPENDRA TIWARY -- ICICI SECURITIES  
LIMITED**



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**Moderator:** Ladies and gentlemen, good day and welcome to the Saregama India Q4 FY 2021 Earnings Call hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing ‘\*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Bhupendra Tiwary from ICICI Securities Limited. Thank you and over to you, sir!

**Bhupendra Tiwary:** Good evening, everybody. From ICICI Securities, we welcome you to the Q4 FY 2021 results conference call of Saregama India Limited.

The management is represented by Mr. Vikram Mehra, who is Managing Director; Mr. Vineet Garg, who is CFO; and Mr. B. L. Chandak, who is Executive Director.

So, without much ado I give it to Vikram.

**Vikram Mehra:** Thank you, Bhupendra. Good evening everybody. It is strange taking this call from my home. So much has changed between the last Earnings Call and this one.

At that time, we all genuinely believed that the worst of Covid was over and the life would slowly come back to normalcy. But that was not to be. Over the last 2 months, our country has undergone a dramatic change courtesy Covid. And the impact has been both at the economic and the human level. The people who are getting infected include employees and customers and retailers and partners. Overall Covid has taken a big toll across the entire economy.

Coming to Saregama:

Our journey over the last three years has practically been a journey of preparing the company to take advantage of the digital explosion that is happening globally. As more and more people move from the conventional broadcast to digital way of consuming content, it places digital content IP owners like Saregama in an advantageous position.

During the last few years, we have digitized all our music IP ie 130,000 songs, moving everything from analog to digital format with rich metadata behind it. We also signed licensing deals with every leading digital platform in the world. Digital has helped extend the reach of our content multifold. Its distribution is no longer restricted to India or Southeast Asia or US or UK. Digital has taken Saregama’s content to every corner of the world which has fans of Indian music. You will be surprised to know that a lot of fans of Raj Kapoor, Amitabh Bachchan and Shahrukh Khan films’ music are in countries with negligible Indian diaspora. And we have been able to reach all of them by releasing our content on every major global digital platform. Digital



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has allowed us to put our music everywhere, unfettered by the constraints of the conventional brick n mortar distribution network.

We also used this time to build a robust data analytics tool around song usage. When you own 130,000 songs and get over 8 billion song usage data points on a regular basis, there is a lot of customer intelligence you can derive out of it. It is this customer orientation that Saregama has, courtesy its Carvaan business, that differentiates us from other local content companies who are primarily B2B players.

Last few years were also used to build digital marketing expertise in the company. This has helped us not just market our music better, but also change perception in the minds of potential partners of this 115-yr music company. And finally, and most importantly, we re-started investing in new content to appeal to the Gen Z and the Gen Alpha. This helped extend the appeal of our catalogue from 35+ age group to the younger generation too. Results of all these initiatives over the last 3-4 years are for everyone to see. They look strong, steady and good.

The profitability of FY 2021 was Rs. 151 crores. This profitability didn't come out of the blue. It has followed a steady path over the last 3 years to reach here. To put things in perspective, let me first take out the impact of the following exceptional items from the profitability. First is the high Other Income and second is exceptionally low content investments this year due to Covid lockdown. Even post taking those numbers out, we are still talking of Rs. 100 - 110 crores PBT. In FY20, the PBT was Rs. 60 crores, which could have been Rs. 85 - 90 crores, had the sudden impact of Covid lockdown not plummeted Carvaan sale in Q4. The year before ie FY19, our PBT was Rs. 84 crores. As you can see the growth in profitability has been increasing slow and steady over the last few years.

With the foundation and pillars needed to ride this digital content revolution already in place, we expect this growth trend in profitability to continue.

The biggest profitability driver for us over the last few years has been music licensing. Even after removing the one-time income that we received during this year, the Music Licensing business was Rs. 284 crores during FY21. This is the third straight year of a 20% growth in this vertical. We have been maintaining since a long time that we expect our music licensing to grow at 22%-25% on a medium-term basis. And even this year it would have been 22% -23%, had the public performance revenue that we get from societies not become close to zero. And all this is inspite of the Covid-led hit that the entire music industry took in Q1.

As we move forward, we see no reason why we should not be able to sustain this 20% to 25% growth in music licensing, primarily on the back of new music.



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Our publicly stated plan is to acquire, between 20% to 25% of all music that comes out in the market. This will be across multiple Indian languages and genres. With the investment in new music becoming substantial, we have from this quarter onwards started sharing our Content Charge for every quarter. This will give you an idea of how much are we investing in our future.

This number was Rs. 8cr for Q4 compared to 4cr in Q3. It's important to understand what all is included in this Content Charge. There are two ways in which we buy music. First one is on the basis of perpetual royalty along with a minimum guarantee advance. This minimum guarantee gets amortized over six years, and this annual amortisation charge gets included in the Content Charge. The second way is when we buy content on an outright basis ie no future royalties. We just pay a one-time fixed fee for the content. This fixed fee is amortised over 6 years, and the annual charge is included in the Content Charge. Also all annual marketing expenses incurred towards promoting the new content are part of this Content Charge. What Content Charge doesn't include, is the royalty that we pay on older content.

A big driver for us has been the efficiency that we have built into the music licensing business. Technology infrastructure, data tools, legal framework, social media channels etc etc are all running now at optimal levels. And same is the case with the movie business. The initial investments needed to go up the learning curve have all been incurred and now the dividends have started coming.

Our operating income before content charged, interest and depreciation has almost doubled this year.

Our focus on cash management continues with improvement in collections and postponement of all non-essential expenses. With very little content getting released this year, our content investment was also very low. During the year we not only became debt-free, but had an year-end cash surplus of Rs. 170 crores at the consolidated level. Rs.34.8cr out of that is already earmarked for dividends. This is a big change for a company that used to be in debt an year back.

Now let's get into specifics of the 4th quarter. On the first glance it seems that revenue has fallen...from 134cr in Q3 to 123cr in Q4. If you dig deeper, you will realise that it's not Q4 that has performed poor, but it's Q3 which was exceptionally high due to Carvaan's Diwali sales and overflows from our music licensing partners. It's more of a phasing issue that repeats every year. Same phenomenon had happened in FY20. Our Q3 revenue was Rs. 129 cr compared to Q4 revenue of Rs. 108 cr. You can expect something similar happening in FY22 also

In Q4, the Other Income has been substantial. This is cash income, primarily coming out of two factors: dividend received from our investment in CESC and the interest income on IT refund received during this quarter.



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Two years ago, we had shared our plans of investing heavily in new music, because we wanted to keep our catalogue relevant even 30 years down the line. Unfortunately COVID happened, and all film releases got postponed. So, we could not acquire and release much music over the first nine months of this year. This meant that both content and marketing costs were very low over the last nine months.

Last quarter was little better. We managed to release multiple non-film songs in Hindi, Punjabi, Gujarati and Bhojpuri, with top artistes like BPraak, Jaani, Mohit Chauhan etc. This not only gave a boost to our OTT and YouTube numbers but also put energy back into our catalogue.

12 months back we had no play in Gujarati and Bhojpuri languages. Today we are within the top 3 players of the Gujarati market and are clocking 400 million annual views on our Bhojpuri YouTube channel. Our entire game plan is to get into leadership position of various regional languages.

Simultaneously we have started acquiring big Bollywood film music. One of the biggest Bollywood producers of all times, Sanjay Leela Bhansali, has sold the music rights of his next 2 directorial films (including Gangubai Kathiawadi) and his first non-film music album to Saregama. Music of South India's superstar director Shankar's next film with Ranveer Singh has also been acquired by Saregama. Add to this the music of Akshay's next movie Bell Bottom; Ajay Devgn's next movie Maidan; and many more. Hopefully this will put to rest any doubts about Saregama's ability to acquire new content.

Are we paying more than what the market is paying? No, we are not. Why is then the content coming across to us? It's because of Saregama's reputation of being honest and timely in terms of royalty payments and being digital savvy in terms of music marketing. The success of Carvaan has gone a long way to prove the marketing credentials of the company.

As mentioned earlier, the biggest revenue driver continues to be the digital licensing business. During the quarter, we signed a new deal with the short format video app called Triller. We already have similar deals going on with Instagram, Daily hunt Josh and Moj.

During this quarter we also licensed our songs to multiple shows and movies on Netflix like The Big Day, Mismatched, Roohi etc, and to brands Marico, Berger, Dabur, Limca, Blue Star for their ads. The trend of using retro music in advertising and digital series / films is steadily going up.

While nobody can question the evergreen nature of the retro music, its top of mind recall had started coming down over the years. Thankfully for us, Carvaan came and changed everything. Retro Music once again became the talk of the town. This even allowed us to convince the 25-



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28 year old content curators on digital platforms to give better placements and promotions for our retro content. It definitely helped that their parents were listening to Carvaan at their homes.

As the retail network opened up in Q3, we saw Carvaan numbers going up. This is in spite of the marketing spends being at the minimal level. After 138,000 units in Q3, Carvaan sold 110,000 units in Q4. It could have been higher had Covid not wasted the last 15 days of March. Corporate sales completely died during this period. Typically, March is a large corporate sales month for us. But as a company we are still comfortable with the Carvaan sales numbers as they are entirely based on customer pull with negligible marketing push.

Till we do not have comfort on the complete opening of the retail market, we will continue to keep a very tight control on the Carvaan cost structures, both on the marketing and the manpower fronts. This approach helped us achieve a breakeven for Carvaan in FY21, and we plan to continue it in FY22 too. There may be some hiccups in Q1 of FY22 due to the entire retail network and non-essential ecommerce deliveries being shut, but like last year Carvaan should achieve atleast a breakeven on the full year basis.

Our endeavor is to take Carvaan from a one-time margin product to an ongoing revenue making platform. This is currently being done through wifi return-path enabled Carvaan 2.0 that allows us to daily stream new music as well as podcasts to the Carvaan unit. We are bullish on the way podcasts are getting customer acceptance globally. We believe as our Carvaan platform numbers go up, there will be that much higher consumption of podcasts by the 35yrs+ users of Carvaan. And as that happens, the advertising revenue will start coming in.

TV and films segment remained in stress during Q1 & Q2 due to lockdowns related shoot cancellations. But as the market started opening up, we were one of the first guys off the block, both for TV serials and film shoots. This helped the Q3 & Q4 revenues and margins. On overall year basis we were able to get back to a break-even state.

On SunTV, all three serials of us are doing pretty well both in terms of TRPs and revenue. Roja continues to be the number one serial on SunTV in terms of ratings. I have often harped on the value of IP, even in TV serials. And this value finally started unlocking in FY21. Post broadcast of our serials on Sun TV, we release them on our Youtube channel. The Youtube views till FY20 were nothing to talk about. But FY21 was different. We garnered 1.5B views for this content during the year, opening up an additional source of revenue. In Q4 alone, we got over 570 million views for the TV serials on our YouTube channel. We are now also putting up this content on other platforms like Facebook, I believe that in the years to come, there will be more opportunities to monetize this IP. That is the beauty of IP. Create it once, write-off its entire cost and then make money from it for years to come.



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On the film side, we started shoot of a film called Collar Bomb with Jimmy Shergill in quarter three and we were able to license this film out in the fourth quarter. Till now all our films were getting licensed only to digital platforms. Our National Film Award winning film, KD, went a step ahead. We were able to license it both to a digital platform as well as a TV channel, thus opening up additional source of revenue for Yoodlee. We completed the shoot of the Marathi film Zombivli and same will be released sometime later this year.

We believe that FY22 will be a milestone year for Yoodlee. Assuming that the Covid lockdowns go away shortly, this is the year that the business is expected to scale up. This may also be the year when Yoodlee extends itself into web series.

Both TV & Films revenue may get impacted in the short run due to no shoots happening during lockdowns. But we expect normalcy to come by Q2, and revenues to catchup for the year.

All-in-all financial year 2021 was an important year for Saregama. It helped establish the Causal Effect relationship between increase in customer led digital consumption and the success of an IP owning company. With a large number of people sitting at home due to Covid, there has been a marked increase in digital content consumption during the year which in turn resulted into higher utilization of Saregama owned music, films and serials IP. We believe that this causal effect relationship will be the catalyst for Saregama's growth even long after Covid goes away.

That will be all gentlemen and ladies. Happy to take questions.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Pradeep Pandey from SBI Mutual Fund. Please go ahead.

**Pradeep Pandey:** Actually, the assets or the intellectual copy rights was there and creating revenue out of it by selling some of the iconic rights they have. Thank you.

**Vikram Mehra:** Sorry, I could not... Can you please repeat your question? Because it was not very audible, I am so sorry.

**Pradeep Pandey:** Yeah. So, in line with what is happening in the West, where there is resale of NFTs, and digital tokens which are some of the digital assets in formal and monetizing those digital assets. Has the company ever decided to monetize some of the intellectual assets it has? That is number one. And number two, probably has the company thought of using block chain or any of the new trends which are emerging on digital side?

**Vikram Mehra:** So, are we exploring and looking at the NFTs in a very serious fashion for the newer content. We are checking out what all is actually happening around the world. See, there are two things. One is just marketing stunts that are carried out; other is genuine revenue generation done



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through NFTs connected to new music. We have not seen many examples of the latter yet, except in music related merchandising. While we are exploring it, we will not commit to any timelines

The bigger trend globally at this moment has been the increase in the value of the publishing rights of songs. The global music labels and some of the funds are buying the publishing rights of some of the biggest artists at crazy astronomical prices. Unlike West, in India, companies like Saregama own both sound recording as well as publishing rights of all its songs. With time, we believe that the valuation of Indian music rights will also follow the international trends.

**Moderator:** Thank you. The next question is from the line of Sidhant Mattha from B&K Securities. Please go ahead.

**Sidhant Mattha:** So, basically two questions. First of all, we have seen Maharashtra, Goa, and right now Karnataka also suspending television shooting. So, has that been seen in Tamil Nadu also?

**Vikram Mehra:** Yes. Tamil Nadu, in fact from this week onwards, it becomes a problem. We still have banked episodes.

**Sidhant Mattha:** Okay. For two weeks, till 24th of May, because the lockdown is till 24th of May.

**Vikram Mehra:** If it is only two weeks, it actually does not affect, because we typically have episodes banked with us. But if the lockdown extends, then it will create some amount of pressure.

**Sidhant Mattha:** So, currently, like currently on the ground shooting is not happening?

**Vikram Mehra:** No

**Sidhant Mattha:** So, basically, I just want to know basically your serials like Roja and that Anbe Vaa and all that seems to me...

**Vikram Mehra:** At this moment, the production of these serials is taking a halt. We are very hopeful that this lockdown is going to be relatively short-term, and business should not get affected because we have bank of episode sitting with us. So, by the time this bank is exhausted, we should be back in business shooting new episodes. But if for whatever reason the lockdown becomes longer, then it may impact the business. This may be similar to Q1 last year.

**Sidhant Mattha:** Yeah. That I know. So, basically, currently, you have only three daily soap shows, which are airing on TV. No other language, no other channels, nothing.

**Vikram Mehra:** So, we are very clear. We work only with SunTV. And our primary work is all happening in the space of Tamil.





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**Sidhant Mattha:** Okay, yeah. And second question. So, basically, because we are seeing the second wave happening and all the film releases getting delayed. Bell Bottom, which you have scheduled for 28th May, will also get delayed because of this pandemic. So, do you negotiate the contracts if the movie release is on OTT? Because we have seen if a movie releases in a theater and movies in OTT the music, the music is more liquid, like the music, what happens if the movies releasing in theater, the music is more, it more widely available compared to an OTT platform. So, you will negotiate contracts with movies like Bell Bottom and etc. movies like Sanjay Leela Bhansali if they release on OTT?

**Vikram Mehra:** Okay. Let me answer. All our contracts which have been done over the last 18 months, which includes every big film that I spoke to you about, has a clause which gives us protection.

**Sidhant Mattha:** Yeah. Because OTT comparatively does not give the wider audience that way to just get going.

**Vikram Mehra:** You are right. Let's take Salman's latest movie Radhe released on Zee5. Its music is doing well on the digital platforms, but not to the extent it would have done had the movie got released in theatres. I agree with the point that you raised, that the valuation cannot be the same if the movie gets released in theater versus going directly in digital. So, we have protection in each of our contracts.

**Sidhant Mattha:** Okay. And how is this environment changing? So, we have seen from the last, there were albums which used to come, like of your competitors like T-Series and all, there were albums which used to come, something like Guru Randhawa or these albums. Now, we are seeing because there are no movies, which are getting released. So, more of albums are coming rather than these movies songs and we are seeing big-big actors also doing albums. So, are we focusing on these albums?

**Vikram Mehra:** Yeah. So, when you say album, you actually mean a non-film song.

**Sidhant Mattha:** Yeah, that specifically.

**Vikram Mehra:** The concept of album has died. We all release music singles now. During this quarter we released non-film songs of BPraak and Jaani, Mohit Chauhan, Goldie Sohel featuring Alaya Furniturewala etc etc.

Till some time back we were not doing any work in the non-film Hindi space. As shared last time also, we are now proactively and aggressively into the non-film Hindi space also. We always have been in the non-film space in Bhojpuri, Gujarati and Punjabi languages.



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**Sidhant Mattha:** Okay. And this last question. Just wanted to know so, does a customer see our non-album or albums or a non-film song and a film song? Is there any data point or is there any report saying that film songs are like heard more than albums or something?

**Vikram Mehra:** The big difference is that while film songs are picturized on Bollywood stars, the non-film songs typically have the singer himself or herself featuring in the song. So the difference is whether you like a song because it was picturized on Amitabh Bachchan or because Kishore Kumar sang it.

Both film and a non-film songs have their own dynamics. When a Bollywood star-based song is more expensive, the hype of the film itself is enough to get a massive initial draw for the song. In case of a non-film song, one has to build this hype through higher marketing spends.

Thank you. The next question is from the line of Rahul Jain from Credence Wealth. Please go ahead.

**Rahul Jain:** Thanks for the opportunity. Good evening, Vikram and team. Congratulations on a good set of numbers. And thank you all of you at Saregama are doing well. So, Vikram, my first question is, in last about more than a year of crisis quarter we have been maintaining that we look to acquire about 20% of the new film content. And that has been very transparently given in your presentation each quarter. I found a slight change in the presentation in this quarter where we have mentioned the figure could be 20% to 25%.

So, is that, since probably the last one year, content has not been acquired or content has not been available. Or maybe those releases have not happened thereby this figure is going up or are you trying to become more aggressive given the fantastic cash flows, which you have generated in FY 2021.

**Vikram Mehra:** Rahul it is part two.

**Rahul Jain:** It is part two?

**Vikram Mehra:** Yeah. We are getting more aggressive. We have seen that our recent investments are giving a good ROI. We get the benefit of scale, helping us monetise a new song better than most other labels. In our business the size of the existing catalogue and the number of new song launches, help monetize all content better. That is why we are planning to be slightly more aggressive and aim for a 20% to 25% share of the new content.

**Rahul Jain:** But the target which you had of Rs. 200 crores to be spent in three years, somewhere around, probably I have seen, and correct me if I am wrong, probably say in the next 18 months to 24 months, is that the way to look at?



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**Vikram Mehra:** Broadly speaking, yes. Maybe shorter period. The commitment that we are making is that it will all be funded by our internal cash flows. We are not raising debt to fund this ambition. We believe that the funding requirement will primarily be in year 1 of aggressive content acquisition, and after that it will become a self-funding cycle.

**Rahul Jain:** Sure, that is helpful. And Vikram, in this current year, we had a good number of licensing deals with some of the large guys, including Spotify, Facebook, and then some of this video chat, like Share Chat and Moj and a lot of others. And also, you have been talking about, new avenues like digital play whether on Netflix or Hot star, which are using Saregama lyrics and songs. And you also have been transparently talking about various companies, including Marico's of the days, their advertisements, use Saregama songs.

So, this is the first year when you had some of these really large deals and also, this retro has contributed as what you have been mentioning in last quarter. So, how currently large this thing has become including these deals with Spotify, etc. I am not asking for a specific number. But how big this is and what could be the potential, which you could see in next two years - three years this becoming? So, let us assume if today that is a x, do you feel that that can be how much x in the next two years or three years to come?

**Vikram Mehra:** See, let me put it this way. The biggest source of revenue that we have in India and globally is audio streaming. Not just for us, but for every music label globally. This is the revenue that we end up getting from Gaana, Spotify, Wynk etc

Our belief is that there is still a massive amount of upside, which is available in that space, both in terms of new users coming in and the number of songs they listen to every month. This number has been steadily growing for few years, and still has enough headroom in our country. Secondly, there is a huge potential upside available for all of us in terms of paid subscriptions. World over, there are 450 million paid subscribers between all the streaming applications. In India, that number is not even 1% of it. And when these platforms turn paid, our revenues from these platforms will go up substantially.

So, there are multiple forces at play which are going to help the OTT revenues grow. More users coming in, more amount of content consumed per user and the movement to paid subscription.

YouTube revenues continue to grow leaps and bounds for us. YouTube revenue is dependent on two things; more amount of videos being viewed and more advertising coming on these videos. If you are tracking media, the amount of advertising money is increasingly moving to the digital world, away from the conventional television world. As more advertising money starts following the content, our revenues start going up. Remember we make 55% of the advertising revenue generated by YouTube on our videos. So, there is a large upside sitting on that front too. Third comes the short-format video sharing apps. After Tik Tok moved out of India, multiple players



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have launched their services and are witnessing serious customer growth. This is good news for us, because almost all customer videos uploaded on these apps use music, thus improving the music licensing valuation.

**Rahul Jain:** Just a related stuff. So, Vikram, this is with regard to the subscription revenues, you have always maintained (a) you know, at present when most of the guys in India are using the streaming apps, without any subscription or those are being used free, then you get revenues based on a song being played or some share of the advertisement.

**Vikram Mehra:** Yes, please.

**Rahul Jain:** Your revenues can really see a sharp jump when a subscription kind of model gets developed. So, in last three quarters. Have you seen or have you been able to gather that subscription revenues of some of these streaming apps are going up have they started contributing?

**Vikram Mehra:** Very little. Has audio subscription taken off in India? No, not yet. But consider the following: world over Paid Audio subscription has moved **to 450 million**. In India, the moment some of the big Indian OTT players start focusing on their bottom-line, they will start pushing the subscription business. If customers are paying for music world over, why will they not pay in India? It's just that we provide all the content free. Hence, people do not see any reason for them to pay.

Another data point is the subscription growth witnessed by video OTT platforms like Hotstar, Netflix, Amazon in India, during the lockdown. These platforms have consciously put all their premium content behind pay wall, and this strategy is paying off. This tells you that lack of subscription revenue in audio is less of a customer issue and more of platform strategy one. The movement audio platforms change their focus from pushing monthly active users to driving subscription revenues, things will change. And that time is not very far away. How long can they keep focusing on valuation, and not look at the bottom-line.

**Moderator:** Thank you. The next question is from the line of Amit from 2Point2 Capital. Please go ahead.

**Amit:** So, just a question on the licensing revenue incremental margin. So, what is the typical royalty percentage that you must pay on the legacy music that you own from the 1990s; 1980s; 1970s music? So, what is the royalties that you still need to pay every year.

**Vikram Mehra:** Those numbers are between 10% to 15%.

**Amit:** Okay. But if you look at now, see your licensing revenues over the last two years have gone up almost 50% from less than Rs. 200 crores to almost Rs. 300 crores. But your royalty expense has pretty much stayed flat over the two years. So, what explains that?



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- Vikram Mehra:** Vineet, will you take that question? Because it is your Heads that he is talking about here.
- Amit:** So, what I am referring to is in FY 2021, the royalty expense is around Rs. 56 crores. In FY 2019 it was around Rs. 55 crores. So, that is a very small increase. But in that same period, your licensing revenues have gone up 50%. So, why have not royalty expense kept pace with licensing?
- Vineet Garg:** As Vikram explained, when we purchase new content and amortize it, that also forms part of the royalty cost. Because we have not launched any new content in last one year, so the charging for the new content is substantially reduced. What is happening? Whatever the content we release in last one year is purchased outright, right? So, in that case, it is not being charged to royalty, it is charged to amortization below the line in depreciation. So, that is the reason it looks like flat.
- Amit:** Okay, so understood. So, next year or two years down the line, once again, once the content acquisition increases, this number will again start increasing?
- Vineet Garg:** Do keep in mind that music royalty is also payable on Carvaan. The content that we are putting inside Carvaan also lend itself to royalty payments.
- Secondly as we buy more and more new content, it will hit amortization and not royalty. Royalties become payable on a song only after we have fully recovered our cost of acquisition and marketing
- Amit:** Got it. No, thanks. Thanks. This is quite helpful. Second question, on licensing revenue growth is 20% and in fact, it has almost doubled over the last three years. So, what has been the growth in digital licensing revenue? Because I am assuming there will be some parts of the licensing revenue, which have not grown over the last few years?
- Vikram Mehra:** Our corporate presentation highlights the various ways in which we generate revenue under music licensing. Our primary source is music streaming ie the audio streaming apps, then YouTube followed by other video sharing apps, including Facebook. The fourth is the licenses we issue to TV channels, brands and digital platforms.
- Amit:** So, basically then your 20% - 25% of long-term licensing revenue growth guidance that will be driven by digital licensing, maybe growing even faster than 25%, while some other segments not doing as well?
- Vikram Mehra:** Yeah. But remember, the majority of our revenue is coming from digital. The only non-digital part are the TV channels and public performance licenses.



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**Amit:** So, are these song competitions that happen on TV channels or Sa Re Ga Ma Pa, Little Champs and all of that?

**Vikram Mehra:** See, that is the only part which is non-digital. But even there, TV channels while clearing music license for a TV show are also asking for license for the same show on their digital app. As a company we maintain different licensing tariff cards for TV and digital app. While the traditional TV licensing business is still based on fixed annual fee, the digital licensing tariff is based on per usage. And with the infringement tracking ability, monitoring the usage becomes easier on digital apps.

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

**Ankit:** Congratulations for great year as a whole and the cash flows. Vikram, on this, streaming part the way the revenues have grown has been phenomenal. The licensing part is what I am talking about. So, I wanted to understand, how the margins are shaping up for this segment, because in earlier con-calls you had stated that this is a very high margin segment for us and the margins are as high as 55% - 60%. So, how are the margins shaping up for this segment? And how do you see, the margins to be when reached let us say somewhere around Rs. 500 crores kind of revenue over the next three years - four years if it is continue to be growing 10% or 20% - 25%. How will operating leverage kick-in in this segment?

**Vikram Mehra:** I do not think in any call, we would have given 55% and 60% margin number. But directionally, you are right. Legacy content business is a high margin business with the only costs being the royalties, marketing for keeping retro music top-of-mind and servicing manpower. And the profitability of that is actually not very difficult for you to work out, considering that we have shared the top-line of music licensing business along with the content investment cost.

The cost of new content that comes out in the market every year is around Rs. 500 crores to Rs. 600 crores. Our stated position is that we want to acquire 20% to 25% share of that content, giving you an idea of how much we intend to invest. And you know our content amortization policy

With new content coming in, we expect music licensing revenue to grow between 22% to 25%. Last few years' growth came from driving efficiencies, and the future growth will come from new content. That is why we are still projecting a 22% to 25% growth, while the industry in India is growing at 11%.

**Ankit:** Sure. Just going back again to my question, let us say, with your older content, if the consumption keeps on increasing, is it possible that, just leave aside the new content acquisition part that is a different line item. But on the existing revenue, will it be possible to get further



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operating leverage from here on, if we increase let us say Rs. 450 crores - Rs. 500 crores kind of revenues over the next two years to three years or even more?

**Vikram Mehra:** So, I am still not very sure what exactly do you want to know. The revenue from older content is growing year-on-year. If I take any song of R. D. Burman, more people heard it in FY21 than in FY20, which was anyway higher than in FY19 and so on. We track every song's performance on a monthly basis. Is the catalog making more money for us today than it was making in the past? Yes. And that you can see from the growth in our music licensing revenues.

As a company if we decide not to invest in new music content and grow at industry growth rate of 11%, then we can maintain very high profitability in the short term

**Ankit:** Yeah. I have got it. That was real. Second question, Vikram was on, how Yoodlee will shape out over the medium-term to long-term? The way we have seen the explosion of OTT apps over the past one year or even prior to that also we were seeing the kind of explosion which is happening especially on the series side. So, over the next three years to five years, how do you see Yoodlee will shape out and what will be the margin in this segment in medium-term to long-term?

**Vikram Mehra:** We are expecting Yoodlee business to grow at 15% to 20% year-on-year, over the next 3-5 years. In the case of Yoodlee, the entire cost of production gets written off in a single shot. The moment we write our first digital revenue, we charge off the entire cost of the film. The IP stays with us for future monetization. Also the music and remake rights stay with us. And when the first licensing window with Netflix or Hotstar gets over in 3- 11 years, depending on the deal terms, we will have an opportunity to make money by licensing the movie again to someone else

**Ankit:** Sure. And how many movies or any we have made 16 - 17 movies as of now and many of them have done phenomenally well and enforce very good critical review. So, do you think, how much can we fill up this number over the next three years to five years? So, I do not want the actual numbers. But how does this number grow?

**Vikram Mehra:** Do we believe that Yoodlee has a potential to touch triple-digits in next five years? Yes.

**Ankit:** Sure. That is a very big number.

**Vikram Mehra:** And this will be without making a Rs. 75 crores film, as we are not in the business of large budget films.

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



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- Vikram Mehra:** Ravi Ji, I was waiting for you.
- Ravi Naredi:** You sound so nice. I was waiting when you will call me. Sir, first of all, because I am the shareholder of this company since last many years and I have attended AGM in Kolkata and so many times I met you. So, you are wonderful person in the company really! Sir, what is the plan to deploy Rs. 100 crores cash?
- Vikram Mehra:** Sir, majority of the investments is going to go back into music acquisition.
- Ravi Naredi:** Okay. Mainly, it will go to this one. And sir, can you give the separate margin in segment, music, film and the publication?
- Vikram Mehra:** Sir, you have a broad idea on segmental margins that we are making. If you see our financials, we are reporting numbers for music and films & TV segment separately. We have also given revenue breakup of the music segment between music licensing and retail.
- Ravi Naredi:** Okay. And sir, who is our main competitor?
- Vikram Mehra:** Our main competitor is T-Series. Along with music, they are also focusing on producing big budget films. Our strategy differs from them both on Music and Films. Our music focus is not just on Hindi but also on regional languages. We believe that next round of growth will come from the regional music. And there are no national level players playing that game today. And Saregama because of the legacy of HMV has relationships in each of these languages. So, that is where we are differentiating and hopefully we will be able to beat competition.
- Ravi Naredi:** Right. And sir, the bifurcation of other income, income from income tax income or...
- Vikram Mehra:** The two biggest components of Other Income in the last quarter were the dividend from CESC investment and the interest on the income tax refund received during the quarter.
- Ravi Naredi:** Bifurcation possible, dividend or income tax, interest on IP?
- Vikram Mehra:** Sir, it is not difficult. If you check out annual statement you will know how many CESC shares do we own.
- Ravi Naredi:** Yeah. I will calculate from the balance sheet item. No problem.
- Vikram Mehra:** Sir, we will give this breakup in annual report.
- Moderator:** Thank you. The next question is from the line of Riddhima Chandak from Roha Asset Managers. Please go ahead.





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**Riddhima Chandak:** Sir, basically, my question is on the music part. So, in FY 2020 our music revenue contribution was approximately 53%, whereas in FY 2021 it is 74%. And so, our margins have increased significantly because of that from 20 odd percent to 49%. So, apart from the music licensing that is Rs. 100 odd crores revenue in FY 2021 Rs. 200 odd crores in FY 2020. So, there is a big drop in that revenue. So, where is that remaining revenue coming from?

**Vikram Mehra:** Sorry, I am a little confused about your question. So, music has two parts to it, music licensing and Carvaan. We have shared the music licensing revenue in our presentation for the financial year 2021. The remaining is Carvaan. In financial year 2021, the sales of Carvaan has fallen down. While music licensing revenues grew by 20%; the Carvaan numbers because of lockdown have shown a big decline during the year. If that was your question?

**Riddhima Chandak:** Yeah, right. And also like in the quarter four our music revenue has dropped on only because of the Carvaan?

**Riddhima Chandak:** Because the Carvaan numbers were 138,000 in Q3, and came down 110,000 in Q4. As I explained in my opening comments, it is actually not the Q4 that has fallen down. Q3 for us is an exceptional quarter every year, because Carvaan sale goes up during Diwali. Also the very structure of our music licensing agreements results in overflow coming in a single stroke and not evenly during the year. It so happens that it falls in Q3 every year. So, Q3 revenue always sees a spike and Q4 comes back to normalcy. So, if you see our data year-after-year, this is not just one year phenomenon, Q3 will be the peak, then comes Q4, Q2 and Q1.

**Moderator:** Thank you. The next question is from the line of Maan Vardhan Baid Laurel Investment Advisors. Please go ahead.

**Maan Vardhan Baid:** Congratulations on a fantastic set of numbers. Vikram, I just wanted to understand that in last two quarters, the YouTube views have jumped significantly even this quarter it is up almost 25% Q-o-Q. So, just wanted to understand, has this jump in view started reflecting in numbers, or...

**Vikram Mehra:** Yeah, it has. The primary contributor of this growth is Music content, and the other is TV serial content that we are uploading on Youtube. Last year, the TV serials saw 1.5 billion views. In Q4, it was 577 million. The growth in music is led by new content investments in Bhojpuri, Gujarati and Hindi.

**Maan Vardhan Baid:** Okay. So, sort of given the kind of pace of growth that one is seeing in that particular channel, sort of where do you expect that channel to be a year down the line?

**Vikram Mehra:** YouTube specific?

**Maan Vardhan Baid:** Yeah.



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- Vikram Mehra:** I cannot comment on the growth rate of a specific channel
- Maan Vardhan Baid:** No, in terms of views. I mean in terms of views; I do not mean monetarily or anything on those licenses. actually, see massive growth that one is seeing on one particular.
- Vikram Mehra:** But remember that the real thing is on YouTube is not just number of views, but the fill rate. Fill rate is how many of these views end up getting an ad. That is where the real game is. Otherwise, they are useless views, as they do not generate any revenue for us. So, there is one factor in our hand which is increased views. There is a factor in YouTube hands that how much of advertising demand are they getting? And at what price are they able to drive? If they are able to drive the price higher and they are able to sell more of it, we make more money. So, there are other variables too in YouTube. There is a high co-linearity between higher views into higher revenue. But it is not a guarantee, because the other two factors also have to play. Am I making sense to you?
- Maan Vardhan Baid:** Yes, yes, totally, absolutely. So, here on the kind of content that you are sort of focusing on, for example, let us say the Hindi music that is coming out on YouTube, etc., is with fill rate in mind?
- Vikram Mehra:** Yeah. So, we try to do content, which is slightly more premium, because that attracts more and more brands to advertise here. Our focus continues to get content that generates large number of organic views. A successful song these days can generate between 50 million to 100 million views organically. We launched a song with the number one Bhojpuri artiste called Pawan Singh 10 days back. It is already touching 11 million views. We launched a song with B Praak in the month of February. It is have got around 80 million views. And this is still non-film songs. The moment Bollywood songs start coming up, we know we will touch 150 million - 200 million views per song
- Moderator:** Thank you. The next question is from the line of Saket Mehrotra from Tusk Investments. Please go ahead.
- Saket Mehrotra:** Hi, Vikram. I just wanted to ask you about these brand partnerships that I think there have come up in this quarter with multiple reason. So, are these licensing being done, say on an ad basis or a campaign basis? Or do they have like say new contract with these brands?
- Vikram Mehra:** First, this is a bread and butter for us. In fact, brand licenses are being issued for last six years that I have been here. It's just that the quantity of licenses issued has increased a lot. Earlier, people were not licensing that much of retro music. With the rising popularity of retro music, more and more brands are now looking at taking a retro song as part of their ad. The license value is fixed basis period of licensing, territory, TV or Digital, no of edits etc. =



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**Saket Mehrotra:** Okay. Secondly, on this product and platform player that you are talking about in Carvaan, while you also mentioned this in your presentation that you have done sort of some test in terms of the popularity of podcasts. But isn't this sort of again, going against what we started to be on more content focused company rather than say, looking at making a platform?

**Vikram Mehra:** As part of our strategic roadmap, we have shared two areas that we want to dabble in: first being a pure play content IP company focusing on both audio and video content And second is to create a hardware based platform sharply targeted at 35+ age group. We believe there are very few brands focusing on this segment in India. With Carvaan, we had a huge success with this segment, and we want to further capitalize on it. It is not just a music platform; it is a platform for taking care of all the audio needs of the customer.

While we maintain our long-term bullishness on Carvaan, we will continue being extremely cautious in the short-term till the time the retail networks are not fully open.. We will be tightly managing all the marketing and manpower costs related to Carvaan this year.

**Moderator:** Thank you. The next question is from the line of Aman Vij from Astute Investment Management. Please go ahead.

**Aman Vij:** Just two - three questions. So, first question is on the subsequently-segments of licensing. So, I understand you do not want to give each segments revenue and all those things. But if you can talk about the growth in the three segments, publishing, OTT and YouTube, which was say faster than the company's average, and which were a little slower than what you expected.

**Vikram Mehra:** So, the problem with the first one, which is audio streaming, the actual number move in a linear fashion. But the revenues do not follow because of the very nature of our deals. When we do a deal with the platform we charge them, say 10 paisa, every time that song is heard; we get a share of advertising money, and we get a share of subscription money; all of this with a minimum guarantee that protects us.

Now, if there is no overflow coming, if suppose they make 90% - 95% minimum guarantees, then the revenues change in a step function at the time of deal renewal. So, there may be times where multiple contracts are getting bunched and we get a massive jump in a particular quarter. And then again, it remains flat for some time before another step jump comes in. Am I logical here?

**Aman Vij:** Yeah. It makes complete sense.

**Vikram Mehra:** On YouTube it is completely variable. The more the amount of advertising on our channel videos, the higher our revenues grow. Television channel deals are fixed fee in nature, with a



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revision typically every two years at the time of renewal. The current growth is coming primarily from the digital sources..

And we are also investing heavily to manage that. There is an entire bunch of people operating out of Calcutta, whose primary job is to monitor every new video breaking out of India, or any of the areas where there is a large Indian population, to check out if any of our songs is getting used there. This is then rechecked using audio fingerprinting. We then reach out to the video owner asking them to take license. So, all our efforts are moving more and more towards digital, because the real numbers are coming from there.

**Aman Vij:** Sure, sir. So, just to understand this point again, so when you talk about your guidance of 20% to 25%, the streaming part then is not actually that linear, it is linear. But then, variable part is like step-up can happen and still you are very confident of that 20% to 25%.

**Vikram Mehra:** Since different contracts come up for renewals at different frequencies and at different times of the year, there is sometimes disparity in our quarterly licensing revenues. Some quarters see a sudden jump while other may remain flat. This trend is here to stay. But on an annual basis, we stick to 20-25% growth guidance for music licensing for medium term

**Aman Vij:** Sure, sir. Makes sense. The next question is on the Yoodlee part, where we have a vision target of three in say next three years, five year, seven years. So, what kind of margin should we expect when we reach that level?

**Vikram Mehra:** The margins that we make come in two parts. The first round of margin comes from the licensing revenue we make on day 1 minus the full charge off of the film. The second round comes from the future licensing of the movie, which will have no cost attached to it. Yoodlee being a new venture, hasn't experienced the second round yet

As I said earlier, when we issue a license to a digital platform, the movie goes for 3 to 11 years to that platform. When it will come back, there will be an additional kicker that will come in because we can re-license it. We are not factoring that at all. That is the potential upside which may or may not come. We monitor our film margin basis its first licensing, and expect it to be between 15-20%.

**Aman Vij:** Even at today's scale or maybe next year's scale this year maybe...

**Vikram Mehra:** Scale has a limited upside play in Yoodlee business, because it does not have any fixed costs. Even the manpower cost is primarily variable, wherein team is assembled for every movie and then disbursed post the movie getting over. Only a small core team always stays. We are not in the business of building studios. We are not in the business of building large postproduction units. Everything is variable.



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**Aman Vij:** Sure. And finally, on the Carvaan podcast contribution, maybe you can talk about what is the podcast industry size in India? I think it is very miniscule and what is your plan B just in case this does not work out as you are expecting it to?

**Vikram Mehra:** So, again, listen, as a corporate we have to be nimble footed. We have a clear strategy in front of us both on content IP creation and Platform building for 35-year-olds. We like trying multiple things, failing fast and learning from our mistakes. That has been our approach in new music acquisition as well as initial Carvaan launch. We will do the same thing with the platform business... carry out multiple initiatives to check if our hypothesis is working or not, and constantly fine-tune it before we decide to go big.

**Aman Vij:** And the current market size of podcast what it can become in India?

**Vikram Mehra:** Current market, the podcast is practically negligible. But remember, when a Carvaan unit is sold it is still sold at a 25%-unit gross margin. We are not a DTH company or a cable company that sells hardware on subsidy and recovers through subscription. We make our money when we sell the hardware. But the problem is that the current Carvaan product neither allows customer to get more than 5000 preloaded songs nor allows us to make more money him. Carvaan 2.0 based platform may be the solution to both these problems

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

**Aditya Nahar:** Hope you all are doing well.

**Vikram Mehra:** All good, thank you.

**Aditya Nahar:** Great to hear, Vikram. Vikram, first of all, congratulations. I mean, fantastic year. And really, very-very happy with the performance. Just breaking up the content cost separately something is a very welcome step if you can just please continue sharing that quarterly, and even annually.

**Vikram Mehra:** Yeah, we will do it quarterly. So, this is a practice that has started, and you will see it coming from our side every quarter now.

**Aditya Nahar:** Fantastic, Vikram. Great to know. So, Vikram, so just, it has been a very long call. And I think probably the longest call, thank you for taking my question. So, if I just put you five years away from now, so say 2026 - 2027, where do you see Saregama to be? And are there any goals you want to set yourself to be? And what will not let you get there? So, my question is, what are the problems that can get you to whatever plans internally that you have for Saregama and for all the divisions business?



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**Vikram Mehra:**

See, these sorts of question require serious amount of introspection, the second part specially. When we see the performance of the global music majors, we realise that we as a music label have still a long way to go. And if you check their profitability, you will start realizing that at Saregama are we doing something out of the world exceptional? No. Music industry itself is on a real upswing worldwide. It is just that people who have got a large size are able to benefit from it that much more. People who have got very small catalog cannot play this game, because their negotiation powers are very weak.

So, in India also, as the game starts becoming bigger, I believe the multiple labels which are coming up right now, mostly doing vanity projects, will start dying away. There will be only two - three labels with large catalogues that will be left

Also digital is going to become a massive savior of any IP company. The good part of digital is we can officially reach out to somebody living in Timbaktu and sell/license our content which was impossible in the world of physical. The bad problem of digital was that it gave rise to piracy. But that problem is going away, courtesy the app world. In browser world, piracy could not be controlled. Someone can upload any song of Saregama from Pakistan and Afghanistan and there is nothing that Saregama can do. But in the app world, it is very easy for us to go to the gatekeeper called Apple or Google and tell them that this app is infringing our content. That's it, for me, these are huge factors, which are going to ensure that the music industry in general in India is going to grow leaps and bounds.

We are still a very small industry. Rs. 1,300 -Rs. 1,400 crores with a massive headroom for growth available. As the second largest label with strong cash position, we are in a great position to not only ride the industry growth but also increase our market share. Being the only truly national label operating across multiple languages, makes our play even stronger.

Let me come to Yoodlee. Yoodlee is in an industry where multiple players are fighting it out. The drivers for Yoodlee will be the quality of scripts and cost management. We should resist making large budget star led cinema. The day we start making Rs. 100 crores' film, is the day things will start going wrong, as that's not the expertise we have in our DNA. We know how to run tight budgeted productions, and we should stick to that.

Carvaan, I will be honest with you, I cannot predict at this moment, I will wait for things to stabilize.. Let the markets open up, let us give a genuine understanding of where the Carvaan platform stands, we will take a call on that.

**Moderator:**

Thank you. The next question is from the line of Mayur Gathani from OHM Group. Please go ahead.



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**Mayur Gathani:** Sir, just looking at the receivables Rs. 87 crores if I am not mistaken, so what is this more referring to, because on the music probably you will get advances, right? The upfront payments will be there for you?

**Vikram Mehra:** Can you repeat, can you come again? I am just not clear about the question; I am so sorry.

**Mayur Gathani:** Sir, on the trade receivables, I think there is a figure of around Rs. 87 crores, what does this refer to? Because on the music side you will be getting most advance payments, right? The minimum guarantee there will be upfront?

**Vikram Mehra:** Vineet, will you take it? Vineet, go ahead.

**Vineet Garg:** Yeah. So, trade receivables actually include all four businesses. Licensing is not that always be bought in advance. Once we enter the contract, sometimes it takes some time in signing the contract and billing it. So, there is always some amount of receivables pending there, then some amount of receivable for the film's business, it will remain for one month like in last quarter, we have sold a movie, well in the month of March, of which we are yet to receive the collection. Similarly, when you go in the South TV side, we give credit for four months because the kind of ad slots we sold, we have to give the credit as per the industry practice of four months. So, this is sum total of all four. If you see from the last financial year, there is a huge amount of reduction in the debtor.

**Mayur Gathani:** Yes, I see that.

**Vineet Garg:** So, it would be fair to understand that this is not more towards music, but to other segments of the business.

**Vikram Mehra:** It is, it is blend of all,

**Vineet Garg:** See, the chances of any of the trade receivables becoming bad debt are very low. You can see provisions of the last years as well.

**Moderator:** Thank you. The last question is from the line of Dhvani Desai. Please go ahead.

**Dhwani Desai:** Congratulations for a very good set of numbers. And special thanks for disclosing this content acquisition numbers. I think it is very useful. It has been a long call and I think most of the questions have been covered. Just two questions from my side. So, this year, despite we have not acquired any new music content, we are still grown our streaming revenues by 20%. And my understanding is that generally new music acquisition and the initial bump up that we get add significant number to the growth. So, going forward as we go aggressive on our music



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acquisition, this 20% number can it grow higher than (+25%) as we go aggressive on the new music acquisition?

**Vikram Mehra:**

This is the question that I have most dread every time. You are fair in your assessment. If we can grow at this rate without new content, then why shouldn't we be more aggressive in growth when new content kicks in. Remember, a large amount of growth that we were able to manage in the last 2-3 years came out of higher efficiencies and arrival of newer platforms that we could license to

Industry is growing at 11% to 12%. What is Saregama doing so special right now because of which we are able to manage a 20% growth?

If we do not buy content at all and if there are no sudden new digital platforms popping-up in the country, then our growth may come down to 13% - 14%. It's the new content that will allow us to touch the 22-25% growth in future. I am confident about this and because I know that there is new content coming in, and we are seeing the impact of new content that we bought last year.

So, I still maintain, at least for a year allow us to see the impact. Remember, this is a giant, which used to be the monopoly of music business, which completely walked out of music business, and is now again coming back in a big fashion with the likes of Sanjay Leela Bhansali and Shankar films, and some other big budget films. This is what HMV used to be at one time. Every Amitabh Bachchan film and Rajesh Khanna film, everything used to go on the HMV. That is the world we are coming from. In a year, let us see what the impact is once some of these new movies get released. If you have to revise, we will revise. But right now, I will maintain 22% to 25%.

**Dhwani Desai:**

Okay. Yeah, very-very very fair answer, Vikram. And second question on Yoodlee. So, two parts to it. The first one is, I think you said that typically when we licensed the content to platforms on outright basis and not a deal basis, our typical licensing period locking was years to 11 years and what was being achieved was probably license in 2017-2018. So, we are approaching the time where we will start getting our content back, which will be free for monetization. So, any thoughts on your strategy, would you like to first build an entire catalog, get it back and then license or will it be on a deal to deal, movie to movie basis?

**Vikram Mehra:**

All I can tell you right now, I think second part I can answer easily, it will be on a deal-to-deal basis. What is good part is that the TV rights of all of them are generally retained by us. So, there, we want to build a large enough catalog before we go to TV channels. The TV channels typically prefer more mainstream cinema than the kind of cinema that a Netflix or an Amazon or Hotstar like. But on the digital side, as the movies keep on coming back to us, we will find ways to monetize them immediately, rather than just trying to keep them with us.





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**Dhwani Desai:** Okay. Got it. And on the Yoodlee only. Vikram, I sensed a bit, slight change in your tone, I mean, you always used to say that Yoodlee is a 15% - 20% steady growth process. And I think for the first time you said that, if this series kind of comes through then it will change something for Yoodlee in terms of scale, top line. So, I mean, why, what is it that assessment about?

**Vikram Mehra:** Things are changing, things are changing rapidly. I still maintain my number; I am not changed by 15% to 20%.

**Dhwani Desai:** Understood. I am saying what is your sense which is giving you that?

**Vikram Mehra:** Yoodlee came as a complete outsider in 2017 and nobody gave it a chance, whether in the production world, television world, digital world or the investor world. Slowly Yoodlee built up its reputation, and is getting more and more importance from the top platforms. Many of these platforms are now ready to partner on big series with Yoodlee

Literally, if we get even two of these projects, we will be in the position to double the revenue. It is the uncertainty of lockdowns which is forcing me to still say 15% to 20%. Though the way positive feedback is coming from the market, I am certain that Yoodlee will touch triple digit revenue in 5 year time frame

**Moderator:** Thank you. Ladies and gentlemen, this was the last question for today. I would now like to hand the conference over to Mr. Vikram Mehra for closing comments.

**Vikram Mehra:** I am realizing the advantage of having this call on a day when the market is shut. Everybody has got more time, and everybody is more peaceful. I just repeat what I said during the call. We maintain a bullish stance on music licensing. We expected it to grow 22% to 25% over the next few years. We will continue with a focus on new content, as we believe it is very important to keep this company relevant in the days to come.

And it makes smart business sense. We will keep on investing in the film space on Hindi, Tamil and Telugu, and on non-film music space in Hindi, Bhojpuri, Gujarati and Punjabi. The focus is also going to be to keep on buying big blockbuster musicals that are coming from a Bollywood or from a Tamil cinema or a Telugu cinema. I expect that if everything goes right, some of these movies will start getting released from Q2 onwards. Worst case scenario Q3 onwards, and that is when we start seeing the impact of this content.

We will continue with an extremely cautious approach on Carvaan. We will wait and watch for the retail market to completely open up. And only then will we explore the possibility of promoting Carvaan. Till that time, the focus stays on margins and not on revenue.



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Yoodlee. We will produce Hindi films primarily on pre-sold basis. That means somebody tells us that they want to pick up the movie and we then make the movie. Otherwise, our focus is going to be either on regional content or digital series on a pre-sold basis

We are hopeful of announcing our first web series mandate soon. On a year-on-year basis , we still maintain a 15% to 20% growth rate

Overall, we are bullish on the business. Last year has proved that Saregama with its massive and growing IP library across music, films and serials will be a huge beneficiary of the digital explosion happening all around us

As far Q1 is concerned, we will just put a word of caution as we don't know how long will the COVID lockdowns continue. While these lockdowns do not have any impact on music, they can adversely impact Carvaan sales and shoot of films and TV serials. But we are hopeful that any impact will be neutralized by the performance of the remaining quarters, just like it happened last year.

So, by and large, we are very happy with the way financial year 2021 turned out. And the management team remains rock-solid with everyone being part of the system for 4-5 years. And we are all here because we believe that the future is going to be even brighter.

Thank you. And I hope and wish that everybody stays safe.

**Moderator:**

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