

(Rs in Lakhs)

Statement of Unaudited Standalone Financial Results for the Three Months and Nine Months Ended 31 December 2019

Sl No	Particulars	3 Months ended	3 Months ended	3 Months ended	9 Months ended	9 Months ended	Year ended
		31 December 2019	30 September 2019	31 December 2018	31 December 2019	31 December 2018	31 March 2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Income						
	(a) Revenue from operations	12,365	15,018	15,064	39,466	40,034	52,437
	(b) Other income	265	292	232	875	4,770	5,954
	Total Income	12,630	15,310	15,296	40,341	44,804	58,391
2	Expenses						
	(a) Contract manufacturing charges	2,230	4,362	6,225	9,009	17,934	21,481
	(b) Cost of production of films and television serials	1,236	1,837	962	4,513	3,499	4,883
	(c) Changes in inventories of finished goods and work-in-progress [(increase) /decrease]	290	(655)	(1,316)	125	(3,259)	(4,520)
	(d) Employee benefits expense	1,723	1,156	1,295	4,133	3,247	4,406
	(e) Finance costs	143	201	146	534	467	655
	(f) Depreciation and amortisation expense	110	110	87	333	260	301
	(g) Advertisement and sales promotion	2,398	3,008	2,728	8,365	7,578	9,992
	(h) Royalty expense	1,604	1,548	1,758	4,575	4,139	5,598
	(i) Other expenses	1,639	1,642	1,482	5,200	5,298	7,368
	Total Expenses	11,373	13,209	13,367	36,787	39,163	50,164
3	Profit before exceptional items and tax (1-2)	1,257	2,101	1,929	3,554	5,641	8,227
4	Exceptional Items	-	-	-	-	-	-
5	Profit before tax (3-4)	1,257	2,101	1,929	3,554	5,641	8,227
6	Tax Expense						
	(a) Current Tax	373	482	609	1,090	1,860	2,129
	(b) Deferred Tax (net)	(39)	(25)	92	(153)	198	905
	Total tax expense	334	457	701	937	2,058	3,034
7	Profit for the period (5-6)	923	1,644	1,228	2,617	3,583	5,193
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	(345)	(956)	459	(1,355)	(1,130)	(166)
	Total Other Comprehensive Income	(345)	(956)	459	(1,355)	(1,130)	(166)
9	Total comprehensive income for the period (7+8)	578	688	1,687	1,262	2,453	5,027
10	Paid-up Equity Share Capital (Face Value of Rs.10/- each)	1,742	1,742	1,741	1,742	1,741	1,741
11	Other equity						40,873
12	Earnings Per Share (Face Value Rs 10/- each): #						
	(a) Basic (Rs.)	5.31	9.43	7.06	15.03	20.58	29.83
	(b) Diluted (Rs.)	5.31	9.43	7.05	15.03	20.56	29.80

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



(Rs in Lakhs)

Standalone Segment wise Revenue, Results, Assets and Liabilities for the Three Months and Nine Months Ended 31 December 2019

Sl No	Particulars	3 Months ended	3 Months ended	3 Months ended	9 Months ended	9 Months ended	Year ended
		31 December 2019	30 September 2019	31 December 2018	31 December 2019	31 December 2018	31 March 2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment Revenue						
	(a) Music	11,142	12,290	13,854	34,086	36,461	47,672
	(b) Films/Television serials	1,223	2,728	1,210	5,380	3,573	4,765
	Total segment revenue	12,365	15,018	15,064	39,466	40,034	52,437
	Less: Inter Segment Revenue	-	-	-	-	-	-
	Total Revenue from Operations	12,365	15,018	15,064	39,466	40,034	52,437
2	Segment Results						
	(a) Music	2,152	2,091	3,239	5,609	8,724	12,218
	(b) Films/Television serials	96	531	27	510	(76)	(32)
	Total	2,248	2,622	3,266	6,119	8,648	12,186
	Less:						
	(a) Finance costs	143	201	146	534	467	655
	(b) Other unallocable expenditure net of unallocable income	848	320	1,191	2,031	2,540	3,304
	Total Profit Before Tax	1,257	2,101	1,929	3,554	5,641	8,227
3	Segment Assets						
	(a) Music	41,235	44,115	41,068	41,235	41,068	44,865
	(b) Films/Television serials	6,492	6,505	4,707	6,492	4,707	5,340
	(c) Unallocated	18,305	18,593	17,529	18,305	17,529	18,974
	Total Segment Assets	66,032	69,213	63,304	66,032	63,304	69,179
4	Segment Liabilities						
	(a) Music	12,405	13,787	13,055	12,405	13,055	12,253
	(b) Films/Television serials	1,002	1,249	692	1,002	692	824
	(c) Unallocated	10,094	11,519	9,519	10,094	9,519	13,488
	Total Segment Liabilities	23,501	26,555	23,266	23,501	23,266	26,565

NOTES:

- The aforementioned results for the three months and nine months ended 31 December 2019 have been reviewed and recommended by the Audit Committee in their meeting held on 31 January 2020 and approved by the Board of Directors of the Company at their meeting held on even date. These results have been subjected to "limited review" by the Statutory Auditors of the Company who have issued an unmodified review report on the standalone financial results for the three months and nine months ended 31 December 2019.
- With effect from 01 April 2019, the Company has adopted Ind AS - 116 "Leases" using the modified retrospective approach and accordingly previous period information has not been reinstated. Under this approach, the Company has recognised lease liabilities and corresponding equivalent right-of-use assets. During the three months and nine months ended 31 December 2019, operating lease expenses which were recognised as other expenses in previous periods is now recognised as depreciation expense for the right-of-use assets and finance cost for interest accrued on lease liabilities. The application of Ind AS - 116 did not have any significant impact on these financial results.
- Out of the 53,38,628 equity shares of Rs. 10/- each issued for cash at a premium of Rs. 35/- (issue price - Rs. 45/-) pursuant to the Rights Issue in 2005, allotment of 5,290 equity shares (relating to cases under litigation / pending clearance from concerned authorities) were in abeyance till 31 December 2019.
- Based on the guiding principles given in Ind AS 108 on "Operating Segments", the Company's business activity falls within two operating segments, namely:
(a) Music
(b) Films/Television serials
Segment Revenue, Results, Assets and Liabilities represent amounts identifiable to each of the segments. Other "unallocable expenditure net of unallocable income" mainly includes interest income, expenses on common services not directly identifiable to individual segments and corporate expenses.
Segment Assets and Segment Liabilities are as at 31 December 2019, 30 September 2019, 31 December 2018 and 31 March 2019. Unallocable corporate assets less Unallocable corporate liabilities mainly represent investment of surplus funds and cash and bank balances.
- The Company elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised Provision for Income tax for the nine months ended 31 December 2019 and re-measured its Deferred tax assets /liabilities basis the rate prescribed in the said section. The full impact of the change had been recognised in the results for the quarter ended 30 September 2019.
- The figures of the previous periods/year have been regrouped/ reclassified, wherever necessary, to conform to the classification for the three months and nine months ended 31 December 2019.
- For more details on Results, visit Investor Relations section of our website at <http://www.saregama.com> and Financial Results under Corporates section of www.nseindia.com and www.bseindia.com.

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

Kolkata
31 January 2020



Vikram Mehra
Managing Director
DIN: 03556680

Statement of Unaudited Consolidated Financial Results for the Three Months and Nine Months Ended 31 December 2019

Sl No	Particulars	3 Months ended	3 Months ended	3 Months ended	9 Months ended	9 Months ended	Year ended
		31 December 2019	30 September 2019	31 December 2018	31 December 2019	31 December 2018	31 March 2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Income						
	(a) Revenue from operations	12,945	15,746	15,718	41,281	41,797	54,472
	(b) Other income	273	294	102	785	4,402	5,641
	Total Income	13,218	16,040	15,820	42,066	46,199	60,113
2	Expenses						
	(a) Cost of material consumed/ Contract manufacturing charges	2,611	4,490	6,417	9,796	18,415	22,161
	(b) Cost of production of films and television serials	1,236	1,837	962	4,513	3,499	4,883
	(c) Changes in inventories of finished goods and work-in-progress [(increase) /decrease]	64	(600)	(1,329)	(152)	(3,326)	(4,703)
	(d) Employee benefits expense	2,027	1,548	1,599	5,119	4,183	5,651
	(e) Finance costs	143	201	145	534	467	656
	(f) Depreciation and amortisation expense	115	114	95	347	285	333
	(g) Advertisement and sales promotion	2,161	2,623	2,840	7,860	7,944	10,485
	(h) Royalty expense	1,604	1,548	1,758	4,575	4,139	5,592
	(i) Other expenses	1,876	1,880	1,283	5,672	4,758	6,587
	Total Expenses	11,837	13,641	13,770	38,264	40,364	51,645
3	Profit before exceptional items and tax (1-2)	1,381	2,399	2,050	3,802	5,835	8,468
4	Exceptional Items	-	-	-	-	-	-
5	Profit before tax (3-4)	1,381	2,399	2,050	3,802	5,835	8,468
6	Tax Expense						
	(a) Current Tax	372	482	609	1,089	1,859	2,130
	(b) Deferred Tax (net)	(39)	(25)	92	(153)	198	905
	Total tax expense	333	457	701	936	2,057	3,035
7	Profit for the period (5-6)	1,048	1,942	1,349	2,866	3,778	5,433
8	Other Comprehensive Income (net of taxes)						
	(a) Items that will be reclassified to profit or loss	(30)	1	(29)	6	(35)	66
	(b) Items that will not be reclassified to profit or loss	(424)	(1,155)	570	(1,648)	(1,382)	(202)
	Total Other Comprehensive Income	(454)	(1,154)	541	(1,642)	(1,417)	(136)
9	Total comprehensive income for the period (7+8)	593	788	1,890	1,224	2,361	5,297
10	Profit for the period attributable to:						
	(a) Owner of the Company	1,017	1,926	1,321	2,813	3,710	5,412
	(b) Non-controlling Interest	31	16	28	53	68	21
11	Other Comprehensive Income for the period attributable to:						
	(a) Owner of the Company	(447)	(1,155)	548	(1,644)	(1,409)	(150)
	(b) Non-controlling Interest	(7)	1	(7)	2	(8)	14
12	Total Comprehensive Income for the period attributable to:						
	(a) Owner of the Company	570	771	1,869	1,169	2,301	5,262
	(b) Non-controlling Interest	24	17	21	55	60	35
13	Paid-up Equity Share Capital (Face Value of Rs.10/- each)	1,742	1,742	1,741	1,742	1,741	1,741
14	Other equity						41,067
15	Earnings Per Share (Face Value Rs 10/- each): #						
	(a) Basic (Rs.)	5.85	11.06	7.70	16.16	21.42	31.20
	(b) Diluted (Rs.)	5.85	11.06	7.70	16.16	21.41	31.18

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



(Rs in Lakhs)

Consolidated Segment wise Revenue, Results, Assets and Liabilities for the Three Months and Nine Months Ended 31 December 2019							
Sl. No.	Particulars	3 Months ended	3 Months ended	3 Months ended	9 Months ended	9 Months ended	Year ended
		31 December 2019	30 September 2019	31 December 2018	31 December 2019	31 December 2018	31 March 2019
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Segment Revenue						
	(a) Music	11,523	12,720	14,306	35,260	37,699	48,969
	(b) Films/Television serials	1,223	2,728	1,210	5,380	3,573	4,765
	(c) Publication	199	298	202	641	525	738
	Total Segment Revenue	12,945	15,746	15,718	41,281	41,797	54,472
	Less: Inter Segment Revenue	-	-	-	-	-	-
	Total Revenue from Operations	12,945	15,746	15,718	41,281	41,797	54,472
2	Segment Results						
	(a) Music	2,549	2,687	3,375	6,536	9,808	12,278
	(b) Films/Television serials	96	531	27	510	(76)	(32)
	(c) Publication	(270)	(295)	(261)	(870)	(892)	(1,030)
	Total	2,375	2,923	3,141	6,176	8,840	11,216
	Less:						
	(a) Finance costs	143	201	145	534	467	656
	(b) Other unallocable expenditure net of unallocable income	851	323	946	1,840	2,538	2,092
	Total Profit Before Tax	1,381	2,399	2,050	3,802	5,835	8,468
3	Segment Assets						
	(a) Music	41,876	44,490	41,229	41,876	41,229	45,015
	(b) Films/Television serials	6,492	6,505	4,707	6,492	4,707	5,340
	(c) Publication	598	578	443	598	443	517
	(d) Unallocated	18,997	19,381	18,299	18,997	18,299	20,008
	Total Segment Assets	67,963	70,954	64,678	67,963	64,678	70,880
4	Segment Liabilities						
	(a) Music	13,098	14,290	13,325	13,098	13,325	12,645
	(b) Films/Television serials	1,002	1,249	692	1,002	692	824
	(c) Publication	325	337	874	325	874	326
	(d) Unallocated	10,587	12,017	9,640	10,587	9,640	14,015
	Total Segment Liabilities	25,012	27,893	24,531	25,012	24,531	27,810

NOTES:

- The aforementioned results for the three months and nine months ended 31 December 2019 have been reviewed and recommended by the Audit Committee in their meeting held on 31 January 2020 and approved by the Board of Directors of the Parent Company at their meeting held on even date. These results have been subjected to "limited review" by the Statutory Auditors of the Parent Company who have issued an unmodified review report on the consolidated financial results for the three months and nine months ended 31 December 2019.
- With effect from 01 April 2019, the Group has adopted Ind AS - 116 "Leases" using the modified retrospective approach and accordingly previous period information has not been reinstated. Under this approach, the Group has recognised lease liabilities and corresponding equivalent right-of-use assets. During the three months and nine months ended 31 December 2019, operating lease expenses which were recognised as rent expenses in previous periods is now recognised as depreciation expense for the right-of-use assets and finance cost for interest accrued on lease liabilities. The application of Ind AS - 116 did not have any significant impact on these financial results.
- The consolidated financial results for the three months and nine months ended 31 December 2018 was not subjected to limited review by the Statutory Auditors of the Company since the requirement of submission of quarterly consolidated results has become mandatory only from 01 April 2019.
- 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 five subsidiaries, i.e. Saregama Plc., RPG Global Music Limited, Saregama FZE, Kolkata Metro Networks Limited and Open Media Network Private 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.
- Based on the guiding principles given in Ind AS 108 on "Operating Segments", the Group's business activity falls within three operating segments, namely:
 - Music
 - Films/Television serials
 - Publication

Segment Revenue, Results, Assets and Liabilities represent amounts identifiable to each of the segments. Other "unallocable expenditure net of unallocable income" mainly includes interest income, expenses on common services not directly identifiable to individual segments and corporate expenses.
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For and on behalf of the Board of Directors of Saregama India Limited

Kolkata
31 January 2020



Vikram Mehra
Managing Director
DIN: 03556680

ANAND RATHI

Saregama India



Q3 FY20 Result Conference Call

3 February 2020 (Monday), at 4:00 pm IST

Hosted by Anand Rathi Research

Participants

Mr Vikram Mehra

(Managing Director)

Mr Vineet Garg

(CFO)

Mr B L Chandak

(Executive Director – RP Sanjiv Goenka Group)

Primary Access Numbers for Participants

Mumbai Access: 022 6280 1386 / 7115 8287

Local Access: 7045671221

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

International Access

USA: +1 866 746 2133

Hong Kong: 800 964 448

UK: 0808 101 1573

Singapore: 800 101 2045

For further information, please contact

Call Leaders

Shobit Singhal

Office No: (022) 6626 6511

Mobile: 9768637537



A FILM BY AIJAZ KHAN
HAMID
HAVE YOU EVER SPOKEN TO GOD?



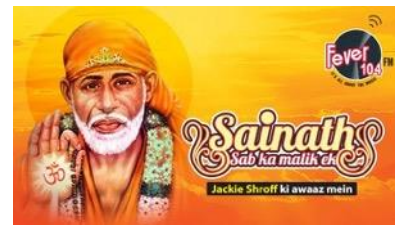
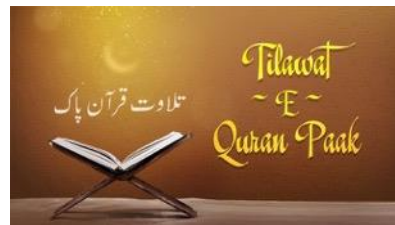
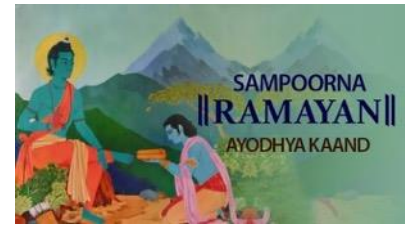
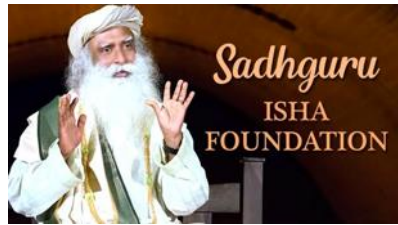
Roja **1**
No **1** Serial in TN



SAREGAMA INDIA LIMITED

SAREGAMA
CARVAAN™ 2.0

MUSIC MEETS PODCAST



Snapshot

India's oldest music label and
youngest film production house

Producing digital thematic
films targeted at the youth
segment



High Dividend Yield and a Zero
Debt Company

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



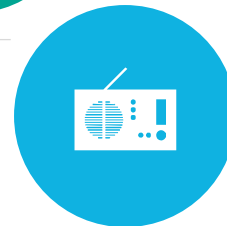
Strong and professional
management team with
experienced stalwarts from the
entertainment industry

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



Owning Intellectual Property (IP)
rights for more than 120,000
songs, 6050+ hours of television
serials and 25 movies

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



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

Strategic Overview



Rising
Smartphone Ownership
450-500M



Falling
Piracy



Falling
Data Prices
> Rs3/GB



Rising Individual
based Content
Consumption

Content Consumption thru Legal means Going Up

Indians spent 30% of their phone
time on entertainment

325M people viewed video online in
2018 growing @25%

Avg. data consumption went
from 4 to 8 GB/pm

Greater Monetisation opportunities for
Premium Content IP Owners

ADVANTAGE SAREGAMA

120k songs IP across 18 Indian languages
+
20% Market Share in New Film Music in next 3 yrs

25 Films IP
+
50 New Films over next 3 years

6050+ hrs of Tamil serial content IP
+
1800 hours of new content over next 3 yrs

Strategic Overview

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

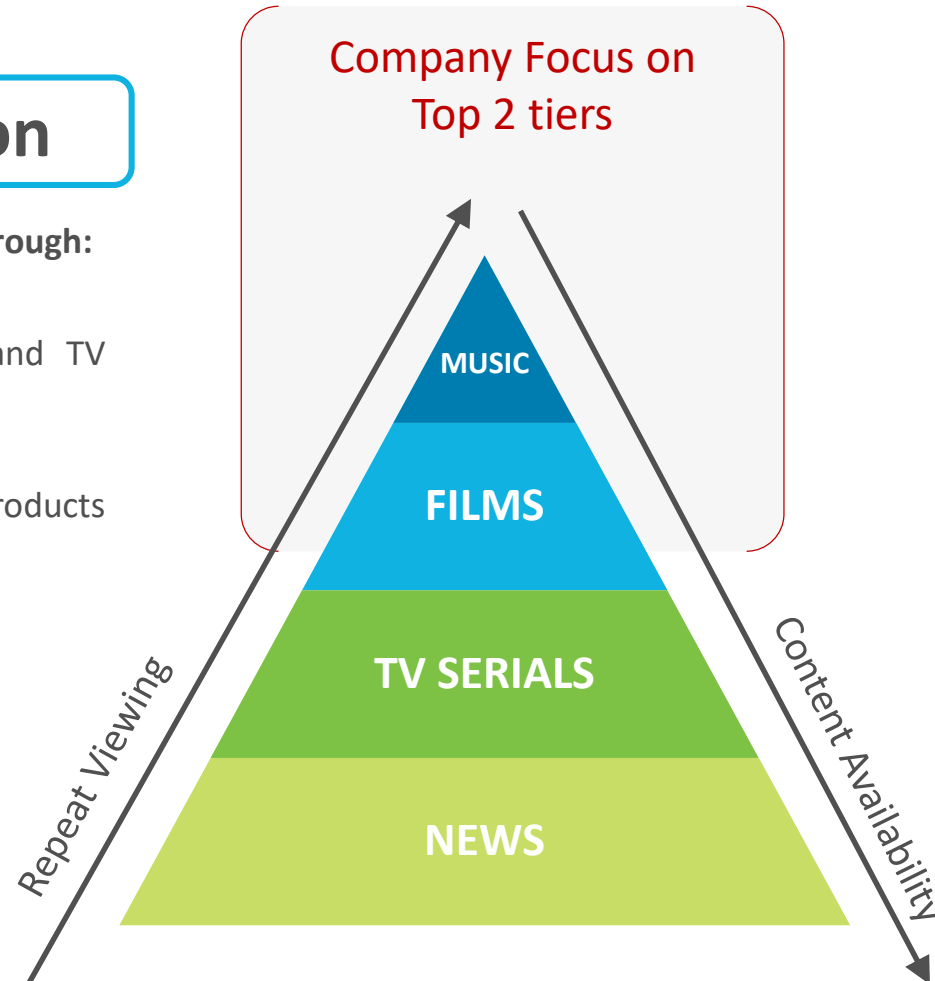


IP Monetisation

Higher monetisation of existing content through:

Greater presence on 3rd party digital and TV platforms globally

Launch of Saregama branded physical products with embedded music



IP Creation

New film music acquisition across Hindi, Tamil, Marathi and other languages

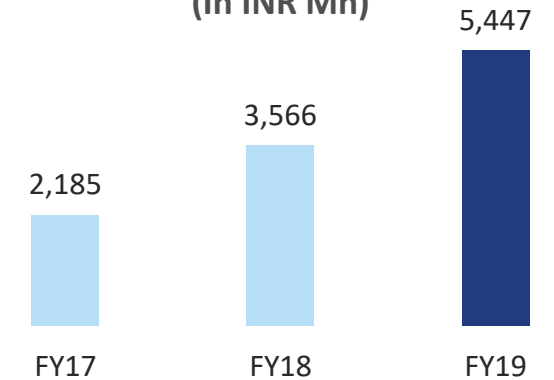
Production of thematic films / series targeted at youth consuming on digital platforms

TV programs in South Indian languages

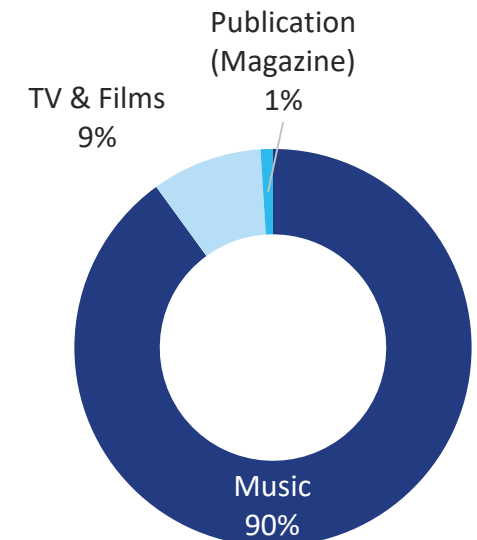
Company Overview

- Saregama India Ltd., a RP Sanjiv Goenka Group Company, is India's oldest music label, youngest film studio and a multi-language TV content producer. Over the years, the Company has expanded its business from audio to films, TV serials, publishing, digital , retail and events.
- The Company has a music library of 1.2 lakh songs, covers 18 languages spread across eight music categories – Bollywood, regional films, ghazals, devotional classical, Indian pop and kids music.
- Since 2017, Saregama has been making headlines again owing to the launch of two unique initiatives, Saregama Carvaan and Yoodlee Films.
- Carvaan is a perfect blend of digital technology and a retro form factor, in less than a year from its launch, it is now Saregama's flagship product.
- Saregama Carvaan, Carvaan Premium, Carvaan Gold and Carvaan mini are portable digital music players that come with features such as Bluetooth, USB, FM/AM and a collection of in-built songs.
- Yoodlee Films, Saregama's film production arm is positions as writers studio. The films produced by the studio are driven by the powerful stories targeted at young audiences across the words who primarily consume content on personal devices
- 6050+ hours of Tamil serial programming telecast on Sun TV and features in top 3 slots of afternoon prime time.

Revenue from Operational
(In INR Mn)



Segmental Revenue Breakup
Consolidate FY19

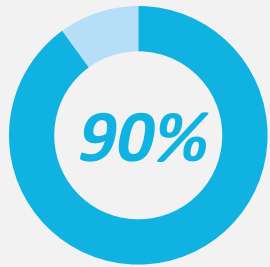


Business Verticals

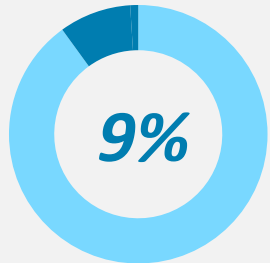
Saregama is the pioneer of the Indian music industry and has evolved into a premier diversified content player with Intellectual property rights of songs, TV serials, movies having presence across platforms like television, radio, digital, telecom, etc.

FY19 Revenue Share

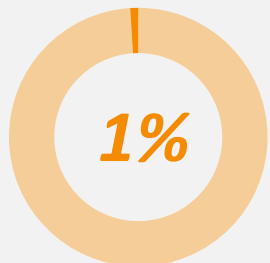
MUSIC



TV & FILMS



PUBLICATIONS



Business Verticals

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

- This segment has leadership in Tamil Sun Network channels and has been producing content for Sun TV for last 17 years and broadcast 3-4 serials on Sun TV at any given time
- Company owns rights to 6,050+ hours of Tamil Series
- Yoodlee Films is the production division which focuses on thematic digital films in all languages with tightly controlled budgets

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

The image features a hand in the foreground pointing at a document with various financial charts, including pie charts and bar graphs. A tablet is visible to the right. The background shows a person in a suit standing near a laptop. The entire scene is overlaid with a semi-transparent dark green banner containing the text "Financial Highlights".

Financial Highlights

A hand in a dark suit jacket is pointing with a pen at a document on a desk. The document features several pie charts and bar graphs. In the foreground, a tablet computer is visible, displaying a similar data visualization. The background shows a blurred office setting with a laptop and other people. The entire image has a strong green and cyan color cast.

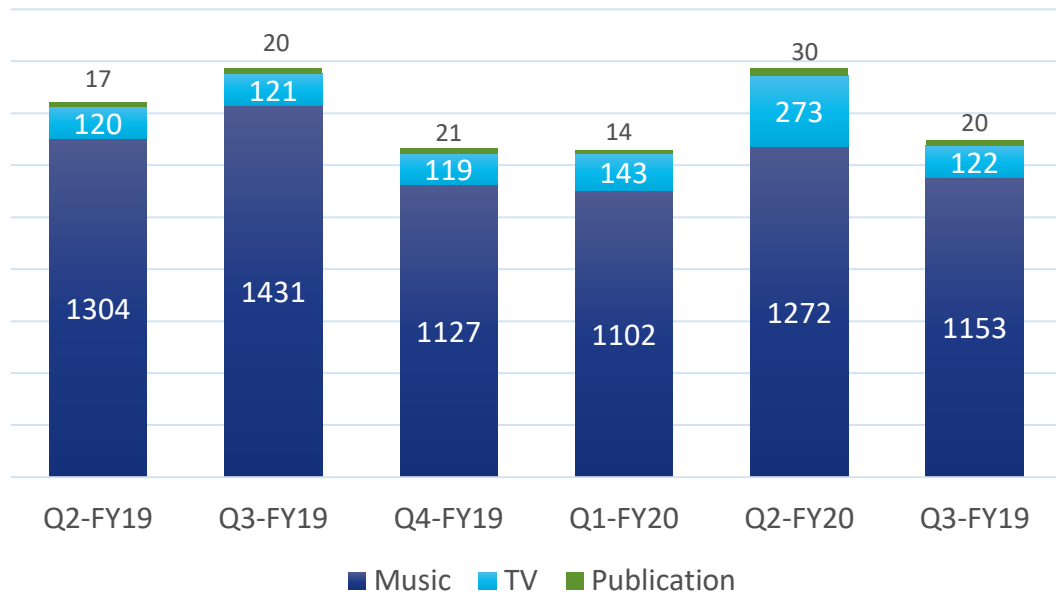
Consolidated

Quarterly Financial Summary

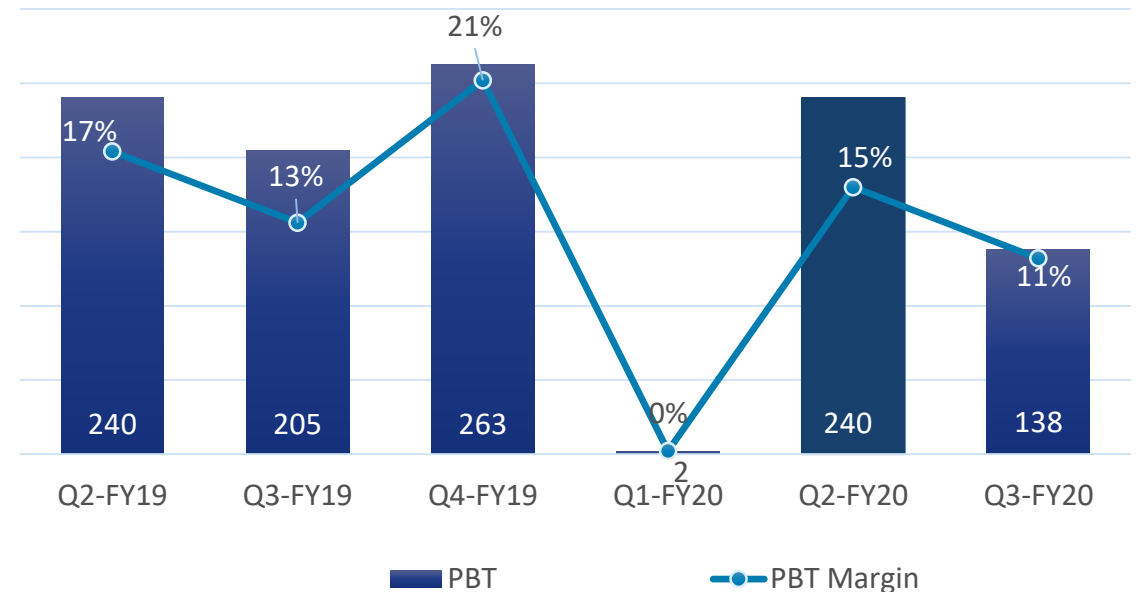


Particulars (INR Mn)	Q3-FY20	Q2-FY20	Q-o-Q Growth	Q3-FY19	Y-o-Y
Revenues					
• Music	1153	1,272	-9%	1,431	-19%
• TV & Films	122	273	-55%	121	1%
• Publication	20	30	-33%	20	0%
Total Revenue from Operation	1295	1,575	-18%	1,572	-18%
PBT	138	240	-42%	205	-33%
PAT	105	194	-46%	135	-22%

Revenue (INR Mn)



PBT (INR Mn) & PBT Margin



Financial Performance-Quarterly



Particulars (INR Mn)	Q3-FY20	Q2-FY20	Q-o-Q Growth	Q3-FY19	Y-o-Y Growth	9M-20	9M-19	Y-o-Y Growth
Music	1153	1,272	-9%	1,431	-19%	3526	3,770	-6%
TV & Films	122	273	-55%	121	1%	538	357	51%
Publication	20	30	-33%	20	0%	64	53	21%
Revenue from Operations	1295	1,575	-18%	1,572	-18%	4128	4,180	-1%
Other Income#	27	29	-7%	10	167%	78	440	-82%
Total Revenue	1322	1,604	-18%	1,582	-16%	4206	4,620	-9%
Total Expenses	1159	1,333	-13%	1,352	-14%	3738	3,961	-6%
EBITDA	163	271	-40%	230	-29%	468	659	-29%
EBITDA Margin (%)	13%	17%		15%		11%	16%	
Depreciation	11	11	0%	10	10%	35	28	25%
Finance Cost	14	20	-30%	15	-1%	53	47	13%
PBT	138	240	-43%	205	-33%	380	584	-35%
Tax	33	46	-28%	70	-53%	93	206	-55%
PAT	105	194	-46%	135	-22%	287	378	-24%
Diluted EPS (In Rs.)	5.85	11.06	-47%	7.70	-24%	16.16	21.41	-25%

Balance Sheet



Equity and Liabilities (INR Mn)	As on 31st Dec 2019	As on 31st Mar 2019
Shareholders Fund		
(a) Equity Share Capital	174	174
(b) Other Equity	4089	4,107
Net worth	4263	4,281
(c) Non Controlling Interest	32	26
Non Current Liabilities		
(a) Financial Liabilities		
(i) Lease Liabilities	7	-
(b) Employee Benefit Obligations	36	28
(c) Deferred tax liabilities (Net)	545	581
Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	310	638
(ii) Trade Payables	557	564
(iii) Other Financial Liabilities	356	421
(b) Other Current Liabilities	225	183
(c) Provisions	450	357
(d) Employee Benefit Obligation	15	9
Total	6796	7,088

Assets (INR Mn)	As on 31st Dec 2019	As on 31st Mar 2019
Non Current Fixed Assets		
(a) Property, Plant and Equipment	2060	2,057
(b) Right of use Asset	7	-
(c) Investment Properties	23	24
(d) Intangible assets	65	71
(e) Investments in subsidiaries and Joint Venture	-	-
(f) Financial Assets		
(i) Investments	1303	1,483
(ii) Loans	51	49
(iii) Other Financial Assets	1	-
(e) Other Non Current Assets	18	16
Current Assets		
(a) Inventories	979	963
(b) Financial Assets		
(i) Trade Receivables	1190	1,098
(ii) Cash and cash equivalents	78	50
(iii) Bank Balances other than (ii) above	18	18
(iv) Loans	3	2
(c) Current Tax Assets (Net)	401	349
(d) Other Current Assets	599	908
Total	6796	7,088

Cash Flow Statement

Particulars (INR Mn)	FY20 – 9ME		FY19	
Pre-Tax Profit	380		847	
Change in other operating activities (Non Cash Items)	11		-163	
Change in Working capital	312		-915	
Taxes Paid	-161		-126	
Net cash generated from/used in Operating Activities (A)		542		-357
Investment in Treasury Shares (B)		-71		-
Net cash used in Other Investing Activities (C)		-26		-64
Repayment/Proceed from Short term Borrowing	-327		479	
Proceeds from Issue of Share Capital	2		-	
Dividend and taxes thereon paid	-63		-63	
Interest Paid	-29		-37	
Net cash generated from/used in Financing Activities (D)		-417		379
Net Inc./ (Dec.) in Cash and Cash Equivalent (A+B+C+D)		28		-42
Cash and Cash Equivalents at the beginning of the period		50		92
Cash and Cash Equivalents at End of the period		78		50

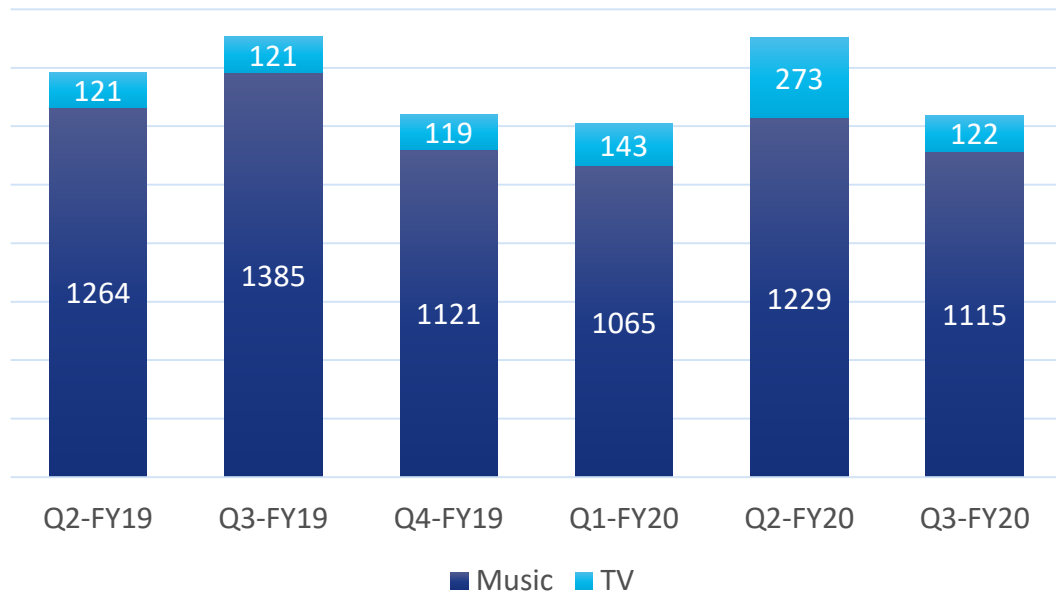
A hand in a dark suit jacket points with a pen at a document on a desk. The document features several pie charts and bar graphs. To the right, a tablet computer is visible. The background shows a blurred office setting with a laptop and other people. The entire image has a green and blue color overlay.

Standalone

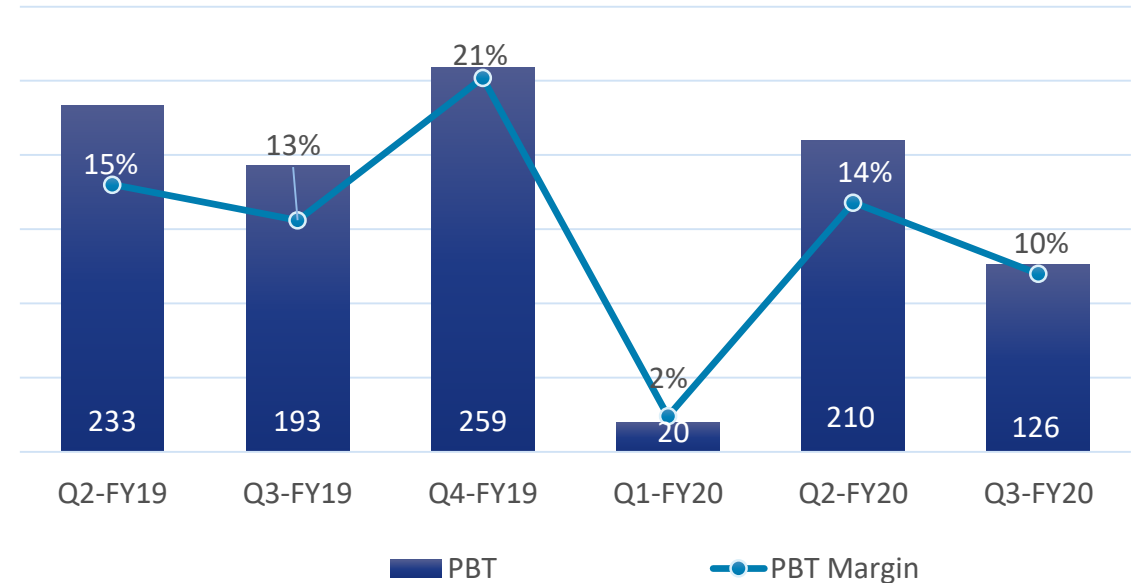
Quarterly Financial Summary

Particulars (INR Mn)	Q3-FY20	Q2-FY20	Q-o-Q Growth	Q3-FY19	Y-o-Y
Revenues					
• Music	1,115	1,229	-9%	1,385	-20%
• TV & Films	122	273	-55%	121	1%
Total Revenue from Operation	1,237	1,502	-18%	1,506	-18%
PBT	126	210	-40%	193	-35%
PAT	92	164	-44%	122	-25%

Revenue (INR Mn)



PBT (INR Mn) & PBT Margin



Financial Performance



Particulars (INR Mn)	Q3-FY20	Q2-FY20	Q-o-Q Growth	Q3-FY19	Y-o-Y Growth	9M-20	9M-19	Y-O-Y Growth
Revenue from Operations	1237	1,502	-18%	1,506	-18%	3947	4,003	-1%
Other Income#	26	29	-10%	23	13%	87	477	-82%
Total Revenue	1263	1,531	-18%	1,529	-17%	4034	4,480	-10%
Total Expenses	1112	1,290	-14%	1,313	-15%	3593	3,843	-7%
EBITDA	151	241	-37%	216	-38%	441	637	-31%
EBITDA Margin (%)	12%	16%		14%		11%	14%	
Depreciation	11	11	0%	8	30%	33	26	27%
Finance Cost	14	20	-30%	15	-7%	53	47	13%
PBT	126	210	-40%	193	-35%	355	564	-37%
Tax	34	46		70	-51%	93	206	-55%
PAT	92	164	-44%	123	-25%	262	358	-27%
PAT Margin (%)	7%	11%		8%		7%	8%	
Comprehensive Income	-34	-95		46		-135	(113)	
Total Profit including Comprehensive Income(Net of tax)	58	69		169		127	245	
Diluted EPS (In Rs.)	5.31	9.43	-44%	7.05	25%	15.03	20.56	-27%

Balance Sheet

Equity and Liabilities (INR Mn)	As on 31 st Dec 2019	As on 31 st Mar 2019
Shareholders Fund		
(a) Equity Share Capital	174	174
(b) Other Equity	4079	4,087
Net worth	4253	4,261
(c) Non Controlling Interest	-	-
Non Current Liabilities		
(a) Financial Liabilities		
(i) Lease Liabilities	7	
(b) Employee Benefit Obligations	33	25
(c) Deferred tax liabilities (Net)	526	557
Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	281	608
(ii) Trade Payables	502	526
(iii) Other Financial Liabilities	329	411
(b) Other Current Liabilities	210	166
(c) Provisions	448	356
(d) Employee Benefit Obligation	14	8
Total	6603	6,918

Assets (INR Mn)	As on 31 st Dec 2019	As on 31 st Mar 2019
Non Current Fixed Assets		
(a) Property, Plant and Equipment	2054	2,056
(b) Right to use assets	7	-
(c) Investment Properties	23	24
(d) Intangible assets	70	69
(e) Investments in subsidiaries and Joint Venture	158	158
(f) Financial Assets		
(i) Investments	1065	1,212
(ii) Loans	47	46
(iii) Other Financial Assets	-	-
(g) Other Non Current Assets	17	15
Current Assets		
(a) Inventories	912	924
(b) Financial Assets		
(i) Trade Receivables	1192	1129
(ii) Cash and cash equivalents	45	15
(iii) Bank Balances other than above	18	18
(iv) Loans	15	13
(v) Other Financial Assets	2	1
(c) Current Tax Assets (Net)	387	336
(d) Other Current Assets	591	902
Total	6603	6,918

Cash Flow Statement

Particulars (INR Mn)	FY20 – 9ME		FY19	
Pre-Tax Profit	355		823	
Change in other operating activities (Non Cash Items)	27		-34	
Change in Working capital	345		-897	
Taxes Paid	-160		-122	
Net cash generated from/used in Operating Activities (A)		567		-230
Investment in Treasury Shares (B)		-71		-
Net cash used in Other Investing Activities (C)		-49		-197
Repayment/Proceed from Short term Borrowing	-327		479	
Proceeds from Issue of Share Capital	2		-	
Dividend and taxes thereon paid	-63		-63	
Interest Paid	-29		-38	
Net cash generated from/used in Financing Activities (D)		-417		378
Net Inc./ (Dec.) in Cash and Cash Equivalent (A+B+C+D)		30		-49
Cash and Cash Equivalents at the beginning of the period		15		64
Cash and Cash Equivalents at End of the period		45		15

A close-up photograph of a hand on a steering wheel, wearing a watch and a ring. The image is overlaid with a green and blue gradient. A dark horizontal band across the center contains the text "Operational Highlights".

Operational Highlights

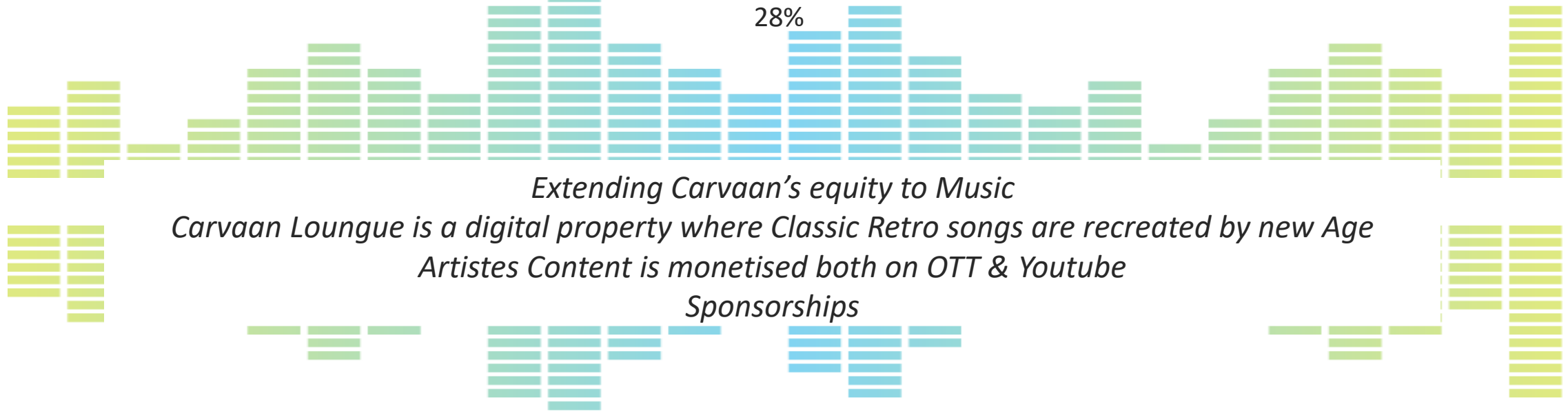
Music Segment Operational Highlights



Saregama invested Rs.56 Mn in FY18 and Rs.324 Mn in FY19 in new music rights acquisition

Licensing Revenue registered Y-o-Y Growth in Q3 FY-20 at the rate of

28%



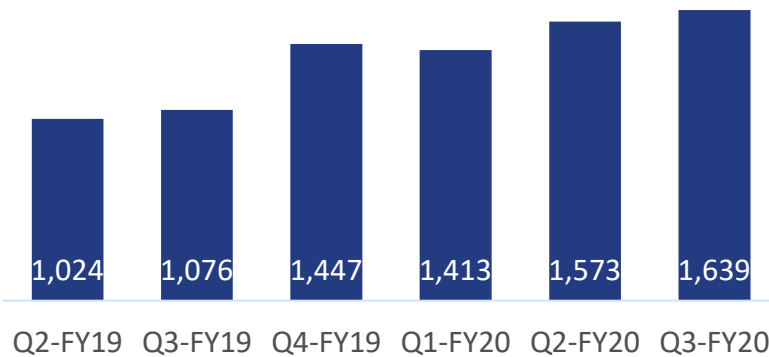
Extending Carvaan's equity to Music

Carvaan Lounge is a digital property where Classic Retro songs are recreated by new Age

Artistes Content is monetised both on OTT & Youtube

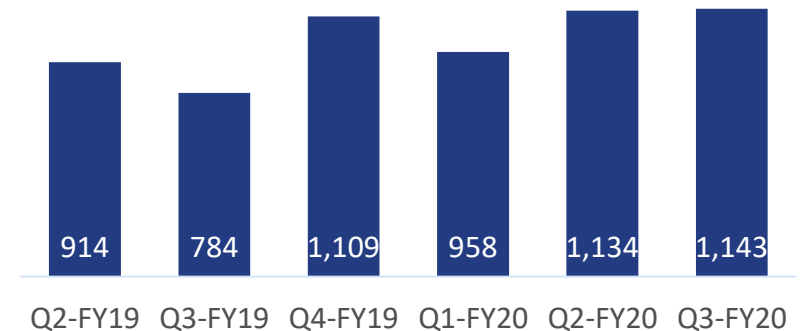
Sponsorships

OTT Streams (Mn) per Quarter



Nos. till Q4 are Actualised and Q2 and Q3 Nos. included estimated Nos.

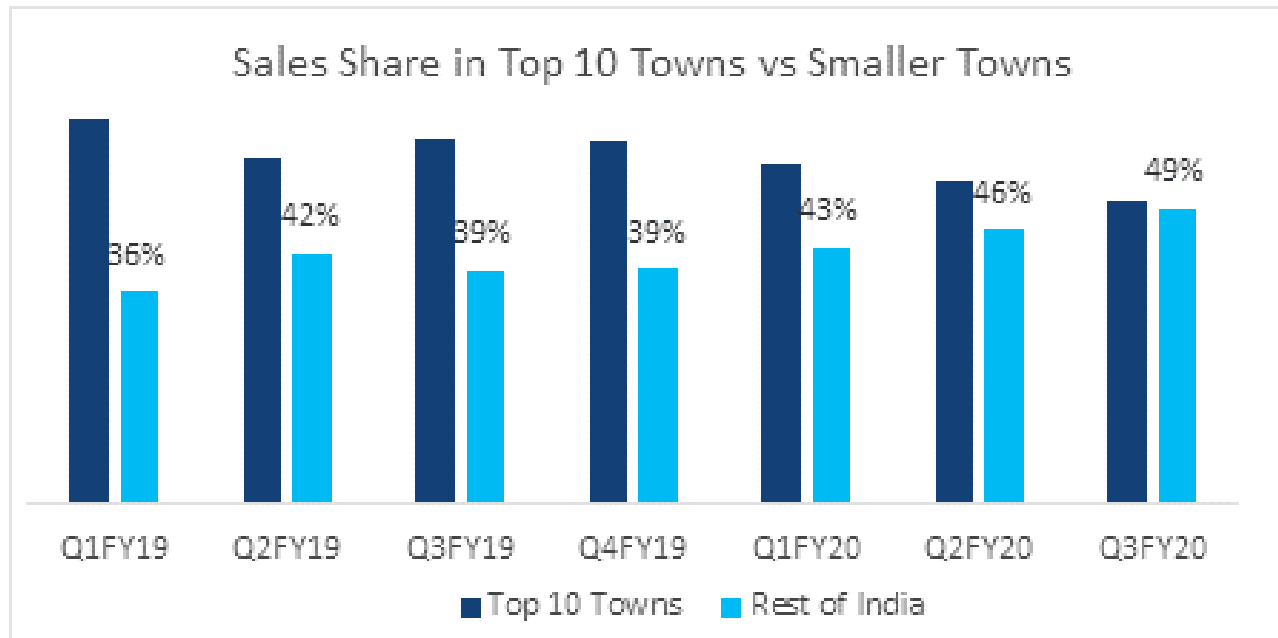
YouTube Views (Mn) per Month



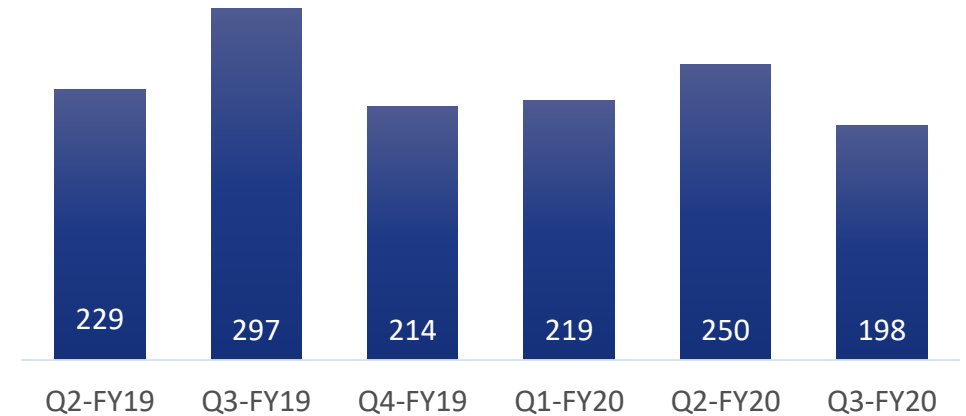
Views count is from 25 Channel owned by Saregama

Music Segment Operational Highlights

- Lower than expected Festival sales as Lower footfalls in Consumer Durable & Telecom outlets
- Carvaan 2.0 : Wide range of podcasts added. Broadens appeal of Carvaan to younger age groups
- Continued focus on increasing mid to small towns penetration
 - Awareness creation. Distribution network expansion
 - 49% of sales came from these markets



Carvaan Sales (units '000s)



1.8K new billing dealers added in Q3 total 28.7K dealers

Gross margin for Carvaan is 25% in Q3 of FY-20

Future Outlook

Carvaan Karaoke. Live Housie. Carvaan Mini-Art of Living. Carvaan Mini – Kids. Carvaan Earphones.

Films & TV Segment Operational Highlights

Film Segment

KD

- Anand Vikatan Awards for best production, best child actor, best dialogue
- Released across 100+ theatres in TN and 40 screens globally
- Best Tamil film of the year as per TOI list, rave reviews continue to pour in
- Licensed to Netflix, Astro, Singapore TV, Etisalat



Future Outlook

- Digital Premiere of KD on Netflix (Jan 2020)
- 3rd Hotstar film “Bahut Hua Samman” to be released
- Digital deal licensing closed for Chaman Bahar & Axone



TV Segment

- Roja undisputed number 1 serial in Week 51 in TN
- Roja has been awarded Best Serial by Sun TV and Vikatan for 2019.
- Saregama has won 7 Sun Awards 2019 in Artist segment for Roja serial which includes Best Hero and Best Heroine from Sun TV.
- Roja Telugu achieved highest TRP in its time band in Gemini TV
- Sevanthi's TRP improved and achieved 3rd position in Udaya TV



Future Outlook

- Next quarter should maintain the ratings and revenue

The background of the slide is a complex, layered composition. It features a dark teal-to-green gradient. Overlaid on this are various financial data visualizations: a bar chart with a prominent white bar labeled '12195.37', a line graph with multiple white and light blue lines, and a candlestick chart at the bottom. The overall aesthetic is professional and data-driven.

Financial Overview

Consolidated Income Statement



Particulars (INR Mn)	FY19	FY18	FY17
Revenue from Operations	5447	3,566	2,185
Other Income #	564	102	133
Total Revenue	6,011	3,668	2,318
Total Expenses	5,065	3,203	2,090
EBITDA	946	465	228
EBITDA Margin (%)	16%	13%	10%
Depreciation	33	42	44
Finance Cost	66	34	24
PBT	847	389	160
Tax	304	106	73
PAT	543	283	87
PAT Margins (%)	9%	8%	4%
Other Comprehensive Income	-13	164	1,402
Total Comprehensive Income (After Tax)	530	447	1,489
Diluted EPS (INR)	31.2	16.2	4.9

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

Consolidated Balance Sheet



Equity and Liabilities (INR Mn)	FY19	FY18	FY17
Shareholders Fund			
(a) Equity Share Capital	174	174	174
(b) Other Equity	4,107	3,643	3,223
Net worth	4,281	3,817	3,397
(c) Non Controlling Interest	26	23	25
Non Current Liabilities			
(a) Employee Benefit Obligations	28	24	22
(b) Deferred tax liabilities (Net)	581	479	444
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	638	159	30
(ii) Trade Payables	564	404	384
(iii) Other Financial Liabilities	421	359	125
(b) Other Current Liabilities	183	149	91
(c) Provisions	357	361	263
(d) Employee Benefit Obligation	9	8	16
Total	7,088	5,783	4,797

Assets (INR Mn)	FY19	FY18	FY17
Non Current Fixed Assets			
(a) Property, Plant and Equipment	2,057	1,884	1,897
(b) Investment Properties	24	24	25
(c) Intangible assets	71	65	67
(d) Investments in subsidiaries and Joint Venture	-	-	-
(e) Financial Assets			
(i) Investments	1,483	1,510	1,316
(ii) Loans	49	40	47
(iii) Other Financial Assets	-	-	-
(f) Other Non Current Assets	16	112	20
Current Assets			
(a) Inventories	963	493	103
(b) Financial Assets			
(i) Trade Receivables	1,098	730	523
(ii) Cash and cash equivalents	50	92	190
(iii) Bank Balances other	18	16	1
(iv) Loans	2	2	27
(v) Other Financial Assets	0	0	-
(c) Current Tax Assets (Net)	349	423	419
(d) Other Current Assets	908	392	162
Total	7,088	5,783	4,797

Standalone Income Statement



Particulars (INR Mn)	FY19	FY18	FY17
Revenue from Operations	5,244	3,456	2,081
Other Income#	595	142	159
Total Revenue	5,839	3,598	2,240
Total Expenses	4,920	3,115	2,003
EBITDA	919	483	237
EBITDA Margin (%)	16%	13%	11%
Depreciation	30	38	41
Finance Cost	66	34	23
PBT	823	411	173
Tax	304	106	73
PAT	519	305	100
PAT Margins (%)	9%	8%	5%
Other Comprehensive Income	-16	136	1,301
Total Comprehensive Income (After Tax)	503	441	1,401
Diluted EPS (INR)	29.8	17.5	5.7

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

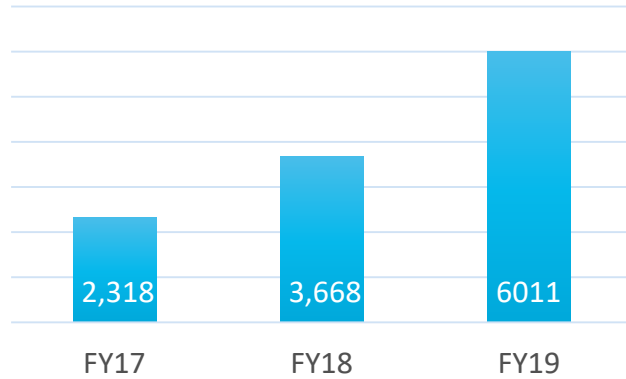
Standalone Balance Sheet

Equity and Liabilities (INR Mn)	FY19	FY18	FY17
Shareholders Fund			
(a) Equity Share Capital	174	174	174
(b) Other Equity	4087	3,647	3,236
Net worth	4261	3,821	3,410
Non Current Liabilities			
(a) Employee Benefit Obligations	25	21	19
(b) Deferred tax liabilities (Net)	557	456	424
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	608	129	-
(ii) Trade Payables	526	386	371
(iii) Other Financial Liabilities	411	347	115
(b) Other Current Liabilities	166	116	68
(c) Provisions	356	359	262
(d) Employee Benefit Obligation	8	7	16
Total	6,918	5,642	4,685

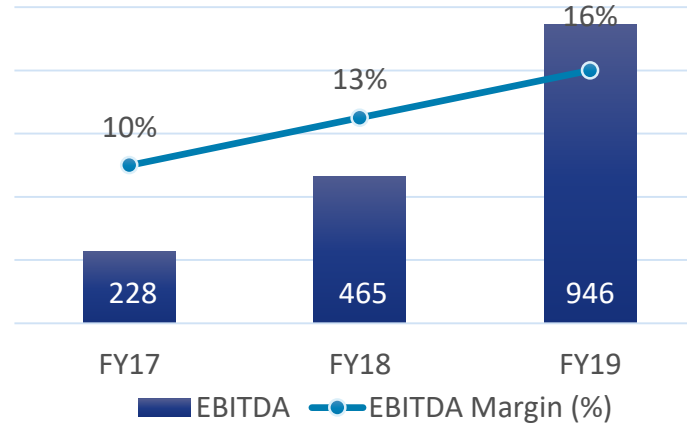
Assets (INR Mn)	FY19	FY18	FY17
Non Current Fixed Assets			
(a) Property, Plant and Equipment	2056	1,881	1,893
(b) Investment Properties	24	24	25
(c) Intangible assets	69	61	62
(d) Investments in subsidiaries and Joint Venture	158	155	155
(e) Financial Assets			
(i) Investments	1,212	1,234	1,076
(ii) Loans	46	34	42
(iii) Other Financial Assets	-	-	-
(f) Other Non Current Assets	15	112	19
Current Assets			
(a) Inventories	924	473	99
(b) Financial Assets			
(i) Trade Receivables	1129	781	556
(ii) Cash and cash equivalents	15	64	156
(iii) Bank Balances other	18	16	1
(iv) Loans	13	5	28
(v) Other Financial Assets	1	1	1
(c) Current Tax Assets (Net)	336	414	413
(d) Other Current Assets	902	387	159
Total	6,918	5,642	4,685

Financial Charts (Consolidated)

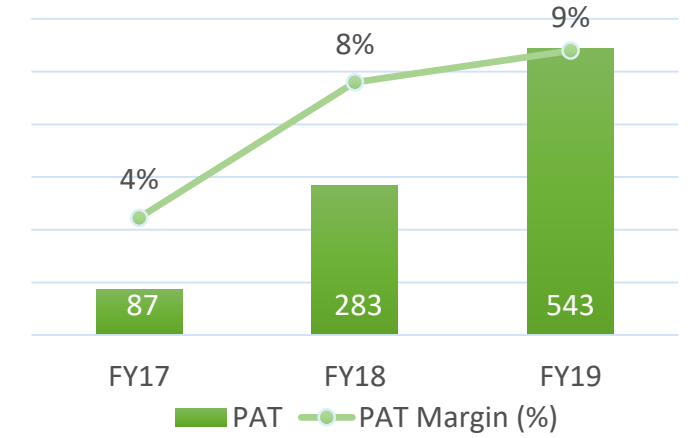
Total Revenue (INR Mn)



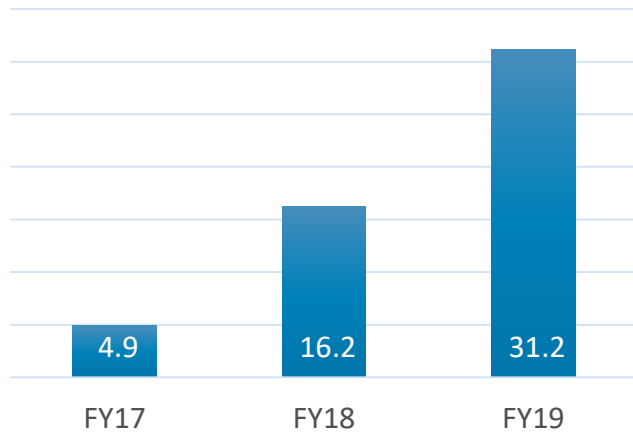
EBITDA and EBITDA Margin (%)



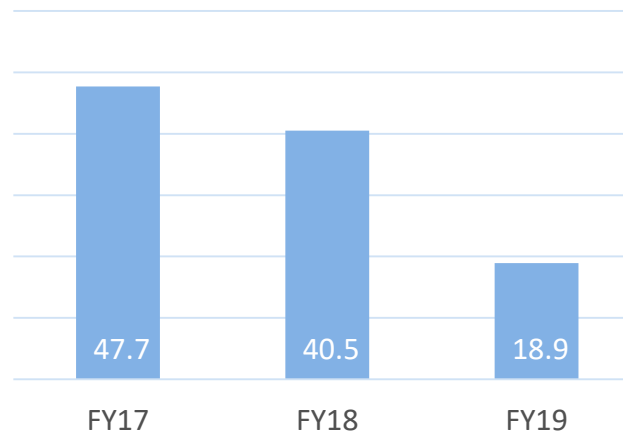
PAT and PAT Margin (%)



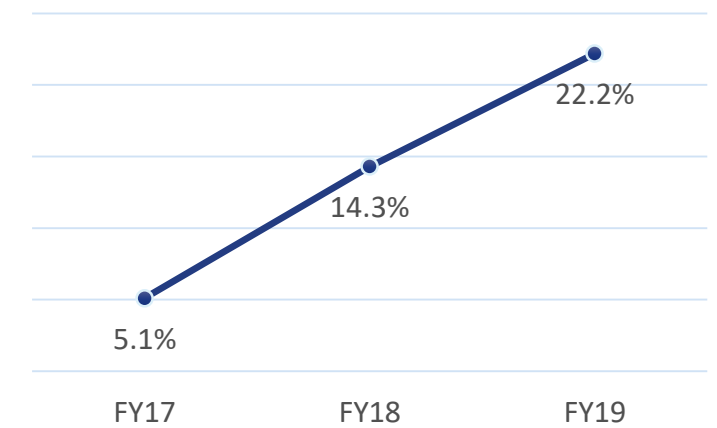
Diluted EPS (INR)



PE Ratio

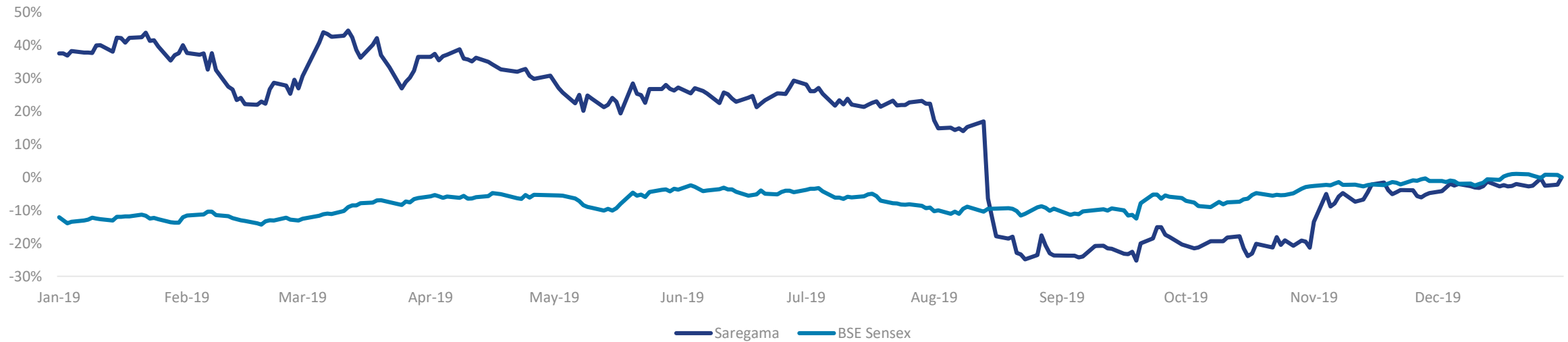


ROCE%*



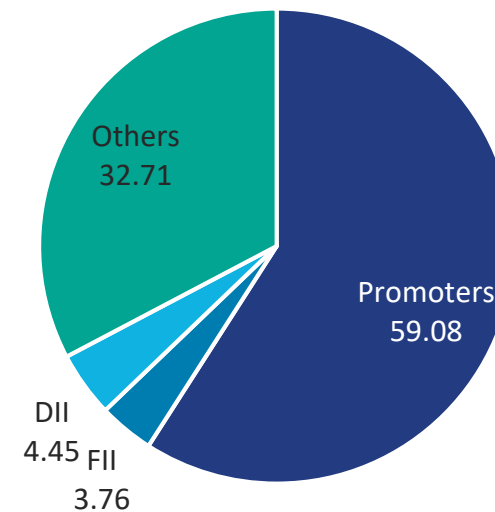
*Capital Employed = share capita. security premium & free reserves

Capital Market Data



Price Data (As of 31 st December, 2019)		INR
Face Value		10.0
Market Price		596.9
52 Week H/L		636.6/302.2
Market Cap (INR Mn)		10,392.0
Equity Shares Outstanding (Mn)		17.4
1 Year Avg. Trading Volume ('000)		23.7

Shareholding Pattern as on 31st December, 2019



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“Saregama India Limited
Q3 FY2020 Earnings Conference Call”

February 03, 2020



ANANDRATHI



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

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



Saregama India Limited
February 03, 2020

Moderator: Ladies and gentlemen, good day and welcome to the Saregama India Limited Q3 FY2020 Earnings Conference Call, hosted by Anand Rathi Shares and Stock Brokers 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. Shobit Singhal from Anand Rathi Shares and Stock Brokers Limited. Thank you and over to you Sir!

Shobit Singhal: Thank you Nirav. Good afternoon to all of you. Welcome to Q3 FY2020 Earnings Conference Call of Saregama India Limited. From the management side, we have today Mr. Vikram Mehra, Managing Director; Mr. Vineet Garg, CFO and Mr. B. L. Chandak, Executive Director. Now I would like to handover the floor first to Mr. Vikram Mehra for his opening remarks post that we can start with the Q&A session. Over to you Sir!

Vikram Mehra: Good afternoon everyone. A mixed bag quarter for us. Our consolidated income from operations for nine months about Rs 413 Crores compared to for the same nine months last year was Rs 418 Crores. We are almost close to being flat. The year-to-date PBT margin is around 9.2% and we are reasonably confident that by the end the year, it will be hovering around 12%. If I talk on quarter-on-quarter basis, our revenue from operations on Q3FY20 is Rs 129 Crores, which is 18% lower than last year while our PAT is 10.5 Crores compared to Rs 13.5 Crores last year.

The primary reason for this is lower than expected sales for Carvaan in Q3FY20 and the other issue is the timing of Diwali has divided the festival sale between Q2 and Q3

Our core business from music licensing continued on its growth trajectory, we have been projecting anything around 25% year-on-year on numbers, Good news is on a quarter-on-quarter basis, we have grown by 28% this year while if I do on a nine-month basis, we are at 23%, so we are in sync with the commitments that we have made. We are obviously investing in Hindi and Tamil content. There is also a lot of focus on other regional languages. All our consumer work seems to be indicating. There is a huge increase in music listening in local languages, which goes beyond the big languages. So everybody wants to focus on Hindi, Tamil, Telugu, Marathi, but there is a big market shipping out of Punjabi, Bhojpuri, Haryanvi, Gujarati, Bengali, there are large pockets of consumers sitting in and we are now evaluating many of those languages and seeing that should we enter those.



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The Carvaan numbers for the quarter was 1,98,000. Across all retail counters, we were getting this feedback that the amount of footfalls was far lower than what they saw last year. Diwali was a pretty dull Diwali. Unfortunately for us, we are still a Brick and Mortar product. Since Carvaan is still a relatively a new concept, most people have never seen a Carvaan in their life. They want to touch and feel it, unlike the mobile phone category. The most people know about the category, they are very happy to buy through digital and all the e-commerce platforms. In our case, people primary buy from retail outlets and if the footfall goes down in retail outlet it does start affecting our sale and that is what we have suffered this time.

During our last call, we had given this clear understanding to all of you that we will start cutting on a promotional spends to be in sync with where we see the consumer sentiment to be, we have gone out there and done that. Also, post Diwali we cut down a lot on a demonstrator, which are there in the field because if there are no footfalls happening at the retail outlets then no point putting up demonstrator in those retail outlets. Looking at the consumer sentiments we believe that this is a right action to be done wherein we are controlling both of our sales and marketing expenses and this will impact the current quarter.

The good part for us is that we have been talking for the last two quarters about our new product called Carvaan 2.0, which is a product, which gives you a Wi-Fi base return path, which allows us to stream much more content. The issue with Carvaan always has been in a way too concern that people keep on having with Carvaan, one that it talks only to 35, 40+ age segment and secondly focuses only on music, which cannot get updated. What Carvaan 2.0 allows us to do is to stream many more, we are streaming close to 1,00,000 songs of us now on to that Carvaan. If you buy a Hindi Carvaan, you will not only get the 5000 songs, which are preloaded for hundreds and thousands of other Hindi songs also Tamil song also Punjabi songs, you can listen to Ramayana and you can listen to Bhagavad Geeta, you can listen to Gurbani. You are no longer limited only to the content. If you do not want to connect it to a net you still maintain your 5000 songs, but if you connect to internet using the same easy actions of Carvaan one turn up the knob, you get access to much more content, which is their sitting behind Carvaan 2.0.

We have now taken recently another call and saying that we should open up this Carvaan 2.0 to consumers at large where any passionate retail consumer can also start contributing towards conten. The role model always is the rates popular streaming platforms in the world of video called You Tube. The question is can we do something similar in the world of audio. We already are having Carvaan 2.0 entering the homes of people, can we open into



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public at large, curate the content, which is provided unlike other platforms, which allow all content to be uploaded, we will be curating the content, so if you have a travel log or you have a great content on cooking, you have great content on stamp collection or you have a view on economics out here or you have content on parenting, you can submit the content to Saregama we curate it and we put the content up. Whenever we start making money from that content from our advertising we do a revenue share with the guy who is contributing the content.

Broadcasting is showing a huge upswing all over the world and we believe if we can build a platform with the content created in a transparent fashion, we may be able to unleash the power of broadcast to the fullest.

Something I want to share with you guys, when we open this Carvaan 2.0 to consumers for the first time, tentatively in the month of October, the average amount that a user was using, the podcasting content not the preloaded content was 25 minutes, which went up steadily from a 25 minutes to a 33 minutes in the month of January. Now, a Carvaan 2.0 very clearly attempt to move Carvaan from being a standalone product to a platform. From a platform perspective when I am saying 33 minutes, if comparable to that on an average time people are spending on a face book platform and only marginally lower than the time spend by an average user on You Tube as a platform. Now the numbers are very different, the numbers out here are still very small in terms of average number of users who are tuning daily, but the good news is people who are tuning in are spending a reasonable amount of time, which in future opens up a great advertising opportunity for us as a platform.

As mentioned earlier, we know the imageries that the Carvaan enjoys in the market, the three big pillars Carvaan is built on music, nostalgia and premium value. We realized the Carvaan has got position as the single most unique and differentiated premium music brand. There is no other music brand in the country today. There are some streaming platforms, but they are not differentiated from each other. Carvaan has got a unique identity and a premium image. We want to extend the same thing to touch the customer in different aspects. So, we made an attempt to launch at digital property on You Tube called Carvaan lounge. What is it? nothing very different. We take some of the biggest retro songs, reinterpret the song using the new age singers like Papon, Benny Dayal, Neeti Mohan and Jonita Gandhi, they re-do the song, we put it up at the You Tube property. How do we make money?, we get sponsorship revenue, we make money through advertising on You Tube and the same content starts going to a partners like Gaana, JioSaavn, Wynk and Hungama and we make money out of that too. So, the Carvaan brand is getting extended from being preloaded music hardware to a digital property. On the other side in the month of January,



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we are now experimenting and saying “can we also get into fast moving product like earphones.” Each of these properties get no additional marketing spend. We go back and work on how to leverage the equity of Carvaan and get to additional categories.

If I spend a minute on Carvaan earphones, Carvaan earphones is an attempt from our side not only to extend the equity of Carvaan, but also get an entry in the smaller retail outlets, which till now are not keeping Carvaan with them. We get an entry through Carvaan earphones and that will over time allow us to also start introducing Carvaan mini in this particular market.

The big other additional advantage of this entire thing that starts coming in that the brands starts in keeping relevant to more and more younger people. Carvaan Lounge which is additional property, Carvaan earphones or recently we have launched Housie on Carvaan 2.0 is making the brand getting more relevant to relatively younger people, so it should not become a brand of 50+, but it should be in equally relevant brand for a 30 years to 35 years old.

On the TV serial side, our serial Roja continues to be the number one show of Tamil Nadu. It is a matter of great pride because in the 19 years we have done a lot of good content on Sun TV, we never had a programme of ours, which was a number one rated programme across channels, across time bands and this show was not even there in the prime 7 O’clock show. Our ability to liquidate inventory on Sun TV remains steady and strong after two years of not writing that great numbers. Sun TV business of ours is looking pretty decent.

On the film side, it was a quarter, which sounds no activity. As I mentioned last quarter, there was a bunching that had had happened, we had sold two films to Hotstar, two films to Netflix in that particular quarter because of which there were no movie that came in out here and if you see my quarter-on-quarter numbers the primary difference is an impact of this only. It is a bunching of movies that happened in second quarter with Q3 going blank out here. This kind of a phenomena keeps on happening out, it all depends on which date is agreement signed and we start recognizing the revenue only when the agreement gets signed and hence you have the selling issue which happens.

Great news for us, that debts are under control. We were able to repay Rs 33 Crores of debt during the last nine months. Our debt has come down to Rs 28 Crores because this is a concern, which was getting raised. We had given the assurance that we will pay the debt and we have been actively repaying our debt. Also we had committed that the stock acquisition rights that the company have that we are coming out with the scheme whereby



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we will be killing the stock acquisition rights and we have been able to cancel 200,000 stock acquisition rights as of January 17, 2010 and in a phased fashion we will be cancelling the remaining stock acquisition rights too. That will be all from my side ladies and gentlemen.

Moderator: Thank you. We will now begin the question and answer session. The first question is from the line of Ravi Naredi from Naredi Investments. Please go ahead.

Ravi Naredi: Carvaan story you have told the details everything, so now the number is 6.67 Lakhs for nine months, so what is our revise target this year?

Vikram Mehra: Our last projection was one million and it is a very stretch number. At this juncture, I will not change anything. We will continue with those kind of numbers.

Ravi Naredi: It is very low margin business for us. Now we talk about the movie, how is going on and how much more movies are coming in this current quarter?

Vikram Mehra: Movies, at this juncture high likelihood that we will be able to close one more deal this quarter. So, the way the movie part happens, as the movie starts getting ready we start opening a negotiation both with the digital guys as well as cable and satellite guys. Typically, you will find 1-2 movie in a quarter. Q2 was an exception with bunching of agreements happened and all four got released in that particular quarter. Let me go back to the point that you raised on Carvaan that it is a very low margin business, please do understand we are moving Carvaan from being a product business to a platform business. As it starts moving into a platform business and you start getting more and more users then it will no longer be a business where you make upfront margin. It will start becoming a business where you start making advertising money from every new user who becomes part of Carvaan. It will be very similar to any platform that you know, which is based on advertising, it is all that we are moving from being a onetime product business where you make margin upfront and you never make money from this customer. To a platform business where you make some money upfront and then you start managing money from the consumer in the long run also.

Ravi Naredi: One more thing, we are planning 20 movies every year, is it right?

Vikram Mehra: That is the target we are working on, but we are consciously slowing down our earlier plan of first making movie and then finding a buyer. We more than more working on a model where the first the buyer say we want some movie and then we start making the movie.



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- Ravi Naredi:** So, this financial year, we will be finished with how many movies ?
- Vikram Mehra:** We have done five deals already till now and hopefully we will be able to close one more in this quarter.
- Ravi Naredi:** So this will be sixth movie this year, right?
- Vikram Mehra:** Yes.
- Ravi Naredi:** How much money we have spent to acquire the new rights of music this year, films music?
- Vikram Mehra:** Till now the total amount of money we people have spent is Rs 32 Crores.
- Ravi Naredi:** Any more in pipeline in this current quarter?
- Vikram Mehra:** It all depends if the movie gets released in this quarter and with the Bollywood, the problem is we do not know, movies really keeps on changing here and there. We have said this earlier that we will like to spend close to Rs 200 Crores on music acquisition over three years. This year has been much lower compared to that because some of the movies just did not happen, but directionally that is where we want to go back in move. We believe that music is a huge growth segment whether it is a TV business, whether it is digital business, live events business everybody ends up using music there and as more and more video content is coming up, more and more scope for music to get integrated in it and hence we will continue investing heavily on a core business of music.
- Ravi Naredi:** Okay. Vikram Ji all the best and any land monetization, development is there, you want to share or nothing is there?
- Vikram Mehra:** Whenever something comes up, we will share with you.
- Ravi Naredi:** Thank you Sir. All the best.
- Moderator:** Thank you. Next question is from the line of Akash Shah from AMS Securities. Please go ahead.
- Akash Shah:** Like you are saying that you will open up Carvaan 2.0 for advertisement revenue but will it not affect the image and the USP of Carvaan of being advertisement free and of being the late pack music experience?



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- Vikram Mehra:** The late pack remains a same. So, the core part of Carvaan, which has 5000 songs preloaded in it, advertising will never enter that area. It is the streaming content, which will have it, which may be non-music content. So music content is going to be kept free from advertising. Non-music, already we have BBC channels there on Carvaan. You have money control channel on Carvaan, you have Anupama Chopra's film companion, who does movie reviews or channel review on Carvaan. You have kid's stories, kid's nursery rhyme, kid's learning tables for all the grandchildren, for such kind of content we can charge advertising money or we can charge subscription money. The entire focus is to ensure the more and more people end up consuming content using this platform that is why data is shared with you how the number has gone up substantially. Average amount of time people use listing to non-music content. Music remains advertising free.
- Akash Shah:** So, you are basically saying that it is not firmed up whether it will evolve advertisement or subscription?
- Vikram Mehra:** It can always be combination; there may be some channels that are better suited to advertising. It is the same work, which happens on a DTH platform. Some channels are free to air, some channels are paid, free to air get advertising, so we are saying the focus is to use the power of Carvaan and its retro music to push more and more Carvaans and build a platform business on top of it.
- Akash Shah:** So currently, are we charging anything to the other content creators who are putting up their content on Carvaan?
- Vikram Mehra:** No, we are not charging a carriage fee if you are asking. Our commitments in many of the premium content guys is that please give your content free to us and as and when we make money we will share that revenue with you.
- Akash Shah:** That is helpful. Thank you.
- Moderator:** Thank you. Next question is from the line of Jaideep Merchant from Janak Merchant Securities Private limited. Please go ahead.
- Jaideep Merchant:** Vikram, I have two questions. One, is there has been a sharp jump in the salary in this quarter? Secondly, in the start in your comments you mentioned that you are still sticking to a 12% PBT for the whole year, that will come from lower expenses or there is going to be some movie launches in Q4?



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Vikram Mehra: The lower expenses are going to be happening and some kickers are licensing income because the way agreements functions as it gets into their second year between a two year deal, there is a great hikes in the second year may be delta jam and some of that is going to be kicking in and lower cost structures. On the salary front Vineet clarify.

Vineet Garg: There was a SAR impact in Q2. In Q3, there is a reduction of SAR of around Rs 5 Crores. So, I think if the difference is net off then salary will actually reduce by Rs 1.5 Crores, which is because of reduction of the manpower.

Jaideep Merchant: I am sorry. I was unable to understand that can you just explain?

Vineet Garg: Salary in Q2 were Rs.11.5 Crores. This need to be increased by Rs 5 Crores because that is a SAR credit we got in Q2 because of drop in share price. In Q3 price has gone up and there is a jump of Rs 2 Crore. So, Rs 17.23 Crores showing in Q3 is to be reduced by Rs.2 Crores.

Jaideep Merchant: Now in Q4 of course there is no SAR, so now this variation will not come?

Vikram Mehra: We have total 300,000 shares, out of which 200,000 are already cancelled, rest I think we should able to cancel in the next 12 months time.

Jaideep Merchant: One more question Sir, the average sale price of the Carvaan can you just give us YoY and QoQ number?

Vikram Mehra: It will be coming down because lower end Carvaan selling more in this financial year. As we are entering more and more into smaller towns the price is coming down.

Jaideep Merchant: Thank you.

Moderator: Thank you. The next question is from the line of Adit Shah from Vibrant Securities Private Limited. Please go ahead.

Adit Shah: Thanks for the opportunity. So, last concall you had mentioned that for short term deals of your films the entire cost of production has written off immediately, so could you tell me how many of these are short-term deals and how many of these are long- term deals that you currently have?

Vikram Mehra: All the accounting policy is same right now for all our films.



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- Adit Shah:** So all of them are at short-term deals, none of them are long-term deals?
- Vikram Mehra:** Accounting does not make any impact on the deal size. The accounting policy we follow because we are selling movie only in digital platforms. So, we recognized the full license period whatever the number of years we give, in one go and we charge up the movie in the same month.
- Adit Shah:** Typically for how long is the license period for?
- Vikram Mehra:** The deal by deal varies right now. There are three year deals also, there are longer- term deals also.
- Adit Shah:** The minimum you are saying is three years?
- Vikram Mehra:** Yes, three years minimum.
- Adit Shah:** Thank you. I will get back in the queue.
- Moderator:** Thank you. Next question is from the line of Jaideep Merchant from Janak Merchant Securities. Please go ahead.
- Jaideep Merchant:** Vikram, just a question related to the earlier question of the speaker. The Rs 32 Crores of content, which we bought last year, as per our policy we write off 75% of this, is that 75% done monthly like divide by 12 in one year or it is done 75% on day one when you write it off?
- Vikram Mehra:** In content charging, whenever we enter into contract especially the music buying agreement, this divided into two parts, generally have advertisement revenue and the minimum guarantee fees we pay. Advertisement revenue is charged off at the time it is spent, which is generally the launch month of the movie. Whatever the amount we agree generally it is 20% to 25% cost of a total agreement. Balance 75% is 67% of that. We charge in the first 12 months, it is not in one month, it is 12 months from the date of launch of movie. The movie gets launched in the month of February it will go two months in the same year and 10 months in the next financial year.
- Jaideep Merchant:** Yes. The question was that would the content acquisition cost was back ended last year or it was in the middle of the year or was it front ended Sir?



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- Vikram Mehra:** Last year we had two large movies, which come in the January and February.
- Jaideep Merchant:** So, almost large part of the advertising, it is not the advertising but the content write off would have happened in this year actually?
- Vikram Mehra:** Yes. You are right.
- Jaideep Merchant:** So if I adjust for that the advertising and sales promotion would have fallen much further than what the number is still showing at the other advertising and promotion not the content?
- Vikram Mehra:** Jaideep, come again.
- Jaideep Merchant:** Is it safe to assume that a large part of the movies acquired last year the write off has happened this year because there was only two, three months last year?
- Vikram Mehra:** It all depends two of the movies, there is a movie like 102 Not Out, which came at the beginning of the year and that would have got written up last year. There are movies like Total Dhamaal and Ek Ladki Ko Dekha Toh Aisa Laga, which were January and February released in 2019. Their marketing expenses got written off last year but the content will be in this year also. It all depends on phasing of the movies. It is actually from the date of launch of movie.
- Jaideep Merchant:** Got it Sir. Thank you.
- Moderator:** Thank you. Next question is from the line of Jaideep Merchant from Janak Merchant Securities.
- Jaideep Merchant:** Vikram, last question, how is the pipeline for the content, there are some aggressive targets you have given for content acquisition over three to four years, so how is that going ahead?
- Vikram Mehra:** What we experienced till two years back that most movie producers were apprehensive about suddenly working with a company, which had not been doing a movie acquisition for 15 years. Over the last two years especially with the marketing success of Carvaan, more and more movie producers are finding very comfortable to know that yes, the Saregama Team will be great marketing partner for our music and hence more and more willing to share the content with us and get into deals with us. We are also extremely cautious at this juncture, we are just starting this game of music acquisition. We were being very, very



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cautious about which all deals do we do, should we pay premium, should we not pay premium and hence it is a cautious move. But I think we are moving on the right side and that is helping us grow the licensing income by 23%.

Jaideep Merchant: Okay because you have guided for some 200 odd Crores of?

Vikram Mehra: Over three years, this is a comfort that I gave you that, just because we have numbers in front of us we will not keep blowing out cash. We need to be very comfortable that the movie acquisition is coming at a price that makes logical sense. Once in a while to make a big statement, one can go out there for a large movie just to tell people we are there back in the game apart from that no. By and large movie will be bought at the valuation that makes sense based on the mathematical models that we have developed internally.

Moderator: Next question is from the line of Mr. Amit Jain, an individual investor. Please go ahead.

Amit Jain: My question is regarding the movies part, so two of the movies KD and Hamid got theatre release, so how does it work in theatre, so just wanted to get a sense of it because these movies got good reviews and one of them went onto get a National Award, so how are they performing in theatres?

Vikram Mehra: This is very clear and we people release movies in theatre only to get critics review. Our strategy till now has been very clear, theatrical revenue not part of our revenue mix. We do this, when we are confident about the movie, we release it in 15 to 20 to 25 screens only across country. We get critics review done and we use that to go back and sell it to the digital platforms and same thing has happened in a movie like Hamid or KD very limited amount of screens. For a theatre business to work, there need to be having bigger stars to pull people into the theatre. We release stock in theatre only and only for reviews. It is our marketing strategy than part of our revenue strategy.

Amit Jain: Got it. Thanks.

Moderator: Sir, we do not have any questions here.

Vikram Mehra: Should I start the closing remarks?

Moderator: Sure Sir. Go ahead.



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Vikram Mehra:

As we look forward towards this quarter, we maintain our stand that our PBT should be hovering around 12% by the time we end the year. Licensing income should continue on its growth part that it is currently showing 23% growth on nine months to nine months' basis. We are focused on investing on content continues. On the film side, Hindi and Tamil and on the non-film side. We focus on the regional languages in a big way. The new Carvaan variants which are there going to get launched any time will be karaoke. There is a Carvaan variant around kid's content and there is another one with Art of Living, which is Shri Shri Ravi Shankar content. All these products have clearly dependent on the fact that things improve and churn up pretty fast because our factory was out there. At least for the next of couple of months we should not have any stock out issue on account of China close down because as I mentioned in the past, we have two months inventory we keep with us is all time. We should bail us out over the next 15, 20, 30 days but the moment China Factory opens up we will be launching these new variants also. Lot of focus of Carvaan will be to move it from one-time margin product to an ongoing advertising or subscription revenue platform and we will be working with content partners to come as part of Carvaan 2.0. On the South side, we expect the trend to continue what we are seeing for the last two quarters where a number should look good in terms of ratings and hence advertising revenue. On the film side, we will continue with the new approach, which is focus more on films which are built only if there is a confirmed buyer. This quarter is most likely one film. We will share more about it at the end of the year. So, overall it may look on this Q3 that there is some reduction that has happened compared to Q2. If you ask me, it is all about the phasing of the films part. Had we booked only two films last quarter and two films in this quarter, the revenue would have got balanced out between Q2 and Q3. The tail wind of discretionary products being postponed will continue and I expect that to continue hurting Carvaan in this quarter also, but our focus will be to control cost as much as possible till the time we do not see consumer sentiment again becoming very positive towards discretionary products. That will be all. Thanks a lot.

Moderator:

Thank you very much. On behalf of Anand Rathi Shares & Stock Brokers Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.